

'Waiting for Godot?'

**Annual Analysis of the Federal Budget
Budget 2008**

**Canadian Conference of the Arts (CCA)
www.ccarts.ca**

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Annual Analysis of the Federal Budget

Executive Summary

The CCA's 2008 Budget Analysis examines federal funding from 2007/08 to 2008/09 to the Department of Canadian Heritage (DCH), cultural agencies and crown corporations; organizational and funding changes within the Department of Canadian Heritage; federal funding of key programs across the arts, heritage and cultural industries, and other noteworthy developments affecting the sector.

The title of this year's budget analysis is drawn from Samuel Beckett's famous play of the same name. Ending the phrase with a question mark underscores the ambivalence and uncertainty surrounding the cultural sector at this time. Notwithstanding the general funding stability from last fiscal to this fiscal year, ambivalence and uncertainty continue to characterize the sector. After almost three years, it is still difficult to establish what position the government may take towards culture as significant funding reductions might be forthcoming given the government's known priorities, the downturn in the economy and the disappearance of budgetary surpluses resulting from, in particular, cuts to the GST.

A number of key findings emerge. First, **stability** seems to be the operative word: overall funding levels held very steady in Budget 2008, as virtually all organizations examined in this analysis did not see a funding change of more than four percent, and additional expenditures may accrue to the sector through the supplementary estimates process. This is undoubtedly good news for the sector. Second, funding to key grants and contribution programs at the Department of Canadian Heritage also remained quite steady, with the notable exception of *Canadian Culture On-line*, which was cut completely (and somewhat unexpectedly) in Budget 2008.

However, there are very real concerns over the government's apparent reorientation of approach to the cultural sector and the lack of transparency and predictability in decision-making, particularly when it comes to arts and culture. Culture does not figure among the government's priorities, and the appetite for large-scale policy decision-making and long-term commitments within the Department of Canadian Heritage appear to have waned, as attested by the fact that one is still waiting for a new museums policy close to four years after this had made the object of a broadly based consensus amongst all political parties and respective stakeholders.

What is not of a nature to reassure is the fact that much of the new funding to the Department of Canadian Heritage over the last three years has accrued to sport (largely for the Vancouver 2010 Olympics) and new cultural programs targeting community-based events at the local level. In addition, while the Department indicates it will seek renewal for most programs comprising what used to be known as *Tomorrow Starts Today*, these commitments are in no way guarantees, as governments can reverse their intentions at a moment's notice.

The analysis confirms that the government appears to favour a greater role for the private sector in the cultural domain and has an interest in locating national cultural institutions outside of the National Capital Region, most recently through the process to identify the location of the Portrait Gallery of Canada, but also with respect to the Canadian Museum for Human Rights.

More specifically, the analysis shows that beginning with the Main Estimates, overall departmental expenditures are set to grow this fiscal year over last (***these figures must be interpreted with caution as they do not include expenditures in the supplementary estimates***). While this is undoubtedly welcome news for the Department, it masks the distribution of expenditure changes across the various Program Activities. The largest increase (\$46.1 million) accrues to the Department's second Strategic Outcome, 'Canada is an inclusive society built on inter-cultural understanding and citizen participation,' which does *not* include programming for the arts, heritage or cultural industries.

Expenditures on the first Strategic Outcome ("Canadians express and share their diverse cultural experiences with each other and the world"), where programming for the arts, heritage and cultural industries occurs, decline from 2007/08 to 2008/09 by \$17.8 million, with increases to some Program Sub-Activities (an additional \$1.7 million and \$19.5 million, respectively to 'Preservation of Canada's heritage' and 'Access to Canada's culture') and decreases to others (declines of \$1.5 million and \$37.5 million, respectively, to 'Canadian content and performance excellence' and 'Sustainability of cultural expression and participation').

For now, suffice it to note that ***overall changes in spending at the Department appear to be privileging its second Strategic Outcome over its first***. While in 2007/08, the proportion of overall departmental funding to the first Strategic Outcome was 57.0%, this figure declined in 2008/09 to 54.6%. While this decline is small, it will be important for the sector to monitor these figures on an ongoing basis given that departmental spending on the arts, heritage, and cultural industries is undertaken through Strategic Outcome 1. These concerns are fuelled by the further realization that there are some fairly substantial funding declines on the horizon, particularly for the Department's first Strategic Outcome, which is slated to drop from \$759.7 million in 2008/09 to \$624.3 million in 2009/10 and \$454.7 million in 2010/11. If these declines are realized, the proportion of overall departmental spending on its first Strategic Outcome is set to drop to 52.6% in 2009/10 and to 46.6% in 2010/11.

Once again, these figures must be interpreted with extreme caution as Parliament only votes on the annual Main Estimates (2008/09), so Planned Spending is subject to change between now and 2009/10, including through program renewals. Indeed, the Department's 2008/2009 Report on Plans and Priorities indicates that ***over the next two years, \$342.3 million worth of program funding will sunset*** (\$184.7 million in 2008/09 and \$157.6 in 2009/10) – roughly the amount of the declines indicated in the Planned Spending figures. The main programs set to sunset include various components of *Tomorrow Starts Today* (\$107.5 million), the Canadian Television Fund (\$99.6 million), the Community Historical Recognition Program (\$15.1 million), Vancouver 2010 (\$42.5 million) and Québec 2008 (\$21.5 million).

The Department's Report on Plans and Priorities (RPP) indicates that it will seek renewal for the following "Tomorrow Starts Today" programs: the Canada Music

Fund, the Canada New Media Fund (Multimedia Investment Fund), the Canadian Arts and Heritage Sustainability Program, and Cultural Spaces Canada. ***It will also seek renewal for the following programs in the cultural sector:*** the Canadian Television Fund, the Canada Magazine Fund, TV5 Québec-Canada, the Arts, Culture and Diversity Program, the National Training Program in Film & Video Sector, the Publication Assistance Program, the Movable Cultural Property Program, the Museums Assistance Program, the Community Historical Recognition Program, and the Celebration, Commemoration and Learning Program. The remaining programs for which renewal will be sought are Exchanges Canada, Katimavik, the Aboriginal Peoples' Program, the Enhancement of Official Languages Program, the Multiculturalism Program, the Human Rights Program, and the Canadian Studies Program.

The RPP also indicates that the Department **may** seek renewal for the following *Tomorrow Starts Today* programs: the Book Publishing Industry Development Program and the National Arts Training Contribution Program. Not surprisingly, it states that will *not* seek renewal for Vancouver 2010, Québec 2008, the 49th International Eucharistic Congress and the Indigenous Games, given that these events will be completed when the programs have sunset.

These commitments to renew programs must not be viewed as guarantees. The government can reverse its intentions at a moment's notice. Indeed, the *Report on Plans and Priorities* indicated that the Department would seek renewal of the Canadian Culture On-line Program, which, as Budget 2008 announced, was cut completely by the government. Nonetheless, the CCA contacted the department regarding these renewals to ascertain whether the Department plans to seek renewal of these programs at the same (or increased/decreased) funding levels, and whether it can provide some indication as to the probability that it will seek renewal for those programs indicated as possibly being renewed.

The Department's response confirms that commitments to renew programs must not be viewed as guarantees: even for those programs for which the RPP indicates Canadian Heritage will seek renewal, the Department states that "it would not be appropriate to comment on the probability of funding renewal at the current time and states further that renewal is contingent on various factors, including government priorities".

For the specific case of the *Book Publishing Industry Development Program*, the program is undergoing a program evaluation to assess its relevance and effectiveness 'in delivering results and services for Canadians.' The decision as to whether or not to go forward with funding renewal for this program (and if so, at what level) awaits completion of the evaluation. In the case of the National Arts Training Contribution Program, the program was renewed for a five-year period in September 2007 to March 2013 (for some reason, this was not reflected in the RPP).

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Introduction

The title of this year’s budget analysis is drawn from Samuel Beckett’s famous play of the same name and seeks to capture the main themes of this year’s budget analysis. Ending the phrase with a question mark underscores the ambivalence and uncertainty surrounding the cultural sector at this time.

As in Beckett’s play, the cultural sector has the interminable sense of waiting – but in this case, not for a person, but for a clearer understanding of where the government stands on cultural spending. Ever since the current minority government came to power in 2006, there has been much concern over the fate of cultural policy and of the commitment to federal spending in this sector. Signals have been mixed, from the permanent increase of \$30 million to the base budget of the Canada Council to major reductions in the Department of Foreign Affairs and International Trade’s budgets to support cultural diplomacy and a lack of appetite for anything but short term commitments, whether it be for the CBC or for the Canadian Television Fund.

