

# International Comparison of Public Funding for Public Service Broadcasting, 2018

Prepared for:

CBC/Radio-Canada

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# 1. Introduction

# Introduction

- The following study provides an analysis of the public funding for public service broadcasters (PSBs) in 20 Western countries. In particular, this study:
  - Updates the per capita public funding data for all countries.
  - Compares countries on the basis of public funding of PSBs as a **percentage of total government expenditures** (for all government services and programs).
  - Compares countries on the basis of government expenditures on **all culture**, including any expenditures on PSBs.
  - Examines what, if any, relationships exist between per capita PSB funding, PSB funding as a share of total government spending, and government spending on all culture.
  - Provides a **time-series** of the relative trends in the **Canadian federal government's economic support of culture** – through direct funding and industry regulation (which grants market protection).

The study is based on data for either the 2018 calendar year or the fiscal year ending in 2018.

## 2. Key findings

# Key findings

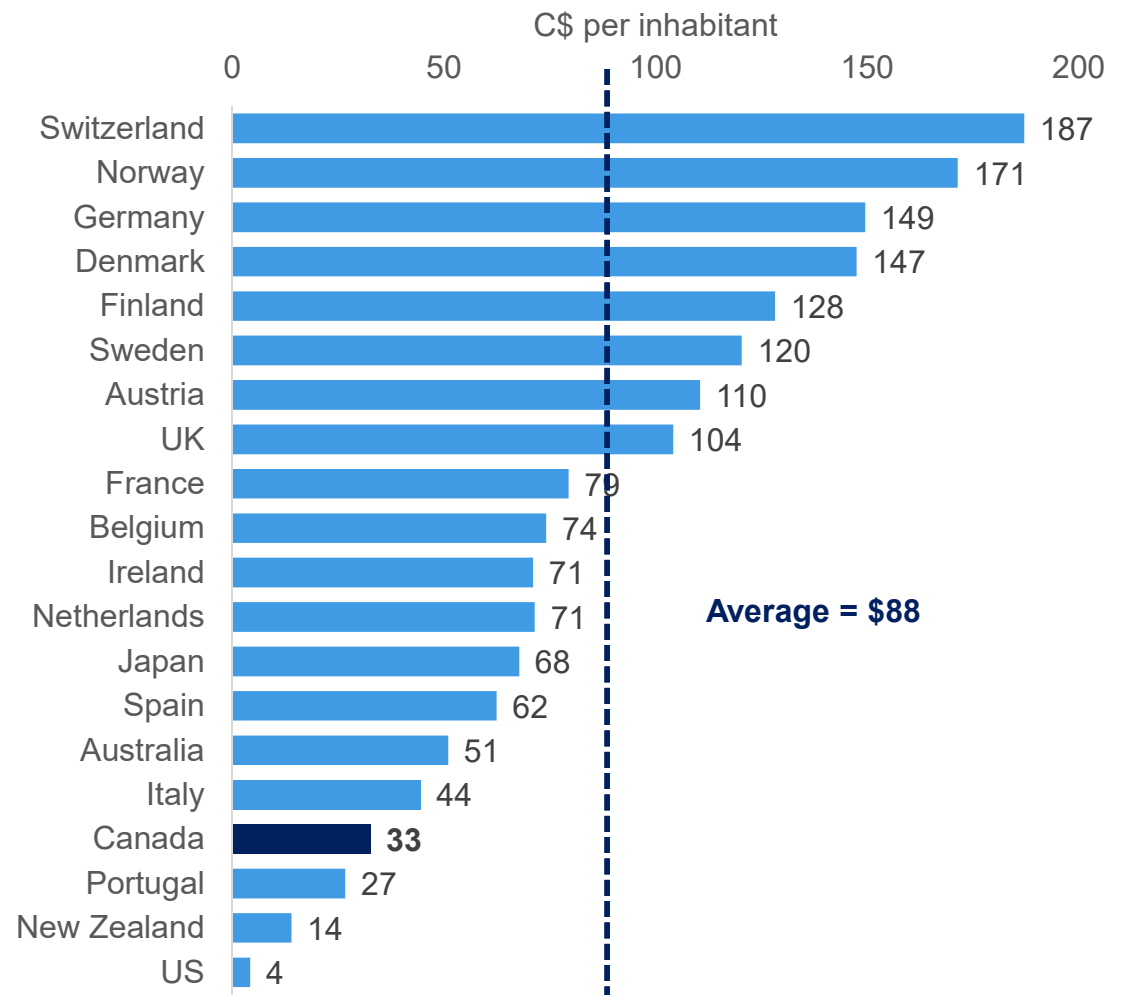
- Among 20 Western countries, Canada had one of the lowest levels of per capita public funding for its PSB (\$33) in 2018.
- In relation to other Western countries, it would appear that Canadian governments put a relatively low priority on public broadcasting. PSB funding represented 0.15% of total federal/provincial government expenditures in 2018 – placing Canada 18<sup>th</sup> out of 20 countries.
- In fact, among the 20 comparison countries, there is a strong correlation between per capita PSB funding and PSB funding as a share of total government expenditures.
- Canadian governments (federal and provincial) spent an estimated \$235 per capita on all forms of culture in 2018. With this rate of spending, Canada ranked 15<sup>th</sup> out of 20 countries.
- Canadian governments (federal and provincial) spent 1.10% of their total expenditures on all forms of culture in 2018. Canada ranked 13<sup>th</sup> out of 20 countries.
- There was a moderate correlation between overall spending on culture and PSB funding in Western countries in 2018. This would suggest that some governments do prioritise public broadcasting over other forms of culture or vice-versa.
- In real-dollar terms, the Canadian federal government's economic support for culture (through direct expenditures) and funding of CBC/Radio-Canada increased in 2018, along with the real increase in total federal government spending.

### **3. Country comparison and analysis**

# Per capita public funding of PSBs

## Per capita public funding for public broadcasters, 2018 (C\$)<sup>†</sup>

- At \$33 per capita, Canada ranked 17<sup>th</sup> out of 20 Western countries in terms of per capita public funding for PSBs.



Source: Nordicity analysis of annual reports of public broadcasters; see Appendix for list of references additional detail.

