



Brief to the Standing Committee on Finance

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Orchestras Canada/Orchestres Canada (OC) is the national association for Canadian orchestras, representing over 130 groups from coast to coast, ranging from volunteer-driven community ensembles to youth and training orchestras to nationally and internationally-renowned groups. Our mandate includes advocacy, convening, research and knowledge-sharing, and we work in close collaboration with the Canadian Arts Coalition, Canada's Performing Arts Alliance, and Imagine Canada.

We are pleased to share orchestras' perspectives on the Government of Canada's responses to the COVID-19 pandemic, and hope they are helpful in the Committee's work.

Context

Canadian orchestras are not-for-profit organizations and registered charities. In 2018-19, according to OC's comparative data from 71 of our largest member orchestras, orchestras derived 35.8% of their revenues from ticket sales and sold services, and 40.2% from individuals, corporations, foundations, and special fundraising events. Government support (from all three orders of government) made up the difference. Our members reported revenues of almost \$218 million and connected with 2.8 million Canadians.

Canadian orchestras are structured in different ways, depending on mission, mandate, and community context. They range from volunteer groups with a paid music director and a hands-on board of directors to fully-professional ensembles with collective bargaining agreements with tenured musicians, a professional staff, and a high-powered governance board – and all points in between. Depending on the size of the orchestra, anywhere from one to well over 200 people are paid to do work directly for and with the orchestra each season, and they are all vulnerable to changes in their orchestra's financial health. Orchestras also tend to plan and market their concerts 18-24 months in advance.

With public gatherings effectively banned in mid-March, our orchestras moved to cancel already-scheduled (and in some cases, sold-out) concerts; as the pandemic has continued, orchestras (which typically perform a September-June season, with some groups also programming in the summer months) have cancelled both spring and summer programs. Refunds or credits for ticket purchases have been processed; and many loyal patrons have converted the value of their tickets to charitable donations. We are tracking the impact of the pandemic on contributed income, and will have more to report as orchestras complete their fiscal years.

Still, we emphasize that some 76% of orchestras' revenues are vulnerable at this time, their potential loss is highly destabilizing, and - as Canadian Heritage minister Steven Guilbeault said to Montreal's Chamber of Commerce last week, "« Il est difficile de voir un retour à la normale avant le début de l'année prochaine, et c'est peut-être ça aussi, un scénario optimiste ». Indeed, every published provincial guidelines place concerts and other large public events in the final stages of their proposed reopening plans.

Orchestras are now looking at alternate scenarios for fall 2020 and beyond, including the cancellation or postponement of concerts, the implementation of physical distancing measures for artists, audience members, and venue workers, and re-programming already-planned concerts to feature smaller ensembles, physically-distanced audiences, and different venues. The logistical, financial and legal challenges that these scenarios imply are daunting: the increased costs of implementing recommended health and safety measures combined with significantly reduced ticket revenues are simply incompatible. At the same time, we emphasize that orchestras will not put the health of audiences, artists or workers at risk.

Observations on Supports from the Government of Canada

First of all, orchestras are profoundly grateful for the speed at which the Government of Canada has moved to implement economic supports across the broader economy: speed that has been matched with a high level of responsiveness to emerging needs and issues. The pace at which such programs as the Canada Emergency Wage Subsidy, Canada Emergency Response Benefit and the Canada Emergency Bank Account have been successfully introduced and adapted to meet diverse needs across the economy has been nothing short of remarkable. We also note the Canada Council for the Arts' decision to expedite the release of 35% of core grants to organizations payable in the 2020-21 fiscal year; while this will not have an impact on year-end results, it will assist some 37 Canadian orchestras to manage cash flow at a tremendously challenging time. Thank you.

Secondly, we eagerly await details on the \$500 million investment in arts, culture and sports, first announced by Prime Minister Trudeau on April 17. We hope that some portion of it can be directed to meet needs not yet addressed in the cross-economy measures already in effect.

Specific gaps during the emergency relief period include the following:

- The CEWS only applies to employees, and not to long-time independent contractors. This leaves a number of orchestras in a difficult situation: they are continuing to compensate their contracted musicians (whom they treat as independent contractors) to create and work from home, but are not yet eligible for any form of subsidy to assist with this cost. This could be addressed by expanding the program to incorporate more classes of workers.
- We also note that CEWS is due to end June 6: well before orchestras are likely to see any stability in their earned or contributed revenues, since many may still be closed until early 2021 or later.
- The CEBA is available only to groups with payroll between \$20,000 and \$1.5 million per year. Larger groups, with greater cash flow assistance needs, are ineligible for consideration for interest-free loans by BDC and EDC because they are organized as registered charities. This could be addressed by expanding the CEBA to cover more employers, or potentially removing the exclusion of organizations that further a charitable purpose under the Canada Small Business Financing Act, to enable banks to assist larger organizations in our sector and to provide additional support for mid-sized orchestras who need more than the \$40,000 that CEBA offers.
- Smaller arts organizations and grassroots community groups have, to some extent, fallen between the cracks of the targeted government assistance to date, yet play a key role in their communities and are profoundly affected by the crisis. We join with Imagine Canada in the call for a non-profit and charitable sector stabilization fund to help them continue to function through this time.
- Many cultural and community-based organizations own and manage their own buildings, edifices that need to be heated, lit, secured, and maintained even when closed and not generating revenue. They are under unique pressure at this time. Again, we are pleased to support Imagine Canada's call for a sector stabilization program that would help address the needs of valued community-based groups that own and manage community infrastructure.
- We'd also emphasize the desirability of providing broad-based incentives for charitable giving and business sponsorship at this time. We support a temporary increase in non-refundable tax credits for charitable giving, believing that this will be the most helpful to the greatest number of groups, and would be relatively easy to administer.

At another point in the Standing Committee's process, we would be pleased to share perspectives on the re-building, re-imagining and re-launching phases ahead. Although the timeline for lifting restrictions

is currently and inevitably far from certain, it is likely that the live performing arts will be at the far end of that process. Identifying and addressing the interim needs for support for our sector will be fundamental to achieving a robust and comprehensive return to core activities.

In both good and challenging times, our member orchestras serve and connect with audiences in every Canadian province. The Government of Canada has been an important partner in this work over many years, and we look forward to continued work together. Thank you for your consideration.