



Creative Industries and Intellectual Property Jamaica

Creative Industries and Intellectual Property

- The creative industries are important for the Jamaican economy in terms of the value added generated, their share in employment and their contribution to foreign trade. However some of the activities of this industry is highly informal which makes the capturing of data for this industry very challenging for Statisticians.

Creative Industries and Intellectual Property

Data collection activities include collecting data for the generation of

- Value Added
- Employment and Earnings, Labour Force
- Rest of the World Accounts

Generation of Value Added

The first step in the generation of value added is the classification of transactors, who are the participants in the economic activity.

These are classified by

- Industries
- Institutional Sectors

Generation of Value Added cont'd

- In Jamaica industries are classified based on the Jamaica Industrial Classification (JIC) which is an activity based classification. It is an adaptation of the International Standard Industrial Classification (ISIC) compiled by the United Nations.

Generation of Value Added cont'd

Activities based on the JIC that would be covered in the creative industries are :

Class 221 PUBLISHING

2213 – Publishing of Recorded Media (including Records and Other Recorded Audio Media)

22130 - Publishing of Recorded Media (including Records and Other Recorded Audio Media)

Generation of Value Added cont'd

Class 223 – Reproduction of Recorded Media

2230 – Reproduction of Recorded Media

22301 – Reproduction of Records, Audio and
Computer Tapes from Master copies;
Reproduction of Floppy, Hard or Compact Discs

22302 – Film and Video Reproduction

Classes 221 and 223 would form a part of the
manufacturing industry

Generation of Value Added cont'd

Class 921 – Motion Picture, Radio, Television and
Other Entertainment Activities

*9214 – Dramatic Arts, Music and Other Arts
Activities*

92141 – Production of Live Theatrical Presentations
including Concerts, Dance productions, Orchestras
and Bands

92142 – Activities of Songwriters and Composers

Generation of Value Added cont'd

92143 – Activities of Authors, Novelists and Playwrights

92144 – Activities of Art Painters, Cartoonists, Sculptors and Other Own Account Artists e.g. Engravers and Etchers

92145 - Activities of Independent Actors, Singers and Other Entertainers

92146 – Related Art Activities including Lighting, Sound and Backdrops

Class 921 would be a part of the services industry.

Generation of Value Added cont'd

A Central Register of Establishments is crucial in determining the “players” who fall in each of the above categories. This register should include all establishments coded by their main activity.

Generation of Value Added cont'd

- Data is required to compute these estimates at the five digit level
- Value Added estimates are aggregated to give the Gross Domestic Product (GDP) for the economy

The Five Institutional Sectors

- **Non-financial corporation sector**
- **Financial corporation sector**
- **General government sector**
- **Non-profit institutions serving household sectors**
- **Household sector**

The industries can be aggregated into these sectors.

Generation of Value Added cont'd

Three ways of measuring GDP

- The Production Approach
- The Income Approach
- The Expenditure Approach

■ The Production Approach

The first approach takes the the difference between the Gross Output of producers and value of their intermediate inputs (that is commodities that are used up in the production of other commodities).

- Gross Output – Intermediate Input = Value Added

■ The Income Approach

The second approach is to take the sum of incomes accruing from the factors of production in the economy. The income components can be viewed as costs of production consisting of :

- Compensation of Employees
- Consumption of Fixed Capital
- Operating Surplus
- Other Taxes on Production
- Less Other Subsidies on Production

The Production and the Income Approaches

- Based on the 1993 System of National Accounts (SNA) an example of these two approaches can be seen on the following two accounts :

The Production Account of a Non-Financial Institution

■ Uses

Intermediate Consumption	899
<i>Value Added, Gross</i>	<i>854</i>
Consumption of Fixed Capital	137
<i>Value Added, Net</i>	<i>717</i>

Resources

Output	1753
Market Output	1722
<i>Output for own final use</i>	<i>31</i>

The Production and the Income Approaches cont'd

- These approaches show the type of detailed data required from respondents.



■ The Expenditure Approach

All final expenditures on goods and services in the economy are added

The Expenditure Approach

cont'd

The expenditure components are:

- Household Final Consumption Expenditure
- Government Final Consumption Expenditure
- Gross Fixed Capital Formation
- Changes in inventory
- Acquisition less disposal of valuables
- Exports of goods and non-factor services
- Less Imports of goods and non-factor services

■ Deflation

There is also the issue of finding adequate deflators to arrive at value added at constant prices for these groups. Value added at constant prices is a measure of real growth as it excludes the effect of change in prices.

Volume, price or value indicators are used to compile these estimates.

