



Submission to the Standing Committee on Finance  
Pre-budget consultation  
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## Executive Summary

On behalf of our 130 member and associate orchestras from across Canada, the audiences they engage, and the 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.

Our recommendations build on the enhanced potential of Canada's arts sector enabled by the significant investment in the Canada Council for the Arts announced in Budget 2016, and sustained in 2017. Thank you!

**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.*

**Recommendation 2:** *Acknowledge the fundamental importance of digital capacity in the arts by ensuring there are comprehensive, integrated, accessible, and forward-thinking federal programs and policies in place.*

**Recommendation 3:** *Enhance the Endowment Incentives program (part of the Department of Canadian Heritage's Canada Cultural Investment Fund), to help arts and culture organizations develop stable, long-term revenues through the growth of endowment funds.*

**Recommendation 4:** *Help arts and culture organizations provide full-time, career-oriented work opportunities to recent graduates of post-secondary institutions by expanding the Young Canada Works program.*

## Introduction

As the Committee considers Budget 2018, and fiscal measures that could be undertaken by the Government of Canada, we understand that the Committee is seeking ideas and recommendations that would allow Canadians and Canadian businesses to be more productive.

At first glance, orchestras would seem to resist classic industrial responses to the productivity challenge: it takes as many violinists to perform a Beethoven symphony in 2017 as it did in 1817, when the music was freshly-composed. The number of people required to get the actual work done is not going to be affected by advances in technology.

However, if we measure orchestras' productivity through the number of people reached, inspired, and transformed by orchestras, then we can absolutely see a place for orchestras in your enquiry. Through

- stable, adequate core investment,
- a policy and funding environment that enables broad access to digital tools,
- federal policies and programs that facilitate community investment in orchestras and other arts organizations, and
- investment in training and succession planning,

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

In a recent survey, Canadian orchestras confirmed their belief that these conditions can be met by:

- Following through on the Government of Canada's five-year commitment to doubling funding for the arts through the Canada Council, taking the Council's annual parliamentary appropriation from \$181 million in 2015-16 to \$362 million by 2020-21. While Canada Council funding made up just 6% of orchestras' revenues in 15-16, we already know that core funding from the Council permits better planning and more efficient use of resources. Better core funding will enable greater reach and stronger investment in human potential.
- Ensuring that arts organizations can reach new audiences in new ways, through investments in technology, creative, and back-office innovation. This approach most directly responds to the Standing Committee's focus on productivity, and if fully implemented, will enable Canadian orchestras to engage with audiences of all ages in and well beyond local concert venues.
- Acknowledging that charitable donations and corporate sponsorship play key roles in the vitality of Canadian orchestras. In 15-16, a remarkable 33.1% 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 endowment funds for arts and cultural organizations of all sizes.

- Helping young workers get their first jobs in the arts, to ensure intergenerational transfer of knowledge, and employment opportunities for emerging arts professionals.

### Recommendations

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 recognizes the historic importance of the federal government's 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.

With enhanced public investment, orchestras are able to plan more effectively, increasing the efficiency of resource allocation. 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 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 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.

Orchestras plan their seasons two to three years in advance, and make long-term commitments to their musicians, as well. Contracts are signed and commitments are made that require stability. To maximize the productivity of Canadian orchestras and optimize the potential that increased investment in the Canada Council for the Arts holds for Canada and its citizens, we urge MPs and the Government of Canada to ensure that the five-year commitment to increasing support be fully implemented.

**Recommendation 2:** *Acknowledge the fundamental importance of digital capacity in the arts by ensuring there are comprehensive, integrated, accessible, and forward-thinking federal programs and policies in place.*

*Cost: None in 2018-19, potential costs to be determined in subsequent years.*

Contemporary digital dissemination technologies are expanding the reach and impact of Canadian orchestras and artists in ways we could not have anticipated even a few years ago. From the Toronto Symphony Orchestra's Canadian Mosaic initiative (<http://canadamosaic.tso.ca/>), to the Orchestre symphonique de Montréal's appearances on Medici.tv (<http://www.medici.tv/en/partners/orchestre-symphonique-de-montreal-on-medicitv/past-events-osm/>), to the National Arts Centre Orchestra's continued use of distance

learning technologies to connect with young performers across the country and around the world, it's clear that the digital realm offers unparalleled opportunities to Canadian orchestras.

However, years of funding constraint and a patchwork approach to policy and funding programs supportive of digital innovation in the not-for-profit arts have left many Canadian orchestras behind. We are all inspired by the extraordinary work already underway, and we see the potential for much more. But we know that many orchestra leaders—including those working in smaller communities and with smaller budgets--are frustrated about their inability to access training, tools, and research to help them reach more people.

Canadian orchestra leaders are united in their acknowledgment of the importance of increased opportunities for collaboration, staff training, acquisition of and adaptation to digital technologies, and development of new markets for Canadian digital content, across the country and around the world. Yet they do not perceive that federal programs and policies are currently in place to facilitate smart, efficient digital adoption and innovation in the arts. Digital innovation is currently the exception in our sector, not the rule—and we acknowledge the opportunities lost because so few Canadian orchestras are well-positioned to fully engage.

We eagerly await the outcome of the Department of Canadian Heritage's Canadian Content in a Digital World review. We urge the Government of Canada to ensure programs that support digital innovation respond to the needs and realities of all parts of the cultural sector, including orchestras, so that together and collaboratively the cultural economy may remain a driving force in Canada's overall economic prosperity. We pledge to work closely with the Government to find a place for orchestras in the development and implementation of new policies and programs, and we will push for initiatives that heighten opportunities for collaboration, assist with acquisition of the hardware and software necessary to find and serve new audiences, and help to brand and sell Canadian content on the world stage.

**Recommendation 3:** *Acknowledge the important role that tax policy and program design play in providing incentives for Canadians to support arts and culture. For Budget 2018-19, enhance the Endowment Incentives program (part of the Department of Canadian Heritage's Canada Cultural Investment Fund), to help arts and culture organizations develop stable, long-term revenues through the growth of endowment funds.*

*Cost: An additional \$3 million annually*

The Government of Canada is seeking to ensure that Canada's tax code is fair and balanced for all Canadians and Canadian business. Orchestras Canada recognizes the importance of this to realizing public policy goals. As the modernization process continues, we urge the Government to keep sight of the critical role that tax policy plays in encouraging Canadians to donate and invest in the organizations and causes that are important to them and their communities.

Orchestras are seeking 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 almost \$217 million, and the annual payout from these funds has helped to secure 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 successful: applications to the program are growing in number, and in 2015-16, arts organizations raised more money than could be matched dollar for dollar. 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.

An additional \$3 million annual investment in the Endowment Incentives program, combined with an increase to the annual matching cap (as recommended by the Canadian Arts Coalition) to \$3 million, would address the growth in demand on the program, and enable arts organizations of all sizes to continue to build endowment funds by encouraging donors to think long term.

**Recommendation 4:** *Help arts and culture organizations provide full-time, career-oriented work opportunities to recent graduates of post-secondary institutions by expanding the Young Canada Works program.*

*Cost: \$500,000 per year.*

We join the Canadian Arts Coalition in recommending the expansion of Young Canada Works in 2018-19, an internship program delivered by Canadian Heritage. By increasing the investment in this program, young and emerging arts and cultural workers will gain valuable experience and enhance their employability 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 2018 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 and associate orchestras in every Canadian province, ranging from volunteer and youth orchestras to major professional ensembles.

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