

*The Public Financing of
Recreation & Culture in Alberta:
An Historical Review*



ARPA is a provincial charitable not-for-profit organization with a voluntary board of directors dedicated to the promotion of recreation and parks and their benefits to the quality of life of all Albertans.

Our Vision...

"A province, and communities within, that embrace and proactively use recreation and parks as essential means for enhancing individual well-being and community vitality, economic sustainability and natural resource protection and conservation."

Our mission...

ARPA strives to build healthy citizens, their communities and their environments throughout Alberta.

For more information on ARPA, our programs or services, or the benefits of recreation and parks, please visit our website at <http://www.arpaonline.ca>.

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The Public Financing of Recreation and Culture in Alberta

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1. Purposes of Review

Albertans will be healthy . . .

. . . an active involvement in physical exercise and other recreational and cultural activity will support this goal.

This review was commissioned by the ARPA with the purpose of examining available secondary data pertaining to historical levels and sources of public funding for Alberta's recreation, parks, and cultural and arts sector. The analysis was undertaken to identify expenditure trends and evolving financing issues that may have a bearing on the provision and utilization of recreation and arts services and facilities in the province.

2. Background to the Study

Our children will be well-cared for, safe, successful at learning, and healthy . . .

. . . accessible arts, recreational, and sports programming and services can make an important contribution to children's health and success.

Sports, recreation, culture and the arts (hereinafter referred to as recreation and culture) are recognized as being important cornerstones to a society's overall quality of life and to the health of individuals. Strong connections have been established as well between recreational and cultural development and a society's economic prosperity and performance, with related quality-of-life factors having a strong bearing on workforce attraction and industrial location, especially for knowledge-based industries. The growth of these knowledge industries forms an integral part of Alberta's economic diversification and growth strategies.

The recreation and culture sectors rely in turn on governmental funding support to an important degree -- and it is this issue that is explored in this review. Certainly, all three levels of government that serve Albertans -- federal, provincial, and municipal -- acknowledge the importance of recreation and culture in their plans, policies, and strategies. The Government of Canada, for example, has expressed concerns regarding the sedentary patterns of Canadian children and has recently unveiled new guidelines and initiatives for increasing physical activity levels for children and youth. The Government of Alberta, in its Measuring Up document, identifies a number of strategic goals for the province -- and it is clear that the achievement of several of those goals will depend in some part on the province's success in ensuring that appropriate and accessible recreational and cultural services are available to Albertans. The particularly relevant strategic goals of the province are these:¹

Alberta businesses will be increasingly innovative...

AND

Our workforce will be skilled and productive...

AND

Alberta's value-added industries will lead economic growth...

...attracting value-added, knowledge-based, innovative companies that demand a skilled and educated labour force requires quality-of-life amenities and opportunities, including sports, recreation, culture, and arts services and facilities.

Albertans will have the opportunity to enjoy the province's natural, historic, and cultural resources...

...this requires a commitment to the preservation and support of those resources.

The recent Report of the Premier's Advisory Council on Health reinforces the importance of wellness and lifestyle strategies toward keeping Albertans healthy, and physical activity and recreation are among the key elements of those strategies.

It is within the context of the clear benefits derived from recreational and cultural activity that this study examines the levels and patterns of public financial commitment to the sector.

1 Measuring Up, 2000/01 Annual Report, Government of Alberta.

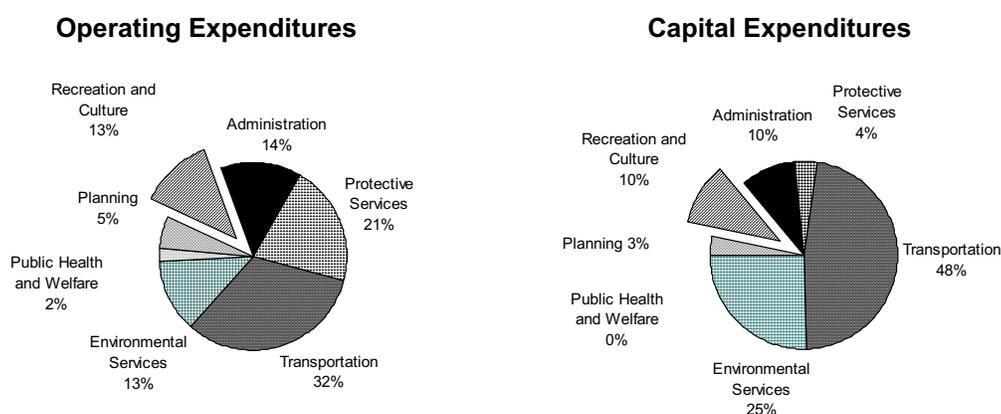
3. Municipal Funding To Recreation and Culture

3.1 Municipal Expenditures

The consultants began their analysis by reviewing the funding of recreation and culture within Alberta's municipal sector. Alberta has more than 350 municipalities, which include cities, towns, villages, summer villages, and rural and specialized municipalities. The primary source of the historical data examined has been the Municipal Financial Information System (MFIS), which gathers standardized financial data from all municipalities in the province on an annual basis. The consultants' database of this information extends from 1988 to 1999, the most recent year available. The expenditures data identify separately the outlays on recreation administration and programming, recreation facilities and parks operations, and library services. Not included in the accounts are community-based expenditures that do not flow directly through municipal financial accounts (for example, those of non-profit organizations).

Figure 1 shows, first, the relative importance of recreation and culture in municipal budgets. In 1999, recreation and culture accounted for 13% and 10% respectively of total municipal operating and capital outlays.

Figure 1:
Distribution of Operating and Capital Expenditures, Alberta Municipalities, 1999



1. Nichols Applied Management and Alberta Municipal Financial Information System.

Figures 2 and 3 show historical changes in municipal operating and capital expenditures for recreation and culture. The data shown are in absolute dollars, unadjusted for cost escalation or population growth. The figures indicate that:

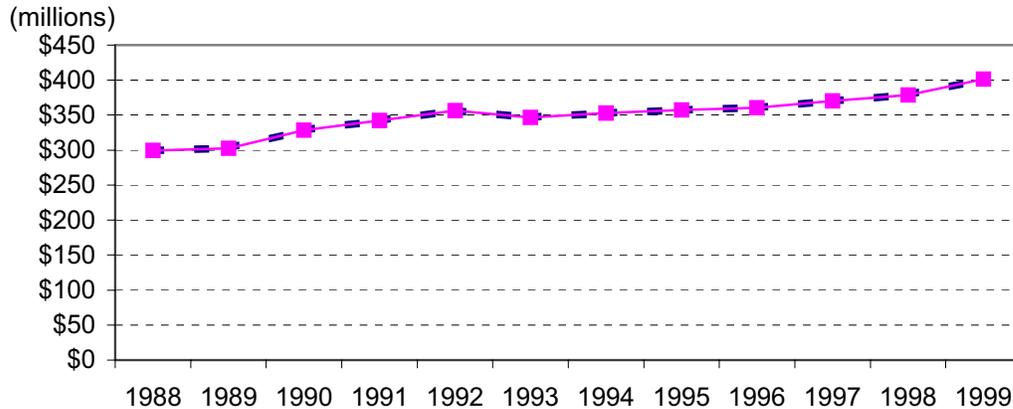
- total municipal operating costs for recreation and culture increased by an average 2.5% annually over the eleven-year period covered by the data, rising from approximately \$300 million in 1988 to about \$400 million in 1999. That represents a 34% increase in absolute spending over the period.
- during the same period (1988-1999), municipal capital expenditures on recreation and culture ranged between about \$60 million and \$120 million annually, but remained relatively flat for much of that time. Capital spending clearly fluctuates to a greater degree and shows a greater year-to-year volatility than related operating costs. Capital outlays peaked in 1989, but maintained a relatively level plateau of roughly \$80 million annually for much of the 1990s. In 1999, the most recent year available, capital spending showed a marked upturn and approached levels last achieved ten years earlier. Two municipalities -- the City of Calgary and Strathcona County -- accounted for more than 80% of the net increase in spending between 1998 and 1999.

During much of the period examined, capital outlays on recreation and culture accounted for a relatively consistent 10% to 11% of total municipal capital expenditures. The year 1989 marked a sharp and unusual deviation from that general pattern: capital expenditures for recreation and culture in that year comprised 16% of total municipal capital outlays.

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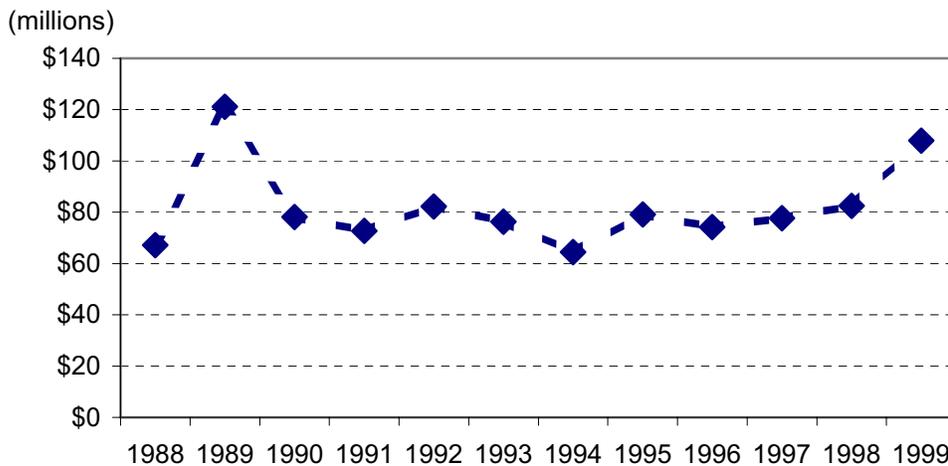
3. Municipal Funding to Recreation and Culture

Figure 2:
Municipal Operating Expenditures for Recreation and Culture, Alberta, 1988-1999



NOTE: Includes expenditures for convention facilities.
Source: Nichols Applied Management and Alberta Municipal Financial Information System

Figure 3:
Municipal Capital Expenditures for Recreation and Culture, Alberta, 1988-1999



NOTE: Includes expenditures for convention facilities.
Source: Nichols Applied Management and Alberta Municipal Financial Information System

Figure 4 shows the historic levels of municipal operating expenditures on recreation and culture adjusted both for inflation and for the growth in provincial population. In inflation-adjusted per capita terms, municipal spending on recreation and culture declined by 17% over the eleven-year period.

