



Submission to the Standing Committee on Finance
2021 Pre-budget consultation
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Executive Summary

Orchestras Canada is grateful for the opportunity to present the perspectives of our 130 member orchestras to the Standing Committee on Finance. The measures that we propose in this brief will:

1. **Retain jobs and key talent** in arts and culture in towns and cities across the country, so we're ready for a swift re-launch of the live performing arts sector when conditions permit;
2. Enable arts and culture groups of all sizes – from the most grassroots collectives to our major flagship institutions – to **respond to their communities' cultural needs** in new and compelling ways at a time of crisis;
3. **Incentivize philanthropy** to encourage individuals, philanthropic foundations, and businesses to play their part;
4. **Enhance cultural spaces** where Canadians gather for transformative arts and culture experiences to ensure they are supported, modernized, and made safer, more accessible, and more environmentally sustainable.

Preamble

On behalf of our member orchestras from across Canada, the musicians and cultural workers they work with, the audiences they engage, and the diverse communities they serve, Orchestras Canada/Orchestres Canada (OC) is pleased to participate in the Standing Committee on Finance's 2021-2022 pre-budget consultations.

About OC

We represent the perspectives of 130 Canadian orchestras across every province, a group with which we've been in constant dialogue since the pandemic was first declared in mid-March. Canadian orchestras are grateful for the many measures introduced by the Government of Canada to help Canadians, Canadian businesses, and Canadian organizations to stabilize their operations and maintain jobs through a critical period.

Orchestras and the Canadian public

While they explore a range of alternate live and digital formats, Canadian orchestras are eager to return to live performance as soon as possible. Despite the challenges that the pandemic presents, Canada's orchestras continue to serve as strong contributors to quality of life in Canadian towns and cities, valued participants in the celebration and affirmation of community identity, active partners in community cultural and educational development, and barometers for the cultural and social health of all Canadians.

A just and green recovery

Government investment in orchestras is important, but we are equally interested in policies that favour a recovery that is both just and green. This means taking an approach that will result in a more equitable and sustainable Canada on the other side of this pandemic. The measures that we recommend this year will help ensure orchestras' recovery and relaunch after this unprecedented period in history, while simultaneously building cultural and economic resilience in the broader community.

Recommendation #1: Extend income supports

To retain jobs and key talent in arts and culture, we recommend that the Government of Canada:

- **Expand the Canada Emergency Wage Subsidy** to allow engagers to include compensation to independent contractors covered by a collective bargaining agreement in their CEWS calculations;
- **Extend the Canada Emergency Wage Subsidy** until such time as performing arts groups (and other affected sectors of the economy) can return to full operation with no externally-imposed restrictions on public gatherings;
- **Consider the needs and contributions of independent contractors and “gig workers”** in the redesign of the Employment Insurance program, with the assurance that independent artists and arts workers want nothing more than to be engaging once more with Canadians through their artistic practice;
- **Study the viability of a Universal Basic Income program**, as an efficient and sensitive means of ensuring that all Canadians can lead lives of dignity and contribution in both good and challenging times.

Rationale

Orchestras – whether professional, volunteer, or a mix – unite groups of 15 to 100 artists to hone their craft in close proximity in an indoor space; we then convene large groups of people to enjoy the fruits of the artists’ labours, also in close proximity in an indoor space. We’re built to rehearse and perform live, and our revenue models (in 2018-19, 35.8% from ticket sales; 40.2% from donations, sponsorships, and special events; 24% from all levels of government)¹ and diverse contract structures (including collective bargaining agreements, employment and independent contracts, and “gig-style” arrangements) have evolved to support these core activities, within the resources available and in response to the needs of individual geographic communities.

Across our sector, we’ve seen a range of responses to the crisis:

- **Larger professional orchestras:** In the short term, all of our larger professional orchestras have opted to retain their artists on contract, whether they’re treated as employees or independent contractors, whether the organization is eligible for the Canada Emergency Wage Subsidy in its current iteration or not. Their rationale? If professional orchestras are to play a full role in community recovery as soon as conditions permit, they need to retain the loyalty, participation, and access to the specialized skills of these artists. Similarly, these groups know they need to retain key staff to devise, promote, and help deliver interim programming and stay in close touch with existing and potential audiences and supporters.
- **Smaller-budget groups:** Smaller-budget orchestras have adopted a range of approaches, simultaneously trying to manage expenses while sustaining connections to their contracted

¹ <https://oc.ca/en/resource/comparative-report-18-19/>

professional artists, community volunteers, and the audiences and broader public served through their performance and education programs. CEWS and the Canada Emergency Response Benefit have been lifelines to many of the artists and arts workers in this segment of our membership: the extension of the CERB and the proposed transition and re-tooling of the Employment Insurance program have been, and will be, extremely important for these key people. However, the organizations themselves have been challenged to sustain and re-imagine key activities, as they have not been able to access emergency funding through the Canada Council for the Arts, and many provincial arts funders have been slower to respond.

Outcome

Extending income supports will ensure that we're ready for a swift re-launch of the live performing arts sector as soon as conditions permit.