As of yet, no large-scale funding reductions across the cultural sector writ large have been undertaken, although the government has shown some reluctance to follow through on commitments like a new museum policy, which it had supported enthusiastically while in opposition. In addition, the government has undertaken some targeted funding reductions, including cancellation of the Commercial Heritage Properties Incentives Fund in Budget 2006, reductions to the Museums Assistance Program in fall 2007, and termination of the Canadian Culture On-line Program in this year’s budget. The latter two of these cutbacks were the product of expenditure reallocation processes, in which government departments are required by the Treasury Board to identify areas where spending can be reduced and subsequently reallocated to ‘higher priority’ programs (exclusively from the government’s perspective). When programs have been the object of expenditure reallocation, it is very difficult to understand the genesis of the changes, and those in the cultural community are often side-swiped by the cuts, few if any having been consulted in the process.

Nonetheless, even with the downturn in the American economy and the potential for ‘belt-tightening’ measures by Canada’s government given a potential similar downturn here, this year’s budget does not show dramatic cutbacks to the cultural sector. Does this suggest, that as in Beckett’s play, Godot will never arrive and that the cultural sector is unnecessarily nervous?

The answer to this question is not yet known but in the meantime, federal cultural policy seems to be gradually reoriented. It is not at all clear that the government does accord high priority to arts and culture in its overall agenda. Second, within the Canadian Heritage portfolio itself, key priorities for the sector do not seem to be shared by the government. The long-awaited museums policy appears to have dropped completely from the priorities of the Department of Canadian Heritage – like the CBC review before it – and the government’s commitment to the implementation of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expression

appears to be waning as no mention of it is made in this years RPP. However, the agreement to co-fund the Centre on Pluralism with the Aga Khan Foundation is a laudable development which demonstrates the penchant for private/public partnership and the promotion of diversity worldwide.

The government clearly sees indeed a much greater role for the private sector in the delivery of programs and services, including in the cultural sector. Budget 2007 created Canada's National Trust to promote heritage protection, and provided only seed funding to the organization, with long term funding expected to come through donations. The government also indicated that the Fund is to be managed and directed by 'private-sector individuals.' A similar approach has been taken for the Portrait Gallery and the Canadian Human Rights Museum, both of which are being developed with significant involvement of the private sector, the former having been put up for a bidding contest between nine Canadian cities. Further, Budget 2008 announced the creation of PPP Canada Inc., a Crown corporation to support public-private partnerships, and the creation of a \$1.257 billion Public-Private Partnerships Fund to support innovative public-private partnership initiatives. On the other hand, measures like the abolition of the remaining capital gains tax on securities given to charities has certainly helped a number of high profile arts organizations to raise money, although we know of no study analyzing the real impact of such measures for the cultural sector at large.

Despite the government's commitment to greater transparency, decisions taken in the cultural sector remain often severely lacking in transparency. The expenditure reallocation process noted above is a very opaque process, with expenditure reductions imposed on programs with seemingly no consultation of the cultural sector and sometimes unclear rationales underpinning the cuts when they are announced. Similarly, announcements are often made by the government with seemingly little follow through, rendering it difficult to track the progress of important initiatives. The 2006 announcement of the Global Centre for Pluralism, a public-private partnership with the Aga Khan foundation mentioned above, falls into this category, as does also Canada's National Trust, and the process for bid preparation and evaluation for the Portrait Gallery of Canada.

Much of the new funding to the Department of Canadian Heritage over the last three years has accrued to sport, largely as a result of the Vancouver 2010 Olympics. While some new funding for culture has been provided (e.g., a significant increase in base funding to the Canada Council and infrastructure funding for national cultural institutions), some of these funds seem more concentrated on the local level (the new festivals program and significant increases to the Celebrate Canada initiative), suggesting a reorientation of cultural policy toward local interests, perhaps as a means for MPs to raise their profile in local communities.

Finally, the government seems committed to locating national cultural institutions outside of the National Capital Region. The Canadian Museum for Human Rights and the Portrait Gallery of Canada illustrate this desire. The Human Rights Museum is the first national museum to be designated outside of the capital region, and while Ottawa was one of the cities invited to put forward a proposal for the Portrait Gallery, it is only one of three who have done so.

This budget analysis proceeds in four sections. The first examines ‘the big picture’ by discussing overall federal funding levels to key federal cultural institutions. The second focuses on the Department of Canadian Heritage, and examines its organizational structure and program expenditures across key areas of activity. The third section undertakes a detailed analysis of program expenditures across cultural sub-sectors. The final section explores a number of developments in the cultural sector beyond expenditures, and looks at other government-wide initiatives with potential impact on the sector.

THE BIG PICTURE

Table 1 shows expenditures for the Department of Canadian Heritage and selected agencies and crown corporations for the period 2007/08 to 2008/09 (each of these organizations is examined in greater detail further on in this analysis).

The second column shows total expenditures for fiscal year 2007/08 (Main and Supplementary Estimates), and the next four columns show estimates released to date for 2008/09 (the Main Estimates released with the federal budget, and the Supplementary Estimates A released in the spring¹). The final column shows the increase (decrease) in expenditures between 2007/08 and 2008/09. As will be pointed out throughout this document, such differences should be interpreted with caution as additional Supplementary Estimates are likely to be released in the fall, thereby increasing total spending for 2008/09. As such, *the final column likely overstates funding decreases and understates funding increases*. The CCA will release an analysis of the next set of supplementary estimates when they are released in order to give a more accurate picture of funding increases or decreases between this fiscal year and the previous one.

Overall Funding Levels Held Relatively Steady

As the final cell in the table's bottom row reveals, overall funding levels remain largely unchanged, having declined slightly from \$3.339 billion in 2007/08 to \$3.296 billion in 2008/09 (a decrease of 1.3%). In looking at funding to individual organizations, ***virtually all organizations have not seen a funding change of more than four percent***. Two organizations (the National Arts Centre and the Canadian Museum of Nature) have experienced fairly significant funding declines, but these declines are due to completion of one-time capital projects – as opposed to reductions in operating funding. As noted above, *it must be remembered that additional expenditures may accrue to the sector through supplementary estimates, in which case the number of organizations experiencing increases may rise*.

¹ The release of the 2008-09 Supplementary Estimates A in the days immediately following the release of the 2008-09 Main Estimates reflects a change in philosophy around use of the supplementary estimates. Ordinarily, the first set of supplementary estimates (Supplementary Estimates A) is released in the fall. This year, they were released early in order to reflect the expenditure reallocation process (see more on this below). In addition, the government intends to use the supplementary estimates with more discipline than in previous years, avoiding where possible, new funding allocations that should have appeared in the Main Estimates. The Supplementary Estimates are only intended to be used for unexpected expenditures resulting after the Main Estimates or for changes/updates to departmental funding allocations during the fiscal year.

Table 1: Expenditures for the Department of Canadian Heritage and Selected Agencies and Crown Corporations, 2007/08 to 2008/09 (millions of dollars)

Organization ¹	Total Expenditures 2007/08 ²	Expenditures to date 2008/09				Increase (decrease) in expenditures between 2008/09 and 2007/08...
		Main Estimates 2008/09	Supplementary Estimates A 2008/09		Total Estimates to date 2008/09	
			Transfers	Appropriations		
Department of Canadian Heritage	1,440.5	1,391.3	(1.8)	24.3	1,413.8	(26.7) (1.8%)
Canada Council for the Arts	181.8	180.5	1.5	-	182.1	0.3 0.2%
Canadian Broadcasting Corporation	1,104.0	1,115.4	-	-	1,115.4	11.4 1.0%
Library and Archives of Canada	154.8	157.6	-	-	157.6	2.8 1.8%
National Arts Centre	55.9	49.6	0.2	-	49.7	(6.2) (12.5%)
National Gallery of Canada	51.4	53.3	-	-	53.3	1.9 3.6%
Canadian Museum of Civilization	61.9	61.4	-	-	61.4	(0.5) (0.8%)
Canadian Museum of Nature	84.9	59.2	-	-	59.2	(25.7) (43.4%)
National Museum of Science and Technology	32.1	31.0	-	-	31.0	(1.1) (3.5%)
National Film Board of Canada	67.1	65.0	0.3	-	65.3	(1.8) (2.8%)
Telefilm Canada	105.2	107.2	0.6	-	107.7	2.5 2.3%
TOTAL	3,339.9	3,271.5	-³	24.3	3,296.5	(43.4) (1.3%)

Note: Totals may not add due to rounding.

