TORONTO

STAFF REPORT ACTION REQUIRED

Strategies for Arts and Culture Funding

Date:	July 22, 2010
To:	Executive Committee
From:	General Manager, Economic Development and Culture
Wards:	**All**
Reference Number:	

SUMMARY

At its meeting held on April 15, 2010, City Council requested the General Manager of Economic Development and Culture to submit a report to the Executive Committee, within the current mandate, on possible strategies for Arts and Cultural Funding in future years, taking into consideration the new revenue stream created by the Billboard Tax and Council's previously adopted Culture Plan, appended to the report from the Martin Prosperity Institute which evaluates the cost of addressing inflation, as well as matching expected growth in the sector.

The Culture Plan, adopted by Council in June 2003, recognized that great cities of the world are all Creative Cities whose citizens work with ideas, are intensely mobile and insist on a high quality of life. Such cities, and their citizens, have an overwhelming impact on the economies of their countries and compete with one another directly for trade, investment and, most of all, for talent. The Plan's major aims were to enhance Toronto's place as a leading international cultural centre and to increase the role of culture in the economic and social development of the city over a ten-year period.

The Culture Plan noted that it would take a major investment to reverse the decline that Toronto's cultural sector had experienced during the 1990's. At the time Toronto was investing $14 per capita in culture while competitors like Montreal were investing $26 per capita. Through the adoption of the Culture Plan, Council committed to reach an investment of $25 per capita within five years. After seven years, the Toronto's per capita investment in culture is $18 while the most recent research on Montreal shows that their investment in culture has increased to $33 per capita. Meeting the Culture Plan investment target of $25 per capita would require an increased annual investment of $17.5 million.

The City has made progress in implementing the Culture Plan with action taken on 85% of the recommendations. There are remaining gaps, however, in several important areas that have prevented the plan from reaching its full potential. The Culture Plan identified the need for greater investment in arts and culture organizations, the need to invest in the upgrading of cultural facilities and the need to identify new sources of revenue to fund the City's cultural investment. These three unmet goals remain high priorities for the City if it is to achieve its overall economic, social and cultural objectives.

RECOMMENDATIONS

The General Manager of Economic Development and Culture recommends that:

1. Council continue to target the previously approved Culture Plan cultural investment goal of $25 per capita;

2. Arts and culture investment through the Community Partnership and Investment Program (Toronto Arts Council; Major Cultural Organizations; Local Arts Service Organizations) be recognized as the highest arts and culture funding priority;

3. the General Manager of Economic Development and Culture review the capital needs of non-City owned cultural facilities and report back during the 2011 Budget process on the best way for the City to invest and leverage Provincial and Federal investments in these facilities; and

4. the General Manager of Economic Development and Culture reflect the priority outlined in Recommendations no. 1 and no. 2 when submitting business cases for the 2011 Community Partnership and Investment Program as part of the 2011 Budget process.

FINANCIAL IMPACT

There are no financial impacts on the 2010 Operating Budget arising from the adoption of this report. The current City investment in culture is $18 per capita for 2010 made up of arts and culture funding though the Community Partnership and Investment Program; net funding for Cultural Services and City Theatres; and net funding for Cultural Services capital. In order to achieve the Culture plan investment target of $25 per capita would require an increase of $7 per capita or $17.5 million. Achieving the Culture Plan annual investment target of $25 per capita by the end of the 10 year planning horizon (2013) would require an annual increase of $5.83 million for 2011, 2012 and 2013.

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

DECISION HISTORY

At its meeting held on April 15, 2010, City Council requested the General Manager of Economic Development and Culture to submit a report to the Executive Committee, within the current mandate, on possible strategies for Arts and Cultural Funding in future years, taking into consideration the new revenue stream created by the Billboard Tax and Council's previously adopted Culture Plan, appended to the report from the Martin Prosperity Institute which evaluates the cost of addressing inflation, as well as matching expected growth in the sector.

ISSUE BACKGROUND

Creative City Workprint:

The Creative City Workprint that was presented to Council in April 2001 outlined the difficulties that Toronto was having in reaching its potential as a Creative City. Nine years later, it is hard to remember the situation that existed before the Culture Plan. Toronto was still dealing with the challenges of amalgamation and a decade of under-investment in culture. Cutbacks by all levels of government had left cultural organizations close to the edge and private sector support had not replaced this lost income. The sector also feared that the withdrawal of tobacco sponsorship money would make the situation much worse.

