

## Investment in Canadian Culture

A little more than a year ago, the federal government announced a major investment in Canadian culture: more than \$500 million of new money over the next three years was promised to "ensure the growth and development of Canadian culture." This new funding was warmly welcomed by the Canadian arts and cultural community, which considered it long overdue after the many years of federal government repeated cutbacks to the sector.

Federal government expenditures on culture dropped over the last decade<sup>1</sup>. While the influx of new funds appears to bring federal government expenditures on culture back to levels comparable to those at the beginning of the decade, they are still well below early decade levels when considered in constant dollar terms, a more accurate measure which eliminates inflationary factors. Moreover, given that Canada's population is growing, per capita spending on culture is decreasing. These factors all indicate that the federal government is not adequately supporting its cultural objectives.

Now that the first year in the three year commitment has ended, it is time to take stock of how the new monies are being delivered. The following document has been crafted from program announcements, guidelines and other relevant documentation, as well as through discussions with members from the various sectors benefiting from the new funding and by interviews with government officials. It is structured along the five categories of the announcement: growth, diversity and creative work; built heritage; cultural industries; Canadian content online; trade routes and the team Canada initiative. A closer look reveals that these categories correspond to ministerial program lines, rather than policy objectives. This suggests that the new initiatives were developed in response to programmatic imperatives rather than policy ones. The absence of an overarching national cultural policy, with a clear vision and guiding principles, means that these initiatives are pieces of separate puzzles, that are uncoordinated from a policy perspective. The risk is that the impact of these initiatives will be programmatically circumscribed.

The news release of the May 2001 announcement states that "this contribution is part of the Government of Canada's commitment to target excellence in all aspects of the creative process, to encourage diversity in Canadian content and to promote access to arts and heritage for all Canadians, taking into account our linguistic duality, the unique and distinct character of Quebec culture and the inestimable contribution of the First Nations cultures." It does not however explain how all of these objectives are translated into the initiatives that were created with the new money. The federal government has called the influx of new money into the cultural sector an "investment", but unlike a typical investment, this one does not have clear articulated goals and yardsticks with which to measure its impact. It is therefore going to be very difficult to measure the full impact this new money will have on the sector. What is notably absent is a need to establish a clear and compelling vision and a strategy to guide the Government of Canada's commitment to arts and culture that would ensure all department, agencies and third party delivery organizations work towards a common goal. Currently, it is unclear what goals are being pursued and how the funded initiatives are structured. How do we know that the government's monies are doing what they are supposed to do? Without knowing the intended goals, it is difficult to undertake an analysis of the impact of the programs. This paper is essentially a process evaluation of how the programs are being delivered.

One concern voiced by many in the cultural sector was that too large a portion of the investment was equipping the bureaucratic machine with additional resources -particularly staff- to develop and administer the new programs and the newly expanded existing ones, instead of directly benefiting the artists, arts presenters and audiences. These concerns are not entirely unfounded. Although the exact increase in the number of DCH staff is not known, operating expenses for the Cultural Development and Heritage business line<sup>2</sup> of DCH according to the 2002-2003 main estimates, indicate an increase of 67.5% to \$87.7 million from \$52.4 million in 2001-2002<sup>3</sup>. The announcement of the Cultural Capitals of Canada Awards program provides some information about the portion of money that is staying within the department. Cultural Capitals of Canada, which will support "municipalities for special activities that harness the many benefits of arts and culture in community life," has a budget of five million dollars over

two years, four million of which will be awarded to the five winning municipalities (or consortia of municipalities). It looks like the balance, one million (or 20%), will be used for program administration.

There was also concern about the decision to maintain departmental control over much of the new expenditures, instead of favouring an arms length mode of delivery. Even though arms length agencies like the Canada Council, Telefilm, CBC and non-profit arts organizations like FACTOR/MUSIC ACTION which administer programs on behalf of the Department, have seen either an increase in their funding or have been given new initiatives to administer, the majority of the new funding accrues to the Department of Canadian Heritage. This means there is more potential for the new funding to be diverted towards broader government priorities or partisan purposes. There is also some concern that organizations may have to satisfy increasingly burdensome and onerous governmental reporting requirements brought about by changing political climates.

Overall, implementation of the new monies has been slow, due in part to time-consuming development of grant administration and performance evaluation policies for the new programs. In some cases, Treasury Board approval took several months, postponing program announcement and delivery. Additionally, new staff were hired at both regional and national levels, further slowing the process. It has been suggested that the \$500 million announcement was made earlier than expected, long before the programs were ready to be rolled out. Most new programs were announcement late in the first year as lack of preparation resulted in tight deadlines for first year programs, leaving many organizations scrambling to get their proposals in on time.