<sup>†</sup> Excludes any commercial revenue earned by public broadcasters



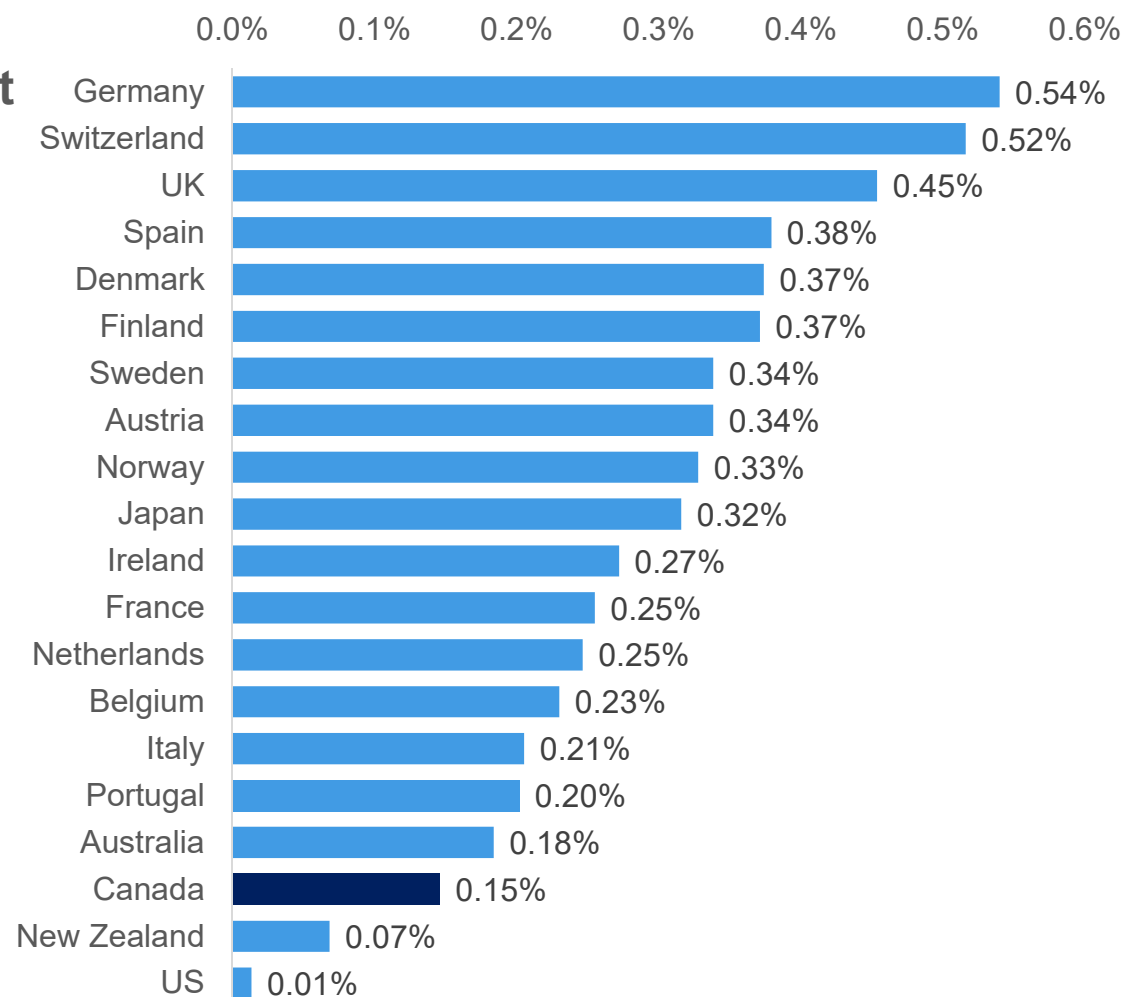
# Public funding of PSBs in relation to total government spending

## Public funding of PSBs as a percentage of total government expenditures, 2018†

- PSB funding in Canada was equivalent to 0.15% of total government spending (including all levels of government – federal, provincial and local).
- Canada ranked 18<sup>th</sup> out of 20 countries.

Source: Nordicity analysis of annual reports of public broadcasters, Eurostat, OECD and national statistical agencies; see Appendix for list of references additional detail.

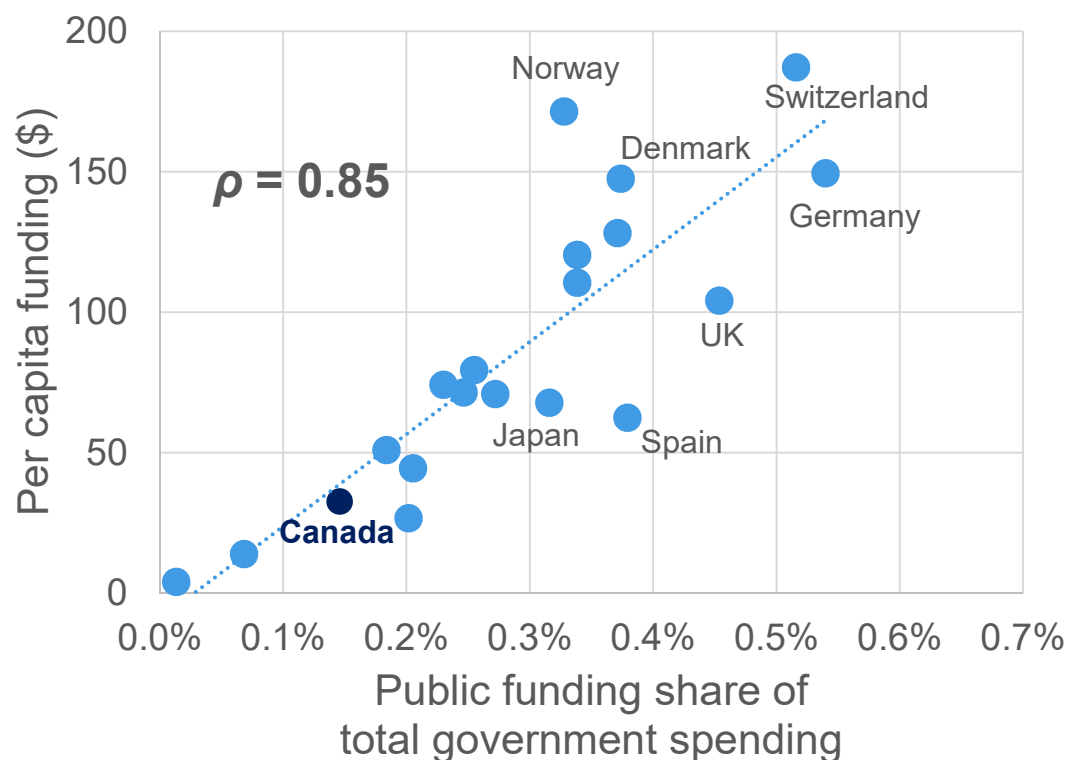
† Includes all levels of government



# Per capita vs. share of total government spending

## Per capita vs. share of total government spending, 2018

- There is a strong correlation ( $\rho = 0.85$ ) between PSB public funding on per-capita and on a share-of-total-government-spending basis



Source: Nordicity analysis of annual reports of public broadcasters, Eurostat, OECD and national statistical agencies; see Appendix for list of references additional detail.

