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FOCUS ON CULTURE

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The Gift and the Giver: Individual Giving to Culture Organizations in Canada

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Charitable giving fulfils an important role in Canadian society. Gift givers can directly improve the quality of life of their beneficiaries and, at the same time, the act of giving is an expression of personal and social values. However, aside from a few small-scale studies, there has been a scarcity of information about the philanthropic behaviour of Canadians. Until recently, the only source of information on financial giving has been Revenue Canada tax files. These data may not be complete because the files only contain information on organizations that give out receipts. In addition, many people do not bother to claim all their charitable giving if they lose receipts or feel that the amount given is insignificant. Also, flexible tax laws mean that the number of reported contributions in any given year may not reflect the actual amount that people donate.

Fortunately, the 1997 National Survey of Giving, Volunteering and Participating (NSGVP) has provided us with the opportunity to fill this data gap and draw a better picture of Canadians' donations of time and money. Eight out of ten Canadians 15 years of age or over reported donations, either financial or in-kind, to all types of charitable and non-profit organizations in 1997[1]. As the number of charities and non-profit organizations continues to expand, the demand for our philanthropic dollars will likely increase.

In terms of direct contributions, 2.4% of Canadians gave to culture organizations. The battle against deficits in the performing arts sector remains an ongoing issue, and success will likely lie in soliciting more support from the private sector. In addition, data from the Heritage Institutions Survey reveal that government grants are not keeping pace with higher operating expenditures. In 1991 almost 77% of the operating revenues of not-for-profit heritage institutions came from the public purse. By 1995-96, this proportion had declined to 65%. Culture organizations are already beginning to organize themselves around new fundraising ventures that attract both corporate and individual donations. For culture organizations who are increasing their reliance on individual donations, there may be questions of particular interest. Are there regional differences in personal donations to culture? Are there common characteristics of those who give to culture? What method of fundraising is most effective? To better explore such issues, the NSGVP gives us a first-hand look at the characteristics of culture patrons.

While for many decades governments have helped to subsidize the nation's culture organizations, during the 1990s we have witnessed a decade of generally declining public support. Coincidentally, private sector donations, particularly in the areas of heritage and performing arts, are assuming a growing importance. Although Canadians continue to contribute directly to performing arts and heritage organizations by their relatively steady attendance numbers, the degree of reliance on individual donations and other private sources of revenue appears to be increasing. In 1995-96, individuals contributed $17 million to performing arts organizations (a rise of 29% from 1990-91). Between 1990-91 and 1994-95, performing arts organizations received significantly increased revenues from trust and endowment funds as well as from foundations (a rise of 94% and 30% respectively)[2]. Similarly, individual donations to heritage institutions in

[1] "Caring Canadians, Involved Canadians". Statistics Canada, Catalogue No. 71-542-XPE.

[2] A foundation is usually set up for a specific purpose, often with a particular objective and within a limited time frame. It may be the creation of an individual or a corporation. The money in an endowment fund, which can be added to by any individual or corporate donation, becomes the property of the company "endowed" and as such, can normally be used for whatever purposes the company deems fit. The principle is not touched, except in extraordinary circumstances.

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Canada grew by 17% between 1990-91 and 1995-96. Corporate grants and donations for heritage institutions also rose 42% during this time, while government contributions declined 1% (refer to Table 1).

Table 1

Revenue Sources for Performing Arts Organizations and Heritage Institutions

Organization	1990-91	1994-95[1]	% change 1990-91 to 1994-95
Performing Arts	$	$	%
Total government grants	123,953,897	137,280,187	10.8
Revenue from trusts or endowment funds	1,202,165	2,326,365	93.5
Corporate sponsorships	14,768,060	14,583,980	-1.2
Corporate donations	7,588,122	7,382,155	-2.7
Foundations	3,982,444	5,156,474	29.5
Individual donations	**13,264,107**	**17,058,077**	**28.6**
Total revenue from tickets, sales etc.	164,430,123	186,949,123	13.7
Total revenue	**351,613,264**	**394,142,890**	**12.1**
	1990-91	1995-96	% change 1990-91 to 1995-96
Heritage Institutions	$	$	%
Total government grants	978,527,195	972,726,322	-0.6
Corporate grants and donations	14,861,591	21,035,655	41.5
Corporate budget	9,649,829	5,840,113	-39.5
Foundations	21,453,682	14,575,662	-32.1
Individual donations	**27,443,079**	**32,181,616**	**17.3**
Total revenue from tickets, sales etc.	274,693,065	351,751,386	28.1
Total revenue	**1,273,302,464**	**1,439,010,464**	**13.0**

[1] *Although more recent data are available, because of methodological changes to the performing arts survey, 1994-95 data are the latest that can be compared to 1990-1991.*

Source: *Performing Arts Survey and Survey of Heritage Institutions.*

Canadians support a variety of culture organizations

Just over 2% or slightly over half a million Canadians financially supported one or more culture organizations in 1997. This amounted to over $35 million, with an average donation of $73. Put another way, this translates into about $1.18 per person being donated to culture in Canada. Using the ICNPO allows for international data comparisons; Salamon, Anheier et.al. (1996) found that in 1990 direct individual contributions towards culture organizations in Germany amounted to $6 million (about 8 cents per person) and in Great Britain to $78 million (about $1.45 per person)[3].

Canadian contributions may be a direct financial donation or an indirect type of support such as purchasing a charity-sponsored raffle or lottery ticket, attending charity casinos or purchasing goods such as coupons, chocolate bars or other items. Each culture patron may give to more than one culture-related

[3] *Data on individual donations was collected from a population survey in Germany and a variety of umbrella organizations and public agencies in the United Kingdom. Salamon, Anheier, Sokolowski and Associates.* The Emerging Sector: A Statistical Supplement. *John Hopkins University, Institute for Policy Studies. 1996.*

Information about the National Survey of Giving, Volunteering and Participating (NSGVP)

The NSGVP is the most extensive survey that Statistics Canada has undertaken on the topics of volunteering and giving. It was conducted during November and December 1997 as a supplement to the monthly Labour Force Survey. This survey built on 1987 work on volunteering and also introduced questions on the giving and participating habits of Canadians. The resulting data are from a representative sample of Canadians aged 15 and over.

