



ORCHESTRAS  
ORCHESTRES | CANADA

Submission to the Standing Committee on Finance Pre-Budget Consultations in  
Advance of the 2024 Budget

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## About Orchestras Canada

Orchestras Canada (OC) is the national association for Canadian orchestras, a network of 142 independent charitable organizations united by their commitment to music and to their communities. OC's members range from internationally recognized professional orchestras to volunteer driven community and youth ensembles.

Our member orchestras are valued contributors to quality of life across Canada. They bring people together for shared experiences, they create jobs<sup>1</sup>, they celebrate Canadian innovation, and they encourage and symbolize collective accomplishment. Orchestras are pillars of Canada's arts and culture infrastructure and drivers of the arts economy, with direct economic impact of \$58.9 billion or 2.8% of GDP in 2017.<sup>2</sup>

Our recommendations to the Standing Committee

**Recommendation #1:** Provide adequate, then indexed, investment in the arts through core grants at the Canada Council for the Arts. We recommend an annual supplementary investment in the arts through the Canada Council of \$40 million in 2024-25, with increases to its total parliamentary appropriation indexed to inflation in subsequent years.

**Recommendation #2:** Partner with Canada's charities to a. promote tax policy and messaging to reverse the 30-year decline in the number of Canadians reporting charitable gifts on their tax returns, and b. sustain and grow the value of charitable gifts.

**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> <https://canadacouncil.ca/research/research-library/2019/05/arts-facts-using-cadac-data-47-symphony-orchestras>

<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>

## About Canadian Orchestras

Symphony orchestras have been cornerstones of Canada's arts sector for generations. Some long-established professional orchestras in urban centres have received support from the Canada Council for the Arts since its founding in 1957. With enlightened investment from the Canada Council and in response to community enthusiasm, other groups professionalized between the late 1960s and the 1980s. Today, a new generation of Canadian orchestras is emerging, committed to diverse creators and performers, and to audiences reflective of Canada's changing demographics. Whether long-established or new, many orchestras have made significant commitments to reconciliation through sustained relationship building with Indigenous artists and communities.

Professional orchestras are often their community's biggest arts employer/engager, dedicating almost 70% of their annual budgets to salaries and fees to musicians, conductors, and staff.<sup>3</sup> Canada's 25 largest orchestras engage their musicians through full-season, multi-year collective bargaining agreements; smaller professional ensembles rely on a consistent core of musicians with portfolio careers, who perform with several different groups. These musicians are also pillars of local arts activities: they teach, perform in many musical genres, and support school, community, and church groups with their talents.

Orchestras are registered charities and value their community mandates. They present programs designed for everyone from babies to seniors, residencies in schools, and health and well-being programs in hospitals and long-term care facilities. Education is at the heart of their work. In 2018-2019, Canadian orchestras gave 1238 performances specifically for school-aged audiences, reaching 414,446 students and educators.<sup>4</sup> Many of these performances were free or low cost.

Pre-COVID, Canadian orchestras' revenues (which totaled \$222.123 million in 2018-19) came from three main sources: 37.1% from ticket sales and service fees; 32.4% from donations and sponsorships; and 30.5% from all levels of government.<sup>5</sup> That year, expenses totaled nearly \$219 million, and we know orchestras' economic impact far exceeds that amount: while creating good local jobs, orchestras also purchase goods and services from local businesses, and spur expenditures on services like restaurants and parking.<sup>6</sup>

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<sup>3</sup> Op. cit.

<sup>4</sup> <https://oc.ca/wp-content/uploads/2020/01/OC-2018-2019-Comparative-Report- SUMMARY-BUDGET-SIZE-Website.pdf>

<sup>5</sup> Ibid.

<sup>6</sup> <https://calgaryartsdevelopment.com/publications/2020-economic-impact-assessment-of- calgary-arts-development-grant-recipients/> provides an example of economic impact methodology in the arts.

