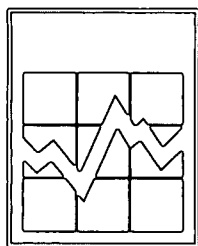


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Heritage Institutions¹: The Struggle for Survival

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The time has passed when heritage institutions were mere depositories for Canada's artifacts. Increasingly, they have become a service industry competing with other players in the entertainment business for audience share. Given the current period of government fiscal restraint and the competition for audiences, heritage institutions are more hard-pressed today than ever before to look beyond traditional avenues of support to sustain operations.

With government funding lagging behind the growth in operating expenditures, survival for heritage institutions has meant becoming more relevant to their clientele, broadening their revenue base, attracting more visitors, soliciting more corporate sponsorships and donations, and expanding business ventures such as gift shops.

Attracting visitors to museums, art galleries, and exhibition centres opens the door to earning more revenue from admission fees and counter sales to augment the funding from the various levels of government. According to the biennial Survey of Heritage Institutions, attendance increased in 1995-96 at exhibition centres, observatories, aquariums and museums, bringing in more earned revenue. The increased attendance at these types of institutions was offset by declines at historical sites, archives, planetariums and botanical gardens. Overall, attendance at heritage institutions was down slightly, but earned revenue was up 26%.

Visitors likely to be well educated and well off

Although heritage institutions attract a wide range of visitors, the prospect of earning increased revenue from at least a portion of them is reinforced by findings from the 1992 General Social Survey². Data from this study showed that 55% of Canadians in households with annual incomes in excess of \$80,000 visited museums and art galleries during the reference year, compared to 20% of those with incomes of less than \$20,000.

- 1 The analysis contained in this article excludes nature parks.
- 2 The 1992 General Social Survey was the last time this survey had a module on leisure time activities. The module was repeated in the 1998 survey and data should be available in the fall of 1999.

In addition to higher incomes, Canadians who visit heritage institutions in Canada are more likely to be women and to have university or college education. In fact, educational attainment was the socio-demographic characteristic which varied most when observing attendance at heritage institutions. More than two-thirds of those with masters and doctorate degrees and 56% of those with bachelors degrees went to museums and art galleries in 1992. This compares with a 20% attendance rate for those with elementary and secondary education. While the participation rate is higher among those with masters and doctorate degrees, this group represents less than 3% of the total Canadian population.

Aquariums and museums showed high earned revenue per admission

Even with the slight decrease in overall attendance, heritage institutions were able to generate more earned revenue from admission receipts, membership dues, parking fees, and commercial ventures such as gift shops and confectioneries. In 1995-96, earned revenue from these sources was \$259.1 million. This represented 27% of the total operating revenue of heritage institutions, up from 20% in 1991-92, reflecting continued efforts by heritage institutions to diversify their sources of revenue.

To achieve these results, institutions have increased their earned revenue per admission, which was 28% higher in 1995-96 than in 1993-94, and 50% more than in 1991-92. Earned revenue per admission was notably high for aquariums and museums. At \$9.57 per visitor, aquariums

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Table 1
Earned revenue per admission

	1991-92	1993-94	1995-96
	\$	\$	\$
Museums	4.27	4.62	5.93
Historic sites	1.59	1.65	2.14
Archives	2.34	1.83	4.19
Aquariums	6.55	8.43	9.57
Other institutions ¹	2.85	3.74	5.47
All institutions	3.14	3.56	4.75

¹ Includes exhibition centres, planetariums, observatories, zoos, arboreturns and conservatories.

had earned revenue of more than double the heritage institution average in 1995-96, while the \$5.93 for museums was 25% higher than the average.

Government grants down

Despite increasing their earned revenue both in absolute terms and as a share of total operating revenue, heritage institutions continue to depend on the various levels of government for much of their operating budgets. In 1995-96, unearned revenue in the form of operating grants from all levels of government represented 65% of the \$950.1 million in total reported operating revenue (refer to Table 2). While this was down from 71% in 1991-92, still it remained the major source of operating revenue. Museums received 64% of their total operating revenue from government sources, down from 68% in 1991-92. The same is true for historic sites with 70% of their operating revenue coming from the various levels of government, down from 78% in 1991-92. However, archives

which were the type of institution most dependent on government grants, did not decrease this dependency over the period, with grants remaining at 86% of their total operating revenue.

While operating grants' relative share of total revenue declined, operating expenses continued to rise. For all heritage institutions, operating expenses increased from 96% of total revenue in 1991-92 to more than 98% in 1995-96, leaving an operating surplus of 2%.