$\rho$  - Pearson correlation coefficient

# Per capita government spending on culture

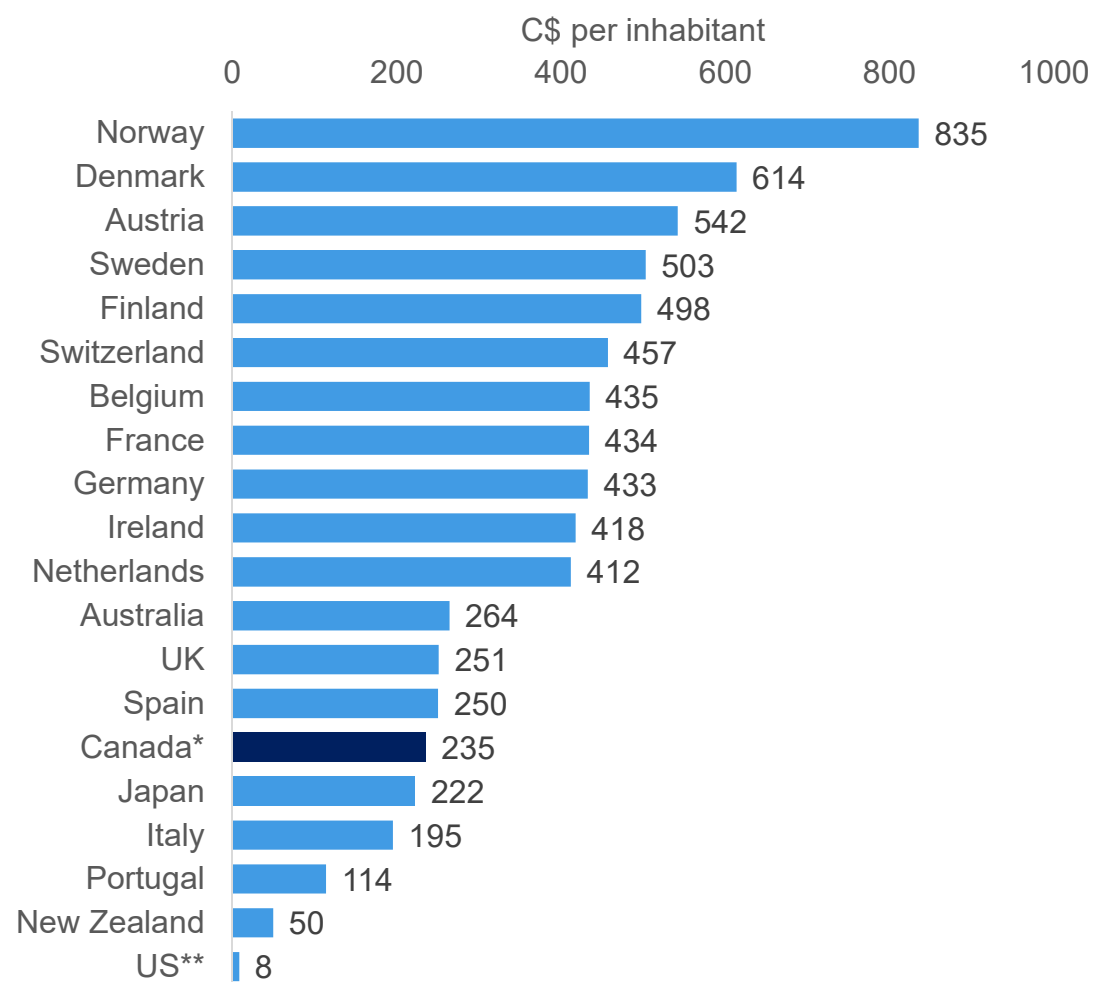
## Per capita government expenditure on culture (all programs), 2018 (C\$)

- Per capita government spending on all culture ranges from \$835 in Norway to \$8\*\* in the US.
- At \$235\* per capita, Canada ranks 15<sup>th</sup> out of 20 countries.

Source: Nordicity analysis based on data from Eurostat OECD, national statistical agencies, public accounts (federal and provincial governments). See Appendix for list of references additional detail.

\* Includes expenditures of federal and provincial/territorial governments; excludes local governments

\*\* Federal government only



# Government spending on culture

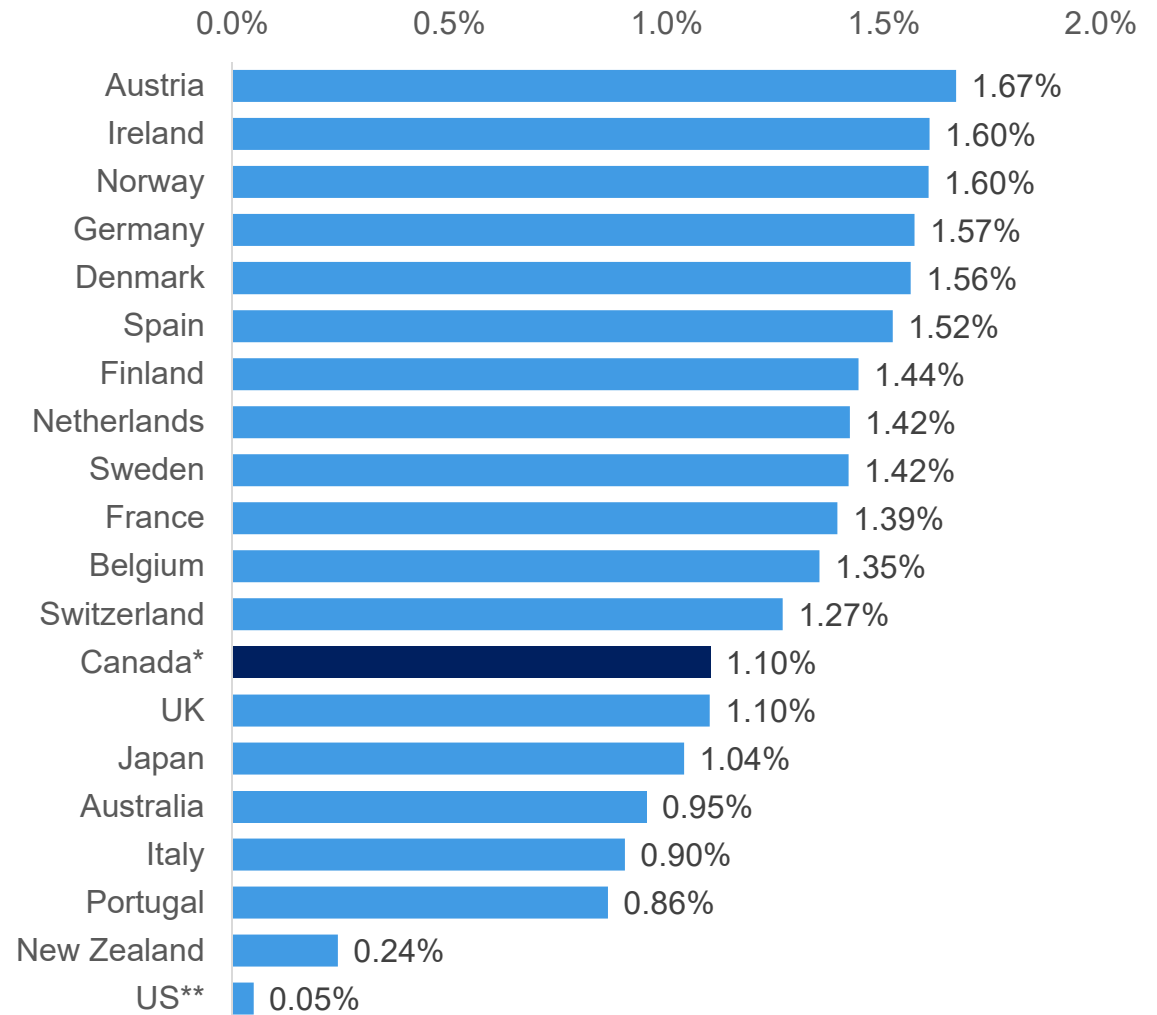
## Government expenditures on culture (all programs) as share of total government expenditures, 2018

