

## Latest Developments in the Canadian Economic Accounts

### The 2010 to 2014 revisions of the provincial and territorial culture indicators



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# The 2010 to 2014 revisions of the provincial and territorial culture indicators

## 1. Introduction

With the release of the 2015 and 2016 estimates of the provincial and territorial culture indicators (PTCI) in February of 2018, data were revised for 2010 to 2014. The 2013 Provincial and Territorial Culture Satellite Account (PTCSA)<sup>1</sup> was incorporated as the new benchmark and other new and revised macroeconomic data were also introduced.

The PTCI are benchmarked to the 2013 PTCSA, which is anchored to the 2013 Supply and Use Tables (SUT). The SUTs, and consequently the PTCSA, are available almost three years after the end of the reference period. The PTCI on the other hand, use other aggregate economic indicators to provide an up-to-date view of the economic landscape for culture and sport. The incorporation of a new PTCSA benchmark as well as, revised macroeconomic accounts and survey data all lead to revisions in the PTCI.

## 2. Provincial and territorial culture indicators revision policy

The PTCI revision policy allows for regular and systematic incorporation of new and revised data for the past reference periods, including regular benchmarking to the PTCSA. The revision policy serves to improve the reliability and accuracy of the PTCI time series estimates. It is adapted from the policy followed for the Canadian System of Macroeconomic Accounts (CSMA).

At the time of a PTCI release, estimates for the previous two years are subject to revision. For instance, with release of the 2015 and 2016 PTCI, estimates for reference years 2013 and 2014 are revised. These revisions allow for newly published SUTs as well as other macroeconomic data to be incorporated into the PTCI time series.

When a new PTCSA benchmark is produced and incorporated into the PTCI, all estimates back to the last PTCSA benchmark year are revised. This window for revision in the PTCI varies according to the frequency of PTCSA updates.

From time to time comprehensive revisions to the PTCSA and PTCI are carried out. Comprehensive revisions provide an opportunity to introduce new concepts and definitions, implement new and refined methods, and revamp estimation systems. Comprehensive revisions typically result in changes to the entire PTCI time series.

## 3. Sources of revisions

The revisions to the PTCI came from several sources, the most significant being the incorporation of the 2013 PTCSA benchmark. The 2013 and 2014 SUTs as well as updated macroeconomic indicators were incorporated into the PTCI time series. Each of these revisions are described below.

### 3.1 The 2013 Provincial and Territorial Culture Satellite Account

The 2013 PTCSA was incorporated into the current release of the PTCI. With the 2013 PTCSA the structure and composition of culture and sport industries and products (e.g. culture or sport ratios) were updated to provide a more accurate representation of culture and sport in the economy. The new PTCSA split factors were compiled using revised macroeconomic accounts, survey and other administrative data. Several extraordinary changes to the underlying PTCSA data, such as the comprehensive revisions to the CSMA, as well as the implementation of the Integrated Business Survey Program (IBSP), resulted in a break from the 2010 PTCSA and previously published PTCI. The main sources of changes to the 2013 PTCSA split factors are described below.

More information on the methodology and data sources of the PTCSA can be found on the Satellite Accounts and Special Studies section (<http://www.statcan.gc.ca/pub/13-607-x/2016001/44-eng.htm>) of the Statistics Canada website.

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1. The 2013 PTCSA was not released as a standalone product. Its data are only available as part of the PTCI.

### **3.1.1 Comprehensive revisions to the Canadian System of Macroeconomic Accounts**

The 2015 comprehensive revision to the CSMA was released in December 2015. There were four main sources of revisions: the integration of government finance statistics (GFS), the improved treatment of defined benefit pension plans, the measurement of financial services purchased by households, and updated measures of national wealth.

The largest source of the revisions was a result of the incorporation of new and improved estimates of GFS. Over the last number of years, Statistics Canada has modernized its GFS program. This included adopting the concepts and accounting methods outlined in the International Monetary Fund's government accounting manual (the Government Finance Statistics Manual 2014) as well as incorporating improved and more detailed electronic data sources, particularly for provincial, territorial and local general governments. The new accounting concepts and methods and improved data sources have resulted in more accurate measures of government revenue, expenses, operating balances, assets and liabilities.

The implementation of GFS has had two main impacts on the PTCSA and PTCL. First, there has been greater effort in the CSMA to accurately classify and capture activity in the government sector. This has resulted in many institutional units that previously belonged to the business sector being moved into the government sector within the statistical system. For the 2013 PTCSA this caused a decrease in the culture ratio for the Heritage and libraries domain as many units were now included in the Governance, funding and professional support domain.

The second impact of GFS was that estimates of government final consumption expenditure were revised significantly for the period 2010 to 2014. Revisions occurred for all levels of government and all major components of final consumption expenditure. These revisions directly impact the PTCL source data used for the Governance, funding and professional support domain for reference years prior to 2013. Additionally, the Canadian Productivity Accounts (CPA), which are used to estimate jobs in the PTCSA and PTCL, were also revised to take into account all the comprehensive revisions of the CSMA.

