



Canadian  
Heritage

Patrimoine  
canadien

Canada



# Intersections:

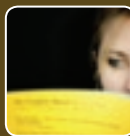
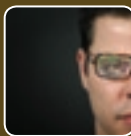
Navigating the cultural landscape

Cultural Affairs Sector 2007-2008 Annual Report



Experience + Listen

Read + Watch







# Intersections:

Navigating the cultural landscape

Cultural Affairs Sector 2007-2008 Annual Report





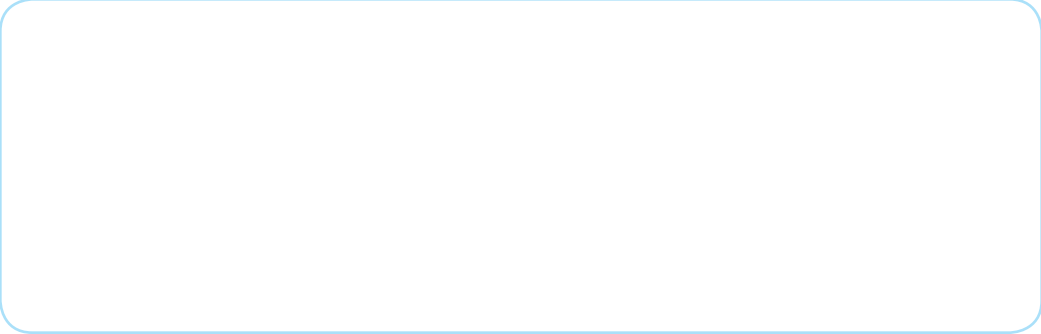
This publication is available upon request in alternative formats.

This publication is available in PDF and HTML formats on the Internet  
at <http://www.pch.gc.ca>.

©Her Majesty the Queen in Right of Canada, (2009).

Catalogue No. CH41-20/2008E-PDF

ISBN 978-1-100-12018-8



## Message from the Minister, Canadian Heritage

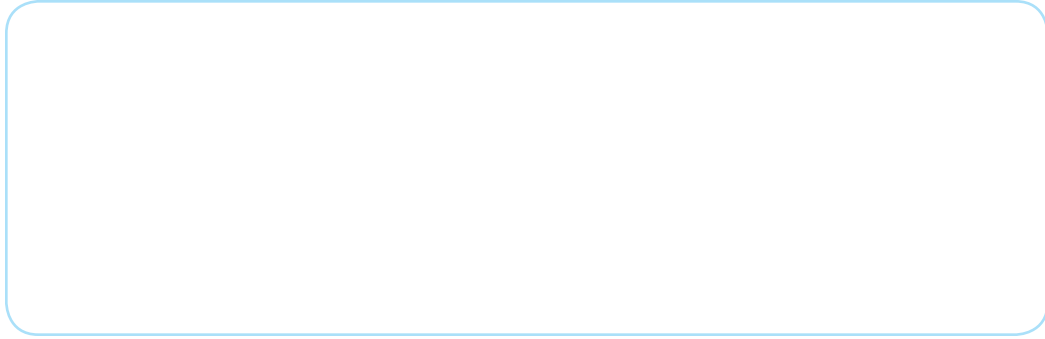
The annual report of the Cultural Affairs Sector of Canadian Heritage gives an indication of the richness and breadth of our policy, program and research activities—encompassing Canadian arts, books, periodicals, music, film, video, broadcasting and interactive digital media industries.

Creativity contributes not only to the quality of our cultural and civic life, but also to the strength of our economy. The Conference Board of Canada estimated that in 2007 arts and cultural industries contributed just over \$46 billion to the economy—or roughly 3.8 percent of Canada’s gross domestic product. The Board also highlighted how creative communities are becoming world-class assets, fostering innovative businesses and attracting international tourists, investments and talents.

The arts and cultural sector is constantly evolving. From creation and innovation to consumption, culture is now more than ever about choice. Major technological, economic and social changes, here and abroad, will continue to transform Canada’s cultural landscape.

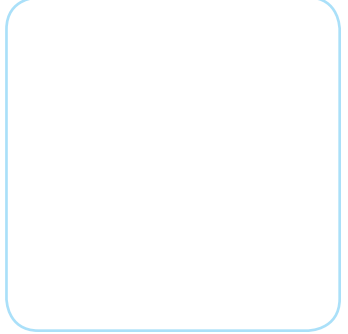
Canada’s arts and cultural industries are not immune to the prevailing economic climate. Industries that depend heavily on advertising revenues, such as over-the-air broadcasters, magazines and newspapers, are already starting to be affected by the economic decline. Not-for-profit arts organizations are being affected by businesses having fewer resources to provide sponsorships, and by downturns in both charitable donations and revenues from investments and endowment funds. The recession in the United States, our largest trading partner, may lead to a decrease in Canadian cultural exports, and less disposable income at home and abroad could affect sales of cultural products.





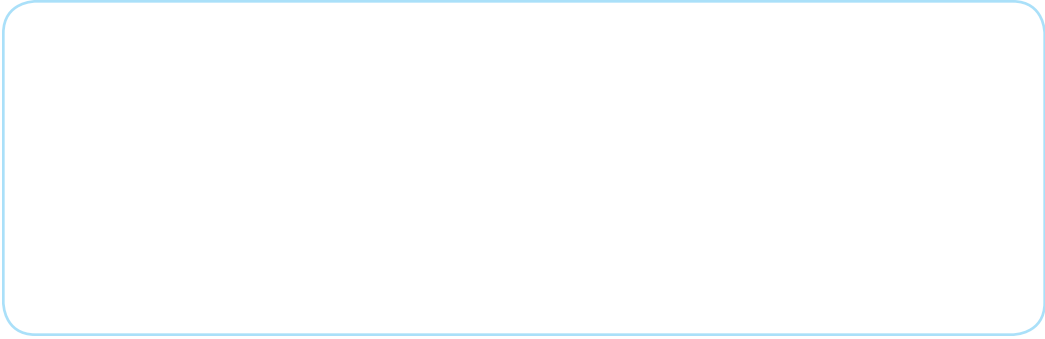
In this environment of challenge and constant change, the Cultural Affairs Sector will continue to develop dynamic public policy and programs that lend targeted support to a thriving creative economy, allow creators and consumers to seize new and exciting opportunities, and meet the changing needs of Canadians.

This report demonstrates how the Department of Canadian Heritage serves Canadians through its support of arts and culture. However we share our stories—through watching television, listening to music, reading magazines, accessing culture online or going to festivals—our ultimate goal is that Canadian arts and culture continue to be created and cherished for years to come.



A handwritten signature in black ink, appearing to read 'James Moore', located below the text.

**The Honourable James Moore**  
Minister of Canadian Heritage and Official Languages



## Table of contents

<b>Create. Access.</b> .....	2
Facilitating arts and culture.....	6
Copyright Policy .....	7
Cultural Sector Investment Review .....	8
Strategic Policy and Research .....	9
<b>Watch</b> .....	10
The Year in Brief: Onscreen .....	13
Film and Video Policy and Programs .....	15
Broadcasting Policy and Programs (Onscreen).....	19
Canadian Culture Online.....	23
<b>Listen</b> .....	28
The Year in Brief: Music and Radio .....	31
Music Policy and Programs.....	33
Radio Policy and Programs .....	37
<b>Read</b> .....	38
The Year in Brief: Publishing .....	41
Book Publishing Policy and Programs.....	43
Periodical Publishing Policy and Programs .....	47
<b>Experience</b> .....	50
The Year in Brief: Arts.....	53
Arts Policy and Programs .....	55
<b>Shape</b> .....	59





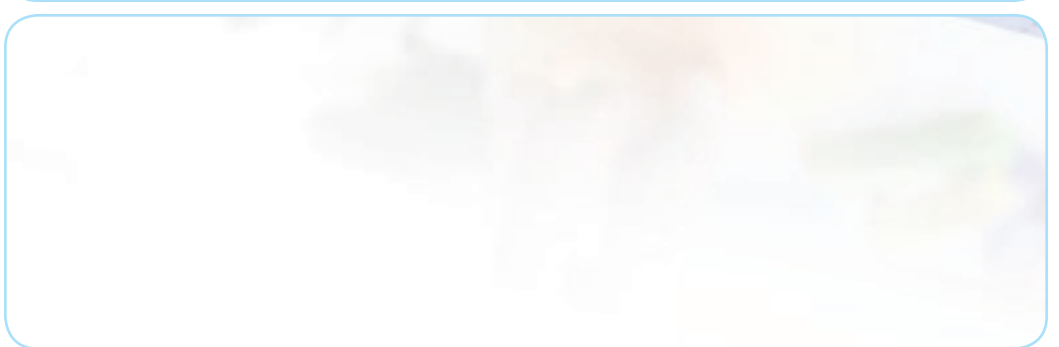
## CREATE°ACCESS

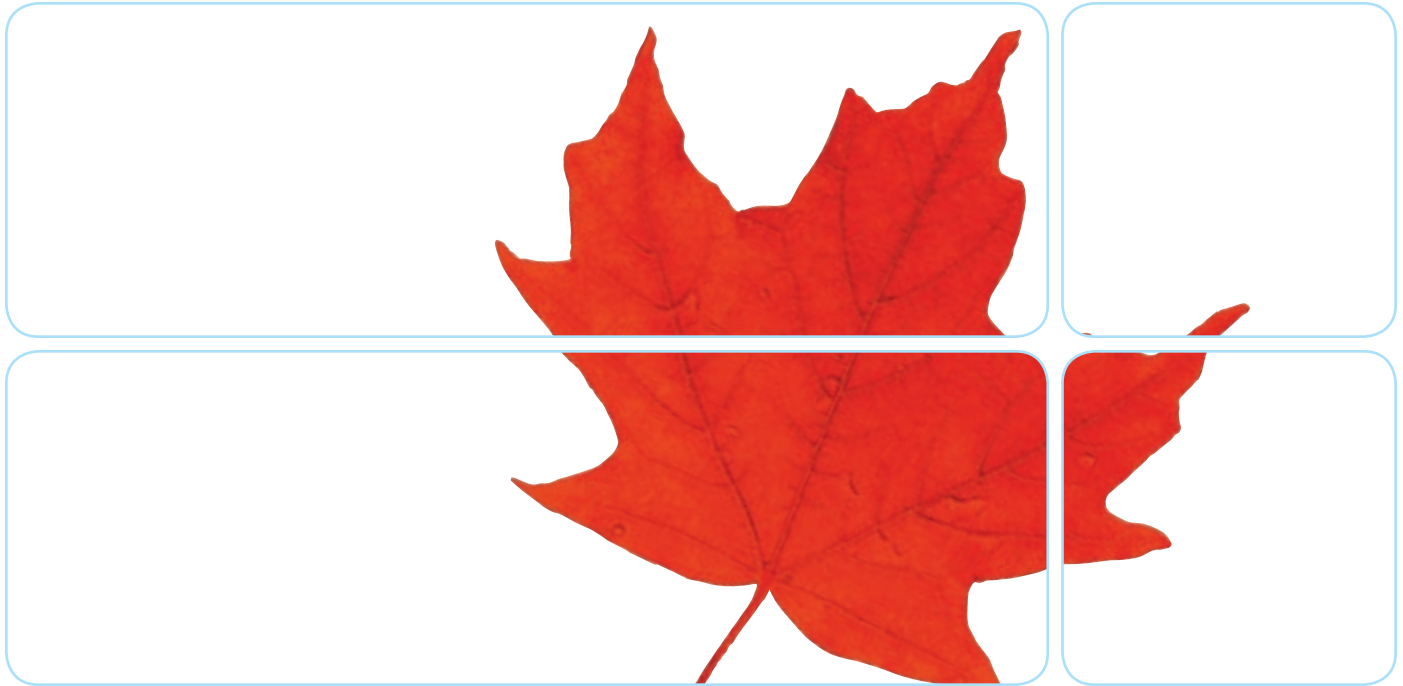
*Canada's cultural landscape continues to shift, evolve, diversify. Traditional forms of artistic expression are intersecting with new technologies; established creative business models are transforming, becoming more agile and interactive.*

*Canada's culture is alive and vital, reflecting the diversity of our country and its people. It is a ubiquitous presence in the daily lives of Canadians from coast to coast to coast, in the biggest cities and smallest rural communities.*

*The Cultural Affairs Sector of the Department of Canadian Heritage helps cultivate the conditions across the cultural landscape for arts and cultural industries to flourish—focusing on the two critical priorities of creation and access.*







## Create. Access.

The ways arts and culture enrich Canadian society are almost as diverse as the arts and cultural industries themselves.

Arts and culture contribute to the country's prosperity, accounting for some \$46 billion in economic activity (roughly 3.8% of Canada's gross domestic product)<sup>1</sup> and employing 662,000 highly skilled workers. Moreover, Canadians have volunteered an estimated 88 million hours at arts and cultural organizations—equivalent to 46,000 full-time jobs, valued at \$1.1 billion.<sup>2</sup> Just as significant, although much harder to quantify, is the contribution they make to the vibrancy of Canadian life. Arts and culture entertain and enlighten, inform and challenge, provoking dialogue about who we are and what we value.

Ultimately, Canada's arts and culture bring people together—promoting interaction, connection and the sharing of experience. They represent us to the world and to ourselves; they engender pride in our country, shape our sense of being Canadian and contribute to our diversity.

Yet Canadian cultural production faces a number of challenges. It is typically a high-cost endeavour, and competition for audience attention is extremely intense—especially given today's constant flow of global media. As a society, Canada is exceptionally diverse, home to a flourishing Francophone culture and myriad Aboriginal and ethnocultural communities and closely intertwined with the United States. Market forces alone are not always sufficient to stimulate the creation of high-quality, highly varied Canadian cultural goods and services.

### The best of Canada— for all Canadians<sup>3</sup>

- 9 in 10 Canadians support public funding for the arts and culture.
- 8 in 10 Canadians agree that governments should provide special funding for arts activities involving culturally diverse or Aboriginal communities.
- 9 in 10 Canadians from ethnocultural communities feel it is important for the arts and culture of their own traditions to be passed on to the next generation.



For these reasons, the federal government has an important role to play in Canada's cultural landscape, fostering a viable creative sector in partnership with the country's provinces, territories, municipalities and private sector organizations.

## Cultivating the right conditions

Canada is not alone in fostering its arts and cultural industries. Ninety-three states and the European Commission ratified the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, recognizing cultural goods and services as being particularly integral to a sense of identity, values and meaning. The Convention also reaffirmed the sovereign right of states to develop cultural policies and strengthen international cooperation and solidarity to favour the cultural expressions of all countries.

Canada's investments in the arts and culture contribute to the country's international competitiveness by helping develop a creative workforce with the skills and talent to thrive in a knowledge-based economy, and by strengthening the attractiveness of Canada and its communities to skilled workers, investors and tourists.

### Federal legislative frameworks supporting culture

- *Copyright Act*
- *Investment Canada Act*
- *Broadcasting Act*
- *Canadian Radio-television and Telecommunications Commission Act*
- *Radiocommunication Act*
- *Telefilm Canada Act*
- *National Film Act*
- *Income Tax Act*
- *Status of the Artist Act*
- *User Fees Act*
- *Foreign Publishers Advertising Services Act*
- *Department of Canadian Heritage Act*

## A comprehensive toolkit

To support arts and culture, the Government of Canada implements a toolkit that comprises legislation, regulation, the provision of direct financial support, and partnerships among national institutions.