At the same time, many of the 78 city-owned cultural facilities and those owned by the non-profit and private sectors were in a poor state of repair and there were no funds to fix them. While we were struggling others were surging ahead. Toronto's major competitor cities were investing much more per capita in culture and were spending even more to build and market tourist attractions. The Workprint also noted that these competitors had many different revenue sources to fund their investments while Toronto had limited funding options.

Culture Plan:

The Culture Plan, adopted by Council in June 2003, recognized that great cities of the world are all Creative Cities whose citizens work with ideas, are intensely mobile and insist on a high quality of life. Such cities, and their citizens, have an overwhelming impact on the economies of their countries and compete with one another directly for trade, investment and, most of all, for talent. The Culture Plan demonstrated that Toronto's arts, culture and heritage assets are essential to Toronto's economic future as well as its quality of life, and that our competitors were already moving on these fronts. The Plan outlined Toronto's strengths and weaknesses and proposes measures to enhance our assets and reverse our difficulties.

The Culture Plan set the cultural direction for the City of Toronto for a ten year period starting in 2003. Its major aims were to enhance Toronto's place as a leading international cultural centre and to increase the role of culture in the economic and social development of the city. The Plan set out 63 recommendations that were designed to allow Toronto to realize its potential as a Creative city – a city that residents would be proud to call home, a city that would attract attention from around the world. These recommendations included increasing the City of Toronto's finanical investment in Arts and Culture

Investment Target:

The Culture Plan noted that it would take a major investment to reverse the decline that Toronto’s cultural sector had experienced during the 1990’s. At the time Toronto was investing $14 per capita in culture while competitors like Montreal were investing $26 per capita. Through the adoption of the Culture Plan, Council committed to reach an investment of $25 per capita within five years. After seven years, the Toronto’s per capita investment in culture is $18 while the most recent research on Montreal shows that their investment in culture has increased to $33 per capita. Meeting the Culture Plan's investment target of $25 per capita would require an increased annual investment of $17.5 million. Over the current $45 mil commitment (see table below).

City of Toronto Per Capita Expenditures

Figures in $000’s	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Operating (Net)	$16,458	$17,019	$18,830	$20,088	$20,254	$19,323	$19,013	$19,201
Grants	$13,900	$14,524	$15,738	$16,316	$17,178	$18,260	$18,811	$19,274
Capital (Net)	$3,907	$4,784	$4,707	$5,806	$7,139	$5,289	$7,339	$6,739
Total Expenditures	**$34,265**	**$36,327**	**$39,275**	**$42,209**	**$44,571**	**$42,872**	**$45,162**	**$45,213**
Base Population (2001)	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*
Per Capita Investment	**$13.71**	**$14.53**	**$15.71**	**$16.88**	**$17.83**	**$17.15**	**$18.06**	**$18.09**

COMMENTS

Culture Plan Achievements:

While it is true that the City has not yet reached the Culture Plan investment target of $25 per capita, substantial progress has been made on many fronts. The “Cultural Renaissance” projects have turned many long-held dreams into reality with iconic cultural building projects transforming the landscape of the city. Building projects such as the Four Seasons Centre for the Performing Arts; The Royal Ontario Museum; the National Ballet School; the Art Gallery of Ontario; the Gardiner Museum of Ceramic Art; the Royal Conservatory of Music; the Young Centre for the Performing Arts and the Bell Lightbox have changed the way we present our city to ourselves and the world.

Through the Culture Plan, the City caught the wave created by this building boom by encouraging the city to "Live With Culture" and its ongoing legacy of Nuit Blanche. Through the Community Partnership and Investment Program, the City increased funding to arts and culture organizations by $5 million, starting to reverse the cuts experienced in the 1990s.

The adaptive reuse of important heritage buildings was accomplished through creative partnerships at the Wychwood Car Barns with Toronto Artscape; at the Don Valley Brick Works with Evergreen and at the John Street Roundhouse with a private developer and the Toronto Railway Historical Association. The City now includes 1% for public art in its major capital projects leading to artwork like the Luis Jacob project at the Dufferin Jog.

In community arts, the City has been fostering engagement and youth leadership in their communities through projects like "Our City, Our Stories, Powered by Canon" aimed at building youth skills, visual storytelling and self-expression.

