

THE GOVERNANCE POLICY

OF THE CANADA COUNCIL FOR THE ARTS

JANUARY 2003

"The strength of the arm's-length Council depends
on public confidence in its board of trustees."

From "The Arm's-Length Principle and the Arts"
Canada Council for the Arts, 1985

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MESSAGE FROM THE CHAIRMAN

Between 1996 and 2001 the annual parliamentary appropriation of the Canada Council for the Arts grew by \$60 million. This unprecedented increase demonstrates the Government of Canada's commitment to the principle of public funding for the arts and its recognition of the intrinsic role of the arts in the lives of all Canadians.

It is extremely gratifying for me that the Government of Canada, and particularly the Minister of Canadian Heritage, the Honourable Sheila Copps, has such confidence in the Council's work. The Council, in turn, is unwavering in its effort to be fully accountable for the public funds with which it has been entrusted.

The board members and staff of the Canada Council for the Arts have worked closely to develop this comprehensive Governance Policy, a set of governance and administrative principles designed to achieve the highest standards of accountability. It is my fervent belief that a positive and dynamic working environment is necessary for governance practices to succeed, and I am certain that the Council will continue to do the right things for all the right reasons.

The responsibilities involved in serving on the boards of public enterprises continue to increase as governments and the public rightly demand greater accountability. This is particularly true for Crown corporations whose autonomy from government presupposes a high degree of responsibility for decision-making. It is my hope that the governance practices of the Canada Council for the Arts will generate even greater confidence in its work in the years ahead.

Jean-Louis Roux, C.C.

MESSAGE FROM THE GOVERNANCE COMMITTEE

The honour of being appointed to the board of one of the country's most prestigious Crown corporations brings with it a profound set of responsibilities. Beyond the judicious management of public funds and the many areas of responsibility inherent in upholding that trust, a trustee must look after the organization in such a manner that it can be handed down to future boards in excellent shape. Indeed, the desire to leave a valuable legacy has animated the work of the Governance Committee for the past three years, and it is our hope that this document, the Canada Council for the Arts' first Governance Policy, will help the Council garner the resources it needs to do its important work.

For organizations who may be at the beginning of a governance process, may we recommend the following approach. First and foremost, craft one's own governance policy based on general principles of good governance, for that is far more effective than importing a prescribed model. Indeed, an understanding of the philosophical, ethical, and legal underpinnings of governance theory helps greatly in the formulation of effective policy. Second, seek input from the full board as well as from staff throughout the process of policy development; for responsibility for good governance must be shared, and input from both is a necessary condition for creating a sense of ownership across the organization. Finally, consider all of the processes and practices used in the past and determine whether any of these may be subsumed under the new Governance Policy. If not, have the board formally rescind those that are no longer necessary in order that the proposed structure be consistent and coherent with current practice.

The Canada Council for the Arts deserves the best effort that those entrusted with its care can make. It is our sincere hope that this Governance Policy will stand the test of time as the Council prepares for the many challenges that lie ahead.

Dean Brinton, Chair
François Colbert
Riki Turofsky
Max Wyman

MESSAGE FROM THE DIRECTOR

The Canada Council for the Arts has studied the principles and best practices of governance in the corporate, public and voluntary sectors. Support for the observance of best practices is embedded in the Council's Corporate Plan. The Council has adapted these practices to the business and affairs of an organization whose chief operating principle, that of peer review, presents the arts community itself with the awesome challenge of determining the relative artistic merit of thousands of applications from artists and arts organizations each year. Although the resources available to the Council have increased substantially in recent years, its budget still cannot support all of the meritorious applications it receives. The Council must, therefore, be particularly judicious in its financial management and in its administration of the peer review process that provides the basis on which the majority of its funds are allocated.

As Director of the Canada Council for the Arts, I was invited to all of the Governance Committee meetings at which this Governance Policy was formulated. Members of senior management have also had input into the policy. Excellence in governance practice can be achieved only when staff and board work closely together in the exercise of due diligence. I am confident that this Governance Policy properly distributes responsibility among all concerned.

The Council's terms of reference, as its Annual Report of 1960 pointed out, "ensure that its activities will be concerned almost exclusively with that which cannot be weighed on the scales, measured by the foot-rule, or calculated with the assistance of the tables at the back of the book." The identification of excellence in the most innovative and creative proposals will never be an exact science. This Governance Policy will, however, greatly support the Council's determination to be exacting in that pursuit.

Shirley L. Thomson, C.C.

CHAPTER I: INTRODUCTION

1.0 The Origin and Purpose of the Governance Policy

In 1999, the Board of the Canada Council for the Arts decided to develop a governance policy for the Council. Created by an Act of Parliament in 1957, the Council is governed by that Act (Annex A) and its by-laws (Annex B), and it has a number of statutory accountability requirements (Annex C) for various aspects of its operations. But the Council had never before undertaken the development of a formal, comprehensive governance policy.

Corporate governance is the process and structure used to direct and manage the business of an organization with the objective of fulfilling the organization's mandate. Though all the staff and Board members of an organization have a responsibility to adhere to and carry out the governance policy, once it has been adopted, the principal responsibility for implementing the policy and ensuring compliance with it rests with the organization's Board and Senior Management.

As stewards of the organization, members of the Board have a particular responsibility to maintain active oversight of the organization's governance. The Board must oversee the conduct of the Council's business, direct Management, and endeavour to ensure that all major issues affecting the Council are given proper consideration. For modern organizations, a comprehensive corporate governance policy is a key tool for efficiency, effectiveness and accountability.

To create a governance policy for the Council, the Board appointed an Ad Hoc Governance Committee composed of four members of the Board: Dean Brinton (Chair of the Committee), François Colbert, Riki Turofsky and Max Wyman. The Board Chair, Jean-Louis Roux and the Director, Shirley L. Thomson were ex-officio members but did not vote as part of the proceedings. The Committee was mandated to develop a governance policy appropriate to the Canada Council and then present the policy for discussion and approval by the Board.

Meeting over the course of 1999 and 2000, the Committee (whose work is described in detail in sections 4.0 and 5.0 of this chapter) developed the policy through ten stages, bringing parts of the policy as completed to a series of meetings of the Board. The full governance policy was formally approved by the Board in March 2001.

This document brings together all the elements of the approved governance policy in a single, accessible format. The policy will be available on request to all interested parties. The Canada Council believes that Canadian arts organizations, other arts councils and federal cultural agencies, and all cultural institutions with a Board structure may find the policy useful and informative.

The Council's governance policy will be fully implemented when all Board and Management practices, administrative functions and core and ancillary programs are operating in a manner consistent with it. While most elements of the policy are already in place, some are in development.

To ensure full implementation of the policy, and to keep a watching brief on changing environmental conditions that may require adjustments and additions, the Board has approved the creation of a Standing Committee of the Board on Governance. The Governance Committee has responsibility for overseeing the implementation of the governance policy, proposing amendments or additions to the Board, and assessing the policy's effectiveness. Its duties will include recommending, for Board approval, the substance and form of all governance information to be disseminated by the Council.

2.0 Organization of this Document

Following a description of the nature and operations of the Canada Council for the Arts and the evolution of the governance policy, this document:

- outlines the twelve governance principles for the Council (Chapter 2: "The Principles of Governance – A Shared Responsibility");
- describes the organizational structure of the Council and the applicability of the governance policy to the core programs (arts grants and services) and major administrative functions of the Council (Chapter 3: "The Governance of the Council's Core Programs and Major Administrative Functions"); and
- describes the applicability of the governance policy to the Canadian Commission for UNESCO and the Public Lending Right Commission, which operate under the aegis of the Canada Council (Chapter 4: "The Governance of Ancillary Commissions").

A series of annexes conclude the document. These are:

- the Canada Council Act (Annex A),
- the Council's by-laws (Annex B),
- a list of Annual Statutory Reporting Requirements (Annex C),
- the Council's Peer Assessment Policy (Annex D),
- the Statement of Investment Policies and Goals (Annex E),
- the Code of Ethics for Council Board members (Annex F),
- the Delegation of Authority (Annex G),
- Job Descriptions for the Board Chair, Board Vice-Chair and the Council's Director (Annex H),
- the Council's Organization Charts (Annex I), and
- a Glossary of Terms used at the Canada Council for the Arts (Annex J).

These annexed documents are integral elements of the Council's governance policy. The text refers to other documents which are provided to Council Board members on a regular basis or on appointment, but in the interests of brevity and efficiency, these are not annexed.

3.0 The Canada Council for the Arts

The Canada Council for the Arts is Canada's national arm's-length arts funding agency. It was created by an Act of Parliament in 1957. Under the terms of the Canada Council Act, the object (or mandate) of the Council is "to foster and promote the study and enjoyment of, and the production of works in, the arts." The by-laws of the Council provide the permanent, continuing framework for the Council's operations.

To fulfil its mandate, the Council offers a broad range of grants and services to professional Canadian artists and arts organizations in dance, interdisciplinary work and performance art, media arts, music, theatre, visual arts, and writing and publishing. These grants and services are administered through the sections and programs of the Council's Arts Division. The Council also administers the Killam Program of scholarly awards and prizes and offers many other prestigious awards. The Canadian Commission for UNESCO and the Public Lending Right Commission operate under the Council's aegis.

The Council is governed by a Board (also known as the Council) consisting of a Chair, Vice-Chair and nine other members from across Canada. Members are appointed by the Governor in Council (the federal cabinet) for fixed terms. The Board meets at least four times a year and is responsible for the Council's policies, programs, budgets and grant decisions. The staff is headed by a Director, who is also appointed by Governor in Council for a specified term.

The Council and its staff rely heavily on the advice of artists and arts professionals from all parts of Canada, who are consulted both individually and collectively. In making decisions about which artists, artistic projects and arts organizations will receive grants, the Council uses a peer assessment system. In this system, artists and other professionals working in the field (peers of the applicants) assess grant applications, advise on priorities, and make recommendations to the Council on the awarding of grants. In arriving at their recommendations, the committees use as their major criterion the comparative artistic merit of the applications in a competitive national context.

The Council's peer assessment policy and procedures (Annex D) were formally adopted by the Board in March 2000. The peer assessment policy is the cornerstone of the Council's grant administration and adjudication processes, and it can be modified only by the Board.

The Council is funded by and reports to Parliament through the Minister of Canadian Heritage. An annual appropriation from Parliament is the Council's main source of funds; in 2001–2002 this amount was \$151,776,000. This sum is supplemented by income from an Endowment Fund established by Parliament in 1957 and the proceeds of private donations and bequests received over the years.

As an arm's-length agency, the Council has full authority, within the terms of the Canada Council Act, to establish its priorities, policies and funding programs and make grant decisions. As an independent agency which dispenses public funds, the Council has an equally high degree of responsibility to maintain the public trust and account fully and openly for its operations and decisions.

Accountability is the requirement to explain and accept responsibility for carrying out an assigned mandate in light of agreed-upon expectations. It involves taking into consideration the public trust in the exercise of responsibilities; providing detailed information about how responsibilities have been carried out and what outcomes have been achieved; and accepting responsibility for the outcomes, including problems created or not corrected.

Accountability involves responsibilities to all stakeholders of the organization. The Canada Council has defined its stakeholders as the Canadian government, the Canadian arts community, the Canadian public, the Board, Senior Management and staff of the Council.

Each year the Council must render account to Parliament through the Minister of Canadian Heritage for all proceedings under the Canada Council Act, and it is bound by governmental legislation and policies concerning Canada's official languages, human rights, employment equity and other matters. From time to time, the Council is called to appear before parliamentary committees, particularly the House of Commons Standing Committee on Canadian Heritage. Its accounts are audited by the Auditor General of Canada and included in the Annual Report to Parliament.

In 1999, the Council developed and adopted its first Corporate Plan, which subsumed an earlier (1995) strategic plan. As a central feature of the governance policy, the Corporate Plan is described at greater length in Chapter 2. The current plan establishes the Council's overall operational priorities: investment in the arts; dissemination of the arts; improved communication with artists and arts organizations; implementation of the Board governance policy; and effective and prudent management of costs, processes and resources. Other funding priorities under the current plan include Aboriginal artists and arts organizations, artists and arts organizations from diverse regions and culturally diverse communities of Canada, young audiences and artists, international development, festivals, interdisciplinary art, and the use of new technologies in the arts.

For all organizations, whether in the public, private or voluntary sector, developing a relevant, effective and efficient corporate governance structure is a major organizational challenge. Developing such a structure for a multi-stakeholder organization like the Canada Council – which has both a high degree of independence from government and a high level of responsibility to maintain public confidence – is particularly challenging.

The Board and Management of the Canada Council are confident that this first formal governance policy has met the challenge. It is an appropriate and fitting model for the Canada Council for the Arts that provides an important additional tool for accountability and meets the highest contemporary standards for corporate governance.

4.0 Developing the Governance Policy: A Ten-Step Methodology for Policy Formulation

In developing the Canada Council's governance policy, the Ad Hoc Governance Committee followed these ten steps:

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Review of Governance Literature: The Committee undertook a thorough review of contemporary literature on governance in the private, public and voluntary sectors and the means to achieve the highest standards of corporate governance.

Recommendation and Approval of Governance Principles and Best Practices: Based on its review of the literature and on considerations unique to the Canada Council's structure, the Committee recommended that twelve governance principles and several related best practices be used as the basis for the Council's governance framework. The Council's Board unanimously approved the adoption of these principles and practices in June 1999. They are outlined in Chapter 2 of this document.

Review of Board Policy Motions: To ensure that the Board's approved policy motions are consistent with and consolidated in the governance policy, the Committee reviewed the policy motions endorsed by the Board over the past ten years. At the September 1999 Board meeting, motions no longer applicable in light of current circumstances were rescinded, redundant and non-recurring motions were identified, and several others were introduced and approved as part of the governance policy. As a result, Board motions are now consistent with the governance policy.

Consolidating Information Sources: Using the twelve governance principles as an outline, the Committee organized the material contained in the Council's base-line documents (the Canada Council Act and by-laws) into topics and added two additional sections to encompass all areas of Council operation. The additions are Chapters 3 and 4, "The Governance of the Council's Core Programs and Major Administrative Functions" and "The Governance of Ancillary Commissions."

Defining the Characteristics of an Effective Governance Model: To explain clearly the purpose of the governance policy and provide a yardstick against which its strength could be measured, the Committee defined the characteristics of an ideal governance model for the Canada Council (section 5.0).

Comparing the Policy to the Governance Model: Using the ideal governance model, the Committee appraised the governance policy it was developing and made additions to it.

Approval of Governance Policy (Chapter 2): At its June 2000 meeting, the Board approved the first parts of the policy, now incorporated in Chapter 2.

Staff Consultations and Approval of Governance Policy (Chapters 3 and 4): Following the Board's approval of the first parts of the policy, Committee members met with all members of Senior Management to discuss the day-to-day applicability of the governance policy to core programs, administrative functions and ancillary programs, and the best approach to an implementation plan. In these discussions, the Committee sought staff recommendations on the applicability of the evolving policy, its efficacy, and means to improve it. These discussions included a review of existing Council processes and procedures to ensure that they were consistent with the policy or would be modified to become consistent.

Completion of Implementation Plan: The Committee developed an implementation plan to move the Council toward full consistency with the governance policy.

Dissolution of the Ad Hoc Governance Committee and Creation of the Standing Committee on Governance: After completing the implementation plan and presenting the governance policy for Board approval in March 2001, the Ad Hoc Governance Committee had finished its work and was dissolved. The Board approved the governance policy and accepted the Committee's recommendation that it create a Standing Committee on Governance.

5.0 Creating the Model: The Ideal Governance Model for the Canada Council for the Arts

The Ad Hoc Committee's objective was to develop a governance model which was appropriate to the Canada Council and which met the standards for best practice in contemporary governance literature.

In defining the characteristics of an ideal model for the Canada Council, the Committee concluded that such a model would:

- define the Board's and Management's roles and responsibilities in the process of good governance;
- provide a mechanism by which information relevant to meeting the highest standards of accountability can be realized;
- establish an information reporting framework that is diligent, effective and efficient (one that provides sufficient information for decision-making without overburdening Management and the Board);
- delineate the key factors which must be managed in order to generate meaningful performance information;
- maintain an accountability regime that is consistent and coherent (one that forms a systematic and comprehensive whole) across the organization;
- facilitate strategic decision-making for Board and Management;
- consolidate organizational policies pertaining to governance in one policy framework for the benefit of the Board, staff, and external stakeholders;
- incorporate new principles and practices of good governance as these are developed and recommended in the governance field; and
- heighten Board, staff and external stakeholder confidence in the stewardship of the Board, the professionalism of Management, and the integrity of the peer assessment process as these serve to fulfil the Council's mandate.

The governance policy developed by the Ad Hoc Committee and approved by the Board meets these standards.

CHAPTER 2:
**THE PRINCIPLES OF GOVERNANCE
– A SHARED RESPONSIBILITY**

The following twelve governance principles constitute the basis of the Council's governance policy.

**1.0 Representation of Interests, the Duty of Care,
Loyalty and Due Diligence, and the Organizational Ethic**

**1.1 Distinction between the Overall Interests of the
Council and the Interests of Particular Stakeholders**

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In every circumstance, members of the Board of the Council are bound by a duty to act in the best interests of the Council, a principle founded on the conviction that decisions taken in the best interests of the Council will also uphold the best interests of the Council's stakeholders.

Members of the Board must be scrupulous in distinguishing between the overall interests of the Council and the interests of particular stakeholders. Board members must avoid the promotion of any personal interests, including those of appointing authorities, and of any other stakeholder or stakeholder group.

The responsibilities of the Board with regard to the interests that it may represent are discussed in the by-laws, the Code of Ethics for Board members (Annex F), and the Briefing Book for Council Members, which is provided to Board members on appointment.

1.2 Disclosure of Conflict of Interest

A conflict of interest is a conflict between an individual's personal interests and his or her public duty. A conflict may exist whether or not a monetary benefit has been or may be conferred, and it includes both actual and perceived conflicts.

The obligations of Canada Council Board members in respect of conflict of interest are outlined in the by-laws and the Code of Ethics. Board members must avoid placing themselves in a conflict of interest situation. Furthermore, the by-laws require that when any application for any grant or recommendation for an award is under consideration by the Council or any panel or committee of the Council, any member of the Council (or of the panel or committee) who is in a material way associated with the application or the organization or individual interested in the grant must:

- disclose any conflict of interest and refrain from participating in Board discussion and voting on the matter;
- refrain from attempting directly or indirectly to influence the decision of the Council, panel or committee; and
- withdraw from any Council or committee meeting during discussion of the application or award.

1.3 Responsibility for the Ethical Conduct of Council Board Members

The Council's Code of Ethics is based on principles and procedures adopted by the Government of Canada for all federal public office holders. These principles and procedures are binding on each member of the Council's Board.

The compliance of individual Board members with the Council's Code of Ethics and conflict of interest guidelines is the responsibility of the Board Chair and each member of the Board.

1.4 The Duty of Care, Loyalty and Due Diligence

The "statutory duty of care," as defined by the Canada Business Corporations Act, requires that all directors and officers of a corporation, in exercising their powers and discharging their duties, shall "exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances."

Related to the duty of care is the duty of loyalty (the responsibility of Board members to act honestly and in good faith in the best interests of the Council) and the duty of due diligence (the demonstration that the Board members have exercised reasonable and appropriate duties of care and loyalty in discharging their responsibilities for organizational governance).

The Board of the Canada Council has overall responsibility for the organization, including its finances, policies, and funding decisions. Accordingly, the duties of the Board members include:

- attending meetings as deemed necessary by the Council in Ottawa or elsewhere;
- voting, except where they are in conflict of interest;
- establishing the overall policies and approving the programs of the Council;
- approving the allocation of the budget between various disciplines, purposes, and programs;
- monitoring the effectiveness of the programs and the integrity of the peer assessment system;
- authorizing the awarding of grants, either directly or through delegated authority;
- reflecting regional concerns within a national perspective in Council discussions;
- bringing to bear an area of expertise, usually in some aspect of the arts, of business, or of community activity, while maintaining awareness of and respect for the expertise of others;
- explaining the Council's role in supporting the arts to the arts community, to national, provincial and local leaders, and to the general public;
- serving on standing or special Council committees;
- representing the Council at public events or other activities as required; and
- performing other duties which the Chair may assign.

These duties are outlined in the by-laws and the Briefing Book. Given their importance, the Board's responsibilities for the Corporate Plan and its implementation are discussed at further length in section 2.3.

1.5 Approval of Complaints and Grievance Procedures

The Council will approve complaints and grievance procedures for applicants to the Council programs and for members of peer assessment committees and ensure that these procedures work effectively. These procedures form part of the Briefing Book and the Peer Review Policy.

1.6 Organizational Ethics: The Council's Relationships with Others

The Canada Council has strong organizational ethics and the Board and Management have an obligation to ensure that organizations and individuals outside the Council, with whom the Council conducts business or undertakes partnerships, abide by the same high standards.

Accordingly, the Council's Board ensures, through the members of Senior Management responsible for particular functions within the Council, that external consultants and contractors engaged by the Council, organizations and individuals with whom the Council develops partnerships and professional relationships, and peer assessment and advisory committee members reflect the high professional and ethical standards upheld by the Council.

The Board also approves all endowed prizes and the creation of new prizes and awards.

2.0 Stewardship and Corporate Governance

2.1 Development and Approval of Governance Policy

The Board is responsible for the development and approval of the Canada Council policy on governance.

2.2 Governance Information and Disclosure

The Council will include a description and assessment of its governance policy and practices in its Annual Reports. Information disclosed in the Annual Reports will include the following: the mandate and composition of the Board, a description of Board Committees, and the Board's expectations of Management in relation to the Corporate Plan.

Prior to publication, the Standing Committee on Governance will vet the Annual Report material on the governance policy and recommend its adoption by the Board.

2.3 Legal Obligations

2.3.1 Obligations under the Council's By-Laws

The Canada Council Act assigns the responsibility for making by-laws to the Council ("The Council may make by-laws regulating its proceedings and generally for the conduct and management of its activities, including the appointment of honorary officers and advisory committees").

The Standing Committee on Governance will review the Council's by-laws and recommend necessary changes to the Board on a regular basis.

2.3.2 Other Legal and Regulatory Obligations

In addition to the legal requirements set out in the Canada Council Act (including the requirement to present an Annual Report to Parliament) and the Council by-laws, the Council is subject to several other laws and regulatory instruments.

These include the Access to Information Act, the Privacy Act, the Employment Equity Act, the Official Languages Act, and the Canada Labour Code, among others. The full schedule of statutory reporting requirements is attached as Annex C.

The Director and other members of Senior Management are responsible to the Board for ensuring that legal and regulatory requirements have been met and that documents and records have been properly prepared, approved and maintained.

2.4 Corporate Planning

2.4.1 Role in Setting Strategic Directions and Corporate Planning

Since the Board has responsibility for establishing the overall policies of the Council and formulating its strategic directions, developing and approving the Corporate Plan and assessing the plan's implementation are two of its most important responsibilities.

