

**Canada Emergency Wage Subsidy Consultation**

*A submission by*



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**On Behalf of Canada's Orchestras**

**Katherine Carleton, C.M.**  
**Executive Director**  
**Orchestras Canada/Orchestres Canada**  
**P.O. Box 2386**  
**Peterborough ON K9H2Y8**  
**Phone: 705 243 6640**  
**Email [katherine@oc.ca](mailto:katherine@oc.ca)**  
<https://oc.ca/en/>  
<https://oc.ca/fr/>

## Summary

Orchestras Canada/Orchestres Canada is pleased to participate in this consultation. We represent the perspectives of 130 Canadian orchestras in every province, a group with which we've been in constant dialogue since the pandemic was 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.

Given that different parts of the economy will open at different times, and that performing arts organizations (including orchestras) are projecting to be among the last to re-open, we respectfully recommend that the Government of Canada:

1. Extend the Canada Emergency Wage Subsidy for the live arts sector as long as government-mandated restrictions on gatherings of over **2,500 people** are in effect, plus the three-month period following reopening. This will enable a confident return to public performance.
2. Expand the Canada Emergency Wage Subsidy by ensuring that engagers of artists and workers covered by a **collective bargaining agreement are eligible** for the wage subsidy, whether the artists and workers are employees or independent contractors;
3. Expand the Canada Emergency Wage Subsidy by permitting organizations with **seasonal fluctuations** in monthly receipts either to **defer accessing the wage subsidy** to the periods when it is most needed, according to their own needs; or to **qualify for the program during slower periods on the basis that they have qualified in previous periods, and are retaining employees through historically low-revenue months.**
4. Extend and/or modify the Canada Emergency Response Benefit for as long as necessary to assist independent workers in **sectors that will be slow to re-open** (such as live performing arts), while addressing **program design issues** that may disincentivize entrepreneurial work.

## **Who we are**

Orchestras Canada/Orchestres Canada (OC) is the national association for Canadian orchestras. Established in 1971 as the Association of Canadian Orchestras, OC represents 130 member orchestras. They range from volunteer-driven community groups, to youth and training orchestras, to regional and major professional orchestras. Most are organized as registered charities, and all are not for profit organizations. In 2018-19, they performed for over 2.8 million Canadians, and generated \$220 million in revenue. Orchestras invest significantly in people: artists and arts workers: approximately 75% of their annual spending in 2018-19 was on fees and salaries.

## **The current climate**

The pandemic has presented orchestras with significant operating challenges, as well as challenges of purpose. The operating challenges are straightforward: orchestras generate (on average) 35.8% of their annual revenue from ticket sales for live events, and another 40.2% from charitable giving, event sponsorship, and special event fundraising. 24% comes from government, at various levels. Without the ability to host live events and deliver on their missions, orchestras are at risk of losing access to up to 76% of their annual revenues.

The challenges to orchestras' purpose are equally stark: orchestras exist to convene groups to make music together, and then share it with larger groups (often in close quarters, in enclosed spaces).

Without outlets for live performance, Canadian orchestras have been swift to innovate, creating or adapting online content designed to reach existing and new audiences. Orchestras have been able to pivot because they've been able to continue paying artists and workers to produce, format, and share content online. It's been exciting to witness, and a tribute not only to our orchestras' creativity and commitment to community, but also to the role that enlightened government support has played.

Canadian orchestras are grateful to the Government of Canada for its swift responses to the COVID-19 pandemic, including such economy-wide measures as the Canada Emergency Wage Subsidy, the Canada Emergency Response Benefit, and the Canada Emergency Business Account, as well as the specific measures covered by a special allocation of \$500 million for arts, sport, and cultural industries.

## **Recommendations**

With the scheduled end date for both CEWS and CERB in sight, Orchestras Canada acknowledges the urgency of the current consultation, and offers the following recommendations.

