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## International Trade in the Arts and Culture Sector

Michel Durand, Chief, Research and Communication

The songs of Bryan Adams, Céline Dion, the Rankin Family, and k.d. lang; the novels of Margaret Atwood, Robertson Davies, Anne Hébert, and Antonine Maillet; the productions of Charles Dutoit, of le Cirque du Soleil, Robert Lepage, and Carbone 14; the films of Atom Egoyan, and Denys Arcand; and the renowned tenors Ben Heppner, Richard Marigison and Michael Schade, all have captured the attention of people around the world. And in so doing, they have helped forge an identifiable image for Canada, a sense of what we stand for, of what kind of society we are, and of course, of the kinds of cultural products we produce.

The data and analysis presented here are part of an ongoing research project (in cooperation with the Department of Foreign Affairs and International Trade, Canadian Heritage, and Industry Canada) to review and enhance Canada's capacity to accurately measure trade in goods and services for the growing arts and culture sector.

The information is still in the early stage of development. Further work is now underway to track additional information and improve these measurements, particularly in the cultural services area.

### Exports of Canadian cultural goods growing at unprecedented rates

Canada's exports of cultural goods and services are growing at unprecedented rates (increasing almost 83% between 1990 and 1995 to reach just under \$3 billion). These export results are not simply due to changes in the value of the Canadian dollar. Far more important has been the growing international demand for Canadian cultural goods and services, and acceptance by individual artists and companies, both large and small, of the challenge of the global marketplace.

Exports of cultural goods<sup>1</sup> (excluding cultural equipment) increased by 125% overall, to reach \$1.2 billion in 1995. This rapid growth in our exports is diversified and is taking

place in almost all major cultural export sectors such as publishing, film and sound recording—International trade data (on commodity exports) indicate that between 1990 and 1995 exports of books went up by 151% to \$246 million; films by 133% to \$65 million; and recordings by 324% to \$111 million.

The US continues to be overwhelmingly our most important export market for all cultural fields, accounting for 84% of exports of cultural goods in 1995 (ranging from 75% of our export sales for sound recordings to 99% of our newspapers and periodicals). Growth in our traditional export markets has been strong over the 1990 to 1995 period (US, 124% to \$977 million; UK, 88% to \$31 million; France, 36% to \$26 million; and Germany, 292% to \$13 million). Growth in some non-traditional markets is also strong (China, 260% to almost \$1 million and Taiwan, 300% to \$2 million). There has been, however, a decline in the share of our cultural export market to such countries as the UK and France, dropping 17% and 40% respectively. These declines may have been in part because of slower economic growth in Europe as compared to North America and the Pacific RIM, but also because of increased intra-European trade. Nevertheless, Europe may present more

<sup>1</sup> Source: Information on commodity imports and exports was taken from the Canadian International Merchandise Trade Statistical Program, Statistics Canada.

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**NOTES AND DEFINITIONS****Trade in goods and services**

Canada's trading position in the area of arts and culture relative to other countries is measured here by an accounting system consisting of two components: i) the exchange of cultural merchandise or commodities by organizations and individuals and ii) the exchange of services (both cultural and non-cultural) by arts and culture organizations and institutions.

**Cultural commodities**

To assess the movement of cultural merchandise into or out of Canada, the following cultural commodities have been retained for analysis: books (fiction and non-fiction, technical and professional books, textbooks, children books, dictionaries, encyclopaedias, and other books); newspapers and periodicals; printed music; other print material (including postcards, greeting cards, calendars, printed pictures, designs, photographs and posters); exposed film; recordings; visual arts (original works of art, other art); and cultural equipment (photographic, print media (excluding fine paper and newsprint rolls or sheets), audio/video, and musical instruments).

**Service transactions by arts and culture sector**

The following arts and culture fields have formed the basis of the analysis when computing service transactions by organizations, institutions and individuals: written media, film industry, broadcasting, recording industry, performing arts and other stage performances, heritage, culture-tourism (e.g., tourist expenditures), and advertising.

