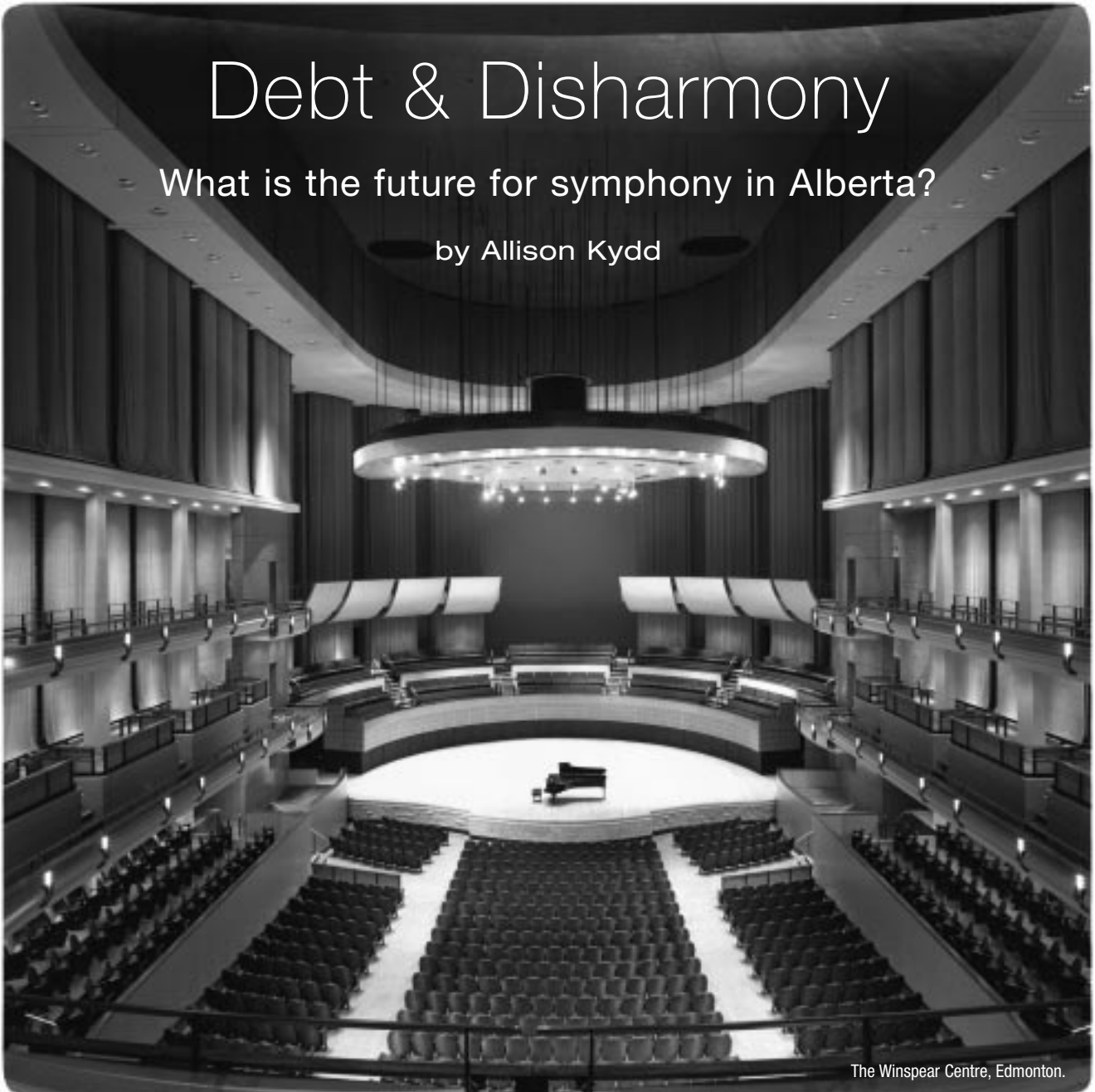


Debt & Disharmony

What is the future for symphony in Alberta?

by Allison Kydd



The Winspear Centre, Edmonton.

The lofty world of symphonic music seems separate from the hard-nosed world of economic necessity. The music is timeless, we reason, so it will always be here. But recent strikes, financial crises and suspended operations have shown Albertans the fallacy of that notion. Calgarians and Edmontonians have learned they can no longer take their symphony orchestras for granted.

This recent turmoil is a shock, but the orchestras' problems didn't appear overnight. Larry Fichtner, chairman of the board of directors for the Calgary Philharmonic Orchestra, says the CPO has "lived beyond its means for the past decade." It only survived because a special "preservation campaign" in the early 1990s raised about \$2.5-million. Over the years, when

the orchestra ran over budget it would dip into the endowment. Eventually the endowment was depleted, and the CPO now staggers under the weight of a \$1.1-million debt.

