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Culture, Tourism and the Centre for Education Statistics

Economic Contribution of the Culture Sector in Canada – A Provincial Perspective

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Research papers

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Note of appreciation

Canada owes the success of its statistical system to a long-standing co-operative effort involving Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued co-operation and good will.

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Abstract

This paper estimates and analyzes the economic impact of the culture sector on the Canadian provinces. More specifically, this study measures the contribution of the culture sector to provincial GDP and employment. Results show that Ontario produced the highest culture GDP and employed more culture workers than other provinces. Interestingly, culture GDP in all provinces except Quebec, Nova Scotia, Saskatchewan and Prince Edward Island grew faster than did total provincial GDP. Of all the provinces, Ontario reported the highest growth in GDP, whereas Quebec led the growth in employment.

1. Introduction

This paper estimates and analyzes the economic impact of the culture sector on Canada’s provincial economies.¹ The term “economic impact” describes the economic contribution of an industry or activity to the economy. More specifically, it refers to the contribution of an economic activity to “Gross Domestic Product (GDP)” and employment.² This paper calculates the economic impact of the provincial culture sector for the period 1996 to 2001.³

According to the *Canadian Framework for Culture Statistics*, culture is defined as “creative artistic activity and the goods and services produced by it, and the preservation of human heritage.”⁴ This paper estimates the economic impact of the culture sector and not of culture in general, i.e., it estimates GDP and employment arising from the culture sector as defined by the framework. Any GDP or employment from culture activity outside the culture sector is not estimated. In addition, this paper does not estimate the social benefits of culture to the provincial economies.⁵

In addition to estimating the economic impact of the culture sector on the provincial economies, this paper examines some questions related to the issue of economic impact.⁶ Is the economic impact of the culture sector on the provincial economies growing or declining? Which province had the highest proportion of culture employment and culture GDP in Canada? Which province reported the largest growth in GDP and employment from the culture sector? How important is the culture sector to the provincial economies?

2. Impact of culture on GDP

Gross Domestic Production (GDP) is an important tool in studying the concept of economic impact. GDP refers to the value added of all industries in a country. Table 1 breaks down total Canadian GDP from the culture sector by province.

Table 1
Culture GDP by province

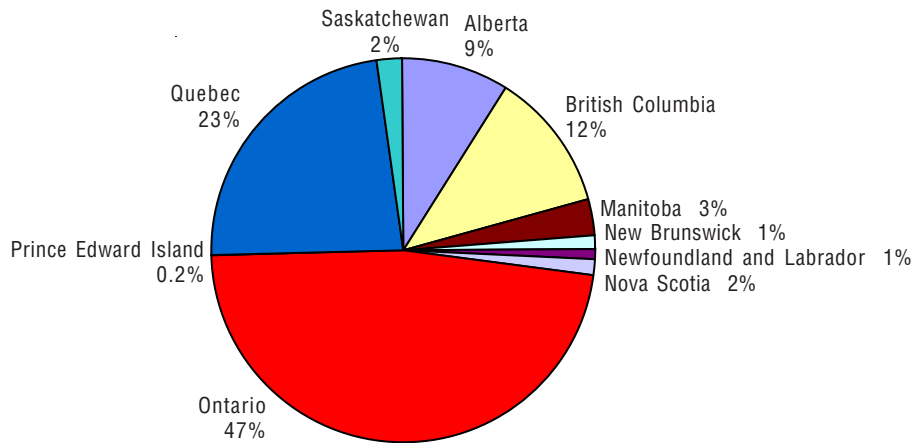
Provinces	Culture GDP							Average percentage share (1996 to 2001)	Percen- tage change (1996 to 2001)
	1996	1997	1998	1999	2000	2001	Average (1996 to 2001)		
	\$ millions								
Ontario	13,380	13,524	14,480	15,767	17,539	17,929	15,437	47	34
Quebec	6,570	6,880	7,484	7,861	8,398	8,614	7,635	23	31
British Columbia	3,421	3,572	3,747	3,798	4,244	4,249	3,838	12	24
Alberta	2,619	2,752	2,721	3,002	3,353	3,453	2,983	9	32
Manitoba	949	946	1,007	1,040	1,117	1,169	1,038	3	23
Saskatchewan	744	729	754	714	758	744	741	2	0.1
Nova Scotia	485	507	505	522	574	570	527	2	18
New Brunswick	362	359	371	375	406	400	379	1	10
Newfoundland and Labrador	207	212	224	226	237	235	223	1	14
Prince Edward Island	63	56	61	62	69	67	63	0.2	7

Source: Statistics Canada.

