

“SIGN SIGN EVERYWHERE A SIGN?”

**Annual Analysis of the Federal Budget
Budget 2007-2008**

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

Table of Contents

Executive Summary	1
Introduction	2
The Big Picture	5
The Department of Canadian Heritage	8
Developments Across Cultural Sub-sectors	12
Arts	14
Heritage	18
Cultural Industries	21
Other Expenditures and Tax Measures	24
Varia: Other Current Developments	26

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***‘Sign Sign everywhere a sign
Blocking out the scenery breaking my mind
Do this, don’t do that, can’t you read the sign.’***

Excerpt from *Signs*

© 1970, 2002 Five Man Electrical Band

Executive Summary

This Budget Analysis by the Canadian Conference of the Arts (CCA) analyzes federal funding from 2005/06 to 2007/08 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

A number of key findings emerge. First, overall cultural funding levels held steady or rose modestly in Budget 2007. This is good news for the sector. There was also good news in late 2006, when the government announced close to \$100 million in infrastructure funding for a number of federal cultural institutions in Ottawa, and in early 2007, when the government announced a two-year renewal of the Canadian Television Fund (but still at the same 1996 level).

Second, notwithstanding this good news, there is ambivalence and uncertainty in the sector. The title of this year’s budget analysis seeks to capture this ambivalence: while Budget 2007 in the main was a fairly good news budget, there are a number of signs that the government may be adopting a different approach to culture.

There are signs that the Conservative government favours a greater role for the private sector in the cultural domain (e.g., the newly created Canada’s National Trust is to be managed and directed by ‘private-sector individuals’). This orientation is in keeping with the Conservative government’s fall 2006 economic plan. In the document, entitled *Advantage Canada*, the government commits that it will seek partnerships with the private sector. As this Budget Analysis attests, there is a growing list of examples of this approach being taken in the cultural sector.

Advantage Canada also pledges that the government "will be focused on what it does best" and will "limit the use of the federal spending power and focus new spending on areas of federal responsibility".¹ There are signs that this approach too may be applied in the cultural domain. For example the Minister of Canadian Heritage, the Hon. Bev Oda, in the government's response to the Standing Committee on Canadian Heritage report on museums of March 2007, underscored that federal responsibility in the museums sector is first and foremost to support national museums. The Minister also pointed to the importance of considering the appropriate role for the federal government vis-à-vis other levels of government and the private sector with respect to museums.

Finally, there are signs the government is putting off major decisions in the sector, with, for example, the deferral of the CBC mandate review and the (as-of-yet) failure to deliver on its promise to establish a new museums policy.

Adding to this sense of uncertainty is the seeming reduction in openness and transparency in decision-making. The sector is not always consulted by the government (the September 25, 2006 reallocation funding cuts to the Museums Assistance Program (MAP) are a case in point), which fuels speculation about the government's plans for the cultural sector.

Amidst this uncertainty and ambivalence is the ever-present question of how culture would fare under a majority Conservative government. Could all of these signs be pointing towards a significant withdrawal, reorientation of programming, or reduction in federal funding to the arts, culture, and heritage sector?

In this context, it is difficult to feel assured about the future of federal cultural policy and programs. As a result, this year's budget analysis reiterates the key message of the analysis of last year: ***it is more important than ever for those in the cultural sector to impress upon the federal government the importance of cultural policy and programming to Canada.***

¹ Department of Finance Canada, *Advantage Canada: Building a Strong Economy for Canadians*. Ottawa: Her Majesty the Queen in Right of Canada, 2006, 11, 35.

“SIGN SIGN EVERYWHERE A SIGN?” Canadian Conference of the Arts (CCA) Annual Analysis of the Federal Budget

Introduction

The title of this year’s budget analysis, drawn from the Five Man Electrical Band’s well-known song *Signs*, seeks to capture the main themes of this year’s budget analysis. Ending the first line of the chorus with a question mark serves to underscore the ambivalence and uncertainty surrounding the cultural sector at this time.

While Budget 2007 delivered mainly good news for the sector – funding levels mostly held steady or increased – there are a number of “signs” that may be cause for concern. First, is the notion of “signs” in the sense that the Five Man Electrical Band meant them: signs as “rules”. To date, the minority Conservative government appears to have an ambivalent relationship with “rules”.

On the one hand, one of the central planks in the government’s election platform and their agenda of the first months in office was the passage of the *Federal Accountability Act*. The Act was intended to bolster accountability and clarify rules in a number of key areas (political party financing, appointments, lobbying, etc.). While this is certainly a laudable goal, there have been genuine concerns from the cultural sector over how these new rules and accountability requirements will affect the sector as a recipient of funding and in its advocacy activities. As noted in this Budget Analysis, there is still much ground to cover in understanding how the new lobbying rules will be operationalized, and how reporting requirements for recipients of grants and contributions will be reduced.

On the other hand, the Conservative government has at times shown itself to be less than preoccupied with rules in some of its decision-making. The new \$30 million local festivals program announced in Budget 2007 is a case in point. This announcement has created much interest and raised many a question in the weeks following and given rise to a political controversy about the intent of the program and the criteria and processes through which the money would be attributed.

Based on what the CCA knows at the time of publication, it appears that the program announced in the 2007-2008 Budget is not meant to replace a similar one abruptly cut by the previous liberal government in the “sponsorship scandal” context: it seems that it is intended more for the support of citizenship participation activities in local communities, as opposed to much-needed financial

support for professional artists and arts programming in arts festivals across the country. Responsibility for developing the criteria and processes for the program has been given to the Citizenship and Identity sector of Minister Oda's portfolio, not to Arts and Culture. In any event, it seems highly unlikely that the \$30 M earmarked for the current fiscal year will be distributed before several months, if at all in the current fiscal year.

But "signs" in the sense of "rules" are not the only signs meriting concern at the current juncture. There are also signs in the sense of *indications* or *suggestions* of changes to come. As pointed out in last year's Budget analysis, there may be signs of a lesser or a different commitment to culture under a Harper government. Three year funding increases announced under the previous government to the Canada Council for the Arts, the National Arts Training Contribution Program, the National Arts Centre, and the Confederation Centre of the Arts were significantly scaled back or rescinded altogether under the Conservatives, who do not seem positioned to make more than one-time, or short-term, investment commitments in the area of arts and culture funding. This year, we can add to this list the funding reductions to the Museums Assistance Program, the early termination of the Commercial Heritage Properties Incentives Fund, and the continuing uncertainty over the future of the Portrait Gallery.

There are also signs that the government may be seeing a much greater role for the private sector in the cultural domain. For example, Budget 2007 creates Canada's National Trust to promote heritage protection. While this is a positive recognition by the government of the importance of heritage protection, the government is only providing seed funding to the organization, with long-term funding expected to come through donations. Moreover, the Fund is to be managed and directed by "private-sector individuals". A similar story can be told for the National Portrait Gallery, where leaked information suggested the government was considering moving the gallery to Calgary as the result of a public-private partnership with an Alberta oil and gas firm.

The announcement regarding the planned Canadian Museum for Human Rights also illustrates the Conservative government's interest in public-private partnerships and in locating national cultural institutions outside of the National Capital Region. Located in Winnipeg, Manitoba and to be funded through public and private contributions, the new museum is the first national museum to be designated outside of the capital region.

Another sign on the landscape relates to civil society. Despite the apparent interest of the government in a greater role for the private sector, there is a seeming lack of recognition of civil society. Whether it is the cancellation of the Court Challenges Program or the Canada Volunteerism Initiative, or the lack of consultation of museums over the Museums Assistance Program funding cuts, there are signs that the government does not see a strong role for civil society in policy-making or service delivery. Related to this is an apparent reduction in transparency. There is a noticeable decline in the quantity and currency of

information posted on the website of the Department of Canadian Heritage. Funding decisions for most funding programs are not readily available on the site for fiscal years beyond 2005/06 (and in some cases 2004/05). The CCA questions why the Department is posting less information on its website and encourages it to make more information available online.

Finally, the government also appears to be putting off major decisions in the cultural sector, as witnessed by the deferral of the CBC mandate review and the failure of the government to deliver on its promise to put in place a new museums policy, all the while taking a different course with the Government's support of the Aga Khan Foundation and the Asper Human Rights Museum.

