

## ***Environmental Scan/Excerpt from Communications Plan***

### **SITUATION**

#### **Macro Environment**

##### ***Toronto's Evolving Resale Market***

In 2012, Toronto hosted two key art auctions that indicate a shifting focus in the Canadian resale art market.

On March 8, Concrete Contemporary Auctions and Projects, a new division of Waddingtons, held what it called “the first truly contemporary auction of Canadian art ever held for commercial purposes’.”<sup>1</sup> The 69 pieces on the auction block, initially valued between \$407,000 and \$564,000, were all produced after 1980 by artists who are still alive and professionally active. Furthermore, the three top selling artists were based in Ontario: *Standing Nude* by Jeremy Smith of Kitchener, *Structures of Memory* by Carol Wainio of Ottawa, and *Northern Light, Saskatchewan* by Kim Dorland of Toronto.<sup>2</sup> Overall, the auction generated nearly \$170,000.<sup>3</sup>

Two and a half months later, on May 24, Sotheby's Canada hosted its auction of 140 works, with an approximate value of \$4.2 million to \$5.9 million. Post-World War II artists, such as Douglas Coupland, Yves Gaucher, William Kurelek, Kazuo Nakamura and William Ronald gave the auction interest. However, it only grossed \$3.54 million, and 53 pieces failed to be sold.<sup>4</sup>

These auctions demonstrate that the significance and value of Canadian contemporary art by living, practicing artists is gradually being recognized by the Canadian resale market. Historically, long deceased Canadian artists were the top sellers at auctions. Nonetheless, several works by these art pioneers are presently in public or private collections. As a result,

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<sup>1</sup> James Adams, “Standing Nude sells for \$19,200 in ‘contemporary’ Canadian art auction.” *The Globe and Mail*. The Globe and Mail, 8 March 2012. Web. 7 January 2013.

<sup>2</sup> James Adams, “Standing Nude sells for \$19,200 in ‘contemporary’ Canadian art auction.” *The Globe and Mail*. The Globe and Mail, 8 March 2012. Web. 7 January 2013.

<sup>3</sup> James Adams, “Toronto auction of contemporary Canadian art grosses \$170,000.” *The Globe and Mail*. The Globe and Mail, 9 March 2012. Web. 7 January 2013.

<sup>4</sup> James Adams, “Canadian art market turning away from Group of Seven?” *The Globe and Mail*. The Globe and Mail, 25 May 2012. Web. 7 January 2013.

pieces by post-1950s and contemporary artists will become more sought after by collectors and auctioneers alike.<sup>5</sup>

### ***Emerging, Creative Centre: Hamilton***

Over the last ten years, individuals working in the areas of film, fine art, music and theatre have been leaving Toronto and relocating to the city of Hamilton, Ontario. The impetus for Hamilton's pre-gentrification, "... grassroots cultural revival ..." can be found in Toronto's expensive real estate prices and consistent condominium development.<sup>6</sup>

Furthermore, Hamilton's existing, vibrant art community, and "... lively, responsive audience ..." have attracted arts professionals from elsewhere in Canada as well, such as Calgary and Montreal.<sup>7</sup>

It is worth noting that while precise figures regarding Hamilton's influx of creative talent is unavailable, the crowds at its monthly Artcrawl event are on the rise. In addition, Artcrawl's sister event, Supercrawl, has attracted more than 100,000 people within a four-year period.<sup>8</sup>

With its impressive creative infrastructure, Hamilton offers Toronto-based artists, a wealth of untapped exhibition and collaboration opportunities.

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<sup>5</sup> James Adams, "Canadian art market turning away from Group of Seven?" *The Globe and Mail*. The Globe and Mail, 25 May 2012. Web. 7 January 2013.

<sup>6</sup> Greg Quill, "Steeltown's new culture." *Toronto Star*, 8 December 2012, sec. E: 1+. Print.

<sup>7</sup> Greg Quill, "Steeltown's new culture." *Toronto Star*, 8 December 2012, sec. E: 1+. Print.

<sup>8</sup> Greg Quill, "Steeltown's new culture." *Toronto Star*, 8 December 2012, sec. E: 1+. Print.

