

Investments in Culture

Date: February 1, 2019

To: Budget Committee

From: General Manager, Economic Development and Culture

Wards: All

SUMMARY

In 2018, the City of Toronto reached its longstanding target of directly investing \$25 per capita in culture (including the arts, film and entertainment industries, and museums and heritage). The 2018 per capita is calculated using Statistics Canada's census population of 2.7 million people in 2016. This target was first established as part of the *Culture Plan for the Creative City* in 2003, when Toronto was investing \$14 per capita with a population of 2.4 million people.

The City of Toronto has made significant progress. While all the impacts of increased cultural investment cannot be attributed solely to City funding, the sector has performed well overall, increasing earned revenues, expanding programming partnerships, and funding new positions to support the film and music sectors. New signature programs such as Cultural Hotspot, and two new local arts service organizations, North York Arts and East End Arts are the direct result of increased investment.

However, issues of equity and access to arts and heritage programs, affordable and sustainable space, adoption of new technologies and talent retention outside the downtown core remain.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. City Council direct the General Manager, Economic Development and Culture, to consult with the community on priorities for further investment in the arts, heritage and creative industries outside the core, and report back through the 2020 budget process.

FINANCIAL IMPACT

There is no 2019 financial impact to this report. However, it is anticipated that the report to the 2020 Budget process on priorities for further opportunities for investments in the arts, heritage, and creative industries outside the core of the City will include new financial resource priorities for the coming years.

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

DECISION HISTORY

At its special meeting on February 12, 2018, City Council directed the General Manager, Economic Development and Culture to report back in time for the 2019 Budget process on a multi-year plan based on the results of research and analysis benchmarking the City of Toronto's investment in culture relative to other comparable jurisdictions and on assessing the likely impacts of future increases of \$2 million per year to culture funding beginning in 2019.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

At its meeting on January 29 and 30, 2014, City Council approved a four year phase-in to reach a target of investing \$25 per capita in culture between 2013 and 2017, as part of the report *Creative Capital Gains: An Action Plan for Toronto*.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.BU52.1>

At its meeting on June 24, 25 and 26, 2003, City Council set a target of investing \$25 per capita in culture, within five years, as part of the *Culture Plan for the Creative City*.

<https://www.toronto.ca/legdocs/2003/agendas/council/cc030624/edp5rpt/cl002.pdf>

COMMENTS

Toronto's Culture Sector

Toronto's culture sector is at the heart of the city's vibrancy, liveability and prosperity. It contributes significantly to the city's economy, promotes its global identity, and is an essential part of building social cohesion in this most diverse city. From its renowned international artists, festivals, museums, music and performing arts scene, film, gaming, and production centres, its ability to attract visitors and bring neighbourhoods together, culture is essential to Toronto. According to the latest Leger survey commissioned by the Toronto Arts Foundation, nearly 90% of respondents believe that the arts make Toronto a better place to live.

In terms of economic impact, the most recent statistics from the Department of Canadian Heritage estimate that in 2016 Toronto's culture and heritage sector accounted for about \$11 billion in GDP and supported approximately 111,000 jobs in

the city. The culture sector includes both for-profit and not-for-profit arts, heritage and creative-based industries that range in size from sole proprietorships and start-ups to large and established international businesses. A strong culture sector is key to Toronto's ability to attract talent, tourism and foreign investment.

The City of Toronto, through the Economic Development and Culture Division, strives to make Toronto a place where business and culture thrive. The Division's objective is to advance Toronto's prosperity, opportunity and liveability by fostering employment and investment opportunities, encouraging Toronto's cultural vibrancy through more and enhanced cultural experiences, and by engaging partners in the planning and development of the City's economic and cultural resources. The Economic Development and Culture Division has three fundamental program and policy tools to support this work: municipal arts grants, municipal programs and services, and capital investment in municipally-owned cultural space.

2003 Culture Plan Target Achieved

As part of the 2003 *Culture Plan for the City of Toronto*, City Council set its target for cultural investment in grants, programs and capital to reach a combined total of \$25 per capita using a consistent methodology. In 2018, Toronto reached its target.

Toronto tracks its investments in culture through grants, programs and services and capital. Per capita is calculated based on a population of 2.6 million people in 2014, and adjusted based on Statistics Canada's Canadian census to 2.7 million people in 2016.

Table 1: Per Capita Investment in Culture (includes grants, programs and capital)

2014	2015	2016	2017	2018
\$23	\$24	\$24	\$24	\$25

Toronto's increased investment in culture has been primarily directed to municipal arts grants. Over the past fifteen years, grants have doubled from \$13.8 million in 2003 to \$32 million in 2018. Arts grants, as a proportion of the City's overall cultural investment, have increased from 41% in 2003 to 48% in 2018.