The NSGVP used a specialized system to classify the organizations people donate to, or volunteer for, called the International Classification of Non-Profit Organizations (ICNPO). This system was developed by two American researchers for the purpose of measuring the non-profit sector in a uniform and cross-national way (Salamon & Anheier, 1997). The organizations are differentiated according to their basic economic activity or type of good or service produced. The ICNPO uses 12 major activity groups, one of which is termed "culture and recreation", which includes a sub-group called "culture".

Culture and arts related organizations are classified as follows:
Group 1: Culture and Recreation
Culture:

1110: Media and communications: Production and dissemination of information and communication - includes radio and TV stations, publishing of books, journals, newspapers, newsletters, film production, and libraries.

1120: Visual arts, architecture, ceramic art: Production, dissemination and display of visual arts and architecture, including sculpture, photographic societies, painting, drawing, design centres and architectural associations.

1130: Performing arts: Performing arts centres, companies and associations including theatre, dance, opera, orchestras, choral and other music ensembles.

1140 and 1150: Historical, literary and humanistic societies, and museums: Promotion and appreciation of the humanities, preservation of historical and cultural artifacts, commemoration of historical events - includes historical societies, poetry and literary societies, language associations, reading promotion, war memorials, commemorative funds and associations; Museums - includes general and specialized museums covering art, history, sciences and technology.

1160 and 1100: Other: Zoos, aquariums, multidisciplinary and unspecified.

organization. For example, someone may buy a lottery ticket for a local orchestra and also donate money to a public broadcaster. In fact, the largest proportion of the donating population gave to organizations that disseminate information, such as public television, libraries and newsletter publications (1.2% of the donating population). One percent of the donating public gave to theatres, dance, opera and other performing arts organizations. The remainder of culture organizations combined received donations from .8% of the donating public (refer to Table 2).

Some regional variations in culture donations

The incidence of charitable giving (that is, the number of individuals who make financial donations as a proportion of all individuals) varies across regions in Canada. Provincial variations in the number of people who donate and the amount they donate, may reflect the diversity of Canadians' economic situations and living conditions. Albertans reported the highest donating rate (i.e. the percentage of individuals in the population who make donations) for culture organizations in Canada (3.2%). However, at $72, donors in Alberta made smaller average donations to culture than residents of some other provinces. Conversely, Ontarians and British Columbians made larger average donations to culture although from a smaller proportion of the population. At the same time, the culture donor rates in Quebec and Atlantic Canada are among the lowest and the donations are the smallest (refer to Table 3).

While smaller donations still are important expressions of support for the activities of culture organizations, one should also remember that the financial contributions made by Canadians do not reflect the entire picture of our support. Donating is only one of several forms of supportive behaviour that individuals may choose. Volunteering and participating are other means by which Canadians express their support for culture organizations. In fact, in 1997, 1.8% of Canadians volunteered for culture organizations. These additional behaviours should be taken into consideration when examining donation rates.

Older or wealthier Canadians more likely patrons of culture

Acts of charitable giving result from a combination of financial capacity to give, values, opportunities and attitudes towards giving. At first glance, it appears that large dollar amounts of charitable giving to culture come from a limited proportion of all donors. According to Revenue Canada tax forms, fewer Canadians gave money to all charities in 1997 than in the year before, but those that did give tended to give more. In 1997, 5.3 million Canadians claimed a charitable deduction on their tax form compared to 6.9 million who claimed the same deduction a year before. However, the total amount of the donations has increased in the last several years. Canadians claimed $4.3 billion in charitable donations in 1997 compared to $3.4 billion in 1994. Evidence from tax forms indicates that as individuals get older, the tendency to donate money to charity increases, as does the amount they give[4]. The same trend appears when examining the data from the NSGVP. On the one hand, there is a steady increase in individuals who make financial contributions to all charities from those aged15 to 34 through ages 35 to 54, although this is followed by a slight decline in the 55 and over age category. On the other hand, the average yearly donation amount clearly increases with age (from an average of $127 in the 15 to 34 age group, to $322 by the 55 plus age group). For culture patrons, the

Table 2

Donating rate, Average and Total Donations and Number of Donors by Type of Organization, Canada, 1997

Organization	Percent of donors (%)	Percent of population (donating rate) (%)	Average amount donated ($)	Number of donors	Total amount donated ($000,000)
Media and communications	1.2	0.9	71	224,769	16
Performing arts	1.0	0.8	66	184,310	12
Historical societies and museums[q]	0.2	0.2	48	56,470	.87
Visual arts[q]	0.5	0.4	60	99,562	5.96
Other	0.1	0.1	--	--	.26
Culture organizations	**3.0**	**2.4**	**73**	**559,675[1]**	**35.1**
All organizations	100.0	78.0	238	18,563,279	4,440.0

[1] The number of people donating to any of the culture organizations includes people who may have donated to more than one culture organization.
[q] Estimates for these organizations should be used with caution because of high sampling variability.
-- Amount too small to be expressed.

Table 3

Donating Rate, Average and Median Amount Donated, by Province or Region, 1997

Province	Culture donating rate (%)	Average donation to culture orgs. ($ yearly)	Median[1] donation to culture orgs. ($ yearly)	Donating rate all orgs. (%)	Average donation to all orgs. ($ yearly)	Median donation to all orgs. ($ yearly)
Atlantic Canada	1.4	69	30	83.2	205	73
Quebec[q]	1.5	27	10	75.0	127	50
Ontario	2.8	79	50	80.3	278	105
Manitoba[q]	1.9	72	60	81.0	307	100
Saskatchewan[q]	2.3	67	25	83.3	308	103
Alberta[q]	3.2	72	46	75.5	337	107
British Columbia[q]	2.7	75	50	73.4	240	70
Canada	**2.4**	**68**	**30**	**78.0**	**239**	**76**

[1] The median is the statistical "halfway point" of a distribution of values. It is a useful measure of how much the typical donor gives. Half of all donors give less than the median value and half of all donors give more than the median. The median is useful when there is a small proportion of individuals who give large sums of money which tend to inflate the average.
[q] Estimates for the culture data for these provinces should be used with caution because of high sampling variability.

