



The Canada Council  
for the Arts | Le Conseil des Arts  
du Canada

42nd Annual Report

# The Canada Council for the Arts

1998-  
1999

Canada







# 42nd Annual Report

# The Canada Council for the Arts

"Everyone has the right to freedom of opinion and expression..."

(Article 19, Universal Declaration of Human Rights)

"Writing ... is an act of faith; I believe it's also an act of hope,  
the hope that things can be better than they are."

(Margaret Atwood)

Fundamental to the act of creation is the right to freedom of expression.

The Canada Council for the Arts salutes the 50th anniversary of the  
Universal Declaration of Human Rights.

1998-  
1999



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for the Arts | du Canada



# The Canada Council for the Arts

**Role.** The Canada Council for the Arts is a national arm's-length agency created by an Act of Parliament in 1957. Under the terms of the Canada Council Act, the object of the Council is "to foster and promote the study and enjoyment of, and the production of works in, the arts." To fulfill this mandate, the Council offers a broad range of grants and services to professional Canadian artists and arts organizations in dance, interdisciplinary work and performance art, media arts, music, theatre, visual arts and writing and publishing. The Council administers the Killam Program of scholarly awards and prizes, and offers numerous other prestigious awards. The Canadian Commission for UNESCO and the Public Lending Right Commission also operate under its aegis.

**Structure.** The Council is headed by a Board consisting of 11 members who are appointed by the government. The Board, chaired by Jean-Louis Roux, meets at least four times a year. It is responsible for all policy and financial decisions as well as other matters which are implemented by a staff headed by a Director, Shirley L. Thomson, who is also appointed by the government.

The Canada Council for the Arts and its staff rely heavily on the advice of artists and arts professionals from all parts of Canada, who are consulted both individually and collectively. The Council also works in close cooperation with federal and provincial cultural agencies and departments.

**Funding.** The Canada Council for the Arts is funded by and reports to Parliament through the Minister of Canadian Heritage and is called from time to time to appear before parliamentary committees, particularly the House of Commons Standing Committee for Canadian Heritage. Its accounts are audited by the Auditor General of Canada and included in the Council's Annual Report to Parliament.

An annual grant from Parliament is the Canada Council for the Arts' main source of funds, supplemented by income from an Endowment Fund, established by Parliament in 1957. The Council can receive and has over the years received a number of private donations and bequests, the income from which is devoted to the purposes established by the deeds of the gift.

In 1998-99 the Council awarded 5,690 grants to artists and arts organizations and 11,602 payments to authors through the Public Lending Right Commission, totalling \$112 million.

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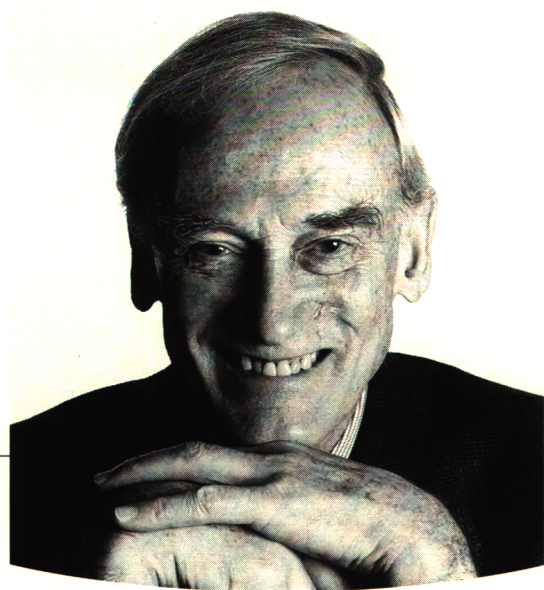
*Orféo*, a contemporary re-reading of the myth of Orpheus in an interdisciplinary creation by Michel Lemieux Victor Pilon Création, was coproduced by the National Arts Centre French Theatre, the John F. Kennedy Center in Washington, and Usine C in Montreal. The work uses a four-dimensional theatrical experience in which the audience is drawn into the story, captivated by the constant transformations of the set and special effects. *Orféo* received a \$30,000 creation grant from the Interdisciplinary Work and Performance Art program. Pictured: Julie Salter (Eurydice) and Rodrigue Proteau (Orféo).

## Chairman's Report



# Chairman's Report

Jean-Louis Roux



I felt happy and honoured when I was appointed the Chairman of the Canada Council for the Arts, a little over a year ago. I also felt somewhat apprehensive, for Canada's artists had very high expectations of me. Fortunately, I can count on the solid backing of the other ten members of the board, the commitment of our dedicated and hard-working staff and the inspired leadership of our director, Shirley Thomson. The synergy of board, staff and management is what makes the Canada Council for the Arts a vigorous and exciting institution.

In 1948, the first paragraph of Article 27 of the Universal Declaration of Human Rights stated that "Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts ..." The global community recognized a citizen's right to free access to culture as being just as important as free access to health or education.

Similarly, the Act for the establishment of the Canada Council stipulates that "The objects of the Council are to foster and promote the study and enjoyment of, and the production of works in, the arts..." I prefer the English version of the Act for its emphasis on the aspect of enjoyment, as opposed to the term "diffusion" in the French version, for the Council's mission is to make available to the public the works of our artists at their best, so that the population can indeed "enjoy" – derive joy from – those works. This is the key element in the relationship between artists and their audiences.

***"To clarify the Council's mission, I like to quote Peter Dwyer, one of the Council's first directors, who said that the Council must be "a thinker, a doer and ... a rascal!..."***

To clarify the Council's mission, I like to quote Peter Dwyer, one of the Council's first directors, who said that the Council must be "a thinker, a doer and ... a rascal!..." In other words, the Council must follow the artists' example and make a point of disturbing intellectual complacency if we are to avoid falling into conservative, rigid ways of thinking and doing.

The Council serves every Canadian citizen, even though its primary task is to award grants to artists and arts organizations and create a climate that encourages inspiration and creation. This is how it ensures that all citizens have free access to – and enjoyment of – the arts and culture.

Service, however, does not mean servility. The Council must be a leader, not a follower, of public opinion. In art, creation is the domain of the artists. And for those artists, the Council calls for full freedom of expression – even if this means that the public might occasionally be disturbed by the form that expression takes.

I'm not suggesting that the Council should not be accountable for its action. What I am saying, however, is that its action should be judged in



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***“But political authority can have no influence upon the artistic choices that are made within the Council. Partisan politics and electoral concerns have no place in the Council’s affairs.”***

the universal scheme of things and not by individual, easily targeted examples, and that the Council stands upon two fundamental principles: independence from political authorities (the arm’s -length policy), and the assessment of grant applications by juries of peers.

Through the federal department it comes under, the Council answers to Parliament for the healthy administration of the public funds it is entrusted with. But political authority can have no influence upon the artistic choices that are made within the Council. Partisan politics and electoral concerns have no place in the Council’s affairs.

Moreover, the assessment of grant applications by peer juries ensures the objectivity of choices made within a set of established criteria, the first being professionalism and excellence. Without being flawless, this system has proven its worth and is generally supported by the arts community.

Since my appointment, I have travelled across Canada, from Newfoundland to Vancouver Island, with director Shirley Thomson. I have talked to hundreds of artists to discover their concerns and share their dreams for the future. I have been enormously impressed by the scope and diversity of artistic practices in even the farthest outreaches of our country. Everywhere, our artists demonstrate incredible creative energy, whether they are working in the mainstream or as members of minority groups, as is the case for Acadians and francophones outside Quebec, for Aboriginal Peoples and for culturally diverse artists. There

are only two prevailing situations that they unanimously criticize: the constraints of insufficient funding, and the marginalization and isolation they too often experience. These are two situations that our organization will attempt to rectify.

In this respect, I am delighted that the Canada Council for the Arts is in a much better position than it was two years ago, thanks to the additional funds allocated by Parliament. But we mustn’t rest on our laurels: I will make it my duty to continue to advocate the case of our artists and our organization among the elected representatives of all parties.

We are currently putting the finishing touches on a new plan inspired by previously published Council documents that clearly outlines the importance of the Council and explains the structures, actions and processes it employs to fulfill its mission and continue its judicious administration of public funds.

Among the many issues covered in the plan, there is one that I feel is critical: we have to increase audience attendance at arts events throughout our country. In the long term, it seems obvious that this will be achieved through education. Studies have shown that students who have regular contact with the arts and culture do better in their studies in all disciplines. If there were more arts in education, and more emphasis on education through the arts, we would attain a threefold goal: we would train better students, cultivate artistic vocations, and create larger, better informed arts audiences among future generations of Canadian citizens. Since education comes under provincial jurisdiction, the Council cannot intervene other than by expressing its wishes as eloquently as possible. What it can do, however, is urge arts organizations to focus on this problem and help them find solutions.



A scene from Marie H. Clements' play *Urban Tattoo*, presented at Victoria's Belfry Theatre as part of Festival 99. A dynamic blend of music, dance, poetry and prose, this intense play chronicles the story of a Native woman's journey from the country to the city. In 1999, *Urban Tattoo* was produced by Native Voices at the Theatre of the World Festival at San Diego State University and made its American premiere at the Gene Autry Museum in Los Angeles. Here, a scene from the Belfry Theatre production. Pictured: Marie H. Clements.




Photo: Teri Snelgrove

This year, the vast new territory of Nunavut became part of Confederation, and in a few months we will be celebrating the new millennium: two significant events in the evolution of Canada and of humanity in general that lead us to reflect upon the future. We at the Council are all well aware of the constant challenges that lie ahead. We do not intend to succumb to false optimism – but based on experience and the progress of the past fifty years, we are confident that we will

be able to rise to these challenges, for the greater benefit of the arts, artists, and the population in general.

Jean-Louis Roux, C.C.  
Chairman





*Point of Departure*, a mixed media installation by Edmonton visual artist Lyndal Osborne, who receives funding under the program of Grants to Established Artists.

Director's Report

# Director's Report

Shirley L. Thomson



## Reflections after one year on the job

Arriving at the Canada Council early in 1998 proved to be a revelation, even for a veteran arts administrator such as myself. At the top of my list of the best I've encountered in a year of superlatives are the board and staff of the Council, whose dedication to fostering and promoting all of the arts in Canada knows no bounds. Many of the complex issues which the Council—and all organizations—face today, defy neat and circumscribed analysis. It is through the skill, care, and generosity of board and staff that the Council will continue to evolve as the supple and knowledge-based organization which Canada's artistic community requires and deserves in the new century.

The Canada Council of the nineties has put much thought into addressing its major challenges: the increasingly pluralistic nature of the arts

community and audiences; regional variations; the recognition and inclusion of the contribution of Aboriginal artists; the impact of new technologies on the way artists create and distribute their work and on the Council's processes; and—linked to new technologies—the effects of globalization on the arts in Canada, and on Canada's place in the world. Over the past year we have endeavoured to put in place the appropriate professional skills and organizational tools to enable the Council to rise to these challenges, with the acute awareness that the Council of the future must be flexible, human and very informed.