As shown in Figure 5, municipal capital expenditures adjusted for inflation and population also declined during much of the 1990s. In 1999, capital outlays increased and approached levels not achieved since the 1988-1990 period.

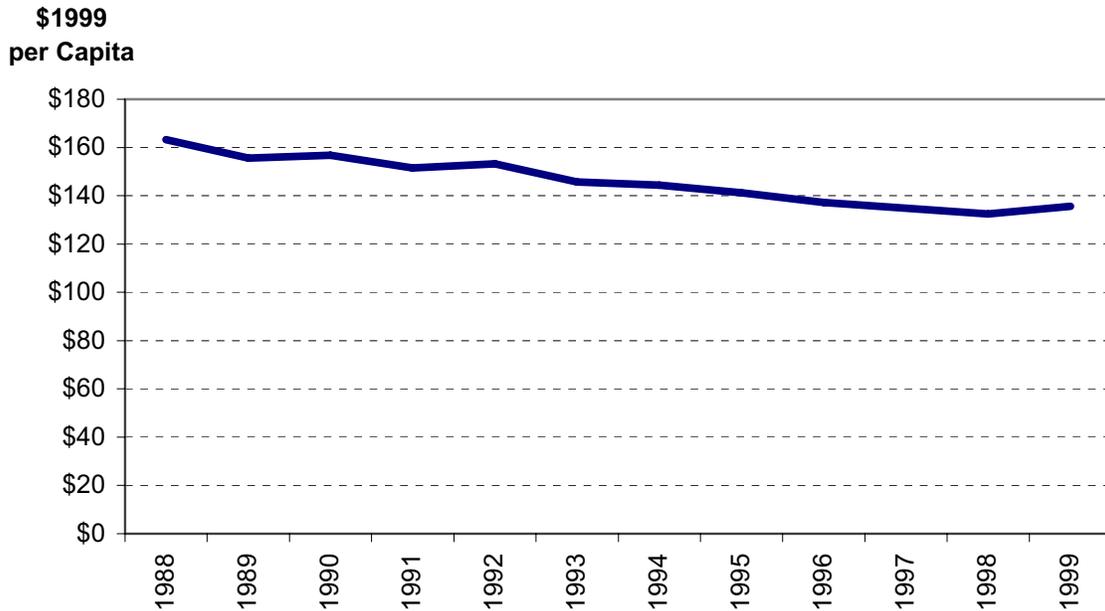
The combined analyses suggest that municipal operating and capital expenditures on recreation and culture have not kept pace with inflation and population growth over the past decade.

The consultants also have disaggregated historical municipal capital and operating expenditures for recreation and culture as between urban and rural jurisdictions to ascertain whether expenditure patterns for the two groups of municipalities have remained consistent. Figures 6 and 7 confirm that relative expenditure levels are significantly different as between urban and rural municipalities. The data suggest that expenditures by urban municipalities fluctuate more sharply than for rural municipalities, and that urban expenditures generally have lagged those in the rural areas.

The Public Financing of Recreation and Culture in Alberta

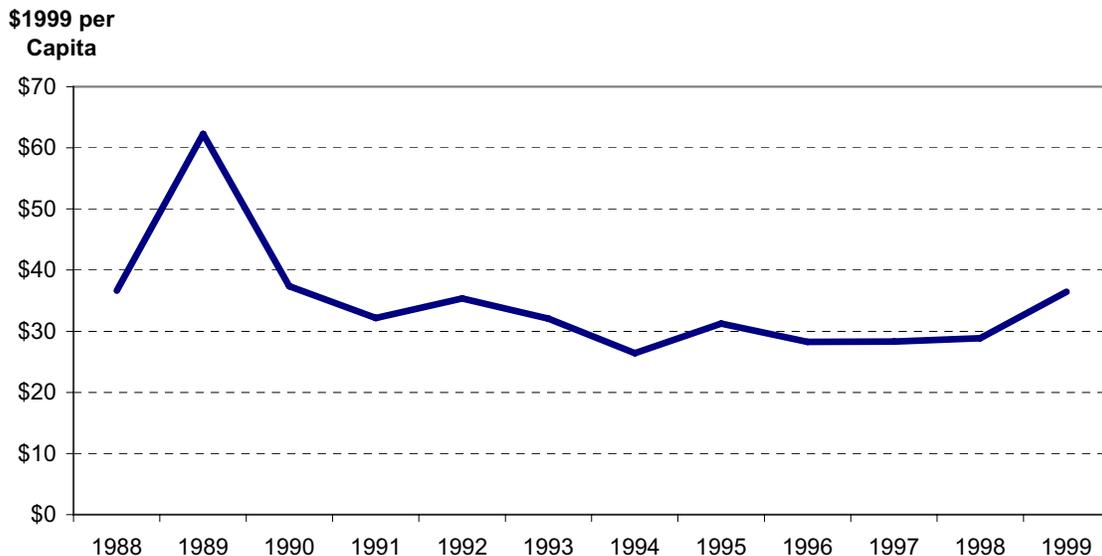
3. Municipal Funding to Recreation and Culture

Figure 4:
Municipal Operating Expenditures for Recreation and Culture, Alberta, 1988-1999,
Constant Dollars per Capita



NOTE: Includes expenditures for convention facilities.
Source: Alberta Municipal Financial Information System
Cost index and population adjustments by Nichols Applied Management

Figure 5:
Municipal Capital Expenditures for Recreation and Culture, Alberta, 1988-1999,
Constant Dollars per Capita

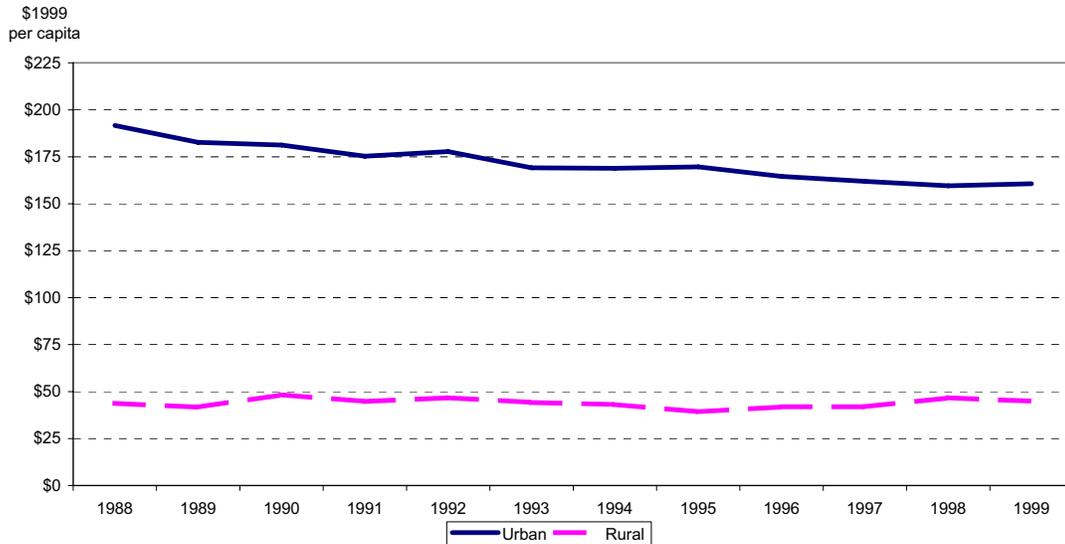


NOTE: Includes expenditures for convention facilities.
Source: Alberta Municipal Financial Information System
Cost index and population adjustments by Nichols Applied Management