The Corporate Plan encompasses the Council's business and activities and establishes the organization's priorities, objectives, strategies, performance indicators and desired impact. It commits the Council to a planned strategic direction over a specific planning period.

The Corporate Plan is the outcome of a process in which the key objectives, priorities, strategies and environmental assessment for the present and longer term are collectively analyzed against the mandate of the organization. The plan ensures that everyone in the undertaking is aware of the priorities, strategic direction and objectives of the organization. It is a tool which guides the actions of the Board, Management and staff in a forward-looking, cohesive effort to address the mandate of the Council. It is also an effective means for communicating the objectives of the Council to the public and the stakeholders in a coherent and transparent fashion.

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The Council's Corporate Plan results from an in-depth analysis of the organization and its environment by the Senior Management, Section Heads and Board. Management, in consultation with the Board, formulates the strategic direction and drafts the Corporate Plan. The Board is responsible for assessing and approving it. This activity may be spread over a number of meetings and may involve requests to Management for clarification or elaboration. The exercise culminates in a major Board decision to approve the Corporate Plan.

In strategic planning, the role of Board members is that of leadership. Board members bring their individual expertise and specialist knowledge to the formulation of Council policy and assist Management in developing the Corporate Plan.

The Board's roles are:

- to provide direction and counsel to Management in the strategic planning process;
- to approve the strategic direction and the Corporate Plan for the Council;
- to periodically challenge the assumptions, identified alternatives and assessments in the Corporate Plan; and
- to monitor Management's success in implementing the approved priorities of the Council.

In establishing the strategic direction, the Board will be satisfied that Management has considered all the relevant factors that will influence the future direction of the organization. Once approved, the Corporate Plan provides a basis for evaluating the performance of the organization.

Under the Financial Administration Act, the Council is not legally required to submit a Corporate Plan to Parliament, but, in the interests of full and open communication and disclosure, believes it is desirable to do so.

2.4.2 Monitoring the Implementation of Strategic Priorities Set Out in the Corporate Plan

Management reports to the Board on how the Council is performing in relation to the objectives set out in the Corporate Plan and the actual results of the past year on an annual basis. This regular monitoring of corporate performance assists the Board in its decision-making processes.

2.5 Risk Identification and Management

2.5.1 Identification of Financial and Physical Asset Risks

The Board maintains a thorough understanding of the principal risks inherent in the Council's activities and its external environment. It ensures that the principal risks of the Council's business have been identified and that appropriate systems to monitor and manage these risks have been implemented.

The Council is responsible for a number of investment funds including the Endowment, Special Funds and the Killam Funds. The goal of the Funds is to produce long-term real returns from which stable and growing grants can be made, while maintaining the purchasing power of residual capital. In order to establish the parameters under which these funds will be managed, the Board has adopted a "Statement of Investment Policies and Goals." This investment policy is the tool which is used by Council's investment committee, investment managers and advisors to manage the portfolios. It is attached as Annex E.

2.6 Fiscal Management

The Board maintains a thorough understanding of the principal risks inherent in the Council's activities and its external environment. It ensures that the principal risks of the Council's business have been identified and that appropriate systems to monitor and manage these risks have been implemented.

All major decisions involving the Council's assets and their financing are reviewed and approved by the Board. The Board's fiscal management responsibilities include:

- approving the annual budget of the Council, the financial statements and the Annual Reports;
- overseeing the stewardship of the organization's assets and liabilities;
- ensuring that expenditures are monitored and controlled based on appropriate accounting procedures; and
- reviewing and approving material transactions outside the ordinary course of business.

Through its Audit and Finance Committee, the Board has direct communication channels with auditors and can discuss and review specific issues with them as appropriate. The Board approves the annual operating (administration), grants and capital budgets and all major new project proposals. In evaluating the merits of new project proposals, the Board ensures that the proposals are consistent with the planned strategic direction of the Council.

Two Board committees have particular responsibility for finances and assets:

- The Audit and Finance Committee reviews the Council's operating and capital budgets and the Council's quarterly and annual financial statements. The Committee then makes recommendations to the full Board with respect to approval of such budgets and statements.
- The Investment Committee is responsible for recommending to the Board policies regarding investments and monitoring the performance of the investment managers. The Committee also sees to the deposit and safekeeping of the securities of the Canada Council.

2.7 Integrity of Internal Control and Information Systems

To safeguard assets, ensure that accounting data are timely and accurate, promote operational efficiency, adherence to prescribed policies and standards, and compliance with applicable laws and regulations, the Council needs reliable information systems and internal control mechanisms.

Four characteristics are vital to the integrity of these systems:

- a Board that is actively concerned with sound corporate governance and that understands and diligently discharges its responsibilities by ensuring that the organization is appropriately and effectively managed and controlled;
- a Management that actively manages and operates the Council in a sound and prudent manner;
- the provision of information to the Board which allows the Board to participate in formulating the strategic direction and holding Management accountable for achieving objectives; and
- solid and reliable organizational and procedural controls supported by an effective management information system.

Internal controls are the policies and procedures established and implemented alone, or in concert with other policies or procedures, to manage and control a particular activity or particular risk (or both) to which the organization is exposed or in which it is engaged.

The internal control environment is the framework under which internal controls are developed, implemented and monitored. Key factors in this framework are clearly defined approval authorities (see Delegation of Authority, Annex F) and the documentation of controls.

The Board has the responsibility to ensure:

- that the Council's control and information systems and its management practices are sound;
- that the Audit and Finance Committee reports as required on the Council's compliance with the laws, rules, regulations and contracts that govern it;
- that the Audit and Finance Committee reviews the management, information and control systems as part of the annual audit; and
- that appropriate and effective internal controls and financial reporting mechanisms are in place.

3.0 Review of Public Policy Objectives

Public policy objectives include those established by the Canada Council, in fulfilment of its mandate under the Canada Council Act, and the general public policy objectives of the federal government.

3.1 The Canada Council's Public Policy Objectives

Public policy is set out in the Canada Council's statutory mandate in the Canada Council Act and is reflected in the Council's Corporate Plan. That plan, which is provided to Parliament and is available publicly, describes the strategic priorities and direction of the Council and the mechanisms for ensuring implementation, monitoring performance, and evaluating outcomes.

3.2 The Public Policy Objectives of Government

The Council was created as a body independent of political influence and at arm's length from government. As an instrument for public policy, ultimately accountable to Parliament, the Canada Council believes it is appropriate and proper, in carrying out its duties and responsibilities, to be sensitive to the federal government's public policy objectives.

When the Council is requested to comply voluntarily with the government's public policy objectives, the Board has the obligation of weighing any competing objectives and striking a judicious balance which best serves the Council's fulfilment of its statutory mandate.

4.0 Relationship of the Board to Management

It is incumbent on the Board and Management to develop an effective working relationship and periodically review the effectiveness of that relationship. On an annual basis, the Board monitors the performance of Management in relation to the strategic objectives of the Corporate Plan and Management's compliance with the governance policy. It holds Management accountable for the organization's performance in these areas.

Although the Board has chosen to delegate a number of responsibilities to Management, the Board does not passively react to Management proposals but questions and examines their appropriateness to the overall interests of the Council.

4.1 Information Required from Management

The Board must determine what information is necessary to perform its work and inform Management about these needs. Because the needs will change over time and with experience, the Board will periodically discuss with the Director the quantity, timing, frequency, and usefulness of the information it receives.

The information which the Council staff regularly provides to the Board must allow the Board to participate in the formulation of strategic direction and to hold Management accountable for achieving objectives. Actual and forecasted results measured against established plans and performance targets are provided to the Board on an ongoing basis.

4.2 Allocation of Board/Management Responsibilities

In conjunction with the Director, the Board periodically reviews the allocation of responsibilities between the Board and Management to ensure the optimal balance. This review focuses on defining and describing the Board's and Management's principal responsibilities and the limits to Management's authority.

4.3 Job Descriptions for the Board Chair, Board Vice-Chair and the Council's Director

The Board will ensure that individual responsibilities for the key positions of Board Chair, Board Vice-Chair and Director are clearly delineated through explicit job descriptions. Some of the responsibilities of these positions are defined in the by-laws. The job descriptions for the three positions form Annex G of this document.

4.4 Communications with Staff

As a general rule, the members of the Council's Board must use discretion when communicating with Council staff outside the context of Board and committee activities. Communication is normally co-ordinated through the Director's office.

There is a special responsibility on both Board and staff members to avoid any discussion of particular applications made to the Council outside Board and Board committee meetings.

4.5 Avoidance of Micro-Management

Throughout this governance policy, the roles and responsibilities of the Board and Management are clearly differentiated, and provision has been made (section 4.2) for periodic review of the division of responsibilities. This review provides a check and balance on any tendency toward micro-management by the Board.

5.0 Board Independence

The Board will ensure that it has sufficient expertise to carry out its duties and bring a balanced judgement to the assessment of Management and the merit of Management proposals.

5.1 In Camera Meetings

At each meeting of the full Board, an in camera meeting is scheduled between the Board and the Director. The discussion focuses on issues that the Chair and the Director judge do not require representations from other members of Management.

At each meeting of the full Board, the Board also schedules an in camera meeting with its members only. The agenda is determined by the Chair and includes discussion of issues that the Board wishes to discuss privately.

6.0 Board Committees

6.1 Role of Standing Committees and their Terms of Reference

Unless explicitly described in the Canada Council Act or the by-laws, the Committees of the Board of the Canada Council, their membership and terms of reference can be established only through formal Board resolutions.

The Board approves the membership of all Standing Committees as well as Council representation on the Canadian Commission for UNESCO's Executive Committee. The use of a committee does not absolve the Board from responsibility for the committee's work or decisions.

There are four permanent or Standing Committees of the Council: the Executive Committee, the Investment Committee, the Audit and Finance Committee, and the Governance Committee. Their roles and responsibilities, composition and numbers, and reporting requirements are defined in the by-laws.

6.1.1 Executive Committee

In the interval between meetings of the Board, the Executive Committee acts on behalf of the Board and exercises all powers and performs all duties of the Board, except for the following:

- enactment, amendment or repeal of by-laws; and
- approval of the policies of the Council, the Corporate Plan, the operating and capital budgets, the Annual Report, financial statements, and grants.

The mandate and powers of the Executive Committee include:

- review and approval of the performance of the Director and other members of Senior Management;
- review of the financial and non-financial prerequisites of the Director;
- any other duties assigned to it by the Council.

6.1.2 Investment Committee

The Investment Committee:

- is responsible for recommending to the Board policies regarding investments;
- has authority to hire professional fund managers to purchase, manage and dispose of investments;
- instructs the Council to execute and deliver on behalf of the Council, transfers, proxies, voting certificates, documents to exercise rights and other agreements dealing with the Council's investments;
- once a year at a regular meeting, makes a report to the Board showing the portfolio of investments at cost and market value, the performance of the funds and any changes or recommendations made since the last report; and
- sees to the deposit and safekeeping of the securities of the Council.

6.1.3 Audit and Finance Committee

The Audit and Finance Committee:

- reviews the financial statements of the Council;
- recommends the annual financial statements to the Board for approval;
- receives reports and reviews recommendations from the Auditor General;
- reviews the Council's accounting procedures and internal controls;
- reviews any corrective measures implemented as a result of audits;
- reviews staff proposals concerning the annual budget and makes recommendations to the Board with respect to approval of this budget; and
- carries out any task of a financial nature that is requested by the Board.

6.1.4 Governance Committee

The Governance Committee:

- recommends the substance and form of all governance information disseminated by the Council to the Board for approval;
- establishes a process for assessing Board capacity and evaluating Board performance;
- provides new Board members with an orientation session;
- ensures that the Council's Governance Policy is kept current with best practices and continues to meet the needs of the Council;
- reviews periodically the corporate by-laws, and proposes revisions to the Board;
- reviews the findings of external peer review auditors and reports to the Board; and
- undertakes any other tasks assigned to it by the Board.

6.2 Responsibility for Committee Work

Committee work is shared among Board members, and Committee members are selected on the basis of their interests, expertise, and availability.

6.3 Report to Full Board

The full Board, through the Chair of each Standing Committee, is informed of each Committee's activities, findings, conclusions, and recommendations at every Board meeting.

7.0 Effectiveness and Renewal of the Board

7.1 Assessment of Board Performance

The Board of the Canada Council will establish a mechanism for assessing its capacity and evaluating its performance. The responsibility for assessing the effectiveness of the Board as a whole, the Committees of the Board, and the contribution of individual members rests with the Governance Committee.

The Committee will ensure that the Board evaluation process is:

- aligned with established evaluation processes and goals;
- tailored to meet the needs of the Council and the Board;
- designed to ensure candour, confidentiality and trust;
- regularly reviewed and improved as necessary;
- disclosed (process only) to stakeholders;
- inclusive of a clear delineation of Board and Management powers; and
- structured to promote effective interaction between and among members.

7.2 Development of Skill Profile and Recommendations for Appointments

On a periodic basis, the Board, through its Chair, recommends to the Minister of Canadian Heritage and the Director of Appointments in the Prime Minister's Office as well as the Privy Council Office the skills that should be sought in filling upcoming vacancies on the Board.

To assist in defining the Council's needs and bringing them to the attention of governmental authorities, the Board will maintain a "skill profile" based on its knowledge of the Council's mandate, strategies, strengths and weaknesses, and the key issues and challenges facing the organization. This skill profile will be provided to the Minister and the Director of Appointments and updated as the composition of the Board changes.

Under the authority of Board Motion 99-14, should Board vacancies occur, the Chair may invite members whose terms have expired to serve on the Board in an advisory capacity until new appointments are made. Members serving at the pleasure of the Chair do not have the right to vote.

8.0 Orientation and Education of Board Members

The Governance Committee will provide new Board members with an orientation session on the Council and their roles and responsibilities as Board members. This session will include information on the fiduciary role of the Board and the ethical and professional standards required.

As needed, the Council will provide an orientation and education program in governance for new Board members. Ongoing training and professional development on matters of governance will be available should the Board's self-assessment determine its desirability.

9.0 Director's Position

9.1 Development of a Position Description

The Canada Council Act and the by-laws define the central responsibilities of the Director of the Canada Council for the Arts. The Director is the organization's chief executive officer, carries out the policies and directives of the Council Board and reports to the Board, attends meetings of the Council and Executive Committee and normally attends meetings of other committees, and represents the Council personally or through a delegate in its relations with departments and agencies of the government and organizations having to do with matters of interest to the Council.

The Director also:

- provides the leadership for the realization of the Council's mandate, vision, strategic choices, and organizational and procedural controls;
- is in charge of the daily management of the Council's activities and ensures respect for and implementation of the Corporate Plan and the strategic framework and policies approved by the Board;
- is responsible for the optimum resource allocation and supervises the members of Senior Management; and
- maintains a high level of professionalism and ethics and develops a climate conducive to professionalism and excellence at the Council.

The Director is accountable to the Board. The Director consults the Chair regarding the agenda of the Board's meetings to ensure that all Board responsibilities are respected. The Director submits to the Board the Corporate Plan and any proposed policy revisions. He or she keeps the Board updated on important factors affecting the realization of the Council's strategic objectives.

The Director and the Chair are the two main spokespersons for the Council. They reinforce the Council's good relations with stakeholders and the public.

9.2 Reporting on Performance Appraisal and the Achievement of Corporate Objectives

The Board has the following ongoing responsibilities which it may delegate to the Executive Committee:

- to identify the skills and characteristics it judges essential for the position of Director,
- periodically to review and revise the job description for the Director,
- to develop and review on an annual basis a set of corporate objectives consistent with the Corporate Plan that the Director is accountable for achieving and that incorporate both the perspectives of the Board and the Director, and
- to monitor the Director's performance on an annual basis.

The Council's Chair, on behalf of the Board, communicates the results of the Director's performance appraisal to the Privy Council Office and to the office of the Minister of Canadian Heritage.

9.3 Interim Director

In the event that the position of Director is left vacant, in the interest of good governance the Board will authorize the Chair to appoint the Secretary-Treasurer as Acting Director until the position is filled by the Governor in Council.

10.0 Communications, Advocacy and Government Relations

10.1 The Governance Policy and the Annual Report

The Canada Council for the Arts will describe its approach to Corporate Governance in its Annual Report.

10.2 Nature of Communications Information and Approval of Communications Plan

The Board has the responsibility to ensure that the Canada Council has in place a policy to enable Management and the Board to communicate effectively with Parliament, stakeholders, and the public generally.

The Council will develop a communications policy and communications plan for annual review and approval by the Board.

10.3 Disclosure of Communications among Board, Management and Stakeholders

The primary tools for communicating with external stakeholders – the arts community, the government and the public – are the Council’s Annual Report and its Corporate Plan. The Board will ensure that the Council’s reports adequately communicate the significant issues confronting the organization.

The Council’s external communications will reflect a sensitivity to the complex nature of the Council’s work. The Board, through the Chair, will inform the stakeholders of any significant developments that have arisen.

The Board expects that sensitive or controversial issues likely to have a particular impact in a given region or discipline will wherever possible be brought to the prompt attention of the relevant Board members. Any substantive communications between Management and the arts community, the public and/or government will be brought to the Board’s attention.

11.0 The Council’s Arm’s-Length Status

Notwithstanding the provisos of paragraph 3.0 above, the Canada Council operates at arm’s length from government.

The Royal Commission on National Development in the Arts, Letters and Sciences, which proposed the creation of the Canada Council in 1951, pointed out “the dangers inherent in any system of subvention by the central government to the arts and letters.” To avoid these dangers, the Commission recommended that the Council be established as an independent body accountable to Parliament, not a department of government reporting to a minister of the Crown.

Accordingly, The Canada Council for the Arts was established as: (a) a statutory corporation established by an Act of Parliament, and (b) a Crown Corporation as defined by the Financial Administration Act (FAA). It is not an agent of Her Majesty, nor are its members, Director or employees part of the public service of Canada (ref. Canada Council Act, section 12). Additionally, the Canada Council is not subject to Divisions I through IV of Part X of the Financial Administration Act (ref. Subsection 85 (1) of the FAA).

This “arm’s-length” status means that, within its mandate from Parliament, the Canada Council has full authority to establish its priorities, policies and funding programs, and make grant decisions.

Though the arm’s-length relationship was established to protect the arts from the state, it also shields the Council’s artistic decisions from pressures brought by other sources. However, it does not absolve the Council from full and open accountability for its management of public funds. It is the Council, and not the government, which is accountable for its actions. Each year it reports on its activities to Parliament through the Minister of Canadian Heritage, and its finances are audited by the Auditor General of Canada. As an independent agency that dispenses public funds, the Council has a high degree of responsibility to account fully and openly for its operations.

Under general principles of corporate law, it is the Board of Directors that is responsible for the management of the business activities and other affairs of the corporation, and it must act bona fide in the best interests of the corporation. It is for the members of the Board and Management, being aware of the public interest but being governed by the Canada Council Act, to take all necessary actions and make all necessary decisions, required to manage and administer the affairs of the Council.

The Board shall:

- through advocacy, education and example guard the integrity of the Council's arm's-length relationship to government;
- defend and articulate the mandate, principles and practices of the Council while maintaining a proper awareness of the concerns of government.

12.0 The Council's Peer Assessment Process

The arm's-length principle is extended to the Council's process of adjudication of applications for funding through a policy that ensures that funding decisions are based on recommendations made by committees of expert peers from the arts community. The peer assessment policy removes the Board and Council staff from the process, though formal approval of, and responsibility for, grant decisions, remains with the Board or, through authority delegated by the Board, with the Director.

In carrying out its stewardship of the Canada Council in relation to the maintenance and preservation of the integrity of the peer assessment process, the Board has the responsibility to ensure:

- that the Council complies with its approved peer assessment policy, including its conflict of interest guidelines; and
- that Officers and Section Heads responsible for administering grant programs and the assessment committees are suitably trained in the peer assessment policy and procedures.

12.1 Approval of Peer Assessment Committee Recommendations and Compliance with the Peer Assessment Policy

In all cases, the Board's and the Director's approval of peer assessment committee grant recommendations is subject to compliance with the peer assessment policy and its conflict of interest guidelines for peer assessment committee members, assessors, and advisory committee members.

The Board of the Council represents the final authority in the grant decision-making process. The Board will withhold or rescind its approval of the recommendations of peer assessment committees if and only if reasonable evidence is presented to the Board that:

- the members of the peer assessment committee had failed to consider all of the required support material submitted with the application;
- the preparation of the application was adversely affected by incorrect or misleading advice given by staff;
- the members of the peer assessment committee discriminated against the applicant on grounds of race, colour, descent, national or ethnic origin, sex, marital status, regional location, economic situation, sexual orientation, physical or intellectual impairment, religious belief or any other similar bias irrelevant to the decision;
- a member or members of the peer assessment committee had neglected to disclose direct or indirect conflict of interest as defined in the conflict of interest guidelines for peer assessment committees, assessors, and advisory committees;
- compliance with the process had not been adhered to and other conditions had invalidated or compromised the integrity of the process; or
- there were other conditions which in the opinion of the Board rendered the process biased.

Applicants or peer assessment committee members who wish to challenge the conduct of staff or peer assessment committees should direct their concerns to the Chair of the Board, in the following manner as indicated in the peer assessment policy:

- **Applicants:** If the applicant is unsatisfied with the information regarding the outcome of their grant application, they can file a formal complaint for review by the Senior Management of the Canada Council. Such a process requires 45 days to provide a detailed response to the applicant.
- **Peers:** Peers can address their concerns formally to the Senior Management of the Canada Council in written form. In such cases, the Senior Management will require a period of 45 days to provide a detailed response to the peer in consultation with the Chair and the Board.

12.2 Training of Section Heads and Officers

Board confidence in the recommendations of the peer assessment committees rests materially upon the degree to which the Section Heads and Officers who are responsible for grants programs hold committee members to the terms and conditions of the peer assessment policy, including the conflict of interest guidelines.

The proper role and responsibility of Section Heads and Officers are defined in the peer assessment policy. The Board will require the Director to put in place an effective process to ensure the training of new Section Heads and Officers in the application of the assessment policy.

Adherence to the peer assessment policy will be ensured through regular auditing of peer assessment committee meetings by an independent body which will report its findings to the Governance Committee. A report on the outcome of peer assessment audits will be provided to the Board on an annual basis.

CHAPTER 3:
**THE GOVERNANCE OF THE COUNCIL'S
CORE PROGRAMS AND MAJOR
ADMINISTRATIVE FUNCTIONS**

1.0 Organizational Structure of the Canada Council for the Arts

This chapter describes the overall organizational structure of the Council and the applicability of the governance policy to its core programs (arts grants and services) and major administrative functions.

The basic structure of the Council is made up of divisions and sections as described below. This structure is approved by the Council's Board, which must review and approve any modifications to it. Minor changes to resource allocations among sections can be made with the approval of the Director.