[4] "The Daily". Statistics Canada, Catalogue No. 11-001E. December 3, 1998, p. 3.

number and dollar value of donations increases significantly with age. Over three percent of Canadians 55 and over donated to culture and the average dollar value was $88 (refer to Table 4).

Women were more likely to be culture patrons than men. While the value of the average donation was similar for both men and women, $69 and $75 respectively, women were somewhat more likely to be donors then men (2.9% versus 1.8%). When looking at all types of donations, we see that women are consistently more likely to be donors than men.

Another characteristic of donors that increases with increased giving is education level. In fact, the differences in individual donations between education levels are dramatic. The average dollar value of the donations to all organizations ranged from $174 for those with a high school education or less, to $473 for those with university degrees. This pattern is also observed with culture donors; annual average donations more than doubled between $54 and $124.

While it is observed that those with higher incomes are more likely to contribute to culture organizations, they do not necessarily give more dollars. Close to 5% of Canadians with incomes over $70,000 made financial contributions to culture, while just under 2% of individuals with household incomes under $39,999 donated to the same organizations. However, the average amount donated differed by just $12 ($75 vs $63). Interestingly, it appears that those with household incomes between $40,000 and $69,999 gave the largest average donations to culture organizations. This suggests that individuals with higher household incomes are more likely to give to culture but are less likely to give the largest average donations. This differs from the overall trend in donating where higher income groups are more likely to give more dollars; average of $398 and median of $136 for households with incomes over $70,000. More analysis is required to determine if there is a significant connection between the age of cultural donors and their level of education and corresponding household income.

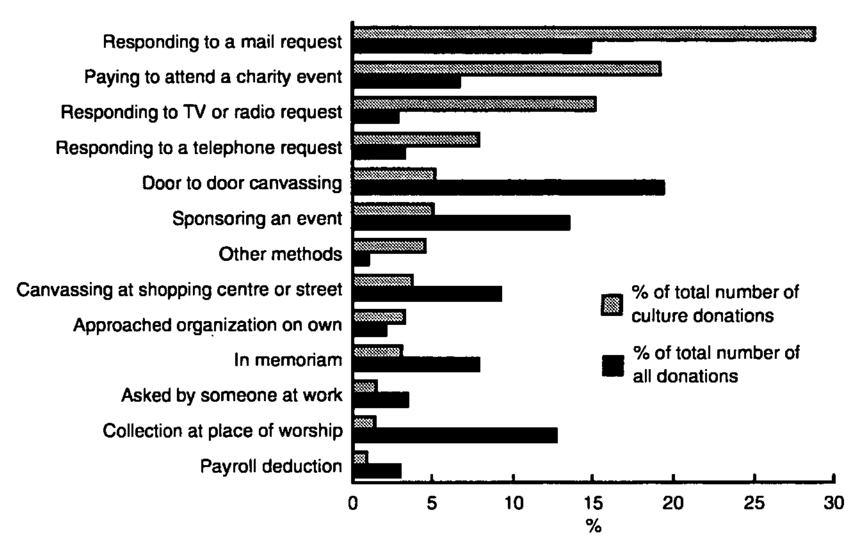
Table 4

Donating Rate and Average Annual Amount Donated, Canadians 15 and Over, by Province, 1997

Characteristic	Culture donating rate (%)	Average donation to culture orgs. ($ yearly)	Median[1] donation to culture orgs. ($ yearly)	Donating rate for all orgs. (%)	Average donation to all orgs. ($ yearly)	Median donation to all orgs. ($ yearly)
Age						
15-34[q]	1.3	35	10	69.0	127	40
35-54	2.6	78	50	84.0	272	90
55 and over	3.4	88	45	81.0	322	120
Education						
High school or less	1.3	54	25	71.0	174	60
Some post secondary[q]	2.9	37	15	78.0	196	65
Post secondary degree	2.6	56	25	84.0	237	80
University degree	5.3	124	55	90.0	473	168
Sex						
Males	1.8	69	45	75.0	243	73
Females	2.9	75	25	81.0	236	83
Household Income						
less than 39,999	1.8	63	25	71.0	161	50
40,000 to 69,999	1.8	83	33	82.0	230	80
70,000 and over	4.5	75	36	89.0	398	136
CANADA	**2.4**	**73**	**30**	**78.0**	**238**	**76**

1 *The median is the statistical "halfway point" of a distribution of values. It is a useful measure of how much the typical donor gives.*
q *Estimates for donations in this category should be used with caution because of high sampling variability.*

Methods of making donations to culture, 1997



Culture donors tend to respond to mail requests

There are a variety of ways in which organizations seek financial contributions and Canadians respond differently to each method. In fact, some methods of soliciting charitable donations may generate a greater volume of funds than others. In reality, most donors make their year's charitable donations in more than one way. By isolating culture donations specifically, the survey revealed that donors respond mostly to mail requests (29%), paying to attend a charity event (19%) and responding to a television or radio request (15%). On the other hand, the most common method of solicitation for all organizations combined appears to be door to door canvassing (19%), followed by mail requests (15%) and event sponsorships (14%).

Conclusion

The results from the National Survey on Giving, Volunteering and Participating reveal that a larger proportion of older Canadians donate to culture organizations than other age groups. As a growing proportion of Canadians move into their 50s, many of them will have more disposable income, but there is no evidence to suggest that greater sums of money will flow to the arts[5]. In fact, as the demand for all philanthropic dollars continues to increase, particularly in the competing areas of education, health and social service agencies, the debate continues as to whether or not aging baby boomers will support cultural activities at the same levels as their parents. While some have speculated that arts organizations will flourish as the population ages, others are less optimistic. But if the pessimists prove the more prescient, then the size of audiences in the future is not the only thing at stake; the number of people willing to donate money to the arts is also in question[6].

It is important that financial giving to culture organizations not be viewed in isolation. Many Canadians volunteer both time and money to culture organizations and also participate in culture-related activities in a variety of forms, from buying theatre tickets to singing in a local choir to visiting a community museum. However, information on those that directly donate to culture organizations is useful for directing fundraising activities and lobbying corporate and government support for particular culture organizations. It is expected that the need for this information will only increase as evolving social and economic trends require culture organizations to employ more innovative marketing and targeted fundraising strategies.

