



STAFF REPORT ACTION REQUIRED

Creative Capital Gains: Arts and Culture Funding Update (Implementation Action 9)

Date:	May 13, 2013
To:	Economic Development Committee
From:	General Manager Economic Development and Culture
Wards:	All
Reference Number:	

SUMMARY

City Council requested that the General Manager of Economic Development and Culture work with the Creative Capital Advisory Council and representatives of beautifulcity.ca in the development of a 4-year implementation plan based on the Creative Capital Gains strategy to achieve \$25 per capita spending for arts and culture.

Creative Capital Gains Report was unanimously endorsed by City Council in May 2011 and included five key areas for City investment:

- Ensure a supply of affordable, sustainable cultural space.
- Ensure access and opportunity for cultural participation to all citizens regardless of age, ethnicity, ability, sexual orientation, geography, or socioeconomic status.
- Support the development of creative clusters and emerging cultural scenes to capitalize on their potential as generators of jobs and economic growth.
- Promote its cultural institutions, festivals and other assets to enhance its position as a Creative City regionally, nationally, and internationally.
- Keep pace with international competitors by making a firm commitment to sustain Toronto's cultural sector and position Toronto as a leading, globally competitive Creative Capital.

Economic Development and Culture staff worked with the Toronto Arts Council, representatives of the Creative Capital Advisory Council, and beautifulcity.ca to consult the community and stakeholders. This report outlines community input on the principles and priorities for new investments, the timelines for additional spending, the desired outcomes, and the appropriate performance indicators to measure impact and success.

RECOMMENDATIONS

The General Manager of Economic Development and Culture recommends that:

1. City Council endorse the Principles and Priorities for the implementation of Creative Capital Gains resulting from the community consultation process and outlined in this report; and
2. The General Manager of Economic Development and Culture use these Principles and Priorities to guide the preparation of Business Cases for the 2014 Operating Budget process.

Financial Impact

The adoption of this report will have no financial implications on the approved 2013 Operating Budget. Achieving \$25 per capita in cultural investment over the next three years will require new tax funding, which will be subject to Council consideration as part of the 2014, 2015 and 2016 Operating Budgets.

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

DECISION HISTORY

On May 17, 2011, City Council unanimously endorsed the Creative Capital Gains report which recommended five areas for investment and the \$25 per capita benchmark.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.ED3.3>

On January 15, 2013, City Council approved the transfer of \$6 million from non-program to program, through EDC, from the Third Party Sign Tax revenues and requested the General Manager of Economic Development and Culture to work with the Creative Capital Advisory Committee and representatives from beautifulcity.ca in the development of a 4-year implementation plan based on Creative Capital Gains to achieve the \$25 per capita spending for arts and culture, and

- Recommend principles and priorities for the allocation of funds, timing of investments; targeted results and methods of assessment including leveraging, increased employment for young artists and increased participation in cultural activities.
- The plan should give priority to the ongoing support to the two new Local Arts Service Organizations (LASO) in North York and East Toronto; the re-establishment of the Culture Build program; expansion of youth mentorships in arts and culture; support for Toronto's music cluster; planning for cultural

activation for the Toronto 2015 Pan/Parapan Am Games; planning for the Museum of Toronto; and providing an increase to arts and culture grant recipients.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX27.1>

On April 4, 2013, City Council approved the allocations of the \$6 million in 2013 and directed EDC staff to consult across the City with respect to future funding allocations that support community arts in the public realm.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.ED20.5>

COMMENTS

In 2003, the City of Toronto adopted its first Culture Plan since amalgamation. In that Plan, the target of \$25 per capita for culture was established as a reasonable benchmark for the City. Relative to other municipalities of the same size, the City of Toronto's spending on arts and culture was well below the average. In 2003, Toronto was investing approximately \$14 per capita into the sector. The goal of reaching \$25 per capita was adopted by successive City Councils; in 2003 under Mayor Lastman, again in 2010 under Mayor Miller, and most recently in 2011 under Mayor Ford when Council endorsed the *Creative Capital Gains Report*.

