



THE NATIONAL ARTS CENTRE

THE FOURTH REPORT OF THE STANDING COMMITTEE ON COMMUNICATIONS AND CULTURE

Felix Holtmann, M.P.
Chairman

September 1990

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HOUSE OF COMMONS

CHAMBRE DES COMMUNES

THE NATIONAL ARTS CENTRE

Issue No. 17

Tuesday, September 1990

Président Felix Holtmann

Minutes of Proceedings and Evidence of the Standing Committee on Communications and Culture

Communications and Culture

THE FOURTH REPORT OF THE STANDING COMMITTEE ON COMMUNICATIONS AND CULTURE

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RESPECTING:

In accordance with its mandate under Standing Order 108(2), the Fourth Report of the Standing Committee on Communications and Culture: National Arts Centre

INCLUDING:

The Fourth Report of the Standing Committee on Communications and Culture to the House: NATIONAL ARTS CENTRE

Felix Holtmann, M.P.
Chairman

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Second Session of the Thirty-Ninth Parliament
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1989-1990

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The Standing Committee on Communications and Culture has the honour to present its

INTRODUCTION

THE MANDATE

FOURTH REPORT

BOARD AND MANAGEMENT

THE ORCHESTRA

In accordance with its mandate under Standing Orders 108(1) and 108(2), your Committee established a Sub-Committee and assigned it the responsibility of examining the subject of the National Arts Centre.

The Sub-Committee submitted its First Report to the Committee.

Your Committee adopted the following Report which reads as follows:

SUMMARY OF RECOMMENDATIONS

NOTES

APPENDIX A LIST OF WITNESSES

GOVERNMENT RESPONSE

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INTRODUCTION

In the Spring of 1989, members of the Standing Committee on Communications and Culture started receiving letters, petitions and personal interventions from people in the National Capital Region and elsewhere expressing their grave concern for the direction in which the new Board of Trustees and the new senior management were taking the National Arts Centre (NAC). This concern was echoed in the public media, particularly before and during the strike by the NAC Orchestra musicians in the Fall of 1989. The Committee felt that the issues raised by this public concern were central to the future well-being of the NAC and that they could be usefully addressed in a public forum.

With this objective in mind, the Standing Committee on Communications and Culture unanimously adopted the following motion on 13 December 1989:

That, pursuant to Standing Order 108(2), the Standing Committee on Communications and Culture study the role of the National Arts Centre, in particular its involvement with the performing arts in Canada and make recommendations for future action using as a base "The Tom Hendry Task Force Report", the proposal "The Third Decade and Beyond" and, if necessary, "The Nielsen Report" (Economic Growth, Culture and Communications).⁽¹⁾

One month later, the Chairman of the NAC, Mr. Robert Landry, wrote to the Chairman of the Standing Committee, Mr. Felix Holtmann, inviting the members of the Committee "to a meeting in an informal setting here at the Centre for an in-depth discussion on plans developed by management to meet the NAC's goals and objectives as set forth in *The Third Decade*."⁽²⁾ However, the respective schedules of Committee and NAC representatives made this briefing session impossible.

Due to its workload, the Committee could not immediately commence its study and opted to send the Centre 46 written questions touching upon many aspects of its operations and mandate. The questions were sent on 23 March 1990 and the response was received on 15 May 1990 (the questions and their response have been made public). Thereupon, the Committee decided that a sub-committee would best be able to concentrate on the completion of the study and the Sub-Committee on the National Arts Centre was established on 29 May 1990 for this purpose. It was given the following mandate:

That it study the role of the NAC, in particular its involvement with the performing arts in Canada and make recommendations for future action by reviewing: the NAC's reply to the questions sent to the NAC by members of the Standing Committee, the previous testimony of witnesses from the NAC, the 1986 report of the Task Force on the National Arts Centre, the NAC document "The Third Decade and Beyond", the report of the Nielsen Task Force on Program Review, and any other documentation as deemed necessary.

That it hears from witnesses providing that a minimum of 3 members be present with at least one member of the Opposition.

That it print such evidence as may be ordered by it.

That it present its report to the Standing Committee at the earliest date possible.

That the report consists of preambles and recommendations.⁽³⁾

Under Standing Order 108(1), Standing Committees are empowered to delegate to sub-committees all or any of their powers except the power to report directly to the House. The Standing Committee on Communications and Culture has twice in the recent past delegated its powers to sub-committees for similar purposes: in 1985 for the study of copyright, and in 1989 for the study of the status of the artist. The mandate given to the Sub-Committee on the National Arts Centre is derived from Standing Order 108(2) which lists the general powers of standing committees: committees are "empowered to study and report on all matters relating to the mandate, management and operation of the department or departments of government which are assigned to them from time to time by the House".⁽⁴⁾

The Sub-Committee first met on 6 June 1990 to organize its activities and, through a news release issued on 7 June 1990, announced that hearings would take place. These were held on 12, 13, 14 and 27 June 1990. The Sub-Committee chose to hear from associations, groups and individuals representing a cross-section of the performing arts, including dance, music and theatre professional associations and unions as well as artists managers and presenters. (See Appendix A for the list of witnesses.)

The purpose of the hearings was to seek confirmation or clarification of the information or opinions already held or to probe for further information. That some of our hearings were held *in camera* is not unusual; this procedure is useful and sometimes necessary to protect the witnesses when sensitive issues are discussed. For example, this Committee has used *in camera* hearings when it studied the financial accountability of the CBC and when it reviewed the report of the National Museums Task Force and found them very helpful.

The Committee wishes to acknowledge the cooperation of the many witnesses who appeared before it on very short notice as well as the dozens of individuals, organizations and groups who wrote to the Committee or to the Sub-Committee. The views of all of them have been carefully considered and taken into account in our deliberations. The Committee is also grateful to the staff of the Sub-Committee Members and personnel of the Committee for their generous contributions.

The Committee has not addressed all of the issues which have been raised in the testimony, in the 1986 report of the Hendry Task Force on the National Arts Centre, in the NAC document *The Third Decade and Beyond* or in the report of the Nielsen Task Force on Program Review. For example, the Committee has not considered the recommendations made by the Hendry Task Force regarding the development of a comprehensive physical touring strategy, the Canadian content of the Centre's programming, the annual summer Festival, the mandate of ex-officio members of the Board of Trustees, funding to enable the Centre to bridge the gap between the government fiscal year and the Centre's programming year, and the ownership of the land, building and furnishings. The Committee reserves the option to pursue its study in greater detail at a later time.

The Committee believes that a national institution devoted to the development of the performing arts in the region of the national capital is a unique reflection of our country to visitors from Canada or elsewhere. In this way, it complements the other national cultural institutions located in the capital region.

The drafters of the 1966 legislation regarding the National Arts Centre were aware that a national cultural institution in the capital region should serve the cultural needs of Canadians everywhere and, thus gave the Centre a complementary national mandate. The Centre has striven over the years to fulfill its national mandate, in part by touring its orchestra and its now defunct theatre companies, by commissioning or co-producing works, by broadcasting or recording its productions, and, by showcasing Canadian artists and companies from every region of the country.

The Committee notes that since the appointment of a new Board and a new Director General in 1988, the Centre has indicated its willingness to make it more national in scope and relevance, as conveyed in the policy document made public in 1989 and entitled *The Third Decade and Beyond: The Cultural Mandate of the National Arts Centre of Canada*. In his presentation to the Sub-Committee on 13 June 1990, the Chairman of the Board of Trustees, Mr. Robert Landry, spoke of the new vision contained in this policy document and added that it requires the Centre to focus its energies on a number of important priorities, one of which is "ensuring all parts of the country have more direct access to NAC performances through co-productions, touring and electronic distribution."

The Centre is the national showcase for the performing arts and should represent the pinnacle of excellence in the performing arts in Canada. A national mandate can be fulfilled in a variety of ways, one of which is its recognition by the Centre of Canadian artists who have achieved national or regional success. These artists could be invited as NAC guests at galas, special performances or receptions. It would be a way of recognizing the many contributions of Canadian artists in the development of the performing arts in Canada. It could also act as an inspiration to struggling young performers and, in some way, perhaps,

THE MANDATE

The mandate of the NAC is described in Section 9(1) of the *National Arts Centre Act* as follows:

to operate and maintain the Centre;

to develop the performing arts in the National Capital region; and

to assist the Canada Council in the development of the performing arts elsewhere in Canada.