¹All of these organizations also generate annual revenues.

²Total of expenditures in Main Estimates and Supplementary Estimates A and B in 2007/08. Annex I details the expenditures in the 2007/08 Main Estimates and Supplementary Estimates.

³Totals for transfers not provided as some of these expenditures represent transfers from one agency to another within the Ministry or represent transfers in or out of the Department of Canadian Heritage for programming in areas other than those treated in this Budget Analysis (see discussion in Section II for details of the transfers).

Sources: Government of Canada, *2008-2009 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2008-2009 for the Fiscal Year ending March 31, 2009*; Government of Canada, *2007-2008 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2007-2008 for the Fiscal Year ending March 31, 2008*; Government of Canada, *Supplementary Estimates (B), 2007-2008 for the Fiscal Year ending March 31, 2008*.

The following sections of this analysis discuss the specifics behind changes in funding levels to each organization. For now, this “big picture” examination reveals that funding held quite steady for almost all organizations (change of less than four percent): Department of Canadian Heritage (-1.8%), Canada Council for the Arts (0.2%), Canadian Broadcasting Corporation (1.0%), Library and Archives Canada (1.8%), National Gallery of Canada (3.6%), Canadian Museum of Civilization (-0.8%), National Museum of Science and Technology (-3.5%), National Film Board (-2.8%) and Telefilm Canada (2.3%). Only the National Arts Centre and the Canadian Museum of Nature experienced large funding declines (-12.5% and -43.4%, respectively), owing to the completion of one-time capital projects.

Strategic Reviews under the New Expenditures Management System

The government developed a new Expenditure Management System in 2007. Under this system, departments and agencies must manage their programs in line with clear results and evaluate program performance against results. Cabinet reviews the funding and relevance of all program spending ‘to ensure that spending is aligned with Canadians’ priorities and effectively and efficiently delivers on the Government’s responsibilities’² and rigorously examines all new spending proposals ‘taking explicit account of the funding, performance and resource requirements of existing programs in related areas.’³ This latter activity will include ensuring that new spending proposals relate to the priorities of the government.

The new Expenditure Management System includes ongoing ‘Strategic Reviews’ to ‘assess whether programs are achieving their intended results, are effectively managed, and are appropriately aligned with the priorities of Canadians and with federal responsibilities.’⁴ The first review involved seventeen organizations, reviewing \$13.6 billion of departmental spending (approximately 15% of total direct program spending) and was reported in Budget 2008. Overall, the departments identified \$386 million worth of annual expenditures to cut, with the funds being redirected either to new initiatives in their organizations or to Budget 2008 in general.

As reported by the CCA, the Department of Canadian Heritage, federal museums and Library and Archives Canada were among the organizations participating in the review. For the cultural sector, the key and somewhat surprise decision at the Department was the complete termination of funding to the Canadian Culture On-line Program (\$11.6 million in 2009/10 and 2010/11). The savings from this and other cutbacks at the Department are being directed toward three departmental programs: the 2010 Olympic and Paralympic Torch Relays, the *Road to Excellence* for summer Olympic athletes, and to the Official Languages Action Plan (Budget 2008 provided \$25 million to the torch relays and \$24 million over two years and \$24 million ongoing annually to the *Road to Excellence* programs). Many see as a blow for the sector to see funds from such a program redirected to priorities outside of the core arts, heritage and cultural industries programs. Nonetheless, there may be opportunities for the cultural sector in sport funding envelopes, as host nations are required to offer cultural festivals as part of Olympic celebrations.

² Budget 2007, 158.

³ Ibid.

⁴ Budget 2008, Annex 3: Responsible Spending.

For their part, federal museums identified some \$15 million of 'savings' in the 2008/09 to 2010/11 period, all of which will be reinvested over three years in capital and operating expenditures of the organizations. Library and Archives Canada identified over \$3 million in savings in the 2008/09 to 2010/11 period. Parks Canada also took part in this process, and cut \$5.9 million from the Historic Places Initiative in 2010/11 for contribution agreements that the organization indicates are 'no longer required.' These funds are being redirected to suppressing wildfires and enhancing law enforcement in National Parks.

As foreshadowed in last year's budget analysis, for the cultural sector, this new Expenditure Management approach is proving to be a double-edged sword. While clarifying program objectives and ensuring program activities are supporting the achievement of objectives are laudable goals, where government priorities are in areas other than the cultural sector, the sector may find itself vulnerable in this process, and be required all the more to justify the rationale and reiterate the importance of government support for the sector.

Despite the greater transparency, the system itself has become far more complex to comprehend and analyze, making it difficult for the cultural sector to track funding level changes over time. While there is now more information contained in the various documents produced through the new Expenditure Management process (the Main Estimates, Supplementary Estimates, Reports on Plans and Priorities, etc.), wading through the documents to glean relevant information on program expenditures, renewals, changes, and the like, can be a daunting and time-consuming task. In light of this complexity, the CCA hopes that this Budget Analysis will help to clarify trends and changes in federal cultural expenditures for those in the sector.

THE DEPARTMENT OF CANADIAN HERITAGE

Ministry and Departmental Organization.

The Minister of Canadian Heritage (also responsible for Status of Women, Official Languages and La Francophonie) is the Hon. Josée Verner (Louis-Saint-Laurent, Québec). Given the breadth of the Heritage portfolio, she is assisted by the Hon. James Moore, Secretary of State for the Vancouver-Whistler 2010 Olympics and Official Languages (also for the Asia-Pacific Gateway); the Hon. Helena Guergis, Secretary of State, Sport (and Foreign Affairs and International Trade) and the Hon. Jason Kenney, Secretary of State, Multiculturalism and Canadian Identity.⁵

The Canadian Heritage Portfolio includes the Department of Canadian Heritage (including the Canadian Conservation Institute and the Canadian Heritage information Network), nineteen other organizations, including agencies (e.g., Library and Archives Canada, the National Film Board, and the Canadian Radio-television and Telecommunications Commission) and Crown Corporations (e.g., the Canada Council for the Arts, the Canada Science and Technology Museum, the Canadian Broadcasting Corporation, Telefilm Canada, the Canadian Museum of Civilization, the Canadian Museum of Nature, the National Arts Centre, and the National Gallery of Canada) and the Canadian Cultural Property Export Review Board. In addition to its headquarters in Gatineau, Québec, the Department maintains five regional offices and twenty-two points of service.

The Department of Canadian Heritage has instituted a new governance model that identifies three levels of management. Starting at the apex of the organization, **Level 1**, consisting of the Deputy Minister (DM), an Executive Committee and the Departmental Audit Committee is responsible for overall decision-making in the organization. The Executive Committee is the senior decision-making committee of the department and is responsible for supporting the Deputy Minister in governance, strategic direction and decision-making. Both the Executive Committee and the Departmental Audit Committee are accountable to the Deputy Minister. **Level 2** consists of operational committees chaired by the DM or the Associate DM. These committees are accountable to the Executive Committee, and consist of the Communications & Coordination Committee, the Strategic Policy & Planning Committee and the Operations & Management Committee. These committees are responsible for strategic vision within the department by integrating policies, programs and evaluations and for deciding on how to implement strategies. **Level 3** consists of two advisory committees: Strategic Policy & Planning (advice on policy) and Operations & Management (advice on program management and service delivery). These committees are accountable to their Level 2 counterparts (the Strategic Policy & Planning Committee and the Operations & Management Committee, respectively).

⁵ It is not uncommon for Canadian Prime Ministers to assign ministerial or secretary of state responsibilities to other cabinet or caucus members in order to secure regional, gender, linguistic, etc. representation and/or to provide an opportunity for less experienced caucus members to gain cabinet experience as 'junior cabinet ministers' (secretaries of state).

Expenditures Across the Department's Strategic Outcomes and Program Activities (drawn from the Department's Report on Plans and Priorities).

As shown in Table 1 of the previous section, the Department's funding levels declined by \$26.8 million or 1.8% in fiscal year 2008/09 as compared to those in 2007/08 (from \$1,440.5 million to \$1,413.8 million). Again, as mentioned previously, *these figures should be interpreted with caution as additional funding may accrue to the Department through supplementary estimates.*

The following section examines funding levels to key departmental programs. This section takes an overall view of the Department's strategic outcomes and key program activities. As detailed in the CCA's analysis of the 2005 federal budget, the Department significantly restructured the way it conceives of and reports on its activities in 2005/06 in response to Treasury Board Guidelines. The Department has now been using this reporting structure for four consecutive years, with only minor variations over time.