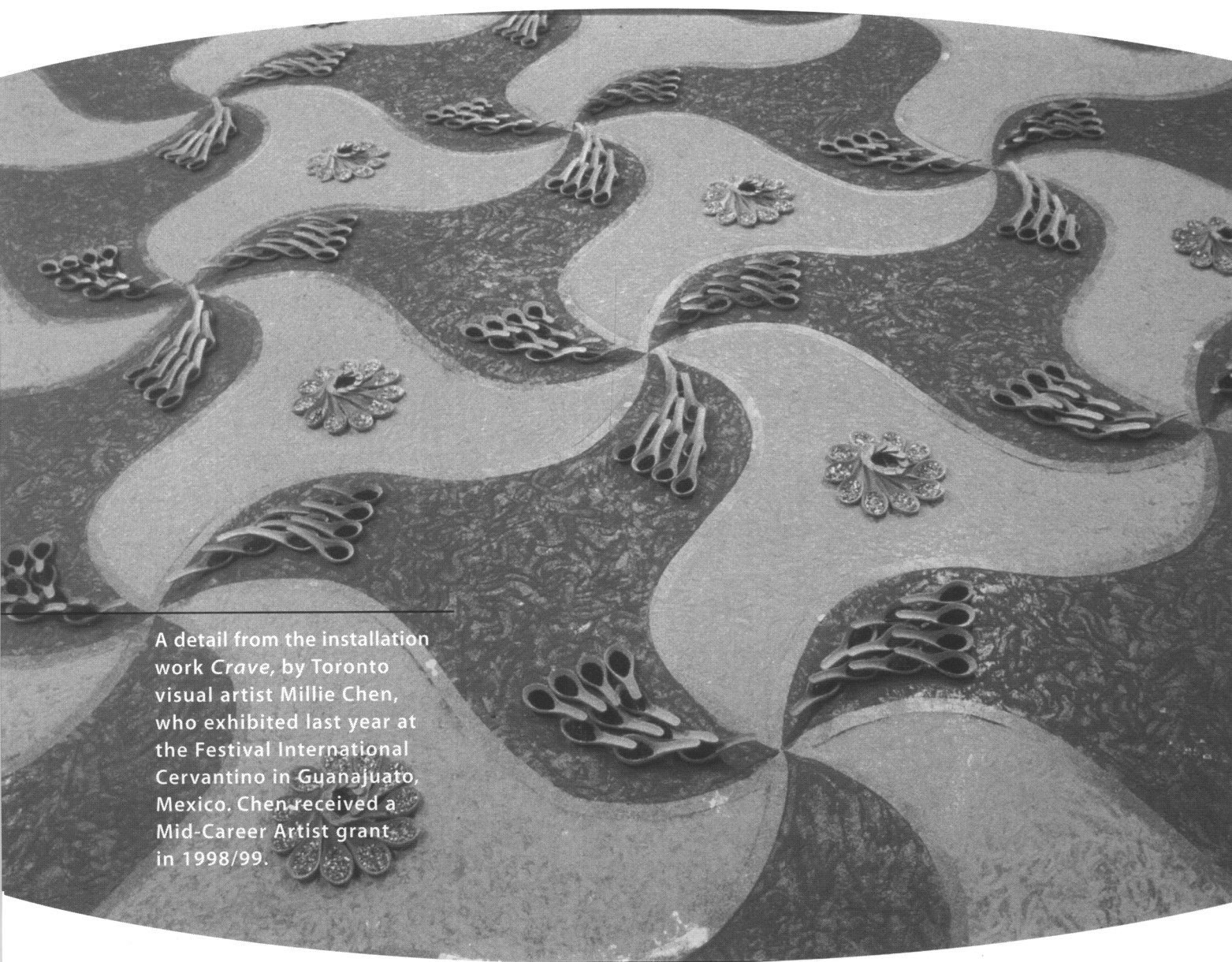
We continue to intensify our efforts of the past years to defend the artist's place in society and the value of public investment in the arts. Never before has the artist's humanizing and perceptive

*"Never before has the artist's humanizing and perceptive voice been so necessary as a counterweight to the all-pervasive influence of technology and the marketplace."*

voice been so necessary as a counterweight to the all-pervasive influence of technology and the marketplace. We will work with the arts community to increase public knowledge and appreciation of the arts, with a special focus on young audiences.

The challenges for Canada as part of the global arts community will increase in complexity as international issues in areas like copyright, intellectual property, privacy of information and trade continue to evolve. There is no thought of rejecting outside influences, nor of reluctance to co-operate, co-produce or "co-think," but there is a need to show pride and determination in saying "yes, this is Canadian—how wonderful it is, and how fortunate we are that it is supported by all Canadians through the Council." Carol Shields, one of





A detail from the installation work *Crave*, by Toronto visual artist Millie Chen, who exhibited last year at the Festival International Cervantino in Guanajuato, Mexico. Chen received a Mid-Career Artist grant in 1998/99.

our shining literary lights and a former Council board member, writes about the artist's capacity to transform the world in a delicate parable about windows and light. Here are her words.

*"All we know is that a certain blocked-in window was freed in such a way that light flowed with a burst through it. Not real light, of course, but the idea of*

*light, which is infinitely more powerful than light itself. Illusion, accident, meticulous skill all played a role, and those who gathered to pay tribute were happy to set aside, for the moment, scientific proofs and to stand in awe of the power of creative achievement - a window that had become more than a window, better than a window, greater than a window, the window that would rest in the*

*mind as all that was ideal and desirable and transparent in the world of windows...."* (notes from Carol Shields' speech to the Royal Canadian Academy of the Arts, Fall, 1997)

*Shirley L. Thomson*

Shirley L. Thomson  
Director

# Report of the year's activities 1998-99

The year just past can be characterized as a period of renewal and consolidation for the Canada Council for the Arts.

On the one hand, new funds enabled the Council to strengthen existing programs, long underfunded, and to undertake dynamic new initiatives that only began to respond to the explosion of creative talent in all parts of the country. On the other hand, the Council remained firm in its commitment to manage its operations efficiently and cost-effectively, keeping administrative costs to a minimum in order to protect the grants budget.

Looking ahead to the new millennium, board and staff focussed their collective energies on preparing a renewed vision and plan for the Council in a changing world. Recognizing that the arts will be our address in the global village, the Council is convinced that its mandate, to support the production of works by new and established artists throughout Canada, and to help build audiences for Canadian arts here and abroad, will assume even greater significance in the years to come.

## Leading up to 1998-1999

From 1994 to 1997, the Council responded to the federal government's deficit-cutting Program Review Exercises 1 and 2, which reduced the Council's parliamentary appropriation by 10.4%, by protecting its grants budgets and reducing its overhead and administrative costs. This had a deep impact on staff members, who were reduced by almost 50% (from 268 to 132), and on the way they work. The number of programs was reduced from over 100 to 54 (although numbers have risen somewhat with the new funds) and one annual deadline for most programs was implemented.

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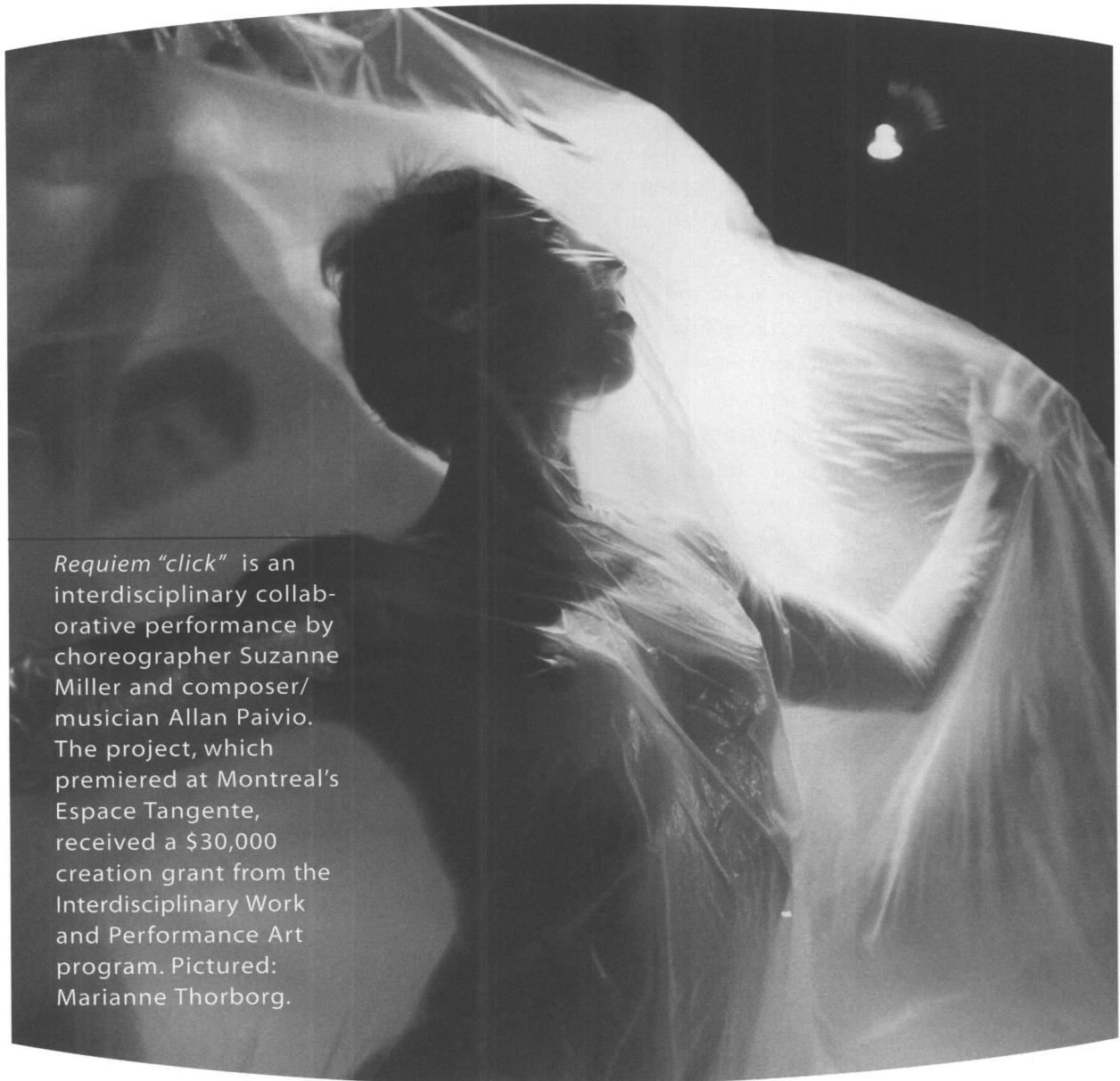
***"New funds enabled the Council to strengthen existing programs, long underfunded, and to undertake dynamic new initiatives that only began to respond to the explosion of creative talent in all parts of the country. "***

In 1997, the government announced the welcome addition of new funds to the Canada Council, \$25 million a year for five years beginning in fiscal year 1997-98 up to 2001-02, and a \$10 million Millennium Arts Fund. The allocation of the additional funds represented an important signal from the government of its commitment to the Canada Council and to public support of the arts at the federal level.