In the midst of all of these signs, there is always the hanging question of how culture would fare under a majority Conservative government. Could all of these signs be setting the stage for a significant withdrawal, reorientation of programming or reduction in funding to the cultural sector?

In this context, as noted in last year's CCA budget analysis, it will be crucial for those in the cultural sector to continue to impress upon the government the importance of cultural policy and programming to Canada. In the current environment, it is difficult to know how successful the sector can be in delivering this message. How open will the government be to hearing it?

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 expenditures across cultural sub-sectors, bringing forward the main changes, challenges and opportunities. 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 (DCH) and selected agencies and crown corporations for the period 2005/06 to 2007/08 (the Department, agencies, and crown corporations are each examined in greater detail in subsequent sections of this analysis).

The middle three columns of the table show federal expenditures for fiscal years 2005/06, 2006/07 and 2007/08. Two points of clarification are in order before examining and comparing expenditures across this time period. First, expenditures for 2005/06 are understated because only Main Estimates were tabled in this fiscal year. As many will recall, the 2005/06 Supplementary Estimates tabled by the Martin government were not passed by Parliament before it dissolved in November for the federal election.

Second, expenditures for 2006/07 are overstated. This is because the supplementary expenditures from 2005/06 were rolled into the 2006/07 Main Estimates documents.

As a result of these departures from the normal expenditure budget cycle², a comparative analysis of increases and decreases in expenditure levels over the last three fiscal years must be undertaken with care. ***In brief, the lack of supplementary estimates in 2005/06 makes it challenging to undertake apples-to-apples comparisons in the sector in the 2006/07-2007/08 period.***

² Ordinarily, the government tables the Main Estimates before the beginning of each fiscal year (April 1st), normally a few days after the federal budget is tabled. The government then tables one or two Supplementary Estimates documents further on in the fiscal year (usually in the fall) to obtain parliamentary approval for additional expenditures not foreseen in the Main Estimates. Total expenditures for each fiscal year are calculated by adding the sum of expenditures in the Main Estimates and the Supplementary Estimates documents. During the 2005 election period and the transition to the Conservative government, new expenditures were approved through Governor General's Special Warrants. Signed by the Governor General on advice of the government of the day, Special Warrants enable the government to secure additional expenditures when Parliament is dissolved (e.g., during an election period or in the period immediately after a new government is formed). For 2006/07, the Main Estimates included the Governor General's Special Warrants from 2005/06. As such, they overstate spending for the 2006/07 fiscal year.

Table 1: Expenditures for the Department of Canadian Heritage and Selected Agencies and Crown Corporations, 2005/06 to 2006/07 (millions of dollars)

Organization ¹	Main Estimates 2005/06	Total Expenditures 2006/07 ²	Main Estimates 2007/08	Increase (decrease) in expenditures between 2007/08 and	
				Total Expenditures 2006/07	Main Estimates 2005/06
Department of Canadian Heritage	1,245.2 ³	1,459.5	1,363.0	(96.5) -6.6%	117.8 +9.5%
Canada Council for the Arts	150.2	171.4	181.3	9.9 +5.8%	31.1 +20.7%
Canadian Broadcasting Corporation	1,042.4 ⁴	1,114.0	1,044.0	(70.0) -6.3%	1.6 +0.2%
Library and Archives of Canada	92.9	114.0	119.3	5.3 +4.6%	26.4 +28.4%
National Arts Centre	31.2	56.3	35.2	(21.10) -37.5%	4.0 +12.8%
National Gallery of Canada	44.5	46.6	46.8	0.2 +0.4%	2.3 +5.2%
Canadian Museum of Civilization	58.7	61.5	61.1	(0.4) -0.7%	2.4 +4.1%
Canadian Museum of Nature	55.6	59.6	84.2	24.6 +41.3%	28.6 +51.4%
National Museum of Science and Technology	24.4	30.6	25.9	(4.7) -15.4%	1.5 +6.1%
National Film Board of Canada	62.9	70.9	67.1	(3.8) -5.4%	4.2 +6.7%
Telefilm Canada	123.9	105.2	104.6	(0.6) -0.6%	(19.3) -15.6%
TOTAL	2,931.9	3,288.9	3,132.5	(156.4) -4.8%	200.6 +6.8%

¹All of these organizations also generate annual revenues.

²Total expenditures in Main Estimates and Supplementary Estimates in 2006/07 (Main Estimates 2006/07 include expenditures approved through Governor General's Special Warrants prior to the tabling of the Main Estimates in Parliament) See Annex I for a table detailing the expenditures in each of the Main Estimates and Supplementary Estimates documents for fiscal year 2006/07.

³Figure includes an additional \$127.1 million in funding to the Department announced in Budget 2005.

⁴Figure includes an additional \$60 million in funding to the CBC announced in Budget 2005.

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*; and Government of Canada, *2005-2006 Estimates, Parts I and II: The Government Expenditure Plan and The Main Estimates*.

The final column in the table addresses this challenge by showing increases/decreases in expenditure levels between the 2007/08 Main Estimates and (a) Total Expenditures for 2006/07 and (b) the Main Estimates for 2005/06. In the absence of the final column of the table, increases or decreases between 2007/08 and 2006/07 would be understated or overstated because it is not an apples-to-apples comparison.

Comparing the 2007/08 Main Estimates and the 2005/06 Main Estimates is a much better indication of how expenditures on culture are evolving and how they are faring under the Conservative government vis-à-vis the previous Liberal administration.

The analysis below therefore focuses on this final column of the table. The column to its immediate left is provided for information purposes and ***should be interpreted with considerable caution*** – as noted above, comparing the 2007/08 Main Estimates to Total Expenditures in 2006/07 risks understating increases and overstating decreases. Expenditures in 2006/07 will be discussed in the following sections of this analysis (Annex I provides a full breakdown of Total Expenditures in 2006/07 detailing expenditures in the Main Estimates and Supplementary Estimates documents).

A Rise in Overall Funding Levels

As the table shows, virtually all organizations experienced increases in funding between this fiscal year's Main Estimates (2006/07) and those of 2005/06. The final cell in the bottom row reveals that total funding to all of the organizations listed in the table increased by 6.8% from 2005/06 levels.

As has been noted in previous year's analyses, it must be remembered that additional expenditures may accrue to the sector if and when Supplementary Estimates are tabled. Supplementary Estimates are expected to be forthcoming in the fall.

The following sections of this document detail the specifics behind changes in funding levels to each of the organizations. For now, this "big picture" analysis reveals that percentage funding increases vary from organization to organization, with the greatest increases between 2007/08 and 2005/06 accruing to the Canadian Museum of Nature (51.4%), Library and Archives Canada (28.4%), the Canada Council for the Arts (20.7%), the National Arts Centre (12.8%) and the Department of Canadian Heritage (9.5%). The National Film Board (6.7%), the Museum of Science and Technology (6.1%), the National Gallery of Canada (5.2%) and the Canadian Museum of Civilization (4.1%) all received modest increases in their funding, while funding to the Canadian Broadcasting Corporation held steady at 2005/06 levels (+0.2%).

The only organization with a reduction in funding is Telefilm Canada (-19.3%), owing to the transfer of close to \$20 million to the Department of Canadian

Heritage for the Canadian Television Fund (discussed in greater detail further on in this analysis). As will be discussed in subsequent sections of this text, some of the funding increases are directed to one-time capital projects (a number of national cultural institutions also received additional funding in 2006/07 via the Supplementary Estimates for one-time capital projects).

THE DEPARTMENT OF CANADIAN HERITAGE

The Canadian Heritage Portfolio includes the Department of Canadian Heritage, five agencies (including Library and Archives Canada, the National Film Board, and the Canadian Radio-television and Telecommunications Commission), nine Crown Corporations (including 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 National Headquarters in Ottawa, the Department maintains five regional offices (West, Prairie Provinces and the North, Ontario, Québec, and Atlantic Canada), twenty points of service, and Cultural Trade Development Officers outside Canada to promote international cultural trade.