On average, Ontario was the largest contributor to total culture GDP in Canada (47%), followed by Quebec (23%) and British Columbia (12%), over the period 1996 to 2001 (Figure 1). Together, these three provinces accounted for more than three-quarters of Canadian culture GDP, on average. The culture sector in these provinces also showed a healthy growth in their GDP, although Quebec and British Columbia were the only provinces to experience growth in their culture GDPs in every year studied in this paper (Table 1). It is also interesting to note that, with the exception of Quebec, Saskatchewan, Nova Scotia and Prince Edward Island, growth in GDP from the culture sector exceeded the growth in total provincial GDP.

Figure 1

On average, Ontario had the largest share of culture GDP in Canada for the period 1996 to 2001

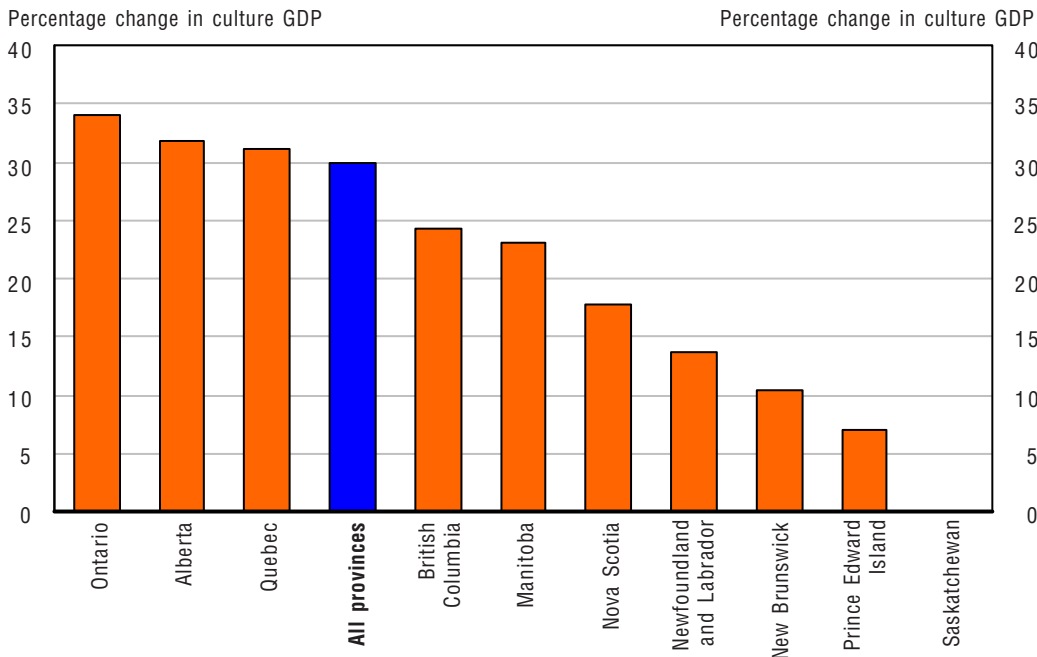


Source: Statistics Canada.

As shown in Figure 2, culture GDP in all provinces grew from 1996 to 2001. Ontario had the fastest growing culture GDP, followed by Alberta and Quebec, with increases of 34%, 32% and 31%, respectively, from 1996 to 2001. These three provinces also had culture GDP growth rates higher than the Canadian average of 30%. On the other hand, Saskatchewan reported the lowest growth rate (0.1%). However, none of the provinces reported a decline in GDP from their culture sectors.