The organizational charts of the Canada Council are provided in Annex H. They are maintained by the Council's Human Resources Section and are presented on a quarterly basis to the Audit and Finance Committee and annually to the Board of the Council.

1.1 Senior Management

The Senior Management group at the Canada Council is headed by the Director and includes the Secretary-Treasurer, the Director of the Arts Division, the Director of the Public Affairs, Research and Communications Division, the Secretary-General of the Canadian Commission for UNESCO, the Head of Endowments and Prizes, the Head of the Art Bank, and the Deputy Director of the Public Affairs, Research and Communications Division.

The Director and other members of Senior Management are responsible for ensuring that the Council's legal and regulatory obligations have been met.

1.2 Administration Division

The Secretary-Treasurer of the Canada Council leads the Administration Division. Five Section Heads report to this Divisional Director, each responsible for a particular area.

The Finance Section processes and records all of the Council's financial transactions. In addition, the section prepares the Council's financial reports, processes payroll and commercial accounts disbursements, and manages the Council's cash flow. The section is also responsible for facilities management, which includes office space, supplies and equipment.

The Human Resources Section is responsible for employee compensation and benefits, all aspects of staff relations with the staff association and union local, staff training and the staffing process. Employees of the Council are hired upon the recommendation of a staffing committee. This committee is established when a position becomes vacant. Its membership includes representation from Human Resources and supervisors and staff from the work area of the vacant position. The section monitors the Council's compliance with the Official Languages Act and with Employment Equity legislation. It also liaises with the regulators responsible for these pieces of legislation.

The Financial Planning Section maintains financial links between the Administration Division and the other two divisions of Council (the Arts Division and the Public Affairs, Research and Communications Division). It assists Section Heads of the Arts Division with the preparation of the annual grants budget and provides regular advice on resource allocation.

The Information Management Services Section is responsible for systems development and maintenance, infrastructure, acquisition of equipment, providing users with support services and maintenance of the Council's telephone system.

The Public Lending Right Commission, described in greater detail in Chapter 4, is responsible for a program which makes payments to Canadian authors for the availability of their books catalogued in Canadian public and university libraries.

As head of the Administration Division, the Secretary-Treasurer ensures that all external consultants and contractors engaged by the Council reflect high professional and ethical standards.

1.3 Arts Division

A Divisional Director leads the Arts Division. Seven Section Heads and three Co-ordinators report to the Director of the Arts Division.

The primary mandate of the Arts Division is to develop, test, implement, manage, deliver and assess the arts policies and programs of the Canada Council. The Arts Division contributes significantly to the strategic planning of the Council by developing a coherent, shared vision of arts program policy and by recommending actions designed to realize this vision.

The division also acts as a forum for the co-ordination of many program-related issues within the Canada Council, including improvement of program delivery, sharing of approaches to problems, and improving the efficiency and efficacy of the Council's program procedures.

The Arts Division is the largest division of the Council. Artistic practices and disciplinary structures vary enormously from one arts discipline to the next and the Arts Division reflects this reality. It is subdivided into seven sections. Six represent individual arts disciplines (Dance, Media Arts, Music, Theatre, Visual Arts, and Writing and Publishing). Each section has considerable freedom to tailor its internal programs to the particular needs of the discipline. The seventh section, the Arts Services Unit, ensures administrative consistency across the division. It develops forms and program descriptions and ensures that granting criteria and processes are clear and transparent.

There are, additionally, three offices and secretariats within the division. The InterArts Office embraces all arts practices that do not fall comfortably within one of the traditional disciplines. The Aboriginal Arts Secretariat ensures that the needs of Aboriginal artists are addressed and oversees the work of the Aboriginal arts officers in the arts sections. The Equity Office ensures that issues of cultural diversity are addressed in representation on the Council's peer assessment committees and in the flow of grants to the arts community.

The Director, Section Heads and Officers of the Arts Division have a special responsibility for upholding the integrity of the peer assessment process and procedures. Additionally, the Director of the Arts Division ensures that peer assessment committee members, advisory committee members, and external consultants engaged to assist the Arts Division, such as the members of the "Flying Squads," reflect the high professional and ethical standards upheld by the Council.

1.4 Public Affairs, Research and Communications Division

A Divisional Director leads this division of the Council. The Deputy Director, the Business Manager, the Research Manager and the Production Services Manager report to the Director. The Outreach Office and the Manager of Media and Public Relations report directly to the Deputy Director.

In the area of public affairs, the division maintains public and Parliamentary advocacy programs to communicate the nature and importance of public funding of the arts and the important role of the Canada Council. It is also responsible for governmental relations through the Canadian Heritage Portfolio Management structures, and working with other government agencies and departments. It works nationally and internationally with similar bodies to establish the Council as an active partner in the development and promotion of policies, programs and services of benefit to Canadian artists and creators.

The Deputy Director is responsible for the representation of the Canada Council at tri-level meetings of government arts funders, other public events and the organization of regional visits by the Director and Chair. The Deputy Director is responsible for the organization and implementation of special events, such as landmark anniversaries of the Council or its component programs and services.

The Business Manager is responsible for the smooth functioning of key corporate assets managed by the Public Affairs, Research and Communications Division on behalf of the whole Council. These include the web-site, translation services, the various data bases for mailing lists, guest lists, and media contacts. The Business Manager is also responsible for the tracking of projects and coordination among the four units within the Division.

Through the Research Unit, the division is responsible for a program of empirical research and analysis on issues related to the mandate of the Canada Council. Staff initiate and participate in research consortia and partnerships with governmental and non-governmental organizations to provide the Council with pertinent data and analysis on issues and trends within the arts. The Research Unit is also responsible for the development and measurement of performance indicators that flow from undertakings in the Corporate Plan.

The Manager of Production Services is responsible for the production of text, speeches, the newsletter For the Arts, the annual report of the Canada Council, promotional materials on programs and other corporate communication tools. Production includes writing, editing, design and printing functions.

The Manager of Media and Public Relations is responsible for media monitoring, media relations and the development of media strategies to ensure that the programs, services and special events of the Council are known and understood by journalists, the media and the general public.

The Outreach Office operates collaboratively with the arts division to support new audience and market development in the arts. It also helps to promote Canadian talent through workshops, showcases, partnership brokering and the initiation of touring shows and performances.

The Division is also responsible for the administration of the Access to Information and Privacy Act.

1.5 Endowments and Prizes

A Section Head leads the Endowments and Prizes area of the Council. The section manages and awards over 100 prizes to artists and scholars annually and is responsible for the Council's Musical Instrument Bank. Many prizes are privately endowed, and were created by bequests and donations from individuals and corporations across Canada.

The Board of the Canada Council approves the lending of instruments from the Instrument Bank and acquisitions of new instruments. It also approves the creation of all new prizes and awards, ensuring that the terms and conditions of the awards conform to the policies and practices of the Council.

1.6 The Art Bank

A Section Head leads this area of the Council. The Art Bank holds a collection of over 17,500 works of art by contemporary Canadian artists. Its main focus is renting these works, but its responsibilities can include acquisitions as well.

The Art Bank is also responsible for the conservation and restoration of the works in the collection. It ensures that artworks are appraised for current value on a regular basis and that it carries appropriate insurance coverage against loss for both the Art Bank location and all rental venues. It includes the artist in any discussion of major restoration or the deaccessioning of works deemed damaged beyond repair. Works are installed, moved and stored by professional technicians.

The Art Bank has a diverse client list in both the private and public sectors to whom it rents works. It renews the collection on an ongoing basis through an acquisition program.

2.0 Finances and Administration

2.1 Budget Development Process

The Council's budget development process is informed by the Corporate Plan according to priorities established by the Board. The Council operates on the same fiscal year (April–March) as the federal government.

The Secretary-Treasurer is responsible for the annual budget exercise. This involves the preparation of three different budgets, one for grants, one for administration (operations) and a capital budget. The Board approves these budgets annually, in the case of the grants budget during the third fiscal quarter meeting of Council and in the case of the administration and capital budgets during the fourth fiscal quarter meeting. All budgets are presented to the Audit and Finance Committee for review. Once considered by the Audit and Finance Committee, the budgets are presented to the Board for approval.

The grants budget is developed in the fall, informed by the Corporate Plan and according to the priorities established by the Board. The Section Heads of the Arts Division are consulted and recommendations with respect to program allocations are made. The program allocations of the previous year are reviewed, and any proposed changes are highlighted and brought to the attention of the Board. The various section grants budgets are consolidated and brought to the Board for approval.

The administration budgets are developed in a similar fashion. The Secretary-Treasurer reviews input from Section Heads in all divisions pertaining to proposed administration and services budgets for the next fiscal year. Once these are received, meetings are held with each Section Head to review the proposed budgets. Section budgets are then consolidated, and the administration budget is prepared for presentation to the Board.

The capital budget is developed by the Secretary-Treasurer in consultation with Section Heads responsible for capital expenditures. This process follows the same time-line as the administration budget, both of which are approved by the Board at the March Board meeting.

2.2 Delegation of Authority

The Board of the Canada Council has approved a delegation of authority for expenditures. This delegation (see Annex F) can be amended only by the Board.

2.3 Accountability

The Audit and Finance Committee of the Board reviews the Council's quarterly financial statements. All significant variances to budget are highlighted for the Committee, and explanations of the variances are provided. The Committee then recommends approval of the financial statements to the Board.

In addition, the Finance Section of Council reviews monthly financial statements and expense reports under the direction of the Secretary-Treasurer. If required, the Secretary-Treasurer will address issues arising from these reports. This may include advising the Senior Management Committee, the Council's Executive Committee or Audit and Finance Committee, making appropriate recommendations, or taking required action.

2.4 Administrative Policies and Manual

The Canada Council has established policies that are contained in its administrative manual. These policies are amended from time to time as required. The Board has delegated responsibility for the modification of existing administrative policies and the establishment of new administrative policies to the Director and Senior Management.

In exercising this authority, the Director and Senior Management must ensure that Council administrative policies are consistent with this governance policy and with the budgets approved by the Board and reflect the high professional and ethical standards of the Council.

3.0 Programs and Strategic Priorities

3.1 Process for Developing and Implementing Program Priorities

Like the annual budget exercises, the Council has in place a process for establishing program priorities and an accountability structure for dealing with established priorities.

Periodically, the Director of the Arts Division asks the division's Section Heads to review the program priorities and initiatives of the division. This review allows consideration of a number of possible outcomes: maintenance and improvement of existing programs, recommendations for changes in current programs, and recommendations for the development of new programs and initiatives.

Arts Section Heads are expected to maintain an up-to-date understanding of the artistic communities that their programs serve. They do so through the advice of their staff, ongoing and frequent consultation and contact with practitioners in the discipline and with the assistance of their disciplinary advisory committees. The disciplinary advisory committee members are arts professionals. They are selected through an internal process and approved by the Director of the Council. In order to ensure balance in committee composition a number of factors guide membership selection. These include variety of artistic practice, stage of career development, gender, language, cultural and aboriginal diversity as well as regional representation. These dialogues help to ensure that the Council's programs meet the needs of the various artistic communities in Canada.

When these consultations result in proposed changes to programs, the Director of the Arts Division consults the Director and other members of Senior Management prior to preparing recommendations for the Board. Major program changes and the creation of new programs require Board approval. They are normally considered in conjunction with the development of the grants budget, and whenever possible, the Director seeks the advice of the Board Chair prior to presenting the recommendations to the Board for its discussion and approval.

3.2 Corporate Plan

3.2.1 Setting Strategic Priorities

As was discussed in Chapter 2, the Board has responsibility for setting the strategic priorities for the Council in consultation with Senior Management and Section Heads, approving the Corporate Plan, and assessing its implementation.

3.2.2 Program Priorities

The programs and program priorities of the Canada Council are informed by the Council's Corporate Plan and are designed to serve the various artistic disciplines and communities of Canada.

It is the responsibility of Senior Management, through the Director of the Arts Division, to develop specific program criteria, objectives and assessment methodologies to ensure that the desired outcomes expressed in the Corporate Plan are achieved. The day-to-day implementation of these processes is the responsibility of Section Heads in the Arts Division.

The Board has granted flexibility to the Arts Division in program administration. Section Heads are permitted to transfer the greater of 10% of a program budget or \$60,000 from one program to another, providing these changes are consistent with the overall intent of the Corporate Plan. This enables sections to adapt to environmental changes quickly and relieves the Board of this highly detailed level of decision-making.

CHAPTER 4:
THE GOVERNANCE OF ANCILLARY
COMMISSIONS

Two commissions – the Canadian Commission for UNESCO and the Public Lending Right Commission – operate under the aegis of the Canada Council for the Arts.

1.0 The Canadian Commission for UNESCO

The Canadian Commission was created in 1957 by Order in Council and has been housed within the Canada Council since it was established. Section 8 (2) of the Canada Council Act allocates responsibility for the Commission to the Canada Council.

The Canadian Commission advises the government of Canada on its relations with the United Nations Educational, Scientific and Cultural Organizations (UNESCO), one of the specialized agencies of the United Nations. The Commission also fosters co-operation between UNESCO and Canadian civil society organizations.

Since the Board of the Council is responsible for the Commission, the Board must approve any changes to the constitution of the Commission and its by-laws. The Board of the Council receives the Commission's annual report and action plans for approval. In addition, the Board approves the appointments of the Commission President, Vice-President and members at large.

A sixteen-member Executive Committee establishes and approves the general policy and program orientations of the Commission. The Board of the Council approves Council representation on this Committee and appoints two members of the Committee. In addition, three sectoral commissions – Education, Natural and Social Sciences, and Culture, Communication and Information – serve as consultative bodies and provide specific advice and policy direction in their respective areas. The Director of the Council is a member of the Executive Committee and all sectoral commissions.

The Secretary-General of the Commission leads the Canadian Commission for UNESCO, is a member of the Council's Senior Management, and reports to the Council Board at each meeting on the activities of the Commission.

The financial statements of the Commission are consolidated, for reporting purposes, with those of the Council. The Commission is subject to the same internal budgeting processes followed by other sections and divisions of the Council. The Commission is also subject to the Council's delegation of authority for expenditures and the administration policies and manual of the Council. Employees of the Commission are employees of the Canada Council.

2.0 The Public Lending Right Commission (PLRC)

The mandate of the Public Lending Right Commission is to administer a program that pays Canadian authors for the availability of their books catalogued in Canadian public and university libraries. This program has been in place since 1986 and serves almost 13,000 authors, with over 50,000 titles.

The Commission consists of 19 members representing writers, publishers, librarians and translators. The National Library of Canada, the Bibliothèque nationale du Québec, the Department of Canadian Heritage, and the Canada Council are also members of the Commission but do not have voting rights. Management of the Commission is vested in an Executive Committee of seven Commission members which is responsible for supervising the administration of the program.

The PLRC's partnership with the Canada Council, which is established as an administrative agreement between the parties, provides a framework that enables the Commission to maintain accountability to the Canada Council and Parliament while retaining authority over programming, policies and planning.

The financial statements of the Commission are consolidated, for reporting purposes, with those of the Council. The Commission is subject to the same internal budgeting processes followed by other sections and divisions of the Council. The Commission is also subject to the Council's delegation of authority for expenditures and the administration policies and manual of the Council. Employees of the Commission are employees of the Canada Council.

ANNEX A:

CANADA COUNCIL ACT

CANADA COUNCIL ACT

CHAPTER C-2

An Act for the establishment of a Canada Council for the encouragement of the arts

SHORT TITLE

Short title

1. This Act may be cited as the Canada Council Act.

R.S., c. C-2, s. 1.

INTERPRETATION

Definitions

2. In this Act,

"arts" «*arts*»

"arts" includes architecture, the arts of the theatre, literature, music, painting, sculpture, the graphic arts and other similar creative and interpretative activities;

"Council" «*Conseil*»

"Council" means the corporation established by section 3.

R.S., c. C-2, s. 2.

CANADA COUNCIL

Establishment of Council

3. There is hereby established a corporation, to be known as the Canada Council, consisting of a Chairperson and Vice-Chairperson and not more than nine other members, to be appointed by the Governor in Council as provided in section 4.

R.S., 1985, c. C-2, s. 3; 1995, c. 29, s. 6.

MEMBERS OF THE COUNCIL

- Chairperson and Vice-Chairperson* 4. (1) The Chairperson and Vice-Chairperson of the Council shall be appointed for such terms, not exceeding five years each, as are fixed by the Governor in Council.
- Other members of Council* (2) Each of the members of the Council, other than the Chairperson and Vice-Chairperson, shall be appointed for a term of three years.
- Eligibility for re-appointment* (3) A person who has served two consecutive terms as Chairperson of the Council, as Vice-Chairperson thereof or as a member appointed under subsection (2) is not, during the twelve months following the completion of the second term, eligible to be re-appointed to the Council in the same capacity.
- R.S., 1985, c. C-2, s. 4; 1995, c. 29, s. 10(E).

DIRECTOR

- Director* 5. There shall be a Director of the Council to be appointed by the Governor in Council to hold office during pleasure.
- R.S., 1985, c. C-2, s. 5; 1995, c. 29, s. 7.

REMUNERATION AND ALLOWANCES

- Remuneration* 6. (1) The Chairperson, Vice-Chairperson and Director of the Council shall be paid such salary or other amount by way of remuneration, and the members of the Council appointed under subsection 4(2) shall be paid such allowance for each day while in attendance at meetings of the Council, as may be fixed by the Governor in Council.
- Travel and living expenses* (2) The members and Director of the Council are entitled to be paid reasonable travel and living expenses incurred by them while absent from their ordinary places of residence in the course of their duties.
- R.S., 1985, c. C-2, s. 6; 1995, c. 29, s. 7.

EMPLOYEES AND ADVISERS

- Staff* 7. The Council may appoint and pay the remuneration and expenses of the employees and the technical and professional advisers necessary for the proper conduct of the activities of the Council.
- R.S., c. C-2, s. 7.

OBJECTS, POWERS AND DUTIES OF THE COUNCIL

- Objects and powers* 8. (1) The objects of the Council are to foster and promote the study and enjoyment of, and the production of works in, the arts and, in particular, but without limiting the generality of the foregoing, the Council may, in furtherance of its objects,

(a) assist, cooperate with and enlist the aid of organizations the objects of which are similar to any of the objects of the Council;

(b) provide, through appropriate organizations or otherwise, for grants, scholarships or loans to persons in Canada for study or research in the arts in Canada or elsewhere or to persons in other countries for study or research in the arts in Canada;

(c) make awards to persons in Canada for outstanding accomplishment in the arts;

(d) arrange for and sponsor exhibitions, performances and publications of works in the arts;

(e) make grants to universities and similar institutions of higher learning by way of capital assistance in respect of building construction projects;

(f) exchange with other countries or organizations or persons therein knowledge and information respecting the arts; and

(g) arrange for representation and interpretation of Canadian arts in other countries.

Duties in relation to UNESCO

(2) The Governor in Council may assign to the Council such functions and duties in relation to the United Nations Educational, Scientific and Cultural Organization as the Governor in Council considers desirable.

R.S., c. C-2, ss. 8, 9; 1976-77, c. 24, s. 23.

By-laws

9. The Council may make by-laws regulating its proceedings and generally for the conduct and management of its activities, including the appointment of honorary officers and advisory committees.

R.S., c. C-2, s. 10.

Meetings of Council

10. The Council shall meet at least three times a year in the city of Ottawa on such days as are fixed by the Council and at such other times and places as the Council deems necessary.

R.S., c. C-2, s. 11.

Superannuation

11. The Director and employees of the Council shall be deemed to be employed in the Public Service for the purposes of the *Public Service Superannuation Act*, and the Council shall be deemed to be a Public Service corporation for the purposes of section 37 of that Act.

R.S., 1985, c. C-2, s. 11; 1995, c. 29, s. 8.

Not agent of Her Majesty or part of public service

12. The Council is not an agent of Her Majesty and, except as provided in section 11, the members, Director and employees of the Council are not part of the public service of Canada.

R.S., 1985, c. C-2, s. 12; 1995, c. 29, s. 8.

FINANCIAL PROVISIONS

- Endowment Fund* 13. The Minister of Finance may, out of the Consolidated Revenue Fund, pay to the Council the sum of fifty million dollars, which shall constitute an Endowment Fund for the purposes of this Act.
- R.S., c. C-2, s. 14.
- Expenditures* 14. Any expenditure made for any of the purposes of this Act, except paragraph 8(1)(e), may be paid out of
- (a) the return on investments made out of the Endowment Fund; or
- (b) money, securities or other property received by the Council by gift, bequest or otherwise, if available for that purpose.
- R.S., c. C-2, s. 16.
- University Capital Grants Fund* 15. (1) The Council shall establish a fund to be called the University Capital Grants Fund, to which shall be credited the sum of fifty million dollars, which shall be paid to the Council by the Minister of Finance out of the Consolidated Revenue Fund.
- Capital assistance to universities* (2) Grants made by the Council pursuant to paragraph 8(1)(e) may be paid out of the University Capital Grants Fund but shall not exceed
- (a) in the case of any particular project, one-half of the total expenditures made in respect of the project; and
- (b) in any province, an amount that is in the same proportion to the aggregate of the amounts credited to the University Capital Grants Fund as the population of the province, according to the latest census, is to the aggregate population, according to that census, of those provinces in which there is a university or other similar institution of higher learning.
- Restriction on investments* (3) Investments out of money standing to the credit of the University Capital Grants Fund may be made only in bonds or other securities of or guaranteed by the Government of Canada.
- R.S., c. C-2, s. 17.
16. [Repealed, 1995, c. 29, s. 9]
- Property and investments* 17. (1) The Council may, for the purposes of this Act, acquire, hold, manage and dispose of real, personal, movable and immovable property and, subject to this Act and on the advice of the Investment Committee, may invest in any manner it sees fit any money standing to the credit of the Endowment Fund or the University Capital Grants Fund or received by the Council by gift, bequest or otherwise, and may hold, manage and dispose of the investment.

Proceeds of disposal of investments

(2) The proceeds of the sale or other disposition of any investment made out of the Endowment Fund or the University Capital Grants Fund shall be credited to the fund out of which the investment was made.

R.S., 1985, c. C-2, s. 17; 2001, c. 4, s. 65.

Donations

18. The Council may acquire money, securities or other property by gift or bequest or otherwise and may, notwithstanding anything in this Act, expend, administer or dispose of any such money, securities or other property not forming part of the Endowment Fund or the University Capital Grants Fund, subject to the terms, if any, on which the money, securities or other property was given, bequeathed or otherwise made available to the Council.

R.S., 1985, c. C-2, s. 18; 2001, c. 4, s. 66(F).

Council deemed registered charity

19. The Council shall, for the purposes of the Income Tax Act, be deemed to be a registered charity within the meaning of that expression for the purposes of that Act.

R.S., 1985, c. C-2, s. 19; 1999, c. 31, s. 246(F).

AUDIT

Audit

20. The accounts and financial transactions of the Council shall be audited annually by the Auditor General of Canada and a report of the audit shall be made to the Council and to the member of the Queen's Privy Council for Canada designated under subsection 21(1).

