



***'In a Holding Pattern – For Now...'***

**Analysis of the 2010 Federal Budget**

Canadian Conference of the Arts (CCA)  
[www.ccarts.ca](http://www.ccarts.ca)

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## ***“In a Holding Pattern – For Now...”***

Annual Analysis of the Federal Budget from the Arts and Culture Perspective

### **Executive Summary**

The CCA's 2010 Budget Analysis examines federal funding to the Department of Canadian Heritage, 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.

Three main findings emerge from this year's Analysis. First, overall federal cultural funding remained relatively stable in Budget 2010, with small increases for most cultural organizations. This 'holding pattern' is reassuring, as was last summer's welcome news that a number of key cultural programs were renewed for five years with healthy expenditure levels.

Second, there is legitimate reason to believe that this state of affairs may not continue. The economic recession of 2008/09 and ongoing global economic instability are generating considerable uncertainty. In the short term, federal expenditures have been frozen, which means that the Department, Crown Corporations and Agencies must all find internally the resources needed to pay for increases in salary and in operational expenses. And moreover, Strategic Reviews – the government's mechanism of choice to rein in departmental spending – will now result in hard cuts. This will impact the Department of Canadian Heritage in the 2012 Budget, as it is scheduled for a Strategic Review in 2011-12.

In the longer term, the government's road map to a balanced budget includes \$17.6 billion in expenditure reductions over five years, which will require real spending cuts. For the next couple of years, cultural spending via the Department of Canadian Heritage would appear to be relatively safe: expenditure projections for 2011-12 and 2012-13 show steady levels of funding. Nonetheless, as noted above, the Department will undergo a Strategic Review in 2011-12, which will require a 5% funding cut (some \$60 million) for 2012-13. Moreover, funding projections beyond 2012-13 are not known.

Third, adding to this concern is the sense that the government continues to approach culture without a long-term vision or clearly articulated policy. Lacking a clear sense of direction for cultural policy, will the sector be especially vulnerable in this period of expenditure cutbacks?

In addition to these overall findings, a number of other important developments merit mention:

- The *Canada Arts Training Fund Program* (formerly the *National Arts Training Contribution Program*) received an additional \$7 million in each of 2009/10 and 2010/11 and the program was renewed in 2009 for a period of five years at an annual funding level of \$24.1 million.

- In 2009/10 and 2010/11 the government made significant contributions to the private sector-led Canadian Museum for Human Rights. In 2009/10, the government committed \$26.7 million to the Museum and expenditures to date in 2010/11 total \$55.9 million.
- Funding levels to the *Celebration and Commemoration Program*, a program that supports community events for Canada Day, have risen substantially over the last number of years, from roughly \$2 million in 2005/06, to \$13 million in 2006/07, \$22 million in 2007/08, \$36.3 million in 2008/09, and \$45.7 million in 2009/10 (including roughly \$20 million for the 2010 Olympic Games Torch Relay). This year, the program's funding stands at \$11.8 million in the Main Estimates.
- In a somewhat worrisome move, the government made use of the legislation for Budget 2010 to secure passage of major policy changes without public debate, including relaxing foreign investment restrictions in the satellite sector. The CCA has expressed its concern that combined with existing and future trade agreements, this measure may eventually restrict the government's capacity to support the production and availability of Canadian cultural content.
- Budget 2010 announced that self-employed individuals will now have the option of registering for the Employment Insurance program to receive maternity, parental, sickness and compassionate care benefits. Given the high percentage of self-employment in the cultural sector, the change may be of benefit to some workers. For others, however, the program may not be advantageous. If an artist draws on EI benefits and is not actively creating works, any income they receive for past works will reduce the EI benefit to which they are entitled. In addition, once registered, workers cannot opt out.

It is against this backdrop that the 2010 Budget Analysis has been prepared. While there is little in the way of "bad news" in the budget – indeed, Strategic Reviews of the Canada Council, the CBC, the National Film Board and Telefilm did not result in any reallocations – all eyes are on next year, and the shape of things to come.

## ***“In a Holding Pattern – For Now...”***

### Annual Analysis of the Federal Budget from the Arts and Culture Perspective

#### **Introduction**

This year's Budget Analysis reveals that overall, federal funding for the cultural sector remained stable in Budget 2010. This 'holding pattern' is reassuring, and follows on the heels of last summer's welcome news that a number of key cultural programs were renewed for a period of five years with healthy levels of funding.

While these developments show that the government recognizes the importance of stable multi-year funding for the sector, there is legitimate concern that this state of affairs may not endure. The economic recession of 2008/09 and ongoing global economic instability are generating considerable uncertainty. The government projects that economic recovery will help reduce the federal deficit over the next five years. This is an optimistic view which is not shared by the Parliamentary Budget Officer, amongst others. Although the Canadian economy posted impressive growth for the first quarter of 2010 (6.1% annualized), this growth has slowed down considerably during the second quarter. According to the latest Economic Outlook report from RBC Economics, the Canadian economy is expected to rebound only modestly over the second half of the year: RBC expects GDP growth of only 3.3 percent and there is growing concerns south of the border that the US economy is far from being out of the recession.

In this context, the continuation of federal funding for culture at its current levels is anything but assured. The government's road map to a balanced budget includes \$17.6 billion in spending reductions over five years through a number of measures, including decreasing program spending and reducing administrative costs (salaries and overhead). While some of the expenditure savings may be largely symbolic – e.g., abolition of 245 Governor in Council appointments to agencies, boards and commissions, including abolition of the Canadian Council on the Status of the Artist (which was largely defunct in any event!) – achieving close to \$20 billion in spending reductions will require real cuts.

Moreover, the Parliamentary Budget Officer projects a much less rosy picture than the Finance Ministry of the deficit reductions the government will achieve in the coming years (e.g., the PBO estimates a deficit of \$12.3 billion in 2014/15 versus the \$1.8 billion projection from the Ministry of Finance). If the PBO's projections bear out, this could spell further cuts for program spending – particularly given that the government has restricted its room to manoeuvre on deficit reduction by excluding major measures like tax increases and cuts to transfers to the provinces and individuals.

Federal expenditures have been frozen, and Strategic Reviews – the government's mechanism of choice to rein in departmental spending – will now result in hard cuts, not reallocation of funds within organizations or to other priority areas, as had been the case up to this point. Most organizations have now been through a first Strategic Review exercise, and identifying 5% cuts in upcoming Reviews will become more difficult as the 'low hanging fruit' has already been picked.

The cultural sector has therefore good reason to be concerned. Adding to this worry is the sense that the government continues to approach culture without a long-term vision or clearly articulated policy, leaving many to feel that policy is adrift and subject to improvised decisions more related to electoral considerations than to any overall cultural strategy. In 2010/11, no cultural organizations will be taking part in the Strategic Review process,<sup>1</sup> although some participating organizations do have programming related to the culture sector (e.g., Human Resources and Skills Development Canada, Industry Canada, Office of Infrastructure of Canada, and the regional economic development agencies). Without clear priorities, how can these organizations identify 'low priority' spending and undertake reviews that are 'strategic', in the policy sense of the term?

It is against this backdrop that this year's analysis has been prepared. While there is little in the way of 'bad news' in the budget – indeed, Strategic Reviews of the Canada Council, the CBC, the National Film Board and Telefilm did not result in any reallocations – all eyes are on next year, and the shape of things to come.