The Public Financing of Recreation and Culture in Alberta

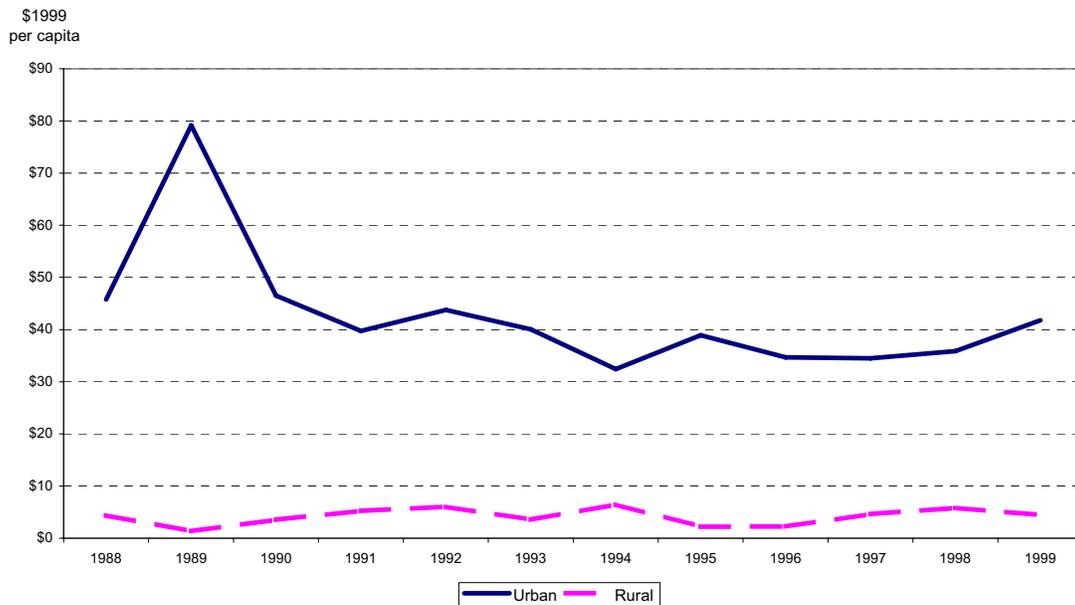
3. Municipal Funding to Recreation and Culture

Figure 6:
Urban and Rural Municipal Operating Expenditures for Recreation and Culture, Alberta, 1988-1999, Real Dollars per Capita



NOTE: Specialized municipalities excluded. Includes expenditures for convention facilities.
Source: Alberta Municipal Financial Information System
Cost index and population adjustments by Nichols Applied Management

Figure 7:
Urban and Rural Municipal Capital Expenditures for Recreation and Culture, Alberta, 1988-1999, Real Dollars per Capita



NOTE: Specialized municipalities excluded. Includes expenditures for convention facilities.
Source: Alberta Municipal Financial Information System
Cost index and population adjustments by Nichols Applied Management

3.2 Municipal Sources Of Funds

The consultants have also examined changes in the sources of funding for municipal recreation and culture programs and facilities.

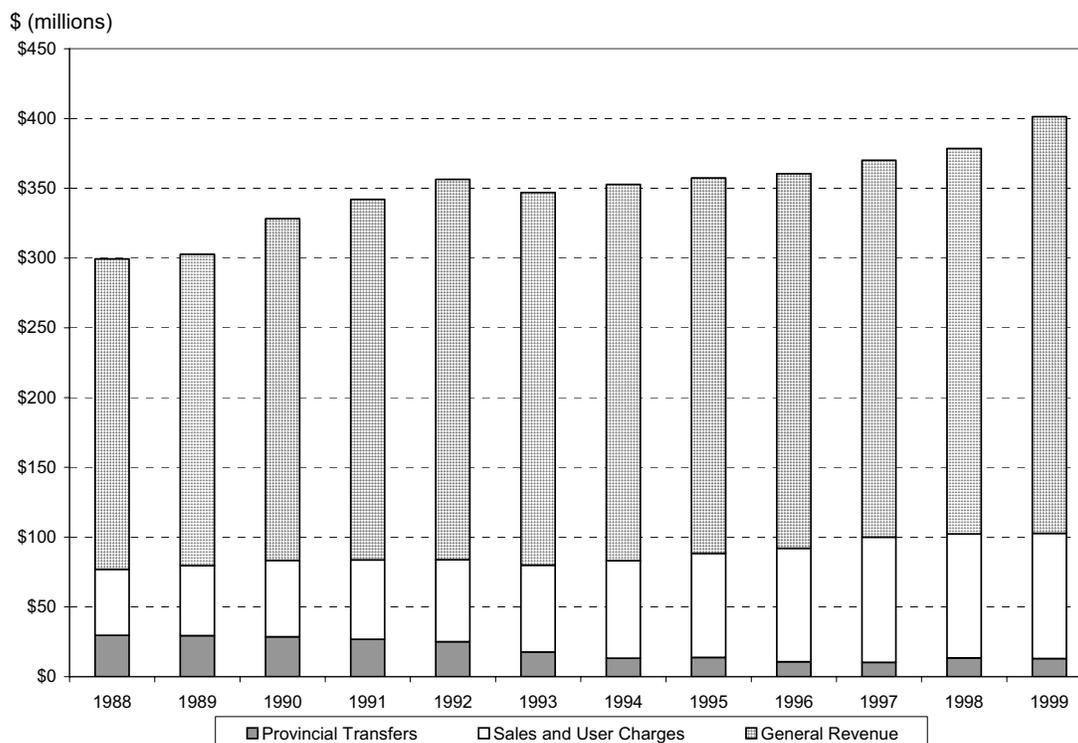
Municipalities generally derive funds for recreation and culture from three main sources: property taxes and general revenues; senior government transfers; and sales and user fees.

Figure 8 shows the historical level and composition of funding sources for municipal operating expenditures on recreation and culture. The following patterns are apparent:

- general revenues, including local property taxes, account for the dominant share (about three-quarters) of operational funding for recreation and culture. Revenues from this source of funds have increased at roughly the same pace as overall spending levels, and have contributed a relatively constant proportion of total funding.
- provincial transfers have declined in both absolute and relative terms as a source of operating funds for municipal recreation and culture. In 1988, provincial transfers funded 9.9% of operating expenditures; in 1999, 3.2%. Transfers declined during the 1988 to 1999 period by 56% in absolute terms and 73% in constant dollar per capita terms.
- rising sales and user fees -- up 90% between 1988 and 1999 -- have tended to offset the reductions in provincial transfers. The increased user fee revenues have enabled municipal recreation and culture expenditures to keep pace with cost escalation, but not sufficiently to meet cost escalation plus population growth.

The key findings of the analysis are that senior government transfers have lagged municipal operating expenditures, that user fees have become a more important source of local funding for recreation and culture, and that local funding sources (both general revenues and user fees) account now for more than 95% of municipal operating expenditures on recreation and culture.

Figure 8:
Sources of Funding for Municipal Operating Expenditures on Recreation and Culture, Alberta, 1988-1999



Source: Nichols Applied Management and Alberta Municipal Financial Information System

Figure 9 shows the sources of funds for municipal capital expenditures devoted to recreation and culture. During the period 1988 to 1999, provincial capital transfers for recreation and culture declined in both absolute and in real per capita terms. In contrast, the capital funding from local and other non-provincial sources has increased in recent years, more than offsetting the reductions in provincial capital support.

Figure 10 shows the province's relative contribution to municipal capital spending on recreation and culture over the years. During the late 1980s and early 1990s provincial transfers funded in the order of between 15% and, in two of those years, almost 25% of municipal capital outlays. By 1999, the provincial share of capital funding had fallen below 10%.

As indicated in Figure 11, it is noteworthy that the province's conditional grants to municipalities for recreation and culture have also declined in recent years as a percentage of total capital transfers. The province's funding of transportation infrastructure in particular has increased in recent years and that, combined with the ongoing decline in provincial support for municipal recreation and culture capital funding, has materially reduced recreation and culture's share of total provincial capital transfers.

3.3 Summary

An overall picture of historic municipal recreation and culture expenditure and funding patterns -- both operating and capital -- is provided in Figure 12.

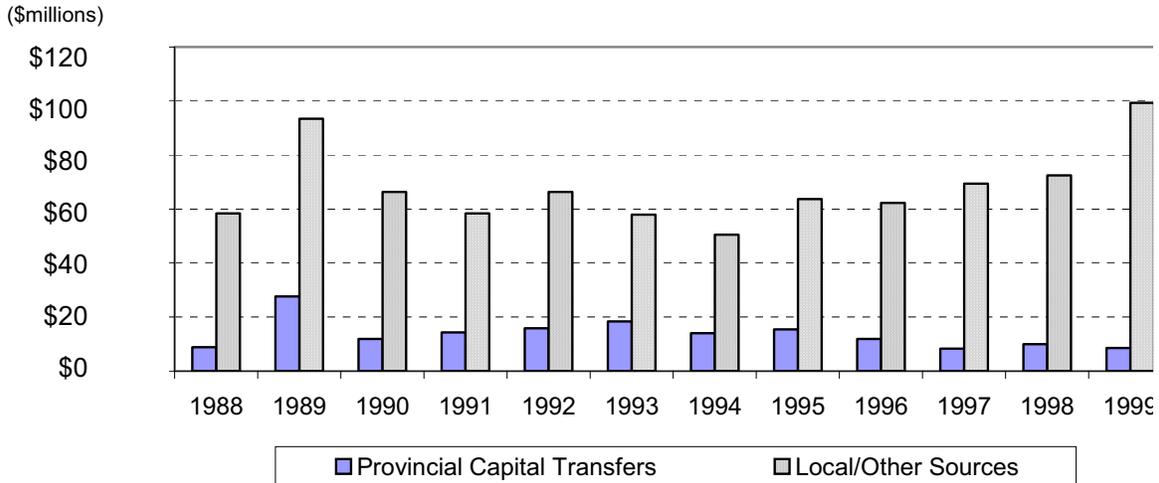
In overall terms, municipal spending on recreation and culture has increased by about 39% over the decade examined, reaching \$509 million in 1999. However, when expressed in constant dollar per capita terms, spending has declined by 14% during the period. Expenditures have not kept pace with rising costs and the growth in the provincial population.

