



Canada Council
for the Arts

Conseil des arts
du Canada



Understanding Canadian Arts Through CADAC Data:

A Portrait of Theatre Organizations in Canada

EXECUTIVE SUMMARY

Research, Evaluation and Performance Measurement Section

Bringing the arts to life
De l'art plein la vie

This summary synthesizes the content of a report on theatre organizations in Canada that receive recurring funding from the Canada Council for the Arts, as compiled by CADAC (Canadian Arts Data/Données sur les arts au Canada). The report is based on an analysis of data from two client groups – 115 Anglophone theatre organizations and 76 Francophone theatre organizations – for the period from 2010-11 to 2016-17. This report summarizes the key facts observed since 2010.

This portrait was produced by the Canada Council for the Arts in collaboration with the ArtExpert.ca team of Louise Poulin and Maude Bouchard, and André Courchesne, consultant.

Overview of Anglophone theatre

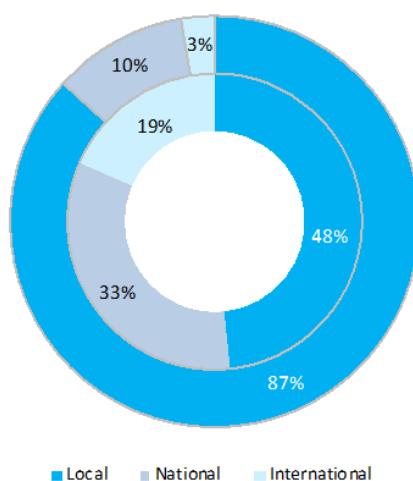
The vitality of Anglophone theatrical creation

In 2016-17, Anglophone theatre organizations (ATOs) in Canada created 557 new Canadian works and hired 9,071 artists, 87% of whom were Canadian. These creations were enriched by an increasing number of artists-in-residence – from 141 to 232 (+65%) during the period.

The scope of dissemination

In 2016-17, ATOs gave 14,197 public performances as follows: 11,582 (81%) in their host cities, municipalities or reserves; 1,938 (14%) on tour within Canada; and 677 (5%) abroad. However, as shown in Figure 1, the apportionment among these three markets varies considerably between Anglophone theatre organizations for adults (ATOAs) and Anglophone theatre organizations for youth (ATOYs):

Figure 1: Relative location of performances by ATOAs (outer ring) and ATOYs (inner ring) in 2016-17 (n=115)



As shown in the outer ring, the adult theatre market is more concentrated locally (87% of the 12,297 performances given) than nationally (10%) or internationally (3%), whereas theatre for young audiences (inner ring) is much more developed nationally (33% of the 1,900 performances given) and internationally (19%), while also remaining well-rooted locally (48%). All these performances combined (adult and youth) reached 3.3M spectators – 2.6M locally, 451,000 on tour in Canada, and 267,000 abroad.