Table 2 on the following page shows this reporting structure. It breaks the department's activities down into Strategic Outcomes, Program Activities aimed at pursuing the Strategic Outcomes, and Program Sub-Activities, more detailed program activities in pursuit of Strategic Outcomes. As the table reveals, the Department maintains two Strategic Outcomes, the first related to sharing and expressing cultural experiences, and the second focusing on social inclusion and citizen participation. The second column shows the Program Activities related to each of these Strategic Outcomes.

There are seven Program Activities (Canadian content and performance excellence; cultural expression/participation; heritage preservation; access/participation; inter-cultural understanding; community development/capacity building; and community/civic participation), each of which is then further broken down into more detailed Program Sub-Activities (key cultural sub-sectors such as the arts, cultural industries, and heritage) and Program Sub-sub activities (specific programs in each of these sectors). In 2008-09, an eighth Program Activity was added, Corporate Services, which includes such corporate services as legal, information technology, financial management, human resources and public affairs/communications.

The final five columns of the Table show expenditures in the Main Estimates in each of the Department's Strategic Outcomes and Program Activities for this and last fiscal years, as well as Planned Spending for 2009/10 and 2010/11 listed in the Department's 2008/2009 *Report on Plans and Priorities*. Beginning with the Main Estimates, overall departmental expenditures are set to grow this fiscal year over last (***these figures must be interpreted with caution as they do not include expenditures in the supplementary estimates***). While this is undoubtedly welcome news for the Department, it masks the distribution of expenditure changes across the various Program Activities. The largest increase (\$46.1 million) accrues to the Department's second Strategic Outcome, 'Canada is an inclusive society built on inter-cultural understanding and citizen participation,' which does *not* include programming for the arts, heritage or cultural industries.

Table 2 – Department of Canadian Heritage: Program Activity Architecture and Expenditures, 2007/08-2008/09

Strategic Outcomes	Program Activities	Program Sub-Activities	Examples of Program Sub-sub activities	Main Estimates \$millions			Planned Spending	
				2008/09	2007/08	Difference	2009/10	2010/11
Strategic Outcome 1: Canadians express and share their diverse cultural experiences with each other and the world	Canadian content and performance excellence	Arts & Cultural Industries	Canadian Television Fund; Content Development component of Canada Music Fund, Canada Magazine Fund, Book Publishing and New/Interactive Media	339.6	341.1	(1.5)	226.1	215.6
		Sport	Sport Support; Sport Hosting; Athlete Assistance					
	Sustainability of cultural expression and participation	Arts & Cultural Industries	Support for the arts sector; Capacity-Building component of Canada Music Fund and Film & Video Sector; Industry Development Component of Book Publishing and Canada Magazine Fund	173.1	210.6	(37.5)	151.7	80.5
		Heritage	Canadian Heritage Information Network; Support to Heritage Institutions and Organizations					
		2010 Winter Games International	Trade Routes; TV5; International Francophonie; International Norm & Standard Setting; Capacity-Building & Cooperation					
	Preservation of Canada's heritage	Heritage	Feature Film Preservation and Access; Canadian Music Preservation and Access; Canadian Conservation Institute	39.8	38.1	1.7	41.4	42.1
		Aboriginal Living Cultures	Aboriginal Languages and Cultures; Aboriginal Broadcasting					
	Access to Canada's culture ¹	Arts & Cultural Industries	Arts in Communities; Book Publishing: Marketing (formerly Supply Chain Initiative); Publications Distribution Assistance; Canada Music Fund: Collectives Initiative	207.2	187.7	19.5	205.1	116.5
		Heritage	Canadian Cultural Heritage Online; Exhibitions and Collections; Movable Cultural Property					
	Total Strategic Outcome 1				759.7	777.5	(17.8)	624.3
Strategic Outcome 2: Canada is an inclusive society built on inter-cultural understanding and citizen participation	Promotion of inter-cultural understanding ²	Official Languages	Promotion of linguistic duality; Second-Language Learning	121.5	121.6	(0.1)	120.0	122.6
		Multiculturalism						
	Community development and capacity building	Aboriginal Partners	Aboriginal organizations	252.9	260.0	(7.1)	242.7	243.9
		Official Languages	Community life, Minority-Language Education					
	Participation in community and civic life	Multiculturalism		257.2	203.9	53.3	200.1	153.6
		Aboriginal Communities	Aboriginal Youth, Aboriginal Women; Ab'l Friendship Centres					
		Citizen Participation ³	Human Rights, Court Challenges					
		Sport	Sport Support; Sport Hosting					
		Youth	Exchanges Canada; Katimavik; Young Canada Works; Cdn Studies					
		Celebration	Celebration, Commemoration and Learning; Ceremonial & Protocol					
International	International Expositions							
2010 Winter Games								
Total Strategic Outcome 2				631.6	585.5	46.1	562.8	520.1
TOTAL DEPARTMENT				1,391.3	1,363.0	28.3	1,187.1	974.8
Full Time Equivalents				2,252	2,354	n.a.	2,351	2,074

Sources: Department of Canadian Heritage, 2008-2009 Estimates, Part III: Report on Plans and Priorities and Government of Canada, 2008-2009 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates.

Note: Totals may not add due to rounding.

¹This Program Activity was previously referred to as 'Access and participation in Canada's cultural life.'

²This Program Activity also included 'Sport' in the previous two fiscal years.

³Information and Research on Canada and Community Partnerships were removed from this Sub-Activity.

Expenditures on the first Strategic Outcome, where programming for the arts, heritage and cultural industries occurs, decline from 2007/08 to 2008/09 by \$17.8 million, with increases to some Program Sub-Activities (an additional \$1.7 million and \$19.5 million, respectively to 'Preservation of Canada's heritage' and 'Access to Canada's culture') and decreases to others (declines of \$1.5 million and \$37.5 million, respectively, to 'Canadian content and performance excellence' and 'Sustainability of cultural expression and participation'). The following section will detail expenditure changes across key cultural programs, but for now, suffice it to note that **overall changes in spending at the Department appear to be privileging its second Strategic Outcome over its first**. While in 2007/08, the proportion of overall departmental funding to the first Strategic Outcome was 57.0%, this figure declined in 2008/09 to 54.6%. **While this decline is small, it will be important for the sector to monitor these figures on an ongoing basis given that departmental spending on the arts, heritage, and cultural industries is undertaken through Strategic Outcome 1.**

The final two columns of the table show Planned Spending for fiscal years 2009/10 and 2010/11. As noted in the table, there are some fairly substantial funding declines on the horizon, particularly for the Department's first Strategic Outcome, which is slated to drop from \$759.7 million in 2008/09 to \$624.3 million in 2009/10 and \$454.7 million in 2010/11. If these declines are realized, the proportion of overall departmental spending on its first Strategic Outcome is set to drop to 52.6% in 2009/10 and to 46.6% in 2010/11.

These figures must be interpreted with extreme caution as Parliament only votes on the annual Main Estimates (2008/09), so Planned Spending is subject to change between now and 2009/10, including through program renewals. Indeed, the Department's 2008/2009 Report on Plans and Priorities (RPP) indicates that **over the next two years, \$342.3 million worth of program funding will sunset (\$184.7 million in 2008/09 and \$157.6 in 2009/10) – roughly the amount of the declines indicated in the Planned Spending figures**. The main programs set to sunset include various components of *Tomorrow Starts Today* (\$107.5 million), the Canadian Television Fund (\$99.6 million), the Community Historical Recognition Program (\$15.1 million), Vancouver 2010 (\$42.5 million) and Québec 2008 (\$21.5 million).

The Department's RPP indicates that it will seek renewal for the following *Tomorrow Starts Today* programs: the Canada Music Fund, the Canada New Media Fund (Multimedia Investment Fund), the Canadian Arts and Heritage Sustainability Program, and Cultural Spaces Canada. It will also seek renewal for the following programs in the cultural sector: the Canadian Television Fund, the Canada Magazine Fund, TV5 Québec-Canada, the Arts, Culture and Diversity Program, the National Training Program in Film & Video Sector, the Publication Assistance Program, the Movable Cultural Property Program, the Museums Assistance Program, the Community Historical Recognition Program, and the Celebration, Commemoration and Learning Program. The remaining programs for which renewal will be sought are Exchanges Canada, Katimavik, the Aboriginal Peoples' Program, the Enhancement of Official Languages Program, the Multiculturalism Program, the Human Rights Program, and the Canadian Studies Program.