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

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<sup>1</sup> Treasury Board website

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## THE BIG PICTURE

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Table 1 shows expenditures for the Department of Canadian Heritage and selected agencies and crown corporations for the period 2009/10 to 2010/11 (each organization is examined in greater detail further on in this analysis).

The second and third columns show expenditures for fiscal year 2009/10: expenditures in the 2009/10 Main Estimates and Total Expenditures for 2009/10 that include expenditures in the Supplementary Estimates. The next column shows expenditures for 2010/11 in the Main Estimates and in the first set of supplementary estimates released shortly after the budget (Supplementary Estimates A). These latter figures also include the additional \$15 million in one-time funding provided to four of the national museums in April 2010: the Canadian Museum of Civilization (\$6.3 million), the National Gallery of Canada (\$2 million), the Canadian Museum of Nature \$3 million), and the Canada Science and Technology Museum (\$3.7 million). This funding for fiscal year 2010/11 is intended to help address operating pressures the museums have been facing in the context of the economic downturn.

The final two columns show the increase (decrease) in expenditures between 2010/11 and (a) the Main Estimates 2009/10 and (b) total expenditures in 2009/10 (Main and Supplementary Estimates). The difference between expenditures in the 2010/11 Main Estimates and Supplementary Estimates A and total expenditures in 2009/10 should be interpreted with caution as further supplementary estimates are likely to be released later this year, which could increase total spending for 2010/11. As a result, ***the final column likely overstates funding decreases and understates funding increases.*** The CCA will undertake an analysis of additional supplementary estimates when they are released in order to give a more accurate picture of funding increases or decreases between this fiscal year and the previous one. For now, this analysis looks at funding changes, paying particular attention to year-over-year changes in the Main Estimates, the best 'apples-to-apples' comparison available at this time.

### Overall Funding Levels Hold Steady

As the second-last cell in the table's bottom row reveals, ***overall funding levels have grown modestly*** between expenditures to date this year (Main Estimates and Supplementary Estimates A) and last year's Main Estimates, increasing by \$128.1 million (4.3%). If spending to date this year is compared to total expenditures for 2009/10, spending has declined by a similar amount (\$159.2 million or 4.9%), owing mainly to reductions at the Department of Canadian Heritage (e.g., \$50.3 million reduction given the conclusion of the Vancouver 2010 Olympic and Paralympic Games; \$28.7 million resulting from the transfer of the *Multiculturalism Program to Citizenship and Immigration Canada*, and a \$24.9 million reduction due to the sun setting of the *Urban Multipurpose Aboriginal Youth Centres* component of the Aboriginal Peoples' Program). This figure should be interpreted with caution, however, given that some of the spending in the 2009/10 Supplementary Estimates represented one-time funding

(e.g., an additional \$30 million to the *Canada Cultural Spaces Fund* as part of the economic stimulus package and \$37 million in funding related to the Vancouver 2010 Olympics). Moreover, further funding may be forthcoming in subsequent supplementary estimates documents, although additional expenditures would likely be small given the current context of fiscal restraint.

The following sections of this analysis discuss the specifics behind changes in funding levels to each organization in the table. For now, this “big picture” examination of the 2009/10 Main Estimates and 2010/11 expenditures to date reveals that ***more than half of the organizations experienced funding increases. For many, the increases were relatively modest*** (Department of Canadian Heritage, 2.8%; Canada Council for the Arts, 0.6%; Canadian Broadcasting Corporation, 3.6%; National Gallery of Canada, 3.2%; Canadian Museum of Nature, 3.1%; National Film Board, 3.2%, and Telefilm Canada, 0.7%), while for others, more substantial increases were obtained (Canadian Museum of Civilization, 14.9%, and the Canadian Museum for Human Rights, which saw its funding increase by a whopping 3,626.7% or \$54 million, for capital construction). ***Organizations with funding declines experienced very small reductions*** (Library and Archives of Canada, -0.6%; National Museum of Science and Technology, -0.6%) As noted above, ***it must be remembered that additional expenditures may accrue to the sector through supplementary estimates, in which case the size of increases (decreases) may grow (decrease).***



**Table 1: Expenditures for the Department of Canadian Heritage and Selected Agencies and Crown Corporations, 2009/10 to 2010/11 (millions of dollars)**

Organization <sup>1</sup>	2009/10 Expenditures		Main Estimates 2010/11 and Supplementary Estimates A 2010/11	Increase (decrease) between Main Estimates 2010/11 and...	
	Main Estimates	Total Expenditures <sup>2</sup>		Main Estimates 2009/10	Total Expenditures 2009/10
Department of Canadian Heritage	1,254.4	1,448.1	1,290.0	35.6 2.8%	(158.1) (10.9%)
Canada Council for the Arts	180.8	181.6	181.8	1.0 0.6%	0.2 0.1%
Canadian Broadcasting Corporation	1,052.6	1,112.6	1,090.9	38.3 3.6%	(21.7) (2.0%)
Library and Archives of Canada	121.4	128.3	120.7	(0.7) (0.6%)	(7.6) (5.9%)
National Arts Centre	35.2	35.2	35.2	0.0 0.0%	0.0 0.0%
National Gallery of Canada	49.7	50.0	51.3 <sup>3</sup>	1.6 3.2%	1.3 2.6%
Canadian Museum of Civilization	62.3	62.7	71.6 <sup>3</sup>	9.3 14.9%	14.2 8.9%
Canadian Museum for Human Rights	1.5	26.7	55.9	54.4 3,626.7%	29.2 109.4%
Canadian Museum of Nature	32.4	32.4	33.4 <sup>3</sup>	1.0 3.1%	1.0 3.1
National Museum of Science and Technology	34.6	34.6	34.4 <sup>3</sup>	(0.2) (0.6%)	(0.2) (0.6%)
National Film Board of Canada	65.1	65.1	67.2	2.1 3.2%	2.1 3.2%
Telefilm Canada	104.7	104.7	105.4	0.7 0.7%	0.7 0.7%
<b>TOTAL</b>	<b>2,994.7</b>	<b>3,282.0</b>	<b>3,122.8</b>	<b>128.1 4.3%</b>	<b>(159.2) (4.9%)</b>

Note: Figures may not add to totals due to rounding.

<sup>1</sup>These organizations also generate annual revenues.

<sup>2</sup>Total of expenditures in 2009/10 Main Estimates and 2009/10 Supplementary Estimates A, B and C. Annex I details the expenditures in the Supplementary Estimates.

<sup>3</sup>Figures include additional \$15 million in funding received by national museums to support their operational expenditures: Canadian Museum of Civilization (\$6.3 million), National Gallery of Canada (\$2 million), Canadian Museum of Nature \$3 million), Canada Science and Technology Museum (\$3.7 million).

**Sources:** Government of Canada, *2010-2011 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2010-2011 for the Fiscal Year ending March 31, 2011*; Government of Canada, *2009-2010 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2009-2010 for the Fiscal Year ending March 31, 2010*; Government of Canada, *Supplementary Estimates (B) 2009-2010 for the Fiscal Year ending March 31, 2010*; Government of Canada, *Supplementary Estimates (C) 2009-2010 for the Fiscal Year ending March 31, 2010*

## Strategic Review and Arts and Culture Funding

As many will recall, the government developed a new Expenditure Management System in 2007, including ongoing expenditure reviews to evaluate whether programs are achieving their objectives, are effectively administered and are in line with Canadians' priorities and federal responsibilities.

