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**Harbourfront Centre Funding  
Program Evaluation  
2014-15 to 2017-18**

**Evaluation Services Directorate  
September 14, 2018**

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## Harbourfront Centre Funding Program Evaluation

Period from 2014-15 to 2017-18

Evaluation Services Directorate

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# Table of contents

List of acronyms.....	ii
Executive summary.....	iii
<b>1. Introduction .....</b>	<b>1</b>
<b>2. Program profile .....</b>	<b>1</b>
2.1 The Harbourfront Centre Funding Program .....	1
2.2 Objectives and expected outcomes .....	2
2.3 Program management and resources .....	2
2.4 The Harbourfront Centre.....	3
<b>3. Evaluation methodology .....</b>	<b>3</b>
3.1 Scope and timelines .....	3
3.2 Approach .....	4
3.3 Methodology .....	4
3.4 Constraints, limits and mitigation strategies.....	4
<b>4. Findings – Relevance .....</b>	<b>5</b>
4.1 Continued need .....	5
4.2 Alignment with Government priorities .....	6
4.3 Alignment with federal roles and responsibilities.....	6
<b>5. Findings – Achievement of expected outcomes.....</b>	<b>7</b>
5.1 Foundation for HC’s administration and operations.....	8
5.2 Revenue generating strategies for HC.....	9
5.3 HCFP contribution to HC’s capacity to deliver innovative cultural, recreational and educational programs and events .....	11
5.4 Ongoing community access to the HC site and its facilities .....	11
5.5 HC contribution to the economic, social, and cultural development of the Toronto waterfront.....	11
5.6 Addressing the recommendations from the last evaluation.....	12
5.7 HC sustainability strategy .....	12
<b>6. Findings – Efficiency .....</b>	<b>13</b>
6.1 Resources and management practices.....	13
6.2 Efficient use of government resources.....	13
<b>7. Other evaluation questions .....</b>	<b>15</b>
7.1 Short-term and long-term implications of non-renewal of the HCFP .....	15
7.2 Meeting official language requirements outlined in the contribution agreement .....	15
7.3 The inclusion of GBA+ considerations in the development of the program’s mandate, design, or performance measures .....	16
<b>8. Conclusions and recommendations .....</b>	<b>16</b>
8.1 Conclusions.....	16
8.2 Recommendations, management response and action plan.....	17
<b>Annex A: Program History.....</b>	<b>20</b>
<b>Annex B: Current HC State of good repair requirements – maintenance and upgrades to the facilities .....</b>	<b>23</b>
<b>Annex C: Bibliography.....</b>	<b>24</b>

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## List of acronyms

<b>BCAH</b>	Building Communities Through Arts and Heritage
<b>CAPF</b>	Canada Arts Presentation Fund
<b>CATF</b>	Canada Arts Training Fund
<b>CBC</b>	Canadian Broadcasting Corporation
<b>CCSF</b>	Canada Cultural Spaces Fund
<b>CCP</b>	Celebration, Commemoration Program
<b>ESD</b>	Evaluation Services Directorate
<b>GBA+</b>	Gender-based analysis plus
<b>HCFP</b>	Harbourfront Centre Funding Program
<b>HC</b>	Harbourfront Centre
<b>HF</b>	Harbourfront Foundation
<b>PCH</b>	Department of Canadian Heritage
<b>PWGSC</b>	Public Works and Government Services Canada
<b>QQW</b>	Queens Quay West
<b>QQWLC</b>	Queens Quay West Land Corporation
<b>TWRI</b>	Toronto Waterfront Revitalization Initiative

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## Executive summary

### Program description

The Harbourfront Centre Funding Program (HCFP) was initiated in 2006 to provide operating funding to the Harbourfront Centre (HC). Prior to this program, the Government of Canada had provided funding to HC since 1972. HCFP has been the responsibility of the President of the Treasury Board, subsequently the Minister of the Environment and, most recently, the Minister of Finance. In July 2016, the responsibility for delivering the HCFP was transferred to the authority of the Minister of Canadian Heritage.

The primary objective of the HCFP is to provide funding support to HC through the following objectives:

- Assisting in covering fixed operating costs;
- Facilitating HC's ability to leverage funding from other government sources and pursue other revenue-generating strategies; and
- Allowing the organization to provide the general public with continued access to cultural, educational and recreational programs and activities on the Toronto waterfront.

### Evaluation approach and methodology

The evaluation was conducted in accordance with the Deputy Head approved 2017-18 to 2021-22 Evaluation Plan for PCH and in conformance with the requirements of the *Financial Administration Act*. The evaluation covers the period from 2014-15 to 2017-18 and addresses the program's relevance and effectiveness as required by the Treasury Board Secretariat Policy on Results (2016) and to support departmental decision-making. In conjunction with the evaluation, a recipient audit was conducted by the Office of the Chief Audit Executive. The results are presented in a separate report.

The evaluation used the following lines of evidence: a document review, financial analysis of the HC financial statements, an update of the 2014 benchmarking data, a site visit to the HC, and key informant interviews.

### Evaluation findings

#### Relevance

The HCFP continues to be relevant since it allowed HC to continue stable daily operations 365 days per year, offer over 4200 cultural, recreational and educational events with 70% of its activities for free that meets important needs of the public. The 17M visitors to the site each year is evidence of a real and continuing need for arts, culture recreational programming offered by the HC. HCFP is the funding anchor for the total operations of HC as well as the largest single-source revenue item. HCFP allows the HC to fulfill its mandate to provide cultural, educational and recreational programming to the general public. It is aligned with PCH and federal government priorities for public access to the arts, culture and recreation as well as diversity, inclusion and multiculturalism. Furthermore, there is an alignment with PCH core responsibilities and federal government's roles and responsibilities related to arts and culture.

#### Effectiveness

HCFP has contributed greatly to provide a stable foundation for HC's administration and operations (approximately 16% of the total budget). By providing operational funding, the HCFP contributed to HC's capacity to deliver cultural, recreational and educational programs and events. HC leveraged the \$5M HCFP funding to deliver a total of \$31.2M of operations and programming. Even though HC has increased

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efforts to generate revenues, those have been offset by increased costs (e.g. to maintain the site) and decreased sponsorships and donations. The debt level and the annual deficit have increased from 2016 to 2017 despite cost-cutting measures (e.g. eliminating 12 positions, wage freezes, etc.).

### **Efficiency**

The current practices for delivery of HCFP are adequate to achieve its intended objectives. The HCFP has been effectively implemented as per the contribution agreement. Efficiency of delivery could be improved through use of a longer term, multi-year agreement.

### **Other Evaluation questions**

Without the HCFP, it is clear that HC would need to immediately diminish its activities and consider closing some of the facility. The official language requirements outlined in the contribution agreement have been met. GBA+ values and principles are included in HC planning and programming but are not explicitly reported against or measured.

### **Recommendations**

Based on the findings and conclusions, the following recommendations are intended to strengthen PCH's ability to make future decisions with respect to HCFP and, indirectly, benefit the ongoing operations of the HC.

