

Economic Impact of SK Arts' Funded Organizations

2023

Prepared by the Saskatchewan Arts Alliance

Methodology

When discussing economic impact, we are discussing the concept that institutional or organizational spending on goods and services creates a ripple effect throughout the overall economy.

For this study, we examined the three major economic mechanisms - direct, indirect, induced and total impact - of SK Arts' funded organizations, both within the province of Saskatchewan and within Canada as a whole.

Direct impact refers to the economic value directly associated with the organizations' expenditures, including employment and income of all employees.

Indirect economic impacts are the economic value resulting from the operations of the organizations that have an impact on other industries through the demand for goods and services (e.g. real estate, transportation, manufacturing, etc.)

Induced impact is the economic value added as a result of both the direct and indirect impacts (e.g. the money put back into the economy by the spending of the employees of the arts organizations as well as the employees of the industries impacted by their organizations' activities.)

In order to create these estimations, we have used the most recent Canadian Arts Data / Données sur les arts au Canada (CADAC) financial data from the SK Arts' funded organizations. SK Arts provided this data in an anonymized form.

Every organization funded by SK Arts (with the exception of literary publishers) is required in their applications and reporting to submit financial and statistical data to CADAC. This financial information is verified against each organization's audited statements, ensuring that these filings are accurate.

In order to calculate the impact, we used the CADAC data and the Statistics Canada input-output multipliers. These multipliers are the most widely used system for measuring the economic impacts of an industry in Canada. The multipliers are independent, the benchmark for economic impact analysis in Canada, and are updated annually. For our calculations, we used the most recent (2019) multipliers¹ and used industry NP710000, 'Arts, entertainment and recreation.'

It is important to note that factors such as ticket or merchandise sales are not included in this economic impact assessment: the economic impact is calculated using expenditures only, not revenue. Though revenue is discussed in this report, it has not been included in overall calculations.

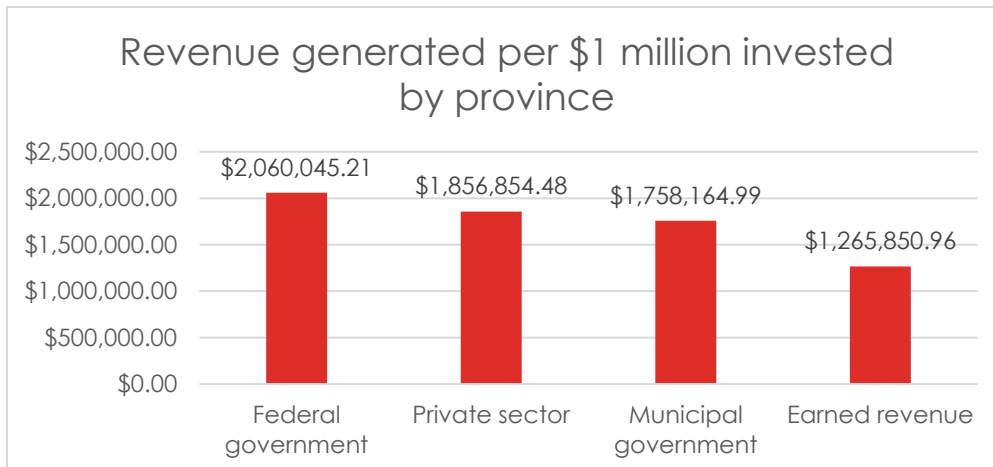
¹ The 2020 multipliers were released during the preparation of this report, however the data and impact were calculated using the 2019 multipliers, prior to the release of the 2020 multipliers.

Revenue

Based on the most recent CADAC filings, SK Arts’ funded organizations generated \$46 million in total revenue. Support from the federal government and the private sector comprised the majority of funding, making up 45% of overall revenue at around \$21 million. Municipal government funding contributed nearly \$9.5 million, and earned revenue contributed a further \$6.8 million. The government of Saskatchewan contributed \$5.4 million,² while other funding sources provided the final \$2 million in revenue.



