

Ministre du Patrimoine canadien
et du Multiculturalisme



Minister of Canadian Heritage
and Multiculturalism

Ottawa, Canada K1A 0M5

GOVERNMENT RESPONSE TO THE THIRTEENTH REPORT OF THE STANDING
COMMITTEE ON CANADIAN HERITAGE ENTITLED: A VISION FOR
CULTURAL HUBS AND DISTRICTS IN CANADA

JAN 29 2019

Ms. Julie Dabrusin, M.P.
Chair of the House of Commons Standing Committee on Canadian Heritage
The House of Commons
Ottawa, Ontario K1A 0A6

Dear Ms. Dabrusin:

Pursuant to House of Commons Standing Order 109, the Government of Canada (the Government) is pleased to respond to the Thirteenth Report of the Standing Committee on Canadian Heritage (the Committee), entitled “A Vision for Cultural Hubs and Districts in Canada” (the Report), tabled in the House of Commons on October 1, 2018.

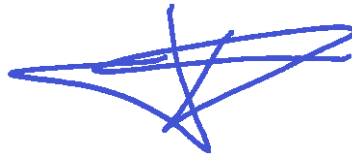
The Government of Canada extends its sincere thanks to the members of the Committee for the Report and its thoughtful recommendations. The Government is grateful to the individuals and organizations that appeared before the Committee and shared their insights and expert opinion regarding cultural hubs and districts.

The Government has carefully considered the Report. The Response, contained herein, is organized thematically, respecting the five themes under which the Committee presented its recommendations within the Report: 1) the concept of cultural hubs and districts; 2) the role played by cultural hubs and districts; 3) the need for a collaborative approach; 4) issues related to funding; and 5) issues regarding infrastructure.

Canada

The Government recognizes that cultural spaces and places bring people together to engage and participate in artistic activities, to share thoughts, ideas, and cultural expressions, and to build a vibrant sense of shared experience. The Report and its recommendations make a valuable contribution to the understanding of the role played by cultural hubs and districts, and how to maximize their contribution to the social and economic vitality of Canadian communities.

Sincerely,

A handwritten signature in blue ink, consisting of several overlapping, fluid strokes that form a stylized, abstract shape.

The Honourable Pablo Rodriguez, P.C., M.P.
Minister of Canadian Heritage and Multiculturalism

**GOVERNMENT RESPONSE TO THE THIRTEENTH REPORT OF THE
STANDING COMMITTEE ON CANADIAN HERITAGE ENTITLED:
“A VISION FOR CULTURAL HUBS AND DISTRICTS”**

Culture is at the heart of Canadian life, promoting diversity, connecting Canadians through our stories, and improving our quality of life. Culture also has a significant economic impact; it provides more than 630,000 jobs for Canadians and contributes \$54.6 billion per year in economic activity. Cultural hubs and districts, a sub-set of cultural and recreational infrastructure, are a crucial component of the cultural ecology, contributing to local, regional and national economic vitality, providing employment, anchoring community diversification and revitalization efforts, and promoting cultural tourism.

Over its mandate, the Government has made historic investments in the arts and culture that are creating the conditions for cultural hubs and districts to succeed in communities of all sizes across Canada. In Budget 2016, the Government announced commitments of \$1.9 billion over five years to support key national cultural institutions. These measures included an investment of \$550 million over five years in the Canada Council for the Arts which will directly benefit Canadian creators and producers in the professional arts; and \$168.2 million over two years for the Canada Cultural Spaces Fund, the Government’s only dedicated infrastructure program specifically addressing the needs of the arts and heritage sector.

Budget 2017 built on this commitment, with a further investment in cultural and recreational infrastructure of \$1.7 billion over 10 years starting in 2018-19. Of this amount, more than \$1.3 billion will be provided to provinces and territories through integrated bilateral agreements. To construct and renovate and better equip the creative spaces and hubs that will be home to the next generation of artists and innovators, Budget 2017 committed to provide an additional \$300 million over 10 years to the Canada Cultural Spaces Fund. This investment will help support the development of Canadian talent and support entrepreneurialism in the arts and cultural communities. A complementary investment of \$80 million over 10 years in community educational infrastructure – such as community and cultural centres – in official language minority communities will create more vibrant communities by protecting language and culture. Through Budget 2018, the Action Plan for Official Languages will invest \$67.3 million in new funding over five years for the construction of community educational and cultural infrastructure in official-language minority communities.