### **3.1.2 Implementation of the Integrated Business Statistics Program**

Statistics Canada's Integrated Business Statistics Program (IBSP) was implemented for surveys with reference years of 2012 and 2013. About 200 business surveys were integrated into this single master survey program. Some of the changes included, increased coverage of the business population, whereby relatively small businesses (based on their sales) were included in survey frames, as well as an increased use of administrative data to correct for outliers or to partially or completely replace missing data.

Around the same time as the implementation of IBSP, many of the culture services industries surveys changed to a biennial frequency. In most cases administrative data such as tax data were used to replace the missing survey information.

### **3.1.3 Classification changes**

Statistics Canada regularly updates classification systems used to compile data. With the 2013 SUT, the product classification changed from the 2009 Input-Output Commodity Classification (IOCC) to the 2013 Supply and Use Product Classification (SUPC) as well the industry classification system changed from the 2009 Input-Output Industry Classification (IOIC) to the 2012 IOIC, which is based on the 2012 North American Industry Classification System (NAICS).

Although the 2013 PTCSA preserved the same definition of culture and sport as in the 2010 PTCSA, some of the above classifications changes had an impact on the estimation of culture and sport split factors. For example, NAICS 711511 Independent artists, visual arts, which is included in the Original visual art sub-domain, was redefined in the 2012 IOIC to include artisans. While in the PTCSA artisans should be included in the Crafts sub-domain there was no available information to exclude these from the industry in order to allocate this activity to the Crafts sub-domain.

From the product perspective there were several culture and sport products that were re-defined or reclassified that had an impact on the PTCSA. For example, MPS519002 Internet advertising was divided into separate products for advertising in newspapers, in periodicals and in other publications. This change enabled the PTCSA to more accurately allocate these products to the corresponding industries. One of the impacts of this was a notable upward revisions to the Other publications sub-domain.

### 3.2 Supply and Use Tables, 2013 and 2014

The latest available estimates from the 2013 and 2014 SUTs were used to update the PTCI's estimates for the corresponding reference years. Previously the PTCI estimates for 2013 and 2014 were based on preliminary macroeconomic accounts data for output, gross domestic product (GDP) and jobs. The inclusion of the 2013 and 2014 SUTs reflect the incorporation of final macroeconomic accounts data for those reference years.

## 4. Impact of revisions on the provincial and territorial culture indicators, 2010 to 2014

Revisions to reference years 2010 to 2014 were the result of the introduction of a new benchmark. This meant using the 2013 PTCSA as a base rather than the 2010 PTCSA. It involved using the composition of culture and sport industries and products of 2013 rather than 2010. The change in benchmark led to revisions in the level of PTCI estimates. Moreover, for the years 2013 and 2014, changes were also due to the integration of the 2013 and 2014 SUTs.

### 4.1 Revisions to culture domains and sub-domains

The following domains and sub-domains were most affected by the revisions to the PTCI:

- Visual and applied arts
  - ▶ These revisions were led by the Design sub-domain. The culture ratios for the Design sub-domain in the 2013 PTCSA were smaller than those used in the 2010 PTCSA.
- Audio-visual and interactive media
  - ▶ All three sub-domains of the Audio-visual and interactive media domain were revised down.
  - ▶ The revisions to the Film and video sub-domain were due to an improvement in the methodology used to estimate the output, GDP and jobs of the Motion picture and video production industry (NAICS 512110) in the CSMA and the PTCSA.
- Written and published works
  - ▶ The incorporation of the 2013 PTCSA benchmark led to an upward revision for output and jobs, while GDP was revised down slightly. However, the trend of this domain was revised downward, led by notable declines in the Books, Newspaper and Periodical sub-domains.
- Education and training
  - ▶ The downward revisions to this domain were impacted by the re-sectoring of units from the government sector following the integration of GFS into the CSMA.

### 4.2 Revisions to sport domain and sub-domains

As a whole, output, GDP and Sport jobs for the Sport domain were revised up from both the industry and product perspective. The main contributor to the upward revision was the Education and training (sport) domain.

All domains were revised up except the Organized sport domain, which was revised down from the product perspective. The main reason for this downward revision was that there was a decline in culture products within the Organized sport domain between 2010 and 2013 whereas the non-culture products increased over that time period.

## Acronyms

CPA	Canadian Productivity Accounts
CSMA	Canadian System of Macroeconomic Account
GFS	Government Finance Statistics
IBSP	Integrated Business Statistics Program
IOCC	Input-Output Commodity Classification
IOIC	Input-Output Industry Classification
PTCI	Provincial and Territorial Culture Indicators
PTCSA	Provincial and Territorial Culture Satellite Account
SUPC	Supply and Use Product Classification
SUT	Supply and Use Table(s)