



Submission to the Department of Finance Canada  
Pre-Budget Consultations 2023 – February 2023

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## **About Orchestras Canada**

Orchestras Canada/Orchestres Canada is the national association for Canadian orchestras. We represent 142 Canadian orchestras, ranging from internationally recognized professional orchestras to volunteer driven community and youth ensembles. Before and during the pandemic, our member orchestras have been valued contributors to quality of life in Canadian communities. They bring people together for shared experiences in person and on-line, they create jobs<sup>1</sup>, they celebrate Canadian innovation, and they encourage and symbolize collective accomplishment. Orchestras are also part of Canada's arts and culture infrastructure, with direct economic impact of \$58.9 billion or 2.8% of GDP in 2017.<sup>2</sup>

## **Our recommendations**

In this brief, we make the following recommendations to the Government of Canada.

**Recommendation #1: Invest in supplementary federal support to performing arts groups – identified as one of the hardest hit sectors - experiencing a slower-than-expected rebound from pandemic closures.**

**Recommendation #2: Undertake, commission and fund comprehensive arts and culture sector research, to inform federal policy and funding frameworks and strengthen sector decision-making.**

**Recommendation #3: Ensure that the interests of self-employed artists and cultural workers are considered in the design of a modernized Employment Insurance program.**

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<sup>1</sup> Canada Council for the Arts, Understanding Canadian Arts Through CADAC Data: A Portrait of 47 Symphony Orchestras, p.6. Accessed via <https://canadacouncil.ca/research/research-library/2019/05/arts-facts-using-cadac-data-47-symphony-orchestras> In 2016-2017, the 47 orchestras funded by the Canada Council for the Arts had 692 full time equivalent employees and paid artists fees to 6640 Canadian artists.

<sup>2</sup> Statistics Canada, Estimates of the Direct Economic Impact of Culture in Canada in 2017. Accessed via <https://hillstrategies.com/2019/06/19/estimates-of-the-direct-economic-impact-of-culture-in-canada-in-2017>

**Recommendation #4: Develop a cross-departmental Federal strategy for equitable, long-term social and economic resilience in every community across Canada, including arts and culture as a key contributor.**

**A note of thanks**

On behalf of Orchestras Canada's 142 member orchestras, thank you for the opportunity to submit this brief to the Department of Finance.

We are profoundly grateful for the Government of Canada's leadership and enhanced support during the COVID-19 pandemic. Many arts organizations, including orchestras, were able to access one or more of the government's emergency support programs. At a time of unprecedented disruption to orchestras' artistic and community work – as well as their business models – timely federal investment helped arts groups keep artists and staff working, connect online with both established and new audiences, and respond quickly to ever-evolving health and safety requirements.

**Context**

The global pandemic rendered impossible some of the most fundamental and meaningful work that orchestras do, shook audience confidence, and severely bruised a long-standing financial model, too. More recently, inflation has had an impact as well, increasing our costs while limiting patrons' discretionary spending on concert tickets and donations alike. Beloved community institutions, the jobs they create, and the experiences they foster, are all now at risk.

Pre-pandemic, Canadian orchestras generated 37.1% of their revenues from tickets, fees and tours. In 2021-2022, earned income represented 20.7% of total revenues – a \$42 million (44.2%) decrease compared to 2018-2019.<sup>3</sup> Audiences for live concerts by Canadian orchestras totaled 2,842,933 people in 2018-2019 and 1,061,664 people in 2021-2022 – a drop of 62% compared to pre-pandemic levels.<sup>4</sup>

Federal support was essential in keeping orchestras whole during the worst of the pandemic. Indeed, thanks to a combination of unprecedented government support, donor generosity and a business model that (counter-intuitively) sees most orchestras posting higher net financial results the

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<sup>3</sup> Orchestras Canada Comparative Report Summary 2021-22.

<sup>4</sup> Ibid.

fewer public concerts they give; our orchestras started the 2021-22 season in better financial shape than they'd ever been.

However, the appearance of fiscal health was both deceptive and short-lived: if we apply two commonly used indicators to assess the financial health of orchestras (a. A annual deficit greater than 2% of expenses; and b. Net negative assets greater than 10%), we observe the following from a benchmark group of 73 Canadian orchestras:

2019-20: 16 orchestras reported an annual deficit greater than 2%, 8 reported net negative assets greater than 10%, and 4 occupied both categories

2020-21: 4 orchestras reported an annual deficit greater than 2%, 0 reported net negative assets greater than 10%, and 0 occupied both categories.