Because arts and culture organizations generate economic activity and service transactions in both culture and non-culture related areas, it was felt appropriate and useful to study all services that have a relationship with cultural goods trade: i) cultural services embodied in the cost of producing or distributing the cultural good (e.g., pre-publication costs, royalties, copyright licensing fees, advertising, cultural professional services, tourist expenditures on culture); ii) cultural services that substitute for trade in goods (e.g., leasing, foreign sales); and iii) services that facilitate trade in goods or services that do not necessarily have a direct relationship with goods (e.g., expenditures for transportation, food and beverage, accommodation and transportation in location film shooting, participation in fairs and festivals, culture tourism, communications, repair and maintenance, financial services, banking, insurance, consulting and other business services).

*For more information on the Balance of Payments Study (concepts, definitions, methodology, limitations and gaps) please contact Michel Durand, Chief, Research and Communication Section at (613) 951-1566.*

potential as a market for Canadian products than the increasingly saturated North American one.

The export of cultural services includes such items as foreign tourist expenditures on culture in Canada, copyright license fees and other service monetary transactions. They represent more than half (61%) of our total exports of cultural goods and services, or \$1.8 billion in 1995. This sector has not grown as vigorously as commodity exports, but nevertheless grew by 63% over the 1990-95 period.

**Culture tourism boosts export performance**

The most significant foreign revenues generated by some of the cultural

activities (e.g., festivals, performing arts, heritage institutions) come not from touring abroad, but from foreign tourists visiting Canada in order to participate in these events. One way in which a number of cities have been successful in constructing a competitive tourist image is through cultural tourism, conducting activities and events designed to attract outside interest based upon the historical, artistic, or heritage offerings of a region, group or institution. In addition to a variety of cultural events and festivals, many tourists are drawn by national and provincial parks, historic and archaeological sites and museums, or simply come to admire nature and Canada's wide open spaces. We are becoming a major tourist destination for

an increasing number of visitors from abroad. Visits (of one or more nights) from the US went up 4% in 1995 over the previous year to over 13 million person-trips. Although the US is our largest source of tourists (650,000 per year), there are, however, several other countries with more than 100,000 tourists per year, all of which displayed larger increases in visits in 1995, some of these quite significant (visits from Britain were up by 11%; from Japan, 22%; from Germany, 15%; from Hong Kong, 33%; from South Korea, 44%; and from France, 5%).

A lot is at stake here, with recreation and entertainment expenditures by US and overseas tourists amounting to \$949 million (60% of which is from US travellers). This represented 11% of total foreign tourist spending in Canada in 1995. Canadians, on the other hand, spent \$1.3 billion on recreation and entertainment activities abroad (64% in the US), or 15% of total foreign trip spending.

**Foreign-controlled companies continue to dominate**

In Canada, the cultural industries of book publishing and distribution, sound recording, and film and video distribution are dominated by foreign-controlled interests, and imported cultural products account for a large portion of sales. Foreign subsidiaries (especially American) compete against Canadian companies, often marketing imported goods. These goods have already recovered all or some of their costs in their home markets and as such can produce higher profit margins.

Data from the last four years, however, suggest a decline in the market share held by foreign-controlled firms in Canada. Foreign-controlled firms earned and controlled somewhat less of the cultural industry's total revenue in 1993-94 compared to 1990-91 (largely due to the growth of the Canadian export market, which almost totally benefited Canadian-controlled companies).

In 1993-94, foreign-controlled companies accounted for:

- fifty per cent of the film and video distribution revenue (including 83% of the theatrical market and 40% of the home entertainment market), representing a significant decline from the share held in 1990-91 (57%);

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- eighty-four per cent of all record sales in Canada - a 5% percent drop below 1990-91; and
- thirty-eight per cent of sales of books - an 8% drop below 1990-91.

Foreign-controlled firms account for a marginal share of the export market: 5% of book exports; 0% of film exports; and 1% of the sound recording export market. They dominate, however, the importing activity in Canada, capturing 57% of the import business for books, 58% for films and 88% for recordings.

#### **Canadian-controlled companies also import**

It is Canadian-controlled companies who finance the overwhelming majority of the less profitable Canadian cultural products - products that are often geared to small, niche markets that are created by linguistic and regional differences. These companies usually cannot become self-financing by dealing in Canadian products alone. They rely, therefore, on popular imports - for 57% of their record sales, 44% of book sales, and 69% of film and video distribution.

#### **Canadian content material still performs well**

Although the large market share of products imported by both Canadian- and foreign-controlled companies might have been expected to lower the market share of Canadian cultural products and services, such has not been the case.

