



Economic Impact Assessment of the Annual Operations of Calgary's Arts Organizations

Calgary Arts Development

August 2022

Confidential



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The Client retained KPMG to undertake an assessment of the economic impact on the Alberta economy of the operations of over 160 collective arts organizations (“Arts Operations”) that Calgary Arts Development funds.

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 Arts Operations for the fiscal year 2020/21. 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, the methodology included use of standard economic input-output modeling – an approach that is widely accepted and common for this type of analysis. The KPMG analysis used the 2018 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 2018. It is likely that the structure of the economy will change over time, which may affect the estimates. Output data is reported in 2021 Canadian dollars (this allows for direct comparison with revenue and expenditure values from Calgary Arts Development, which were provided for 2020/21).

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 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, labor / payroll and revenue as provided by Calgary Arts Development on the Arts Operations. The analysis and estimated economic impacts presented in this report therefore are dependent 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. KPMG does not accept any liability or responsibility to any third party who may use or place reliance on the document.

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01

Executive summary

The economic impact of Calgary's arts organizations

Calgary Arts Development retained KPMG to undertake an analysis of the economic impact (regional, provincial and national) of the operations of over 160 collective arts organizations that Calgary Arts Development funds (referred to as "Arts Operations").*

Using Statistics Canada's Input-Output Model, KPMG has estimated the direct, indirect and induced economic impact of the Arts Operations on value-added, jobs and government revenues for Alberta and Canada. This report also presents an estimation of the value-added impact of Arts Operations on the regional economy based on a bespoke approach. The report additionally presents an overview of the context of the arts sector and discusses other intangible impacts benefitting Calgary.

Significant economic impact generated by the group of 166 organizations

The activities of the many arts organizations generate significant annual benefits to the City of Calgary, the Province of Alberta and the whole of Canada, primarily through their expenditures on goods and services and labor.

In 2020/21 Arts Operations in Calgary generated (direct, indirect and induced impact):

- \$102.4 million in value added or GDP activity in Canada, with the large majority (\$86M) occurring in Alberta.
- 1,264 full-time equivalent (FTE) jobs created or sustained across Canada.
- \$19.2 million in gross government revenues accrued across Canada, mostly (\$16M) in Alberta.

The disruptive effects of COVID-19 in the Calgary arts sector were evidenced

This assessment evidences the disruptive effect of the COVID-19 pandemic on the arts sector. Programming cancellations impacted revenue levels (declining from \$120M in 2018 to \$96M in 2020/21), especially earned revenue. Public sector funding available during the emergency was essential to partially offset this decline. Expenditures also fell and concentrated in sustaining organizations' payrolls.

In spite of the difficulties, economic impact of the sector remained strong

Due to lower expenditure, the economic impact of the industry was smaller compared to a 2018 economic impact study by KPMG (value added generated declined from \$134M in 2018 to \$102M in 2020/21). However, the decline in value added was proportionally smaller than the decline of expenditures as these were concentrated on wages to preserve employment.** The impact of the operations of Calgary Arts Development clients should grow with the rebound of economic activity in Calgary, Alberta, and across the country.

**The arts sector in Calgary, including for-profit companies, is assumed to be considerably larger than these 166 arts organizations.*

*** A higher proportion of spending in wages as opposed to goods and services usually translates into greater local GDP impact, as wage revenues constitute a direct component of GDP (no leakages).*

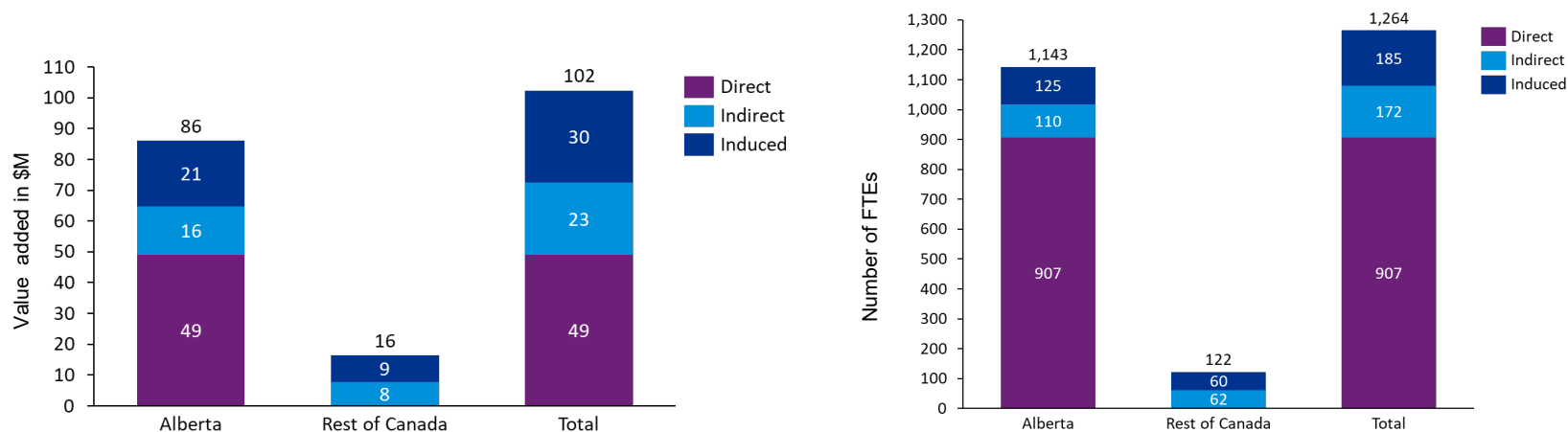
Arts Operations in Calgary: impact on value added and employment across Canada

More than \$100M in value added generated and 1,260 jobs sustained through operating expenditures of Calgary's arts organizations

In Alberta alone, the combined expenditures of Arts Operations have generated \$86M in value added and helped create or support an estimated 1,143 full-time equivalent (FTE) jobs in 2020/21.

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 \$16 M (through indirect and induced impacts) and 122 FTEs respectively.

Economic impacts of the Arts Operations in Calgary across Canada – value added and jobs 2020/21, millions of \$ and full-time equivalents (FTEs), rounded



Sources: Simulations by Statistics Canada, based on data from Calgary Arts Development; KPMG analysis.

\$19M in estimated taxes across government levels in Canada

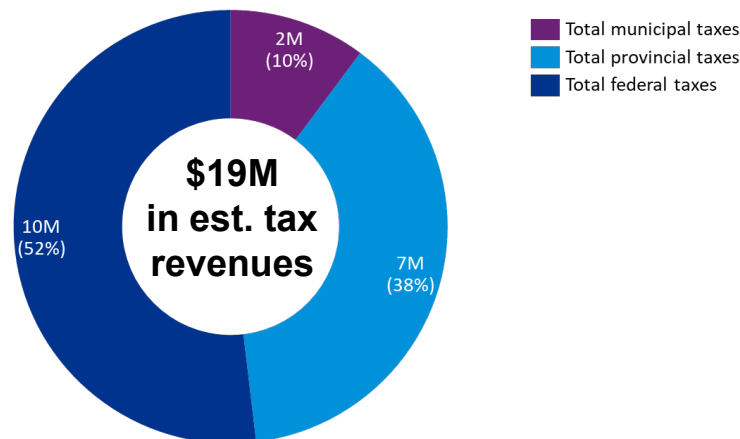
The majority (\$15.9M) generated in Alberta, of which:

- \$1.5 M in municipal tax revenues
- \$5.9 M in provincial tax revenues
- \$8.4 M in federal tax revenues

An additional \$3.4 M in provincial and municipal government revenues are generated indirectly outside Alberta.