R.S., c. C-2, s. 22.

REPORT TO PARLIAMENT

Annual report

21. (1) The Chairperson of the Council shall, within three months after the termination of each fiscal year, submit to the member of the Queen's Privy Council for Canada designated by the Governor in Council for the purpose a report of all proceedings under this Act for that fiscal year, including the financial statements of the Council and the report thereon of the Auditor General of Canada.

Tabling report

(2) The member designated under subsection (1) shall cause the report submitted under that subsection to be laid before Parliament within fifteen days after the receipt thereof by the member or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that either House of Parliament is sitting and provision shall be made for a review thereof by Parliament.

R.S., 1985, c. C-2, s. 21; 1995, c. 29, s. 10(E).

ANNEX B:

THE BY-LAWS OF THE CANADA
COUNCIL FOR THE ARTS

BY-LAWS

(REVISED MARCH 2002)

CORPORATE SEAL

1. The seal of the Canada Council shall be in the form approved by the Council from time to time.

HEAD OFFICE

2. The head office of the Council shall be in the City of Ottawa, Regional Municipality of Ottawa-Carleton, Province of Ontario, Canada.

TIME AND PLACE OF COUNCIL MEETINGS

3. The Council shall meet at least three times a year in the city of Ottawa on such days as are fixed by the Council.
4. Subject to the provisions of the Canada Council Act as amended, Section 10, regular or additional meetings may be held in Ottawa or elsewhere as decided by the Council.
5. If requested in writing by not less than four members of the Council, the Chairperson shall call a meeting of the Council, which shall be held in Ottawa not earlier than two weeks and not more than four weeks from the receipt of the request.

NOTICE OF MEETINGS

6. Two weeks' notice shall be given in writing or by fax of all meetings of Council. The failure of a member to receive notification of a meeting will not invalidate any proceedings or decisions taken thereat.

QUORUM

7. The quorum for meetings of the Council shall be the majority of the members then in office.

ADJOURNMENT FOR LACK OF QUORUM

8. If at the time appointed for the commencement of a meeting a quorum is not present, the majority of the members then present may postpone from time to time the commencement of the meeting until a quorum is present.
9. The Council may continue to conduct business at any meeting until the termination of the day's sitting notwithstanding the withdrawal of members leaving less than a quorum.

VOTING

10. Except where otherwise provided, each member shall have one vote to be given in person, and the vote of the majority present shall decide, and in case of an equality of votes the Chairperson of the meeting shall have a second or casting vote.

DECISION IN WRITING

11. Any action that might be taken at a meeting may be taken without a meeting if authorized in writing or by fax by not less than two-thirds of the members.

PROCEDURE

12. The rules contained in Robert's Rules of Order shall govern the Council in all cases to which they are applicable and in which they are not inconsistent with the Canada Council Act, the By-Laws, or any special Rule of Order of the Council.

BUDGET MEETING

13. At the third fiscal quarter meeting the Secretary-Treasurer shall submit to the Council the proposed grants budget for the next fiscal year for approval.
14. At the fourth quarter meeting the Secretary-Treasurer shall submit to the Council the proposed revenue, administration, services and capital budgets for the next fiscal year for approval.

ROLES AND RESPONSIBILITIES OF THE COUNCIL

15. The Board:
 - (a) *establishes the overall policies and approves the programs of the Council;*
 - (b) *monitors the effectiveness of the programs;*
 - (c) *provides direction and counsel to management in the strategic planning process, approves the strategic direction and the corporate plan;*
 - (d) *approves the annual budget of the Council, including the allocation to various disciplines, purposes and programs;*
 - (e) *approves the annual financial statements and annual report, and major financial decisions;*
 - (f) *oversees the stewardship of the organization's assets and liabilities;*
 - (g) *monitors the performance of management and holds management accountable for the Council's performance;*
 - (h) *ensures that the granting process is decided in a rigorous manner with clear guidelines;*
 - (i) *authorizes the awarding of grants, either directly or through delegated authority;*
 - (j) *carefully considers the nature of professional relationships, association and partnerships that the Council may form with other organizations as well as the integrity of these organizations;*
 - (k) *periodically reviews the Council's public policy objectives and legislated mandate to ensure their continued relevance;*
 - (l) *approves the position description for Board members, the Chairperson and the Director.*

EXECUTIVE COMMITTEE

16. The Executive Committee shall consist of the Chairperson, Vice-Chairperson, and one member of the Council, elected by Council members and the Director in an ex-officio, non-voting capacity. The Chairperson of the Council shall preside over these meetings. The quorum for meetings shall be three. One week's notice shall be given for a meeting of the Executive Committee. Urgent matters may require shorter notice and a teleconference meeting. All approved minutes of the Executive Committee's meetings will be distributed to Board members. The Executive Committee will report regularly at Council meetings.
17. The Executive Committee will act on behalf of the Council in the interval between meetings, and exercise all powers and perform all duties of the Council except for the following:
- (a) *the enactment, amendment or repealment of by-laws; and*
 - (b) *the approval of the policies, corporate plan, budgets, annual report, financial statements and grants.*
18. The mandate and powers of the Executive Committee include:
- (a) *review and approval of the performance assessment of the Director and through the Director, of members of Senior Management;*
 - (b) *review of the financial and non-financial perquisites of the Director;*
 - (c) *any other duties assigned it by the Council.*

AUDIT AND FINANCE COMMITTEE

19. The Audit and Finance Committee shall consist of the Vice-Chairperson, the Chairperson on an ex-officio basis, and three other members of the Council elected by Council members. The Vice-Chairperson of the Council shall preside over these meetings. The quorum for meetings shall be three. One week's notice shall be given for a meeting of the Audit and Finance Committee. Urgent matters may require shorter notice and a teleconference meeting. The Audit and Finance Committee will report regularly at Council meetings. The Director and Secretary-Treasurer will attend meetings of the committee.
20. The mandate of the Audit and Finance Committee is as follows:
- (a) *reviews the financial statements of the Council;*
 - (b) *recommends the annual financial statements to the Board for approval;*
 - (c) *receives reports and reviews recommendations from the Auditor General;*
 - (d) *reviews the Council's accounting procedures and internal controls;*
 - (e) *reviews any corrective measures implemented as a result of audits;*
 - (f) *reviews staff proposals concerning the annual budget and makes recommendations to the Board with respect to approval of this budget and major financial decisions; and*
 - (g) *carries out any task of a financial nature that is requested by the Board.*

GOVERNANCE COMMITTEE

21. The Governance Committee shall consist of the members of the Executive Committee, with the exception of the Chairperson and two other members of the Council elected by Council members. The Committee will decide, from those appointed to it, whom will preside over this committee. The quorum for meetings shall be three. One week's notice shall be given for a meeting of the Governance Committee. Urgent matters may require shorter notice and a teleconference meeting. The Governance Committee will report regularly at Council meetings. The Chairperson of the Board, the Director and the Secretary-Treasurer are not members of the Committee but usually attend meetings of the Committee in an ex-officio capacity.

22. The mandate of the Governance Committee is as follows:
- (a) *recommends the substance and form of all governance information disseminated by the Council to the Board for approval;*
 - (b) *establishes a process for assessing Board capacity and evaluating Board performance;*
 - (c) *provides new Board members with an orientation session;*
 - (d) *ensures that the Council's Governance Policy is kept current with best practices and continues to meet the needs of the Council;*
 - (e) *reviews periodically the corporate by-laws, and proposes revisions to the Board;*
 - (f) *reviews the findings of external peer review auditors and reports to the Board; and*
 - (g) *undertakes any other tasks assigned to it by the Board.*

INVESTMENT COMMITTEE

23. The Investment Committee shall consist of the Committee Chairperson, five other committee members all appointed by the Council and the Chairperson and Vice-Chairperson on an ex-officio basis. In the absence of the Committee Chairperson, the Chairperson of the Council shall preside over the committee, or, if the Chairperson of the Council is unable to do so, and the Vice-Chairperson is unable to do so, then a member of the committee shall chair the meetings. If both the Council Chairperson and the Vice-Chairperson are unable to attend a meeting of the Committee a designated member of the Audit and Finance Committee shall attend. The quorum for meetings shall be four, one of which must be a member of the Council. One week's notice shall be given for a meeting of the Investment Committee. Urgent matters may require shorter notice and a tele-conference meeting. The Director and Secretary-Treasurer will attend meetings of the committee.

24. The mandate of the Investment Committee is as follows:
- (a) *responsible for recommending to the Board policies regarding investments;*
 - (b) *has authority to hire professional fund managers to purchase, manage and dispose of investments;*
 - (c) *instructs the Board to execute and deliver on behalf of the Council, transfers, proxies, voting certificates, documents to exercise rights and other agreements dealing with the Council's investments;*
 - (d) *once a year at a regular meeting, makes a report to the Board showing the portfolio of investments at cost and market value, the performance of the funds and any changes or recommendations made since the last report; and*
 - (e) *sees to the deposit and safekeeping of the securities of the Council.*

OTHER COMMITTEES

25. The Council may appoint advisory and other committees or panels, which shall have such terms of reference, powers and provisions as to expenses and honoraria as the Council shall decide.

RULES OF PROCEDURE

26. Except as otherwise provided, the meetings of the committees and panels of the Council shall be governed by the same rules of procedure as are laid down for the meetings of the Council.

FOREIGN AFFAIRS AND INTERNATIONAL TRADE

27. The Council shall, by arrangements mutually agreed upon, maintain liaison with the Department of Foreign Affairs and International Trade on:
- (a) *UNESCO matters;*
 - (b) *The Council's activities outside Canada, to ensure their harmony with Canadian foreign policy and the Government's general information programme abroad;*
 - (c) *The activities of other countries inside Canada within the Council's field of interest, which may come to the attention of the Council.*

APPLICATION FOR GRANTS

28. All applications for grants shall be made to the Council at its Head Office and no member of the Council or Investment Committee shall accept or forward any application for any grant.

CONFIDENTIALITY

29. Confidentiality of all records held by the Council shall be protected, and access thereto shall be provided, in accordance with the requirements of the “Access to Information Act” and the “Privacy Act” as passed by Parliament.
30. Subject only to the foregoing section, the names of applicants and the particulars of applications for appropriations by the Council and all supporting documents, as well as the recommendation of the officers or advisors of the Council and any reports of discussion of the application, shall be confidential as regards parties other than the Council and its officers and advisors, and the applicant.

CONFLICT OF INTEREST

31. When any application for any grant or recommendation for an award is under consideration by the Council or any panel or committee of the Council, any member of the Council (or of such panel or committee) who is in a material way associated with the application of the organization or individual interested in such grant, shall, in accordance with the Code of Ethics for Members of the Council:
- (a) *disclose his or her interest and not vote upon such application or award;*
 - (b) *refrain from attempting directly or indirectly to influence the decision of the Council, panel or committee; and*
 - (c) *withdraw from any Council or committee meeting during discussion of the application or award.*

DONATIONS TO THE COUNCIL

32. Any offer of a donation to the Council shall be reported to the Council or Executive Committee at the next meeting and, if accepted, shall be dealt with in accordance with the terms of the donation and its acceptance.

OFFICERS

33. The officers of the Council shall be the Chairperson, the Vice-Chairperson, the Director, the Secretary-Treasurer and such other officers as the Council may appoint from time to time.

CHAIRPERSON OF THE COUNCIL

34. The Chairperson of the Council shall:
- (a) *determine in consultation with the Director the date, location, time and agenda of meetings;*
 - (b) *preside at meetings of the Council and the Executive Committee;*
 - (c) *represent the Council in its relations with the Government and Parliament of Canada and the public;*
 - (d) *be a member of any and all committees of the Council with the exception of the Governance Committee;*
 - (e) *make a report of all proceedings for each fiscal year as required by Section 21 of the Canada Council Act.*

VICE-CHAIRPERSON

35. The Vice-Chairperson shall:
- (a) *preside at meetings of the Audit and Finance Committee;*
 - (b) *assist the Chairperson in the execution of his or her duties;*

- (c) *replace the Chairperson when he or she is absent;*
- (d) *be a member of any and all committees of the Council.*

36. In the absence of both the Chairperson and Vice-Chairperson, their place as presiding officer will be taken by a member chosen by the Council.

DIRECTOR

37. Under the general direction of the Council the Director shall:

- (a) *be the chief executive officer of the Council;*
- (b) *oversee the development of the Corporate Plan and in accordance with it, approves the operating goals and plans prepared;*
- (c) *report to the Council or the appropriate committee on:*
 - i) *the Council's activities;*
 - ii) *the implementation of the Corporate Plan and the policies and resolutions of the Council; and*
 - iii) *the achievement of the Council's objectives;*
- (d) *develop the policies for the operations of the Council in harmony with the strategic directions adopted by the Council and shall implement the Council's policies;*
- (e) *shall provide the Council and the committees with the information they require;*
- (f) *see to the filling of the staff positions within the Council;*
- (g) *attend meetings of Council and usually attend meetings of all committees;*
- (h) *represent Council personally or through his or her delegate in its relations with departments and agencies of Government and organizations having to do with matters of interest to Council.*

SECRETARY-TREASURER

38. As Chief Financial Officer, the Secretary-Treasurer shall:

- (a) *control the deposit of money, the safekeeping of securities, and the disbursement of the funds of the Council;*
- (b) *keep proper books of account to show the financial transactions of the Council, which books shall at all times be open to inspection by members of the Council and by the Auditor General and, insofar as they relate to investments, by members of the Investment Committee;*
- (c) *prepare statements showing the financial position of the Council, as required by the Council;*
- (d) *provide to the Auditor General or his representatives such information relating to the accounts and financial transactions as they may require;*
- (e) *prepare for the Council's report to Parliament annual statements on the investments, financial position and transactions of the Council during the fiscal year;*
- (f) *give notice of meetings of the Investment Committee, act as secretary of the Investment Committee, and report to Council on behalf of the Investment Committee;*
- (g) *prepare the Council's budget; and*
- (h) *perform such other duties as the Director may require.*

39. As Corporate Secretary, the Secretary-Treasurer shall:

- (a) *keep the records of the Council;*
- (b) *enter or cause to be entered into books kept for that purpose minutes of proceedings at meetings of the Council as well as other committees as required;*
- (c) *give notice of the meetings of the Council and other committees for which he or she acts as secretary;*
- (d) *exhibit upon request any of the records of the Council to any of its members;*
- (e) *assist in and co-ordinate the preparation of the annual report of the Council as required by Section 21 of the Canada Council Act;*
- (f) *be custodian of the seal of the Council;*

EMPLOYEES

40. The Council shall fix annually, or more frequently as required, the establishment and salary scale of employees of the Council. The Secretary-Treasurer shall report all appointments, resignations and transfers to the Executive Committee.
41. The Council shall establish policies governing the conditions of employment of employees of the Council.
42. Any officer or employee whose powers and duties are not described in these By-Laws shall have such powers and duties as the Council or Director shall determine.

CONSULTANTS AND ADVISERS

43. The Director may engage consultants or advisers and fix the conditions of their engagement in accordance with the policies laid down by the Council.

BONDING

44. The Secretary-Treasurer and any employee of the Council responsible for handling securities, money or other valuables of the Council shall be bonded for an amount fixed by the Council.

INDEMNIFICATION

45. Every member and Officer of the Council and the Investment Committee, his or her heirs, executors and administrators and estate and effects respectively, shall from time to time and at all times be indemnified and saved harmless out of the funds of the Council from and against:

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- (a) *all costs, charges and expenses whatsoever that he or she sustains or incurs in or about any action, suit or proceeding which is brought, or prosecuted against him or her for or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him or her, in or about the execution of the duties of his or her office; and*
 - (b) *all other costs, charges and expenses which he or she sustains or incurs in or about or in relation to the affairs thereof,*

except such costs, charges or expenses as are occasioned by his or her own wilful neglect or wilful default.

REMOVAL

46. Subject to the provisions of any employment contract and to the provisions of the Canada Council Act, the Council may remove from office at its pleasure any officer.

BORROWING

47. Unless expressly authorized by resolution of the Council, no person may in the name of the Council;
 - (a) *borrow;*
 - (b) *make a loan;*
 - (c) *incur any indebtedness except in the ordinary course for office supplies and equipment, transportation and other similar expenses necessary to carry on the Council business; or*
 - (d) *pledge, hypothecate or otherwise charge any of the Council's shares, securities or other property.*

BANKING

48. The Council shall maintain an account or accounts in such bank or banks as may be designated by the Council in which all monies of the Council shall be deposited and from which all disbursements of the Council shall be made by cheque or order for the payment of money drawn.

49. Every cheque or order for the payment of money drawn on an account of the Council shall be signed by any two of the following: Chairperson, Vice-Chairperson, Director, Secretary-Treasurer, Director of the Arts Division or Head of Financial Planning.
50. Two of the above signatures shall be required as authorization for accounting staff to process cheques to be machine-signed.
51. An order to stop payment on any cheque or order for the payment of money drawn on an account of the Council, irrespective of the amount, shall require the manual signature of any one of the foregoing officers only.

EXECUTION AND CERTIFICATION OF DOCUMENTS

52. Documents or instruments in writing requiring execution on behalf of the Council shall be signed by any two of the Chairperson, the Vice-Chairperson, the Director or the Secretary-Treasurer; or by such other persons as the Council has designated in its delegation of authority or that the Council may by resolution designate.
53. Contracts for the supply of goods and services in excess of \$100,000 may be approved and signed by the Director and the Secretary-Treasurer jointly whereas contracts in amounts less than \$100,000 may be approved and signed by either the Secretary-Treasurer alone or the Head of Financial Planning jointly with the Head of Finance.
54. The seal of the Council when required will be affixed to contracts, documents and instruments.

DEPOSIT

55. The certification for securities and mortgages owned by the Council shall be kept in a depository approved by the Council and may only be withdrawn by persons authorized by the Council.

FISCAL YEAR

56. The fiscal year of the Council shall be the twelve months ending the 31st day of March.

AMENDMENT OF BY-LAWS

57. By-Laws of the Council may be enacted, repealed or amended by a majority of the members present at a meeting, the notice of which shall specify the proposed enactment, repeal or amendment.
58. If a proposal for the enactment, repeal or amendment of the By-Laws comes up during a meeting of the Council, it may be dealt with by the members, but in this event the decision must be carried by a two-thirds majority of the members then in office.

Revised and reenacted on the 7th day of March 1979 at Ottawa, Ontario, Canada, and amended in December 1980; December 1981; September 1982; March 1983; June 1983; June 1984; October 1985; December 1987; June 1989; September 1993; October 1995; March 2002.

ANNEX C:

ANNUAL STATUTORY REPORTING
REQUIREMENTS

ANNUAL STATUTORY REPORTING REQUIREMENTS FOR THE CANADA COUNCIL FOR THE ARTS

REPORTS	RESPONSIBLE SECTION	LEGISLATIVE BODY	DUE DATE	STATUS
1. Annual Charity Information Return	Finance	Canada Customs and Revenue Agency	<i>Sept. 30</i>	
2. Annual Reference Level Update (ARLU)	Finance	Treasury Board of Canada	<i>Sept. 30</i>	
3. Annual Report of Council (Financial)	Finance	Treasury Board of Canada	<i>June 30</i>	
4. Annual Report on the Administration of the ATIP Acts	ATIP	Department of Canadian Heritage	<i>Sept. 15</i>	
5. Annual Report on the Operation of the Canadian Multiculturalism Act	Equity	Department of Canadian Heritage	<i>Nov. 30</i>	
6. Annual Status Report (official languages communities in a minority situation – Official Languages Act – Article 41)	Director's Office	Department of Canadian Heritage	<i>Aug. 5</i>	
7. Canada Council for the Arts' Annual Report	Communications	Department of Canadian Heritage	<i>June 30</i>	
8. Employer Health Tax Return	Payroll	Minister of Finance	<i>March 15</i>	
9. Employment Equity Report	Human Resources	HRDC	<i>May 30</i>	
10. Form 990 – Return for Organization Exempt from Income Tax for the U.S.	Finance	Internal Revenue Service	<i>Aug. 30</i>	
11. GST Report	Payroll	Minister of Finance	<i>June 30</i>	
12. InfoSource	ATIP	Treasury Board of Canada Secretariat	<i>Sept. 15</i>	
13. Main Estimates Manuscripts	Finance	Treasury Board of Canada	<i>Nov. 30</i>	
14. Official Languages Report (services and staffing)	Human Resources	Treasury Board of Canada	<i>June 30</i>	
15. Public Service Management Insurance Plan	Payroll	National Life	<i>Aug. 30</i>	
16. Superannuation Proforma	Payroll	Superannuation Moncton	<i>March 15</i>	
17. T4's	Payroll	Canada Customs and Revenue Agency	<i>Feb. 28</i>	

ANNEX D:

PEER ASSESSMENT POLICY

PEER ASSESSMENT AT THE CANADA COUNCIL FOR THE ARTS: HOW THE COUNCIL MAKES ITS GRANT DECISIONS

Introduction

The Canada Council for the Arts is Canada's national arts funding agency. It was created by an Act of Parliament in 1957 to support the study, enjoyment, and production of works in the arts. The Council's core business is providing grants to professional Canadian artists and arts organizations throughout Canada in a wide variety of artistic disciplines.

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The Council's work is guided by two principles. The arm's-length principle defines its relationship with government, and the peer assessment principle defines its relationship with the arts community. Together these principles are the fundamental tenets governing the Council's operations and decision-making processes.

Following a description of the two principles, this document provides a detailed account of the Council's peer assessment system – the means the Council uses to arrive at its most important decisions, namely which artists, artistic projects and arts organizations will receive grants.

The arm's-length principle

The Council is at "arm's length" from the government, which means that, within its mandate from Parliament, it has full authority to establish its priorities, policies, and funding programs and make grant decisions.

When the Government of Canada began supporting the arts and culture through institutions like the Canadian Broadcasting Corporation and the Canada Council, it realized that it had to protect freedom of thought and expression or risk creating an official state culture. It was clear that if publicly financed agencies were to encourage cultural and intellectual life, they required freedom to support experimentation and creativity through work that might be critical and challenging.

The Royal Commission on National Development in the Arts, Letters and Sciences, which proposed the creation of the Canada Council in 1951, pointed out "the dangers inherent in any system of subvention by the central government to the arts and letters." To avoid those dangers, the Commission recommended that the Council be established as an independent body accountable to Parliament, not a department of government reporting to a minister of the Crown.

The essence of the arm's-length relationship was expressed by then Prime Minister Louis St-Laurent when he recommended to Parliament that it create the Canada Council for the Arts. "Government," he said, "should support the cultural development of the nation but not control it." All subsequent federal governments have respected this principle.

Though the arm's-length relationship was established to protect the arts from the state, it has two further consequences for the Council's work. First, it shields the Council's artistic decisions from pressures brought by other sources, whether they are colleagues and friends of applicants, partisan or special interest organizations in or outside the arts, or community groups lobbying for or denouncing a particular point of view.