Declining public funding hardest on small institutions

Small heritage institutions, those in the annual revenue range of less than \$100,000, are having a particularly hard time financially. Although they reported increases in both attendance (almost 8%) and earned revenue (10%) in 1995-96, this was not enough to offset the decrease in government grants (-12%) (refer to Table 3). As a result, small institutions reported a decline of 4% in total operating revenue. Over the

same time, operating expenses grew by 18%. Wages and salaries were a large component of this growth with small institutions having to take on more paid staff to compensate for a 20% drop in volunteers.

The small institutions also seem to have been hit hardest by the decrease in government subsidies, experiencing a 15% drop between 1993-94 and 1995-96. This reduction was much greater than the 1% decrease for medium institutions, and large institutions actually reported a 6% increase in grants. The trends for provincial and municipal grants were similar, although the variations in the disparity of the changes were less pronounced.

These small institutions, therefore, find themselves in a difficult position. If they cut back on their expenditures they may have less to offer the visitor, and attendance could suffer. On the other hand, attracting an increasing number of visitors at their existing level of operation will not be easy. In 1995-96, more than half (52%) of all the 54.5 million visitors reported by heritage institutions walked through the doors of the large institutions. Not only did they have more visitors than small and medium institutions combined, they were also able to extract more dollars from each visitor. As a result, they accounted for 83% of the \$91.2 million in total admission receipts and 74% of the \$158.2 million in sales at gift shops, confectionaries and other commercial activities. In fact, large institutions had twice as much earned revenue per visitor as the figure for medium institutions and more than triple that for small institutions.

Table 2
Percentage share of total operating revenue by revenue size (excluding nature parks)

	Small (less than \$100,000)		Medium (\$100,000 - less than \$1 million)		Large (\$1 million and over)		Total	
	1993-94	1995-96	1993-94	1995-96	1993-94	1995-96	1993-94	1995-96
	%							
Total earned revenue	24	28	22	26	22	27	22	27
Membership fees	1	2	1	1	1	1	1	1
Admissions	5	5	6	7	9	10	9	10
Other earned revenue	18	21	15	18	12	16	12	16
Total unearned revenue	76	72	78	74	78	73	78	73
Federal	13	12	16	16	31	30	27	26
Provincial	22	18	20	19	32	29	29	26
Municipal and other govts.	20	21	26	26	10	9	14	13
Institutions and private	22	22	16	14	4	5	8	8
Total operating revenue	100	100	100	100	100	100	100	100

Table 3
Average attendance, revenue and expenditures

		Small		Medium		Large		Total	
		1995-96	% change ¹ from 93-94	1995-96	% change from 93-94	1995-96	% change from 93-94	1995-96	% change from 93-94
Average attendance		4,919	7.5	28,889	-7.9	227,508	-2.2	22,796	-3.2
Ave. government grant	\$	11,047	-11.6	178,095	-4.1	3,925,742	0.1	258,257	-0.8
Ave. institution/private donation	\$	4,818	1.7	41,666	-14.5	319,798	27.9	30,888	6.1
Average earned revenue	\$	6,038	9.8	77,493	10.5	1,615,185	31.1	108,390	26.0
Average operating revenue	\$	21,904	-3.6	297,250	-2.5	5,860,726	8.4	397,535	5.7
Average operating expenditure	\$	24,428	17.9	288,807	-1.3	5,709,661	8.4	389,195	6.8
Surplus (deficit) % of operating revenue		-11.5%		2.8%		2.6%		2.1%	

¹ Percentage change between 1993-94 and 1995-96 is based on an historical file of heritage institutions responding to the survey in both years or that were inoperative in 1993-94 but were operational or new establishments in 1995-96.

With more earned revenue, large institutions were able to show an overall operating surplus of 3% in 1995-96, the same as in 1993-94. Medium-sized institutions showed an operating surplus of 3% as well, down one percentage point from 1993-94. Small institutions, however, reported a deficit of almost 12%.

Part of the attraction of large institutions appears to be the wide variety of displays and the big ticket items in their collections. These institutions have the means to acquire and show rare works of art, artifacts and special exhibitions,

and are probably better able to attract individuals and to keep them on site for longer. The more time visitors spend at these institutions, the more opportunity there is for them to make purchases at the sales counters. In fact, the purchase of souvenir merchandise is often an important part of the experience of big-name shows and exhibitions.

Given the current environment of declining government funding and increasing operating expenditures, small heritage institutions will be hard-pressed to sustain their current offerings without further broadening

their revenue base. In 1995-96, only a quarter of the small institutions charged admission fees. By comparison, about half of medium institutions and almost three quarters of large heritage institutions charged admission fees. Even here, the room to manoeuvre is limited by the growth in the discretionary income of the consumers of arts and culture and the amount they are willing to spend. With a larger audience base, large and medium heritage institutions are better placed to survive the tough, competitive times that have characterized heritage institution administration in the 1990s. □

Did you know . . . ?

