TORONTO

# STAFF REPORT
# ACTION REQUIRED

# Benefits of Toronto International Film Festival and Possible Exemption from Property Taxes

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| **Date:** | April 2, 2013 |
| **To:** | Executive Committee |
| **From:** | General Manager Economic Development and Culture |
| **Wards:** | All |
| **Reference Number:** | |

## SUMMARY

The purpose of this report is to respond to the Executive Committee's direction to the General Manager of Economic Development and Culture to provide a report regarding the benefits that the Toronto International Film Festival (TIFF) provides to the City in comparison with the Major Cultural Organizations which are currently exempt from property taxes.

Putting aside TIFF, all of the other Major Cultural Organizations that provide year-round programs are exempt from property taxes with the exception of 12,000 square feet across the street from Roy Thompson Hall where the Toronto Symphony Orchestra rents office space for their additional administrative requirements and the 95,000 square feet of administrative space and rehearsal studios for the National Ballet of Canada (NBC) at 470 Queen Quay West.

TIFF has the highest number of participants and the highest number of volunteers in comparison to the other Major Cultural Organizations funded by the City. In terms of operations, TIFF has the second largest operating budget of the Major Cultural Organizations and ranks second in number of employees. A recent study prepared by Cormex Research indicates that TIFF receives the most international attention of all the Major Cultural Organizations. In 2013 the Toronto International Film Festival and the National Ballet of Canada were included in Canada's Top 100 Employers by Mediacorp Canada Inc. In 2012 TIFF was the only Major Cultural Organization to be included in Canada's Top Employers for Young People.

## RECOMMENDATIONS

The General Manager of Economic Development and Culture recommends that this report be received for information.

### Financial Impact

TIFF receives annual grant funding through the City of Toronto Operating Budget. In 2012, the organization received $800,000.

As previously reported and updated here to reflect 2013 assessed values and tax rates, TIFF, as a registered Charity, would be entitled to receive a 40% property tax rebate from the City for its new premises at 350 King Street West under the City's Property Tax Rebate Program for registered charities, which would amount to a rebate of $682,000 on total property taxes of approximately $1.7 million. However, should Council choose to indicate its support of efforts by the Toronto International Film Festival to secure a tax exemption for the premises occupied by TIFF at 350 King Street West through a Private Member's bill, and such legislation is enacted, a property tax exemption for the premises occupied by TIFF would result in an estimated loss of annual taxation revenue to the City of $0.970 million. This $0.970 million represents the full municipal portion of taxes for this property, as the municipal portion of the charity rebate would no longer be recoverable from the commercial tax rate. The education portion of the taxes, once exempt, would no longer be levied nor remitted to the province, with no net impact to the City.

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

## DECISION HISTORY

At its meeting of October 2 and 3, 2012 a motion MM26.8 was referred at City Council confirming its support of the Toronto International Film Festival in its efforts to obtain Provincial legislation that would enable City Council to exempt TIFF from property taxes related to its portion of the new TIFF Bell Lightbox at 350 King Street West.

http://www.toronto.ca/legdocs/mmis/2012/mm/bgrd/backgroundfile-50465.pdf

This Motion was subject to referral to the Executive Committee. A staff report EX25.8 was considered at Executive Committee on November 5, 2012. The Executive Committee postponed consideration of this item until the November 19, 2012 meeting and then requested the General Manager, Economic Development and Cultural to report to the Executive Committee in the spring of 2013 on the benefits that TIFF provides to the City in comparison to the other Major Cultural Organizations that are currently exempt from property taxes.

http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX25.8

## COMMENTS

The Toronto International Film Festival Group (TIFFG) is a not-for-profit, charitable, cultural organization whose mission is to transform the way people see the world. Designated by City Council as a Major Cultural Organization, TIFF has received city funding since 2009. Their vision is to lead the world in creative and cultural discovery through the moving image. TIFFG is comprised of several programming components including: the Toronto International Film Festival; TIFFKids; the Film Reference Library; Cinematheque Ontario; and Film Circuit. 2013 marks the organization's fourth year of programming in the Bell Lightbox which houses theatres and exhibition space as well as space for public programs and education. The organization continues to be a major catalyst for downtown economic activity along the John Street Corridor.

TIFF received in 2012 city funding in the amount of $800,000 which represents 2% of its revenues. A total of 80% of all revenue sources for TIFF come from the private sector in conjunction with earned revenue.

With regards to the timing of this request for a possible exemption from property taxes, note that the ownership of the TIFF Bell Lightbox did not happen until well after substantial completion of the project (i.e. May 31, 2011) given the complexity of the condo, theatres, retail and underground parking. Clearly delineating the different parts of the facility is important since any possible exemption from property tax is being requested for only those portions of the building related to TIFF's core functions.