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, indirect and induced labor). These are gross tax revenues, which do not consider subsidies, credits or grants.

Economic impacts of Calgary Arts Operations in terms of gross* government revenues across Canada 2020/21, millions of \$, rounded



Sources: Simulations by Statistics Canada, based on data from Calgary Arts Development; KPMG analysis.

*Gross tax revenues do not consider subsidies, credits or grants.

Arts are a catalyst for economic impact and other dynamic impacts

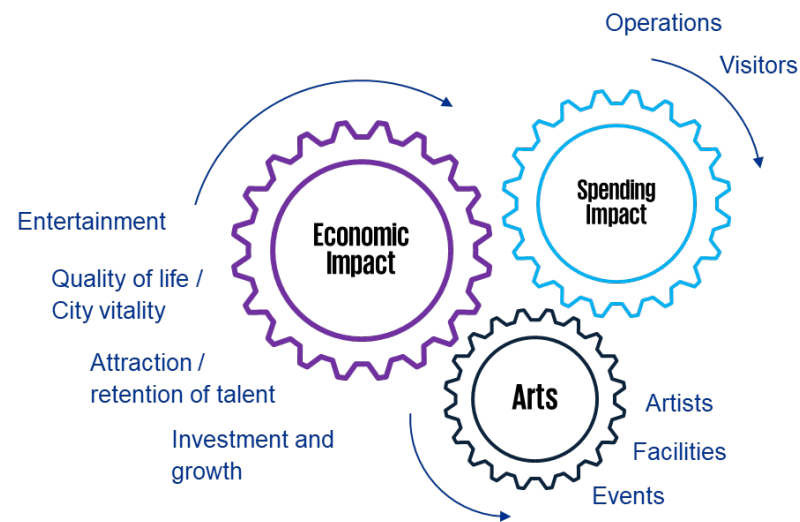
The impact of the arts sector is multi-dimensional

Arts and culture generate operational expenditures and draw out-of-province visitors who spend money in Calgary. This in turn produces an economic impact on the provincial and local economies. But the impact of arts organizations goes beyond this.

Arts facilities draw interest towards areas of the city and thus become a catalyst for other developments / investments. Beyond the significant economic impacts, arts contribute other intangible benefits such as showcasing the city, providing education opportunities, inspiring youth, and contributing to the quality of life and sense of community in Calgary. Arts organizations add community assets, entertainment and vibrancy to the city.

Arts Operations promote urban transformation and economic dynamism in Calgary*

Infrastructure projects such as Glenbow Museum renovation, National Access Arts Centre (these two organizations are supported by annual operating grants from Calgary Arts Development) and Arts Commons Transformation (to be used by clients of Calgary Arts Development) are expected to catalyze investment, commerce and enhance the reputation of the city nationally and abroad, while improving the quality of life of residents. Calgary Arts Development supports the ecosystem of art organizations that will bring life to these spaces.



**Capital investments are not included in the economic impact assessment of the annual operations of the Arts Operations.*

02

Study approach and methodology

Key concepts of economic impact assessment

A “static” economic impact analysis

The key concept behind economic impact analysis is that spending on goods and services has downstream impacts throughout the economy. Economic impacts measure the cascading effects that are produced by an injection of capital and spending in a given region. The more integrated the economy, or the more the initial spending engages sectors of activity that are already in the region, the greater the economic impacts.

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

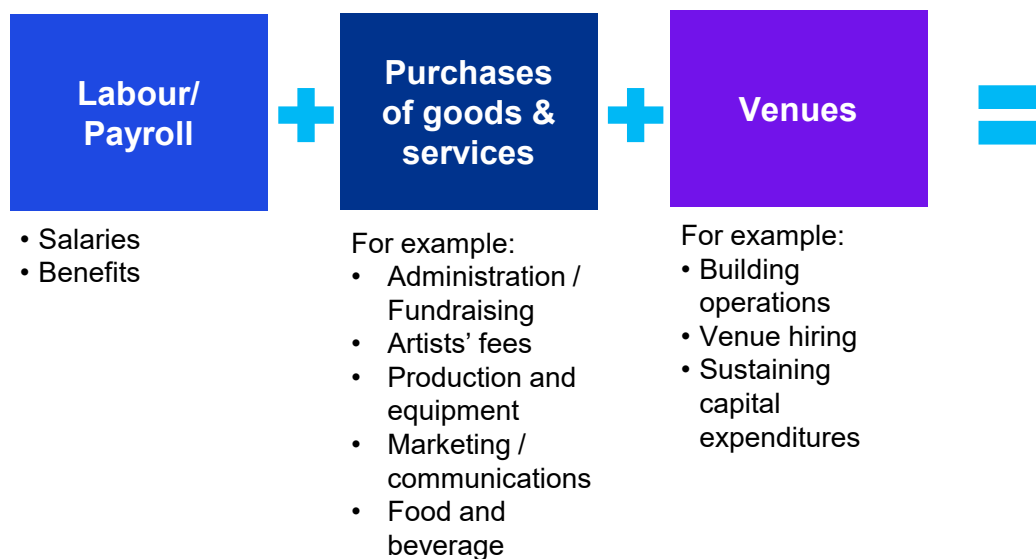
- **Direct economic impacts** represent the economic value added directly associated with the organizations’ operating expenditures(e.g., they include the employment and income of all direct employees, artistic and administrative employees).
- **Indirect economic impacts** represent the economic value 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.

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.

An assessment based on the impact of operating expenses

These types expenses are incurred to support the day-to-day activities of Calgary Arts Organizations.

OPERATING IMPACTS



Notes: 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 normally added to an economic impact assessment. However, these arts organizations are not-for-profit entities, and collectively are very near breakeven.

The impacts are 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 (FTE) jobs;
- **Government revenues** includes taxes incurred on income, and purchases of goods and services for the federal, provincial and municipal levels. (See further information in Appendix C).

The model estimates 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.

Characteristics of the input / output model used

An input/output model considers expenditures on goods and services, to calculate impact in terms of 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 2018 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.

Characteristics of the input / output model used (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.