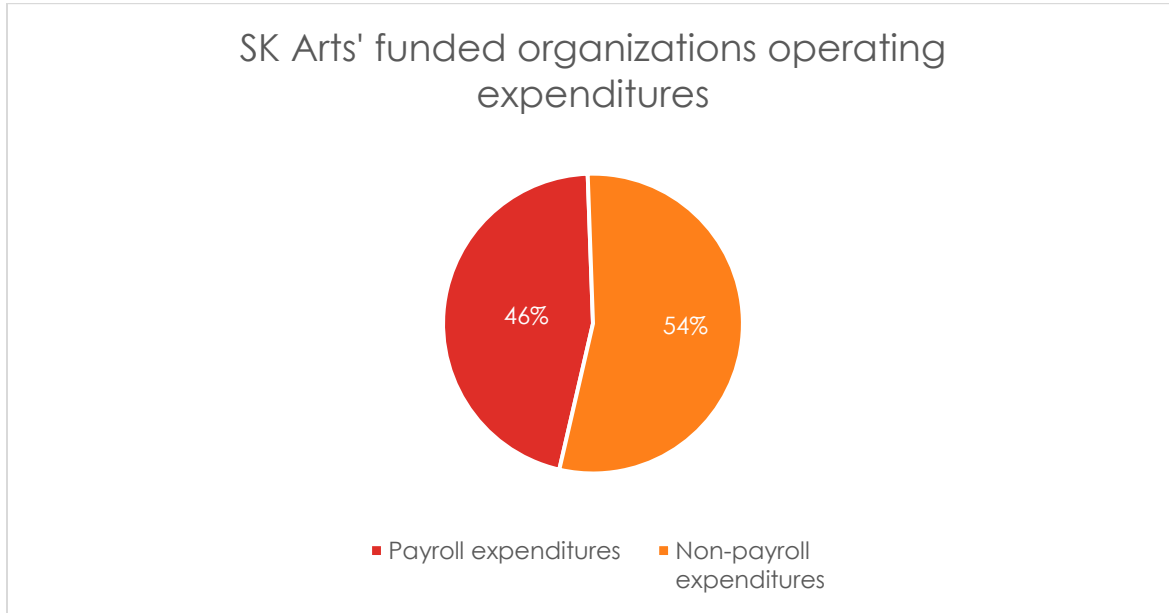
For every \$1 million invested by the province, SK Arts’ funded organizations were able to leverage that provincial funding to receive over \$2 million from the federal government, \$1.8 million from the private sector, \$1.75 million from the municipal government, and were able to generate \$1.2 million in earned revenue.



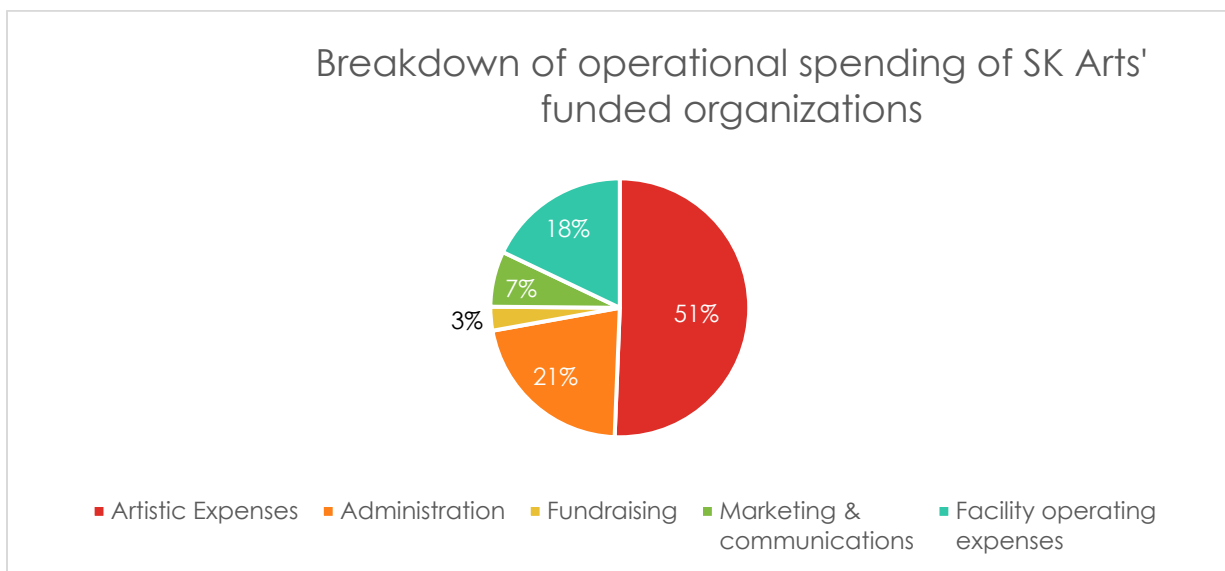
² This figure does not represent the totality of the Government of Saskatchewan’s contributions to either SK Arts as an organization, or the arts sector as a whole. This number represents the reported amount of provincial revenues received by the organizations in their most recent CADAC filings.

Expenditures

SK Arts' funded organizations reported over \$41 million in operating expenses. This comprises the vast majority (95%) of overall expenses reported by these organizations. Of the overall operating expenses, 46% was dedicated towards employees' salaries and benefits.