The City brought in a Heritage Property Tax rebate system to encourage the retention of heritage buildings and is in the design phase for a new Visitor Centre for Fort York to be completed for the Bicentennial of the War of 1812. A plan was developed for the Toronto Museum Project to tell the many stories of Toronto and a study is underway to look at Old City Hall as the location. Doors Open, a perennially popular program, has become an annual favourite of Torontonians and Visitors.

Outstanding Culture Plan Priorities:

As noted above, the city has made progress in implementing the Culture Plan with action taken on 85% of the recommendations. There are remaining gaps, however, in several important areas that have prevented the plan from reaching its full potential. The Culture Plan identified the need for greater investment in arts and culture organizations, the need to invest in the upgrading of cultural facilities and the need to identify new sources of revenue to fund the City's cultural investment. These three unmet goals remain high priorities for the City if it is to achieve its overall economic, social and cultural objectives.

Funding to Arts and Culture Organizations:

As noted above, the City has increased funding to arts and culture organizations through the Community Partnership and Investment Program by $5 million since 2003. This has reversed the decline experienced through the 1990s. City funding of arts and culture through CPIP has an enormous impact on the sector as every City dollar leverages additional earned revenue and contributions from other governments and the private sector. Since the Culture Plan, the City has increased its annual investment by $5 million and total revenue and expenditures for the funded organizations has increased by more than $56 million for a leverage of more than 10 to 1.

A report by the Martin Prosperity Institute (MPI) was commissioned by Economic Development and Culture in September 2008. This report examined funding to arts and cultural organizations by the City of Toronto from 1990 to 2008. The main finding of the report was that over the 17 year period, City funding had not kept pace with the growth of the sector and the rising cost of doing business. Over the period, funding by the City of Toronto to these organizations grew by only 25% (Attachment No. 1). Although real progress has been made since the adoption of the Culture Plan in 2003, the increases to city funding have not made up for over a decade of decline.

Capital Needs of Cultural Facilities:

The need to upgrade and expand cultural facilities in the city was noted as a major priority in the Creative City Workprint in 2001. The Culture Plan committed the City to work with the private and non-profit sectors and other levels of government to foster culture through renovated, expanded and new cultural facilities. The City was able to make a modest contribution to the state of good repair of cultural facilities through the Culture Build program as part of CPIP but this modest investment between 2002 and 2008 of $250,000 per year was not sufficient to have a major impact.

The Province of Ontario has announced an investment of $50 million that runs until December 31, 2012 for which non-City owned cultural facilities will be eligible. The federal Canada Cultural Spaces program has been renewed until 2015 and the combination of these two funding mechanisms presents a major opportunity to address the unmet needs of cultural facilities in Toronto. The General Manager of Economic Development and Culture will report back during the 2011 Operating Budget process on the best way for the City to participate to meet this Culture Plan objective. It is anticipated that an investment through CPIP of approximately $1 million per year will be needed to achieve the goals set out in the Culture Plan.

Sources of Revenue:

The Culture Plan outlined a series of potential sources of revenue that would allow the City to meet its cultural investment target without relying solely on the property tax. The City pursued a series of avenues to fund cultural investment such as the creation of a Visitor Levy by the Province; legislated changes to the Development Charges Act to include culture and a share of the GST on Places of Amusement – all without success.

At its meeting held on November 30, 2009, Council approved a “New Sign Regulation and Revenue Strategy for the City of Toronto”. The report included the approval of a Third Party Sign Tax also known as the Billboard Tax. The Billboard Tax is projected to generate $10.4 million in revenue per year starting in 2011. Members of the arts and culture community have shown considerable interest in the Billboard Tax and have argued that it is the kind of the new revenue source that the Culture Plan anticipated. The Billboard Tax is being challenged before the courts with a hearing set for September.

The Culture Plan has had a positive impact on the cultural life of the city, reversing a decade of decline in the 1990s. As this report outlines, substantial progress has been made in implementing the Plan's 63 recommendations. The City has not yet been able to achieve its per capita funding target of $25 per capita with a cultural investment for 2010 of $18 per capita. Meeting the Culture Plan investment target of $25 per capita would require an increased annual investment of $17.5 million.

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SIGNATURE

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ATTACHMENT

Attachment No. 1: Martin Prosperity Institute Analysis of City Funding to Cultural Organizations: Percent Growth in Grants vs. Inflation vs. Revenues/Expenditures