- Total government spending on culture ranged from a high of 1.67% in Austria to 0.05% in the US.
- Canada's federal and provincial governments spent 1.10% of their total expenditures on culture.

Source: Nordicity analysis of data from Eurostat, OECD, national statistical agencies, and Public Accounts of Canada. See Appendix for list of references additional detail.

\* Includes expenditures of federal and provincial/territorial governments; excludes local governments

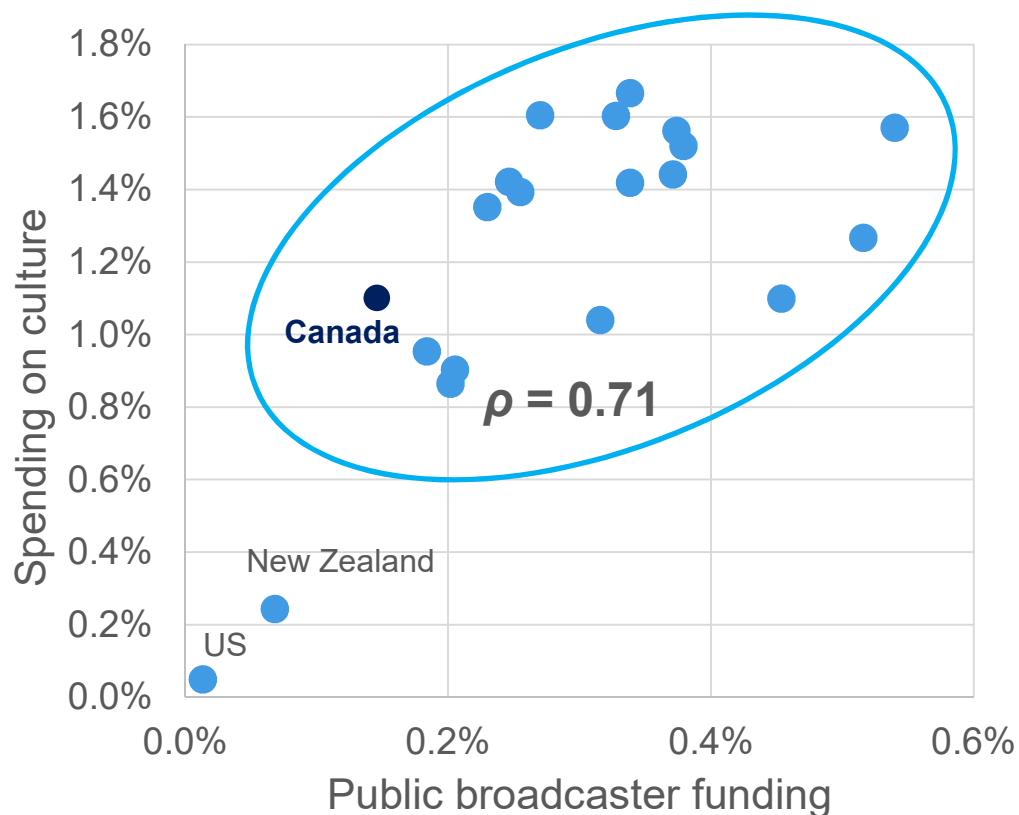
\*\* Federal government only



# Spending on culture vs. PSB funding

## Government spending on all culture vs. PSB funding, 2018

- Excluding New Zealand and the US, there is a relatively moderate correlation ( $\rho = 0.71$ ) between spending on all culture and PSB funding (as a percentage of total government expenditures).

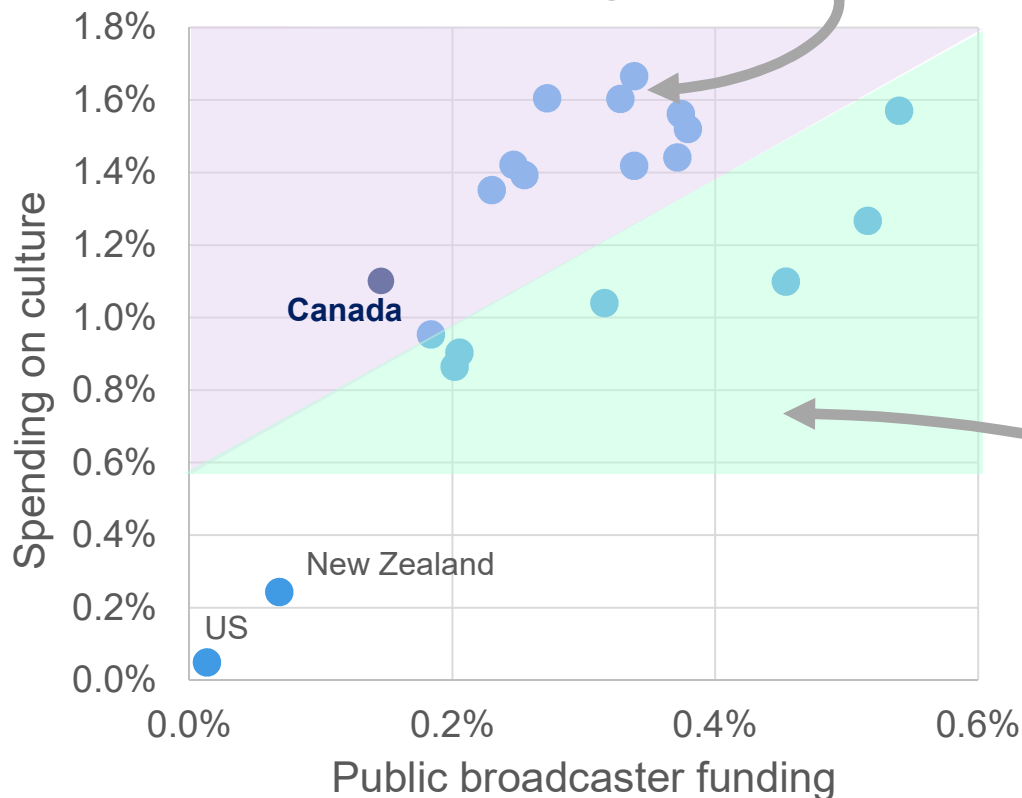


Source: Nordicity analysis of data from Eurostat, OECD, national statistical agencies, and Public Accounts of Canada. See Appendix for list of references additional detail.