#### **A. Growth, Diversity and Creative Work:**

The objective of this portion of the funds is to:

"encourage the growth and diversity of creative work in this country, notably among young people who are being called upon to project our traditions into the future; and to promote access to the arts and heritage for all Canadians".

Except for funds accruing to the Canada Council, all the programs benefiting from additional funding in this section are administered by the Department of Canadian Heritage through the Arts Policy Sector.

#### **1. The Canada Council for the Arts: (\$75 million over three years)**

On December 18th 2001, the Canada Council for the Arts, Canada's national arts funding agency, announced funding of \$75 million which would be distributed equally in each of the three years "to promote excellence and diversity."

Most of the new monies have been built into the operational framework of the Canada Council by expanding existing programs such as the grants to individuals artists, and successful initiatives like the Flying Squad Program in theatre and dance which help performing arts organizations obtain administrative and capacity-building assistance. A small portion of the money will remain within Council, some of which will be used to strengthen its links with the Aboriginal arts community by hiring Aboriginal arts officers in each of the Council's disciplines. Job postings have been made and the positions now filled.

As part of the increase to the Canada Council's funding, the Public Lending Right Commission, which under the administrative aegis of the Canada Council for the Arts administers a program of payments to Canadian writers, translators and illustrators for their eligible books catalogued in libraries across Canada, received an additional \$1 million per year. In the fiscal year 2001-02, all the additional funds were disbursed to the registered creators.

#### **2. National Arts Training Contribution Program: (\$13 million over three years)**

The National Arts Training Program (NATP) supports independent Canadian non-profit institutions that specialize in preparing young Canadians for professional artistic careers. It was launched in 1997 and is administered by the Department of Canadian Heritage through its regional offices.

The NATP's funding announcement stated that the new funds would "support new institutions in order to provide training for emerging artists and support for emerging artistic areas such as Aboriginal arts and ethno-cultural traditions." Traditionally, the NATP has tended to support institutions providing training in art forms of Western European tradition. This funding, along with the redesign of the program's eligibility criteria, will help to broaden the scope of the program to include institutions that provide training in art forms of non-European tradition. The eligibility criteria has been redesigned by relaxing the requirement for schools to be national in scope, which schools providing training related to Aboriginal arts and artistic practices based on non-European cultural traditions tend not to be. As a result, whereas 18 training institutions received funding through the NATCP in fiscal year 2000-2001, many more institutions are likely to receive funding in the future.

A first round of contributions was announced. Since funds were earmarked for applications received by June 31, 2001, it essentially benefited those institutions which were already in the program. A special deadline of April 15, 2002, was set for institutions that became eligible under the new set of guidelines. Even though program guidelines and application forms were made available only one month before the deadline, most organizations that were likely to apply for funding had been advised of the expanded program in the fall of 2001, and thus had time to prepare.

The full, expanded National Arts Training Program will take effect over the course of the second year of the increased funding. Treasury Board has recently approved the extension of the program beyond fiscal year 2004.

### **3. Cultural Spaces Canada (cultural infrastructure): (\$80 million over three years)**

Cultural Spaces Canada is a new Department of Canadian Heritage program, officially launched on June 29, 2001. Its purpose is to contribute to the repair and upgrading of arts and heritage facilities through funding for construction, renovation or conversion of facilities, specialized equipment purchases, or feasibility studies. Applications are assessed and budgeted on a regional basis and prioritized against specific program objectives. A National Review Committee then evaluates the projects based on a number of criteria including needs of under-served communities, and targeted groups such as youth, official language minorities, Aboriginal and culturally diverse communities.

A first round of disbursement was made throughout February and March, 2002, and close to \$23 million was distributed to arts and heritage organizations across Canada (part of this amount is multi-year funding). Even though Ontario and Quebec received the bulk of the funding -roughly \$13 million- some critics have voiced concern that those regions are not receiving an adequate amount. The program was oversubscribed from the beginning due to pent-up demand, particularly in central Canada and especially in the greater Toronto area. There is some concern from the sector that all the funds will run out before the end of the second year, leaving little or nothing in the pot for year three. Another concern relates to the fact that, although apparently it is not a published criteria, institutions with activities that are national in scope are being judged more favorably than those with locally circumscribed operations.