■ Employment and Earnings

The Employment and Earnings also uses the JIC. A survey of large establishments (establishments employing ten and over) is carried out. Data required for the compilation of these estimates are

- Numbers employed whether salaried or wage earners
- Number of hours worked for wage earners
- Total earnings

■ Labour Force

A household survey of approximately 8,000 households is done quarterly: January, April, July and October. Classification is by occupation and industries. Currently the occupational classification is being revised and the following gives an indication of the revision to the activities related to the creative industry .

■ Labour Force cont'd

Class 245 Writers and Creative or Performing Artists

2453 Composers, Musicians and Singers

24531 Music Composer/Arranger

24532 Conductor, Orchestra

24533 Conductor, Vocal Group

24534 Instrumentalist (eg. Violinists, Concert Pianists)

24535 Musicians (Orchestra)

24536 Singer (Soloists and Vocal Group)

24537 Barritone

24538 Bassoonist

24539 Cellist

■ Labour Force cont'd

2455 Film, Stage and Related Actors and Directors

24551 Actor

24552 Director, Motion Picture

24553 Director, Stage

24554 Director, Television and Radio

24555 Story-Teller

■ Labour Force cont'd

Class 347 Artistic, Entertainment and Sports
Associate Professionals

*3473 Street, Night-Club and related Musicians,
Singers and Dancers*

34731 Band Leader, Popular Music

34732 Dancer, Night Club/Entertainment Centre

34733 Musician, Popular Music Band

34734 Singer, Street

■ Rest of the World Accounts

Data on the value of imports and exports of goods and services, and income earned in terms of compensation and investment is required for these accounts.

The extended Balance of Payments (EBOPS) allows for the following classification.

Rest of the World Accounts cont'd

- Receipts or payments for rentals
- Fees received by resident musicians, actors, producers etc. for productions abroad (or vice versa)
- Fees for distribution rights sold to the media for a limited number of showings in specified areas;
- Access to encrypted television channels (such as cable services)

Rest of the World Accounts cont'd

- Purchases and sales of films, television and radio programmes, recorded music, musical compositions and manuscripts and the rights to these (purchases and sales of merchandise and assets)
- Sale for rights for video editions of films and television programmes.

■ Data Sources

- Annual sample surveys of establishments
- Financial statements from establishments
- Data from Government accounts and other administrative records
- General Consumption Tax data
- Household Expenditure Surveys , Survey of Living Conditions
- Labour Force Surveys
- Employment and Earnings
- Balance of Payment Surveys

Annual sample surveys of establishments

Current data collection activities re the creative industries are weak. The following shows the survey instrument used in the collection of data for the manufacturing industry which would cover Class 221 and 223 of the JIC. This data is computed from the financial statements, particularly the profit and loss account of companies.

		Calendar Year	
		2004.....	2005..
		J \$' 000	J \$' 000
Revenue			
1. Turnover	<i>(1.1 + 1.2)</i>		
	<i>(Net of discounts, rebates and General Consumption Tax)</i>		
1.1	Sales of goods produced including related services		
	<i>(Related services include installation and repair)</i>		
1.2	Sales of goods purchased for resale		
	<i>(Goods resold without being further processed)</i>		
2. Other Income	<i>(2.1 - 2.7)</i>		
2.1	Rental of buildings		
2.2	Rental of machinery & equipment		
2.3	Service charges <i>(e.g. management fees, head office charges)</i>		
2.4	Subsidies and grants from government <i>(Exclude capital grants)</i>		
2.5	Interest		
2.6	Dividends, investment income		
2.7	All other income <i>(e.g. foreign exchange gain, profit on sale of fixed assets)</i>		

Expenditure

3. Total Expenditure (3.1 - 3.8)

3.1 Gross wages and salaries

(Enter gross payments made to employees engaged in direct production, selling, administrative and other operating activities. Include overtime payments, allowances paid regularly, bonuses, fees, commissions, wages paid during vacation and sick leave, taxes (income, education), NIS, NHT contributions and the like, payable by the employee and deducted by the company, expenditure on sports, recreational facilities and amenities at place of work and other remuneration in kind Exclude reimbursement of expenses for travel and entertainment, tools & equipment, expenditure on uniforms, medical examination and include in item 3.7.ix. Also exclude redundancy payments, (include in item 3.4))

3.2 Employers' contributions to

i. N.I.S.