- **Recommendation 1:** The Senior Assistant Deputy Minister of the Cultural Affairs Sector should develop and implement a reporting framework with realistic and reportable benchmarks for the HCFP. This framework would serve to measure and track the organization's long-term sustainability strategy, including its deferred maintenance pressures, as well as inform senior management decision-making moving forward.
- **Recommendation 2:** The Senior Assistant Deputy Minister of Cultural Affairs should develop GBA+ indicators for HCFP and ensure its collection, monitoring and reporting to inform policy and program adjustments.

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# 1. Introduction

This is the final report on the evaluation of the Harbourfront Centre Funding Program (HCFP) covering the period from 2014-15 to 2017-18. The evaluation was conducted in accordance with the Deputy Head approved 2017-18 to 2021-22 Evaluation Plan for PCH and in conformance with the requirements of the *Financial Administration Act*. The evaluation addresses the HCFP's relevance and effectiveness as required by the Treasury Board Secretariat Policy on Results (2016).

This report is divided in 8 sections, including this introduction. Section 2 provides a summary of the program profile. Section 3, briefly describes the evaluation approach and methodology. Sections 4, 5 and 6 presents the main findings of the evaluation related to relevance and effectiveness. Section 7 addresses other questions. Section 8 presents the conclusions, recommendations the management response and action plan.

## 2. Program profile

### 2.1 The Harbourfront Centre Funding Program

The HCFP is a program initiated in 2006 that provides operating funding to Harbourfront Centre (HC). Prior to this program, the Government of Canada had provided funding to HC since 1972<sup>1</sup>. HCFP has been the responsibility of the President of the Treasury Board, subsequently the Minister of the Environment and, most recently, the Minister of Finance. In July 2016, the responsibility for delivering the HCFP was transferred to the authority of the Minister of Canadian Heritage. A detailed history of federal funding to HC is outlined in Annex A.

The HCFP offers a contribution agreement that provides funding to the HC, a non-profit, non-government organization specifically for operational funding. The HCFP has been managed and delivered by the Arts Policy Branch of the Department of Canadian Heritage (PCH). It provides federal operational funding to HC focused on five (5) key strategic areas:

- Salaries and benefits of individuals employed by HC.
- Site operating costs, which are the annual operational costs of the prime HC cultural and sports facilities and site.
- Sponsorship and marketing, which are the costs of raising and servicing corporate sponsorships and the marketing of the Centre and site to the public.
- Administrative costs of maintaining the efficient day-to-day operation of the organization.
- Capital assets, which are the costs associated with major HC capital assets (e.g. the theatres).

Within PCH HCFP is under the Cultural Affairs, Arts Policy Branch, Program 1.1 Arts, subprogram 1.1.5 where the strategic outcome is: Canadian artistic expressions and cultural content are created and accessible at home and abroad.

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<sup>1</sup> For more details about the program, see Annex B.

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The HCFP falls under PCH's departmental priority to promote diversity and inclusion to enhance Canadians' sense of belonging and pride and to promote inclusive economic growth.<sup>2</sup>

## 2.2 Objectives and expected outcomes

The primary objective of the HCFP is to provide operational funding support to HC through the following objectives:

- Assisting in covering fixed operating costs;
- Facilitating HC's ability to leverage funding from other government sources and pursue other revenue-generating strategies; and
- Allowing the organization to provide the general public with continued access to cultural, educational and recreational programs and activities on the Toronto waterfront

The expected outcomes of the HCFP are to:

- establish a stable foundation for HC's administration and operations;
- develop successful revenues generating and/or leveraging strategies for HC;
- organize innovative cultural, recreational and educational programs and events; and
- provide ongoing community access to the HC site and its capital facilities; and the economic, social, and cultural development of the Toronto Waterfront.

## 2.3 Program management and resources

The HCFP is managed through the Arts Policy Branch, which is part of the Cultural Affairs sector. Under this program, the federal government provided a contribution of \$15 million over three years (April 2016 to March 2019)<sup>3 4</sup> to assist HC with operational costs.

For its programming activities, the HC also receives funding from other PCH programs<sup>5</sup>. During the evaluation period (2014-15 to 2017-18), the following funds were approved for a variety of festivals and related programming: \$68,500 from the Building Communities Through Arts and Heritage (BCAH); \$2,110,000 from the Canada Arts Presentation Fund (CAPF); and \$370,000 from the Celebration, Commemoration Program (CCP). In addition, other amounts were approved: \$169,149 from the Canada Cultural Spaces Fund (CCSF) for smaller specialized equipment purchases, and \$500,000 from the Canada Arts Training Fund (CATF) for their annual professional arts training (craft studios). During the same period, the HC also received \$2,115,416 from the Canada Council for the Arts for operational and

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<sup>2</sup> PCH [Departmental priorities](#) or [Canadian Heritage 2017-18 Departmental Plan](#)

<sup>3</sup> Prior to the current contribution agreement, the HCFP received \$5M/year (within Finance Canada) until March 31, 2016.

<sup>4</sup> The [Economic Action Plan 2015](#) proposed to provide \$25 million to renew the Harbourfront Centre Funding Program from 2016–17 to 2020–21. However, the Federal Government had reduced the term of the contribution agreement from five to three years and the Business case will be used to inform future renewal decisions.

<sup>5</sup> Some funding awarded by the Minister to the HC over the period from April 2014 to March 2018 from the other PCH programs represents multiyear support that might extend beyond March 2018.



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programming activities.<sup>6</sup> However, these activities will not be part of this evaluation, as they will be evaluated under their respective programs.

When this program was transferred to PCH in 2016 there were no resources (operation and maintenance and/or salaries) attached to this program. However, one employee is responsible for program delivery on a part-time basis.

## 2.4 The Harbourfront Centre

The HC is an innovative, non-profit cultural organization with charitable status (1980) which provides internationally renowned programming in the arts, culture, education and recreation. It is located at a 10-acre site in the heart of Toronto's downtown waterfront. Furthermore, the organization is responsible for operating and maintaining the site and for the programming in the public facilities on the site. HC's mission is to: "nurture the growth of new cultural expression, stimulate Canadian and international interchange and provide a dynamic, accessible environment for the public to experience the marvels of the creative imagination."<sup>7</sup>

The organization works with hundreds of community organizations in partnership with the festivals and events that are held at the site annually.

HC is comprised of three organizations and the Harbourfront Foundation (separate entity from HC):

- Harbourfront Corporation
- The Art Gallery at Harbourfront (aka. The Power Plant Contemporary Art Gallery)
- International Readings at Harbourfront

HC has an annual budget of \$31.5 million dollars for its operational activities<sup>8</sup>.

## 3. Evaluation methodology

### 3.1 Scope and timelines

The evaluation was conducted in accordance with the Deputy Head approved 2017-18 to 2021-22 Evaluation Plan for PCH and in conformance with the requirements of the *Financial Administration Act*. The evaluation covers the period from 2014-15 to 2017-18 and addresses the program's relevance and effectiveness as required by the Treasury Board Secretariat Policy on Results (2016) and to support departmental decision-making.