The target of \$25 per capita in cultural investment is based on direct City expenditures comparable to other major municipalities. Toronto's population is 2,615,060 according to the 2011 Census. In 2013, the City will invest \$20.60 per capita in culture inclusive of the \$6.0 million transfer from the TPST reserve fund allocated in April. An additional investment of \$4.40 per capita totalling \$11.5 million would be required to reach \$25 per capita.

At its meeting of January 15, 2013 Council earmarked \$22.5 million in Third Party Sign Tax revenue to fund a multi-year strategy to phase in an increase to cultural funding. The table below demonstrates the combination of Third Party Sign Tax funds and tax supported funds that could be used to phase in arts and culture funding by 2016.

Arts & Culture Funding Phase in Plan (millions)

Year	Total Program Increase	Funding Source \$22.5 Reserve (One-time TPST)	Funding Source Tax Supported		Incremental increase year over year
2013	\$6.0	\$6.0 (\$16.5 balance)	\$0.0		\$6.0
2014	\$10.0	\$6.0 (\$10.5 balance)	\$4.0		\$4.0
2015	\$14.5	\$6.0 (\$4.5 balance)	\$8.5		\$4.5
2016	\$17.5	\$4.5 (\$0 balance)	\$13.0		\$3.0

Consultation Process and Public Input

In 2011, *Creative Capital Gains* launched an action plan for culture. It was produced through public consultation, and there were five broad recommendations made:

- Ensure a supply of affordable, sustainable cultural space.
- Ensure access and opportunity for cultural participation to all citizens regardless of age, ethnicity, ability, sexual orientation, geography, or socioeconomic status.
- Support the development of creative clusters and emerging cultural scenes to capitalize on their potential as generators of jobs and economic growth.
- Promote its cultural institutions, festivals and other assets to enhance its position as a Creative City regionally, nationally, and internationally.
- Keep pace with international competitors by making a firm commitment to sustain Toronto's cultural sector and position Toronto as a leading, globally competitive Creative Capital.

These recommendations provided a framework for discussion with the community in 2013. While significant progress has been made on many of the recommendations, those that require additional funding remain to be fully addressed. The City's existing partners and stakeholders; the Toronto Arts Council, the Major Cultural Organizations, the Local Arts Service Organizations, as well as representatives from the Creative Capital Advisory Council and beautifulcity.ca all participated in a broad consultation process.

To assist with the design and execution of the consultation process, Cultural Services and the Toronto Arts Council jointly engaged MASS LBP, a public consultation firm that had no interest in the outcomes of the consultations. Appendix 1 is a summary of the input received at the roundtable meetings.

Four public consultations were held, one in each District of the City, as well as five stakeholder meetings that consulted the City's existing client base, the cultural industries including fashion and design, the heritage and museums sector, the film and screen-based industry sector, and existing Toronto Arts Council clients. Appendix 2 lists the calendar of consultations and number of attendees per session. Over 300 people gave input in person and over 1000 people responded to the online survey. The survey was live and online from April 4 – 30, 2013. Appendix 3 gives an analysis of the feedback from the online survey.

In preparing this report, staff also considered the written submissions from beautifulcity.ca (attached as Appendix 8), Film Ontario and the City of Toronto Film Board, Music Canada, Local Arts Service Organizations, Toronto Artscape Incorporated, and individual artists.

The consultation process made clear that the City plays a key convening role in bringing together the myriad of individuals and organizations that constitute the cultural sector. Overarching City objectives such as economic development, youth employment, citizen engagement and healthy neighbourhoods will be better served by a collaborative approach that uses the city's existing creative capital and seeks to amplify its strengths.

Principles for Funding

Participant feedback generally agreed that key principles for new funding across all programs would be:

Artist Centred – Ultimately, it is up to Toronto’s artists, arts workers and creative workers to earn Toronto’s reputation as a cultural capital. Strengthening Toronto’s arts sector, creating more stable and prosperous arts organizations and making Toronto a better place to be an artist should be the ultimate focus of investment in the arts.