[5] *Livesey, Bruce. "Will Boomers ever switch from Al Green to Verdi?" Financial Post Weekly, March 1, 1997.*

[6] *Ibid.* □

Governments Committing Less to Culture

Norman Verma, Project Manager, Government Expenditures on Culture

Over the last decade, budgetary restraint in government spending has restricted culture-related spending at the federal and provincial levels. Municipalities, on the other hand, have reported increased spending on culture. This increase was able to moderate, but not to reverse, the cuts in spending by the other two levels of government.

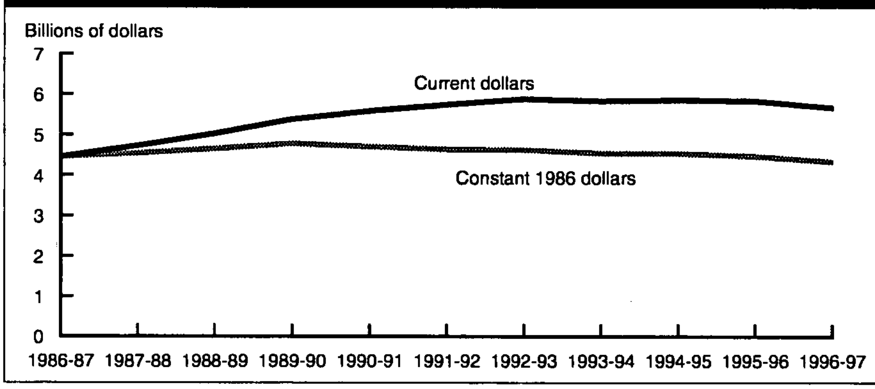
Overall decline in total government spending

In 1996-97 all levels of government spent a total of $5.66 billion on culture, which represented about 1.5% of their total budget, down about 0.4 percentage points from 1986-87. This $5.66 billion was down 3% from 1995-96 and 4% less than the peak spending of $5.88 billion in 1992-93. If inflation[1] is taken into account, 1996-97 represents the seventh straight year that government spending on culture has declined. (Note: remaining data in this article are expressed in terms of current dollars with no adjustment for inflation.)

Downward trend in federal culture spending

The picture at the federal level shows a declining rate of growth in culture spending between 1986-87 and 1990-91, followed by actual drops in the next 3 years (refer to Table 1). Normal, recurring culture expenditures continued to decrease in 1994-95 and 1995-96, but because of increased severance costs associated with the downsizing of federal culture departments and agencies, federal culture spending showed an increase over those two years. By 1996-97, however, only minimal severance-related costs were reported and expenditures of $2.78 billion had dropped down to almost the same level as in 1988-89. Although 1996-97 federal spending was 13% higher than a decade before, the percentage of the total federal budget devoted to culture had declined from 2.0% to 1.7%. Further, the federal share of all government spending on culture also had declined over the decade, falling five percentage points to 47% by 1996-97.

Total government expenditures on culture, 1986-87 to 1996-97



In contrast to the overall trend of decreasing government expenditures on culture, consumers are increasing their spending on culture activities. Results from the Statistics Canada Survey of Family Expenditures show that between 1986 and 1996, family expenditures on culture[2] grew by 78%. Over the same period, the average price as measured by the Consumer Price Index was up about 36%.

[1] *Inflation was calculated by using the Implicit Price Index for government current expenditures on goods and services.*

[2] *Includes admissions to museums, live stage performances, books, textbooks, magazines, newspapers and other printed material, movies, records, tapes and CDs, video tapes and discs, collectors' items, art goods and decorative ware, original works of art, artists' materials, musical instruments, and handicraft kits and material.*

There are three main categories of spending on culture: operating expenditures; grants and contributions; and capital expenditures.

operating expenditures

Operating expenditures averaged about three-quarters of the total federal culture budget over the last decade and, being the largest component, their levels followed closely the rise and fall of overall spending.

grants

Grants, contributions and other transfers to artists and organizations, although a relatively small category of spending (at $332.3 million in 1986-87) showed the largest growth rate over the decade, even though absolute levels declined in three of the last four years. The film and video sector suffered the most from these declines but also benefitted considerably in 1996-97 when grants and contributions grew overall by 15%. This was largely the result of significant contributions to the Canada Television and Cable Production Fund. Nevertheless, the 1996-97 level of support at $427.9 million was about 3% lower than the peak disbursements in 1992-93.

capital expenditures

Capital expenditures by their very nature tend to fluctuate considerably. Their highest level was reached in the late 1980s ($349.4 million in 1989-90) when major construction projects were under way for two national museums and several historic parks and sites. These major activities approached completion in the early 1990s and, as a result, capital expenditures fell considerably. The 1990-91 capital spending of $242.3 million represented a drop of 31% from the previous year, and was close to the level of 1984-85 ($239.5 million), before the major projects had commenced.

provincial/territorial distribution

While federal culture spending occurred in all provinces and territories, a significant amount of the budget went to Ontario and Quebec. In 1996-97, the federal government spent about $1.98 billion, or 71% of its total culture budget in these two provinces (41% in Ontario and 30% in Quebec). This allocation reflects the location of a large number of federal culture departments and agencies, as well as major culture industries and institutions in these two jurisdictions. Over the past decade, Ontario and Quebec have increased their share of the federal culture budget, Ontario's share increasing the most at 4.9 percentage points, followed by Quebec's increase of 1.3 percentage points. Changes in all other jurisdictions were less than one percentage point up or down.

culture industries

Over the decade ending in 1996-97, federal spending has remained concentrated in culture industries[3] ($1.93 billion in 1996-97), almost entirely in operating and capital expenditures, and with broadcasting averaging three-quarters of the amount. Spending on broadcasting increased in each of the first nine years of the decade but would have fallen in year nine if it had not been for severance payments. With these payments almost complete, the 1996-97 budget dropped by 11%. Nevertheless, spending on broadcasting finished the decade 27% above its starting point. On the other hand, while spending on the other culture industries grew 16% between 1995-96 and 1996-97 it was still down 2% from 10 years earlier.