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<sup>6</sup> HC Consolidated Financial Statements

<sup>7</sup> [Harbourfront Centre](#), 2017. Since then, the mission statement has been revised as follows: Present, commission and incubate the work of contemporary artists in all disciplines; Foster learning and innovation through interdisciplinary and international artistic exchange; Deliver accessible, inspiring, and relevant artistic, cultural, educational, and recreational experiences; and Steward the transformation of our campus and strengthen Toronto's identity as an international waterfront city.

<sup>8</sup> Harbourfront Centre Funding Program Contribution Agreement –July 2016

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## 3.2 Approach

The evaluation was led by the Evaluation services directorate (ESD) with assistance from external evaluation resources. The evaluation approach used a mix of qualitative and quantitative methods.

In conjunction with the evaluation, a recipient audit was conducted by the Office of the Chief Audit Executive. The results are presented in a separate report.

## 3.3 Methodology

Multiple lines of evidence were used to increase the reliability of the findings. Lines of evidence were comprised of primary and secondary data sources. The evaluation included the following lines of evidence:

Program documents were reviewed to assess the relevance and performance of the HCFP. Documents reviewed included : previous evaluations, contribution agreement, HC website and business case, etc.

An update of the 2014 benchmarking data and benchmarking data provided by HC and a financial analysis of the HC financial statements provided information on the HC performance (e.g. sustainability).

A site visit to the HC was done in November 2017 to provide evidence on some questions (e.g. needs; access; economic, social and cultural development, etc.).

Interviews were conducted with 18 key informants and included program employees from national and regional offices (6), HC representatives (7), arts community users (2), operating and programming funders (3).

## 3.4 Constraints, limits and mitigation strategies

One of the main limitations was the time available to collect data. Data collection had to be completed prior to December 2017 in order to meet the program needs. This contributes to the reliance upon these sources of primary evaluation input.

HCFP represents \$5 million (16%) of HC's \$31.2M annual budget. As such, results achieved by HC cannot be wholly attributed to HCFP funding.

Due to the timelines for data collection, the evaluation was unable to thoroughly compare HC with other organizations and/or analyze other funding models. For further investigation comparable organizations could include the Canadian Confederation Arts Centre (Charlottetown, PEI) and Southbank Centre (London, England). The documentation<sup>9</sup> indicated that both received a higher percentage of government grants for operating funding than the HCFP.

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<sup>9</sup> HC business case

Pursuant to the analysis of the data collected for this evaluation, it was found that there was an alignment in all of the interviews conducted, the documents reviewed, the updated benchmarking, the financial analysis, and the site visit. As such, based on the assessment of the data, and the consistency of the new data with the data of the 2014 and 2010 evaluations, the information collected is reliable and adequate.

## 4. Findings – Relevance

This section examines the continued need for HCFP, assesses the alignment of the Program with government priorities and the federal government’s roles and responsibilities and with the Department’s core responsibilities.

### 4.1 Continued need

<b>Evaluation questions:</b> <b>1. To what extent is the HCFP addressing a continued and justifiable need?</b> <b>2. How does the program respond to the needs of the public?</b>
<b>Key findings:</b> <ul style="list-style-type: none"><li>• The HCFP addresses a continued need for providing support to the HC which is a cultural hub on Toronto’s waterfront.</li><li>• HCFP is the funding anchor for the total operations of HC. It is the largest single-source revenue item.</li><li>• The program responds to the needs of the public by enabling the HC to continue stable daily operations 365 days per year, offer over 4200 cultural, recreational and educational events.</li></ul>

The evaluation findings illustrated that the HCFP addresses a continued need for providing support to the HC which is a cultural hub on Toronto’s waterfront. HCFP is the funding anchor for the total operations of HC. It is the largest single-source revenue item. As indicated on page 8, other PCH revenue streams include funding from programs BCAH, CAPF, CATF, CCSF (currently it is the only other capital program available to the organization from PCH), and CCP.

At \$5M a year, HCFP contributes almost 16% of the total annual expenditures of HC (\$5M out of the \$31.2M total budget), this provides a base upon which HC can operate, partner with stakeholder groups for programming, and receive additional donations, sponsorships, and contributions and earned revenue. As well, HCFP allows the HC to fulfill its mandate to provide cultural, educational and recreational programming to the general public. HC offers programming 52 weeks a year, seven days a week, supporting a diverse range of artists and communities. Furthermore, HC provides animation of the waterfront with contemporary arts, culture and festivals on a year-round basis.

The HCFP, via the HC, directly responds to the needs of the public by providing more than 4200 accessible cultural programming and community events and activities. Each year 17M visitors visit the site to attend its activities including presentations and exhibitions of contemporary arts and culture, as well as recreational activities and events on Toronto’s waterfront.

## 4.2 Alignment with Government priorities

**Evaluation question:**

**3. To what extent is the program aligned with federal government priorities?**

**Key finding:**

- HCFP is aligned with PCH and federal government priorities for public access to the arts, culture and recreation as well as diversity, inclusion and multiculturalism.

The program is aligned with federal government priorities for diversity, inclusion and multiculturalism. As noted on the HC website: “Diversity has always been at the heart of Harbourfront Centre. In the lakeside places and spaces it encompasses. In the multitude of cultures and backgrounds it celebrates. In the eclectic programming, engagement and entertainment it provides. And in the broad range of people it attracts.”<sup>10</sup>

HC presents a wide range of events and festivals, celebrating diversity and Canada’s multicultural and pluralistic society. Through festivals, events and exhibitions, HC promotes understanding of Canada’s wide range of cultures and communities. Interviewees noted with pride the inclusive, diverse, and multicultural programming of HC.

The HCFP also supported Canadian Heritage’s priority, “Promote diversity and inclusion to enhance Canadians’ sense of belonging and pride and to promote inclusive economic growth.”

Furthermore, the program advances the federal priorities for public access to the arts, culture, and recreation, and provides benefits in this regard to the middle class. The 2015 Speech from the Throne indicated that the government will “...invest in Canada’s cultural and creative industries.”<sup>11</sup> As an operating fund to the HC, HCFP supports this priority through its programming. The mandate letter from the Prime Minister to the Minister of Canadian Heritage notes that the Minister is to make significant new investments in cultural infrastructure<sup>12</sup>.

## 4.3 Alignment with federal roles and responsibilities

**Evaluation question:**

**4. Is delivering the program aligned with the federal government’s roles and responsibilities and with the Department’s core responsibilities?**

**Key finding:**

- There is alignment with PCH core responsibilities and federal government’s roles and responsibilities related to arts and culture.

HCFP is aligned with Federal Government and Canadian Heritage’s roles and responsibilities. Canada’s 2016 Budget noted the cultural industries as a key sector of the Canadian economy. The federal

<sup>10</sup> [Harbourfront Centre careers](#)

<sup>11</sup> [Speech from the Throne](#), December 2015

<sup>12</sup> [Mandate letter](#), November 12, 2015

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government 2016 Budget supported the Canadian Cultural Sector and invested \$1.870 billion in Canadian Arts and Culture<sup>13</sup>.

