



Economic Impact Assessment of the Annual Operations of Calgary Arts Organizations



June 2018



Notice

Calgary Arts Development Authority Ltd. ("Calgary Arts Development") retained KPMG LLP ("KPMG") to undertake an analysis of the economic impact on the Alberta economy of the operations of over 150 collective arts organizations ("Arts Operations") that Calgary Arts Development funds.

This document is intended for internal use by Calgary Arts Development pursuant to terms on an engagement agreement with KPMG dated May 8, 2018. KPMG does not accept any liability or responsibility to any third party who may use or place reliance on the document.

Calgary Arts Development provided KPMG with data for the value of all operating expenditures, including a breakdown in categories, and purchases of supplies, goods and services, of over 150 arts organizations that Calgary Arts Development funds for the latest fiscal year (2016/17). Audited or reviewed financial statements were also provided for the arts organizations where publically available. The data was provided to KPMG on an annual basis (in nominal dollars).

There are a number of limitations in economic impact assessments and in this study. In conducting this analysis, our methodology included use of standard economic input-output modeling – an approach that is widely accepted and common for this type of analysis. Our KPMG analysis used the 2014 Statistics Canada Interprovincial Input-Output Model to measure the impact of the Arts Operations on the Alberta and Canadian economy. The Input-Output Model reflects the structure of the Canadian economy in 2014. It is likely that the structure of the economy will change over time, which may affect the estimates. Output data is reported in 2017 Canadian dollars.

The estimated economic impact of the Arts Operations is composed of the employment and value-added impacts that are generated in the provincial economy directly from the Arts Operations, indirectly from suppliers (including the suppliers to the direct suppliers and suppliers to them, etc.) and the induced impacts that result from spending by employees of their salaries and wages.

The estimated economic impacts are based on the values of purchased supplies, goods and services, labour/payroll and revenue and taxes paid to government provided by Calgary Arts Development on the Arts Operations. The analysis and estimated economic impacts presented in this report therefore are dependant on data, information and estimates provided to KPMG by Calgary Arts Development. Data and information was provided in detail and carefully assessed. KPMG cannot warrant the completeness or accuracy of the information and input data provided by Calgary Arts Development.

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1 – Executive Summary



Summary

Economic Impacts of Calgary Arts Operations

The presence of the many arts organizations and of the activity generated at their venues or facilities provide significant annual benefits to the City of Calgary and the Province of Alberta, primarily through their expenditures in the economy on good and services and labour, and secondarily through out-of-province visitor spending, which injects new dollars into the provincial economy. This study of economic impacts is conservative as it reflects the economic impacts from only the annual expenditures of 156 not-for-profit arts organizations funded by Calgary Arts Development, and does not include impacts from out-of-province visitor spending. Furthermore, while these 156 arts organization represent a highly important portion of the arts sector, the arts sector, including for-profit companies, is considerably larger than these 156 arts organizations.

On an annual basis, the collective operating expenditures of these Arts Operations in Calgary represent significant spending in the economy, largely through the organizations' operating expenditures.

This operational spending generates a recurring annual economic impact (direct, indirect, induced) on the **economy** of approximately:

- **\$134 million in value added or GDP** activity for Canada, with the large majority (\$107 M) occurring in Alberta.
- **1,550 full-time equivalent (FTE) jobs** created or sustained.
- **\$16.6 million** in revenues accrued in Alberta contributed to the **federal, provincial and municipal governments**.

These economic impacts are based on value-added or gross domestic product (GDP) impacts, a measure representing the economic value of goods and services generated, or the wealth created, in a country or region. Value added is not gross output. Thus, this assessment represents a conservative estimate, based on data and information provided by Calgary Arts Development based on actual operating expenditures of over 150 arts organizations, assessed and adjusted by KPMG, with KPMG analysis of the model outputs from the Statistics Canada Input/Output Model. KPMG utilized the widely-accepted Statistics Canada Input/Output Model and leading practices in economic impact assessments to estimate the economic impacts of the annual operations of the Arts Operations. The Statistics Canada Input/Output Model provides economic impacts at the provincial level. As these arts organizations are based in Calgary, the impacts on the Alberta economy would dominantly be in the local regional economy.

Source: Derived from data from Calgary Arts Development; model runs from Statistics Canada.

Notes: All figures are in 2017 Canadian dollars. Jobs are in full-time equivalents (FTEs).

Economic Impacts of Calgary Arts Operations (continued)

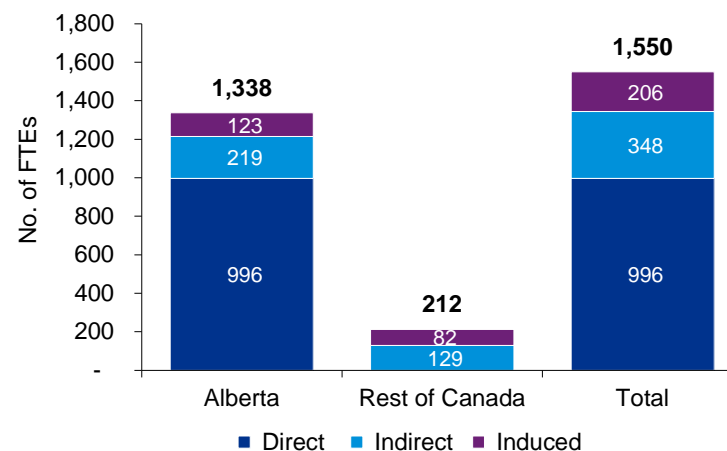
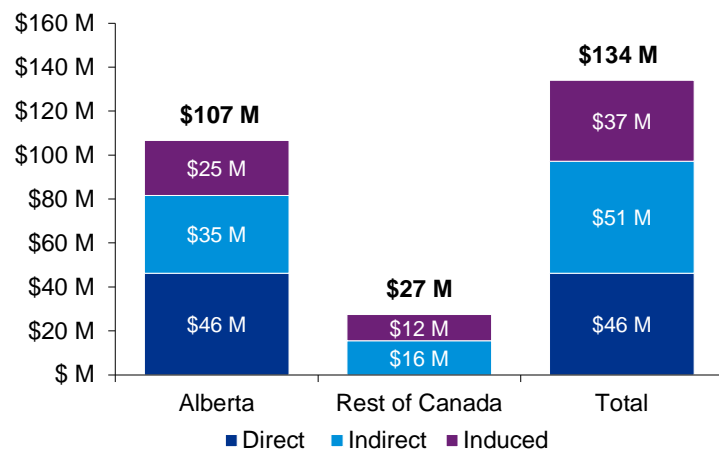
Arts Operations generate significant impacts for the economy of Alberta through their operating expenditures alone:

- In Alberta alone, the combined expenditures of Arts Operations have generated \$107 M in value added in the Alberta economy and helped create or support an estimated 1,338 full-time equivalent (FTE) jobs in 2016/17.
- This does not include additional economic impacts that would be generated from out-of-province visitor expenditures associated with the arts in Calgary.