Revenues from the sale and rental of Canadian films<sup>2</sup> represented a small share of the distributors' total sources

<sup>2</sup> A Canadian production, here, includes those productions meeting any one of the following criteria: (1) certified for 30% capital cost allowance (CCA) since 1988; (2) certified under the film and video production tax credit regulation (1995); (3) produced with Telefilm Canada assistance; (4) made by Canadians prior to the CCA program; (5) produced by the National Film Board (NFB); (6) an official co-production; (7) certified by the CRTC; or (8) produced with financial assistance of the Canada Council, the CBC, or with provincial government assistance (Film Development Corporations, Departments or Agencies).

of income. Overall, Canadian products earned about 16% of distribution revenue in 1993-94, or \$123 million, still one of the best performances so far. This percentage varies for different markets, however - 17% for the home entertainment sector including TV, pay TV and home video, and 10% for the theatrical sector, both of which are displaying strong gains over the performances of the 1980's. In broadcasting, Canadian programs lost some of their share of viewing time in almost every program category (except for religion and comedy programs). Canadian drama was only 15% of viewing time in 1994, dropping almost 4 percentage points below 1990. Finally, Canadian-content material represented 13% of total sales of records, tapes and compact discs in 1993-94, a percentage which has increased consistently over the last three years (from 10% in 1990-91).

#### **Importation of cultural goods grows at a slower pace than exports**

Our bookstores, newsstands, record shops, cinemas and television screens testify to Canada's position as one of the largest importers of cultural products in the world.

Between 1990 and 1995:

- The value of imported culture goods and services (excluding culture equipment) totalled \$6.0 billion, increasing 24% in five years; this change represented, however, less than one third the growth rate for exports, which grew 83% over the same period to just under \$3 billion.
- The importation of sound recordings grew 146% between 1990 and 1995, the highest rate of growth among the cultural goods.
- The value of imported cultural services reached \$2.8 billion in 1995, increasing 21%.

#### **Culture trade deficit shrinks**

Data indicate that between 1990 and 1995, exports have grown from being only one third as large as imports to

currently being one half as large as imports. The Canadian balance of payments in cultural goods and services (excluding cultural equipment and non-culture business services) indicates, therefore, a shrinking deficit, dropping 5% between 1990 and 1995, to reach \$3.1 billion.

However, as new communications technologies carry more cultural products more easily across international boundaries, there is some concern that there will be a deteriorating trade deficit. The effects of such innovations cannot yet be fully felt or determined.

#### **The future looks hopeful**

Our improved competitiveness in the arts and culture sector is due to many factors, such as our maturing cultural industries, improved productivity, increased and more focused marketing and promotion efforts, and government assistance programs. Government assistance for export activities has helped Canadian film and television, publishing, and sound recording companies to penetrate foreign markets, and the successes have more than made up for the slower growth rate of the domestic market in some areas.

Arts and culture activities, in economic and industrial terms, have gained new significance over the past decade in that they have become targets of international economic development policies in most trading countries. Only in the past 10 years or so has the Canadian cultural sector, especially the film and video production sector and the recording industry, been able to begin any significant inroads into foreign markets.

Canada is well positioned to take advantage of the opportunities afforded by new media technological developments and applications. Our strength in the broadcasting and telecommunications sectors, combined with a strong creative base in the cultural industries should make us a world leader in the development of new cultural programs and services in the coming years.

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**Table 1**  
**Value of Exported Cultural Goods and Services**

Value of Exports (\$000,000)	1990	1991	1992	1993	1994	1995	Change 90-95 %
Cultural Goods <sup>1</sup>	514	520	706	1,003	968	1,159	125
Cultural Services <sup>2</sup>							
Culture-Tourism	630	669	681	770	855	949	51
Other Services	494	547	575	685	736	884	79
Total	1,124	1,216	1,256	1,455	1,591	1,833	63
Sub-Total: Goods and Services	1,638	1,736	1,963	2,459	2,559	2,993	83
Cultural Equipment <sup>3</sup>	673	665	804	877	1,091	1,286	91
Other <sup>4</sup>	5,506	5,683	5,847	6,521	7,269	8,143	48
<b>Total</b>	<b>7,817</b>	<b>8,084</b>	<b>8,614</b>	<b>9,857</b>	<b>10,919</b>	<b>12,422</b>	<b>59</b>

<sup>1</sup> Includes commodity export sales for books, printed music, newspapers, periodicals, other printed material, recordings, film and video, original works of art, and other art works.