Robust federal legislation helps achieve national objectives for the arts and cultural industries. The *Broadcasting Act*, for example, sets out broadcasting policy for Canada. The *Investment Canada Act* encourages investment in Canada by Canadians and non-Canadians, and contributes to economic growth and employment opportunities.

The *Copyright Act* is a cornerstone of the cultural policy framework. Having a consistent and predictable copyright regime that enables remuneration, protects intellectual property rights and ensures legitimate access to works is critical for investment, innovation and creativity—in short, for the development of content and strengthening of cultural industries.

Regulation is another important component of the federal toolkit. The impact of the *Broadcasting Act* is also seen here as it empowers the Canadian Radio-television and Telecommunications Commission (CRTC) to supervise and regulate the radio and television industries, as well as cable and satellite signal distributors.

The federal government delivers both direct and indirect support to Canada's cultural industries—for instance through funding programs and tax incentives—and collaborates closely with partners, including Crown corporations; provincial, territorial and municipal governments; cultural agencies and non-governmental organizations.





The federal toolkit includes a number of national cultural institutions, including CBC/Radio-Canada, the Canada Council for the Arts, the CRTC, Library and Archives Canada, Telefilm Canada, the National Film Board of Canada, the National Arts Centre and national museums.

## Facilitating arts and culture

The Cultural Affairs Sector of the Department of Canadian Heritage, in partnership with other public and private organizations, helps sustain the vitality and vibrancy of Canada's arts and cultural industries—of Canadian artists and creators, of the infrastructure and businesses that support them, and of the institutions that sustain and celebrate them. Working within the context and partnerships of the federal toolkit, the Sector:

- encourages and enables the **creation** of excellent Canadian arts and cultural content that reflects Canada's diversity; and
- facilitates **access** to that content by domestic and international audiences.

Whether watching, listening, reading, experiencing—or some combination of them all—Canadians are consuming arts and culture in volume. The program, policy and research activities of the Cultural Affairs Sector help ensure that Canadian cultural products and experiences reflect our rich linguistic, ethnocultural and regional diversity. They do so in the context of constant and intersecting forces of change: demographic, economic, technological.



The majority of the results featured in this report stem from programs and policies that focus on particular modes of content creation and delivery—from screen-based and interactive media to music, books, magazines and performances. The Sector also, however, delivers a complementary and comprehensive support framework that takes the form of policy, investment, research and strategic planning activities. These activities play a specialized role that cuts across all arts and cultural industries.

## Copyright Policy

The effects of Canada's copyright regime ripple throughout the cultural and creative sector and directly touch the lives of the Canadian public. In recent years, copyright industries—those touched by copyright—have accounted for 4.5 percent of Canada's gross domestic product and 5.5 percent of total Canadian employment.<sup>4</sup> An effective copyright regime enables the marketplace for cultural works and supports innovation, creativity and access. The *Copyright Act* sets out certain economic and moral rights for authors, performers, producers and broadcasters in relation to literary, dramatic, musical and artistic works, performances, sound recordings and broadcast signals.

The Minister of Canadian Heritage is responsible for formulating cultural policy, including as it relates to copyright. The Cultural Affairs Sector advises the Minister on Canada's copyright regime and provides research and analysis to develop and maintain a copyright policy framework consistent with Canada's social and economic objectives and conforming to international standards. The Sector also advances Canada's interests on copyright issues in international discussions and negotiations through fora, such as the World Intellectual Property Organization (WIPO) and in the negotiation of trade agreements. The Minister of Canadian Heritage shares responsibility for copyright with the Minister of Industry.

A key priority for copyright in Canada continues to be ensuring that the Canadian copyright regime is responsive to the challenges of the globalized digital age—in a way that benefits Canadians while ensuring the country's alignment with international standards. Taking guidance from the 2007 Speech from the Throne commitment to amend the *Copyright Act*, the Sector worked toward the introduction of legislation. Digital piracy and counterfeiting came to the forefront of both domestic and international policy agendas. The Sector also played a key role in the introduction of Bill C-59, which combats piracy by prohibiting the unauthorized recording of a movie in a movie theatre.

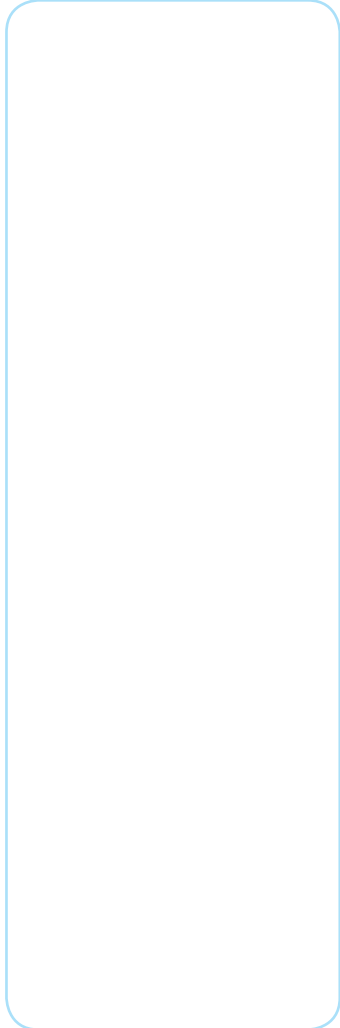


The Sector also participated actively in international efforts to combat digital piracy through fora, such as the Security and Prosperity Partnership of North America, the Organisation for Economic Co-operation and Development, and the Anti-Counterfeiting Trade Agreement.

## Cultural Sector Investment Review

The *Investment Canada Act* is applied so that Canadians benefit whenever foreign investors establish or acquire businesses in Canada's publishing, film/video and music sectors. For example, such benefits typically involve encouraging the availability of Canadian content or the sustainability of Canada's cultural infrastructure.

The Sector continued to negotiate and monitor net benefit commitments to ensure that foreign cultural investments produce positive results for Canada and its citizens. In 2007-2008, 35 such investment proposals submitted by foreign investors were assessed. These investments resulted in, among other things, employment creation across Canada, collaborative industry research projects, innovative artist development programs, and increased visibility for Canadian cultural products. In addition, 50 investments approved in previous years were monitored to ensure their ongoing benefit to Canada.







## Strategic Policy and Research

The Cultural Affairs Sector actively pursues strategic policy and research to maintain an awareness and understanding of the evolving environment facing arts and culture in Canada. In 2007-2008 the Sector:

- Delivered the International Forum on the Creative Economy, which attracted 200 delegates from across Canada and the world to discuss relevant and recent research on the contribution of the cultural sector to national economies. Over a two-day period, 35 presentations were made, each contributing to our understanding of the emerging creative economy.
- Led a research study entitled *The Transformation of Value Chains in the Canadian Arts and Cultural Industries*, which analyzed how Canadian arts and cultural industries have been transformed by digital technologies and the digital economy. The concepts of value network analysis were applied across various industries: music, radio, film and video, television, magazines, books, console games, online content, performing arts and visual arts. This work provided insight into how each of these industries currently functions and has helped the Sector identify key policy focus areas.
- Managed the development of strategies and special events, and supported the Department in official government responses related to Francophone culture and select official languages affairs.
- Paid particular attention to key trends and linkages regarding the impacts of technology across the cultural sector. This activity fostered coordination and consistency in policy development throughout the Sector, and provided strategic analysis and advice to address common policy concerns related to new technologies.

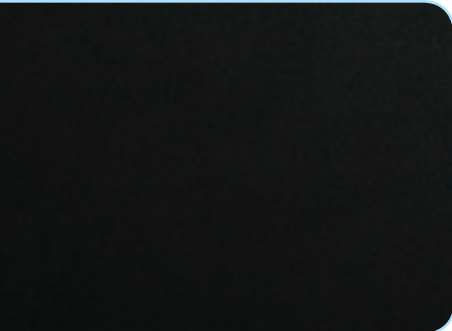


CREATE°ACCESS

# Watch

*Movies on computers. TV on cell phones. High-definition video and digital broadcasting. What Canadians watch—and how they watch it—is changing almost daily. Interactivity is an expectation. Viewers no longer just consume content: they create it, upload it and share it with the world. Boundaries are vanishing, and borders, too. Canadian artists continue to gain stature and earn recognition internationally. Canadian media companies are merging and converging to bundle multiple modes of content creation and delivery. The landscape is changing, presenting new challenges and opportunities to Canadian producers—and giving viewers an unprecedented choice of screens through which they can access content that answers their interests.*

Image reflected in lens: *Tout sur moi*, used by permission of Cirrus



## Snapshots

- Broadcasting is ubiquitous: 99% of Canadians own at least one television and one radio.<sup>5</sup>
- Canadians watch 26.8 hours of television a week.<sup>6</sup>
- 78% of Canadians—and more specifically 96% of Canadian youth aged 12 to 17—use the Internet.<sup>7</sup>
- Canadians spend an average of 17 hours per week connected to the Internet, an increase of 4 hours per week from 2004.<sup>8</sup>
- 53% of Canadian teens aged 12 to 17 visit social networking sites.<sup>9</sup>
- Downloading and media streaming are on the rise among Internet users: 40% for online videos, 20% for movies and 17% for television.<sup>10</sup>



Scene from *Tout sur moi*. Used by permission of Cirrus

## When screens converge

Canadian creators are taking advantage of digital tools to enhance their work and reach broader audiences. The access points to cultural products are multiplying, with content tailored to each platform—television, the PC and mobile devices. In 2007, Xenophile Media won a Canadian New Media Award and an International Emmy for its extended reality game based on the popular television show *ReGenesis*. Created with funding from the Canada New Media Fund (CNMF), the game uses the Web, e-mail, SMS and video on demand to create experiences without boundaries, enticing fans to solve online puzzles based on clues embedded in episodes of the TV show. MarbleMedia Interactive's *Shorts in Motion: The Art of Seduction*, another project funded by the CNMF, is a series of original short films written and directed for mobile phones. From the series' Web site, users can download the movies onto their mobile devices—and also submit text or e-mail anecdotes, send an e-card or participate in a seduction quiz. This project won a 2007 Silver W3 Award for Movie and Film, the Banff World Television's Mobile Program Enhancement Award 2007, and the GSM Association Global Mobile Award 2007 for the Best Made for Mobile Video Service category.





## The Year in Brief: Onscreen

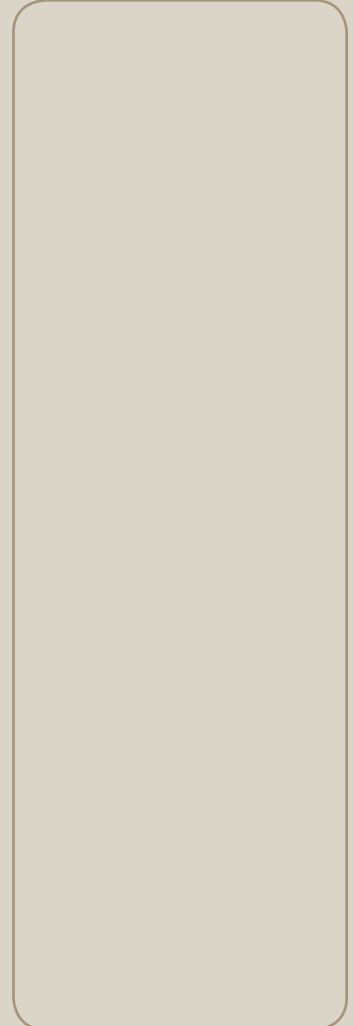
- Film and Video Policy and Programs
- Broadcasting Policy and Programs (Onscreen)
- Canadian Culture Online

From film and video to television and online media, “screens” abound in Canada. In 2006-2007, the most recent period for which official information is available, film and television production volume in Canada reached \$5 billion, a 2 percent increase over the previous year.<sup>11</sup> (Production volume is the total of all production budgets for works created in Canada.) Domestic box office revenues of Canadian feature films reached \$28 million in 2007.<sup>12</sup>

In 2007-2008, media companies merged and advertising paradigms shifted. Direct investment and tax credits stimulated production in Canada, creating opportunities for the domestic production sector to build its capacity. Innovation and change in the realm of digital media produced an increasingly wide variety of products and technologies: Canadians are embracing these like never before and creative interactive activity—both professional and non-professional—is thriving. Myriad changes for consumers, creators and businesses are not only triggering dynamic developments in existing industries, but also creating opportunities for new entrants and fresh lines of business, fuelling demand for innovative devices and technologies. Global markets are opening up like never before, increasing corporate competitiveness, and creating remarkable potential for companies to use a full range of platforms and reach consumers in near-unlimited ways.



Cast of *Degrassi the Next Generation*. Used by permission of Epite Pictures Inc.



## Pursuing our priorities

The Cultural Affairs Sector uses policies, programs and research to ensure that Canadians create and have access to their own film, video, television and interactive digital media works.

- In 2007-2008, the Sector contributed to 466 television productions (amounting to 2,168 hours of original programming) through the Canadian Television Fund; supported shows included *Degrassi the Next Generation*, *Little Mosque on the Prairie*, *Tout sur moi* and *Les hauts et les bas de Sophie Paquin*.
- The Sector provided support to more than 300 diverse projects that resulted in engaging interactive Web sites and other digital products, such as *thisisemilyyeung.com*, *CornerGas.com* and *Wapikoni Mobile*.
- By administering tax credits, the Sector helps support more than 1,000 television productions and more than 75 feature films annually.
- The Sector funds the Aboriginal Peoples Television Network (APTN) to ensure the distribution of Aboriginal programming over-the-air to 130,000 people<sup>13</sup> in Northern and remote communities.
- In the English market, when Canadians watch television, almost half their viewing is of Canadian shows. In the French market, two-thirds of their viewing is of Canadian shows.<sup>14</sup>
- The Virtual Museum of Canada, a groundbreaking Web portal that brings Canada's museums into Canadian homes, schools and workplaces, also receives Sector funding.
- In 2007-2008, the CNMF supported 25 initiatives that included trade shows, training programs and market research activities contributing to the industrial and professional development of the interactive media industry in all regions of Canada.

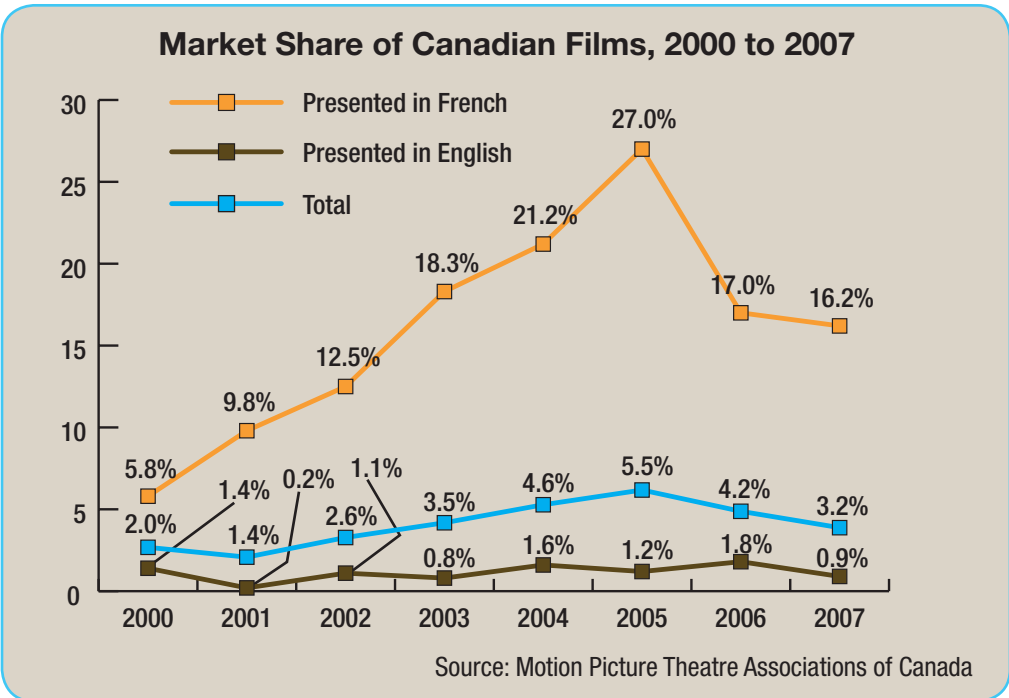
The following chapter provides further details regarding the results our activities bring to Canadians.