heritage

The next largest destination of federal culture funds was the heritage sector. Spending on heritage amounted to $621.7 million in 1996-97, representing 22% of the total federal culture budget, no change in the proportion from 1986-87. Nearly three-quarters of the federal heritage budget was spent by departments and agencies on their own operations, with capital expenditures accounting for about a further 20%. Grants and contributions made up the final five percent. As mentioned earlier, large capital projects in the late 1980s had a major influence on overall heritage spending levels, while operational expenses more closely followed the general pattern, peaking in 1990-91 and finishing the decade at 28% higher than at the beginning. As with culture industries, there has been a concentration of spending on heritage activities in Ontario and Quebec, reflecting the presence of major heritage institutions in these provinces.

the arts

The share of federal culture funds allocated to the arts[4] fell slightly over the decade to end at 4% in 1996-97. Beginning at $107.0 million in 1986-87, and after having risen by almost a third in the first half of the decade, spending on the arts declined in each of the next five years, to reach $114.3 million in 1996-97. This was down 8% from the preceding year and down 19% from the peak in 1991-92, although still higher than a decade earlier. The decline was due largely to a drop in grants and contributions to artists and performing arts organizations.

per-capita spending

On a per-capita basis, federal spending on culture continues to be highest where the population is smallest - in the Northwest Territories ($571) and the Yukon ($416) (refer to Table 2). Next in line are Quebec ($114) and Ontario ($102) where much of the infrastructure

Table 1

Federal Government Expenditures on Major Culture Fields, 1986-87 to 1996-97

	Spending on major culture field (millions of dollars)					
Year	Total	Broad-casting	Other culture industries	Heritage	Arts	Other[1]
1986-87	2,450.9	1,166.5	453.2	543.3	107.0	180.9
1987-88	2,608.8	1,235.0	491.5	594.1	111.1	177.1
1988-89	2,749.7	1,319.1	525.4	631.3	124.2	149.7
1989-90	2,890.9	1,429.0	538.1	644.8	140.0	139.0
1990-91	2,892.7	1,456.0	499.4	647.8	129.1	160.4
1991-92	2,884.0	1,463.9	489.8	641.5	141.3	147.5
1992-93	2,883.1	1,509.0	459.3	629.1	133.9	151.8
1993-94	2,831.5	1,509.4	417.2	624.9	132.2	147.8
1994-95	2,875.7	1,575.0	411.0	622.4	124.1	143.2
1995-96	2,923.3	1,672.5	383.3	624.1	123.7	119.7
1996-97	2,776.0	1,486.1	444.4	621.7	114.3	109.5

[1] *Includes multiculturalism and multidisciplinary activities.*

[3] *Includes broadcasting, film and video production, book and periodical publishing, and the sound recording industry.*

[4] *Includes performing arts, visual arts and crafts, and arts education.*

for the culture industries is concentrated. In the Atlantic region, per-capita spending of $80 was slightly less than the national average of $93. In Western Canada, it was $45, one-half of the national average. Although absolute spending levels have changed somewhat since 1986-87, the relative positions of the various regions have not changed much.

Provincial and territorial culture outlays show fourth consecutive decline

Provincial and territorial spending on culture showed a pattern similar to that at the federal level, increasing in the first six years of the decade and then declining (refer to Table 3). Overall, culture's share of the provincial spending pie declined from 1.2% in 1986-87 to 1% in 1996-97. The provincial/territorial share of all government culture expenses finished the decade down one percentage point, at 29%; their share peaked in 1992-93, at 32%.

This pattern is quite close to that of spending on libraries, culture industries, and the arts, while in heritage, after peaking in 1992-93, spending remained relatively stable in the next four years. In terms of intramural and extramural spending[5], in the first six years of the decade spending on operations and capital projects grew by 45%, while grants and contributions increased by 34%. In the last four years of the decade, however, both areas declined by 12%. The end result was that the 1996-97 allocation of $1.02 billion for grants and contributions was up 17% over the decade, while the $706.2 million for operating and capital expenditures was up 28%.

Over the decade starting in 1986-87, per-capita spending increased or remained stable in most areas of the country (refer to Table 2). It more than doubled in the Yukon and was up just over 50% in the Northwest Territories and the Atlantic region. In Western Canada, per-capita spending levels remained fairly constant. In the central regions of the country, the trends went in opposite directions, with Quebec reporting an increase (+32%) and Ontario a decline (-20%).

Municipal culture outlays continue to increase

A considerable portion of municipal spending on culture is based on transfers from provincial and territorial governments and these transfers, in general, have followed a pattern similar to total provincial and territorial culture expenditures. Nevertheless, municipalities almost continuously increased their spending on culture during the decade, finishing at $1.44 billion in 1996, a 76% increase. The municipal share of total culture spending by all levels of government was up seven percentage points over the decade to 24% in 1996.

Spending on libraries dominated the municipal culture budget, accounting for $1.09 billion, or 76% of total municipal culture outlays in 1996. The amount included about one-quarter of a billion dollars[6] transferred by the provincial and territorial governments.

Over the ten years ending in 1996-97, per-capita municipal culture expenditures have remained about twice as high in Western Canada as in the Atlantic region (refer to Table 2).

Provincial and territorial government expenditures on major culture fields, 1986-87 to 1996-97

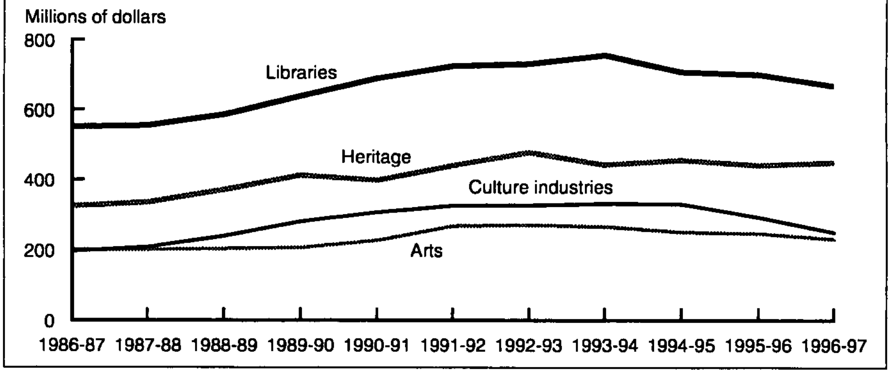


Table 2

Per-Capita Government Expenditures on Culture, 1996-97, and Percentage Change from 1986-87

