



2008 ALBERTA CHAMBERS OF COMMERCE RESOLUTION

Options for arts policy in Alberta

The issue

The shortage of labour in Alberta is an ongoing challenge confronting members of the Alberta business community. Alberta business has attracted all the workers that it can through competitive wages and benefit packages. In order to become a world-leading province, and one that attracts world-class talent, Alberta must focus on developing its burgeoning arts sector. The work of Richard Florida and others confirms that young, mobile talent is moving to attractive, interesting, and creative cities and regions, leaving it up to employers to follow them. If Alberta's cities are to compete for the best talent, they must ensure that the city fosters an environment that encourages the arts to thrive.

The contribution of the arts sector

Alberta is short of workers, and the shortage extends through every sector of the economy, contributes to wage inflation, and slows economic growth. Interestingly, studies show that a vibrant arts scene contributes to a jurisdiction's ability to attract and retain talented people.¹ Albertans know this as, in 2005, 94 per cent said that having a wide variety of cultural activities and events makes Alberta a better place to live.² One of the many reasons this is so is that the arts are a key method of developing both personal and group identity. Londoners, no doubt, found themselves expressed in the work of Dickens, Athenians had Aeschylus, Vienna had Mozart, Paris had Jacques-Louis David, and, presently, New York has Martin Scorsese. These artists helped citizens develop awareness of their place in the city, and informed observers about what their cities meant in the global context. To be a great province, we need great artists.

For Alberta to attract and retain talent, the province needs to develop a culture-focused environment that encourages the development of an "Albertan Identity" based upon our Western heritage, and to actively promote the idea of Alberta as a place worth living. If arts and artists can develop, and give meaning to the idea of being a Albertan, then the province itself can expect to be a more cohesive community, be less likely to lose the people that are already reside here, and be thought of more than just a stopover, or place to make money, on a journey to another destination.³

¹ For more on this see Jason Azmier, "Culture and Economic Competitiveness: An Emerging Role for the Arts in Canada", *Western Cities Project Discussion Paper* (Canada West Foundation, 2002): 6-7.

² *Albertans' Perceptions of Culture & Quality of Life Survey 2005*. Ipsos-Reid and Vik Singh, *Economic Contribution of the Culture Sector – A Provincial Perspective* (Statistics Canada: 2004)

³ Information on cities derived from Canada Council *Arts Funding to Artists and Arts Organizations* provincial series located at www.canadacouncil.ca/publications_e/statistics/ek127235070467031250.htm. For more information on the provincial inequalities see Canada Council for the *Arts Funding to Artists and Arts Organizations in Alberta, 2006 –2007* accessed on 4 December 2007 at www.canadacouncil.ca/NR/rdonlyres/1ECA5564-CC79-4851-AB28-78847CE06E29/0/AB200607EN.pdf.



If Alberta is to achieve its potential to become the world-class jurisdiction it strives to be, then arts policy must be thought of as a key contributor to defining the province, improving the quality of life, and contributing to our economy.

The value of the arts is not only intrinsic; there are considerable economic advantages to be gained from arts investment. Albertans receive a 12:1 return on every dollar spent on the arts. Alberta's 11,700 artists alone represent 0.66 per cent of the labour force, and the cultural sector as whole (including museums, libraries, etc.) accounted for over three per cent of employment and 2.5 per cent of the province's GDP.⁴ Though these numbers are encouraging, it is clear that there is a significant opportunity to increase arts and culture related economic activity. Ontario, for example sees more than four per cent of its labour force participation from the cultural sector along with four per cent of its GDP.⁵ The government clearly realized that direction was needed, and in 2007 started consultations on a new cultural policy. This policy was released in January 2008 and contains numerous principles to guide the development of the arts in Alberta into the future. The four main goals of the policy were to: (1) Ensure Albertans throughout the province have access to a wide range of cultural experiences and activities; (2) Enhance community capacity to support and promote cultural activity; (3) Encourage excellence in the work of Alberta's artistic and cultural professional organizations; and (4) Foster growth, sustainability and investment in Alberta's cultural industries.

Monitoring and measuring the arts sector

One of the difficulties in raising the profile of the arts and developing a strategic plan is the lack of indicators currently available to those interested in improving Alberta's arts scene. The Alberta Chambers recommends that the following list of indicators be measured and used as benchmarks for policy priorities:

- The number of arts seats per 1,000 residents
- Attendance at arts events on a per capita basis
- Level of participation in arts activities
- More information on giving to the arts (the percentage of corporate community investment budgets, foundation grants given to the arts; volunteerism and personal giving to the arts)
- Economic output of arts organizations
- More detailed information on individual artists
- Information on what is being produced by artists (original productions staged, original works shown, total number of performances, total number of works sold)
- Citizen satisfaction with the number of arts and cultural activities available in the
- Community

The Alberta Foundation for the Arts already gathers some of this information from organizations that receive grants, but it is essential that this data becomes benchmarks

⁴ Economic Impact of the Arts Study, 2004, Econometric Research Limited.