2021-22: 27 orchestras reported an annual deficit greater than 2%, 2 reported net negative assets greater than 10%, and 2 occupied both categories.<sup>5</sup>

Through close collaboration with artists and staff, the Canadian Federation of Musicians, venues, and donors, orchestras are managing their resources carefully, rebuilding relationships with past audiences, and kindling new relationships with first-time attendees. But they are running out of time. Across all genres, people with a predisposition to attending indoor live events are going less frequently than before the pandemic.<sup>6</sup> 11% of pre-pandemic ticket buyers don't expect to return to in-person performances before April 2023, and we don't yet know if they will ever return.<sup>7</sup> The financial pressures are real. They may also be fatal.

When digital content was the only way to stay in touch with our communities, Canadian orchestras pivoted – and they attracted a remarkable 5,182,909 viewers in 2020-21<sup>8</sup>. However, we have not been able to evolve a viable business model for digital content. Our core business remains live music.

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<sup>5</sup> Analysis of Orchestras Canada Comparative Reports, 2018-19 to 2021-22:  
<https://oc.ca/en/resource/comparative-report-2021-22/>

<sup>6</sup> Ibid.

<sup>7</sup> WolfBrown, Audience Outlook Monitor, Highlights From the Audience Outlook Monitor Survey, Research Summary for Wave 8 (deployed October 18, 2022).

<sup>8</sup> Orchestras Canada Comparative Report Summary 2020-21.

For the last 34 months, orchestras have focused all our energies on short-term survival – and the Government of Canada has been a strong and supportive partner. To play our full role in a post-pandemic world, we need more time and resources to achieve a genuine and sustainable recovery.

In this brief, we provide a series of recommendations that will help Canadian orchestras and other performing arts groups recover from the lingering effects of the pandemic and chart a course to greater resiliency and health for orchestras and communities throughout Canada.

We acknowledge the connections between the situation of orchestras and the situation of our partners in the tourism industry: like them, the pandemic dealt us significant challenges. We believe there can be a similar path forward.

**Recommendation #1: Invest in supplementary federal support to performing arts groups – identified as one of the hardest hit sectors - experiencing a slower-than-expected rebound from pandemic closures.**

In February 2023, orchestras are facing a perfect storm: lower earned income, shifts in patron behaviour, increased operating expenses due to inflation, and the need to diversify programming and marketing approaches to attract new audiences.

While most pandemic support programs have come to an end, the crisis in the performing arts – in Canada and around the world – is not yet over. Orchestras – and the broader arts sector - need the resources to adapt to changing consumer behaviours and to return to economic growth and cultural vitality in the post-pandemic era.

A flexible and viable model supporting performing arts sector pandemic recovery has already been piloted in Quebec. In October 2020, the government of Québec launched the first iteration of the *Mesure particulière à la diffusion de spectacles* to help performing arts producers and presenters creatively address the economic and operating challenges presented by the pandemic.<sup>9</sup> In essence, the program compensates arts organizations for a portion of the value of their unsold tickets (relative to pre-pandemic sales figures), with the requirement that the funding is used to compensate professional artists, technicians and cultural workers. First introduced during a lockdown period, the program has evolved to provide support during capacity restrictions, and again as the sector works to restore public desire

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<sup>9</sup> <https://www.calq.gouv.qc.ca/actualites-et-publications/actualites/conseils-diffusion-spectacles>

to attend full-capacity indoor events. Although the program's focus has been on compensation to workers, our preliminary data indicates that it has had an impact on audience numbers too: relative to their colleagues in other provinces, Québec orchestras were reporting higher attendance and a faster rebound in the 2021-2022 season, even though they experienced lockdowns and capacity restrictions to a similar degree to their counterparts in other provinces.

Despite numerous calls for a nuanced and evolving program of support similar to Québec's ticket subsidy program, no comparable Federal program has been launched to date. We are eager to see this model of support adapted for performing arts organizations across Canada. We feel this is a responsive policy that should be part of the long-term, holistic, whole-of-government policy and investment strategy we address in our fourth recommendation.

**Recommendation #2: Undertake, commission and fund comprehensive arts and culture sector research, to inform federal policy and funding frameworks and strengthen sector decision-making.**

Arts and culture practitioners need access to real-time data to drive better decision making, as we exit the pandemic – a need we share with funders and policy makers. Here are three areas of opportunity:

#### *Better Analysis of Available Financial and Programming Data*

Both the Canada Council for the Arts and the Department of Canadian Heritage collect significant amounts of financial and programming information from a broad group of grant applicants – a potentially powerful resource if aggregated, analyzed, and shared. Individual sector umbrella organizations, like Orchestras Canada, undertake our own analysis: but it's necessarily limited in scope. Collectively, we can do better.