Most recently, the Canada Creative Export Strategy (the Strategy), with associated resources of \$125 million over five years, will promote Canada’s creative industries by strengthening Canada’s presence in international markets. The Strategy, which includes export funding for existing Department of Canadian Heritage programs supporting

organizations that are partners and programmers in cultural hubs and districts, will help Canada's creative industries maximize their export potential.

In aggregate these measures are providing additional momentum for a creative sector that is increasingly collaborative in the way it conceives, executes and shares its work with Canadians and the world; and are helping Canadian communities to explore and realize the social and economic potential of cultural hubs and districts.

The Government of Canada welcomes the Report as a constructive contribution to this effort and is pleased to outline below how the Government's approach to cultural infrastructure, including cultural hubs and districts, responds to each of the themes in the Committee's Report.

The Concept of Cultural Hubs and Districts (Recommendations 1 & 2)

The Committee heard from a wide spectrum of actors involved in cultural hubs and cultural districts and the Report recommends adoption of a broad inclusive definition of cultural hubs that is responsive to the realities of both urban and rural Canada and traditional and emerging technological art forms.

There are several government funding mechanisms that support infrastructure that falls within the category of cultural hubs. For the purposes of determining eligibility, Government of Canada infrastructure programs employ particular definitions of cultural infrastructure in order to invest strategically in accordance with stated program objectives and priorities.

A cultural hub (or centre) can be broadly defined as a public building or site for the exhibition and promotion of arts and culture, especially of a particular region or people. A community hub (or centre) can be broadly defined as a place where people from a particular neighborhood (village, etc.) can meet for social events, education classes, or recreational activities. The functions of a cultural hub and community hub are not mutually exclusive and there may be overlap, especially in smaller communities. By contrast, in the context of the federal cultural infrastructure investment, 'creative hub' has a more narrow definition.

The definition of creative hub presented to the Committee by the Department of Canadian Heritage was developed to determine project eligibility under the Canada Cultural Spaces Fund in order to address a targeted policy goal attached to the additional funding announced in Budget 2017, which was to help nurture and incubate the next generation of creative entrepreneurs and small business start-ups. The policy intent is to facilitate innovation and collaboration between artists, creators and cultural entrepreneurs. In the updated guidelines (April 2018), creative hubs are defined as a specialized sub-set of cultural infrastructure that are: designed as collaborative spaces for creation and idea exchange; used by multiple tenants and users from a variety of disciplines and sectors, and; inclusive spaces offering public access and/or programming.

The Department of Canadian Heritage recognizes that creative hubs may be organized using various business models and serve a variety of different purposes, including: the production of cultural products that deploy new technologies; gathering spaces with cultural applications; and, multi-disciplinary presentation spaces.

It is important to note that while recently revised Canada Cultural Spaces Fund program guidelines articulate specific eligibility criteria for creative hub projects, cultural and community hubs that meet the longstanding core eligibility criteria for the program continue to have access to Canada Cultural Spaces Fund for their projects.

Multiple federal mechanisms exist to support the various types of cultural infrastructure discussed in the Report. Budget 2017 announced an investment of more than \$1.7 billion over ten years in cultural and recreational infrastructure, including cultural and community hubs.

These Budget 2017 funds included a total of \$300 million over ten years for the Canada Cultural Spaces Fund to construct, renovate and better equip the arts and heritage spaces and creative hubs that will be home to the next generation of artists and innovators. The investment will support both creative hubs and more traditional cultural infrastructure. This approach will enable the Canada Cultural Spaces Fund to explore new models and emerging forms of collaborative spaces without eroding the program's commitment to more conventional cultural spaces (such as theatres, performing arts centres, and museums), and will maximize opportunities for nationwide impact in communities of all sizes, including rural areas and small towns, where cultural organizations are often co-located in community hubs.

It is anticipated that the proponents of creative hub projects seeking program funding will be based in both urban and rural communities. The Canada Cultural Spaces Fund also expects that many applicants proposing creative hub projects will include organizations whose activities focus on emerging technology driven forms of art, culture and creativity.