# RESULTS

## Film and Video Policy and Programs

The Cultural Affairs Sector supports the country’s film and video industry by monitoring the performance of federal policies and overseeing the contribution agreements of various funds. The volume of film and television production in Canada rose by 2 percent in 2006-2007 to \$5 billion.<sup>15</sup> This production volume figure totals all production budgets for works created in Canada.

Through the Canadian Feature Film Policy (CFFP), Telefilm Canada administers the Canada Feature Film Fund (CFFF). A key objective of the CFFP is to increase the audience for Canadian productions—with the specific target of achieving a 5 percent share of the domestic box office for Canadian films. In 2007, the market share of Canadian feature films was 3.2 percent, down 1 percent from 2006.<sup>16</sup>



The Sector is also responsible for developing Canada’s Coproduction Policy, which governs collaborations between Canadian and foreign producers under a treaty signed by the two countries. Coproductions enable Canadian and foreign producers to pool their resources, creating films and television programs that enjoy national status in each of the countries involved. Canada has treaties with 53 countries.

Volume of Coproductions and Proportion of Canadian Contributions (source: Telefilm Canada)			
Year	Total volume of coproduction (\$ million)	Canadian contribution (\$ million)	Foreign contribution (\$ million)
2007	542	225	317

## Funding and investment

Federal support to the film and video sector is provided through the CFFP, the Canadian Audio-Visual Certification Office (CAVCO), Telefilm Canada, the National Film Board of Canada and the Canada Council for the Arts.

In 2007-2008, the following funding was provided to Canadian creators:

Canadian Feature Film Policy (\$ million)	
Telefilm Canada - Canada Feature Film Fund	90.2*
Canadian Independent Film and Video Fund	1.5
Canada Council for the Arts (Film and video production co-operatives from the Assistance to Media Arts Production Organization Program)	2.9
Library and Archives Canada	0.51
Audio-Visual Preservation Trust of Canada	0.15

\*Funding provided directly to Telefilm Canada through parliamentary appropriations.

Other Federal Support (\$ million)	
National Film Board of Canada	77
Canada Council for the Arts (Media arts funding, excluding film and video production co-operatives)	10.1
Telefilm Canada – Other funds, including including the National Training Program in the Film and Video Sector (\$2.5M), festivals and markets, professional development	6.2

### Achieving impact through tax credits

The Sector and the Canada Revenue Agency co-administer two federal government tax credit programs for film and video production. The Canadian Film or Video Production Tax Credit (CPTC) is a refundable corporate tax credit designed to support the growth of a viable indigenous film and video production industry in Canada. The Film or Video Production Services Tax Credit (PSTC) is a refundable corporate tax credit designed to support the film and video production services industry by encouraging the use of Canadian labour on productions that shoot in Canada.

For 2007, the Department of Finance estimates an expenditure of \$200 million in tax credits for the CPTC. The estimate for PSTC tax credits for the same year is \$125 million.

To be recognized as Canadian content for CPTC purposes, a production must meet certain requirements for key creative personnel—receiving at least six out of ten points for having Canadians in key creative positions, including director, screenwriter, lead performers, director of photography, art director, music composer and picture editor.

Because data cannot be considered until all tax credit applications for a given fiscal year are received—usually one to two years after—all of the following will be confirmed as accurate in 2008-2009.







Used by permission of Zoofilms

Total Number of Productions (CPTC) 2003-2004 to 2007-2008			
Television		Feature Film	
Year	Productions	Year	Productions
2003-2004	1,023	2003-2004	83
2004-2005	1,132	2004-2005	61
2005-2006	1,094	2005-2006	90
2006-2007	1,026	2006-2007	94
2007-2008	791*	2007-2008	64*

Number of Television Productions by Genre 2007-2008 (CPTC)*	
Genre	Television
Children	53
Documentary	344
Educational/Instructional	37
Fiction	153
Magazine	119
Music	4
Performing Arts	14
Variety	63
Other	4

Number of Productions Certified Through the PSTC 2007-2008	
Year	Productions
2003-2004	163
2004-2005	162
2005-2006	185
2006-2007	153
2007-2008	116*

Number of Productions by Language 2007-2008 (CPTC)*		
Language	Television	Feature film
English	446	37
English/French	17	0
French	321	27
Other	7	0

**\*PLEASE NOTE FOR ALL DATA PRESENTED ABOVE**

Due to a lag between the time a production takes place and the time an application is made to CAVCO, the most recent year should be considered an “incomplete year.” An incomplete year should not be seen as a drop in economic activity in the film and television industry for that year, as it takes approximately two years for the data to be considered accurate. The most recent fiscal year is, on average, about 80% of what the actual number will be once all applications have been received and certified.

### Success story: Canadian feature film successes

Canadian films are finding significant audiences at the cinema: *Les 3 P'tits cochons*, *Away from Her* and *Eastern Promises* made a combined \$9 million at the Canadian box office<sup>17</sup> and received widespread recognition.

First-time director Patrick Huard's *Les 3 P'tits cochons* is the fourth highest-grossing Canadian film of the past five years. A multiple award nominee, it won the Golden Reel Genie Award and the Golden Ticket at the Jutra Awards. *Eastern Promises*, directed by David Cronenberg and produced by Serendipity Point Films, is a Canada-United Kingdom coproduction and winner of several awards including seven Genies and the People's Choice Award at the Toronto International Film Festival. It also received three Golden Globe nominations and an Oscar nomination for Best Performance by an Actor in a Leading Role.

Sarah Polley's much-anticipated first directorial feature, *Away from Her*, earned seven Genies, a Golden Globe, a Screen Actors Guild Award and two Oscar nominations. It ranked seventh on the list of most successful non-European productions (excluding US productions) in Europe in 2007, with almost 250,000 admissions.<sup>18</sup>



Used by permission of Serendipity Point Films

## Capacity building and development

The CFFP supports the full spectrum of Canadian feature film development, from building the industry to growing audiences. It contributes to the quality and diversity of Canadian feature films through the CFFF and helps build larger audiences at home and abroad for Canadian feature films.

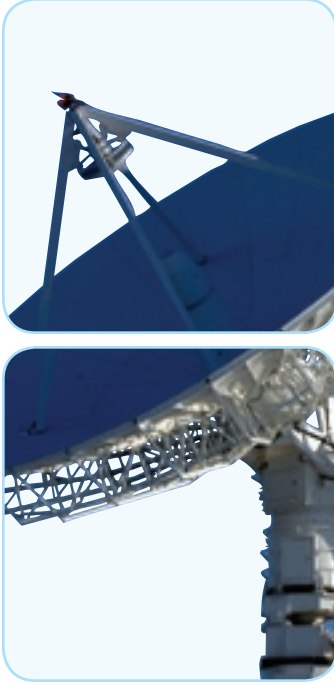
The industry is also developed through foreign location shooting. Canada continues to be an attractive location for foreign producers due to its pool of professional and technical talent, geography and available support programs. Foreign location shooting plays an important role in the ecology of film production in Canada—employing Canadian producers, creators and crews, and fostering knowledge and technical skills transfer in the industry. It also brings significant benefits to many other sectors of the Canadian economy. In 2006-2007, the total volume of this activity was \$1.4 billion or 29 percent of the total amount of the film and television production industry in Canada.

### The export market

Film makes up Canada's largest cultural export category: 28 percent, together with video, of the country's overall culture goods exports in 2007 (\$550 million out of a total \$1.96 billion).<sup>19</sup> These exports were made to a number of key film and video goods trading partners, as per the chart below.

Volume of Film and Video Goods Exports (\$ million)		Principal Trading Partners, Canadian Film and Video Exports (Goods) (\$ million)					
		United States	United Kingdom	China	France	Germany	Rest
2007	550	506.6	7.1	4.4	2.3	1.5	28.1

Source: Statistics Canada, Culture Goods Trade, Data Tables 2007



## RESULTS

### Broadcasting Policy and Programs (Onscreen)

Broadcasting is important to Canadians. It is ubiquitous and part of their everyday lives. Canadians turn to their broadcasting system for their news and information and the majority of their entertainment. It is where they learn about Canada and the world—and it is fundamental in their understanding of a proud and sovereign Canada. Broadcasting transcends geographic distances, cultural differences and linguistic duality. At its best, broadcasting nourishes our democracy by fostering a more informed citizenry. And, in times of crisis, the broadcasting system takes on an important public service and emergency communications role.

#### Legislation, regulation and policy

Canada's *Broadcasting Act* sets out the federal government's public policy objectives for the Canadian broadcasting system and provides a framework for the activities of broadcasters, including the national public broadcaster, CBC/Radio-Canada, and the regulator, the Canadian Radio-television and Telecommunications Commission (CRTC). The objectives of the Act are to ensure that Canadian programming is created and that Canadians have access to it.

The Department of Canadian Heritage is responsible for advising the federal government on the implementation of the *Broadcasting Act*.

The Cultural Affairs Sector develops policies, and designs and administers programs to advance the objectives of the *Broadcasting Act*. Its policies and programs ensure Canadians receive Canadian content on radio, on television and online. They also support the federal government's objectives of ensuring a sustainable broadcasting system, a profitable broadcasting sector and thriving production and creative industries. Finally, the Sector's work aims to ensure a strong Canadian presence in the digital marketplace.

The Sector conducts research and economic analysis and monitors trends in the broadcasting and digital communications environment to help ensure that policies, programs and the legislative framework are relevant and up to date. The Sector provides advice to the federal government on the role, mandate and governance of the regulator and the national public broadcaster. It also advises the Government on whether and when to provide policy direction to, and make requests of, the regulator, and on how to respond to appeals to CRTC licensing decisions. The Sector closely monitors regulatory policy proceedings and provides input to government-wide initiatives that have implications for the Canadian broadcasting system.

#### The digital priority: Transitioning Canada's broadcast infrastructure

In Canada, the mandatory deadline for television broadcasters to transition from

#### Who's involved

Canadian Heritage is responsible for broadcasting policy and legislation.

The CRTC is responsible for licensing, regulating and supervising the Canadian broadcasting system.

CBC/Radio Canada is an autonomous Crown corporation and the country's national public broadcaster.

The Canadian Television Fund is a public-private partnership that supports the production and broadcast of Canadian television programs in both official languages and in Aboriginal languages.

analog to digital signals is August 31, 2011. Already more than 90 percent of Canadians subscribe to cable or satellite service providers and will be minimally affected by the change. Producers, distributors and broadcasters are investing heavily in the equipment infrastructure to create, distribute and receive digital content. A growing focus is now the development of Canadian high-definition (HD) content.

### Responding to media consolidation

As the result of media company convergence, today broadcast programming is now being supplied by telecommunications services over the Internet and mobile networks, with telecommunications companies deriving much of their value proposition from the content they deliver.

Canada has witnessed a string of media merger announcements since 2005, including those of CTVglobemedia/CHUM, Rogers/CityTV and CanWest/Alliance Atlantis. In 2007, the seven largest television ownership groups accounted for 85 percent of all commercial TV revenues. The top five broadcasting distribution undertakings (BDUs) (i.e. providers of television programming services to subscribers, such as cable and satellite) accounted for 93 percent of all BDU revenues.<sup>20</sup>

In 2007, the CRTC examined its approach to media consolidation and held a separate proceeding to review issues related to the diversity of voices in Canadian media. On January 15, 2008, the CRTC issued two decisions indicating that it was satisfied that the broadcasting system provides Canadians with a range of news and information programming. The announced changes to the CRTC's media ownership policy essentially preserved the *status quo* for most major media companies. The changes will limit, however, how media companies grow in the future.

### Evolutions in advertising

Over-the-air (OTA) broadcast advertising revenues, as well as pay and specialty television, grew between 2003 and 2007.<sup>21</sup> This represents stable-to-moderate growth compared to the rise in Internet advertising, which reached \$1.2 billion in 2007<sup>22</sup> and competes increasingly for dollar share with traditional broadcast advertising. With the recent global downturn in the economy, analysts are predicting a 20 percent decline in advertising revenues. The largest percentage declines are expected to come from sectors that were traditionally the largest spenders, particularly the automotive sector.

## Funding and investment

Some 19 privately funded independent production funds provide development, production and interim financing to Canadian television programs, feature films and new media projects across all genres. The Sector is accountable for the Canadian Television Fund (CTF) and the Northern Distribution Program (NDP).

### The Canadian Television Fund

This public-private partnership assists in the creation and broadcast—during peak viewing hours—of high-quality Canadian television programs



Amanda Martinez.  
Used by permission of FACTOR







in English, French and Aboriginal languages. In 2007-2008, the Sector contributed \$120 million to the CTF's \$242 million budget. This led to 466 productions totalling 2,168 hours of original television programming valued at a total production budget of \$869 million. These included:

- **67 children's and youth projects—657 hours**
- **260 documentary projects—775 hours**
- **73 dramatic projects—480 hours**
- **48 variety and performing arts projects—198.7 hours**
- **57.5 hours of Aboriginal productions**

In 2007-2008, the CTF also supported more than 1,090 hours of English-, French- and Aboriginal-language high-definition productions. This represents 50 percent of all hours supported and is a significant increase from 681 hours in 2006-2007.

In February 2008, the Government instructed the CRTC to submit a report containing recommendations on the future of the CTF to the Minister of Canadian Heritage; the report was submitted in June 2008.

### The Northern Distribution Program<sup>1</sup>

The NDP provides \$2.1 million in financial assistance to the Aboriginal Peoples Television Network (APTN) to broadcast Aboriginal programming OTA in 96 Northern and remote communities. The NDP encourages delivery of television programming that reflects the social, political, economic and cultural life of all Northern Aboriginal residents, and educational and informational programming relevant to Northerners. The Northern population with access to the APTN signal OTA, supported through the NDP, is approximately 130,000 people. Of these, about 10 percent actually rely on the OTA signal for their reception.<sup>23</sup>

Given the challenges of maintaining costly OTA transmission infrastructure in the North and the broader move from analog to digital transmission in both the United States and Canada, the Sector is working with APTN to ensure a transition from OTA distribution of the signal in the North to a combination of direct-to-home (DTH) satellite and cable distribution. This modernization of the broadcasting distribution system in the North is expected to be completed when the current contribution agreement for the NDP expires in 2010.