<sup>2</sup> Includes receipts for cultural service transactions (e.g. copyright license fees, location shooting culture-related expenditures by foreign film producers, fees to Canadian artists performing abroad, merchandising culture goods, recreation and culture expenditures by tourists, advertising, prepublication costs, sale of subsidiary rights, and other royalties).

<sup>3</sup> Includes photographic, print media, and audio and video equipment.

<sup>4</sup> Includes fees and expenditures for non-culture business services (e.g., computer services, communications), and other services (e.g., touring, location shooting and tourists non-culture expenditures - transportation, food, and accommodation).

**Table 2**  
**Value of Imported Cultural Goods and Services**

Value of Imports (\$000,000)	1990	1991	1992	1993	1994	1995	Change 90-95 %
Cultural Goods <sup>1</sup>	2,526	2,359	2,533	2,732	3,132	3,225	28
Cultural Services <sup>2</sup>							
Culture-Tourism	1,187	1,254	1,323	1,375	1,312	1,252	5
Other Services	1,151	1,147	1,243	1,300	1,607	1,567	36
Total	2,338	2,401	2,566	2,675	2,919	2,819	21
Sub-Total: Goods and Services	4,864	4,760	5,099	5,407	6,051	6,044	24
Cultural Equipment <sup>3</sup>	3,163	3,288	4,254	4,669	5,488	5,814	84
Other <sup>4</sup>	9,871	10,150	10,679	10,952	10,716	10,410	5
<b>Total</b>	<b>17,898</b>	<b>18,198</b>	<b>20,032</b>	<b>21,028</b>	<b>22,255</b>	<b>22,268</b>	<b>24</b>

For footnotes refer to Table 1.

**Table 3**  
**Balance of Trade of Cultural Goods and Services**

Trade Surplus/Deficit (\$000,000)	1990	1991	1992	1993	1994	1995	Change 90-95 %
Cultural Goods <sup>1</sup>	-2,012	-1,839	-1,827	-1,729	-2,164	-2,065	-3
Cultural Services <sup>2</sup>	-1,213	-1,184	-1,309	-1,220	-1,328	-986	19
Sub-Total: Goods and Services	-3,226	-3,024	-3,136	-2,949	-3,491	-3,051	5
Cultural Equipment <sup>3</sup>	-2,490	-2,624	-3,450	-3,792	-4,397	-4,528	-82
Other <sup>4</sup>	-4,364	-4,468	-4,833	-4,431	-3,447	-2,267	48
<b>Total</b>	<b>-10,080</b>	<b>-10,116</b>	<b>-11,419</b>	<b>-11,172</b>	<b>-11,335</b>	<b>-9,846</b>	<b>2</b>

For footnotes refer to Table 1.

□

## Reading Between the Lines - Some Other Results from the International Adult Literacy Survey (IALS)

The first international survey of adult literacy was conducted in the autumn of 1994. The survey measured the variation in basic literacy skills of adults across seven different countries, some of which are made up of diverse languages and cultures. Samples of the civilian, non-institutionalized

population aged 16 to 65 were drawn from each of the countries that participated - Canada, Germany, Sweden, the Netherlands, Poland, Switzerland and the United States. The Canadian sample also included some older adults, bringing the total sample size to 4,500.

The survey was in two parts - background questions determined social/demographic, education and economic characteristics of the respondents, and test questions (or tasks) provided information about their

levels of literacy. In Canada, respondents were tested in either English or French.

Some data from the general questions (not the task-oriented sections of the survey) are given here for Canada. For the next edition of *Focus on Culture* we are planning to include similar data to the first table, for the other 6 countries. This should provide some very interesting comparisons. For further information about the survey, please contact Jean Pignal at (613) 951-3317.

**Per cent of respondents participating in various cultural activities, 1994**

	daily	weekly	monthly	several times/year	never
use a public library	1.1	8.8	14.0	22.8	52.7
attend movie, play, or concert	- -	6.8	22.4	41.1	28.7
attend or take part in a sporting event	4.5	19.4	9.7	27.3	38.6
read newspapers or magazines	59.3	27.2	5.6	3.1	3.8
read books	34.5	16.4	13.3	15.3	20.0
listen to radio, records, tapes, cassettes or Cds	86.5	7.7	1.7	1.4	2.2
- - sample size too small to produce reliable estimates.					

