



**STAFF REPORT  
ACTION REQUIRED**

**2007 Cultural Grants Recommendations  
Major Cultural Organizations (All Wards)**

<b>Date:</b>	May 17, 2007
<b>To:</b>	Economic Development Committee
<b>From:</b>	Donald G. Eastwood, General Manager Economic Development, Culture and Tourism
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2007\Cluster A\EDCT\ECON DEV\ed0706-021

**SUMMARY**

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The recommendations in this report implement the fourth year of a five-year plan to restore funding to the Major Cultural Organizations to the 1990 level, adjusted for inflation. The increase to the 2007 Approved Budget for Major Cultural Organizations through the Community Partnership and Investment Program is seven percent which was the target for 2007.

Increased municipal investment is important at a time when the City is promoting the many cultural renaissance projects that are complete or are nearing completion and is also promoting the “Live with Culture” celebration of our cultural communities.

The report recommends that eight allocations be approved for the Art Gallery of Ontario; Canadian Opera Company; National Ballet of Canada; National Ballet School; Toronto Symphony Orchestra; George Gardiner Museum of Ceramics; Pride Toronto and Festival Management Committee (Caribana) for a total of \$4,436,700.00.

**RECOMMENDATIONS**

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**The General Manager, Economic Development, Culture and Tourism recommends that:**

1. the cultural investment of \$4,436,700.00 be approved for the following organizations:

Art Gallery of Ontario	\$ 481,000.00
Canadian Opera Company	\$1,151,450.00
National Ballet of Canada	\$1,012,000.00
National Ballet School	\$ 122,000.00
Toronto Symphony Orchestra	\$1,004,000.00
George Gardiner Museum of Ceramics	\$ 120,000.00
Festival Management Committee (Caribana)	\$ 436,000.00
Pride Toronto	\$ 110,250.00;

2. the balance of the 2007 instalment payments to the Art Gallery of Ontario, Canadian Opera Company, National Ballet of Canada and Toronto Symphony Orchestra be made as one payment following allocation adoption by Council, and that monthly instalments to these organizations resume in January 2008;
3. the five-year funding agreements dated October 2006 between the City and the Canadian Opera Company; and the City and the National Ballet of Canada, be amended to delete Section 5.2 of the City's responsibilities that states Council shall nominate one member of City Council to the Board of Directors of these two Major Cultural Organizations; and
4. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

## **FINANCIAL IMPACT**

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The 2007 Approved Budget for the Community Partnership and Investment Program includes a budget allocation of \$4,436,700 for Major Cultural Organizations. This report recommends allocations totalling \$4,436,700 to eight major cultural organizations.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

Through Clause No. 3 of Report No. 24 of the Strategic Policies and Priorities Committee, adopted by City Council at its meeting held on November 25, 26 and 27, 1998, the City established the roles of the Toronto Arts Council and Culture in the delivery of the Arts and Cultural Grants Program.

## **ISSUE BACKGROUND**

As approved by Council in the Culture Plan, it is the City's intention to restore funding within five years to the Major Cultural Organizations to at least the level of 1990, adjusted for inflation. This is the fourth year of the five-year plan to restore funding. It is the fourth year that the Gardiner Museum of Ceramic Art and the third year that Pride Toronto have been included for funding under Major Cultural Organizations.

City Council provides financial support to enhance major cultural organizations that are recognized as essential cultural ambassadors and infrastructure for the City, and for cultural attractions that have a significant impact for the benefit of Torontonians and toward cultural tourism enhancement. These organizations play a major role in enhancing local cultural ecology, and in developing Toronto as a worldwide cultural destination. Funding is provided for not-for-profit cultural organizations that have demonstrated a consistent level of professional standards, artistic excellence, international achievement, a sound financial management system, diverse funding base and board accountability.