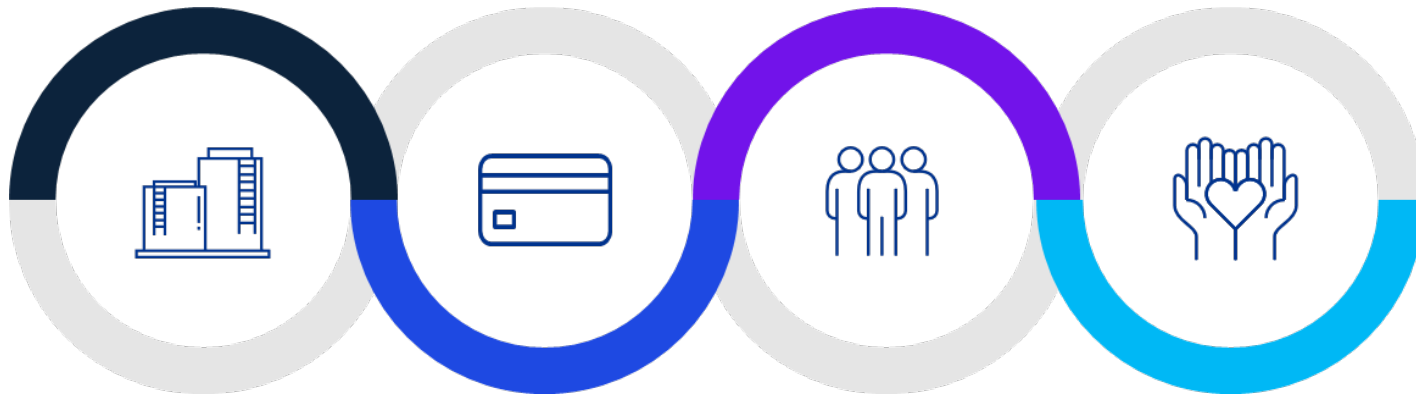
The study analyzed the economic impacts that accrue in Alberta. Through supply chain linkages, indirect impacts also occur in other provinces. For clarity, all impacts that accrue outside of the country are excluded (e.g., imports are leakage from the Canadian economy and excluded).

The analysis used the 2018 Statistics Canada Input/Output Model to measure the impact of the Arts Operations on the Alberta and Canada economy. These steps were followed:

- Defining 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 2020/21.
- Defining 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.
- Defining 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.
- Collecting the data in accordance with these definitions.
- Adjusting the data as required based on available data and information. Submit adjusted data as inputs to Statistics Canada.
- Checking the input matrix from Statistics Canada before Statistics Canada runs the model.
- Receiving outputs from the Statistics Canada Input/Output Model and interpret results.

To calculate the regional economic impact (the impact on the city of Calgary alone), this study followed a separate approach, using the weight of the metropolitan area out of total employment in the province. This is described further on page 32.

Additional intangible and positive effects 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
- Labor attraction and retention
- Immigrant destination
- International image and reputation
- Civic satisfaction and pride
- Participation in arts in general

Social Development

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

These are also known as “dynamic” impacts and given their intangible nature, they are noted qualitatively

Key sources of information for model inputs

Impacts stemming from the operating expenditures (“static” impact):

Financial statements (for the 2020/21 fiscal year): Calgary Arts Development provided KPMG data on an annual basis (in nominal dollars).

Detailed breakdown of actual expenditures (operating expenditures and sustaining capital expenditures) for the period in scope (2020/21 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.

Additional “dynamic” impacts:

Information provided by Calgary Arts Development. Websites of key sector projects.

Structure of the report

In addition to the executive summary and the introductory section, this study includes four other sections:

- Section 3 describes the context of the arts sector in Calgary and the effects of the COVID-19 pandemic.
- Section 4 presents the operating results of Calgary's arts organizations in 2020/21 in terms of revenue and expenditure.
- Section 5 presents the findings of the economic impact assessment from Arts Operations expenditures.
- Section 6 discusses additional impacts of Calgary's arts organizations on urban development.

Appendix A presents the list of 166 organizations supported by Calgary Arts Organization whose operations were the basis for economic impact assessment ("Arts Operations").

Appendix B presents a comparison between a previous 2018 economic impact study by KPMG and 2020/21 figures.

Appendix C presents additional methodology definitions.

03

Context of the arts sector in Calgary

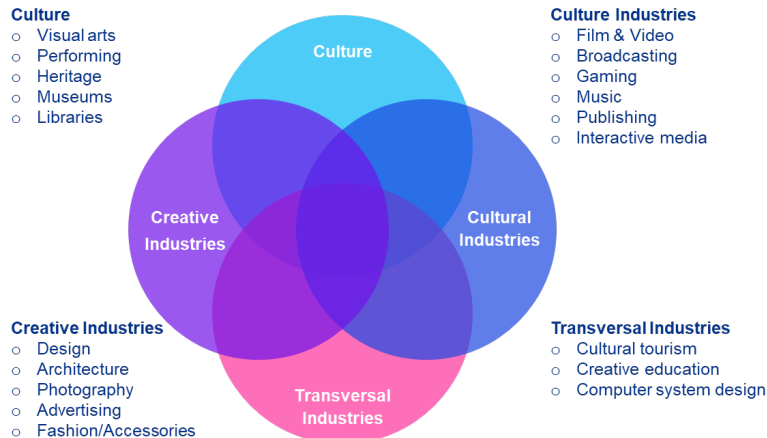
Calgary features a diverse ecosystem of arts organizations

Arts is a key part of the creative economy

Calgary's dynamic and diverse arts community comprises organizations working in multiple fields, such as visual arts, theatre, dance, music, literary arts, film, digital media and arts services.

These are part of the broader creative economy ecosystem. The 2020 report "Exploring Calgary's Creative Economy" suggests a categorization of the creative economy based on four main clusters.

The four-cluster Nesta model

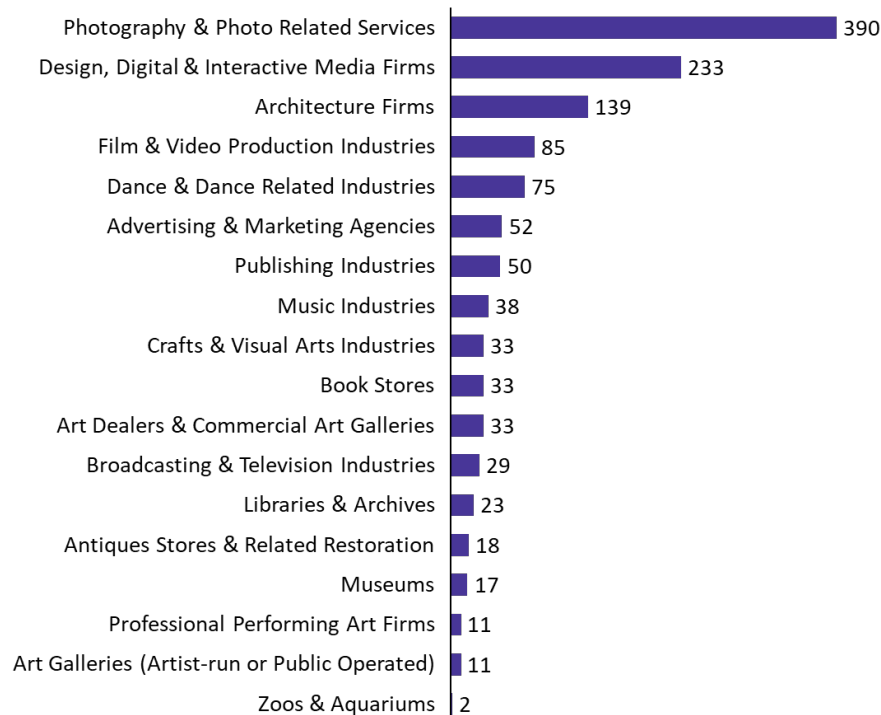


Source: Calgary Arts Development and others (2020). [Exploring Calgary's Creative Economy](#).