Within the federal government, responsibility for cultural policy lies with PCH. Specifically, the PCH mandate is to promote an: "...environment in which all Canadians take full advantage of dynamic cultural experiences, celebrating our history and heritage, and participating in building creative communities. We see a Canada that invests in the future by supporting the arts..."<sup>14</sup>

HC is not only an art and culture organization, it also offers sporting facilities (the marina and accompanying services such as kayaking and sailing, ice-skating rink in the winter), facilitates tourism (provides free public access to the waterfront, parking services, and provides programming free of charge), and operates a large facility and outdoor area. Thus, given the culture and sport responsibilities of PCH, it is the most suitable department to manage the HCFP.

There is alignment with PCH roles and responsibilities related to arts, culture and sport. The 2014 evaluation indicated that placing the program at PCH was the most logical alternative to having the program reside with the cabinet Minister notionally assigned responsibility for Toronto. That transfer of responsibility occurred in 2016 from Finance to PCH. HCFP is aligned with the PCH Arts and Culture Core Responsibility #1.

In her 2017-18 Departmental Plan, the Minister noted: "I am proud to lead our government's efforts to support arts and culture, and promote our creative industries to help drive economic growth and foster cultural diversity."<sup>15</sup>

It is noteworthy that the previous evaluation report highlighted the fact that given its history and its mix of cultural, educational, and recreational objectives and programs, and its location at the heart of Toronto's waterfront, the Harbourfront Centre is a "unique enterprise ... with no exact comparators."<sup>16</sup> Interviewees from both HC and PCH programs felt that the HCFP and Canadian Heritage was a good fit in terms of roles and responsibilities.

## 5. Findings – Achievement of expected outcomes

The following section presents the major evaluation findings related to the program's effectiveness.

**Evaluation questions:**

**5. To what extent has the HCFP contributed to a stable foundation for HC's administration and operations?**

**6. Are there increases in the targeted revenue streams that indicate improved revenue-generating strategies for HC since the previous evaluation? If not, why?**

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<sup>13</sup> Budget Plan, 2016

<sup>14</sup> [Canadian Heritage mandate](#)

<sup>15</sup> [Canadian Heritage 2017-18 Departmental Plan](#)

<sup>16</sup> [Harbourfront Centre Funding Program Evaluation Report](#), December 8, 2014

- 7. To what extent has the HCFP contributed to HC’s capacity to deliver innovative cultural, recreational and educational programs and events?**
- 8. Does the community have ongoing access to the HC site and its facilities?**
- 9. How does HC contribute to the economic, social, and cultural development of the Toronto waterfront?**
- 10. Has the organization/program addressed the recommendations from the last evaluation?**
- 11. Has HC developed a sustainability strategy? To what extent is the strategy implemented and achievable?**

**Key findings:**

- HCFP has contributed to providing a stable foundation for HC’s administration and operations (approximately 16% of the total budget).
- The HCFP permits HC to obtain additional support and commercial revenue.
- HC leveraged the \$5M HCFP funding to deliver a total of \$31.2M of operations and programming.
- HC has increased efforts to generate revenues. However, those have been offset by increased costs (e.g. to maintain the site) and decreased sponsorships and donations.
- Capital infrastructure deficiencies have had a substantial negative effect on HC’s ability to generate a healthy surplus position. Despite strategic cost-cutting measures (e.g. eliminating 12 positions, wage freezes, renegotiations with suppliers, etc.) undertaken by HC to balance the budget, the debt level and the annual deficit have increased.
- By providing operational funding, the HCFP contributed to HC’s capacity to deliver cultural, recreational and educational programs and events.
- The HC site is accessible to public 24/7, 52 weeks per year. The number of visitors is estimated to 17M per year.
- Through its funding, the HCFP helped HC to have made a contribution to economic, social, and cultural development of the Toronto waterfront.

## 5.1 Foundation for HC’s administration and operations

HCFP is vital for HC to continue to operate as a going concern, representing approximately 16% of the total budget of HC. The evaluation demonstrated that HCFP has contributed to providing a stable foundation for HC’s administration and operations and stakeholders interviewed collectively agreed that the HC could not function without the HCFP. As well, some stakeholders indicated that the HCFP could provide more ‘stability’ if the funding reflected inflation, accounting for rising costs. Consequently, a HCFP Business Case<sup>17</sup> forecasts that, if properly indexed to inflation, the HCFP should be equivalent to \$6.1M per year in 2017. With HCFP in place, HC has successfully sought and received additional support from the City of Toronto, other donors and sponsors.

Note that additional government support is not contingent on ongoing federal HCFP funding, nevertheless, some stakeholders suggested that the federal funding acts as a sign of confidence in the HC, potentially positively influencing donors and other funders. With HCFP support, HC has successfully

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<sup>17</sup> As per the contribution agreement, the HC had to prepare a business case “regarding its long-term requirements, including meaningful exploration of options to achieve efficiencies and raise revenues.”

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leveraged the funds available to provide an accessible site (determined based on the site visit), and popular arts and cultural programming to millions of visitors each year.

HC leveraged the \$5M HCFP funding to deliver a total of \$31.2M of operations and programming. This is equivalent to a 6.25 multiplier effect or over 500% annual return on investment.<sup>18</sup>

The HCFP expenditure guidelines help ensure that program funding received from other sources does not have to be used towards administration and operations thereby optimizing the artistic or cultural impact of that funding.

## 5.2 Revenue generating strategies for HC

Although, there have been increases to HC’s revenue streams since the last evaluation, the increases have not addressed the organization’s debt to a significant extent. All interviewees were aware of HC’s increased revenue generating efforts. Given its tight financial situation, including a growing annual deficit, and the need to maintain the site, HC has every incentive to maximize commercial revenues and is actively responding. One area that has been lagging is sponsorship and donations and HC is beginning to address this.

Documents reviewed comparing the pricing of its commercial revenues with competitors, and HC financial statements indicate that HC has operated its commercial operations at capacity and increased prices in order to increase revenues from parking, marinas, camps, and other commercial revenues (parking revenue has been impacted from the temporary loss of one level of parking at the Spadina Lot owing to flooding. Capacity of that lot has been reduced from 290 spaces to 150 spaces).

Commercial revenue<sup>19</sup> streams have experienced compounded annual growth of 4.24% over the period 2014 to 2017, with a maximum annual growth of 12%. Over this period, for revenue specific to parking, concessions and other income, compounded annual growth was 3.99%.<sup>20</sup>

The table below indicates the available data for the period 2016-2017.

### 2016-2017 commercial revenue per stream<sup>21</sup>

Stream	Revenue
Parking	\$3.27M
Marina	\$2.39M
Camp	\$2.30M

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<sup>18</sup> Calculated from 2017 data

<sup>19</sup> Commercial Revenue: Sum of income/losses realized from parking and other revenue sources, including but not limited to concessions, event admissions, registrations, and investments.

