



‘Tomorrow Sees Another Day’

**Annual Analysis of the Federal Budget
by the Canadian Conference of the Arts**

May 2005

**Canadian Conference of the Arts
804 -130 Albert Street
Ottawa, Ontario
K1P 5G4
Tel: 613-238-3561
Fax: 613-238-4849
Email: info@ccarts.ca**



TABLE OF CONTENTS

Executive Summary	....	3
Introduction	....	5
The Big Picture	....	6
The Department of Canadian Heritage	....	10
Developments Across Cultural Subsectors	....	15
Arts	....	16
Heritage	....	20
Cultural Industries	....	23
Other Expenditures	....	27
Varia: Other Current Developments	....	27



EXECUTIVE SUMMARY

This Budget Analysis examines overall federal funding levels 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 in the cultural sector.

Three key findings emerge from this analysis¹. First, Budget 2005 contained some very welcome news for the cultural sector: the renewal of *Tomorrow Starts Today*. Not only was the program renewed at the same level of funding as years' past, it was renewed for multiple years, from 2005/06 to 2009/10. The renewal of *Tomorrow Starts Today* is good news for the sector and the CCA congratulates the federal government for recognizing and acting on the need to provide stable, multi-year funding to the sector.

Second, Budget 2005 was also relatively positive with respect to federal funding in other areas. There was a modest decline in federal funding to some programs, organizations and agencies across the cultural sector, but funding held relatively steady. Moreover, this funding does not include additional funding that could accrue to the sector via the 2005/06 Supplementary Estimates - with additional funding in the Supplementary Estimates, funding levels may not show a decline over last year's total spending figures. This is welcome news indeed, and attests to the strong and successful advocacy efforts of those in the cultural sector, as well as the support of Minister of Canadian Heritage Liza Frulla. The support of Conservative Heritage Critic Bev Oda, NDP Heritage Critic Charlie Angus, and Bloc Québécois Heritage Critic Maka Kotto, as well as the House of Commons Standing Committee on Finance, should also be noted in this regard.

The third key finding tempers the good news noted above. Notwithstanding the renewal of *Tomorrow Starts Today* and relative stability in funding to the sector, there are a number of issues of potential concern. To begin with, there remains some uncertainty surrounding *Tomorrow Starts Today*. For example, what would happen to *Tomorrow Starts Today* funding beyond the current fiscal year if a new government were to come to power? Given the political instability generated by the Gomery Commission's activities, Canadians may soon be heading back to the polls - what would be the implications for *Tomorrow Starts Today*?

¹ An additional noteworthy finding relates to the organization and management of the Department of Canadian Heritage. The Department has undertaken a major restructuring of its management framework. It has reformulated the way it conceives of its key policy outcomes, program activities, and the relationship between its outcomes and activities.



An additional cause for concern relates to the implications of reallocation and expenditure review for the cultural sector. The Department of Canadian Heritage must internally reallocate \$20 million on an annual basis to 'top up' the *Tomorrow Starts Today* funding to the full \$192 million per year level. The Department must also, as part of the overall Expenditure Review process of the Martin government, reduce expenditures by \$38 million over the next five years. The CCA notes that these internal reallocation requirements and expenditure reduction commitments are substantial, and questions what the implications will be for the administration and funding of affected programs. Where will the Department 'find' these monies, and what will be the effects for the cultural sector? The CCA will maintain a watching brief on these issues.



INTRODUCTION

“...culture is central to our quality of life. It helps define who we are as individuals and who we are as a nation. ... continued federal support of arts and culture is both desirable and in the best interests of Canadians.”

Report of the Standing Committee on Finance, December 2004

Budget 2005 contained some very good news for the cultural sector: the government renewed *Tomorrow Starts Today*, an initiative that has become something of a flagship program for the sector. And not only did the government renew the program at the same level of funding, it renewed it for a five year period. This is good news indeed!

Many were hopeful for the renewal of the program, and new Minister of Canadian Heritage Liza Frulla did not disappoint. Not only did she announce a one-year renewal of the program in December 2004, but she appears to have convinced some key cabinet colleagues to renew the program for a five year period.