The above economic impacts are for Alberta only. Other provinces are impacted by the spending (e.g., purchases of specialized equipment, goods and services directly from suppliers in other provinces, out-of-province artists and agency fees), which increases the total value added and the full-time equivalent (FTE) jobs created by an additional \$27 M (through indirect impacts) and 212 FTEs respectively. Thus, the total economic impact in GDP for the Canadian economy is approximately \$134 M annually; while the total economic impact in FTEs for the Canadian economy is approximately 1,550 FTE jobs.

Economic Impacts of the Arts Operations in Calgary

2016/17, millions of \$ and full-time equivalents (FTEs), rounded



Sources: Derived from data from Calgary Arts Development, model run from Statistics Canada.

Notes: All figures are in 2017 Canadian dollars. Jobs are in full-time equivalents (FTEs).

Economic Impacts of Calgary Arts Operations (continued)

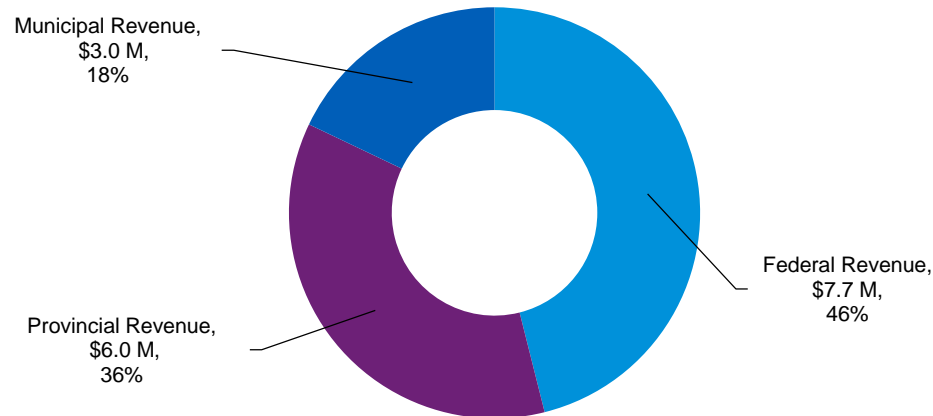
Arts Operations in Calgary generate \$16.6 M of government revenues for multiple levels of government in Alberta including:

- \$2.1 M in municipal tax revenues collected by municipalities in Alberta
- \$4.8 M in provincial tax revenues collected by the Government of Alberta
- \$7.2 M in federal tax revenues collected by the Government of Canada
- An additional \$2.5 M in provincial and municipal government revenues are generated indirectly outside Alberta.

Thus, the total (Canada-wide) government revenues generated by Arts Operations in Calgary are estimated at \$16.6 M annually.

Economic Impacts of Arts Operations in Terms of Government Revenues (Direct and Indirect Impacts Only)

2016/17, millions of \$, rounded



Source: Derived from data from Calgary Arts Development, model run from Statistics Canada, KPMG analysis.

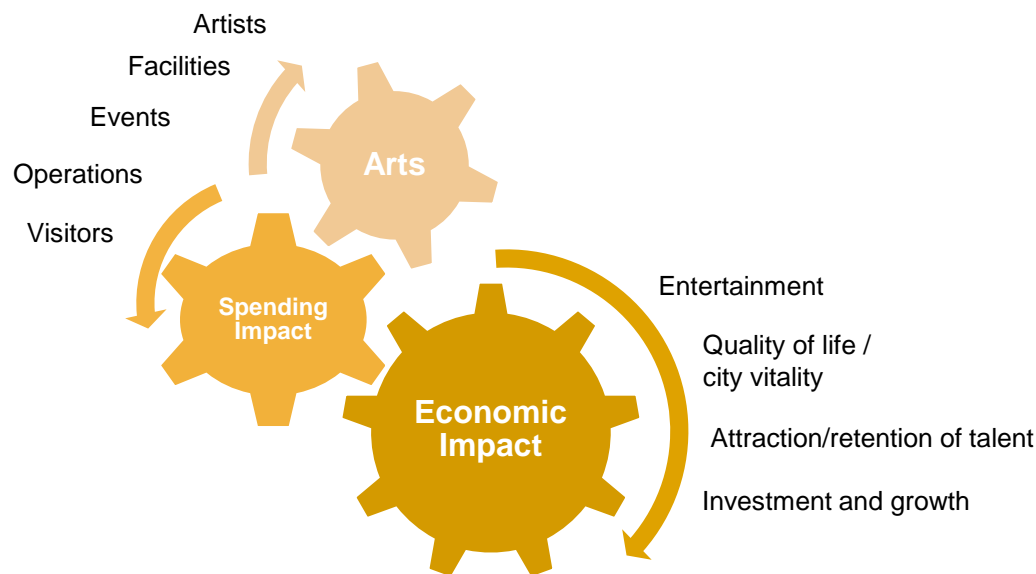
Government revenues include: taxes on product such as GST, provincial sales tax except in Alberta, gas tax and other taxes; taxes on production such as capital taxes, license fees, land transfer taxes, and local real property taxes, fees and other levies; and income tax estimates on direct labour.

Summary

Arts are a Catalyst for Economic Impact and Other Dynamic Impacts

An economy's prosperity depends on the dynamism of its metropolitan areas. The presence of arts and culture, through annual operation expenditures and bringing out-of-province visitor spending, generates substantial economic impacts to the provincial and local economies.

Arts organizations also act as a catalyst for other developments/ investments in the vicinity of the arts venues in Calgary, plus many intangible community benefits for Calgary and Alberta. Capital investments are not included in the economic impact assessment of the annual operations and recurring expenditures of the Arts Operations. These organizations add community assets, entertainment and vibrancy to the city. Beyond the significant economic impacts, arts contributes other intangible benefits such as showcasing the city, providing education opportunities and inspiring youth, and contributing to the quality of life and sense of community in Calgary.



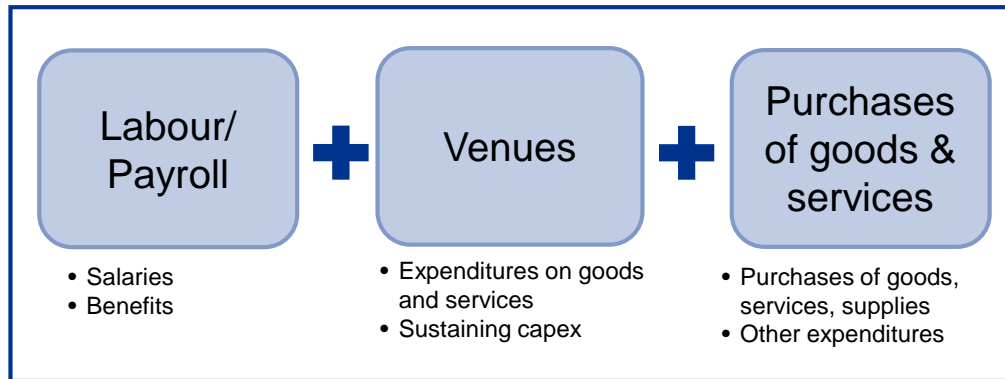


2 - Study Approach and Methodology



A Comprehensive Approach and Methodology to Capture Economic Impacts

OPERATING IMPACTS



The impacts will be described in terms of:

- **Value added in terms of GDP** is the economic wealth generated in a region;
- **Employment** measures the impacts in terms of full-time equivalent jobs;
- **Government revenues** includes taxes incurred on income, profits, and purchases of goods and services for the federal, provincial and municipal levels.