Figure 2

GDP from the culture sector grew fastest in Ontario between 1996 to 2001

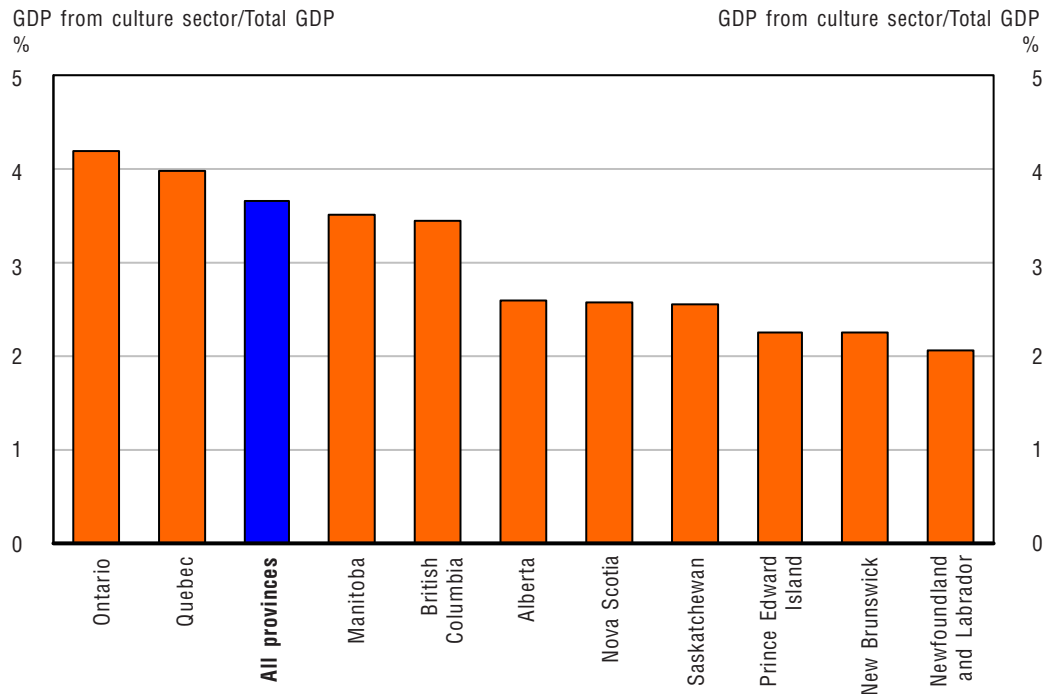


Source: Statistics Canada.

The culture sector was also an important contributor to provincial GDP (Figure 3). It was most significant to the economies of Ontario and Quebec, averaging approximately 4% of each, over the period. However, culture’s contribution to both provinces’ GDP fell slightly over the period.

Figure 3

Ontario had the highest percentage of GDP from the culture sector (average 1996 to 2001)



Source: Statistics Canada.

3. Impact of culture on employment

The growing importance of the culture sector to provincial economies can be measured by estimating employment counts. Here, employment refers to the number of employed individuals, 15 years and over, who were working during the survey reference period, including full-time, part-time and freelancers. Most of the employment numbers were obtained from the *Labour Force Survey (LFS)*,⁷ although some were derived from other surveys.⁸ It should be noted that, although a large part of employment in the culture sector was composed of volunteers, volunteers are not included in the provincial culture sector employment estimates.

In this paper, employment refers to direct jobs⁹ generated by establishments in the culture sector and does not include jobs created indirectly through the *multiplier effect*. The multiplier effect refers to indirect jobs generated when the spending and wages earned by culture workers circulate through the economy. These indirect jobs are located throughout the economy in the businesses that provide supplies or business services to the culture sector. Indirect effects from culture employment are not estimated in this paper. Table 2 breaks down total employment in the culture sector by province.