The RPP also indicates that the Department **may** seek renewal for the following *Tomorrow Starts Today* programs: the Book Publishing Industry Development Program and the National Arts Training Contribution Program. It states that will *not* seek renewal

for Vancouver 2010, Québec 2008, the 49th International Eucharistic Congress and the Indigenous Games, given that these events will be completed when the programs have sunset.

The CCA contacted the Department regarding these renewals to ascertain whether the Department plans to seek renewal of these programs at the same (or increased/decreased) funding levels, and whether it could provide some indication as to the probability that it will seek renewal for those programs indicated as possibly being renewed.

The Department's response confirms that commitments to renew programs must indeed not be viewed as guarantees: even for those programs for which the RPP indicates Canadian Heritage will seek renewal, the Department states that "it would not be appropriate to comment on the probability of funding renewal at the current time and states further that renewal is contingent on various factors, including government priorities". For the specific case of the *Book Publishing Industry Development Program*, the program is undergoing a program evaluation to assess its relevance and effectiveness 'in delivering results and services for Canadians.' The decision as to whether or not to go forward with funding renewal for this program (and if so, at what level) awaits completion of the evaluation. In the case of the *National Arts Training Contribution Program*, the program was renewed for a five-year period in September 2007 to March 2013 (for some reason, this was not reflected in the RPP).

The Department's *Report on Plans and Priorities* also indicates that it has a number of 'other planned initiatives' for fiscal years 2008/09 (\$35.5 million), 2009/10 (\$26.5 million) and 2010/11 (\$46.5 million) but no detail is provided as to the nature of these initiatives. The CCA contacted the Department to seek further information on these initiatives but unfortunately no information is available at the current time. The Department indicated that the list of programs will be made public as individual initiatives are announced.

The final row of the table indicates the number of Full Time Equivalents (FTEs, essentially full time jobs) at the Department for each fiscal year. As shown, FTEs are set to decline by close to 300 in 2010/11, reflecting the decline in human resource requirements for programs that are up for renewal. The CCA contacted the Department regarding this drop in FTEs and was informed that these figures will rise in proportion to the Department's 'program renewal strategy.' In other words, the number of FTEs will depend upon the number and level of programs for which Canadian Heritage will seek renewal.

DEVELOPMENTS ACROSS CULTURAL SUB-SECTORS

This section examines expenditures and highlights key developments across the arts, heritage, and cultural industries. Expenditures in the areas of official languages, aboriginal programs, and sport are also examined.

Table 3 shows funding in fiscal years 2007/08 and 2008/09 across key grants and contributions at the Department of Canadian Heritage. It shows total expenditures for 2007/08 (Main and Supplementary Estimates) and total estimates to date in 2008/09 (Main Estimates and Supplementary Estimates A). ***It must be noted that additional increases may accrue to some programs through the supplementary estimates process in the fall.***

-----ARTS-----

TOMORROW STARTS TODAY. As noted in the previous section, various components of this program will sunset in 2009/10 (a total of \$107.5 million) following completion of the five-year renewal of the program undertaken by the former Martin government (2005/06 to 2009/10). The Department indicates it *will* seek renewal of most of the programs, and *may* propose renewal of others (further details on this below). As noted in previous budget analyses, though, Parliament only approves expenditures on an annual basis through the Main and Supplementary Estimates process. Longer term commitments (whether expenditures or commitments to renew programs) are by no means cast in stone, and can be altered owing to changing political priorities, fiscal circumstances, and the like. Indeed, the *Report on Plans and Priorities* indicated that the Department would seek renewal of the Canadian Culture On-line Program, which, as Budget 2008 announced, was cut completely by the government. As such, as mentioned previously, *departmental commitments to renew programs must not be viewed as guarantees, particularly in the current period of political instability.* Should an election be called and a new government (majority or minority) be formed, these commitments may be subject to change. It therefore remains crucial for the sector to continue to impress upon the government the importance of program renewal and the provision of long-term, adequate, stable funding.

In 2008/09, funding levels to *Tomorrow Starts Today* programs remained steady over last fiscal year, with the notable exceptions of Canadian Culture On-line which, as noted above, was cut completely in Budget 2008, and Arts Presentation Canada, which received a significant funding increase (see below).

Table 3 – Department of Canadian Heritage: Selected Grants and Contributions, 2007/08 to 2008/09 (dollars)

Grant/Contribution	2007/08			2008/09		
	Main Estimates	Supplementary Estimates A/B	Total	Main Estimates	Supplementary Estimates A	Total Estimates to date
Arts						
Arts and Heritage Sustainability Program						
Capacity Building	6,310,043	-	6,310,043	6,134,043	-	6,134,043
Endowment Incentives	14,884,420	-	14,884,420	14,884,420	-	14,884,420
Stabilization Funds	626,760	-	626,760	626,760	-	626,760
Networking Initiatives	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Arts Presentation Canada Program	20,562,498	199,000	20,761,498	28,362,112	-	28,362,112
Building Communities through Arts & Heritage	3,092,000	3,092,000	7,000,000	-	7,000,000
Celebrate Canada!	21,488,600	500,000	21,988,600	28,720,426	3,250,000	31,970,426
Cultural Capitals of Canada	3,862,680	-	3,862,680	3,862,680	-	3,862,680
Cultural Spaces Canada Program	29,642,423	800,000	30,442,423	29,342,801	-	29,342,801
National Arts Training Contribution Program	10,709,000	5,909,000	16,618,000	16,703,920	-	16,703,920
Heritage						
Museums Assistance Program	10,098,000	-	10,098,000	14,445,845	-	14,445,845
Cultural Industries						
Canadian Television Fund	119,950,000	-	119,950,000	119,950,000	-	119,950,000
Book Publishing Industry Developmt Prog.	38,094,798	-	38,094,798	37,637,660	-	37,637,660
Canada Magazine Fund	15,567,998	-	15,567,998	15,381,182	-	15,381,182
Canada Music Fund	22,889,658	-	22,889,658	22,614,982	-	22,614,982
Canada New Media Fund	14,025,000	-	14,025,000	14,196,077	-	14,196,077
Publications Assistance Program	45,400,000	-	45,400,000	45,400,000	-	45,400,000
Other Grants and Contributions						
Sport Grants & Contributions						
Athlete Assistance Program	27,000,000	-	27,000,000	26,676,000	-	26,676,000
Sport Support Program	96,191,481	5,756,000	101,847,481	101,563,183	-	101,563,183
Games' Hosting Program	97,673,284	51,150,000	148,823,284	50,387,404	11,502,000	61,889,404
Official Languages						
Enhancement of Official Languages Program	105,923,289	3,000,000	108,923,289	111,020,927	-	111,020,927
Development of Official Language Communities Program	201,348,949 ¹	14,995,981	216,344,930	238,913,473	2,200,000	241,113,473
Aboriginal Peoples' Program	61,110,732	5,093,000	66,203,732	57,757,982	-	57,757,982

¹Includes an additional \$15 million in funding announced in Budget 2007.

Sources: Government of Canada, 2007-2008 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates; Government of Canada; 2006-2007 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates; Government of Canada, Supplementary Estimates (A) 2006-2007 for the Fiscal Year ending March 31, 2007; Government of Canada, Supplementary Estimates (B), 2004-2005 for the Fiscal Year ending March 31, 2007; Government of Canada, 2005-2006 Estimates, Parts I and II: The Government Expenditure Plan and The Main Estimates.

Canadian Culture On-line was a major casualty of this year's budget. The \$11.5 million program, which includes the cultural research web portal Culturescope.ca, the website Culture.ca and which supports the production of on-line cultural content and digitization project across government departments and agencies, was completely cut. This came as something of a surprise to those in the cultural community, for whom Culturescope.ca is a unique and valuable on-line research and communications tool but given the target reallocations imparted to the Department, this decision has no doubt helped preserve other programs deemed more essential to the sector. According to current plans, the Culturescope website will remain on-line for another few months, but no new content will be added.

Funding held steady to the **Canadian Arts and Heritage Sustainability Program** (CAHSP), which seeks to 'strengthen organizational effectiveness and build capacity of arts and heritage organizations' (Department of Canadian Heritage website). CAHSP is comprised of a number of components. The Capacity Building component funds arts and heritage organizations operating in areas without stabilization projects (described below). The funds aim to improve organizational effectiveness. This year's Main Estimates reduced funding to this component by \$176,000. Through Endowment Incentives, the government supports arts organizations to establish endowment funds by providing matching funding for private donations. The Stabilization Projects component helps to establish projects that support professional arts and heritage organizations in specific geographical areas. The Projects provide technical expertise for capacity building (e.g., governance, strategic planning and organizational effectiveness), and in some instances, financial assistance for deficit-reduction and the development of working capital reserves. The projects, intended to be short-term in nature (usually operating a decade or less), are locally-run by independent non-profit organizations with representative boards of directors. The Networking component funds pan-Canadian projects 'whose aim is to develop and strengthen capacity through harnessing the power of artists, the arts, and culture to build creative, sustainable, and healthy communities' (Ibid). The CAHSP is set to sunset in 2009/10, but the Department's *Report on Plans and Priorities* states that it will seek renewal for the program.