COVID and related public health measures had a profound impact on Canadian orchestras, shifting if, how, when and where they worked, and how they were sustained. Despite significant investment from the Government of Canada (augmented by relief measures in most but not all provinces), orchestras reported a 24% revenue drop between 2018-19 and 2020-21, rebounding to -13% in 2021-22.<sup>7</sup>

Earned revenue led the decline. Audiences for live concerts dropped from 2.843 million in 2018-19 to just over 53,000 people in 2020-21, and just over 1 million people in 2021-22. Revenues mirror these numbers: orchestras reported ticket and service revenues of \$82.408 million in 2018-19, dropping to \$9.856 million in 2020-21, and \$40.224 million in 2021-22.<sup>8</sup> When orchestras pivoted to on-line programming, audiences materialized but revenues proved elusive. Early indications from the 2022-23 season are that – after a slow start – audiences are cautiously returning to live performances.

Contributed income from donors, sponsors, and special events was relatively consistent as a percentage of overall revenues (32.4% in 18-19; 31.3% in 20-21; and 30.8% in 20-22), but actual giving dropped almost \$12 million from 2018-19 to 2021-22.<sup>9</sup> After the disruptions of the past few seasons, re-igniting charitable giving even to pre-pandemic levels is a struggle.

Emergency pandemic relief support from all levels of governments made up the balance. From a healthy 30.5% of revenues in 2018-19, government support averaged 40.6% in 2019-20, 62.9% in 2020-21 and 48.5% in 2021-22.<sup>10</sup>

We are grateful for this assistance. But while the pandemic (and emergency relief programs) are gone, the challenges continue: we need time to re-build audiences and community connections. Our recommendations reflect this.

**Recommendation #1: Provide adequate and then indexed investment in the arts through core grants at the Canada Council for the Arts. We recommend an annual supplementary investment in the arts through the Canada Council of \$40 million in 2024-25, with increases to its total parliamentary appropriation indexed to inflation in subsequent years.**

In Budget 16-17, the Government of Canada committed to double funding to the arts through the Canada Council for the Arts over a 5-year period, taking the Council's annual parliamentary allocation from \$181 million to \$362 million.<sup>11</sup>

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<sup>7</sup> Op. cit.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> <https://canadacouncil.ca/press/2016/03/renewing-investment-in-the-arts>

Canada Council opted to set a new balance between core and project grants, moving from a 64% (core)/36% (project) ratio in fiscal year 2014-2015 to a 53.3% (project)/46.7% (core) ratio by fiscal year 2021-22.<sup>12</sup>

First-time grant recipients, diverse artists and arts organizations and emerging groups (including newer orchestras) have all benefited, but core grants have stagnated. Many of the estimated 700-900 organizations that received first-time project support from the Canada Council will soon be eligible to apply for core funding, potentially creating a Hunger Games scenario: if the Council's appropriation and strategy don't change, the impact on the entire arts community will be both significant and negative.

Orchestras' core grants from the Canada Council increased by \$3.141 million over five years of funding increases to the Canada Council: while Council's overall allocation doubled, funding to orchestras increased just 25.5% from 16-17 levels.<sup>13</sup>

Inflation diminished the impact of that investment by 20.55% by the end of orchestras' 2022-23 fiscal year.<sup>14</sup> Even if inflation slows, it is likely that the impact of the enhanced investments announced in 2016 will be entirely negated by the time of the next core grant competition in 2025-26.

At an average 7.75% of orchestras' revenue between 2018-19 and 2021-22, core funding from the Canada Council for the Arts is just a small part of the overall picture.<sup>15</sup> But it is invaluable, helping orchestras create good, permanent jobs for musicians, conductors, and staff; plan, market, and present concerts; develop long-term community partnerships; motivate volunteers; and raise money from other sources.

The lingering effects of the pandemic, the shift from core to project funding, and inflation have combined to create a perfect storm. Without an increase to core funding for arts organizations, ever-increasing financial pressure will lead to a decline in activity levels and impacts, and the likelihood of organizational failure in some communities.