A second consequence is that the Council is entrusted with responsibility for its policies, programs, and disbursement of funds. It is the Council, and not the government, which is accountable for its actions. Each year the Council reports on its activities to Parliament through the Minister of Canadian Heritage, and its finances are audited by the Auditor General of Canada. Parliament also determines the amount of money the Council receives; the federal Cabinet appoints Board members for fixed terms; and Parliamentary committees may call the Council to appear to answer questions at any time. As an independent agency that dispenses public funds, the Council has a high degree of responsibility to account fully and openly for its operations.

The peer assessment principle

"Peer assessment" at the Canada Council for the Arts means the use of independent artists and other professionals working in the field to assess grant applications, advise on priorities, and make recommendations to the Council on the awarding of grants. Peers, in the Council's definition, are people who, by virtue of their experience, knowledge and open-mindedness, are capable of making a fair and informed assessment of the comparative merits of grant applications. Through peer assessment, the Council involves the arts community directly in its operations.

Of all the decisions the Council is empowered to make, its decisions about which artists, arts organizations and artistic projects will receive grants are the most sensitive, the most visible, and the most likely to provoke criticism. Every year the Council receives about 16,000 grant applications. Fewer than 5,000 grants are awarded, many for less than the amount requested.

The Council welcomes spirited discussion and disagreement as a natural outcome of its intensely competitive work. At its best, the thrust and parry of democratic debate about arts grants confirms the power of the arts – their unique ability to generate strong passions and equally strong discord. But cynicism or distrust about the grant-giving process is another matter. Grant-making is the heart of the Council's work: if this crucial responsibility appears to the arts community or the Canadian public as a whole to lack integrity, transparency or justice, the Council's reputation could be irredeemably damaged. The Council must therefore ensure that its grants to artists and arts organizations are dispensed with integrity, justice and fairness and that its policies are clear, transparent and consistent.

In the Council's view, it is essential that:

- *applicants for Council grants have confidence that they have been assessed by people with the knowledge and expertise to make sound qualitative judgements in their field of the arts – even if, in failing to get a grant, they are unhappy with the outcome;*
- *artists and other arts professionals who serve as members of peer assessment committees are able to attest to the credibility, honesty and fairness of the process; and*
- *members of the public and Parliament know that the Council's assessment system serves the public interest because it is the most equitable means available for evaluating artistic merit and is governed by policies and procedures that are clearly and consistently applied – even if, as is inevitable, they don't personally like every artistic activity the Council supports.*

Peer Assessment: What does it mean? Why does the Council use it?

In its 1995 strategic plan, the Canada Council for the Arts reaffirmed its three basic operating principles:

- *its arm's-length relationship with government, which allows the Council to make artistic decisions free from external pressures;*
- *peer assessment as the basis for its grant decisions; and*
- *comparative artistic merit as the most important criterion in its funding programs.*

The cornerstone of the Council's operations is peer assessment – the use of artists and independent professionals working in the arts to evaluate the comparative merits of applications in a program competition, establish their priority order, and recommend grants. Each year about 500 people serve the Council as assessors on some 120 committees. The committees in turn make use of input from another 200 independent peer assessors who have seen and evaluated specific performances or works.

In almost all its programs, the Council brings together a new assessment committee of three to seven members drawn from the applicants' discipline (or disciplines) for each competition. Their task is to provide expert advice to the Council, assessing and prioritizing applications based on the published objectives and assessment criteria of the program, and recommending which should receive support. Peer assessors are unaffiliated with the Canada Council – they are not Board members or staff. Peer review thus removes the selection of grant recipients from the control of Council personnel.

The Council's commitment to peer assessment is based on three convictions:

- *As a steward of public funds, the Council wants to make the wisest possible use of its resources. It seeks to reward the best applicants – the most promising and original artists, the most significant artistic projects, the most capable and meritorious arts organizations. Determining who is best, before history has sifted and selected those artists of talent who will endure, is a supremely difficult task. The poet Philip Larkin once said, "Nothing . . . is harder than to form an estimate even remotely accurate of our own contemporary artists." In this role, no person – and no system – is infallible. But the Council believes that the best possible advice in identifying outstanding ability in the arts comes from people who have acquired knowledge and insight through extensive professional experience in the field. Thus peer assessment helps the Council make the wisest use of the financial resources it receives from the public of Canada.*
- *The Council is also a steward of freedom of thought and expression. As a matter of long-standing policy, the Council, while requiring that grant recipients report on and account for their use of grants, respects artistic freedom and does not interfere in the internal policies of organizations, projects undertaken by individual artists, or the content of works created or presented with Council support. Because a work of art or an artistic event can arouse intense feelings of admiration or disdain, the arts are highly vulnerable to shifting social currents and the political pressures they create. Peer assessment ensures that artistic quality is the major consideration in Council grant decisions and thus protects diversity of opinion and artistic freedom.*
- *Peer assessment is based on collective decision-making. No applicant to the Council is judged by a single person only, and funding decisions are made by the consensus of committee members. No two assessment committees are composed of the same people. The diversity of points of view represented on the committees (actively promoted by Council policies and practices, as described below) protects artists against the dominance of any single artistic ideology and helps ensure that the process and its outcome are democratic.*

In Canada and around the world, peer review is widely used by arts funding bodies, but it is not confined to the arts. It is the most common method for assessing qualitative achievement in creative and intellectual occupations. Federal granting councils in the sciences and humanities, medical and academic journals, accreditation organizations in the professions, and prizes for intellectual and creative contributions such as the Nobel and Pulitzer all base their evaluation of merit on peer assessment.

How does the Council select its peer assessors?

In selecting peer assessors, the Council looks for individuals who, by virtue of having professional experience and knowledge directly relevant to the program criteria and applicant group, are credible to both the applicants and the Council.

The Council's objective is to maximize the number of qualified people who serve on assessment committees and ensure that the committees represent a wide diversity of specializations, artistic practices, cultural backgrounds and regional perspectives. Other key considerations are breadth of vision, open-mindedness and generosity of spirit, the ability to work collaboratively and the willingness to express opinions while respecting and listening to the opinions of others.

Committees are selected with a particular concern to take equitable account of the following factors:

1. *Diversity of professional specialization (representation of people who perform a variety of different professional roles in the arts, such as creators, interpreters, administrators, directors, publishers, arts critics, arts educators, etc.);*
2. *Diversity of artistic practice (representation of different artistic styles and philosophies);*
3. *Language (representation of the two official languages and minority official-language communities);*
4. *Region (representation from all regions of Canada);*
5. *Gender (representation of men and women);*
6. *Diversity of age (representation of different artistic "generations," from younger professionals to their seniors);*
7. *Cultural diversity (representation of artists and arts professionals from the diverse ethnic, racial and cultural communities of Canada);*
8. *Aboriginal representation (representation of Aboriginal artists and arts professionals from across Canada, including First Nations, Inuit and Métis communities); and*
9. *The ability to provide aesthetic context to the discussions.*

The Council recognizes that no single committee of three to seven people can represent all these characteristics, but over time it requires that its committees achieve these balances. To monitor this, the Council reviews the peer committees in each of its arts sections annually, and an annual report on the peer assessment system is made to the Council's board.

In recent years, the Council has emphasized the importance of increasing the arts community's participation in its work. Its strategic plan identified greater participation by culturally diverse artists, Aboriginal artists and artists from all regions of Canada as a major goal. As a result, the Council has enlarged its pool of potential peers, which is maintained in an electronic database, to include more experts conversant with the standards of excellent arts practice in a wide variety of communities.

In addition, the database has evolved to reflect the growth and diversification of the Canadian arts community as a whole. The range of talent in the arts has greatly expanded in recent years, not only in traditional disciplines but also in newer forms such as multi-media, interdisciplinary work and technology-based art, again leading to an expansion of the pool of assessors.

The inclusion of "new" peers, that is, people who have never before taken part in a Council assessment committee, is an especially important responsibility of the program officers. To provide more opportunities for new peers to participate, the Council has established a buffer period for service on peer committees. As a general rule, an individual can be an assessment committee member only once in 24 months. Exceptions are made for artists who have professional experience in more than one discipline. An artist may serve on a committee after receiving a grant.

Selecting assessment committee members is a major responsibility of the Council's program officers. For each competition, the officer in charge of the program chooses peers from the artistic discipline(s) most closely related to the program and its applicants, giving particular consideration to representation of the nine factors listed above. In addition to having expertise and knowledge appropriate to the program, they must be capable of providing a fair and just evaluation of a wide range of artistic styles and practices and able to work effectively in a group.

In selecting committee members, the officers consult the database. It allows them to keep track of individuals who have recently served on a committee or are in receipt of a grant. The officers are also responsible for continually researching and adding names of qualified people to the database, to build an ever-more inclusive list of assessors. The Council's Board members, professional staff and applicant organizations regularly contribute qualified names to the database.

Occasionally the Council calls on an individual assessor from the field to provide specialized expertise that supplements the work of an assessment committee, for example, to provide a written report on a performance or a script. Selection of individual assessors follows the same goals and procedures outlined above for committees.

How does the Council ensure that its peer assessment system is fair and effective?

To function effectively, any assessment system needs thoughtful and consistent policies and procedures. This is especially true for evaluations of quality such as those used in the arts, which cannot be reduced to formulas.

The Council has put in place five important tools to assist the effective functioning of peer assessment:

- *clearly articulated Council priorities;*
- *comprehensible program objectives and assessment criteria based on those objectives;*
- *transparent and consistent procedures for managing conflict of interest;*
- *clear guidelines and practices governing confidentiality of information; and*
- *ongoing training of new staff to ensure their familiarity with the policies and procedures which constitute the Council's peer assessment policy.*

Information on these subjects is provided in the Guidelines for Peer Assessment Committee Members and the program documents that are sent to members in advance of the committee meeting. The peers therefore come to the meeting knowing what priorities the Council has established; what the program objectives are and what criteria they will use in evaluating applications; how they must conduct themselves if they have a potential or actual conflict of interest; and how they are obliged to treat information that is confidential.

Each of these is briefly described below.

Council Priorities

The priorities adopted by the Council in its strategic plan are:

- *The primary criterion for Council grants is professional artistic excellence, or comparative artistic merit.*
- *The Council's support to artists and arts organizations is concentrated on the creation, production, and distribution and dissemination of works of art, particularly Canadian works of art.*
- *Specific priorities for support are Aboriginal artists and arts organizations, artists and arts organizations from diverse regions, culturally diverse communities, works directed to young audiences, dissemination within Canada, international promotion of Canadian art and artists, festivals, interdisciplinary art and new technologies.*

In addition, the strategic plan confirmed the Council's continued commitment to providing grants to both individual artists and arts organizations and, within programs for organizations, to maintaining a balance of support between established organizations and new artistic developments.

Program Objectives and Assessment Criteria

Each Council program has specific objectives and assessment criteria based on the objectives. It is these criteria on which the peer assessment committee bases its evaluations and grant recommendations.

For grants to individual artists for their personal creative work, there are two fundamental criteria:

- *the comparative artistic merit of the applicant's work; and*
- *the merit of the project the applicant proposes to undertake with the aid of Council funds.*

For operating and multi-year grants to arts organizations and substantial project grants, there are three major assessment criteria, which are weighted – that is, their relative importance in the assessment is specified:

- *Comparative artistic merit and professional excellence are the most important criteria, accounting for 60–65% of the total evaluation, depending on the program;*
- *Contribution to the community/public connections, including dissemination, audience development, outreach, educational activities with the public, etc. represents 15–20% of the evaluation; and*
- *Suitability and quality of governance and administration, including managerial and financial stability, account for 15–20%.*

Managing Conflict of Interest

Since the purpose of the peer assessment system is to select qualified and knowledgeable assessors from the field, assessors may have contacts with one or more of the applicants. Where an actual or potential conflict of interest exists, it must be disclosed and the assessor must abstain from any and all participation related to it, and leave the meeting for the duration of the discussion.

Prior to the committee meeting, in their written Guidelines, the committee members receive the “Conflict of Interest Disclosure Form” (as well as examples of the kinds of conflict of interest that may occur in the various disciplines). All members must complete this form and submit it on the first day of the committee meeting. Committee members declaring a conflict of interest must indicate the file in question in their sign-off sheet.

The form specifies that conflict of interest exists or may exist if members are asked to assess applications:

- *from a full-time employer, a client or an organization where they are a board member;*
- *where they have a direct financial interest in the success or failure of an application;*
- *where the applicant is their spouse/partner or immediate family member;*
- *where their spouse/partner or immediate family member is a senior staff member, contractor or board member with the applicant organization; or*
- *where they judge that they are unable, for any other reason, to assess an application objectively.*

Confidentiality of Information

Committee members are required to treat both the contents of applications that they review and the deliberations of the committee as confidential. They must not divulge information in applicant files outside the meeting. Who applied in the competition, who was recommended for a grant, and any comments made by individual committee members are also confidential matters.

As a matter of policy, the Council publishes timely lists of grant recipients in each program and never reveals the identity of unsuccessful applicants.

How does the Council prepare for a peer assessment committee meeting

When grant applications arrive at the Canada Council for the Arts, the program officer reviews them to ensure that they are complete. The officer is responsible for determining if the applicant and project meet the eligibility criteria for the program and sends only eligible applications on to the committee. Responsibility for evaluating eligibility, as well as priorities, program policies, objectives and criteria rests with the Council. The assessment committee is responsible for evaluating applications within the program objectives, policies and criteria. The officer plays no role in judging artistic quality, which is the committee's work.

Once eligibility has been determined, the officer selects the members of the committee, taking into account the desired characteristics and the nine factors described earlier, and submits the list for review by the head of section. The eligible applications are photocopied, compiled and sent in book form to the members for review in advance of the meeting. Prior to the meeting, members also receive the Guidelines for Peer Assessment Committee Members, which includes the conflict of interest form and information on the Council's priorities, and the objectives and assessment criteria for the program. In programs for arts organizations, the documentation may include profiles of the organizations that they themselves have prepared and factual background information on the program provided by the program officer.

How is the peer assessment committee meeting conducted?

When the committee convenes to discuss and determine the relative merits of the applications, the discussions are chaired by the program officer or the head of section. Committee members submit their completed conflict of interest form at the beginning of the meeting. The officer begins the meeting by formally briefing the committee on its responsibilities and how the meeting will be conducted, reviewing the Council's priorities, the strategic development outlook for the program and the program objectives and criteria.

Committee members proceed to evaluate each application against the assessment criteria and Council priorities. They also view, read or listen to support material from the applicants (e.g., slides in the case of visual artists, audiotapes in the case of composers, etc.). Where relevant, they consider written assessments prepared by independent assessors. (The following information is also provided: the process for nominating assessors, the number of assessments that go to committee, how assessments are to be considered, and the reasons for exceptional internal or external assessments; assessment criteria are also available to applicants.) Each application is discussed in turn, and by the conclusion of the meeting the committee has collectively ranked the applications in priority order for funding and made grant recommendations.

Depending on the program and the number of applications, committee meetings last for one to six days. Members are paid an honorarium of \$250 for each day of the meeting plus reasonable expenses for travel, accommodation and meals.

During the meeting, the assessors are encouraged to work in either official language. As necessary, the officer assists in translating members' comments for other members. For many bilingual assessment committees (that is, committees in all programs except those in Writing and Publishing and Theatre, which are language-specific), a summary of application information is made available in both English and French.

The officer, as chair, must establish conditions for a serious, fair and open-minded evaluation of every application. He or she must manage the assessment process, making certain that each application is assessed against the published criteria of the program (and, where relevant, that the weighting of the criteria is respected in the assessment) and that all applicants are treated equitably. The officer must also manage conflict of interest, overseeing compliance with the guidelines. The officer encourages participation by each assessor and helps enable the group to reach final agreement on their rankings and grant recommendations. The officer's role is not to comment on artistic merit, but he or she may provide factual or background information, including information on the national and regional context of the program, if requested by the committee.

Finally, the officer records the decisions and grants recommended by the committee, ascertaining with the committee that these records accurately reflect their views and ensuring that members attest to their accuracy by signing-off on the records.

At the end of the assessment committee meeting, to protect confidentiality, members turn in all their committee books (the photocopies of the applications) for shredding.

What happens after the assessment committee meeting?

Following assessment committee meetings, the program officer prepares the necessary internal documentation to obtain authorized approval of grants, based on the assessment committee's recommendations. Authority to authorize grants belongs to the Board of the Canada Council, which, for purposes of efficiency, has delegated authority to the Council's Director for grants of \$60,000 and less. The decisions by the Board and the Director are based on the recommendations of the peer assessment committees. Approval may be withheld in cases of procedural impropriety or failure to observe established Council policies.

Following the approval process, the officer prepares letters and associated documentation for the applicants, to inform them about the results of the competition.

In addition peers are asked for their comments on the competition and how further improvements can be brought to the process. They are free to share any criticisms of any aspect of the peer assessment process in their responses. If they so choose, peers can address their concerns more formally to the senior management of the Canada Council in written form. In such cases, the senior management will require a period of 45 days to provide a detailed response, in consultation with the Chairman and the Board.

In communicating with arts organizations, the Council provides feedback that reflects the consensus the committee reached, based on the program criteria, in evaluating the application. This practice reflects the Council's belief that feedback should be made available when it can play a positive role in helping the organization develop or improve its work and when the Council has the resources to handle the task. Written feedback is not systematically provided to individual artists because the extraordinarily high volume of applications (about 6,000 a year) makes detailed personal critiques impossible.

Any applicant who wants further information on the competition is encouraged to contact the program officer for discussion. The officer (rather than the assessment committee) is responsible for following up with applicants and with others who wish to discuss the competition. If an applicant is concerned that there was a procedural impropriety or that Council staff failed to observe established Council policies, he or she can file a formal complaint for review by the senior management of the Canada Council, and by the Chairman, on behalf of the Board.

In most Council programs, an applicant who was unsuccessful in one competition can reapply in the next. At that time, the applicant will be assessed by a new and different assessment committee in the context of a new and different group of "competitors".

The Council is subject to two related federal laws, the Access to Information Act and the Privacy Act, which have an impact on the peer assessment system:

- *Individuals and organizations have a right to request information about themselves which is contained in the Council's records. Examples include documents in the applicant's file, written artistic assessments of the applicant's work, and computerized data on the applicant.*
- *If a document which an individual or organization requests contains identifiable references to other parties – for example, other artists or arts organizations or the names of independent external assessors – such references are removed before the document is provided, to protect their privacy.*

Definition of an ideal peer assessor

Though subject to continuing discussion, an ideal peer assessor is considered to be an experienced artist or arts professional whose background demonstrates a profound commitment to an artistic specialty and to the development of knowledge about and opportunity for the art form.

She or he aspires to an enriched future for the artistic discipline and brings to the peer deliberations the qualities of a generous spirit, articulateness, exceptional listening skills, and a willingness to embrace change and complexity through hearing and working with different points of view.

An ideal peer assessor has extensive knowledge of the diverse artists, arts professionals and arts organizations working in her or his region and is well respected among peers in the community. He or she has an understanding of the diversity of cultural practices, critical debates, themes and issues in her or his field and the pluralistic arts community in general.

While holding strong opinions on aesthetics that he or she is prepared to defend, without causing conflict, the ideal peer assessor is respectful of the adjudication process, is open to input from fellow peers and allows for consensus even where there is some disagreement. She or he reads and analyses in a considered manner all guidelines, program criteria and materials received prior to the meeting, declares any conflicts of interest (perceived or otherwise) and maintains confidentiality at all times.

The ideal peer assessor understands through experience how to apply program criteria within the adjudication process and will express openly any concerns about the integrity of the proceedings.

The ideal peer assessor is genuinely and deeply supportive of all artists, arts professionals and arts organizations, whatever their level of experience. He or she has the ability to understand and appreciate the contexts in which the artist-applicants work and produce art, and the role played by arts organizations and arts professionals in the development and dissemination of that art.

How can I find out more about the peer assessment system and its results?

When the committee convenes to discuss and determine the relative merits of the applications, the discussions are chaired by the program officer or the head of section. Committee members submit their completed conflict of interest form at the beginning of the meeting. The officer begins the meeting by formally briefing the committee on its responsibilities and how the meeting will be conducted, reviewing the Council's priorities, the strategic development outlook for the program and the program objectives and criteria.

- *Once applicants have been notified about the outcome of a grant competition, the results are posted on the Council's website (www.canadacouncil.ca); this is done on a quarterly basis. This information lists the grant recipients and the names of the peer assessment committee members.*
- *Each year the Council publishes its Annual Report once it has been tabled in Parliament. Supplementary information, including the complete list of grant recipients and peer assessment committee members, is also available. Copies of the Annual Report are available free of charge.*

Canada Council for the Arts
350 Albert Street, P.O. Box 1047
Ottawa, Ontario
K1P 5V8
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Tel: (613) 566-4414 or 1-800-263-5588.

ANNEX E:

STATEMENT OF INVESTMENT
POLICIES AND GOALS

CANADA COUNCIL
STATEMENT OF INVESTMENT POLICIES
AND GOALS FOR
THE ENDOWMENT AND SPECIAL FUNDS
AND THE KILLAM FUNDS
JUNE 14, 2002

THE CANADA COUNCIL ENDOWMENT AND SPECIAL FUNDS AND THE KILLAM FUNDS

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Any amendments to the Statement of Investment Policies and Goals must be approved by the Board of the Canada Council.

I – INTRODUCTION

A – Purpose of the Investment Policy

The Canada Council is responsible for a number of investment funds, including the Endowment and Special Funds, and the Killam Funds (the “Funds”). The long-term goal of the Funds is to produce long-term real returns from which stable and growing grants can be made, while maintaining the purchasing power of the residual capital.

The purpose of this Investment Policy is to

- *summarize the nature of the Funds;*
- *set out the long-term investment objectives and guidelines under which the Funds are to be invested;*
- *identify the permitted and prohibited investments;*
- *establish criteria for monitoring and controlling the investment of the Funds; and*
- *address other relevant issues.*

B – Nature of the Funds

In order to establish an appropriate policy for the investment and administration of the assets of the Funds, it is important to understand the nature of the funds and how they are intended to be used. *Also, it is important to note that the Endowment and Special Funds, and the Killam Funds, will be managed in two separate portfolios, and that the provisions of this Policy will apply to both portfolios.*

The Canada Council

The Canada Council was created by an act of Parliament in 1957 “to foster and promote the study and enjoyment of, and the production of works in, the arts.” To fulfil this mandate, the Council offers a broad range of grants and services.

The Endowment and Special Funds

In 1957, the Canada Council received an endowment of \$100 million from the Government of Canada. Of this amount, \$50 million was segregated as the University Capital Grants Fund, the interest and capital of which were spent over the ten years ended 1967. The remaining \$50 million was retained as the Endowment Fund. In addition, the Canada Council administers a number of other funds and trusts set up for specific purposes. These are referred to as the “Special Funds.” Special Funds received after January 1, 1990, are merged with the Endowment Fund for investment purposes. The Endowment and Special Funds amounted to approximately \$235 million as at March 31, 2000. Over the years, the income from the Endowment Fund has been used to supplement the annual parliamentary appropriation, which was approximately \$115 million for the year ended March 31, 2000, and the Special Funds income has been allocated for the intended purpose of each fund.