Funding to **Arts Presentation Canada** increased substantially to \$28.4 million from \$20.8 million in 2007/08. The bulk of this rise is due to the attribution of \$7 million of the new funding provided to the new festivals program announced in last year's budget (*Building Communities Through Arts and Heritage* program; see below) to Arts Presentation Canada. The objective of the program is to give Canadians 'direct access to diverse, quality artistic experiences through financial assistance to arts presenters or the organizations that support them' (see Department of Canadian Heritage website).

The **Cultural Capitals of Canada** program aims to 'promote the arts and culture in Canadian municipalities, through recognition of excellence and support for special activities that celebrate the arts and culture and integrate them into overall community planning' (Department of Canadian Heritage website). The winners of the Cultural Capitals of Canada 2009 were Trois-Rivières, Québec; Coquitlam, British Columbia; Whistler, British Columbia; Fredericton, New Brunswick; and Caraquet, New Brunswick. Winners for 2008 were: Surrey, BC; Nanaimo, BC; Morden, Manitoba, and Sackville, New Brunswick. The budget for this program remained unchanged at \$3,862,680.

Cultural Spaces Canada seeks to 'improve physical conditions for artistic creativity and innovation' and to 'increase access for Canadians to performing arts, visual arts, media arts, and to museum collections and heritage display' (Department of Canadian Heritage website). Non-profit arts and heritage organizations apply to the program for funding to support building, improving and renovating facilities, purchasing equipment and undertaking feasibility studies. Funding to the program declined slightly in this year's budget to \$29,342,801. Cultural Spaces Canada is scheduled to sunset in 2009/10, but the Department's *Report on Plans and Priorities* states that it will seek renewal of the program.

The **National Arts Training Contribution Program** (NATCP) provides support for 'independent, non-profit, incorporated, Canadian organizations which train Canadians for professional national/international artistic careers' (Department of Canadian Heritage website). As reported in last year's Budget Analysis, under the previous government, the NATCP was to receive a funding top-up of \$2 million in 2006/07, \$4 million in 2007/08 and \$6 million in 2008/09. The Harper government did not follow through on these funding increases: funding to the program remains steady at \$16.7 million. As noted in the previous section, NATCP was set to sunset in 2009/10 but was renewed for a period of five years in September 2007. The program will be up for renewal again in March 2013.

Building Communities Through Arts and Heritage. Budget 2007 announced \$30 million in funding over two years for this local arts and heritage festival program, which seeks to expand opportunities, through festivals and other events, for local artists and artisans to be involved in their communities (the Local Arts and Heritage Festivals component) and for groups to commemorate local history and heritage (the Community Historical Anniversaries Programming component). The CCA was pleased to see that program guidelines were developed for this new initiative, as there was concern when the new funding was initially announced, that it might be vulnerable to partisan interference via MPs. As shown in the table, thus far, the \$30 million in funding to this program has been distributed as follows: \$3 million in 2007/08 and \$14 million in 2008/09 (\$7 million to Arts Presentation Canada and \$7 million to Building Communities Through Arts and Heritage). The remaining \$13 million will presumably be allocated in 2009/10.

Celebrate Canada. The 'Celebrate Canada!' program provides financial assistance to a variety of organizations (non-governmental, community, charitable and private organizations, as well as municipal governments, schools and school boards) to organize community events between June 21st and July 1st, the 'Celebrate Canada!' period. Eligible expenses include spending directly linked to program objectives (e.g., promotional costs, entertainment, equipment rental, supplies, etc.) but the program is only intended to cover a portion of the costs of the event. Funding to this program has risen substantially over the last number of years, from roughly \$2 million in 2005/06, to \$13 million in 2006/07, to close to \$22 million in 2007/08. In this year's estimates to date, funding for the program has risen again to close to \$32 million (\$28.7 million in the Main Estimates and an additional \$3.3 million in Supplementary Estimates A). The CCA requested clarification from the Department as to the rationale behind these funding increases. The Department indicates that funding to this program includes funds for the 400th Anniversary celebrations of Québec City in summer 2008 (\$10.6 million in 2007/08 and \$20 million in 2008/09) and for the Eucharist Congress, which also takes place in summer 2008 (\$0.5 million in 2007/08 and \$1.5 million in 2008/09).

Nonetheless, the CCA notes that in conjunction with the new festivals program and the additional \$7 million contribution to Arts Presentation Canada described above, there is more than \$50 million allocated in Budget 2008 to government support of local events. Given the substantial dollar figures at stake, the importance of close scrutiny of funding decision-making seems paramount.

Canada Council for the Arts. Funding to the Canada Council for the Arts remained relatively unchanged at \$182.1 million in 2008/09. As explained in previous budget analyses, the government awarded a \$50 million two-year increase to the Council in Budget 2006 (an additional \$20 million in 2006/07 and \$30 million in 2007/08). The 2007/08 \$30 million increase has been added to the Council's base budget and appears in this year's Main Estimates. While this increase is certainly welcome news for the Council, it is far less significant than the \$150 million permanent increase over three years which had been requested in 2005 by the Canadian Coalition for the Arts.

As Table 1 shows, the Canada Council also received a transfer of \$1.55 million dollars from the Department of Canadian Heritage in the 2008/09 Supplementary Estimates A. These transfers support Canadian sound recording (\$250,000), the UNESCO International Fund for Cultural Diversity of the Convention on the Protection and Promotion of the Diversity of Cultural Expression (\$500,000), and for the development of Official Language Minority Communities (\$800,000).

Funding to the **National Arts Centre** declined from \$55.9 million in 2007/08 to \$49.7 million in 2008/09 as a result of a decline in funding required for capital and infrastructure needs. The NAC received a total of \$56.6 million for urgent repairs and equipment replacement as part of the five year \$100 million commitment by the Conservative government to national cultural institutions for capital and infrastructure needs. The NAC also received a transfer from the Department of Canadian Heritage in the 2008/09 Supplementary Estimates A for the development of Official Language Minority Communities (\$293,000).

As shown in Table 1, funding to the **National Gallery** has held relatively steady over last fiscal year, rising slightly from \$51.4 million in 2007/08 to \$53.3 million in 2008/09. As part of the \$100 million five-year infrastructure funds, the Gallery received \$14.8 million for repairs related to health and safety issues.

-----HERITAGE-----

Museums. Funding to the **Museums Assistance Program** (MAP) grew in this year's Main Estimates from \$10.1 million in 2007/08 to \$14.4 million in 2008/09. While this would appear to be welcome news for the sector, this new funding is merely the inclusion in the MAP of the \$5 million per year funding for the summer museums internship program announced in Budget 2007. As such, this represents no new funding to the program, which, as many will recall, was cut by twenty-five percent in fall 2007 as part of the government's expenditure reduction exercise. It also bears repeating that it is a far cry from the \$75 million the Canadian Museums Association indicates is required to properly meet the needs of museums across Canada. The MAP will be up for renewal shortly, but the Department's *Report on Plans and Priorities* states that it will seek renewal of the program.

The government has still not delivered on its promise to enact a new museums policy, a failure to follow through on a commitment dating back almost three years now. Indeed, the Department's 2008/09 *Report on Plans and Priorities* does not make any mention of developing the policy. In the meantime, the government is moving forward with the private sector-led Canadian Museum for Human Rights in Winnipeg. The project, spearheaded by the Asper family, is the first national museum located outside of the National Capital Region. The government will contribute as much as \$22 million per year in operating costs to the new museum and has indicated it will commit \$100 million in capital costs to the project, to be matched by more than \$210 million in private and corporate donations.

As shown in Table 1, funding to the **Canadian Museum of Civilization** and the **National Museum of Science and Technology** held very steady, at \$61 million and \$31.0 million, respectively. As part of the \$100 million five-year infrastructure funds, these organizations received \$4 million and \$19.9 million, respectively. The decline in funding to the **Canadian Museum of Nature** (from \$84.9 million in 2007/08 to \$59.2 million in 2008/09) owes to major renovations underway at the museum. The Renewal Project commenced in 2004 and will be completed in phases up to 2010. The first phase is now completed and a number of new galleries have been opened (e.g., the Talisman Energy Fossil Gallery, the Mammal Gallery and the Bird Gallery). About half of the museum will remain closed until 2010. The renovated building will feature new infrastructure and environmental controls.