- 1. We call on the Government of Canada to extend availability of the Canada Emergency Wage Subsidy for sectors that will be slow to re-open fully.**

*In the case of the live arts sector, we respectfully recommend the extension of CEWS as long as government-mandated restrictions on gatherings of over **2,500 people** are in effect, plus the three-month period following reopening. The economics of orchestral performance require audiences of significant size, too; we know that it may take time for audiences to return to full participation given the unavoidable break in cultural consumption while lockdown measures have been in effect.*

- 2. We call on the Government of Canada to expand access to the Canada Emergency Wage Subsidy for qualified organizations and businesses by ensuring that engagers**

**of artists and workers covered by any collective bargaining agreement are eligible for the wage subsidy, whether the artists and workers are employees or independent contractors.**

*Some orchestras treat their musicians as employees, while others treat them as independent contractors. Orchestras that treat their regularly-contracted musicians as employees have been eligible to apply for CEWS to help cover a percentage of their wages. Orchestras that treat their musicians as independent contractors have not been eligible. This latter group of orchestras has been actively balancing between the imperative to “keep the band together” to preserve the artistic integrity and community knowledge of ensembles built over many years, and the need to preserve resources for re-opening, whenever that may be.*

*Regardless of their structure, Canadian professional orchestras voluntarily recognize their local offices of the Canadian Federation of Musicians as the bargaining agents for collective bargaining agreements or master agreements for their contracted musicians. These agreements stipulate wages and working conditions for musicians, and represent sustained commitment by orchestra organizations and the musicians themselves to respectful professional compensation and working conditions for their artistic, educational, and community work. They are detailed and often multi-year agreements; and each one reflects the needs, interests, history, and capacities of the community, its orchestra, and its musicians.*

*By adapting CEWS to equally address employers and engagers with collective or master agreements, the Government of Canada will help preserve jobs in the short term, reduce midterm hardship, and ensure the strength of the arts sector over the longer term.*

**3. We call on the Government of Canada to expand access to the Canada Emergency Wage Subsidy for qualified organizations and businesses by permitting organizations with seasonal fluctuations in monthly receipts to either:**

- Defer accessing the wage subsidy to the periods when it is most needed, according to their own needs; or
- Qualify for the program during slower periods on the basis that they have qualified in previous periods, and are retaining employees through historically low-revenue months.

*Orchestras are seasonal businesses, typically presenting concerts between September and June each year. Summer months are a very low-revenue period for them, though administrative staff are hard at work preparing for the season ahead. With the extension of the CEWS to August 29, Canadian orchestras are concerned about their ability to demonstrate the required drop in revenue to sustain support from the program. We respectfully request either the opportunity to defer program participation for three months, or an adjustment to the eligibility criteria for the program for seasonal businesses like orchestras, to enable them to retain administrative staff for crucial planning and preparation work.*

**4. Extend and/or modify the Canada Emergency Response Benefit for as long as necessary to assist independent workers in sectors that will be slow to re-open (such as live performing arts), while addressing program design issues that may disincentivize entrepreneurial work.**

*The Canada Emergency Response Benefit has enabled many independent artists, arts workers and entrepreneurs to cover basic expenses and remain active in the economy during the pandemic. With timelines for re-opening still uncertain, there remains a need for income support for these workers. Accordingly, we call for an extension to income support for under-employed independent workers and employees.*

*Yet the CERB creates challenges for many entrepreneurial freelance musicians and arts workers. For instance, someone generating one dollar more than the \$1,000 threshold in a four-week period would be ineligible, and forced to live below the poverty line. The current design of the program incentivizes workers to limit their remunerated work to stay below the threshold. This goes against sound social and economic policy.*

### **What these measures accomplish**

#### **We keep the economy going**

The proposed measures support the wider economy in a variety of ways:

- An extension of the CEWS would ensure that creative workers can continue to tackle the major challenges the performing arts sector is facing and will face.
- The expansion of the CEWS to allow for seasonal and sectoral considerations would help maintain sectoral expertise and ensure a speedy return as soon as it is safe to re-open.
- Careful examination and adjustment of the interplay between CEWS and CERB would propel job creation and encourage artists to pursue all available work.

#### **We keep creative people working**

Instead of furloughing workers, most orchestras have utilized government supports to embrace innovation. Orchestral musicians and the Canadian Federation of Musicians have demonstrated unprecedented collaboration to adjust and relax contract terms to add flexibility around digital content capture and sharing.

Keeping artists working translates directly into innovation, as Canada's creative class dreams up new approaches to fulfilling orchestras' missions in this unprecedented landscape. They are evolving safe temporary alternatives and solutions to performing, including digital and virtual programming, and new ways of collaborating across geographical borders.

#### **We sustain the potential for communities to celebrate and share together when the time is right.**

There is nothing that Canadian orchestras want more right now than to perform – live – for the residents of their communities: to celebrate and to commemorate.

Measures taken by the Government of Canada have been instrumental in sustaining our sector through unprecedented times. We look forward to continued dialogue with you, on behalf of our orchestras.