

## Funding Arts and Culture under Canada's 39<sup>th</sup> Parliament

This document looks at the Department of Canadian Heritage's budgets from 2005/06 to 2008/09. It is based on the Canadian Conference of the Arts' *Federal Budget Annual Analyses* for those years. By lining up side by side the funding allocated over that period to the Department of Canadian Heritage, its agencies and programs, this analysis points to trends in spending during Canada's 39<sup>th</sup> Parliament.

### The Department of Canadian Heritage: Selected Grants and Contributions

(Table 1)

An important point of clarification is in order before examining and comparing expenditures across this time period. When looking at figures, one must bear in mind that the budgetary process for 2005-06 and 2006-07 was disrupted by a federal election. This makes comparisons between the end of the 38<sup>th</sup> and 39<sup>th</sup> Parliaments somewhat tricky. All expenditures, including those for arts and culture, are under-represented in Budget '05/06 and inflated in Budget '06/07 because of this kink in the process: expenditures for 2005/06 are understated because only Main Estimates were tabled in that fiscal year. The 2005/06 Supplementary Estimates tabled by the government in the fall of 2005 were not passed by Parliament before it dissolved in November for the federal election. As a consequence, expenditures for 2006/07 are overstated as 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 cycle, 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 2006/07-2008/09 period.

Having said that, overall funding to key grants and contribution programs at the Department of Heritage has remained relatively stable over the past three fiscal years. However, there have been a number of budget reallocations within the Department.

Canadian Heritage (PCH) operates under two broad Strategic Outcomes (see Appendix 1 below). Under the first outcome, the government supports Canadians to express and share their diverse cultural experiences with each other and the world: *this is where funding for the arts, heritage and cultural institutions and industries occurs*<sup>1</sup>. The second Strategic Outcome positions Canada as an inclusive society built on inter-cultural understanding and citizen participation<sup>2</sup>.

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<sup>1</sup> **Strategic Outcome 1 program activities include:** Canadian content and performance excellence, sustainability of cultural expression and participation, preservation of Canada's heritage, and access to Canada's culture. **Program sub-activities include:** arts & cultural industries, heritage, sport, international, Aboriginal living cultures, 2010 Winter Games (cultural programs).

<sup>2</sup> **Strategic Outcome 2 program activities include:** promotion of inter-cultural understanding, community development and capacity building, and participation in community and civic life. **Program sub-activities include:** official languages, multiculturalism, Aboriginal partners, citizen participation, sport, youth, celebration, international, 2010 Winter Games.

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While the overall budget of the Department remains fairly stable, there seems to be a trend for funding to be reallocated from the first strategic outcome towards the second one: thus, in 2008, the largest increase (\$46.1 million) accrues to the Department's second Strategic Outcome while the first one shows a net decrease of \$17.8 million. Statistically, in 2007/08 the proportion of overall departmental funding to the first strategic outcome was 57%. This figure declined in 2008/09 to 54.6%.

A notable reallocation of funding within Heritage includes the cuts which have surfaced since April 1, 2008, with savings being directed, amongst other priorities, toward the recurrent \$30 million to the Canada Council budget \$30 million and three other programs under the second Strategic Outcome of PCH: the 2010 Olympic and Paralympic Torch Relays, the *Road to Excellence* for summer Olympic athletes, and the Official Languages Action Plan. Budget 2008-09 provided \$25 million to the torch relays, and \$24 million over two years and \$24 million ongoing annually to the Road to Excellence programs, while the program for the *Development of Official Languages Communities* received an increase of \$24.7 million.

**Table 1 - Department of Canadian Heritage: Selected Grants and Contributions**

*(for a detailed description of each program, please refer to full CCA Budget Analysis)*

<u>Grant/Contribution</u>	2005-06 (Main Estimates)	2006-07 (After Supplementary Estimates A/B) (A)	2007-08 (After Supplementary Estimates A/B)	2008-09 (Main Estimates and Supplementary Estimates A)
<b>Arts</b>				
<b>Arts and Heritage Sustainability Program</b>				
Capacity Building	5,854,997	6,310,043	6,310,043	6,134,043
Endowment Incentives	15,500,000	14,884,420	14,884,420	14,884,420
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	20,761,498	28,362,112 <b>(see note B)</b>
Building Communities through Arts & Heritage			3,092,000	7,000,000 <b>(see note B)</b>
Celebrate Canada!		12,951,037	21,988,600	31,970,426 <b>(see note C)</b>
Cultural Capitals of Canada	2,000,000	3,862,680	3,862,680	3,862,680