A recently funded creative hub project in Cape Breton provides an example of an initiative in a smaller community that includes a significant technology component. In 2017 the Canada Cultural Spaces Fund invested \$5 million for the renovation of the New Dawn Centre for Social Innovation in Sydney, Nova Scotia. This new creative hub will be home to a variety of tenants from a diverse range of fields, including the arts, technology start-ups, immigration, education, and entrepreneurs who are working towards social change. This mixed-use facility will host public presentations of visual and performing arts, and publically-accessible lectures and workshops.

Cultural and community hubs, may also be eligible for funding through integrated bilateral agreements through Infrastructure Canada's Investing in Canada Infrastructure Program. The Government has signed agreements with all 13 provinces and territories. As announced in Budget 2017, the Government is investing \$1.3 billion over 10 years in the Community, Culture, and Recreation stream of the Investing in Canada Infrastructure

Program. This stream provides funding for the construction, expansion or rehabilitation of community, culture, sports and recreation facilities, including community and cultural hubs and centres. Under the Investing in Canada Infrastructure Program project assessment process, provinces and territories prioritize and endorse proposals, ensuring that recommended projects reflect local and regional priorities.

For the purposes of eligibility, the Investing in Canada Infrastructure Program defines a community hub as a space that brings together diverse services (social, cultural, sport and recreational) in a single location to meet the needs of the community and to enable collaboration. This definition can include cultural hubs that support new, expanded or renewed community, cultural and recreational installations and facilities. Eligibility criteria restricts funding under this stream to projects that are non-commercial (with some flexibility, e.g. space rental fees), open to the public, and not limited to a private membership.

In Budget 2018, the new Action Plan for Official Languages received \$67.3 million in new funding over five years for the construction of community educational and cultural infrastructure in official-language minority communities. This is in addition to the 2017 Budget announcement of \$80 million over 10 years for community education infrastructure. The increased funding will help communities build new educational centres and cultural community centres, renovate and upgrade existing community infrastructure, and add multi-purpose spaces in more community centres.

The Role Played by Cultural Hubs and Districts (Recommendations 3, 4, 5 & 6)

The Government of Canada recognizes the importance of cultural spaces in the social and economic life of Canadian communities. In addition to capital investment through the Canada Cultural Spaces Fund and the Investing in Canada Infrastructure Program, the Department of Canadian Heritage and the Canada Council for the Arts support the animation and programming of cultural hubs and districts through a variety of programs that provide funding to the artists and organizations that are resident in, or users of, these spaces. These programs include the Canada Arts Presentation Fund, Building Communities through Arts and Heritage, and operating and project support to professional arts organizations, collectives and individual artists offered by the Canada Council for the Arts. Federal investments are complemented by funding from provincial and municipal arts councils and departments of culture that also fund the programming of cultural hubs and districts and creative hubs.

Annually, the Canada Arts Presentation Fund supports approximately 600 professional arts festivals and performing arts series, providing Canadians with access to a variety of professional artistic experiences in their communities. The Building Communities through Arts and Heritage supports local festivals, community anniversaries and commemorative capital projects in hundreds of communities across the country each year, enabling Canadians to share and celebrate the stories of their communities. The

Canada Council for the Arts invests in artistic excellence by supporting the creation, production and touring of high calibre artistic work in a range of artistic disciplines.

Organizations funded by the Department of Canadian Heritage and the Canada Council for the Arts are not-for-profit entities rooted in the broader community through their boards of directors, volunteers, donors, patrons and audiences. In their governance, operations and programming, recipient organizations are expected to be responsive to the needs and priorities of their community stakeholders. On that basis, the Government anticipates that civic and community arts activities will feature in the policies, planning and programming of cultural hubs. Canada Cultural Spaces Fund funded projects must be accessible to the public, which further ensures that the spaces serve community interests. Cultural hubs also provide an opportunity for the Government of Canada to promote accessible and barrier-free infrastructure to ensure the full inclusion and participation of all Canadians, including those with disabilities, in arts and culture.

Targeted investments will result in improvements in cultural infrastructure addressing the needs of official-language communities. It is anticipated that this funding will create more spaces for skills training, daycare services, community programming and cultural performances. Furthermore, supported by Budget 2018, the Action Plan for Official Languages will double the Community Cultural Action Fund, for a total investment of \$21.2 million over five years starting in 2019-20. This investment will help members of minority-language communities participate in arts, culture and heritage activities and learn about their history and culture while sharing it with others.