Highlights of the fall 1997 data on television viewing

Canadians watched television for an average of 22.7 hours per week in the fall of 1997, including 1.3 hours spent viewing tapes on their VCRs.

Residents of Quebec, New Brunswick, Newfoundland and Nova Scotia watched more television than other Canadians. The average weekly viewing time was more than 25 hours for Quebec and about 24 hours for the other three provinces. On the other hand, the average weekly number of viewing hours in Ontario, Prince Edward Island and the Western provinces was below the national average.

For all age groups and in all Canadian provinces, women watched more television than men, averaging almost five hours more per week. Older persons also spent much more time in front of the television – especially men and women over the age of 50. This trend was even more pronounced among men and women over 60. Of all age groups, men aged 18 to 24 spent the least time watching television, followed by teenagers and children.

Canadian programs were more popular with Francophones, while Anglophones tended to favour foreign programs. In foreign programming, dramas and comedies were the most popular with Anglophone viewers. Francophones enjoyed dramas too, but in a much lower proportion than Anglophones. With respect to Canadian programming, news and public affairs programs attracted the largest audience among both Anglophones and Francophones.

With the introduction of 15 new Canadian specialty stations in 1997, the audience of pay television and Canadian specialty services has grown remarkably. In the fall of 1997, they accounted for 14% of Canadians' total viewing, twice the level in the fall of 1993. This sizable audience share may be due in part to the free trial offer of these new specialty stations during the period when the survey was conducted. Nevertheless, Canadian conventional stations continued to have the highest viewership among both Anglophones and Francophones, even though their audience share steadily declined from 66% in 1993 to 60% in 1997.

The Performing Arts: Looking for Love in New Places

**Marie Lavallée-Farah, Manager,
Performing Arts**

In 1996-97, attendance at performing arts shows totalled 13.2 million spectators, down 13% from 1994-95. While theatre continued to attract the most spectators of the performing arts, only dance companies actually reported an increase in attendance (6%). Opera suffered the greatest drop in attendance (-22%), followed by theatre (-17%) and music (-6%). The number of spectators was down in most provinces, but the steepest decline was in Ontario (-24%).

Touring at home and abroad

Between 1994-95 and 1996-97, admissions were lower both for tour and home performances, but the latter showed the greatest decrease. Nonetheless, even with the 16% reduction in attendance at home, total box office receipts remained stable (+0.7%). Concerning tours, the decline in attendance was less severe (-6%) and receipts were higher, by 9% for theatre and dance, and 7% for music. Opera companies generally do not conduct major tours.

Ticket sales on tours represent an important source of revenue for companies at \$28.9 million or 16% of the total 1996-97 ticket sales of \$179 million. Medium-sized¹ dance companies in particular experienced the most striking increase in tour receipts over 1994-95, at 77%. Medium-sized music companies boosted their tour receipts by 28%.

Tours extend beyond Canada to other countries. In addition to bringing international renown, these activities may also be lucrative. In 1996-97 performances abroad brought in \$13 million, or almost half (45%) of all tour receipts, while expenses for these performances totalled \$2.4 million. Of the \$13 million in revenue, 47% or \$6 million went to theatre companies, with the rest divided between dance and music companies.

Government support is down

Stable total box office sales, combined with higher tour receipts, contributed to an overall 4% increase in earned revenue between 1994-95 and 1996-97. Total earned receipts were \$201.9 million in 1996-97, but this amount represented only 48 cents of every dollar received. For the other 52 cents, companies sought assistance from governments and the private sector.

After earned receipts, public subsidies ranked second as a funding source. In 1996-97, they totalled \$132 million, a drop of some 7% from 1994-95. This

¹ Total revenue levels were used to classify companies as small, medium or large, as follows:

Theatre and dance

Small: less than \$200,000

Medium: \$200,000-\$800,000

Large: over \$800,000

Music

Small: less than \$500,000

Medium: \$500,000-\$1,000,000

Large: over \$1,000,000

Opera

Small: less than \$800,000

Medium: \$800,000-\$2,000,000

Large: over \$2,000,000

Note to readers

This article summarizes the results for 1996-97 of a survey of the performing arts, covering 602 non-profit professional performing arts companies in Canada, classified as theatre, music, dance or opera. The survey covered 342 theatre companies, 145 music groups, 91 dance companies and 24 opera companies. The response rate was 96%. In the article, percentage comparisons between the two years of the survey exclude the 124 companies which were added to the sampling frame for 1996-97 but which were already operating in 1994-95. Most of these performing arts companies are small and are located in Quebec or Ontario. The 124 companies excluded from percentage comparisons accounted for some 4% of total receipts in 1996-97. **Care was taken to publish only the trends for artistic disciplines where the impact of the excluded companies was negligible. Readers should not make direct comparisons with data from previous years.**

amount represented 32% of operating budgets, compared to 37% a decade ago. At that time, federal sources were the most generous of the three levels of government. Now the provinces have moved slightly ahead, providing 43% of public subsidies, compared to 40% for the federal government.