The mandate of the Centre is as pertinent today as it was in 1966 when the legislation was enacted. The Committee believes that a national institution devoted to the development of the performing arts in the region of the national capital is a unique reflection of our country to visitors from Canada or elsewhere. In this way, it complements the other national cultural institutions located in the capital region.

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help to create awareness and understanding of the different regional cultures that make up Canada.

In January 1986, the Honourable Marcel Masse, then Minister of Communications, mandated a Task Force to review the role of the National Arts Centre. The report of this Task Force was submitted to the Minister in September 1986 (referred to as the Hendry Task Force after the name of its Chairman). Several of its recommendations were intended to help the Centre better fulfill its national mandate. The Task Force envisaged the creation of an "Electronic Touring Program" as a complement to an enriched program of physical touring and as a cost-effective and intrinsically valuable approach to cultural animation.

The Centre has recently created the position of Executive Producer — Electronic Distribution. While this is a laudable move to reach Canadians outside the capital region, the Committee notes that the Hendry Task Force suggested that new initiatives in electronic distribution be funded through a new annual appropriation of \$2 million (in 1986 dollars) and not through a reallocation of existing funds. Seeking additional resources for a new program or activity is a normal practice of federal institutions. The Committee will make a recommendation about funding in a later chapter.

Two of the 12 electronic distribution projects undertaken by the Centre are for the application of High Definition Television (HDTV) to the performing arts. These HDTV projects have received much attention. They have also been criticized for being funded at the expense of artistic programming, particularly at the expense of the Orchestra. It appears from testimony given by representatives of performing arts organizations that there is uncertainty about the use of HDTV in the performing arts. With reference to these HDTV projects, the Committee believes that experimentation in the application of this television technique should not be undertaken with the limited funds currently at the disposition of the Centre but that it should be carried out only through additional special funding. Given the considerable experience acquired by the Department of Communications in the demonstration of this technique, the Centre should actively seek the advice and maintain during the entire course of this experimentation close cooperation with the HDTV experts in the Department. In the meantime, the Centre should put the HDTV projects on hold.

Recommendation 1

- a) **That the Board of Trustees of the National Arts Centre suspend its HDTV projects until it is granted special project funding.**

The Centre's mandate to assist the Canada Council in the development of the performing arts elsewhere in Canada is amplified in Section 9(2)(e) of the Act. It states that the Centre may:

at the request of the Government of Canada or the Canada Council, arrange for performances elsewhere in Canada by performing arts companies, whether resident or non-resident in Canada, and arrange for performances outside Canada by performing arts companies resident in Canada.

With respect to the arrangement of performances outside Canada by performing arts companies resident in Canada, this role is now mainly carried out by the International Cultural Relations Bureau of the Department of External Affairs or by the companies themselves. As for the arrangement of performances elsewhere within Canada by performing arts companies, whether resident or non-resident in Canada, the Hendry Task Force had this to say:

The Centre's mandate to arrange Canadian tours for other companies and ensembles was effectively removed with the establishment of the Touring Office within the Canada Council in 1973; foreign touring never became the Centre's sole responsibility.⁽⁶⁾

While the Centre's mandate to arrange foreign or Canadian tours may effectively have been removed by the involvement of the Department of External Affairs and the creation of the Canada Council's Touring Office, the Centre's mandate to assist the Canada Council in the development of the performing arts elsewhere in Canada, as found in section 9(1) of the Act, is still valid. The Committee heard that little has been done in this area but that efforts are being made to formalize the process of consultation and coordination between the Centre and the Canada Council. The Committee urges the Centre and the Canada Council to give this matter priority by enshrining this formal process in their respective by-laws.

Recommendation 2

- a) **That the National Arts Centre and the Canada Council describe in their by-laws the formal agreement and process which will guarantee that these two agencies work effectively in the achievement of the objective set out in part of Section 9(1) of the *National Arts Centre Act*, namely "to assist the Canada Council in the development of the performing arts in Canada"; and**
- b) **that in 6 months the National Arts Centre and the Canada Council jointly report to the Standing Committee on Communications and Culture on their progress.**

The Centre is mandated "to develop the performing arts in the National Capital Region". In its simplest expression, the development of the performing arts takes place every time that a performance is given at the Centre. The development is also accomplished by the presence of its resident company, the National Arts Centre Orchestra. The Centre, however, gives a larger interpretation to this mandate and successfully assists and promotes local arts organizations and artists and provides frequent opportunities for the general public of all ages to enjoy and learn about the performing arts, often at no cost. At the request of the Sub-Committee, the Centre has provided statistical and narrative information on the use made of its facilities by local arts companies and associations. Since January 1987, 31 arts organizations and arts-related groups from the region have rented the Centre's Opera, Theatre or Studio and 58 separate arts organizations and associations from the region have rented other facilities at the Centre. The Centre has also provided the Sub-Committee a publication entitled *The NAC and the Community 1989: A Report to the Regional Municipality of Ottawa-Carleton*, a report prepared to support the NAC's annual appropriation from the regional municipality. It contains an impressive list of its wide-ranging contribution to the support of local arts organizations and artists and to the enrichment of the region's cultural life.

As noted by some organizations, the Sub-Committee did not hear from local artistic groups. Therefore, some issues of concern to this community may have not been fully addressed, such as the priority for access to the Centre's performing spaces and the rental prices paid by local arts groups for these spaces.

Nevertheless, the Centre was asked to outline its policy with respect to the use of its facilities by regional arts companies and associations. In his written response, Mr. Robert Landry stated that the Centre's policy "is the same one which guides all artistic programming at the NAC"⁽⁷⁾, namely that every request for a rental is evaluated at monthly meetings of the NAC Programming Committee against the framework of programming principles and guidelines established by the Board. The guidelines relevant in the evaluation of rental requests are: 1) professional over amateur; 2) resident over visiting; and 3) NAC presentations over rentals. The Programming Committee "thus seeks to balance proposed "Rental" programming with "NAC Presentations" in order that the diversity, quality and integrity of the Centre's entire programming is preserved."⁽⁸⁾

Concerning the amount charged to rent the Centre's performing spaces to local arts groups, one local group alleges that it is charged "top prices", the same price charged to any commercial organization. The Committee will not comment on this allegation because the cost of renting performing spaces has not been discussed fully. The Committee, however, wishes to bring to the Centre's attention the comments made by the Hendry Task Force on community service and its recommendation No. 52 that the Centre should establish a

Community Service budget which would in part provide for assistance to performing arts groups from the National Capital Region wishing to rent the halls and the stage crews at the Centre. The Committee agrees with this recommendation and with the idea that a reasonable percentage of time be set aside for regional performing arts groups. The Task Force also recommended that the Centre should set a policy regarding the availability of space for rental purposes. This policy, or information about space available for rent, should be made public so that regional groups are given notice of space availability.

Recommendation 3

- a) **That the Board of Trustees of the National Arts Centre consider the advisability of reducing the price charged to all non-profit performing arts companies from the National Capital Region renting performing spaces at the Centre;**
- b) **that a reasonable percentage of time be set aside; and**
- c) **that regional performing arts group be given sufficient notice about availability of space.**

BOARD AND MANAGEMENT

Most of the recommendations made by the Hendry Task Force and the Auditor General with respect to the Board have been implemented over the last two years. For example, in his report on the 1987 comprehensive audit of the NAC, the Auditor General recommended that the roles, responsibilities and authority of the Board be clearly defined and communicated and that an information manual for Board members be completed and distributed to members and updated regularly. A Board of Trustees Information Manual was approved by the Board in the fall of 1989.

The Manual contains the terms of reference of the operating committees of the Board and a description of the role of the Board and the senior management in the planning process. It also contains, in the Historical Overview chapter, the programming principles and guidelines established by the original Board of Trustees to guide the management in its programming decisions. The programming principles (but not the guidelines) are also contained in the 1989 policy document *The Third Decade and Beyond: The Cultural mandate of the National Arts Centre of Canada*.

Briefly, the Centre's programming principles listed in the Board of Trustees Information Manual are: 1) quality; 2) creativity; 3) diversity; 4) accessibility; 5) Canadian content; and 6) cultural balance. A seventh principle, "availability", is listed in the 1981 NAC submission to the Federal Cultural Policy Review Committee — the Applebaum-Hebert Committee — as having been approved by the original Board of Trustees.⁽⁹⁾ The programming guidelines to which these principles give rise are: 1) professional over amateur; 2) resident over visiting; 3) Canadian over foreign; 4) NAC presentations over rentals; 5) import over export; and 6) broadcasting and recording.