The Killam Funds

Over a number of years up to 1984, the Canada Council received endowments that are now referred to as the Killam Funds. The Killam Funds include the Killam Special Scholarship Fund and the Izaak Walton Killam Memorial Funds. The Killam Funds amounted to approximately \$70 million as at March 31, 2000. Over the years, the income from the Killam Funds has been used to fund a number of two-year fellowships and annual prizes.

The Long-Term Objectives of the Funds

The long-term objectives of the Funds are to generate long-term real returns to (1) supplement the parliamentary appropriation in the case of the Endowment and Special Funds, and (2) to support the fellowship and prize awards for the Killam Funds, while maintaining the purchasing power of the endowed capital and the annual grants.

In order to endeavour to meet the above objectives, the Canada Council has adopted the following Expenditure Policy for the Endowment and Special Funds:

“It is the policy of the Canada Council to allocate, during each fiscal year beginning April 1, an amount calculated as follows, with such allocations being used to supplement the parliamentary appropriation:

5.5% times the average of the market values of the Funds as at the end of the three immediately preceding calendar years.

In order to endeavour to meet the above objectives, the Canada Council has adopted the following Expenditure Policy for the Killam Funds:

“It is the policy of the Canada Council to allocate, during each fiscal year beginning April 1, an amount calculated as follows, with such allocations being used to support the scholarship and prize awards for which the Killam Funds were established:

Up to 5.0% times the average of the market values of the Killam Funds as at the end of the three immediately preceding calendar years.

The investment objectives and guidelines set out in the next section of this Policy are intended to generate a total investment rate of return sufficient to allow the Funds to meet the above objective.

C – Return on Investment

The return on investment, for the purposes of this Policy, includes the following:

- *interest, dividends and distributions from mutual or pooled funds;*
- *gains and losses realized on the sale of investments; and*
- *changes in the amount of unrealized gains and losses on investments held at the end of the reporting period.*

It should be noted that, for financial accounting purposes, investments are recorded at cost, meaning that the net change in the amount of the unrealized gains and losses is not reflected in the Statement of Revenue and Expense for the Endowment Account. This change is, however, included in the return on investment for the purposes of this Policy.

II – INVESTMENT OBJECTIVES AND GUIDELINES

A – Total Fund Long-Term Mission

The long-term mission of the Funds, which are to be invested as set out in II.B below, is to provide a real rate of return of at least 5.5% for the Endowment and Special Funds and 5.0% for the Killam Funds, which is to be measured over rolling ten-year periods.

B – Total Fund Primary Investment Objective and Asset Mix Guidelines

The *primary investment objective* is to outperform a benchmark portfolio constructed from rates of return, including reinvested interest and dividend income, on the Morgan Stanley Capital International World Index (in Canadian dollars) and the Scotia Capital Markets Universe Bond Index. Active manager's performance is measured net of fees.

The Total Fund benchmark portfolio and asset mix guidelines (by market value) are set out below:

TOTAL FUND

	MINIMUM %	BENCHMARK %	MAXIMUM %
Global Equities	65.0	85.0	90.0
Bonds	5.0	15.0	20.0
Cash	0.0	0.0	25.0
Total Fixed Income	10.0	15.0	35.0
TOTAL		<u>100.0</u>	

Where necessary, the Investment Committee may establish appropriate benchmark portfolios for individual Special Funds.

C – Manager Investment Objectives and Asset Mix Guidelines

ALLOCATION WITHIN THE ACTIVE MANAGER GLOBAL EQUITY PORTFOLIO

	MINIMUM %	NORMAL %	MAXIMUM %
Global equities	70.0	100.0	100.0
Cash reserves	0.0	0.0	30.0
		<u>100.0</u>	

It is assumed that any indexed portfolio will be fully invested at all times.

The specific manager objectives will reflect the style and mandate of the managers selected. Manager performance may also be compared to a peer group of managers with similar investment mandates.

D – Measurement Basis and Time Frame

Investment performance will be monitored and evaluated on a quarterly basis against the above objectives. The time frames for assessing the performance of the managers will normally be based on a four-year moving average time horizon and the cumulative period since the manager was hired.

Return objectives include realized and unrealized capital gains or losses plus income from all sources. Investment returns are measured on a time-weighted basis.

E – Manager Rebalancing Guidelines

ALLOCATION BETWEEN MANAGERS

	MINIMUM %	NORMAL %	MAXIMUM %
Active equity manager	40.0	42.5	45.0
Index equity manager	40.0	42.5	45.0
Index bond manager	10.0	15.0	20.0
		<u>100.0</u>	

The allocation between managers will be reviewed as at the end of each calendar quarter. If any of the manager allocations are outside the above ranges, the portfolio may be rebalanced towards the mid-point of the range within six months of the quarter end. Rebalancing can be achieved in either of the following ways:

- *by transferring funds between managers, or*
- *by redirecting cash inflows or outflows between the managers.*

III – PERMITTED AND PROHIBITED INVESTMENTS

A – General Guidelines

In general, and subject to the restrictions noted below, the Funds may be invested in any of the asset classes and in any of the instruments listed below. However, any investment permitted within the Trust Agreement or Offering Memorandum of a pooled fund vehicle which is not specifically permitted below must be disclosed, by the investment manager, in writing to the Investment Committee.

B – Canadian and Foreign Equities

- *common and convertible preferred stock*
- *debentures convertible into common or convertible preferred stock*
- *rights, warrants and special warrants for common or convertible preferred stock*
- *instalment receipts, American Depository Receipts and Global Depository Receipts*
- *exchange traded index participation units (i.e., iUnits and SPDRs)*

C – Bonds

- *bonds, debentures, notes, non-convertible preferred stock and other evidence of indebtedness denominated and payable in Canadian dollars or in U.S. dollars*
- *mortgage-backed securities, guaranteed under the National Housing Act*
- *term deposits and guaranteed investment certificates*
- *secured private placement bonds and asset-backed securities subject to Section III.G*

D – Cash and Short-Term Investments

- *cash on hand and demand deposits*
- *treasury bills issued by the federal and provincial governments and their agencies*
- *obligations of Canadian banks and trust companies and Canadian subsidiaries of foreign banks, including bankers' acceptances*
- *commercial paper and term deposits*

E – Other Investments

- *investments in open- or closed-ended pooled funds provided that the assets of such funds are permissible investments under this Policy or provided that any non-permitted investments are disclosed in advance to the Investment Committee*
- *deposit accounts of the custodian can be used to invest surplus cash holdings*
- *currency forward and futures contracts whose use is restricted to reducing risk as part of a hedging strategy*

F – Minimum Quality Requirements

The Canada Council Endowment and Special Funds and the Killam Funds will purchase units of a pooled bond fund managed to replicate the performance and content of the SCM Universe Bond Index. The general quality requirements are as follows:

- *the minimum quality standard for individual bonds and debentures is 'BBB' or equivalent as rated by a recognized bond rating agency (North American or other foreign nationally recognized bond rating agency), at the time of purchase; and*

- *the minimum quality standard for individual short term investments is 'R-1 (low)' or equivalent as rated by a recognized bond rating agency (North American or other foreign nationally recognized bond rating agency), at the time of purchase.*

G – Maximum Quantity Restrictions

The following restrictions are to be respected both by the Index Manager and the active Global Manager:

Equities

- *no one equity holding (defined to be all equity securities of a single entity and its related entities) shall represent more than 10% of the market value of any one manager's equity portfolio;*
- *no one equity holding shall represent more than 10% of the voting shares of a corporation;*
- *no one equity holding shall represent more than 10% of the available public float of such equity security; and*
- *the manager should ensure that internal guidelines, implicit or explicit, are in place to ensure adequate diversification of equity portfolios by country and industry.*

Private placement bonds and Asset Backed Securities are permitted subject to all of the following conditions:

- *The issues acquired must be 'A' or equivalent rated;*
- *The total investment in such issues must not exceed 10% of the market value of the Individual manager's bond portfolio;*
- *The manager's portfolio may not hold more than 5% of the market value of any one private placement;*
- *The manager must be satisfied that there is sufficient liquidity to ensure sale at a reasonable price; and*
- *The minimum issue size for any single security must be at least \$150 million.*

Other investments

In pooled or segregated funds, derivative securities may be utilized only for the purposes of currency hedging up to 100% of the underlying foreign equity in any one country. The currency hedging may be for protective purposes only and must be hedged back to the base currency.

H – Prior Permission Required

The following investments are *not* permitted *unless* prior permission for such investments has been obtained from the Canada Council:

- *direct investments in resource properties,*
- *direct investments in mortgages,*
- *direct investments in real estate,*
- *investments in private placement equities, and unsecured private placement bonds*
- *investments in units of investment trusts (e.g. – REITs or resource trust units)*
- *direct investments in venture capital financings, and*
- *the use of derivatives other than that otherwise permitted through Section III.E & G above.*

I – Securities Lending

The investments of the Funds may be loaned, for the purpose of generating revenue for the Funds. Such loans must be secured by cash and/or readily marketable government bonds (issued by domestic or foreign national governments), treasury bills and/or letters of credit, discount notes and bankers' acceptances of Canadian chartered banks, having a market value of at least 105% of the market value of the loaned securities. This market value relationship must be calculated at least daily.

The terms and conditions of any securities lending program will be set out in a contract with the custodian. The custodian shall, at all times, ensure that the Investment Committee has a current list of those institutions that are approved to borrow the Funds' investments.

If the Funds are invested in a pooled fund, security lending will be governed by the terms and conditions set out in the pooled fund contract, Offering Memorandum or Trust Agreement, or other lending agreement.

IV – MONITORING AND CONTROL

A – Delegation of Responsibilities

Overall responsibility for the Funds rests with the Canada Council. The Investment Committee is established to assist the Council by recommending the long-term asset mix policy and guidelines for approval by the Council.

The Investment Committee is responsible for

- *selecting an investment management structure,*
- *interviewing and appointing investment managers,*
- *establishing investment guidelines for individual investment managers within the context of this Investment Policy,*
- *selecting a custodian,*
- *monitoring and evaluating performance, and*
- *reporting at least once each year to the Council.*

In addition, the Investment Committee shall review and, if considered appropriate and subject to the approval of the Council, and in the case of the Killam Funds, the Killam Trustees, amend this Investment Policy (see section IV.E).

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The Investment Committee has delegated day-to-day responsibility for the investment management of Funds' assets to professional Investment Managers. The Investment Managers will:

- *invest the assets of their portfolio/fund in accordance with this Investment Policy,*
- *meet with the Investment Committee as required and provide written reports regarding their past performance, their future strategies and other issues as requested by the Investment Committee*
- *file quarterly compliance reports (see section IV.D).*

The Investment Committee has retained a custodian to:

- *maintain safe custody over the assets of the Endowment and Special Funds,*
- *execute the instructions of the Canada Council and any investment manager appointed to manage the assets of the Endowment and Special Funds, and*
- *record income and provide monthly financial statements to the Canada Council as required.*

The Investment Committee has retained an Investment Consulting firm to:

- *assist the Investment Committee in developing a prudent long-term asset mix, specific investment objectives and policies,*
- *monitor, analyse and report on the Funds' investment performance and support the Investment Committee on any investment related matters, and*
- *assist with the selection of Investment Managers, custodians and other suppliers.*

B – Monitoring and Rebalancing the Asset Mix

In order to ensure that the Funds operate within the guidelines stated in this Policy, the Investment Committee shall monitor the asset mix quarterly.

C – Performance Reporting

Monthly reports will be submitted by the investment managers to the staff of the Canada Council setting out the investment transactions for the month and the portfolio holdings at the end of the month.

Quarterly reports will be submitted by the staff of the Canada Council to the Investment Committee setting out the performance of the Funds and the investment managers, together with other relevant data.

The performance of the Funds, as a whole, and each investment manager will be reviewed quarterly.

D – Compliance Reporting by the Investment Managers

Each investment manager is required to complete and sign a compliance report as at the end of each calendar quarter. The compliance report should indicate whether or not the manager was in compliance with this Policy during the quarter.

If, at any time, the manager is not in compliance with this Policy, the investment manager is required to advise the Chairman of the Investment Committee, detailing the nature of the non-compliance and recommending an appropriate course of action to remedy the situation.

E – Compliance Reporting by the Secretary-Treasurer

The Secretary-Treasurer is required to report the compliance to the policy on the withdrawal of cash from the funds at least once a year.

F – Investment Policy Review

This Policy may be reviewed and revised at any time, but it must be formally reviewed, by the Committee, at least annually.

G – Standards of Professional Conduct

The investment managers' staff are expected to comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct as promulgated by the Association for Investment Management and Research.

V – OTHER ISSUES

A – Conflicts of Interest

Responsibilities

This section applies to the members of the Investment Committee, as well as to all agents employed by them. An "agent" is defined to mean a company, organization, association or individual, as well as its employees, who are retained by the Canada Council to provide specific services with respect to the investment, administration and management of the Funds.

Disclosure

In the execution of their duties, the Investment Committee members and their agents shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Funds.

Further, it is expected that no Investment Committee member or agent shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if documented and approved by the Council.

No affected person shall accept a gift or gratuity or other personal favour, other than one of nominal value, from a person with whom the affected person deals in the course of performance of his or her duties and responsibilities for the Council.

It is incumbent on any person affected by this Investment Policy who believes that he/she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the Chairman of the Canada Council immediately. The Chairman, in turn, will decide what action is appropriate under the circumstances.

No person who has or is required to make a disclosure as contemplated in this section shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.

B – Valuation of Securities Not Regularly Traded

The following principles will apply for the valuation of investments that are not traded regularly:

- *equities; average of bid-and-ask prices from two major investment dealers, at least once every calendar quarter;*
- *bonds; same as for equities; and*
- *mortgages; unless in arrears, the outstanding principal plus/minus the premium/discount resulting from the differential between face rate and the currently available rate for a mortgage of similar quality and term, at least once every calendar quarter.*

C – Voting Rights

The Canada Council has delegated voting rights acquired through the investments held by the Funds to the custodian of the securities to be exercised in accordance with the investment manager's instructions. Investment managers are expected to exercise all voting rights related to investments held by the Funds.

The Council may, however, take back voting rights for securities held in segregated portfolios.

D – Reasons for Terminating an Investment Manager

Reasons for considering the termination of the services of an investment manager include, but are not limited to, the following factors:

- *performance results which are below the stated performance benchmarks;*
- *changes in the overall structure of the Funds such that the investment manager's services are no longer required;*
- *changes in personnel, firm structure or investment philosophy which might adversely affect the potential return and/or risk level of the portfolio; and/or*
- *failure to adhere to this Policy.*

ANNEX F:

CODE OF ETHICS FOR COUNCIL
BOARD MEMBERS

CODE OF ETHICS FOR COUNCIL BOARD MEMBERS

(adopted March 8, 1988; amended June 19, 1990; amended June 15, 1992, amended September 14, 1997)

Preamble

The public trust rests on a belief and confidence that those in public office will conduct themselves ethically.

In furtherance of this precept, the following Principles and Procedures shall be binding upon each member of the Canada Council.

Principles

The Principles of the Council's Code of Ethics are those adopted by the Government of Canada (September 1985) for all federal public office holders including part-time Governor in Council appointees:

Every public office holder shall conform to the following principles:

- a) *public office holders shall perform their official duties and arrange their private affairs in such a manner that public confidence and trust in the integrity, objectivity and impartiality of the Council are conserved and enhanced;*
- b) *public office holders have an obligation to act in a manner that will bear the closest public scrutiny, an obligation that is not fully discharged by simply acting within the law;*
- c) *public office holders shall not have private interests, other than those permitted pursuant to this Code, that would be affected particularly or significantly by Council actions in which they participate;*
- d) *on appointment to office, and thereafter, public office holders shall arrange their private affairs in a manner that will prevent real, potential or apparent conflicts of interest from arising but if such a conflict does arise between the private interests of a public office holder and the official duties and responsibilities of that public office holder, the conflict shall be resolved in favor of the public interest;*

- e) *public office holders shall not solicit or accept transfers of economic benefit, other than incidental gifts, customary hospitality, or other benefits of nominal value, unless the transfer is pursuant to an enforceable contract or property right of the public office holder;*
- f) *public office holders shall not step out of their official roles to assist private entities or persons in their dealings with the Council where this would result in preferential treatment to any person;*
- g) *public office holders shall not knowingly take advantage of, or benefit from, information that is obtained in the course of their official duties and responsibilities and that is not generally available to the public;*
- h) *public office holders shall not directly or indirectly use, or allow the use of, Council property of any kind, including property leased to the Council for anything other than officially approved activities, and*
- i) *public office holders shall not act, after they leave public office, in such a manner as to take improper advantage of their previous office.*

Procedure

1. On appointment to the Council, Council members shall inform the Chairman of the Council in writing, through the Secretary, of those of their activities and the activities of members of their immediate family which could give rise to a real, potential or apparent conflict of interest or otherwise impair the ability of the member to perform his or her official duties objectively. The Chairman of the Council shall make his or her disclosure to the Vice-Chairman.

"Activities" may include, but is *not limited to*, membership on boards of organizations, ownership of assets, receipt of gifts, employment whether full- or part-time, and financial or professional benefits accruing to the member or his or her immediate family. The member's immediate family includes his or her spouse (that is, a person to whom the member is married or with whom the member is living in a conjugal relationship outside marriage, unless the member and that person have made a separation agreement or their support obligations and family property have been dealt with by a court order) and dependents (that is, persons other than the member's spouse who are dependent in whole or in part on the member or his or her spouse for support).

These written statements shall be updated once a year by all Council members, in the course of the private session at the Council meeting immediately preceding the commencement of a new fiscal year. Copies of the statements shall be provided to all Council members.

2. Council members shall abide by the Council By-Law on conflict of interest, which provides that when any application for any grant or recommendation for an award is under consideration by the Council or Executive Committee or any panel or committee of the Council, any member of the Council (or of such panel or committee) associated with the application or the organization or individual interested in such grant, shall:
 - a) *disclose interest and not vote upon such application or award;*
 - b) *refrain from attempting directly or indirectly to influence the decision of the Council, panel or committee; and*
 - c) *withdraw from any Council or committee meeting during discussion of the application or award.*

The Minutes of the Council (or panel or committee) meeting shall in each case record the member's disclosure of interest, his or her withdrawal from the meeting, and the fact that he or she took no part in the discussion or decision.

3. Members of the Council are ineligible to apply for any grant from the Canada Council on their own behalf or, without full disclosure, on behalf of any organization or person, during the course of their terms as members and for six months following the end of their term.
4. Members of the Council are not eligible to be considered for any Canada Council prize or award during the course of their terms as members and for six months following the end of their term.
5. No member of the Council shall accept or forward any application for a Canada Council grant.
6. The resolution of disputes arising from interpretation of this Code of Ethics shall be the responsibility of a committee composed of the Chairman of the Council, the Vice-Chairman of the Council, and the Director of the Council. This committee may choose to appoint to the committee a fourth person from outside the ranks of the current Council membership if in its view circumstances so warrant. The Secretary to the Council will act as Secretary to the committee.

ANNEX G:

DELEGATION OF AUTHORITY

DELEGATION OF AUTHORITY

APPROVED BY THE BOARD NOVEMBER 15, 2001

NATURE OF EXPENSE

THE FOLLOWING MAY
APPROVE THE EXPENDITURE

NATURE OF EXPENSE		THE FOLLOWING MAY APPROVE THE EXPENDITURE
<i>Grant Expenses</i>		
Grant expenses	greater than \$ 60,000	Council members
Grant expenses	\$ 60,000 or less	either the Director, the Director of the Arts Division, the Secretary-Treasurer, the Head of Financial Planning
Grants to individuals	\$ 35,000	Arts Section Heads after Jury sign-off
Travel Grants	up to \$ 3,500	Arts Section Heads after sign-off of officers
Killam and Special Funds	\$ 50,000	Director of Prizes and Endowments after Jury sign-off
<i>Non-Grant Expenses</i>		
expenses greater than	\$ 500,000	Council members
expenses up to	** \$ 500,000	The Director or Secretary-Treasurer
expenses up to	\$ 100,000	Director of the Arts Division or Director of Public Affairs, Research and Communications (PARC)
expenses up to	\$ 50,000	Deputy Director of PARC, Director of Prizes & Endowments, Secretary-General of the Canadian Commission for UNESCO, Director of the Art Bank
expenses up to	\$ 25,000	Heads of Section
expenses up to	\$ 10,000	Managers of Units, Coordinator of the Equity Office, Coordinator of the Aboriginal Secretariat, Coordinator of the Inter-Arts Office
<i>Signature of Contracts for Approved Expenditures</i>		
amounts in excess of	\$ 100,000	The Director and the Secretary-Treasurer jointly
amounts up to	\$ 100,000	Either the Secretary-Treasurer alone or the Head of Financial Planning jointly with the Head of Finance & Administrative Services

** Monthly lease payment is the only exception to this limit.

Note: All of the amounts listed above are within the annual budgets approved by Council members.

ANNEX H:

**JOB DESCRIPTIONS FOR THE
BOARD CHAIR, BOARD VICE-CHAIR
AND THE COUNCIL'S DIRECTOR**

JOB PROFILE

POSITION TITLE: CHAIRPERSON
REVISED: MARCH 19, 2002

Nature and Scope

The Canada Council was created by an Act of Parliament in 1957, “to foster and promote the study and enjoyment of, and the production of works in the arts,” in Canada. To fulfil this mandate, the Council operates at arm’s length from the Government to provide a broad range of grants and services to artists, arts professionals and to arts organizations. The Council works in close co-operation with federal and provincial cultural agencies and departments, and is funded primarily through parliamentary appropriations and private endowment funds. The Canada Council is a Crown Corporation that reports to parliament through the Minister of Canadian Heritage.

Since the creation of the Canada Council, the arts have flourished and have experienced impressive and extraordinary growth. Art and associated cultural activities now constitute a major industry whose direct and indirect benefits represent a large part of the workforce.

In this environment, the Council has developed strategic plans to direct maximum resources to grants and services to artists and arts organizations while maintaining operational costs at an acceptable level.