As shown in Table 1 of the previous section, the Department's Main Estimates funding levels rose in fiscal year 2007/08 as compared to those in 2005/06. In 2005/06, funding stood at \$1,254.2 million in the Main Estimates as compared to \$1,363.0 million in the 2007/08 Main Estimates. Total Expenditures in the intervening fiscal year (2006/07) stood at a lofty \$1,459.5 million, although, as mentioned previously, this figure must be interpreted with caution as it includes expenditures made in 2005/06 under Governor General's Special Warrants and as such overestimates total expenditures in 2006/07.

The following section of this analysis undertakes a detailed examination of 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 three consecutive years, with only minor variations at the tactical level of the structure (these changes are indicated in the notes at the bottom of the table, and include the removal of the Canada Volunteerism Initiative, a point to which the analysis returns in a subsequent section).

Table 2 on the following page shows this reporting structure. It is based on breaking 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 arts, cultural industries, and heritage) and Program Sub-sub activities (specific programs in each of these sectors).

The final three columns of the Table show expenditures in each of the Department's Strategic Outcomes and Program Activities for the period 2005/06 to 2007/08. Again, figures for 2006/07 must be interpreted with caution as they include supplementary expenditures made in 2005/06, so this analysis will focus mainly on the differences between the Main Estimates in fiscal years 2005/06 and 2007/08.

The table reveals expenditure increases across both Strategic Outcomes, with the greatest absolute and relative increases accruing to the first Strategic Objective that focuses on cultural experience. The proportion of overall departmental funding to this first Strategic Outcome holds relatively steady at just over fifty-five percent. Most departmental spending on arts, heritage, and cultural industries is undertaken as part of this first Strategic Outcome.

All rows of the table show fairly substantive funding increases or at worst relatively steady funding between the 2005/06 Main Estimates and the 2007/08 Main Estimates. The greatest expenditure increases between 2005/06 and 2007/08 relate to the first, second, and seventh Program Activities, "Canadian content and performance excellence" (from \$245.1 million to \$341.1 million), "Sustainability of cultural expression and participation" (from \$141.6 million to \$210.6 million), and "Participation in community and civic life" (from \$134.6 million to \$203.9 million). As discussed in the following section, most of these increases are due to new expenditures on sport, notably to the 2010 Winter Games, Sport Support and Sport Hosting. The other Program Activities hold relatively steady.

Table 2 – Department of Canadian Heritage: Program Activity Architecture and Expenditures, 2005/06-2007/08

Strategic Outcomes	Program Activities	Program Sub-Activities	Examples of Program Sub-sub activities	Main Estimates \$millions		
				2005/06	2006/07	2007/08
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	245.1	297.9	341.1
		Sport	Athlete Assistance; Sport Support; Sport Hosting			
	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	141.6	281.9	210.6
		Heritage	Canadian Heritage Information Network; Support to Heritage Institutions and Organizations			
		2010 Winter Games ¹				
	Preservation of Canada's heritage	International	Trade Routes; TV5; International Francophonie; International Norm & Standard Setting; Capacity-Building & Cooperation	35.5	36.7	38.1
		Heritage	Feature Film Preservation and Access; Canadian Music Preservation and Access; Canadian Conservation Institute			
	Access and parti-cipation in Cana-da's cultural life	Aboriginal Living Cultures	Aboriginal Languages and Cultures; Aboriginal Broadcasting	188.9	200.5	187.7
		Arts & Cultural Industries	Arts in Communities; Book Publishing Supply Chain Initiative; Publications Distribution Assistance; Canada Music Fund Collectives Initiative			
	Total Strategic Outcome 1				611.1	817.0
Strategic Outcome 2: Canadians live in 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	113.9	119.0	121.6
		Multiculturalism	Multiculturalism			
	Community development and capacity building	Aboriginal Partners	Aboriginal organizations	258.6	240.8	260.0
		Official Languages	Community life, Minority-Language Education			
	Participation in community and civic life	Multiculturalism		134.6	207.9	203.9
		Aboriginal Communities	Aboriginal Youth, Aboriginal Women			
		Citizen Participation ³	Community Partnerships; Information and Research on Canada			
		Sport ⁴	Sport Support; Sport Housing			
		Youth	Exchanges Canada; Katimavik; Young Canada Works			
		Celebration	Celebration, Commemoration and Learning			
International	International Expositions					
Total Strategic Outcome 2				507.1	567.7	585.5

TOTAL DEPARTMENT	1,118.1	1,384.6	1,363.0
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Note: Totals may not add due to rounding.

¹This Program Sub-Activity was labeled "Sport" in the previous two fiscal years, and included the following Sub-sub activities: Vancouver 2010, Multi-Sport Major Games, and Canada Games.

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

³In the previous two fiscal years, this Sub-activity also included the Canada Volunteerism Initiative as a Sub-sub Activity

⁴ In the previous two fiscal years, the Program Sub-sub activities for 'Sport' were Sport Participation Development, North American Indigenous Games, and Arctic Winter Games.

⁵This Program Sub-activity was added in fiscal year 2007/08.

Sources: Department of Canadian Heritage, *2007-2008 Estimates, Part III: Report on Plans and Priorities*, 'Section III: Plans by Program Activity,' pp. 61,67; Government of Canada, *2007-2008 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates*; and Government of Canada, *2006-2007 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates*.

DEVELOPMENTS ACROSS CULTURAL SUB-SECTORS

Table 3 shows funding in fiscal years 2005/06, 2006/07 and 2007/08 across key grants and contributions at the Department of Canadian Heritage. The paragraphs that follow examine these expenditures and highlight key developments across the arts, heritage, and cultural industries sub-sectors. Expenditures in the areas of official languages, aboriginal programs, and sport are also examined, as are key tax measures introduced in Budget 2007.

In addition to the expenditures shown in the table, the government announced in December 2006 that it was allocating close to \$100 million over five years of one-time infrastructure expenditures for five national cultural institutions: the Museum of Nature (\$2.8 million), the National Gallery of Canada (\$14.8 million), the Canadian Museum of Civilization (\$4 million), the Canada Museum of Science and Technology (\$19.9 million) and the National Arts Centre (\$56.6 million). Further details on these funds are provided in the text below.

This is undoubtedly an important and necessary contribution to Canada's national cultural institutions. In keeping with its September 2006 letter to the Department of Finance, the CCA encourages the government to extend this recognition of the importance of infrastructure support to **all** cultural organizations in Canada's cities and communities – not just federal institutions at the national level (see 'Consultations on Immediate and Long-Term Support for Infrastructure,' Letter from the CCA to the Department of Finance Canada, <http://www.ccarts.ca/en/documents/cca.infrastructure.080906.pdf>).

Budget 2007 also announced the **Building Canada Fund** to support investments in infrastructure such as national highways, public transit, sewage treatment infrastructure, as well as municipal projects including 'cultural and recreational facilities'. While the Budget is sketchy on details as to the distribution of this funding, it does indicate that the Fund is to be allocated to provinces and territories on an equal per capita basis. The Fund also privileges the use of public-private partnerships, although this appears to apply more directly to large-scale projects at the national level as opposed to municipal projects, where there appear to be opportunities for the cultural sector. In total, Budget 2007 proposes to allocate \$8.8 billion to this fund over the next eight fiscal years (\$572 million are allocated for 2007/08). While it is not known at this time what proportion of this funding will be allocated to the municipal level and within that, to cultural infrastructure, it would appear that the Building Canada Fund holds some promise for cultural infrastructure development at the local level.