The Department of Canadian Heritage, federal museums and Library and Archives of Canada were among the seventeen organizations participating in the first Strategic Review in 2007. While the \$15 million in 'savings' identified by federal museums was reinvested over three years in their capital and operating expenditures, the savings from the Department of Canadian Heritage – including some arts and culture funding cuts like *PromArt* and *Trade Routes* – were redirected toward three programs: the 2010 Olympic and Paralympic *Torch Relays*, the *Road to Excellence* for summer Olympic athletes, and the *Official Languages Action Plan*.

Public spending in the arts and culture sector was not under scrutiny in the Strategic Review undertaken for Budget 2009, but it was for the 2010 Strategic Reviews. The CBC, Canada Council, National Film Board and Telefilm Canada all underwent Strategic reviews for Budget 2010. Fortunately, Budget 2010 noted that 'reallocations were not necessary as programs delivered by these organizations are aligned with the priorities of Canadians'.

In Budget 2010, the government announced that Strategic Reviews would henceforth result in hard cuts: funds will not be reallocated, but rather cut completely from government spending. In the upcoming round of Strategic Review, as noted above, there are no participating organizations from the cultural sector.

The Department of Canadian Heritage is scheduled for a Strategic Review in 2011-12, however, the results of which will be announced in Budget 2012. The Department indicates that no decisions have been made regarding the participation of external stakeholders in this review process.

Although clarifying program objectives and ensuring program activities actually support the achievement of objectives are laudable goals, the sector may find itself vulnerable in this process due to the fact that government priorities are in areas other than the cultural sector - as was demonstrated in the case of the first Strategic Review, where departmental 'savings' were maintained within the Heritage envelop but redirected to priorities outside of the core arts, heritage and cultural industries programs.

Given the current freeze on spending, Budget 2010 also announced that government organizations will have to absorb the 1.5% increase in annual wages for the federal public service. Departments will be required to fund these increases by reallocating from their operating budgets. The Department of Canadian Heritage indicates that the total amount of these additional expenses for 2010/11 is \$2.0 million. While a thorough review of processes and staffing within the Department are under way to absorb these costs without affecting grant moneys, one may wonder for how long programs or activities can be protected.

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## **THE DEPARTMENT OF CANADIAN HERITAGE**

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### **Ministry and Departmental Organization**

The Ministry of Canadian Heritage is headed by the Minister of Canadian Heritage and Official Languages, the Hon. James Moore (Port Moody-Westwood-Port Coquitlam, BC), and also includes the Minister of State for Status of Women, the Hon. Rona Ambrose (Edmonton-Spruce Grove, AB) and the Minister of State for Sport, the Hon. Gary Lunn (Saanich-Gulf Islands, BC).

The Canadian Heritage Portfolio comprises the Department of Canadian Heritage (including the Canadian Conservation Institute and the Canadian Heritage Information Network), nineteen other organizations, including agencies (e.g., Library and Archives of Canada, the National Film Board, and the Canadian Radio-television and Telecommunications Commission), Crown Corporations (e.g., the Canada Council for the Arts, the Canada Science and Technology Museum, the Canadian Broadcasting Corporation) and the Canadian Cultural Property Export Review Board. In addition to its headquarters in Gatineau, Québec, the Department maintains five regional offices and more than a dozen points of service across the country.

As noted in last year's Budget Analysis, responsibility for multiculturalism programming no longer resides with the Department, and has been transferred to the Department of Citizenship and Immigration (a transfer of \$28.7 million).

### **Expenditures Across the Department's Strategic Outcomes and Program Activities**

This section takes an overall view of the Department's strategic outcomes and key program activities (the next section examines funding levels to key departmental programs).

*As described in last year's Budget Analysis, the Department restructured the way it conceives of and reports on its activities in 2009/2010. The new structure groups arts, cultural industries and heritage under one Strategic Outcome, which facilitates tracking year-over-year spending changes in these cultural sub-sectors.*

Table 2 on the following page shows the new structure, which breaks the Department's activities into three Strategic Outcomes, seven Program Activities to pursue the Strategic Outcomes, and a number of Program Sub-Activities, the specific programs in place to pursue Strategic Outcomes. The **first Strategic Outcome** focuses on the creation and accessibility of artistic expressions and cultural content and comprises all of the department's programming in the arts, heritage and cultural industries sectors.

The **second Strategic Outcome** focuses on Canadian identity (including some programs that touch on the cultural sector), while **the third** encompasses the Department's activities in the area of sport.

The final five columns of the table show Forecast Spending and Planned Spending for the 2009/10 to 2012/13 period and are derived from the Department's 2010/11 Report on Plans and Priorities.<sup>2</sup>

**Beginning with the 2009/10 to 2010/11 period, spending is set to decrease on all three Strategic Outcomes, by \$36.6 million, \$76.9 million and \$72.9 million, respectively, for an overall decrease of \$186 million.** The largest decreases are slated for two Program Activities: *Promotion and attachment to Canada* (\$53.5 million), largely due to the conclusion of the Vancouver 2010 Olympic and Paralympic Games (Torch Relay, \$24.1 million and Opening Ceremonies, \$17.4 million) and International Expositions (\$11.2 million), and for *Sport* (\$72.5 million), again due to conclusion of the

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<sup>2</sup> The Planned Spending figures for 2009/10 in the Department's *Report on Plans and Priorities* are roughly \$150 million higher than those shown in the Main Estimates. The Department indicates that the difference owes to \$100 million to the Canadian Television Fund (allocated in the first set of supplementary estimates in 2010/11) and \$41.5 million for the 2010 Olympic and Paralympic Winter Games.

Vancouver 2010 Olympic and Paralympic Games. With respect to the decline in Sport funding, it should be recalled that some of this funding was sourced through reallocation of cultural spending to sport in the Department's 2007 Strategic Review. As such, this cultural funding was essentially 'lost' in the first Strategic Review process.

In the first Strategic Outcome, funding to both arts and cultural industries is declining (\$27.3 million and \$13.4 million, respectively). In the arts, the decline is due to the sun setting of additional funding provided to the *Cultural Spaces Canada* program through the economic stimulus package. In the cultural industries, the funding decline is mainly due to funding decreases resulting from the Department's first Strategic Review (\$7.3 million), the transfer of responsibility for the Virtual Museum of Canada from the Cultural Industries program activity to the Heritage program activity (\$4.0 million), and the transfer of \$1.2 million to the Canada Council for the Arts for the National Translation Program. As always, these figures must be interpreted with caution as they do not include expenditures in supplementary estimates.

Over the medium term (2010/11 to 2012/13), the picture is mixed. While total departmental spending is slated for a dip of about \$155 million in 2011/12, it is supposed to increase again in 2012/13 to 2010/11 levels. This recovery, though, will be due almost entirely to a significant increase in Sport spending in 2012/13 (from \$176.6 million in 2011/12 to \$297.5 in 2012/13). The Department indicates that this funding injection is needed for the 2015 Pan Am Games, which will be held in Toronto. **In the cultural sector, meanwhile, spending on the cultural industries is slated for an almost \$120 million decline in 2011/12, remaining at this level in 2012/13. This decline is owed to the need to renew the *Canada Media Fund*, which includes the *Canadian Television Fund* and the *Canada New Media Fund*.** As noted in the following section, funding for these two programs was provided in the first set of supplementary estimates for 2010/11. In the arts and heritage sub-sectors, the Department plans for steady levels of funding in the coming two years.