Despite these efforts at defining and communicating the roles, responsibilities and authority of the Board — efforts involving Board members and senior management — the testimony of Board members suggests a lack of understanding of their own Board responsibilities and lack of knowledge of what is happening at the Centre. An absence of understanding and knowledge on the part of Board members can lead to abuse of authority, lack of due process or unclear division of responsibilities between management and the Board.

The National Arts Centre is the only cultural agency whose legislation allows its Board to appoint the chief executive officer. The Board was involved in the search procedure for the present Director General and approved his appointment. The responsibility for negotiating the employment contract was delegated to the Chairman. However, according to the testimony, neither the terms of employment contained in this contract nor the granting of a subsequent bonus to the Director General, Mr. Yvon DesRochers, were

officially reviewed by the Board. The Committee finds these omissions an abuse of the authority vested in the Chairman and denote a lack of due process. It is unacceptable that all Board members, as suggested by the evidence, did not seek to review, let alone ask to see this contract. As recommended by the Hendry Task Force, the performance of the Director General should be evaluated annually by the Executive Committee and this evaluation should be communicated in writing to the Director General and all Board members.

Recommendation 4

- a) That the Board of Trustees of the National Arts Centre amend its by-laws so that the terms and conditions of employment of the Director General will require the approval of the Board; and**
- b) that an annual evaluation of the performance of the Director General be communicated to the Director General and all Board members.**

Presently, the Board is in default of its own by-laws by no longer staffing the position of Secretary of the Corporation. The by-laws state that the person appointed by the Board as Secretary of the Corporation is an officer of the Board of Trustees. In his testimony, the Director General stated that this position should be held by a lawyer and that legal services were retained as required. The Committee notes that at least three previous secretaries were not lawyers. While the need to retain legal services is understandable, it is not at all clear why the position of Secretary is not filled, whether by a lawyer or not. Recent events demonstrate the crucial need to improve the liaison and to provide the effective communication so necessary between the Board and the Centre's management. Trustees should depend on a full-time Secretary of the Corporation to provide information and advice which would help alleviate the lack of understanding and lack of knowledge. Newly appointed Trustees should be able to rely on the Secretary to receive an orientation session; the Hendry Task Force recommended that the Secretary "develop a process to orient new Board members similar to that prepared for Place des Arts in Montreal and the Grand Théâtre de Québec by the École nationale d'administration publique".⁽¹⁰⁾ An understanding of this nature would be a good role model for all federal cultural agencies.

Recommendation 5

- a) That the Board of Trustees of the National Arts Centre appoint forthwith a Secretary of the Corporation as an officer of the Board of Trustees as required by the by-laws;**
- b) that appropriate human and financial resources be allocated to the office of the Secretary; and**

- c) that it be the responsibility of the Secretary to establish and maintain effective communication between the Trustees and the Centre's management; and
- d) that the Secretary provide orientation sessions for new Board Members.

The decision to allow the performance of the Phantom of the Opera at the Centre is indicative of a breakdown in the responsibilities of the Board and senior management. Testimony before the Sub-Committee revealed that the Board refused the proposal put to it in February 1990 because the dates proposed would displace too many of the Orchestra's main series concerts and of the consequent harm to the Orchestra and its subscribers. Another arrangement was then worked out between the Chairman, the Director General and the promoters of the show. This arrangement was not sent back to the Board for approval, thereby denying the Board any role over a major programming decision it had earlier refused to endorse. The Board does not normally become involved in programming decisions. The Phantom of the Opera proposal was put to the Board, however, because it involves a major departure from the Centre's programming principles and guidelines and also because it has long-term implications for the well-being of the Orchestra, its subscribers and the Centre's corporate image.

The programming principles and guidelines state that in its programming decisions, management would plan performances by the Centre's resident companies before those by visiting companies and would give preference to its productions over rentals. The decision to showcase the Phantom of the Opera for 10 weeks in 1992 during the main Orchestra series is contrary to these principles and guidelines. In his testimony before the Sub-Committee, Mr. John Shaw, President of the Board of Directors of the Association of Canadian Orchestras, felt that this arrangement would create problems for the Orchestra: "I think it is a question of whether or not the National Arts Centre Orchestra, in that particular case, is being displaced, and whether or not that is appropriate for this period of time within their season, and how you deal with the problems that arise from this."⁽¹¹⁾

Reading from the minutes of the Board meeting of 13 and 14 February 1990, Mr. Landry gave an account of the discussion between Board members on the Phantom of the Opera. Some members were concerned about the problems that this arrangement would create for the Orchestra and for the corporate image of the Centre. The Board was sensitive to the needs of the Orchestra, the subscribers and the Centre's corporate image and to the problems that the rescheduling of main Orchestra series concerts for about seven weeks could create. Mr. Landry concluded his reading of the Board minutes by saying: "Considering the points of view of the Board members...a general view would be not to have the Phantom as in the actual proposal. It was agreed that other options be worked out for bringing the Phantom to the Centre."⁽¹²⁾

Other options were worked out but not referred back to the consideration of the Board. If the original proposal was of such a nature that it required the Board approval, and given that the Board refused to endorse it, the Committee is of the opinion that a revised proposal or options should have been referred to the Board unless management is directed otherwise. From the evidence, management was not directed otherwise. Furthermore, testimony shows that displacing a resident orchestra for that length of time is unusual in the world of music.

During his testimony, Mr. Allan Wood, Vice-President for Canada, *American Federation of Musicians*, recalled that "to the best of my knowledge, this is the only orchestra in this country and probably the only orchestra in North America that is requested to be away from their home for 10 weeks."⁽¹³⁾

For most of that period of time, the Orchestra would tour in Canada as part of Canada's 125th anniversary celebrations. It should be remembered that successful tours require long range planning, including coordination with local and provincial arts councils and the selfless involvement of private individuals who volunteer their services in the raising of funds and the preparation of special performances. It should also be remembered that touring the Orchestra will seriously disrupt the regular Orchestra touring cycle and market for years to come.

Programming decisions, guided by the programming principles and guidelines edicted by the Board, are the responsibility of management. However, major programming decisions which require an exception to the programming principles and guidelines should be referred to the Board for approval. The arrangement for Phantom of the Opera is contrary to the programming principles and guidelines. As trustees, Board members must uphold the policies they or their predecessors have edicted for the guidance of management. It is their responsibility to overturn decisions taken by senior management and or the Chairman if these are contrary to the policies adopted by the Board. Also, if management does not ask for approval of a major departure from an approved policy, management has disregarded the authority of the Board and defaulted in its responsibility to the Board. While the following recommendation deals only with the programming and principles relevant to the Phantom of the Opera decision, the Committee will address in recommendation No. 11 the need for the Board to reaffirm its adherence to all the programming principles and guidelines.

Recommendation 6

That the Board of Trustees of the National Arts Centre evaluate the impact of the derogation from its approved programming principles and guidelines inherent in the showcasing of the Phantom of the Opera will have on its resident Orchestra and that it take appropriate action.

The Centre is required by its legislation to submit an annual report to the Minister for tabling before Parliament. The members of this Committee would suggest that informing members of Parliament through the annual report is not only a legislative requirement but an important and efficient way to explain the role and goals of the Centre. The annual report should demonstrate how and where public funds are used and which activity or group should receive additional attention. It should also outline, in addition to ongoing activities, new or planned departures, orientations, policies or activities.

In addition to their annual reports, some other cultural agencies use planning documents to inform parliamentarians. For example, parliamentarians value highly the information contained in the annual National Archives of Canada's publication *Strategic Approaches*. This document, which is voluntarily published, presents the results of its strategic planning process. From this process, financial, human and physical resources are costed and requested. Telefilm Canada also uses its annual *Action Plan for the Administration of Telefilm Canada Funds* effectively to inform parliamentarians. Both of these documents outline strategies, priorities and orientations. In the case of Telefilm Canada, its Action Plan also presents a breakdown of its budgets for the coming year.

The Committee noted that the Centre saved \$26,000 in publishing its last annual report. The Committee, however, disagrees with the approach used, which is to include only the information required by law. Members of Parliament indeed are not interested in what the Director General called "the pictures, the glossies and the nice texts about how great we are."⁽¹⁴⁾ However, the contents of the last annual report do not satisfy some basic information needs, and the process that members of Parliament have had to resort to obtain some of that information is not satisfactory.