## **COMMENTS**

### Review Process:

Economic Development, Culture and Tourism staff reviewed the applications received at the March 30, 2007 deadline and requested additional information and/or clarification where necessary. The applications were reviewed and assessed through a peer assessment process. The role of the Advisory Panel was to advise staff on the merits of the applications, provide advice on the cultural programming, and offer professional assessment of the programs. As well, the Advisory Panel was asked to identify long-term issues and trends.

Advisors were selected to represent a broad base of experience and expertise and a general knowledge of the cultural sector. The panel for the Major Cultural Organizations was comprised of Julia Foster (Chair of the National Arts Centre and Past Chair of the Ontario Arts Council), Carl Thorpe (Executive Director of the Multicultural History Society), Walter Pitman (Past Executive Director of the Ontario Arts Council and Past President of Ryerson University), and Nalini Stewart (Past Chair of the Ontario Arts Council and currently a director on a number of boards including the Ontario Cultural Attractions Fund and the Ontario Trillium Foundation).

The recommendations for allocations contained in this report are the result of a review of the applications received by staff at the March 30, 2007 deadline. The administration of the review was carried out in accordance with the City of Toronto Grants Policy as adopted by Council on December 16 and 17, 1998.

The Major Cultural Organizations have a significant impact on the cultural life of Toronto by providing steady employment to over 2,053 of the over 62,000 creative occupations in the City. Attendance at Major Cultural Organization events is over three million and their combined operating budgets equal approximately \$125 million. The total economic impact of the cultural sector in Toronto is \$8.5 billion.

## Major Cultural Organizations:

### 1. The Art Gallery of Ontario:

The Art Gallery of Ontario (AGO) was established as the Art Gallery of Toronto in 1900 and has operated as a Provincial agency since 1966. The mission of the Art Gallery of Ontario is to bring art and people together and boldly declare “Art Matters”. The Art Gallery of Ontario’s expansion project – *Transformation AGO* – designed by international celebrated architect Frank Gehry will serve as a legacy for generations to come with its opening in 2008. The organization is seeking funding for its 2007/2008 activities.

An operating allocation of \$481,000.00 is recommended to the AGO, which represents two percent of its revenue.

### 2. The Canadian Opera Company:

The Canadian Opera Company (COC), founded in 1950, has a mission to produce opera of the highest international standard while attracting growing public support and participation in opera through increased accessibility and education. The new Four Seasons Centre for the Performing Arts officially opened to worldwide acclaim in the fall of 2006 with Richard Wagner’s production of the Ring Cycle. The organization is seeking funding for its 2007/2008 activities and programs.

As operating allocation of \$1,151,450.00 is recommended to the COC, which represents 3 percent of its revenue.

### 3. The National Ballet of Canada:

The National Ballet of Canada (NBC), founded in 1951, is Canada’s largest dance company and has an international reputation as a renowned classical ballet company. The National Ballet embarked on an exciting new stage of its history in late 2006 as it joined the Canadian Opera Company as the prime tenant in the new Four Seasons Centre for the Performing Arts. Artistic Director Karen Kain has chosen to start this new era by showcasing both the dancers and the orchestra with a carefully selected mix of classic full-length works that have been the company’s trademark as well as modern works by twentieth century masters. The organization is seeking funding for its 2007/2008 activities and programs.

An operating allocation of \$1,012,000.00 is recommended to the NBC, which represents five percent of its revenue.

### 4. The National Ballet School:

The National Ballet School (NBS), incorporated in 1959, is an internationally recognized professional training institution. Project *Grand Jeté* – a \$100 million

capital project has created a state-of-the-art dance training facilities on two heritage blocks in downtown Toronto and opened in September 2005. Stage II of the project, the renovation of the National Ballet School's Maitland Street properties into an expanded National Ballet School residence was completed this spring. The organization is seeking funding for its 2007/2008 season of public performances and community programs.

An operating allocation of \$122,000.00 is recommended to the NBS, which represents 1 percent of its revenue.