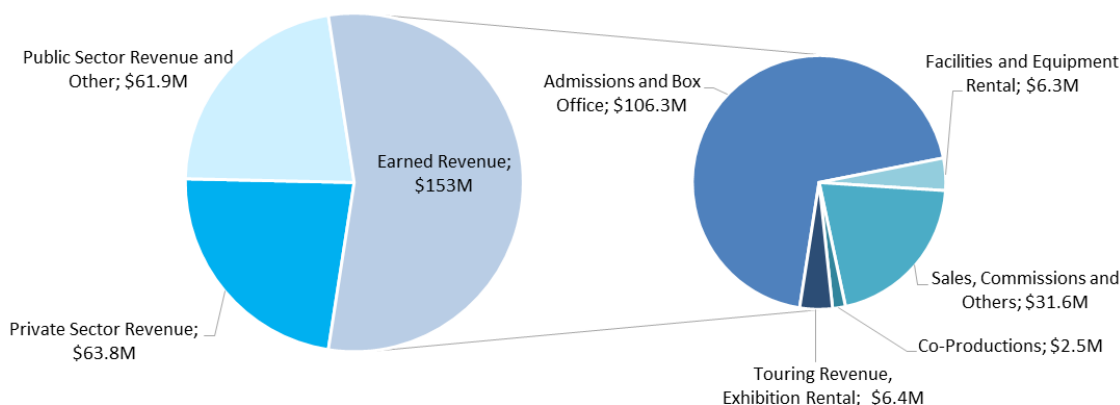
Community roots

Apart from dissemination, the fact that Anglophone theatre is well grounded in its local communities is evidenced by the 1.3M people in 2016-17 who participated in a total of around 15,000 arts education/learning activities (+23%). More than 1,500 (10%) of these activities that add value to the artistic programming (such as meetings with authors, actors and other theatrical artists or artisans) reached 648,000 people. Around 2,400 training workshops brought 37,000 participants into contact with theatre. Canadian theatre's community roots are also reflected in the contributions of around 13,000 volunteers who collectively devoted some 410,000 hours of their time to theatre companies. Furthermore, individual donors in 2016-17 gave a total of \$30M to Anglophone theatre, with businesses contributing another \$12M in donations and sponsorships. These two revenue sources combined have increased by 30% since 2010-11.

Revenue diversification

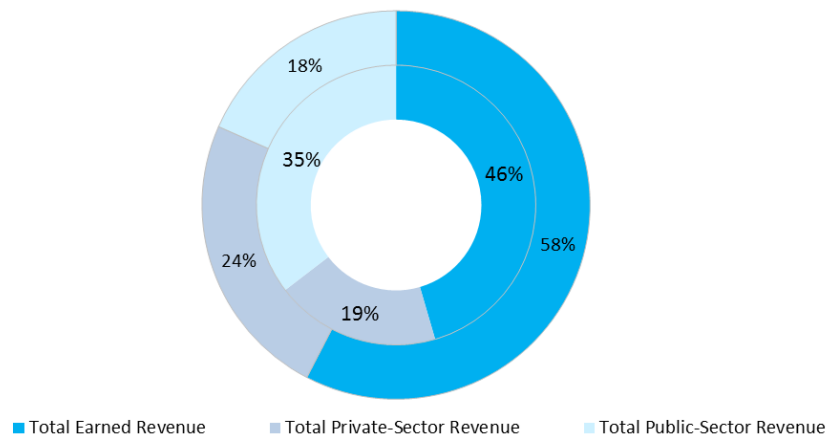
The size of earned revenue (\$153M in 2016-17) is another sign of how well theatre companies are grounded in their local communities. As shown in Figure 2 below, admission fees and ticket sales alone totalled \$106M (+8%), forming the organizations' largest revenue source (38% of \$279M in total revenue). In 2016-17, grant revenue totalled more than \$52M (19% of total revenue), \$15M of which came from the Canada Council for the Arts – a 7% increase over 2010-11.

Figure 2: Sources of total revenue (left-hand chart) and earned revenue (right-hand chart) in \$M, (n=115) in 2016-17



However, the revenue breakdown for ATOAs differed from that for ATOYs. As shown in Figure 3, whereas earned revenue represented 58% of total revenue for the former, it represented only 45% for the latter due to lower ticket prices. The same kind of difference applies in private-sector revenue (24% vs. 19%), which explains the higher relative share of public funding in ATOYs (35% vs. 18%). For all Anglophone theatre companies combined in 2016-17, each dollar invested by the Canada Council generated \$5.36 in revenue from other sources.

Figure 3: Sources of revenue for ATOAs (outer circle) and ATOYs (inner circle) in 2016-17 (n=115)



The long-term fragility of Anglophone theatre organizations

Despite the considerable size of ATOs' production and dissemination activities and their deep roots in their local communities, the report reveals two challenges that could eventually weaken the entire sector. The first challenge lies in the gradual decline in adult theatre attendance with the total number of tickets sold dropping from 3.4M to 2.8M (-18%) during the seven years studied. In spite of this decline in audience numbers, ATOs actually maintained revenue growth and improved their return on marketing investment (ROMI) by raising ticket prices. However, research shows that this strategy could be harmful in the long term because even if price increases do not result in a proportional drop in audience numbers, they reduce accessibility for the less affluent and could harm the ATOs' efforts to attract new audiences.