⁵ Deloitte, "Economic Contribution Toronto's Culture Sector", accessed on 4 December 2007 at www.toronto.ca/culture/pdf/Toronto_Economic-Impact-CultureSector.pdf



for policy, rather than the current reporting system that prioritizes only one benchmark, the level of participation in arts and cultural activities.⁶

Investment in the arts sector

Finding space to operate is a major issue for arts organizations in the province. A simple extension of the current exemption of capital gains tax on gifts of stock, to donations of private property would go some distance in making donations to non-profit and charitable organizations more attractive.

Funding is, of course, the major concern for all arts organizations and the Alberta Chambers of Commerce encourages government to consider new and dynamic possibilities to better leverage existing funding for the arts. For example, Calgary is below other major urban centres like Toronto, Montreal, and Vancouver in the level of federal arts funding it receives. The province should work with municipalities to ensure that funding levels of Alberta artists are at or above the national average.

Another, perhaps more controversial possibility, is to allocate a significant amount of funding, from all levels of government, on a matching funds basis. Great art has been produced where artists needed to produce the best quality material to appeal to their patrons. Bill Ivey, former head of the National Endowment for the Arts in the United States, said of the matching grants system in the U.S.: “The last 40 years of matching grants stands as one of the most transforming interventions ever, in any cultural system, in any nation.”⁷ In fact, Alberta has already seen the power of matching grants as the Lougheed government instituted the Alberta Matching Grants Program, remembered well for unleashing aggressive fundraising campaigns by arts organizations.⁸ The AFA's current funding regime sees a modified form of matching grants, basing its funding formula on the amount of revenue an arts organization can raise outside of government (called community derived revenue), and the recent announcement of the Community Spirit Donation Grant Program serves to show that the government recognizes the potential of matching grant programs. The current funding regime is a major reason that Alberta was second only to Prince Edward Island in the amount of private money flowing into arts organizations in 2003 -2004.⁹

The AFA is currently in the process of a program evaluation and the Alberta Chambers would like to see funding models that use fund matching principles continued. The current process for allocation of money, as good as it is, is not well communicated and the AFA could improve its communication efforts to explain to Albertans how their money is allocated to arts organizations. This means not only reporting to whom the money was allocated and through what program, but also the process by which each granting program operates, whether by a community derived revenue based formula or by jury.

⁶ Alberta, Tourism, Parks, and Recreation, *Annual Report 2006 – 2007* accessed on 8 May 2008 at <http://tpr.alberta.ca/about/publications/0607annualreport.pdf>

⁷ Bill Ivey, *America Needs a New System for Supporting the Arts* accessed on 28 January 2008 at <http://www.vanderbilt.edu/curbcenter/support>

⁸ For more on this see David Whitson et. al. *Cultural Policy in Alberta* accessed on 11 February 2008 at www.cpsaacsp.ca/papers-2006/Whitson.pdf

⁹ Alberta Finance, *Alberta Advantage, 2006* accessed on 8 May 2008 at <http://www.finance.gov.ab.ca/publications/budget/budget2006/abadv.pdf>



To encourage greater private arts investment and patronage, and to encourage artists to actively develop these relationships based on more of a business model, the government should direct the majority of its funding, and that of publicly funded granting bodies, based on formulas that mirror and incorporate market signals provided by the investment and funding decisions of private participants and corporations. This does not discount the fact that there are, and will continue to be, worthy arts and culture projects and initiatives that do not receive funding from private sources, and yet should still be considered for public funding. A significant proportion of public arts funding, however, should be tied to what private citizens are willing to support. If successful, this policy would also serve to incent private investment in the arts, recognizing that nearly every dollar invested privately would receive matching funds from other sources. Such investment would, in turn, provide aspiring artists with the financial stability to pursue the next wave of creative projects and art forms that would otherwise not be possible.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Promote Alberta's unique and organic identity, including its Western heritage and the building of great civic and cultural institutions, by extending the tax treatment of capital gains on stocks donated to non-profits and charities to donations of property for the capital projects that would serve to build or expand the number or capacity of arts paces. Consider innovative tax measures to provide vehicles and incentives for greater private sector financial support for, and participation in, the arts.
2. Work in partnership with the federal government to ensure federal funding of arts initiatives equals that allocated to other provinces on a per capita basis by making full use of existing grants available to arts organizations.
3. Ensure the Alberta Foundation for the Arts clearly enumerates and describes the operation of each of the granting programs that it manages.
4. Develop a cost-effective, comprehensive statistical measure gathering strategy for the Alberta Foundation for the Arts to do the following: monitor the state of the arts industry in municipalities; set appropriate targets based on these data; provide a solid business picture and publicly report the value that this sector contributes to the economy; and accurately measure the depth and breadth of public participation in the arts. Measure these statistics annually and disseminate them widely.