## ***Agitating for Change and Compensation: The Status of the Artist Resale Right (ARR) in Canada***

The Canadian Artists' Representation (CARFAC), the national organization that represents visual artists across the country, and The Regroupment des Artistes en arts visuels en Québec (RAAV), have been advocating that Canadian artists be compensated for the resale of their work.<sup>9</sup>

CARFAC and RAAV have jointly formulated an approach to revise the Canadian *Copyright Act* to include the Artist Resale Right (ARR). If the Artist Resale Right were to become law, "... an artist (or estate) ..." would "... earn a 5 per cent royalty on the purchase price of his or her work sold at auction or by a commercial gallery in the secondary market."<sup>10</sup>

It is critical to emphasize that Canadian artists do not currently receive any financial payment when their works of art are resold through auction houses or commercial galleries.<sup>11</sup>

In addition, ARR has been successfully implemented in 67 nations, including the member states of the European Union.<sup>12</sup>

In their proposal CARFAC and RAAV make their case for amending the *Copyright Act* to include ARR, based on the following reasons<sup>13</sup>:

- For Canadian artists who have more than one source of income, ARR will give them an enhanced capability to increase how much they can earn. This is particularly the case for Canada's Aboriginal artists would likely derive more professional benefits than other

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<sup>9</sup> Canadian Artists' Representation (CARFAC), The Regroupment des Artistes en arts visuels en Québec (RAAV), "Recommendations for an Artist Resale Right in Canada." *CARFAC*. November 2012. Web. 8 January 2013.

<sup>10</sup> James Adams, "New auction venture puts spotlight on contemporary Canadian art." *The Globe and Mail*. The Globe and Mail, 31 January 2012. Web. 7 January 2013.

<sup>11</sup> Canadian Artists' Representation (CARFAC), The Regroupment des Artistes en arts visuels en Québec (RAAV), "Recommendations for an Artist Resale Right in Canada." *CARFAC*. November 2012. Web. 8 January 2013.

<sup>12</sup> Canadian Artists' Representation (CARFAC), The Regroupment des Artistes en arts visuels en Québec (RAAV), "Recommendations for an Artist Resale Right in Canada." *CARFAC*. November 2012. Web. 8 January 2013.

<sup>13</sup> Canadian Artists' Representation (CARFAC), The Regroupment des Artistes en arts visuels en Québec (RAAV), "Recommendations for an Artist Resale Right in Canada." *CARFAC*. November 2012. Web. 8 January 2013.

artists, because their work continues to increase in value, while their living situations continue to become worse.

- Canadian artists will be on a similar financial level as their counterparts in other countries, in which ARR already exists.
- Visual artists in Canada over the age of 65 often find it challenging to support themselves by producing art. ARR would dramatically improve their present financial situation.

In October 2012, a meeting between The Art Dealers Association of Canada and artists was held in Toronto. They discussed how ARR would function in this country, and some of the resulting ideas may be used in CARFAC and RAAV's proposal. Even though the federal government has demonstrated a willingness to consider CARFAC and RAAV's proposal, it has yet to definitively express its intentions.<sup>14</sup>

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<sup>14</sup> Canadian Artists' Representation (CARFAC). Auction Season: Artists request a share of profits made from their work. Toronto: CARFAC, 20 Nov. 2012. Web.

## Micro Environment

### *Creative Potential: Gentrification in Selected Toronto Neighbourhoods*

#### *The Junction*

As the gentrification process has unfolded in the Junction, both artists and young people have simultaneously moved into the area. This is unique, because in most cases "... of urban gentrification, the artists arrive first and young professionals then follow."<sup>15</sup>

Once a working-class, industrial part of Toronto, the area has shed its utilitarian image, and adopted a more refined one. Clear indicators of fast-paced gentrification abound: high end cafes, unique restaurants, a new condominium development, and a new shopping mall.<sup>16</sup>

The neighbourhood is already home to "... some two dozen art and design businesses...."<sup>17</sup> In addition, the Junction recently participated in the Toronto Design Offsite Festival, and three area businesses took part in the Interior Design Show.<sup>18</sup>

Furthermore, five new art galleries have opened in the area within the last year. They include Arsenal Toronto, Daniel Faria Gallery, Jessica Bradley Annex, MKG127, and Scrap Metal Gallery. The concentration of these newly opened galleries in this section of the city signifies that the previous epicentre of the contemporary art scene is changing—from Queen West to the west end of Toronto. Most of these galleries offer patrons a different viewing experience, as they are "... uniformly massive: long and high and deep, with huge swathes of uninterrupted wall space."<sup>19</sup> Unlike galleries which once served as retail spaces, the Junction

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<sup>15</sup> Kelli Korducki, "The Junction: for art and design types 'It still feels like anything is possible here'." *The Globe and Mail*. The Globe and Mail, 18 January 2013. Web. 21 January 2013.

