



BRITISH COLUMBIA

The Drought Continues

Analysis of the 2012-13 British Columbia Budget
from the Perspective of Arts, Culture and
Heritage

Alison Beale

2013

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The 2012-13 British Columbia Budget from the Perspective of Arts, Culture and Heritage

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Budget Highlights

- Budget allocation for Arts, Culture and Sport flat-lined until 2014-15.
- Children's Fitness Credit and modest Children's Arts Credit of up to \$25 introduced.
- B.C. Film Commission allocation increased by 9.9%.
- Royal British Columbia Museum allocation frozen.

Context

The 2012-13 B.C. budget is part of a multi-year freeze justified by the province's leaders as necessary to reduce the provincial deficit¹ while fulfilling their commitment to core services including education, social services and policing. The province is also required by law to balance its budget. The province's economy has slowed, with only a modest increase in GDP (+2.8%) despite continued population growth; exports in particular are affected by the weakening of the US dollar and reduced demand from Asian countries.

The impacts of the British Columbia government's culture budget for 2012-13 must be seen in the light of both longstanding structural factors and new challenges facing the sector. While the population of British Columbia represents approximately 13.36 percent of the total Canadian population or 4,400,057 people² (2011), federal and provincial cultural spending patterns have left B.C. residents in last position when it comes to per capita cultural spending by all governments. In 2009-10 B.C. was in last place among the provinces, at \$206 per capita, versus \$309 as the national per capita average³, and it was nearly \$50 per person behind the next lowest province, Manitoba. British Columbia's historic reluctance to commit to long-range planning and spending on culture have contributed to a shortage in available matching funds and initiatives that might have primed greater federal investment.

One result of this lack of coordination is the loss of domestic media production to Ontario, which since 2010 has replaced B.C. as the third largest North American production centre. As one commentator noted, unlike B.C. "They've got a plan and a strategy around their creative economy. And that's what we would hope for not only the B.C. government but the B.C. industry to embrace the importance of the screen-based industries and what they contribute to the B.C. economy"⁴. This unfortunate pattern in the relationship between the federal and provincial governments in terms of culture in B.C. stands in distinction to the many initiatives of cultural and voluntary organizations in all regions and throughout the province's history to preserve heritage and create opportunities for citizen participation in cultural life⁵.

¹ Woo, December 4, 2012.

² [Census of Canada, 2011](#).

³ Hill Strategies, [Arts Research Monitor, Vol. 11 no 1](#), June 2012

⁴ Liz Shorten, quoted in Takeuchi, March 5, 2012.

⁵ Murray, C, N. Baird and A. Beale, 2011.

In contrast to the province, the cities and towns of B.C. have a growing commitment to the cultural sector, identifying it as a source of jobs in a formerly resource-dominated economy, and as leverage for urban renewal. While some of their efforts exaggerate the potential of cultural tourism markets and enthusiasm is more evident than dollars in culture-centric planning, local governments in B.C. are currently the best hope for the broader cultural sector's efforts to at least get itself on the political agenda. Immigration-led population growth leads to demand for services, and can represent new markets and sources of cultural innovation that the more agile and innovative municipalities (such as Surrey) and cultural organizations have been willing to tap into.

Impact of the budget

In and of itself the 2012-13 budget is not the cause of the systemic problems of the cultural sector, but it has given little positive encouragement to advocates that compounded problems are being addressed. The [B.C. Arts Council's](#) core funding is being maintained, but the provincial budget for arts, culture and sport is a meager \$20.9 million, a level the government plans to maintain until 2014-15⁶. In 2012 B.C. introduced a tax credit for children's participation in the arts on eligible expenditures of up to a maximum of \$500 per year, adding to an existing credit for sport; the maximum refund is a meager \$ 25. Years of underfunding of arts education in BC were not offset by this program which depends on disposable family income rather than direct or sustained support for the arts or arts education.

Domestic media production has dropped since 2007, though international production (Hollywood North), always vulnerable to cyclical factors, exchange rates and incentives in other jurisdictions, recovered slightly from a drop in 2010. Domestic feature film production spent just under \$17 million dollars in B.C. in 2011, less than half of the \$40 million in 2010⁷. Vancouver-based publishers [Douglas and McIntyre](#) were forced to wind down in October 2012, despite having discovered and promoted many well-known B.C. and Canadian authors over 40 years in business. As author and publisher Anna Porter observed, this is part of the restructuring of the global English language publishing and book selling industries. By contrast, the Province of Quebec has supported a sustainable publishing industry through a complex network of direct investment, incentives and purchasing requirements in schools and colleges⁸.