Asset Based Community Development – Investment should promote and enhance assets already present in the community. Assets may be physical, such as libraries, parks, heritage facilities or community hubs, or social, such as relationships, networks, and heritage, or both.

Collaboration – Encourage cooperation and partnership between artists, arts and heritage organizations, and across disciplines, sectors, and neighbourhoods. Create opportunities for exchanges, learning, and sharing of best practices. Explore new models for partnership between the arts and the private sector.

Communication – Provide the necessary information in easily accessible forms, in clear, plain language. Wherever possible, provide information in multiple forms and in multiple languages.

Community Ownership – Nurture an environment of community expression. Make information and resources available while inviting Toronto’s communities to define and realize their own ideas and to express their heritage. Recognize the arts as a powerful tool to address social issues and generate a shared story at the community level and strive to meet the needs of our communities on their own terms.

Diversity – Recognize the arts sector reflects the tremendous diversity of the city at large. The diversity of art forms and practitioners should be recognized and celebrated. The arts and heritage sectors should celebrate and promote Toronto’s diverse communities and their histories, and the arts should be seen as an important mechanism for telling Toronto’s stories and helping us understand ourselves.

Equity – All Torontonians, regardless of age, gender, socio-economic status, language, where they live in the city, etc. should have equal opportunity to engage with the arts. All artists, regardless of organizational history or size, professional status, age, gender, socioeconomic status, language, where they live/work in the city, etc. should have equal opportunity to practice their art and receive City support.

Excellence/Quality – Toronto’s artists and arts organizations should strive for – and receive the support necessary to reach – the highest echelons of artistic achievement. Toronto’s heritage should reflect contemporary ideas of history. Travel, touring, continuous practice, as well as business and marketing skills are all recognized and supported as essential elements of the pursuit of excellence.

Inclusivity/Accessibility – The City of Toronto, TAC, and arts/cultural organizations all share the responsibility to remove barriers to artistic and cultural experiences. Exposure to and education in the arts is the most effective way to reach new communities. For many disadvantaged, marginalized or traditionally underserved communities additional resources must be expended to ensure they can benefit from Toronto’s cultural assets.

Innovation – Dare to invest in new ideas and unproven people and concepts.

Transparency – The City of Toronto and TAC should make every effort to communicate clearly how and why the granting process works. As one participant put it, “everyone should understand where, why and how money is allocated.”

Ranking the Creative Capital Gains Priorities

On the whole, participants supported the five priorities outlined in *Creative Capital Gains* – Finance and Funding; Access and Diversity; Cultural Space; Creative Industry and Creative Capital. Participants were asked to identify additional priorities if they felt something important had been overlooked. None did.

In the consultation process, ranking between the five priorities was generally the most difficult activity for most groups. Many groups viewed ‘finance and funding’ as an a priori requirement to achieve gains in the other priority areas. Others found all five priorities equally important, or at least interconnected, with gains in one area naturally supporting gains in the others.

Overall, participants ranked Finance and Funding, Access and Diversity and Cultural Space as the most important priorities for strengthening Toronto’s arts sector. Creative Industry and Creative Capital carried less support among all participants except those working directly in the creative industries. For many participants, Creative Industry and Creative Capital were seen to be outcomes of increased cultural investment. The ranking of Priorities that was part of the online survey produced similar results with Finance and Funding being viewed as most important followed by the other four priorities in close ranking.