Cultural hubs and districts have a role to play in the conception, development and dissemination of innovative art works, cultural products and other expressions of Canadian creativity. Creating the conditions in which ideas can be nurtured and incubated is an explicit objective of the targeted creative hubs investment. Supporting creative hubs is intended to facilitate innovation and collaboration between a wide variety of players in the professional creative and cultural sector.

The Government supports arts and culture creation and innovation through a comprehensive system of investments, grants, and tax incentives. For example, there are a significant number of registered charities and registered Canadian national arts service organizations that engage in activities designed to support arts in local communities across Canada. The Government provides tax incentives to encourage support for these organizations through the charitable donation tax incentive. Canadian tax incentives for donations are recognized as being amongst the most generous in the world. Changes to the tax system are generally considered as part of the federal Budget process. In this regard, the committee's recommendations are welcomed and appreciated.

In order to ensure equitable access to Canada Cultural Spaces Fund funding for Indigenous organizations and communities, band councils are eligible recipients. The Department of Canadian Heritage recognizes that cultural hubs may have additional potential benefits for Indigenous communities and will seek to work with Indigenous

communities to better understand the needs as well as the potential impacts of hubs for Indigenous languages protection and promotion. The Investing in Canada Infrastructure Program Community, Culture and Recreation stream has a dedicated funding floor for off-reserve Indigenous infrastructure to ensure that Indigenous communities benefit from these infrastructure investments.

Creative hubs are an emerging and rapidly evolving category of cultural infrastructure. The Department of Canadian Heritage is undertaking a number of research projects to further its understanding of the impact of creative hubs as well as to refine the government's approach to funding these spaces. Planned research includes an examination of the socio-economic impact of culture-led regeneration, including the role played by cultural infrastructure such as cultural hubs and districts.

The Need for a Collaborative Approach (Recommendations 7, 8, 9, 10 & 11)

Cultural hubs and districts are inherently collaborative enterprises. They are generally multi-faceted and their success depends on a range of partners and participants working together to achieve respective and shared goals and ambitions. Canadian Heritage has conducted research into the networks amongst creative hubs and is exploring how to facilitate sharing of knowledge and best practices between cultural hubs. This research is a point of departure for further discussion of the role of Government in facilitating the sharing of knowledge and best practices between cultural hubs.

In recognition that multi-tenant, inter-sectoral collaborative facilities such as creative hubs may be initiated by a broader range of organizations, the Canada Cultural Spaces Fund expanded the parameters of program eligibility for creative hubs proponents to better support intra- and inter-sectoral collaboration and partnership. It will also allow the program greater flexibility to support the arts and heritage in its efforts to explore new ways of working.

The Report reinforces the concept that cultural hubs and districts and, in particular, creative hubs, are springboards for launching Canadian creativity into the international marketplace. Canada exported \$16 billion in culture products in 2016, and culture accounted for 2.8% of Canada's overall Gross Domestic Product in 2016. Culture is an area of strength and growth in the Canadian economy, at the heart of our competitive advantage on the international stage.

The Department of Canadian Heritage in partnership with Global Affairs Canada is implementing the Creative Canada Export Strategy to help Canada's creative industries open up opportunities in new markets around the world. This investment of \$125 million over five years will improve the competitiveness of the creative industries and ensure their long-term success, contributing to Canada's economic growth, job creation and prosperity. It is anticipated that Canadian creations and innovations produced by organizations based in creative hubs will benefit from having access to resources

available through the new Creative Export Canada program, which will invest \$7 million per year in Canadian companies and organizations that are ready to export.

While market opportunities are global, the impact and presence of cultural hubs and districts are felt most immediately at the local level. They are rooted in specific neighborhoods, towns and cities. Therefore, municipalities play a key role in facilitating, enabling and supporting the development of cultural infrastructure, and cultural hubs and districts are frequently a key feature of municipal cultural plans. A number of municipalities have recently put in place tax incentives and zoning flexibility to facilitate support for creative hubs. For example, the Toronto City Council has created a Creative Co-Location Facilities Property Tax Subclass to help support the sustainability and growth of creative enterprises in Toronto by reducing property tax for qualifying creative hub projects.