The second challenge lies in how expenses are divided up and the impact of this factor on ATOs' bottom lines. On the one hand, ATOs downsized their full-time positions and increased the number of seasonal ones during the period in order to offset higher venue operating costs, which increased from 11.6% of total expenses to 13.5%. As a result, the number of full-time equivalent (FTE) positions decreased from 2,345 to 2,036 (-13%) for the period studied. On the other hand, even though this decrease reduced the relative share of marketing and administration expenses, it particularly resulted in a drop in operating margins from 2.8% to 1.5%. In turn, the drop in operating margins since 2013-14 has reduced the organizations' total asset surplus, while also increasing their debt load to 79% of total assets in 2016-17.

Notwithstanding ATOs' successes and deep community roots, financial challenges and shrinking audiences could presage future imbalances.

Overview of Francophone theatre

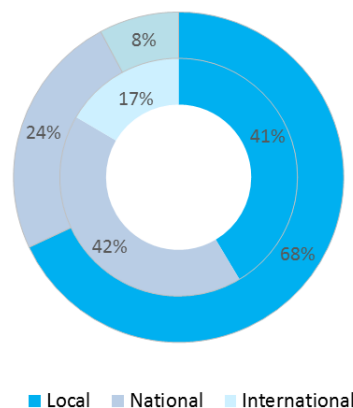
The vitality of Francophone theatrical creation

New works commissioned from Francophone authors reached a record 177 in 2016-17, an increase of almost 50% over seven years. During this period, Francophone theatre organizations (FTOs) hired 2,715 artists, 96% of whom were Canadian, while the number of artists-in-residence increased from 28 to 114 (+300%) – another sign of creative vitality.

The scope of dissemination

In 2016-17, FTOs gave 4,621 performances, a level that has remained relatively stable since 2010. During the period studied, the total number of performances by Francophone theatre organizations for adults (FTOAs) increased by 10.8%, while those by Francophone theatre organizations for young audiences (FTOYs) dropped by 25%. Whereas the number of FTOA performances locally showed a relative increase to the detriment of the numbers nationally and internationally, the increased number of performances by FTOYs in the international market offset a local decline in this sector. See Figure 4 below for the relative situation of each of these markets in 2016-17.

Figure 4: Relative location of performances by FTOAs (outer ring) and FTOYs (inner ring) in 2016-17 (n=76)



As shown in the outer ring, the FTOA market is more concentrated locally (68% of performances given) than nationally (24%) or internationally (8%), whereas that for FTOYs (inner ring) is more developed nationally (42% of performances given) and internationally (17%), while remaining well-rooted locally (41%). All these performances combined (adults and youth) reached approximately 1M spectators – 567,000 locally, 284,000 on tour in Canada, and 141,000 abroad.

During the period studied, certain years were remarkable for an exceptional increase in national and international activities due to specific-co-production circumstances, with co-production contributions leveraging an average of \$4.51 in other earned revenue for each dollar invested by co-producers; this multiplier effect peaked at \$7.93 in 2015-16.

Community roots

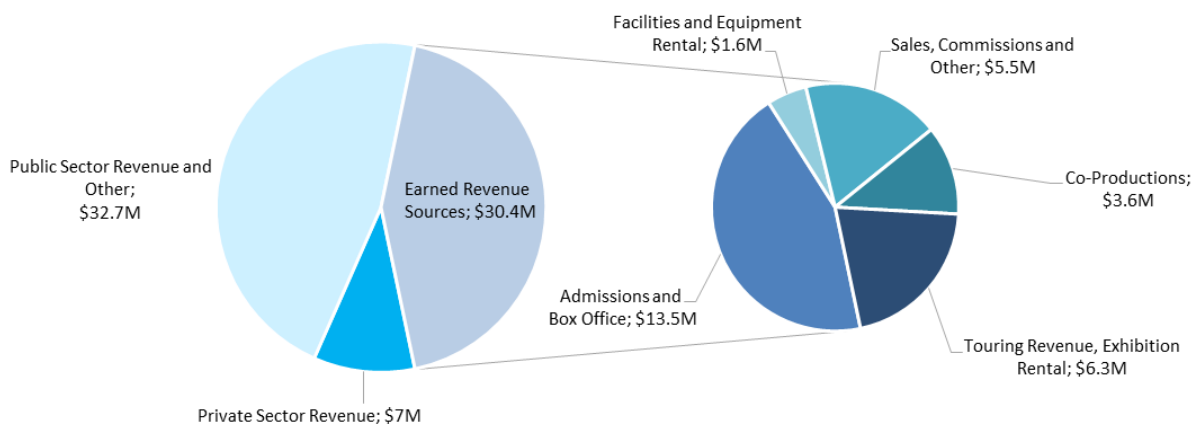
During this period, FTOs became more deeply rooted in their local communities, as reflected in the data below:

- A growing number of participants and activities (+67%), which add value to the artistic programming, such as meetings with authors, actors and other theatre artists or artisans.
- A growing number of talks, training programs and educational guides prepared for teachers.
- A sharp increase in the number of hours contributed by volunteers, which peaked at 109,000 hours by 2,100 volunteers (+28%).
- An increase in donations and sponsorships from businesses – from \$6.3M to \$7.0M – during the period studied.

Revenue diversification

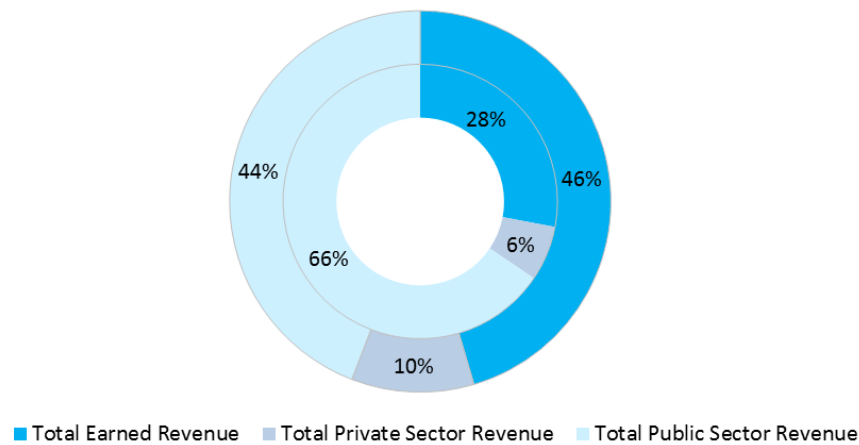
FTOs' total revenue has generally been increasing since 2014 (+ 2.5% overall), reaching \$70.5M in 2016-17. The relative share of earned revenue dropped by 7.4% during the period studied, whereas that from the public sector increased from 41.0% to 46.4%, with financial support from the Canada Council for the Arts regularly increasing (+6.8% overall). The increase in public-sector support was particularly due to contributions from provincial agencies. See Figure 5 below for details on the breakdown of both total revenue and earned revenue in 2016-17.

Figure 5: Sources of total and earned revenue of FTOs in 2016-17 (n=76)



As shown in Figure 6 below there is a marked difference in financial model between FTOYs and FTOAs: whereas the latter compared with the former generate more earned revenue (45% vs. 28%) and more private-sector revenue (10% vs. 6%), this factor inherently lowers their relative share of public-sector revenue (44% vs. 66%). For all FTOs combined (adult and youth) in 2016-17, each dollar invested by the Canada Council generated \$3.53 in revenue from other sources.

Figure 6: Relative sources of revenue for FTOAs (outer ring) and FTOYs (inner ring) in 2016-17 (n=76)



The long-term fragility of Francophone theatre organizations

Despite the vitality of Francophone theatrical creation and the scope of its dissemination (partly due to co-productions), the report highlights several warning signs due to the following three factors:

- A decrease in the total number of spectators in all three dissemination markets during the period studied – from 1.2M to under 1M (-17%), which resulted in a lower earned revenue and a drop in ROMI.
- Even though the total number of positions in FTOs increased from 827 to 1,397 (+69%) during the period, the largest increase occurred in part-time positions, whose share in the total number of positions increased from 47% to 69%, whereas the relative share of full-time positions declined from 29% to 21%.
- A steady increase in venue operating expenses, which rose from 8.5% of total expenses to 10.9%.

Even though the accumulated surplus of FTOs increased to a collective total of \$10.1M, the relative portion of the total asset surplus dropped from 2.2% to 1%. This drop in the total asset surplus reflects FTOs' lower operating margins over the past four years. According to the published research on this subject, shrinking audiences and lower earned revenue – due to tighter operating margins – could foreshadow looming financial imbalances, despite solid debt-equity and working capital ratios.