<sup>20</sup> Total Revenue figures sourced from HCFP audits from 2014-15 to 2016-17

<sup>21</sup> Revenue by stream sourced from HCFP Business Case 2019-2024 & Performance Measurement Scorecard for FY 16/17.

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The increases in HC revenue have been offset by increased costs to maintain the site and decreased sponsorships and donations in a tight economic environment.

Toronto is an intensely competitive donor and sponsorship environment. HC competes with many arts and culture organizations for donations and sponsorships. For example, interviewees noted that sponsors and donors may also consider the Toronto International Film Festival, Canadian Opera Company, Toronto Symphony Orchestra, Massey Hall, National Ballet of Canada and numerous other arts and cultural organizations. Part of the sponsorship strategy focuses on naming opportunities on the HC campus. Even so, the Business Case 2019-2024 and many stakeholders interviewed indicated that the deteriorating facilities are no longer as appealing as they once were. This may possibly be affecting donations and/or sponsorship. Recently the HC has taken measures to reduce its expenses such as reducing employee short-term disability benefits, reducing insurance, downsizing the organization by 12 positions, freezing wages and reducing RRSP contributions. As much as these measures are cost savings for the organization, they may serve as an incentive for their remaining employees to search elsewhere for more competitive packages.

In spite of increased commercial revenues, rigorous cost control, and deferral of capital expenditures, HC has operated at a deficit in recent years. Over the period 2014 to 2017, due partially from decreased sponsorships and donations and increased costs of maintenance, the HC deficit rose from approximately \$265K to \$2.4M. This is from a decrease in revenue without a commensurate decrease in expenses. Contributing to this deficit was the decision by HC management to incur additional costs of just over \$1M for the one-time termination payouts necessitated by the restructuring exercise in March 2017.

Another factor that puts financial strain on HC is that a long-term lease for a commercial space under the control of HC could not be successfully negotiated at a fair market value for another 10-year term as of October 2017. HC strategically made the decision not to accept a long-term below-market lease offer. This decision should be reflected in the financial statement of fiscal year 2018 and this will contribute to more debt for HC. This sponsorship delivered \$125k per annum for the first five years, with the past five years generating \$150k per annum. Harbourfront identified that this lease was well under market value and that they had not been realizing the potential income from the rental over the ten years, despite increasing costs of maintaining the property, contributing to a weak bottom line. Harbourfront has noted that it requires a tenant that will pay a fair market value for the property and would also contribute a cultural or social purpose to the space in keeping with the mandate. This is seen as especially important as the commercial leases tend to be longer.

HC has deferred maintenance of buildings and structures on the site due to its tight fiscal situation. Currently, an estimated \$3.4M out of \$5M of the HCFP is spent on site maintenance. Current unfunded capital issues totalling approximately \$15M on the HC site cannot be addressed (e.g replace roof of the building, seating of theatre, etc.) given HC's negative net asset position and the difficulty in attracting corporate donors. A complete list including costs can be found in Annex B. This list does not include additional amounts for maintenance and repairs that are also required, bringing the total need to \$17.5.



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### **5.3 HCFP contribution to HC's capacity to deliver innovative cultural, recreational and educational programs and events**

The HCFP focuses on operational funding and does not directly fund cultural, educational or recreational programs. However, by providing this funding, the HCFP contributes to HC's capacity to deliver innovative cultural, recreational, and educational programs and events. Interviewees have stated that without the support of the program HC could not deliver its programming and would have to wind down its operations.

The operational funding provided by HCFP has contributed to HC's ability to raise additional revenues and thereby to deliver over 4200 events each year. HCFP has permitted HC to provide free public access to up to 70% of the exhibits, festivals and events. Stakeholders indicated that without the funding, there would be increased charges for programming, decreased staffing, and venue closures (e.g. theatre). Potentially, all commercial revenues in excess of costs would be redirected just to maintain base operations.

### **5.4 Ongoing community access to the HC site and its facilities**

The community has full access to the HC site and facilities. The HC site is unfenced and the public can access the site 24/7, 52 weeks per year. Based on observations made during the site visit, public access to the site is via public transit, private vehicles, bicycle, and walking. HC has a policy to operate in a manner where up to 70% of its events are free to the public. Fees are charged for admission to selected events and performances on the HC site. Based on interviews and documentation, the number of visitors is estimated at 17M per year.

The site visit and interviews noted recent condominium developments in the vicinity of the HC. A growing number of residents within walking distance of HC, along with significant investments to improve access to Toronto's entire waterfront, has the potential to increase visitor numbers.

### **5.5 HC contribution to the economic, social, and cultural development of the Toronto waterfront**

The HC site and the social and cultural events offered, such as art exhibitions, outdoor skating, pedalboating and life-sized board games, make a contribution to bringing visitors to the Toronto waterfront. The HC galleries, festivals, arts and culture events, artists in residence, school visits and summer camps, and the recreational activities at HC, make a contribution to economic, social, and cultural development of the Toronto waterfront. Over \$1M is spent on hiring more than 1,000 artists (many local) annually. Hundreds of cultural and community organizations partner with HC to deliver programming including a noted history of accessible multicultural festivals (e.g. Ashkenaz, Tirgan and Hibri festivals). HC's early adoption of presenting high quality ethnocultural festivals could promote the importance of diversity and inclusion to Torontonians since the beginning. The recreational activities offered at the HC site include enjoyment of the Toronto waterfront, restaurants, patios, camps, a marina, kayak rentals, sailing club for disabled persons, and skating rink. The existence of the HC (in part funded by HCFP) has contributed to the gentrification of the Harbourfront area – there are condo buildings, a school, and businesses on the campus (i.e. Lavazza, Boxcar Social Restaurant, Amsterdam BrewHouse). HC employs

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120 full-time staff, 170 part-time and 350 seasonal. This is complemented by more than 800 volunteers. This employment contributes directly to the Toronto economy.<sup>22</sup>

## 5.6 Addressing the recommendations from the last evaluation

The 2014 evaluation made two recommendations:

- Seek a decision from the responsible Minister on a continuation of federal funding to the HC after March 31, 2016, through a multi-year contribution agreement that provides assistance in covering operational costs.
- Formally establish and communicate to HC a clear long-term funding strategy, including objectives and targets with regard to HC's reliance on HCFP as a source of operational funding.

Based on interviews and documents made available to the evaluation team, both recommendations have been addressed by Finance Canada.

The program was transferred from Finance Canada to PCH in 2016. Just prior to this, the contribution agreement had been renewed by Finance for the period of 2016 to 2019 at \$5M per year, the same level of funding as the previous contribution agreement that was administered by Finance Canada.

## 5.7 HC sustainability strategy

HC developed and implemented a sustainability strategy following the 2010 evaluation which was updated in 2013. The strategy documented the need for continuing the HCFP at the level of \$5M for the foreseeable future. The HCFP was seen as an essential component of HC's funding in order to continue operations.

It is notable that the most recent Business Case that HC submitted to the program did not present any scenarios that demonstrated viable continuing operations in the event of a gradually decreasing level of federal government funding. HC management claims that decreased federal funding would necessitate drastically reduced operations. Nevertheless, the sustainability strategy presented a commitment to increase all potential funding sources, including commercial revenue streams and donations as well as grants and contributions from funders at the federal, provincial and municipal levels of government.