Attachment No. 1 lists Toronto's Major Cultural Organizations which provide year round programming and how the organizations compare to the benefits of TIFF specifically as it relates to total number of attendees/participants, employees, volunteers and size of their operation.

Essentially TIFF has the highest number of participants and the highest number of volunteers in comparison to the other Major Cultural Organizations funded by the City. In terms of operations, TIFF has the second largest operating budget of the Major Cultural Organizations and ranks second in number of employees.

In 2013 the Toronto International Film Festival along with the National Ballet of Canada were included in Canada's Top 100 Employers by Mediacorp Canada Inc. In 2012 TIFF was the only Major Cultural Organization to be included in Canada's Top Employers for Young People.

From the perspective of Toronto's international image, a media analysis report was prepared in 2012 by Cormex Research, Canada's leading media content measurement and analysis firm. The purpose of the research was to understand Toronto's global media profile. The study was not commissioned by TIFF but rather on the initiative of Cormex

Research's President Andrew Laing. The report examined the profile of Toronto in 31 major newspapers from 19 different countries outside of Canada.

Over a 12 month period ending in June 2012, a sample of 2810 items comprised of all news items mentioning the word "Toronto" and excluding Toronto-branded professional sports teams were reviewed and each item was evaluated for tone towards the subject, event or activity concerning Toronto and the surrounding region. Each mention was weighted based on its estimated audience reach, using international circulation figures further discounted based on placement and prominence of mention.

Some of the key findings were that Toronto is Canada's most visible city globally; Toronto's profile is very favourable; Toronto's profile is highest in summer and most notably Toronto's profile is led by its arts and culture scene with TIFF anchoring the city's global media profile. Refer to Attachment No. 2.

More specifically, almost 40% of Toronto media coverage concerned arts and cultural activities, led by film. In fact, one-in-five people exposed to a story mentioning Toronto saw a news item about TIFF or other film festivals, or films produced in the city.

Finally, the Cormex Research indicated that with regards to Toronto's Top Branding Events and Activities, by far the single largest contributor to Toronto's media exposure in 2011 – 2012 was the Toronto International Film Festival. The only other Major Cultural Organization mentioned in Toronto's top branding events and activities is the Toronto Symphony Orchestra. Refer to Attachment No. 3.

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## SIGNATURE

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## ATTACHMENTS

Attachment No. 1: Comparing TIFF Benefits to the other City of Toronto's Major Cultural Organizations that provide Year-Round Programming (2011 – 2012)

Attachment No. 2: Toronto's High Media Profile with Peak during the start of TIFF (2011 – 2012)

Attachment No. 3: Toronto's Top Branding Events and Activities (2011 – 2012)

**Attachment No. 1**
**Comparing TIFF Benefits to the other City of Toronto's Major Cultural Organizations that provide Year-Round Programming (2011 – 2012)**

| Major Cultural Organization | Total Attendance/ Participants | Total FTE Staff Employed | 2012-13 Operating Budget | No. of Volunteers | Property Tax Exemption |
|---|---|---|---|---|---|
| Toronto International Film Festival | 1,628,000 | 275 | $37.96 M | 2,755 | TBD |
| Art Gallery of Ontario | 600,000 | 335 | $56.04 M | 740 | Yes |
| Canada's National Ballet School | 6,572 | 180 | $21.09 M | 135 | Yes |
| Canadian Opera Company | 173,500 | 174 | $35.88 M | 272 | Yes |
| George R. Gardiner Museum of Ceramic Art | 42,560 | 18 | $3.16 M | 222 | Yes |
| National Ballet of Canada | 158,021 | 102 | $30.37 M | 311 | Yes ** |
| Toronto Symphony Orchestra | 238,815 | 57 | $25.78 M | 250 | Yes*** |

