

Orchestras Canada/Orchestres Canada
Submission to the Standing Committee on Finance, August 2014



ORCHESTRAS
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CANADA

Submission to the
Standing Committee on Finance
Pre-budget consultation

Celebrating Excellence, Building on Strength

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Submitted to
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Executive Summary

Orchestras Canada/Orchestres Canada (“OC”) is pleased to contribute to the House of Common’s Standing Committee on Finance’s pre-budget consultation.

OC is the national association for Canadian orchestras, with a membership of orchestras ranging from small to large in every Canadian province.

We offer the Committee recommendations that address three of the priority themes for Budget 2015:

- Supporting families and helping vulnerable Canadians by focusing on health, education and training
- Ensuring prosperous and secure communities, including through support for infrastructure
- Maximizing the number and types of jobs for Canadians.

Orchestras are key cultural and economic cornerstones in many communities, enriching the lives of individual Canadians and contributing to the quality and prosperity of life in villages, towns, and cities across the country. In our brief, we will demonstrate how our recommendations will better leverage the considerable contributions to Canada already made by the skilled musicians, dedicated administrators, passionate volunteer leaders, and ever-more diverse audiences that orchestras reach.

Our three recommendations for Budget 2015 are as follows:

1. Increase the Canada Council for the Arts’ Parliamentary appropriation by \$35 million in 2015, with a long term goal of reaching \$300 million;
2. Establish a three-year, \$25 million pilot program at the Department of Foreign Affairs, Trade and Development, to enhance our reputation on the world stage in time for Canada’s 150th birthday.
3. Building on the First-Time Donor’s Super Credit announced in 2013, implement the Stretch Tax Credit for Charitable Giving to promote a culture of long-term and incremental giving.

OC’s recommendations overlap with, and support, the recommendations of the Canadian Arts Coalition (our recommendations #1 and #2) and Imagine Canada (our recommendation #3).

Pre-Budget Brief

On behalf of 130 member orchestras from across Canada, Orchestras Canada sincerely appreciates the opportunity to contribute to the pre-budget process leading to Budget 2015. We would also like to thank the Government of Canada for its investments in the arts and culture sector since 2006, including the significant and permanent increase to the parliamentary appropriation to the Canada Council for the Arts announced in 2007, and the early announcement of renewal to key programs at the Department of Canadian Heritage, announced in Economic Action Plan 2014.

Our orchestras have leveraged these investments to better serve Canadians with accessible and attractive programs that embody excellence for audiences at home and internationally, enhance quality of life in Canadian communities, improve educational outcomes for vulnerable and at-risk individuals, and sustain jobs for highly-skilled workers. Canadian orchestras are lean and well-managed charitable organizations, with strong volunteer governance oversight. They are committed to maximizing the impact of both government and private sector investment to sustain and further develop the programs and value they offer Canadians.

The response of Canadian orchestras to the Endowment Incentives Component of the Department of Canadian Heritage's Strategic Initiatives Program provides an example of the permanent impact that a relatively small investment, combined with a shift in tax policy, can have on an orchestra's ability to serve its community and audience effectively. This program has as its goal to "foster a climate that encourages private donors to contribute to endowment funds for not-for-profit professional arts organizations in order that they may have access to new sources of funding in the future". Between 2001 and 2012, \$31.75 million of the program's \$156 million investment has gone to orchestras, and they have used the program to leverage well over \$50 million in private sector funding, 100% of which has been invested in perpetuity, with the investment income made available to the orchestras annually. This one program, combined with the capital gains exemption on gifts of appreciated securities to registered charities (announced in 2006 and 2007) has helped our member orchestras develop a consistent revenue stream, enabling them to plan better in turbulent times, and sustain important programs that make a strong contribution to quality of life and economic vitality of communities, but are costly to maintain.

In 2012-13, Canadian orchestras reported total revenues of \$174 million, with 35.5% coming from box office, 38.7% from donations and sponsorships, and 25.8% from federal, provincial, and municipal governments. That concert season, Canadian orchestras performed for 2.34 million Canadians, including school audiences of almost 400,000 people. We are proud to be part of a cultural sector whose economic activity contributes almost \$50 billion to the Canadian economy each year.

Although funding to orchestras from the Canada Council for the Arts makes up only 8% of the total revenue reported by Canadian orchestras, federal funding and federal policies have a significant impact on Canadian orchestras' ability to deliver to their communities. Our three recommendations have been drafted to acknowledge this impact.

Recommendation 1: Increase the Canada Council for the Arts' Parliamentary appropriation by \$35 million in 2015, with a long term goal of reaching \$300 million

Orchestras Canada joins with the Canadian Arts Coalition in recommending a \$35 million increase to the Canada Council for the Arts in Budget 2015.