$\rho$  - Pearson correlation coefficient

# Spending on culture vs. PSB funding

Government spending on all culture vs. PSB funding, 2018



Higher priority to funding of culture

- |               |         |             |
|---------------|---------|-------------|
| <b>Canada</b> | Denmark | Netherlands |
| Australia     | Finland | Norway      |
| Austria       | France  | Spain       |
| Belgium       | Ireland | Sweden      |

Higher priority to funding of PSBs

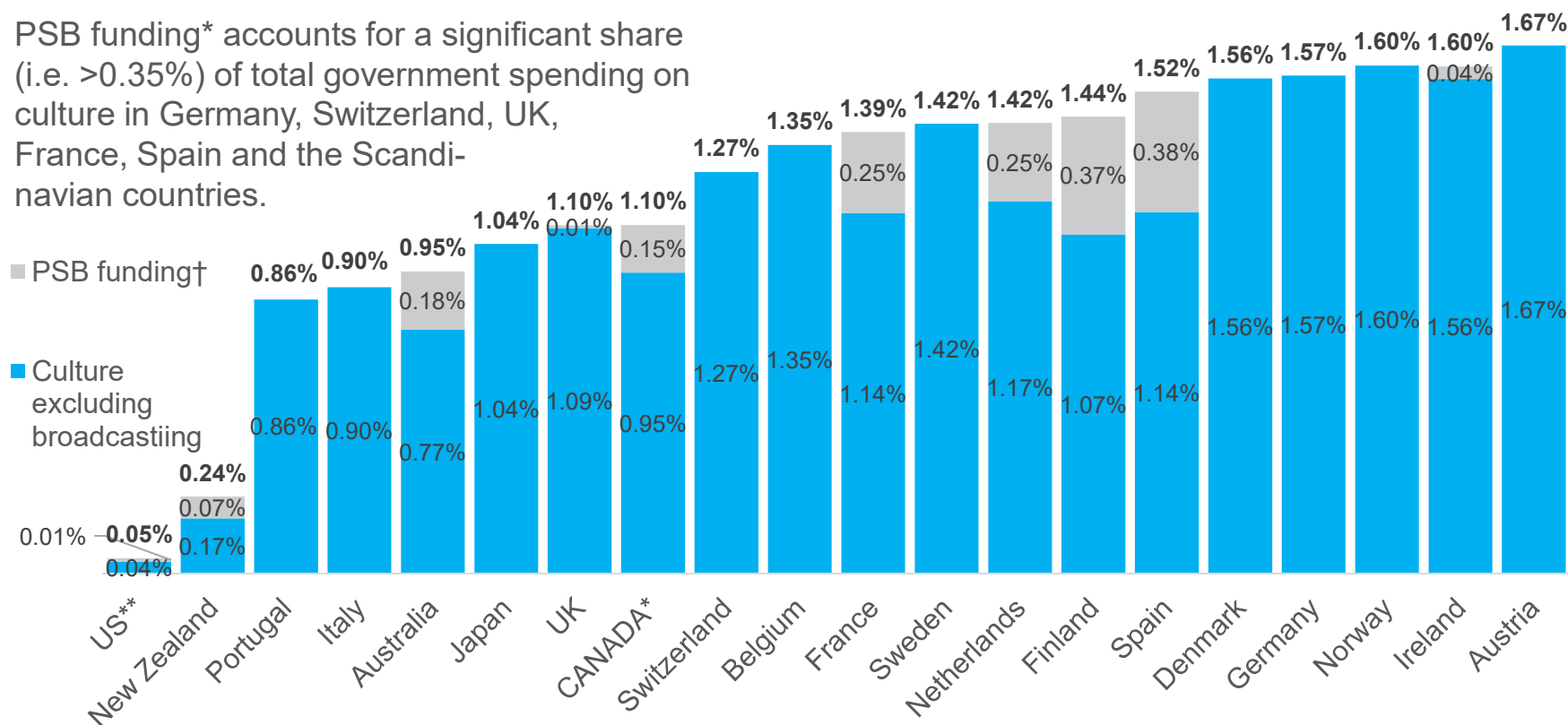
- |         |             |
|---------|-------------|
| Germany | Japan       |
| UK      | Portugal    |
| Italy   | Switzerland |

Source: Nordicity analysis of data from Eurostat, OECD, national statistical agencies, and Public Accounts of Canada. See Appendix for list of references additional detail.

# PSB funding share of government spending on culture

Government expenditures on culture and PSB funding†  
% of total government expenditures, 2018

- PSB funding\* accounts for a significant share (i.e. >0.35%) of total government spending on culture in Germany, Switzerland, UK, France, Spain and the Scandinavian countries.



Source: Nordicity analysis based on data from annual reports of public broadcasters, Eurostat, OECD, and national statistical agencies. See Appendix for list of references additional detail.

Notes:

