Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

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By:

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RECOMMENDATIONS

Recommendation 1 – Live Performing Arts Accelerator

We recommend that the Government of Canada implement the **Live Performing Arts Accelerator**, a 25% tax credit on eligible production-related labour expenses for Canadian owned and controlled non-profit and commercial performing arts organizations. This measure will **strengthen economic growth**, increase sector capacity, and secure long-term prosperity within Canada's live performing arts industry.

Recommendation 2 – Income Averaging Tax Policy

We recommend that the Government of Canada reinstate income averaging to **improve affordability** and ensure a fair determination of tax liability for workers with fluctuating incomes, directly supporting the stability of the **next generation of Canada's workforce**.

Recommendation 3 – Affordable Housing

We recommend that the Government of Canada expand access to, and eligibility for, subsidized housing programs under the National Housing Strategy to better reflect the financial realities of artists and gig economy workers, **bringing down living costs** for a critical segment of the Canadian workforce.

BACKGROUND

Canadian Actors' Equity Association (Equity) represents nearly 6,000 professional artists working in theatre, opera, and dance across Canada. Its membership includes performers (actors, singers, dancers), directors, choreographers, fight directors, intimacy directors, and stage managers.

Equity supports the creative work of its members—and the broader live performance sector—by improving working conditions and expanding professional opportunities. The Association negotiates and administers collective agreements, provides benefit plans, offers guidance, and advocates on behalf of artists nationwide to build a strong, resilient cultural workforce.

INTRODUCTION

Canada's live performing arts industry is a vital driver of national prosperity, contributing approximately **$2.4 billion annually** through direct activity and cultural tourism. Beyond its economic footprint, the sector plays a critical role in preserving Canada's cultural identity and enriching communities from coast to coast to coast.

However, the industry is navigating a period of generational challenges. Evolving audience habits, reduced disposable consumer income, rising production costs, and declining sub-national public investment have strained the sector.

Despite these headwinds, the sector remains a major engine for employment and long-term economic growth. Data from 2025 highlights the industry's massive footprint:

- **Over 5,000** Canadian works were performed
- **36,000** public theatre events and activities
- **Employment of more than 35,000** technicians, production personnel, performers, and arts workers
- For every **one job on stage**, there are **seven jobs backstage**, and **nine jobs** created in the local community

Strategic investment in the live performing arts sector aligns perfectly with the federal plan to **Build Canada Strong**. By supporting this industry, the government will generate significant economic returns, reinforce Canada's cultural landscape, and provide career stability for the next generation of the workforce. With the right federal partnerships, this sector will help advance Canada's ambition to maintain the strongest economic growth in the G7.

RECOMMENDATIONS BACKGROUND

Recommendation 1 – Live Performing Arts Accelerator (LPAA):

We recommend that the Government of Canada implement the **Live Performing Arts Accelerator (LPAA)**, a 25% tax credit on eligible production-related labour expenses for Canadian owned and controlled non-profit and commercial performing arts organizations.

In the mid-1990s, the federal government introduced the Canadian Film or Video Production Tax Credit, successfully transforming the screen sector into a $12 billion industry known globally as “Hollywood North.” A parallel approach in the live performing arts will unlock massive economic potential.

A new Live Performing Arts Accelerator, supported by a **$400 million federal investment over three years**, is projected to generate **45,312 new jobs** and an additional **$9.2 billion in economic activity**, directly advancing the government's mandate to boost productivity and employment.

Projected benefits include:

- **Generating $23** in economic impact for every $1 invested
- **Attracting an additional $1.7 billion** in additional private investment
- **Expanding interprovincial touring** and international cultural tourism
- **Strengthening national connectivity** by bringing Canadian stories to more communities

The infrastructure to deliver this program already exists. The federal government can build on more than three decades of experience administering successful tax credit programs in screen-based industries. Implementing the LPAA will accelerate long-term industry growth, drive innovation, and build a globally competitive live performing arts sector.

Recommendation 2 – Income Averaging Tax Policy:

We recommend that the Government of Canada reinstate income averaging to **improve affordability** and ensure a fair and accurate determination of tax liability for workers with fluctuating incomes.

For most professional artists, financial volatility is a barrier to long-term prosperity. Earnings can swing dramatically from year to year, resulting in a significant tax burden during higher-earning years—a phenomenon known as the "fluctuation penalty." Studies show that artists can pay up to **16% more in income tax** over four years compared with an individual earning the same total income evenly distributed over that period. This "boom or bust" penalty penalizes artists for saving during banner years to survive lean periods.

Income volatility also harms affordability by skewing eligibility for financial assistance or subsidy programs that rely on single-year reported income rather than long-term averages. Furthermore, self-employed status often leads to minimal Canada Pension Plan contributions, threatening retirement security for the next generation of workers.

With five federal tax brackets, a single highly successful year unfairly penalizes a Canadian artist. Modernizing tax policy to include income averaging will directly support the federal focus on **bringing down costs for Canadians and helping them get ahead**.

Recommendation 3 – Affordable Housing:

We recommend that the Government of Canada expand access to, and eligibility for, subsidized housing programs to better reflect the financial realities of artists and other gig economy workers.

Housing affordability is central to the government's plan to **Build Canada Strong**. For the live performing arts workforce, standard barriers to housing are compounded by non-traditional employment structures. Gig workers, contract artists, and self-employed cultural workers routinely face systemic exclusion from affordable and subsidized housing programs due to rigid requirements for predictable, continuous weekly or monthly income verification.

To support the next generation of Canada's workforce, federal housing initiatives—including the National Housing Strategy—must update eligibility criteria to accept multi-year income averages and recognize freelance contracts. Expanding access to affordable housing will ensure that Canada's cultural workers are not priced out of the urban centers where their work drives local economies and cultural tourism.

CONCLUSION

Targeted investment in live performing arts delivers economic growth, cultural impact, and greater financial stability for Canadian workers.

Canada's live performing arts sector is both an economic driver and a cornerstone of our national identity. The challenges it faces—rising costs, funding instability, and workforce retention—are not isolated issues, but interconnected pressures that require coordinated policy solutions.

The recommendations outlined in this submission offer a practical and evidence-based path forward. Together, they will stimulate growth, improve financial stability for artists and cultural workers, and ensure that Canada's live performing arts sector remains competitive, resilient, and accessible.

Equity stands shoulder to shoulder with a broad coalition of other labour unions, arts associations, cultural institutions, promoters, producers, and employers—united and prepared to collaborate with the government in working towards the shared priority of building a vibrant and valued cultural landscape in Canada for all.