5. The Toronto Symphony Orchestra:

The Toronto Symphony Orchestra (TSO), formed in 1921, is considered one of the top 10 best orchestras in North America. The 2007/2008 season will mark the fourth year of Peter Oundjian's tenure as Music Director. It is Maestro Oundjian's intention to continue to enhance and strengthen the relationship between the Orchestra and the Toronto community by performing at greatly heightened levels of artistic excellence, playing to capacity halls, and by performing a full range of orchestral experiences to the Orchestra's increasingly diverse audience.

The organization is seeking funding for its 2007/2008 activities.

An operating allocation of \$1,004,000.00 is recommended to the TSO, which represents five percent of its revenue.

6. The George Gardiner Museum of Ceramic Arts:

The George Gardiner Museum of Ceramic Arts opened in 1984 and is the only specialized ceramics museum in North America. The vision of the Gardiner Museum is to engage a diverse public by telling the rich and dynamic story of clay, its connection to society in the past and the vitality of ceramic art in the present. 2007 is the first full year in the renovated and enlarged building with a restaurant and bar run by Jamie Kennedy Kitchens. The Jean-Pierre Larocque: Clay, Sculpture and Drawings exhibition was chosen by NOW Magazine as one of the top ten arts shows in 2006. The organization is seeking funding for its 2007 activities.

An operating allocation of \$120,000 is recommended to the Gardiner Museum, which represents four percent of its revenue.

7. Festival Management Committee (Caribana):

The Festival Management Committee is an organization appointed with the approval of the City of Toronto to provide governance and financial oversight to

the Caribana Festival. Caribana, one of the premier cultural events in Toronto every summer, is a large cultural celebration and tourist draw.

The festival has made tremendous advancement under the direction of the Festival Management Committee. One such achievement was obtaining an audit opinion in 2006 on the financials on a timely basis (within six weeks after the festival). The audit resulted in an unqualified opinion, thus demonstrating financial responsibility. The Festival Management Committee is seeking funding for the 2007 festival production and to assist in the marketing and promotion of this renowned festival.

An operating grant of \$436,000.00 is recommended which represents 19 percent of its revenue.

8. Pride Toronto:

Pride Toronto was incorporated in 1995 but has been in existence as the organizer of Pride Week in Toronto since 1971. Pride Week is pre-eminent venue for the cultural and artistic expression of Toronto's lesbian, gay, bisexual, transgender, transsexual, intersex, queer, questioning and two-spirited community. Pride Week hosts an annual event in downtown Toronto each year during the last week in June with this year's festival taking place between June 15 and 24, 2007.

Pride Week has become undoubtedly one of the most diverse artistic festivals in Canada. In 2006, Pride Week presented 163 artistic performances with approximately 650 artists, taking to eight stages over three days, offering performances that reflect the cultural and artistic mosaic of Pride's members. By presenting a cross-cultural event, Pride intends to help educate the public on the diversity of its community. The organization is seeking funding for its 2007 activities.

An operating allocation of \$110,250.00 is recommended to Pride Toronto, which represents nine percent of its revenues.

Accelerated Payment Schedule:

The Art Gallery of Ontario, Canadian Opera Company, National Ballet of Canada, and Toronto Symphony Orchestra receive their City grant in monthly instalments. The payments begin January and are based on 1/12 of the previous year's grant. Any adjustments are made to the payments following Council's decision on the grant allocations. In order to assist these organizations on a more rational cash-flow basis, it is recommended that the remaining payments for 2007 to the AGO, COC, NBC and TSO be made as one payment following adoption of the allocations by Council and that monthly instalments to these organizations resume in January 2008.

### Impact of Capital Projects:

In recent years the Peer Advisory Panels have continually noted that some of the Major Organizations have large capital projects underway or recently completed. This year's panel again looked at the funds that various levels of government are supplying to support these efforts. While the Advisory Panel acknowledged that these Cultural Renaissance capital projects are very exciting, the Panel cautions all levels of government that these capital projects will place increased pressure on the operating budgets of the Major Cultural Organizations. The panel advises that financial support will need to extend beyond the capital projects to ensure the ongoing vitality of this important sector and commended the City for increasing funding again in 2007.