**Per cent of respondents with materials in home at time of 1994 International Adult Literacy Survey**

daily newspapers	weekly newspapers or magazines	> 25 books	a (multi-volume) encyclopaedia	dictionary
62.6	76.7	80.3	50.5	90.6

### Did you know . . . ? Highlights of the 1994-95 Movie Theatres and Drive-ins Data

Movie theatre admissions grew for the third year in a row, reaching a seven-year high of 81.1 million in 1994-95, up 4%<sup>1</sup> from the previous year. Movie theatres also reported a 7% increase in profits to \$62.6 million in 1994-95. Attendance at drive-in theatres also hit a four-year high of 2.7 million in 1994-95, rising 9% over 1993-94. However, profits at drive-ins fell 9%.

The most frequent movie-goers in Canada were residents of Alberta and British Columbia, going to the movies on average more than three times a year, while Newfoundland had the lowest average attendance, at just over one movie outing per year per person. Across the country, Canadians went to the movies on average nearly three times a year.

Chain-operated theatres attract a considerably larger number of patrons than independently operated theatres. In 1994-95, chain-operated theatres, including drive-ins, had an average attendance of 181,840, about four times the average attendance of independently operated theatres (47,260). This is because the large chain theatres have advantages associated with multi-screen theatres, and they generally exhibit the most commercially attractive first-run films.

In 1994-95, the average profit of each chain-operated movie theatre was \$165,050, far outstripping that of the independents (\$17,860). Profits of the chain movie theatres were up nearly 8%, compared to about 6% for independent movie theatres. On the other hand, profits shrank for drive-ins. For example, in 1994-95, chain-operated drive-ins experienced a 7% profit drop to \$42,000 for each drive-in, while the profits of independents fell 36% to \$9,680 for each drive-in.

In 1994-95, although the number of movie theatres fell about 3% to 582, the number of screens grew nearly 2% to 1682. Drive-in theatres had an average of 1.6 screens per theatre, almost no change from the previous year.

<sup>1</sup> Survey procedures were changed in 1994-95. Some additional respondents were added to the survey frame and adjustments were made for those few theatres which did not respond to the survey in 1994-95. Percentage comparisons made in the text are based only on those theatres which responded in both 1993-94 and 1994-95.

## Convergence and Content: A Clarity of Purpose

### The vital role of content in the information society

*This is an edited version of an address by Sandra Graham, Director of Broadcasting Services Policy at the Department of Canadian Heritage, to an OECD-sponsored symposium on "New Social and Economic Approaches to A Multimedia World", March 6-7, 1996, in Tokyo, Japan*

The text of this speech is included in **Focus on Culture** to put into context the work that a number of government departments are undertaking in the world of multimedia. Several articles on this topic have appeared in previous issues of **Focus** and you might care to refer back to them - "Statistics Canada on the Highway" (Vol. 6 No. 4) and "Preparing for the Information Highway" (Vol. 8 No. 1).

As we enter the next millennium, sectoral convergence, social values and regulatory reform pose some of the key questions facing policy makers, governments, and industry. How can the tremendous potential economic and social rewards of the new information society be maximized through new content possibilities? What are the barriers to development that must be addressed in order to unleash this powerful economic engine?

What is convergence, and how will it, together with the information society, affect our daily lives in the next five years? Will it be by accessing multimedia daily newspapers - combining text, and full-motion video to get in-depth coverage of those events in which each individual is personally interested? Will it be by accessing our cultural and entertainment products such as movies, plays and museum collections on-demand through either television or computer or both? Will it be by telebanking, teleshopping, telecommuting?

The information society is not only future speculation, it is reality. Canadian Heritage has available now a multimedia CD-ROM of our 37 national parks and historic sites which allows you to take a virtual guided tour of the sites with music and the sound of our historic waterfalls playing in the background. Half of Canada's 15,000

schools are now part of the information society, linked through the SchoolNet program. This bundle of services, content, and support activities has created a virtual learning community. Teachers, students, administrators, and parents can now share, create and develop materials and ideas across the country.

The information infrastructure is also facilitating new forms of health care in Canada. Medical conferencing - the on-line linkage of medical specialists, local care-givers, and patients - is expanding and enhancing the quality of medical attention possible anywhere in Canada.