The type of information which would be useful to members of Parliament is found in many of the questions that have been addressed to the Centre since June 1989. It should be a standard practice to present detailed statistics for each category of artistic event such as the number of performances, box office revenue, seating capacity, paid attendance and percentage of capacity, as was done in the Centre's annual reports up to the 1986-1987 year. Pie charts, bar graphs or other graphic presentations, as used in the Centre's 1981 *Brief to the Federal Cultural Policy Review Committee*, would give useful visual overviews of major revenues and expenditures allocations. We strongly recommend that more information be provided through future annual reports.

Recommendation 7

That the Board of Trustees of the National Arts Centre provide, in its annual report to Parliament, information comparable to that found in its 1986-1987 Annual Report and in its 1981 Brief to the Federal Cultural Policy Review Committee.

The creation of committees of the Board is an important milestone in getting Board members informed and more involved in the affairs of the Centre. To improve the functioning of these committees and to allow for the creation of other committees in the future, the Hendry Task Force found that a board of 11 members (excluding the 5 ex-officio members) is unusually small by comparison with boards of most medium to large Canadian performing arts organizations and recommended that the board should have 21 members (excluding ex-officio members). The Committee may consider such a recommendation at a later time.

The Committee, however, believes that the functioning of the Board and its committees could be improved by requiring ex-officio members of the Board to send a replacement when they cannot attend Board and Board committees meetings. This measure would greatly alleviate the high level of absenteeism of some of these members and improve their knowledge of issues. As the *National Arts Centre Act* specifies that it is "the persons from time to time holding office" as Mayors of Ottawa and Hull, as Director of the Canada Council, President of the CBC and Government Film Commissioner who are members of the Board of Trustees, the Act would require an amendment to allow their "designates" to perform the duties usually associated with board membership, such as casting a vote. Until the legislation is amended, the Centre should explore whether a change in its by-laws or a decision of the Board could allow ex-officio designates to start attending board meetings immediately, even if the designates cannot be given the power to vote.

Recommendation 8

That the Minister of Communications propose an amendment to the *National Arts Centre Act* which would allow ex-officio members of the Board of Trustees, or their designates, to perform the duties of Trustees.

Recommendation 9

Until the *National Arts Centre Act* is amended, that the Board of Trustees of the National Arts Centre adopt interim measures which would require ex-officio members to send designates to attend Board and Board committees meetings.

One useful way for the Board and management of the Centre to improve its communication with the local community, arts supporters and the media in the National Capital region would be to hold at least one public meeting each year advertised well in advance during which members of the Board and management would welcome questions from the audience. The Canada Council does this regularly in cities across the country.

A public meeting would allow all members of the Board to be exposed to the opinions and concerns of the regional community and would be an effective means for interested constituencies to comment on the Centre's policies and programming.

Recommendation 10

That the Board of Trustees of the National Arts Centre amend its by-laws to require the holding of at least one Board meeting each year open to the public at which a quorum of the members of the Board and senior management will be present.

The National Arts Centre Orchestra is the only resident company left at the Centre. It alone enables the Centre to fulfill the following object of its legislation: "In furtherance of its objects...the Corporation may...encourage and assist in the development of performing arts companies resident at the Centre". The Orchestra plays an important educational role in the National Capital Region through its student matinee concerts, high school music series, musicians in the schools, pre-school music academy, open rehearsals and pre-concert talks, cushion concerts, Carleton University concert lecture series, University of Ottawa "World of Music" series, music instruction given to private pupils, to students at the University of Ottawa, Carleton University and the Hull Conservatory and coaching or conducting in the National Capital String Academy. Many of the Orchestra's musicians are members of seven other musical ensembles performing in the community. The Orchestra reaches outside the region by touring regularly and by its recordings. Of course, this long list of achievements is in addition to its regular concerts. As the only resident company, the Orchestra accomplishes a highly visible and respected role in the community.

During the 1989 contract renewal negotiations between the Centre and the musicians, it became known that options for the establishment of the Orchestra as an independent institution of the Centre were being considered, in keeping with the recommendation made by the Mitzel Task Force. It also became known that a reduction in the number of officers and in the number of weeks of work were being considered. A strike by the members of the Orchestra lasted from October 1989 until the settlement of December 1989. At the time, the Board of Trustees issued a statement reaffirming the place and the role of the Orchestra in the programming of the Centre.

According to the testimony given by Mr. Hamilton Southam, the first Director General of the Centre, Mr. Alvin Gould, Deputy Minister of the Department of Communications, concerned for the welfare of the Orchestra, asked Mr. Southam in April 1989 "to explore the possibility of creating a private group to finance and manage the Orchestra."²⁰ The group formed by Mr. Southam for this purpose included the Hon. Mitchell Sharp and the Hon. Gordon Robertson. Their efforts stopped in June 1989 after finding out that the government could only fund part of the federal funding needed to sustain the Orchestra and

THE ORCHESTRA

The issues raised in numerous letters and petitions received by the Committee about the place and the role of the Orchestra and the public concern with decisions and involvement of the Board and management in matters other than the Orchestra were creating a climate of mistrust and tension. It is against this background that the Standing Committee passed a motion in December 1989 to study the role of the Centre, to establish a Sub-Committee on the National Arts Centre in May 1990, and to hold hearings in early June 1990.

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that the Centre's management would not let the Orchestra go. The Committee agrees that the Orchestra should continue as a resident company of the Centre.

It was suggested that a separate board, which would report to the Board of Trustees of the National Arts Centre would be desirable if the Orchestra were given a certain degree of autonomy within the Centre. We do not, however, believe that it would be in the best interest of the Centre to establish a separate board for the Orchestra or to give it increased autonomy. The Centre is by virtue of its mandate, a national institution, and the policies which flow from it must be planned and implemented as a whole. A separate board for the Orchestra would not facilitate the encompassing view required for the planning of a national and regional mandate. In this regard, the Board of Trustees should issue a policy statement reaffirming its adherence to the programming principles and guidelines which were approved by the original Board of the Centre and which, unequivocally, give precedence to resident companies. This policy statement should confirm the place and role of the Orchestra in the programming at the Centre.

Recommendation 11

That the Board of Trustees of the National Arts Centre reaffirm its adherence to its programming principles and guidelines, with particular reference to the following guidelines: "Resident over Visiting" and "NAC Presentations over Rentals".

While the Director General reaffirmed the importance of the Orchestra in his address to the Sub-Committee on 13 June 1990, he also issued a cautionary statement about the impact that its continuing presence has on the Centre's other obligations:

I would like, once and for all, to make it perfectly clear: yes, we have renewed our commitments to the Orchestra, it is just as important as it has always been, and yes, we are proud of our orchestra and intend to keep it. However, the reality of the situation must also be understood: maintaining the Orchestra as part of the NAC is an ongoing financial challenge and is threatening our ability to meet our other obligations. For while the Orchestra is at the heart of the NAC, it is not alone.⁽¹⁶⁾

He also referred to the need for the Centre to devote more attention to its national mandate and on the additional resources required to do so as the Centre's present resources are "insufficient".

The Committee has earlier expressed the view that the exercise of the Centre's national mandate must not be carried out at the expense of its local operations. In our view, the Orchestra is the foremost locally-based operation, it alone having survived as a resident company.

The Committee would like to secure a guarantee that the Orchestra's survival will not be threatened further. The Committee has thus considered various options, including an amendment to the Centre's legislation which would make it a statutory requirement to maintain the Orchestra. Another option, or a corollary to the previous one, would be to establish a distinct parliamentary appropriation for the Orchestra. Another option would be the negotiation and the signing of a Memorandum of Understanding (MOU) between the Minister of Communications and the National Arts Centre. This procedure has been used to modify the mandate of Telefilm Canada and it has the advantage of speed as it does not require an amendment to the legislation. The Committee favours the second option.

An MOU should provide for the continued existence of the Orchestra, for a given proportion of the Centre's parliamentary appropriation and any conditions which may be required from time to time with regard to the fundraising and corporate sponsorship climate or box office situation. It should provide for a periodic review and for amendments.

Recommendation 12

That the Minister of Communications and the Board of Trustees of the National Arts Centre negotiate and sign a Memorandum of Understanding which would guarantee the continued presence of the Orchestra at the Centre.

The morale among the members of the Orchestra and among its numerous supporters should improve considerably if the above recommendation is accepted. Although the Orchestra accomplishes a highly visible and respected role in the community, it should increase its efforts to reach a broader spectrum of the community, that public which is now unaware of or indifferent to its existence. To do so, it is our view that the National Arts Centre Orchestra Association (NACOA), the Orchestra and the Board of the Centre should form a closer and stronger rapport. This subject will lead us into a discussion of the role of volunteers at the Centre in the next section of this report.

