



July 6, 2020

Amarjot Sandhu, MPP, Chair
Julia Douglas, Clerk
Standing Committee on Finance and Economic Affairs
Room 1405, Whitney Block
Queen's Park, Toronto, ON M7A 1A2

Re: Study of the recommendations relating to the *Economic and Fiscal Update Act, 2020* and the impacts of the COVID-19 crisis on certain sectors of the economy

Dear Standing Committee Members,

Toronto Musicians' Association (TMA), Local 149 of the American Federation of Musicians of the United States and Canada (AFM/CFM) represents 3,000 professional musicians and music makers in the Greater Toronto Area's arts, media and live performance industry. We would like to thank you for all your efforts for our industry and to wish you good health in the days ahead.

We are so appreciative of assistance that the Government of Ontario has provided both to the workers and the producers in our industry. You have clearly demonstrated that you understand and value the industry's contribution to Ontario's economic and cultural make-up.

The industry has been devastated by the crisis. On the live side especially, with immediate bans on large gatherings and cross-border travel we were the first to be shuttered and will remain among the hardest hit long after the economic crisis has receded for many others. The vast majority of the 3,000 musicians and music makers we represent are unemployed. If restrictions on travel to the United States and on gathering for large events remain throughout this calendar year, our 3,000 members in the Greater Toronto Area are facing \$15-\$20 million in lost scale wages, the minimum wages we negotiate in agreements with producers. As one of thirteen locals in Ontario and with greater lost earnings found beyond the scales and musicians we represent, the wage losses will be many times more than that figure throughout the Province. Further, this amount does not contemplate benefits, which would add approximately 10% to the losses.

Like your government, we are very concerned about the ability of artists, technical and support workers, entertainment managers, and the producers they work with to weather the crisis. Many, if not most, will likely require additional assistance, and we therefore respectfully submit the following proposals with the intention of helping the Government of Ontario to develop assistance strategies.

1. Introduce a Live Arts Labour Tax Credit and a Live Arts Labour Rebate

We recommend that the Government of Ontario add to the suite of Ontario Cultural Media Tax Credits to include the live performance industry through a Live Arts Labour Tax Credit, and add a complementary Live Arts Labour Rebate directed at Not for Profits and Charities, functioning on the exact same calculations. Tax Credits have been a fundamental support for the screen-based sector, but have been avoided in the live arts sector because of the predominance of not-for profit and charitable producers. The introduction of this dual measure would provide support that has been envisioned for many years, and at the time it is most needed.

A Live Arts Labour Tax Credit aimed at for profit producers such as Mirvish Productions and Live Nation, and a Live Arts Labour Rebate aimed at not-for profit producers such as Ottawa Bluesfest, Hillside Festival, Toronto Symphony Orchestra, Blyth Festival and so many others, would allow for the investment in our essential live industries based on simple calculation of investment in Ontario jobs. More Ontario jobs created = more investment. It is a simple formula that has worked in Film & Television for the better part of two decades and one of the reasons why Ontario is a world leader in Film & Television production.

We are happy to provide more information we have learned about these potential measures, especially as it pertains to the growth of Ontario Cultural Media Tax Credits versus other kinds of support when looking at GDP contribution in various parts of the entertainment sector. Simply put, Tax Credits perform much better in following growth (and contraction) in an industry when compared to other forms of support. The cost of administering such programs is also much less than comparative programs. While we are supportive of the existing program supports in live arts, such as grants from the Ontario Music Fund, Celebrate Ontario and Ontario Arts Council, we believe it is time for the complementary support of a Live Arts Labour Tax Credit and a Live Arts Labour Rebate. It makes sense for Ontario Creates to administer a Live Arts Labour Tax Credit given its current work with tax credits and its relationship with for profit producers. In the same way, we recommend Ontario Arts Council administer the Live Arts Labour Rebate given its relationship with not-for-profit and charitable producers.