Table 2
Culture employment by province

Provinces	Culture employment							Average	Percentage
	1996	1997	1998	1999	2000	2001	Average (1996 to 2001)	share (1996 to 2001)	change (1996 to 2001)
Ontario	215,200	217,600	219,100	232,100	266,900	253,100	234,000	42	18
Quebec	123,200	119,200	130,800	137,200	153,800	164,400	138,100	25	33
British Columbia	68,900	71,100	84,200	79,500	78,200	78,400	76,700	14	14
Alberta	48,700	51,000	49,100	51,100	53,000	52,900	51,000	9	9
Manitoba	17,500	16,100	16,800	17,800	16,700	19,100	17,300	3	9
Saskatchewan	14,200	14,700	14,800	15,000	15,000	15,400	14,800	3	8
Nova Scotia	13,200	13,000	13,100	13,500	13,000	12,800	13,100	2	-4
New Brunswick	9,800	9,600	9,200	10,200	10,000	9,200	9,700	2	-6
Newfoundland and Labrador	5,200	4,800	5,400	5,800	5,600	5,700	5,400	1	8
Prince Edward Island	1,600	1,600	1,900	1,600	1,900	1,800	1,700	0	8

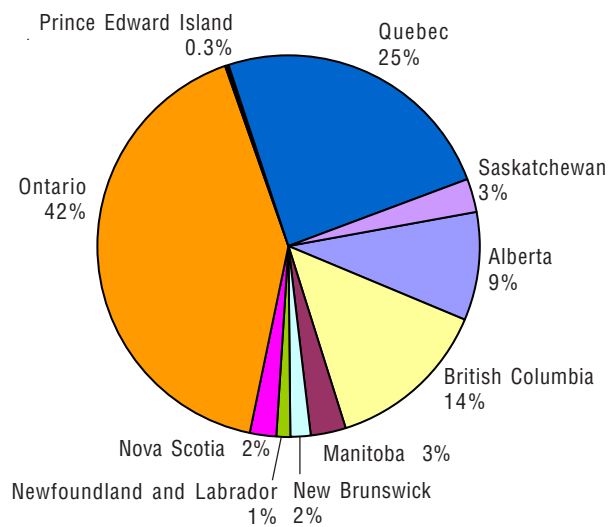
Note:

1. The total culture employment was calculated by using *Labour Force Survey (LFS)* and other surveys (where data from *LFS* was not available).
2. Employment figures have been rounded to the nearest hundred.

Source: *Statistics Canada*.

As with the share of Canadian culture GDP, Ontario also had the largest share of culture employment in Canada (42%), on average, over the period 1996 to 2001 (Figure 4). Ontario was followed by Quebec and British Columbia, with 25% and 14% shares of Canadian culture employment, respectively. Together, these three provinces averaged more than three-quarters of all culture employment in Canada over the period. Culture employment in these provinces also showed healthy growth rates (Table 2). Ontario, Quebec and British Columbia reported higher growth rates in culture employment than the other provinces. Of note, Saskatchewan was the only province to experience growth in culture employment in every year.

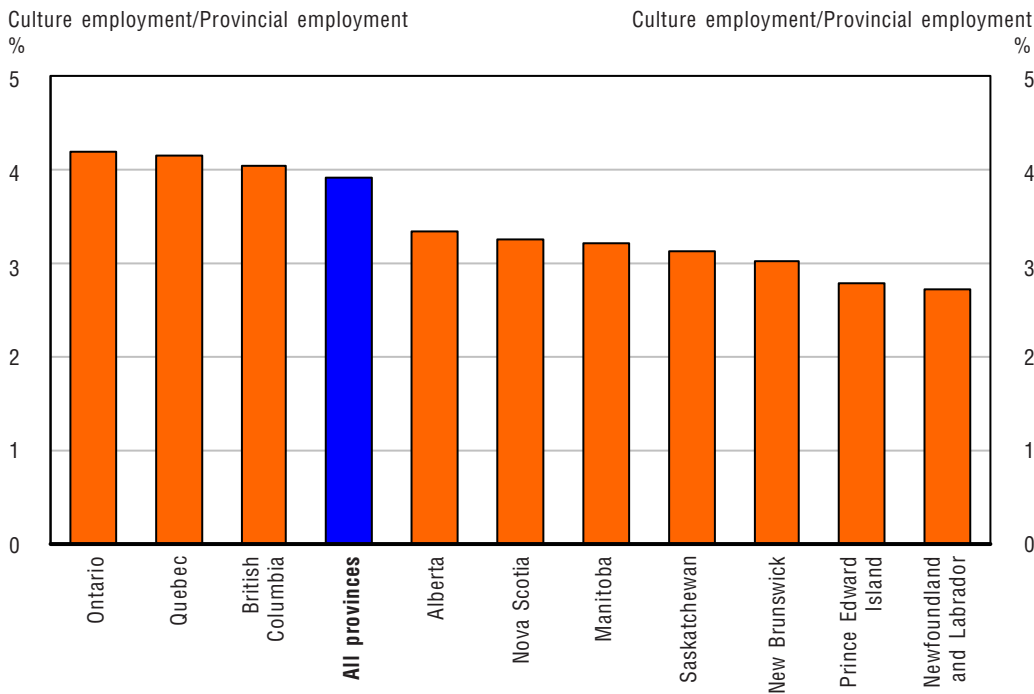
Figure 4
Provincial share of culture employment in Canada (average 1996-2001)