Overall, provincial subsidies fell 9%. Quebec was still the most generous province, paying out 56 cents of every dollar of public subsidies received by

Table 1

Summary by Performing Arts Discipline with Percentage Change Between 1994-95 and 1996-97

	Theatre		Music		Dance		Opera		Total	
	1996-97	% change	1996-97	% change	1996-97	% change	1996-97	% change	1996-97	% change
Total attendance	7,760,248	-17.1	3,446,580	-5.9	1,307,153	6.4	687,739	-21.6	13,201,720	-12.8
Revenue generated from performances:	\$	%	\$	%	\$	%	\$	%	\$	%
At home	79,845,353	-8.6	41,331,569	-6.0	12,208,548	-33.4	16,858,946	-3.4	150,244,416	-10.1
On tour	15,812,855	9.1	5,144,409	7.1	7,572,003	8.8	336,115	-44.9	28,865,382	7.4
Earned revenue	109,368,511	7.9	49,142,254	-3.3	24,736,533	5.4	18,608,540	-1.0	201,855,838	3.8
Government grants	60,720,471	-3.3	38,620,138	-11.0	21,552,424	-5.9	11,165,481	-10.8	132,058,514	-6.8
Private sector donations	30,687,487	20.2	29,287,127	13.1	10,551,267	-10.5	14,281,429	47.9	84,807,310	16.6
Total operating revenue	200,776,469	5.8	117,049,519	-2.6	56,840,224	-2.3	44,055,450	7.7	418,721,662	2.4
Wages and salaries	104,924,203	-1.5	77,506,143	-2.0	26,715,274	-6.3	26,047,709	7.4	235,193,329	-1.3
Total operating expenses	197,456,535	3.6	118,629,156	-2.3	58,064,848	0.9	45,226,233	10.5	419,376,772	2.2

its performing arts companies or \$26.3 million, although its contributions were down 3%. At the other end of the scale, Ontario paid out 26 cents of every dollar received in public subsidies, or \$11.7 million. For Ontario, this amount represented a 32% cutback compared to 1994-95.

Patrons to the rescue

With governments becoming less generous towards the performing arts, no effort was spared by companies to attract new patrons in the private sector. Contributions from this sector climbed to \$84.8 million in 1996-97, a 17% increase over 1994-95. Gifts from individuals and revenues from special events constituted the main sources of private funding, accounting for 47% of private contributions.

In Alberta, private sector support even surpassed that of the public sector. The private sector distinguished itself in that province as the leading partner supporting the performing arts, with gifts equal to 30% of total company revenues. Performing groups shared \$13.2 million in private sector contributions, compared to the \$11 million received from the public sector.

Quebec performing companies on the other hand, received only 11% of their total revenues in the form of private gifts. This was the lowest percentage of any province and below the national average of 20%. However, since 1994-95, private sector support for Quebec performing companies has risen 6%.

For Canada as a whole, dance was the only artistic discipline to post a decline

in private sector contributions, with support dropping 11% from 1994-95 levels. Support for theatre and music rose 20% and 13% respectively.

Private support for opera surged by 48%, owing to a substantial increase in funding from trusts and foundations.

With this increase, private sector contributions for opera surpassed public subsidies.

With the active participation of the private sector and a tiny increase in earned receipts, performing arts companies are trying to overcome the drop in public funding. Total revenues climbed 2.4%. While expenditures also rose slightly and continued to exceed revenues, the gap between the two narrowed between 1994-95 and 1996-97.

The deficit problem: facing the music

Overall, performing arts companies reported a deficit of \$0.7 million, or 0.2% of total receipts. The situation for theatre was brighter, being the only discipline to register an operating surplus (\$3.3 million, or 2% of total receipts). As a group, the 48 large theatre companies were responsible for this accomplishment, although small companies also posted a small surplus. Medium-sized music companies were the only other group to show a surplus. All other groups were in deficit. Opera reported a deficit equal to 3% of its total receipts, compared to 2% for dance and 1% for music.

Because of the volatility of the performing arts from one year to the next, any given year can be a better or worse season for a discipline. But ultimately, the cumulative deficit gives a

true picture of the overall financial position. At the end of fiscal 1996-97 there was an overall accumulated deficit for all performing arts companies of \$27.2 million (equal to 6.5% of total receipts). Almost half (48%) of this amount was attributable to 17 large orchestras. Although on a smaller scale, a similar situation occurred in the other disciplines. Overall, 85% (\$23.1 million) of the entire cumulative deficit was attributable to the 82 large companies combined.