The following programs are up for renewal in 2010/11: the Aboriginal Peoples' Program *Urban Multipurpose Aboriginal Youth Centres* (sought through the 2010/11 Supplementary Estimates A) and the Aboriginal Peoples' Program *Aboriginal Language Initiative*, which sunsets in 2010/11. As always noted in CCA budget analyses, however, **even when commitments are made to renew programs, they must not be viewed as guarantees. Expenditure information beyond 2010/11 must therefore be interpreted with extreme caution as Parliament only votes on the annual Main Estimates (2010/11), so Planned Spending is subject to change between now and 2011/12 and 2012/13, either via increases (e.g., program renewals) or decreases (expenditure restraint measures).** These cautions are particularly apt in the current period of expenditure restraint.

**Table 2: Department of Canadian Heritage: Program Activity Architecture and Expenditures, 2010/11-2012/13**

Strategic Outcomes	Program Activities	Program Sub-Activities	Forecast and Planned Spending \$millions			Planned Spending	
			Forecast Spending 2009/10	Planned Spending 2010/11	Increase/ Decrease in Spending	2011/12	2012/13
<b>Strategic Outcome 1:</b>  <b>Canadian artistic expressions and cultural content are created and accessible at home and abroad</b>	Arts	Canada Arts Presentation Program, Canada Cultural Spaces Fund, Canada Arts Training Fund, Canada Cultural Investment Fund, Fathers of Confederation Building Trust	153.1	125.8	(27.3) (21.7%)	122.9	123.4
	Cultural Industries	Broadcasting and Digital Communications Policy, Canadian Television Fund, Film and Video Policy, Film or Video Production Tax Credits, Canada Music Fund, Canada Book Fund, Canada Periodical Fund, Canadian Culture Online, Canada New Media Fund, Copyright Policy, Cultural Sector Investment Review, TV5, UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions	342.2	328.8	(13.4) (4.1%)	208.6	208.7
	Heritage	Museums Assistance Program, Canada Travelling Exhibition Indemnification Program, Canadian Heritage Information Network, Canadian Conservation Institute, Movable Cultural Property Program	36.8	40.9	4.1 (10.0%)	37.0	37.0
<b>Total Strategic Outcome 1</b>			<b>532.1</b>	<b>495.5</b>	<b>(36.6)</b> <b>(7.4%)</b>	<b>368.5</b>	<b>369.1</b>
<b>Strategic Outcome 2:</b>  <b>Canadians share, express and appreciate their Canadian identity</b>	Promotion and attachment to Canada	Celebration and Commemoration Program, State Ceremonial and Protocol, International Expositions, Canadian Studies Program, Exchanges Canada Program, Katimavik Program	132.7	79.2	(53.5) (67.6%)	72.8	72.8
	Engagement and Community Participation	Human Rights Program, Building Communities through Arts and Heritage, Aboriginal Peoples' Program	98.0	89.4	(8.6) (9.6%)	86.6	86.6
	Official Languages	Development of Official-Languages Communities Program, Enhancement of Official Languages Program, Official Languages Coordination Program	374.6	359.8	(14.8) (4.1%)	356.4	356.4
<b>Total Strategic Outcome 2</b>			<b>605.3</b>	<b>528.4</b>	<b>(76.9)</b> <b>(14.6%)</b>	<b>515.8</b>	<b>515.8</b>

<b>Strategic Outcome 3:</b> <b>Canadians participate and excel in sport</b>	Sport	Sport Hosting Program, Sport Support Program, Athlete Assistance Program, 2010 Federal Secretariat	252.3	179.8	(72.5) (40.3%)	176.6	297.5
<b>Total Strategic Outcome 3</b>			<b>252.3</b>	<b>179.8</b>	<b>(72.5)</b> <b>(40.3%)</b>	<b>176.6</b>	<b>297.5</b>
<b>TOTAL STRATEGIC OUTCOMES 1, 2 and 3</b>			<b>1,389.7</b>	<b>1,203.7</b>	<b>(186.0)</b> <b>(15.5%)</b>	<b>1,060.9</b>	<b>1,182.4</b>
<b>Internal Services</b>	Governance and Management Support, Resource Management Services, Asset Management Services		Figure not provided in RPP	87.6	NA	75.0	75.0
<b>TOTAL DEPARTMENT</b>			<b>N/A</b>	<b>1,291.3</b>	<b>N/A</b>	<b>1,135.9</b>	<b>1,257.4</b>

**Sources:** Department of Canadian Heritage, *2010-2011 Estimates, Part III: Report on Plans and Priorities*.

**Note:** Figures may not add to totals due to rounding.

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**DEVELOPMENTS ACROSS CULTURAL SUB-SECTORS**

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

Table 3 shows funding in fiscal years 2009/10 and 2010/11 across key grants and contributions at the Department of Canadian Heritage. It shows total expenditures for 2009/10 (Main and Supplementary Estimates) and expenditures in the 2010/11 Main Estimates and Supplementary Estimates A. ***It must be noted that additional increases may accrue to some programs through further supplementary estimates later this year.***

-----ARTS-----

***Building Communities Through Arts and Heritage.*** This program seeks to expand opportunities, through festivals and other events, for local artists and artisans to be involved in their communities (the Local Festivals component<sup>3</sup>) and for groups to commemorate local history and heritage (the *Community Anniversaries* component and the *Legacy Fund*). As shown in Table 3, total funding to this program for 2009/10 was \$17,655,000 and has grown to \$19,155,000 for 2010/11. The Department indicates that the increase in funding is mainly due to increases in the latter two components.

Funding to the ***Canada Arts Presentation Fund*** (formerly *Arts Presentation Canada*) dipped slightly in 2010/11, dropping from \$28,362,112 in the 2009/10 Main Estimates to \$27,878,855 in 2010/11. The objective of the program is to give Canadians 'direct access to a variety of quality artistic experiences by providing financial assistance to arts presenters and the organizations that support them'<sup>4</sup>. **The program was renewed by the government for a period of five years last year at an annual funding level of \$33.4 million, \$27.9 million of which represents the funding for grants and contributions** (the remainder is for salaries and other administrative costs).

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<sup>3</sup> The Department of Canadian Heritage uses the term 'component' to refer to the various parts or elements of a program.

<sup>4</sup> Department of Canadian Heritage website.