In a minority government situation, one would have anticipated a considerable degree of uncertainty in funding for the cultural sector. Surprisingly, members of the opposition - notably first-time MP Bev Oda, the Conservative Party's Heritage Critic - have proven to be some of the strongest allies for the sector. And the House of Commons Standing Committee on Finance's report on fall 2004's pre-budget consultations contained strong support for providing stable, long-term funding for such programs as *Tomorrow Starts Today*, the Museums Assistance Program and the Canadian Television Fund. The government appears to have listened and to have recognized the importance of long term stable funding for the sector.

In this, the 60th anniversary year of the Canadian Conference of the Arts (CCA), it is noteworthy that some of the issues the organization and its members face have not changed. The pursuit of predictable long-term funding for culture has been a central goal for the sector throughout the CCA's existence. But while renewal of the *Tomorrow Starts Today* program is indeed welcome news, as this budget analysis points out, this funding does not necessarily address all of the cultural sector's needs. Moreover, it is still not part of the Department of Canadian Heritage's base funding, and ultimately, remains vulnerable to changing government priorities - all the more so in a minority government situation. Nonetheless, there is definitely much room for cautious optimism: the renewal of this important funding program may constitute a building block for more comprehensive and predictable funding to the sector.



This budget analysis contains four sections. The first examines overall federal funding levels to arts and culture. The second analyzes the organization of the Department of Canadian Heritage and expenditures across the department's main areas of activity. The third section provides a detailed examination of critical funding issues, trends, challenges and opportunities across cultural sub-sectors. The final section explores a number of current developments in the sector beyond federal funding levels (e.g. legislative developments, new and ongoing initiatives with implications for the cultural sector, etc).

THE BIG PICTURE

This section discusses overall federal funding levels across the cultural sector. Table 1 on the following page shows expenditure levels for the Department of Canadian Heritage and selected agencies and crown corporations for the period 2004/05 to 2005/06 (each of these organizations will be examined in greater detail further on in this analysis). The column marked 'Planned Spending 2004/05' contains the estimates of actual spending for last fiscal year and is drawn from the Main Estimates and the Supplementary Estimates. In the second last column, the figures in brackets are the Planned Spending figures from the Department of Canadian Heritage's 2004/05 *Report on Plans and Priorities* (the Department's Part III Estimates).

A Modest Decline in Overall Funding Levels

As the table shows, virtually all organizations have experienced a funding decline between the expenditures allocated in last year's Main Estimates (2004/05) and this fiscal year (Main Estimates 2005/06). When expenditures from the 2004/05 Supplementary Estimates are figured in, overall funding decreases between fiscal years 2004/05 and 2005/06 become even more pronounced. As the final cell in the table shows, the organizations featured in the table have collectively experienced a reduction in funding of 92.6 million dollars between fiscal year 2004/05 and fiscal year 2005/06.

It should be noted that additional expenditures may accrue to the organizations shown in the table via the 2005/06 Supplementary Estimates. If this occurs, the decline in overall funding levels between fiscal years 2004/05 and 2005/06 may not be as large as the table currently shows. At this stage it is too early to tell the full range of additional expenditures that might appear in the Supplementary Estimates (the Supplementary Estimates are ordinarily released in the late fall and early spring), although the CCA notes that in the last few years, a number of expenditures that one might have presumed would be found in the Main Estimates have appeared in the Supplementary Estimates documents.



Supplementary Estimates are requests for funding changes to the Main Estimates tabled earlier that fiscal year. Such changes can be administrative in nature (e.g., transferring unexpended funds from one vote for expenditure in another vote) or can involve the expenditure of new funds. Ordinarily, expenditures of new funds in the Supplementary Estimates are expenditures arising as a result of unanticipated developments requiring new government spending (e.g., SARS, BSE, disaster relief, etc.). The CCA notes that over the last number of years, there appear to have been expenditures undertaken in the Supplementary Estimates that were planned at the outset of the fiscal year. Unless there is a compelling administrative reason for this, the CCA questions why such expenditures would not simply appear in the Main Estimates.