Fichtner explains that the orchestra has three sources of revenue: earned revenue (ticket sales and contracts to accompany the opera, the ballet and other special projects), contributed revenue (public funding from all three levels of government) and development funding (corporate sponsors, major gifts and special fundraising events). In 2001, earned revenue for the CPO was \$2.5-million, contributed revenue was \$1.6-million and development funding was \$2-million, for a total of \$6.1-million, far short of the \$7-million the orchestra requires. This

shortfall was typical. "If you do the math," says Fichtner, "the CPO has been in a regular deficit position of about \$500,000 to \$600,000 per year."

The Edmonton Symphony Orchestra has also been accumulating debt. Though the ESO was running in the



Bassists in the ESO.

black until 2001, it now has a debt of \$1.3-million. "The prior CEO did not attend to matters, failed to set goals, evaluate employees and have a fundraising strategy," says Mark Gunderson, chairman of the Edmonton Symphony Society, which manages the orchestra.

What an orchestra costs is related to its size. The ESO has 56 full-time musicians; the CPO has 62, with an average tenure of 19 years. For Calgary, 2001 had typical expenses: \$2.7-million for musicians; \$300,000 for conductor; \$500,000 for guest artists, including guest conductors; \$200,000 for extra musicians when required. If the orchestra is to be sustainable, says Fichtner, these fixed costs, which account for more than half of the yearly budget, must be reduced. "We are facing a situation where we have an unsustainable model," he says.

John Mahon, executive director of the Edmonton Arts Council, agrees that orchestras are expensive to run because of fixed costs. "You must pay all musicians whether they play or not," he explains. (ESO players are self-employed contract workers with a guaranteed contract; CPO players are on salary.) "In a strict marketplace, symphony orchestras are not a good risk, because of fixed costs. The city has to be prepared to subsidize."

THE SHUTDOWN OF THE CPO in the fall of 2002 was foreshadowed by the bitter strike the previous fall. After the musicians walked out on Oct. 7, management locked the door behind them. Fichtner says the board had "built a new model, one that was closer to sustainable," and when it was rejected they had no alternative to the lockout, though it was "an emotionally painful thing to do."

Mark Johnson, president of the Calgary Musicians Association, in an address to the players on Oct. 10, 2001, had a different perspective: "The rhetoric, of course, is that the board wants involvement, participation and co-operation from the musicians. They demonstrate it by locking us out. The new board chair says he hopes it doesn't create any 'ill will.' Sorry, Larry, but you're a dollar short and a day late! Do they really want to turn back the clock 15 or 20 years? Do they want to return the CPO to being a stopping off point for musicians seeking a reasonable career? Do they really want to rob this city of a quality orchestra, of a source of community pride and international recognition? Their rhetoric says no, but their actions say otherwise."

"The current financial problem is a result of the bottom falling out of both ticket sales and donations during the past two years. It may well be coincidental that the leadership of the board and administration changed two years ago. Regardless of the reasons, external or internal, those areas of revenue shortfall have to be addressed and cuts certainly won't do that."

Musicians were asked to take a 16 per cent salary cut so the organization could keep within its operating budget. The Calgary Philharmonic was out of action until Nov. 5, 2001.

Events in Edmonton at the beginning of 2002 resembled the Calgary turmoil of a few months before. To cover its substantial deficit, the Edmonton Symphony Society also proposed wage cuts. The musicians, who

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—John Mahon, Edmonton Arts Council

had been performing without a contract for six months, said, "too deep." Meanwhile, on Jan. 8, Gunderson announced that conductor Grzegorz Nowak's contract would not be renewed. On Feb. 15, the Edmonton musicians walked out.

Some have suggested that the strike was to protest this decision about Nowak, but William Dimmer, who plays second trumpet for the ESO and is secretary manager of the Edmonton Musicians' Association (EMA), has a somewhat different take. Though he admires Nowak greatly for his "rare ability to be a nice guy and very demanding as a music director," Dimmer believes that Nowak's ter-



The Calgary Philharmonic Orchestra in the Jack Singer Concert Hall.

mination added fuel to the flames but didn't light the fire. To the musicians, he says, it was just more proof that they had no power. Was management, made up of non-musicians, always going to dictate to them? The musicians also complained of administrative padding—the ESO, they said, had one administrator for every two players. Dimmer suggests that the pay freeze the musicians agreed to in order to free up funds for the construction of the Winspear Centre may have contributed to the problems at the ESO. Though Francis Winspear's \$6-million donation for a new concert hall was a boon to the symphony, the pay freeze gave the organization a false sense of economic stability, since musicians' pay would eventually have to catch up.