Source: Statistics Canada.

Employment from the culture sector was most significant to the employment in Ontario (4.2%) as shown in Figure 5. The proportion of employment from the culture sector in Ontario, Quebec and British Columbia was higher than the national average.

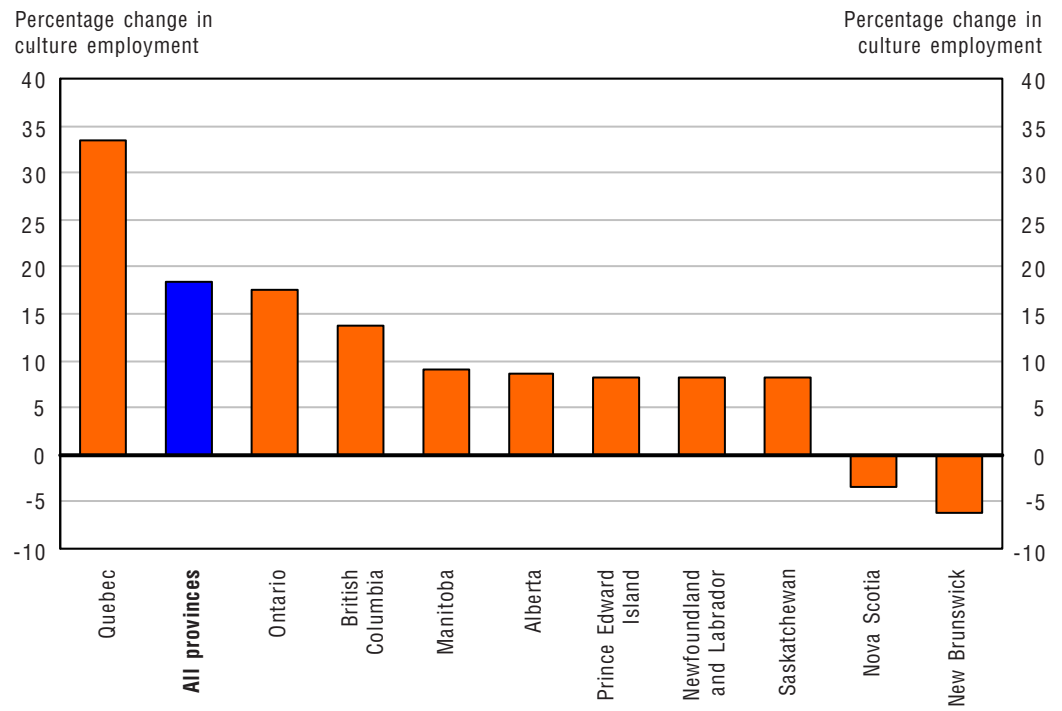
Figure 5
Compared to the other provinces, Ontario had the highest percentage of employment from its culture sector (average 1996-2001)



Source: Statistics Canada.