As services like these become commonplace in our lives, we must not forget that these products and services do not just magically appear on our screens. They must be produced, created, and developed by someone, or in most cases, by many people. They must then, like all goods and services, be marketed, retailed, and purchased. All of this will take place in a new industrial chain, linking players from many different traditional sectors as they come together to deliver these new products and services. This is convergence.

### Policy challenges

The challenge is to make policy and establish mechanisms to support this industrial chain whose structure is evolving rapidly, whose production capacity is unknown, and whose distribution channels are only beginning to be available worldwide. Hand in hand with the forging of this new industrial structure is the need to create the statistical systems necessary to measure the impact of the information society on its citizens' economic and social well-being.

Policy initiatives must also ask what it is that individual Canadians want from the information society. A 1995 study<sup>1</sup> showed that recent purchasers of home computers had originally seen their computer systems as being primarily for school work, or for working from home; essentially a word processor. Once they began to discover its real potential, however, most reported that they used their computer systems primarily for entertainment.

Multimedia applications enhance this "entertainment value" and are increasingly a driving force in computer

purchases. This may explain why 38% of households which already had computers felt that their systems had fallen behind, and some 25% intended to upgrade<sup>2</sup>.

In automobiles, we have seen air bags move from special option to standard equipment; in computers the same thing is happening with modems, CD-ROM readers, sound cards, and speaker systems.

The reason Canadians are buying and upgrading their systems is primarily to increase their ability to access services and programs. Consumers are not just looking to their computers to act as a work tool but as a provider of content, of education, a window on our world, a means to communicate, a way to link with others through thoughts and ideas.

### The information society

This shift in perception from computers as a work tool to that of a life tool has been made on the assumption that a wide range of content and services will become increasingly available. Citizens are expecting the information society, and now it will need to be delivered.

The information society presents an unprecedented opportunity for all countries, both developing and developed, to communicate, to share ideas, to understand one another, and, perhaps most importantly, to create jobs and wealth.

Recent purchase and usage patterns show that the information highway is not just data transmission on the pipes and wires, but the beginning of an information society in which Canadians are participating. More specifically it is:

- a medium for a new form of Canadian cultural expression, one in which Canadians must see themselves reflected in the products and services available;
- a channel for the Canadian vision of content, production and distribution of high-quality, viable products that use new and existing resources, including our cultural and creative assets;
- an economic engine which creates jobs for creative and skilled people and is driven not only by industry but also by consumer demand for products and services - the content on the highway.

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## Multimedia

The multimedia industry is playing an increasingly important role in the information society. The term multimedia content is used to refer to a product and/or service in interactive digital form incorporating two or more of the following: text; animation; graphics; sound; and video, running over a network or operating in a stand-alone environment<sup>3</sup>.

In Canada, this young industrial sector is showing a growth rate which far outpaces the general economy. Consider the following facts:

- in 1993, 8 million CD-ROMs were sold worldwide. In 1994, this amount more than doubled (16.5 million), and more than tripled again in 1995 (53.9 million)<sup>4</sup>.
- there is a further 25% growth in CD-ROM titles in North America estimated by 1997<sup>5</sup>.
- 1994 estimates for Canadian households showed that two-thirds of computer owners had a CD-ROM reader, with an average of 4.2 CD-ROM titles. Among Internet and on-line users this number more than doubles<sup>6</sup>.
- in the five years ending 1993-94, book publishing, the traditional cultural industry most closely involved with CD-ROM production, had a revenue growth of 16%, and film producers reported a 71% increase in revenues in the same period<sup>7</sup>.

Information on Canadian multimedia companies<sup>8</sup>, although very preliminary, shows that they are: relatively young; privately held; marginally profitable; project-oriented; multidisciplinary; involved in a range of activities; and focused on business, education or government markets. Despite the multidimensional orientation of these companies, in some ways they are similar to the traditional cultural industries and, like them, face the challenges of bringing together creative, technical and administrative resources.

To realize the economic and social potential of the information society, governments must use the range of measures at their disposal (policy, regulation and support) to facilitate the creation of a self-sustaining, dynamically competitive market for the

provision of content. This should ensure the long-term production of, and demand for, Canadian multimedia products. When Canadians access multimedia products, they want to see themselves and their values reflected.