As the strike in Edmonton continued, the tensions increased. The players felt they were being left out of negotiations. When journalists questioned them, they often responded, "You probably know more than we do." Management too showed distress. When Nowak

announced he would form a rival orchestra, ESO's chief executive officer Elaine Calder, who is usually known for her diplomacy, described herself as "appalled" and "flabbergasted" and questioned Nowak's loyalty.

In Edmonton, the issue of artistic control was a major grievance for the musicians; in Calgary a sense of injustice fuelled the dispute. Consequences for both cities were similar: concerts were put on hold and partners who relied on the orchestra, such as Alberta Ballet and the Edmonton and Calgary Operas, were seriously inconvenienced. The EMA put together an orchestra for the Canadian premiere of Carlisle Floyd's opera *Of Mice and Men* in early March, but the musicians vetoed interim offers by the ESS and didn't come back until March 21, 2002. Even then it was a shaky truce, and it took three more months before the ESS and the EMA signed an agreement that would carry them to September 2003.

In Calgary, the two-year contract agreement that came out of the strike has been cut short. On Sept. 16,

2002, the board announced that it needed a new financial plan and a strong response to its “Keep the Music Alive” subscription drive by Oct. 15 or it would fold. On Oct. 16, Fichtner announced that the subscription drive had failed to generate enough revenue and that operations would be suspended for 45 days while possible “restructuring” plans were worked out. He acknowledged that there would be “no more bailouts” from any level of government.

ALBERTA’S ORCHESTRAS HAVE SURVIVED ups and downs in the past. The original Calgary Symphony Orchestra, formed in 1910, was very short-lived, but reappeared a few years later. Seven hundred people attended its debut concert at the Sherman Grand Theatre on Jan. 27, 1913. The orchestra then had 55 players, both amateur and professional, and was one of the first Canadian orchestras to give concerts for school children. In the Dec. 13,

Outside of Quebec and Ottawa, every orchestra in Canada is losing money.

1913, edition of the *Canadian Courier*, Calgary described itself as “the only city in Canada outside Toronto which supports a professional symphony orchestra.” Even then, the organization had money problems, and when the First World War broke out it was disbanded. In 1928, the Calgary Symphony rose again from the ashes. With the backing of the Calgary Choral and Orchestral Society, it supported up to 75 musicians, gave many public concerts and did a series of CBC radio broadcasts before again bowing to the exigencies of war in 1939. In 1949, the Calgary Symphony Orchestra brought its charter, funds, instruments and library into a merger with the Mount Royal College Symphony Orchestra. This combined group joined with the Alberta Philharmonic in 1955 to create the Calgary Philharmonic Orchestra. In the fifties, the CPO averaged audiences of 2,500 for each concert and performed in a number of venues. In 1957, the orchestra began performing at the Southern Alberta Jubilee Auditorium, and in 1984 it moved to the Jack Singer Concert Hall. The orchestra gained international stature in 1984 when it hired renowned conductor Mario Bernardi, and again in 1995 when it hired Hans Graf.

Though similar, the Edmonton Symphony Orchestra’s history has been slightly more stable. In 1913, the Edmonton Orchestral Society was formed and supported about 15 players. The name Edmonton Symphony Orchestra first came into use in 1920, and an orchestra of 52 players persevered until 1932. During the 1940s, Edmonton had both a philharmonic and a pops orchestra. The two merged in 1952 to form the 60-member Edmonton Symphony Orchestra. Like its counterpart to the south, the Edmonton Symphony played around town until it moved into its own Jubilee Auditorium in 1957. It officially went professional in 1971, and in 1973 the

organization decided to maintain a “classical-sized” orchestra of 45 professional players, a number that has gradually increased to 56. The ESO left the multipurpose Jubilee Auditorium and moved to the downtown Winspear Centre for Music in 1995.

IT’S DIFFICULT TO PREDICT THE FUTURE of Alberta’s symphonies. Though some donors have responded to the crisis in Calgary by giving money, corporate sponsorships are down. Fichtner feels this is because “corporations are being pressured by so many causes.” And government funding will not be forthcoming, he says, “unless we can demonstrate that we can structure something that is stable and sustainable.”

As Fichtner points out, although the situation is “not a pretty picture, neither is it one reserved for Alberta.” Major U.S. orchestras, such as Chicago’s, are also seeing deficits. Others have folded. And, outside of Quebec—where both the Montreal Symphony and the Quebec Symphony get “enormous subsidies” compared to the rest of Canada—and Ottawa’s National Arts Centre Orchestra, every major orchestra in Canada is losing money.

Even if it were possible to increase grant revenue, Fichtner doesn’t believe that’s the solution. Earned revenue should account for 50 per cent, rather than 30 per cent, of an orchestra’s income, he says, and if that means orchestras can’t be maintained at their present artistic level, that reality should be faced. Fichtner is far from suggesting that Calgary should not have a symphony orchestra, however. He says, “It would be a shame if a city the size of Calgary could not have an orchestra. It should have as great an orchestra as it can afford to have.”