	Federal		Provincial/ territorial		Municipal[1]	
	$	% change	$	% change	$	% change
Newfoundland	79	-2	71	103[2]	22	47
Prince Edward Island	99	18	89	16	9	13
Nova Scotia	91	14	58	38	34	79
New Brunswick	62	5	46	48	25	39
Atlantic provinces	**80**	**8**	**59**	**51**	**27**	**59**
Quebec	114	8	79	32	33	43
Ontario	102	9	39	-20	54	46
Manitoba	57	-7	73	20	43	54
Saskatchewan	40	-13	63	9	51	38
Alberta	52	2	47	-33	48	55
British Columbia	38	-3	68	33	77	83
Western provinces	**45**	**-4**	**62**	**5**	**60**	**67**
Yukon	416	18	583	130	74	640[3]
Northwest Territories	571	10	129	54	38	192
Canada[4]	**93**	**-1**	**58**	**7**	**48**	**55**

1 Municipal spending is on a calendar-year basis.
2 Increase was largely the result of increased spending on heritage activities in 1996-97.
3 Large increase was attributable to capital funding for arts and culture centres in 1996.
4 Also includes unallocated expenditures.

5 Intramural spending refers to operating and capital expenditures. Extramural spending consists of grants, contributions and other transfers to artists and organizations.
6 In some cases, transfers to municipalities for libraries could not be separated from transfers for other culture activities.

Although no clear pattern emerged for the rest of the country, per-capita spending increased considerably in the Yukon and the Northwest Territories, due largely to increased capital outlays, and only moderately in Quebec and Ontario.

Net expenditures on culture

Although total government expenditures on culture amounted to $5.66 billion in 1996-97, the net cost to government was considerably lower. Economic impact analysis has shown that governments receive back approximately half of their culture spending through direct and indirect revenues, such as taxes, duties, and the sale of goods and services. Thus, on a net basis, governments spent less than $3 billion on culture in 1996-97.

Even though overall government funding of culture may be declining, governments nonetheless continue to play a huge role in the health and vitality of culture in Canada. The impact of government policy shifts particularly at the federal level will, therefore, continue to be felt by the arts and culture community. □

Table 3
Government Expenditures on Culture, 1986-87 to 1996-97

	Federal	Provincial/ territorial	Municipal[1]	All levels of government[2] (current dollars)	All levels of government[2] (1986 constant dollars)
	millions of dollars				
1986-87	2,451	1,423	818	4,449	4,449
1987-88	2,609	1,447	901	4,717	4,540
1988-89	2,750	1,542	999	5,019	4,652
1989-90	2,891	1,690	1,080	5,376	4,779
1990-91	2,893	1,768	1,237	5,578	4,699
1991-92	2,884	1,909	1,263	5,741	4,633
1992-93	2,883	1,964	1,363	5,875	4,615
1993-94	2,832	1,929	1,413	5,823	4,542
1994-95	2,876	1,868	1,427	5,854	4,531
†995-96	2,923	1,790	1,420	5,825	4,470
1996-97	2,776	1,730	1,443	5,660	4,330
% change 1986-87 to 1996-97	13.3	21.6	76.4	27.2	-2.7

1 Municipal spending is on a calendar-year basis; for example, 1996-97 represents the period from January 1 to December 31, 1996.
2 These totals exclude inter-governmental transfers and thus cannot be derived by adding the figures to the left.

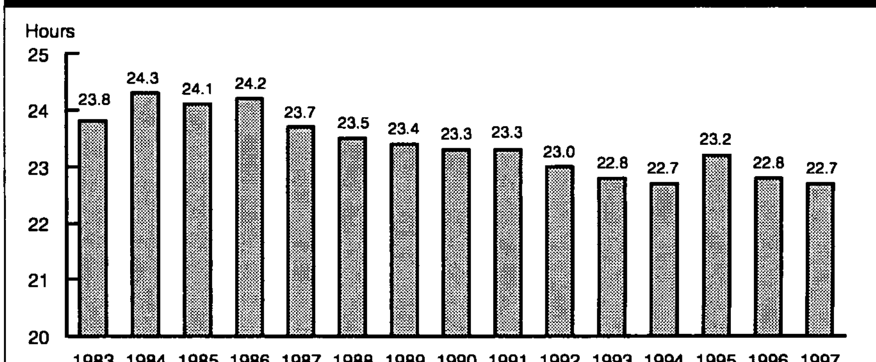
Canadian Pay Television and Specialty Services[1] are Growing in Popularity

Lotfi Chahdi, Manager, Radio and Television

Over the past 15 years, Canadian pay television and specialty services have become direct competitors to Canadian conventional television channels[2]. In the same period, average weekly television viewing time has declined somewhat. This means that people are watching less and less television although the number of specialty services has grown.

This article will discuss how Canadian pay television and specialty services are competing with Canadian conventional television channels. It will also describe the way in which the types of programs offered by these two categories of Canadian television compete for the general public's viewing time.

Average hours per week of television viewing generally declining between 1984 and 1997



A continued increase in viewing of Canadian pay television and specialty services

Over the period 1983 to1997 cable television has been a resounding success: the cable penetration rate has grown steadily, from 58% of the population in 1983 to 77% in 1997. In addition, another means of reception - satellite - has also been introduced, with a penetration rate in 1997 of 3%. The combined proportion of the population with access to cable or satellite services was, therefore, 80%. These alternative distribution methods have permitted the development of pay television and specialty services. Such services as MuchMusic, The Movie Network (originally First Choice), The Sports Network and Super Écran (originally TVEC) were inaugurated in Canada in 1983. Since then, several

1 Pay television and specialized services are television systems to which subscribers have to make individual or monthly payments in order to receive programs. In addition to these payments, air time sales - i.e. the sale of commercial time - are another source of revenue for speciality services only. First Choice is an example of pay television and TSN of a speciality channel.
2 Pay television and specialty services debuted in Canada in 1983.

other Canadian pay and specialty services have come into being. All of this is happening while the average weekly television viewing time by Canadians has declined from a high of 24.3 hours in 1984 to an average of 22.7 hours in 1997 (including 1.3 hours of viewing tapes on video cassette recorders[3]).