### CBC/Radio-Canada

CBC/Radio-Canada is funded through a combination of parliamentary appropriations (approximately \$1 billion annually) and commercial revenues. It provides Canadians with access to two national television networks, six specialty television services, four national radio networks, two award-winning Web sites and several services on other platforms such as *bandeapart.fm* and *Galaxie*. It also serves Canada's Northern communities through CBC North in English, French and eight Aboriginal languages. Radio Canada International produces radio programming in nine languages for worldwide consumption; its multilingual Web-based radio service, *RCI viva*, caters to recent immigrants to Canada. Eighty-six percent of Canadians use CBC/Radio-Canada services, including television, radio and Web sites.<sup>24</sup>

<sup>1</sup>This program will not be renewed beyond the 2010-2011 fiscal year.

**Success story: *Flashpoint***

Airing on CTV in Canada and CBS in the United States, *Flashpoint* is a television drama that depicts the emotional journey into the tough, risk-filled lives of a group of police in the “SRU,” an elite team inspired by Toronto’s Emergency Task Force. In its premiere season, *Flashpoint* generated the largest audience of all English Canadian drama, maintaining an average Canadian audience of approximately 1.4 million viewers and a Top 5 presence among weekly programs. In the United States, *Flashpoint* averaged more than 6 million viewers and held a steady position in the weekly Top 10.<sup>25</sup>

## Capacity building and development

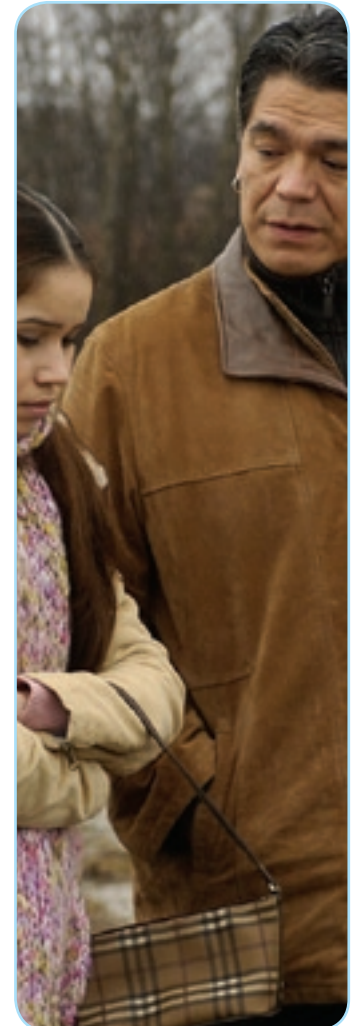
Evidence that the Sector’s efforts are having a meaningful impact on Canada’s broadcasting industry may be inferred from the following:

- Private broadcasting revenues for the TV and BDU industries grew from \$8.6 billion in 2003 to \$11.2 billion in 2007.<sup>26</sup>
- The number of persons employed in the TV and BDU industries grew from 30,193 in 2005 to 34,147 in 2007.<sup>27</sup>
- As of December 31, 2007, there were 507 Canadian television services offered in Canada, including 126 Canadian third-language services, and 178 non-Canadian satellite services that were authorized for distribution, of which 81 were third-language services.<sup>28</sup>
- Canadians average 26.8 hours of television viewing per week, up from 2005 when the average was 26.1.<sup>29</sup>

**Success story: *RenegadePress.com***

This TV series follows Aboriginal teenager Jack Sinclair and his best friend Zoey Jones as they expose what’s really going on in the lives of today’s youth through their teen-generated e-zine, *renegadePress.com*. Shot in Saskatchewan and airing on APTN, the Aboriginal Peoples Television Network, *renegadePress.com* has been sold in six European countries to date, earned 14 Gemini award nominations (winning two) and received three Leo awards in British Columbia. It was also honoured at the 2006 Directors Guild of Canada Awards. A new edition of the *renegadePress.com* e-zine is produced to coincide with each episode of the television broadcast. This online extension of the series allows the audience to share opinions about the stories they see and participate in a show-based community.<sup>30</sup>

Scene from  
*RenegadePress.com*.  
Photo credit: Allan Feildel  
Used by permission  
of Verité Films.





# RESULTS

## Canadian Culture Online (CCO)

The Cultural Affairs Sector fosters a distinctly Canadian cultural presence in the interactive space in both English and French through the Canadian Culture Online Strategy (CCOS). It funds the creation of interactive digital cultural content by a wide range of organizations, including interactive media producers, as well as heritage, cultural and community organizations. The Sector also promotes access to that content through the Internet and other digital platforms and funds sector development activities to maintain Canada’s leadership in interactive digital cultural content.

## Funding and investment

In 2007-2008, the Sector invested \$47 million to:

- Promote the development, production and distribution of original interactive media products created by Canadian interactive digital content producers (Canada New Media Fund, administered by Telefilm Canada);
- Support provincial, municipal and local cultural organizations in making local cultural collections available nationally (Partnerships Fund), as well as federal cultural institutions in sharing key national collections for which they are custodians on behalf of all Canadians (Canadian Memory Fund);
- Help diverse Canadian communities share their stories with all Canadians (Gateway Fund);
- Provide Canadians with authoritative online works of reference (Canadian Works of Reference Licensing Agreements);
- Provide access to Canadian cultural content through two dedicated portals (the Virtual Museum of Canada and Culture.ca);
- Help foster a sustainable environment by supporting research and development (New Media Research Networks Fund and New Media R&D Initiative) and encouraging interactive media sector development (Canada New Media Fund).

Canadian Culture Online Components <sup>i</sup>	Number of Projects Supported	Investment (\$ million)
Canada New Media Fund	153	11.5
Partnerships Fund	26	6.0
Gateway Fund	29	1.5
Virtual Museum of Canada	67	5.5
Canadian Works of Reference Licensing Agreements	2	2.1
Canadian Memory Fund	28	12.5
New Media Research Networks Fund	5	2.3
New Media R&D Initiative	6	1.3
Culture.ca (including Culturescope.ca)	1	4.3
<b>Total</b>	<b>317</b>	<b>47.0</b>

<sup>ii</sup>The New Media R&D Initiative, Culture.ca and Culturescope.ca were not extended beyond 2007-2008. The Canada Memory Fund and the New Media Research Networks Fund were not extended beyond 2008-2009.





*Great Canadian Unsolved Mysteries* Web site. Used by permission of the University of Victoria

### Spanning platforms and genres: Interactive media products

In June 2007, the Government of Canada announced a two-year renewal of the Canada New Media Fund (CNMF), with a total allocation of up to \$29 million.

In 2007-2008, contributions for the CNMF's Product Assistance component totalled \$8.3 million, leveraging an overall industry production volume of nearly \$18 million. Support was provided to 121 projects developed by Canadian interactive producers for the production of content for mobile phones, PCs, game consoles or handheld devices, as well as online content linked with Canadian-produced television programming.

### Sharing Canada's cultural heritage online

The Sector has been successful in providing local access to national content and national access to local content. Through the Partnerships Fund and the Canadian Memory Fund, it helped connect Canadians with the riches of their cultural heritage by supporting projects that allowed regional heritage and cultural organizations as well as federal institutions to make their cultural collections available online. Through licensing agreements with respect to key works of reference, the Sector also provided Canadians with access to *The Canadian Encyclopedia* and the *Dictionary of Canadian Biography Online*, two authoritative sources of content about Canada's culture and heritage. The Virtual Museum of Canada continued to bring Canada's museums into Canadian homes, schools and workplaces.

#### Success story:

#### ***The Great Unsolved Mysteries in Canadian History***

A collaboration between the University of Victoria, the Université de Sherbrooke and the University of Toronto, this Web site, funded through the Partnerships Fund, features real historical evidence from important unsolved mysteries in Canadian history. Praised for approaching the teaching of history in a highly interactive fashion, it won the 2008 Merlot Classics award for being an exemplary online learning resource.

### Supporting diversity

By supporting the creation and distribution of a wide range of content, the Sector has helped provide a diversity of choices to both Canadians and audiences around the world. For example, CCO recipients are required to apply specific



Virtual Museum of Canada Web site

standards for their projects to ensure accessibility for persons with a visual or hearing disability. In 2007-2008, through funding from the Canadian Memory Fund, the National Film Board of Canada digitized 260 films in its catalogue, 78 of which included video descriptions for persons with a visual disability and 48 of which were subtitled to assist Canadians with a hearing disability.

Although French-language digital cultural content has increased in recent years, the Internet remains a predominately English-language space. The CCOS continued to address this disparity by ensuring that at least 50 percent of projects supported made their content available in French, and funded 69 projects aimed specifically at creating French-language or bilingual cultural content. Three new projects were carried out by organizations from official language minority communities.

Through the Gateway Fund (29 projects) and the Partnerships Fund (6 projects), the Sector supported the creation of digital cultural content by and about Canada's ethnocultural and Aboriginal communities, enabling them to share, in their own voice, the expression of their culture with other Canadians.

**Success story: Wawatay History**

The Wawatay Native Communications Society uses innovative technologies to meet the communication needs of people of Aboriginal ancestry in Northern Ontario. Funded through the Gateway Fund, *Wawatay News Online* provides Web-based cultural and language content, for example, by streaming Wawatay Radio. Between May 2007, when it launched, and March 2008, the site's number of unique visits per month leapt from 3,394 to 56,413.

### Traffic patterns: Measuring online results

Twenty-four Web sites funded through the CNMF generated more than 6.5 million visits in 2007-2008. A broad range of Sector-funded Web sites reached varying audience sizes, from community-developed projects like the Canadian Tamil Youth Development Centre's *CanTYD* Web site, with 11,000 visits over a six-month period, to larger scale projects such as CBC/Radio-Canada *Archives*, which received 3.9 million visits in a year. The Virtual Museum of Canada continued to be a popular destination, generating over 12.5 million visits in 2007-2008.

### Recognition and awards

Numerous initiatives supported by the CCOS were recognized in 2007-2008 for their high quality, imagination and cultural value. For example, *Tipatshimuna: Innu Stories from the Land*, a virtual exhibit helping to preserve and strengthen Innu heritage, received the *Prix Web'Art d'Or de l'exposition virtuelle* from AVICOM, an international committee specialized in audiovisual aspects of museology, as well as the Canadian Museums Association Award for Outstanding Achievement. Produced by Reel Girls Media Inc., *Anash Interactive*, an online destination where users can create their own comic books and stories using digital assets from the animated television series *Anash and the Legacy of the Sun-Rock*, also received numerous awards, including a Silver Award at the World Media Festival in Hamburg, Germany, and a Gold Remi for Children's Interactive at WorldFest-Houston.

## Capacity building and development

The Sector continued to have a significant capacity-building impact on a broad range of organizations, ranging from interactive media producers and associations to research and academic institutions.

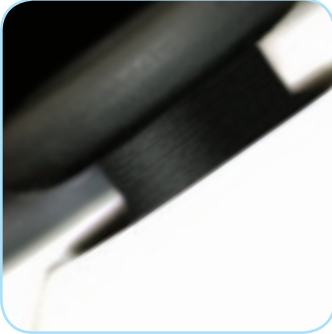
### Interactive media sector development

Both the Sectoral Assistance and Sectoral Development components of the CNMF, which totalled \$1.8 million in funding for 32 projects, helped build capacity in the industry by providing Canadian interactive media companies with opportunities for increased business development in both domestic and international markets.

Support was provided to ensure a strong Canadian participation at events such as *Game Connection*, a business component of the Game Developers Conference held in San Francisco in February 2008. The CNMF also supported the creation of *The Great Canadian Video Game Competition*, a special initiative designed to help grow the Canadian video gaming sector and elevate the commercial profile of Canadian gaming companies.

### Research and development

The establishment of thematic research networks and partnerships through both the New Media Research Networks Fund and the New Media R&D Initiative brought Canadian research institutions and interactive media



**Online industry:  
Quick stats**

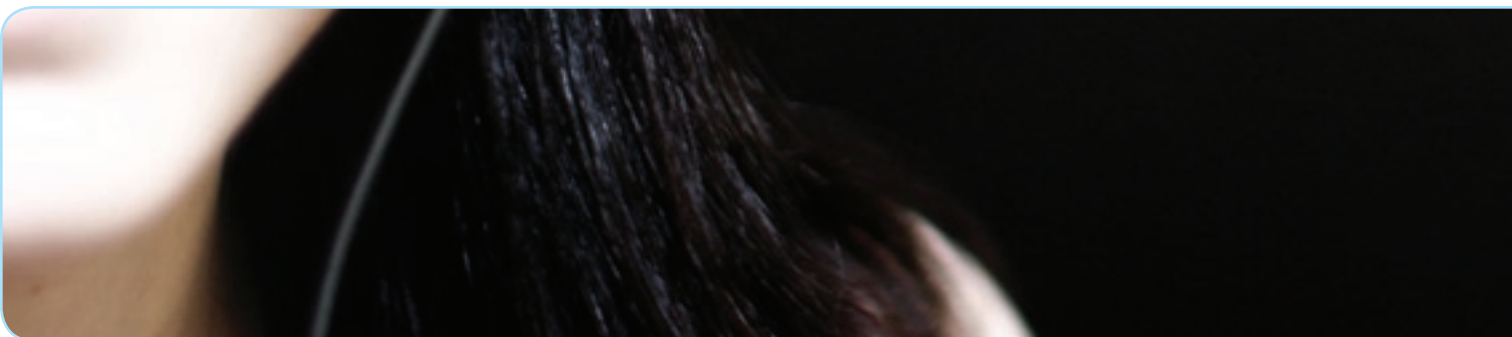
According to the 2006 *Canadian Interactive Industry Profile*, the digital interactive media industry was estimated to comprise 3,200 firms, employ 50,000 people and generate \$5 billion in revenues.<sup>31</sup>

organizations together to develop innovative tools at the intersection of technology and culture.

In 2007-2008, the New Media Research Networks Fund supported five projects involving 28 academic, not-for-profit and industry organizations. As for the New Media R&D Initiative, six projects involving 26 academic, not-for-profit and industry organizations were funded. For example, the *Digital Liner Notes* project, led by Project Opus Technologies Inc., allowed musicians and the recording industry to create the digital equivalent of album liner notes and add-ons similar to those included with the purchase of physical albums and CDs.

The Sector organized the Cultural Innovation Forum, a conference on the future business development of the interactive media sector in Canada. In collaboration with Telefilm Canada, the Sector also held a series of round tables—the Interactive Media 3.0 Forum—with interactive media leaders across the country.