On May 2002, Prime Minister Jean Chrétien and Ontario Premier Ernie Eves announced an investment of \$232 million to improve and modernize seven cultural institutions in the Greater Toronto Area. The federal portion totals \$113.5 million and is funded through Industry Canada's 'Canada-Ontario Infrastructure Program', announced in the February 2000 federal Budget.

### **4. Canadian Arts and Heritage Sustainability Program: (\$63 million over three years)**

The Canadian Arts and Heritage Sustainability Program is a new program administered by the Department of Canadian Heritage. It was only launched on January 22, 2002, and its purpose is to improve the management of arts organizations and assist them in developing greater financial stability.

The program assists arts and heritage organizations through three components:

Stabilization projects: which supports the establishment and operation of projects (such as the sound practices in governance, strategic planning and organizational effectiveness) within a specific geographic

area (city or region). John Hobday, Executive Director of the Samuel and Saidye Bronfman Family Foundation, had been working to stimulate the development of stabilization funds across Canada since the late 1980s. Stabilization projects were already operational in Vancouver , Alberta , Manitoba , Hamilton and Halifax when the new program was announced. Due to the long-term nature of establishing such stabilization projects, it could take some time before any new ones are announced, but work is apparently proceeding smoothly.

Capacity Building Projects: which allow arts organizations with a national scope that do not have access to stabilization project assistance to improve their administrative, organizational and financial structures. After a slow start, interest and demand from the sector have been strong. The program, administered through DCH 's regional offices, seems to be well understood by organizations interested in applying for funding under this component. There has been concern, however, that a private sector matching funding requirement may be restrictive and will benefit well-established organizations with existing ties to private sector donors. Currently, only arts organizations, including national arts service organizations, are eligible (heritage institutions, festivals and training institutions are not). The first deadline for application was April 15, 2002 , with disbursements being made up to six months later. The delay in disbursing the funds is also a concern.

Endowment Initiatives: seek to encourage private sector support (including individual donations) to professional arts organizations by providing matching funds of up to one dollar for every dollar from private donors, to create endowment funds or to increase existing ones. Demand has been very strong, much larger than anticipated, in spite of the tight deadline (the initiative was announced in January 2002 with a deadline of February 15). As organizations needed to have private sector matching funds prior to applying to the program, the full leverage effect of federal government matching funds will only be felt in fiscal year 2002-2003 when organizations will be able to use the possibility of additional federal funding to attract private source funding. Not only have large well-established organizations with existing foundations applied to the program, but also smaller ones that have used existing community foundations.

#### **5. Arts Presentation Program (\$57M over three years)**

The Arts Presentation Program (APP) is a new program, officially launched in July 2001 to support performing arts festivals or other live performing arts series provided by arts presenters. It is administered by the Department of Canadian Heritage through its regional offices and will eventually replace (in fiscal year 2003-04), the Cultural Initiatives Program (CIP) / Festivals and Special Events, which had been providing support to arts festivals and other events for the last 15 years. The Arts Presentation Program is more general in scope than the CIP as the eligibility criteria has been broadened to include organizations that had previously been eligible for support.

The APP has three components: project support, programming support, and development support. The latter component is targeted to community organizations that have not traditionally been involved in presentation activities.

The first round of funding announcements was made during the months of February and March 2002. The sector warmly welcomed the creation of this new program and, as with other programs, it seems that the regional envelopes for Ontario and Quebec were quickly oversubscribed in the first year. There were some initial concerns about the lack of speed in announcing the funding recipients, but these concerns have passed and the program seems to be running smoothly.

#### **6. Cultural Capitals of Canada Awards Program (\$5 million over two years: 2002-03 and 2003-04)**

Announced on May 31, 2002 , the Cultural Capitals of Canada is the last in the series of initiatives flowing from the new funding. Loosely based on the European Cities of Culture model, it will recognize "the past achievements of municipalities with an ongoing commitment to arts and culture and also provides matching funds for activities that celebrate arts and culture and build a legacy for arts and culture through community planning". The Canadian Conference of the Arts had been advocating for a similar program for many years.

Two million dollars will be awarded to five single municipalities or groups thereof each year, leaving \$500,000 for administration and support, a substantial amount given the budget of the initiative and the limited number of recipients.

The assessment process will take from 4-6 months and will occur in two stages: first a screening by DCH itself, and then an evaluation by an independent jury of seven individuals drawn from various cultural and municipal fields. The lengthiness of the assessment process is a concern for the sector.