<sup>16</sup> Anna Hui, "The Junction: this up-and-coming neighbourhood wasn't always so trendy." *The Globe and Mail*. The Globe and Mail, 23 December 2012. Web. 7 January 2013.

<sup>17</sup> Kelli Korducki, "The Junction: for art and design types 'It still feels like anything is possible here'." *The Globe and Mail*. The Globe and Mail, 18 January 2013. Web. 21 January 2013.

<sup>18</sup> Kelli Korducki, "The Junction: for art and design types 'It still feels like anything is possible here'." *The Globe and Mail*. The Globe and Mail, 18 January 2013. Web. 21 January 2013.

<sup>19</sup> Sholem Krishtalka, "Why new galleries in Toronto's west end could save its arts scene." *The Globe and Mail*. The Globe and Mail, 27 December 2012. Web. 30 December 2012.

galleries do not have to deal with the same space and lighting constraints as their converted counterparts.<sup>20</sup>

The reasons behind this urban transformation can be traced back to the following key events<sup>21</sup>:

- The closing down of the Ontario Stockyards in 1993.
- Area residents, who voted to remove the ban on the sale of alcohol in 1997.
- Changes to the hydro infrastructure in the area—power lines and transformers were moved below street level.

Despite the rejuvenation in the Junction, it should be noted that both commercial and residential real estate prices have "... doubled in the past five years..."<sup>22</sup> Still, this area boasts an abundance of potential, in terms of exhibition and professional networking opportunities.

### **Corktown**

Unlike the Junction which is in the middle stages of its gentrification process, Corktown is more advanced in its process.

The centrepiece of the coordinated Corktown gentrification effort is the West Don Lands project. It will be comprised of "... a mix of condominiums, social housing and student buildings south of King Street. A new streetcar line will bisect the area and shops will line its sidewalks."<sup>23</sup>

Other aspects of this neighbourhood's facelift include buildings which will be used for the 2015 PanAmerican Games, and a public park called Underpass Park. All of these changes and the area's affordable residential real estate prices have attracted "... young people...", "... creative types and young families..." to Corktown.<sup>24</sup>

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<sup>20</sup> Sholem Krishtalka, "Why new galleries in Toronto's west end could save its arts scene." *The Globe and Mail*. The Globe and Mail, 27 December 2012. Web. 30 December 2012.

<sup>21</sup> Anna Hui, "The Junction: this up-and-coming neighbourhood wasn't always so trendy." *The Globe and Mail*. The Globe and Mail, 23 December 2012. Web. 7 January 2013.

<sup>22</sup> Anna Hui, "The Junction: this up-and-coming neighbourhood wasn't always so trendy." *The Globe and Mail*. The Globe and Mail, 23 December 2012. Web. 7 January 2013.

<sup>23</sup> Adrian Morrow, "Prudent gentrification keeps Corktown a small village." *The Globe and Mail*. The Globe and Mail, 27 December 2012. Web. 7 January 2013.

<sup>24</sup> Adrian Morrow, "Prudent gentrification keeps Corktown a small village." *The Globe and Mail*. The Globe and Mail, 27 December 2012. Web. 7 January 2013.

It is worthwhile to investigate the art galleries in this area, as the completion of the abovementioned projects will likely draw younger, creative minded individuals and families to this neighbourhood.

### ***Little India***

When compared to the two neighbourhoods discussed in the preceding sub-sections, Little India is at the beginning of its gentrification process.

Building owners and their renters are permanently leaving the neighbourhood, and several buildings are still up for sale. Business owners who moved into this area in the 1970s when Little India was booming are now selling to more upscale businesses. However, there are new homes that are being constructed, and families are moving into the area.<sup>25</sup>

Departing business owners, who have been unable to compete with South Asian retailers in other Greater Toronto Area suburbs, "... genuinely hope that these new businesses and denser residential properties will sustain and grow foot traffic between the big street festivals — or even between weekends."<sup>26</sup>

In the coming years, the acceleration of this neighbourhood's gentrification process could translate into creative professionals moving into the area personally and professionally speaking. Consequently, art galleries may open in this neighbourhood in a few years.