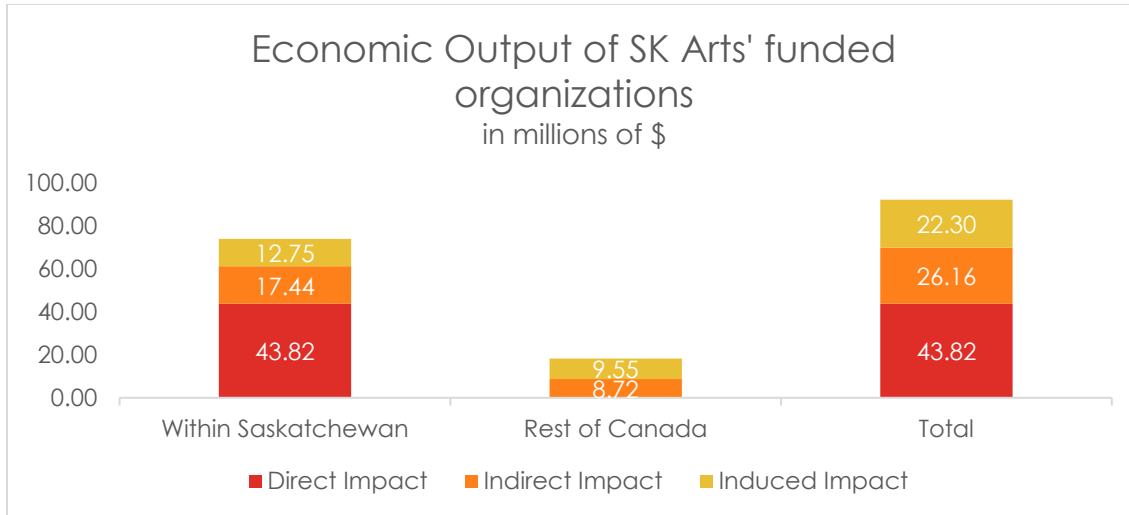
The remaining 54% of operating expenses are broken down into artistic expenses, which make up more than half of the remaining operation expenses at \$21 million; administrative costs \$9 million; facility operating expenses of \$7.5 million; marketing & communications at \$2.9 million and fundraising expenses which amount to \$1.2 million.



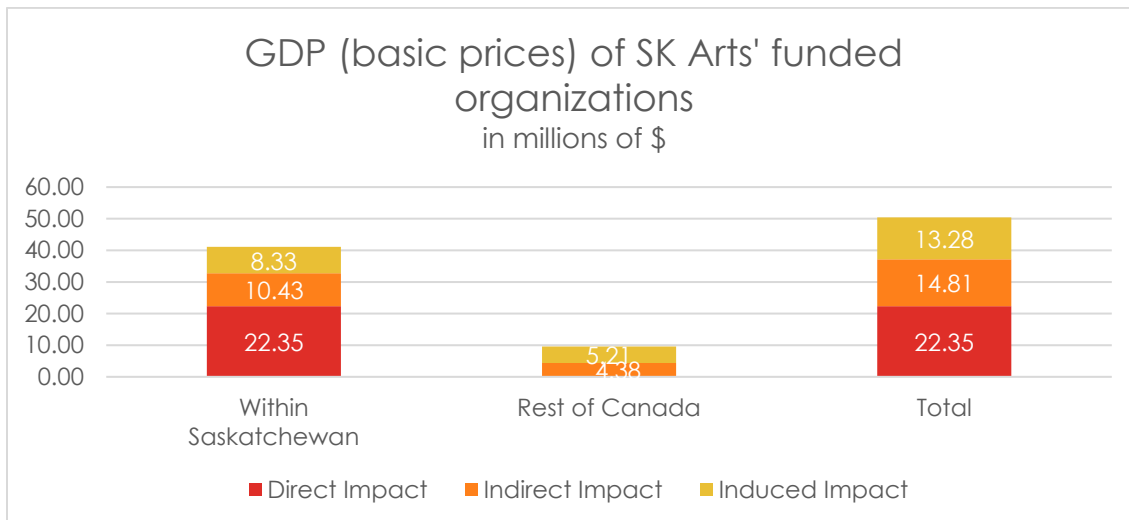
Economic Impact

Using the multipliers, it was determined that SK Arts' funded organizations generated a total of \$74 million in economic output within Saskatchewan.

As the majority of employees and expenditures are based within the province, the direct impact on Saskatchewan is much higher than that of the rest of Canada. Nevertheless, SK Arts' funded organizations generated a total of \$18 million worth of impact outside of the province, bringing the total economic output of SK Arts' funded organizations to \$92 million within Canada as a whole.