ii Pension schemes, health schemes, and other schemes

(Include employers' payment to pension schemes, health and other schemes on behalf of all employees. Exclude pension payments to past employees and include in item 3.3)

iii N.H.T., H.E.A.R.T. and education tax

3.3 Pension payments and other retirement benefits to past employees

3.4 Redundancy payments

3.5 Directors' emoluments

3.6 Depreciation (5.2.iv + 5.3.iv + 5.4.iv)

3.7 Other operating, selling and administrative expenses

i. Purchases of raw materials and supplies. (*Include all expenditure on raw materials used in the production process as well as the cost of all auxiliary materials, water, packaging materials and office supplies, inclusive of custom duties and unrecoverable GCT*)

ii. Purchases of merchandise for resale

(*Goods for sale without further processing. Inclusive of custom duties and unrecoverable GCT*)

iii. Fuel

iv. Electricity

v. Rental of building & equipment

vi. Freight & haulage costs

vii. Licences and fees paid to government

(*e.g. property tax, registration fees, motor vehicle licences*)

viii. Purchase of computer software (*Exclude capitalized expenditure on computer software and include in item 5.5*)

ix. Other operating, selling and administrative expenses

(*e.g. legal, accounting, minor repairs and maintenance, security, telephone, internet, advertising, insurance, royalties etc*)

3.8 Other expenses

i. Interest payments and other finance costs

ii. Losses on disposal of fixed assets

iii. All other expenses(*e.g. bad debts, donations, foreign exchange losses*)

4. Inventories

Please state method of valuation

4.1 Closing stock – value at the end of the year

i) Raw materials and other supplies

ii) Work-in-progress

iii) Finished goods

iv) Goods purchased for resale (*For sale without further processing*)

4.2 Opening stock – value at the beginning of the year)

i) Raw materials and other supplies

ii) Work-in-progress

iii) Finished goods

iv) Goods purchased for resale (*For sale without further processing*)

5. Fixed and intangible assets

5.1 Land

(i) Book value at the beginning of the year

(ii) Additions

(iii) Disposals

(iv) Book value at the end of the year $(i+ii-iii)$

5.2 Buildings

(i) Book value at the beginning of the year

(ii) Additions including major improvements

(iii) Disposals

(iv) Depreciation for the year

(v) Book value at the end of the year $(i+ii-iii-iv)$

5.3 Motor vehicles

(i) Book value at the beginning of the year

(ii) Additions

(iii) Disposals

(iv) Depreciation for the year

(v) Book value at the end of the year $(i+ii-iii-iv)$

5.4 Plant, machinery, furniture and equipment

(i) Book value at the beginning of the year

(ii) Additions

(iii) Disposals

(iv) Depreciation for the year

(v) Book value at the end of the year $(i+ii-iii-iv)$


5.5 Intangible assets *(include expenditure on copyrights and capitalized expenditure on computer software)*

(i) Book value at the beginning of the year

(ii) Additions

(iii) Disposals

(iv) Book value at the end of the year $(i+ii-iii)$



Annual sample surveys of establishments

The following shows an example of the services questionnaire which would cover class 921 of the JIC

Calendar Year

20.....

20.....

J \$' 000

J \$' 000

Revenue

1. Operating Revenue

(Net of discounts, rebates and General Consumption Tax)

Percentage of operating revenue earned from export of services

2. Other Income (2.1 - 2.7)

2.1 Rental of buildings

2.2 Rental of machinery & equipment

2.3 Service charges *(e.g. management fees, head office charges)*

2.4 Subsidies and grants from government *(Exclude capital grants)*

2.5 Interest

2.6 Dividends, investment income

2.7 All other income *(e.g. foreign exchange gain, profit on sale of fixed assets)*

Expenditure

3. Total Expenditure (3.1 - 3.8)

3.1 Gross wages and salaries

(Enter gross payments made to employees engaged in the activity reported on. Include overtime payments, allowances paid regularly, bonuses, fees, commissions, wages paid during vacation and sick leave, taxes (income, education), NIS, NHT contributions and the like, payable by the employee and deducted by the company, expenditure on sports, recreational facilities and amenities at place of work and other remuneration in kind Exclude reimbursement of expenses for travel and entertainment, tools & equipment, expenditure on uniforms, medical examination and include in item 3.7.vii. Also exclude redundancy payments, (include in item 3.4))

3.2 Employers' contributions to

i. N.I.S.