The new funds enabled the Council both to reinforce its core programs of support to arts organizations including symphony orchestras, opera, theatre and dance companies, public art museums and publishers, and to address through targeted funding the strategic priorities that had been identified in the Council's 1995 Strategic Plan, *A Design for the Future*. In allocating the funds, the Council maintained its commitment to keep overhead costs at a minimum in order to protect the grants budget.

*Year one of the new funds:* In the first year, the Council decided that, for 1997-98 only, the \$25 million was to be allocated by means of special one-time grants to arts organizations currently receiving operating funds from the Council. The amount was equal to 20% of their Council operating grant. Programs for individual artists and for projects were also increased by 20% for 1997-98 only. Payments to authors through the Public Lending Right





*Requiem "click"* is an interdisciplinary collaborative performance by choreographer Suzanne Miller and composer/musician Allan Paivio. The project, which premiered at Montreal's Espace Tangente, received a \$30,000 creation grant from the Interdisciplinary Work and Performance Art program. Pictured: Marianne Thorborg.

Photo: Paul Litherland

Commission were increased by \$2.2 million. The remainder of the funds was reserved for special initiatives and operational support.

#### **How the new funds were allocated in 1998-99**

In April, 1998, the Council announced its plan and priorities for the distribution of the additional funding over the next four years. The plans were a further evolution of the directions originally outlined in the 1995 strategic plan, refined after extensive discussion with the board and staff, as well as

consultation with established disciplinary advisory committees. They reflected the Council's key priorities for the distribution of the funds: that existing core programs were in immediate need of reinforcement, and that a number of strategic priorities, identified by the Council as being of key importance in the long-term development of Canadian arts, required urgent attention.

Of the \$22,965,000 available, the funds were distributed as follows.

*Grants 1998-99 (in thousands of dollars)*

Reinforcement and Realignment	\$12,300	
Public Lending Right Commission	2,200	
Strategic Priorities		
Developing Audiences	1,900	
Aboriginal Arts	1,500	
Equity and Access	1,500	
International Development and Festivals	2,000	
Subtotal	6,900	6,900
<b>Total Grants</b>	<b>\$21,400</b>	
Services, operating and administration	1,565	
<b>Total Expenses</b>	<b>\$22,965</b>	

### **Reinforcement and Realignment**

Existing programs for creation, production and dissemination were strengthened with the allocation of approximately \$12 million of the new funds. Within programs, the Council made realignments to deal with historical inequities that had been exacerbated through years of stagnant funding and cuts. For example:

- Core programs of production support to performing arts companies, publishing companies and media arts organizations were significantly bolstered. The overall budget for production grants to organizations rose by 24% over 1996-97.
- A major program of operating support to art museums and public galleries was created, resourced from new and existing funds. Operating support to cinémathèques was reinstated.
- Support to individual artists for creation and production was strengthened, with funding increased by 16% over 1996-97. Success rates were raised in many programs for individuals.
- The Council's budget for all programs of support for touring and dissemination,

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***"The country's artistic community is in a state of creative ferment, embracing new art forms and new media, and challenging the boundaries of artistic expression fearlessly."***

including existing and new funds, reached \$18.2 million in 1998-99, an increase of over 109% since the publication of the Council's 1995 Strategic Plan. This is the largest percentage increase, and reflects the priority the Council has accorded since 1995 to the vital activity of linking the arts and the public: touring the performing arts, exhibition, display and showcasing of the visual media and interdisciplinary arts, as well as the distribution and promotion of the arts to new audiences across the country.

- Authors, illustrators and translators received an additional \$2.2 million through the Public Lending Right Program.

### **Strategic Priorities**

In addition to reinforcement, the new funds enabled the Council to allocate approximately \$7 million of the new funds to the following strategic priorities:

#### ***Developing audiences—especially young audiences—for the arts***

To ensure that the arts become more fully integrated into the lives of Canadians, the Council increased its support to the creation, production and dissemination of works of art destined for young audiences. It invested in the development of skills in programming, marketing and presenting works of art to young audiences. Through these initiatives, and by strengthening support to touring, exhibition and distribution of the arts and improving access to the arts for people of all



ages, the Council is breathing new life into the part of its mandate which charges us to promote the enjoyment of the arts.

### **Aboriginal Arts**

Recognizing the richness of traditional and contemporary arts practices by Aboriginal artists, and the need to increase their awareness of and access to programs of the Council, the Council implemented a number of initiatives. Funding for Aboriginal arts was increased, both within regular programs, and through targeted initiatives. New programs or pilot projects were created in Aboriginal writing and publishing, dance, music, radio drama, film and Aboriginal curatorial projects in Visual Arts.

Increased efforts were made in communications, the most striking example being the Media Arts outreach and information tour of Aboriginal communities in the Prairies from November 1998 to February 1999. The tour generated close to ninety applications to the new Aboriginal Media Arts pilot program for artists working in film, video, audio and new electronic media.

Finally, a highly successful conference, *To See Proudly*, organized by the Council's Aboriginal Secretariat in Ottawa in September 1998, brought together Aboriginal artists from all across Canada, Australia and New Zealand. The conference more than met its objective, to provide a national forum for a dialogue between Aboriginal artists and between artists and the Canada Council. A follow-up conference is planned for 2001.

### **Equity and Access**

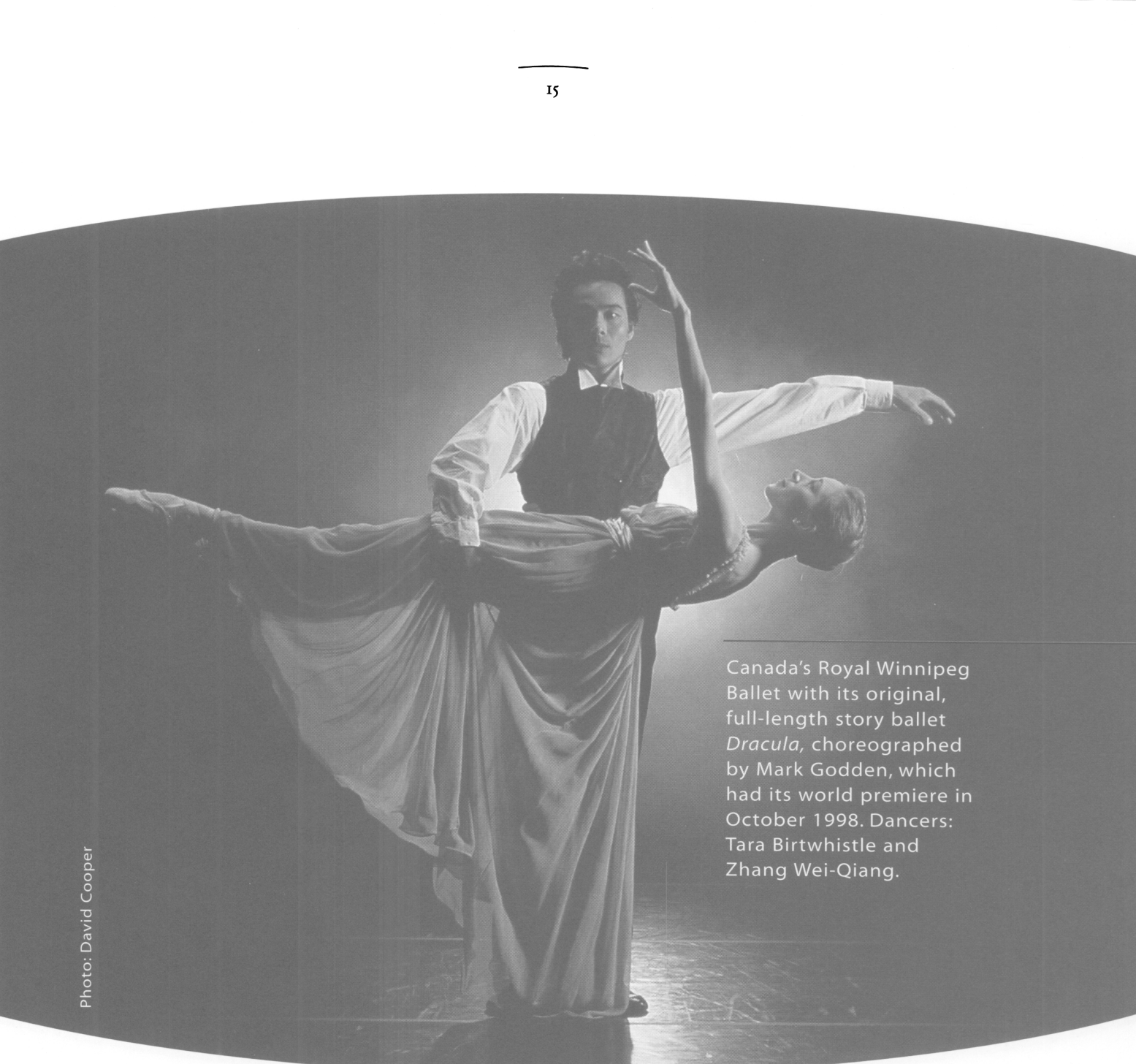
To encourage the creative expression of artists from culturally diverse communities, the Council increased support to core programs across all disciplines and invested in special initiatives and multidisciplinary opportunities.

Among the most memorable special events of the year were the Showcases for Culturally Diverse and First Peoples Music Artists in Vancouver, Toronto and Montreal in November 1998. The Showcases brought artists from these communities together with presenters from across the country, and many of the participating artists obtained performing engagements as a result, which will further their careers significantly in Canada and abroad.

The Council's Equity Office, which guides the Council's equity efforts and provides extensive outreach to culturally diverse communities, developed a new two-year initiative called Quest. The program is designed to increase access to Council funding for a new generation of emerging professional artists who have never received a grant from the Council.

### **International Activities**

In recognition of the fact that artists function in a global environment, the Council has created new international programs in almost every discipline to enable artists to develop their artistic potential and promote Canadian arts abroad. The Council's initiative, which is small-scale and artist-driven, complements the work of the Department of Foreign Affairs and International Trade, which continues to assist major tours and exhibitions abroad. The Council's aim is to encourage co-productions between foreign and Canadian companies, thereby increasing international audiences for Canadian creations, and to facilitate exchanges and networking between creators, producers and artistic directors. The Theatre Section organized tours for artistic directors to France, Africa and Australia last year to encourage co-productions, and the coming season will show the results. International residencies are another area ripe for development, and possibilities are being actively researched.



Canada's Royal Winnipeg Ballet with its original, full-length story ballet *Dracula*, choreographed by Mark Godden, which had its world premiere in October 1998. Dancers: Tara Birtwhistle and Zhang Wei-Qiang.

### **Festivals**

Festivals have established their role as audience builders and popularizers of the arts. Every section is assisting festivals, either through targeted programs or within existing dissemination programs. Writers' festivals, theatre and music festivals and film festivals have become a staple of the cultural diet of most communities, large and small. Through its support to festivals, the Council tries to encourage organizers to be more innovative in their programming, thereby enriching their audiences' knowledge, and moving their

awareness and appreciation of the arts to new levels.