The model will estimate impacts on three levels:

- **Direct Impacts:** economic impacts resulting from expenditures by the first-line economic agents of the operations;
- **Indirect Impacts:** economic impacts generated by the demand for goods and services supplied to the first line agents of the operations;
- **Induced Impacts:** economic impacts generated by the spending of labour income generated via direct and indirect impacts.

Intangible Effects and Positive Outcomes for the Local Economy



REAL ESTATE IMPACTS

- Real estate (venues and other buildings in the area)
- Marketing

COMMERCIAL ACTIVITY

- Visitor spending in local shops and restaurants
- Concessions
- Commercial hub around the venues
- Artists as ambassadors

COMMUNITY DEVELOPMENT

- Quality of life
- Major event hosting
- Labour attraction and retention
- Immigrant destination
- International image and reputation
- Civic satisfaction and pride
- Participation in arts in general

SOCIAL INVOLVEMENT

- Community outreach
- Philanthropic programs
- Charitable donations
- Grants, scholarships
- Youth programs

A Four-Step Standardized Approach

KEY ACTIVITIES

Confirm scope and focus of the study

- Kick-off meeting with Calgary Arts Development representatives to validate the scope of the study and discuss data requirements.
- Confirm the key parameters of the economic impacts required for this analysis.

Collect and analyze data

- Collect necessary detailed information on the expenditures by operations in the provincial economy (including wages and salaries paid to employees, purchases of goods and services from provincial suppliers and out-of-province suppliers).
- Sort, structure and format data for input into the economic impact matrix for the Statistics Canada Input/Output Model.

Estimate Economic Impacts

- Utilize Statistics Canada's Input/Output Model to estimate the provincial economic impacts.
- Analyze and interpret the results from the model runs.
- Review and make certain adjustments (with Statistics Canada).
- Apply conservative estimates of income tax on direct labour based on effective tax rates.
- Adjust direct, indirect and induced FTE estimates by the model to reflect 2016/17 salaries.
- Qualify dynamic impacts which are significant, but not part of the economic impact assessment of ongoing annual operations (real estate impacts, community development, etc.).

Develop and present report

- Document the study results and synthesize the key findings into the draft report, present and discuss with Calgary Arts Development.
- Finalize the report.

Key Sources of Information for Data Inputs

Impacts Stemming from the Operating Expenditures:

- Financial statements (for the 2016/17 fiscal year): Calgary Arts Development provided KPMG data on an annual basis (in nominal dollars) for the latest fiscal year.
- Detailed breakdown of actual expenditures (operating expenditures and sustaining capital expenditures) for the period in scope (2016/17 fiscal year).
 - Salaries and benefits.
 - Expenditure on goods and services by type: various categories of expenditures including production equipment, artist fees, marketing and communications, supplies, rent, general administrative costs, etc.

Other Dynamic Impacts:

- Documents or presentations on the arts in Calgary: information provided by Calgary Arts Development.

Economic Benefits Assessed

Through their ongoing operations, Arts Operations in Calgary bring a range of economic benefits to Alberta. This study focuses on quantifying four specific dimensions of economic impact – value-added (GDP), labour income, employment, and government revenue. We define each of these benefits below:

- **Value added** (in terms of Gross Domestic Product - GDP) is the “total unduplicated value of goods and services produced in the economic territory of a country or region during a given period”. Value added includes household income from current productive activities (wages, salaries and unincorporated business income), as well as profits and other income earned by corporations. In the context of our study, GDP serves as a measure of the total economic value added or wealth generated in Alberta (and elsewhere in Canada) resulting from the ongoing operations.
- **Labour income** represents the total earnings of employees (including employees of suppliers), consisting of wages and salaries as well as supplementary labour income (such as employer’s contributions to pension funds, employment insurance, payroll tax, workers compensations, etc.). It is included in the GDP.
- The **employment impact** is measured in terms of full-time equivalent (FTE) positions for ongoing employment (i.e., employment impact associated with annual expenditures). Full-time equivalent positions are counted according to their duration and not according to whether they were employed on a full-time or part-time basis. That is, two part-time employees would be counted as one full-time equivalent if the total time they spent on the job adds up to one year. This approach is consistent with standard statistical terminology.
- **Government revenues:** There are a number of government revenues in Canada: product and production taxes like sales taxes; property tax, environment taxes, etc.; personal and corporate income tax. This assessment quantifies government revenues from those sources and for the three levels of government (municipal, provincial and federal). Note that government revenue and taxes includes government income described above, plus estimated income taxes on direct labour income based on effective tax rates on average direct labour income.

Types of Economic Impacts Assessed

Arts Operations' activities impact the economy via three main economic mechanisms, commonly referred to as direct impact, indirect impact and induced impact.

- **Direct economic impacts** represent the economic value added directly associated with the organizations' operating expenditures (e.g., they include the employment and income of all direct employees, artistic and administrative employees).
- **Indirect economic impacts** represent the economic value added resulting from the demand for goods and services that operating expenditures and spending generate for suppliers in Alberta. They represent, for example, economic activity generated in the manufacturing, wholesale trade, transportation and professional services sector as a result of demand for materials and services generated.
- **Induced economic impacts** are an estimation of the economic activity stimulated by the spending of salaries and wages earned as a result of the Arts Operations. An example of an induced economic impact are household purchases made by the organizations' employees or its suppliers' employees with their earnings.

Induced economic impacts, while having a significant effect on the economy, are sometimes not considered when evaluating the economic impact of a specific organization or its activities. This is due to the difficulties with establishing how much of the spending would have occurred in the absence of the activities in question. Appropriately attributing the induced impact is further complicated by the possibility that earnings are spent in a different jurisdiction or on imported products and services.

Analyzing only the direct and indirect impacts from an input/output model underestimates the economic impacts as the induced household spend activity is absent. Including induced impacts ensures the economic activity created through the expenditures of salaries and wages is included. Therefore, including both parts of analysis gives a range for the potential economic impact.

We note that ticket and concession sales are not part of an economic impact assessment – as these are sources of revenue. Economic impacts were based primarily on actual annual operating expenditures only, which represent the injection of direct spending and associated indirect and spin-off activity in the economy as a result of the collective Arts Operations in Calgary. A secondary economic impact would be derived from out-of-province visitor spending in the arts venues; however, this secondary impact was excluded from this study due to timing and lack of readily available data.

Input/Output Model

To appropriately estimate direct, indirect and induced supplier impacts, economic analysts typically use an input/output model. An input/output model takes expenditures on goods and services, and converts these expenditures into estimates of impact (employment, value-added and output) throughout the economy.