ii Pension schemes, health schemes, and other schemes

(Include employers' payment to pension schemes, health and other schemes on behalf of all employees. Exclude pension payments to past employees and include in item 3.3)

iii N.H.T., H.E.A.R.T. and education tax

3.3 Pension payments and other retirement benefits to past employees

3.4 Redundancy payments

3.5 Directors' emoluments

3.6 Depreciation (5.2.iv + 5.3.iv + 5.4.iv)

3.7 Other operating, selling and administrative expenses

i. Purchases of materials and supplies

(Include all expenditure on packaging materials, water, small tools, office supplies and goods purchased for resale without further processing and inclusive of unrecoverable GCT)

ii. Electricity

iii. Rental of building & equipment

vi. Freight & haulage costs

v. Licences and fees paid to government

(e.g. property tax, registration fees, motor vehicle licences)

vi. Purchase of computer software *(Exclude capitalized expenditure on computer software and include in item 5.5)*

vii. Other operating, selling and administrative expenses

(e.g. legal, accounting, minor repairs and maintenance, security telephone, internet, advertising, insurance, royalties etc)

3.8 Other expenses

i. Interest payments and other finance costs

ii. Losses on disposal of fixed assets

iii. All other expenses *(e.g. bad debts, donations, foreign exchange losses)*

4. Inventories

Please state method of valuation

4.1 Closing stock – value at the end of the year

4.2 Opening stock – value at the beginning of the year)

5. Fixed and intangible assets

5.1 Land

(i) Book value at the beginning of the year

(ii) Additions

(iii) Disposals

(iv) Book value at the end of the year $(i+ii-iii)$

5.2 Buildings

(i) Book value at the beginning of the year

(ii) Additions including major improvements

(iii) Disposals

(iv) Depreciation for the year

(v) Book value at the end of the year $(i+ii-iii-iv)$

5.3 Motor vehicles

(i) Book value at the beginning of the year

(ii) Additions

(iii) Disposals

(iv) Depreciation for the year

(v) Book value at the end of the year $(i+ii-iii-iv)$

5.4 Machinery, furniture and equipment

(i) Book value at the beginning of the year

(ii) Additions

(iii) Disposals

(iv) Depreciation for the year

(v) Book value at the end of the year $(i+ii-iii-iv)$

5.5 Intangible assets *(include capitalized expenditure on computer software)*

(i) Book value at the beginning of the year

(ii) Additions

(iii) Disposals

(iv) Book value at the end of the year $(i+ii-iii)$

Household Expenditure Surveys and Surveys of Living Conditions

- Household expenditure surveys are carried out every ten years. Approximately ten thousand households are sampled. Data on how much households spend in these areas could be got from this source.
- The survey of living conditions is an annual survey covering approximately 2700 households.



■ Other Sources of Data

Jamaica Tourist Board – Collects data on expenditure on special festivals, etc. and on visitor satisfaction

Data Sources – Issues and Concerns

- Regulation and laws need to be in place to be able to trace the pattern of payment under the copyright system. The tracing of payment patterns can be a difficult task. The SNA 93 speaks about the production of recordings, books, etc. as a two stage process where the first stage is the production of the original and the second the production and use of copies of the original. Ownership can be established over the original by copyright, patent etc.

Data Sources – Issues and Concerns cont'd

The production of the original is an intangible fixed asset which can be sold or be a part of the owner's own account fixed capital formation. If the owner of the asset uses it directly the asset would have to be valued and consumption of fixed capital (depreciation) recorded for the owner. The valuation would be difficult as the valuation would depend on the future benefit the owner expects to derive.

Data Sources – Issues and Concerns cont'd

If the owner license other producers to make use of the original, who may produce and sell copies or use them in other ways, the owner is deemed to have provided a service to the licensees. This would be recorded as part of the licensees intermediate consumption which would be in the form of fees, commissions or royalties paid.

Data Sources – Issues and Concerns cont'd

- Income and Expenditure data are usually captured through surveys of establishments. Therefore class 221 and 223 would be easier to capture than class 921 which is more informal in nature. A mixed household- Enterprise surveys could be established.

Data Sources – Issues and Concerns

In this regard the supply units and the initial reporting units are households, but the final observation units are enterprises. At STATIN when the population census was being carried out questions were included to determine if there was any business activity taking place within the households and if there was, the type of activity.

- Difficulty in locating the individuals, as some are not registered businesses and there are no business address

Data Sources – Issues and Concerns

- If income tax and value added tax (GCT) are being paid data could be accessed from this source, but if there is no proper regulation to ensure compliance a lot of the activity might be concealed.
- Artists are usually not employed to recording companies but are on contract
- Difficulty in building a register to capture all the transactors in the system be they individuals or establishments
- Employment and Earnings survey is establishment based therefore need for ad hoc surveys to target



Next Step

- Organise meetings with the different associations within the industry
- Copyright act is in place – could capture new works
- Analyse data coming out of other institutions capturing data eg. Tourist Board
- Analyse data coming out of census re business operating within households
- Closer inter-agency collaboration



Thank You