Performance Measures and Outcomes

Significant cultural, economic and social benefits are expected from reaching the \$25 per capita benchmark with the additional investment by the City in the cultural sector. Cultural Services has tracked quantitative data for over a decade as part of its cultural planning process and as a partner of the Canadian Arts Data/Donnees sur lease arts au Canada (CADAC) program. Cultural Services will continue to track:

- Contribution to GDP
- Financial and statistical data through CADAC
- Funds leveraged through earned revenue, private sector and public funding
- Attendance and participation in City-funded programs
- Number of Volunteers and number of hours volunteered
- Economic impact studies/reports from funded organizations
- Tourism Toronto statistics for culture-related tourism
- Employment figures according to Statistics Canada

The impact of new funding through programs delivered by partners and clients such as the Toronto Arts Council, the Major Cultural Organizations, the Local Arts Service Organizations, and the commercial film, music and design sectors will also be measured by:

- Number of new artists and organizations funded
- Number of new programs initiated outside the downtown core ensuring greater geographic spread of funding to activities in Scarborough, North York and Etobicoke
- Number, quality and location of cultural facilities improved through city funding
- Number of new productions and co-productions in the screen-based cluster through international marketing initiatives
- Economic impact of the commercial music industry
- Media coverage and legacies of major one-time events

Targeted Outcomes

The City can expect to see significant leveraging of the new investment in arts and culture as funded organizations achieve earned revenue, receive grants from other levels of government and receive sponsorships and donations from corporations and private individuals. Based on previous history, a leveraging target of 3 to 1 is reasonable. The City's investment of an additional \$17.5 million by 2016 could be matched by \$52.5 million in new funding from other sources for a combined economic impact of \$70 million. The City would expect to see increased attendance at City-funded cultural events. Current attendance at these events is 17 million and an increase to 20 million should be achievable by 2016. There are currently 2.9 million overnight visitors to Toronto who attend cultural events as reported by Tourism Toronto. The City would seek to increase this total to 3.9 million by 2016. Cultural Services will track the results of these and other performance measures listed above and report to the Economic Development on an annual basis.

Priorities for 2014

The following were identified as priorities in the consultations. The bracketed references are the specific Actions recommended in the Creative Capita Gains report.

Toronto Arts Council Grants (CCG Actions 2.4 and 6.1)

Funding to the TAC represents the most direct investment in artists with excellence as key criteria for investment. The TAC received a major infusion of new funds in 2013, receiving \$4 million of the \$6 million in new allocations as it is the organization most able to respond immediately to the needs of individual artists, emerging organizations and emerging artistic practices. The Board of Directors of the Toronto Arts Council approved a strategy of investing all new funding according to the following breakdown: 50% to existing programs to meet pent up demand, 30% to community collaborations, and 20% to new initiatives that were innovative and would clearly leverage more funding from both private and public sectors.

Toronto Arts Council Operations Grant (CCG 6.1)

The TAC requires additional resources to administer the expected increases in applications, grants and other program delivery costs. In 2013, the TAC received \$200,000 to support increased operations for 9 months. This operating impact will need to be annualized as part of the 2014 budget process to allow for full year operations.

Major Cultural Organizations Grants (CCG 6.1 and 4.1)

Major Cultural Organizations received a \$0.6 million increase in their funding envelope in 2013. Overall, these organizations have the greatest capacity to leverage City funding and make an impact on culture-driven tourism. For 2014, Major Cultural Organizations would be expected to demonstrate new partnerships and programming initiatives outside the downtown core.

Local Arts Service Organizations Grants (CCG 2.3 and 6.1)

LASOs are the City's most effective partners in reaching community artists and organizations outside the downtown core. Their programs target arts participation amongst youth, seniors, diverse communities, and promote local artists to local businesses and populations. In 2013, the LASOS received an increase of \$300,000; of the total increase, \$100,000 was allocated to each new LASOs in North York and East Toronto, and the remaining \$100,000 was shared amongst the four existing LASOs. The two new LASOs added in 2013 should be fully operational by 2014.

Culture Build Grants (CCG 1.1, 3.6 and 6.1)

Through the consultations, Culture staff heard repeatedly that both the quantity and quality of cultural space must improve to increase equity and accessibility to cultural programs across the city. Culture Build supports state of good repair capital projects in facilities operated by not-for-profit cultural organizations. For 2013, funding to the program was reinstated in the amount of \$200,000. Based on the identified need for the development of new cultural space outside of the core, staff will look to expand the mandate of the Culture Build grant program to support these initiatives.