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Cultural Spaces Canada Program	27,672,259	26,901,423	30,442,423	29,342,801
National Arts Training Contribution Program	16,172,750	15,903,920	16,618,000	16,703,920
<b>Heritage</b>				
Commercial Heritage Properties Incentive Fund		9,873,000		
Museums Assistance Program	11,730,350	12,023,284	10,098,000	14,445,845 (see note D)
<b>Cultural Industries</b>				
Canadian Television Fund	99,550,000	119 950 000	119,950,000	119,950,000 (see note E)
Book Publishing Industry Development Prog.	38,368,948	39,764,798	38,094,798	37,637,660
Canada Magazine Fund	9,652,000	16,067,998	15,567,998	15,381,182
Canada Music Fund	n/a	22,889,658	22,889,658	22,614,982
Canada New Media Fund	8,150,000	17,032,000	14,025,000	14,196,077
Publications Assistance Program	41,400,000	45,400,000	45,400,000	45,400,000
<b>Other Grants and Contributions</b>				
Sport Grants & Contributions				
Athlete Assistance Program	27,000,000	27,000,000	27,000,000	26,676,000
Sport Support Program	36,074,345	97,825,345	101,847,481	101,563,183
Games' Hosting Program	19,165,000	167,585,000	148,823,284	61,889,404
<b>Official Languages</b>				
Enhancement of Official Languages Program	103,943,510	109,219,100	108,923,289	111,020,927
Development of Official Language Communities Program	219,842,501	214,828,820	216,344,930	241,113,473
Aboriginal Peoples' Program	30,295,707	66,787,262	66,203,732	57,757,982

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**(A)** While cultural funding levels rose modestly in Budget 2006, it is crucial to bear in mind that there were no Supplementary Estimates in fiscal year 2005/06. Additional expenditures in 2005/06 were made through Governor General's Special Warrants and these incremental amounts were included in the 2006 Main Estimates. As such, funding increases in 2006-07 must be interpreted with caution as they include expenditures undertaken in the previous fiscal year.

**(B)** Increases to the Arts Presentation Canada Program and the Building Communities through Arts & Heritage Program were designated to local arts and heritage festival programs.

**(C)** The government has indicated that increases to Celebrate Canada are due to funds for the 400<sup>th</sup> Anniversary celebration of Québec City in summer 2008, and for Eucharist Congress, also in 2008. This program generally provides financial assistance for community events between June 21<sup>st</sup> and July 1<sup>st</sup>, but the program is only intended to cover a portion of the costs of the events.

**(D)** The Museums Assistance Program increased by \$5 million for the summer museums internship program announced in Budget 2007. As such, this represents no new funding to the program, which was cut by \$2.3 million per year in fall 2006.

**(E)** In 2007, the contribution of the government to the Canadian Television Fund was renewed at its 1996 level until March 2009. \$20 million were also re-allocated funds from Telefilm Canada, which registers the equivalent decrease. Increases in 2006 can be owed to Governor General Special Warrants which were related to the 2005-06 budget (see note A above).

**Table 2 - Comparative spending of Selected Agencies and Crown Corporations during Canada's 39<sup>th</sup> Parliament**

<b>Organization<sup>1</sup></b>	<b>Total Expenditures 2004/05 (passed by 37<sup>th</sup> Parliament)</b>	<b>Total Expenditures 2005/06 (passed by 38<sup>th</sup> Parliament)</b>	<b>Total Expenditures 2006/07 (Passed by 39<sup>th</sup> Parliament)</b>	<b>Total Expenditures 2007/08</b>	<b>Total Estimates 2008/09</b>
Department of Canadian Heritage	1,271.4	1,324.0	1,459.5	1,440.5	1,413.8
Canada Council for the Arts	154.3	151.8	171.4	181.8 <b>(see note F)</b>	182.1
Canadian Broadcasting Corporation	1,026.3	1,070.4	1,114.0 <b>(see note G)</b>	1,104.0	1,115.4
Library and Archives of Canada	113.8	109.0	114.0	154.8 <b>(see note H)</b>	157.6
National Arts Centre	32.4	32.2	56.3 <b>(see note I)</b>	55.9	49.7
National Gallery of Canada	44.2	44.7	46.6	51.4 <b>(see note I)</b>	53.3
Canadian Museum of Civilization	96.3	60.3	61.5 <b>(see note I)</b>	61.9	61.4
Canadian Museum of Nature	61.0	55.6	59.6	84.9 <b>(see note I)</b>	59.2
National Museum of Science and Technology	29.8	26.4	30.6 <b>(see note I)</b>	32.1	31.0

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National Film Board of Canada	66.8	67.7	70.9 (see note J)	67.1	65.3
Telefilm Canada	128.3	124.4	105.2 (see note K)	105.2	107.7
<b>TOTAL</b>	<b>3,024.6</b>	<b>3,065.5</b>	<b>3,288.9</b>	<b>3,339.9</b>	<b>3,296.5</b>

<sup>1</sup> These figures cover only appropriations. All of these organizations also generate annual revenues.