As the Coalition has indicated in its brief, the number of arts organizations supported by the Canada Council has increased by 65%, since 1990, and Census data indicates that the arts sector has grown from 101,605 professional artists in 1990 to 155,500 professional artists in 2011. Orchestras Canada submits that the Parliamentary appropriation to the Canada Council should reflect this significant industry expansion, ensuring that the Canada Council can continue to invest in excellent established institutions, while engaging a new and diverse Canadian population.

As the Coalition has also noted in its brief, "since 2007, the Canada Council's Parliamentary appropriation has essentially flat-lined. In fact, per capita spending is slightly below 1990 levels at \$5.34 per capita in 2010, down from \$5.57 per capita in 1990."

We join the Coalition in asserting that, "with a balanced federal budget in sight, it is time to ensure that the Canada Council is able to affirm its historic commitment to providing Canadians with affordable access to diverse cultural experiences, while catalyzing local and regional economic growth through increased engagement in the arts."

By investing in orchestras, governments invest in prosperous and secure communities. Orchestras are key artistic and community organizations, often the artistic focal point of their communities. They work with choirs, opera and dance companies; their education, youth, and community programs offer high-quality, low-cost programming to all citizens. They bring people together for shared experiences, contributing to vibrant, safe, and compassionate communities. Their communities are the kind of places that attract businesses, helping to expand the Canadian economy and create more jobs.

Public investment helps orchestras bring measurable social benefits to communities. A number of Canadian orchestras are integrally involved in supporting El Sistema inspired programs in their communities, providing at-risk children with intensive musical training for up to 15 hours per week. The goal is not to produce more musicians, but instead to address issues of social isolation for participants and their families by providing high-quality immersion in group learning, responsibility to others, and goal-oriented achievement. Research into the short- and longer-term impacts of participation in Sistema-inspired programs demonstrates significant increases in academic achievement and school attendance for participants, and increased community connection and participation on the part of the participants' families and care-givers.

Recommendation 2: Establish a three-year, \$25 million pilot program at the Department of Foreign Affairs, Trade and Development, to enhance our reputation on the world stage in time for Canada's 150th birthday.

Orchestras are among Canada's best ambassadors. We cite the international impact of recent performance and music education tours by Tafelmusik Baroque Orchestra (Europe, US, Japan, South Korea in 2013/14); the National Arts Centre Orchestra (China, 2013); the Orchestre symphonique de Montréal (Europe and South America in 2013/14), the Vancouver Symphony Orchestra (China, Macau, Korea in 2008, and the US in 2013), and the excitement generated by the Toronto Symphony Orchestra's upcoming European tour (August 2014). Our orchestras demonstrate not only international-calibre standards of performance, but are also leading the world in the quality of the education and community engagement programs they present while on tour. Tour performances present a superb venue to cement business and inter-governmental relationships, helping to create Canadian jobs and drive economic growth. They enhance Canada's position in the global market, one that is increasingly fluid and important to our nation's prosperity.

Furthermore, targeted investment in international market development will increase work opportunities for skilled Canadian artists and those that support the infrastructure around them, helping to keep high-skilled Canadians working for Canadian organizations.

We recommend that the investment be designed as a pilot project, as part of the Government of Canada's preparations for, and celebration of, Canada's 150th anniversary.

We suggest that this pilot funding could be invested in:

- a. Cultural promotion in the embassies, building on the infrastructure that DFAITD already has in place and integrating cultural exchange with Canada's Global Market Action Plan.;
- b. Trade and business development, to facilitate and then build on the relationships that Canadian artists and arts organizations will develop;
- c. International circulation of Canadian artists and their works, to help defray the upfront costs of international exchange.

Recommendation 3

Building on the First-Time Donor's Super Credit announced in 2013, implement the Stretch Tax Credit for Charitable Giving to promote a culture of long-term and incremental giving.

Orchestras Canada joins with Imagine Canada in calling for the implementation of the Stretch Tax Credit, a proposal familiar to many Committee members.

The Stretch Tax Credit would add ten percentage points to the charitable tax credit for amounts exceeding an individual's highest previous annual claim. As Imagine Canada has noted, this would "build on the temporary First Time Donor's Super Credit and recognize the efforts of Canadians who are already donors", by offering an incentive for them to increase their giving year over year, however large or small their charitable giving may have been in the preceding year

Orchestras Canada's member orchestras are registered charities. Private sector support (including tax-receiptable gifts) makes up an average of 38% of an orchestra's annual income – and this support enables orchestras of all sizes to deliver the services and programs that Canadians count on.

The proposed Stretch Tax Credit will provide a modest incentive to middle-class Canadians to increase their charitable giving, year over year. As Canadian orchestras are constantly looking for creative new ways to increase private sector funding, we support this recommendation because the Stretch Tax Credit is an effective way to increase the capacity of organizations, like orchestras, to better serve Canadians and contribute to prosperous and vibrant communities. Furthermore, with increased giving comes increased economic activity, contributing to the Government of Canada's jobs and growth agenda and helping to sustain the momentum created by the Economic Action Plan.