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3. Municipal Funding to Recreation and Culture

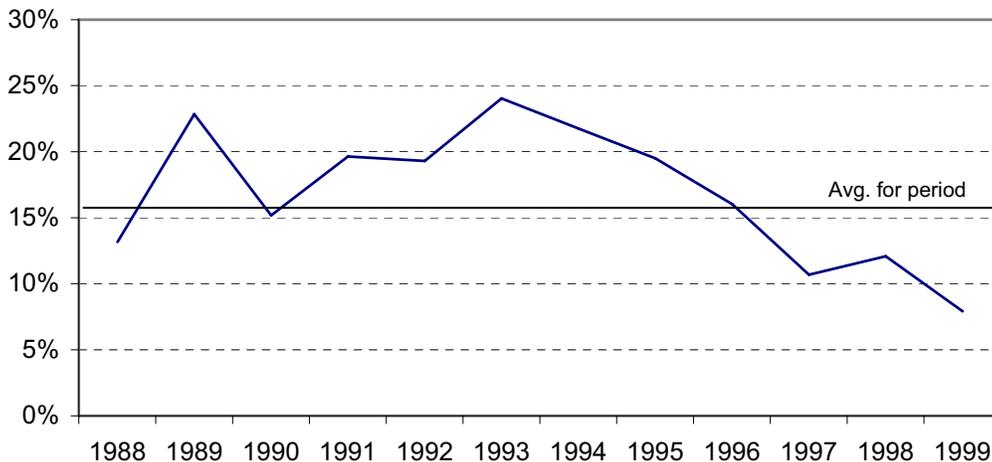
In terms of the financing of those municipal recreation and culture expenditures, user fees and charges have assumed an increasingly important role while provincial transfers have declined as a source of funding in both absolute and relative terms. Provincial transfers have also shown the greatest year-to-year volatility as a source of revenues. Local sources of revenues -- both user fees and general revenues including property taxes -- account now for a very dominant share (96%) of the total funding that is applied to municipal recreation and culture activities.

Figure 9:
Sources of Funding for Municipal Capital Expenditures on Recreation and Culture, Alberta, 1988-1999



Source: Nichols Applied Management and Alberta Municipal Financial Information System

Figure 10:
Provincial Transfers as a Percentage of Municipal Capital Spending on Recreation and Culture

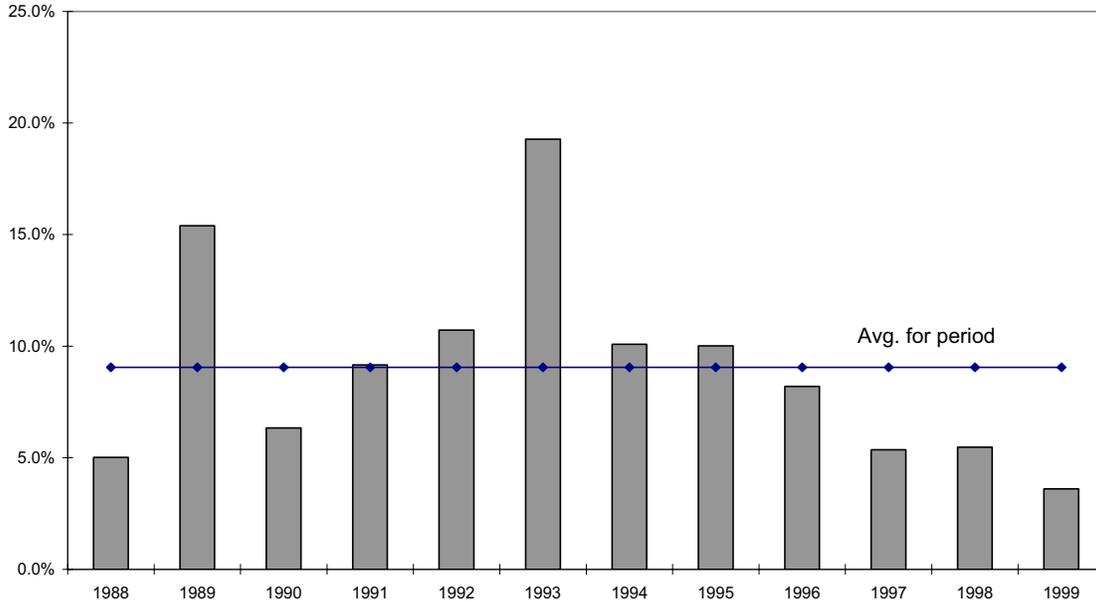


Source: Nichols Applied Management and Alberta Municipal Financial Information System

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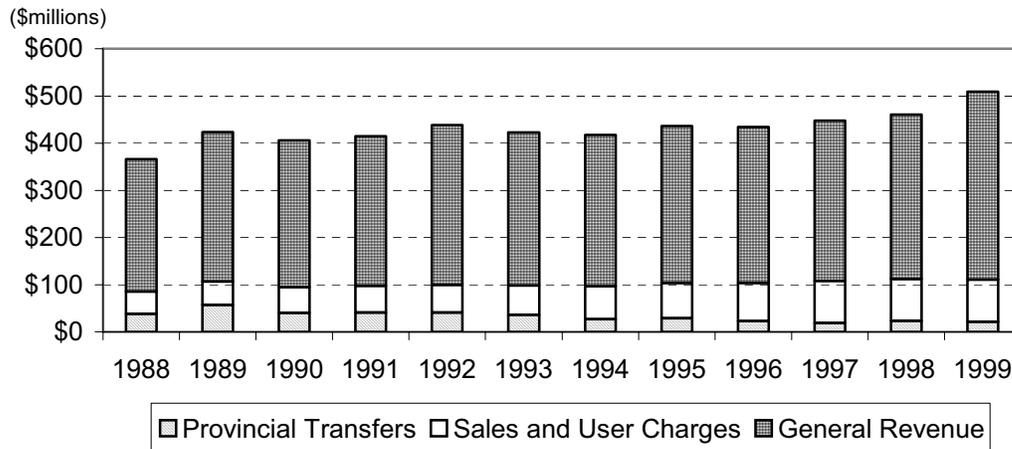
3. Municipal Funding to Recreation and Culture

Figure 11:
Provincial Capital Transfers to Municipalities for Recreation and Culture as a Percentage of Total Capital Transfers to Municipalities, Alberta, 1988-1999



Source: Nichols Applied Management and Alberta Municipal Financial Information System

Figure 12:
Total Municipal Operating and Capital Expenditures on Recreation and Culture, and Main Sources of Funding, Alberta, 1988-1999



NOTE: Includes convention facilities.
 Source: Nichols Applied Management and Alberta Municipal Financial Information System

4. Provincial Funding To Recreation and Culture

The consultants also have examined historical provincial government expenditures for recreation and culture by reference to Statistics Canada data and Government of Alberta annual reports and budgets.

4.1 Aggregate Funding

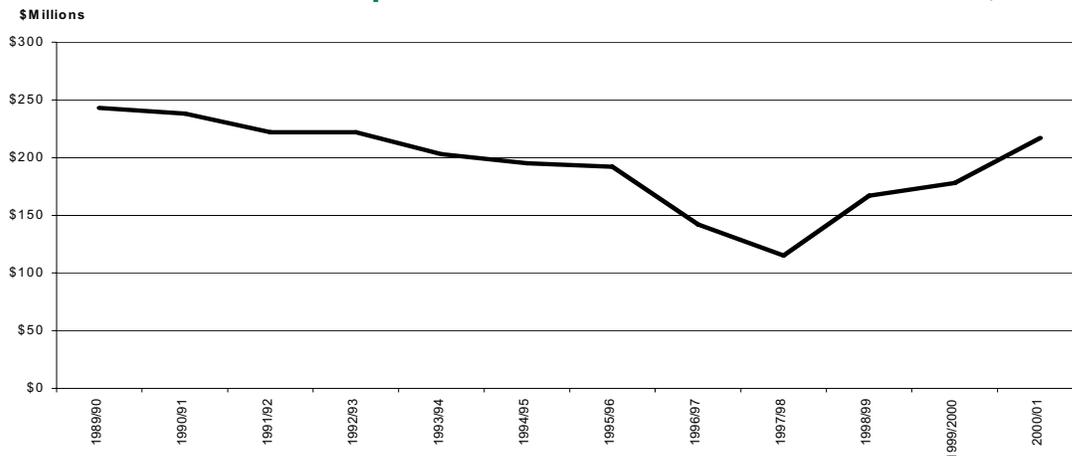
Statistics Canada compiles data on Government of Alberta expenditures for recreation and culture, a category of spending which it defines to include sport and recreation services and facilities, parks, libraries, art galleries and museums, and broadcasting. The data, assembled from published information and accounts reported by the province, are shown in Figure 13 and would include related transfers to municipalities encompassed within the municipal expenditures discussed in the previous section of the report. The expenditures data cannot be disaggregated by component, and the unavailability of more detailed breakdowns does not permit any detailed analysis of underlying patterns nor the validation or reconciliation of the data with figures derived directly from provincial reports and budgets.

Figure 13 shows that total recreation and culture expenditures reported by the province declined throughout the period 1990 to 1998, and then began to climb, reaching \$217 million in the most recent year for which data are available. However, current levels of expenditure remain below the peak levels experienced during the period 1990 to 1993. Adjusted for price escalation and population growth as shown in Figure 14, provincial spending on recreation and culture fell during the 1990 to 2001 period by 44%.

The Statistics Canada data, in combination with the municipal data described in Section 3 of the report, suggest that after netting out transfers provided by the province to the municipalities, local governments currently spend more than double the province's outlays on recreation and culture. By comparison, during the 1988/1989 period municipalities spent only about 30% more than the province on recreation and culture.