The additional cultural infrastructure resources announced in Budget 2017 will both enable and incentivize municipalities to invest further in cultural hubs and districts. The Investing in Canada Infrastructure Program is delivered through integrated bilateral agreements, enabling each jurisdiction to prioritize projects that correspond with their particular needs. The Canada Cultural Spaces Fund is a regionally delivered program, and locally based staff maintain strong connections with municipalities, provinces and territories, and participate in tri-level government meetings. The availability of targeted resources for cultural infrastructure through the Canada Cultural Spaces Fund complements investment in arts and heritage infrastructure from the other levels of government.

The Government of Canada is exploring how it can better engage with key organizations, such as the Federation of Canada Municipalities. In addition, the Department of Canadian Heritage is working with the Creative City Network of Canada to share information and promote collaboration for the development of creative hubs across Canada. The Creative City Network of Canada is an important national advocate for municipal cultural planning and its members have expressed considerable interest in accessing the additional resources available through the Canada Cultural Spaces Fund.

Developing innovative and generative creative hubs that reach beyond the walls of their structures and the confines of their community necessitates connectivity between creative hubs to further spur collaboration. Ongoing research by the Department of Canadian Heritage will continue to explore mechanisms that could enable better communication and data sharing between actors at all levels in the creative hub and cultural districts ecosystem.

Issues Related to Funding (Recommendations 12, 13, 14, 15, 16 & 17)

The Department of Canadian Heritage is implementing the Grants and Contributions Modernization Project, an initiative to develop and operationalize processes and tools to streamline the management of grants and contributions programs. The goal of the Grants

and Contributions Modernization Project is to deliver increased operational efficiency, improved client satisfaction, and enhanced performance management and reporting. As a grants and contributions program, the Canada Cultural Spaces Fund is expected to benefit from this initiative.

The Canada Cultural Spaces Fund is currently undergoing a program evaluation, which provides an opportunity for stakeholders to give feedback on the design, delivery and efficacy of the program. The evaluation report is anticipated to be finalized in spring 2019.

The Department of Canadian Heritage agrees that capital funding for cultural infrastructure needs to be timely and responsive to the needs of the applicant and its community. As a result, the Canada Cultural Spaces Fund accepts applications on a continuous basis; it has no deadline. The program also utilizes both single and multi-year contribution agreements, according to the specific needs of a given project.

Canada Cultural Spaces Fund funding is restricted to capital costs; it does not support operating and/or programming costs. As part of the Canada Cultural Spaces Fund application process, applicants must demonstrate their capacity to operate their facilities for the foreseeable future using available revenue streams. This is typically a combination of public sector support from all three levels of government, including programs (such as the Canada Arts Presentation Fund and grants from the Canada Council for the Arts), sponsorships and donations, and self-generated revenues. It is anticipated that occupants and users of creative hubs will continue to access existing revenue sources, both public and private, to support their programming activities.

The Canada Cultural Spaces Fund is promoting the new focus on creative hubs and working closely with stakeholders, including federal partners, and funding partners. The program is implementing a phased-in approach where, in the initial years of the additional funding, creative hub projects are prioritized and the remaining funds are made available to conventional eligible projects (i.e. theatres, performing arts centres and museums). Over time the program will ramp up to direct a larger proportion of its new resources to qualifying creative hub projects across the country, in both urban and rural/remote communities.

Construction and renovation projects are complex in nature. Creative hub projects are a new focus for construction and renovation projects supported by the Canada Cultural Spaces Fund. Therefore, the program guidelines, application form and assessment tool have been revised to ensure that the assessment process has sufficient rigour. This facilitates targeted and efficient use of program resources and ensures that funded creative hub projects embody all the characteristics of a creative hub as defined by the Canada Cultural Spaces Fund.

The Government of Canada recognizes that youth employment and skills development programs are also important for developing the next generation of Canada's cultural

workers. Through Budget 2018, the Government is providing an additional \$448.5 million over five years starting in 2018–19, for the Youth Employment Strategy. This funding extends commitments made in 2016 to nearly double the number of Canada Summer Jobs for summer 2019 with up to 70,000 opportunities for youth. Over the following years, this funding will provide resources to implement a modernized Youth Employment Strategy building on the input of the Expert Panel on Youth Employment, which was created to help the Government understand the challenges that youth face in finding and keeping jobs and to identify promising and innovative approaches to helping youth transition successfully into the workforce.