Reaction of the cultural community

The [Alliance for Arts and Culture's](#) Rob Gloor described the budget as deeply disappointing and challenged the government to acknowledge that the real story of the budget's impact on culture was an effective cut, year over year from 2012 to 2015: "Every other province invests more, and in many cases much more than B.C. and a long-term promise of frozen funding means that will not be addressed by this government."⁹ Access to provincial gaming grants, which had been closed in 2009, was partially restored for arts organizations in 2012, but in such a limited fashion that the

⁶ Thomson, Feb. 21, 2012.

⁷ Takeuchi, March 5, 2012.

⁸ Porter, Oct. 28, 2012.

⁹ Thomson, Feb. 21, 2012.

province continued to receive criticism from the sector¹⁰. However other commentators such as Liz Shorten of the [Canadian Media Production Association](#), B.C. branch, attempted a more positive interpretation of their situation, continuing to cite the flexibility and initiative of film and television producers in the province, even as they “adapt” by producing cheaper reality based product versus feature dramas¹¹. Similar remarks can be found in the theatre community.

A bellwether event in 2012 was the closure of the Vancouver Playhouse Theatre Company. Despite a major injection of funds and debt cancellation by its major sponsor, the City of Vancouver, this company, which occupied a 650 seat theatre at the core of Vancouver’s downtown theatre district, was unable to complete a season in which its paid subscriptions were half those of a few years earlier. Many commentators bemoaned the loss of the Playhouse’s productions, as well as the fifteen full time jobs and the costume and prop departments that also served other companies and the film industry. However, more than a few suggested that the Playhouse company was the victim of its own middle-of- the-road programming strategy and its City of Vancouver safety net, in contrast to an exciting range of smaller independent companies that had reached new audience demographics and filled seats for many more challenging productions. “In the theatre community, the Playhouse’s demise is symbolically, hugely, challenging for all, and practically [challenging] for some or many,” said [Marcus] Youssef, who sits on Vancouver’s new arts council. “At the same time,” he added, “I think there’s a ton going on in Vancouver that is really exciting and successful.”¹²

Future health of the cultural sector

The provincial budget for culture in B.C. is only one factor among many that combine to depress the potential for the cultural sector as a creative and job-growth area in the province. Vaunting the capacity to do more with less is a familiar refrain among those seeking funding in the province, but the question is whether this can-do communication strategy, effective in short-term or project fundraising, is the right note to strike in a campaign for sustained funding and a sustainable creative sector. Only three things save the B.C. cultural sector from overall decline: the province’s positive cultural resources (a growing and diverse population and a potential audience that is recognized, at least, by its municipalities); a strong tradition of volunteerism and independence from government; and creative innovation in many sectors from the visual arts to new media. As well, the province has a relatively healthy economic forecast despite high housing and transportation costs.

While several creative industries have experienced what may be short-term declines (and the theatre and media industries are full of tales of “exodus”), the province could do more to use its capacity to leverage other resources and prevent broader decline. The fact that the current government chooses not to do so (and it is a choice, despite budget restraints) represents a deeply rooted strand of fiscal and cultural conservatism in the province that is notoriously at odds with its culturally radical and social-democratic counterpart on the “left” coast. This ideological blind spot not only fails to see B.C. capitalize on its cultural potential, it also underserves its large population of children living in poverty, its rural and urban populations with their differently-scaled needs for

¹⁰ Smith, Jan. 11, 2012.

¹¹ Takeuchi, March 5, 2012.

¹² Lederman, June 25, 2012.

cultural services, and its increasingly diverse population¹³. The newest Canadians in B.C. can easily find web-based entertainment in first languages and attend touring performances from their home countries, but they will be at a loss to find and express their place in the province and Canada in the absence of access to cultural experience in the province's schools, libraries, community centres and professional arts companies.

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¹³ 80% of B.C.'s population growth in the 2006-2011 period was due to immigration.

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The Globe and Mail.

Supplementary Documentation

Government of British Columbia

Real GDP Growth: 2.8% (2011)

Revenue from Federal Transfers (percent of total): 16.8%

Population: 4,400,057 (2011)

Government of British Columbia

Main Estimates – Expense¹⁴

(In thousands of dollars)

Ministry	2012-13 Estimate	2011-12 Forecast
Legislation	69,271	68,862
Office of the Legislature	46,471	45,819
Office of the Premier	9,008	9,008
Ministry of Aboriginal Relations and Reconciliation	80,141	80,030
Ministry of Advanced Education	1,971,938	1,963,369
Ministry of Agriculture	65,788	65,771
Ministry of Children and Family Development	1,333,291	1,330,691
Ministry of Community, Sport and Cultural Development	310,907	253,907
Ministry of Education	5,313,848	5,241,877
Ministry of Energy and Mines	439,569	437,210
Ministry of Environment	128,925	129,947
Ministry of Finance	172,574	175,521
Ministry of Forests, Lands and Natural Resource Operations	602,034	589,602
Ministry of Health	16,180,117	15,621,924
Ministry of Jobs, Tourism and Innovation	234,608	237,668
Ministry of Justice	1,110,249	1,105,705
Ministry of Labour, Citizens' Services and Open Government	548,586	542,824
Ministry of Social Development	2,456,780	2,338,463
Ministry of Transportation and Infrastructure	806,921	806,922
Management of Public Funds and Debt	1,287,491	1,264,900
Other Appropriations	2,461,483	2,872,235
Total	35,631,000	35,182,255

¹⁴ Government of British Columbia, March 31st, 2012a, 7.