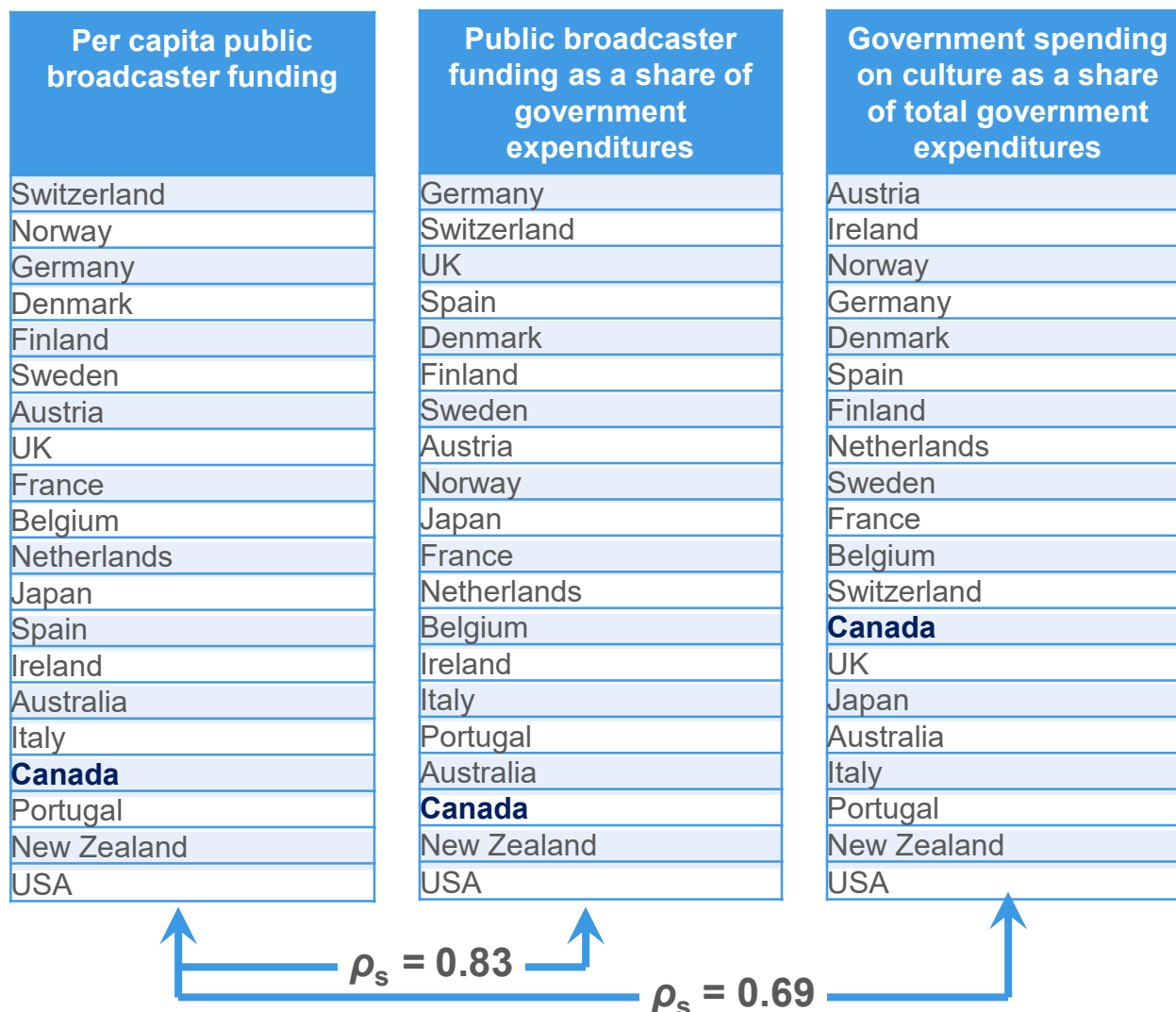
† Includes direct funding by governments, household licence fees and industry levies collected in accordance with government regulation.

\* Includes federal and provincial governments; excludes local governments

\*\* Federal government only

# Comparison of country rankings

- There is a very strong relationship between country rankings in terms of PSB funding per capita and PSB funding as a share of total government expenditure ( $\rho_s = 0.83$ ).
- The relationship between PSB funding per capita and government spending on culture is more moderate ( $\rho_s = 0.69$ ).



Source: Nordicity analysis based on data from annual reports of public broadcasters, Eurostat, OECD, and national statistical agencies. See Appendix for list of references additional detail. See Appendix for list of references.

$\rho_s$  - Spearman correlation coefficient

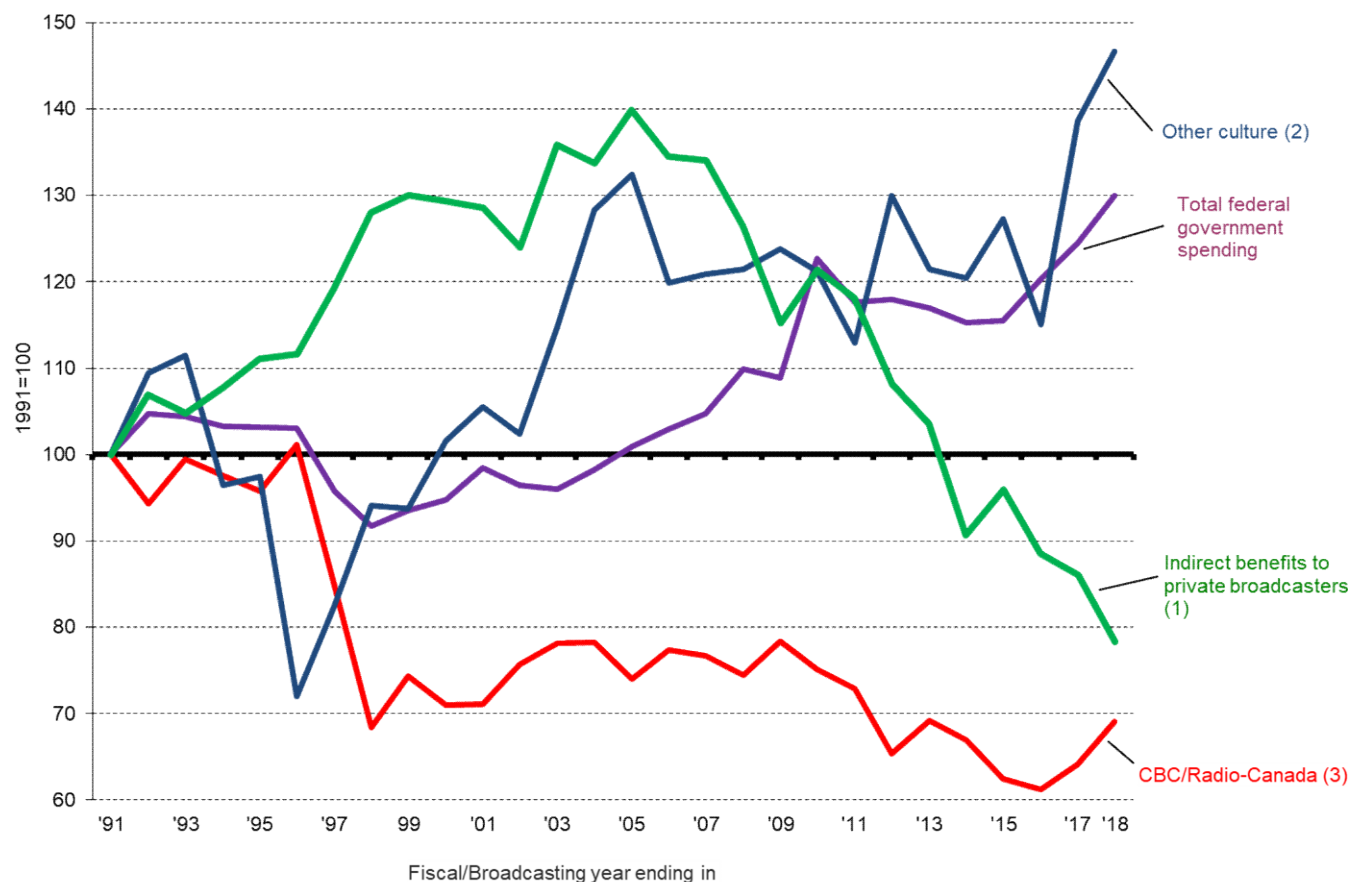


## **4. Canadian federal government's economic support of culture**

# Federal government economic support of culture - real dollars

Federal government expenditures and economic support of culture, real (inflation-adjusted) dollars, 1991 = 100