Arts stabilization programs

Debt management is a huge challenge for these companies. To help them overcome this obstacle to their development, arts stabilization programs recently have been launched in some jurisdictions, and a number of others are under study. The stabilization programs, which are the initiatives of private and public sector partners, are aimed at supplying technical assistance in management as well as stabilization grants to help performing groups eliminate their cumulative deficits and build up working capital. Such programs try to provide the means to achieve long-term stability by cutting deficits; to this end, they support companies' efforts to diversify their funding sources and help them establish reserves for creation or development.

While these new programs show great promise, it is still too soon to know their lasting impact on performing arts companies. They will not solve all the problems facing the companies. However, they should provide the necessary means to help companies stabilize their financial positions and then move on, with realistic operational plans that are not over-burdened by debt management. □

Table 2

Provincial and territorial differences in public and private support, 1996-97

Province/territory	Public support		Private support	
	\$	% of total revenue	\$	% of total revenue
Newfoundland	863,871	38.5	526,396	23.5
Prince Edward Island	248,549	10.0	251,456	10.1
Nova Scotia	3,375,202	37.5	2,154,780	23.9
New Brunswick	1,114,321	35.6	626,909	20.0
Quebec	46,665,326	43.3	11,786,147	10.9
Ontario	44,984,889	25.7	38,491,675	22.0
Manitoba	8,354,380	32.5	4,607,340	17.9
Saskatchewan	2,032,905	41.3	1,066,965	21.7
Alberta	11,015,805	25.0	13,210,383	30.0
British Columbia	13,282,741	30.0	12,069,961	27.2
Yukon	120,525	69.8	15,298	8.9
Canada	132,058,514	31.5	84,807,310	20.3

Keeping Score in Sport Spending

Jacqueline Luffman, Research and Communications, Culture Statistics Program

There is broad consensus on the benefits of sport to the health and well-being of Canadians. Competitive sports stimulate broad-based participation in physical activity at all levels and in all regions in Canada. Sport participation provides an

environment for children and youth to learn important skills and habits, and many athletes provide meaningful role models. Governments in Canada recognize these benefits and attempt to administer and manage sport development.

The United Nations Educational, Scientific and Cultural Organization (UNESCO) includes Sports and Games in its framework for cultural statistics. Following this lead, Statistics Canada and Sport Canada started work in 1996-97 on a new multi-year national sport statistics program. Hence the interest by the Culture Statistics Program in sport data.

A number of questions from those interested in government spending on sport and recreation¹ include the following: How extensive is government spending on sport-related activities? How does sport spending vary at the three levels of government? How do Canadians financially support sport organizations? This article provides an overview of government spending on sport and recreation as well as a brief look at personal and corporate sport donations and sponsorships. It does not provide a complete profile of all government and related spending on sport; rather the aim is to provide as detailed a picture as possible using data available at Statistics Canada.

Overview of Sport and Recreation Government Spending

The financial support given by all three levels of government contributes to the integration of the sport system² in Canada. Government expenditures generally take the form of infrastructure costs (i.e., operating and capital spending by government) and grants and contributions to various sporting organizations and activities. While the federal government provides leadership and standards in the area of high performance sport, the provincial governments focus more on developing sport facilities and promoting provincial sporting events. At the municipal level, financial support contributes to a wide range of recreational facilities and local competitions.

While governments have supported sport, financially and otherwise, the

growth of sport provides significant benefits to governments in return. There is growing evidence that being physically active contributes to overall mental and physical health and thus leads to a reduction in government health care costs. In addition, the economic activity created by sport contributes to the fiscal balances of governments in Canada. Through the payment of property and capital taxes, as well as through income and payroll taxes, professional sport teams, for example, make a particularly significant contribution to government treasuries. On a social level, sport contributes to Canadians' sense of social cohesion and identity. Sport is considered as a part of the cultural fabric of our society and, as such, has a significant role in Canadian society³. At the community level, sport is a basis for community building, developing inter-cultural relationships and cultivating local pride. On a personal level, sport and recreation can bring to each Canadian better health, well-being, self-esteem and quality of life.

Sport and recreation also contribute to the well-being of a variety of businesses through the demand created for goods and services. The economic impact of this sector has only recently been calculated. Using available data (1994-95), the sport and recreation share of total Gross Domestic Product that year was calculated as just less than 1% and just less than 2% of total employment⁴.

