



Submission to the Standing Committee on Finance
2019 Pre-budget consultation
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Recommendations:

- 1: Ensure that the five-year \$180 million investment for the Canada Council for the Arts announced in Budget 2016 be sustained and fully realized in Canada's long-term fiscal plan.
2. Update the guidelines for, and enhance the budget of, the Endowment Incentives component of the Canada Cultural Investment Fund, to help arts and culture organizations raise private sector contributions and develop stable, long-term revenues through the growth of endowment funds.
3. Increase the investment in the arts administration and arts practice component of the Young Canada Works program by \$500,000 per year, to help emerging cultural workers gain valuable training and early work experience, and enable strong succession planning in arts organizations.

Introduction

On behalf of our 130 member orchestras from across Canada, the audiences they engage, and the diverse communities they serve, Orchestras Canada/Orchestres Canada (OC) is pleased to have the opportunity to contribute to the Standing Committee on Finance's pre-budget consultations.

Again this year, the Committee is seeking recommendations that would allow Canadians and Canadian businesses to be more productive. This specific request presents some challenges to Canadian orchestras: like our peers across the social purpose sector, orchestras make enormous economic and social contributions to Canada. Yet we are stymied by conventional definitions of productivity: while orchestras in 2018 contribute in innovative ways to communities right across the country (having diversified their function and products in recent decades), it still takes the same number of musicians to perform a Beethoven symphony today as it did in 1818.

We assert that orchestras **do** contribute significantly to the vitality, cohesion and competitiveness of Canadian communities; the ability of Canadian communities and businesses to attract and retain talent; and the quality of lives of Canadians. These are key attributes that help make Canada such a desirable country in which to live and do business. Export of Canadian orchestras' work – through international touring and digital dissemination of recordings and live streaming – presents Canada as a country with high cultural values. Thus, orchestras play a significant part in any enquiry about enhancing the productivity of Canada and Canadians.

Through

- stable, adequate core investment (to which the Government of Canada has already committed),
- enhancements to federal policies and programs that encourage individual and private-sector investment in orchestras and other arts organizations, and
- enhanced internship programs that provide opportunities for the next generation of diverse and digitally-adept arts managers and artists

orchestras can plan with greater certainty, invest strategically, and engage and serve more people, in their own communities, across Canada, and around the world.

Background

In our annual survey of policy priorities, Canadian orchestras confirmed:

- Fulfillment of the Government of Canada's five-year commitment to doubling funding for the arts through the Canada Council is key. In bringing the Council's annual parliamentary appropriation from \$181 million in 2015-16 to \$361 million by 2020-21, the federal government is providing orchestras the ability to compete with the potential of meaningful adequate results. This will result in better outcomes and impact for Canadians in towns and cities across the country.
- Acknowledging that charitable donations and corporate sponsorship play key roles in the vitality of Canadian orchestras. In 2016-17, a remarkable 40.1% of Canadian

orchestras' revenue came from charitable, corporate, and special event fundraising. Our experience with the capital gains exemption on gifts of stock to registered charities clearly demonstrates that smart tax policy and progressive program design provide incentives for increased giving by Canadians. This year, we recommend enhancements to the Endowment Incentives Component of the Department of Canadian Heritage's Canada Cultural Investment Fund, to encourage the growth of the increasingly important endowment funds for arts and cultural organizations of all sizes.

- Investing in workforce training and opportunities for emerging management, administrative, and artistic talent is critical to the continued viability of orchestras.

Our recommendations flow from these priorities.

Recommendation 1: Ensure that the five-year \$180 million investment for the Canada Council for the Arts announced in Budget 2016 be sustained and fully realized in Canada's long-term fiscal plan.

Cost: No new cost, as this commitment is already contained in the Government of Canada's long-term plans.

OC recognize and thanks the Government of Canada for the historic investment in the Canada Council for the Arts announced in March 2016. This investment will have a profound and lasting impact on orchestras and Canada's cultural sector.

Canada Council funding made up just 5.7% of total orchestras' revenues in 2016-17, a proportion that has been declining. With the new infusion of Canada Council funds, we anticipate this trend will shift. This means that the increased core funding from the Council will permit better planning and more efficient use of resources. Better core funding will enable greater reach, stronger investment in human potential and robust responses to the diverse and changing nature of Canadian communities.