Street Arts Grants (CCG 2.4)

As part of the approval of the 2013 Allocations report, City Council directed staff to consult with other divisions delivering culture-related services, particularly those programs that promote community arts in the public realm. The Street Arts grant program is administered by the Public Realm office in Transportation Services. The program meets the objectives of Creative Capital Gains by developing, supporting and promoting street art and its role in adding beauty and character to neighbourhoods throughout the city with an emphasis on youth engagement. In 2013, the Street Arts grant budget is \$375,890.

EDC Culture Programs

- **Museums branding, marketing and private revenue enhancement (CCG 4.3)**
Museum Services will undertake implementing the recommendations of the service review of Toronto's 10 municipally owned and operated museums in order to increase their community impact and enhance their earned revenues.
- **Fort York Visitor Centre Opening (CCG 4.2)**
Museum Services will open the new Fort York Visitor Centre in 2014. This facility is an important addition to the national historic site that will make the collection and history more accessible to Toronto's citizens and visitors. An allocation in 2014 will provide the resources required to operate the facility.
- **Making Space for Culture Infrastructure strategy (CCG 1.3 and 1.5)**
Cultural Affairs has completed Phase One of this research project funded, in part, by the Province of Ontario. The project held meetings in 20 Wards to identify local priorities for cultural infrastructure investment. Each Ward is mapped in terms of existing cultural infrastructure and the City's database is being updated as part of this project. Part Two will complete the remaining 24 Wards over 2013 and 2014.
- **Youth Mentorship in Culture (CCG 2.4)**
Arts Services has been leading a capacity-building program called Arts Lab to support youth artists and entrepreneurs.
- **Cultural Hotspot (CCG 2.5)**
Arts Services will implement this program which is specifically designed to promote the local culture of a specific neighbourhood to the whole city. Planning for this project is underway in 2013 and the first Hotspot can be designated and celebrated in 2014.
- **Promote Screen Based Cluster (CCG 3.3 and 3.4)**
Film Services and Economic Development sector staff will work to implement the recommendations of FilmOntario and the Toronto Film Board. Representatives of Toronto's Film Board identified specific international markets to promote Toronto's screen based cluster with a small investment from the City. The submission from FilmOntario and the Toronto Film Board is attached as Appendix 6.
- **Support Music Sector (CCG 3.5)**
Music Canada and the larger music community have advocated support for Toronto's commercial music sector with the establishment of a music office. They have been effective in working with the Province of Ontario on a Live Music

- strategy and recording fund. The case for support was presented to the Economic Development Committee on EDC March 5, 2013 and is attached as Appendix 7.
- **Large Scale Cultural Events (CCG 4.1)**
A Pan/Parapan Am Games public celebration and cultural festival is being proposed for Nathan Phillips Square in 2015. Cultural Services would include resources in 2014 to plan for this event with a larger allocation required in 2015 to carry out the event. It is anticipated that any City investment would be matched by TO2015 and the Province of Ontario.

Conclusion

There is significant, articulated demand for municipal investment in culture. A phased in approach will allow for all of the City's cultural clients and stakeholders to plan effectively and develop solid business cases for new funding based on the existing framework provided by the Creative Capital Gains report, and the principles and priorities for funding established through wide public consultation and input. A phased plan can ensure that funding to the sector is transparent, accountable, and has measurable impact.

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SIGNATURE

Michael H. Williams, General Manager

ATTACHMENTS

- Appendix 1. Creating Value with Increased Investment in the Arts: Results of the City of Toronto and Toronto Arts Council consultation with Toronto's cultural sector 2013
- Appendix 2. Investing in Arts and Culture – Calendar of Consultations
- Appendix 3. Creative Capital Investment Survey: Summary Report and Graphs
- Appendix 4. Toronto Arts Council Priorities for New Funding, 2013-2016
- Appendix 5. Local Arts Service Organizations Joint Business Plan
- Appendix 6. FilmOntario and Toronto Film Board joint submission
- Appendix 7. Music Canada submission
- Appendix 8. BeautifulCity.ca Mandate and Use of the BTax Revenue