- An input/output model divides the economy into a matrix of industries and commodities. Relationships within the model map the production of commodities onto industries, and they identify the primary or intermediate commodities that are used in the production of each final commodity used by consumers or sold as an export. The model can then aggregate all of the employment and value-added impacts generated in the supply chain as commodities are produced. Input/output models also consider the role of imports, which tie the supply chain to the global economy.
- In Canada, the most authoritative and comprehensive model is the Statistics Canada Interprovincial Input-Output Model maintained by Statistics Canada, and this is the model that has been used by KPMG for this analysis. As outlined in the Statistics Canada Guide to using the Input-Output Model, the “model has the greatest potential of all major economic models for capturing the flows of goods and services between industries and consumers at relatively detailed levels.”
- The Statistics Canada Input/Output Model is independent and is recognized as the benchmark by which economic modeling is undertaken in Canada. The Statistics Canada Input/Output Model has the most comprehensive sets of data available in Canada, and is updated annually. The Statistics Canada Input/Output Model can be used for many types of industries and impacts, which makes it more flexible and also allows for comparison between studies.
- The input/output model used in this analysis is the most recent version produced by Statistics Canada and is calibrated to the 2014 Canadian economy.
- The core principle of economic impact analysis is that each sector (and each firm within the sector) produces a sufficient amount of output both to satisfy the final demand for its outputs (i.e., goods and services purchased by end-users) as well as to satisfy the intermediate demands of all other sectors in the economy that use its outputs as factors of production (i.e., as inputs).
- The Input/Output model contains a complex series of multipliers and interdependencies representative of the provincial economy. A commodity such as food that has most of its production, wholesaling, distribution and retail activity occurring in the province would have a relatively higher multiplier. A category such as specialized manufactured production equipment would have a relatively lower multiplier as a higher share of its supply chain activity occurs outside of the province.

Input/Output Model (continued)

Sensitivities:

- Both the employment and the value-added impacts from the Input/Output Model are linear so that any percentage increase/decrease in the value to Canadian firms will result in an equal percentage increase/decrease to the employment and value-added results.
- With respect to the assessment of the economic impacts of Arts Operations in Alberta, we have analyzed the economic impacts that accrue in Alberta. Through supply chain linkages, indirect impacts also occur in other provinces. For clarity, we have excluded all impacts that accrue outside of the country (e.g., imports are leakage from the Canadian economy and excluded).

Our analysis utilized the 2014 Statistics Canada Input/Output Model to measure the impact of the Arts Operations on the Alberta economy. The process for running the 2014 Statistics Canada Input/Output Model is as follows:

- Define the expenditure data. The expenditure data to be analyzed are the values of the purposes of suppliers, goods and services from operations in Alberta based on data for 2016/17.
- Define the jurisdictional level at which to disaggregate the expenditure data. To increase the accuracy with which interprovincial trade flows and regional distributions of operations are reported, the analysis requires the expenditure data to be disaggregated to the provincial level; results are reported at a provincial level.
- Define the level of commodity disaggregation. The analysis uses expenditure data to be disaggregated to what Statistics Canada defines as the “W” (“worksheet”) level where over 200 commodity items are defined.
- Collect the data in accordance with these definitions.
- Adjust the data as required based on available data and information. Submit adjusted data as inputs to Statistics Canada.
- Check the input matrix from Statistics Canada before Statistics Canada runs the model.
- Receive outputs from the Statistics Canada Input/Output Model and interpret results.



3 - Background on Arts Operations in Calgary



Overview of Arts Organizations



Photo: Lisa Amos, Courtesy of Calgary Folk Music Festival

Overview of Arts Sector

Calgary has a growing, dynamic arts community with a diverse range of arts organizations, including:

- Visual arts
- Theatre
- Dance
- Music
- Literary arts
- Film
- New media
- Arts services

The Arts is also part of a broader Creative Sector that includes arts and culture, film and TV production, advertising and marketing, publishing and printing, design and other creative sectors.

Overview of Arts Organizations (continued)

Calgary Arts Development

- Established in 2005, Calgary Arts Development Authority is a not-for-profit organization and agency of The City of Calgary. Calgary Arts Development is the City of Calgary's agency that promotes and directs investments in the arts to increase the sector's public and artistic impact on behalf of the citizens of Calgary. The City of Calgary's Arts Policy also directs Calgary Arts Development to create arts development strategy for Calgary. Thus, Calgary Arts Development plays a critical role in connecting the arts sector and investing municipal funds in artists and arts organizations.

Calgary Arts Development's investment programs include:

- Artist Opportunity Grant Program
- New Pathways for the Arts
- Cornerstone Program
- Operations Grant Program
- Organizational Opportunity Grant Program
- Remarkable Experience Acceleration
- Small Experiment Grant Program
- Art Share
- In 2016, the City of Calgary also provided one-time funding of \$1 Million for the Emergency Arts Resiliency Fund, which was administered by Calgary Arts Development. This special fund allocated monies to offset the declining revenues from corporations and earned revenue for arts organizations due to the sharp downturn in the Calgary economy.
- In 2016, Calgary Arts Development invested almost \$5.8 Million through these programs, including the one-time fund. This municipal funding provides an important catalyst for leveraging other funding from federal and provincial government and the private sector.

Overview of Arts Organizations (continued)

Overview of Arts Operations in Calgary

In total, in 2017, Calgary Arts Development provided funding to 156 not-for-profit organizations or clients of Calgary Arts Development.

While this group of 156 organizations does not represent all arts in Calgary, it represents the majority of not-for-profit arts organizations. There are also several private companies operating in the arts such as dance studios, art galleries, professional artists and musicians, and others.

The focus and purpose of this economic impact assessment is to determine the collective or aggregate annual impact of the operating expenditures of these 156 arts organizations funded by Calgary Arts Development.

“Arts Operations” in Calgary refers to the group of 156 organizations.



Photo: Amy Jo Espetveidt, Calgary Arts Development

Overview of Arts Organizations (continued)

Cornerstone Arts Operations in Calgary

As in all sectors of the economy, there are larger organizations that represent a larger share or impact on revenue and expenditures in the arts sector. The leading organizations contribute to the city's identity regionally and internationally.