CREATE°ACCESS

# Listen

*Music today is truly ubiquitous: streamed over the Internet; beamed down from satellites; converted to MP3s—and played back over a vast array of devices.*

*Digitization has revolutionized both the recording industry and radio, pushing past the edges of the AM and FM bands into the realms of satellite radio and podcasts. It has forever changed the way recordings are made and distributed—spawning a multitude of innovative business models. Digital technology has empowered artists, opening up new opportunities for them to reach and interact with their fans, who in turn participate directly in the promotion and success of their favourite bands.*

## Snapshots

- In 2007, Canadians were able to enjoy 1,222 different radio and audio services, including 912 English-language services, 274 French-language services and 36 services in other languages.<sup>32</sup>
- Sales of sound recordings around the world have fallen since 1999—attributed to peer-to-peer downloading, competition from other leisure goods and a substantial drop in replacement sales.
- Some of Canada’s largest domestically owned music chains have closed their doors after losing ground to big-box competitors and the Internet.
- Canadian albums comprised 26.5% of all albums sold in Canada in 2007—representing continued market-share growth for Canadian releases versus those by foreign artists.<sup>33</sup>

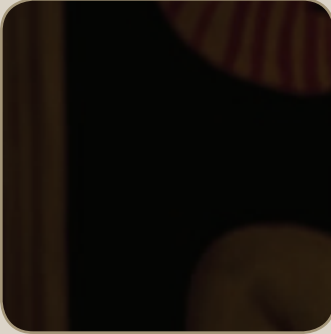


Mes Aïeux. Used by permission of Les Disques Victoire

## Heard loud and clear

Canadian music continues to grab the attention of listeners across the country and around the world. The success achieved by Canadian artists demonstrates how support from the Canada Music Fund (CMF) can yield significant dividends. In 2007, a year after releasing their fourth album and a concert DVD on Les Disques Victoire, Mes Aïeux of Quebec won the *Félix* for *groupe de l'année* and also *chanson de l'année* for *Dégénération / Le Reel du fossé* at the ADISQ Gala. The celebrated release was produced and marketed with \$55,922 from the CMF (MUSICACTION).





Alex Cuba. Used by permission of FACTOR

## The Year in Brief: Music and Radio

- Music Policy and Programs
- Broadcasting Policy and Programs (Radio)

The music industry in Canada generates more than \$3 billion in economic activity every year: \$1.5 billion through commercial radio, \$750 million through concerts, \$695 million through recordings, and \$120 million through performing rights.<sup>34</sup>

Music was one of the first cultural industries to feel the impact of the digital revolution. Today, 63 percent of Canada's youth purchase digital music, and 59 percent say they have downloaded music for free.<sup>35</sup> However, the two most popular formats for listening to music remain radio and CD, with 83 percent and 72 percent of Canadians listening to music on these formats respectively.<sup>36</sup>

Technology has not only changed how music is delivered, creating new digital pathways and altering the face of retail, but also the roles played by various industry participants. While there has always been a degree of crossover in the roles performed by various players in the industry, these lines are becoming increasingly blurred.

Despite declining revenues from sales of sound recordings, Canada today is home to more music creators and entrepreneurs than ever before, and more revenue is being earned from the performance of Canadian music works in Canada and around the world. When surveyed, 90 percent of Canadians say



Shad. Used by permission of FACTOR

they feel music by Canadian artists is of better or equal quality than music by foreign artists, and 86 percent believe that listening to music contributes to their quality of life.<sup>37</sup>

## Pursuing our priorities

The Cultural Affairs Sector of Canadian Heritage works to ensure that Canadians create and have access to their own musical works.

- In 2007-2008, 346 albums were approved for funding through the Sector's CMF. George Canyon, Kain and Wintersleep were among the artists who received this production funding.
- In 2007-2008, the Sector funded the activities of 22 Canadian independent sound recording firms. Prior to 2007, these companies released 147 albums by Canadian artists such as Pierre Lapointe, Pascale Picard and the Joel Plaskett Emergency.
- Canada is home to more than 1,200 Canadian radio and audio services.
- Canadians living abroad or travelling around the world can access Canadian programs and reports. More than 350 radio stations in 70 countries broadcast Radio Canada International content.
- Sales of full-length downloaded albums and downloaded singles have nearly doubled each year for applicants to the Music Entrepreneur Component of the CMF since they began selling their works online.

The following chapter provides further details regarding the results our activities bring to Canadians.

### KEY STATS

- More than 7.3 million Canadian albums were sold domestically in 2007.<sup>38</sup>
- Canadian artists represent almost one third of all music listened to by Canadians.<sup>39</sup>
- In 2007, 91 percent of Canadians over the age of 12 listened to the radio and 80 percent tuned into stations with a music based format.<sup>40</sup>



## RESULTS

### Music Policy and Programs

The Cultural Affairs Sector helps ensure that Canadians have access to a variety of music choices by Canadian artists, and helps Canadian artists reach both domestic and international audiences. Its primary tool since 2001 has been the Canada Music Fund (CMF), which comprises seven complementary funding components administered directly by the Sector or in partnership with federal agencies (Canada Council for the Arts and Library and Archives Canada) or industry organizations (FACTOR, MUSICACTION and the SOCAN Foundation). The Sector continually adapts its programs and policies to align with the challenges and opportunities presented by the new digital world and the forces of globalization.

### Funding and investment

The number of albums (a term that encompasses both physical and digital recordings) released by English- and French-language Canadian artists has increased since the inception of the CMF in 2001. These recordings span the full range of musical genres from classical, country and folk to pop/rock, jazz and blues. In 2006, 2,345 albums by Canadian artists were released, up 32 percent from 2001.<sup>41</sup>

In 2007-2008, 346 albums were approved for funding through the CMF's New Musical Works Component (administered by FACTOR and MUSICACTION) and the Canadian Musical Diversity Component (administered by the Canada Council for the Arts). While this is slightly lower than the 354 works in 2006-2007, it represents an increase over each of the preceding five years of support.

The Music Entrepreneur Component (MEC) of the CMF, administered by Canadian Heritage, funded the production and promotion activities of the 22 largest Canadian independent sound recording firms in 2007-2008, aiming to increase their national and international competitiveness and position them for success in a digitized global economy. MEC-funded labels released 147 albums by Canadian artists in 2006-2007.

Production funding and other support offered by the CMF, such as marketing and touring, have helped Canadian artists storm the domestic sales chart. The number of albums on the Nielsen SoundScan top 2000 chart that received production support through the CMF has increased over the past seven years from 63 in 2001 to 87 in 2007. The number of albums on this chart released by artists who at some point in their careers have received CMF support totalled 259 in 2007.





*Tricot machine* album cover. Used by permission of MUSICACTION

**Success story: Polaris Music Prize**

The Polaris Music Prize honours, celebrates and rewards creativity and diversity in Canadian recorded music with an annual award and follow-on marketing for albums of high artistic integrity regardless of genre, professional affiliation or sales history. Of the 30 albums nominated for the Polaris award from 2006 to 2008, 28 were created by artists who had received CMF funding at some point in their careers.

## Capacity building and development

The number of Canadian creators and publishers receiving performance royalties from the Society of Composers, Authors and Music Publishers of Canada (SOCAN) has dramatically increased since the inception of the CMF, by 34 and 20 percent respectively.<sup>42</sup> A new CMF component was launched in 2007-2008 specifically for publishers: the Music Entrepreneur Component—Aid to Canadian Music Publishing Firms. The results of this component will be monitored and reported over time.

SOCAN Royalties (2007)*		
Recipient	Number	Dollars (\$ million)
Writers	23,636	62.6
Publishers	5,269	55.9
<b>Total</b>	<b>28,905</b>	<b>118.5</b>

\*Excludes special performing rights and private copy distributions.

The Sector uses the Nielsen SoundScan top 2000 sales chart to monitor sales of albums by Canadian artists. It is an excellent proxy for the entire Canadian market, as it covers approximately 66 percent of all album sales captured by Nielsen SoundScan each year.

Nielsen SoundScan Top 2000 Chart - Domestic Sales: 2001 to 2007							
	2001	2002	2003	2004	2005	2006	2007
Total Sales	42,393,000	34,659,000	31,865,000	34,014,000	33,788,000	32,137,000	27,738,000
Canadian Album Market Share	16.0%	22.2%	24.0%	25.0%	22.6%	22.3%	26.5%
Number of CMF Albums	63	68	76	87	98	98	87



While sales of sound recordings in Canada have fallen significantly since the turn of the decade, albums by Canadian artists constitute a greater proportion of those sales than they used to. Their domestic market share reached an all-time high of 26.5 percent in 2007. Equally, sales of albums by Canadians increased from 6.8 million in 2001 to 7.4 million in 2007 despite an overall drop in industry sales.

### The shift away from physical formats

Both English- and French-language firms receiving MEC support have seen significant decreases in domestic sales of physical albums by Canadian artists, while MEC-funded instrumental firms—which include companies focused on either classical or jazz music—have seen domestic sales increase over the past three years.

Given the limited size of the Canadian market, international sales have been crucial to the viability of MEC-funded companies, representing more than half of sales for English-language firms and doubling those for French-language firms since 2002-2003.

While MEC-funded labels continue to see their sales of physical albums fall, they are slowly beginning to reap the rewards of digital sales. The 19 sound recording firms that have applied for MEC support each year since its debut in 2005-2006 have seen significant digital gains. Led predominantly by firms that release the majority of their albums in English, sales of full-length downloaded albums and downloaded singles have nearly doubled each year for MEC applicants since they began selling their works online.



Unit Sales of Eligible Physical Albums by Language of Firm					
Domestic					
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
English	510,128	857,518	548,344	272,363	201,143
French	1,548,264	1,948,645	1,403,375	1,402,802	1,205,977
Instrumental	289,688	230,684	203,482	255,890	306,485
<b>Total</b>	<b>2,348,080</b>	<b>3,036,847</b>	<b>2,155,201</b>	<b>1,931,055</b>	<b>1,713,605</b>
International					
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
English	300,582	225,668	277,843	229,023	269,482
French	55,064	64,747	160,469	127,783	123,343
Instrumental	89,391	120,380	109,267	66,478	77,061
<b>Total</b>	<b>445,037</b>	<b>410,795</b>	<b>547,579</b>	<b>423,284</b>	<b>469,886</b>

Source: MEC database



## RESULTS

### Radio Policy and Programs

The radio component of the Cultural Affairs Sector's Broadcasting Policy and Programs operates similarly to the screen-based component. Broadcasting Policy and Programs results that pertain to both radio and screen-based media are presented in the Onscreen section of this report; highlights specific to radio are found below.

Radio revenues have grown at an average rate of 6 percent since 2003, and for the past several years radio has enjoyed record levels of revenues and profitability. Like other broadcasting industries, radio has also experienced considerable consolidation. In 2007, the five largest radio groups accounted for 70 percent of all radio revenues, as opposed to 44 percent in 1999.<sup>43</sup> The CRTC's 2007 examination of its approach to media consolidation and the diversity of voices in Canadian broadcasting previously mentioned applies also to radio broadcast companies.

Digital radio offers higher quality sound, more channels and a more efficient use of radio spectrum. Unlike television, there is no deadline for the transition to digital radio broadcasting in Canada.

Radio broadcasters today use the Internet to broadcast online—growing their audiences by extending their reach literally around the world. According to a 2006 study, 90 percent of radio stations are reaching their audiences from this platform.<sup>44</sup> In 2007, the number of satellite radio subscribers grew to 750,000 for Sirius Canada and 400,000 for Canadian Satellite Radio (CSR).

### Capacity building and development

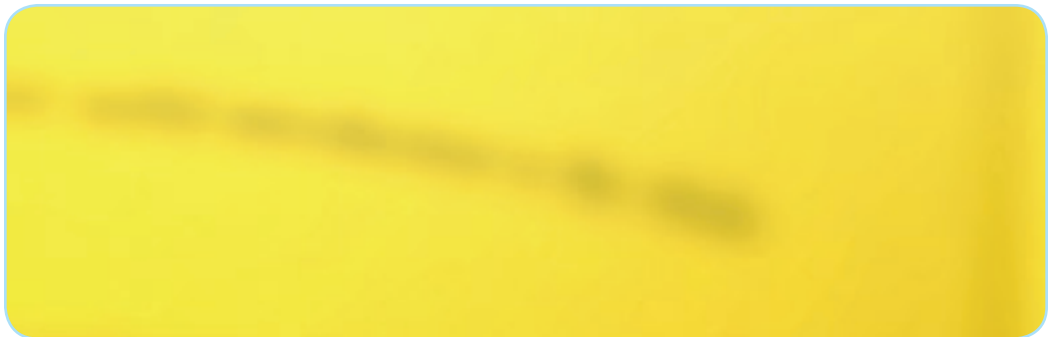
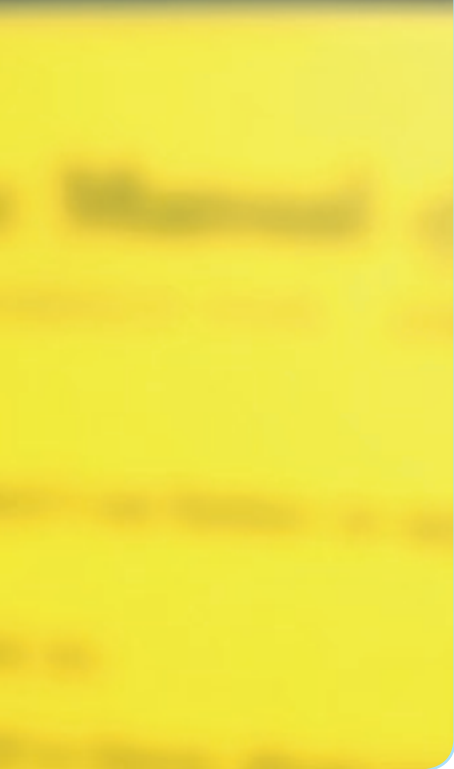
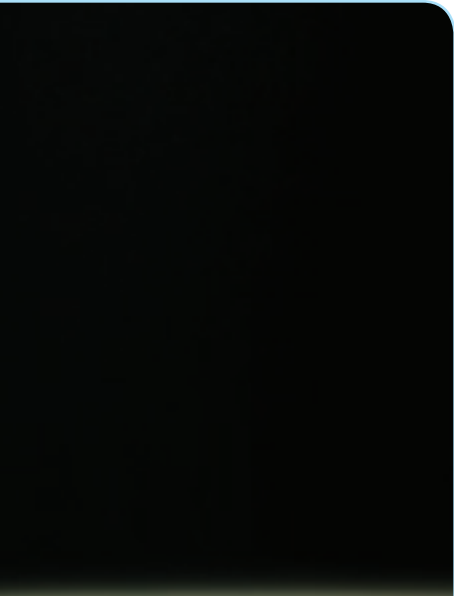
One of the key directives of the Sector for radio is to ensure that diverse and excellent Canadian cultural works are accessible to Canadians and to the world. Through the work of the Sector directly through the CRTC, this directive is being fulfilled:

- Canada is home to more than 1,200 Canadian radio and audio services.<sup>45</sup>
- Canadians living abroad or travelling around the world can keep in touch with their country every day—more than 350 radio stations in 70 countries broadcast Radio Canada International programs and reports.
- Canadians listen to an average of 18.3 hours of radio per week.<sup>46</sup>
- Private radio revenues grew from \$1.2 billion in 2003 to \$1.5 billion in 2007.<sup>47</sup>
- The number of persons employed in the radio industry grew to 10,169 in 2007.<sup>48</sup>
- In 2007, the number of subscribers to satellite radio grew to 750,000 for Sirius Canada and 400,000 for CSR.<sup>49</sup> American parent companies, Sirius and XM, have since merged.

CREATE°ACCESS

# Read

*In publishing, as in other cultural industries, technology is shifting the paradigms. Newspapers are testing out new online business models in response to lower readership of hardcopy editions; electronic readers have the potential to combine the book and the bookstore within a single device. The majority of Canadians say they continue to read—whether for information or entertainment—and much of what they read is “local”: Canadian content accounts for nearly half of all books and magazines sold in Canada. At home and abroad, Canadian authors’ works are widely read and critically recognized.*



## Snapshots

- Almost half of all Canadian Internet users have downloaded or read a newspaper online and 24% do so on a weekly or more frequent basis.<sup>50</sup>
- The majority of Canadian adult newspaper subscribers report that they have not stopped subscribing to a newspaper or magazine since receiving similar content online.<sup>51</sup>
- Amazon launched Kindle, an eBook reader that in the United States connects directly to the amazon.com online store.