### **Also arising out of the Strategic Priorities**

In addition to the above actions, a number of other initiatives were undertaken that arise out of the strategic priorities and address pressing needs in the arts. To list only a few examples:

- The Theatre Section implemented the "Flying Squad," which provides hands-on assistance to not-for-profit theatre companies for organizational development.
- In the area of new media, the Council, the



Compagnie Flak with choreographer José Navas' 1998/99 creation *One Night Only 3/3*, a coproduction of the Canada Dance Festival, Candance Creation Fund and the National Arts Centre. The production played in Ottawa, Montreal, Quebec City, Toronto, Belgium, Portugal and Austria during the 1998/99 season, and will be touring Canada and Europe beginning in January 2000. Pictured: choreographer and dancer José Navas.

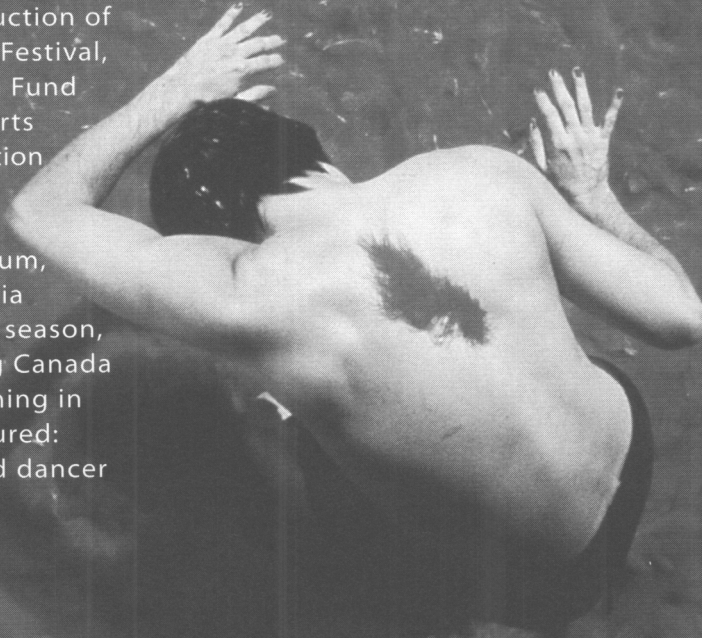


Photo: Cylla von Tiedemann

Banff Centre and Stentor created a partnership, "The New Media Canadian Creation Initiative," to enable artists to carry out research and create new works in electronic media at the Banff Centre.

- The Writing and Publishing Section launched a new pilot program, Spoken and Electronic Words, to increase access to Council funding for innovative literary practices which are not based on conventional book or printed magazine formats, such as dub and rap poetry, poetry performance, storytelling, electronic magazines, and literary expression

published or broadcast electronically.

- The Canadian Music Centre, with the help of a Council grant, embarked on the digitization of its library of Canadian contemporary music scores and its migration to the Internet.

### ***The Millennium Arts Fund***

In June 1998, Minister of Canadian Heritage Sheila Copps confirmed the federal government's promise to provide \$10 million to the Council for the production of works of

art to mark the millennium. This special program provides professional artists and arts organizations in all artistic disciplines with funds to create works that will have a lasting impact, will be relevant to the millennium, and will enrich collections, repertoires and public places. The selection committees look for creativity, originality and inventiveness in successful projects, with a focus on reaching out to young people.

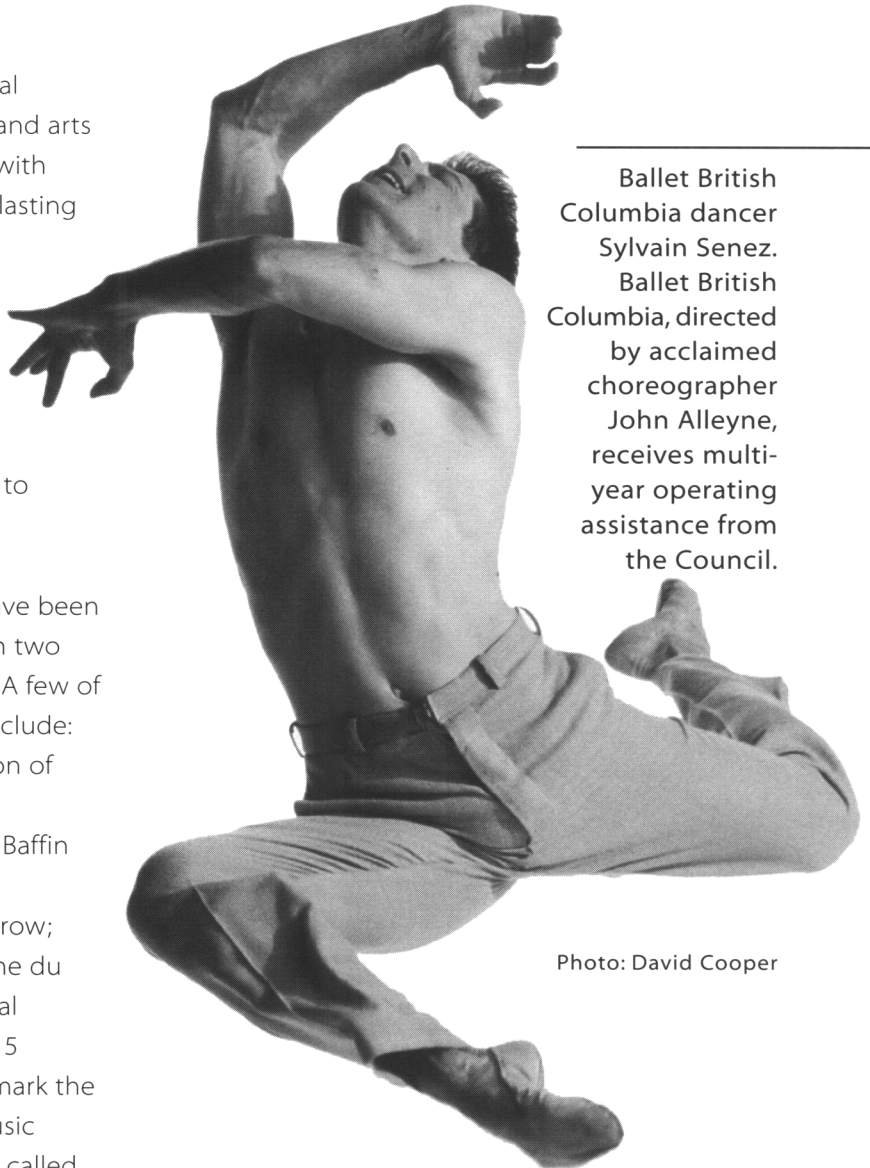
To date, over one hundred projects have been supported from all across Canada with two more competitions still to take place. A few of the rich tapestry of projects funded include: the Nunavut Arts and Crafts Association of Iqaluit for *Our Life in Stone*, involving a sculpture symposium in the Arctic on Baffin Island, uniting elders of the Nunavut communities with the artists of tomorrow; the Société de musique contemporaine du Québec, for *Esprits de clochers*, a musical involving roughly 15 composers and 15 musical organizations in Montreal to mark the millennium; and Toronto's Tapestry Music Theatre, for a Chinese-Canadian opera called *The Iron Road* about the construction of the Canadian Pacific Railway.

### **The Challenges Ahead**

If the events and actions of the past twelve months reveal anything, it is that the country's artistic community is in a state of creative ferment, embracing new art forms and new media, and challenging the boundaries of artistic expression fearlessly. The welcome and much-needed new funding has reinvigorated the Council's programs and enabled it to respond to many new pressing needs in the arts. But the quality of the thousands of applications submitted to the Council, and success rates which are in some cases still too

low, reveal that there is much excellent work being produced throughout the country that deserves recognition, and that much remains to be done.

Braced by the new funding, and inspired by the dedication of Canada's artists and the promise they embody, the Council's board and staff continue to work together to plan for the future. A corporate plan is being developed to move the Council forward from the 1995 Strategic Plan, which was produced within the context of Program Review, and to establish a forward-looking set of objectives to take us into the next century.



Ballet British Columbia dancer Sylvain Senez. Ballet British Columbia, directed by acclaimed choreographer John Alleyne, receives multi-year operating assistance from the Council.

Photo: David Cooper





A scene from *When Ponds Freeze Over*, a film by Mary Lewis about a Newfoundland teenager who falls through the ice and draws strength from her family history.

An essential component of the process is the newly created Research and Planning Unit, which will carry out the necessary function of developing performance indicators to measure the impact of our strategies and actions. The Unit will also evolve as an information resource for the arts community and the public, a need which has often been conveyed to the Council in recent years. The Council is a rich repository of forty years of information on the arts to which the public deserves greater access. A redesigned Website and intensified communications and advocacy

strategies will facilitate the sharing of information about the arts and reinforce the message that the arts enhance and improve our communities.

As the world of the arts is in constant flux, in never-ending evolution, the Council continues to face a multiplicity of issues that require its attention in the immediate and the longer term. Issues under review at present and in the coming months include:

*Peer review:* The Council remains committed to peer review as a cornerstone of its operation and is continuing to work on clarifying the process and making its procedures as transparent as possible.

*Artist-run centres:* The Visual Arts Section is reviewing the artist-run centres program and bringing it up to date with the current reality in which these institutions function. Consultations have been carried out with the centres across Canada and the redesigned program is scheduled to be in place by the end of this calendar year.

*Globalization:* The creation of international programs in every section reflects the Council's awareness that the reality we live in is international, and that the arts are our global calling card. The Council has a particular responsibility in the international arena through the Canadian Commission for UNESCO, which operates under the Council's aegis. The Council will work with the Commission to help promote the values which are the Commission's foundation: peace, respect for human rights and the right of citizens to intellectual and cultural enrichment. Another international dimension is our membership on the Team Canada Advisory Board which meets every quarter to provide counsel to the government on trade policy, market access and promotion, among other things. Here is another forum for the Council's voice, where it can help to achieve a harmonious level of respect for the contribution the arts make to the qualities of innovation, risk-taking and teamwork, so essential to entrepreneurship.

*Interdisciplinarity:* Under the restructuring process, the programs of support to creation, production and dissemination of

interdisciplinary work were moved into the Council's Media Arts Section where they have been housed for the past two years. Upon reflection, we have concluded that interdisciplinary practitioners will be better served with their own stand-alone unit. Interdisciplinary work is a mature and established form of arts practice, even while it is constantly testing the boundaries and moving us into new zones of perception. Programs are being reviewed in consultation with professionals in the field.

### ***A closing word***

The above overview demonstrates that the past year has been one of intensive work and development to address a number of pressing issues in the immediate and longer term. We know that many challenges lie ahead, and the Council is prepared to face them—as well as those which still lie beyond our present horizon—with confidence and determination.

