

## **BUDGET 2018: SUBMISSION TO THE PRE-BUDGET CONSULTATIONS**

### **Executive Summary**

One of the largest orchestras in Canada, the Calgary Philharmonic Orchestra (CPO) employs 66 full-time musicians, engages over 100 volunteers, and presents more than 80 ticketed and 20 student concerts per year, operating with an annual budget of approximately \$12 million dollars. The CPO remains the largest arts employer in Alberta.

The CPO attracts highly skilled professionals to our community who, as core teachers, are critical to the success of post-secondary educational institutions and smaller music schools. As a valuable resource to the educational system, CPO has engaged 150 schools, offered education-specific performances, and runs an after-school music program in a high-needs elementary school. There is extensive research on the benefits of music education, including indicators on how youth develop essential qualities to contribute productively to our society. The perceived benefit of music education builds students' self-esteem and confidence develops self-discipline and nourishes creativity and innovation.<sup>1</sup>

The Calgary Philharmonic receives an average of about 16% of its operating budget through grants from the three levels of government, which is among the lowest of orchestras in Canada. We applaud the Government of Canada for following through with the *five-year, \$180 million investment from the Canada Council for the Arts*, to which CPO receives funding. Furthermore, the anticipated release of digital and export strategies by the Department of Canadian Heritage will ensure that CPO and other arts organizations can adapt to an increasingly connected environment. With such initiatives, CPO intends to expand its reach both in Canada and abroad.

Government commitments, programs, and initiatives are foundational elements of Canada's cultural ecosystem. The mix of private-philanthropic incentives and public funding by the government are longstanding and integral supports for nonprofit and charitable arts organizations' business models. These investments and incentives have broad impact – they enable the professional payment to artists and practitioners and, they enhance organizations' abilities to remain competitive in maintaining and attracting audiences. Furthermore, government investment in the arts ripples to our audiences' individual and social well-being and engagement, economic contributions in taxes, and audience spending in other areas such as tourism and hospitality.

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<sup>1</sup> Coalition for Music Education in Canada. "A Delicate Balance: Music Education in Canadian Schools." Prepared by Hill Strategies Research. November 2010. P. 36.  
[http://www.hillstrategies.com/sites/default/files/Music\\_Education\\_report2010.pdf](http://www.hillstrategies.com/sites/default/files/Music_Education_report2010.pdf)

## **Recommendations for Budget 2018:**

- Continue to offer tax incentives to encourage Canadians to increase donations.
- Enhance the Department of Canadian Heritage's *Canada Cultural Investment Fund – Endowment Incentives* program by increasing the funding allocation and/or removing the \$15 million maximum cap.
- Increase funding to the Department of Canadian Heritage's *Canada Arts Training Fund*.

### **Recommendation 1: Continue to offer tax incentives to encourage Canadians to increase donations.**

While 16% of CPO's operating budget is supported by grants from the three levels of government, the revenue difference has traditionally been made up through earned revenue and fundraising. Such is the business model for most Canadian orchestras and charitable organizations.

The ongoing recession in Alberta and the subsequent loss of funding from corporate and private sectors has seriously impacted the CPO, with no end in sight. Communicating and utilizing government tax incentives to support charitable giving continues to be, now more than ever, critical in attracting corporations, families, and individuals to make a direct economic contribution to their society while still sustaining their livelihood.

We ask the Government of Canada to recognize the important role that tax incentives play in the sustainability and productivity of charitable arts organizations. The tax code is the framework that allows orchestras and other registered charities to raise the private resources that they need to keep their lights on, pay their people, and offer high-quality programming to communities.

On a related note, we commend the government for their recent efforts on modernizing the government's relationship with the charitable and nonprofit sector. While current efforts are focused on charities' engagement with political activities, we see the potential for these efforts to extend into a collaboration between CRA Charities Directorate, Finance, and other departments in addressing financing issues for the sector under new economic realities.

### **Recommendation 2: Enhance the Department of Canadian Heritage's *Canada Cultural Investment Fund – Endowment Incentives* program by increasing the funding allocation and/or removing the \$15 million maximum.**

The Department of Canadian Heritage's *Canada Cultural Investment Fund – Endowment Incentives* program "encourages private donors to contribute to endowment funds for not-for-profit professional arts organizations".<sup>2</sup> This program

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<sup>2</sup> The government of Canada Website. "Canada Cultural Investment Fund – Endowment Incentives." Culture, History, and Sport – Funding Opportunities. 2016. <http://canada.pch.gc.ca/eng/1455743049866>

effectively utilizes public funding to match contributions by private sources. Over time, CPO has benefited from this program to effectively build capital assets. Such assets allow organizations to plan for long-term competitiveness or rather, sustained viability in their communities. Endowment funds build reserves and investments in anticipation of future programming, organizational growth, and/or surprises in the economic downtown.

It is enticing, especially for new donors, to hear that their donation will be matched by the government. Programs like these demonstrate leadership by government in incentivizing private philanthropic support – an important role in attracting and supporting the diversification of revenue in Canada's charitable arts sector.

CPO must continue to cultivate new donors and maintain loyalty in its existing donor base. If the Government of Canada takes two actions in tandem - 1) increases funding to the *Endowment Incentives* program and, 2) either increases or removes the \$15 million cap - then the government ensures that successful arts organizations can still participate while making room for new organizations to enter the program.

### **Recommendation 3: Increase funding to the Department of Canadian Heritage's *Canada Arts Training Fund*.**

Workforce and skills development in the Canadian arts sector is of utmost importance to cultivate new generations of talent. In 2014, culture jobs accounted for 630,000 jobs, contributing 3.5% to total employment in Canada.<sup>3</sup> Increasingly, arts training facilities are met with a higher demand for training alongside increasing sector competition for available funds. This competition for funds, unlike the business sector, does not serve to strengthen the market. Rather, this competition acts as a detriment to various regions, artistic disciplines, and equity and diversity-specific groups (such as Indigenous education) in offering training to prepare artists and arts practitioners for viable employment and good quality jobs.

CPO receives funding from the *Canada Arts Training Fund* for Morningside Music Bridge (MMB), an international initiative that, for 20 years, has identified and promoted outstanding young artists across the globe. CPO's participation in this program has developed connections to some of the leading conservatories and musical institutions in the world. Such connections have effectively enhanced the scalability and collaborative productivity of these organizations to offer skills development. Young performers work with a faculty of leading Canadian and international performers to develop their performing skills, build professional relationships, and bridge languages and cultures through the universal language of music. Young performers are then able to enhance their professional contributions at home and in the export market (with countries such as the United States, Poland, and China). Alumni have gone on to become distinguished educators, notable concert artists, and members of the world's greatest orchestras.

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<sup>3</sup> Canadian Arts Coalition. "Arts Facts." 2016. [http://www.canadianartscoalition.com/wp-content/uploads/2016/10/Did\\_You\\_Know\\_EN.pdf](http://www.canadianartscoalition.com/wp-content/uploads/2016/10/Did_You_Know_EN.pdf)

Funding for the *Canada Arts Training Fund* has remained stagnant since 2009. It is recommended that the Government of Canada increase funding to this program to meet rising costs of inflation and the oversubscribed demands of the program.

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