While each level of government supports physical activity in a number of ways, the overall objective is to

enhance the development and achievements of Canadian athletes. Total government expenditures on sport and recreation amounted to about \$4.6 billion in 1995-96 (the most recent year for which we have data for all government levels). Seventy-nine per cent of this spending was by municipal governments. Municipal expenditures play a significant role in the development of sport facilities and local sport activities. As some provinces are

- ¹ We are confronted with the recurring problem of "sport" data being intertwined with data on "recreation" and/or "leisure". As a result, figures presented in this paper may include spending in areas not normally recognized as sport, such as parks and exhibition grounds. Although as far as possible, we have used data that provide as clean a picture as we can get of sport-related funding in Canada, since we cannot always separate one category from another in various of the data sources we use in this article, we use the terms sport and recreation interchangeably.
- ² The sport system is defined by Sport Canada as five major levels of a continuum as follows:
 - high performance sport (international competition);
 - competitive sport (organized domestic sport);
 - professional sport franchises (Major League, professional tours);
 - recreational sport (non-competitive organized/unorganized active sport participation);
 - physical fitness activities (non-competitive organized/unorganized active non-sport).
- ³ Minister's Task Force on Federal Sport Policy, 1992.
- ⁴ *The Vitality of the Sport Sector in Canada*. Statistics Canada, Culture Statistics Program, April 1998.

Table 1

Tri-Level Government Expenditures for Sport and Recreation, Canada, 1989-90 to 1995-96

Government expenditures		1989-90	1992-93	1993-94	1994-95	1995-96	% change 1989-90 to 1995-96
\$ 000,000							
Federal expenditures		287.5	315.6	395.6	414.2	431.7	50.1
Canada share	%	7.8	7.7	9.5	9.8	9.4	
Provincial expenditures		651.4	689.9	576.5	550.1	551.2	-15.4
Canada share	%	17.7	16.9	13.9	13.0	12.0	
Municipal expenditures		2,749.9	3,088.4	3,185.6	3,273.6	3,615.2	31.5
Canada share	%	74.5	75.4	76.6	77.2	78.6	
Total		3,688.8	4,093.9	4,157.7	4,237.8	4,598.0	24.6

Source: Statistics Canada, Public Institutions Division.

reducing their spending on various programs and services, municipalities are picking up the costs of many facility developments and other recreation expenditures. In fact, total sport and recreation expenditures at provincial levels have decreased significantly during the first half of this decade (refer to Table 1). Many provinces are faced with having to prioritize spending on amateur sport, and Provincial Sport Organizations⁵ are increasingly relying on private sector investment and partnerships.⁶

Sport funding at the federal level

Overall federal sport funding has increased by 50.1% this decade, although most of this increase was in the first part of the 1990s. In fact, 1997-98 levels (the most recent data available) were still below those of two years earlier and funding has increased little overall (3.2%) since 1994-95. Current Federal Government sport policy aims at: supporting achievement of high performance athletic excellence and enhancing training and competition at world class levels; enhancing the coordination and integration to support sport system development; strategic positioning of sport in the Federal Government agenda and promotion of the contribution of sport to Canadian society; and supporting the fair and equitable participation of women, Aboriginal people and athletes/individuals with disabilities. Sport Canada upholds these objectives by means of financial assistance to National Sport Organizations (NSOs)⁷ and Multi-Sport Organizations (MSOs)⁸ which help athletes' development through the training of coaches and

officials. Additional funding also goes to sport research, major games, sport administration, athlete assistance and various high performance national sport centres.

Total Federal Government expenditures on sport and recreation in 1997-98 amounted to \$427 million in grants, contributions, transfers, and operating and capital expenditures. Almost \$65 million was distributed by Sport Canada. Sport expenditures as a percentage of overall federal spending have remained relatively stable since 1994. Sport Canada is involved in issues such as women in sport, the development of high-performance athletes, major games, national sport centres, athletic assistance and anti-doping policies.

Provincial and territorial government sport spending experiencing a decline

In a time of fiscal restraint when provincial and territorial governments are seriously reviewing all spending commitments, their recreation expenditures decreased significantly (-15.4% between 1989-90 and 1995-96). While the breadth of distribution of provincial and territorial sport dollars has expanded since 1989-90, eight provinces and territories reduced the amount of their expenditures on sport and recreation. Nova Scotia, the Yukon and Alberta recorded the largest drops in funding to sport and recreation at -61.8% for Nova Scotia and -40.3% for both the Yukon and Alberta. At the same time, British Columbia increased funding dramatically, by 110.9%. Today, provincial and territorial governments provide funding in order to support

provincial championships and games, develop facilities, and support athletes and their organizations at the provincial level.

