

Economic Impact of the Arts in Alberta Study Results

Background

The Alberta Foundation for the Arts (AFA) provides \$19 million annually in funding to arts organizations, groups and individual artists in the performing arts (theatre, music, and dance), literary arts (writing and publishing), visual arts and film/video. The funding for the AFA comes from the Alberta Lottery Fund.

The Arts Branch (ADB) of the Ministry of Community Development provides support services to the AFA by administering grants, organizing information, and coordinating activities. The Branch also provides consultative services to the Arts Sector in the province.

In 2004 the Alberta Foundation for the Arts and Alberta Community Development commissioned Econometric Research Limited to prepare an independent analysis of the importance of the Arts Sector to the Alberta economy. The research focused on Arts contributions to the Province in terms of

- Gross Provincial Product (GPP)
- Employment
- Tax base
- Economic diversification
- Broadening the entertainment and tourism base

The focus of the report is upon the quantification of the economic impacts. It is important to remember that the importance of intellectual and cultural contributions to the province made by the Arts Sector cannot be measured in terms of economics alone.

Method

The study used an economic impact model developed by Econometric Research Limited that captures the multiplier effects of each dollar spent on arts production as it circulates and re-circulates within the economy. This is known as the Demand Economic Impact Model (DEIM), which uses data specific to Alberta:

- Financial data from the 2003/2004 fiscal year provided the basis for this analysis
- The study was limited to 481 arts organizations provided with grants under 13 funding programs of the AFA
- The \$13.5 million Alberta Film Development Program is not included
- Individual artists are not included, nor is school-based Arts activity
- The economic impact of the \$10 million AFA Art Collection is not assessed by this study

Results

The Arts Sector in Alberta spent over \$120.2 million on its operations and productions. The DEIM model assigns an economic multiplier of 1.28 to these Arts expenditures that support and sustain a stream of economic benefits in Alberta. The major quantitative benefits include:

- \$153.2 million is permanently added each year to the GPP
- The AFA provided \$13 million in grants to the organizations in this study, which produced \$153.2 million in expenditures. This indicates a 1:12 return on Arts investment in the province
- Economic multiplier of 1.28 for each dollar spent
- More than 3500 Albertans are employed full-time in the Arts Sector
- Wages and salaries in the province are augmented by \$106 million
- Alberta collects about \$19.6 million in taxes from the Arts Sector

Conclusions

The Arts Sector is a significant contributor to the Alberta economy. It is a cornerstone of the cultural infrastructure and the service industry in Alberta:

- It generates significant stable and entertainment-based employment for hundreds of performing, literary, visual and film/video artists in Alberta
- The Arts Sector cultivates a local talent pool and body of work that supports cultural industries and other initiatives in the province
- The employment impact of the Arts Sector is widely felt throughout the Alberta economy, from tourism, accommodations, and transportation to agriculture and education.

Even though quantitative, dollar-value analysis cannot capture the full impact of arts activities, it is important to understand that the Arts are a key contributor to the economy of Alberta.