It has been suggested during our hearings and by the Hendry Task Force that the name of the Orchestra be changed. A name is partly symbolic and partly a reflection of its complete constituency; it should "embody a stronger identification with the whole country". Thus, the Committee agrees with the suggestion that the Orchestra be named the National Orchestra of Canada.

Recommendation 13

That the Board of Trustees of the National Arts Centre change the name of the National Arts Centre Orchestra to the National Orchestra of Canada.

In most orchestras and theatre and dance companies, a general manager and an artistic director are appointed by and report to the board. The Centre is unlike most performing arts companies in that it is the home of one resident company as well as the stage for in-house and visiting productions in all the performing arts. The Centre has a Producer in charge of each performing art department (Music, Theatre, Variety and Dance and Special Events) and each one reports to the Director General. The producers are invited to attend Board meetings with the Director General.

Being the home of one resident orchestra, the Centre has one artistic director (called the Music Director) and a Music Producer to whom the Music Director reports. While the Music Director is responsible for Orchestra matters only, the Music Producer is responsible for all music productions at the Centre. As described above, in any other organization, these two positions would report to their board. Given the larger number of responsibilities at the Centre, both these positions should report to the Director General. From the point of view of the Music Director, the musicians and the orchestra supporters, a direct reporting relationship between the Music Director and the Director General would give it the status which it deserves in the Centre. In keeping with our earlier recommendation that the Board reaffirm its adherence to its programming principles and guidelines and with our earlier recommendation that the Minister of Communications conclude a MOU with the Centre in order to guarantee the continued presence of the Orchestra, the Committee recommends that the Music Director report to the Director General with respect to matters arising from the operations of the Orchestra. Given this reporting relationship, it is understood that the Music Director would be invited to attend Board meetings along with the producers.

Recommendation 14

That the Board of Trustees of the National Arts Centre amend the senior management reporting structure so that the Music Director report to the Director General with respect to Orchestra matters and be invited to attend Board meetings.

THE ROLE OF VOLUNTEERS

It is vital that the Centre do more to build roots in the community through a structured approach to volunteerism. The Committee believes that the role of volunteers at the Centre is not sufficiently recognized, appreciated and developed.

The Hendry Task Force recommended that a committee of the Board be established for Outreach and Volunteers. This recommendation was based on the practice of other performing arts organizations in Canada and was dependent upon the existence of an expanded Board membership. The present committee structure at the Centre provides for an Artistic Programming and Marketing Committee which includes Fundraising. Until a separate committee can be established for Outreach and Volunteers, we urge the Centre to add to the Artistic Programming and Marketing Committee the responsibility for Outreach and Volunteers.

The Task Force suggested that a position of Corporate Affairs Officer be established. This officer would be responsible for fundraising and sponsorships and, given the outreach nature of all these activities, for outreach and volunteers. Thus, an extensive volunteer program could be developed at the Centre to complement the activities of NACOA. Volunteers should be encouraged to work for the Centre and their efforts should be recognized through a program of incentives and awards of merit.

Volunteers could assist the Centre in raising funds, they could operate services such as a boutique, or serve as guides for visitors to the Centre. These "friends" should be shown respect and be given sincere touches of recognition such as an annual gala evening held in their honour. The management of the Centre should as a matter of courtesy and policy include volunteers in its invitations to the receptions held for guest artists for example. A mark of respect towards this constituency would be repaid in kind and would generate good will throughout the community. An extensive volunteer program would also sensitize Board members and management to the pulse of the arts supporters in the community, a community they have succeeded in alienating if we are to assess the public outcry heard clearly by the members of this Committee. In her testimony before the Sub-Committee, Ms. Christina Lubbock, President, NACOA, described the point of view of the volunteers, the difficulties they face, their role in seeking funds, and the support they require from the management of the Centre:

I think I would like to just talk about what it is like to be a volunteer or what it is like to get a group of volunteers together right now. Do you know that this is a diminishing species? Most of the people on our board have full-time jobs. I do myself, and it is not easy to organize yourself to go after big, big money. You have to have really well organized committees to do that, and you have to have big committees to do that. You have to have professionalism in it.

I do not apologize for this at all. We are not professionals; we are volunteers who give our time and our money and our energy to support the orchestra the best way we can. If we were able to have the full cooperation of the NAC management on this, with full help, perhaps we could work something much bigger than we do right now.⁽¹⁷⁾

Support for the work of volunteers should include the generous provision of a room for their meetings. We were told that the NACOA had used the boardroom for this purpose for the past 20 years but could not use it anymore. The Association also testified that it was told to stop holding post-concert receptions for musicians and guest artists and conductors because “it was a little awkward for some of the people in the administration to have to drive the visiting artists to the homes we had found that would give these receptions.”⁽¹⁸⁾ These are unacceptable attitudes and practices on the part of any management of any artistic organization and they reveal a lack of sensitivity, understanding and compassion. The message being sent to the arts supporters of this community is one of indifference towards volunteers and the community they serve.

Establishing an excellent rapport with the community would, we fervently hope, eliminate forever the need for anyone to repeat the harsh statement made by the distinguished Celia Franca during her testimony:

I do not want to go in the foyer; I do not want to go backstage. It is so offputting. It is not a people's place any more. It is a frigid prison, that is what it is.⁽¹⁹⁾

Recommendation 15

- a) **That the Board of Trustees of the National Arts Centre include its policy on volunteers in the Board of Trustees Information Manual;**
- b) **that the Board of Trustees include volunteer affairs in the terms of reference of the appropriate Committee of the Board;**
- c) **that the Board of Trustees assign the responsibility for volunteer affairs to a senior manager;**
- d) **that this manager be responsible for the development of an extensive volunteer program; and**
- e) **that this manager provide regular reports to the Board of Trustees.**

Unrelated to the subject of volunteers but in keeping with the spirit of the above quote from Celia Franca, the Hendry Task Force recommended that, to dramatize a new accent on access, the “Centre should improve the somewhat forbidding physical aspect it currently presents”.⁽²⁰⁾ To do so, the Task Force suggested building an outdoor electronic kiosk (this

has been implemented) and using the spaces on Elgin Street — rented out to private businesses — for highly pedestrian-accessible purposes. These were meant for a satellite box office, space for its own retail services, a sidewalk summer bistro and an entrance connecting directly to the main foyer. As Mr. Charles Haines, a CBC Radio commentator and professor of English at Carleton University told the Sub-Committee members, the present management is not responsible for the lack of a pedestrian entrance on Elgin Street. In his entertaining style, he described the problem faced by visitors to Ottawa:

If I am from Melville, Saskatchewan, and I suggest we go to the Arts Centre, I cannot find how to get into the place. It is hidden behind a bush down there, ashamed of itself, that people act and do things like that. There is nothing on Elgin Street. There is nobody out there barking and attracting people in. I do not know why that is.⁽²¹⁾

He also had this to say on the lack of showmanship in the commercialization of the Centre:

Have it out there, conspicuous: this is what we saw. You do not have to sell dirty t-shirts. You can sell genuine Arts Centre things. Of course you can. There is no shame in commercializing. Arts were born in Medici Florence when bankers did it and the artists did it. Business and the arts are interlocked. Let us keep them interlocked, but with intelligence and with showmanship first.⁽²²⁾

The Committee urges the Centre to consider the feasibility of implementing the Hendry Task Force recommendation dealing with a better and greater physical access for pedestrians on the Elgin Street side of the building. Another highly visible and public purpose for that space would be the provision of a booth staffed by volunteers to promote their work, to solicit memberships, to raise funds and to sell gift items. This gesture would create further goodwill among its supporters and would give the Centre another means to reach its public.

Recommendation 16

- a) **That the Board of Trustees of the National Arts Centre examine pedestrian access to the building and consider providing a direct pedestrian entrance to the main foyer from Elgin Street; and**
- b) **that this entrance provide a box office and space for a boutique and for the marketing activities of its volunteers, supporters and “friends”.**

Finally, in recognition of the important role played by volunteers as a bridge to the community at large, we recommend that the names of volunteers be included in the annual report. For example, the former National Museums of Canada Corporation listed the names of its volunteers and donors in its annual report. This practice is so worthwhile that it should be adopted by all cultural agencies.

Recommendation 17

That the Board of Trustees of the National Arts Centre provide a list of its volunteers and donors in its annual report and look for other ways to publicly recognize them on an annual basis.