Increased access to cable and satellite signal delivery, combined with a diversification of available services, has surely helped to fragment viewing time for conventional channels. Canadian conventional channels, while still commanding the largest audiences of all Canadian viewers, have steadily lost market share (from 74% in 1983 to 60% in 1997). Over the same period, the American conventional channel share of all TV viewing has declined from 24% in 1983 to 14% in 1997, with part of this decline going to American specialty services, whose market share in Canada increased from virtually nil (0.2%) in 1983 to 4% in 1997 (refer to Table 1).

However, it is Canadian pay television and specialty services that are the biggest winners in this changing environment. With the arrival of 15 new Canadian specialty channels in 1997, the audience for Canadian pay television and specialty services has increased remarkably, to 14%[4] of all Canadian viewers in the fall of 1997 from only 1.3% in the fall of 1983. Finally, the share of viewing time occupied by the VCR (probably the most specialty viewing mode of all) has grown from 1% to 6% in the same period.

Note to readers

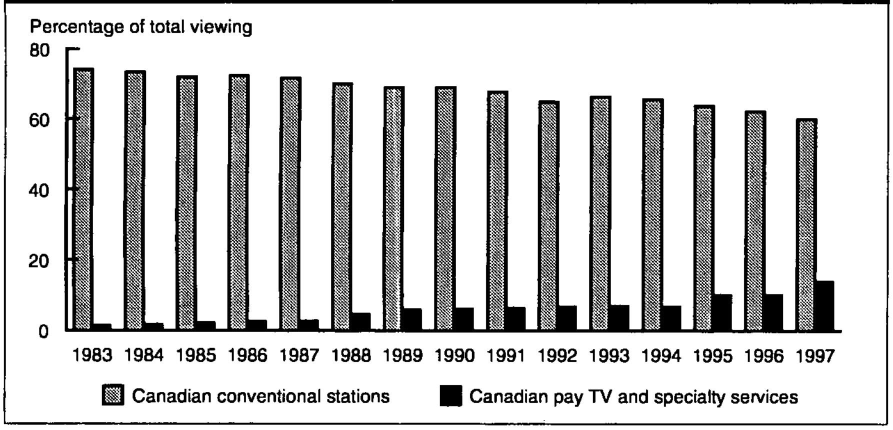
The television project of the Cultural Statistics Program is a joint venture of the Market Analysis Division of the Canadian Radio-television and Telecommunications Commission (CRTC), the Broadcasting Services Policy Branch of the Department of Canadian Heritage, and the Culture Subdivision of Statistics Canada.

The Statistics Canada television viewing databank is made up of files from several sources. The basic viewing data are from BBM Bureau of Measurement surveys, and include demographic characteristics of survey respondents as well as the broadcast schedule for most television channels received in Canada.

CRTC staff establish a file into which the characteristics of each program broadcast during the survey period are encoded. The main characteristics are as follows: content (news, public affairs, drama, religious programming, etc), language, country of origin and percentage Canadian content. The final files, which are conserved by Statistics Canada, also include the network affiliation and geographical location of each television station.

The basic survey was conducted by BBM using a sample of Canadians aged two years and over. Data were collected over seven consecutive days on the viewing behaviour of each respondent, using a diary-type questionnaire. The survey extended over a period of four weeks in 1997 and 1996 and a three-week period each year before then.

Viewing of Canadian pay television and specialty services continues to grow



Canadian conventional television channels are highly popular with French-speaking audiences

The level of viewing of conventional television channels versus new services delivered through alternative distribution mechanisms differs from one segment of the Canadian population to another.

Alternative services have not won over the French-speaking market to the same extent as the English-speaking market. American channels have had the least success with French-speaking viewers, accounting for only 4% of their total viewing time. Canadian conventional channels account for most of the viewing time by French speakers, although they too have suffered from the popularity of pay and speciality services, with their market share declining from 90% in 1983 to 78% in 1997. Canadian pay television/ specialty services and the VCR account for 13% and 4% of total viewing time by French-speakers, respectively, in 1997. The continued importance of Canadian conventional TV to French-speaking audiences is explained in part by observing that French-speaking viewers simply do not have access, in their own language, to the same range of foreign programs from American networks as do English-speaking audiences.

In the English-speaking market, American channels have always competed keenly with Canadian conventional channels, although the latter's audience share fell from close to 70% in 1983 to 53% in 1997. In 1997, English-speaking viewers still devoted close to one-quarter (24%) of their total viewing time to American channels (conventional and speciality), compared to 29% in 1983. However, in 1997, Canadian pay television/specialty services accounted for 14%, up from 1% in 1983, and VCRs accounted for 6% of total viewing (refer to Table 1).

The strong dominance of Canadian conventional television channels in the French-speaking market is reflected clearly at the provincial level; the

3 *Includes rented tapes and previously taped material.*

4 *This high audience level may be due, in part, to a free trial offer for the new specialty channels that was under way during the 1997 survey period. However, preliminary data from the fall of 1998, indicate that pay television and Canadian specialty services have managed to keep their audiences after the free trial period.*

Table 1

Percentage Distribution of Television Viewing Time in Canada, by Signal Origin and Language of Viewer[1], all Respondents Aged 2 Years and Over, Fall 1983 and 1997

	English		French		Total	
	1983	1997	1983	1997	1983	1997
	Percent					
Canadian conventional channels	69.1	53.4	90.4	77.8	75.4	60.0
Canadian pay television and specialty services	1.3	13.8	1.5	12.5	1.3	13.8
Video cassette recorder	0.9	5.9	0.4	4.2	0.8	5.5
Foreign conventional channels	28.4	18.3	7.7	3.5	23.5	14.1
Foreign pay television and specialty services	0.3	5.9	--	0.7	0.2	4.4
Unknown origin	0.1	2.7	0.1	1.3	0.1	2.4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

[1] *Classification by language is based on language spoken at home.*
Note: *Since figures are rounded, their sum may not correspond to the indicated total.*