**Table 3: Department of Canadian Heritage: Selected Grants and Contributions, 2009/10 to 2010/11 (dollars)**

Grant/Contribution	2009/10			2010/11
	Main Estimates	Supplementary Estimates A <sup>1</sup> ,B,C	Total	Main Estimates and Supplementary Estimates A
<b>Arts</b>				
Building Communities through Arts & Heritage	13,755,000	3,900,000	17,655,000	19,155,000
Canada Arts Presentation Fund (formerly Arts Presentation Canada Program)	28,362,112	-	28,362,112	27,878,855
Canada Arts Training Fund (formerly National Arts Training Contribution Program)	16,703,920	6,838,600	23,542,520	22,742,440
Canada Cultural Investment Fund (formerly Cultural Capitals of Canada and Endowment Component of Arts & Heritage Sustainability Program)	18,746,680	-	18,746,680	25,182,705
Canada Cultural Spaces Fund (formerly Cultural Spaces Canada Program)	28,332,485	30,127,075	58,459,560	26,949,850
Arts and Heritage Sustainability Program				
Capacity Building	4,365,479	-	4,365,479	.....
Networking Initiatives	1,000,000	-	1,000,000	.....
Endowment Incentives	14,884,000	-	14,884,000	.....
Canadian Culture On-line program Canada Interactive Fund (replacing Canadian Culture On-line)	5,567,143	-	5,567,143	..... 8,835,130
Cultural Capitals of Canada	3,862,680	-	3,862,680	.....
<b>Heritage</b>				
Museums Assistance Program	14,446,000	-	14,446,000	14,576,284

<b>Cultural Industries</b>				
Canada Book Fund (formerly Book Publishing Industry Development Prog.)	36,637,660	750,000	37,387,660	36,666,301
Canada Media Fund				
Canada New Media Fund	14,196,077	-	-	14,196,077
Canadian Television Fund	20,400,000	99,550,000	119,950,000	119,950,000
Canada Music Fund	22,364,982	999,100	23,364,082	25,828,331
Canada Periodical Fund (formerly: Canada Magazine Fund Publications Assistance Program)	14,881,638 45,400,000	- 15,000,000	14,881,638 60,400,000	74,774,598
<b>Other Grants and Contributions</b>				
Celebration and Commemoration Program	24,589,641	21,067,465	45,657,286	11,829,553
Sport Grants & Contributions				
Athlete Assistance Program	26,677,000	-	-	27,000,000
Sport Support Program	101,113,596	500,000	101,118,596	117,000,972
Games' Hosting Program	43,992,404	36,792,000	80,784,404	16,315,575
Official Languages				
Enhancement of Official Languages Program	110,021,000	1,989,600	112,010,600	111,523,131
Development of Official Language Communities Program	226,690,000	15,005,100	241,695,100	226,031,984
Aboriginal Peoples' Program	57,862,911	1,500,000	59,362,911	56,214,907

<sup>1</sup>The Supplementary Estimates capture new funding announcements made in Budget 2009.

**Sources:** Government of Canada, *2010-2011 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2010-2011 for the Fiscal Year ending March 31, 2011*; Government of Canada, *2009-2010 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2009-2010 for the Fiscal Year ending March 31, 2010*; Government of Canada, *Supplementary Estimates (B) 2009-2010 for the Fiscal Year ending March 31, 2010*; Government of Canada, *Supplementary Estimates (C) 2009-2010 for the Fiscal Year ending March 31, 2010*.

The **Canada Arts Training Fund Program** (formerly the *National Arts Training Contribution Program*) 'contributes to the development of Canadian creators and future cultural leaders of the Canadian arts sector by supporting the training of artists with high potential through institutions that offer training of the highest calibre'<sup>5</sup>. As noted in last year's Budget Analysis, **the program received an additional \$7 million in each of 2009/10 and 2010/11 and the program was renewed in 2009 for a period of five years at an annual funding level of \$24.1 million, \$22.7 million of which represents the funding for grants and contributions** (the remainder is for salaries and other administrative costs).

The **Canada Cultural Investment Fund** (formerly the *Canadian Arts and Heritage Sustainability Program*) aims to 'contribute to the organizational, administrative and financial health of arts and heritage organizations'<sup>6</sup>. It is comprised of the *Endowment Incentives* component of the former *Canadian Arts and Heritage Sustainability Program*, the *Cultural Capitals of Canada Program* (see paragraph below), *Limited Support to Endangered Arts Organizations*, and a new element, **Strategic Initiatives**, which funds initiatives to help multiple organizations 'build and diversify their revenue streams, strengthen their management capacities/business competencies and generally help them become better rooted in their communities'<sup>7</sup>. The government has committed to this program in the amount of \$33.8 million annually from 2010/11 to 2014/15, a figure that exceeds the total expenditures for each individual program component in 2009/10 (\$18.7 million). Having said this, **of the \$33.8 million commitment to the program, only \$25.2 million in funding appears in the 2010/11 Main Estimates for grants and contributions**. The Department indicates that \$5.2 million of the remainder will be used to cover past reallocation decisions and the rest is accounted for by administrative expenses. *This 'siphoning' off of funds committed to the program to cover past reallocation decisions is unusual, and would seem to lessen the government's formal financial commitment to the program.*

**Cultural Capitals of Canada** (a component of the *Canada Cultural Investment Fund*) aims to 'recognize and support Canadian municipalities for special activities that harness the many benefits of arts and culture in community'<sup>8</sup>. The 2010 Cultural Capitals of Canada winners were Winnipeg, Manitoba; Saguenay, Québec and Saint John, New Brunswick. The budget for this program remains unchanged in 2009/2010 at \$3,862,680. As noted above, this program now forms part of the *Canada Cultural Investment Fund*.

**The Canada Cultural Spaces Fund** (formerly *Cultural Spaces Canada*) **was renewed for a period of five years (2010/11 to 2014/15) at an annual funding level of \$30 million**. The program aims 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'<sup>9</sup>. This program received a limited-term increase in funding in the 2009/10 fiscal year for 'local and community cultural and heritage institutions' as part of the government's stimulus spending (an additional \$30 million). In 2010/11, the program is receiving \$30 million in funding, \$26.9 million of

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<sup>5</sup> Ibidem

<sup>6</sup> Department of Canadian Heritage website

<sup>7</sup> Ibidem

<sup>8</sup> Ibidem

<sup>9</sup> Ibidem

which represents grants and contributions (the remainder is accounted for by administrative expenses).

For 2009/10 and 2010/11, the program website stipulates that 'priority will be given to projects that clearly demonstrate a contribution to economic stimulation through immediate job creation and longer-term economic impacts.' *While this criterion flows from the government's focus on stimulating the economy, the CCA hopes that this will not preclude funding projects that are worthy from an arts, cultural or heritage perspective due to insufficient economic impacts in the short and longer terms.*

As noted in previous analyses, the *Canadian Culture On-line* program was a significant casualty of the 2007 Strategic Review, with virtually its entire program components eliminated. The program was allocated \$5.6 million in last year's Main Estimates for the *Partnerships Fund*, which sought to support partnerships 'to connect all Canadians with the riches of Canada's heritage by making Canadian cultural collections held by provincial, municipal and local cultural organizations available via the Internet in both official languages'<sup>10</sup> and the *Gateway Fund*, which aimed to encourage 'the creation of online cultural content presented by and about Aboriginal and ethno-cultural communities in Canada.'<sup>11</sup>

The *Canadian Culture On-line* program has been replaced by a new fund, the **Canada Interactive Fund**. Announced in September 2009, the new fund comprises \$37.5 million over five years to 'support the creation of online Canadian interactive content and applications developed by Official Language Minority Communities (OLMC), Aboriginal, ethno-cultural and other not-for-profit cultural organizations'<sup>12</sup>. Funding to this new program commenced in the 2010/11 Supplementary Estimates A, with \$8.8 million. In the first call for proposals, in addition to the groups noted above, Canadian educational institutions and provincial/territorial or municipal government organizations (e.g., museums and cultural organizations) can also apply for funding.