According to Calgary's Cultural Plan, Calgary has a strength in creative industries such as photography, digital media and film – in terms of number of establishments.

Calgary's cultural and creative industries

Number of establishments



Source: The City of Calgary (2016). [The Cultural Plan for Calgary](#).

Calgary Arts Development plays a vital role in the local arts sector

Focus of the organization

Established in 2005, Calgary Arts Development Authority is a not-for-profit organization and agency of The City of Calgary. As the city's designated arts development authority, Calgary Arts Development supports and strengthens the arts to benefit all Calgarians. Calgary Arts Development invests and allocates municipal funding for the arts provided by The City of Calgary and leverages these funds to provide additional resources to the arts sector. Its programs support hundreds of arts organizations, individual artists, artist collectives, and ad hoc groups in Calgary.

Key investments in 2020/21

In 2021, Calgary Arts Development invested \$11.6 Million through more than 552 grants to organizations, individual artists, and arts collectives. Of this amount, \$6.7 Million were invested through the Operating Grant Program benefiting 166 non-profit organizations. Approximately \$2.1M were invested in individuals, collectives and organizations through the project grant program.

In 2020, facing the COVID-19 emergency, approximately \$1.1 Million were invested through the Short-Term Relief Fund in 57 organizations and 133 individual artists to help the sector navigate the shutdown of programming and cancellation of contracts. Calgary Arts Development invested about \$2.3 Million in 125 non-profit arts organizations, from the City of Calgary's Emergency Resilience Fund.

Calgary Arts Development's investment programs include:

- Organization Recovery Fund
- Operating Grant Program
- Organization Structural Change Grant
- Project Grant Program – Organizations
- Artist Development Microgrant
- Project Grant Program – Individuals and Collectives
- Original Peoples Investment Program
- Honouring the Children Grant
- Indigenous Artist Microgrant

Sources: Calgary Arts Development. [About](#) ; Calgary Arts Development (2021). [Accountability & Impact Report 2020](#) ; Calgary Arts Development (2022). [Accountability and Impact Report 2021](#).

2020/21 was a challenging year marked by COVID-19 disruptions

A survey revealed challenges for Calgary arts organizations across the board

The 2020 “COVID-19 Impact Survey”* obtained responses from 140 local organizations with a primary mandate related to arts and culture. The study aimed to understand and plan for disruption caused in the sector. The following are selected findings:

Organizational fragility.

47% all organizations responded that they would have to cease operations in the next six to 12 months if current conditions persisted.

Cancelled programming.

A total of 6,339 events were reported as cancelled that would have taken place between March 15 and August 31, 2020. Organizations were expecting an unprecedented 54% drop in attendance in 2020 (compared to 2019).

Revenue loss.

Lost revenue in the current fiscal year, just from the 140 organizational respondents, was anticipated to be over \$20.6M.

Job losses.

Total staff positions dropped 53% from February to May 2020. The study noted that the longer organizations were forced to exist without any staff, the more difficult it would be to reopen.

Fewer artists hired.

Organizations reported planning on hiring 81% fewer artists. Noting that artists were already in a precarious situation before the loss of these opportunities.

Worsening perceptions of the arts & the economy.

85% of organizations reported thinking that the arts locally in general would be in a worse position in a year.

Source: Calgary Arts Development (2020). [COVID-19 Impact Survey](#).

The pandemic was particularly difficult for arts professionals

A survey evidenced financial difficulties among the majority of arts professionals

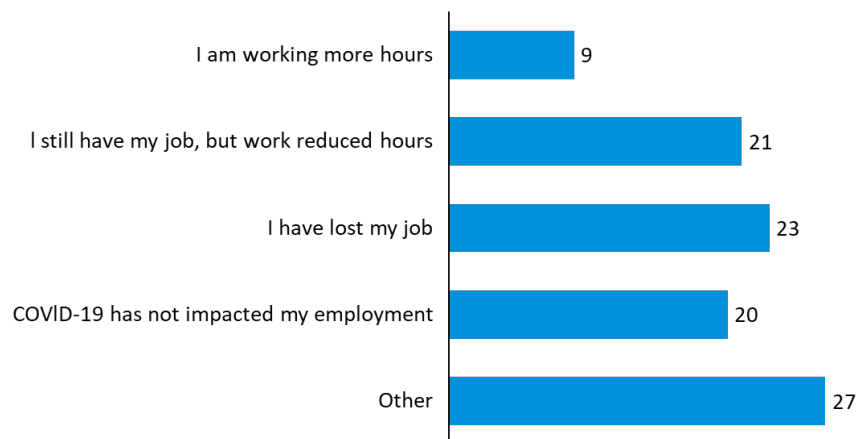
In September 2020, Calgary Arts Development undertook a survey of arts professionals examining their situation across a range of dimensions, including the impact of COVID-19.

The study gathered the views of 828 respondents and was supplemented by focus groups. Selected key findings:

- Over 70% of arts professionals reported that their ability to generate self-employment income was reduced. The nature of the gig economy could make it difficult for many to provide the necessary qualifications to receive government support.
- 57% of arts professionals reported earning an income under \$35,000 per year, much lower than the Calgary average of \$60,244.
- 97% of arts professionals reported a need for more employment opportunities.
- Only 30% of arts professionals agreeing that Calgary is a good place to be an artist.
- 24% of survey respondents anticipated moving away from Calgary in the next two years.

Impact of COVID-19 on employment status among arts professionals

Survey responses in %, rounded



Calgary Arts Development (2020). [Arts Professional Survey](#).

Source: Calgary Arts Development (2020). [Arts Professional Survey](#).

The challenges ahead after the pandemic

Across jurisdictions, there appear to be common themes for consideration as the arts sector and the economy recovers post-pandemic

01

Include the arts sector in recovery plans

Facilitating the participation of key voices of the arts sector in recovery and economic plans of the city and the province.

02

Support and protect the creators

Financial support mechanisms should be available during emergencies, recognizing the particularities of art professions. For example with flexible eligibility requirements.

03

Innovation at the heart of creation

Learning lessons from the pandemic and cultivating advances made in the use of digital technologies. Promoting collaboration with startups and universities to generate innovative offerings.

04

Support entrepreneurship and commercialization

Fostering the creation of intellectual property to generate new revenue; collaboration with the private sector through ventures; facilitating training of arts organizations in business skills.

05

Adapting business models

Developing mechanisms to facilitate adoption of digital technologies to generate efficiencies, grow marketing and collaborate in the creative ecosystem.

06

Continuously review regulatory frameworks

Understanding the changes experienced by the sector to develop appropriate tax policies and regulations that favor its growth, recognizing the vulnerabilities of the sector.

03

**2020/21 operating
results of Calgary's
arts organizations**

166 organizations supported by Calgary Arts Development in 2020/21

Examining the impact of operations of the collective of arts organizations

In 2020/21, Calgary Arts Development provided funding to 166 not-for-profit organizations – or clients of Calgary Arts Development.

While this group of 166 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 purpose of this economic impact assessment is to estimate the collective annual impact of the operating expenditures of these 166 arts organizations funded by Calgary Arts Development.

“Arts Operations” in Calgary refers to the group of 166 organizations.



Photos: Not-Another-Political-Playground-Y'all (NAPPY); Mudfoot Theatre cast and creative team (by Caitlind Brown).