Table 1 - Spending for the Department of Canadian Heritage and Selected Agencies and Crown Corporations, 2004/5 to 2005/6 (millions of dollars)

Organization ¹	Planned Spending 2004/5			Main Estimates 2005/06	Difference (Total 04/05 minus Main Estimates 05/06)
	Main Estimates 2004/05	Supplementary Estimates 2004/05 ²	Total 2004/05		
Department of Canadian Heritage	1,127.1	144.3	1,271.4	1,245.2 ³ (1,094.5)	(26.2) -2.1%
Canada Council for the Arts	151.0	3.3	154.3	150.2 (125.2)	(4.1) -2.7%
Canadian Broadcasting Corporation	1,034.3	(8.0)	1,026.3	1,042.4 ⁴ (974.3)	16.1 +1.6%
Library and Archives of Canada ⁵	96.5	17.3	113.8	92.9 (93.4)	(20.9) -18.4%
National Arts Centre	31.5	0.9	32.4	31.2 (31.4)	(1.2) -3.7%
National Gallery of Canada	44.6	(0.4)	44.2	44.5 (44.6)	0.3 +0.7%
Canadian Museum of Civilization	94.7	1.6	96.3	58.7 (59.0)	(37.6) -39.0%
Canadian Museum of Nature	61.1	(0.1)	61.0	55.6 (55.1)	(5.4) -8.9%
National Museum of Science and Technology	29.7	0.1	29.8	24.4 (24.1)	(5.4) -18.1%
National Film Board of Canada	63.7	3.1	66.8	62.9 (63.7)	(3.9) -5.8%
Telefilm Canada	129.7	(1.4)	128.3	123.9 (125.7)	(4.4) -3.4%
TOTAL	2,863.9	160.2	3,024.6	2,931.9 (2,691.0)	(92.7) -3.1%

¹All of these organizations also generate annual revenues.

²As explained below, a number of organizations experienced a reduction in their expenditure levels in the Supplementary Estimates as part of the government's reallocation initiative. Funding increments and funding reductions have been totaled to calculate the net funding change for each organization.

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

⁴This figure includes the additional \$60 million in funding to the Canadian Broadcasting Corporation announced in Budget 2005.

⁵The National Library of Canada and the National Archives of Canada were listed separately in last fiscal year's documentation. This year's Estimates reflect the joining of the two organizations. Figures in the table have been combined where required to provide a total for Library and Archives Canada.

Sources: Government of Canada, *2005-2006 Estimates, Parts I and II: The Government Expenditure Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A), 2004-2005*; Government of Canada, *Supplementary Estimates (B), 2004-2005*; and Department of Canadian Heritage, *2004-2005 Estimates, Part III: Report on Plans and Priorities*.



In percentage terms, overall funding to the organizations shown in the table have declined by 3.1 percent. Subsequent sections of this analysis examine changes in funding levels for each of these organizations. For now, this overall view reveals that percentage funding declines vary from organization to organization, with two of the eleven organizations experiencing decreases of less than the total average reduction of 3.1 percent (the Canada Council for the Arts and the Department of Canadian Heritage). Only two organizations - the Canadian Broadcasting Corporation and the National Gallery of Canada - saw their budgets increase this fiscal year. Four organizations saw their expenditure levels reduced by less than 5 percent: the Department of Canadian Heritage, the Canada Council for the Arts, the National Arts Centre, and Telefilm Canada. The Canadian Museum of Nature and the National Film Board experienced declines of between five and ten percent. As will be discussed in the third section of this analysis, the more significant declines experienced by the National Museum of Science and Technology (18.1% decrease), Library and Archives Canada (18.4% decline), and the Canadian Museum of Civilization (39.0% reduction), can be attributed largely to expenditures incurred in 2004/05 for specific capital projects or for organizational transition costs (these declines and the rationale underpinning them will be examined in the third section of this analysis, 'Developments Across Cultural Subsectors').