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<sup>12</sup> <https://canadacouncil.ca/priorities/progress>

<sup>13</sup> <https://oc.ca/wp-content/uploads/2020/01/OC-2018-2019-Comparative-Report-SUMMARY-BUDGET-SIZE-Website.pdf>

<sup>14</sup> We used the Bank of Canada inflation calculator to derive these figures:  
<https://www.bankofcanada.ca/rates/related/inflation-calculator/>

<sup>15</sup> Op. cit.

## **Recommendation #2: Partner with Canada’s charities to**

- a. promote tax policy and messaging to reverse the 30-year decline in the number of Canadians reporting charitable gifts on their tax returns, and**
- b. sustain and grow the value of charitable gifts.**

As Canadian charities seek a new post-pandemic fiscal balance, we need to address a 30-year decline in the number of Canadians donating to registered charities, the implications of our reliance on a small number of major donors, and generational shifts in philanthropic behaviour.

**The total number of donors is in decline.** According to recent report by CanadaHelps, only 18.4% of Canadians reported charitable contributions on their 2020 tax returns, down 5% since 2010 and down 11.1% since 1990.

**Charities are increasingly dependent on a group of aging major donors who are not being replaced.** The same report states that “meaningful growth in the amount given is derived solely from a smaller group of Canadians aged 55+ who continue to give.”<sup>16</sup>

**Giving levels are affected by economic conditions.** According to a 2018 report by Imagine Canada, donors are sensitive to prevailing economic conditions.

**Tax credits and other incentives are powerful – but their power is greatest amongst those with the capacity to give the most.** While the 2018 report concludes that, across the entire donor population, tax credits typically rank quite low (with only 26% of donors citing them as important), tax credits are most frequently reported as a motivation for giving by older Canadians and by “those who are happy with what they already gave but could give more.”<sup>17</sup>

Additionally, the implementation of the Alternative Minimum Tax could hinder charities’ ability to raise funds from private donors: this rule change could discourage donations from philanthropic Canadians at a time when the diversification of revenues is of critical importance for all charities.

We believe the most robust approaches to these challenges will come through collaboration between the Government of Canada and the charitable sector.

Yes, charities can and must do more to ensure that we are clear about our intended impact, and transparent in our reporting.

At the same time, the Government of Canada can help by

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<sup>16</sup> [https://indd.adobe.com/view/publication/1fdaa5b9-65af-4325-86e2-628a1f02d797/lhcr/publication- web-resources/pdf/TGR\\_23\\_FullReport.pdf](https://indd.adobe.com/view/publication/1fdaa5b9-65af-4325-86e2-628a1f02d797/lhcr/publication- web-resources/pdf/TGR_23_FullReport.pdf)

<sup>17</sup> <https://www.imaginecanada.ca/en/research/30-years-of-giving>

- a. Providing adequate core funding for organizations doing charitable work (see our Recommendation #1);
- b. Ensuring that all Canadians are aware of the value of charitable giving;
- c. Supporting research on donor motivations; and
- d. Evaluating the impact of tax incentives for charitable giving and making changes that are consistent with the public good.

**Recommendation #3: Ensure that the interests of self-employed artists and cultural workers are accounted for in the renewal of Canada's Employment Insurance (EI) program.**

According to 2016 Census data, "52% of artists are self-employed, compared with only 12% of all Canadian workers". 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>18</sup>

When the pandemic started, many self-employed Canadian artists lost their work. While all professional Canadian orchestras sustained their commitments to their regularly contracted musicians (with thanks to the Government of Canada and the cooperation of the Canadian Federation of Musicians), many stakeholders in the music ecosystem lacked access to even minimal structural supports.

Artists should be able to lead lives of dignity and contribution in Canadian communities. One solution lies in a smart, sensitive, modernization of the Employment Insurance program, as stated in our 2021 submission to the review of the Employment Insurance program.<sup>19</sup>

**Conclusion**

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

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<sup>18</sup> <https://canadacouncil.ca/research/research-library/2019/03/a-statistical-profile-of-artists-in-canada-in-2016>

<sup>19</sup> [Orchestras Canada EI Consultation 08 10 21 EN.pdf](#)