Last year's Budget Analysis reported that the *Arts and Heritage Sustainability Program* (CAHSP) was one of the casualties of program cuts undertaken by the Department of Canadian Heritage. As shown in the table, funding to this program has ceased for 2010/11. As noted above, however, the *Endowment Incentives* component of this program was transferred to the *Canada Cultural Investment Fund*.

**Canada Council for the Arts.** As shown in Table 1, funding to the Canada Council for the Arts remained relatively unchanged in 2010/11. The Council received \$181.7 million in the 2010/11 Main Estimates, along with a transfer of \$127,000 from the Department of Canadian Heritage in the 2010/11 Supplementary Estimates A 'to support multilateral cooperation projects in French language, as well as to ensure Canada's participation in meetings of the Commission internationale du théâtre francophone.'

Last fiscal year (2009/10), the Canada Council also received a number of transfers from the Department of Canadian Heritage in the Supplementary Estimates: \$750,000 to

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<sup>10</sup> Department of Canadian Heritage website

<sup>11</sup> Ibidem

<sup>12</sup> Ibidem

establish the new National Translation Program for Book Publishing, \$25,000 to support research and networking on cultural infrastructure and \$15,000 to prepare a repositioning strategy for a performing arts organization. The Council also transferred \$26,000 to the Department of Canadian Heritage for research on the arts.

**As reported in last year's Budget Analysis, the government announced a five-year renewal of the \$25 million top-up to the Canada Council, thus maintaining its annual funding level at \$181 million for the 2010/11 to 2014/15 period.** While this was certainly welcome news, and represents the highest level of funding the Council has ever received through Parliamentary appropriations, it must not be forgotten that the need for Canada Council funding has grown over the last decade. Also, one must bear in mind that like all Departments, Crown Corporations and Crown Agencies, the Council must find internal ways of financing salary increases and other growing operational expenses. In addition, although the Council has a policy in place to mitigate the impact of economic downturns on its endowment fund (averaging revenues over three years), market fluctuations could place downward pressure on funds from the Council's endowment.

Table 1 reveals that funding to the **National Arts Centre** remained at \$35.2 million. The organization did not receive any additional funding via the Supplementary Estimates.

Funding to the **National Gallery** increased slightly this year, from \$50.0 million in 2009/10 to \$51.3 million in the current fiscal year. The increase owes to the one-time additional funding the Gallery received via the April 2010 announcement of \$15 million toward operating funding for national museums. The Gallery also received \$253,000 via the 2009/10 Supplementary Estimates 'to address operating pressures brought on by extraordinary costs relating to employee elective service for the pension plan.'

As reported in last year's Budget Analysis, Budget 2009 announced that the government would allocate \$25 million to an endowment fund for the creation of the **Canada Prizes for the Arts and Creativity**. These prizes will recognize outstanding Canadian artistic achievements and will help brand Canada as a centre of excellence. Despite considerable criticisms from the sector pointing to more pressing needs like investing in markets development at home and abroad, the government has maintained its decision, announcing in early May 2010 that the Canada Council would administer the Prizes. The government also appointed an advisory panel to prepare recommendations respecting the parameters of the prizes. Members of the panel are Joseph Rotman, Simon Brault, Tony Gagliano, Liza Maheu and Jennifer Clarke. The panel was supposed to present its recommendations to the Minister in the course of the summer.

Last year's budget analysis also described the government's allocation of **\$100 million over two years for marquee festivals and tourism-promoting events**. This stimulus spending is administered not by the Department of Heritage but by Industry Canada through the *Marquee Tourism Events Program*. The 2010 funding recipients include the Calgary Stampede, the Charlottetown Festival, Cisco Ottawa Bluesfest, Luminato, the Royal Agricultural Winter Fair, le Festival International de Jazz de Montréal, the Shaw Festival, the Stratford Shakespeare Festival and the Saskatoon Exhibition. This year, Industry Canada put a cap of two funded events per city on larger cities with the

objective of enabling funds to reach other cities as well. This decision met with criticism from many festival organizers, who noted that there are more than two major festivals in large cities which would require government support. In addition, decision announcements often arrive very late – just weeks prior to the events in question – and the rationale for selecting some events over others has not always been clear.

### -----HERITAGE-----

Funding to the **Museums Assistance Program** (MAP) held steady in this year's Main Estimates at \$14.6 million. The Terms and Conditions of the MAP were up for renewal in 2009/10 and have been extended to the end of 2010/11.

The government has still not delivered on its promise to enact a new museums policy, a commitment dating back almost five years now. Indeed, the Department's 2010/11 Report on Plans and Priorities makes no mention of developing the policy.

In 2009/10 and 2010/11 the government made significant contributions to the private sector-led **Canadian Museum for Human Rights**, the first national museum to be located outside of the National Capital Region (in Winnipeg). In 2009/10, the government committed \$26.7 million to the museum, the majority of which (\$25.2) was allocated via the Supplementary Estimates for operating and capital expenditures. The \$55 million of funding for 2010/11 is broken down as follows in the Main Estimates: \$15.9 million in operating funding and \$40 million capital expenditures. In September 2009, Stuart A. Murray was appointed the Museum's inaugural Chief Executive Officer. The Museum operates a website ([www.humanrightsmuseum.ca](http://www.humanrightsmuseum.ca)) which indicates a projected opening for the institution of 2012.

Funding to the **Canadian Museum of Civilization** increased from \$62.7 million to \$71.6 million between 2009/10 and 2010/11 (see Table 1). The increase is largely attributable to the one-time \$6.3 million the Museum received from the government to help offset operating costs during the economic downturn. The Museum also received funding in the 2009/10 Supplementary Estimates: \$170,000 to help with negotiations of comprehensive land claims and First Nations' self-government in British Columbia and \$175,000 to cover insurance premiums for an exhibition from Afghanistan. The funding for land claims negotiations is part of a government-wide initiative to 'support federal negotiation capacity, the British Columbia Treaty Commission and repayable loans to First Nations negotiating treaties in British Columbia'<sup>13</sup>. The Museum is one of close to a dozen federal organizations receiving such funding.

Funding to the **National Museum of Science and Technology** held steady at approximately \$34 million (see Table 1). The Museum received \$3.7 million as part of the April 2010 one-time \$15 million in funding to support operating costs of national museums.

Funding to the **Canadian Museum of Nature** also remained relatively unchanged at \$33.4 million in 2010/11, including a one-time amount of \$3 million received via the

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<sup>13</sup> 2009-10 Supplementary Estimates A

recent support announced for national museums. The Museum's Renewal Project commenced in 2004 and the full facility was inaugurated in May of this year. The renovated building features new galleries, new infrastructure and environmental controls.

**Library and Archives Canada.** As Table 1 shows, expenditures to Library and Archives Canada declined modestly this fiscal year, from \$121.4 million in the 2009/10 Main Estimates to \$120.7 million in expenditures to date in 2010/11. This latter figure includes \$120.3 million in the 2010/11 Main Estimates as well as a transfer of \$446,000 from the Department of Canadian Heritage in the 2010/11 Supplementary Estimates A for 'film acquisition and preservation activities under the Canadian Feature Film Policy.'

