

TAKING THE PULSE II: AN ECONOMIC SNAPSHOT OF THE PERFORMING ARTS SECTOR IN CANADA

1.0 Introduction

In the spring of 2009, Canada's Performing Arts Alliance (Canadian Dance Assembly, Opera.ca, Orchestras Canada, and the Professional Association of Canadian Theatres) undertook a series of surveys of their members to assess the emerging impact of the economic downturn on professional dance, opera, theatre companies and orchestras across the country. The first survey covered the four-month period from September-December 2008; the second survey covers the period from January-April 2009. Two more surveys are planned.

This is a summary of the findings from the second survey. A total of 80 dance, opera, orchestra and theatre organizations (of a potential 311 participants), from every Canadian province and representing a diversity of budget sizes, took part in the survey.

2.0 Financial Forecasts

2.1 Revenues

For the first four months of 2009, two-thirds of performing arts organizations reported negative effects on their revenues resulting from the economic downturn. The reported impact is broad-reaching, covering declines in fundraising (specifically, donations from individuals and foundations, as well as corporate contributions), and ticket sales (both subscriptions and single tickets). Most expect these losses in revenue will not be made up before the end of their current fiscal year. For the most part, government revenue remained stable; however, during the period of time covered by the survey, governments do not appear to be helping to compensate for the loss of other revenues.

A majority of responding organizations reported that revenues from fundraising were down in the first four months of 2009. Indeed, this is the revenue source most often reported as lower than budgeted. Single ticket sales were lower than expected, as were subscriptions. Perhaps not surprisingly, the proportion of organizations reporting lower revenues from all these sources is almost identical to that for the fall of 2008.

Three in ten responding organizations reported efforts to attract patrons by offering ticket discounts.

2.2 Expenses

About 8 organizations in 10 indicated that they are taking or plan some action or actions to reduce costs. Many are planning to take or have already taken actions that affect human resources, most commonly reducing staff numbers or freezing salaries. Almost half report salary freezes and many either plan to or have reduced staff. In particular, 1 organization in 4 has or will reduce staff in each of these areas: administrative, technical, and production, and 1 in 5 will reduce their artistic staff. Many reported changes to programs. Most commonly, 1 in 3 organizations have reduced or plan to reduce the number of performances; 1 in 4 have reduced or plan to reduce the number of productions or programs. As well, some will substitute less traditional programming with more traditional or popular programming.

2.3 Summary of findings by Artistic Discipline

Dance organizations resilient collaborators in tough economic times

While most performing arts organizations reported experiencing a negative impact from the economic downturn, dance organizations demonstrated resilience and (along with orchestras) were the least likely to report negative effect. However, nearly 70% of dance organizations reported re-projecting expenses, revenues or both to address economic challenges. 31% were forecasting deficits. Among the performing arts disciplines, dance was most likely to report lower revenues from subscription sales. Both dance and theatre companies were the most likely to report that corporate contributions would also be lower than budgeted. To compensate for affected revenues, 25% of dance organizations chose to reduce the number of artistic and technical staff, and 44% will cut back on productions and programs, including touring activities. Dance organizations also employed other strategies in response to the economic downturn, including more use of technology and social networking and more often reported increased levels of collaboration such as sharing services with other organizations.

Opera companies invest in the art, focus on mission critical activities

While the majority of all respondents reported a negative impact from the economic downturn in this period, participant opera companies were the most likely to report its negative impact on their overall operations. The trend of softening corporate and foundation revenues crept into single ticket sales results which were also lower than budgeted, a concern that rippled into year-end projections where 60% of opera companies expected that this trend would continue. To re-balance, opera companies in the short term were the most likely to reduce or freeze administration salaries as well as reduce travel to conferences, often a source of discretionary spending. With season planning sometimes two or even three years into the future, opera companies were the most likely to report that they were revising their internal planning

processes, but not to retreat into traditional programming. In fact, opera companies eschewed substituting more traditional/popular works, reducing artistic salaries, and decreasing the number of productions, and were the most likely to report they were focussing on core artistic mission. This suggests that opera companies are responding to the economic downturn by focussing on mission critical activities, balancing risk with revised planning, and investing in artistic capital as a key to revenue recovery in the future.

Orchestras stay the course and focus on community relationships¹

Canadian orchestras were focused on careful management of artistic resources, community capital and finances as the recession continued in the first four months of 2009. Compared to their colleagues during this period, participant orchestras were overall least likely to be re-projecting either revenues or expenses and least likely to be reporting that budget forecasts were worse than originally budgeted. Orchestras also reported that they were most likely to be forecasting year-end deficits while also being least likely to be reporting lower revenues from corporate contributions, foundations, overall ticket sales, and individual contributions. Orchestras are most likely to be projecting a budget of similar size for the 2009-10 season. A continuing commitment to their resident core of artists and administrators is reflected in orchestras being least likely to take or plan to take budgetary actions affecting administrative, artistic and production staff. Orchestras are most likely to be looking to expanded communication with stakeholders and increased use of technology and social networking, as keys to future health.

Theatres invest in audience development

Facing another year of potential economic uncertainty, 54% of Canadian theatres will be communicating more often with their stakeholders and plan to use more new technologies and social media. With an expectation that investing in audience development will pay off in the long run, 75% of theatres will be increasing their budgets for next year or keeping them at current levels. These are just a few of the strategies that theatres will employ to ride out a period that saw widespread decreases in single ticket sales and fundraising revenue. To combat anticipated reductions in corporate support, half of all theatres will be reducing or freezing staff salaries, 35% are reducing the number of productions planned for next season, and over 20% will cut back on artistic, administrative or technical staff. With their new trimmed down staff, nearly a third of theatres will be concentrating their focus on their core artistic mandate, which may mean the elimination of some auxiliary programs and services.

3.0 Conclusion

The economic downturn continues to have negative impacts on the performing arts community. Indeed, 2 out of every 3 performing arts organization report they have been negatively affected by the economic downturn. Similar to our findings for the period leading into December 2008, almost half the organizations participating in the survey reported they expected revenues to be worse than budgeted, and almost all of these organizations said that the economic downturn is at least partly to blame.

¹ The apparent contradictions in the data for orchestras may be due to the small sample size, changes in the specific respondents or other factors such as fiscal year timing.

It appears the economic downturn has resulted in many performing arts organizations considering (and implementing) a number of actions to deal with a decline in revenues. While there appears to be a slowing of the many negative impacts recorded in May 2009, this may simply reflect steps taken in the new fiscal year to address lower revenues. Some of the plans to address budgetary problems resulting from the economic downturn are worrisome. For example, compared to May 2009, more organizations in our current survey are planning to or have already reduced both the number of staff (artistic, technical, production, and administrative) and the number of performances. While organizations must be prudent in their budgeting, such reductions will affect already-stretched organizations' capacity to rebound over the longer term.