FUNDING

For performing arts companies across the country, private sector fundraising is a normal business practice. On average, 15 per cent of a Canadian performing arts company's revenue comes from private sources, 35 per cent from public funds and 50 per cent from earned income. This is not to suggest that the Centre should aim for this level of private sector funding given that it has a mandate which far exceeds that of any other Canadian performing arts organization and involves programming offered in both official languages and which is of a kind sometimes requiring a large public subsidy.

The Centre has developed a program for private sector fundraising and implemented it in January 1990. It will seek funds from corporate sponsors and individuals. A National Advisory Committee will be established to provide advice and overall direction on the corporate sponsorship component and to assist in the solicitation of corporate sponsors. However, the Committee is concerned that the Centre may be too rigid in the conditions it wants attached to sponsorships. Ms. Liz Waddell, testifying before the Committee, referred to one instance where a potential sponsor was "turned off because the Chairman of the Board suggested the monies offered should not go to the Orchestra but should go to HDTV"⁽²³⁾ and another instance where Ms. Belle Shenkman's offer to help find sponsors for the Orchestra's tour in England was turned down by the Director General. In his testimony, the Director General replied that he did not want to break up the ongoing negotiations of his Director of Marketing for a major sponsor for the whole tour by accepting Ms. Shenkman's offer of a sponsor for the three dates at the end of the tour.

The Centre states in *The Third Decade and Beyond* that "It is most certainly not the role, mandate or intention of the NAC to compete with other cultural institutions in this manner" in reference to the possibility that its efforts to attract sponsors could "dilute the overall levels of sponsorship funding available to the performing arts across Canada."⁽²⁴⁾ Consequently, the Centre has set "entry level for corporate sponsors...at an amount higher than other performing arts companies in the region and equal to or higher than companies in other major cities."⁽²⁵⁾ The Committee is in full agreement with this approach to private sector fundraising.

The Committee notes that the Centre's policy on private sector fundraising is not included in the Board of Trustees Information Manual, nor is there a mention of private sector fundraising made in the terms of reference of the Board's Artistic Programming and Marketing Committee. The Committee urges the Centre to do so. As well, in an organization as large as the Centre, private sector fundraising should be part of the responsibilities of a Corporate Affairs Officer, as recommended by the Hendry Task Force.

Recommendation 18

That the Board of Trustees of the National Arts Centre foster private sector fundraising and encourage and support the efforts of volunteers in this regard, while bearing in mind its stated policy not to compete with other cultural institutions for these funds.

Recommendation 19

- a) That the Board of Trustees of the National Arts Centre include its policy on private sector fundraising in the Board of Trustees Information Manual; and
- b) that the Board include this responsibility in the terms of reference of the Artistic Programming and Marketing Committee.

In his presentation to the Sub-Committee on 13 June 1990, the Director General spoke of a 24 per cent decrease in the value of the annual parliamentary appropriation over the last 10 years. The annual parliamentary appropriation for operating expenses is one of three main sources of revenues for the Centre; the other two are an annual appropriation for capital purposes and its earned revenues. The following table presents the amounts received from each source for the years 1979-1980 and 1989-1990, in current dollars (i.e., in the way they are expressed in the Main Estimates, rather than the constant dollar figures used by the Centre). For comparative purposes, the annual averages of the Consumer Price Index for 1979 and 1989 are shown alongside.

	Parliamentary Appropriations (1)			Earned Revenues	Total Resources	Consumer Price Index (2)
	Operating	Capital	Total			
	(in millions \$)					
1979-80	10.3	-	10.3	8.7	19.0	61.0
1989-90	15.9	2.0	17.9	16.0	33.9	114.0
change	54.4%	-	73.8%	84.0%	78.4%	86.9%

Notes:

- 1) Includes Main and Supplementary Estimates
- 2) Source: Statistics Canada, *The Consumer Price Index*, Catalogue 62-001, July 1990, p. 20.

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.**

These statistics demonstrate the following changes over the five-year period: per cent in the parliamentary appropriation for operating purposes, 54.9 per cent in grant revenues and 5.4 per cent in total revenues. In comparison, under the agreement, the Government's total revenues rose by 20.5 per cent. While certain provinces have kept pace with inflation, the parliamentary appropriation for operating purposes clearly lags behind. (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. This contribution is not included in the Centre's financial deficit.)

In its present financial situation, the Centre does not have room to shift priorities; a move to reduce operating expenses would mean cutting out major programs. The Centre has expressed its intention to the Government of the day. The Government agrees with the Centre's position that the Centre must be made more relevant to the needs of the provinces. It has agreed to the Centre's request that the Centre be given a one-time appropriation to pay all debt. The Centre's working capital deficit at the end of the 1989-1990 period is for 1990 at approximately 23.0 million at the end of the 1989-1990 period. The Centre's financial deficit is now in place. The elimination of the deficit would require some financial package for the next 2 years. While the Government 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 the Centre's request for other additional funding over the above budgetary total increase granted through the 1990-1991 budget after the Standing Committee on Communications has considered the response of the Centre to its recommendations.

AUDIT

Section 85(1) of the *Financial Administration Act* exempts the National Arts Centre (and the Canada Council, the CBC and Telefilm Canada) from the provisions of Part X of the Act which deal with Crown corporations. These provisions establish the rules and regulations governing, among others, directives by the Governor in Council, the transactions requiring Governor in Council authorization, the appointment and remuneration of directors and officers, the power of the Governor in Council to make regulations prescribing the form or the content of by-laws, the power of the Treasury Board to make regulations prescribing the form in which corporate plans, operating and capital budgets and summaries shall be prepared, the tabling and reference to a committee of Parliament of a summary of these plans and budgets, the power of the Governor in Council to require the corporation's auditor to prepare reports other than the annual auditor's report, the power of the Treasury Board to prescribe the information to be included in annual reports and the obligation of Crown corporations to provide the Treasury Board or the Minister with such accounts, budgets, returns, statements, documents, records, books, reports or other information as the Board or Minister may require.

Part X of the Act also provides for a special examination to be carried out at least once every five years. The special examination's object is to determine if financial and management control and information systems and management practices are maintained in a manner that provides reasonable assurance that they meet certain requirements. Section 131(2)(a) and (c) of the Act outlines these requirements:

- (a) that the assets of the corporation and each subsidiary are safeguarded and controlled;
- (c) that the financial, human and physical resources of the corporation and each subsidiary are managed economically and efficiently and the operations of the corporation and each subsidiary are carried out effectively.

The National Arts Centre is exempted from all these provisions, including the quinquennial special examination, unless the Centre, through its Board of Trustees, requires otherwise. The "comprehensive audit" carried out by the Auditor General in 1986 was undertaken at the request of the then Board of Trustees. In view of the above, and of the many questions which have surfaced over the past few years, it is a strong recommendation of the Committee that the Board of Trustees request another special examination by the Auditor General of Canada. As the report on the Auditor's findings is submitted to the Board of Trustees, as required by the Act, the Board should make it public as it did previously.

Recommendation 21

- a) **That the Board of Trustees of the National Arts Centre immediately request the Auditor General of Canada to perform a special examination of the Centre's management practices; and**
- b) **that the Board of Trustees publish the report of this examination.**

In the *Report of the Auditor General of Canada to the House of Commons, Fiscal Year Ended 31 March 1989*, the Auditor General reviewed the control and accountability in Crown corporations. In the chapter on Matters of Special Importance and Interest, he summarized the situation as follows:

Eight Crown corporations are exempted for various reasons — including their need to remain at arm's length from the government. For these eight corporations, which required budgetary funding of nearly \$1.5 billion in 1987–88, control and accountability are not as consistent and rigorous as those that apply to all other Crown corporations. The arrangement for these eight corporations should be clarified and, to the extent possible in view of their specific needs, brought into line with the Part X framework of the Act.⁽²⁶⁾

The new *Museums Act* has brought the four national museum corporations into line with the Part X framework of the *Financial Administration Act* (FAA) while taking account of their specific needs. The important arm's length relationship from the government has been safeguarded by exempting them from the power of the Governor in Council to give directives with respect to cultural activities. Other exemptions from the FAA dealing with the power to appoint and dismiss museum directors and the power to make and approve by-laws have been designed to take account of their specific needs. The Committee recognizes that the activities of the Centre (and of the Canada Council, CBC and Telefilm Canada) are different than those of the National Museums and that their needs may differ. The Committee, however, believes that the example of the new museums legislation which brings the national museum corporations under Part X of the FAA and provides a number of specific exemptions tailored to the needs of these cultural agencies should be emulated to the extent possible. The Committee is therefore in agreement with the views expressed by the Auditor General and wishes to endorse them.