Now is the time to put these measures into place so that the government may support the regrowth of the industry as the government's economic ability also grows. The investment at the beginning of such a dual live arts labour tax credit and live arts labour rebate would be small, as the activity in the industry will be small, and will grow as the activity grows. We imagine the entertainment sector's regrowth will lag that of the Province overall and therefore by the time the investment in these programs grows to its potential the finances of the Province should have shown significant recovery.

2. Work with Major Financial Institutions and the Federal Government to Introduce a Live Arts Financing Program to complement the Live Arts Labour Tax Credit and a Live Arts Labour Rebate

Private financing has allowed the Film & Television industries to capitalize on Ontario Cultural Media Tax Credits by having more immediate access to cash upon receipt of a positive response to a tax credit application. This financing market is not likely to act in the same way for live arts upon the advent of a new Live Arts Labour Tax Credit and Live Arts Labour Rebate. In order to maximize the benefit of these new measures we also recommend the Government of Ontario work with the Federal Government, the Business Development Bank of Canada and major financial institutions to provide low interest financing to those who have been confirmed eligible for a Live Arts Labour Tax Credit or Live Arts Labour Rebate.

3. Research and Consider Incentivizes for Ontario Musician and Music Maker Participation in Screen Based Productions receiving Ontario Cultural Media Tax Credits

Unfortunately, over the past decade which has seen fantastic growth in the screen based industries, and matching growth in Ontario Cultural Media Tax Credits, the engagement of our members in those industries has had an acute contraction. Our understanding is that the engagement of musicians and music makers outside of our membership and agreements has also contracted. Although placement of Ontario made commercial sound recordings in the same productions has grown, we believe this growth pales in comparison to the loss of other forms of screen based music production income. We understand the following available options for screen based music production, in order of Ontario musicians and music makers engaged:

1. Live scoring in Ontario (many Ontario musicians engaged)

2. Digital scoring in Ontario (fewer Ontario musicians engaged)
3. Placement of Commercial Sound Recordings featuring Ontario musicians (fewer Ontario musicians engaged)
4. Placement of Commercial Sound Recordings not featuring Ontario musicians (fewer or no Ontario musicians engaged)
5. Use of Stock Music from Ontario Companies (fewer or no musicians engaged)
6. Live scoring outside of Ontario (fewer or no Ontario musicians engaged)
7. Digital scoring outside of Ontario (fewer or no Ontario musicians engaged)
8. Use of Stock Music created from companies outside of Ontario (no Ontario musicians engaged)

We believe that in order to save expense and complexity options 3. through 8. have become increasingly popular for screen based producers and therefore we believe this has led to a decline in Ontario Musicians and Music Makers engaged. Screen based consumption has increased during the crisis and production will be back full force as soon as conditions allow, much earlier than the live arts. We recommend a study of the trends in music and music maker engagement in screen based industries prior to the crisis. If the study confirms our thoughts above, we recommend the introduction of eligibility incentives in Ontario Cultural Media Tax Credits that will lead to more Ontario musicians and music makers engaged in the screen based industries. This engagement could help compensate for some of the lasting losses of musician and music maker jobs in live arts.

4. Introduce Government of Ontario Backed Guarantees to Established Multi-Employer Pension Plans

Producers contribute to a multi-employer pension plan, the Musicians Pension Fund of Canada, on behalf of our members. The plan serves over 14,000 members and managed pre-Covid-19 assets just under \$800 million. If the closure of live arts venues and activity lasts into 2021 the contributions to this plan will see a severe hit and thousands of currently active and retired musicians could see their benefits in crisis. Although multi-employer pension plans in Ontario have stabilized under the Province's guidance prior to the crisis, in order to attract new members and contributions in a post-Covid world these plans will require the backing of the Government of Ontario.

The Toronto Musicians' Association, Local 149 of the AFM/CFM thanks you, your Ministry and the entire Government of Ontario for its consideration of the foregoing proposals and looks forward to the opportunity to further discuss them as soon as possible.

Sincerely,



Michael Adam Murray, Executive Director

- c. Alan Willaert, Vice-President from Canada, American Federation of Musicians of the United States and Canada