Municipalities largest contributors to government spending on recreation and sport

Municipal recreation departments play a key role in organizing and managing community sport and recreation activities. Ice arenas, swimming pools, football and soccer fields and gymnasia are developed and maintained by local authorities. Facility maintenance and program delivery provide the backbone of the development of many amateur and high-performance athletes. A variety of programs and services are also provided in most local schools and "club level" sport and recreation organizations. Not only do the careers of the majority of high-performance athletes begin at the community level, but also local recreation services provide opportunities for the entire community to participate in sports and recreation. As a result, municipalities spend the largest amount of all governments on sport and recreation. Recreation is recognized as providing value to the community as a whole and there is widespread support and demand for municipalities to utilize public resources to provide services for people who would not otherwise have access to recreation opportunities.

Municipal spending on sport and recreation totalled over \$3.6 billion in 1995-96, an increase of 31.5% over 1989-90. Municipal support may include grants to remove barriers to participation, infrastructure for neighbourhood parks, public tennis courts, golf courses and sport fields, administration, and special promotions of events and games. Nova Scotia and Prince Edward Island were the only provinces that showed a slight

Table 2

Federal government expenditures on sport and recreation increased slightly between 1994-95 and 1997-98

Federal expenditures	1994-95	1995-96	1996-97	1997-98	% change 1994-95 to 1997-98
	\$ 000,000				
Canadian Heritage ¹	295.6	302.5	253.5	291.7	-1.3
Sport Canada ²	64.2	47.2	51.6	64.6	0.6
Other ³	118.5	129.1	125.1	135.5	14.4
Total sport and recreation	414.1	431.6	378.6	427.2	3.2
Total federal expenditures	173,403.0	175,388.0	167,538.0	162,866.0	-6.1
Sport and recreation as a % of total federal expenditures	% 0.24	0.25	0.23	0.26	

¹ Includes spending on recreation facilities only.

² Amount included in Canadian Heritage line above.

³ Includes expenditures on special funds (i.e., government owned and controlled non-commercial entities) and re-spendable revenues (money earned and spent for the same function).

Sources: Statistics Canada, Public Institutions Division; Sport Canada.

⁵ Examples are Gymnastics Newfoundland and Labrador, Water Polo Saskatchewan, the Ontario Fitness Council and Athletics Alberta.

⁶ **Sport Strategy Update.** Ontario Minister of Citizenship, Culture and Recreation, 1997.

⁷ Examples are Basketball Canada, the Canadian Hockey Association and the Canadian Amputee Sports Association.

⁸ Examples are the Aboriginal Sports Circle, the Canadian Paralympic Committee and the Canadian Association for the Advancement of Women and Sport and Physical Activity.

decrease in spending at the municipal level during the first half of the decade, and this was accompanied by decreased recreation spending by the respective provincial governments. Municipal spending in Ontario and Quebec on sport and recreation annually exceeds that of other provinces.

While there has been an overall increase in sport spending by municipal governments, it is not known how much user fees and business and property taxes are also contributing to the current level of community-based programs and infrastructure.

Charitable donations and corporate sponsorships - Critical funding for many sport organizations

personal charitable donations

While total government funding for sport is increasing, it still does not keep pace with need. Private investment, volunteer work and charitable donations are playing important roles for a number of sport organizations in Canada. With the limitations of government resources, many sport organizations, local sport clubs and amateur associations are becoming increasingly self-reliant. Registered Canadian amateur athletic associations recognized by Revenue Canada may give charitable donation receipts, similar to those of other registered charities. Eighty-eight per cent of the Canadian population aged 15 or over made donations, either financial or in-kind, to at least one charitable or non-profit organization in 1997, with 5.7% of these donations going to sport organizations⁹. The average amount of these latter donations was about \$30.

Provincial variations in financial giving exist in total annual donations made by donors as well as in average donations contributed. Albertans are the most generous in terms of average amount donated (\$40) while Ontarians gave the largest total amount to sport organizations (\$462,986). While Quebecers made the lowest average overall contributions, they made higher donations to sport organizations than several other provinces. In 1997, Canadians donated about \$1.4 million to sport organizations. While this may seem small in comparison to other forms of funding, many amateur teams and organizations depend on these philanthropic donations as essential resources for administration, travel and equipment.