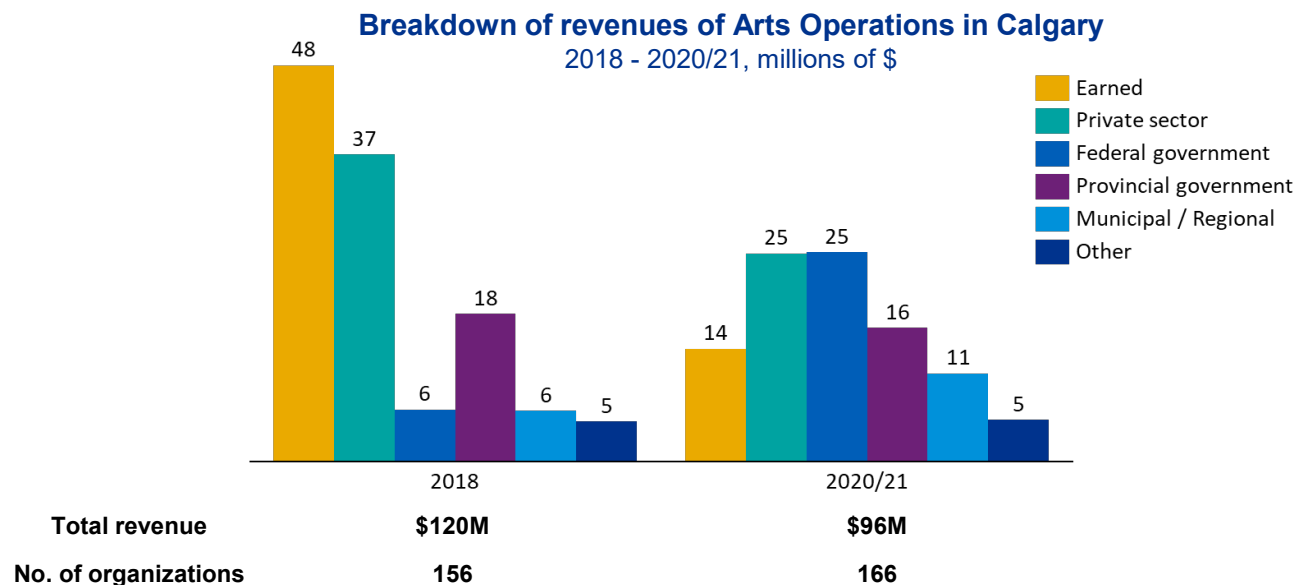
Extracted from: Calgary Arts Development (2022). [Accountability & Impact Report 2021](#).

Arts Operations in Calgary experienced a loss of revenue during 2020/21

Arts Operations generated \$96M in revenue in 2020/21

While not a part of economic impact, the combined revenue of arts organizations was examined in detail.

- Revenue fell from around \$120M (in prior 2018 KPMG study) to below \$100M in 2020/21. There was a steep decline in earned revenue, while the share of public sector funding rose. See Appendix B for a comparison.
- Given the COVID-19 pandemic, the largest components of revenue were federal government and private sector (donations, funding), at around 26% each. Meanwhile, earned revenue represented only 14%.
- All levels of government represent more than one-half of all revenues. A large portion of this funding is classified as “other federal funding”, which refers to non-recurring (or emergency) federal programs.



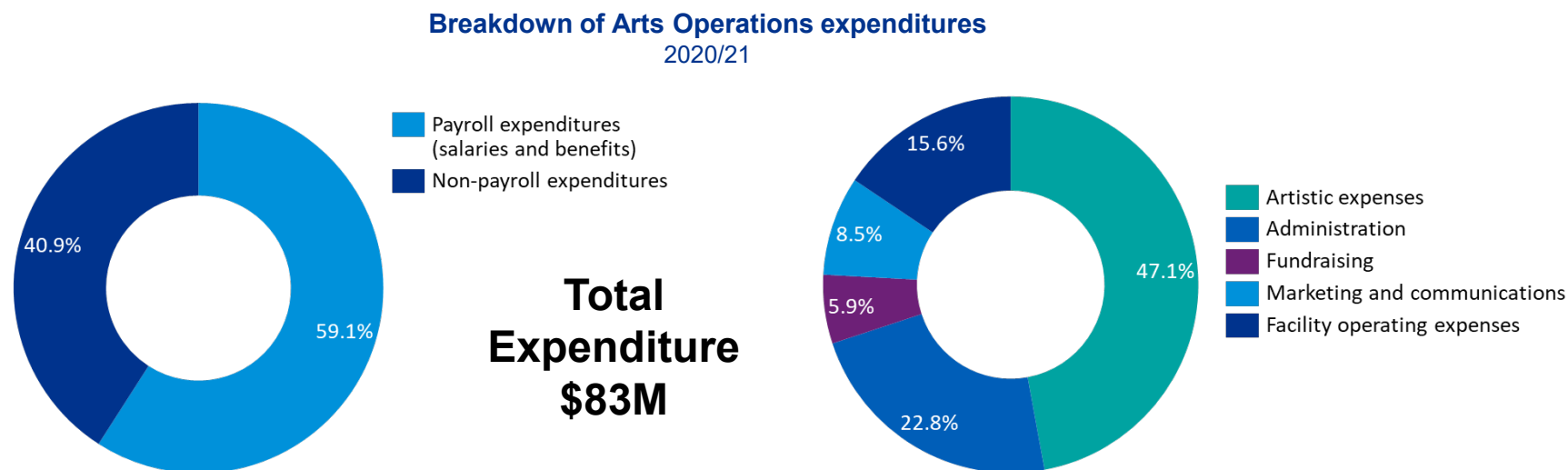
Sources: based on Calgary Arts Development data for 2018 and 2020/21; KPMG analysis.

Expenditure was concentrated in supporting payroll and artistic expenses

Expenditure totaled \$83M in 2020/21

Detailed analysis was conducted on the combined spending of the Arts Operations.

- Salaries and benefits represent close to 59% of the total operating expenditures. Artistic expenses represent nearly one-half of total operating expenditures.
- During 2020/21, 166 arts organizations directly employed 648 full-time equivalents (FTEs) between arts-related and administrative functions, in addition to 259 staff artists.



Sources: based on Calgary Arts Development data on 166 organizations in 2020/21; KPMG analysis.

04

Economic impact assessment of Calgary's Arts Operations

Even in a difficult year, economic impact is significant in terms of value added and jobs

The Calgary arts sector generated more than \$100M in value added and sustained over 1,200 jobs in 2020/21

The activities of arts organizations generate significant annual economic impacts, primarily through their expenditures on goods, services and labor that inject new dollars into the provincial economy.

The expenditures of Arts Operations first generates direct impacts (in terms of value added and employment). Then, it creates further economic impacts through the wider supply chain (indirect impacts). The spending of wages earned by individuals directly or indirectly generates induced impacts.

Total economic impact in Canada from the combined operational spending of Calgary's Arts Operations 2020/21, in millions of dollars and in full-time equivalents (FTEs)

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total GDP impact (in \$M)	49.0	23.4	29.9	102.4
Salaries and benefits before income taxes	49.0	13.6	13.4	76.1
Other revenues before income taxes*	0.0	9.8	16.5	26.3
Jobs (Full-time equivalent)	907	172	185	1,264

Sources: Simulations by Statistics Canada, based on data from Calgary Arts Development; KPMG analysis.