In 2017, the Economic Development and Culture Division commissioned Nordicity to conduct an independent review of the data provided by the Toronto Arts Council and the recipients of funding from the Major Cultural Organizations program, the Local Arts Service Organizations program and the Culture Build Investment program. Nordicity assessed the outputs and outcomes achieved with increased grants funding.

The evidence presented in the Nordicity report is clear that the aggregate impact of the new funding met City objectives: to promote arts activity across the city and outside the downtown core; to increase opportunities for young and emerging artists; to develop and leverage partnerships; to support community arts activities; to increase the capacity of small and medium-sized arts organizations; and to improve cultural spaces.

Overall findings noted that despite a significant decline in revenues from other public sources between 2012 and 2016, the City's increased investment contributed to a substantial increase of earned revenues and revenue from private sources by recipient organizations. Aggregated data revealed that each incremental dollar of municipal support was matched by over eight dollars in new earned revenues and private support for funded organizations over the period of the study. The key conclusions of the Nordicity report are:

- There was a marked expansion of grants funding beyond the downtown core, although there remains a high density of support in the core
- Efforts at collaboration between arts organizations are increasing
- Arts opportunities for young and emerging artists, especially in the area of community arts, are increasing
- There is an increase in the administrative capacity for small and medium-sized arts organizations
- There is a growing effectiveness of incentives to improve access to suitable cultural spaces through both space sharing incentives and direct capital funding, although the overall size of the challenge is increasing

The other half of Council's investment in culture supports Economic Development and Culture Division's cultural services (about 42% of the total cultural spending) and capital improvements to city-owned cultural and heritage spaces (about 10% of the total per capita investment).

A range of programs, events and services make up the Economic Development and Culture Division's cultural services. This includes film permitting services for Toronto's \$2 billion film sector, sector development work for Toronto's film and music sectors, as well as maintaining the City's collection of over 1.1 million archaeological specimens, 3,000 fine art works, and 150,000 historic objects. It also includes programming for ten historic sites, creating signature City-programmed events like Nuit Blanche and Doors Open and managing event support for over 1,400 local, national and international events every year. The City also supports the creation of public art on public lands and increasing access to arts services outside the core through City-operated cultural centres and neighbourhood-enhancing programs such as Cultural Hotspots.

Comparing Toronto's Investment in Culture with Comparable Jurisdictions

Starting with the *Culture Plan for the Creative City* (2003), City Council set its target for cultural investment based on benchmarking its investment against that of Montreal. In 2003, Toronto's per capita contributions to culture amounted to \$14.64, trailing such competitors as Vancouver at \$17.71, Chicago at \$21.95, Montreal at \$26.62 and San Francisco at \$86.01. The City's 2003 Culture Plan set out a plan to match Montreal's 2003 spending level, with a target of \$25 per capita. In 2018, Toronto reached its longstanding target of investing \$25 per capita in culture. However, continued increases

in Montreal's investment in culture have meant that Toronto has never reached parity with Montreal's per capita investment in culture.

In tracking municipal investment in culture and Toronto's performance against comparable jurisdictions the City of Toronto has relied on work by Hill Strategies Research Inc. The firm developed a methodology looking at Canada's five cities with the most artists: Toronto, Montreal, Vancouver, Calgary and Ottawa. The 2012 study *Municipal Cultural Investment in Five Large Canadian Cities* found that between 2006 and 2009, Toronto's per capita investment in culture grew 14%, from \$17 per capita to \$19 per capita, while in the same time period Montreal's per capita investment in culture grew 34%, from \$41 per capita to \$55 per capita. The Hill Strategies methodology was a useful tool for a snapshot comparison of Toronto's cultural investment relative to other Canadian cities, but, for a variety of reasons, has not proven replicable for the five cities. As a result, while per capita spending determined via the Hill Strategies methodology is used as an internal measure of increased investment in Toronto, it no longer offers an ongoing benchmarking against relevant jurisdictions.

Large Canadian cities, and particularly Montreal, remain the most comparable jurisdictions for benchmarking Toronto's investment in culture, given such similarities as governance structures, revenue sources, budgetary demands, and public expectations. To this end, Municipal Benchmarking Network Canada (MBNC) offers per capita comparisons for cultural investments by Canadian cities, including Toronto and Montreal. As the MBNC Performance Measurement Report uses a different methodology than Hill Strategies Research Inc., the per capita expenditure figures differ and cannot be usefully compared. MBNC's calculations only focus on municipal operating expenditures with the exclusion of capital investments. The MBNC methodology also includes a portion of municipal corporate resources such as Security, Finance and Payroll. These internal expenses are not included in the Hill Strategies methodology. Assuming MBNC's calculated Toronto's population at 2.7 million people, 30% of the MBNC per capita investment in culture can be attributed to municipal corporate services.