Government of British Columbia

Provincial Debt¹⁵As of March 31st, 2012

(In millions of dollars)

	Balance March 31, 2012	Net Change	Forecast March 31, 2013	Budget March 31, 2013	Variance
Total Taxpayer supported debt	34,692	3,782	38,474	38,736	(262)
Self- supported Debt (Commercial Crown Corporations)	15,501	2,281	17,782	18,667	(885)
Forecast allowance	-	100	100	200	(100)
Total Provincial Debt	50,193	6,163	56,356	57,603	(1,247)
Taxpayer- supported debt as a percent of GDP	15.9%		17.0%	17.2%	(0.2%)

¹⁵ Government of British Columbia. 2012c.

Government of British Columbia

Ministry of Community, Sport and Cultural Development¹⁶

(In thousands of dollars)

Branch	2012-13 Estimated Net Expense	2011-12 Net Expense	Difference Dollar Value	Difference Percentage
Local Government	257,540	201,389	56,151	27.9%
Integrated Policy, Legislation and Operations	2,811	1,849	962	52.0%
BC Film Commission	947	862	85	9.9%
Arts, Culture and Sport	20,897	20,956	(59)	-0.3%
Crown Corporations – Royal British Columbia Museum	12,166	12,166	-	-
Executive and Support Services	5,904	6,043	(739)	-2.3%
BC Arts and Culture Endowment Special Account	2,500	2,500	-	-
Physical Fitness and Amateur Sports Fund Special Account	1,700	1,700	-	-
University Endowment Lands Administration Account Special Account	6,442	6,442	-	-
Total	310,907	253,907	57,000	22.4%

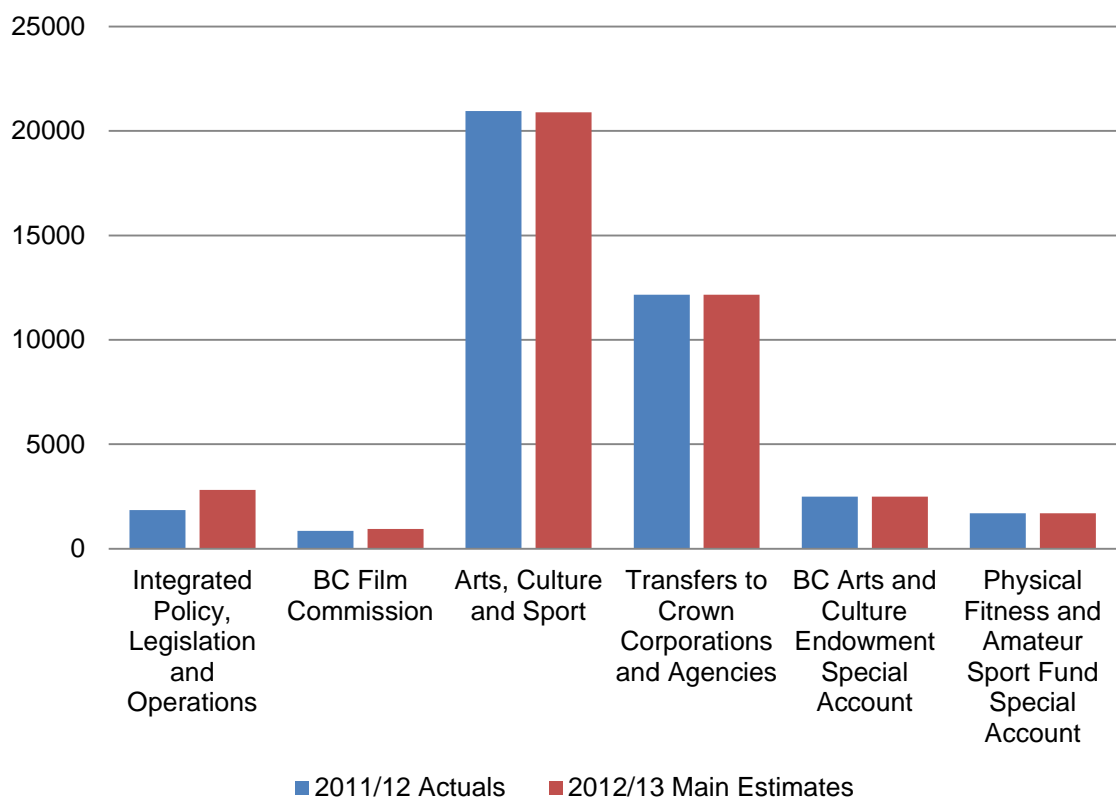
¹⁶ Government of British Columbia, March 31st, 2012a, 55.

