

Economic Impact of the Arts in Alberta Questions & Answers

Who commissioned the study?

In 2004 the Alberta Foundation for the Arts (AFA) and the Arts Branch of Alberta Community Development commissioned Econometric Research Limited to prepare an independent analysis of the importance of the Arts Sector to the Alberta economy.

The AFA provides \$19 million annually in funding to arts organizations, groups and individual artists in the performing arts (theatre, music, 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.

Why was the study commissioned?

The intangible benefits of the arts are often clearer than the tangible benefits. Artists and audiences know of the Arts' impact on health, recreation, learning, personal growth, business creativity, and the beauty of our province.

In order to get a complete picture of Alberta's Arts Sector, it is necessary to quantify its economic influence on employment, taxation, economic diversification, cultural tourism, and the overall Gross Provincial Product.

Who conducted the study? What economic model was used?

Econometric Research Limited of Edmonton analyzed the 2003/2004 fiscal year financial statements of Arts organizations that receive funding from the AFA. The study used an economic impact model 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. The modifier assigned to the Arts sector was 1.28, which means that every dollar spent in the Arts Sector can be multiplied by 1.28 to see the stream of effects that spending produces throughout the Alberta economy.

Who was included in the study? What groups are not part of the study?

The study was limited to organizations and groups funded by the AFA that received funding in the 2003/2004 fiscal year. The study did not include individual artists, any groups not funded by the AFA, the Alberta Film Development Program, or the economic impact of the AFA Art Collection, which is currently valued at \$10 million.

What do the arts contribute to Alberta's economy?

The Gross Provincial Product of the province is permanently increased by \$153.2 million annually. Since the AFA provided \$13 million in grants in 2003/2004, these figures indicate a 1:12 ratio of return on Arts investment in the province. The Arts sector provides more than 3500 Albertans with full-time employment, and returns over \$19 million in taxes to the province.

What are the limitations of this study?

The analyzed data was obtained from clients of the AFA; arts groups and artistic activities that do not receive funding from the AFA are not included in this study.

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.

How does this study relate to other recent studies?

A recent Statistics Canada study (December 2004) measures the economic impact of the culture sector in the country and each province. Analysis for Alberta indicates that culture contributed \$4.3 billion to the province's economy in 2001. This study focused on "culture" for which Statistics Canada's definition is much wider in scope than the specific contributions made by the AFA grant recipients in the province.

The DEIM model uses economic indicators specific to Alberta, while the Statistics Canada study uses a different methodology to estimate economic contributions.

What conclusions can be drawn?

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, and 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.