*Given the non-profit nature of the bulk of arts organizations, no annual profit margins were included.

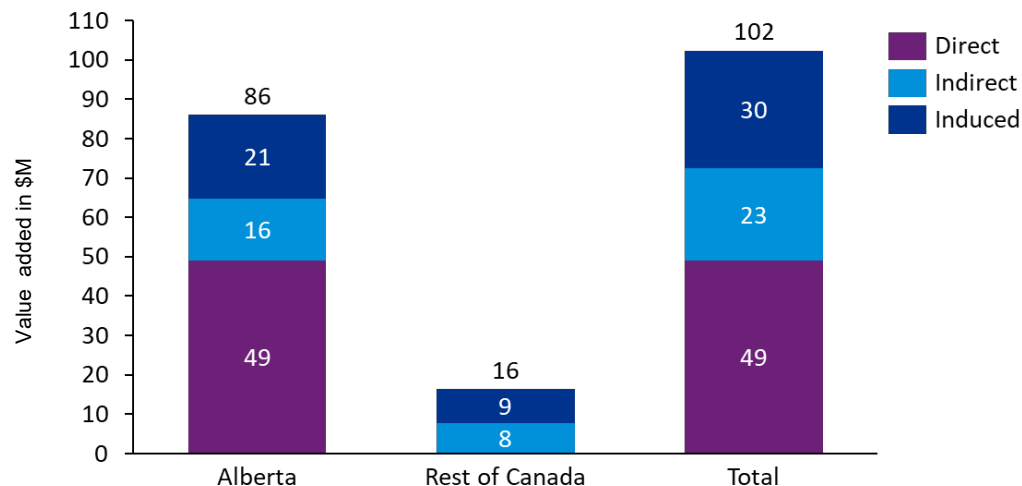
This study examines economic impact in Alberta and in Canada using Statistics Canada input / output model. Regional impact (Calgary area) uses a different methodology presented on page 32.

Estimated \$102M of value added (GDP) generated in Canada

Most added value generated in Alberta (\$86M), while impact in other provinces is \$16M

Operating expenditures of Arts Operations generate economic impacts expressed as direct, indirect and induced effects. Out-of-province GDP impacts are primarily indirect impacts generated through the purchases of goods, services and supplies and fees paid outside of Alberta.

Economic impacts of the Arts Operations in Calgary across Canada – value added
2020/21, millions of \$, rounded



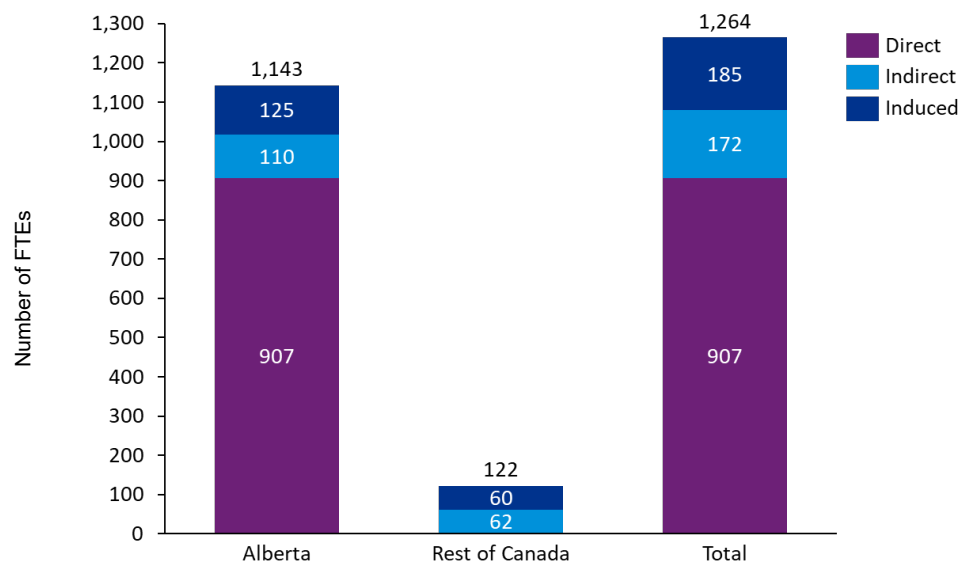
Sources: Simulations by Statistics Canada, based on data from Calgary Arts Development; KPMG analysis.

1,264 full-time equivalent (FTE) jobs sustained across Canada

More than 1,100 jobs are sustained in Alberta, while 122 indirect or induced jobs are supported in the rest of Canada

Operating expenditures of Arts Operations generate jobs expressed as direct, indirect and induced effects. Out-of-province GDP impacts are primarily indirect impacts generated through the purchases of goods, services and supplies and fees paid outside of Alberta.

Economic impacts of the Arts Operations in Calgary across Canada – jobs
2020/21, full-time equivalents (FTEs)



Sources: Simulations by Statistics Canada, based on data from Calgary Arts Development; KPMG analysis.

Estimated \$19.2M in government revenues in Canada

\$15.9M raised in Alberta through municipal, provincial and federal taxes of which:

- \$1.5 M in municipal tax revenues
- \$5.9 M in provincial tax revenues
- \$8.4 M in federal tax revenues collected

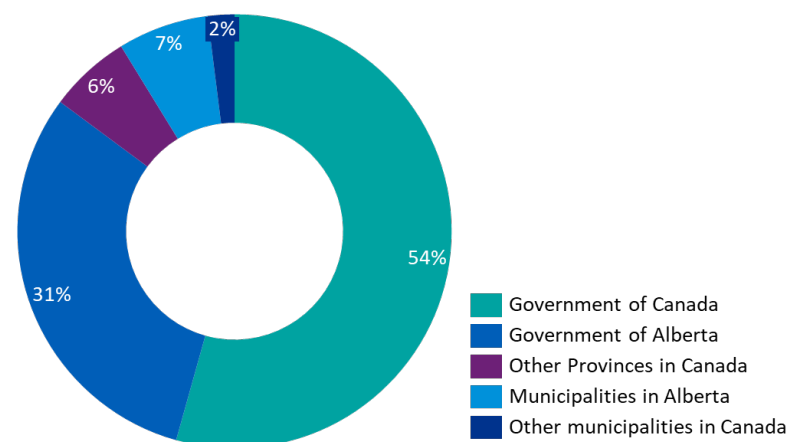
An additional \$3.4 M in government revenues are generated indirectly outside Alberta, thus increasing the total government revenues generated as a result of Art Operations in Calgary to \$19.2M.

Gross* government revenues accrued in Canada

2020/21, millions of \$

	Alberta	Rest of Canada	Total (Canada)
Total municipal taxes	1.5	0.4	2.0
Taxes on products**	0.1	0.0	0.1
Taxes on production***	1.4	0.4	1.9
Total provincial taxes	5.9	1.4	7.3
Taxes on products**	1.6	0.5	2.2
Taxes on production***	0.7	0.2	0.9
Income taxes	3.6	0.6	4.2
Total federal taxes	8.4	1.6	10.0
Taxes on products*	1.9	0.3	2.2
Taxes on production**	0.0	0.0	0.0
Income taxes	6.5	1.3	7.8
Total government revenue impacts	15.9	3.4	19.2

Gross* government revenues accrued in Canada – breakdown of recipients



*These are gross tax revenues, which do not consider subsidies, credits or grants. **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. Local taxes include real property taxes, frontage fees and other levies.