Television viewing in Canada by signal source shows the importance of Canadian conventional TV in Quebec, Fall 1997

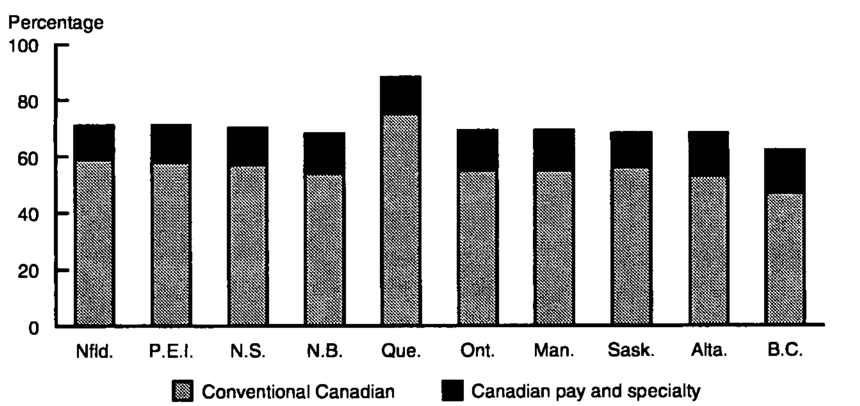


Table 2

Percentage Distribution of Television Viewing Time in Canada, by Signal Origin - Fall 1997

	Children 2-11 years	Teenagers 12-17 years	Adults 18 years and over
		percent	
Canadian conventional channels	41.6	54.5	62.5
Canadian pay television and specialty services	25.4	17.1	12.1
Video cassette recorder	13.1	6.9	4.5
Foreign conventional channels	15.4	16.1	13.8
Foreign pay television and specialty services	1.6	2.6	4.9
Unknown origin	2.9	2.8	2.3
Total	**100**	**100**	**100**

Note: *Since figures are rounded, their sum may not correspond to the indicated total.*

audience share of Canadian conventional television channels in Quebec is 75%, although down from 87% in 1983. Much of this decline has been recovered by Canadian pay television and specialty services, whose substantial increase in market share was noted earlier (14% of total viewing hours in 1997, compared with slightly over 1% in 1983).

At the other extreme, Canadian conventional channels occupy the smallest audience share in British Columbia (47% of total viewing time in 1997, compared with 59% in 1983). In this province as well, this decline largely benefited Canadian pay television and specialty services (15% of total viewing time in 1997, compared with just over 1% in 1983). British Columbia is also the province with the largest audience share for foreign conventional television (24% in 1997).

As a group, children are the most interested in viewing Canadian pay and specialty services

Children aged 2-11 years spend much less time in front of the television than do adults. In 1997 children watched an average of 17.9 hours per week, close to five hours less than the average for the population at large.

However, even with this smaller number of hours, this group devotes a higher proportion of its viewing time (25%) to the new services than does any other segment of the population (refer to Table 2). However, despite this high level of interest in pay and speciality channels, children follow the overall pattern of spending the largest amount of their time watching Canadian conventional television channels (accounting for 42% of their total viewing time). They also spend more of their time (13%) watching taped material on the VCR than any other age group.

Depending on the type of program, conventional television channels and pay TV/specialty services each have their strengths

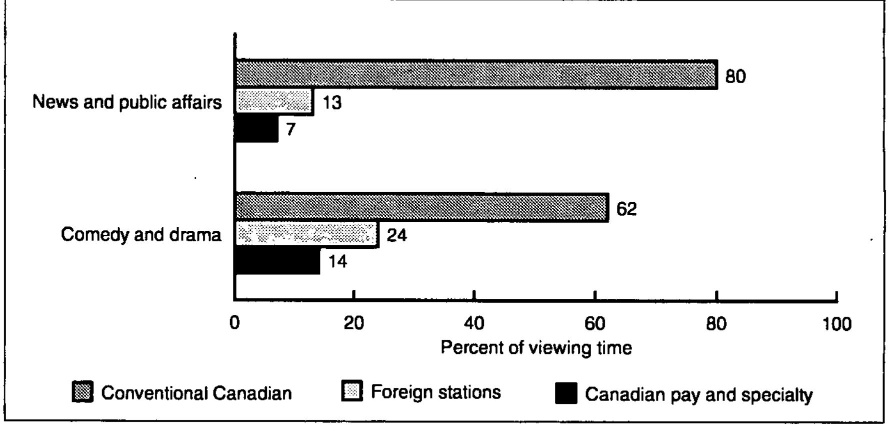
Among all program types, the most watched programs in the autumn of 1997 were dramas and comedies (42%), followed by news and public affairs programs (24%).

Although Canadian conventional television channels account for almost two-thirds (62%) of the audience for dramas and comedies, foreign conventional channels are also a fairly large source for this type of program (23%), followed by Canadian pay TV and specialty services (14%).

The real strength of Canadian conventional television channels, however, lies in news and public affairs programming. Despite the appearance of a few television stations specializing in this type of programming, a large proportion (80%) of the time Canadians spend viewing this category is via Canadian conventional television channels.

Finally, since pay television and specialty services (as the name indicates) specialize in particular types of programs, it is not surprising that they dominate the music and dance program category, with 58% of the audience for programs of this type. They also occupy a sizeable share (29%) of the market for sports programs.

Strength of Canadian conventional channels is in news and public affairs, and comedy and drama programs, Fall 1997



Conclusion

The statistics clearly indicate that Canadian pay television and specialty services have become direct competitors to Canadian conventional channels. For English-speaking audiences, viewing time of conventional Canadian stations and of both conventional and speciality American channels has decreased, with Canadian pay and speciality services picking up the slack. For French-speaking viewers, American channels still do not figure prominently. For this viewing segment Canadian conventional channels are losing out to Canadian pay and speciality services.

Not only has viewing time been fragmented, but coincidentally, average television viewing time has actually decreased, especially among Canadians less than 25 years old. More insight on this trend may be available from the results of a general survey of Canadians' use of time, which are scheduled for release in the fall of 1999. These data, which cover the year 1998, will be comparable to those from a previous survey in 1992, and should provide information on those leisure-time activities engaged in by Canadians that are competing with television viewing time. □

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