



**Submission to the Government of Canada**

**Consultation on Reducing Credit Card Transaction Fees**

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On behalf of Orchestras Canada's 141 member orchestras, thank you for the opportunity to address this Consultation on Reducing Credit Card Transaction Fees.

## A portrait of Canada's orchestras

Orchestras Canada's 141 member orchestras are valued contributors to quality of life in Canadian communities. They bring people together, they create jobs, they celebrate Canadian innovation, they encourage and symbolize collective accomplishment, and they take a range of shapes – from volunteer-driven community, youth, or training organizations to accomplished and internationally-recognized professional ensembles.

In 2018-19, the last complete concert season pre-pandemic, Canadian orchestras had revenues totaling over \$218 million and performed live for almost 2.8 million people. Typical of not for profit, charitable performing arts entities, they generated revenue from a range of sources, with 36% coming from ticket sales and touring fees, 40% coming from charitable gifts, foundations, and sponsorships, and 24% from government sources. We estimate that somewhere between 45% and 55% of their total annual revenues come through credit card payments – and the proportion appears to be growing as consumers transition from cheques and in-person transactions to on-line and remote payments.

## Credit Card Transaction Fees and Canadian Orchestras: some observations

***The voluntary commitment to reducing credit card transaction fees announced by the Government of Canada in 2018 has not trickled down to smaller enterprises such as orchestras.***

In preparation for this consultation, Orchestras Canada undertook a quick survey of our largest-budget member orchestras to determine the range of credit card transaction fees they were paying. Despite the voluntary commitment by Visa and Mastercard in 2018 to reduce credit card transaction fees to an average of 1.4%, even our largest-budget orchestras reported paying between 2.12% and 3.25% in processing fees to these two providers in the 2020-21 fiscal year. We believe that more can be done to ensure equitable access to fair and lower rates.

***Smaller enterprises, including orchestras, need cost-effective and common-sense credit card transaction fees that reflect contemporary patron behaviour.***

The groups we consulted collectively expressed frustration at their inability to negotiate appropriate credit card processing transaction fees. Further, they noted that in-person transactions at the box office window were in steep decline pre-pandemic, and will plummet post-pandemic as patrons continue to seek strategies to manage their in-person contacts and do more transactions on-line. Reducing the gap between charges for online and in-person transactions would be valued.

***Charitable performing arts organizations, such as orchestras, are on a permanent quest to find ways to invest more in the charitable activities (typically, concerts and educational programs) that are their very raison d'être. Access to lower credit card fees will enable greater investment in artists and cultural workers, and increase Canadians' access to orchestral activities.***

As one of our survey respondents noted, “If credit card fees are too high then we invest less into the orchestra and orchestral productions or pass the increased cost on to the consumer. If ticket prices get too high because of fees (including credit card fees) then consumers will purchase fewer tickets and we will then have less money to spend on the orchestra. Lower credit card fees allow us to invest more back into paying the musicians and putting on orchestral concerts.”

## **Conclusion**

Orchestras Canada thanks the Government of Canada for the opportunity to contribute to this consultation. We would be pleased to speak further to this issue.

## **About Orchestras Canada**

Orchestras Canada/Orchestres Canada is the national association for Canadian orchestras, with a mandate to support, connect, and challenge Canadian orchestras, helping them accomplish together what they cannot do alone. Orchestras Canada/Orchestres Canada has member orchestras in every Canadian province, ranging from volunteer and youth orchestras to major professional ensembles.