This means that:

- Orchestras will strengthen our contribution to the economy. Orchestras are part of a cultural sector that already makes a \$53 billion contribution to GDP, and generates over 700,000 jobs. With the increased public investment, orchestras will create additional economic activity, through increased productivity and ultimately positive impact for Canadians.
- Orchestras will continue to be strong civic partners, working with diverse artistic and community partners to build vibrant, safe, and compassionate communities: the kind of places that attract businesses, again helping to expand the Canadian economy and create more jobs.

Recommendation 2

Update the guidelines for, and enhance the budget of, the Endowment Incentives component of the Canada Cultural Investment Fund, to help arts and culture organizations raise private sector contributions and develop stable, long-term revenues through the growth of endowment funds.

Cost: An additional \$6.5 million annually

Orchestras continue to seek ways to stabilize and diversify their revenues and endowment funds (funds contributed for long-term impact, invested in perpetuity, and producing an annual payout to support a charity's mission) are an increasingly important tool for them. OC began collecting information on endowed funds held by or managed on behalf of by Canadian orchestras in 2005-06; since then, orchestras' endowment holdings have grown from just over \$74 million to over \$236 million.

The annual payout from these funds is in the order of \$11.7 million, more than the total contribution of the Canada Council to Canadian orchestras. The proceeds of endowment funds are critical to securing orchestras' artistic and community programs.

Since 2001, the Department of Canadian Heritage has supported the growth of arts endowments through a component of the Canada Cultural Investment Fund. Arts organizations can apply annually to get gifts to endowments matched by up to 100% through the Endowment Incentives program, and many orchestras both large and small have taken part.

The program has been extremely successful: applications to the program are growing in number, and in recent years it is increasingly limited in the match it can offer. As well, since the program launch in 2001, some larger arts organizations have hit the life-time ceiling for the program, and others nearing the ceiling are facing a cap on the annual match available in the program.

We acknowledge that the program is currently being evaluated, and we look forward to the results of that evaluation, while affirming that an additional \$6.5 million annual investment in the Endowment Incentives program, combined with an increase to the annual and life-time matching caps would address the growth in demand on the program. These enhancements would also enable arts organizations of all sizes to continue to build endowment funds by encouraging donors to think long-term.

Recommendation 3 Increase the investment in the arts administration and arts practice component of the Young Canada Works program by \$500,000 per year, to expand the number of funded positions, help emerging cultural workers gain valuable training and early work experience, and enable strong succession planning in arts organizations.

Cost: \$500,000 annually

In considering how to improve productivity, and consistent with our recommendations from last year, Canadian orchestras continue to highlight the critical importance of a well-trained, up-to-date and diverse workforce. Working for a Canadian arts organization is seen as a labour of love, not necessarily a viable career. This, despite the overall cultural sector contribution of \$53 billion to our country's GDP.

This is particularly the case for young Canadians, seeking to start their career in the current precarious job market. At present, there are few ways to gain a foothold in the cultural sector. In any one year, there are only twenty internship opportunities in arts administration available through the Young Canada Works/ Cultural Human Resources Canada program.

There is also urgency to addressing the aging of the current arts and cultural sector administrative workforce. The sector acknowledges the need for strong succession planning and opportunities for mentorship and knowledge transfer.

Accordingly, we urge the Government of Canada to expand the Young Canada Works, particularly in the area of arts and cultural administration. By increasing the investment in this program by \$500,000 per year, young and emerging arts and cultural workers will gain valuable experience with arts organizations and the organizations themselves can skill up.

Conclusion

Orchestras Canada thanks the Standing Committee on Finance for the opportunity to contribute to the 2019 pre-budget consultations. We would be pleased to discuss our recommendations with you further.

About Orchestras Canada

Orchestras Canada/Orchestres Canada is the national association for Canadian orchestras, with a mandate to serve Canadian orchestras in both official languages through research, knowledge-sharing, convening, and advocacy. Orchestras Canada/Orchestres Canada has member orchestras in every Canadian province, ranging from volunteer and youth orchestras to major professional ensembles.