Sources: Simulations by Statistics Canada, based on data from Calgary Arts Development; KPMG analysis.

Most economic impacts are in the Calgary area

Isolating the economic impact in Calgary required a bespoke approach

Regional or city-level economic impacts are not measured directly by the available input-output models. To produce an estimate of the local impact of Calgary Arts Development clients, we used parameters on the size of the local economy and the local regional weight of specific industries in the broader provincial economy (location quotients).

The weight of employment in Calgary relative to total employment in Alberta was examined across different industries, using data from Statistics Canada. Weights of the Calgary area were then applied to the total contribution of different industries to value added in Alberta from the input-output simulations. Industries that involve a lower level of mobility were given a higher weight.

Calgary* retained an estimated \$72.1M

It is expected that most of the direct impacts of Arts Operations (consisting of salaries) will remain within the Calgary area.* Indirect and induced values were calculated using the weight of employment in Calgary across sectors. As a result, operations have a direct impact of \$49M on value added. Indirect and induced impacts in the local economy represent \$9.8M and \$13.3M, respectively.

Regional economic impact in Calgary related to the combined operational spending of the Arts Operations 2020/21, in millions of dollars

	Direct	Indirect	Induced	Total
Total GDP impact (in \$M)	49.0	9.8	13.3	72.1

Sources: Simulations by Statistics Canada, based on data from Calgary Arts Development; KPMG analysis. **Note on methodology:** Total employment in the Calgary area was 782,600 in 2020, equivalent to 43% of total employment in Alberta. Calgary contributes 63% of employment in information, culture and recreation and its weight in the province can be as high as 78% in professional, scientific and technical services. For sectors such as construction, repair and maintenance, utilities, healthcare and education, as well as accommodation and food, weights were manually inputted ranging between 70% to 80% assuming that the provision of these services is mainly local.

*Defined as Calgary Census Metropolitan Area by Statistics Canada with population 1,481,806 in 2021 and including Calgary, Rocky View County, Airdrie, Beiseker, Chestermere, Cochrane, Crossfield, Irricana, and Tsuu T'ina Nation 145.

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Additional impacts of Calgary's arts organizations

The arts sector contributes to urban transformation and dynamism of Calgary's economy

In particular, three important arts infrastructure projects promise to catalyze further investment and economic activity. Calgary Arts Development is not contributing to these projects but its operating grant clients will benefit from their completion.*

Glenbow Museum Renovation Plan



New lobby and spaces for gathering, retail, galleries, theatre and education. Estimated completion in 2024.

Calgary Arts Development is a supporter of the Glenbow Museum through an annual operating grant.

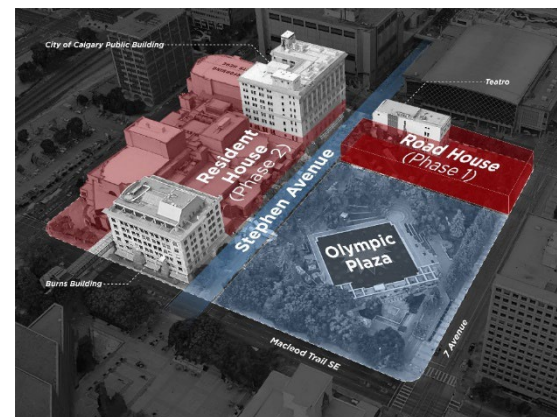
National Access Arts Centre



A multidisciplinary disability arts venue with spaces for presentations, arts, local community and businesses. Estimated completion in 2023.

Calgary Arts Development provides funding to the National Access Arts Centre through an annual operating grant.

Arts Commons Transformation (ACT)



A modern, welcoming and inclusive arts center and performance venue right in the heart of the city.

To be used by clients of Calgary Arts Development.

Photos: Glenbow Museum. [Glenbow – Renovation](#) ; National Access Arts Centre. [The Arts, Redefined.](#) ; Arts Common Transformation. [East Victoria Park Projects.](#)

* These capital projects have not been included within the economic impact assessment

Arts contribute many intangible positive benefits for the city, province and country

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

Calgary Arts Development and sectoral 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
- Providing education and career opportunities
- Inspiring youth and creativity.

Showcasing a city / region, and adding to the marketing and brand of a city

The city's arts and culture offering, whether its museums, public art, performances or festivals, constitute an important factor for tourism attraction. Calgary's varied arts offering being an important part of its branding and attraction strategy.



Photos: Mini Thni Dance Troupe (by Jujay Yoon); Screenshots from Deep/Fake-post/Humyn (by Uii Savag).

Extracted from: Calgary Arts Development (2022). [Accountability & Impact Report 2021](#).

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Appendices:

A. List of arts organizations

B. Comparison of 2018 vs. 2020/21 data

**C. Other definitions used in economic
impact assessment**

Appendix A: List of arts organizations supported by Calgary Arts Development

1	Acoustic Music Society of Calgary, The	21	Calgary Bach Festival Society
2	Adult Recreational Choir Society	22	Calgary Blues Music Association
3	Alberta Ballet	23	Calgary Boy's Choir
4	Alberta Craft Council	24	Calgary Centre for Global Community / Humainologie
5	Alberta Dance Theatre For Young People, The Society of	25	Calgary Children's Choir Association
6	Alberta Media Arts Alliance Society	26	Calgary Chinese Orchestra
7	Alberta Playwrights' Network	27	Calgary Cinematheque Society
8	Alberta Printmakers Society	28	Calgary Concert Band
9	Alberta Theatre Projects	29	Calgary Fiddlers Association
10	Alexandra Writers Centre	30	Calgary Fireworks Festival operating as GlobalFest, The
11	Alliance Française of Calgary	31	Calgary Foothills Barbershop Chorus Society
12	Amici String Program Association	32	Calgary Girl's Choir Association
13	Antyx Community Arts Society	33	Calgary International Film Festival
14	Artpoint Gallery & Studios Society	34	Calgary International Fringe Festival
15	Association of the Inside Out Integrated Theatre Project, The	35	Calgary Men's Chorus Society
16	Beltline Neighbourhoods Association/BUMP	36	Calgary Multicultural Choir Society
17	Book Publishers Association of Alberta (CADAC stats)	37	Calgary Opera Association
18	Brazilian Community Association of Alberta - FIX FF	38	Calgary Performing Arts Festival Society
19	Calgary Allied Arts Foundation	39	Calgary Philharmonic Orchestra
20	Calgary Animated Objects Society	40	Calgary Pro Musica Society