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<sup>25</sup> Iain Marlow, "Urban shift threatens to swallow Little India." *The Globe and Mail*. The Globe and Mail, 21 December 2012. Web. 7 January 2013.

<sup>26</sup> Iain Marlow, "Urban shift threatens to swallow Little India." *The Globe and Mail*. The Globe and Mail, 21 December 2012. Web. 7 January 2013.

## ***Moving Forward for Municipal Arts Funding: Toronto's Third Party Sales Tax***

In 2009, Toronto City Council (hereafter City Council) endorsed the Third Party Sales Tax, which is more commonly referred to as "the billboard tax." It charges companies that produce billboards "\$1,100 to \$24,000 per sign – depending on the size and type of billboard."<sup>27</sup> However, it didn't explicitly state the purposes for which the collected money would be used.<sup>28</sup>

As a result, there were different ideas as to how the tax revenue should be spent. Councillor Shelley Carroll, who was then the City of Toronto's budget chief when the tax took effect in April 2010, proposed that the tax revenue be used to support the arts. Specifically, she wanted the money to go toward fulfilling an ambitious objective from the City's 2003 Culture Plan—to increase arts funding from \$14.61 per capita to \$25. A group of 60 arts organizations, called Beautifulcity.ca Alliance, which was instrumental in the development of the tax, advocated that the revenue be spent on "... public art."<sup>29</sup>

One year later, in 2011, the fate of the billboard tax revenue became even more uncertain. The City of Toronto was taken to court by Pattinson Outdoor Advertising LP/Pattinson Sign Group and the Out-of-Home Marketing Association of Canada. The Ontario Superior Court ruled "... that the tax would not apply to billboards lawfully erected before April 2010, and should be phased in."<sup>30</sup> This decision favoured Pattinson Outdoor and other billboard companies. The City would not have been able to collect any revenue from the tax, since most of the billboards in Toronto were installed before April 2010.<sup>31</sup>

Consequently, in 2012, the City appealed the 2011 Ontario Superior Court ruling. The Ontario Court of Appeal sided with the City of Toronto. This gave the City the ability to impose the tax

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<sup>27</sup> Tamara Baluja, "Toronto wins appeal on billboard tax." *The Globe and Mail*. The Globe and Mail, 2 April 2012. Web. 21 January 2013.

<sup>28</sup> Kelly Grant, "Budget chief wants revenue from new billboard tax to support the arts." *The Globe and Mail*. The Globe and Mail, 7 April 2010. Web. 21 January 2013.

<sup>29</sup> Kelly Grant, "Budget chief wants revenue from new billboard tax to support the arts." *The Globe and Mail*. The Globe and Mail, 7 April 2010. Web. 21 January 2013.

<sup>30</sup> Tamara Baluja, "Toronto wins appeal on billboard tax." *The Globe and Mail*. The Globe and Mail, 2 April 2012. Web. 21 January 2013.

<sup>31</sup> Tamara Baluja, "Toronto wins appeal on billboard tax." *The Globe and Mail*. The Globe and Mail, 2 April 2012. Web. 21 January 2013.

and collect the resulting revenue.<sup>32</sup> Pattinson Outdoor subsequently sought an appeal from the Supreme Court of Canada, but it was denied.<sup>33</sup>

After its lengthy history, the future of the billboard tax revenue is positive. In January 2013, City Council approved the proposal to use the billboard tax revenue to "... boost arts funding to the long-elusive goal of \$25 per capita."<sup>34</sup>

The fact that the money collected from the billboard tax will go toward arts funding in Toronto is a triumph for the many young artists and arts organizations that came together to form the Beautifulcity.ca Alliance. It serves as a powerful example of the political influence that artists can exert in the political sphere.

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<sup>32</sup> Tamara Baluja, "Toronto wins appeal on billboard tax." *The Globe and Mail*. The Globe and Mail, 2 April 2012. Web. 21 January 2013.

<sup>33</sup> Jeff Gray, "Supreme court refuses to hear billboard tax appeal." *The Globe and Mail*. The Globe and Mail, 22 November 2012. Web. 21 January 2013.

<sup>34</sup> Martin Knelman, "Toronto arts funding: young artists like Che Kothari leading the way." *The Toronto Star*. thestar.com, 18 January 2013. Web. 5 April 2013.