Table 3 – Department of Canadian Heritage: Selected Grants and Contributions, 2005/06 to 2007/08 (dollars)

Grant/Contribution	2005/06 Main Estimates	2006/07			2007/08 Main Estimates
		Main Estimates	Supplemen- tary Estimates	Total Expenditure s	
Arts					
Arts and Heritage Sustainability Program					
Capacity Building	5,854,997	6,310,043	-	6,310,043	6,310,043
Endowment Incentives	15,500,000	14,884,420	-	14,884,420	14,844,420
Stabilization Funds	4,026,436	626,760	-	626,760	626,760
Networking Initiatives	1,000,000	-	1,000,000	1,000,000
Arts Presentation Canada Program	22,642,028	21,418,998	-	21,418,998	20,562,498
Celebrate Canada!	2,059,880	6,825,600	6,125,437	12,951,037	21,488,600
Cultural Capitals of Canada	2,000,000	3,862,680	-	3,862,680	3,862,680
Cultural Spaces Canada Program	27,672,259	26,901,423	-	26,901,423	29,642,423
National Arts Training Contribution Program	16,172,750	15,903,920	-	15,903,920	10,709,000
Heritage					
Commercial Heritage Properties Incentive Fund	7,419,000	9,873,000	-	9,873,000
Museums Assistance Program	11,730,350	12,023,284	-	12,023,284	10,098,000
Cultural Industries					
Canadian Television Fund	99,550,000	99,550,000	20,400,000 ¹	119,950,000	119,950,000
Book Publishing Industry Development Program	38,368,948	30,094,798	9,670,000 ²	39,764,798	38,094,798
Canada Magazine Fund	9,652,000	16,067,998	-	16,067,998	15,567,998
Canada Music Fund	23,456,150 ³	22,889,658	-	-	22,889,658
Canada New Media Fund	8,150,000	14,132,000	2,900,000 ^{4,5}	17,032,000	14,025,000
Publications Assistance Program	41,400,000	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	-	27,000,000	27,000,000
Sport Support Program	36,074,345	97,825,345	-	97,825,345	96,191,481
Games' Hosting Program	19,165,000	153,585,000	14,000,000 ^{2,6}	167,585,000	97,673,284
Official Languages					
Enhancement of Official Languages Program	103,943,510	109,219,110	-	109,219,100	105,923,289
Development of Official Language	219,842,501	213,200,87	1,627,950 ^{5,7}	214,828,820	201,348,949 ⁸

Communities Program		0			
Aboriginal Peoples' Program	30,295,707	61,806,262	4,981,000 ^{5,9}	66,787,262	61,110,732

¹These funds were transferred to the Department of Canadian Heritage from Telefilm Canada.

²Some of these new funds were provided for through the 2005 Expenditure Review Committee Savings, the 2006 Expenditure Restraint process and/or by spending authorities available within the vote (the sources of 2005 Expenditure Review Committee Savings, the savings from the 2006 Expenditure Restraint process and spending authorities available within the vote are not provided in the Supplementary Estimates documents).

³Includes contributions to the New Musical Works Program, Support to Sector Associations Program, the Music Entrepreneur Program, the Creators' Assistance Program, the Canadian Music Memories Program and the Collective Initiatives Program, which thereafter became components of the Canada Music Fund.

⁴Funding for 'creation of cultural content on-line and other digitization projects.'

⁵Funded with internal transfers of existing spending authorities or transfer from one Vote to another (explanation of funding sources not provided in Supplementary Estimates documents).

⁶Funded with spending authorities available within the Vote (deferral of spending initiatives related to Canada's Participation in International Expositions and to the 2010 Vancouver Winter Olympics).

⁷For the 'Canada-Community agreements between the Government of Canada and the Council of Ministers of Education.'

⁸Includes an additional \$15 million in funding announced in Budget 2007.

⁹Funding for Aboriginal Languages Initiative.

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*.

-----ARTS-----

TOMORROW STARTS TODAY

As mentioned in the last two years' Budget Analyses, the minority Liberal government of the Rt. Hon. Paul Martin renewed the *Tomorrow Starts Today* program for five years (2006/06 to 2009/10) at a level of \$172 million per year. Total funding was to amount to \$860 million over the five years with an additional \$20 million per year of funding for the program coming from internal reallocation (the Department has been internally reallocating \$20 million per year to fund the program since its inception).

While in the main, funding levels to *Tomorrow Starts Today* programs remained steady in Budget 2007 compared to last fiscal year, as with all funding programs, governments can decide to cancel programs or reduce their funding at a moment's notice. One need look no further than the Conservative government's budget reallocation exercise last Fall for examples (the abolition of the Court Challenges Program, removal of federal funding to the Canadian Policy Research Networks, and, as discussed below, reductions in funding to the Museums Assistance Program and the Commercial Heritage Properties Incentive Fund).

Parliament only approves expenditures on an annual basis through the Main and Supplementary Estimates process. Longer term expenditure commitments will appear in the Budget, as they have in years' past for organizations like the Canada Council for the Arts, but until they are formalized through the annual estimates process, they can be subject to change, owing to changing political priorities, fiscal circumstances, and the like. As such, it remains important for the sector to continue to impress upon the government the importance of long-term, adequate, stable funding.

As shown in Table 3 and described in further detail below, funding to the various program components of *Tomorrow Starts Today* remained relatively steady.

The objective of the **Canadian Arts and Heritage Sustainability Program** (CAHSP) is to "strengthen organizational effectiveness and build capacity of arts and heritage organizations".³ CAHSP is comprised of a number of components. The Capacity Building component funds arts and heritage organizations operating in areas without stabilization projects (see below). The funds aim to improve organizational effectiveness. Through Endowment Incentives, the government supports arts organizations in establishing endowment funds by providing matching funding for private donations. The Stabilization Projects component helps to establish Stabilization Projects.

³ Department of Canadian Heritage website.

Based on an American concept pioneered by the Ford Foundation, stabilization projects 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 are locally-run by independent non-profit organizations with representative boards of directors and are intended to be short-term in nature (usually operating a decade or less). Funding to this component was reduced in 2006/07 through an internal reallocation process (the funds were redistributed to other elements of the program). The department anticipated a much lower rate of applications to this program component given that most eligible geographic areas in Canada had already received funding. 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.'⁴

Funding levels for the **Arts Presentation Canada Program** held relatively steady over the last three fiscal years. 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.'⁵

The objective of the **Cultural Capitals of Canada** program is "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".⁶ The winners of the Cultural Capitals of Canada (2007) competition were: Edmonton, Alberta; Comox Valley, British Columbia; Moose Jaw, Saskatchewan; Baie-Saint-Paul, Quebec; and Wendake, Quebec. In 2005/06, contribution maximums were increased from \$500,000 to \$2,000,000 for municipalities with populations over 125,000 (1 winner per year), from \$500,000 to \$750,000 for those with populations between 50,000 and 125,000 (1 winner per year), and from \$250,000 to \$500,000 for municipalities with populations under 50,000 (2 winners per year). The Cultural Capitals Budget held steady in this year's budget 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".⁷ 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 increased slightly in this year's budget to \$29,642,423.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

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”.⁸ Under the previous government, the NATCP was to receive a top-up in funding of \$2 million in 2006-2007, \$4 million in 2007-2008 and \$6 million in 2008-2009. The Conservative government has not followed through on these funding increases: funding to the program in the Main Estimates 2006/07 held steady at roughly \$16 million. This year’s Main Estimates showed a drop to a funding level of just over \$10 million. As the CCA reported in CCA Bulletin 13/07 from March 26, 2007, the remaining funds are to appear in the supplementary estimates. The CCA questions why the government would not simply include the full amount in the Main Estimates documents when it plans to fully fund the program. *Why are the supplementary estimates, intended for use in the event of unexpected expenditures, being utilized in this way?*

New Festivals Program. Budget 2007 also announced \$30 million in funding over two years for a local arts and heritage festival program. While the support for local cultural festivals is certainly welcome, the Budget was thin on details regarding this new program, and some in the sector wondered if it might be a replacement for the “Sponsorship Program” or a means for the government to allocate funds strategically to the local level. These concerns appear to be bearing themselves out, as it has come to light that the Minister of Canadian Heritage sent a questionnaire to backbench Conservative MPs asking them to suggest potential organizations for support in their ridings. And this, before any funding criteria, guidelines or open invitations to apply to the new program had been developed or disseminated. Since this information has come out – notably through accusations leveled by NDP Heritage Critic Charlie Angus – the Minister has indicated that the letter has been sent to all MPs.

Notwithstanding this response, the CCA questions the purpose of this new program and what MPs’ role will be in funding decisions, and will look forward to the publication of clear program specifications by the Department. The Standing Committee on Canadian Heritage has also formally called on the government to release details on the new program’s terms and conditions and funding methods (see the Committee’s Nineteenth Report, available at: <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=204909>). The Minister has since confirmed that the funds will not be available until clear criteria for distribution have been developed by her department. This puts in jeopardy any funds being distributed in time for 2007summer festival season, a development that has provoked strong reactions from the festival community and from opposition politicians.