Recommendation 22

That the Minister of Communications clarify the accountability arrangement for federal cultural agencies, to the extent possible in view of their specific needs, in order to bring them into line with the Part X framework of the *Financial Administration Act*.

CONCLUSIONS

The Sub-Committee on the National Arts Centre, established by the Standing Committee on Communications and Culture on 29 May 1990, was mandated to study the role of the NAC and to make recommendations for future action based on available and new information. Since this report does not address all of the issues which have been raised about the Centre, the Committee reserves the option to pursue its study at a later time.

The Sub-Committee has sought to clarify a number of issues which are of great concern to many individuals, groups and associations in the National Capital Region and elsewhere. These issues are also of great interest to the members of the whole Standing Committee on Communications and Culture and to the members of the Board of Trustees of the National Arts Centre and to the management and staff of the Centre. The public outcry which preceded our study was indicative of a malaise at the Centre. Our goal was to probe into its manifestations and its causes. This report on our findings is meant to contribute our views and recommendations on what should be done about these issues. It is our hope that this report will be of help in this regard.

a) That the Board of Trustees of the National Arts Centre consider the advisability of reducing the price charged to all non-profit performing arts companies from the National Capital Region renting performing spaces at the Centre;

b) that a reasonable percentage of time be set aside, and

c) that regional performing arts group be given sufficient notice about availability of space.

Recommendation 4

a) That the Board of Trustees of the National Arts Centre amend its by-laws so that the terms and conditions of employment of the Director General will require the approval of the Board; and

b) that an annual evaluation of the performance of the Director General be recommended to the Director General and all Board members.

Recommendation 5

a) That the Board of Trustees of the National Arts Centre appoint forthwith a Secretary of the Corporation as an officer of the Board of Trustees as required by the by-laws;

b) that appropriate human and financial resources be allocated to the office of the Secretary.

SUMMARY OF RECOMMENDATIONS

Recommendation 1

That the Board of Trustees of the National Arts Centre suspend its HDTV projects until it is granted special project funding.

Recommendation 2

- a) That the National Arts Centre and the Canada Council describe in their by-laws the formal agreement and process which will guarantee that these two agencies work effectively in the achievement of the objective set out in part of Section 9(1) of the *National Arts Centre Act*, namely "to assist the Canada Council in the development of the performing arts in Canada"; and
- b) that in 6 months the National Arts Centre and the Canada Council jointly report to the Standing Committee on Communications and Culture on their progress.

Recommendation 3

- a) That the Board of Trustees of the National Arts Centre consider the advisability of reducing the price charged to all non-profit performing arts companies from the National Capital Region renting performing spaces at the Centre;
- b) that a reasonable percentage of time be set aside; and
- c) that regional performing arts group be given sufficient notice about availability of space.

Recommendation 4

- a) That the Board of Trustees of the National Arts Centre amend its by-laws so that the terms and conditions of employment of the Director General will require the approval of the Board; and
- b) that an annual evaluation of the performance of the Director General be communicated to the Director General and all Board members.

Recommendation 5

- a) That the Board of Trustees of the National Arts Centre appoint forthwith a Secretary of the Corporation as an officer of the Board of Trustees as required by the by-laws;
- b) that appropriate human and financial resources be allocated to the office of the Secretary;

- c) that it be the responsibility of the Secretary to establish and maintain effective communication between the Trustees and the Centre's management; and
- d) that the Secretary provide orientation sessions for new Board Members.

Recommendation 6

That the Board of Trustees of the National Arts Centre evaluate the impact of the derogation from its approved programming principles and guidelines inherent in the showcasing of the Phantom of the Opera will have on its resident Orchestra and that it take appropriate action.

Recommendation 7

That the Board of Trustees of the National Arts Centre provide, in its annual report to Parliament, information comparable to that found in its *1986-1987 Annual Report* and in its 1981 *Brief to the Federal Cultural Policy Review Committee*.

Recommendation 8

That the Minister of Communications propose an amendment to the *National Arts Centre Act* which would allow ex-officio members of the Board of Trustees, or their designates, to perform the duties of Trustees.

Recommendation 9

Until the *National Arts Centre Act* is amended, that the Board of Trustees of the National Arts Centre adopt interim measures which would require ex-officio members to send designates to attend Board and Board committees meetings.

Recommendation 10

That the Board of Trustees of the National Arts Centre amend its by-laws to require the holding of at least one Board meeting each year open to the public at which a quorum of the members of the Board and senior management will be present.

Recommendation 11

That the Board of Trustees of the National Arts Centre reaffirm its adherence to its programming principles and guidelines with particular reference to the following guidelines: "Resident over Visiting" and "NAC Presentations over Rentals."

Recommendation 12

That the Minister of Communications and the Board of Trustees of the National Arts Centre negotiate and sign a Memorandum of Understanding which would guarantee the continued presence of the Orchestra at the Centre.

Recommendation 13

That the Board of Trustees of the National Arts Centre change the name of the National Arts Centre Orchestra to the National Orchestra of Canada.

Recommendation 14

That the Board of Trustees of the National Arts Centre amend the senior management reporting structure so that the Music Director report to the Director General with respect to Orchestra matters and be invited to attend Board meetings.

Recommendation 15

- a) That the Board of Trustees of the National Arts Centre include its policy on volunteers in the Board of Trustees Information Manual;
- b) that the Board of Trustees include volunteer affairs in the terms of reference of the appropriate committee on the Board;
- c) that the Board of Trustees assign the responsibility for volunteer affairs to a senior manager;
- d) that this manager be responsible for the development of an extensive volunteer program; and
- e) that this manager provide regular reports to the Board of Trustees.

Recommendation 16

- a) That the Board of Trustees of the National Arts Centre examine pedestrian access to the building and consider providing a direct pedestrian entrance to the main foyer from Elgin Street; and
- b) that this entrance provide a box office and space for a boutique and for the marketing activities of its volunteers, supporters and "friends".

Recommendation 17

That the Board of Trustees of the National Arts Centre provide a list of its volunteers and donors in its annual report and look for other ways to publicly recognize them on an annual basis.

Recommendation 18

That the Board of Trustees of the National Arts Centre foster private sector fundraising and encourage and support the efforts of volunteers in this regard,

while bearing in mind its stated policy not to compete with other cultural institutions for these funds.

Recommendation 19

- a) That the Board of Trustees of the National Arts Centre include its policy on private sector fundraising in the Board of Trustees Information Manual; and
- b) that the Board include this responsibility in the terms of reference of the Artistic Programming and Marketing Committee.

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.

Recommendation 21

- a) That the Board of Trustees of the National Arts Centre immediately request the Auditor General of Canada to perform a special examination of the Centre's management practices; and
- b) that the Board of Trustees publish the report of this examination.

Recommendation 22

That the Minister of Communications clarify the accountability arrangement for federal cultural agencies, to the extent possible in view of their specific needs, in order to bring them into line with the Part X framework of the *Financial Administration Act*.

NOTES

- 1 House of Commons, Standing Committee on Communications and Culture, *Minutes of Proceedings and Evidence*, Issue No. 4, 2nd Session, 34th Parliament, 13 December 1989, p. 4:3.
- 2 Robert Landry, Letter to Felix Holtmann, 17 January 1990.
- 3 *Minutes*, Issue No. 15, 29 May 1990, p. 15:3.
- 4 Speaker of the House of Commons, *Standing Orders of the House of Commons*, Minister of Supply and Services, Ottawa, 1989, pp. 65–66.
- 5 House of Commons, Standing Committee on Communications and Culture, Sub-Committee on the National Arts Centre, *Minutes of Proceedings and Evidence*, Issue No. 2, 2nd Session, 34th Parliament, 14 June 1990, p. 2:39.
- 6 Task Force on the National Arts Centre, *Accent on Access, Report of the Task Force on the National Arts Centre*, Minister of Supply and Services Canada, 1986, p. 11.
- 7 Robert Landry, Letter to Felix Holtmann, 21 August 1990, p. 3.
- 8 *Ibid.*, p. 4.
- 9 National Arts Centre, *A Climate for Creativity; Brief to the Federal Cultural Policy Review Committee*, Ottawa, Second Printing Corrected to 25 June 1981, p. 22.
- 10 Task Force, (1986), p. 69.
- 11 *Minutes*, Issue No. 1, 12 June 1990, p. 1:109. Nd
- 12 *Minutes*, Issue No. 2, 14 June 1990, p. 2:71.
- 13 *Minutes*, Issue No. 1, 12 June 1990, p. 1:18.
- 14 *Minutes*, Issue No. 2, 14 June 1990, p. 2:63.
- 15 *Minutes*, Issue No. 1, 12 June 1990, p. 1:43.
- 16 *Minutes*, Issue No. 2, 14 June 1990, p. 2:47.
- 17 *Minutes*, Issue No. 1, 12 June 1990, p. 1:68.
- 18 *Ibid.*, p. 1:69.
- 19 *Ibid.*, p. 1:79.
- 20 Task Force, (1986), p. 75.