Library and Archives Canada. As Table 1 shows, expenditures to Library and Archives Canada increased slightly over the last two fiscal years from \$154.8 million in 2007/08 to \$157.6 million in 2008/09. The organization lost \$1.3 million in funding over last fiscal year through the cancellation of the Canadian Culture On-line program, which used to provide funding to the Library and Archives to support digitization and the development of on-line cultural content.

This past year has been a momentous one for the **Portrait Gallery of Canada**, whose aim is to 'focus on portraits of people from all walks of life who have contributed and who continue to contribute to the development of Canada' (Portrait Gallery of Canada website). In November 2007, the government announced a request for proposals to develop the gallery in one of nine Canadian cities: Vancouver, Calgary, Edmonton, Winnipeg, Ottawa-Gatineau, Toronto, Montreal, Québec City and Halifax. Proposals must include significant involvement of the private sector, but beyond that, the requirements are largely undefined, a situation that is unusual for government procurement contracts. This lack of transparency in the process is difficult to comprehend given the government's commitment to transparency. The initiative has been bitterly criticized by many in the cultural community (and beyond) for its lack of clarity, generation of needless competition between the cities submitting bids (considerable time and effort is invested), waste of eleven million dollars on renovations already undertaken to the original location in Ottawa (100 Wellington Street), and, perhaps more than anything, location of a national portrait gallery outside of the nation's capital, a rare practice at the international level. The deadline for receiving bids was mid-May 2008 but only a small number of cities prepared bids for the museum: Calgary, Edmonton and Ottawa. The government is expected to make its decision in the fall.

(For more information, see the CCA's brief on this file at <http://www.ccarts.ca/en/advocacy/bulletins/2007/3607.htm>)

Along with Canadian Culture On-line, the **Historic Places Initiative** was another casualty of Budget 2008's Strategic Review. This program, a collaboration across all levels of government that seeks to create tools for education, enjoyment and conservation of Canada's historic places, appears slated to lose all of its funding in 2009/10 (\$5.9 million).

-----CULTURAL INDUSTRIES-----

Broadcasting and Audiovisual Production

Canadian Television Fund. The **Canadian Television Fund (CTF)**, financed through public and private funding, aims to stimulate Canadian television program financing and broadcasting. As reported in last year's budget analysis, the Fund went through some significant turmoil, with two private sector funders (Shaw Cable and Vidéotron Cable) refusing to continue making their monthly CTF contributions. While the companies' contributions were ultimately resumed, the incident raised questions about the funding arrangements and governance structure of the Canadian Television Fund. In response, the Canadian Radio-television and Telecommunications Commission (CRTC) created a Task Force to review the Fund's governance structure, notably the size and structure of the CTF board, potential conflicts of interest, and funding effectiveness. The Task Force's June 2007 report made some two dozen recommendations, including the following: that broadcast distributors be required to make their contributions on a monthly (as opposed to annual) basis to avoid the onset of another crisis that like created by Shaw and Vidéotron, the creation of a 'market-oriented private sector funding stream' to permit for production of commercially-driven shows (including reduced Canadian content or input requirements), to amend CRTC rules to make audience success the main criterion for continuing funding for the commercially-driven programs, and increasing broadcasters' license fees to increase program financing.

The CCA has expressed strong reservations about the recommendations contained in the report, particularly their dilution of the capacity for the CTF to achieve the objectives of the 1991 *Broadcasting Act* (see CCA Bulletin 25/07, July 19, 2007, <http://www.ccarts.ca/en/advocacy/bulletins/2007/2507.htm>). The CRTC has since published its own report and recommendations to the Minister of Canadian Heritage. While this latest report rejects a number of recommendations that had been made by the Task Force, it adopts the most controversial one, namely to split the CTF into two streams, a private sector one fed by the contributions of Broadcast Distribution Undertakings, reserved and controlled by them for the production of "programming with broad popular appeal to Canadian audiences" and a public sector one, relying on contributions from the Department of Canadian Heritage, dedicated to the production of "programming that contributes to the fulfillment of the cultural objectives set out in the *Broadcasting Act*." Like many other stakeholders, the CCA will strenuously oppose this recommendation and ask the Heritage Minister to reject it altogether.

Despite the controversy around the CTF this past year, the government has continued to fund the program at a level of \$119.9 million. The CTF is up for renewal in 2009/10, but the Department of Canadian Heritage's 2008/09 *Report on Plans and Priorities* indicates that it will seek renewal for the program.

Canadian Broadcasting Corporation. Table 1 shows that funding to the CBC held quite steady between 2007/08 and 2008/09, rising slightly from \$1.104 billion to \$1.115 billion. As Table 1 shows, funding to the **National Film Board** dropped slightly over the last two fiscal years from \$67.1 million in 2007/08 to \$65.3 million in 2008/09. Table 1 shows that **Telefilm Canada** increased somewhat from \$105.2 million in 2007/08 to \$107.7 million in 2008/09. Both of these organizations received transfers from the Department of Canadian Heritage in this year's Supplementary Estimates A for the development of Official Language Minority Communities (\$320,000 to the NFB and \$550,000 to Telefilm Canada).

Publishing

Book Publishing. The **Book Publishing Industry Development Program (BPIDP)** seeks to 'ensure choice of and access to Canadian-authored books that reflect Canada's cultural diversity and linguistic duality in Canada and abroad' (Department of Canadian Heritage website) through support to the Canadian book publishing industry. There are four components to the Program: Aid to Publishers (funding to publishers for production and promotion of Canadian authored books), Supply Chain Initiative (to modernize and strengthen the supply chain for books in Canada), Collective Initiative (capacity building for the book industry as a whole), and International Marketing Assistance (funding to support export sales). Funding to BPIDP declined slightly in this year's Main Estimates, from \$38.1 million in 2007/08 to \$37.6 million in 2008/09. The program is up for renewal in 2009/10, but the Department's *Report on Plans and Priorities* only indicates that it *may* seek renewal of the program. The CCA asked the Department if it could be more specific as to the likelihood of seeking BPIDP renewal. As noted above, the Department indicates that the program is undergoing a program evaluation to assess its relevance and effectiveness 'in delivering results and services for Canadians.' The decision as to whether or not to go forward with BPIDP renewal (and if so, at what level) awaits completion of the evaluation.

Periodical Publishing. The Canada Magazine Fund (CMF) and the Publications Assistance Program (PAP) are the two main funding programs supporting periodical publishers. The **Canada Magazine Fund** supports editorial content, arts and literary magazines, business development for small magazine publishers, and industry development. Total funding to the CMF remained relatively unchanged from last fiscal year at approximately \$15.5 million. The **Publications Assistance Program**, which helps to offset mailing costs for periodical publishers, also saw its funding remain unchanged at \$45.4 million. Both programs will be up for renewal shortly and the Department's 2008/09 *Report on Plans and Priorities* indicates that it will seek their renewal.

Sound Recording and New Media

Canada Music Fund. The **Canada Music Fund** aims to build capacity among music artists and entrepreneurs, to enhance Canadians' access to Canadian music, and to broaden opportunities for music artists and entrepreneurs to contribute to Canadian cultural expression. It is comprised of multiple components, including the Canadian Musical Diversity Component (to encourage musical diversity in the Canadian sound recording industry), the Collective Initiatives Component (to support conferences, award

shows and market development projects) and the Canadian Music Memories Component (to support the preservation of musical works). Expenditures to the Canada Music Fund have held steady at just over \$22.5 million over the two fiscal years. The program is also up for renewal shortly and the Department's 2008/09 *Report on Plans and Priorities* states that it will seek its renewal.

Canada New Media Fund. The **Canada New Media Fund**, administered by Telefilm Canada, seeks to 'further the development, production, and marketing/distribution of high-quality, original, interactive or on-line Canadian cultural new media works, in both official languages' (Department of Canadian Heritage website). Funding levels remain unchanged to this program, at just over \$14 million. This program will also be up for renewal shortly and the Department's 2008/09 *Report on Plans and Priorities* states that it will seek renewal of the initiative.