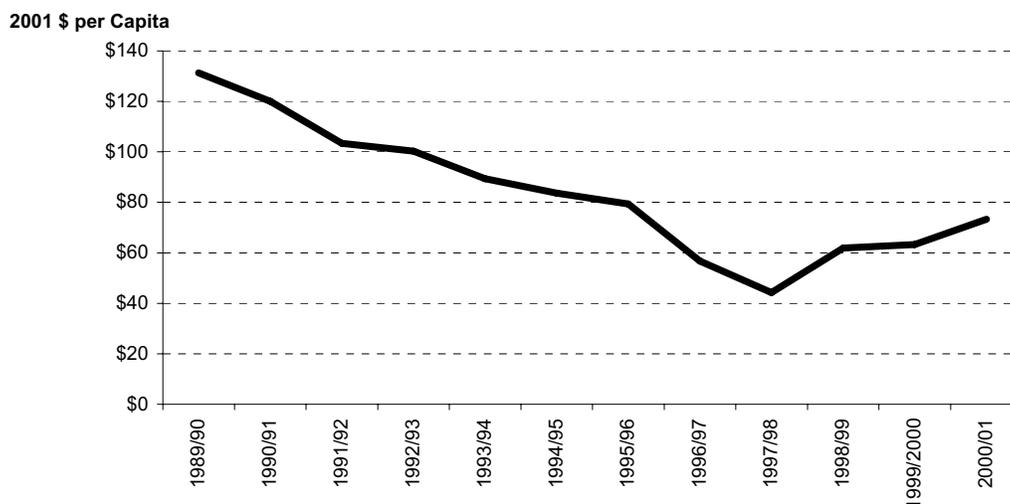
The study team has examined in greater depth the historical expenditures made by the Government of Alberta for recreation and culture, as recorded in provincial reports. This task is complicated by changes in accounting treatment and organizational transfers of responsibilities that have occurred over time and which make it difficult to assemble year-to-year data on a consistent basis. In addition, some expenditures groupings include outlays for programs and services that extend beyond recreation and culture and it is not always possible to segregate costs for those areas only. The province's support of the Community Facility Enhancement Program (CFEP) and the Lottery Board Grant Program are cases in point: not all of the budgets for those programs are confined to recreation and culture.

Figure 13:
Government of Alberta Expenditures on Recreation and Culture, 1990 to 2001



Source: Statistics Canada, CANSIM Table 385-0002

Figure 14:
Government of Alberta Expenditures on Recreation and Culture, 1990 to 2001,
Constant Dollars per Capita



Source: Statistics Canada, CANSIM Table 385-0002
 Cost escalation and population adjustments by Nichols Applied Management

4.2 Lotteries Funding

Since the 1980s, provincial lotteries revenues have provided an important source of funding for recreational and cultural purposes. Initially, a major share of lottery funds -- more than 50% -- was directed toward recreation and culture but over time, as lottery revenues swelled, the portion of lotteries funds that has accrued to recreation and culture has declined dramatically, as shown in Figure 15. The absolute levels of continuing allocations to recreation and culture from lotteries revenues (that is, excluding CFEP and Lottery Board Grants) have increased modestly between 1990 and 2001 from \$34 million to \$42 million annually, but adjusted for price escalation and population growth over that eleven-year period, real funding levels declined by 22%.

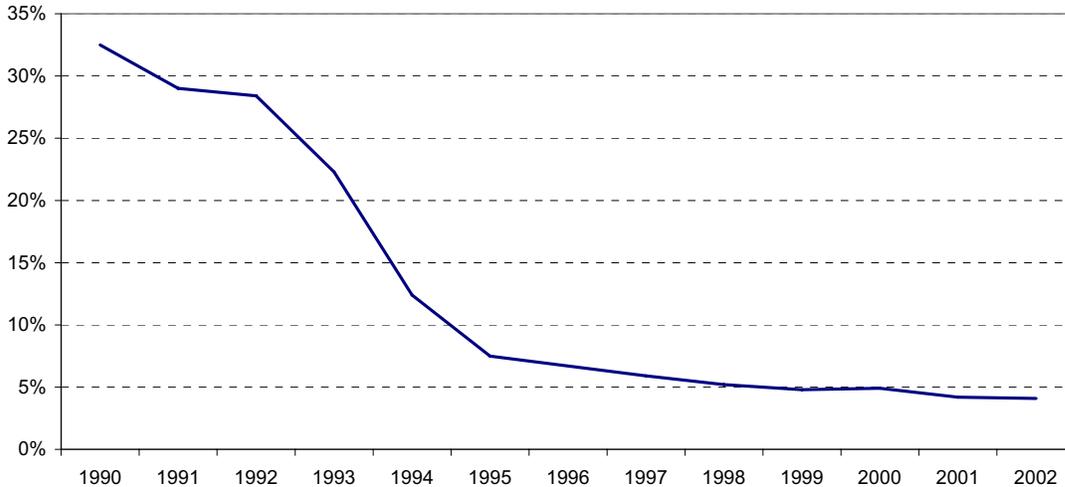
Over the years, the province also has allocated lotteries funds toward programs that provide project funding to community facilities and services that may include recreational and cultural amenities. These include CFEP and the Lottery Board Grant Program (since 1998/99). CFEP funding has declined in absolute terms over the period 1990 to 2001 -- and significantly so in real per capita terms. However, the Lottery Board Grant Program, introduced in 1998/99, has added approximately \$20 million annually in new funding for recreational and cultural purposes.² Based on the supporting data provided in Appendix Table A-1, Figure 16 shows the historical changes in lottery funding fully or partially allocated to recreation and culture.

In overall terms, lotteries funding for recreation and culture has increased modestly over the period 1990 to 2002, from \$70 million to \$89 million, an increase of 27%. However, during that same period inflation and population growth together increased by more than double that rate. Moreover, the increased funding relates almost exclusively to the introduction of the Lottery Board Grant Program, which is to be phased out in 2003.

Figure 17 shows historical Lottery Fund outlays to specific recreation and arts organizations. Funding levels, adjusted for population growth and inflation, are shown to be flat or declining.

² Note: The province's 2002 budget has indicated that the Community Lottery Board Program will not be funded in fiscal 2003.

Figure 15:
Proportion of Provincial Lotteries Funding Directed Specifically to Recreation, Parks, and Culture¹



¹ Excludes occasional funding for special projects (e.g., 2001 World Athletic Championships)

Sources: Annual reports of Lottery Fund, Alberta Gaming, and Alberta Gaming and Liquor Commission.

4.3 Alberta Community Development Funding

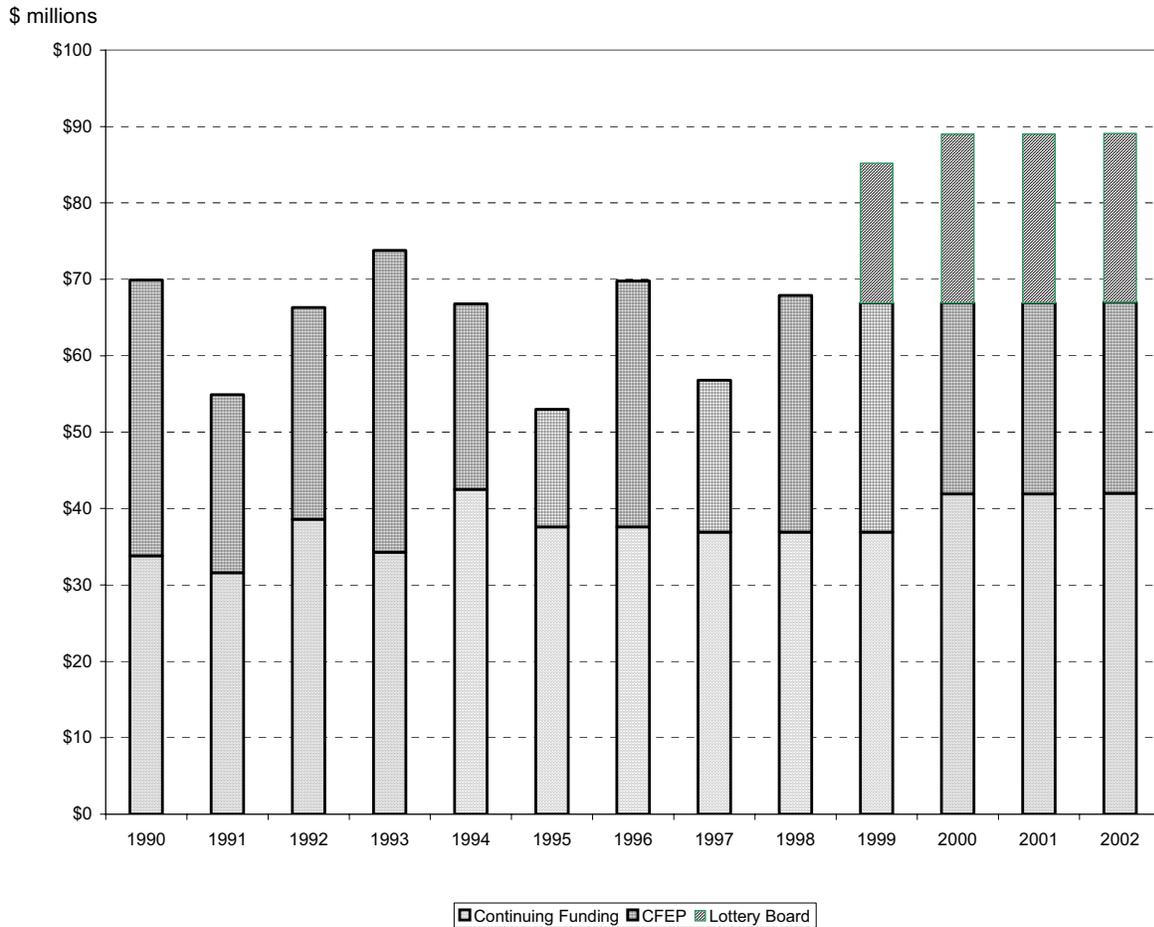
In addition to its other responsibilities, Alberta Community Development has the primary mandate within the provincial government for supporting sports, recreation, arts and culture. The consultants have examined historical department annual reports with a view to isolating those expenditures related to the general area of recreation and culture. This task is complicated by some of the factors discussed earlier: historic changes in accounting presentations and inter-departmental shifts in program responsibilities.