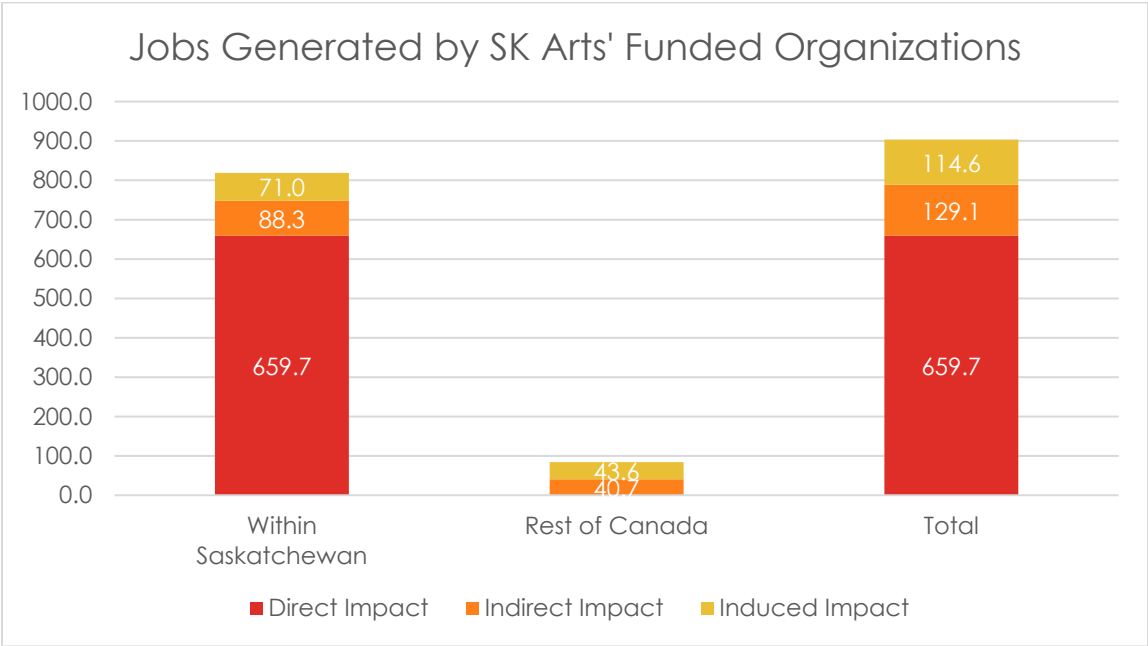


It was estimated that SK Arts' funded organizations generated \$50 million in GDP at basic prices.³ Of that \$50 million, \$41 million was generated for the province.



³ “[Gross domestic product at market prices](https://www150.statcan.gc.ca/n1/pub/13-605-x/gloss/gloss-g-eng.htm#Grossdomesticproductatbasicprices) minus [taxes](#) less subsidies on products. Gross domestic product at basic prices is also equal to the traditional value at factor cost plus taxes less subsidies on the factors of production (labour and capital).” StatsCan Glossary <https://www150.statcan.gc.ca/n1/pub/13-605-x/gloss/gloss-g-eng.htm#Grossdomesticproductatbasicprices>

SK Arts' funded organizations were responsible for supporting 819 FTEs (full-time equivalents) within the province and 903 FTEs across Canada, meaning SK Arts' funded organizations created 903 jobs.



In total, SK Arts' funded organizations generated over \$92 million in economic output, creating 903 full-time equivalent jobs and \$50 million in GDP.



\$92m
in economic
output



903
jobs (FTEs)



\$50m
GDP (at
basic prices)

Summary

As evidenced by this report, SK Arts' funded organizations significantly contribute to the economic health of the province of Saskatchewan and, therefore, represent a sound investment in supporting this province's economic future.

Based on the reported revenues, SK Arts' funded organizations received \$5.4 million in provincial funding while generating \$74 million in economic output for the province.

This means that for every \$1 invested by the provincial government, SK Arts' funded organizations generated \$13.70 of economic output.

Arts & culture as a whole contributed \$922 million in GDP to the province, with sports comparatively contributing \$226 million in GDP.⁴

SK Arts' funded organizations specifically created an estimated \$41 million worth of GDP for the province, using \$5.4 million of provincial funding.

For every \$1 invested by the provincial government, SK Arts' funded organizations generated \$7.62 in GDP.

SK Arts' funded organizations were responsible for supporting 819 FTEs (full-time equivalents) within the province.

Per \$100,000 invested by the province, SK Arts' funded organizations created 15 FTEs.

SK Arts, and its funded organizations, provide a significant return on investment for the provincial government, creating steady jobs, contributing to GDP as well as the overall economic output of the province. As the provincial government strives to achieve 'growth that works for everyone,' further investment in SK Arts, and the arts as the whole, would appear to be an advantageous step towards achieving that goal.

⁴ Statistics Canada. [Table 36-10-0452-01 Culture and sport indicators by domain and sub-domain, by province and territory, product perspective \(x 1,000\)](#)