### Community Outreach:

At its meeting of September 25, 26 and 27, 2006 City Council approved a motion requesting a report on the policy considerations of all future recipients of arts grants in excess of \$250,000.00 being required to assign a fixed percentage of their grant to community outreach programs and that a component of that outreach occur off-site from their home facilities.

Each year the Major Cultural Organizations are asked, as part of their application for funding, to describe their education, access and outreach to the community and more specifically the City's priority neighbourhoods. This year's Peer Advisory Panel evaluated the Major Cultural Organization's community outreach to the City's priority, at-risk and less served neighbourhoods and commented on the excellent results.

The Art Gallery of Ontario partners with the Toronto District School Board (TDSB) as well as the Toronto Community Housing Corporation targeting neighbourhoods both in the downtown core as well as the suburban neighbourhoods for their educational and outreach programs. The Canadian Opera Company has a multiplicity of programs in a variety of settings including community centres that reaches over 50,000 children annually. The National Ballet of Canada has many programs including support of a family foundation that funds the involvement of low income children in the arts with tickets to performances at a heavily subsidized cost of \$5.00.

Together the National Ballet School and the Toronto-based Collective of Black Artists (COBA) have recently established a partnership that hopes to draw more black students into the ballet community. The Toronto Symphony Orchestra continues its outreach program not only to the City of Toronto through its curriculum-based and highly regarded education activities, which currently reach over 100,000 students annually, but also works closely with both the TDSB and the Separate School Board to identify the specific areas of the City where special needs have been identified and then make special effort to perform, conduct workshops and hold specialized programs in at-risk neighbourhoods.

Funding to the Major Cultural Organizations is an operating grant and it essentially subsidizes all the activities of these organizations including community outreach. Their community outreach and service, as well as their cultural merit and financial management will continue to be evaluated by staff in determining funding. However, allocating a fixed percentage to community outreach programs and stipulating the amount that occurs off-site from their home facilities should not be mandatory to secure future grants.

On average the city's contribution to the Major Cultural Organization's annual operating budget amounts to approximately four percent. City funding helps lever funds from other levels of government and the private sector. While City staff evaluates each of the grant recipients on their performance of providing community service, the City should not dictate the internal programming of the Major Cultural Organizations.

#### Employer Health Tax:

Further to Clause No. 3 of Report No. 5, of the Economic Development and Parks Committee being adopted by City Council on July 25, 26 and 27, 2006, funding agreements were entered into between the City and seven of the eight Major Cultural Organizations which lay out the terms and conditions of City funding.

The funding agreements between the City and the Canadian Opera Company; and the City and the National Ballet of Canada specifically state under the City's responsibilities in Section 5.2 of the funding agreements that Council shall nominate one member of City Council to the Board of Directors of these three cultural organizations.

In recent years it has been brought to the City's attention that the Ministry of Revenue for the Province of Ontario has advised the National Ballet of Canada that the NBC falls within the scope of a "public sector employer" under Clause 1(b) of the Schedule to the *Social Contract Act, 1999*. As such the National ballet of Canada is not an eligible employer for the purposes of the *Employer Health Tax Act* by reason only that, as a result of the City's grant programs, Councillors are frequently accepted as members of the boards of directors.

The National Ballet of Canada has appealed the decision and if forced to pay tens of thousands in back assessments for Employee Health Tax, interest and penalties it would be a serious blow to this not for profit arts organization.

The National Ballet of Canada and the Canadian Opera Company have requested to have the City amend the five-year funding agreements dated October 2006 to delete the City's responsibilities for nominating one member of City Council to their Board of Directors.



## **CONTACT**

Rita Davies, Executive Director, Culture

Tel: 416-397-5323

Fax: 416-392-5600

Email: [rdavies@toronto.ca](mailto:rdavies@toronto.ca)

## **SIGNATURE**

Donald G. Eastwood, General Manager

Economic Development, Culture and Tourism