Reallocation and Expenditure Review. In Budget 2003, the federal government committed to reallocate \$1 billion annually in existing program funding 'from lower to higher priorities.' The Ministry of Canadian Heritage has contributed to this process. The Department of Canadian Heritage absorbed the Ministry's contribution to the reallocation process in the 2004/05 Main Estimates. In the 2004/05 Supplementary Estimates, departmental agencies contributed some \$13.4 million. These contributions are shown in the 2004/05 Supplementary Estimates and include payments from the following organizations: Canada Council for the Arts (\$1.5 million), Canadian Broadcasting Corporation (\$8 million), Canadian Museum of Civilization (\$400,000), Canadian Museum of Nature (\$100,000), National Arts Centre (\$500,000), National Film Board (\$500,000), National Gallery of Canada (\$400,000), and Telefilm Canada (\$2 million). It is noteworthy that in the Supplementary Estimates, most of these organizations also received incremental funding in excess of their contribution to the reallocation process, thereby resulting in a net funding increase via the Supplementary Estimates (see Table 1).

A second reallocation initiative has been spearheaded by the Cabinet Committee on Expenditure Review. Established by Prime Minister Martin shortly after coming into power, the Cabinet Committee on Expenditure Review was given a mandate to undertake 'a rigorous review of federal spending, testing for relevance, efficiency and excellence'.² The Committee reported its recommendations to the Prime Minister prior

² Department of Finance Canada, *Budget 2005: Expenditure Review and Sound Financial Management*, (Ottawa: Her Majesty the Queen in Right of Canada, 2005), 4.



to Budget 2005. Budget 2005 announced that some \$11 billion of expenditures would be reduced from 2005/06 to 2009/10 (\$837 million in 2005/06, \$1.5 billion in 2006/07, \$2.6 billion in 2007/08, \$2.9 billion in 2008/09 and \$3.1 billion in 2009/10).

A second reallocation initiative has been spearheaded by the Cabinet Committee on Expenditure Review. Established by Prime Minister Martin shortly after coming into power, the Cabinet Committee on Expenditure Review was given a mandate to undertake 'a rigorous review of federal spending, testing for relevance, efficiency and excellence.' The Committee reported its recommendations to the Prime Minister prior to Budget 2005. Budget 2005 announced that some \$11 billion of expenditures would be reduced from 2005/06 to 2009/10 (\$837 million in 2005/06, \$1.5 billion in 2006/07, \$2.6 billion in 2007/08, \$2.9 billion in 2008/09 and \$3.1 billion in 2009/10).

It was reported that the Department of Canadian Heritage could have been asked to cut up to \$150 million as part of this exercise. As it turns out, the Department will have to cut \$2 million in 2005/06, \$6 million in 2006/07, and \$10 million annually from 2007/08 to 2009/10. While this is a far cry from \$150 million, in the coming five years, this means the organization will be subjected to a total of \$38 million in expenditure reductions. The Department indicates that '[s]avings will be achieved by reducing corporate overhead and streamlining program delivery to provide similar or better levels of service at less cost' and that '[t]hese improvements will not affect funding available to program recipients.'³ Portfolio agencies indicate they have received a message from the Minister that they will not be subjected to this reallocation process.

While it is welcome news that the Department plans to protect funding levels to program recipients, this does beg the question of the implications of these cuts to program administration. Will there be fewer program officers available to assist program applicants? How will the Department provide similar - much less better - levels of service with fewer resources?

THE DEPARTMENT OF CANADIAN HERITAGE

The Canadian Heritage Portfolio includes the Department of Canadian Heritage, five departmental agencies⁴ (including Library and Archives Canada, the National FilmBoard and the Canadian Radio-television and Telecommunications Commission)

³ See 'Chart 6 - Details on Departmental Savings Initiatives,' Expenditure Review website, www.expenditurereview-examensdesdepenses.gc.ca.

⁴ Parks Canada, formerly a departmental agency in the Canadian Heritage Portfolio, is now a departmental agency of the Environment Portfolio.



and ten Crown Corporations (including the Canada Council for the Arts, the Canada Science and Technology Museum, the Canadian Broadcasting Corporation, Telefilm Canada, the Canadian Museum of Civilization, the Canadian Museum of Nature, the National Arts Centre, and the National Gallery of Canada). The Department maintains 26 points of service in Ottawa and in five regions across Canada and operates five Canada Places. In addition, there are five Cultural Trade Development Officers that work abroad to stimulate international cultural trade.