**Real (inflation-adjusted) dollars**  
 Figures have been adjusted to consider the effects of consumer price inflation over time

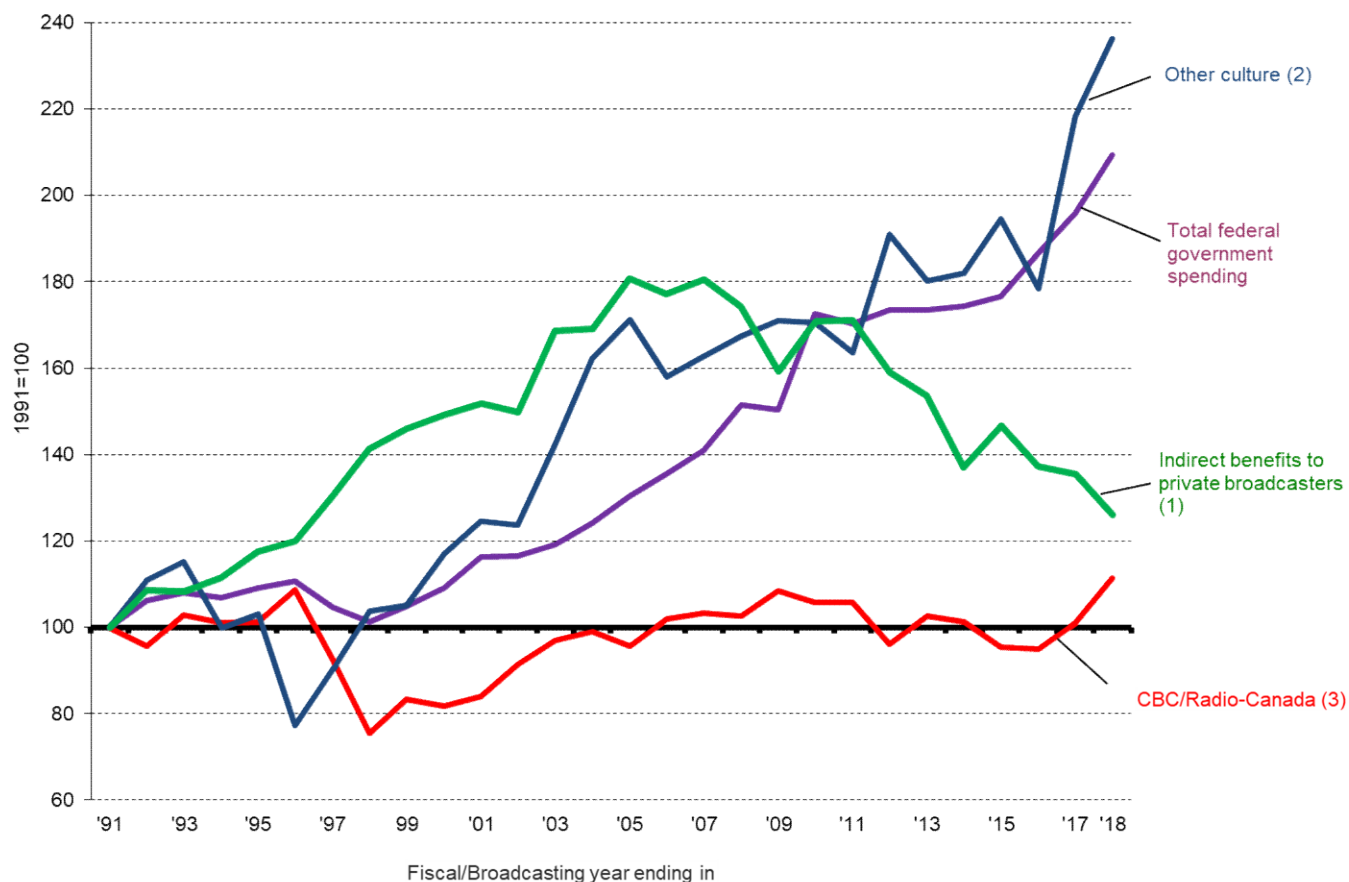


Source: Nordicity estimates based on data from Statistics Canada, Public Accounts of Canada, CRTC, Donner and Lazar, and CBC/Radio-Canada.  
 (1) Indirect benefits to private broadcasters are the sums of estimates for simultaneous substitution and section 19.1. See Appendix for description of methodology.  
 (2) Other culture includes all federal government expenditures on culture and broadcasting, excluding payments to CBC/Radio-Canada.  
 (3) CBC/Radio-Canada includes annual parliamentary appropriation and estimate of indirect benefit of section 19.1.

# Federal government economic support of culture - current dollars

Federal government expenditures and economic support of culture, current dollars, 1991 = 100

**Current dollars**  
 Figures as reported without any adjustment for the effects of consumer price inflation over time



Source: Nordicity estimates based on data from Statistics Canada, Public Accounts of Canada, CRTC, Donner and Lazar, and CBC/Radio-Canada.  
 (1) Indirect benefits to private broadcasters are the sums of estimates for simultaneous substitution and section 19.1. See Appendix for description of methodology.  
 (2) Other culture includes all federal government expenditures on culture and broadcasting, excluding payments to CBC/Radio-Canada.  
 (3) CBC/Radio-Canada includes annual parliamentary appropriation and estimate of indirect benefit of section 19.1.

