TORONTO

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2013 OPERATING BUDGET BRIEFING NOTE
Creative Capital Gains; Reaching $25 per Capita and Associated Benefits

Background:

At its meeting held on December 3, 2012, Budget Committee requested Briefing Notes outlining social and economic benefits of increasing to $25 per capita funding for arts and culture (2.h.) and on options for investing the sign tax revenue to achieve the objectives of Creative Capital Gains, including targeting funds to LASOS (2.j.).

Sign Tax Revenue and Creative Capital Gains:

- Creative Capital Gains was produced by the Creative Capital Advisory Council, co-chaired by Robert Foster, Karen Kain and Jim Prentice, and was unanimously endorsed by Council in May, 2011. The report contains 31 Action Items to meet Toronto's cultural objectives and of these 12 require new funding.
- Toronto currently invests $18.30 per capita in culture and an additional investment of $6.70 per capita totalling $17.4 million would be required to reach $25 per capita.
- A phasing of $17.4 million over five years would require $3.5 million in additional incremental funding in each those years.
- A one-time surplus in Third Party Sign Tax (TPST) revenue in the range of $20 to $25 million is anticipated in 2012. This surplus reflects 2010, 2011 and 2012 past billings.
- Since the inception of the tax all 3rd party sign tax revenues have been budgeted as corporate revenue in non-program. Council has not formally adopted a policy to direct the tax revenue specifically to Culture.
- TPST revenues are expected to be stable at approximately $10.5 gross and $9.4 million net per year from 2013 to 2017. Even with all the sign tax directed to Culture, the City would still not meet the $25 per capita.
- TPST revenues could be used to reach $25 per capita in cultural investment over a 5 year period assuming some growth in TPST net revenue.
- The Creative Capital Advisory Council should be reconvened to develop an implementation plan based on Creative Capital Gains, in time for the 2014 operating budget process, to reach $25 per capita by 2017.

- The Advisory Council would be asked to work with City staff and representatives from beautifulcity.ca to recommend principles and priorities for the allocation of funds; timing of investments from 2014 to 2017; targeted results and methods of assessment including leveraging, increased employment for young artists and increased participation in cultural activities.
- beautifulcity.ca is the alliance of artists and arts organizations who campaigned for the Sign Tax and its use to fund the arts.
- Priorities for 2014 to 2017 include the reinstatement the Culture Build program; completion of the cultural infrastructure priority list; establishment of LASOs in North York and East York; expansion of youth mentorships in arts and culture; support for Toronto's music cluster; planning for cultural activation for Pan/Parapan Am; planning for the Museum of Toronto; and providing an increase to arts and culture grant recipients.

Social and Economic Benefits of Reaching $25 Per Capita:

- Reaching $25 per capita in cultural investment would create significant social and economic benefits for the City of Toronto.
- City investments in arts and culture are matched by other sources of revenue.
- It is anticipated that new funding for City operated arts and culture programs would be matched 1 to 1.
- Grant funding for new and emerging artists and organizations would be matched 3 to 1 as grant recipients have more potential sources of revenue.
- When fully implemented, the increased $17.4 million in City investment could be matched by approximately $45 million from other sources on an annual basis for a combined impact of $62 million.
- This increased economic activity would create a significant number of new culture jobs especially for arts and culture workers under the age of 30.
- There are 83,000 cultural workers in Toronto with a median income of $30,000 a year.
- City funded cultural events attract 17 million people.
- Currently, 2.9 million overnight visitors to Toronto attend cultural events.
- Reaching $25 per capita could provide the following benefits:
  - An increase in $62 million in economic activity in culture could create over 1,000 jobs for cultural workers under 30.
  - There would be increased, affordable access to cultural activities in all parts of the city, strengthening neighbourhoods and social cohesion.
  - The infusion of new resources would raise the quality of arts and culture in Toronto, helping the city make a larger mark on the world stage.
  - The increased City investment, when matched by other sources of revenue, could increase attendance at cultural events by 2.5 million.

  - Toronto's small and mid-size cultural facilities would be brought into a state of good repair, improving the cultural experience for both artists and audiences.
  - Toronto's identity would be strengthened through a deeper understanding of its shared history.
  - Many arts and culture productions would be created by a new generation of artists, raising voices that are unique to Toronto.
  - The City would be a magnet for talent and would attract more tourists seeking cultural experiences. Increased City investment could increase this number by about 500,000 with an economic impact of $100 million.
- Staff can work with the Creative Capital Advisory Council to develop a series of indicators to track progress on achieving and exceeding these benefits.

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