*Modern Dog. Used by permission of Modern Dog*

## Mass appeal

As part of a cooperative direct marketing campaign, the country's leading professional magazine industry association, Magazines Canada, partnered with individual publications and regional associations to raise awareness of Canadian magazines and boost subscriptions. Spanning multiple media and rolling out in both official languages, the campaign exceeded expectations, yielding 11,161 paid subscriptions for 176 participating magazines. This builds on the success of a previous campaign—increasing net paid subscriptions by 18 percent and the number of magazines involved by 14 percent while decreasing the cost-per-subscription by 32 percent.





### KEY STATS

- Nearly 90% of Canadians agree it is important that Canadians have access to Canadian books.<sup>57</sup>
- More than half of Canadians subscribe to magazines, two-thirds of which are Canadian.<sup>58</sup>
- The average Canadian household purchases 18 magazines per year, of which nearly half are estimated to be Canadian.<sup>59</sup>
- The total number of readers for the 100 largest Canadian magazines increased to 115 million in 2008.<sup>60</sup>

## The Year in Brief: Publishing

- Book Publishing Policy and Programs
- Periodical Publishing Policy and Programs

Canada is home to more than 21,000 full-time writers<sup>52</sup>—and those writers have won nearly every significant literary award in the world, including the Man Booker Prize, the *Prix Goncourt*, the Pulitzer Prize, the *Prix Femina* and the International IMPAC Dublin Literary Award.

Canada also remains a nation of readers. Over the past 12 months, Canadians read an average of 17 books, approximately four of which were Canadian.<sup>53</sup> Those books were produced by more than 1,500 publishers across the country; their sales, according to the latest Statistics Canada data, generated revenues of \$2 billion. Of the 293 publishers responsible for 95 percent of that revenue, 282 were Canadian-owned.<sup>54</sup> In the magazine industry, 1,600 publishers produced 2,000 titles and distributed 778 million copies of their work.<sup>55</sup>

In recent years, competition from free news sources on the Internet and from the proliferation of free daily newspapers has contributed to a downward trend for print circulation among the paid daily newspapers in Canada. This is challenging for newspaper publishers, as circulation is their second-largest revenue source, representing 17 percent of industry revenues.<sup>56</sup> Newspaper publishers are exploring new online business models to meet the strong demand for informational content while continuing to serve their existing print readerships.

## Pursuing our priorities

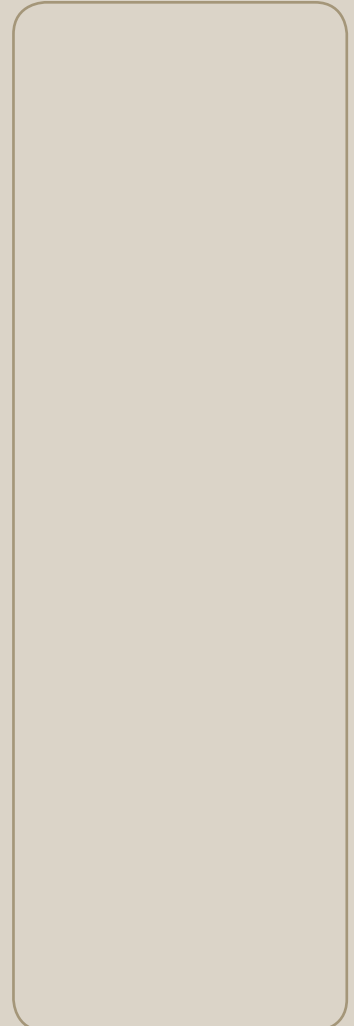
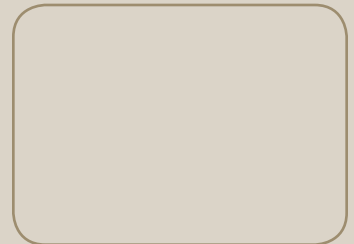
The Cultural Affairs Sector uses the tools at its disposal to ensure that Canadians *create* and have *access* to books and magazines that speak to the country's diverse population.

- Funding recipients in 2007-2008 published 5,671 new Canadian-authored books, including:
  - *La Fabrication de l'aube* by Jean-François Beauchemin, a title by publisher Québec Amérique and winner of the 2007 *Prix des libraires du Québec*, a literary award chosen by booksellers from across Quebec to honour books distinguished by their originality and quality of writing.
  - An audiobook edition of Margaret Atwood's Booker Prize-winning novel *The Blind Assassin*, part of a renowned series of audiobooks produced by New Brunswick's Goose Lane Editions in collaboration with CBC Radio.
- In 2007-2008, 130,070 pages of Canadian content were published by magazines receiving support from the Canada Magazine Fund. Examples include:
  - *SAY Magazine*, a lifestyle magazine aimed at Aboriginal youth; *Protégez-vous*, a consumer magazine with product reviews and consumer reports; and *OWL*, a longstanding children's magazine.
- 2007-2008 Book Publishing Industry Development Program (BPIDP) recipients' domestic sales of Canadian-authored titles totalled \$305 million, while export sales of Canadian-authored titles totalled \$98 million.
- Recipients of export support through the BPIDP sold Canadian-authored books into a total of 104 countries in 2007-2008 (compared to 41 countries in 1993).
- In 2007-2008, with help from the Publications Assistance Program, Canadians subscribed to more than 187 million copies of magazines and non-daily newspapers as well as publications serving ethnocultural, Aboriginal and official language minority communities. Examples include *Coup de Pouce*, a monthly women's magazine; *Canadian House & Home*, a magazine on decorating and style; and *The Western Producer*, an agricultural newspaper.
- Since the creation of BPIDP, the number of Canadian-owned publishers has grown threefold.

The following chapter provides further details regarding the results our activities bring to Canadians.



*Deniro's Game* by Rawi Hage. Used by permission of the House of Anansi Press Inc.





*La lenteur du monde*  
by Michel Pleau. Used by  
permission of les Éditions David.

# RESULTS

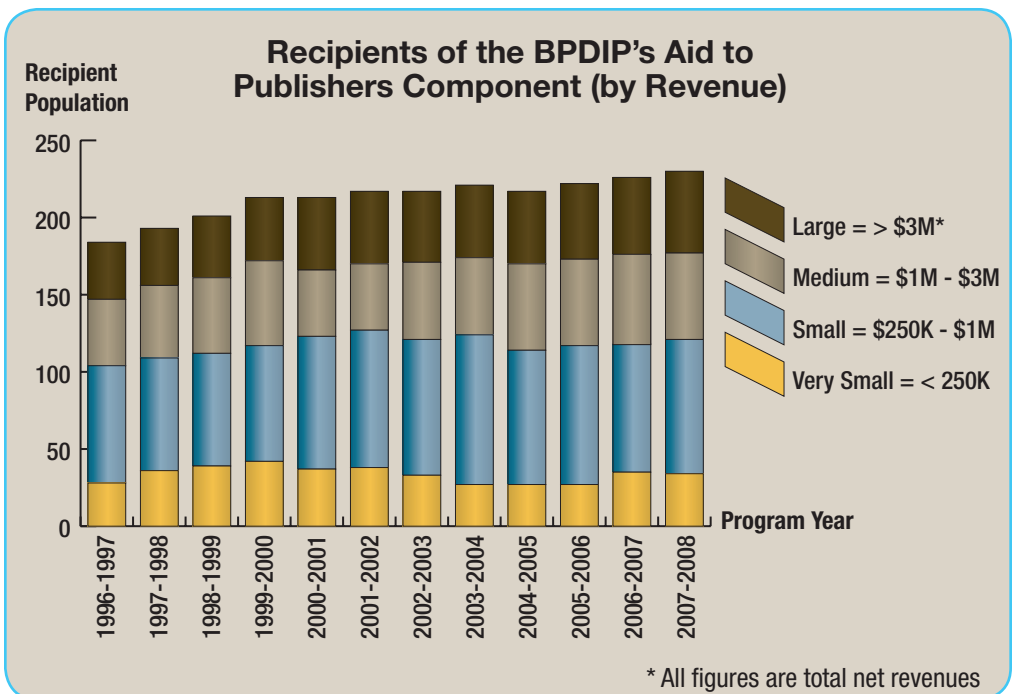
## Book Publishing Policy and Programs

The Cultural Affairs Sector works to ensure access to a diverse range of Canadian-authored books in Canada and abroad. The Sector contributes to building sustained capacity for such production by improving the Canadian book industry's infrastructure and technological capabilities, and by raising awareness of Canadian books and authors both in Canada and abroad.

The federal government has implemented a number of legislative and policy measures to help build a stronger domestic book industry that is better able to invest in Canadian books. The Foreign Investment Policy in Book Publishing and Distribution favours Canadian ownership and control of businesses operating in the industry while working in tandem with the *Investment Canada Act* to propose conditions for beneficial foreign investment. The Book Importation Regulations of the *Copyright Act* protect the exclusive distribution agreements entered into by Canadian publishers and distributors.

## Funding and investment

Since the launch of the Book Publishing Industry Development Program (BPIDP) in 1979, the number of Canadian-owned book publishers in Canada has seen remarkable growth. In the 1970s, the domestic industry generated only 2,000 titles a year, deriving most of its revenues from the sale of imported books and leaving Canadians with comparatively little access to literature or educational material written from a Canadian perspective. The BPIDP now supports publishers in more than 80 cities, spanning all 10 provinces.



The BPIDP supported 310 recipients for a total of \$37 million in funding throughout 2007-2008, contributing to the following results:

- publication of 5,671 new Canadian-authored books;
- an aggregate profit margin for publishers of 4.2 percent;
- \$305 million in domestic sales of Canadian-authored books;
- \$98 million in international sales of Canadian-authored books;
- *salons du livre* and book festivals across the country drawing 350,000 Canadians every year.

## Capacity building and development

The BPIDP's Supply Chain Initiative (SCI) supports Canada's migration to an efficient, digitally based book supply chain that improves business-to-business transactions and inventory controls.

Since 2001, a fundamental element of this support has been the improvement of the bibliographic data on books for sale in the Canadian market. By the end of 2007-2008, a total of 168 Canadian-owned publishers were independently certified as having met industry standards for bibliographic data quality.

In a summative evaluation of the BPIDP conducted in 2008, 86 percent of recipients said that the SCI program has had a positive impact on their management of bibliographic data; 92 percent indicated that the SCI helped them develop efficiencies within their businesses.

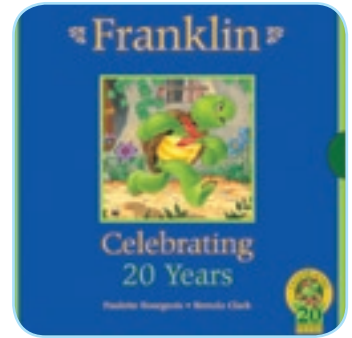
### Success story: *Franklin the Turtle*

*Franklin: Celebrating 20 Years*, a new boxed set of five classic Franklin the Turtle storybooks from Kids Can Press, was released to mark the anniversary of this Canadian original series, which has sold more than 60 million books in over 30 languages around the world.

### Supporting first-time authors

BPIDP recipients produced 965 books by first-time authors in 2007-2008, helping develop fresh Canadian talent. As demonstrated in the table below, a significant role was played by smaller publishers, many of which are regional firms.

Supporting first-time authors is important: more than 60 percent of nominees for the Books in Canada/Amazon.ca First Novel Award since 2001 have been published by Canadian-owned publishers supported by the BPIDP.

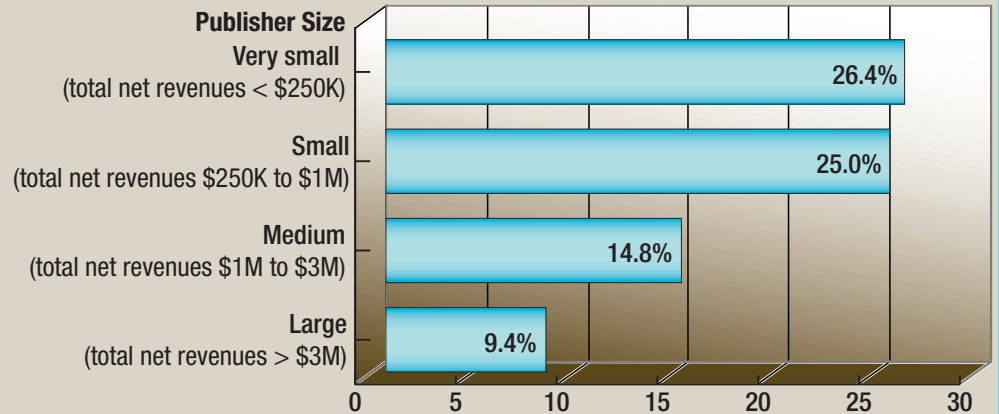


*Franklin: Celebrating 20 Years*, © 2006 Contextx Inc. and © 2006 Brenda Clark Illustrator Inc. Used by permission of Kids Can Press Ltd.



*Caillou : Le pot* by Joceline Sanschagrin. Used by permission of les Éditions Chouettes

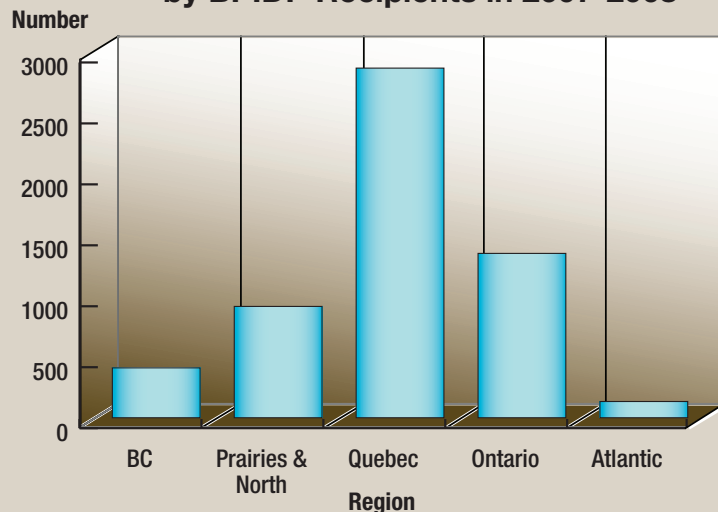
### Books by First-Time Authors as a Percentage of New Titles



### Giving regions a voice

The BPIDP contributes to a strong, diverse population of Canadian-owned publishers across all regions of Canada, helping ensure a breadth of representative and reflective works available across the country.

### Number of New, Canadian-Authored Titles Produced by BPIDP Recipients in 2007-2008

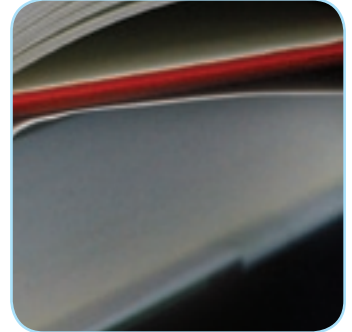


### Contributing to a skilled publishing workforce

The BPIDP funds internships that help develop the professional skills and industry knowledge of the next generation of Canadian publishers. The number of publishing internships supported has grown nearly every year since 2000-2001.