Celebrate Canada. The ‘Celebrate Canada!’ program provides financial assistance to a variety of organizations (non-governmental, community,

⁸ Ibid.

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 three fiscal years, from roughly \$2 million in 2005/06 to \$13 million in 2006/07 and close to \$21.5 million in 2007/08. The CCA questions the rationale behind these substantive funding increases, and notes that in conjunction with the new festivals program described above, there is more than \$50 million allocated in Budget 2007 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. As many will recall, the government announced a two-year increase in Canada Council funding in Budget 2006 (an additional one-time \$20 million in 2006/07 rising to \$30 million in 2007/08). This year's Main Estimates reflect this increase, rising from \$171.4 million in 2006/07 to \$181.3 million in 2007/08. While this increase was certainly welcome news for the Council, it bears mentioning that these increases are substantially less generous than commitments promised by the previous government (in fall 2005, the previous government announced an intended increase to Canada Council funding to a level of \$306.5 M over three years).

Of the additional \$50 million in funding received under the Conservative government, \$33 million was earmarked for the *Supplementary Operating Funds Initiative (SOFI)*, a one-time program to supplement operating grants for arts organizations over a two-year period. The results for the Supplementary Operating Funds Initiative were recently announced: of the 937 eligible arts organizations, 858 submitted applications and 561 were awarded supplementary grants (full details area available on the Canada Council website). The requests contained in all of the applications totaled \$96.5 million – nearly three times the \$33 million of SOFI funds available – which, at a minimum, points to the high demand in the sector for additional operating funds. The remaining \$17 million is being allocated to grants for individual artists and projects focusing on public access to the arts. In 2006/07, more than 300 individual artists and approximately 350 projects were supported with the first \$7 million of this funding (the remaining \$10 million will be allocated in 2007/08).

The Canada Council also received a transfer of close to a million dollars from the Department of Canadian Heritage in the 2006/07 Supplementary Estimates for the development of Official Language Minority Communities (\$600,000), for the Canadian Musical Diversity Component of the Canada Music Fund (\$250,000) and for the *Commission internationale du théâtre francophone* (\$115,000).

Funding to the **National Arts Centre** increased significantly in fiscal year 2006/07 as a result of a \$20.6 million appropriation in the Supplementary Estimates for 'urgent health and safety repairs to major building infrastructure.'⁹ This increase was part of the five year \$100 million commitment by the Conservative government to national cultural institutions for capital and infrastructure needs. In total, the NAC will receive \$56.6 million for urgent repairs and equipment replacement. The NAC also received transfers from the Department of Canadian Heritage in the 2006/07 Supplementary Estimates for the Quebec Scene Festival (\$1 million), to support 'the creation of cultural content on-line and other digitization projects' (\$600,000), for the development of Official Language Minority Communities (\$350,000) and to support the Governor General's Performing Arts Awards (\$168,000). The Economic Development Agency of Canada for the Regions of Quebec also transferred an additional \$300,000 to the organization via the Supplementary Estimates for the Quebec Scene presenters program.

Funding to the NAC for 2007/08 is \$35.2 million, up slightly from the \$33.3 million received in 2006/07 (this excludes the additional appropriations in the Supplementary Estimates) and the \$31.2 million received in the 2005/06 Main Estimates.

As shown in Table 1, funding to the **National Gallery** has held relatively steady over the 2005/06 to 2007/08 period, rising slightly from \$44.5 million in 2005/06 to \$46.6 million in 2006/07 to \$46.8 million in 2007/08. As part of the \$100 million five-year infrastructure funds, the Gallery is receiving \$14.8 million for repairs related to health and safety issues.

-----HERITAGE-----

Museums. The past year has been one of many disappointments and upheaval for museums. First, the government announced a \$4.6 million cut in September 2006 to the **Museums Assistance Program** (MAP) as part of then Treasury Board President John Baird's \$1B program funding reduction exercise. The cut will be instituted over two years and represents almost a twenty-five percent reduction in the MAP, a program that funds museums and other institutions for 'projects that tell the story of Canada's cultural and natural diverse heritage, and promote Canada-wide perspectives (travelling exhibitions, outreach activities, collaborative initiatives, partnerships, etc.), projects that foster and support Aboriginal heritage activities, and projects which strengthen the overall management of key museological functions in heritage organizations.'¹⁰

⁹ Government of Canada, *Supplementary Estimates (B), 2004-2005 for the Fiscal Year ending March 31, 2007*, p.105.

¹⁰ Department of Canadian Heritage website.

Following the cut, a House of Commons vote urged the government to reverse the decision, but the vote was not binding and the government did not reinstate the funding. As a result of the cuts, funding to the program dropped from \$12 million in 2006/07 to \$10.1 million in 2007/08 (the cut is being spread over two years). The Canadian Museums Association (CMA) has recommended an increase of up to \$75 million per year over 3 fiscal years in new federal funding, as part of a new policy to support museums nationally; programs like MAP have been significantly underfunded for some time, and are even more so now due the cuts of fall 2006.

Second, the government has still not delivered on its promise to enact a new museums policy, and this, despite repeated commitments made by the Minister of Canadian Heritage to this effect, as well as a full debate in the House of Commons last fall on the importance of developing a new museums policy and stable long-term funding for museums. The Canadian Museums Association was surprised that Budget 2007 did not contain major new funding commitments for museums or announce a new policy, which has been flagged repeatedly by the government as a priority.

A third blow to museums came with the Canadian Conservation Institute's March announcement that it was shutting down its Exhibit Transportation Services (ETS) at the end of the 2007/08 fiscal year. The Canadian Conservation Institute states that the decision was made for operational and administrative reasons (a 2005 internal audit of the service indicated that there was an employer/employee relationship with drivers/fine art handlers and as such they could not continue to be hired on a contractual basis). The CCA urges the CCI to find an alternative solution to shutting down the ETS service, which has been providing quality transportation services for Canadian museums for over thirty years. Requiring museums to arrange for these services themselves places a significant burden on these institutions, many of which are small organizations.

One small piece of good news for museums in Budget 2007 was supposed to be the announcement that the government will be providing \$10 million in support over the next two fiscal years (\$5 million per year) for a summer museums internship program. Canada Summer Jobs is a new initiative under Human Resources and Social Development Canada (HRSDC) designed to help Canadian non-profit organizations, public sector employers, and smaller private sector organizations offer summer jobs to students who face social barriers. The Canadian Museums Association had initially welcomed this funding, particularly for smaller museums, but it has since joined other sectors of civil society to protest about the new criteria put in place by HRSDC.

Shortly after Budget 2007, the government announced the designation of Canada's newest national museum, the Canadian Museum for Human Rights. A project long-championed by the late Israel Asper, the new institution is to be established in Winnipeg and will be 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, but sees a strong role for the private sector in developing the institution. The government 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 (for full details, see CCA Bulletin 18/07, 'First New National Museum Created Outside of National Capital Region,' May 1, 2007, available on the CCA website at <http://www.ccarts.ca/en/advocacy/bulletins/2007/1807.htm>).¹¹

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'.¹² Based in theory 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 represents a recognition by the government of the importance of heritage protection, Budget 2007 is very sketchy on details of the new Trust – its powers, appointment procedures, mandate, organization, etc. – and the details that are provided give cause for concern. First, Budget 2007 indicates the arm's length organization will 'be managed and directed by private-sector individuals.' Does this mean that only private sector representatives will be appointed to the Trust and members of civil society or others representing the heritage sector from a non-business point of view will not be represented?

In addition, Budget 2007 only allocates \$5 million over two years to the creation of the organization and indicates that the Trust will 'be able to receive donations and contributions to ensure its long-term sustainability.' The CCA questions the sustainability of this funding model. The UK National Trust, the model on which the government is basing Canada's National Trust, receives annual government funding. Will there be sufficient support from donations to fund the organizations operations?

Finally, what powers will the organization have? Budget 2007 indicates the Trust will 'encourage' heritage protection – will it have any authority to proactively protect heritage or solely powers of persuasion? As the Trust is established and begins its operations, it will be crucial to ensure that this new organization has an effective and sustainable governance structure.