Some adjustments have been made by the consultants to increase historical comparability, for example, by including in the department's expenditures the funding for the urban parks program which in 1994/95 was transferred to Alberta Municipal Affairs for distribution as part of that department's Unconditional Municipal Grant Program. The inclusion of the urban parks funding after 1993/94 could be debated -- that funding though nominally allocated to urban parks usage, is provided in an unconditional form and may be expended on municipal activities quite unrelated to recreation.

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4. Provincial Funding to Recreation and Culture

Figure 16:
Lottery Funding for Recreation, Culture, and the Arts^{3,4}



Sources: Lottery Fund, Alberta Gaming, Alberta Gaming and Liquor Commission, Community Lottery Board allocations from program officials

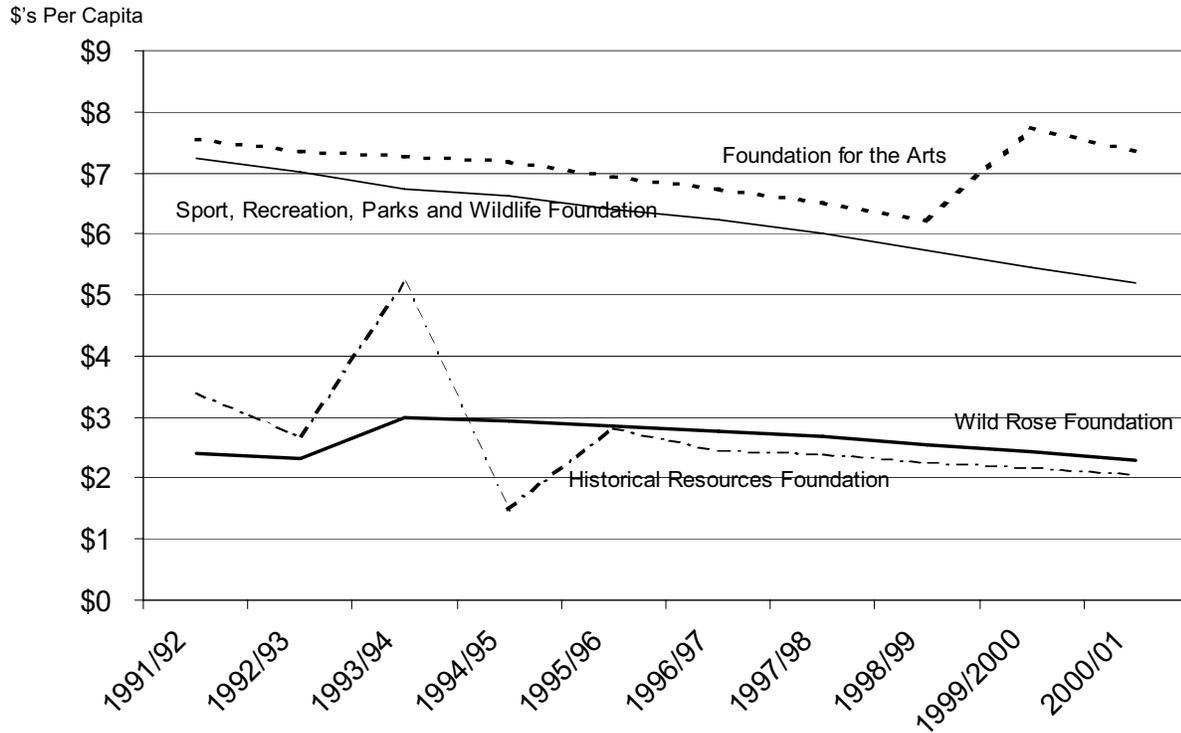
³ Excludes occasional funding for special projects (e.g., 2001 World Athletic Championships)

⁴ Community Lottery Board Grant funding shown includes allocations only to recreation, arts, culture. CFEP funding includes total allocations for all purposes, including recreation and arts facilities and programs, as well as other community facilities and programs.

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4. Provincial Funding to Recreation and Culture

**Figure 17:
Alberta Lottery Fund Commitments for Specified Recreation and Arts Organizations
1991/92 to 2000/01 (\$2001, per capita)**



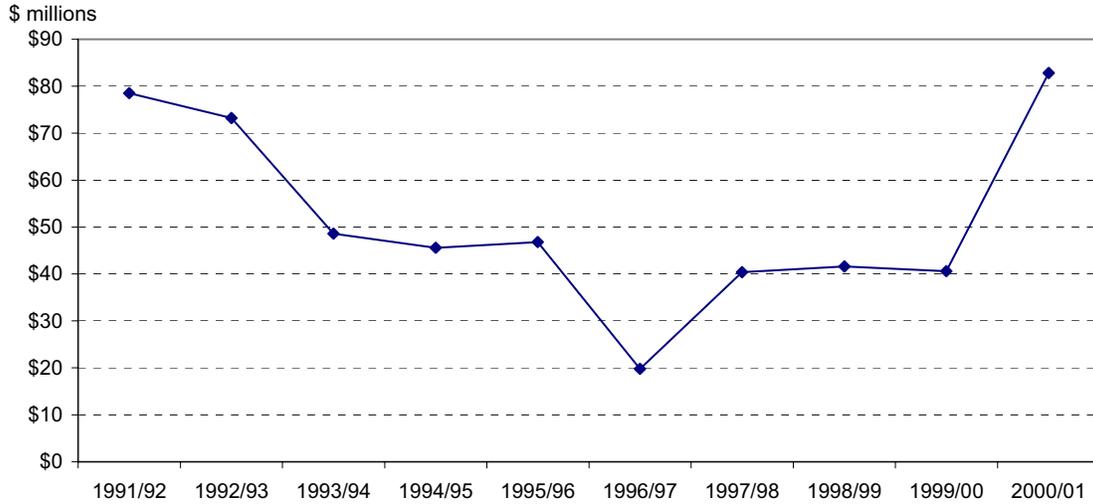
NOTES: Figures adjusted for inflation based on CPI.
Source: Lottery Fund reports.

However, relying on the expenditures data provided in Appendix Table A-2, the estimated historical department allocations to recreation and culture are graphed in Figure 17. The pattern of expenditures displayed is generally consistent with the Statistics Canada data relating to provincial government expenditures shown in Figure 13.

Alberta Community Development's expenditures for recreation and culture equate very roughly to about two-fifths of the total provincial expenditures on recreation and culture provided in the Statistics Canada data. Much of the remaining provincial expenditures are accounted for by funding from the Lottery Fund.

The recreation and culture expenditures by Alberta Community Development over the decade 1991/92 to 2000/01 reveal that outlays declined from approximately \$80 million in 1991/92 to a low of about \$20 million in 1996/97. Expenditure levels regained some ground during the following three years, and climbed sharply in 2000/01, when supplementary allocations for cultural facilities and historical resources increased significantly. These supplementary outlays appear to represent short-term increases: the most recent provincial budgets covering the years 2002/03 to 2004/05 show a planned reduction in expenditures for historical resources and culture from current levels. However, even with the sharp budget increase in 2000/01, real per capita spending levels in that most recent year remain 23% below 1991/92 levels.

Figure 18:
Alberta Department of Community Development Expenditures on Recreation and Culture



1. Includes Alberta Community Development and urban parks component of Unconditional Municipal Grant Program. Expenditures for 00/01 include supplementary expenditures totaling \$30.7 million for cultural facilities and historical resources grants.

SOURCES: Department annual reports and budgets.

5. Federal Funding To Recreation and Culture

The Government of Canada provides various supports to the recreation and culture sector but it is not possible from the available data to disaggregate from the national accounts the amounts spent in Alberta. Notwithstanding that limitation, an examination of the data provides a sense of overall expenditure levels and trends in federal outlays to recreation and culture, defined to include sport and recreation services and facilities, parks, and cultural services such as the performing arts, museums, and libraries.

Figure 18 shows federal expenditures from 1992/93 to 2000/01. During the initial part of that nine-year period, annual federal expenditures were relatively level. In 1995/96, outlays declined and remained level for three years, before climbing again in 1998/99. By 2000/01, expenditures regained and surpassed the spending levels realized eight years earlier. The evident decline in federal expenditures during the mid-1990s is consistent with the earlier pattern shown for the expenditures of the Government of Alberta.