Trust Society (\$55 million). There was also additional funding allocated to the Canadian Television Fund (\$37.3 million to restore funding cut in the previous year's budget) and incremental funding to the Publications Assistance Program (\$4.0 million). As shown in the table, total funding in 2004/05 stood at \$1,271.4 million. In 2005/06, funding via the Main Estimates stands at \$1,118.1 million. Budget 2005 announced an additional \$127.1 million in 2005/06 departmental expenditures, including expenditures for sports programs (\$76.0 million), multiculturalism (\$21.2 million), and aboriginal programs (\$10.0 million). The resulting total expenditures for 2005/06 are \$1,245.2 million. The overall decline in expenditures is modest, standing at \$26.2 million (or 2.1 percent).⁵

The 2003 CCA federal budget analysis contained a thorough examination of the Department's organizational structure, strategic objectives, and Planning Reporting and Accountability Structure. The release of the Department's *2005-2006 Report on Plans and Priorities* (Part III of the Estimates) reveals the Department has significantly restructured the way it conceives of and reports on its activities in response to new Treasury Board requirements (readers wishing to see a full discussion of the Department's strategic objectives and organizational structure prior to these changes should consult the 2003 Budget analysis, *Cents and Sensibility*).

These Treasury Board requirements involve the development of the Department's:

- ***Strategic Outcomes***: a Strategic Outcome is 'a long-term and enduring benefit to Canadians that stems from a department or agency's mandate, vision and efforts.'⁶
- ***Program Activity Architecture (PAA)***: a listing of all of the organization's program activities. Program activities are further subdivided into sub-activities and sub-sub-activities.

⁵ The Department also lists a series of funding 'adjustments' totalling \$165.2 million in its 2005/06 *Report on Plans and Priorities*. The majority of these additional expenditures are allocated to aboriginal programs (\$47.5 million) and sport programs (\$102.8 million). If these expenditures accrue to the Department in the 2005/06 Supplementary Estimates, total departmental spending for this fiscal year will amount to \$1,410.3 million - an **increase** of \$138.9 million (10.9 percent) over last fiscal year's total expenditures of \$1,271.4 million.

⁶ Department of Canadian Heritage, *2005-2006 Estimates, Part III: Report on Plans and Priorities*, 6.



- **Management Resources and Results Structure (MRRS)**: a management framework based on the Program Activity Architecture, along with information on issues such as departmental resources, results, and performance measurement.

Table 2 on the following page shows the Department of Canadian Heritage's Strategic Outcomes, Program Activities, Program Sub-Activities and selected Program Sub-Sub Activities (the table also includes information on expenditures and human resources across Strategic Outcomes and Program Activities, as discussed further below).

As the table reveals, the Department has identified two Strategic Outcomes, the first related to sharing and expressing cultural experiences, and the second pertaining to social inclusion and citizen participation. As noted in the second column, the Department has seven Program Activities that it positions as contributing to the achievement of these Strategic Outcomes.

It is noteworthy that the Department's conception of its activities positions arts, heritage and cultural industries as solely contributing to its first Strategic Outcome, the expression and sharing of cultural experiences. There is no reference to the contribution of arts, heritage, and cultural industries to the pursuit of 'an inclusive society built on inter-cultural understanding and citizen participation,' the second Strategic Outcome. This is somewhat surprising, given the increasing recognition of the potential contributions the arts, heritage and cultural industries can make to such broader social objectives.

Turning now to expenditures and human resource requirements across the Department's Strategic Outcomes and Program Activities, the table reveals that in 2005/06, more than half of the Department's spending and human resources are dedicated to Strategic Outcome 1, the expression and sharing of cultural experience. In this first Strategic Outcome, where the Department positions its spending on arts, heritage, and cultural industries, the table shows that more than half of the spending is allocated to the first Program Activity, Canadian content and performance excellence (\$421.4 million). Expenditures on the sustainability of cultural expression and participation, and access to and participation in Canada's cultural life each account for roughly one-fifth of spending on this Strategic Outcome (\$147.0 million and \$187.3 million respectively).

Of the expenditures on the Department's second Strategic Outcome, almost half of the spending is on community development and capacity building, which includes funding for aboriginal organizations and minority language education. Slightly more than a third of expenditures is dedicated to the last Program Activity, participation in community and civic life, which includes expenditures on multiculturalism, aboriginal youth and women, and sport.