Commercial Heritage Properties Incentive Fund (CHPIF). The CHPIF aimed 'to engage a broad range of taxable Canadian corporations in preserving Canada's [commercial] heritage properties, to the benefit of Canadians and

¹¹ The Harper government's interest in public-private partnerships can also be seen in its collaboration with the Aga Khan Foundation to create the Global Centre for Pluralism in fall 2006. The partnership involves a financial contribution of \$30 million from the government as well as the commitment to house the new Centre's world headquarters in Ottawa in the former location of the Canadian War Museum on Sussex Drive (the Centre will lease the building).

¹² 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.

communities throughout Canada.¹³ Administered by Parks Canada, the Fund was created as a \$30 million three year pilot project in 2003 to test the commercial uptake of funding available for preservation of historic commercial properties (with the ultimate objective for those in the heritage sector of putting in place a tax incentive for heritage building preservation). The CHPIF suffered significantly as a result of former Treasury Board President the Hon. John Baird's \$1 billion expenditure reduction exercise in September 2006. The government decided to wind the Fund down early, removing close to \$3 million in funding that was remaining to be distributed. The Heritage Canada Foundation denounced the government's cancellation of the Fund, which up to that time had helped to save many heritage buildings across the country from demolition.

As shown in Table 1, funding to the **Canadian Museum of Civilization** increased slightly over the last three fiscal years to just over \$60 million in the 2007/08 Main Estimates. The organization received an additional \$1.6 million in the 2006/07 Supplementary Estimates for "activities to advance the creation of cultural content on-line and other digitization projects". As part of the \$100 million five-year infrastructure funds, the Museum is receiving \$4 million.

The **National Museum of Science and Technology** saw its funding jump in 2006/07 to just over \$30 million (compared to \$24.4 million in 2005/06 and \$25.9 in 2007/08), owing mainly to an additional \$4.7 million in funding in the Supplementary Estimates for operations (\$4.3 million) and infrastructure repairs (\$418,000). As part of the \$100 million five-year infrastructure funds, the Museum is receiving \$19.9 million for an operating shortfall, repairs, education projects, and to establish a foundation to manage fundraising.

The jump in funding to the **Canadian Museum of Nature** (from \$55.6 million in 2005/06 and \$59.6 million in 2006/07 to \$84.2 million in 2007/08) owes to renovations underway at the museum. The Renewal Project commenced in 2004 and will be completed in phases up to 2010. The first phase of the Renewal Project 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). Currently, 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 have increased over the last two fiscal years from \$92.9 million in 2005/06 to \$114.0 million in 2006/07 and \$119.3 million in 2007/08. Included in the total funding for 2006/07 were additional expenditures for processing and preserving the political papers of former Prime Minister the Rt. Hon. Paul Martin (\$481,000) and transfers from the Department of Canadian Heritage to support 'activities to advance the creation of cultural content on-line and other digitization projects' (\$2.5 million) and to preserve and promote access to Canada's films (\$550,000).

¹³ Parks Canada website.

The fate of the **Portrait Gallery of Canada** is still unclear. The Portrait Gallery, 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",¹⁴ was a project announced by the Liberal government in 2001 and originally set to open in 2005 (later pushed to 2007 by the previous government). It has not emerged as a priority for the new government.

Indeed, in the 2006/07 Supplementary Estimates, supplementary funding to Library and Archives Canada for a different project (a preservation facility "to safeguard Canada's cellulose nitrate-based documentary heritage such as film, photos and negatives"¹⁵) came from expenditures available within Library and Archives "due to the deferral of the Portrait Gallery of Canada project".¹⁶ There has also been talk of the government relocating the Gallery to Calgary in a public-private partnership with oil and gas industry giant Encana. This would mean moving the Gallery from its original location in Ottawa at 100 Wellington Street, where more than \$9 million has already been invested in renovating the historic building. The CCA will maintain a watching brief on this file.

-----**CULTURAL INDUSTRIES**-----

Broadcasting and Audiovisual Production

Canadian Television Fund. The **Canadian Television Fund (CTF)**, financed through public and private funding, seeks to stimulate Canadian television program financing and broadcasting. The Fund has been through some significant turmoil over this past year, with two private sector funders (Shaw Cable and Vidéotron Cable) refusing to continue making their monthly CTF contributions (see *CCA Bulletin 03/07* 'Dispute Erupts over the Canadian Television Fund (CTF)'

<http://www.ccarts.ca/en/advocacy/bulletins/2007/0307.htm>

and *CCA Bulletin 07/07* : Why should you care about the Canadian Television Fund Crisis?' <http://www.ccarts.ca/en/advocacy/bulletins/2007/0707.htm>). While Shaw and Vidéotron contributions were ultimately resumed, the incident served the political purposes of its two instigators – to raise questions about the funding arrangements and governance structure of the Canadian Television Fund.

In response, the Canadian Radio-television and Telecommunications Commission (CRTC) announced in early 2007 the creation of a Task Force to review the Fund and report in June 2007 (see *CCA Bulletin 14/07* 'Update on the Canadian Television Fund (CTF)')

¹⁴ Portrait Gallery of Canada website.

¹⁵ Government of Canada, *Supplementary Estimates (B), 2004-2005 for the Fiscal Year ending March 31, 2007*, p.105.

¹⁶ Ibid.

<http://www.ccarts.ca/en/advocacy/bulletins/2007/1407.htm>). The key questions surrounding the CTF relate to its governance structure, notably the size and structure of the CTF board, potential conflicts of interest, and funding effectiveness. Despite the controversy around the Fund this past year, the government, while initially a little slow off the mark on this file, ultimately maintained its commitment to the CTF, renewing government funding to the CTF for an additional two year period. (It's the same 1996 level of \$100 million!) Transfers to the Department of Canadian Heritage from Telefilm Canada for the fund last fiscal year and this fiscal year bring the Department's total level of CTF funding to \$119.9 million in 2006/07 and 2007/08.

Canadian Broadcasting Corporation. Table 1 shows that funding to the CBC held relatively steady over the last three fiscal years at just over \$1 billion. The \$60 million 'top-up' the organization has been receiving since the 2001 inception of the *Tomorrow Starts Today* program has continued under the Conservative government (the government agreed to continue the top-up for the next two years). The top-up is now incorporated into the Main Estimates and the CBC is allocated 60% of the funds to television programming and 40% to radio programming.

The Standing Committee on Canadian Heritage is currently undertaking a review of the CBC. As for the Conservative government, it is believed that Heritage Minister the Hon. Bev Oda will not move forward with the much anticipated review of the CBC she had stated would be forthcoming in spring 2006. Media sources indicate that a cabinet committee blocked the review on instructions from the Prime Minister. The Conservative government had previously stated that it would not allocate additional funding to the CBC until a mandate review was completed and priorities for CBC programming were ascertained. If no review is undertaken, the CCA wonders what this will mean for future funding and priorities for the CBC. Under these circumstances, what is to come of the work of the Standing Committee on Canadian Heritage on the CBC? If the Committee comes forward with recommendations, will the Conservative minority government take these considerations into account?

As Table 1 shows, funding to the **National Film Board** increased over the last two fiscal years from \$62.9 million in 2005/06 to \$70.9 million in 2006/07 and \$67.1 million in 2007/08. Most of the increase in 2006/07 derived from an additional \$6.1 million in funding through the Supplementary Estimates: \$3.2 million as an operating budget carry forward from the previous fiscal year, \$2.5 million transfer from the Department of Canadian Heritage for 'activities to advance the creation of cultural content on-line and other digitization projects,' and a \$420,000 transfer from the Department of Canadian Heritage for the development of Official Language Minority Communities. Table 1 also shows that **Telefilm Canada** funding decreased from a high of \$123.9 million in 2005/06 to \$105.2 million in 2006/07 and \$104.6 million in 2007/08, owing to the transfer of

\$20 million to the Department of Canadian Heritage for the Canadian Television Fund (as explained above).

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"¹⁷ 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). Over the last number of years, BPIDP has received an additional \$8 million to its funding through the *Tomorrow Starts Today* program. Last fiscal year, the top-up was received through the Supplementary Estimates. This year, it appears in the 2007/08 Main Estimates document.