In Calgary Arts Development and the arts sector, these are called "Cornerstone" companies, and include:

- Alberta Ballet
- Alberta Theatre Projects
- Calgary Opera
- Calgary Philharmonic Orchestra
- Folk Festival
- Glenbow
- National Music Centre
- One Yellow Rabbit
- Theatre Calgary
- Theatre Junction



Photo: Paul Lambert, Courtesy of Theatre Calgary

Overview of Arts Organizations (continued)

Cornerstone Arts Operations in Calgary (continued)

- These Cornerstone arts companies also create economic spin-offs for artists and other parts of the economy, plus bring in additional revenues to the economy through attracting tourists and other intangible benefits. Their influence on the arts ecosystem is large and their success, or conversely their challenges, tend to have disproportionate impacts on the arts sector.
- While out-of-province tourists are not part of this study, noteworthy is that some larger arts organizations and their events draw significant out-of-province tourists each year.
 - Such events include, but are not limited to: Alberta Ballet, Alberta Opera, Theatre Calgary, Glenbow Museum, Beakerhead, Folk Festival, Calgary International Film Festival, Honens, WordFest and others. While operating expenditure would represent the majority of economic impacts, out-of-province visitors spending is another source of economic impacts into a provincial economy.
- In assessing Calgary Arts Development data based on financial statements from arts organizations, in terms of operating expenditure (the focus of the economic impact assessment):
 - the top 10 represent nearly 60% of the total operating expenditures of the collective group of 156 arts organizations; and
 - the top 20 represent approximately 74% of the total operating expenditure in the latest fiscal year (2016/17).

Overview of Arts Organizations (continued)

Operational Expenditures of Arts Operations

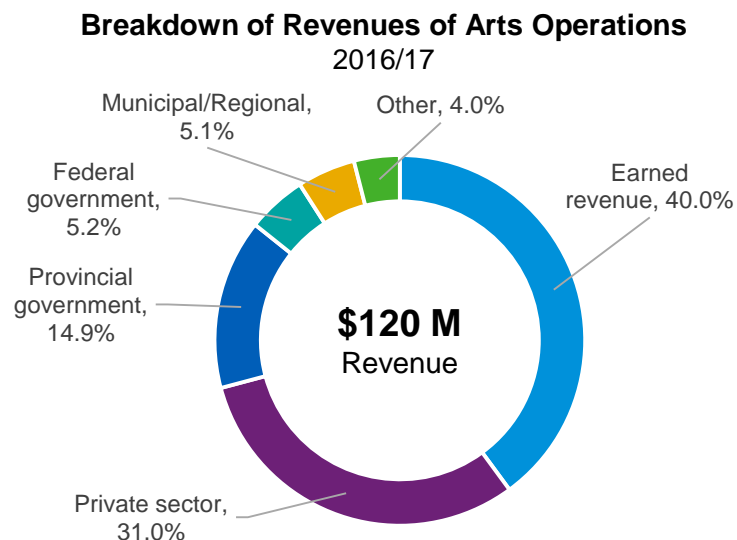
- Operational expenditures of Arts Operations include:
 - Staff salaries and benefits;
 - General and administrative;
 - Occupancy and building operations;
 - Production and equipment costs;
 - Fees paid to artists;
 - Marketing and communications;
 - Fundraising expenses;
 - Corporate sales expenses;
 - Merchandise operations;
 - Venues for special events;
 - Self-programming;
 - Food and beverage.
- New capital-build expenditures are excluded, but sustaining and maintenance capital expenditures are included as part of ongoing expenditures in managing the venues. Surpluses or profits, are also added to an economic impact assessment. However, these arts organizations are not-for-profit entities, and collectively are very near breakeven.
- The large majority of economic impacts related to the Arts Operations are derived from expenditures on labour, goods and services for its artists, staff and operations. In turn, these expenditures have a multiplier effect in the provincial economy as employees spend money on goods and services and pay taxes.
- In addition to economic impacts from operational expenditures, economic impacts are generated into the provincial economy from spending by out-of-province visitors to arts venues, who stay in hotels, use transportation, eat in restaurants, buy tickets, and other merchandise and services. Again, these secondary out-of-province visitor spending impacts are not part of this study.

Thus, this study is a conservative assessment of the estimated economic impacts and based on actual expenditure data, not revenues or ticket sales and not inflated by estimates or projections.

Overview of Arts Organizations (continued)

Operational Expenditures of Arts Operations (continued)

- The study is focused on actual operating expenditures in the latest fiscal year of financial statements (mostly audited or reviewed financial statements). Further data and information was obtained from most arts organizations on salaries and benefits, fees paid to out-of-province artists, as well as sustaining capital expenditures.
- While not part of the economic impact study, of interest is the breakdown of total revenues of the 156 arts organizations.
 - Earned revenue (e.g., ticket/event sales) represent the largest component of revenues at 40%, followed by the private sector (donations, funding) at 31%.
 - All levels of government represent about one-quarter of revenues with the Province of Alberta at nearly 15% , and the federal and municipal government each representing over 5%. The City of Calgary's contribution through Calgary Arts Development represents a very important portion that enables arts organizations to leverage other sources, and to sustain and grow arts activities.



Source: Derived from Calgary Arts Development data on 156 arts organizations in 2016/17.

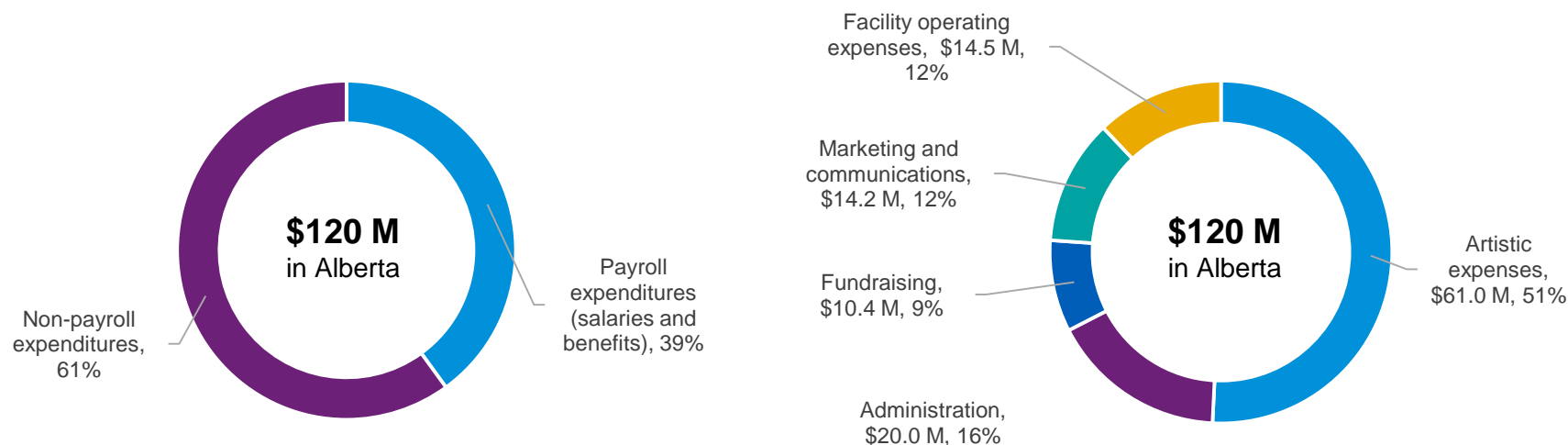
In 2016/17, Arts Operations in Calgary Spent a Total of \$120M

Detailed analysis was conducted on the combined spending of the Arts Operations. After adjustments, combined operating expenditures of the 156 arts organizations totaled approximately \$120 million in 2016/17.

