



Canadian Council of Archives
Conseil canadien des archives

February 8, 2017

Ms. Delphine Bishop
Executive Director
Secretariat to the Canadian Cultural Property Export Review Board
25 Eddy Street
Gatineau, Quebec, K1A 0M5

Dear Ms. Bishop,

Thank you for extending the consultation deadline to allow the Canadian Council of Archives (CCA) an opportunity to comment on Dr. Jannette Barth's "Methodology for Calculating Blockage Discounts".

CCA welcomes all efforts in support of a cultural property tax credit program that is transparent and fair for Canadians, and that provides incentive for the citizens to preserve and donate Canada's documentary heritage to public heritage institutions. To this end, CCA has also been working closely with the National Archival Appraisal Board (NAAB) as it strives to enhance the framework of professional standards, guidelines and tools for monetary appraisers in Canada.

While the model presented provides a detailed approach to estimating blockage discounts, this research also suggests that appraisals of archival material are not adequately substantiated, and that the balance between heritage value and market value is skewed in favour of heritage value. It should be noted, while archival appraisals may include various components that can be used to project or simulate a sales market and the relevant economic conditions at the time of valuation, the actual heritage value of an archival document is priceless. With few exceptions, it is cumbersome and difficult to apply a market-based tool to correct this imbalance and align it more closely with the principle of fair market value. That being said, blockage discounts work under predictable and ideal conditions and by its very nature, each archival fonds is unique, includes an array of different materials and media, and less of a defined market – other than archival institutions, a few collectors in Canada, and the American market – which results in less than a clear methodology for valuation. Therefore, the applicability of blockage discounts to an archival fonds would only be appropriate in extremely rare cases. In these rare cases, the proposed model would be one method of calculating appropriate valuations for significant volumes of like-items within a fonds, such as large accruals of editorial cartoons, photographic collections, movie footage, or architectural drawings.

It should be noted that applying such a formula will add a level of complexity to the process of monetary appraisal and would require additional guidelines and thresholds to ensure consistent application, credibility and expectations for the use of blockage discounts in relation to significant volumes of like-items. Further, in most cases, blockage discounts cannot replace the reasoned justification approach used by NAAB panels, which strive to reflect an array of perspectives including market knowledge, heritage value/historian; and other members with archival experience, including specialized media representation.

If not managed properly, blockage discounts may also serve to destabilize the issuing of receipts by archives, thereby undermining the acquisition of Canadian documentary heritage at a time when the institutions undertaking such work are under extreme duress and facing significant financial challenges.

In the work CCA is doing with NAAB, we are striving for greater clarity, transparency, and professional standards. We would also welcome collaboration with CCPERB and assistance to advance monetary appraisal of archival material in Canada. As we all appreciate, the challenge posed by translating heritage value into fair market value for archival materials will require continuing dialogue between stakeholders in order to improve existing methods of establishing monetary valuations for this type of cultural property. We hope our comments will contribute to this dialogue and we look forward to additional discussion about approaches to monetary appraisal for archival donations.

Sincerely,



Lara Wilson
Chair, CCA Board of Directors