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 holds steady from last fiscal year to the current year at approximately \$16 million. Having said this, it appears the fund may have some 'catching up' to do. In 2005/06, the Fund was anticipating receiving additional funding to bring it to the \$16 million level (funding in the Main Estimates for 2005/06 stood at just under \$10 million). With no Supplementary Estimates passed in 2005/06, these funds appear to have been rolled into the 2006/07 Main Estimates. As such, it appears that the fund 'missed out' on about \$6 million over the last three fiscal years. It remains to be seen whether additional funds will accrue to the CMF via the 2007/08 Supplementary Estimates, which would resolve the apparent loss.

A similar story can be told for the **Publications Assistance Program**, which helps to offset mailing costs for periodical publishers. For the fiscal year 2005/06, total planned spending was \$45.4 million (\$41.4 million in the 2005/06 Main Estimates, plus another \$4 million to come in the 2005/06 Supplementary Estimates). Given that the Supplementary Estimates were never passed by Parliament in 2005/06, the additional \$4 million seems to have been rolled into the 2006/07 Main Estimates. The 2007/08 Main Estimates also show a funding level of \$45.4 million for the program. Given that the Department of Canadian Heritage's total funding level for the program is \$45.4 million, it would appear the program has some catching up to do to ensure it receives total funding of \$45.4

¹⁷Department of Canadian Heritage website.

million in each of the last three fiscal years. It remains to be seen whether these additional funds will be forthcoming in the 2007/08 Supplementary Estimates.

The Publications Assistance Program receives funding from both the Department of Canadian Heritage and Canada Post. Canada Post had indicated last year that it would discontinue its \$15 million contribution to the program as of March 2007. As a result of successful pressure put on the government by the industry, the government issued a directive to Canada Post in late 2006, ordering the corporation to continue its contribution to the Program for the next two fiscal years.

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 on the Canada Music Fund have held relatively steady over the last three fiscal years.

Canada New Media Fund. The **Canada New Media Fund** 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"¹⁸ and is administered by Telefilm Canada. Funding levels for this program appear to have jumped up and down over the last number of years but these changes are more apparent than real. As indicated in last year's budget analysis, the changes reflect a two-year funding agreement between the Department of Canadian Heritage and Telefilm Canada (the lack of Supplementary Estimates in 2005/06 account for the apparent increase).

-----OTHER EXPENDITURES AND TAX MEASURES-----

Public Diplomacy. The Department of Foreign Affairs was also affected by the \$1 billion expenditure reduction exercise of September 2006. Among the millions of cuts to the department were \$12 million in cuts to increased spending planned for public diplomacy activities. While DAFIT continues to support existing diplomacy efforts (e.g., Fulbright and Commonwealth scholarships, cultural and academic relations), this nonetheless represents a scaling back of planned

¹⁸ Ibid.

expansion in public diplomacy efforts. Grants in Aid of Cultural Relations still stands at \$4.7 million in the 2007/08 Main Estimates.

Official Languages. Grants and contributions to promote Canada's official languages and to support official language minority communities dropped in fiscal year 2007/08. The **Enhancement of Official Languages Program**, which aims "to foster among Canadians a greater understanding and appreciation of the benefits of linguistic duality",¹⁹ experienced a slight decline in funding levels from \$109.2 million to \$105.9 million. The **Development of Official Language Communities Program** declined from a total of \$214.8 million in 2006/07 to \$201.3 in the current fiscal year (the latter figure includes an additional \$15 million to the program in 2007/08 announced in Budget 2007 for 'cultural and after-school activities and community centres'²⁰). This program involves support 'to offer official-language minority communities to access services in their language, as well as the infrastructure necessary to ensure their growth and development'.²¹ Budget 2007 also announced \$52 million over two years (\$13 million in 2007/08 and \$38 million in 2008/09) for the 2008 Francophonie Summit, which will be held in Québec City.

Aboriginal Programs. The **Aboriginal Peoples' Program** "supports the full participation and cultural revitalization of Aboriginal People in Canadian society"²² through funding programs for aboriginal organizations, aboriginal communities and aboriginal living cultures. Funding to the Aboriginal Peoples' Program held relatively steady compared to last year's Main Estimates at \$61.1 million (this is up substantially from the 2005/06 Main Estimates' level of \$30.3 million). The Program also received \$4.98 million in the Supplementary Estimates for the **Aboriginal Languages Initiative**, which 'maintains and revitalizes Aboriginal languages for future generations by increasing the number of Aboriginal language speakers, by encouraging the transmission of these languages from generation to generation, and by expanding language usage in family and community settings'.²³ The **National Aboriginal Achievement Foundation** received \$10 million in the 2007 Supplementary Estimates to support postsecondary scholarships for aboriginal students.

Sport. As Table 3 shows, grants and contributions for sport increased substantially in fiscal year 2006/07 and have remained at much higher levels in 2007/08 than they were in 2005/06. The two key programs benefiting from these increases are the **Sport Support Program (SSP)** and the **Hosting Program**. The Sport Support Program provides funding to national sport organizations, multi-sport service organizations, and to organizations active in a number of priority areas (including sport participation, ethics and knowledge

¹⁹ Ibid.

²⁰ Budget 2007, 99.

²¹ Department of Canadian Heritage website.

²² Ibid.

²³ Ibid.

transfer/information sharing). Funding for the SSP more than doubled between 2005/06 and 2006/07 from \$36.1 million to \$97.8 million and has remained at this latter level in 2007/08 at \$96.2 million. The Hosting Program supports "sport organizations to host the Canada Games and international sport events in Canada".²⁴ Funding to the Hosting Program increased almost ten-fold between 2005/06 and 2006/07, rising from \$19.2 million in 2005/06 to \$153.6 million in 2006/07. The funding level for 2006/07 is \$97.7 million. These increases are attributable mainly to the Vancouver 2010 Winter Games in British Columbia.

Charitable-giving policy changes. As described in last year's budget analysis, Budget 2006 eliminated capital gains on listed publicly traded securities donated to registered charities. With this new measure in place, the donor's share of the cost of their donation dropped to 40% (the corresponding figure prior to the change was 47%). According to Budget 2007, in excess of \$300 million of publicly-listed securities have been donated to public charities in the ten months since Budget 2006. Of this, Budget 2007 indicates that less than ten percent (\$20 million) was donated to the arts – the lion's share went to the health sector (\$150 million), education (\$50 million), and other charitable sectors (\$80 million).

Budget 2007 proposes to extend these rules to donations to private foundations as well (the Budget includes a number of provisions to avoid conflict of interest, e.g., avoiding self-dealing for donors who have significant holdings of a corporation and also have influence on the management of a foundation's holdings of the same corporation).

While these changes hold promise for increased financial support to the sector, a number of caveats are worth pointing out. First, there is substantial competition between various sectors (e.g., hospitals, educational institutions, environmental organizations, etc.), so the existence of these new measures does not necessarily translate into funding for the cultural sector. Indeed, the figures in the first paragraph above show that less than ten percent of donations made since Budget 2006 went to the arts. Second, where funding does come to the sector, the tax changes may benefit larger established organizations in big cities more readily than smaller and emerging groups in smaller centres. The CCA hopes data on the distribution of donations across key sectors will continue to be collected as these new tax measures are rolled out and is seeking data from the government on the distribution of donations within the cultural sector itself.

²⁴ Ibid.

VARIA:

OTHER CURRENT DEVELOPMENTS

Canadian Volunteerism Initiative. The *Canadian Volunteerism Initiative* was another casualty of the Treasury Board's \$1 billion expenditure reduction exercise. The Initiative, which aimed to strengthen volunteerism in Canada by encouraging Canadians to volunteer, by helping organizations build capacity to benefit from volunteers and by enhancing the volunteer experience, was cancelled as part of this exercise, with \$9.7 million worth of funding eliminated.

Given the reliance of many organizations in the cultural sector on volunteers, this is certainly an unfortunate turn of events. The loss of funding and government recognition of the importance of volunteering and the need for organizations to build capacity to benefit from volunteers will undoubtedly mean a loss of potential in the sector. Given that the government seems to view the private sector as playing an increasingly important role in funding and service delivery across all policy areas, the CCA questions why it seems not to recognize the role of civil society, notably volunteers, in making societal contributions.