Like Fichtner, Mark Gunderson is concerned about the “changing environment” faced by all major symphony orchestras. “It’s getting worse,” he says. “What is needed is vision, commitment and personal sacrifice.” Gunderson refers to a Canada Council report which shows that audience sizes have decreased by 4 per cent as a result of growth in home entertainment. In Edmonton, he says, problems have been exacerbated since the ESO organization hasn’t been “beating the bushes for money.”

Gunderson believes that the “saviours of the symphonies will be the communities themselves: going, donating and encouraging others to go and to donate.” Unlike Fichtner, he also likes the idea of more government funding, perhaps through taxes earmarked for the arts.

Mahon points out that economic impact studies undertaken in 1996 and 1999 to measure the effect of arts organizations on communities support substantial government funding. One study identified the combined annual revenue of all arts and festival groups in Edmonton as about \$40-million. The combined spending of the groups was also about \$40-million. This adds up to around \$80-million in direct economic impact, of which the ESO generates a large part.

Mahon says another reason the government should

increase the orchestra's support is that many other groups besides the opera and ballet depend on the musicians. "Would the Edmonton Youth Orchestra exist without it? Would the University of Alberta Department of Music?"

Michael Phair, city councillor for Edmonton's Ward 4, also defends government support for the orchestra. "When the city is trumpeting its assets," says Phair, "it always mentions the symphony. Corporations, when they consider whether to locate in a particular community, look for a vibrant cultural life. It reflects on a city if it cannot support a professional orchestra, just as it would if it couldn't support professional sports teams. We need these things to have credibility."

Through the Edmonton Arts Council, the city gives about \$170,000 a year to the ESO. The CPO receives about \$280,000 a year from the City of Calgary.



CPO's concertmaster, Cenek Vrba.

But the ESO has cause for optimism. According to Phair, last year the city increased its portion to the arts council, earmarking the increase for the big groups, such as the ESO, Edmonton Opera, Alberta Ballet and the Citadel Theatre. Also, according to Gunderson, the symphony now has a capable, savvy arts administration. "Edmonton should be grateful to have someone such as Elaine Calder." And while some employees were not productive in the past, he says, "New key employees produce more and receive less."

The labour and financial crises in Edmonton may have had a positive outcome. William Dimmer believes that changing the structure of the organization is key to solving its problems. He is part of a three-person committee developing a "new model for accountability." Gunderson says musicians previously had "no relationship with the board of governors, went on strike, thought the board of governors was not listening to them.... Now, they meet regularly, have endorsed three musicians to sit on the board, have the real scoop on where the organization is financially." With more communication

between the two groups, Gunderson says, "Our problems are the musicians' problems and vice versa."

Symphonies can't afford to be too cautious, though. Most Edmontonians, for example, consider the Winspear Centre a necessary expenditure that not only improved the sound but also enhanced the image of the orchestra and of the city. It also brought back previous subscribers. Julia Boberg, a member of the Richard Eaton Singers, had grown dissatisfied with the limitations of the Jubilee Auditorium. She has been attending the Masters Series for the last seven years and feels the orchestra has been

"It reflects on a city if it cannot support a professional orchestra, just as it would if it couldn't support professional sports teams."—Michael Phair, Edmonton city councillor

playing particularly well. Boberg is concerned, however, that Nowak's new "Metamorphosis" series might split the Edmonton audience. After all, she says, less than 10 per cent of the population listens to classical music.

Gunderson says the recent controversy "has been a wakeup call for everyone." He says the board now sees the value of telling it like it is, musicians are letting go of misconceptions about what the board is doing, and donors now understand that the symphony needs their help. Also, the board of governors has started fundraising, and several have contributed their own money to show their commitment. And, according to Gunderson, corporate sponsorships and subscriptions are up.

Calgary is not feeling the same optimism. Val Weston, who has been a CPO subscriber for 12 years, is disappointed that many Calgarians don't seem concerned about their symphony orchestra's troubles. "The culture is very western and not very worldly—conservative in some sense," she says. "We're on a steep learning curve when it comes to being able to appreciate the arts." Weston wonders how the orchestra could be more visible and accessible. Perhaps, she suggests, they could offer pick-and-choose series packages or sell their services to other functions—conventions and such—not just as individual musicians but as CPO musicians.

The recent "wakeup call" has caused Alberta's two major symphony orchestras to think hard about how their futures will look. It's possible one or both could fold. Perhaps a single regional orchestra would rise out of the ashes, one that could be shared between the two cities and travel to smaller centres like Red Deer, Lethbridge and Medicine Hat. Such a change is not imminent, however. As Larry Fichtner puts it, "Each city has to solve its own problems first."

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