### **Distribution of Grants by Arts Discipline 1998-99**

	<i>(in thousands of dollars)</i>
Music	\$21,558
Theatre	20,349
Writing and Publishing	17,415
Visual Arts	15,364
Dance	12,269
Media Arts	10,081
Public Lending Right Commission	8,033
Millennium Arts Fund	5,318
Other	1,370
<b>Total</b>	<b>\$ 111,757</b>





Photo: Kevin O'Hara



Highlights and Other Reports

# Highlights and other Reports

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## On the facing page:

*Top.* Djanet Sears, winner of the Governor General's Literary Award for Drama for her play *Harlem Duet*, receives her scroll from His Excellency the Right Honourable Roméo LeBlanc.

*Centre.* Cha-Locos performs the music of the Afro-Peruvian and Afro-Venezuelan cultures. The group has performed at a number of festivals, and released several recordings. It was featured in the Toronto venue of the Canada Council for the Arts Showcase of Culturally

Diverse and First Peoples Music Artists in November 1998.

*Bottom.* Chinook Winds' performance "Cultures around the Fire – from the Mayan to the Inuit" at the First Peoples Arts Conference.



## Endowments and Prizes



Chairman Jean-Louis Roux (left) presenting the 1998 Virginia Parker Prize to New Brunswick pianist Richard Raymond. The \$25,000 prize is awarded annually to young performers of classical music who demonstrate outstanding talent and musicianship.

The Canada Council for the Arts manages and awards over 100 prizes, awards and fellowships each year through its Endowments and Prizes Section. Many were created by bequests and donations from individuals and corporations across Canada.

### 1998-1999 Highlights :

Cellist Yo-Yo Ma was awarded the triennial Glenn Gould Prize.

The J.W. McConnell Family Foundation donated two fine cellos to the Council's Musical Instrument Bank.

The Council established the Governor General's Awards in Visual and Media Arts under the patronage of His Excellency the Right Honourable Roméo LeBlanc, Governor General of Canada.

The Council announced that it is seeking a permanent donor for two magnificent Stradivari violins on loan to the Council until September 1999.

The Canada Council for the Arts Molson Prizes were awarded to Jeanne Lamon (Tafelmusik) and Michael J. Trebilcock (University of Toronto).

The Killam Prizes were awarded to Dr. Albert J. Aguayo (Centre for Research in Neuroscience at McGill University), Dr. Maurice A. Bergougnou (University of Western Ontario) and Dr. Walter Hardy (University of British Columbia).

The Governor General's Literary Awards were presented to 14 outstanding Canadian writers, illustrators and translators at Rideau Hall by the Governor General of Canada.

M. Joan Chalmers donated \$100,000 to increase the amounts available for awards through the Jean A. Chalmers Fund for the Crafts.

# First Peoples Arts Conference – To See Proudly

## Advancing Indigenous Arts Beyond the Millennium

One of the Council's greatest achievements this year was the organization of a historic gathering of Aboriginal artists from every part of Canada and from around the world for the first-ever Aboriginal Arts Conference, To See Proudly - Advancing Indigenous Arts Beyond the Millennium.

In September 1998, over 200 delegates came together at the Canadian Museum of Civilization in Hull, Quebec, to spend the next four days celebrating, sharing, questioning and debating Aboriginal arts.

The dream of a national conference had been nurtured by the First Peoples Advisory Committee for almost a decade, and when new funding became available to the Canada Council in 1997, it was time to put ideas into action. The First Peoples Advisory Committee and the First Peoples Secretariat worked tirelessly to bring the conference to fruition.

In recent years, the Council had stepped up its support for Aboriginal artists, increasing the number of Aboriginal artists and arts organizations applying and receiving grants for their work. The Council now has Aboriginal programs in every discipline, and Aboriginal officers in dance, music, theatre and writing and publishing. The conference was a culmination of the significant steps taken by the Council this decade to put action behind its commitment to Aboriginal arts, creating awareness of the work that has been done and looking at directions for the future.



Photo: Jeffrey Thomas

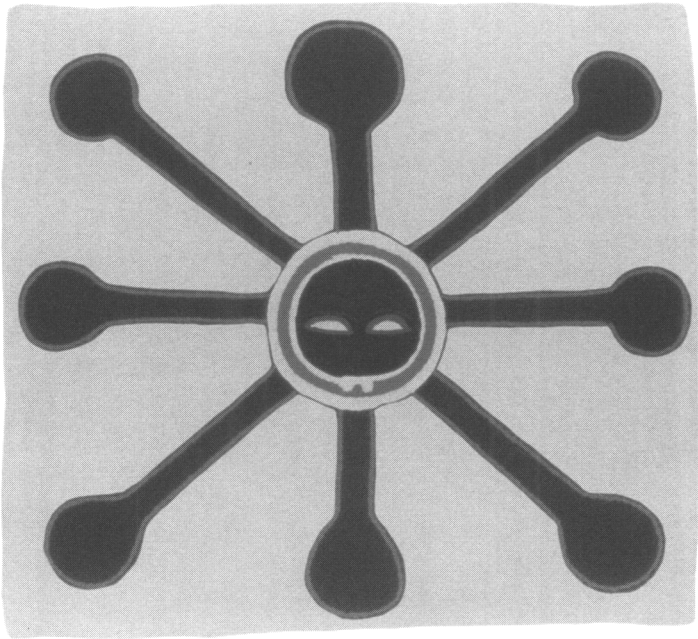


Photo: Jeffrey Thomas

Above. World-renowned architect Douglas Cardinal gave the keynote address to open the conference.

Popular movie actor Adam Beach hosted the emerging artists showcase – Bring on the Millennium.





Jessie Oonark's *The Moon* was used to symbolize the Conference. The art work is part of the holdings of the Canada Council Art Bank. Its use was made possible by the Public Trustee for the Northwest Territories, estate of Jessie Oonark.

On 24 September, the conference began with a series of readings that underscored the ongoing power of the storytelling traditions of Aboriginal peoples, followed by the opening ceremonies, whose keynote speaker was Douglas Cardinal, the Métis designer of the Canadian Museum of Civilization. That evening, the Emerging Artists Showcase, emceed by Saulteaux actor and *Smoke Signals* star Adam Beach, featured exciting new artists from Aboriginal nations throughout the country.

Topics at the panels and plenary sessions ranged from an overview of disciplinary arts practices, to conflicts in the arts landscape, art as community cultural development and models for indigenous arts policy.

Evenings were devoted to celebrating Aboriginal arts. *Telling It Like It Is*, the theatre

showcase on the evening of Day Two, featured performances by Cree performer/writer Margo Kane and the Kehewin Native Performance and Resource Network, as well as the official opening of *Visual Impact: Aboriginal works in the Canada Council Art Bank*. Both events took place at the National Arts Centre in Ottawa.

Day Three ended with a traditional feast and readings by authors Maria Campbell and Bernard Assiniwi, followed by a celebration of Aboriginal performing arts that featured the Jani Lauzon Band, Chinook Winds, and Jerry Alfred and The Medicine Beat.

A final report on the findings and recommendations of the conference will be published by the Council and sent to all delegates, along with a CD-ROM documenting the event. Since the conference, a video on How to Apply to the Canada Council has been completed in Inuktitut and will be distributed to Inuit arts organizations, media outlets and other stakeholders. Ongoing Aboriginal programs have been revised to better meet the needs of their targeted communities.

The need for the Canada Council to reach out to the Aboriginal community and make itself better known and understood was a key message that came out of the conference. For many artists, this conference was the first point of access to the Council, and all agreed that a commitment to maintaining an ongoing dialogue is essential.

# Showcase of Culturally Diverse and First Peoples Music Artists

In 1990, recognizing the need to ensure that its activities reflected Canadian realities, the Canada Council for the Arts identified cultural diversity as one of its priorities for the next decade. Five years later, with the publication of its strategic plan, the Council reiterated its commitment to assisting artists of culturally diverse backgrounds and from Aboriginal communities achieve recognition and excellence. And in 1998, thanks to new funds granted by Parliament, the Council was able to realize a long-nurtured dream of introducing the musical treasures it had discovered throughout the country to as many Canadians as possible.

Demographic changes in Canadian society have brought to the front many talented musicians performing classical and popular music of non-Western traditions. What was once defined as ethnic music has now been redefined as world music, and with this redefinition a vastly expanded audience has developed. A corresponding growth has occurred within the Aboriginal music community, encouraged

by the creation of a Juno award for Aboriginal music artists.

Despite this explosion of musical creativity, there remains a gap between culturally diverse and Aboriginal artists and their potential audience. In fact, although many of these artists receive Council grants for the creation and production of their work, very few of them tour outside their home markets. By addressing the vital link between creators, performers and presenters, the Council's three one-day showcases played an important role in developing increased audiences and markets for culturally diverse and Aboriginal artists.

The showcases took place at the du Maurier Theatre Centre in Toronto on Saturday, 14 November, La Maison de la culture Frontenac in Montreal on Sunday, 15 November and the Centennial Theatre Centre in Vancouver on Sunday, 22 November 1998 in front of full houses in all three venues along with a few hundred viewers joining us via the Web.

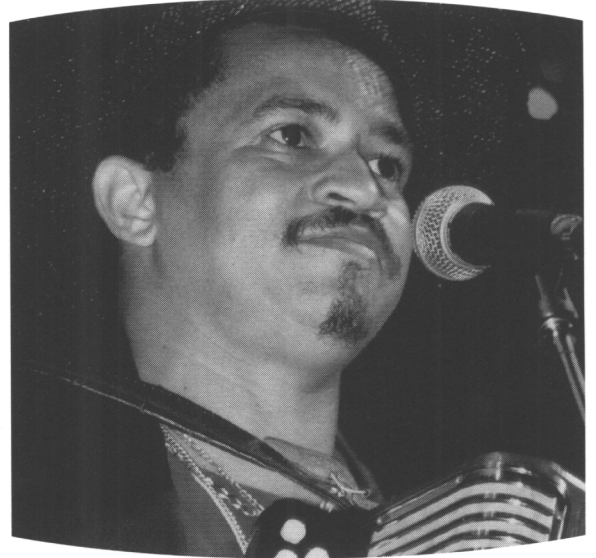
The artists who performed at the showcases were professional culturally diverse and Aboriginal music artists working in contemporary, traditional, classical, folk, jazz, spoken word and musique actuelle. These 48 artists were selected by a national peer assessment committee from a competition of more than 250 applicants.

Featured Canadian artists came from varied cultures including those of Brazil, Burkina Faso, China and the Dominican Republic and Madagascar. As well, there were Inuit, Algonquin/Objibway/Cree and Métis music artists from Tuktoyaktuk, Iqaluit, Sudbury and Edmonton.

The impact of the meeting of 48 artists and 60 to 70 presenters has led to a vast increase in the number of culturally diverse and Aboriginal artists performing to Canadian audiences. Not only are these artists being introduced to Canadian audiences from Dawson, B.C. to Halifax, but in some instances to audiences as far away as Bremen, Germany. The



Photo: David Cooper



Performers from the Music Showcases. *Upper left:* Montreal-based Liu Fang performs on the pipa and the zheng, ancient traditional instruments of China. *Upper right:* Jerry Alfred and the Medicine Beat. Jerry Alfred is a Northern Tutchone speaker from Pelly Crossing, near Whitehorse. His first recording, *Etsihon*, won the 1995 Juno Award for Aboriginal Music. *Lower left:* Uzume Taiko Ensemble, Canada's first professional taiko group, tours widely across Canada and Europe performing music based on the Japanese drumming tradition. *Lower right:* Joaquin Diaz performs the "merengue tradicional," the folk music of the Dominican Republic.

showcase also had a dramatic influence on the increase in the number of requests for tour support from the Canada Council. Among the 25 tours recently recommended for funding there were 11 by

culturally diverse and Aboriginal artists or 44% of successful applicants.