In 2009/10, Library and Archives Canada also received additional funding in the Supplementary Estimates, including a transfer from the Department of Canadian Heritage for 'the creation of cultural content online and other digitization projects' (\$850,000), funding to modernize federal laboratories (\$1.4 million), funding to convert an asset in Gatineau to a Collection Storage Facility (\$6.1 million) and a further \$482,000 transfer from the Department of Canadian Heritage to 'fund film acquisition and preservation activities' under the Canadian Feature Film Policy.

Of note, some of the expenditures identified above were underwritten with funds available within the organization because the government cancelled construction of the **Portrait Gallery of Canada** (approximately \$29 million) in 2008 due to 'global economic instability'. Although the Canadian economy is beginning to recover, with expenditure restraint a key priority, it is unlikely the government will turn its attention back to constructing a building to house the Gallery's collection. Indeed, while the *Portrait Gallery of Canada Program* was listed among Library and Archives' priorities in its 2010/11 *Report on Plans and Priorities*, the organization's strategy for the Gallery focuses on travelling exhibitions and on-line approaches.

## -----CULTURAL INDUSTRIES-----

### **Broadcasting, Audiovisual Production and New Media**

**Canada Media Fund.** The government created the Canada Media Fund in 2009 to advance media production on various distribution platforms. The new fund brings together the Canadian Television Fund (CTF) and the Canada New Media Fund (CNMF). Budget 2009 committed government funding for the new program of \$135 million for each of two years, roughly the combined total of the two funds (\$120 million for the CTF and \$14.2 million for the CNMF). A portion of this year's \$135 million was received in the 2010/11 Main Estimates with the remainder accruing through the first set of supplementary estimates in 2010/11<sup>14</sup>. Total funding to the Canada Media Fund is \$350 million in 2010/11: \$135 million from the Department of Canadian Heritage, and the remainder (\$215 million) from broadcast distribution undertakings (BDUs – cable and satellite) mandated by the CRTC to contribute to the fund.

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<sup>14</sup> 2010-11 Supplementary Estimates A

**Canadian Broadcasting Corporation.** Funding to the CBC grew slightly in this year's Main Estimates, from \$1,052.6 million to \$1,090.9 million, and the Corporation received its \$60 million top-up in the 2009/10 Supplementary Estimates. As noted previously, the CBC went through the process of Strategic Review for Budget 2010, but no funding was reallocated outside of the organization. This was a nice reprieve for the Corporation, following its challenging year in 2009/10, when it was forced to make program cuts to address a more than \$170 million budget shortfall owing to declines in advertising revenues. As reported in last year's analysis, at the height of the crisis, the government refused to provide bridge funding to the CBC.

As Table 1 shows, funding to the **National Film Board** and **Telefilm Canada** increased slightly over the last two fiscal years from \$65.1 million to \$67.2 million (NFB) and from \$104.7 to \$105.4 million (Telefilm). Neither organization received funding via the 2009/10 Supplementary Estimates but as was mentioned previously, both were allowed to keep the 5% of their budgets identified in the Strategic Review exercise.

### **Publishing**

**Book Publishing.** The **Canada Book Fund** (formerly the *Book Publishing Industry Development Program*) seeks to 'ensure access to a diverse range of Canadian-authored books in Canada and abroad'<sup>15</sup> through support to the Canadian book publishing industry. There are two components to the Program: *Support for Publishers* (funding to Canadian owned and controlled publishers for production and promotion of Canadian authored books) and *Support for Organizations and Associations* (to support marketing and promotion of books by Canadian authors and to strengthen industry capacity). The program was renewed in 2009/10 for a period of five years to 2014/15. Funding to the *Canada Book Fund* remained at \$36.7 million. The program received \$750,000 in additional funding in the 2009/10 Supplementary Estimates.

**Periodical Publishing.** The **Canada Periodical Fund** (formerly the *Canada Magazine Fund* and the *Publications Assistance Program*) comprises three components: *Aid to Publishers*, which provides funding to eligible Canadian print magazines and non-daily newspapers; *Business Innovation*, which supports new projects of small and mid-sized magazines supporting diverse content, and *Collective Initiatives*, which provides funding to associations to strengthen the sustainability of the industry. Total funding to the *Canada Periodical Fund* continues at the same level in 2010/11 as that for 2009/10, \$74.8 million.

### **Sound Recording**

**Canada Music Fund.** The **Canada Music Fund** is the main program that pursues the three major objectives of the Canadian Sound Recording Policy: 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. The government restructured the fund, reducing the number of components from seven to five (the *Canadian Musical Diversity* (CMD)

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<sup>15</sup> Department of Canadian Heritage website



component and the *Support to Sector Associations* component were absorbed into the other components). Expenditures in the CMD component were reallocated to digital market development (\$900,000) and international market development (\$500,000), and the Fund expanded eligibility to stimulate digital business opportunities.

The *Canada Music Fund* is now comprised of multiple components, including the *Creators' Assistance Component* (to aid songwriters, composers and lyricists with their craft and business knowledge), the *New Musical Works Component* (to provide creators and entrepreneurs the chance to produce and promote Canadian recordings and develop their craft), the *Collective Initiatives Component* (to support development and marketing of Canadian talent) and the *Canadian Music Memories Component* (to support the preservation of musical works). Expenditures to the *Canada Music Fund* have increased by roughly \$2.5 million over 2009/10 levels, from \$23.4 million to \$25.8 million. **The Fund was renewed in summer 2009 for five years at an annual level of \$28.1 million, \$25.8 million of which is for grants and contributions** (the remainder is for salaries and other administrative expenses).

#### -----OTHER EXPENDITURES-----

***Celebration and Commemoration Program.*** This program provides financial assistance to a variety of organizations (non-governmental, community, charitable and private organizations, as well as municipal governments, schools and school boards) to organize community events between June 21<sup>st</sup> and July 1<sup>st</sup>, the 'Celebrate Canada!' period. Funding to this program has risen substantially over the last number of years, from roughly \$2 million in 2005/06, to \$13 million in 2006/07, to \$22 million in 2007/08, to \$36.3 million in 2008/09, to \$45.7 million in 2009/10 (including roughly \$20 million for the 2010 Olympic Games Torch Relay). This year, the program's funding stands at \$11.8 million in the Main Estimates. The decline owes to conclusion of the 2010 Olympic Games as well as a reprofiling of funds from 2008/09 to 2009/10.

***The CCA notes that the government has already allocated close to \$110 million to local events this year.*** \$11.8 million to this program, \$27.9 million to the *Canada Arts Presentation Fund*, \$19.2 million to the *Building Communities through Arts and Heritage* program and \$50 million to the *Marquee Tourism Events Program*. While \$110 million is slightly lower than that for last year (\$130 million), it is still many times more than amounts from previous years, and, for the cultural sector, it is important to note that not all of these funds go to support festivals in the arts, heritage and cultural industries, and that sometimes smaller events have a hard time securing funds compared to their larger counterparts.