## Government responsibility for the information society

The economic basis for the information society in Canada is already significant and cannot be ignored.

- the direct impact of the arts and cultural sector reached \$29 billion in 1993-94, with direct employment totaling about 900,000 jobs<sup>9</sup>.
- if we expand this to include the telecommunications and computer services sectors, the value of culture and information goods and services increases to more than \$50 billion or about 9% of the total economy, employing some 1.25 million people<sup>10</sup>.

For government, the challenge is the creation or modification of mechanisms to stimulate the cross-sectoral activity implicit in multimedia, while maintaining the discrete policy objectives of each cultural sector.

As part of its overall strategy to ensure the presence of Canadian voices in the information society, the Federal Government is currently developing a strategy and action plan for multimedia. Similar to the intentions of the Broadcasting Act, they will:

- support the production, distribution, and exhibition of Canadian multimedia content; and
- provide opportunities for cultural industries, heritage institutions, the arts, and individual creators to reach the public through multimedia production.

Governments must also attempt to ensure that equal rights and standards are extended to these new services which will be powerful tools of social and cultural influence. The debate surrounding regulation of violence, pornography and hate material on the Internet is an important illustration of the social power of the information society.

A parallel can be drawn to measures against violence on television, for which

Canada and Canadian technology, the V-Chip, is a recognized world leader. Canadian broadcasters, independent producers and cable operators introduced a voluntary violence code in December 1994. This was not developed, nor overseen by government, but by the industry itself.

## Priorities for government action - a convergence of mind

The endless discussion of convergence - telecommunications and broadcasting, computers and television - often takes a dispassionate and objective tone. Convergence is not an uncontrollable force of nature; it is the result of choices being made by people in reaction to technological evolution.

Much of the deliberation now centres around whether the market should be left to decide how, or where we converge. The information society, through services and products, will impact the way in which we communicate, share and understand, and reinforce our values. How people see themselves as active and integral members of the global information society is at stake.

Governments must, individually and collectively, guide these choices in a direction they think is right for their citizens, communities, and business. To do this, they must identify common interests and act upon them. The Organization for Economic Cooperation and Development, in its examination of the economics of the information society, must broaden its scope to determine the impact not only of the infrastructure, but also the content on that infrastructure. Who will have access, how, and at what cost? While it would be understandable if there remain a number of unanswered questions, the questions must, nevertheless, be asked.

The convergence of technology will happen. It is the clarity of purpose that all stakeholders must develop collectively which will allow our information societies to reflect ourselves.

Our societies are distinct, our needs are different, and the convergence of technology can celebrate the distinctiveness of our cultures by providing new voices, new audiences, and new forms of communication. All it takes is a clarity of purpose.

## Endnotes

- <sup>1</sup> The Angus Reid Group, "Canadian Households in the Information Age", June 1995.
- <sup>2</sup> Ibid.
- <sup>3</sup> Stand-alone versions are often in the form of a CD-ROM. Multimedia can take the form of service applications, knowledge bases, courseware, interactive television, games, "infotainment", etc.
- <sup>4</sup> Source: Department of Canadian Heritage.
- <sup>5</sup> Ibid.
- <sup>6</sup> The Angus Reid Group, June 1995.
- <sup>7</sup> Statistics Canada, surveys of Book Publishers and Exclusive Agents, and Film, Video and Audio-visual Production.
- <sup>8</sup> "The Multimedia Industry in Canada", DJC Research, for Interactive Multimedia Arts and Technologies Association, May 1995.
- <sup>9</sup> Statistics Canada, Focus on Culture, Vol 8, No. 2, (Cat. No. 87-004-XPB), "Economic Impact of the Arts and Culture Sector", p. 6.
- <sup>10</sup> "Culture and Information Services Industries in Canada", a special Culture Statistics Program report by M. Durand for Heritage Canada, February, 1996.

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Mary Cromie  
Editor, *Focus on Culture*  
Culture Statistics Program  
R.H. Coats Building, 17 D  
Statistics Canada  
Ottawa, ON K1A 0T6

(613) 951-6864 (telephone) or  
(613) 951-9040 (fax) or crommar@statcan.ca



For information on publications, special data tabulations or the content of specific surveys, please contact any of the following:

Paul McPhie Assistant Director, Culture 951-9038

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