- Salaries and benefits in all categories represent a large share, and close to 40% of the total operating expenditures.
- Artistic expenses represents slightly over one-half of total operating expenditures.
- These 156 arts organizations directly employ well over 1,000 staff and over 900 full-time equivalents (FTEs). In addition to direct payroll, they also contract services for thousands more in Calgary such as artists, production teams and support staff.

Breakdown of Arts Operations Expenditures

2016/17, in millions of dollars and shares in %



Source: Derived from data from Calgary Arts Development, based on 2016/17 operating expenditure data from 156 funded arts organizations.



4 - Economic Impact Assessment of Arts Operations Annually in Calgary



Significant Economic Impacts

The presence of the many arts organizations and of the activity generated at their venues or facilities provide significant annual economic impacts to the City of Calgary and the Province of Alberta, primarily through their expenditures on goods, services and labour that injects new dollars into the provincial economy. This study of economic impacts is conservative as it reflects the economic impacts from only the annual expenditures of 156 not-for-profit arts organizations funded by Calgary Arts Development, and does not include a secondary sources of incremental economic impacts, i.e., out-of-province visitor spending to such arts organizations. Further, these 156 arts organizations represent a highly important portion of the arts sector, the arts sector, including for-profit companies, is considerably larger than these 156 arts organizations.

On an annual basis, the Arts Operations in Calgary, through these expenditures in the economy and in the arts ecosystem, generate a recurring annual impact in the Canadian economy of approximately:

- \$134 M in value added or GDP.
- 1,550 full-time equivalent (FTE) jobs created or sustained.

The expenditures of Arts Operations first generates *direct impacts* (in terms of value added and employment), as well as creating further economic impacts through the wider supply chain (*indirect impacts*), and the spending of the wages earned by individuals for direct and indirect employment linked to Arts Operations generates *induced impacts*.

Total Economic Impact related to the Combined Operational Spending of the Arts Operations in Calgary 2016/17, in millions of dollars and in full-time equivalents (FTEs)

	Direct Impact	Indirect Impact	Induced Impact	TOTAL IMPACT
Total GDP impacts (in \$M)	\$46 M	\$51 M	\$37 M	\$134 M
Employment impacts (jobs in FTEs)	996	348	206	1,550

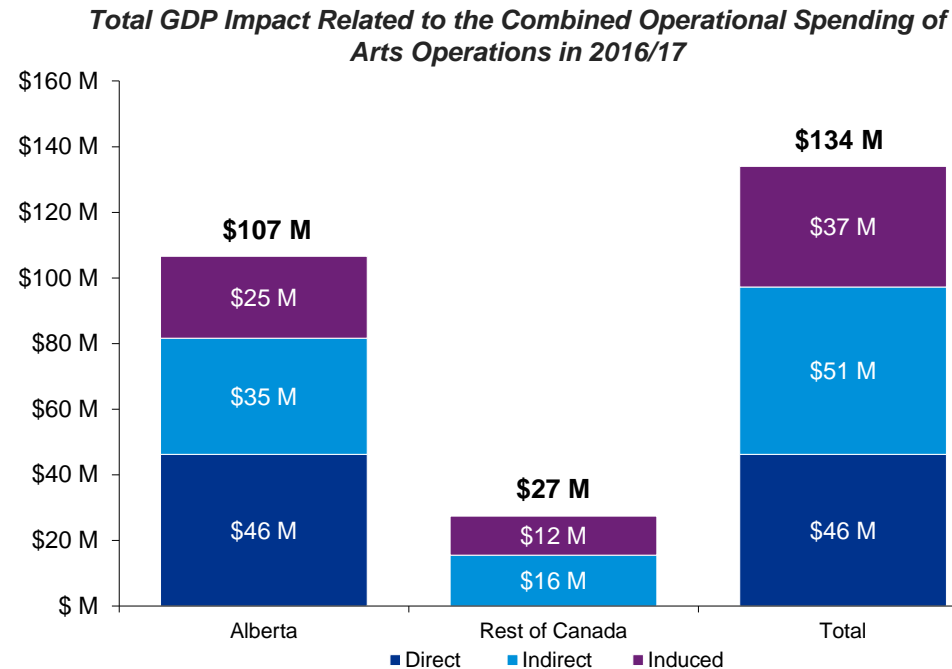
Sources: Statistics Canada simulation based on information provided by Calgary Arts Development; KPMG analysis.

Estimated \$134 M of Value Added (GDP)

The annual operations of over 150 art organizations in Calgary supported by Calgary Arts Development represent significant spending in the economy primarily through operating expenditures. In 2016/17, this spending is estimated to generate impacts of:

- In total, **\$134 million in value added** to the Canadian economy;
- Of the \$134 M, \$107 M in value added or GDP for the Alberta's economy;
- \$27 M in value added or GDP in other Canadian provinces (see note).

The GDP impacts are further broken down in the graph below.



Sources: Statistics Canada simulation based on information provided by Calgary Arts Development; KPMG analysis. Dollars are rounded.

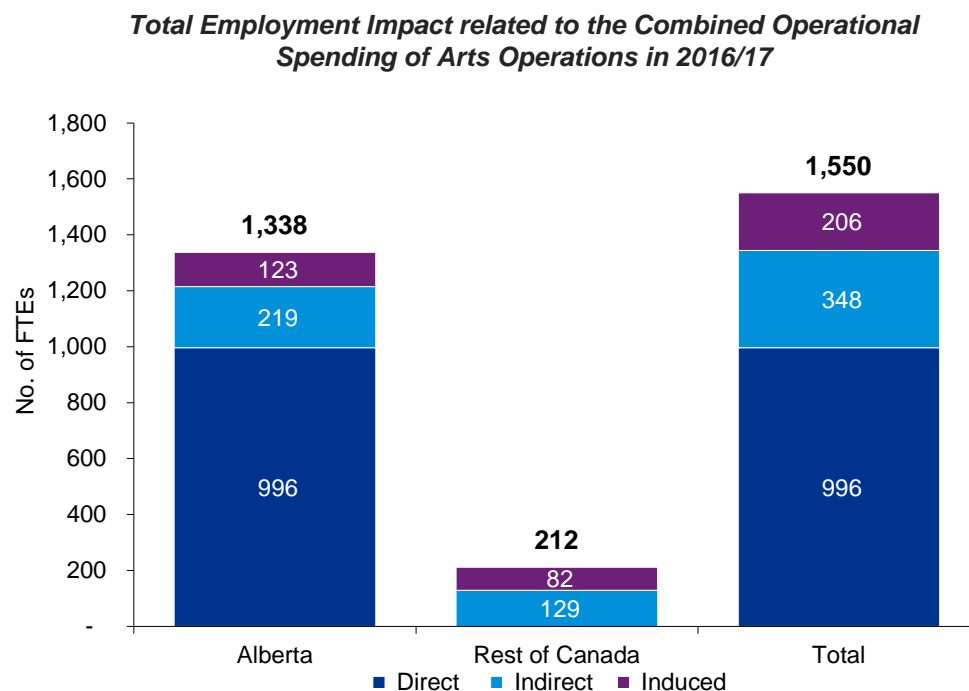
Note: Out-of-province GDP impacts are primarily indirect impacts generated through the purchases of goods, services and supplies and fees paid outside of Alberta.