Government of British Columbia

Ministry of Community, Sport and Cultural Development

Changes to Appropriations

(In thousands of dollars)



British Columbia Arts Council

2011/12 Financial Report¹⁷

Expenditures (Dollar Value)

Grants and Contributions	2010/11 Base	2010/11 Sports and Arts Legacy	2010/11 BC 150	2011/12 Base	2011/12 Sport and Arts Legacy	2011/12 BC 150
Professional Arts Development	6,383,120	7,158,908	0	6,756,996	5,834,995	6,000
Community Arts Development	356,300	158,500	939,266	106,000	424,078	1,168,697
Touring Programs	99,975	150,000	75,000	172,000	125,000	460,000
Arts Awards (Individuals)	822,017	99,000	135,700	576,500	215,000	515,000
Publishing Programs	269,958	183,589	0	319,462,	150,927	0
Administrative Costs	1,424,383	0	0	1,455,334	0	0
Total	9,355,753	7,749,997	1,149,966	9,386,292	6,750,000	2,149,697

Total Expenditures by Year

2010/11 \$18,255,716

2011/12 \$18,285,989

¹⁷ British Columbia Arts Council, 2012, 27.

Government of British Columbia

Children's Fitness Credit and Children's Art Credit

Children's Fitness Credit	is a non-refundable tax credit of 5.06 per cent of eligible expenditures up to \$500 for each child, providing a benefit of up to \$25 per child
Children's Arts Credit	is a non-refundable tax credit of 5.06 percent of eligible expenditures up to \$500 for each child, providing a benefit of up to \$25 per child.

For both the Children's Fitness Credit and the Children's Arts Credit, eligible expenditures are those that qualify for the federal children's fitness and arts credits and are outside of school activities.¹⁸

¹⁸ Government of British Columbia, 2012b.

British Columbia Film Commission

British Columbia Film and Television Production¹

(In millions of dollars)

	2011		2010		2009		2008		2007	
	# of Projects	Production \$ Spent in BC	# of Projects	Production \$ Spent in BC	# of Projects	Production \$ Spent in BC	# of Projects	Production \$ Spent in BC	# of Projects	Production \$ Spent in BC
Domestic Production										
Features/ DVD Features	19	16.93	33	40.46	19	31.20	25	83.79	24	81.61
TV Series	45	116.37	29	120.09	34	64.25	42	82.79	24	157.64
TV Movies, Mini Series, Pilots, Documentaries, Other	74	62.10	78	57.35	90	76.23	82	102.31	80	114.52
Animation	9	13.58	12	25.93	12	45.92	25	96.77	10	53.93

¹ B.C. Film Commission, 2011, 4.

	2011		2010		2009		2008		2007	
Total Domestic Production	147	208.98	152	243.83	155	217.60	174	365.60	138	407.70
Foreign Production										
Features/ DVD Features	58	429.93	36	277.37	37	641.17	40	441.46	23	179.17
TV Series	24	387.54	14	391.59	14	373.33	14	320.84	18	277.48
TV Movies, Mini-Series, Pilots, Documentaries, Other	25	79.44	19	52.71	24	58.97	20	53.46	14	44.25
Animation	27	82.81	25	56.22	9	25.38	12	25.43	9	34.74
Total Foreign Production	134	979.72	94	777.89	84	1098.85	86	841.17	64	535.64
Total Domestic and Foreign Production	281	1188.70	246	1021.72	239	1316.45	260	1206.77	202	943.34

Royal British Columbia Museum

Summary Financial Outlook¹

(In millions of dollars)

	Actual 2010-11	Estimate 2011-12	Forecast 2012-13	Forecast 2013-14	Forecast 2014-15
Revenue					
Provincial Contribution	12.17	12.17	12.17	12.17	12.17
Admission Fees	2.79	2.93	4.11	4.30	4.30
Other Income	3.70	3.78	2.79	3.00	3.02
Total Revenue	18.64	18.87	19.06	19.46	19.50
Total Expenses	18.59	18.80	18.96	19.36	19.37
Capital Expenditures	5.58	0.57	2.26	1.26	0.51
Debt	0	0	0	0	0

¹ Royal British Columbia Museum, 2012, 28.