- To date, this initiative has funded nearly 150 internship placements, helping establish new industry professionals and build capacity in small publishers.
- Approximately two-thirds of interns are offered permanent positions by their host firms.





### Exporting Canadian books to the world

Recipients of export support through the BPIDP's International Marketing Assistance component in 2007-2008 sold Canadian-authored books to a total of 104 countries (finished products were sold to 93 countries, with rights sales to a further 61). This is more than double the 41 countries where Canadian-authored books were sold in 1993 and represents a significant increase in access to Canadian-authored books abroad.

Exporting expands the market for Canadian products, facilitating expansion by producers and re-investment in their Canadian businesses and the careers of the creators whose stories they bring to market. It also helps Canadian publishers diversify revenues, bringing greater security and versatility to their business models.

### Export markets of BPIDP publishers





Used by permission of Rogers Media Inc.

## RESULTS

### Periodical Publishing Policy and Programs

Half of Canadians feel Canadian magazines reflect their experiences and perspectives, and three-quarters agree that reading Canadian magazines helps them appreciate Canadian culture.<sup>61</sup> For these readers, the magazine and newspaper industries produce publications in huge volumes and generate substantial revenues. In 2003, 2,383 titles were published by 1,633 publishers circulating more than 778 million copies;<sup>62</sup> by 2006, industry revenues were approximately \$2.07 billion.<sup>63</sup> As for newspapers, 105 general interest daily newspapers along with more than 1,000 non-daily newspapers were circulating.<sup>64</sup> Industry revenues of approximately \$5 billion were recorded for 2005.<sup>65</sup>

The Sector operates two funding programs to support the magazine and newspaper industries. The Canada Magazine Fund (CMF) contributes to the development and maintenance of Canadian content, while the Publications Assistance Program (PAP) provides postal subsidies for the delivery of magazines and non-daily newspapers. Canada Post helps run the PAP and makes a significant financial contribution to the Program.

The federal government has a number of legislative measures in place to address the market forces and inequalities that affect the Canadian magazine and newspaper industries. The *Foreign Publishers Advertising Services Act* strengthens the financial viability of Canadian magazine publishers by helping them compete on more favourable terms with lower-cost foreign companies for ad sales. Advertising is the main source of revenue for most magazines. The *Income Tax Act* stimulates production of Canadian content by creating incentives for advertisers to do business with magazines with high levels of Canadian content.

### Funding and investment

In 2007-2008, the CMF contributed more than \$14.5 million to the Canadian magazine industry to support the creation of editorial content and build industry sustainability. This was divided among several components:

- Support for Editorial Content (SEC)
- Support for Arts and Literary Magazines (SALM)
- Support for Industry Development (SID)
- Support for Business Development for Magazine Publishers (SBDMP)

The first two components are formula-based; their annual funding is disbursed among all eligible magazines. SID and SBDMP are project-based; consequently, their funding varies from year to year.



Total CMF funding by component 2007-2008		
Component	Number of recipients*	Total funding
SEC	201	\$9,645,709
SALM	57	\$1,000,000
SID	31	\$1,998,634
SBDMP	58	\$1,876,734
<b>Total</b>	<b>347</b>	<b>\$14,521,077</b>

\* For the SID component, the figure refers to the number of projects funded.

In total, 130,070 pages of Canadian content were published through the SEC and SALM components of the CMF. Most recipient magazines were in the general consumer and special interest consumer categories—together representing 79 percent of the whole.

Canada Magazine Fund					
Magazine Type	2004-2005	2005-2006	2006-2007	2007-2008	2007-2008 % of Total
Aboriginal	-	-	93	849	1
Business, professional or trade	3,917	3,625	3,315	3,713	3
Culture and the arts	17,752	15,837	17,504	16,197	12
Ethnocultural	-	-	-	686	1
Farm	2,802	2,696	2,831	2,444	2
General consumer	49,136	48,972	61,871	66,436	51
Religious	498	883	850	821	1
Scholarly	1,478	1,504	1,568	1,564	1
Special interest consumer	38,100	41,722	41,061	37,361	28
<b>Total</b>	<b>113,683</b>	<b>115,239</b>	<b>129,092</b>	<b>130,070</b>	<b>100</b>

In 2007-2008, the PAP provided almost \$59 million dollars in postal subsidies to over 1,100 recipients.

Used by permission of Rogers Media Inc.



## Capacity building and development

In 2007-2008, the average profit margin for Canadian magazine publishers receiving SEC funding was 10 percent, slightly lower than the 11–12 percent margins of recent years, but including a larger number of magazines (201 versus 197 the year before). This is consistent with profit margin figures reported by Statistics Canada for the country’s entire magazine industry: 10.9 percent according to the *Statistics Canada Annual Survey of Periodical Publishers*.

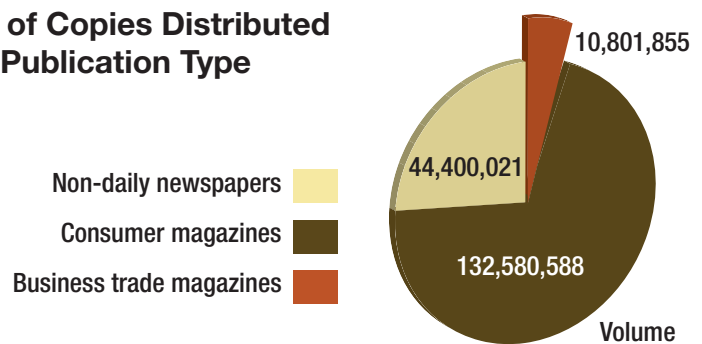
The other CMF components do not serve clients for which profit margin is a meaningful performance indicator.

### Reaching Canadians, supporting diversity

The postal subsidies provided through the PAP in 2007-2008 supported the distribution of more than 187 million copies of magazines and non-daily newspapers, as well as publications serving ethnocultural, Aboriginal and official language minority communities as follows:

PAP Publications by Community	
Community	Volume
General	185,359,981
Official language minority	1,931,680
Aboriginal	357,719
Ethnocultural	133,084
<b>Total</b>	<b>187,782,464</b>

**Number of Copies Distributed by Publication Type**





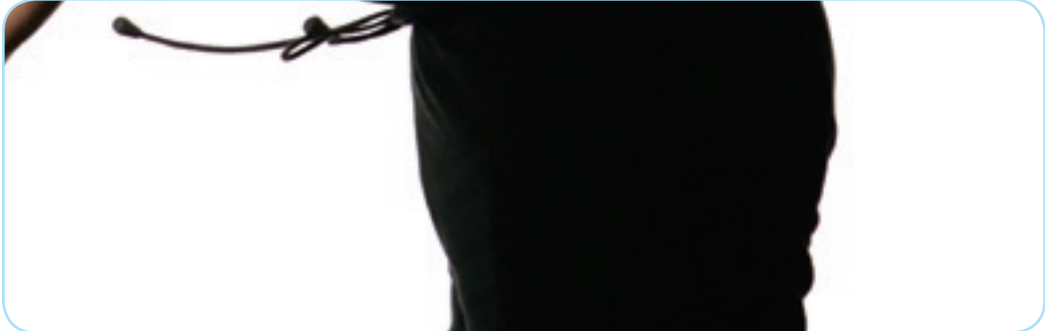
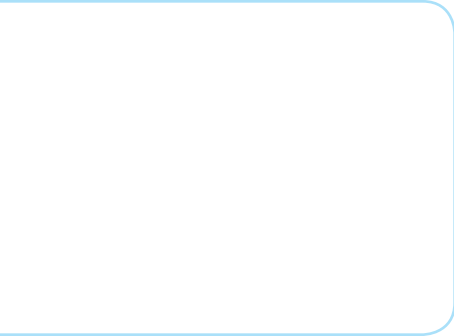


CREATE°ACCESS

# Experience

*Canadians are going out—to concert halls, theatres and festivals. They're visiting art galleries and buying works of art. The private sector, individuals and national, provincial and local organizations are partnering to support arts-related activities. Culture is a magnet, drawing crowds and generating revenue. At the same time, expectations are changing. The audiences for culture are more diverse than ever before. And today's arts and cultural organizations are connecting with those audiences directly—through their works and performances, and by taking advantage of today's digital tools and multiple media platforms to market themselves and make an impression.*

Red Sky Performance's Shimmer, Michael Greyeyes and Carlos Rivera. Photo credit: David Hou



## Snapshots

### According to *The Arts and Heritage in Canada: Access and Availability 2007*:

- 86% of Canadians attended at least one type of arts or cultural event or activity in 2007.<sup>66</sup>
- 31% attended an event or performance focusing on culturally diverse traditions (Latin American, Caribbean, African, Asian, etc.).<sup>67</sup>
- 90% of Canadians feel that live performance spaces in their communities contribute to their quality of life.<sup>68</sup>
- Even with the vastly expanded range of digital experiences, attendance to live performing arts activities since 2001 has remained relatively constant.



## Connecting with culture

Celebrating Canada's French-speaking communities from coast to coast, the Arts Presentation Canada program has contributed \$22,000 per year to the *Festival du Bois* since 2004. The *Festival du Bois* is presented annually by the *Société francophone de Maillardville* in British Columbia; the 2009 festival in March will be the 20<sup>th</sup> edition of this celebration of French language and culture. The festival weekend will be preceded by 20 performances in British Columbia schools and will include outreach activities such as participation in Coquitlam's *Flaunt Your Frenchness!* campaign, programming at *Les Fêtes de Maillardville* and a four-concert jazz and blues series. And while events, such as the *Festival du Bois* take culture to the people, other supported initiatives give cultural expressions a home. The people of the Huron Wendat Nation have established a new permanent centre for their culture in Quebec. Culminating 10 years of preparation, the Huron Wendat Nation built a museum that displays close to 2000 artifacts and objects. The Nation also built an outdoor amphitheatre which is the Wendake Reserve's only professional performing arts space. Just north of the City of Québec, this cultural infrastructure was built with the help of a \$1.3 million contribution from the Cultural Spaces Canada program. The museum and the amphitheatre were officially inaugurated in 2008, in time to celebrate the 400<sup>th</sup> anniversary of the City of Québec.



National Youth Orchestra of Canada (NYOC). Used by permission of the NYOC

## The Year in Brief: Arts

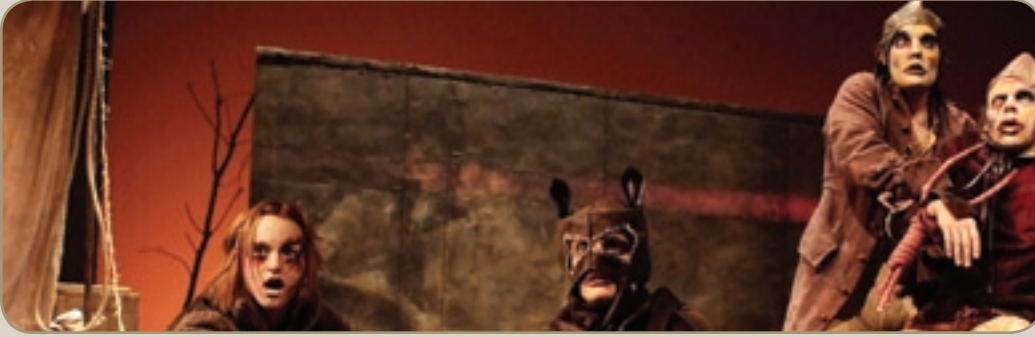
- Arts Policy and Programs

Canada's arts sector comprises artists and arts organizations. It includes the performing arts (theatre, music, opera, dance), as well as the visual arts (painting, sculpture, multimedia arts, photography).

At the heart of the sector are those who create cultural content: writers, painters, sculptors, musicians, actors, dancers and others. According to the most recent Census data (2006), 141,130 people were part of the Canadian arts labour force. Based on the latest available information, in 2003, artists generated over \$2.5 billion of economic impact toward the Canadian gross domestic product.<sup>69</sup> And over the past 15 years, the number of Canadian artists has increased at a higher rate (28%) than the overall workforce (11.8%) in Canada.<sup>70</sup>

Equally essential, of course, is the audience. Canadians are citizens with a proud artistic identity; they are cultural consumers and participants whose attendance, volunteerism and donations influence the type of art created. For example, Statistics Canada notes that 10.8 million Canadians attended a live performance by professional artists in 2005.<sup>71</sup> And as new technologies foster creativity, audiences are also finding new ways to directly experience and benefit from artistic creativity, innovation and communications.





*Mère Courage et ses enfants* by Bertolt Brecht. Directed by Carl Béchar. Performance by graduating students of the National Theatre School of Canada. Photo credit: Maxime Côte

## Pursuing our priorities

Through its policies, programs and research activities, the Cultural Affairs Sector aims to ensure that Canadians *create* and have *access* to the arts. Among its achievements in the arts in 2007-2008:

- 3,500 artists in disciplines such as dance, theatre, music and circus arts graduated from institutions supported through the National Arts Training Contribution Program.
- 98 Canadian communities received funding from the Cultural Spaces Canada program for cultural infrastructure improvement projects.
- 50,000 arts events were presented at Canadian festivals and art series with support from the Arts Presentation Canada (APC) program.
- 601 organizations received funding from APC in support of their presentation activities such as festivals and arts series.
- 169 business skills development projects were accomplished thanks to funding from the Canadian Arts and Heritage Sustainability Program.

The following chapter provides further details regarding the results our activities bring to Canadians.



# RESULTS

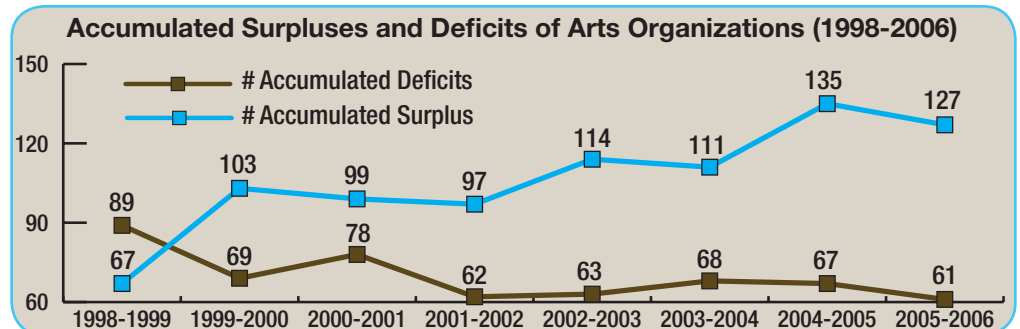
## Arts Policy and Programs

Through its arts policies and programs, the Cultural Affairs Sector aims to foster artistic talent in Canada and connect people to the arts. Its priorities in the domain of the arts are to ensure that creative excellence prospers in Canada, that Canadians have access to the arts and that arts organizations operate in a sustainable environment.

Federal funding and support contribute to the development of an environment that is conducive to the creation and accessibility of Canadian artistic expression—ensuring a range of artistic activity, content and audiences. This support is routinely enhanced through partnerships with other government bodies, not-for-profit organizations and private-sector contributors to the arts. Collectively, Canada has the resources and ingenuity to sustain a rich and rewarding arts sector. The typical arts organization receives 9 percent of its funding from the federal government. The remaining 91 percent of its revenues are generated through other sources—51 percent from box office and other earned revenues, 23 percent from the private sector and 17 percent from other levels of government.<sup>72</sup>

Federal support for professional arts organizations is provided primarily through the Canada Council for the Arts and Canadian Heritage programs. The Canada Council for the Arts provides direct support to Canadian artists and arts organizations to assist in the creation of work of the highest quality. Canadian Heritage programs create the conditions in which artistic excellence can flourish through, for example, support for infrastructure, support for festivals and arts events in communities of all sizes, and support for improved governance and business practices.