#### **B. Historic Places Initiative: (\$24M over three years)**

The objective of this portion of the funds is to "provide Canadians with the means to protect their built heritage." The Historic Places Initiative is a new program, which will be managed by the Department of Canadian Heritage through the newly created Historic Places Division.

The Historic Places Initiative was long sought after by the built heritage community, and organizations such as Heritage Canada have been advocating for such an initiative for years. The funds will pay for the first step in the initiative whose goal is to support retention and restoration of Canada's built heritage through fiscal incentives and other taxation measures - such as a favourable tax treatment of restoration costs for heritage buildings, and the elimination of capital gains tax on donations of heritage properties (as is the case with donations of movable cultural property and environmentally sensitive land). But before such measures can be considered, a number of elements must be in place, such as defining a set of eligible properties by establishing a national register of eligible heritage buildings, developing standards to define what constitutes legitimate restoration activity, and establishing a certifying role (to be played by the Department). None of the money will flow to institutions during this initial stage, but will do so later in the Historic Places Initiative.

#### **C. Canadian Culture Online (\$108 million over three years)**

The objective of this large portion of funds is to:

"increase the production of Canadian content for the Internet, which is fast becoming the most popular medium of communication among Canada's youth, and promote the development of the new media industry."

Because of its size and the lack of detailed information about it, there was initial concern about this new initiative when it was announced. The Canadian Culture Online initiative seeks to support the broader efforts of the 'Connecting Canadians' agenda of the federal government, and it builds and expands on existing initiatives that assist with the digitization of Canadian cultural collections. The digitization initiatives began in 1998 with the Telefilm Multimedia Fund, which was subsequently re-launched and renamed the Canada New Media Fund in December 2001 with a budget of \$9 million per year (up from \$6 million previously). The first phase of the Canadian Online initiative began in June 2000, with a budget of \$75 million over three years, and was expanded in May 2001, with a budget of \$108 million over three years (this amount includes the additional \$3 million earmarked for the Canada New Media Fund administered by Telefilm Canada).

The Canadian Culture Online Program brings together a range of initiatives and partners, including Telefilm Canada, Canadian Heritage Information Network (CHIN), Industry Canada, CANARIE, as well as third party organizations. They each have a part to play in developing, promoting and distributing Canadian cultural content on the Internet.

The Canadian Culture Online initiative is new, far-reaching and ambitious. Even though much of the first year has been spent building on the framework and putting the required blocks in place, a number of new programs have been created. Three new funds have been launched; others will be launched over the course of 2002, including a 'Gateway to Canadian Culture' designed to make it easier for all Canadians to have online access to the multitude of Canadian cultural resources (a former cultural portal, Culturenet, no longer exists).

1. The Partnership Fund fosters partnership initiatives between the private, public and non-profit organizations and institutions in the digitization of cultural collections held by provincial, municipal and local cultural organizations. So far, 21 projects have been recommended for funding. One example is the Toronto Public Library which received funding through Partnerships to create the Canadian Theatre Record (CTR), a new virtual reference library gateway. It will be the first centralized collection of Canada 's original theatre documents from English and French language theatre companies, featuring digital images of theatre programs, posters, photos, and stage and costume designs.
2. The Electronic Copyright Fund assists in the development and implementation of an online licensing system. So far, funding has been provided to 3 organizations totalling \$1.8 million.
3. The Canadian Memory Fund, which is available to federal institutions holding significant collections of Canada 's cultural heritage. So far, 9 federal organizations have received funding totalling \$14.5 million.

On March 19, 2002 , the government announced the establishment of a National Advisory Board made up of members from the private sector, which will meet twice a year to provide direction to the program, identify priorities, and assist in developing tolls to facilitate the creation and use of content. The National Advisory Board is headed by Senator Laurier L. Lapierre, former chair of Telefilm Canada .

One of the major concerns raised by the visual arts community about the online funding is the lack of stringent guidelines to ensure that artists are properly remunerated by institutions that exhibit their works on the Internet. All projects supported by the Canada Council through the Visual Arts Section must pay the appropriate copyright fees to participating artists, including exhibition rights, public presentation rights and reproduction rights for the use of works. Furthermore, in Quebec, the provincial government announced last fall that eligible artists would be remunerated when their works appear on the Internet site called 'Artimage', a joint venture that involves the Montreal Museum of Fine Arts, the Museum of Contemporary Art and the Musée du Québec, and in part funded by the government of Quebec. The federal government, through the Culture Online Program, could be a leader in ensuring that organizations, particularly those that receive federal funding, properly compensate authors and artists when they exhibit works in the digital arena.