-----OTHER EXPENDITURES-----

Sport. The **Athlete Assistance Program** provides support to athletes to improve their performance at international events and to enable them to pursue their sport training schedules while attending school or working, while the **Sport Support Program** provides funding to national sport organizations, multisport service organizations, and to organizations active in a number of priority areas (including sport participation, ethics and knowledge transfer/information sharing). For its part, the **Games' Hosting Program** supports 'sport organizations to host the Canada Games and international sport events in Canada' (Department of Canadian Heritage website). As Table 3 shows, while the Athlete Assistance Program and the Sport Support Program saw their funding levels remain relatively unchanged at \$27 million and just under \$102 million, respectively, the Games' Hosting Program declined significantly from \$148.8 million to \$61.9 million. This decline can be attributed to the completion of the FIFA World Cup (from \$2.2 million in 2007/08 to no funding in 2008/09) and reduced funding requirements for the Vancouver 2010 Winter Games (from \$127.7 million in 2007/08 to \$45.5 in 2008/09) and the Indigenous Games (from \$1.9 million in 2007/08 to \$1 million in 2008/09).

Official Languages. Grants and contributions to promote Canada's official languages and to support official language minority communities increased in fiscal year 2008/09. The **Enhancement of Official Languages Program**, which seeks 'to foster among Canadians a greater understanding and appreciation of the benefits of linguistic duality,' (Department of Canadian Heritage website) experienced a slight increase in funding from \$108.9 million to \$111.0 million. The **Development of Official Language Communities Program** increased substantially from \$216.3 million in 2007/08 to \$241.1 in the current fiscal year (the latter figure includes an additional \$2.2 million to the program in the 2008/09 Supplementary Estimates A). This program involves support to enable official-language minority communities to 'access services in their language, as well as the infrastructure necessary to ensure their growth and development' (Department of Canadian Heritage website).

Aboriginal Programs. The **Aboriginal Peoples' Program** 'supports the full participation and cultural revitalization of Aboriginal People in Canadian society' (Department of Canadian Heritage website) through funding programs for aboriginal organizations, aboriginal communities and aboriginal living cultures. Funding to the

Aboriginal Peoples' Program declined from at \$66.2 million in 2007/08 to \$57.8 million in 2008/09.

VARIA:

OTHER CURRENT DEVELOPMENTS

Public-Private Partnerships. Budget 2008 announced the creation of **PPP Canada Inc.**, a Crown corporation to support public-private partnerships. The organization will work with the public and private sectors to encourage the growth of Canada's market for public-private partnerships. The budget also announced the creation of a \$1.257 billion **Public-Private Partnerships Fund** (P3 Fund) to support innovative public-private partnership initiatives. The P3 Fund will use the same criteria as the Building Canada Fund (a seven year \$33 billion infrastructure fund) and will invest in P3s using such measures as loans, loan guarantees and repayable contributions. The P3 Fund will be implemented by PPP Canada Inc., which will begin its operations shortly. While new infrastructure funding is certainly welcome, the CCA questions this initiative in a number of respects. First, public-private partnerships are not without their critics, particularly when it comes to the equitable distribution of risk and rewards between the partners, the challenge of pursuing public interests when private partners are driven by market forces, and the extent to which the long-term efficiency and cost savings often touted by proponents of these arrangements are realized. Second, what will be the governance structure of this new organization? Will it only include public and private representatives, or will members of civil society also be involved? Finally, will the new P3 Fund include opportunities for the development of cultural infrastructure? The Harper government's infrastructure focus seems directed to infrastructure such as roads, sewers, public transit, etc., but will cultural infrastructure also be considered?

UNESCO International Convention on the Protection and Promotion of the Diversity of Cultural Expression. As mentioned previously, the Department of Canadian Heritage transferred \$500,000 to the Canada Council for the UNESCO International Fund for Cultural Diversity of the Convention. It also hosted in Ottawa the December 2007 meeting of the twenty-four member Intergovernmental Committee, which operates under the supervision of the Conference of Parties, the Convention's supreme decision-making body. Canada is a member of the Intergovernmental Committee, which is responsible for promoting the Convention's objectives and implementation and developing operational directives. Despite this, the CCA questions the government's current commitment to the Convention given that the Department's 2008/09 *Report on Plans and Priorities* – the chief document laying out departmental priorities for the coming three fiscal years – makes absolutely no mention of the initiative. Given that Canada was one of the leaders behind the creation of the Convention (although under a different government), it is unfortunate that the country now may begin to lag in its commitment to this important initiative, which seeks to safeguard governments' cultural policy capacity in the context of trade liberalization.

Grants and Contributions. Following the recommendations of the Blue Ribbon Panel on Grants and Contributions, the Treasury Board is moving forward on implementation. Imagine Canada established a working group to provide recommendations to the

Treasury Board. As reported in CCA Bulletin 36/07 (November 20, 2007), the group identified three priorities: the establishment of multiyear funding, uniform implementation across all departments, and the creation of measurable standards for government handling of applications. The Treasury Board accepted these priorities. (See <http://www.ccarts.ca/en/advocacy/bulletins/2007/3607.htm>)

Canada's National Trust. Budget 2007 announced the creation of **Canada's National Trust**, an arm's length institution to 'encourage Canadians to protect important lands, buildings and national treasures'.⁶ Based on the model of the National Trust in the United Kingdom, the government is allocating \$5 million over two years to the organization (\$2 million in 2007/08 and \$3 million in 2008/09). While this represented a recognition by the government of the importance of heritage protection, Budget 2007 was very sketchy on details of the new Trust – its powers, appointment procedures, mandate, organization, etc. – and the details that were provided gave cause for concern. First, the budget indicated the arm's length organization would 'be managed and directed by private-sector individuals,' leaving the CCA wondering if members of civil society would be excluded from this important initiative. Second, the CCA questioned the sustainability of the Trust's funding model: the budget only allocated \$5 million over two years to the creation of the organization and indicated that the Trust would 'be able to receive donations and contributions to ensure its long-term sustainability.' Third, the CCA questioned the potential effectiveness of the new organization as the extent of powers the new organization would have was unclear. The Ministry of the Environment, to which the new organization will be attached, hosted a roundtable in February 2008 on the creation of the new organization. Few details were released by the government on this event, save that the purpose was to bring together key stakeholders from the national and international community to discuss the design of the new organization. Moreover, Environment Canada's 2008/09 *Report on Plans and Priorities* does not mention this organization. This lack of information is troublesome. As the Trust is established and begins its operations, it will be crucial to ensure that information about this new organization is made available, and that it have an effective and sustainable governance structure.

⁶ Department of Finance Canada, *Aspire to a Stronger, Safer, Better Canada: The Budget Plan 2007*. Ottawa; Her Majesty the Queen in Right of Canada, 15.

ANNEX

Expenditures for the Department of Canadian Heritage and Selected Agencies and Crown Corporations, Total of Main Estimates and Supplementary Estimates for Fiscal Year 2007/08 (millions of dollars)

Organization ¹	Main Estimates 2007/08	Supplementary Estimates (A) 2007/08		Supplementary Estimates (B) 2007/08		Total Expenditures 2007/08
		Transfers	Appropriations	Transfers	Appropriations	
Department of Canadian Heritage	1,363.0	(9.873)	87.688	(0.303)	-	1,440.5
Canada Council for the Arts	181.3	0.456	-	-	-	181.8
Canadian Broadcasting Corporation	1,044.0	-	60.0	-	-	1,104.0
Library and Archives of Canada	119.3	23.162	12.361	(0.010)	-	154.8
National Arts Centre	35.2	0.343	20.368	-	-	55.9
National Gallery of Canada	46.8	-	4.650	-	-	51.4
Canadian Museum of Civilization	61.1	-	0.725	-	-	61.9
Canadian Museum of Nature	84.2	-	0.720	-	-	84.9
National Museum of Science and Technology	25.9	-	4.736	-	1.475	32.1
National Film Board of Canada	67.1	-	-	-	-	67.1
Telefilm Canada	104.6	0.55	-	-	-	105.2
TOTAL	3,132.5	-.²	191.2	-.²	1.475	3,339.9

Notes:

¹All of these organizations also generate annual revenues.

²Totals for transfers not provided as some of these expenditures represent transfers from one agency to another within the Ministry or represent transfers in or out of the Department of Canadian Heritage for programming in areas other than those treated in this Budget Analysis (see discussion in Section II of this analysis for details of the transfers).

Sources: Government of Canada; *2007-2008 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2007-2008 for the Fiscal Year ending March 31, 2008*; Government of Canada, *Supplementary Estimates (B), 2007-2008 for the Fiscal Year ending March 31, 2008*.