

These statistics demonstrate the following changes over the ten-year period: 54.4 per cent in the parliamentary appropriation for operating purposes, 84.0 per cent in earned revenues and 78.4 per cent in total resources. In comparison, during the same period, the Consumer Price Index increased by 86.9 per cent. While earned revenues have kept pace with inflation, the parliamentary appropriation for operating purposes clearly has not. (Note: while the Centre has received a number of appropriations for capital purposes over the years, it is only since 1989-1990 that it is built into its base budget and in a predictable amount. Thus, comparisons are not made on this source of income over the period.)

In its present financial situation, the Centre does not have room to shift its priorities; a move towards an increased focus on the national mandate can only be done at the expense of the regional mandate. This was the view expressed in a variety of ways by the members of the Orchestra. The Committee agrees with the Hendry Task Force and with the policy document *The Third Decade and Beyond* that the Centre must be made more relevant to Canadians everywhere, but not at the expense of local operations.

The Hendry Task Force recommended a one-time appropriation to eliminate the Centre's working capital deficit (the amount required to pay all debts). The working capital deficit is forecast at approximately \$3.0 million at the end of the 1989-1990 programming year. Coupled with the tighter financial administration now in place, the elimination of this deficit would relieve some financial pressure for the next 2 years. While the Committee agrees that this legacy from previous years should be eliminated as soon as possible and recommends that a one-time appropriation be granted for this purpose, it is not prepared to recommend other additional funding until the response of the Centre to our other recommendations is known.

Recommendation 20

- a) **That the Minister of Communications, upon verification of the amount involved, recommend to Cabinet a one-time appropriation to eliminate the working capital deficit of the National Arts Centre; and**
- b) **that the Minister of Communications consider a request for other additional funding over and above the regular yearly increases granted through the budgetary process after the Standing Committee on Communications and Culture considers the response of the Centre to its recommendations.**