The showcases, a collaboration between the Canada Council, presenters, agents and

managers and artists, have allowed audiences to experience the full and diverse wealth of contemporary Canadian music.



# The Canada Council Art Bank

The Art Bank surpassed its revenue objective of \$1,100,000 in 1998/99 with an income of \$1,138,000.

Marketing initiatives included advertising in Access Ottawa, participating in the Ottawa Business Show in April 1998 and the 14th Annual International Business World Exhibition in Montreal in September 1998.

During 1998-1999, of the 257 signed contracts, there were thirteen new clients, of which five were corporate rentals.

The focus this past year was on finding less expensive quarters, and the Art Bank will be relocating its warehouse as of August 1999,

lessening rental costs from over \$1 million to approximately \$460,000 per year, and bringing the Art Bank to a break-even position in fiscal year 2000-2001.

Earlier this year, Council Director Shirley L. Thomson paid tribute to the work of Luke Rombout, who was instrumental in reenergizing the Art Bank program and giving it new direction. "His leadership, wisdom and perseverance in turning around the Art Bank and setting it on the right track essentially saved this innovative and important publicly funded initiative from being shut down. We all owe Luke Rombout our gratitude for his unswerving determination to sustain this imaginative public institution."

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## Public Lending Right Commission

The Public Lending Right (PLR) Commission makes payments to Canadian authors for the availability of their books catalogued in Canadian public and university libraries, according to the PLR program's eligibility criteria.

In 1998-99, the PLR Commission celebrated its 13th year of operation, with continued growth in the number of authors and titles receiving payment. A total of 11,602 authors, an increase of 3.9% over 1997-1998, received PLR

payments totalling \$8,059,252 for their 42,785 titles found in the sampled libraries. As a result of this growth, the hit rate (the amount paid each time an eligible title is found in one of the sampled libraries) fell to \$37.80, from \$39 last year, a decrease of 3%, and the payment ceiling, the maximum any one author could earn was \$3,780, down from \$3,900 in 1997-1998.

There were three points of focus in the work of the Commission over the past year:

### • PLR sampling methods

Most provinces are developing province-wide catalogues of their holdings in public and/or university libraries and often both. The Commission is undertaking a survey to find out how many of these amalgamated systems exist, and if and how the Commission could modify its own sampling procedures to take this data into consideration.

### • PLR legislation

It has been the PLR Commission's intent for some time to seek a more stable footing for the public lending right program. Legislation issues will be featured in the upcoming international PLR conference, and further inspiration and encouragement may develop from a

closer look at our counterparts in other countries who enjoy legislative protection for their programs.

### • 3rd International Lending Right Conference

Commission energies have been devoted throughout the year to planning the 3rd International PLR conference

to be held at the National Library of Canada from 1-4 October 1999. Representatives from 25 different countries have been invited to attend, 14 of which already have full-fledged PLR programs.

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## Canadian Commission for UNESCO

The Canadian Commission for UNESCO has been housed within the Canada Council since the Commission was established in 1957. Helping to further cooperation in the fields of education, the sciences, culture, and communication was seen as crucial as ensuring military and economic security. Given current historic developments, UNESCO's vision of peace, built upon cooperation among all peoples at the intellectual level, is needed now as much as it has ever been.

### Activities

The Canadian Commission's many activities over the course of the year illustrate its role in advising the government of Canada in its relations with UNESCO and acting as a coordinator for the many groups and individuals interested in UNESCO's work and programs. These activities include, among many others, the following:

- organization of a North American preparatory meeting for the World Conference on Higher

Education (Paris, October 1998), and representation on the Canadian delegation at the Conference

- organization of a North American regional preparatory meeting for the upcoming World Science Conference (Budapest, June 26-July 1 1999)
- follow-up to the Intergovernmental Conference on Cultural Policies for Development, (Stockholm, March-April 1998);

### Strategic Plan

The process of re-examining the Commission's mandate has now been in motion for over a year. After absorbing 50% cuts in both budget and personnel in the mid-1990s, there was a feeling among Commission members that the organization needed to reassess its basic direction and mandate. A new Strategic Plan for the Commission was developed by a Task Force and the Executive Committee. The Strategic Plan recommends, among other

things, formalizing relations with the Commission's various partners through administrative agreements, refining the Commission's structure to make it more flexible and better able to respond to a rapidly changing environment, and increasing the Commission's advocacy role.

### **Culture of Peace**

Tying all these elements together is the overarching idea of a "Culture of Peace." Peace cannot rest simply on political and economic accords between governments, but also depends on respect for human rights and the vigorous promotion of tolerance and mutual respect. This is not a concept unique to UNESCO. Indeed, Canada's own Foreign Minister, Lloyd Axworthy, recently stated that "human rights and fundamental freedoms, the right to live in dignity, with adequate food, shelter, health and education services, and under the rule of law and good governance,

are as important to global peace as disarmament measures. We are now realizing that security cannot be limited to the state's domain, but must incorporate civil society." Such is the work of the United Nations, UNESCO and the members of the Canadian Commission.

In preparation for the year 2000, which will be the International Year for a Culture of Peace, the Canadian Commission for UNESCO is developing a kit which highlights UNESCO human-rights instruments against the backdrop of the 50th Anniversary of the Universal Declaration of Human Rights. In January and March 1999 the Commission held the first in an ongoing series of consultations with educators and others helping to promote the notion of a culture of peace in Canada. These consultations and follow-up activities are set to continue into the Year 2000.



The Sampradaya Dance  
Creations' 1998 premiere  
of *Drishya Kavya* at the  
Meadowvale Theatre in  
Mississauga, Ontario,  
choreographed and  
performed by Lata Pada.

# Financial Report

# Financial Report

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Photo: Pacal Sanchez

Kids with books during "Les livres dans la rue," organized by Les Amis de la Bibliothèque de Montréal, summer 1998. With funding from the Council's Co-operative Projects in Writing and Publishing, "Les livres dans la rue" helps bring children and books together in an accessible, friendly setting.



# Financial Overview

The Council's objective of maximizing the grants to artists and arts organizations continues to be a priority. Last year the government approved additional funding for the Council of \$25 million a year for five years. During the year, the additional funds gave the Council the opportunity to begin addressing the strategic priorities identified in the corporate plan. In addition, the government approved \$10 million for three years for the Millennium Arts Fund.

## Revenue

With the volatility in the global equity markets during the year, the Council's investment managers were active in their management of the Council's investment portfolios. As a result, investment income was significantly higher than the previous year.

## Grant Expenditures

Grant expenditures on arts programs, Public Lending Right Commission and Millennium arts projects increased to \$114.6 million, reflecting the additional funding for the Millennium Arts Fund and a full year of grants committed from the additional funding of \$25 million. In addition, some of the uncommitted funds from the previous year were spent during 1998-99.

## Services and Operating Expenditures

During the year, due to the additional funding of \$25 million, the Council had higher adjudication costs as well as the costs of undertaking a number of outreach and dissemination initiatives to provide an opportunity for the arts community better to understand the Council. Administration

expenses increased mostly due to salary and benefit costs caused by a general increase for staff after six years of a government-imposed wage freeze and additional costs for professional services.

## Other Items

The reporting guidelines issued by the Canadian Institute of Chartered Accountants require that government assistance be excluded from revenue and disclosed separately immediately before net income.

## Investment Strategy

The Council's investment objective is to generate sufficient annual returns to supplement the Council's Parliamentary Appropriation while maintaining the purchasing power of the endowed capital. The Canada Council's formula for prudent and diligent management of its endowment funds has four key elements:

- an investment committee of business and finance professionals;
- a clear and precise mandate and sound investment policies;
- investment managers for managing day-to-day investments; and
- a fund evaluation service to monitor investment manager performance.

To ensure the long-term purchasing power of the funds and to obtain better returns to help finance the Council's activities, most of the Canada Council and Other Endowments assets are invested in global equity markets, including Canada. Because of restrictions placed on the Killam Endowments by the donor, most of its assets are invested in a balanced Canadian portfolio.



*If you want peace, prepare for war*, by visual artist Geoff Butler of Granville Ferry, Nova Scotia, who received an Established Artist grant in 1998/99.

## Investment Report

As at 31 March 1999, the market value of the portfolio totalled \$278 million, no change from the previous year. The global markets declined during the year, particularly in the last quarter of 1998. The table below shows the performance of the Canada Council and Other Endowments as well as the Killam Endowments for the current year and the past five years on an annualized basis.

	Canada Council and Other Endowments		Killam Endowments	
	1 YEAR	5 YEARS	1 YEAR	5 YEARS
Total Fund Return	4.4%	13.2%	4.2%	11.6%
Inflation Rate	1.0	1.5	1.0	1.5
Real Return	3.4%	11.7%	3.2%	10.1%

The current year total fund return was affected by the volatility in the global equity markets, but the performance compares favourably to the Canadian stock market that had a current year return of *negative* 11.3% as measured by the Toronto Stock Exchange (TSE) 300 Index.

## INVESTMENT COMMITTEE

Investment Committee membership as at 31 March 1999 comprises:

**John W. Crow** (Chairman)

**Jean-Louis Roux** Chairman, Canada Council for the Arts

**François Colbert** Vice-Chairman, Canada Council for the Arts

**Michel Thérout** President, Jas. A. Ogilvy Inc.

**John H. Matthews** Consultant

**Nancy Orr-Gaucher** President, Groupe Dynamix

**J. William E. Mingo** Partner, Stewart McKelvey Sterling Scales

**Tania Willumsen** Consultant

## AUDIT & FINANCE COMMITTEE

The membership as at 31 March, 1999 comprises the following Council members:

**François Colbert** (Chairman)

Jean-Louis Roux

Claudette Lizotte

Irving Zucker



# Management's Responsibility for Financial Reporting

The accompanying financial statements of the Canada Council and all the information in this annual report are the responsibility of Management and have been approved by the Council.

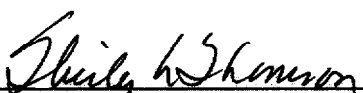
The financial statements have been prepared by Management in accordance with generally accepted accounting principles. When alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

The Canada Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the organization's assets are appropriately accounted for and adequately safeguarded.

The Council is responsible for ensuring that Management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility principally through its Audit and Finance Committee.

The Audit and Finance Committee is appointed by the Council and its members are Council members. The Committee meets periodically with Management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditor's report. The Committee reports its findings to Council for consideration when approving the financial statements.

The independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Canada Council, and for issuing his report thereon.

  
Director  
Acting Secretary-Treasurer

May 21, 1999



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

**AUDITOR'S REPORT**

To the Canada Council  
and the Minister of Canadian Heritage

I have audited the balance sheet of the Canada Council as at March 31, 1999 and the statements of operations, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'R. Flageole'.