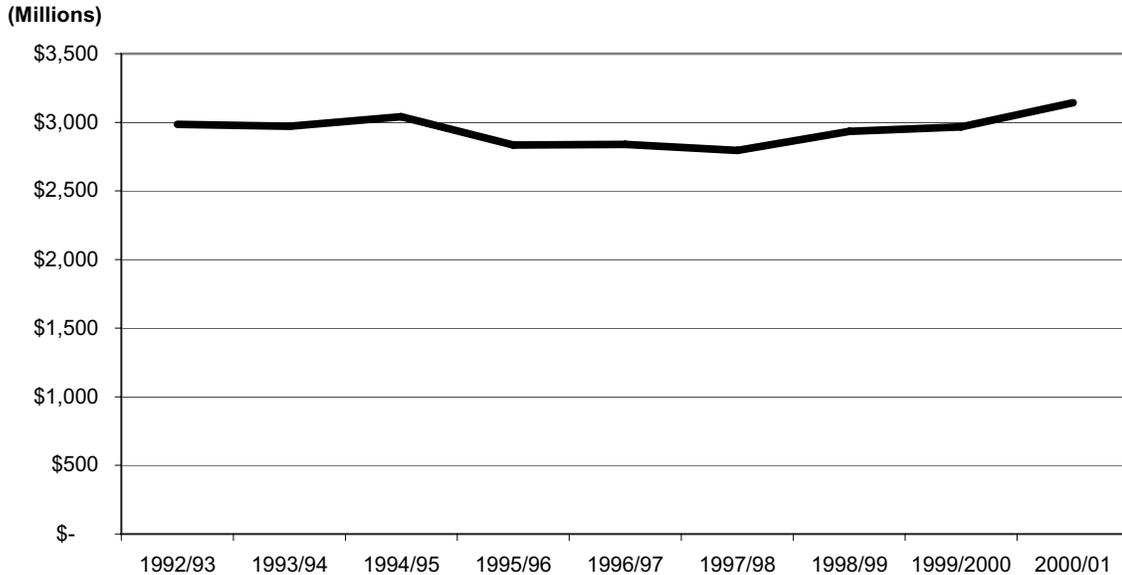
Figure 19 shows the same federal expenditures adjusted for cost escalation and population growth and indicates that real per capita expenditures declined by 17% during the eight-year period shown.

As a further indication of federal spending toward the sector under review, the consultants assembled historical expenditures data relating to the national parks, as reflected in Parks Canada accounts. It is unclear, without more detailed analysis, to determine the comparability of the year-to-year expenditures data. With that caveat, Figure 20 suggests that parks expenditures have declined in absolute dollars. The decline, adjusted for inflation and population growth, would of course be more dramatic.

The federal government also has participated in two national infrastructure programs that have provided capital support in part toward local recreation, arts and cultural facilities. The first of these, which extended from 1994 to 1997, involved a 1/3:1/3:1/3 sharing of costs among the federal, provincial, and local governments. In all, \$116.9 million of total project costs in Alberta of \$731.5 million, or about 16%, funded recreation projects. Cultural facilities were not separately identified but were included in a larger category of projects that comprised another 8% of total project funding. The program, concentrated as it was during the mid-1990s when as shown earlier both levels of senior government had materially reduced their other supports for recreation and culture, would have had the effect of moderating the negative impacts of those spending reductions on the sector.

A new Infrastructure Canada-Alberta Program has been initiated and will continue over the period 2001 to 2006. This program is more strongly oriented toward projects such as water, wastewater, and solid waste projects that support environmental improvement and is unlikely to have the same degree of impact on sports, recreation, cultural, and arts facilities as did the earlier infrastructure program. These kinds of facilities, while eligible for support, are included in a lower-priority category than so-called "green" projects. Initial funding approvals to date indicate that recreational projects account for about 2% of project funding.

Figure 19:
**Federal Government Expenditures on Recreation and Culture,
All of Canada, 1992/93 to 2000/01**



Sources: Statistics Canada, CANSIM Table 385-0002

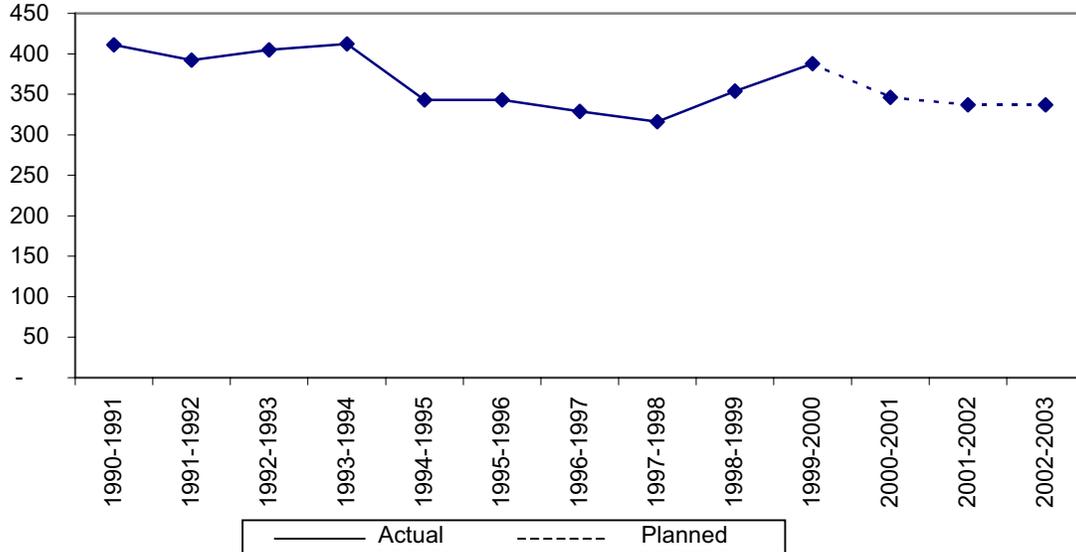
Figure 20:
**Federal Government Expenditures on Recreation and Culture,
All of Canada, 1992/93 to 2000/01, Constant Dollars per Capita**



Sources: Statistics Canada, CANSIM Table 385-0002

Figure 21:
Parks Canada Annual Expenditures, 1990/91 to 2002/03

\$ millions



Sources: 1991-92 to 1999-2000 Public Accounts of Canada, Volume II, Part I, Details of Expenditures and Revenues, Government of Canada
2001-2002 Estimates, Parks Canada Agency
2001-2002 Estimates, The Government Expenditure Plan and Main Estimates, Government of Canada

6. General Findings and Conclusions

1. The study examines historical patterns in the public funding of Alberta's recreation and culture sector by the municipal, provincial, and federal governments. Recreational and cultural activities are important to the individual health of Albertans and, more broadly, to the quality of life and economic development of the province. The recreation and culture sector relies to an important degree on governmental funding support.
2. Alberta's more than 350 municipalities devote approximately one-tenth of their combined operating and capital budgets, or about \$500 million annually, toward recreation and culture. Since the late 1980s, municipal operating outlays for recreation and culture have grown on a relatively consistent basis while related capital expenditures have remained generally flat. However, overall municipal spending on the sector has lagged increases in costs and population by about 14% over the past twelve years.
3. The funding of municipal recreation and culture activities has changed significantly since 1988, the starting point for the consultants' analysis. First, the relative share of funding from local sources (property taxes, user fees, etc.) has increased and now accounts for more than 95% of total spending, while provincial contributions have declined in both absolute and relative terms and now meet less than 5% of local costs. Conditional transfers to municipalities for recreation and culture capital expenditures have also declined significantly as a share of total capital transfers to municipalities for all purposes. Second, while general revenues from property taxes and other sources have increased moderately over time, maintaining their share of local funding for recreation and culture, sales and user fees have increased very significantly over the years -- by 90% between 1988 and 1999. Rising user fees have tended to offset the historical reductions in provincial transfers to municipalities.
4. A potential concern related to the growing reliance on user fees to finance municipal expenditures is that this may adversely affect the public's accessibility to and utilization of local recreational and cultural services and facilities. The growing dependence on property taxes and user fees to fund municipal recreation and culture also raises concerns regarding the sustainability of financing continued increases in expenditures from those local sources.
5. Provincial funding of recreation and culture in Alberta derives largely from lotteries revenues and from the budgeted expenditures of Alberta Community Development. Total provincial funding of recreation and culture has fallen between 1989 and 2000 in absolute dollar terms. Adjusted for inflation and population growth, real funding levels have declined during the period by more than 40%. Provincial recreation and culture spending has shown considerable variability over the past decade -- particularly since the mid-1990s -- and has fluctuated to a much greater degree than have municipal expenditures toward the sector.
6. Alberta's municipalities have assumed a sharply increased role in recreation and culture funding within the province over the years. At the end of the 1980s, municipal expenditures exceeded those of the Government of Alberta by about 30%. By the end of the 1990s, municipal outlays were at a level roughly two and one-half times the province's.
7. Of the two major channels for provincial funding of recreation and culture -- the Lottery Fund and Alberta Community Development -- funding through the department has shown the greatest fluctuation over the years. By illustration, the department's budgetary allocations for the year 1996/97 amounted to about one-quarter the budgets in 1991/92 and 2000/01. This volatility in annual funding likely has adverse implications in terms of sector operational and capital planning. Lottery fund allocations to recreation and culture have remained relatively level by comparison but have nonetheless declined over time in real per capita terms and as a proportion of lottery profits.
8. Government of Canada expenditures for recreation and culture are not disaggregated by province but overall budget data suggest that outlays to the sector have remained relatively static since the early 1990s. This implies a decline in expenditures over a time in inflation- and population-adjusted terms.
9. The historical data suggest that the funding of recreation and culture by all three levels of government has declined over the past decade in real, population-adjusted terms. Municipal expenditures to the sector have lagged least, while provincial outlays have declined most and exhibited the greatest levels of volatility.