While differing from the earlier methodology, the MBNC report offers a rigorous, ongoing tool to benchmark municipal investment in culture in Canada. In 2017 the *MBNC Culture Snapshot* showed that Toronto's investment in culture was \$33.47 per capita, while Montreal's was 56% higher at \$52.12 per capita.

Challenges Facing Toronto's Culture Sector in the Near Term

Toronto is widely recognized as a national and global cultural centre. Toronto's artists, curators and creative entrepreneurs have given global currency to the idea of the creative city. Toronto City Council has expressed its aspirations to further develop this profile globally, as demonstrated by Council's direction to seek a UNESCO designation as a creative city in 2017. The importance of culture and the creative industries to the city's economy is broadly understood, and been cited as a key factor in growth in Toronto's burgeoning tech sector.

The culture and heritage sector also faces substantial challenges. The pace and scale of growth in Toronto is producing disparities in cultural access and participation for

Torontonians. There is also a strong desire to both recognize cultural diversity and include Toronto's indigenous history as part of the overall definition of heritage. This means that longstanding issues, such as access to cultural programming and space, require additional investment. At the same time, international peer cities are competing with Toronto to attract the lucrative and highly mobile film industry and cultural tourists.

While changes have been made to increase the distribution of investment in culture outside the core, more effort is required to ensure all Torontonians have an equitable access to cultural resources no matter where they may live in the city. In 2018, Toronto arts grants, including Toronto Arts Council and the recipients of funding from the Major Cultural Organizations program, the Local Arts Service Organizations program and the Culture Build Investment program, directed 61% of funding to organizations and individuals in the downtown core. The core is defined by Toronto City Planning as the area between Bathurst Street, the Rail Corridor and Rosedale Valley Road, the Don Valley Parkway and the waterfront. The remaining 39% of City arts grants was directed to organizations and individuals outside the core. The area outside the core represents: 49% of the city's GDP, 65% of the city's jobs, 75% of the city's tax base, 91% of the city's population and 97% of the city's land area (data sources include TOcore Secondary Plan, Statistics Canada 2016 Census and the Toronto Employment Survey 2017).

Since the most recent cultural strategy *Creative Capital Gains: An Action Plan for Toronto* (2011), City Council has endorsed a number of initiatives that relate to the mandate of the Economic Development and Culture Division and need to be reflected in its grants, programs, and services. For example, in 2014 City Council adopted the *Toronto Youth Equity Strategy* and in 2016, City Council made a commitment to implement the Truth and Reconciliation Commission of Canada's *Calls to Action* as they related to municipalities. More recently, in 2017, the City of Toronto rolled-out an extensive *Toronto Action Plan to Confront Anti-Black Racism*. In the same year, Toronto was designated as a Creative City of Media Arts by the United Nations Educational, Scientific and Cultural Organization (UNESCO).

In 2017, the City of Toronto Economic Development and Culture Division undertook a robust consultation process with over 400 residents and industry partners to inform its future directions. Last year EDC released its first-ever [Divisional Strategy](#), spanning 2018 through 2022. As a result, the Division's strategic goals and actions focus on four key areas:

- Inclusion and equity
- Talent and innovation
- Space and access
- Operational excellence

The EDC Divisional Strategy provides a guiding framework for delivering on key City initiatives under its mandate and addressing the pressing issues facing Toronto's communities and industries.

Assessing Likely Impacts of Future Increases to Culture Funding

Over the next term of Council, Toronto will continue to be one of the world's most diverse cities and should aspire to be an international leader in equity and inclusion in the culture sector. To maintain the cultural vibrancy built in Toronto through municipal investment, as well as address gaps in access and participation and respond to key City priorities, it is important for City Council to set a new target for cultural investment and define priorities for such investment.

More specifically, new cultural investment over the next four years could address priorities such as:

- Animate the city outside the core through arts activities, public art and increases to municipal arts grants, with the aim to increase investment outside the core with targets set in the new plan
- Build a museum of Toronto
- Respond to the *Truth and Reconciliation Commission's Calls to Action using arts and museums spaces*
- Expand the commercial cultural sector such as growing the film industry from \$2 billion a year to \$3 billion a year
- Ensure opportunities for youth in Toronto's expanding creative sector workforce
- Preserve and expand safe and accessible creative space and public art across the whole city

Key activities that staff would suggest for consideration to address these priorities are outlined in Attachment 1.

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ATTACHMENTS

1. Impacts of Future Increases to Culture Funding