Richard Flageole, FCA  
Assistant Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
May 21, 1999

# Financial Statements

## CANADA COUNCIL Balance Sheet

as at March 31, 1999

(in thousands of dollars)

	1999	1998
<b>ASSETS</b>		
Current Assets		
Cash and short-term deposits (Note 3)	\$ 15,042	\$ 11,068
Accrued investment income	2,292	3,298
Accounts receivable	1,095	1,153
Deferred charges	1,310	1,541
	<u>19,739</u>	<u>17,060</u>
Investments (Note 4)	247,036	235,165
Works of art and musical instruments (Note 5)	19,027	18,496
Other capital assets, net (Note 6)	3,221	2,199
	<u>289,023</u>	<u>272,920</u>
Total Assets	\$ 289,023	\$ 272,920
<b>LIABILITIES</b>		
Current Liabilities		
Grants payable	\$ 24,577	\$ 19,328
Accounts payable and accrued liabilities (Note 7)	2,639	2,660
	<u>27,216</u>	<u>21,988</u>
Deferred credits (Note 8)	2,768	3,463
Deferred contributions (Note 9)	4,810	5,002
	<u>34,794</u>	<u>30,453</u>
Total Liabilities	34,794	30,453
<b>PRIVATE ENDOWMENTS (Note 10)</b>	<u>66,895</u>	<u>63,311</u>
<b>EQUITY</b>		
Endowment		
Original contribution	50,000	50,000
Appropriated surplus	108,770	96,770
	<u>158,770</u>	<u>146,770</u>
Surplus		
Works of art and musical instruments	19,027	18,496
Operating	9,537	13,890
	<u>28,564</u>	<u>32,386</u>
Total Equity	187,334	179,156
Total Liabilities, Private Endowments and Equity	\$ <u>289,023</u>	\$ <u>272,920</u>

On behalf of the Council:



Chair



Vice Chair

(See accompanying notes to the financial statements)



for the year ended March 31, 1999

CANADA COUNCIL  
**Statement of Operations**

*(in thousands of dollars)*

	1999	1998
<b>REVENUE</b>		
Net investment income (Note 11)	\$ 22,747	\$ 14,485
Other	<u>1,286</u>	<u>827</u>
Total Revenue	<u>24,033</u>	<u>15,312</u>
<b>EXPENSES</b>		
Programs		
Grants (Schedule 2)	114,560	103,866
Administration (Schedule 3)	6,080	5,519
Services	<u>2,584</u>	<u>1,360</u>
	123,224	110,745
Canadian Commission for UNESCO (Note 12)	1,178	929
General administration (Schedule 3)	7,552	6,917
Net Art Bank costs (Note 12)	<u>601</u>	<u>463</u>
Total Expenses	<u>132,555</u>	<u>119,054</u>
Net loss before parliamentary appropriation	108,522	103,742
Parliamentary appropriation	<u>116,169</u>	<u>113,968</u>
<b>Net income</b>	<b>\$ <u>7,647</u></b>	<b>\$ <u>10,226</u></b>

for the year ended March 31, 1999

CANADA COUNCIL  
**Statement of Changes in Equity**

*(in thousands of dollars)*

	1999	1998
<b>ENDOWMENT</b>		
Original contribution	\$ <u>50,000</u>	\$ <u>50,000</u>
Appropriated surplus		
Balance at beginning of the year	96,770	94,770
Appropriated from surplus during the year	<u>12,000</u>	<u>2,000</u>
Balance at end of the year	<u>108,770</u>	<u>96,770</u>
<b>Balance of Endowment at end of the year</b>	<b>\$ <u>158,770</u></b>	<b>\$ <u>146,770</u></b>
<b>SURPLUS</b>		
Works of art and musical instruments		
Balance at beginning of year	\$ 18,496	\$ 18,605
Net additions (disposals) and adjustments during the year	<u>531</u>	<u>(109)</u>
Balance at end of the year	<u>19,027</u>	<u>18,496</u>
Operating		
Balance at beginning of the year	13,890	5,664
Net income	7,647	10,226
Appropriated during the year	<u>(12,000)</u>	<u>(2,000)</u>
Balance at end of the year	<u>9,537</u>	<u>13,890</u>
<b>Balance of surplus at end of the year</b>	<b>\$ <u>28,564</u></b>	<b>\$ <u>32,386</u></b>

*(See accompanying notes to the financial statements)*

for the year ended March 31, 1999

CANADA COUNCIL  
**Statement of Cash Flows**

*(in thousands of dollars)*

	1999	1998
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 7,647	\$ 10,226
Items not affecting cash		
Amortization - other capital assets	793	710
Amortization - other capital assets - Art Bank	5	-
	<u>8,445</u>	<u>10,936</u>
Change in non-cash operating assets and liabilities	<u>5,636</u>	<u>(574)</u>
Cash flows from operating activities	<u>14,081</u>	<u>10,362</u>
<b>FINANCING ACTIVITIES</b>		
Endowment contributions received	<u>-</u>	<u>263</u>
Cash flows from financing activities	<u>-</u>	<u>263</u>
<b>INVESTING ACTIVITIES</b>		
Investment income credited directly to private endowments	2,427	766
Investment income internally restricted to private endowments	1,157	-
Net increase in investments	(11,871)	(14,073)
Acquisition of other capital assets	(1,824)	(477)
Proceeds from sale of other capital assets	<u>4</u>	<u>-</u>
Cash flows used in investing activities	<u>(10,107)</u>	<u>(13,784)</u>
Increase (decrease) in cash and cash equivalents	3,974	(3,159)
Cash and cash equivalents at beginning of the year	<u>11,068</u>	<u>14,227</u>
<b>Cash and cash equivalents at end of the year</b>	<b>\$ <u>15,042</u></b>	<b>\$ <u>11,068</u></b>

*(See accompanying notes to the financial statements)*

CANADA COUNCIL  
**Notes to Financial Statements**  
 March 31, 1999

1. *Authority, Operations and Objectives*

The Canada Council, established by the *Canada Council Act* in 1957, is not an agent of Her Majesty and is deemed to be a registered charity for the purposes of the *Income Tax Act*. In accordance with Section 85 of the *Financial Administration Act*, the Canada Council is exempt from Part X of this Act. The Canada Council is a national organization whose objectives are to foster and promote the study, enjoyment and production of works in the arts. These objectives are achieved through the giving of grants to professional Canadian artists and arts organizations. The Council has been assigned the functions and duties for the Canadian Commission for UNESCO.

2. *Significant Accounting Policies*

The most significant accounting policies are:

(a) Investments

Investments are recorded at cost and are written down to market value when the loss in value is considered to be other than a temporary decline.

(b) Works of art and musical instruments and other capital assets

Equipment and leasehold improvements are recorded at cost and amortized over their estimated useful lives using the straight-line method, as follows:

Office equipment	5 years
Leasehold improvements	term of the lease

Purchased works of art and musical instruments are recorded at cost. Donated works of art and musical instruments are recorded at their appraised value. No amortization is recorded on these assets.

(c) Employee termination benefits

Employees are entitled to specific termination benefits as provided for under the Council's policy and conditions of employment. The cost of these benefits is recorded as the benefits accrue to the employees.

(d) Parliamentary appropriation

Parliamentary appropriation is recognized as revenue in the year for which it is approved by Parliament. Parliamentary appropriations intended for future years received or approved by Parliament before the end of the year are recorded as deferred parliamentary appropriations.

(e) Contributions

The Canada Council follows the deferred contribution method of accounting for contributions.

Annual contributions are recognized as revenue in the year received or in the year the funds are committed to the Canada Council if the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted net interest and dividends, unrestricted net realized capital gains or losses, Art Bank rental fees and other revenues are recorded as revenue in the year they are earned. Externally restricted investment income is recorded as deferred contributions and is recognized as revenue in the year in which the related expenses are incurred. Capital gains in the Killam Endowments are restricted by the donor and are added directly to the endowment.

Endowment contributions are recognized as direct increases to private endowments.

Contributions received in a form other than cash are recorded at their fair value at the date they are received by the Canada Council.

(f) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Council contribute equally to the cost of the Plan. This contribution represents the total pension liability of the Council. The Council is not required to make



contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(g) Post retirement benefits

Retired employees are entitled to participate in the Council's dental, medical and life insurance benefit programs. The Council expenses a maximum one-half of the cost of the medical benefits for retired employees on a pay-as-you-go basis. The costs for the remaining benefits are borne entirely by the retired employees.

(h) Grants

Grants are recorded as an expense in the year for which they are approved by Council. Cancelled grants and refunds of grants approved in previous years are shown as revenue.

3. *Cash and Short-Term Deposits*

The Canada Council invests temporary surplus cash in a short-term pooled fund managed by Lancaster Investment Counsel. All instruments held in the pooled fund are rated R1(low) or A(low) or better by a recognized bond rating agency. Except for federal and federally guaranteed instruments, no more than 10% of the short-term portfolio is invested with one issuer.

The net book value of short-term deposits as at March 31, 1999 and March 31, 1998 approximated the market value.

4. *Investments*

	1999		1998	
	Cost	Market Value	Cost	Market Value
<i>Canada Council and Other Endowments</i>				
	<i>(in thousands of dollars)</i>			
Pooled funds	\$ 159,865	\$ 187,038	\$ 148,900	\$ 188,990
Bonds	28,983	29,278	29,658	30,188
Mortgages	11	11	35	35
	<u>188,859</u>	<u>216,327</u>	<u>178,593</u>	<u>219,213</u>
<i>Killam Endowments</i>				
Bonds	30,855	31,029	31,446	31,895
Pooled Funds	15,912	18,349	14,586	18,213
Equities	11,410	11,963	10,519	12,311
Mortgages	<u>-</u>	<u>-</u>	<u>21</u>	<u>21</u>
	<u>58,177</u>	<u>61,341</u>	<u>56,572</u>	<u>62,440</u>
Total investments	\$ <u>247,036</u>	\$ <u>277,668</u>	\$ <u>235,165</u>	\$ <u>281,653</u>

Pooled funds are in units of two global equity pooled funds, 49.9% in the Brinson Global Equity with Canada Fund for Canadian Charitable Trusts and 50.1% in the Templeton Master Trust - Series 2.

All bonds are rated "BBB" or better by a recognized bond rating agency. Except for federal and federally guaranteed instruments, no more than 10% of a manager's portfolio may be invested with one issuer. As at March 31, 1999, the Canada Council and other endowments and the Killam endowments have invested \$27,426,000 and \$29,143,000 in Government of Canada bonds with an average duration of six and one half years and a yield to maturity of 5.07%.

The investment in equities represents a diversified Canadian common equity portfolio made up of companies listed on the Toronto Stock Exchange 300 Index.

5. *Works of Art and Musical Instruments*

The Canada Council Art Bank has the largest number of contemporary Canadian works of art in Canada. It includes 18,000 paintings, sculptures, drawings, photographs and prints by over 2,500 artists. The Canada Council Art Bank rents the art works to interested parties and presently has about 7,000 works on rental to federal government departments and agencies, associations, hospitals, schools, municipalities and private corporations.