#### **D. Cultural Industries:**

The objective of this portion of the funds is to:

"ensure that our cultural industries, notably the book and sound recording sectors, are able to prosper in the new digital economy and to project a Canadian voice that is strong and original."

Essentially, these funds are earmarked for the book publishing and music programs, both of which are administered by the Department of Canadian Heritage.

#### **1. The Book Publishing Industry Development Program (\$28 million over three years):**

In May, the federal government announced "an additional \$28 million over the next three years to encourage the use of innovative new technologies and support the increased development, marketing and promotion of Canadian books and authors." Shortly after, on June 1, 2001, the government explained that it proposed to achieve this through the existing 'Book Publishing Industry Development Program', funds have been added to the 'Aid to Publishers' component, the 'Distribution Assistance' component and to the 'Aid to Industry and Association' component. Funds have also been earmarked to enhance the Department of Canadian Heritage research capabilities in the area of book publishing.

Through the 'Aid to Publishers' component, \$9.5 million will be "used to assist the publishing industry in meeting short-term challenges related to an evolving environment and changing terms of trade." The new funds represent a 20% increase (on average) over the three years (\$4.5 million this year, \$3 million in 2002-03, and \$2 million in 2003-04). The reason for distributing close to half the funds in the first year rather than spreading it out evenly is meant to help publishers deal with the current market imbalances, particularly following the Indigo/Chapters merger.

A second pool of funds will be administered through the 'Aid to Industry and Association' component. \$7.5 million has been earmarked for initiatives that help "market and promote established authors and new talent." These funds will be channeled through industry groups such as professional associations representing writers. The financial breakdown of this component is: \$1.5 million in 2001-02, \$3 million in 2002-03, and \$3 million in 2002-04.

Through the 'Distribution Assistance component', \$8 million in new funds will be administered over three years to develop 'supply-chain projects', such as improved electronic communications and point-of-sale data collection to better manage inventories and track distribution and sales, issues which have been identified as top priorities by the industry. The first step is to develop methods of collecting accurate bibliographic data and to develop means of electronic communication. This initiative is still in its infancy.

The last pool of funds, totaling \$3 million over three years, will be used to streamline data collection by Statistics Canada, Canada Council, provincial arts councils, and the Department of Canadian Heritage (DCH), and to improve DCH's research capacity. Consultants have been hired to undertake cross-country consultations. There is some concern from the sector that if the data is too rigidly streamlined, the cultural focus of this data may be compromised.

DCH has set up committees which bring together government officials and industry players so that programs are better targeted at industry's needs. Many of the new initiatives stemming from the additional funds have been developed in conjunction with industry or have been developed to respond to the recommendations of the June 2000 report by the Standing Committee on Canadian Heritage entitled "The Challenge of Change: A Consideration of the Canadian Book Industry".

## **2. Canada Music Fund (\$28 million over three years) and the Music Entrepreneur Program (\$23 million over three years):**

**A.** The Canada Music Fund (CMF) is a new program that mirrors and replaces the existing Sound Recording Development Program. Through eight components, the program will fund initiatives that support song writing, composition, new musical works, specialized music, market development, sound recording entrepreneurship, and the preservation of Canadian musical collections. The CMF is overseen by a governing body with members of the sound recording industry (Canadian Independent Record Production Association [CIRPA], Canadian Broadcasting Corporation [CBC], Songwriters Association of Canada [SAC], Société professionnelle des auteurs et des compositeurs du Québec [SPACQ] and FACTOR/Musicaction and the Society of Composers, Authors and Music Publishers Foundation [SOCAN]). Funding is distributed through several avenues, each one with a specific objective. DCH will administer the 'Support to National Sector Associations' component and the 'Collective Infrastructure Initiatives Program' (as well as the 'Federal Policy Development' component).

Originally, the financial breakdown of the funds over the three years was to have been \$8 million in fiscal year 2001-2002, \$10 million in 2002-03, and \$10 million in 2003-04. However, since the initial announcement of the funding was made before Treasury Board approval for the different programs had been given, it appeared the full amount of first year funding might be in jeopardy. But thanks to active lobbying from the music industry associations, the original amounts were retained.

The first year has been frustrating for the sector, as disbursements were slow, and the newly hired DCH staff were green. The following two years should run more smoothly.