In a sustained effort to increase revenues, HC has increased all of its rates such that parking rates relative to its competitors are higher except for ½ hour parking, where HC is an average of 2% less. Daily parking (Mornings/Afternoons) at HC is 59% higher, daily (Evenings) is 98% higher, monthly 32%, and weekends 10%.<sup>23</sup> The business case also stated that HC was seeking to increase camp fees, which are still lower than its competitors.

The evaluation team confirms that the sustainability strategy is reflected in the current operations of HC since its update in 2013. HC has pursued all potential revenue streams and continues to do so. HCFP has

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<sup>22</sup> Harbourfront Centre Funding Program – Business Case 2019–2024

<sup>23</sup> Calculated from 2017 data

provided vital operating support to HC. Documentation and interviews show that the HC would struggle (or cease) to exist without it.

## 6. Findings – Efficiency

The following section summarizes evaluation findings related to the program’s efficiency.

<p><b>Evaluation questions:</b></p> <p><b>12. Were adequate resources and management practices in place for efficient delivery of the HCFP? What can be done to improve the efficiency of HCFP?</b></p> <p><b>13. Is the current arrangement (providing operational funding) the most efficient use of government resources?</b></p>
<p><b>Key findings :</b></p> <ul style="list-style-type: none"><li>• Adequate resources and management practices were used to deliver HCFP.</li><li>• Provision of operational funding from HCFP is vital to HC and efficient use of government resources.</li><li>• Efficiency of delivery could be improved through the use of a longer term, multi-year agreement.</li></ul>

### 6.1 Resources and management practices

As mentioned earlier, with the transfer of the program, PCH received only program funds (\$5M/year from 2016-17 to 2018-19), with no operating funds. Nevertheless, interviews and documentation indicated that the delivery of the HCFP by PCH is efficient. Adequate resources and management practices were used to deliver HCFP. As well, required reports were received from HC and funding was provided to HC in a timely manner. Staff regularly reviews the HCFP file and quarterly reports and payment processing is consistently performed. No significant difficulties were reported in the management of the HCFP.

Another factor that reduces the operating expenditures related to HCFP at PCH is that PCH regional officials already have ongoing communications with HC from other PCH arts and culture programming. Based on interviews, HC itself has followed similar reporting and claim procedures in past contribution agreements and these have worked well.

### 6.2 Efficient use of government resources

Interviewed stakeholders noted that providing three years’ funding made HC planning more complex and difficult. Planning and application process is a high-effort activity and its frequency detracts from other management responsibilities. A longer funding period would be more efficient for the government and for HC than the current three-year term. Also, the City of Toronto and other donors noted that the Federal Government had reduced the term of the contribution agreement from five to three years - this may have negatively impacted the perceptions of other donors.

The organization indicated that the current amount of the funding was inadequate to meet the needs of HC. Interviews and documents indicated that the HCFP, at its current level of \$5M, has not increased the funding since 2006. If the HCFP were indexed to inflation, current estimates are that the annual

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contribution would be \$6.1M. HC operating costs have increased due to inflation, increases in wages, salaries, and equipment costs, and normal deterioration of infrastructure through use of the site pursuant to the HC mandate.

The financial statements indicate a one-time increase in 2011. For the year ending March 31, 2011, the Government of Canada provided \$6.2M for operating contributions to HC, of which \$1.2M was the Toronto Waterfront Revitalization Initiative (TWRI) funds to replace the York Quay parking facility revenue. This is the only recent time when the Government of Canada varied from its annual contribution of \$5M.

## 7. Other evaluation questions

This section examines other evaluation issues, including: short-term and long-term implications of non-renewal of the HCFP, official languages and the gender-based analysis plus.

### Evaluation questions:

**15. What would be the short-term and long-term implications of non-renewal of the HCFP?**

**16. Were all official language requirements outlined in the contribution agreement met?**

**17. To what extent were GBA+ considerations included in the development of the program's mandate, design, or performance measures?**

### Key findings:

- The short-term implication is that HC would have to wind down operations and programming. In the long term, HC cannot maintain its current infrastructure and deliver its planned current level of programming with its current revenues, including the HCFP at \$5M.
- The official language requirements outlined in the contribution agreement have been met.
- GBA+ values and principles are included in HC planning and programming but are not explicitly reported against or measured.

### 7.1 Short-term and long-term implications of non-renewal of the HCFP

The short-term implication is that HC would have to immediately and drastically wind down operations and programming without the HCFP. Stakeholders indicated that without the funding, there would be increased charges for programming, decreased staffing, and potential venue closures (e.g. theatre). Potentially, all excess of revenue over expenses from revenue centres would be redirected just to maintain base operations. It is also doubtful if HC would remain open seven days/week and 52 weeks/year.

The data supports the assertion that the HC would struggle (or cease) to exist without a renewal of HCFP. In the short-term, HC would not be able to provide a safe, clean, accessible site, and could not meet its obligations to partners for popular upcoming public festivals and future events over a three-year time frame.

In the long term, HC cannot maintain its current infrastructure and deliver its planned current level of programming with its current revenues, including the HCFP at \$5M. Even with the HCFP at its current level. HC is running annual deficits (for the last three years) and the HC must defer important maintenance and renewal of its capital infrastructure.

### 7.2 Meeting official language requirements outlined in the contribution agreement

The evaluation confirmed that the official language requirements outlined in the contribution agreement were met. As per the contribution agreement and the Official Languages Act, the program is responsible

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for providing public announcements, events and public communications in both English and French where there is demand for communications with and services in that language.<sup>24</sup>

### **7.3 The inclusion of GBA+ considerations in the development of the program’s mandate, design, or performance measures**

GBA+ is an analytical tool used to assess how diverse groups of women, men and gender-diverse people may experience policies, programs and initiatives. The “plus” in GBA+ acknowledges that GBA goes beyond biological (sex) and socio-cultural (gender) differences. We all have multiple identity factors that intersect to make us who we are; GBA+ also considers many other identity factors, like race, ethnicity, religion, age, and mental or physical disability.<sup>25</sup>

Although interviewees confirmed that, to the best of their knowledge and understanding, all the operations and programming of HC is fully-aligned and supportive of GBA+ values and principles<sup>26</sup> are embedded in the internal HC plans, policies, and programs, these values and principles are not explicitly identified in agreements or reporting tools.

Note that the HCFP Business Plan indicates that HC has embraced “cultural, racial and linguistic diversity, and nowhere is this more evident than in Toronto. Harbourfront Centre attracts millions of visitors annually, who directly reflect the demographic diversity of the Canadian population.” This statement is intended to indicate the open, inclusive and non-discriminatory nature of the HC approach to accessibility. Unfortunately, there is no explicit mention of GBA+ considerations.

This is the first evaluation of HCFP where this question has been asked. Consequently there was very limited data available for the consideration of this question specifically with regard to the HCFP mandate, design, or performance measures. Thus, the data in this regard is inconclusive.