The Canada Council created the Musical Instrument Bank in 1985 and it presently owns four quality musical instruments. The first instrument, a Tecchler cello, was acquired through the fundraising efforts of W.I.M. Turner and cellist Denis Brott. The Brott-Turner-Tecchler cello is currently on loan to Denis Brott for the duration of his career. The second, the Windsor-Weinstein Stradivarius violin, was acquired through the generous transfer of the instrument to the Canada Council by the Ontario Heritage Foundation. The Windsor-Weinstein Stradivarius is currently on loan to James Ehnes for a period of three years. During the year the Canada Council acquired two instruments at an appraised value of \$462,000, the 1674 McConnell Petrus Ranta cello and the 1824 McConnell Nicolaus Gagliano cello, through a generous donation from the J.W. McConnell Family Foundation. The McConnell Petrus Ranta is currently on loan to Sophie Rolland for the duration of her career. The McConnell Nicolaus Gagliano will be loaned following a juried competition to be held during the next year.

#### 6. Other Capital Assets

	1999			1998
	Cost	Accumulated amortization	Net Book Value	Net Book Value
	<i>(in thousands of dollars)</i>			
Office equipment	\$ 4,614	\$ 3,129	\$ 1,485	\$ 368
Leasehold improvements	<u>4,757</u>	<u>3,021</u>	<u>1,736</u>	<u>1,831</u>
	<u>\$ 9,371</u>	<u>\$ 6,150</u>	<u>\$ 3,221</u>	<u>\$ 2,199</u>

#### 7. Accounts Payable and Accrued Liabilities

	1999	1998
	<i>(in thousands of dollars)</i>	
Accrued liabilities	\$ 740	\$ 692
Accrued termination benefits	672	664
Accounts payable	509	432
Accrued payroll expenses	428	573
Accrued vacation pay	<u>290</u>	<u>299</u>
	<u>\$ 2,639</u>	<u>\$ 2,660</u>

#### 8. Deferred Credits

	1999	1998
	<i>(in thousands of dollars)</i>	
Deferred lease inducement	\$ 2,447	\$ 2,994
Art Bank - rentals of works of art	321	349
Deferred rent	<u>—</u>	<u>120</u>
	<u>\$ 2,768</u>	<u>\$ 3,463</u>

The deferred lease inducement represents an inducement payment received from the landlord and is being amortized against rental accommodation expense over the term of the lease.

#### 9. Deferred Contributions

Deferred contributions represent unspent externally restricted net income on endowments and contributions received by way of bequest and donations that have been restricted for specific purposes. In addition, deferred contributions include other sources of revenue that have been restricted for specific purposes. The funds of the endowments are included with the Canada Council's investment portfolio and a proportionate share for each endowment is calculated based upon the market value of the investment portfolio at the time the endowment was received. The externally restricted net income includes investment income (interest, dividends and net capital gains or losses) calculated annually as the proportionate share of each endowment plus any other sources of revenue. Revenue recognized

during the year is equal to the grants and administration expenses incurred in order to meet the specific purpose for each endowment.

	Deferred Contributions (in thousands of dollars)				
	Balance at beginning of year	Externally restricted net income	Revenue recognized during the year	Appropriated to (from) private endowments	Balance at end of year
Killam Fellowships and Prizes	\$ 927	\$ 2,547	\$ 2,284	\$ -	\$ 1,190
Molson Prize	279	276	216	289	50
Lynch-Staunton	367	284	100	451	100
John G. Diefenbaker	56	187	75	118	50
Joseph S. Stauffer	81	46	8	69	50
Coburn Fellowship	103	126	40	169	20
Jean A. Chalmers	22	157	40	-	139
Vida Peene	15	69	84	-	-
Frances Elizabeth and J.P. Barwick	(6)	29	16	-	7
Japan-Canada Literary Prize	27	30	-	45	12
York Wilson Prize	7	30	15	12	10
Duke and Duchess of York Prize	23	19	8	18	16
John Stephen Hirsch	34	15	17	-	32
John B.C. Watkins	195	18	-	-	213
Ronald J. Thom Award	5	13	-	-	18
Jean M. Beaudet	3	2	-	-	5
Petro-Canada	40	6	-	-	46
Fund for Future Generations	-	-	-	(14)	14
Glenn Gould Prize Fund	946	66	31	-	981
Japan-Canada Fund	1,330	62	102	-	1,290
Visiting Foreign Artists program	17	1	-	-	18
Canadian Commission for UNESCO	501	202	174	-	529
Commission Internationale du Théâtre Francophone	30	70	80	-	20
	\$ 5,002	\$ 4,255	\$ 3,290	\$ 1,157	\$ 4,810

#### 10. Private Endowments

Private endowments consist of restricted donations received by the Council. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by the donors. Also, the Council may internally restrict to private endowments a portion of the income earned. In addition, the Killam bequests require that all net capital gains or losses be applied to the principal.

Changes in private endowments are as follows:

	<u>1999</u>	<u>1998</u>
	<i>(in thousands of dollars)</i>	
Balance, beginning of year	\$ 63,311	\$ 62,281
Add donations received during the year		
York Wilson Prize	-	250
Other	-	14
	<u>-</u>	<u>264</u>
Add investment income credited directly to private endowments	2,427	766
Add investment income of the Special Funds internally restricted to private endowments	<u>1,157</u>	<u>-</u>
	<u>3,584</u>	<u>766</u>
Balance at end of year (Schedule 1)	\$ <u>66,895</u>	\$ <u>63,311</u>

11. *Net Investment Income*

	<u>1999</u>	<u>1998</u>
	<i>(in thousands of dollars)</i>	
Net gains on investments	\$ 18,563	\$ 6,188
Interest and dividends	9,301	11,675
Transferred from (to) deferred contributions	220	(987)
Investment portfolio management costs	(1,753)	(1,625)
Investment income credited directly to private endowments	(2,427)	(766)
Investment income of the Special Funds internally restricted to private endowments	<u>(1,157)</u>	<u>-</u>
	\$ <u>22,747</u>	\$ <u>14,485</u>

Investment income exceeded the expected amount this year due to the nature of the investment portfolio. The Council decided to appropriate part of the income from operating surplus to endowment in order to compensate for the fluctuations in investment income and to provide for the continued growth of the endowment.

12. *Canadian Commission for UNESCO and Net Art Bank Costs*

	<u>1999</u>	<u>1998</u>
	<i>(in thousands of dollars)</i>	
Canadian Commission for UNESCO		
Program	\$ 471	\$ 294
Administration	<u>707</u>	<u>635</u>
	\$ <u>1,178</u>	\$ <u>929</u>
Net Art Bank Costs		
Rental revenue	\$ (1,138)	\$ (1,128)
Other income	(48)	(90)
Administration	1,782	1,681
Amortization	<u>5</u>	<u>-</u>
	\$ <u>601</u>	\$ <u>463</u>



### 13. Commitments

- (a) Payments of grants extending into future years are subject to the provision of funds by Parliament. Future year grants approved prior to March 31, 1999 are payable as follows:

(in thousands of dollars)

2000	\$	36,291
2001		28,502
2002		5,453

- (b) The Council is party to long-term leases with respect to rental accommodation. The net minimum annual rental is as follows:

(in thousands of dollars)

2000	\$	3,286
2001		3,058
2002		3,058
2003		3,058
2004		1,945
2005 - 2010		1,962

For the year ended March 31, 1999, the annual rentals have been reduced by \$3,107,000 (1998 - \$2,847,000) as a result of sub-leases with Public Works and Government Services Canada and The Encon Group.

### 14. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Council's ability to conduct normal business operations. The Canada Council has implemented an informatics plan identifying the expected effects of the Year 2000. An assessment of the readiness of third parties such as customers, suppliers and others is ongoing. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Council, including those related to the efforts of clients, suppliers, or other third parties, will be fully resolved.

### 15. Related Party Transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Council enters into transactions with Government of Canada departments, agencies and Crown corporations in the normal course of business, at the same trade terms applicable to all individuals and enterprises.

### 16. Comparative Figures

Certain of the 1998 figures have been reclassified to conform to the presentation adopted in 1999.

## Schedule 1

as at March 31, 1999

CANADA COUNCIL  
Schedule of Private Endowments

(in thousands of dollars)

	1999	1998
Killam Fellowships and Prizes	\$ 55,996	\$ 53,569
Molson Prize	2,577	2,288
Lynch-Staunton	2,570	2,118
John G. Diefenbaker	1,622	1,504
Coburn Fellowship	1,445	1,276
Vida Peene	600	600
Jean A. Chalmers	500	500
Joseph S. Stauffer	469	400
Japan-Canada Literary Prize	294	250
York Wilson Prize	262	250
Duke and Duchess of York Prize	188	170
John Stephen Hirsch	134	134
Frances Elizabeth and J.P. Barwick	113	113
Ronald J. Thom Award	107	107
Other	18	32
	<b>\$ 66,895</b>	<b>\$ 63,311</b>

## Schedule 2

for the year ended March 31, 1999

CANADA COUNCIL  
Schedule of Grant Expenses by Section

(in thousands of dollars)

	1999	1998
<i>Arts Programs (Note 9)</i>		
Music	\$ 21,558	\$ 21,127
Theatre	20,349	20,047
Writing and Publishing	17,415	17,812
Visual Arts	15,364	13,087
Dance	12,269	12,152
Media Arts	10,081	8,257
Public Lending Right Commission	8,033	8,033
Millennium Arts Fund	5,318	-
Other	1,370	1,140
<i>Killam Program</i>		
Killam Research Fellowships	1,795	1,489
Izaak Walton Killam Memorial Prizes	150	150

continued on following page

*Other Prizes and Awards*

Canada Council Molson Prizes	200	-
Japan-Canada Fund	102	223
Victor Martyn Lynch-Staunton Awards	100	86
Vida Peene Awards	84	-
John G. Diefenbaker Award	75	75
Commission Internationale du Théâtre Francophone	74	-
Other prizes and awards < \$50,000	<u>223</u>	<u>188</u>
	\$ <u>114,560</u>	\$ <u>103,866</u>

Schedule 3

for the year ended March 31, 1999 **CANADA COUNCIL**  
**Schedule of Administration Expenses** (in thousands of dollars)

	1999			1998
	Program	General Administration	Total	Total
Salaries	\$ 4,136	\$ 2,062	\$ 6,198	\$ 5,866
Employee benefits	734	495	1,229	1,051
Office accommodation	60	2,210	2,270	2,148
Professional and special services	399	669	1,068	684
Amortization	-	793	793	710
Printing, publications and duplicating	76	500	576	440
Staff travel	357	107	464	351
Communications	204	192	396	430
Information management	9	211	220	238
Meeting expenses including members' honoraria	56	141	197	275
Office expenses and equipment	10	167	177	192
Miscellaneous	<u>39</u>	<u>5</u>	<u>44</u>	<u>51</u>
	\$ <u>6,080</u>	\$ <u>7,552</u>	\$ <u>13,632</u>	\$ <u>12,436</u>