Figure 6 shows that Quebec reported the largest growth in culture employment (33%) between 1996 and 2001, followed by Ontario (18%) and British Columbia (14%). Culture employment in Quebec also grew more than the national average. Only New Brunswick (-6%) and Nova Scotia (-4%) experienced a decline in culture employment over this period.

Figure 6
Quebec had the most growth in culture employment



Source: Statistics Canada.

4. Conclusion

This paper has explored the role of the culture sector in Canadian provincial economies. Ontario, Quebec and British Columbia were the top three provinces in terms of their contributions to culture GDP and culture employment in Canada. These three provinces accounted for more than three-quarters of total culture GDP and culture employment in Canada.

Culture GDP in all provinces grew from 1996 to 2001. Ontario reported the largest growth in culture GDP, followed by Alberta and Quebec. Saskatchewan reported the lowest growth in culture GDP.

Employment from the culture sector grew in all provinces from 1996 to 2001 except New Brunswick and Nova Scotia. Quebec reported the largest growth in culture employment, followed by Ontario and British Columbia.

For all provinces, GDP and employment from the culture sector accounted for less than 5% of overall provincial GDP and employment. Compared to the other provinces, Ontario's economy (i.e., GDP and employment) was the most dependent on the contribution of its culture sector.

Key findings

- Ontario generated more culture Gross Domestic Product (GDP) than any other province in Canada over the period 1996 to 2001. On average, GDP from the culture sector in Ontario accounted for 47% of total Canadian culture GDP. Quebec and British Columbia averaged 23% and 12% shares of culture GDP in Canada.
- Culture GDP in all Canadian provinces grew from 1996 to 2001. Ontario reported the largest growth in culture GDP (34%), followed by Alberta (32%) and Quebec (31%).
- Ontario generated more culture employment than any other province in Canada. Employment from the culture sector in Ontario averaged 42% of total Canadian culture employment over the period 1996 to 2001. Quebec and British Columbia accounted for 25% and 14% shares, respectively, of Canadian culture employment.
- Culture employment in all provinces except New Brunswick (-6%) and Nova Scotia (-4%) grew between 1996 and 2001. Quebec reported the most growth, followed by Ontario and British Columbia.
- GDP and employment from the culture sector were more important to the economy of Ontario than they were for other provinces. Around 4.2% of both GDP and employment in Ontario were derived from its culture sector.

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Endnotes

1. The economic impact of the culture sector in Northwest Territories, Yukon and Nunavut are not studied in this paper.
2. Please note that the estimates in this paper are subject to future revisions.
3. The GDP is calculated using the *Value Added* method. This method measures GDP by measuring the gross value of production of each firm and subtracting each firm's costs of production in the form of purchases from other firms.
4. Statistics Canada (2004).
5. There are a number of studies that highlight the social benefits of the culture sector, such as the one by Melo (2002).
6. For similar studies dealing with the economic impact of culture, refer to Singh (2004a) and Singh (2004b).
7. Labour Force Survey (LFS) is a household survey of about 50,000 households, carried out by Statistics Canada. It is the only source of monthly estimates of total employment including self-employment, full and part-time employment in Canada.
8. These surveys include Statistics Canada's *Film, Video and Audio-Visual Production Survey*, *Motion Picture Laboratory Operations and Production and Post-Production Services Survey*, *Film, Video and Audio Visual Distribution*, *Motion Picture Theatres Survey*, *Survey of Heritage Institutions*, *Annual Survey of Manufacturers*, *Annual Wholesale Trade Survey*, *Annual Retail Trade Survey*, *Radio and Television Broadcasting Survey*. Some external sources were also used to collect data for some of the culture sub-sectors, such as the National Core Library Statistics Program (NCLSP) for the *Library* sub-sector and data from the Department of Canadian Heritage for the *Festival* sub-sector.
9. Individuals could either work in a culture related occupation in the culture sector, in a culture related occupation outside the culture sector, or in a non-culture related occupation in a culture industry. For example, a librarian working in a research firm is a culture employee outside the culture sector while a window cleaner employed in a library is a non-culture employee in the culture sector.

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