Estimated 1,550 Full-time Equivalent (FTE) Jobs

In 2016/17, the combined operations of the 156 art organizations in Calgary supported by Calgary Arts Development is estimated to have contributed:

- **Overall, 1,550 full-time equivalent (FTE) jobs to the Canadian economy.**
- 1,338 full-time equivalent (FTE) jobs to Alberta's economy,
- 212 full-time equivalent (FTE) jobs to the economy of other provinces in Canada (see note), and

The employment impacts are further broken down in the graph below.



Sources: Statistics Canada simulation based on information provided by Calgary Arts Development; KPMG analysis.

Note: Out-of-province FTE impacts are primarily indirect impacts generated through the purchases of goods, services and supplies and fees paid outside of Alberta.

Estimated \$16.6 M in Government Revenues

The combined expenditures of art organizations supported by Calgary Arts Development generates direct and indirect recurring government revenues for multiple levels of governments in Alberta of an estimated \$14 M. This includes:

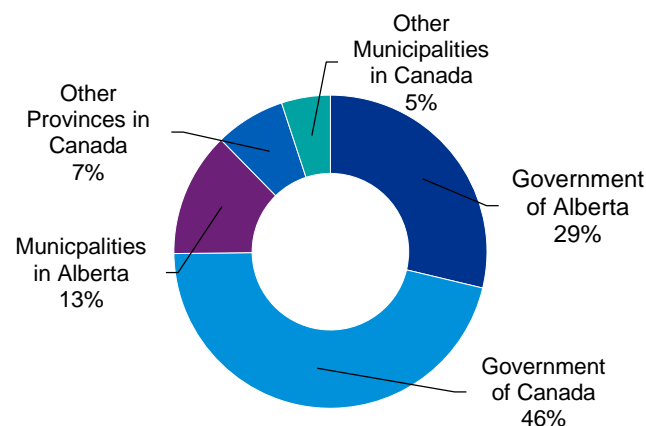
- **\$2.1 M in municipal tax revenues** collected by municipalities in Alberta
- **\$4.2 M in provincial tax revenues** collected by the Government of Alberta
- **\$7.2 M in federal tax revenues** collected by the Government of Canada

An **additional \$2.5 M** in government revenues are generated indirectly outside Alberta, thus increasing the total government revenues generated as a result of Art Operations in Calgary to **\$16.6 M**.

The government revenues generated in Alberta and Canada as a result of the combined expenditures of the art organizations are broken down further below.

Government Revenue Impacts	Alberta	Rest of Canada	Total (Canada)
Total Municipal Taxes	\$2.1 M	\$0.8 M	\$3.0 M
-Taxes on products*	\$ 0.1 M	-	\$0.1 M
-Taxes on production**	\$2.0 M	\$0.8 M	\$2.8 M
Total Provincial Taxes	\$4.8 M	\$1.2 M	\$6.0 M
-Taxes on products*	\$1.3 M	\$0.9 M	\$2.2 M
-Taxes on production**	\$0.9 M	\$0.3 M	\$1.2 M
-Income taxes***	\$2.6 M	-	\$2.6 M
Total Federal Taxes	\$7.2 M	\$0.5 M	\$7.7 M
-Taxes on products*	\$2.2 M	\$0.4 M	\$2.7 M
-Taxes on production**	-	-	-
-Income taxes***	\$5.0 M	-	\$5.0 M
Total Government Revenue Impacts	\$14.1 M	\$2.5 M	\$16.6 M

Government Revenues Accrued in Canada – Breakdown of Recipients



*Examples of taxes on product include sales tax (GST, provincial sales tax except in Alberta), gas tax and other taxes.

**Examples of federal taxes on production include capital taxes levied against corporate entities, provincial taxes on production include (personal and commercial) motor vehicle license fees, land transfer taxes, and capital taxes. Local taxes include real property taxes, frontage fees and other levies.

***Income tax estimates are on direct labour.

Source : Statistics Canada simulation based on information provided by Calgary Arts Development; KPMG analysis; total dollars are rounded.



5 – Additional Dynamic Impacts Not Included in the Economic Impact Analysis



Downtown Real Estate Developments

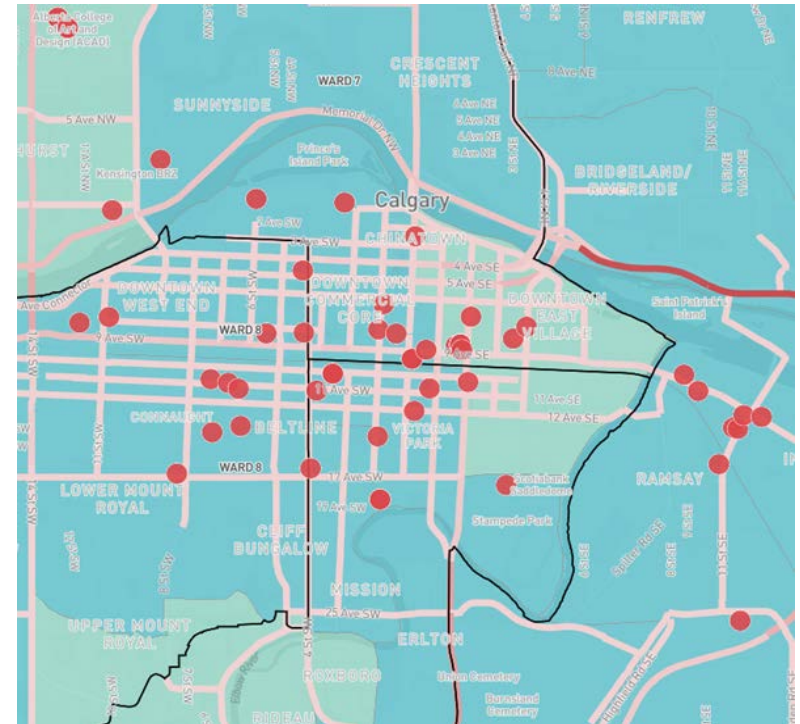
In addition to economic impacts from annual operations, the presence of the Arts Operations in Calgary and their venues have positive dynamic impacts for Calgary, and in particular, there is a concentration of venues in the city's downtown.

These capital investments are not included in the economic impact assessment of the annual operations and recurring expenditures of the Arts Operations.

Major arts venues have been a catalyst for significant investments that are completed or planned. Capital projects generate significant taxes for the federal provincial and municipal governments, and associated jobs in design, construction and other services.

There are several arts organizations clustered in the downtown area. These venues are also a hub for commercial developments: retail stores, restaurants, hotels, parking lots, and local transportation companies benefit from the influence of these arts venues in downtown Calgary, and those located in neighbourhoods throughout the city.

Concentration of Arts Businesses and Venues in Downtown Calgary



Sources: map from *Calgary Arts Development*.