Federal Accountability. The *Federal Accountability Act* (FAA) and its adjunct, the *Lobbyist Registration Act*, were the first pieces of legislation tabled by the Conservative government and have now been passed by Parliament. The FAA contains a host of measures intended to strengthen accountability in government, including greater transparency and tighter rules around lobbying, strengthened financial management procedures and controls, enhanced protection for whistleblowers, clearer accountability of Ministers and Deputy Ministers, and greater openness and transparency in government appointments.

Despite passage of the FAA, there still remains substantial uncertainty over the interpretation and operationalization of its various provisions, notably those in relation to "lobbying". On this point, there is still substantial ground to cover in identifying what precise activities qualify as lobbying (does running into a Minister in a public place and having a conversation about policy qualify as lobbying?) and how these are distinct from advocacy. One of the main concerns that the CCA shares with the not-for-profit sector in broader Canadian civil society is the unnecessary burden of "over-reporting" on public funding placed on already fragile organizations.

One of the key pieces of the *Action Plan related to the Federal Accountability Act* was a review of grants and contributions. An ***Independent Blue Ribbon Panel on Grants and Contributions*** was established to review grants and

contributions administration with a view to eliminating unproductive rules and procedures, identifying barriers to access for applicants and recipients, and developing a balanced approach to oversight. The Panel submitted its report, *From Red Tape to Clear Results*, to the President of the Treasury Board in February 2007. <http://www.ccarts.ca/fr/advocacy/bulletins/2007/0607.htm>

The Report had three key conclusions: fundamental change is required in how grants and contributions are designed, managed, and accounted for; it is essential to simplify administration in order to strengthen accountability; and political and senior public service leadership will be required in order to transform government practices in the area. The Panel's thirty-two recommendations fall into four key categories: respecting recipients, simplifying reporting and accountability requirements, encouraging innovation, and better organizing information so it assists both program managers and recipients.

The CCA applauds the Panel's recommendations, in particular the recommendations to 'encourage the multi-year funding of projects that are multi-year in nature'²⁵ and to simplify reporting and accountability frameworks. The panel recommended that multi-year funding be standardized and that recipients of grants and contributions have more flexibility in managing funds within overall project budgets. On accountability, the Panel recommended the government 'dramatically simplify the reporting and accountability regime' in order to 'reflect the circumstances and capacities of the recipients.'²⁶

The government responded with the following measures: Treasury Board President, the Hon. Vic Toews, will lead the creation of an action plan to reform grants and contributions' administration; Treasury Board Secretariat will work with departments and agencies to develop action plans within their organizations to streamline practices and reduce administrative burdens, and the government will create a centre of expertise on grants and contributions.

If the government's actions follow through on the Panel's recommendations, these changes would be welcome news for the cultural sector, given the range of federal grants and contributions in the arts, heritage and cultural industries sub-sectors and the growing financial burden recipient organizations face in reporting to government on the funds they receive. There is however growing concerns within the "third sector" that the most fundamental issues raised by the Panel, namely multi-year funding, core funding and appropriate requirements for reporting, will be ignored by Treasury Board.

Another key piece of the legislation related to **access to information**, specifically the application of the *Access to Information Act* to Crown Corporations. These

²⁵ Independent Blue Ribbon Panel on Grants and Contributions, *From Red Tape to Clear Results: The Report of the Independent Blue Ribbon Panel on Grant and Contribution Programs*, Ottawa: Treasury Board of Canada Secretariat, 2006, ix.

²⁶ Ibid, viii.

provisions of the FAA came into force in March 2007, and expand the scope of the *Access to Information Act* to cover a number of Crown Corporations, including the Canadian Broadcasting Corporation and the National Arts Centre. These organizations will come under the umbrella of the *Access to Information Act* as of September 2007.

New Expenditure Management System. *Advantage Canada*, the Conservative government's fall 2006 economic update, committed the government to developing a new Expenditure Management System. Under this new system, elaborated in Budget 2007, departments and agencies must manage their programs in line with clear results and evaluate program performance against results. Treasury Board Secretariat will have an oversight role vis-à-vis Departments' performance assessments to ensure they address risk and cost-effectiveness.

As part of this process, Cabinet will review 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'²⁷ and will rigorously examine all new spending proposals 'taking explicit account of the funding, performance and resource requirements of existing programs in related areas.'²⁸ This latter activity will include ensuring that new spending proposals relate to the priorities of the government.

The new Expenditure Management System is currently being implemented and the first results are to be reported in Budget 2008. The government's intention is to undertake these reviews on a four-year cycle, with results of the reviews feeding into budget planning. As part of this process, the government has committed to limit the average growth of program spending to below the growth rate of the economy.

For the cultural sector, this new Expenditure Management approach may be a double-edged sword. While clarifying program objectives and ensuring program activities are supporting the achievement of said objectives is a laudable goal, the danger exists that the substantial reporting accompanying such a process will bog down recipients of grants and contributions with yet more onerous reporting requirements. In addition, where government priorities are in areas other than the cultural sector – which is the case at present – the sector may be required all the more to justify the rationale and importance of government support for the sector. With the commitment to limit program spending growth to below the rate of economic growth, it will continue to be imperative to persuasively 'make the case' for culture.

²⁷ Budget 2007, 158.

²⁸ Ibid.

UNESCO International Convention on the Protection and Promotion of the Diversity of Cultural Expression. As announced in *CCA Bulletin 02/07* ('UNESCO Cultural Diversity Convention Set to be Implemented'), the UNESCO Convention came into force on March 18, 2007. The Convention recognizes the distinctive nature of cultural goods and services, and affirms countries' rights to adopt policy measures to support cultural expression. Canada played a leadership role in this international policy initiative, and was the first country to accept the Convention in November 2005. The threshold of 30 UNESCO Member States ratifying the Convention was achieved only fourteen months later. Heritage Minister Oda has stated that Canada will remain a leader in the implementation phase of the Convention and will put forward its candidacy for election to the twenty-four member Intergovernmental Committee of the Convention. Members to the Committee will be chosen at the Conference of the Parties to the Convention in June 2007 and the Committee is expected to meet for the first time in early 2008.

ANNEX**Expenditures for the Department of Canadian Heritage and Selected Agencies and Crown Corporations,****Total of Main Estimates and Supplementary Estimates for 2006/07 (millions of dollars)**

Organization ¹	Main Estimates 2006/07 ²	Supplementary Estimates (A) 2006/07		Supplementary Estimates (B) 2006/07		Total Expenditures 2006/07
		Transfers	Appropriations	Transfers	Appropriations	
Department of Canadian Heritage	1,384.6	2.818	73.842	(1.828)	-	1,459.5
Canada Council for the Arts	150.4	0.965	20.0 ³	-	-	171.4
Canadian Broadcasting Corporation	1,112.0	2.0 ⁴	-	-	-	1,114.0
Library and Archives of Canada	109.1	3.485	1.405	-	-	114.0
National Arts Centre	33.3	2.118	-	0.3	20.553	56.3
National Gallery of Canada	46.6	-	-	-	-	46.6
Canadian Museum of Civilization	59.9	1.554	-	-	-	61.5
Canadian Museum of Nature	59.1	-	-	-	0.5	59.6
National Museum of Science and Technology	25.6	0.324	-	-	4.744	30.6
National Film Board of Canada	64.8	2.890	3.214	-	-	70.9
Telefilm Canada	125.0	(19.9) ⁵	-	-	-	105.2
TOTAL	3,190.40	-⁶	98.5	-⁶	25.797	3,288.9

Notes:

¹All of these organizations also generate annual revenues.

²Includes expenditures approved through Governor General's Special Warrants prior to the tabling of the Main Estimates.

³This \$20 million increase was announced in Budget 2006.

⁴The CBC also internally reallocated \$33.7 million for capital projects related to English and French radio and television programming.

⁵Telefilm Canada transferred a total of \$20.4 million to the Department of Canadian Heritage for the Canadian Television Fund (this money now appears as a Department of Canadian Heritage expenditure on the Canadian Television Fund). The organization also received \$550,000 for the development of Official Language Minority Communities.

⁶Totals 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).

June 4, 2007

Sources: 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*.