Recommendation #2: Interim Sustainability Funding

To enable arts and culture groups of all sizes – from the most grassroots collectives to our major flagship institutions – to respond to their communities’ cultural needs in new and compelling ways, we recommend that the Government of Canada:

- **Provide \$100 million in additional interim funding to arts organizations** to ensure that they can deliver artistic and educational programming to their communities in creative ways by
 - a) Investing an additional **\$62.8 million in interim funding through the Canada Council for the Arts** – an amount based on the 2020 emergency funding administered by the Council. This could potentially be allocated to recipients on the basis of lost revenues due to COVID-19 restrictions;
 - b) Allocating an additional **\$37.2 million in targeted interim support to equity-seeking and community groups** (Indigenous, Black, racialized, Deaf and disabled as well as community-based artists and arts organizations) through the Department of Canadian Heritage.

Rationale

Canada’s professional orchestras have made good use of the short-term funding included in Phase I of a much-appreciated \$500 million investment through the Department of Canadian Heritage in emergency interim support to arts, culture, media and sport organizations.² Calculated at 25% of qualifying arts organizations’ average annual support from the Canada Council for the Arts, the funding has been an effective triage measure for arts organizations with a history of support from the Canada Council:

- helping them cope with the disappearance of ticket revenues for the period between March 15 and July 31;
- assisting with ongoing operational expenses; and
- providing confidence as they pivoted their programming offerings to the digital realm.

Outcome

A continuation and an expansion of this investment in Budget 2021 will help professional orchestras and other arts groups address the continued uncertainty of a confirmed date for full return to live performance, and ensure that a broader range of arts groups including Indigenous, Black, racialized, Deaf and disabled as well as community-based artists and arts organizations are able to access the necessary interim supports.

² <https://www.canada.ca/en/canadian-heritage/news/2020/05/emergency-support-fund-for-cultural-heritage-and-sport-organizations-next-steps-to-support-the-industry-impacted-by-the-global-covid-19-pandemic.html> and <https://canadacouncil.ca/covid-19-information#core-funding>

Recommendation #3: Incentives for Philanthropy

To incentivize philanthropy and encourage individuals, philanthropic foundations, and businesses to play their part, we recommend that the Government of Canada:

- **Introduce one of the following two measures** to incentivize charitable giving:
 - a) A temporary **increase to the non-refundable tax credit for gifts** to Canadian registered charities, to 75% of the value of the gift; **or**
 - b) A **two-year donation-matching program** (up to dollar for dollar) for gifts to Canadian registered charities by individuals, philanthropic foundations, or corporations.

Rationale

Donations, sponsorships, and special fundraising events have become increasingly important to Canadian orchestras in recent years, providing an average of 40.2% of their revenues in 2018-19. With the economic turmoil and cessation of public events following the pandemic declaration, this revenue is increasingly uncertain: donors (whose generosity is typically inspired by their experiences at live concerts) are affected by market and economy conditions; sponsors typically contribute to concerts and events (that cannot take place in the usual way); and special event fundraising (ranging from used book sales, Beat Beethoven races, and bingos to galas) is also challenged.

Outcome

Our experience demonstrates that orchestras have been able to capitalize on opportunities to grow their philanthropic giving, with the right incentives in place. Orchestras' participation in the Department of Canadian Heritage's Endowment Incentives program, for instance, has been strong since the program's inception in 2001. The timely introduction of an incentive for individual, foundation, and/or corporate giving to Canadian registered charities would be extremely helpful to the entire charitable sector.

Recommendation #4: Sustaining and Improving Infrastructure

To enhance cultural spaces where Canadians gather for transformative arts and culture experiences to ensure they are supported, modernized, and made safer, more accessible, and more environmentally sustainable, we recommend that the Government of Canada:

- **Extend the Canada Emergency Commercial Rent Assistance (CECRA)** program beyond August 2020, to enable artists, arts organizations and venues to implement required health and safety measures (including physical distancing) without undue financial risk to either party;
- **Support the purchase and installation of digital content capture and sharing infrastructure** to encourage sustained and ongoing use of performing venues for live streaming, broadcasting, and recording – with or without a live audience;
- **Support improvements to and retrofitting of venues** to meet changing physical distancing and environmental requirements, including lobby and entryway modifications, touch-free ticketing, touch-free washrooms, HVAC improvements, seating modifications, and impermeable barriers.

Rationale

According to recent research in both the US and Canada³, audiences are concerned about returning to live performing arts events before an effective vaccine is available. To reassure the public, arts organizations are developing protocols and messaging around safe return. However, they – and the publics they serve – will need flexible, safe, environmentally-sound, digitally-sophisticated spaces in which to gather.

Outcome

We recommend collaboration with provinces and municipalities on a thoughtful and time-sensitive program of retrofitting and re-equipping venues, to maximize economic impact and lasting cultural benefits for Canadians.

³ <https://www.colleendilen.com/2020/08/05/market-potential-what-attendance-can-cultural-entities-expect-in-2020-data/> and <https://www.audienceoutlookmonitor.com/ontario-arts-council>

Conclusion

Orchestras Canada thanks the Standing Committee on Finance for the opportunity to contribute to the 2021-2022 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. We collaborate with other umbrella groups and arts service organizations, including the Canadian Arts Coalition, Imagine Canada, and the ad hoc ASO COVID Coordination group.