**B.** A new initiative of \$23 million, called the Music Entrepreneur Program (MEP), was announced on October 26, 2001. The MEP is the first program of its kind for the music and sound recording industry that is not project based. The money will actually fund infrastructure for Canada's music companies, particularly independent record labels. It will be administered by Telefilm Canada, which the Department believes to be better equipped to manage this program. However, this is a new line of activity for Telefilm Canada, and the agency will need to equip itself with the necessary resources, particularly staff, to

administer it. Telefilm has only recently released the MEP guidelines ( May 31, 2002 ), the delays being due in part Treasury Board's slow approval of the program. Given the learning curve required, it might be the end of the year before any funds for the second year are disbursed.

#### **E. Trade Routes and The Team Canada Initiative: (\$32 million over three years)**

Funds allocated in this component are intended to:

*"encourage export of cultural products and services in partnership with the Department of Foreign Affairs and International Trade and explore new markets for our artists."*

The Trade Routes program was announced in November 2001. The \$23 million program over three years will provide training, counselling and market research to Canadian Cultural exporters. Much of the effort in the last year was channelled into defining program guidelines and objectives, and hiring new staff, both at DCH and in other government departments (i.e. 5 new cultural trade specialists in Canadian embassies abroad, and 6 new cultural trade officers at Industry Canada 's international trade centres across Canada ).

The program is managed by the DCH in partnership with the Department of Foreign Affairs and International Trade and several government agencies (including Canada Council and Telefilm Canada , both of which have international components). Collaboration and partnerships will guide the implementation of the new program as all stakeholders wish to offer a common service window for the cultural exporter.

Funding amounts for individuals and companies will be limited since a large part of the new monies has been put into staffing. Nonetheless, for those proposals that do receive funding, Trade Routes gives priority to projects that are part of a long-term industry export strategy, being developed by the Cultural Trade Advisory Board, the consultative body of arts and cultural industry representatives. 'Export Development Action Plans', which feed into the overall export strategy, have been developed for the various cultural and artistic disciplines. These plans outline the potential export markets, opportunities and barriers for each discipline and will ultimately guide the type of proposal that gets funding from the Trade Routes program. Positive results are the yardstick against which this program will be evaluated. It will be interesting to monitor the type of proposals that receive funding to see if the imperatives of trade, with its focus on sales and the bottom line, are compatible with those of cultural sovereignty, protection and diversity.

The Cultural Trade Advisory Board is also working on the cultural component of the \$9 million Team Canada Initiative, which will be used to enhance its cultural component. None of this money will flow to individuals or institutions, but as one DFAIT official said "only ten years ago, culture was not on the trade radar screen, but now it is an integral component of the Canadian trade basket." Both the Trade Routes program and the Team Canada initiatives are significant for the arts and culture in Canada in ensuring that they are no longer isolated from the broader trade imperatives and that dedicated cultural trade officers will cater to the specific needs of the cultural exporter.

#### **Conclusion:**

. The funding was long overdue. Even though the Canadian arts and culture sector overall warmly welcomed the influx of new funding, it is also important to remember that the sector desperately needed the money after many years of repeated cutbacks. The new funds are perceived less as an investment, which is how the federal government has qualified this influx of funds, than as a "re-investment" into the arts and culture.

. Program implementation has been slow across the spectrum. The lack of prior Treasury Board approval seems to have been a contributing factor in getting the programs off the mark. Without approval, staff could not be hired, programs could not be designed, and monies could not be expended. Now that most of the last details have been settled, years 2 and 3 should be much smoother; the full impact of the new funding will only be felt over the course of the second year.

. The Department of Canadian Heritage is definitely staffing up. On the one hand, it means that considerable funding is staying within the Department rather than flowing to the cultural sector. On the other hand, it offers hope that the programs will continue beyond the three year framework within which

they were designed. A big question is: what will happen after the three years? Many of those consulted were optimistic that the amounts would be added to the base allocations for future years. If not, what will all those new DCH employees have to do?

Undertaking arts and cultural initiatives is not the equivalent of establishing a national cultural policy with a clear vision and guiding principles. The absence of such a policy means that these new initiatives were developed in response to programmatic imperatives, rather than policy ones. It is difficult to examine these initiatives in terms of their impact on the cultural sector without the existence of a national cultural policy that sets coherent objectives for the federal government's involvement in culture as a whole. These initiatives can thus only be examined individually, as separate pieces of separate puzzles.

*Notes*

1. *Statistics Canada. The Daily: Government Expenditures on Culture, May 27, 2001 .*
2. *The Cultural Development and Heritage business line includes the following sectors: Broadcasting, Cultural Industries, Arts, and Heritage.*
3. *Not all the amount can be attributed directly to increases in staff and other operational expenditures that resulted from the new programs and initiatives.*