Table 3

Average and Total Amounts Donated in 1997 by Canadians 15 and over, by Province

Province	Average donation to all organizations	Average donation to sport	Total donations to sport
	\$	\$	\$
Newfoundland	166	14	21,586
Prince Edward Island	235	21	10,121
Nova Scotia	207	16	70,808
New Brunswick	226	19	57,603
Quebec	127	20	248,495
Ontario	278	36	462,986
Manitoba	307	30	52,938
Saskatchewan	308	27	47,614
Alberta	337	40	209,845
British Columbia	240	31	177,546
Canada	239	30	1,359,542

Source: National Survey of Giving, Volunteering and Participating, Statistics Canada, 1998.

corporate sponsorship of sport

As with individual charitable donations, corporate sport sponsorships can contribute significantly to the vitality of sport organizations. In a number of communities, the corporate sector is being asked to play an important role. Corporations may contribute to sport in a variety of ways, including donations and sponsorships. As a form of direct community investment, the donation is more of a philanthropic gesture. According to the Canadian Centre for Business in the Community, corporations in Canada allocated a small (one) per cent of their overall community investment budgets to sport related activities¹⁰.

Corporate sponsorship of sport involves expectations by the corporation of a measurable return on investment. Companies often outline a set of sponsorship criteria and rigorously assess the impact of the sponsorship on their profits and sales. A recent survey conducted by the Conference Board of Canada (1998) assessed the type, level and area of sport sponsorship activity in Canada. The most common types of support were for events, organizational programming, and the donation of employees' time as volunteers. Sponsorship of individual athletes was seen as having little return on investment (14%). Many corporations sponsored community-based sports, but two-thirds of sponsorship dollars go to professional sports support.

Both corporate sponsorship and charitable donations are needed support by many sport organizations

to maintain a basic level of coaching, travel and other requirements. These means of support add to funding not provided by government levels, especially for amateur athletic teams where direct athlete assistance is limited. The ability of a sport organization to fund itself completely has its limits. The recent Sub-Committee on Sport recognized the need for sponsorship and has recommended that amateur sport sponsorship be encouraged by setting up a sport marketing advisory board and related tax deductions¹¹.

Conclusion

While federal government spending on sport and recreation has somewhat stabilized in the last few years, and provinces have tended to decrease their expenditures, it is municipalities which have increased their support. In addition, they continue to dispense the largest share of government funding. The overall result is that tri-level government expenditures on sport and recreation increased 24.6% between 1989-90 and 1995-96. Large expenditures on major games, both national and international, channel considerable funding towards games

⁹ Sport Organizations include amateur sports, training, physical fitness, sport competition services and events, and fitness and wellness centres.

¹⁰ **Corporate Community Investment in Canada, 1997: Survey Results.** Canadian Centre for Business in the Community. 1998.

¹¹ **Recommendations 9 and 10 from Sport in Canada: Leadership, Partnership and Accountability.** Sub-Committee on the Study of Sport in Canada. 1998.

preparations which may include developing infrastructure, sport facilities and promotional material, organizing equipment and providing administration services. These games require a strong partnership among sport organizations, local communities and various levels of government. A long-lasting benefit to the host community

and to athletes from further afield remains long after the games; the new facilities continue to meet training needs.

Local communities are faced with demands for facilities and programs that are likely to grow. As well, the large cohort of baby boomers that is starting

to enter retirement age may require different services from the present generation of seniors. Governments involved in the distribution of funds for facilities and programs, which are largely driven by community needs, may be faced with having to deliver more and new programs and services. □

RELEASE DATES FOR CULTURE STATISTICS PROGRAM SURVEYS

SURVEYS	Reference Year 1994-95	Reference Year 1995-96	Reference Year 1996-97	Reference Year 1997-98	Reference Year 1998-99
Sound Recording Project					
- record companies	no survey	May 5, 1998	no survey	June 2000	no survey
- music publishing	no survey	no survey	no survey	December 2000	no survey
Motion Picture Theatres	July 10, 1996	September 29, 1997	August 24, 1998	July 1999	July 2000
Film and Video Distributors	July 29, 1996	no survey	no survey	July 1999	July 2000
Film and Video Production	October 30, 1996	March 27, 1998	December 1, 1998	August 1999	August 2000
Laboratory and Post-Production Services	November 26, 1996	March 27, 1998	December 1, 1998	August 1999	August 2000
Government Expenditures	August 12, 1996	September 25, 1997	September 24, 1998	August 1999	August 2000
Book Publishing	May 7, 1997	no survey	July 9, 1998	no survey	June 2000
Periodical Publishing	September 6, 1996	no survey	September 14, 1998	no survey	September 2000
Television Viewing	August 23, 1995	July 25, 1996	February 5, 1998	January 29, 1999	November 1999
Radio Listening	August 23, 1995	January 30, 1997	February 5, 1998	September 8, 1998	July 1999
Performing Arts	January 16, 1997	no survey	March 4, 1999	no survey	September 2000
Heritage Institutions	no survey	March 9, 1998	no survey	September 1999	no survey

This schedule was prepared to let our readers know about the most recent data available for each area, and when they can expect updated information.

PUBLICATIONS

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