Key Responsibilities

The Chairperson of the Canada Council:

- *Presides at meetings of the Council and at the Executive Committee;*
- *Represents the Council in its relations with the Government and the Parliament of Canada and the public;*
- *Is an ex-officio member of all Board committees with the exception of the Governance committee;*
- *Is responsible for making a report to the Minister of Canadian Heritage of all proceedings for each fiscal year, as required by section 21 of the Canada Council Act;*
- *Determines, in consultation with the Director, the date, location, time and agenda of the Council Board meetings.*

Knowledge, Experience and Skills

- *knowledge of the arts community or a background in the arts either as an artist, arts professional, arts administrator or volunteer, combined with the following:*
- *experience in or knowledge of public policy;*
- *ability to provide wise, thoughtful counsel, to be open to change and innovation, to analyze, ask relevant questions at the strategic level, consider the different stakeholders' perspectives, understand situations and problems by addressing underlying issues;*
- *demonstrate high ethical standards, integrity, and objectivity; willing to act on and remain accountable for Board decisions, meeting the accountabilities outlined in The Canada Council Act, by-laws of the corporation, rules of the Board, code of ethics and governance policy, seeing oneself as serving the interests of Canadians;*
- *awareness of the impact of organizational issues, policies and decisions on public interest and concerns;*
- *knowledge of Boards, their procedures, practices and rules of order;*
- *capacity to be sensitive to the differing needs and agendas of multiple stakeholders, and to convince or influence others in order to have a specific impact or effect.*

Working Conditions

The Council meets at least three times per year in Ottawa, and one additional time in a Canadian city determined on an annual basis. Members are expected to attend each meeting of the Council and to be available for conference calls when required. In addition, the Chairperson, as one of the main spokespersons of the Council, is expected to represent the Council in the interim period between Board meetings. Council meetings are conducted in both official languages according to the preference of the person speaking. The average annual time commitment excluding committee work is four weeks. Members of the Council receive an honorarium set by the Governor in Council, for each day on which they attend a meeting convened by authority of the Canada Council. In addition, members are reimbursed for reasonable travel and living expenses while undertaking these duties.

JOB PROFILE

POSITION TITLE: VICE-CHAIRPERSON

REVISED: MARCH 19, 2002

Nature and Scope

The Canada Council was created by an Act of Parliament in 1957, “to foster and promote the study and enjoyment of, and the production of works in the arts,” in Canada. To fulfil this mandate, the Council operates at arm’s length from the Government to provide a broad range of grants and services to artists, arts professionals and to arts organizations. The Council works in close co-operation with federal and provincial cultural agencies and departments, and is funded primarily through parliamentary appropriations and private endowment funds. The Canada Council is a Crown Corporation that reports to parliament through the Minister of Canadian Heritage.

Since the creation of the Canada Council, the arts have flourished and have experienced impressive and extraordinary growth. Art and associated cultural activities now constitute a major industry whose direct and indirect benefits represent a large part of the workforce.

In this environment, the Council has developed strategic plans to direct maximum resources to grants and services to artists and arts organizations while maintaining operational costs at an acceptable level.

Key Responsibilities

The Vice-Chairperson of the Canada Council:

- *Presides at meetings of the Audit and Finance Committee;*
- *Assists the Chairperson in the execution of his or her duties;*
- *Replaces the Chairperson when he or she is absent;*
- *Is a member of all Board committees.*

Knowledge, Experience and Skills

- *knowledge of the arts community or a background in the arts either as an artist, arts professional, arts administrator or volunteer, combined with the following:*
- *experience in or knowledge of public policy;*
- *ability to provide wise, thoughtful counsel, to be open to change and innovation, to analyze, ask relevant questions at the strategic level, consider the different stakeholders' perspectives, understand situations and problems by addressing underlying issues;*
- *demonstrate high ethical standards, integrity, and objectivity; willing to act on and remain accountable for Board decisions, meeting the accountabilities outlined in The Canada Council Act, by-laws of the corporation, rules of the Board, code of ethics and governance policy, seeing oneself as serving the interests of Canadians;*
- *awareness of the impact of organizational issues, policies and decisions on public interest and concerns;*
- *knowledge of Boards, their procedures, practices and rules of order;*
- *capacity to be sensitive to the differing needs and agendas of multiple stakeholders, and to convince or influence others in order to have a specific impact or effect.*

Working Conditions

The Council meets at least three times per year in Ottawa, and one additional time in a Canadian city determined on an annual basis. Members are expected to attend each meeting of the Council and to be available for conference calls when required. In addition, the Vice-Chairperson, as member of numerous Board Committees, is expected to be available for Committee meetings during the periods between Board meetings as required. Council meetings are conducted in both official languages according to the preference of the person speaking. The average annual time commitment excluding committee work is four weeks. Members of the Council receive an honorarium set by the Governor in Council, for each day on which they attend a meeting convened by authority of the Canada Council. In addition, members are reimbursed for reasonable travel and living expenses while undertaking these duties.

JOB PROFILE

POSITION TITLE: DIRECTOR, CANADA COUNCIL FOR THE ARTS

REVISED: MARCH 19, 2002

Nature and Scope

The Canada Council was created by an Act of Parliament in 1957, “to foster and promote the study and enjoyment of, and the production of works in the arts,” in Canada. To fulfil this mandate, the Council operates at arm’s length from the Government to provide a broad range of grants and services to artists, arts professionals and to arts organizations. The Council works in close co-operation with federal and provincial cultural agencies and departments, and is funded primarily through parliamentary appropriations and private endowment funds. The Canada Council is a Crown Corporation that reports to parliament through the Minister of Canadian Heritage.

Since the creation of the Canada Council, the arts have flourished and have experienced impressive and extraordinary growth. Art and associated cultural activities now constitute a major industry whose direct and indirect benefits represent a large part of the workforce.

In this environment, the Council has developed strategic plans to direct maximum resources to grants and services to artists and arts organizations while maintaining operational costs at an acceptable level.

General Accountability

The Director is the organization’s chief executive officer, carries out the policies and directives of the Council Board and reports to the Board, attends meetings of the Council, Executive Committee, and normally attends meetings of other Board committees, and represents the Council personally or through a delegate in its relations with departments and agencies of the government and organizations having to do with matters of interest to the Council.

The Director is accountable to the Board. The Chair, in consultation with the Director, sets the agenda of the Board’s meetings to ensure that all Board responsibilities are respected. The Director submits to the Board the Corporate Plan and any proposed policy revisions. He or she keeps the Board updated on important factors affecting the realization of the Council’s strategic objectives.

The Director and the Chair are the two main spokespersons for the Council. They reinforce the Council’s good relations with stakeholders and the public.

Specific Responsibilities / Accountabilities

The Director:

- *provides the leadership for the realization of the Council's mandate, vision, strategic choices, and organizational and procedural controls;*
- *is in charge of the daily management of the Council's activities;*
- *oversees the development of the corporate plan and, in accordance with it, approves the operating goals and plans prepared;*
- *reports to the Council or the appropriate committee on the Council's activities, the implementation of the corporate plan, the policies and resolutions of the Council, and the achievement of the Council's objectives;*
- *develops and implements the policies for the operations of the Council in harmony with the strategic directions adopted by the Council;*
- *provides the Council's committees with any information they require;*
- *is responsible for the optimum resource allocation, and supervises the members of Senior Management; and*
- *maintains a high level of professionalism and ethics and develops a climate conducive to professionalism and excellence at the Council.*

Knowledge, Experience and Skills

Knowledge of the arts community and a background in the arts as an arts professional, arts administrator or artist. Keen analytical ability, highly developed judgement, tact, diplomacy and discretion are essential to promote the continued health and influence of the Council through the often critical negotiations and interactions of this position. Ten years of management experience in progressively senior roles. Experience at a senior level in policy development and planning. The incumbent must also possess excellent interpersonal, communication and team building skills. He/she must be able to motivate staff and to deal with conflicting priorities and differing points of view.

Travel

This position requires a significant amount of travel within Canada and abroad.

Language Requirements

This position requires excellent language skills in both official languages.

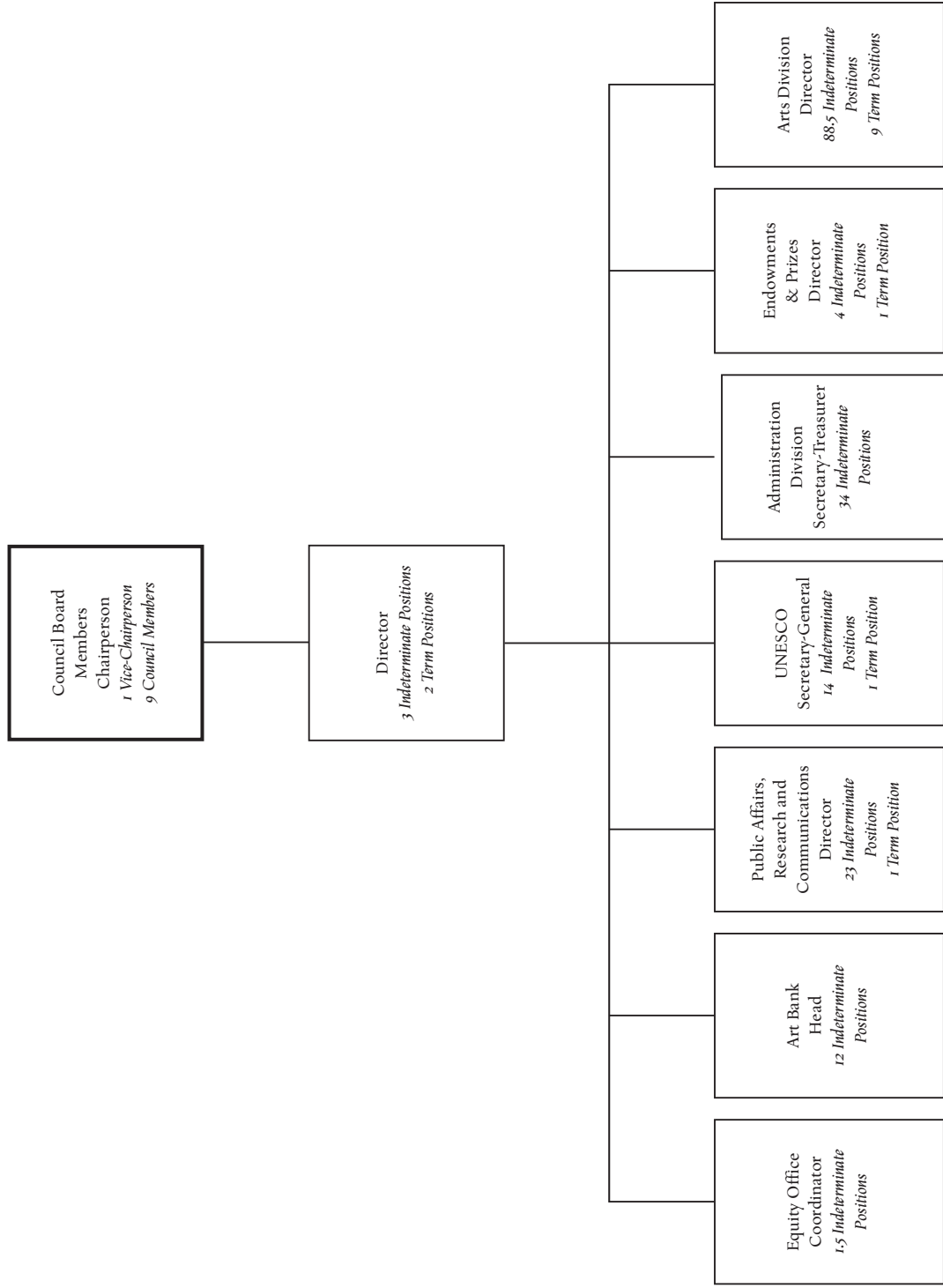
Dimensions

Parliamentary Appropriation	\$150 Million
Investment Income	\$ 13 Million
Total Expenses	\$165 Million
Investment Portfolio	\$300 Million
Council Staff	180

ANNEX I:

ORGANIZATIONAL CHARTS

CANADA COUNCIL FOR THE ARTS

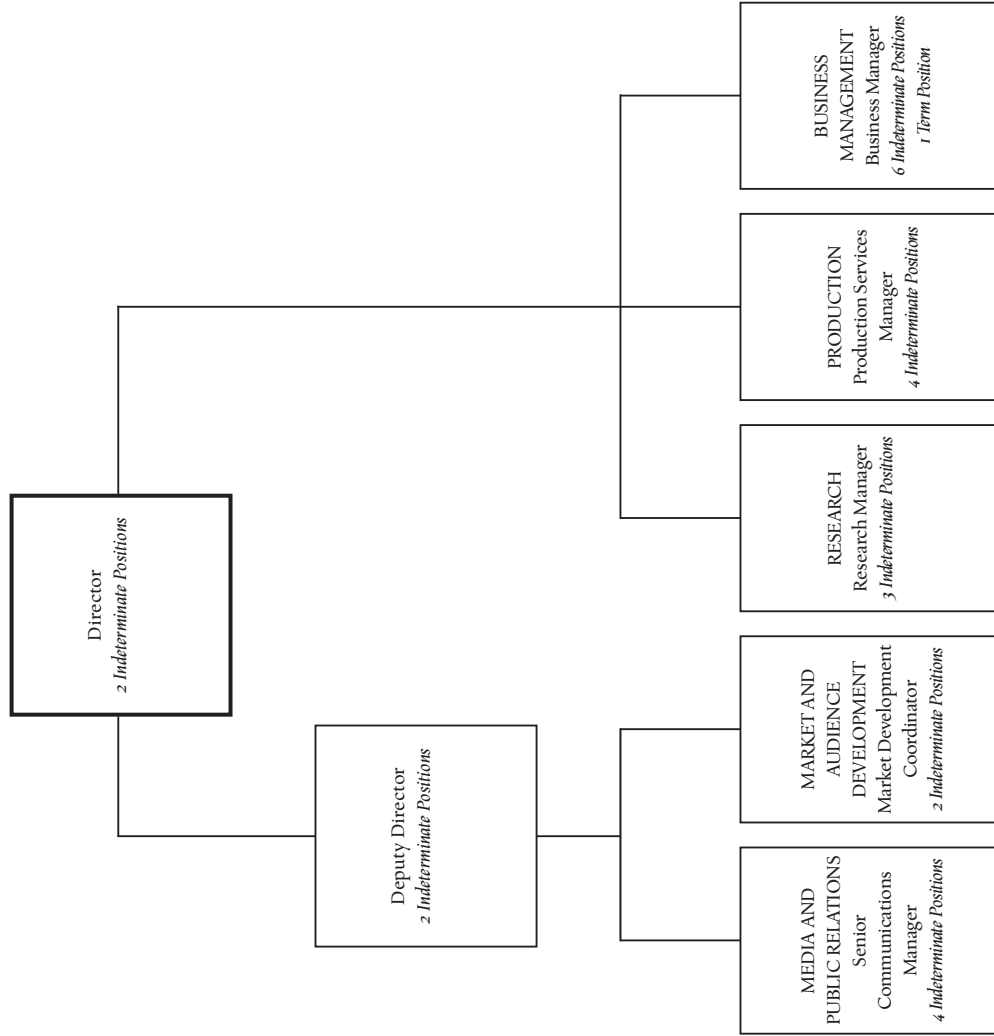


180 Indeterminate Positions

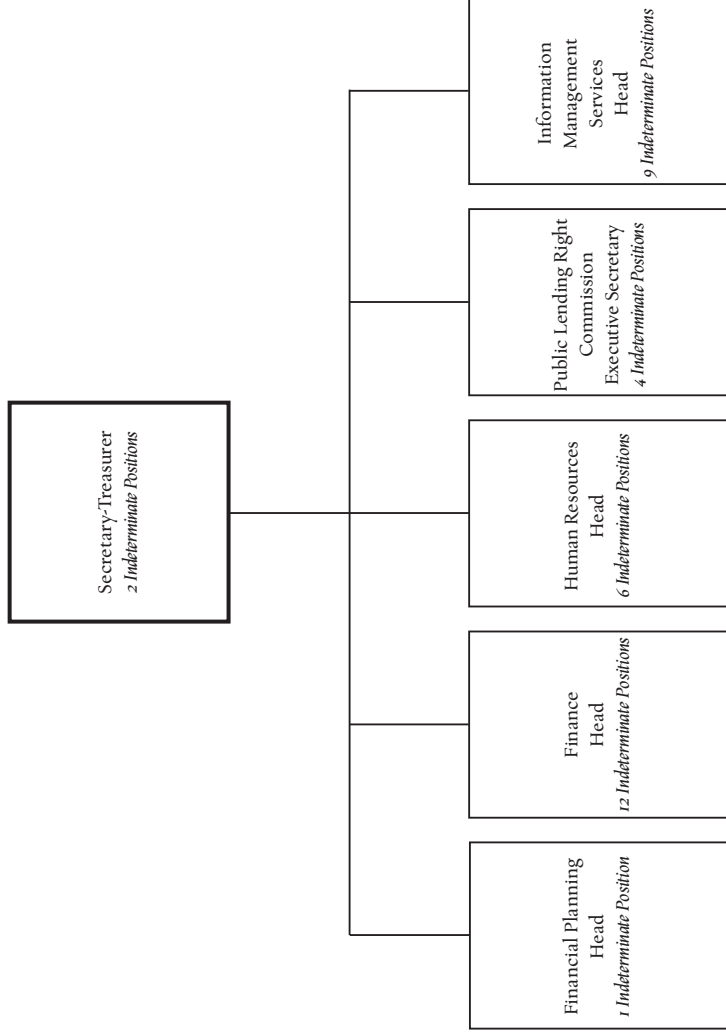
14 Term Positions

194 Positions

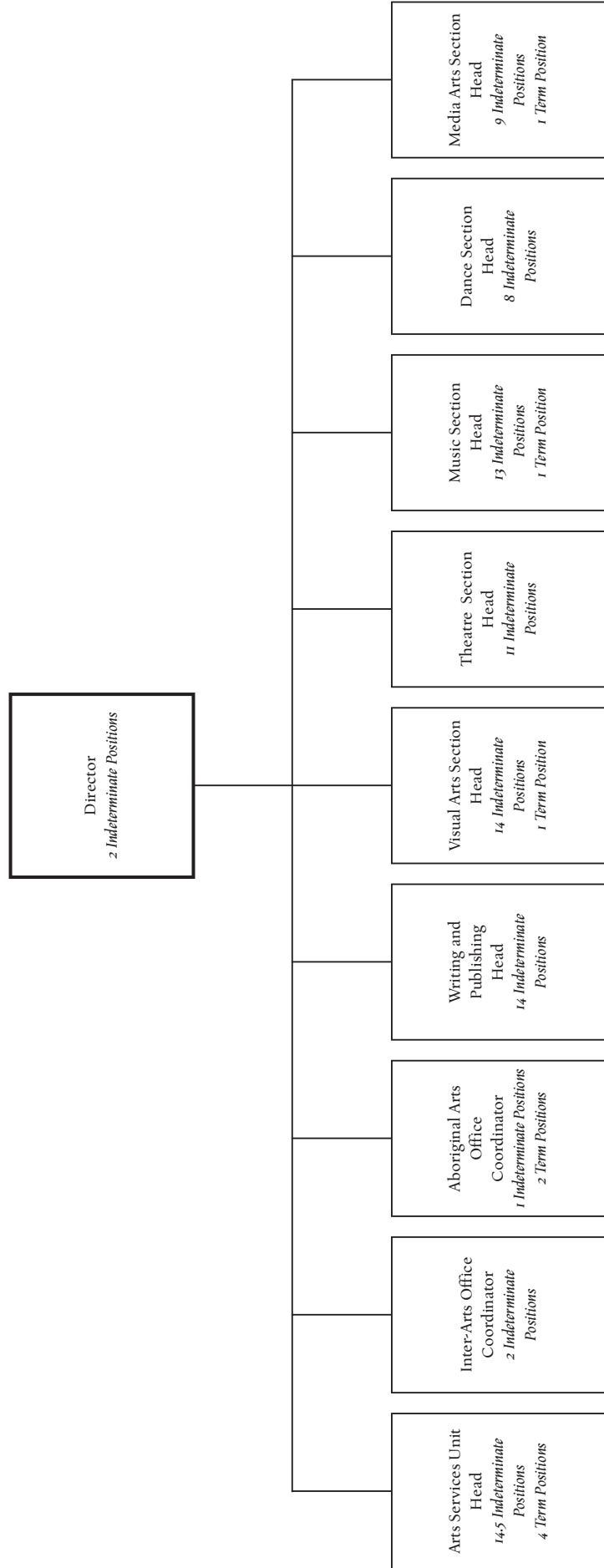
PUBLIC AFFAIRS, RESEARCH AND COMMUNICATIONS (PARC)



ADMINISTRATION DIVISION



ARTS DIVISION



ANNEX J:

**A GLOSSARY OF TERMS USED BY
THE CANADA COUNCIL FOR THE ARTS**

Aboriginal peoples:

As used by the Canada Council for the Arts, a collective term that includes First Nations (both Status and Non-Status), Inuit and Métis people. The term "First Peoples" is sometimes used with the same meaning.

Aboriginal Peoples Committee on the Arts:

A Canada Council for the Arts committee of professional artists and arts professionals, recognized as such by their peers, who have extensive knowledge of diverse Aboriginal communities and who have been actively involved in issues related to equity and the arts. The Committee addresses issues that impact on, and helps the Canada Council to identify effective models of assistance for, Aboriginal artists, arts organizations and artistic practices. The Committee works in collaboration with the Aboriginal Peoples Secretariat.

Aboriginal Peoples Secretariat:

A Canada Council office that has primary responsibility for developing policies, strategic initiatives and budgets to support Aboriginal artistic practices in all disciplines currently recognized by the Canada Council, as well as those defined by Aboriginal artists. The Secretariat collaborates extensively with Aboriginal arts communities, the Aboriginal Peoples Committee on the Arts and all of the Canada Council's sections.

Accept:

To agree with, or to agree that certain facts submitted are accurate.

Access:

Access implies that all members of society – regardless of their race, gender, class, ethnicity, language, sexual orientation, physical ability or region – have the opportunity and means to participate actively and equally in the organizations established for their benefit as clients, staff members, members of advisory and assessment committees and board members. Access is also used to describe the right of Canadians to have access to works of art and cultural materials reflecting their identity.

Access to Information Act:

This Act is a law that gives any Canadian citizen or permanent resident of Canada the right to examine or obtain copies of records held by federal government institutions except in limited and specific circumstances. For the purposes of this Act, the Canada Council for the Arts is considered a federal government institution and is subject to the Act.

Accessibility:

The Canada Council's programs are accessible to professional artists who are Canadian citizens or permanent residents of Canada, to artists' collectives, to Canadian non-profit incorporated arts organizations and to Canadian-owned publishers. The Canada Council states clearly that its programs are accessible to Aboriginal artists or arts organizations and artists or arts organizations of diverse cultural and regional communities of Canada.