***Sport.*** The ***Athlete Assistance Program*** provides support to athletes to improve their performance at international events and to enable them to pursue their sport training schedules while attending school or working. The *Sport Support Program* provides funding to national sport organizations, multisport service organizations, and to organizations active in a number of priority areas (including sport participation, ethics and knowledge transfer/information sharing). For its part, the *Games' Hosting Program* supports 'sport organizations to host the Canada Games and international sport events

in Canada'<sup>16</sup>. As Table 3 shows, funding to the *Athlete Assistance Program* held steady at \$27.0 million, funding to the *Sport Support Program* grew from \$101.1 million to \$117.0 million, while the *Games' Hosting Program*, as could be expected with the conclusion of the Winter 2010 Olympics, declined from \$80.8 million to \$16.3 million and from \$78.9 million to \$44.0 million, respectively. Budget 2009 announced an additional \$1.5 million in 2009/10 for the Special Olympics and the Supplementary Estimates provided an additional \$500,000 to the *Sport Support Program* to foster participation in sport by individuals with an intellectual disability and an additional \$37.0 million to the *Games' Hosting Program* for the 2010 Winter Olympic Games.

**Official Languages.** Grants and contributions to promote Canada's official languages and to support official language minority communities remained unchanged in the Main Estimates documents for 2009/10 and 2010/11. The **Enhancement of Official Languages Program**, which seeks 'to foster among Canadians a greater understanding and appreciation of the benefits of linguistic duality,'<sup>17</sup> also received \$2 million via the 2009/10 Supplementary Estimates. The **Development of Official Language Communities Program**, which supports official-language minority communities to access 'services in their own language, as well as the infrastructure necessary to ensure their growth and development' (Department of Canadian Heritage website), received an additional \$15 million in the 2009/10 Supplementary Estimates.

**Aboriginal Programs.** The **Aboriginal Peoples' Program** aims to support the participation and culture of Aboriginal people in Canadian society. The program has received \$56.2 million to date in 2010/11 (\$33.3 million in the 2010/11 Main Estimates and another \$22.9 million in Supplementary Estimates A).

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<sup>16</sup> Department of Canadian Heritage website

<sup>17</sup> Ibidem

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**VARIA:****OTHER DEVELOPMENTS**

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**Foreign investment in the telecommunications sector.** Following on announcements in the 2010 Speech from the Throne to relax foreign investment restrictions in the telecommunications sector, Budget 2010 announced a step in this direction: reducing foreign investment restrictions in the satellite sector. The CCA has expressed its concern that this measure may eventually challenge the government's capacity to regulate and support the production and distribution of Canadian cultural content. In particular, given the technological and industrial convergence and concentration of ownership between telecommunications and broadcasting, relaxing foreign ownership restrictions in the telecommunications sector could have a domino effect, placing pressure on the government to enact similar measures in the audiovisual sector (see CCA Bulletin 11/10, 'Telecoms: Is Canada Selling its Cultural Sovereignty Through the Back Door?').

**Extension of Employment Insurance benefits to the self-employed.** Budget 2010 announced that certain Employment Insurance benefits would be extended to the self-employed. Specifically, self-employed individuals will now have the option of registering for the EI program in order to receive maternity, parental, sickness and compassionate care benefits. This news is something of a mixed blessing for arts and culture. Given the high percentage of self-employment in the cultural sector, the change may be of benefit to some workers. For others, however, the program may not be advantageous. For example, once registered, workers cannot opt out. While it is understandable that the government would seek to avoid workers opting into the system on a short-term basis, this rule reduces flexibility for cultural workers in the long term, and, even worse, if an artist is no longer creating, they must continue in the program as long as they receive income from their past works. Moreover, once drawing on EI benefits (e.g., parental benefits) and not actively creating works, any income artists receive during this period for past works (e.g., sale of their work, royalties, public lending rights, etc.) will reduce the EI benefit they receive.

**Changes to rules governing non-profit organizations.** Budget 2010 included proposed changes to rules governing the disbursement quota for charitable organizations. The intent of quotas was to ensure that a substantial proportion of organizations' resources are devoted to its charitable purposes, but given the challenging economic conditions of late, revenue streams have been uncertain for charities. The proposed changes would eliminate all quota requirements except those requiring organizations to disburse on an annual basis a minimum quantity of financial resources not employed directly in operations. This would enable charities to maintain larger reserves to address contingencies, and will apply to organizations whose fiscal years end on or after March 4, 2010.

## Annex

**Expenditures for the Department of Canadian Heritage and Selected Agencies and Crown Corporations, Total of Main Estimates and Supplementary Estimates for Fiscal Year 2008/09 (millions of dollars)**

Organization <sup>1</sup>	Main Estimates 2009/10	Supplementary Estimates A 2009/10		Supplementary Estimates B 2009/10		Supplementary Estimates C 2009/10		Total Expenditures 2009/10 <sup>2</sup>
		Transfers	Appropriations	Transfers	Appropriations	Transfers	Appropriations	
Department of Canadian Heritage	1,254.4	(40.1)	210.6 <sup>4</sup>	(0.1)	60.8	(37.5)	-	1,448.1
Canada Council for the Arts	180.8	0.8	-	0.01	-	-	-	181.6
Canadian Broadcasting Corporation	1,052.6	-	-	-	60.0	-	-	1,112.6
Library and Archives of Canada	121.4	0.9	0.02	5.8	0.2	-	-	128.3
National Arts Centre	35.2	-	-	-	-	-	-	35.2
National Gallery of Canada	49.7	-	-	-	0.3	-	-	50.0
Canadian Museum of Civilization	62.3	-	0.2	0.2	-	-	-	62.7
Canadian Museum for Human Rights	1.5	-	-	-	25.2	-	-	26.7
Canadian Museum of Nature	32.4	-	-	-	-	-	-	32.4
National Museum of Science and Technology	34.6	-	-	-	-	-	-	34.6
National Film Board of Canada	65.1	-	-	-	-	-	-	65.1
Telefilm Canada	104.7	-	-	-	-	-	-	104.7
<b>TOTAL</b>	<b>2,994.7</b>	<b>-<sup>3</sup></b>	<b>383.2</b>	<b>-<sup>3</sup></b>	<b>146.5</b>	<b>-<sup>3</sup></b>	<b>-</b>	<b>3,524.4</b>

**Notes:**

<sup>1</sup>These organizations also generate annual revenues.

<sup>2</sup>Totals for each organization may differ from the sum of the Main and Supplementary Estimates due to additional funding received in 'carry-forward' as well as the inclusion of funds received for eligible payroll expenditures and collective agreements.

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

<sup>4</sup>Figure includes Budget 2009 new spending announcements and program renewal announcements not captured in the 2009/2010 Main Estimates: Canadian Television Fund (\$100 million), Cultural Spaces Canada Program (\$30 million), National Arts Training Contribution Program (\$7 million), and the Publications Assistance Program (\$15 million). With the exception of the Canadian Television Fund, program renewal announcements in Budget 2009 are captured in the 2009/2010 Main Estimates figures. See Section III of last year's Budget Analysis for full details and a reconciliation of Budget 2009 announcements to the 2009/2010 Main Estimates. Budget 2009 also announced \$100 million over two years (\$50 million per year) for marquee festivals and tourism-promoting events, \$25 million for the Canada Prize for the Arts and Creativity and \$75 million over two years to Parks Canada to upgrade National Historic Sites.

**Sources:** Government of Canada, *2009-2010 Estimates, Parts I and II: The Government Expense Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2009-2010 for the Fiscal Year ending March 31, 2010*; Government of Canada, *Supplementary Estimates (B) 2009-2010 for the Fiscal Year ending March 31, 2010*; Government of Canada, *Supplementary Estimates (C) 2009-2010 for the Fiscal Year ending March 31, 2010*.