**(F)** In the 2006 Budget, the government announced a one time increase, over two years, to the budget of the Canada Council of the Arts (an additional one-time \$20 million in 2006/07, and a second one-time increase of \$30 million in 2007/08). A permanent increase of \$ 30 million to the base budget of the Council is reflected in the 2008-09 budget.

**(G)** Treasury Board provides government departments and appropriated Crown Corporations with compensation for increases to collective agreements (ie. Inflation funding on their salary budgets). Since 2004/05, CBC has received this funding for salary inflation for fiscal years 2005/06 and 2006/07 of approximately \$20 million per year. This represents a permanent increase to the funding base. Fiscal year 2008/09 includes an increase of \$20 million which was transferred from the 2007/08 budget in order to offset the cost of the 2008 summer Olympics. This was a one-time adjustment. The 2008/09 budget also includes a \$6.6 million cut by the government as part of the Expenditure Review Reduction. In 2004/05 Canadian Heritage transferred \$2 million for digitization of archives, but this funding will not be received in 2008/09.

**(H)** The changes in funding to Library and Archives Canada are the result of two factors. The first is the integration of the National Library of Canada and the National Archives of Canada in 2004, which resulted in special one-time transition costs and funding. In 2006/07 and subsequent years, additional funds were allotted to Library Archives for the collection development, description, and care of the Portrait Gallery of Canada.

**(I)** In 2006, the government announced that it would allocate a one-time \$100 million for infrastructure funding to: the Museum of Nature, the National Gallery of Canada, the Canadian Museum of Civilization, the Canada Museum of Science and Technology, and the National Arts Centre. Accordingly, the 2008 decline in funding to the National Arts Centre and the Canadian Museum of Nature did not affect operating grants but reflects the completion of one-time capital projects.

**(H)** The National Film Board owes its increase to \$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.

**(I)** Telefilm Canada funding decreased 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

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**Appendix 1 : Canadian Heritage: Program Activity Architecture**

Strategic Outcomes	Program Activities	Program Sub-Activities	Examples of Program Sub-sub activities	
<b>Strategic Outcome 1:</b>  <b>Canadians express and share their diverse cultural experiences with each other and the world</b>	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	
		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	
		Heritage	Canadian Heritage Information Network; Support to Heritage Institutions and Organizations	
		2010 Winter Games		
		International	Trade Routes; TV5; International Francophonie; International Norm & Standard Setting; Capacity-Building & Cooperation	
	Preservation of Canada's heritage	Heritage	Feature Film Preservation and Access; Canadian Music Preservation and Access; Canadian Conservation Institute	
		Aboriginal Living Cultures	Aboriginal Languages and Cultures; Aboriginal Broadcasting	
	Access and participation in Canada's cultural life	Arts & Cultural Industries	Arts in Communities; Book Publishing Supply Chain Initiative; Publications Distribution Assistance; Canada Music Fund Collectives Initiative	
		Heritage	Canadian Cultural Heritage Online; Exhibitions and Collections; Movable Cultural Property	
	<b>Strategic Outcome 2:</b>  <b>Canadians live in an inclusive society built on inter-cultural understanding and citizen participation</b>	Promotion of inter-cultural understanding	Official Languages	Promotion of linguistic duality; Second-Language Learning
			Multiculturalism	Multiculturalism
Community development and capacity building		Aboriginal Partners	Aboriginal organizations	
		Official Languages	Community life, Minority-Language Education	
Participation in community and civic life		Multiculturalism		
		Aboriginal Communities	Aboriginal Youth, Aboriginal Women	
		Citizen Participation	Community Partnerships; Information and Research on Canada	
		Sport	Sport Support; Sport Housing	
		Youth	Exchanges Canada; Katimavik; Young Canada Works	
		Celebration	Celebration, Commemoration and Learning	
	International	International Expositions		
	2010 Winter Games			