<i>Accountability:</i>	The requirement to explain and accept responsibility for carrying out an assigned mandate in light of agreed-upon expectations. It involves: taking into consideration the public trust in the exercise of responsibilities; providing detailed information about how responsibilities have been carried out and what outcomes have been achieved; and accepting the responsibility for outcomes, including problems created or not corrected.
<i>Adopt:</i>	To concur. To adopt a report is to concur with its recommendations and agree to implement them in some form. Facts are 'accepted', but recommendations and resolutions are 'adopted'.
<i>Advisor:</i>	An outside expert who, on request, advises Canada Council staff or serves on advisory committees.
<i>Advisory committee:</i>	Members are chosen on a disciplinary basis or are drawn from the different art forms to provide advice to the Canada Council on the needs of artists, on Canada Council policies and programs, and on issues relating to Aboriginal peoples and cultural diversity.
<i>Advocacy:</i>	Any action, campaign or strategy by an individual, organization or the general public whose object is the promotion of any measure with broad benefit to society. It is often confused with <i>lobbying</i> , which is any action, campaign or strategy to promote any measure with direct individual benefit to persons, companies or other narrowly identifiable interests.
<i>Agenda:</i>	A list of things to be done; the order of business to be brought up, discussed and disposed of.
<i>Amend:</i>	To change by adding, deleting or substituting words.
<i>Amendment:</i>	A motion to vary the motion under discussion.
<i>Applicant:</i>	An individual or organization that has submitted an application for financial assistance to the Canada Council.
<i>Appointment:</i>	The act of naming for an office. No choice is implied.
<i>Apprenticeship:</i>	An activity that allows both an "apprentice" and a "mentor" (e.g. an organization, institution or individual) to benefit from a hands-on learning experience of working together. This may also be called a "mentorship."
<i>Approve:</i>	To accept and adopt. To ratify.
<i>Arm's length:</i>	A description of the relationship of the Canada Council to the Government of Canada. It means that the Canada Council is an agency independent from the federal government. The Council sets its own policies and makes its own decisions within the terms of the Canada Council Act, but is bound by governmental policies concerning Canada's official languages, human rights and other matters. The Canada Council is accountable to Parliament through the Minister of Canadian Heritage.

<i>Art form:</i>	The medium or field of specialization or discipline in which an artist works, such as theatre, dance or music. See also Interdisciplinary art.
<i>Artistic and financial risk:</i>	As used by the Canada Council, refers to the risk taken by an independent artist, an employee, a member of a producing artistic company, or another individual or organization in the process of putting artists in front of the public. It also refers to artistic risks undertaken by artists in developing, exploring or experimenting with their own artistic practice. Artistic risk is seen as the development, discovery and presentation of the artist before the public. Financial risk concerns how programming decisions will affect the ongoing financial health of the individual or organization.
<i>Artistic assessment:</i>	Refers to the analyses and evaluations made by peer assessment committees about the artistic merit of applications presented for funding in a competition. An artistic assessment may also take the form of a site visit, which is an on-site assessment usually conducted by independent assessors.
<i>Artistic excellence:</i>	The main and most heavily weighted criterion upon which a committee of professional peers of the applicants bases its recommendation to award a grant. The peer assessment committee carefully considers all the applications in a competition and makes grant recommendations or decisions about which applications are considered (by the consensus of the committee members) to have the greatest artistic merit in a national competitive context.
<i>Artist-run centre:</i>	An incorporated, non-profit organization set up and administered by board members, the majority of whom are practicing artists. The centre may have a short- or long-term existence and is generally created for the purpose of implementing dissemination and/or information exchange activities (such as mounting exhibitions or organizing conferences or symposiums). An artist-run centre may also support the production, distribution and presentation of art works.
<i>Artists' collective or group:</i>	Two or more people contributing to a common creative goal (some Canada Council sections require a minimum of three people to form a collective). As an applicant to the Council, the collective or group need not have an established administrative structure or maintain a site, but must be represented by one individual who will take administrative and/or artistic responsibility for any proposed project. The collective or group must demonstrate accountability to the artists engaged in its activities and be able to receive a grant payable to its name. A group usually forms to undertake a specific project, while a collective may undertake a series of projects or activities. Outside the Canada Council, the term "collective" is also used to refer to organizations that manage the economic rights of creators and copyright owners (e.g., SOCAN, SODRAC, SPAQ).

<i>Artists' fees:</i>	Compensation paid to artists for their work or the use of their work. The amount can vary depending on the field in which the artist works and the nature of the project proposed. Some Canada Council grants programs require that fees be paid to artists participating in a proposed project.
<i>Artists' manager:</i>	An individual or company recognized as an artists' manager and under contract to the applicant or applicants. In certain Council sections, a manager can apply for funding, separately from the applicant.
<i>Arts community:</i>	An interacting heterogeneous population of artists, audiences, critics, service providers and educators.
<i>Arts service organization:</i>	A non-profit organization that directly furthers the interests of artists, creators, arts organizations and elements of the arts community through activities in policy development, professional services and advocacy of the arts.
<i>Assessor:</i>	An individual who is not a Canada Council staff member and who is an expert in a field related to a specific application. A Canada Council Program Officer may ask an assessor to evaluate an applicant's artistic work. After evaluating the work, the assessor provides the Program Officer with a confidential opinion on the relative merit of the application. An assessor may be required to attend a performance and provide a written report. Assessors do not determine grant amounts, but their opinions are an important element in the evaluations made by peer assessment committees. The terms "appraiser" and "referee" are also used in this context.
<i>Audience development:</i>	The process of identifying, retaining, enhancing and engaging audiences, and building their commitment to, knowledge of and appreciation of specific arts disciplines and art forms. Audience development activities may include, but are not limited to, artistic presentations, public lectures, panel presentations, discussion groups, workshops and demonstrations, and the distribution of printed material.
<i>Audio art:</i>	Sound recordings to create artworks such as soundscapes, sound installations and sound sculptures. Audio art also refers to documentary, narrative, conceptual and live works for radio.
<i>Audition:</i>	A trial performance to permit the merit of an artist's work to be appraised. Auditions can be videotaped, audio taped or live.
<i>Authors' royalties:</i>	Compensation paid to authors for the use of their work.
<i>Block Grant:</i>	In Council programs, an amount awarded to a book publishing house to offset future publication deficits. The award is based on the publisher's recent production, stated future intentions and peer assessment of its artistic and professional excellence.

<i>By-Law:</i>	A permanent, continuing rule to be applied to future occasions, in contrast to a resolution, which applies only to a single act of a corporation.
<i>Call to order:</i>	The act by the chairman at the beginning of a meeting of requesting the attention of those present, and assuming his authority.
<i>Canada Council Board:</i>	The Canada Council is governed by a Board consisting of a Chair, Vice-Chair and nine other members from across Canada. Members are appointed by the Governor in Council, as is the Canada Council's Director.
<i>Canadian creation:</i>	Art that is normally so defined by the (Canadian) origins of the work and/or artist as well as the particular approach of the creators involved.
<i>Capacity:</i>	The human and financial resources, technology, skills, knowledge and understanding required to permit organizations to do their work and fulfil what is expected of them.
<i>Chair or Chairman:</i>	The presiding officer.
<i>Client:</i>	A grant applicant, Art Bank user, audience member, arts organization and its Board, or other person or entity who uses the services of the Canada Council for the Arts.
<i>Co-author or collaborator:</i>	A member of an ad hoc group of individuals working on the same project. Members may be co-authors, collaborators, joint applicants or affiliated in some other manner. Each member of the group is recognized equally as a contact for an application for a Canada Council grant. Applications for co-authors may vary from program to program.
<i>Collaboration:</i>	Work carried out in a context of shared authorship, which is understood as equal participation of artists in artistic research, creation and production of new work.
<i>Commission:</i>	An agreement by an artist or group of artists to create a specific new art work in response to the request of an individual, group, organization, or government department or agency. The term also describes the financial contribution that may be made towards the creation of part or all of the new work.
<i>Committee:</i>	See peer assessment committee and advisory committee.
<i>Component:</i>	Some grants programs are divided into two or more components, which have their own objectives, criteria, award values, competition closing dates and application submission requirements.

<i>Confidential:</i>	Describes information that should be disclosed only to authorized individuals or on a "need to know" basis, as determined by the Access to Information Act.
<i>Conflict of interest:</i>	A conflict between an individual's personal interest and his or her public duty. A conflict may exist whether or not a monetary advantage has or may be conferred, and includes both actual and perceived conflicts.
<i>Contact:</i>	Includes contact with applicants, artists, arts organizations, service organizations, peer assessment committee members, staff, Board members, members of Parliament, government officials, media representatives, private businesses or any contact of any kind with the Canada Council on matters of official business.
<i>Contact event:</i>	Annual or biennial events that take place over a few days. They provide a common meeting place for arts presenters (most commonly in the performing arts) from a specific region and artists (and their representatives) who wish to tour within the region. A contact event may include artists' showcases, professional training workshops, forums and/or round table discussions, and a contact room.
<i>Contemporary art:</i>	Work that is by definition from the present era. When using this term, the Canada Council also considers the relevance of artworks to the current practices/styles of various disciplines.
<i>Co-ordinator:</i>	The person who has been given responsibility for the administrative tasks involved in the running of an organization, project, event or production.
<i>Co-production:</i>	When two or more production organizations work together to create a work for which both organizations' talents are integral to the production; to share the costs of making one production for the primary purpose of distributing it through their own venues; and to share design elements of a production. A co-production also includes a partnership between a production company and a presenting company.
<i>Corporate Plan:</i>	A <i>Corporate Plan</i> is the outcome of a process in which the key business objectives, priorities, strategies, and environmental assessment for the present and longer term are collectively analyzed against the mandate of an organization or institution. The <i>Corporate Plan</i> ensures that everyone in the undertaking is aware of the priorities, the strategic directions and developmental objectives within the enterprise. The <i>Corporate Plan</i> is a tool which guides the actions of the Board and the staff in a forward looking, cohesive effort to effectively address the mandate or core business of an organization, institution or business. It is also an effective tool in communicating the objectives of the institution to the larger public and key stakeholders in a coherent and transparent fashion.

<i>Creation and production:</i>	The artistic effort, research and creation phases of producing a new or substantially revised artwork (e.g., play, dance, score, script, sculpture, video or installation). Production also includes the remounting of works and may include the presentation phase in some disciplines, such as theatre or dance.
<i>Cultural diversity:</i>	The presence and participation of many different cultural communities within the general culture of a society, and the explicit recognition that the contribution and participation of all cultural communities have the potential of equal value and benefit to the society at large.
<i>Culturally diverse community:</i>	An artistic community whose practice may be identified or associated with or composed of distinctive cultural elements that are rooted in ethnic and/or racial heritage.
<i>Discipline:</i>	A specific art form, such as dance, music or writing. Also referred to as "genre" or "art form" or "field of specialization".
<i>Dissemination:</i>	Dissemination may include exhibition, touring, the circulation of exhibitions, the promotion and distribution of artworks and literature, extension services, library and resource centre activities and special outreach activities.
<i>Due diligence:</i>	The demonstration that a board member has exercised reasonable and appropriate duties of care and loyalty in the discharge of his or her responsibilities for organizational governance.
<i>Duty of care:</i>	The responsibility of a board member to exercise the care, diligence and skill of a reasonably prudent person in the oversight of any organization's governance.
<i>Duty of loyalty:</i>	The responsibility of a board member to act honestly and in good faith in the best interests of the organization.
<i>Education program:</i>	Refers to an ongoing process improving the wide range of skills and abilities required by all board members, regardless of tenure.
<i>Emerging artist:</i>	Someone who has specialized training in the field (not necessarily in academic institutions) and has shown a sustained commitment to the development of artistic skills and is at the beginning of a professional career.
<i>Endowment:</i>	A contribution of a lump sum of money whose annual net returns will be used to support a specific program, mandate, award or prize.
<i>Equity:</i>	Equity recognizes the need for special measures to ensure fairness. It does not necessarily mean treating people or groups in the same way and requires the accommodation of differences.

<i>Established artist:</i>	Someone who is recognized as such by his or her peers, has made a sustained and progressive, nationally or internationally recognized contribution to the discipline and is still active in the profession.
<i>Ex-officio:</i>	By virtue or because of an office, may or may not have voting rights. The Chairman serves as an Ex officio member of the Committee.
<i>Exhibition:</i>	Broadly defined as a public presentation in a critical context of one or more works of art by one or more professional artists.
<i>Expunge:</i>	To delete a resolution or comment from the minutes.
<i>First Peoples:</i>	See Aboriginal peoples
<i>Fiscal year:</i>	A 12-month period during which the financial business of an organization is carried out. The Canada Council's fiscal year coincides with that of the federal government, which is 1 April to 31 March.
<i>Floor:</i>	The right to speak. The person who has the floor has the right to speak and no one else may speak, until the chair gives the floor to another. A subject on the floor is a subject before the meeting.
<i>Flying Squad:</i>	A program which is focussed on assisting organizations by providing effective planning and capacity building to further their growth and development. This program is based on sharing knowledge amongst generations of artistic directors and general managers, providing strategic planning, audience development, mentorship and group initiatives.
<i>Governance:</i>	The overall processes and structures used to direct and manage an organization's operations and activities.
<i>Grant:</i>	Any financial support that has been applied for and recommended by a peer assessment committee, Board, Director or Program Officer of the Canada Council, where the terms and conditions of the funding have been accepted by the applicant. Canada Council grants are generally considered taxable income, and T4A forms are issued to individuals at the appropriate time.
<i>Independent production:</i>	Defined by the Canada Council as one over which a director/artist maintains complete creative, artistic and editorial control.

Infrastructure support:

This term has three different meanings for the Canada Council. The first refers to a contribution towards the costs of operating an arts organization that is directly involved in the creation, production or dissemination of the arts in Canada. Costs eligible for support are established by the Council and may include salaries for artistic and administrative directors, rent, marketing/publicity expenses, bookkeeping and/or accounting expenses, and expenses related to professional development activities leading to improved operating stability. Direct production costs are not eligible for infrastructure support. Second, infrastructure support of the Canadian arts community refers to training for artists and arts administrators designed to develop knowledge and expertise in the areas of touring, creation, production, marketing, audience development, networking, etc. Finally, infrastructure support some times refers to contributions toward physical structures – concert halls, theatres, museums and other arts venues.

Innovative project:

A project that is novel or original in the themes and subjects it addresses the point of view it expresses or the aesthetic strategies it employs.

Installation:

An artwork that exists in a multi-dimensional context, such as in a room or building. An installation often consists of a combination of elements in different media (such as painting, drawing, photography, video, or found or constructed objects) in a specific context. The term may also refer to the setting up of a production or an art exhibit.

Interdisciplinary art:

An inclusive practice that draws upon and integrates various art forms to create a work that the creator may define as being other than visual art, theatre, music, film, dance, video, literature, etc. Performance, performance art and storytelling/spoken word can be included within this definition.

Jury:

See peer assessment committee.

Majority:

More than half.

Mandate:

Any authorization to act or carry out. Under the terms of the Canada Council Act, the mandate of the Canada Council for the Arts is "to foster and promote the study and enjoyment of, and the production of works in, the arts."

Mentor or master:

One who has extensive knowledge and experience in a particular art form or practice and is able to transmit this knowledge to another, usually less experienced, person.

Mid-career artist:

Artists in mid-career have generally been practicing professionally 8 to 14 years, have created an independent body of work and received regional or national recognition through public presentation of their work.

<i>Minority:</i>	Less than half.
<i>Minutes:</i>	The official record of a meeting or session.
<i>Motion:</i>	A proposal to do something, to order something to be done, or to express an opinion about something. The subject matter of the motion is called a 'question'. A motion when duly passed becomes a resolution.
<i>Multi-year operating grant:</i>	See operating assistance.
<i>New market development:</i>	Creation of a new market, generally within a region or province in Canada or internationally, where the artist and his or her work are unknown. This process is inextricably linked to the development of an audience in terms of building its understanding and appreciation of the artists' work. See audience development.
<i>New media:</i>	Artworks that use multimedia, computers or communications technologies for creative expression.
<i>Nominate:</i>	To propose someone to an office.
<i>Non-profit:</i>	Organizations that apply for Canada Council funding (with the exception of professional publishing houses) must be constituted as non-profit. For a detailed definition of such organizations, consult Revenue Canada's Interpretation Bulletin IT-496.
<i>Operating assistance:</i>	Grants that are generally awarded to arts organizations for more than one year (if so, they are known as multi-year operating assistance). For example, these grants provide a contribution towards artistic and administrative expenses; equipment and production facility expenses; residency programs; professional development activities; research and analysis activities; audience development and publication activities; and marketing and promotional activities.
<i>Orientation:</i>	A process by which new board members are provided with necessary information about the organization and their roles as Council members.
<i>Out of order:</i>	Contrary to procedure. Irrelevant.
<i>Outreach:</i>	The mandate and activities that make the Canada Council's programs more accessible to Aboriginal professional artists and professional artists from diverse cultural communities and underserved regions in Canada. Outreach provides a means of ensuring that information and knowledge about Canada Council programs are dispersed and gathered in a two-way flow of communication that improves access of Canadian artists to Canada Council programs and encourages the development of new markets and more knowledgeable audiences for the work of Canadian artists. Grant applications to some programs are assessed, in part, on the quality and strength of their planned outreach activities.

<i>Parliamentary appropriation:</i>	The main source of funding for the Canada Council. The amount of money appropriated is decided annually by Parliament. The Canada Council Act does not require Parliament to provide annual funding to the Council; therefore, the level is determined annually through the federal budget process.
<i>Partnerships:</i>	Term which refers to a clearly defined relationship or set of relationships of an artistic/creative, financial, or administrative nature. Partnerships involve shared responsibilities and often risk, and can be of any duration of time suited to the interests of the undertaking and the partners themselves.
<i>Peer:</i>	Within the context of assessment, a peer is considered to be any professional artist or arts professional experienced in the applicant's discipline or working in the same artistic tradition/context as the applicant whose work is being assessed.
<i>Peer assessment:</i>	Also referred to as peer review or peer evaluation, this is a fundamental principle underlying the Canada Council's grants programs. Requests for funds are assessed by committees of the applicants' peers, augmented by the input of independent assessors where required.
<i>Peer assessment committee:</i>	Peers are selected for their artistic accomplishments and/or expertise. Members are also selected to provide balanced representation of genres, gender, regional and cultural diversity, and both official languages. Committees are generally constituted to adjudicate applications and to make funding recommendations for a single program competition.
<i>Personal information:</i>	Information about an identifiable individual that is related to the person's private life or concerns, recorded in any form, including (but not restricted to) home address, telephone number, date of birth, social insurance number, age, marital status, financial status, race, national or ethnic origin or religion. The confidentiality of personal information collected by the Canada Council is protected under the federal Privacy Act.
<i>Point of order:</i>	A request to correct a situation which violates a rule of procedure.
<i>Presentation:</i>	The exhibition or performance of any completed artwork in any discipline (theatre, dance, visual arts, music, media arts, writing and publishing, etc.).
<i>Presenter:</i>	An individual or organization that selects the artist or group of artists for programming purposes, assumes all or part of the artistic and financial risk, and generally oversees all aspects of presenting the work to the audience.

<i>Priority funding:</i>	Some programs identify subjects or other areas that will be given higher ranking in funding competitions. For example, some programs give special consideration to projects falling within the areas specifically identified as a priority in the Canada Council's Corporate Plan.
<i>Privacy Act:</i>	An Act that extends the present laws of Canada to protect the privacy of individuals with respect to personal information about themselves held by a government institution. The Act also provides individuals with a right of access to that information. The Council is subject to this Act.
<i>Prizes and fellowships:</i>	Each year, the Canada Council awards prizes and fellowships to nearly 100 artists and scholars for their excellence in their field and/or their contributions to the arts, humanities and sciences in Canada. Many of these prizes are privately endowed and are given in perpetuity, in memory of the donors.
<i>Production:</i>	See creation and production.
<i>Professional artist:</i>	Someone who has specialized training in his/her artistic field (not necessarily in academic institutions), who is recognized as such by his or her peers (artists working in the same artistic tradition), who is committed to devoting more time to the artistic activity, if financially feasible, and who has a history of public presentation.
<i>Professional company or organization:</i>	One that supports, presents and/or produces the work of professional artists. Eligibility requirements for such applicants vary from program to program.
<i>Professional development:</i>	May include study, travel, research, attendance at workshops or training courses, sabbaticals, internships or apprenticeships, residencies or working with a mentor or master.
<i>Program:</i>	Applicants request financial assistance from specific programs administered by Canada Council disciplinary sections. Programs have defined objectives, eligibility and assessment criteria, award values, competition closing dates and application submission requirements.
<i>Program information sheet:</i>	A document briefly describing a specific grants program. Generally, more information is available by requesting the application form and guidelines for the program.
<i>Programming:</i>	The planning, scheduling or performing of a program of arts activities or events (e.g., live performances, exhibitions, publications).
<i>Quorum:</i>	The minimum number of qualified persons whose presence at a meeting is requisite in order that business may be legally transacted.

<i>Ratify:</i>	To confirm or make valid by formal consent in writing. To approve of an act after it has been done.
<i>Records:</i>	Information contained in many forms such as grant application files, corporate policy files, letters, memos, reports, photographs, databases, etc. (this list is non-exhaustive).
<i>Representation of interest:</i>	Board members must act with a view to the best interests of the organization and avoid the promotion of any personal interests, the interests of appointing authorities, or any other stakeholder group.
<i>Rescind:</i>	To cancel, quash, or void a resolution.
<i>Resolution:</i>	A motion that has been passed by the meeting with the necessary majority.
<i>Retroactive funding:</i>	Funding for projects already completed at the time of a program's application closing date. The Canada Council does not provide retroactive funding.
<i>Second a motion:</i>	To approve of its discussion by the meeting, not necessarily to approve of the motion itself.
<i>Section:</i>	A division of the Canada Council for the Arts dealing with a particular discipline, practice or special function. The Canada Council provides grant support to professional artists and arts organizations through the Dance Section, Media Arts Section, Music Section, Theatre Section, Visual Arts Section, Writing and Publishing Section, Inter-Arts Office, Outreach Program and Endowment and Prizes Unit.
<i>Stakeholder:</i>	In the case of the Canada Council stakeholders have been defined as government, arts community, the Canadian public, the Council, Council Management and staff, and artists.
<i>Stewardship:</i>	The active oversight of an organization's governance and mission by the board of directors. Board members are stewards of the organization. They have the responsibility to oversee the conduct of the business, supervise management and endeavor to ensure that all major issues affecting the business and affairs of the organization are given proper consideration.
<i>Strategic Plan:</i>	Released in March 1995, this Canada Council document describes the results of an extensive review, planning and consultation process undertaken in 1994 and 1995. This document has now been subsumed by the Corporate Plan of the Canada Council.

Strategic priorities of the Canada Council:

The Canada Council's current overall priorities are investment in the arts; dissemination of the arts; improved communication with artists and arts organizations; the application of the Board governance policy; and managing costs, processes and resources effectively and prudently. Specific funding priorities include Aboriginal artists and arts organizations, artists and arts organizations from diverse regions and culturally diverse communities of Canada, young audiences, international development, festivals, interdisciplinary art and the use of new technologies in the arts.

Transparency:

The result of conducting one's activities in a manner that can be easily observed and understood.

Unanimous:

With no dissenting vote.

Young audience development:

Activities and initiatives undertaken to identify, expand and educate the audiences of the future (children, adolescents and young adults). Also refers to building their commitment to Canadian arts.



**Canada Council
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