## 5. Appendix and data sources

# Appendix: Data

Country	Population	Total gov't expenditure (home currency M) <sup>†</sup>	Exchange rate	G C\$ (M)	Public funding for PSB (2018)	Total public funding in C\$	Per capita public funding (C\$)	Licence fee ratio <sup>††</sup>	Adjusted gov't expenditure (C\$ M)	Public funding share
Australia	25,170,000	720,125	0.969	697,801	A\$1,323,738,000	1,282,702,122	50.96	1	697,801	0.184%
Austria	8,822,000	187,648	1.530	287,101	€637,100,000	974,763,000	110.49	0	288,075	0.338%
Belgium	11,400,000	239,636	1.530	366,643	€552,411,657	845,189,836	74.14	0	367,488	0.230%
<b>Canada</b>	<b>37,057,765</b>	<b>824,678</b>	<b>1.000</b>	<b>824,678</b>	<b>C\$1,207,749,000</b>	<b>1,207,749,000</b>	<b>32.59</b>	<b>1</b>	<b>834,678</b>	<b>0.146%</b>
Denmark	5,731,120	1,144,150	0.197	225,169	DKK 4,293,700,000	845,000,160	147.44	0	226,014	0.374%
Finland	5,513,000	124,400	1.530	190,332	€461,771,000	706,509,630	128.15	1	190,332	0.371%
France	64,737,769	1,318,613	1.530	2,017,478	€3,361,490,000	5,143,079,700	79.44	1	2,017,478	0.255%
Germany	82,790,000	1,490,498	1.530	2,280,462	€8,088,795,818	12,375,857,601	149.48	0.16	2,292,838	0.540%
Ireland	4,830,000	82,169	1.530	125,718	€223,875,000	342,528,750	70.92	0	126,006	0.272%
Italy	60,480,000	854,602	1.530	1,307,541	€1,758,041,000	2,689,802,730	44.47	0	1,310,231	0.205%
Japan	126,500,000	222,053,040	0.01219	2,705,998	¥703,416,787,000	8,572,027,182	67.76	0	2,714,570	0.316%
Netherlands	17,180,000	325,504	1.53000	498,021	€802,187,000	1,227,346,110	71.44	1	498,021	0.246%
New Zealand	4,841,000	109,973	0.897	98,646	NZ\$75,166,000	67,423,902	13.93	1	98,646	0.068%
Norway	5,295,619	1,735,757	0.159	275,985	NOK 5,707,750,000	907,532,250	171.37	0	276,893	0.328%
Portugal	10,290,000	88,606	1.530	135,567	€179,191,000	274,162,230	26.64	0	135,841	0.202%
Spain	46,600,000	501,497	1.530	767,290	€1,901,601,800	2,909,450,754	62.43	1	767,290	0.379%
Sweden	10,120,000	2,407,453	0.149	358,710	SEK 8,173,924,000	1,217,914,676	120.35	0	359,928	0.338%
Switzerland	8,544,500	232,591	1.325	308,183	1,206,400,000 CHF	1,598,480,000	187.08	0	309,781	0.516%
UK	66,440,000	877,806	1.730	1,518,604	£4,012,357,000	6,941,377,610	104.48	0.02	1,525,407	0.455%
USA	327,700,000	7,779,324	1.296	10,082,004	US\$1,026,887,000	1,330,845,552	4.06	0.78	10,082,297	0.013%

Source: Nordicity analysis of data from CBC/Radio-Canada annual report, Statistics Canada, annual reports of public broadcasters, Eurostat, OECD and national statistical agencies. See elsewhere in Appendix for list of references additional detail.

† Includes all levels of government

† † The percentage of the public funding (i.e. licence fee, grants, industry levies) that flow through government accounts before being disbursed to PSBs.

# Appendix: Data

Country	Currency	Government expenditure on culture (M)			Total gov't expenditure (all sectors) (M)	Gov't expenditure on culture as a share of total gov't expenditure
		Cultural services and facilities	Broadcasting and publishing	Total expenditure on culture		
Australia	A\$	6,863		6,863	720,125	0.95%
Austria	€	2,020	1,105	3,126	187,648	1.67%
Belgium	€	2,300	939	3,239	239,636	1.35%
<b>Canada</b>	<b>C\$</b>			<b>8,703</b>	<b>824,678<sup>1</sup></b>	<b>1.10%</b>
Denmark	DKK	13,189	4,678	17,867	1,144,150	1.56%
Finland	€	1,166	627	1,793	124,400	1.44%
France	€	14,832	3,531	18,363	1,318,613	1.39%
Germany	€	13,471	9,935	23,406	1,490,498	1.57%
Ireland	€	680	639	1,319	82,169	1.60%
Italy	€	5,071	2,650	7,721	854,602	0.90%
Japan	¥			2,308,378	222,053,040	1.04%
Netherlands	€	3,258	1,368	4,626	325,504	1.42%
New Zealand	NZ\$			267	109,973	0.24%
Norway	NOK	22,610	5,207	27,817	1,735,757	1.60%
Portugal	€	524	243	766	88,606	0.86%
Spain	€	5,266	2,356	7,622	501,497	1.52%
Sweden	SEK	24,399	9,752	34,151	2,407,453	1.42%
Switzerland	CHF	2,811	137	2,947	232,591	1.27%
UK	£	4,959	4,686	9,645	877,806	1.10%
USA <sup>2</sup>	US\$			2,091	7,779,324	0.05%

Source: Nordicity analysis of data from CBC/Radio-Canada annual report, Statistics Canada, annual reports of public broadcasters, Eurostat, OECD and national statistical agencies. See elsewhere in Appendix for list of references additional detail.

Notes:

1. Federal and provincial governments only; excludes local governments
2. Federal government only

# Appendix: Methodology for estimation indirect benefits to private Canadian broadcasters

- The revenue impact of **simultaneous substitution** has been the subject of several studies by Arthur Donner (and various co-authors). Donner's most recent work on this topic was in 1990. In that study, he estimated that the dollar value of airtime sales transferred to Canadian English-language television broadcasters because of simultaneous substitution was equal to \$147.6 million during the 1997 broadcast year.
- For this report, we generated an update to Donner's 1997 estimate by extrapolating it forward to the 2018 broadcast year. In effect, any changes in the annual value of simultaneous substitution were assumed to track the trends in English-language private conventional television ad revenue in Canada since 1997. A small adjustment was also applied to account for increased viewing share for simulcast programming between 1997 and 2003. As a result of this adjustment, the value of simultaneous substitution increased from 11% to 12.4% of the English-language private conventional TV ad market. No further adjustments were made after 2003.
- **For 2018, therefore, we estimated that simultaneous substitution was worth \$147 million in additional revenue for Canada's private broadcasters**, or 12.4% of English-language private conventional TV ad revenue (approx. \$1.19 billion in 2018). This compares to 11% of \$1.33 billion (i.e. \$147.6 million) in 1997.
- Like simultaneous substitution, the economic impact of **section 19.1 of the *Income Tax Act*** has been the subject of several studies by Donner and various co-authors. The most recent study, published in 1990, concluded that section 19.1 generated an estimated \$67.3 million in incremental advertising revenue for Canadian broadcasters in 1988.
- For this report, we extrapolated the methodology used by Donner in his 1990 study. As part of this extrapolation (and in line with Donner's methodology), we assumed that US border stations would have increased their share of conventional TV advertising in Canada from 7.1% in 1975 to 10% in 1988 and beyond. This approach yielded an estimate of \$142 million in 2018 (10% of \$1.42 billion).
- In accordance with Donner's methodology, adjustments were made to this gross estimate to (i) account for CBC/Radio-Canada's share of the conventional TV ad market and (ii) remove overlap with the impact of simultaneous substitution. After making these adjustments, **we arrived at an estimate of \$101 million for the value of section 19.1 to Canadian private broadcasters in terms of additional ad revenue in 2018.**

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