Appendices

TABLE A-1
Municipal Operating and Capital Expenditures
for Recreation and Culture, Alberta
1988-1999

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
	----- \$ millions -----		
1988	299	67	366
1989	303	121	424
1990	328	78	406
1991	342	73	415
1992	356	82	439
1993	347	76	423
1994	353	64	417
1995	357	79	437
1996	360	74	435
1997	370	78	448
1998	379	82	461
1999	401	108	509

NOTE: Includes convention facilities.

Source: Nichols Applied Management and Alberta Municipal Financial Information System

TABLE A-2
Municipal Expenditures for Recreation and Culture, Alberta, 1988-1999

	1988	1989	1990	1991	1992	1993	1994	1995	1996
OPERATING EXPENDITURES									
Recreation Boards	11,118,271	11,379,065	11,738,054	11,919,025	12,340,481	11,703,987	9,532,765	8,216,007	9,581,600
Parks and Recreation	222,990,398	222,247,556	241,988,279	252,817,858	263,538,026	249,319,866	256,878,555	262,757,489	259,758,370
Culture: Libraries, Museums, Halls	54,289,446	57,265,376	61,976,609	64,887,493	68,682,933	70,178,764	68,238,524	69,496,851	74,016,830
Other Recreation and Culture	0	0	0	0	0	0	1,806,969	2,552,269	2,283,450
Total for Recreation and Culture	288,398,115	290,891,997	315,702,942	329,624,376	344,561,440	331,202,617	336,456,813	343,022,616	345,640,270
CAPITAL EXPENDITURES									
Recreation Boards	280,879	6,822,688	854,897	464,132	271,807	278,345	308,016	485,120	46,650
Parks and Recreation	59,693,959	106,398,722	70,311,601	62,388,511	72,012,902	69,781,768	58,325,967	71,023,697	69,319,840
Culture: Libraries, Museums, Halls	6,481,972	5,947,154	5,952,697	8,910,808	9,197,272	5,565,614	5,083,959	6,829,577	4,184,170
Other Recreation and Culture	0	0	0	0	0	0	264,750	403,756	352,620
Total for Recreation and Culture	66,456,810	119,168,564	77,119,195	71,763,451	81,481,981	75,625,727	63,982,692	78,742,150	73,903,300
TOTAL EXPENDITURES									
Recreation Boards	11,399,150	18,201,753	12,592,951	12,383,157	12,612,288	11,982,332	9,840,781	8,701,127	9,628,250
Parks and Recreation	282,684,357	328,646,278	312,299,880	315,206,369	335,550,928	319,101,634	315,204,522	333,781,186	329,078,220
Culture: Libraries, Museums, Halls	60,771,418	63,212,530	67,929,306	73,798,301	77,880,205	75,744,378	73,322,483	76,326,428	78,201,000
Other Recreation and Culture	0	0	0	0	0	0	2,071,719	2,956,025	2,636,080
Total for Recreation and Culture	354,854,925	410,060,561	392,822,137	401,387,827	426,043,421	406,828,344	400,439,505	421,764,766	419,543,570
EXPENDITURES ON ALL MUNICIPAL PROGRAMS									
Operating	2,337,368,050	2,561,370,589	2,728,676,356	2,839,270,188	2,932,180,456	2,845,901,517	2,799,138,750	2,849,902,794	2,836,350,100
Capital	648,413,817	766,288,127	780,393,838	686,278,939	769,825,501	660,451,041	652,067,512	806,956,592	704,689,250
Total	2,985,781,867	3,327,658,716	3,509,070,194	3,525,549,127	3,702,005,957	3,506,352,558	3,451,206,262	3,656,859,386	3,541,039,350
% Spent on Recreation and Culture	11.9%	12.3%	11.2%	11.4%	11.5%	11.6%	11.6%	11.5%	11.8%
Alberta CPI (1992=100)	84.6	88.3	93.1	98.7	100.0	101.0	102.6	105.0	107.0
Alberta Population (thousands)	2,454.7	2,495.8	2,547.6	2,592.6	2,634.4	2,670.7	2,715.6	2,739.9	2,780.0
Total in 1992\$	419,475,321	464,450,190	422,040,400	406,674,597	426,043,421	402,800,341	390,291,915	401,680,730	391,000,530
Per Capita in 1992\$	\$ 170.89	\$ 186.09	\$ 165.66	\$ 156.86	\$ 161.73	\$ 150.82	\$ 143.72	\$ 146.61	\$ 140.62

NOTE: Figures exclude expenditures for convention facilities

Source: Nichols Applied Management and Alberta Municipal Financial Information System

TABLE A-3
Sources of Funding For Municipal Operating Expenditures on Recreation and Culture, Alberta 1988 - 1999

	<u>Provincial Transfers</u>	<u>Sales and User Fees</u>	<u>General Revenue</u>	<u>Total</u>
	----- \$ millions -----			
1988	30	47	222	299
1989	29	50	223	303
1990	29	55	245	328
1991	27	57	258	342
1992	25	59	273	356
1993	18	62	267	347
1994	13	70	270	353
1995	14	75	269	357
1996	11	81	268	360
1997	10	90	270	370
1998	13	89	276	379
1999	13	90	299	401

Source: Nichols Applied Management and Alberta Municipal Financial Information System

TABLE A-4
Sources of Funding for Municipal Capital Expenditures on Recreation and Culture, Alberta 1988-1999

	<u>Provincial Capital Transfers</u>	<u>Local/Other Sources</u>	<u>Total</u>
	----- \$ millions -----		
1988	9	58	67
1989	28	93	121
1990	12	66	78
1991	14	58	73
1992	16	66	82
1993	18	58	76
1994	14	50	64
1995	15	64	79
1996	12	62	74
1997	8	69	78
1998	10	72	82
1999	9	99	108

Source: Nichols Applied Management and Alberta Municipal Financial Information System

TABLE A-5

Alberta Lotteries Revenues, and Allocated Funding to Recreation and Culture (\$ million)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
	----- Fiscal Years Ended March 31 -----									
Gross Profits Lotteries	104	109	136	154	343	500	560	628	705	770
Funding Specifically Directed to Recreation, Parks, and Culture²										
Culture/Arts ³	19.3	17.1	23.6	19.4	22.7	22.7	22.7	22.0	22.0	22.0
Sports, Rec., Parks ⁴	<u>14.5</u>	<u>14.5</u>	<u>15.0</u>	<u>14.9</u>						
Total Funding	33.8	31.6	38.6	34.6	37.6	37.6	37.6	36.9	36.9	36.9
Special Project Funding ⁵	-	0.2	-	1.5	7.8	-	12.0	1.3	2.2	2.2
Project Funding Partially Directed to Recreation, Parks, Culture										
Community Facility Enhancement Program	36.1	23.3	27.7	5.2	24.3	15.4	32.2	19.9	31.0	30.0
Lottery Board Grant Program ⁶										18.3

Budget.

Excludes funding to agricultural exhibitions and fairs.

Includes primarily grants to Foundation for the Arts, and Historical Resources Foundation, and their predecessor foundations and organizations.

Includes support to Sport, Recreation, Parks and Wildlife Foundation and predecessor organizations such as Alberta Sport Council and Recreation

For example, 2001 World Championships, TransCanada Trail, Edmonton Concert Hall, Canada Winter Games, Western Heritage Center, ExTerr Remington/Reynolds Displays.

Actual funding to arts, culture, libraries, parks, recreation, sports for fiscal years ended 1999 and 2000. Estimates for 2001/2002. Excludes funding

Sources: Annual reports of Lottery Fund, Alberta Gaming, Alberta Gaming and Liquor Commission. Community Lottery Board allocations are from

TABLE A-6
Community Lottery Board Grant Funding
1988-1989 to 2001-2002, \$ millions¹

Year	----- Recreation, Art, Culture -----						Other Categories	Total
	Arts & Culture	Libraries	Parks	Recreation	Sport	Total		
1998-1999	\$4.4	1.5	1.1	7.6	3.7	18.3	31.7	50.0
1999-2000	5.0	1.4	3.5	7.9	4.3	22.1	27.9	50.0
2000-2001	5.4	1.7	3.3	6.5	5.4	22.3	30.2	52.5
2001-2002 ²	5.4	1.0	3.0	7.2	4.8	21.4	29.4	50.8

1. Figures rounded to near \$0.1 million.

2. Actual distribution of funding for period April 1 to Sept. 30, 2001 extrapolated to total fiscal year expense forecast.

SOURCE: CFEP program officials and Lottery Fund estimates.

TABLE A-7
Expenditures on Recreation and Culture, Alberta Community Development, 1991/92 -

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
	----- \$ millions -----							
Historical Resources	21.3	19.9	17.0	16.4	15.5	15.0	14.7	14.1
Cultural Development	18.2	18.5						
Recreation Development	39.0	34.8						
Community Services	-	-	31.6	24.4	26.5	n.a.	20.9 ²	22.1
Urban Parks Program (Municipal Affairs) ⁵	-	-	-	4.8	4.8	4.8	4.8	4.8
Total	78.5	73.2	48.6	45.6	46.8	19.8	40.4	41.8

1. Includes \$30.7 million in supplementary expenditures for cultural facilities and historical resources grants.
2. Excludes citizenship and human rights services.
3. Excludes Community Lottery Program and assistance to 2001 World Championships in Athletics.
4. Excludes funds to World Championships in Athletics. 2000/01 figures exclude community services operating expenses.
5. Until 93/94 Urban Parks Program included in expenditures of Alberta Community Development. From 94/95, these funds were incorporated in the Unconstrained Municipal Expenditures delivered by Alberta Municipal Affairs.

Source: Department Annual Reports and Budgets