## **8. Conclusions and recommendations**

### **8.1 Conclusions**

Based on the evaluation findings, the following conclusions have been drawn:

- The HCFP is vital for the continued operations of HC and is working as intended;
- Is relevant and is delivering intended results;
- Contributes to and is essential for the HC’s success;
- Demonstrates federal support for a cultural organization of significant importance to the activation of the Toronto waterfront;

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<sup>24</sup> Harbourfront Centre Funding Program Contribution Agreement, July 13th 2016, and [Official Languages Act](#)

<sup>25</sup> Status of Women Canada: What is GBA+?

<sup>26</sup> The Government of Canada has been committed to using GBA+ in the development of policies, programs and legislation since 1995. It provides federal officials with the means to continually improve their work and attain better results for Canadians by being more responsive to specific needs and circumstances. Source [Government of Canada’s Approach to GBA +](#), accessed January 26 2018.

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- Is leveraged by HC to deliver \$31M a year worth of arts, culture, stewardship, and site activation programs, activities, and events year round, with hundreds of community groups;
  - Federal support is valued, recognized and used by HC to further secure donations and sponsorships.

HC appears to be efficient and works to maintain lean operations, leveraging volunteers and recently reducing staff. HC senior management has recently changed and the organizational structure has been streamlined. In spite of increasing commercial revenues and significantly cutting operating costs, HC has been running significant annual deficits and has a backlog of \$15 million in maintenance and infrastructure requirements.

### **8.1.1 Relevance**

The HCFP continues to be relevant since the HCFP addresses a vital need of HC and supports the delivery of arts, culture and recreational programming that meets the needs of the public. There is a real and demonstrated need for HC to maintain the 10-acre site in a manner that is accessible, healthy and safe. HC provides a clean, accessible site that is open year-round, 24/7. There is a real and continuing need for the HC arts and culture programming as evidenced by over 17M visitors attracted to the site each year.

### **8.1.2 Performance**

HCFP provides essential support for the operations of HC. This funding represents about 16% of the total budget of HC. The \$5M annual contribution to HC permits HC to deliver a safe and clean public site and leverages over \$31M of total programming. HC has increased revenues in a rigorous and practical manner and has maximized revenues. In spite of this success, HC most recently reported a \$2.4M deficit and its waterfront infrastructure is deteriorating.

### **8.1.3 Efficiency**

Efficiency of delivery of HCFP is adequate, nevertheless it may be improved with a longer term multi-year funding agreement.

## **8.2 Recommendations, management response and action plan**

Based on the findings and conclusions, the following recommendations are intended to strengthen PCH's ability to make future decisions with respect to HCFP and, indirectly, benefit the ongoing operations of the HC.

The evaluation found that the HCFP is seen as an essential component of HC's funding in order to continue operations. The annual \$5M provided by HCFP permits HC to obtain additional support and commercial revenue in order to maintain the site and to deliver over \$31M of operations and programming. However, in spite of increased commercial revenues, rigorous cost control, and deferral of capital expenditures, the HC deficit has risen from 2014 to 2017. Additionally, HC has an unfunded deferred maintenance pressures list of \$15M. Despite the fact that the HCFP can be used for capital assets, the current level of the HCFP funding leaves little available to address ongoing capital maintenance and nothing for larger infrastructure needs.

**Recommendation 1:** The Senior Assistant Deputy Minister of the Cultural Affairs Sector should develop and implement a reporting framework with realistic and reportable benchmarks for the HCFP. This framework would serve to measure and track the organization’s long-term sustainability strategy, including its deferred maintenance pressures, as well as inform senior management decision-making moving forward.

**Management response**

Accepted. The Senior Assistant Deputy Minister of the Cultural Affairs Sector will develop and implement a reporting framework with realistic benchmarks for the HCFP that will measure and track the organization’s long-term sustainability strategy including its deferred maintenance pressures and will inform senior management decision-making moving forward.

**Recommendation 1 - action plan**

Measure	Deliverables	Timeline	Responsible
Develop a revised logic model with indicators and targets for the HCFP in the period April 1, 2019 to March 31, 2021.	Approved Logic Model	Fall 2018	Director General, Arts Branch, in consultation with Arts Policy Unit and Strategic Planning/Results and Delivery Unit
Develop additional reporting requirements, in alignment with the logic model, with indicators and targets to include in the next contribution agreement. These additional requirements will also serve to track the sustainability and the deferred maintenance pressures of Harbourfront Centre.	Complete reporting framework included in contribution agreement	March 2019	Director General, Arts Branch
<b>Full implementation date :</b> March 2019			

The evaluation found that although GBA+ values are included in HC planning and programming these were not explicitly reported against or measured. The data was inconclusive in regards to whether GBA+ considerations were included in the development of HCFP’s mandate, design or performance measures.

**Recommendation 2:** The Senior Assistant Deputy Minister of Cultural Affairs should develop GBA+ indicators for HCFP and ensure its collection, monitoring and reporting to inform policy and program adjustments.

**Management action plan**

Accepted. The Senior Assistant Deputy Minister of the Cultural Affairs Sector will gather and review existing statistical information related to GBA+ considerations for HCFP. This information will help inform the development of GBA+ indicators for HCFP.



**Recommendation 2 -action plan**

Measure	Deliverables	Timeline	Responsible
Determine existing GBA+ considerations related to HCFP in consultation with the recipient and PCH Policy and Planning teams.	Prepare a brief report presenting analysis of GBA+ considerations related to the management of HC (board of directors) and to the delivery of its programming.	March 2020	Director General, Arts Branch
Review HCFP data in the period April 1, 2020 to March 31, 2021 and inform future reporting on GBA+ for HCFP.	Scan and prepare an inventory of available GBA+ related data and other related research to support HC.	March 2021	Director General, Arts Branch, in consultation with PCH's Strategic Planning and the Chief results and delivery officer
<b>Full implementation date : July 2021</b>			

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## Annex A: Program History

Under the auspices of an urban revitalization initiative for the Toronto waterfront area, in 1972, the Government of Canada created the Harbourfront Corporation, a new federal Crown corporation whose purpose it was to develop a 100-acre waterfront park accessible to all. The Corporation was mandated to acquire, hold, manage, improve and dispose of lands, for which Public Works and Government Services Canada (PWGSC) was the managing partner. A significant part of this revitalization effort was to promote cultural, recreational and educational programs for the public. The Corporation was dependent upon the dual mandates of real estate development and cultural programming with revenues from the development to support the delivery of the programs and the corporation's long-term financial viability.

In the 1980s, the Government of Canada appointed a Royal Commission mandated to examine the future of the Toronto waterfront and to evaluate the operation of the Harbourfront Corporation. The Ontario Government also commissioned a study, known as the Duncan Allan Report, to which the Government of Canada responded by drafting the 1990 McKeough Report. As a result, the original Harbourfront Corporation was restructured in 1991 to form three separate entities:

- Queens Quay West Land Corporation (QQWLC);
- Harbourfront Corporation (1990), operating as Harbourfront Centre, a not-for-profit, provincially incorporated organization; and
- Harbourfront Foundation (HF).