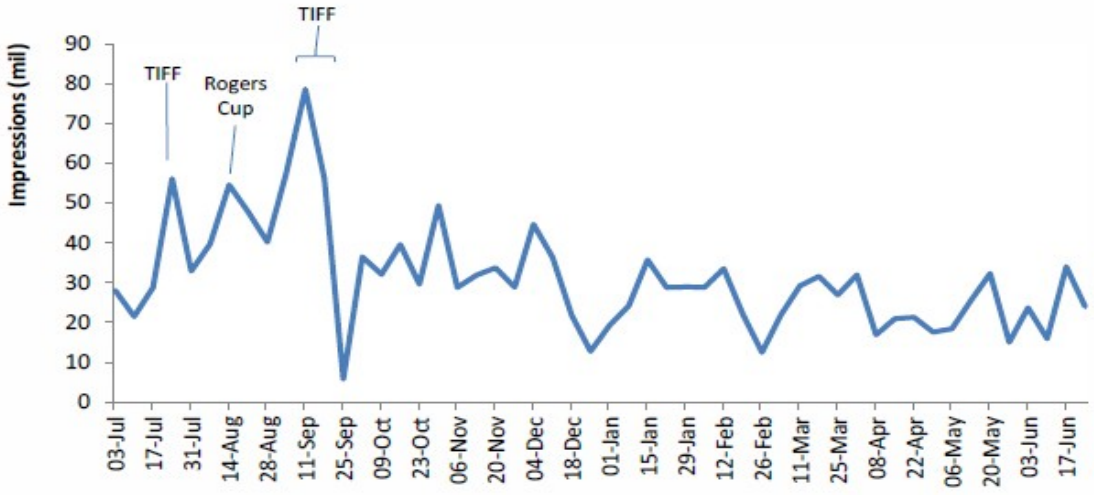
** The National Ballet of Canada (NBC) performs in the Four Season's Centre for the Performing Arts (FSCPA) and when the Ballet is in season the NBC occupies all of the facility under a license to occupy agreement. The only exceptions are parts of the FSCPA building that are private to the Canadian Opera Company, such as the General Director, Alexander Neef's office and some storage space. The Four Season's Centre for the Performing Arts is a facility that is exempt from property taxes. The NBC also occupies 95,000 square feet at the Walter Carsen Centre, which was city-owned space located at 470 Queen Quay West that the Ballet acquired in 1994 after the space had been empty for 10 years with the NBC raising $6 M to renovate the space for their administrative offices and ballet studios. The NBC pays property taxes for this administrative space and ballet studio then receives a 40% property tax rebate as a registered charity.

***The Toronto Symphony Orchestra performs in the Roy Thompson Hall (RTH) and has approximately 27,500 square feet of office, library and production space at RTH. Roy Thompson Hall is a facility that is exempt from property taxes. The Toronto Symphony Orchestra also rents approximately 12,000 square feet off-site across the street at 212 King Street West for additional administrative office space which the TSO pays property taxes but then receives a 40% property tax rebate as a registered charity in accordance with the City's property tax rebate program for registered charities.

**Attachment No. 2**
**Toronto's High Media Profile with Peak during the start of TIFF 2011- 2012**

## Tracking Toronto's visibility by week

Toronto's media profile was generally higher during the summer months and peaked with the start of the annual film festival.



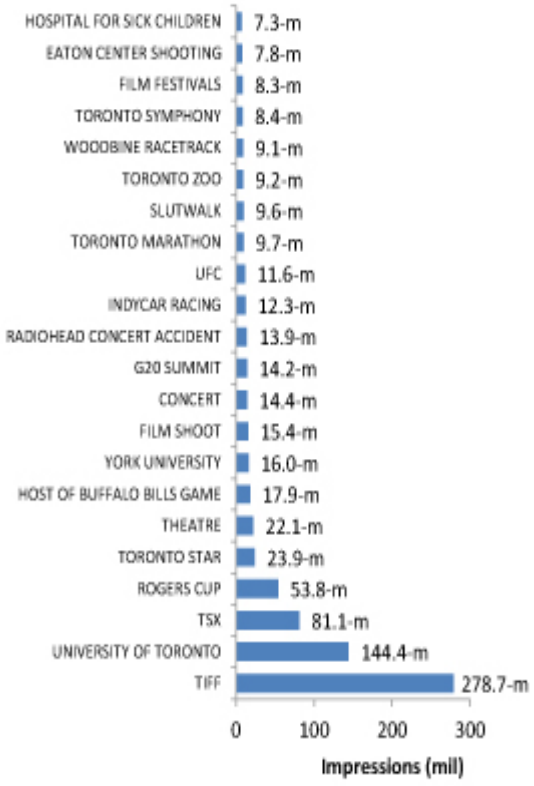

*N=2810. Weighted based on estimated audience reach using international circulation figures and prominence/placement of Toronto mentions, in 35 newspapers between 1 July 2011 and 30 June 2012.*

**Attachment No. 3**
**Toronto's Top Branding Events and Activities (2011 – 2012)**

## Toronto's top branding events and activities

By far the single largest contributor to Toronto's media exposure was the Toronto International Film Festival. TIFF comprised 18% of Toronto's total global media exposure, with other film-related activities adding an additional 2%.

The University of Toronto was the second most-visible brand, and the only one other than TIFF to comprise more than 5% of the city's global profile.




*N=2910. Weighted based on estimated audience reach using international circulation figures and prominence/ placement of Toronto mentions, in 35 newspapers between 1 July 2011 and 30 June 2012.*