- 21 *Minutes*, Issue No. 1, 12 June 1990, p. 1:115.
- 22 *Ibid.*, p. 1:117.
- 23 *Ibid.*, p. 1:72.
- 24 National Arts Centre, *The Third Decade and Beyond; The Cultural Mandate of the National Arts Centre*, Ottawa, June 1989, p. 11.
- 25 Robert Landry, Annex to a Letter to Felix Holtmann, 15 May 1990, p. 27.
- 26 Auditor General of Canada, *Report to the House of Commons; Fiscal Year Ended 31 March 1989*, Minister of Supply and Services Canada, 1989, p. 18.

APPENDIX A

LIST OF WITNESSES

(in order of appearance)

Individual/Organization	Date	*Issue No.
Regroupement des professionnels de la danse du Québec Inc.: Gaétan Patenaude, Director General.	June 12, 1990	1
American Federation of Musicians: Allan Wood, Vice-President from Canada; Nat Battersby, President of Ottawa-Hull district.	June 12, 1990	1
Canadian Actors' Equity Association: Alison Currie, Communications Representative.	June 12, 1990	1
Alliance of Canadian Cinema, Television and Radio Artists (ACTRA): Lynda Feige, Performer/Board Member.	June 12, 1990	1
Friends of the National Arts Centre Orchestra: The Honourable Mitchell Sharp, P.C., O.C. The Honourable Gordon Robertson, P.C., C.C.	June 12, 1990	1
Former Director Generals of the National Arts Centre (NAC): Hamilton Southam, O.C., Donald MacSween.	June 12, 1990	1
NAC Orchestra Association (NACOA): Christina Lubbock, President.	June 12, 1990	1
Public Relations Consultant: Liz Waddell.	June 12, 1990	1
Founder of the National Ballet of Canada: Celia Franca, O.C., C.C.	June 12, 1990	1

Individual/Organization	Date	*Issue No.
Professional Association of Canadian Theatres (PACT): Catherine Smalley, Executive Director.	June 12, 1990	1
Canadian Association of Professional Dance Organizations (CAPDO): Bill Riske, Royal Winnipeg Ballet.	June 12, 1990	1
Canadian Association of Artists Managers (CAAM): Barbara Scales, President.	June 12, 1990	1
Association of Canadian Orchestras (ACO): John Shaw, President.	June 12, 1990	1
Canadian Arts Presenters Association (CAPACOA): Peter Feldman, Executive Director.	June 12, 1990	1
Citizens: Trudi Lecaine; Dr. Charles Haine, Professor, Carleton University; Grant Cameron, Founding Member of the National Arts Center Orchestra.	June 12, 1990	1
NAC: **Jack Mills, Music Producer; **Andis Celms, Theatre Producer; **Jack Udashkin, Dance and Special Event Producer; **David Langer, Executive Producer, Electronic Distribution; **Ron Blackburn, Advisor to the Director General.	June 13, 1990	2
Canada Council: Joyce Zemans, Director.	June 13, 1990	2

Individual/Organization	Date	*Issue No.
NAC: Leon Kossar, Operations Committee of the Board of Trustees; Dr. Reva Gerstein, O.C., O.O., Artistic Programming and Marketing Committee, Board of Trustees; Robert Landry, Chairman of the Board of Trustees; Yvon DesRochers, Director General;	June 13, 1990	2
**Ron Blackburn, Advisor to the Director General; **Carl Morrison, Director of Operations; **Richard Lussier, Director of Finance and Administration; **Moira Johnson, Director of Marketing.	June 14, 1990	2
**Gabriel Chmura, Music Director.	June 27, 1990	3
Former Manager of the NAC Orchestra: **Harold Clarkson.	June 27, 1990	3

* Please see Issues of the Sub-Committee on the National Arts Centre of the Standing Committee on Communications and Culture.

** In Camera

Individual/Organization	Year	Individual/Organization	Year
Leon Kossar, Operations Committee of the Board of Trustees	1991	Canadian Association of Professional Artists (CAPA)	1990
Dr. Rava Gerstein, O.C., O.O., Artistic Programming and Marketing Committee of Trustees	1991	Canadian Association of Professional Artists (CAPA)	1990
Robert I. Landry, Chairman of the Board of Trustees	1991	Canadian Association of Professional Artists (CAPA)	1990
Yvon Desrosiers, Director General	1991	Canadian Association of Professional Artists (CAPA)	1990
Ron Blackburn, Advisor to the Director General	1991	Canadian Association of Professional Artists (CAPA)	1990
Carl Morrison, Director of Operations	1991	Canadian Association of Professional Artists (CAPA)	1990
Richard Lusier, Director of Finance and Administration	1991	Canadian Association of Professional Artists (CAPA)	1990
Mona Johnson, Director of Marketing	1991	Canadian Association of Professional Artists (CAPA)	1990
Ophele Chaur, Music Director	1991	Canadian Association of Professional Artists (CAPA)	1990
Former Manager of the NAC Orchestra	1991	Canadian Association of Professional Artists (CAPA)	1990
Harold Clarkson	1991	Canadian Association of Professional Artists (CAPA)	1990
Committee on Communications and Culture	1991	Canadian Association of Professional Artists (CAPA)	1990
In Camera	1991	Canadian Association of Professional Artists (CAPA)	1990
David Langer, Executive Producer, Electronic Distribution	1991	Canadian Association of Professional Artists (CAPA)	1990
Ron Blackburn, Advisor to the Director General	1991	Canadian Association of Professional Artists (CAPA)	1990
Joyce Zeman, Director	1991	Canadian Association of Professional Artists (CAPA)	1990

Please see issues of the sub-committee on the National Arts Centre of the Standing Committee on Communications and Culture.

GOVERNMENT RESPONSE

The Committee requests that the Government provide a comprehensive response to this report in accordance with Standing Order 109.

A copy of the relevant Minutes of Proceedings and Evidence of the Sub-Committee on the National Arts Centre and of the Standing Committee on Communications and Culture (Issue Nos. 1, 2 of the Sub-Committee on the National Arts Centre and Issue No. 17 of the Standing Committee on Communications and Culture, which includes this report) is tabled.

Respectfully submitted,

FELIX HOLTMANN,
Chairman.

GOVERNMENT RESPONSE

The Committee requests that the Government provide a comprehensive response to this report in accordance with Standing Order 109.

A copy of the relevant Minutes of Proceedings and Evidence of the Sub-Committee on the National Arts Centre and of the Standing Committee on Communications and Culture (Issue No. 1.2 of the Sub-Committee on the National Arts Centre and Issue No. 17 of the Standing Committee on Communications and Culture, which includes this report) is attached.

Respectfully submitted,

FELIX HOLTZMAN

Chairman

MINUTES OF PROCEEDINGS

TUESDAY, SEPTEMBER 25, 1990

(25)

[Text]

The Standing Committee on Communications and Culture met *in camera* at 9:15 o'clock a.m., this day, in Room 209 W.B. Building, the Chairman, Felix Holtmann presiding.

Members of the Committee present: Edna Anderson, Charles DeBlois, Ronald Duhamel, Sheila Finestone, Felix Holtmann, Jean- Pierre Hogue, Al Horning, Denis Pronovost, Geoff Scott, Larry Schneider, Ian Waddell and Bob Wood.

Acting Member present: Beryl Gaffney for John Harvard.

In attendance: From the Library of Parliament: René Lemieux, Research Officer.

It was agreed,—That the First Report of the Sub-Committee on the National Arts Centre be adopted, as amended, as the Standing Committee on Communication and Culture's Fourth Report; and

—That the Chairman be instructed to present the Report to the House.

At 11:00 o'clock a.m., the Committee adjourned to the call of the Chair.

Normand Radford
Clerk of the Committee

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