Appendix A: List of arts organizations supported by Calgary Arts Development

41	Calgary Protospace	61	Decidedly Jazz Danceworks
42	Calgary Reggae Festival Society	62	Design Talks Institute
43	Calgary Renaissance Singers & Player	63	Downstage Performance Society
44	Calgary Round-Up Band	64	Early Music Voices Concert Society
45	Calgary Society of Independent Filmmakers	65	East Side Dance Festival
46	Calgary Underground Film Festival	66	Elephant Artist Relief (EAR)
47	Calgary Young People's Theatre	67	EMMEDIA Gallery & Production Society
48	Calgary Youth Orchestra Society	68	EnChor Choral Society
49	Canadian Academy of Mask and Puppetry	69	Evergreen Theatre Society
50	Canadian Music Centre, Prairie Region Association	70	Exposure: Calgary Banff Photography Festival
51	Cantare Children's Choir Society	71	Fairy Tales Presentation Society
52	Caribbean Community Council of Calgary, The	72	Femme Wave Arts Society
53	Casa Mexico	73	Festival Chorus, The
54	Chromatic Theatre Society	74	Fire Exit Theatre Society
55	CJSW Radio - The University of Calgary Student Radio Society	75	Fish Creek Concert And Cultural Society
56	Classical Guitar Society of Calgary	76	Folk Festival Society of Calgary
57	Clouds & Water Gallery and Visual Production Society o/a The New Gallery	77	Foothills Bluegrass Music Society
58	Contemporary Calgary	78	Foothills Brass Society
59	Corps Bara Dance Guild of Calgary	79	Footprints Dance Project Society of Alberta
60	Dancers' Studio West Society	80	Forte Musical Theatre Guild

Appendix A: List of arts organizations supported by Calgary Arts Development

81	FreeFall Literary Society of Calgary	101	Kensington Sinfonia
82	Front Row Centre Players Society	102	Land's End Chamber Music Society
83	Ghost River Theatre Society	103	Leighton Foundation and Art Centre, The
84	Glenbow-Alberta Institute	104	Loft 112
85	Gli Azzuri - Calgary Italian Folk Dance Society	105	Loose Moose Theatre
86	Green Fools Theatre Society	106	Lougheed House Conservation Society
87	Handsome Alice Theatre AKA Urban Curvz Theatre	107	Luminous Voices Music Society
88	Harmony Guzheng Ensemble Association	108	Lunchbox Theatre
89	Hispanic Arts Society	109	Making Treaty 7 Cultural Society
90	Honens	110	Marda Loop Justice Film Festival Society
91	Iniistsi Treaty Arts Society	111	Morpheus Theatre
92	Illingworth Kerr Gallery at ACAD	112	Mount Royal Choral Association
93	In-Definite Arts	113	Mountain Standard Time Performative Art Festival
94	Indigenous Resilience in Music	114	Music Calgary
95	Instrumental Society of Calgary	115	National Music Centre
96	International Festival of Animated Objects Society (IFAO)	116	New Works of Art Calgary Society
97	International Festival of Song and Chamber Music Society	117	Old Trout Puppet Workshop
98	JazzYYC	118	One Big Jam
99	Jeunesse Classique Ballet Society	119	One Voice Chorus Society
100	Kantorei Choral Society	120	One Yellow Rabbit Theatre Association

Appendix A: List of arts organizations supported by Calgary Arts Development

121	Orchestra Society of Calgary (Calgary Civic Symphony)	141	Stride Art Gallery Association
122	ProArts Society	142	Studio C - A Prospect Project
123	Pumphouse Theatres Society	143	Suzirya Ukrainian Dance Theatre Association
124	Quest Theatre Society	144	Swallow-a-Bicycle Theatre Society
125	Quickdraw Animation Society	145	The Calgary Jazz Orchestra Society
126	Revv52	146	The Grand
127	Rocky Mountain Concert Band	147	The League of Extraordinary Albertans
128	Sarb Akal Music Society of Calgary	148	Theatre Alberta Society
129	Savridi Singers Association	149	Theatre Calgary
130	Second Story Art Society (Truck)	150	Theatre Encounter Performance Society
131	Shakespeare Company, The	151	Three Left Feet Movement Creations
132	Silver Stars Musical Revue Society	152	Trickster Theatre Society
133	Single Onion	153	Tryzub Ukrainian Dance Society
134	Sled Island Arts Fellowship	154	Untitled Arts Society
135	Soulcentric Performing Arts Society	155	Verb Theatre
136	Southern Alberta Woodworkers Society	156	Vertigo Theatre Society
137	Spiritus Chamber Choir and Performing Arts Ensemble	157	W & M Dance Projects of Calgary Association
138	Springboard Dance Collective Calgary Society	158	W.P. Puppet Theatre Society
139	Stage Left Productions Theatre Association	159	West Village Theatre Society
140	StoryBook Theatre Society	160	Westwinds Music Society
		161	When Words Collide
		162	Wild Mint Arts
		163	Woezo Africa Music & Dance Theatre Inc.
		164	Wordfest
		165	Writers' Guild of Alberta
		166	Youth Singers of Calgary

Appendix B: Comparison of 2018 vs. 2020/21 data

A comparison between the 2018 KPMG economic impact study and the 2021 study reveals key differences:

- An overall fall in revenue of Arts Operations, in particular due to the sharp decline of earned revenues in the context of the COVID-19 pandemic. This was somewhat offset by an important rise in public sector funding over 2020/21.
- An overall fall in expenditures, in particular non-payroll costs. In the year 2020/21, it is noticeable that a larger portion of expenditure was dedicated to supporting jobs.
- Overall contribution to GDP fell since 2018, consistent with a decline in expenditure. The decline was particularly strong regarding indirect impacts which refer to value generated in the supply chain.
- The total number of jobs sustained fell, especially indirect jobs which are generated in the supply chain. This is consistent with organizations focusing in essential services.
- Tax revenues were relatively stable. A fall in taxes on products and production was offset by an increment in income taxes. Some of this variation can be explained by a slight change in the methodology used by KPMG.*

*The 2018 study only considered direct labor for estimation of income taxes. In this current assessment, taxes raised through direct, indirect and induced labor are considered.

(in \$ millions)	2018	2021	Difference
Revenue	120	96	-24
<i>Earned</i>	48	14	-34
<i>Public sector</i>	30	52	22
<i>Other</i>	42	30	-12
Expenditure	120	83	-37
<i>Payroll</i>	46	49	3
<i>Non-payroll</i>	74	34	-40
Economic impact results			
GDP total (\$ M)	134	102	-32
<i>Direct</i>	46	49	3
<i>Indirect</i>	51	23	-28
<i>Induced</i>	37	30	-7
Jobs total (FTEs)	1,550	1,264	-286
<i>Direct</i>	996	907	-89
<i>Indirect</i>	348	172	-176
<i>Induced</i>	206	185	-21
Tax revenue (\$ M)	17	19	3
<i>Total municipal</i>	3	2	-1
<i>Total provincial</i>	6	7	1
<i>Total federal</i>	8	10	2

Appendix C: Other definitions used in economic impact assessment

This study focuses on quantifying four specific dimensions of economic impact –value-added (GDP), labor income, employment, and government revenue. Each of these benefits is defined 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 the 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.
- **Labor income** represents the total earnings of employees (including employees of suppliers), consisting of wages and salaries as well as supplementary labor 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). The study calculates gross government revenues, that is without considering grants, credits or subsidies. Note that government revenue and taxes includes government income described above, plus estimated income taxes on direct, indirect and induced labor income based on effective tax rates on average direct labor income. Corporate revenues along the supply chain are not considered.



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