Other Intangible Benefits

Arts Operations demonstrate significant direct and indirect economic impacts. Arts is part of a broader creative sector, and contributes many intangible positive benefits for the city, province and country.

Calgary Arts Development and studies have pointed to many positive intangible benefits of the arts in a city, such as:

- Enhancing to the quality of life
- Gathering venues and places for community
- Showcasing a city/region, and adding to the marketing and brand of a city
- Providing education and career opportunities
- Inspiring youth and creativity.

The arts ecosystem in the city is interconnected and an important part of the social and cultural fabric of a city.



Photo: Kelly Hofer, Courtesy of Calgary International Children's Festival



Appendix A: List of Arts Organizations

Appendix A: List of Arts Organizations

1	Acoustic Music Society of Calgary, The
2	Adult Recreational Choir Society
3	Alberta Ballet
4	Alberta Craft Council
5	Alberta Media Arts Alliance Society
6	Alberta Playwrights' Network
7	Alberta Printmakers Society
8	Alberta Theatre Projects
9	Alexandra Writers Centre
10	Alliance Française of Calgary
11	Amici String Program Association
12	Antyx Community Arts Society
13	Artpoint Gallery & Studios Society
14	Association of the Inside Out Integrated Theatre Project, The
15	Book Publishers Association of Alberta (CADAC stats)
16	Brazilian Community Association of Alberta - FIX FF
17	Calgary Allied Arts Foundation
18	Calgary Animated Objects Society
19	Calgary Bach Festival Society
20	Calgary Blues Music Association

21	Calgary Boy's Choir
22	Calgary Children's Choir Association
23	Calgary Chinese Orchestra
24	Calgary Cinematheque Society
25	Calgary Concert Band
26	Calgary Fiddlers Association
27	Calgary Fireworks Festival operating as The GlobalFest
28	Calgary Foothills Barbershop Chorus Society
29	Calgary Girl's Choir Association
30	Calgary International Children's Festival
31	Calgary International Film Festival
32	Calgary International Fringe Festival
33	Calgary Korean Canadian Choir Society
34	Calgary Men's Chorus Society
35	Calgary Multicultural Choir Society
36	Calgary Opera Association
37	Calgary Performing Arts Festival Society
38	Calgary Philharmonic Orchestra
39	Calgary Pro Musical Society
40	Calgary Protospace

Appendix A: List of Arts Organizations

41	Calgary Reggae Festival Society
42	Calgary Renaissance Singers & Player
43	Calgary Round-Up Band
44	Calgary Society of Independent Filmmakers
45	Calgary Underground Film Festival
46	Calgary Young People's Theatre
47	Calgary Youth Orchestra Society
48	Canadian Academy of Mask and Puppetry
49	Canadian Music Centre, Prairie Region Association
50	Cantare Children's Choir Society
51	Caribbean Community Council of Calgary, The
52	CJSW Radio - The University of Calgary Student Radio Society
53	Classical Guitar Society of Calgary
54	Clouds & Water Gallery and Visual Production Society operating as The New Gallery
55	Contemporary Calgary
56	Corps Bara Dance Guild of Calgary
57	Cowtown Opera Company Society
58	Curiously Canadian Improv Guild, The
59	Dancers' Studio West Society
60	Decidedly Jazz Danceworks

61	Downstage Performance Society
62	Early Music Voices Concert Society
63	Elephant Artist Relief (EAR)
64	EMMEDIA Gallery & Production Society
65	EnChor Choral Society
66	Exposure: Calgary Banff Photography Festival
67	Fairy Tales Presentation Society
68	Festival Chorus, The
69	Filling Station Publications Society
70	Fire Exit Theatre Society
71	Fish Creek Concert And Cultural Society
72	Folk Festival Society of Calgary
73	Foothills Bluegrass Music Society
74	Foothills Brass Society
75	Footprints Dance Project Society of Alberta
76	Forte Musical Theatre Guild
77	FreeFall Literary Society of Calgary
78	Front Row Centre Players Society
79	Ghost River Theatre Society
80	Gil Azzuri - Calgary Italian Folk Dance Society

Appendix A: List of Arts Organizations

81	Glenbow-Alberta Institute
82	Green Fools Theatre Society
83	Harmony Guzheng Ensemble Association
84	Hispanic Arts Society
85	Illingworth Kerr Gallery at ACAD
86	In-Definite Arts
87	Instrumental Society of Calgary
88	International Festival of Animated Objects Society (IFAO)
89	International Festival of Song and Chamber Music Society
90	JazzYYC
91	Jeunesse Classique Ballet Society
92	Kantorei Choral Society
93	Kensington Sinfonia
94	La Caravan Dance Theatre
95	Land's End Chamber Music Society
96	Leighton Foundation and Art Centre, The
97	Loose Moose Theatre
98	Luminous Voices Music Society
99	Lunchbox Theatre
100	Making Treaty 7

101	Marda Loop Justice Film Festival Society
102	MoMo Multi Ability Movement Arts Society of Calgary
103	Morpheus Theatre
104	Mount Royal Choral Association
105	Mountain Standard Time Performative Art Festival
106	Music Calgary
107	National Music Centre
108	New Works Calgary
109	Old Trout Puppet Workshop
110	One Yellow Rabbit Theatre Association
111	Orchestra Society of Calgary (Calgary Civic Symphony)
112	Proarts Society
113	Pumphouse Theatres Society
114	Quest Theatre Society
115	Quickdraw Animation Society
116	Revv52
117	Rocky Mountain Concert Band
118	Sage Theatre Society
119	Savridi Singers Association
120	Second Story Art Society (Truck)

Appendix A: List of Arts Organizations

121	Shakespeare Company, The
122	Silver Stars Musical Revue Society
123	Single Onion
124	Sled Island Arts Fellowship
125	Society of Alberta Dance Theatre For Young People, The
126	Soulcentric Performing Arts Society
127	Southern Alberta Woodworkers Society
128	Spiritus Chamber Choir and Performing Arts Ensemble
129	Springboard Dance Collective Calgary Society
130	Stage Left Productions Theatre Association
131	StoryBook Theatre Society
132	Stride Art Gallery Association
133	Studio C - A Prospect Project
134	Swallow-a-Bicycle Theatre Society
135	The Esther Honens International Piano Competition
136	The League of Extraordinary Albertans
137	Theatre Alberta Society
138	Theatre Calgary
139	Theatre Encounter Performance Society
140	Theatre Junction Society

141	Three Left Feet Movement Creations
142	Trickster Theatre Society
143	Tryzub Ukrainian Dance Society
144	Untitled Arts Society
145	Urban Curvz Theatre AKA Handsome Alice Theatre
146	Verb Theatre
147	Vertigo Theatre Society
148	W & M Dance Projects of Calgary Association
149	W.P. Puppet Theatre Society
150	West Village Theatre Society
151	Westwinds Music Society
152	When Words Collide
153	Wordfest
154	Workshop Theatre Society
155	Writers' Guild of Alberta
156	Youth Singers of Calgary



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