The modernized Youth Employment Strategy will explore partnerships with organizations that may not be current delivery partners. Arts organizations play a role in youth skills development programs and will continue to be eligible for funding under the Youth Employment Strategy. Through this strategy, Canadian Heritage funds 20-30 internships each year, in arts domains, with the intention of providing the sector with young professional talent, ready to become the next generation of arts administrators.

The findings of the Expert Panel on Youth Employment are aligned with the Committee's recommendation that the length of the Canada Summer Jobs placements be extended. The Panel recommended that more flexibility be built into the program so that placements can be offered at different times during the year on either a full-time or part-time basis. As part of the modernization of the Youth Employment Strategy, the Government of Canada is exploring opportunities to improve all programming offered under the strategy including Canada Summer Jobs.

The Canada Revenue Agency regularly develops guidance on the rules for registered charities in consultation with stakeholders. In this respect, the Canada Revenue Agency will consider whether its administrative policies for registered charities which impact on their investments in both facilities and capital projects are appropriate, or whether improvements could be made to these rules.

The Government of Canada recognizes the importance of ensuring that the regulations governing the investments of charities and not-for-profit organizations remain relevant. For example, the Social Innovation and Social Finance Strategy Co-Creation Steering Group, in its 2018 report, has identified barriers to social finance and has made recommendations related to the regulation of charities and not-for-profit organizations. Additionally, the Special Senate Committee on the Charitable Sector, created in January 2018, is expected to release a report with recommendations on how Canada can better support the sector at the conclusion of its study. The Government anticipates that this report will provide insight and guidance for improving support to the charitable and not-for-profit sector.

Issues Regarding Infrastructure (Recommendation 18)

The Government recognizes that there are numerous models for the development of

cultural hubs and districts and that conservation through adaptive reuse of vacant federal heritage buildings is a sustainable approach. The repurposing of vacant or underutilized buildings represents an opportunity to increase the number of cultural hubs in Canadian communities of all sizes, especially where available space is at a premium, or the animation of vacant space for cultural purposes might contribute to neighborhood revitalization.

Public Services and Procurement Canada has demonstrated best efforts over the years to repurpose vacant and underutilized federal heritage buildings. These efforts aim at contributing to the revitalization of Canadian cities and to safeguard federal heritage buildings.

The Canada Cultural Spaces Fund is non-prescriptive in this matter and is open to a variety of approaches. The project proponents identify the construction or renovation model that is best aligned to the needs of the creative sector and larger community it serves. Among the inventory of previously funded Canada Cultural Spaces Fund projects there is significant precedent for buildings – including structures of historical significance – being renovated to house arts and heritage organizations and their activities. For example, the Canada Cultural Spaces Fund provided \$750,000 to the 312 Main project in Vancouver, BC. The 312 Main project will re-animate the former Vancouver Police Headquarters in the Downtown East Side to create an inclusive co-working community that will be home to a diverse group of entrepreneurs, artists and organizations committed to economic and social democracy.

The Report also mentions former post offices as potential real estate for conversion into a cultural hub. As a Crown corporation, Canada Post is responsible for matters pertaining to its own real property. Should proponents of cultural hub projects wish to explore the potential of co-locating or purchasing vacant real property owned by Canada Post, proposals could be explored on a case-by-case basis with the corporation.

The Government of Canada will continue to support established models and explore new approaches to ensure that the next generation of Canadian creators have access to spaces and hubs that suit the needs of artists, innovators, and audiences.

Conclusion

The Government would like to reiterate its thanks to the members of the Committee for their work, as well as to those who appeared before the Committee or submitted written briefs.

This is an exciting moment for Canada's creative sector. The Government understands that cultural hubs and districts, and creative hubs are important sites for the conception and realization of creative ideas, and for sharing the best works of the Canadian imagination with Canada and world. The commitment of new dedicated resources for cultural infrastructure and cultural export, as well as substantial increases to the budget of

the Canada Council for the Arts, directly benefitting Canadian artists and arts organizations, is adding momentum to a sector that enriches community life and contributes to our economy. The Report and its recommendations provide insights and guidance that will maximize the impact of those investments.