In this new configuration, QQWLC was to sell several key properties in order to create an endowment fund for HC, thereby providing a source of funding for the HC. This endowment fund was to be managed by HF. At the time, it was estimated that the key properties were worth \$80 million. Shortly after this arrangement was formalized, the real estate market deteriorated to the point where the properties were substantially less valuable, making the creation of the endowment fund impossible. QQWLC disposed of nearly all of the waterfront properties, mainly by selling them or conveying them to the City of Toronto. Harbourfront Corporation (1990) was therefore never able to achieve total financial self-sufficiency and relied, throughout the years, on a series of loans, grants and contributions from the Government of Canada to continue its operations and programming activities.

HC has pursued a number of funding initiatives over the years in order to fulfill its mandate. In addition to federal subsidies, HC has accrued operating revenues from the real property assets under its management, has generated income based on admission and participation fees for scheduled events, and has pursued private sector corporate sponsorship funding. This latter funding source almost disappeared in 1998, when the federal policy on tobacco sponsorship eliminated corporate funding from Imperial Tobacco, which had contributed significantly to HC's sponsorship revenues.

In 1998, the Government of Canada, through QQWLC, provided HC with \$200,000 to develop a Master Plan that would seek the public's view on the future of HC and examine ways for the Centre to become more self-sufficient. Prior to issuing its final report, HC officials worked with the Toronto Waterfront Revitalization Task Force of that time to guarantee that its future capital plans would be consistent with the Task Force's vision of Toronto waterfront redevelopment, which included support for HC.

In 2000, the Government of Canada approved a new five-year funding package for HC. The package consisted of a direct operating subsidy of \$4 million per year for five years, for a total of \$20 million. This

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funding package included an authorization for the provision of parking revenues to HC for the period 2001 to 2003, using the QQWLC as the vehicle through which money flowed to HC. In summer 2003, the Government of Canada's authority to continue to provide the indirect subsidy from parking garage revenues to HC was extended for 2003-04 only.

After this authorization expired on March 31, 2004, HC no longer had access to the revenues from the YQ4 Parking Garage. The resulting shortfall was addressed in the short term when, in February 2005, HC was provided with \$1.4 million in federal funding (\$700,000 in each of 2004-05 and 2005-06); the federal TWRI was both the source of funds and funding mechanisms. Meanwhile, QQWLC disposed of nearly all of the waterfront properties, mainly by selling them or conveying them to the City of Toronto. The remaining properties, including the YQ4 Parking Garage, were transferred back to PWGSC when the QQWLC dissolved on March 31, 2006.

Meanwhile, under the TWRI, \$25 million in federal funding was earmarked in 2003 for the study, design and construction of an underground parking garage and development of a new public space on HC premises known as Canada Square. The garage is an important component of HC's financial plan and long-term sustainability strategy. HC has also previously received federal TWRI funding as an Eligible Recipient through the Toronto Waterfront Revitalization Corporation, the Designated Recipient mandated with implementing the TWRI, to spearhead specific infrastructure projects such as the Harbourfront Water's Edge Improvements at John and York Quay.

In November 2005, the Government of Canada provided \$4 million in operational funding for HC for 2006-07. The funds were included in the reference levels of Infrastructure Canada because of its responsibility at that time for QQWLC, the conduit for the previous \$4 million annual operational subsidy for HC. On May 23, 2006, to fulfill a public commitment made by the Prime Minister to maintain current funding levels to the HC over the next five years, the President of the Treasury Board announced \$25 million in funding to HC over five years. This comprised the \$4 million set aside in the reference levels of Infrastructure Canada for 2006-07 and \$21 million in new funding announced in Budget 2006.

In July 2010, the Minister of Finance approved the transfer of an additional \$1.2 million in federal funding from the TWRI to the HCFP for 2010-11 to address the expected revenue shortfall resulting from the construction of the Canada Square Parking Garage (i.e. due to the closure of the existing surface parking lot during the construction period).

On March 18, 2011, the Minister of Finance approved minor amendments to the HCFP to allow \$900,000 to be provided to HC for the first quarter of 2011-12 so that the organization could meet its short-term operational needs. This amount is the first instalment issued to HC as part of the renewed five-year \$25 million HCFP announced in Budget 2011.

The HCFP is a program initiated in 2006 that provides operating funding to HC. Prior to this program, the Government of Canada had provided funding to HC since 1972. HCFP has been the responsibility of the President of the Treasury Board, subsequently the Minister of the Environment and, subsequently, the Minister of Finance. In March 2016, the responsibility for delivering the HCFP was transferred to the authority of the Minister of PCH. Within PCH, the HCFP is administered within the Arts Policy Branch. Under the PCH Departmental Results Framework and Program Inventory, HCFP falls under Core Responsibility #1: Arts and Culture.

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HCFP provides operational funding support (\$5M/year) to HC through the following means:

- Assisting in covering fixed operating costs;
- Facilitating HC's ability to leverage funding from other government sources and pursue other revenue-generating strategies;
- Allowing the organization to provide the general public with continued access to cultural, educational and recreational programs and activities on the Toronto waterfront with 70% of them being offered free of charge.

In 2015, the Economic Action Plan proposed to provide \$25 million to renew the Harbourfront Centre Funding Program from 2016–17 to 2020–21. However, in 2016, the Federal Government had reduced the term of the contribution agreement from five to three years.

The current contribution agreement covers 2016-2017 to 2018–2019, providing \$5M a year in funding to the HC. HC has to prepare a robust business case “regarding its long-term requirements, including meaningful exploration of options to achieve efficiency and raise revenues.”

## Annex B: Current HC State of good repair requirements – maintenance and upgrades to the facilities

Item Description	Amount (\$000s)
Queens Quay Terminal, 207 QQW (Queens Quay West)	75
Fleck Dance Theatre, 207 QQW	810
Harbourfront Centre Parking Garage P2, 225 QQW	20
Harbourfront Centre Theatre, 231 QQW	1,515
Artport, 235 QQW	4,840
Brigantine Room, 235 QQW	390
Studio Theatre, 235 QQW	615
Lakeside Terrace, 235 QQW	300
Miss Lou's Room, 235 QQW	140
Loft, 235 QQW	100
Loft 2,3 and 4 235 QQW (Education labs)	79
Artport Gallery, 235 QQW	40
Concert Stage, 235 QQW	1,205
Boulevard Pavilion, 235 QQW	175
Stage in the Round, 235 QQW	60
World Café, 235 QQW	265
Brigantine Tent, 235 QQW	50
Pond/Rink, 235 QQW	220
Amsterdam Bridge, between 235 and 245 QQW	170
North Building, 245 QQW	475
Marina 4, 245 QQW	120
John Quay, 275 QQW	180
Sailing & Powerboating, 275 QQW	185
Marina Quay West, 579 QQW	210
Marine Services	250
Other	2,340
<b>Total</b>	<b>15,039</b>

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