#### *Ongoing Audience Research in Real Time*

Starting in August 2022, we began to read authoritative reports informed by ongoing research about the impact of the pandemic on performing arts attendance from the UK<sup>10</sup>, Australia<sup>11</sup>, and the United States<sup>12</sup>, and to hear anecdotal evidence from representatives of member orchestras across Canada as well. The picture painted by these reports and discussions is grim: while artists are thrilled to be back on stage, audience numbers are

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<sup>10</sup> <https://www.theaudienceagency.org/evidence/sales/change-analysis>

<sup>11</sup> <https://www.theguardian.com/culture/2022/sep/26/australian-stages-are-packed-with-great-shows-so-why-arent-people-booking-tickets>

<sup>12</sup> <https://www.nytimes.com/2022/08/21/arts/performing-arts-pandemic-attendance>

well below pre-pandemic levels, audiences are delaying ticket purchases until much later than usual, and no-shows are at unprecedented levels. A commitment to ongoing collection and analysis of audience data, in place of sporadic and opportunistic exercises, is needed. It is urgent that we evolve current Canadian anecdotes into near-real-time and actionable Canadian data.

### *Labour Force Information and Strategy*

While we deeply value Statistics Canada's National Culture Indicators as a primary indicator of sector GDP and workforce trends, our sector is facing a labour market crisis post-pandemic. We need regularly updated labour force research, including compensation studies, analyses of emerging labour market shortages, and sector-wide plans (shaped in collaboration with relevant levels of government) and a collective commitment to address workforce trends, training needs, career development, and career planning in the arts. This work should be undertaken with full sensitivity to the diversity of work arrangements in our sector, notably the high proportion of independent contractors and artists and workers with multiple engagers.

There are challenges: Canada's performing arts eco-system presents unique research challenges and opportunities due to population, geographic, linguistic, and cultural factors: we lack the critical mass to interest private sector research partners, yet official government data collection and analysis exercises tend towards the retrospective or the unhelpfully aggregated.

None of these research needs are "one-time-only". It is vital that Federal departments and agencies collaborate with the sector – as well as provincial and municipal governments - to develop and deliver a multi-year research plan.

**Recommendation #3: Ensure that the interests of self-employed artists and cultural workers are considered in the design of the new Employment Insurance (EI) program.**

According to an analysis of 2016 Census data commissioned by the Canada Council for the Arts, "52% of artists are self-employed, compared with only 12% of all Canadian workers".<sup>13</sup> Furthermore, artists earn significantly less than other Canadian workers, with a "median individual income of ... \$24,300 or 44% less than all Canadian workers (\$43,500)".<sup>14</sup>

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<sup>13</sup> <https://canadacouncil.ca/research/research-library/2019/03/a-statistical-profile> of artists-in-canada-in-2016

<sup>14</sup> Ibid.

When the pandemic started, many self-employed Canadian artists were effectively, abruptly and indefinitely out of work. While all professional Canadian orchestras sustained their commitments to their regularly contracted musicians (with notable help from the Government of Canada, and the cooperation of the Canadian Federation of Musicians), many significant stakeholders in the music ecosystem were out of luck.

We salute the visionary investment by the Government of Canada in the Canada Performing Arts Workers Resilience Fund<sup>15</sup>, notably the investment in the Unison Fund for musicians and music workers. We assert, however, that there needs to be a longer-term, systemic solution to the challenges that artists and other self-employed individuals face: artists should be able to lead lives of dignity and contribution in Canadian communities.

The answer lies in a smart, sensitive modernization of the Employment Insurance program. In a 2021 brief submitted during the Government of Canada's review of the Employment Insurance program, Orchestras Canada (echoed by the Canadian Federation of Musicians) expressed our support for the EI reform measures, and alerted readers to concerns specific to our field.<sup>16</sup>

**Recommendation #4: Develop a cross-departmental Federal strategy for equitable, long-term social and economic resilience in every community across Canada, including arts and culture as a key contributor.**

We call on the Federal Government to recognize that a sustained, common approach is required in order to strengthen the vital conditions necessary for improved individual and community resilience and health across the country. We ask the government to develop and implement a cross-agency strategy, leveraging the Vital Conditions for Health and Well-Being Framework, guiding long-term investment and responding to current needs in communities across Canada. The arts have a role to play, and we are keen to do so.

## **Conclusion**

Thank you for your consideration of our recommendations. We hope they will help to inform and shape Budget 2023.

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<sup>15</sup> <https://www.canada.ca/en/canadian-heritage/services/funding/performing-arts-workers-resilience-fund.html>

<sup>16</sup>

[https://drive.google.com/drive/folders/1eNXPFEggt2YjOX8xitWVXcuaCdN\\_mXkK?usp=sharing](https://drive.google.com/drive/folders/1eNXPFEggt2YjOX8xitWVXcuaCdN_mXkK?usp=sharing)