Looking to planned expenditures for fiscal years 2006/07 and 2007/08, reveals that the Department expects funding levels to remain roughly steady across all Program Activities, save expenditures on Canadian content and performance excellence. These latter expenditures are set to decline substantially, from \$421.4 million in 2005/06 to \$286.6 in 2006/07 and to \$253.8 million in 2007/08. This drop represents a decline of 32.0 percent from 2005/06 to 2006/07. The CCA is awaiting word back from the Department of Canadian Heritage as to the reasons behind these anticipated declines in funding. It should be noted, though, that the figures in the table are drawn from the Department's *Report on Plans and Priorities* and as such, should be interpreted cautiously - they do not necessarily reflect expenditures that will be approved in next fiscal year's estimates. Having said this, the figures do furnish some indications of the Department's expectations as to its future funding levels.

Table 2 – Department of Canadian Heritage: Program Activity Architecture

Strategic Outcomes	Program Activities	Program Sub-Activities	Examples of Program Sub-sub activities	Expenditures, \$millions (Full Time Equivalents shown in brackets)		
				2005/06	2006/07	2007/08
Strategic Outcome 1: Canadians express and share their diverse cultural experiences with each other and the world	Canadian content and performance excellence	Arts & Cultural Industries	Canadian Television Fund; Content development from Canada Music Fund, Canada Magazine Fund, Book Publishing and New/Interactive Media	421.4 (219)	286.6 (226)	253.8 (226)
		Sport	Athlete Assistance			
	Sustainability of cultural expression and participation	Arts & Cultural Industries	Support for the arts sector; Capacity building from Canada Music Fund and Film and Video Sector	147.0 (563)	148.4 (533)	148.1 (533)
		Heritage	Canadian Heritage Information Network; Support to heritage institutions and organizations			
		Sport	Vancouver 2010			
	Preservation of Canada's heritage	International	Trade Routes; TV5; International francophonie			
		Heritage	Feature Film Preservation and Access	55.3 (230)	54.0 (241)	54.1 (241)
	Access and participation in Canada's cultural life	Aboriginal Living Cultures	Aboriginal Languages and Cultures			
		Arts & Cultural Industries	Arts in Communities; Publications Distribution Assistance	187.3 (361)	186.2 (331)	186.8 (331)
		Heritage	Canadian Cultural Heritage Online; Canadian Studies			
Total Strategic Outcome 1				811.0 (1,373)	675.2 (1,331)	642.8 (1,331)
Strategic Outcome 2: Canadians live in an inclusive society built on inter-cultural understanding and citizen participation	Promotion of inter-cultural understanding	Official Languages	Promotion of linguistic duality	129.9 (114)	135.8 (120)	138.4 (120)
		Multiculturalism				
		Sport				
	Community development and capacity building	Aboriginal Partners	Aboriginal organizations	261.5 (162)	265.2 (171)	266.0 (171)
		Official Languages	Community life, minority language education			
	Participation in community and civic life	Multiculturalism		207.9 (471)	178.6 (497)	179.4 (496)
		Aboriginal	Aboriginal youth, aboriginal women			
		Citizen Participation	Canada Volunteerism Initiative			
		Sport	Sport participation development			
		Youth	Exchanges Canada, Katimavik, Young Canada Works			
Celebration	Celebrate Canada					
International	International Expositions					
Total Strategic Outcome 2				599.3 (747)	579.6 (788)	583.8 (787)
TOTAL DEPARTMENT				1,410.3 (2,120)	1,254.8 (2,119)	1,226.6 (2,118)

Source: Adapted from Department of Canadian Heritage, *2005-2006 Estimates, Part III: Report on Plans and Priorities*, 'Department of Canadian Heritage: Program Activity Architecture,' pp. 8-10; 'Canadian Heritage Accountability Structure: Detailed Table,' pp. 87-88; and Table 1: Departmental Planned Spending and Full Time Equivalents, pp. 90-91.