Due in part to the support of federal funding programs, the average Canadian arts organization is in a better financial situation than it was seven years ago. Based on a sample of roughly 190 arts organizations, from 1998-1999 to 2005-2006, Canadian arts organizations have generally improved their financial position. In 1998-1999, the number of organizations with accumulated deficits outnumbered organizations with accumulated surpluses (89 to 67). By 2005-2006, the number of arts organizations posting an accumulated surplus was significantly the higher (127 to 61).<sup>73</sup>



**Success story: The spirit of community**

Comox Valley was designated a 2007 Cultural Capital of Canada. Its designation brought together the British Columbia communities of Courtenay, Cumberland, Comox and the K'omoks First Nation. Following the recent twinning of Cumberland and Putain, China, organizers were negotiating a cultural exchange that would feature the new work *Dancing in the Coal Dust*, created by the Showcase Theatre Festival with Cultural Capitals of Canada funding. The Comox Valley partnership led to a shared cultural development plan that clearly sets out how local governments, arts and culture groups, volunteers and artists can work together to further cultural development in areas such as festivals and events, music and performing arts, museums and culinary and eco experiences. Intermunicipal partnerships developed since the announcement of the designation attest to the effectiveness of this approach.



**Funding and investment**

In 2007-2008, the Sector invested close to \$100 million (total grants and contributions) in not-for-profit arts and heritage organizations to support the training of Canada's most promising artists; augment access through improved cultural infrastructure and professional artistic presentations in all parts of the country; and strengthen the organizational, administrative and financial capacity of arts and heritage organizations.

**National Investments 2007-2008<sup>iii</sup>**



- The National Arts Training Contribution Program (NATCP) supports arts training institutions of the highest calibre.
- Arts Presentation Canada (APC) supports organizations that present professional arts series or arts festivals.
- Cultural Spaces Canada (CSC) supports the improvement, renovation and construction of arts and heritage facilities for arts presentation, exhibition and creation.
- The Canadian Arts and Heritage Sustainability Program (CAHSP) helps organizations strengthen their organizational, administrative and financial capacity in communities that support them.<sup>iv</sup> Cultural Capitals of Canada awards are part of this program.

<sup>iii</sup> These investments represent approved amounts and therefore differ from amounts in the Departmental Performance Report, which represent expenditures.

<sup>iv</sup> The Stabilization Projects component of this program will not be extended beyond the 2009-2010 fiscal year.



The Sector's arts programs invest in all parts of the country.

2007-2008 Investments		
Province/Territory	Arts program investments (\$)	Arts program investments (%)
BC	13,112,000	13.12
AB	7,270,000	7.27
SK	1,691,000	1.69
MB	4,913,000	4.92
ON	34,721,000	34.74
QC	33,772,000	33.79
NB	1,427,000	1.43
NS	778,000	0.78
PEI	273,000	0.27
NFL	894,000	0.89
YK	218,000	0.22
NWT	632,000	0.63
NUT	257,000	0.26
<b>Total</b>	<b>99,958,000</b>	<b>100</b>

## Capacity building and development

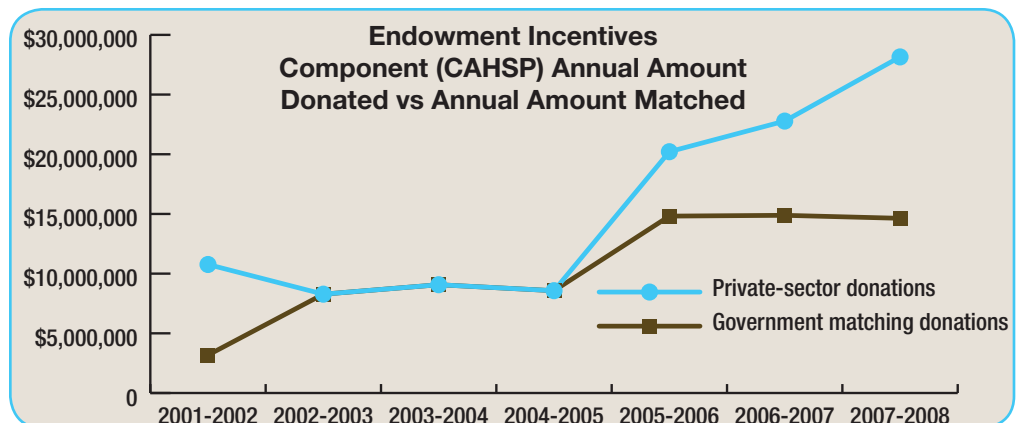
The policies and programs of the Sector have had a strong positive impact on Canadian arts organizations. Programs have delivered a number of important results for Canadians.

### Sustainability of Canadian cultural organizations is strengthened

While public funding remains essential to Canada's arts organizations, other sources of revenue are also keenly important, among them private-sector and community investments and individual donations. The Endowment Incentives component of the CAHSP has helped increase community investment in funded organizations over the past six years: in 2007-2008, endowment contributions to arts organizations nearly doubled the \$14.8 million in funding that Canadian Heritage had available to match them—a very positive sign of the growing capacity of arts organizations to raise private-sector funds.

“The Canadian Arts and Heritage Sustainability Program is enabling us to build on the generosity of our donors to increase our endowment to a level which is now substantially impacting the Citadel Theatre's operating budget and helping us to remain a strong, vital organization. We greatly appreciate the opportunity to participate in the Program and hope for its renewal and continuation.”

**Penny Ritco,**  
Executive Director,  
The Citadel Theatre  
Edmonton, Alberta





Business skills development, including better business planning and governance skills, is critical to the long-term health of arts organizations in Canada. Between 2002-2003 and 2007-2008, the Sector supported over 1,000 such projects with a total investment of \$36 million. Of these, 169 were funded in 2007-2008.

Also, the Sector continued its support of two national networks (the Creative City Network of Canada and *Les Arts et la Ville*). These networks assist municipal officials by providing tools to help them build the sustainability of arts and heritage organizations at the local level. A stronger local environment ensures that public and private investments in the arts are optimized.

### Canadian cultural creators build their skills and experiences

The Sector also maintained its support of the NATCP. Approximately 3,500 artists graduated from Canada's 37 NATCP-funded institutions in 2007-2008. On average, 80 percent of NATCP graduates work professionally in the arts and are more likely than non-NATCP graduates to earn their living wholly in the arts within three years.

### Diverse and excellent Canadian cultural works are accessible to Canadians and to the world

APC and CSC ensured the availability of arts and cultural experiences across the country in 2007-2008.

- Since APC was launched in 2001-2002, the number of opportunities for Canadians to attend arts festivals or series supported by Canadian Heritage has tripled from 184 arts festivals in 78 communities to more than 600 presenting organizations in nearly 250 communities (whose activities touch about 200 more).
- 80 percent of arts organizations reported that changes resulting from CSC funding have or will enable them to attract a larger audience.
- 77 percent of APC-funded festivals have noticed an increase in youth audiences, and 71 percent have noted an increase in culturally diverse audiences.
- The increased number of APC-funded events across the country has made available a greater number of artistic experiences for Canadians across cultural communities. Comparing figures from 2002-2003 to 2007-2008:
  - 52 percent of APC clients said they were reaching out to culturally diverse audiences in 2002-2003. This has risen to 70 percent.
  - 19 percent of APC clients said they were reaching out to Aboriginal audiences; now 31 percent say so.
  - 26 percent of APC clients said they were reaching out to audiences in official language minority communities. Today, this is 34 percent.



- 60% of APC clients are active in rural or remote areas—and are seeing wider sections of their communities attend events. Nearly half of all APC clients attribute these changes to APC funding.
- 47% of projects funded by CSC between 2001-2002 and 2007-2008 were undertaken in rural, remote or small urban communities.

CREATE ACCESS

# Shape

*The cultural landscape will always be changing. New avenues and intersections will emerge; new opportunities for exploration will open up. The Cultural Affairs Sector of Canadian Heritage provides the tools and support for Canadian creators to shape the cultural landscape and discover its possibilities—and in doing so, enrich the lives of Canadians and contribute to the prosperity of the country. The Sector will continue to ensure that Canadian cultural content and artistic expressions are created and accessible at home and abroad—and that Canada will stand as a creative nation, confident in a world of increasing choice.*

## Sources

- <sup>1</sup> *Valuing Culture: Measuring and Understanding the Canadian Creative Economy*, The Conference Board of Canada, 2008.
- <sup>2</sup> Statistics Canada, 2004.
- <sup>3</sup> *The Arts and Heritage in Canada: Access and Availability 2007*, Phoenix Strategic Perspectives.
- <sup>4</sup> *The Economic Impact of Canadian Copyright Industries - Sectoral Analysis, 2006*.
- <sup>5</sup> BBM Analytics.
- <sup>6</sup> BBM Canada 2006-2007 TV Meter Databook, from *Communications Monitoring Report 2008*, CRTC.
- <sup>7</sup> *Canada Online! The Internet, media and emerging technologies: Uses, attitudes, trends and international comparisons 2007*. Toronto: Canadian Internet Project (CIP) 2008.
- <sup>8</sup> Ibid.
- <sup>9</sup> Ibid.
- <sup>10</sup> Ibid.
- <sup>11</sup> *CFTPA Profile 2008: An Economic Report on the Canadian Film and Television Production Industry*.
- <sup>12</sup> Motion Picture Theatre Associations of Canada.
- <sup>13</sup> *The North of 60 Remote Community Monitor 2007*, Environics Research Group.
- <sup>14</sup> *Communications Monitoring Report 2008*, CRTC.
- <sup>15</sup> *CFTPA Profile 2008: An Economic Report on the Canadian Film and Television Production Industry*.
- <sup>16</sup> Motion Picture Theatre Associations of Canada.
- <sup>17</sup> Ibid.
- <sup>18</sup> "The Place of Third Country Film and Audiovisual Works in European Markets", *European Audiovisual Observatory*, June 2008.
- <sup>19</sup> Statistics Canada.
- <sup>20</sup> *Communications Monitoring Report 2008*, CRTC.
- <sup>21</sup> Ibid.
- <sup>22</sup> Interactive Advertising Bureau (IAB) of Canada.
- <sup>23</sup> *The North of 60 Remote Community Monitor 2007*, Environics Research Group.
- <sup>24</sup> *Annual Report 2006-2007*, CBC/Radio-Canada.
- <sup>25</sup> *Annual Report 2007-2008*, Canadian Television Fund.
- <sup>26</sup> *Communications Monitoring Report 2008*, CRTC.
- <sup>27</sup> Statistical and financial summaries for conventional television, pay, pay per view, video on demand, and specialty services and broadcast distribution, CRTC, 2007.
- <sup>28</sup> *Communications Monitoring Report 2008*, CRTC.
- <sup>29</sup> *BBM Canada 2006-2007 TV Meter Databook, Communications Monitoring Report 2008*, CRTC.
- <sup>30</sup> *Annual Report 2007-2008*, Canadian Television Fund.
- <sup>31</sup> *Canadian Interactive Industry Profile 2006*, PricewaterhouseCoopers, 2006.
- <sup>32</sup> Reports APP1205 and APP1200 run 2 January 2008, CRTC.
- <sup>33</sup> Data compiled from "Top 2000 Sales Chart", Nielsen SoundScan, 2007.
- <sup>34</sup> "An Overview of the Financial Impact of the Canadian Music Industry", Douglas Hyatt for the Ontario Media Development Corporation, May 2008.
- <sup>35</sup> *Attitudes and Behaviours Towards Canadian Music 2008*, Decima Research.
- <sup>36</sup> Ibid.
- <sup>37</sup> Ibid.
- <sup>38</sup> Nielsen SoundScan, 2007.
- <sup>39</sup> *Attitudes and Behaviours Towards Canadian Music 2008*, Decima Research.
- <sup>40</sup> BBM Canada 2007-2008 Radio Databook.
- <sup>41</sup> Data compiled from the Canadian Music Industry Database (CMID) and SOPROQ (Société de gestion collective des droits des producteurs de phonogrammes et de vidéogrammes du Québec).
- <sup>42</sup> SOCAN.
- <sup>43</sup> *Communications Monitoring Report 2008, Broadcasting Policy Monitoring Report 2000*, CRTC.
- <sup>44</sup> *Music on the Internet*, Erin Research Inc., 2006.
- <sup>45</sup> *Communications Monitoring Report 2008*, CRTC.
- <sup>46</sup> BBM Canada radio fall surveys, MicroBBM, from CRTC's *Communications Monitoring Report 2008*.
- <sup>47</sup> CRTC data collection, *Communications Monitoring Report 2008*, CRTC.
- <sup>48</sup> CRTC; Statistics Canada.
- <sup>49</sup> Sirius and Canadian Satellite Radio press releases.
- <sup>50</sup> *Canada Online! The Internet, media and emerging technologies: Uses, attitudes, trends and international comparisons 2007*. Toronto: Canadian Internet Project 2008.
- <sup>51</sup> Ibid.
- <sup>52</sup> *A Statistical Profile of Artists in Canada*, Hill Strategies (based on 2001 census data), 2004.
- <sup>53</sup> *2008 Canadian Books Readership Study*, Decima Research.
- <sup>54</sup> *2006 Survey of Book Publishers*, Statistics Canada.
- <sup>55</sup> *2003-04 Periodical Publishing Survey*, Statistics Canada.
- <sup>56</sup> *Annual Survey of Service Industries: Newspaper Publishers*, Statistics Canada, 2006.
- <sup>57</sup> *2008 Canadian Books Readership Study*, Decima Research.
- <sup>58</sup> *2008 Canadian Magazine Readership Study*, Decima Research.
- <sup>59</sup> Ibid.
- <sup>60</sup> *Topline Report*, Print Measurement Bureau, 2008.
- <sup>61</sup> *2008 Canadian Magazine Readership Study*, Decima Research.
- <sup>62</sup> *2003-04 Periodical Publishing Survey*, Statistics Canada.
- <sup>63</sup> *2006 Periodical Publishing Survey*, Statistics Canada.
- <sup>64</sup> "The Evolution of Newspapers," Canadian Newspaper Association Web site.
- <sup>65</sup> "Snapshot 2007—A profile of community newspapers," the Canadian Community Newspapers Association, and Department of Canadian Heritage estimates.
- <sup>66</sup> *The Arts and Heritage in Canada: Access and Availability 2007*, Phoenix Strategic Perspectives.
- <sup>67</sup> Ibid.
- <sup>68</sup> Ibid.
- <sup>69</sup> "Economic Contribution of the Culture Sector to Canada's Provinces," Culture, Tourism and the Centre for Education Statistics Research Papers, Statistics Canada, 2007.
- <sup>70</sup> *Profile of Artists in Canada*, Statistical Insights on the Arts Reports, Hill Strategies, 2005.
- <sup>71</sup> *General Social Survey*, Statistics Canada, 2005.
- <sup>72</sup> *Performing Arts Survey*, Statistics Canada, 2006.
- <sup>73</sup> Ibid.