DEVELOPMENTS ACROSS CULTURAL SUBSECTORS

Table 3 below shows funding in fiscal years 2004/05 and 2005/06 across a range of grants and contributions at the Department of Canadian Heritage. The sections below discuss these expenditures and examine key developments in the arts, heritage, and cultural industries subsectors.

Table 3 - Department of Canadian Heritage: Selected Grants and Contributions, 2004/05 and 2005/06 (dollars)

Grant/Contribution	2004/05 Main Estimates	2005/06 Main Estimates
Arts and Heritage Sustainability Program		
Stabilization Funds	4,026,436	4,026,436
Capacity Building	6,500,814	5,854,997
Endowment Incentives	15,500,000	15,500,000
Arts Presentation Canada Program	22,829,278	22,642,028
Book Publishing Industry Development Program	38,743,742	38,368,948
Canada Magazine Fund	22,000,000	9,652,000
Canadian Culture Online	7,500,000	8,500,000
-Canada New Media Fund	8,150,000	8,150,000
-Partnerships Fund	7,500,000	8,200,000
Canadian Television Fund	99,700,000 ¹	99,550,000
Cultural Capitals of Canada	2,000,000	2,000,000
Cultural Spaces Canada Program	37,067,000	27,672,259 ²
Museums Assistance Program	9,400,000	9,400,000
National Arts Training Contribution Program	16,292,750	16,172,750
Publications Assistance Program	49,400,000 ³	41,400,000
Trade Routes	2,000,000	2,000,000

¹The figure in the 2004-05 Main Estimates was \$62.2 million. In the 2004 federal budget, the government announced it would restore funding to the CTF to \$100 million for each of 2004-05 and 2005-06. As a result, an additional \$37.5 million was allocated to the CTF in the 2004/05 Supplementary Estimates, bringing the total to \$99.7 million for fiscal year 2004/05.

²This reduction in funding to the Cultural Spaces program is more apparent than real. For reasons of project timing, \$8.8 million of program funding was 'reprofiled' (transferred) from fiscal year 2003/04 to fiscal year 2004/05, thereby increasing funding levels to fiscal year 2004/05.

³The Publications Assistance Program received an additional \$4 million in the 2004/05 Supplementary Estimates, bringing the total from \$45.4 million in the 2004/5 Estimates to \$49.4 million.

Sources: Government of Canada, *2005-2006 Estimates, Parts I and II: The Government Expenditure Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A), 2004-2005*; and Government of Canada, *Supplementary Estimates (B) 2004-2005*.



- - **ARTS** - -

TOMORROW STARTS TODAY. As noted at the outset of this analysis, Budget 2005 contained some very good news for the *Tomorrow Starts Today* program. Fiscal year 2003/04 was set to be the final year of the three-year \$568 million funding package, and while the Department was successful in securing approval for a one-year funding renewal, the fate of the program beyond fiscal year 2004/05 was uncertain. In December 2004, the Minister of Canadian Heritage announced that *Tomorrow Starts Today* would be extended into 2005/06, with \$172 million of new funding, and up to an additional \$20 million from funding reallocated within the Department of Canadian Heritage (for a total of \$192 million).

This year's federal budget extended this renewal for another four years at a level of \$172 million of new funding per year. Total funding amounts to \$860 million over five years (2005/06 to 2009/10). Budget 2005 states, '[t]his multi-year investment will help create stability within the arts and culture community by providing predictable levels of funding in the years to come.'⁷ Given that the funding levels have been renewed at \$172 million per year, the Department will need to continue reallocating \$20 million per year internally to reach the total *Tomorrow Starts Today* funding level of \$192 million (the Department has been reallocating \$20 million internally to fund the program since its inception).

The renewal of the funding is certainly welcome news - the pursuit of stable multi-year funding has been an ongoing objective for the sector. The continuation of *Tomorrow Starts Today* was the centrepiece of this year's budget for many in the sector. Many had hoped for its renewal, and were delighted that the program was renewed at the same level of funding for a five-year period.

Having said this, a number of questions and considerations arise. First, *Tomorrow Starts Today* funding was not incorporated into the Department of Canadian Heritage's base budget. While a five year renewal provides a considerable degree of funding stability - and many consider this tantamount to incorporating the program into the Department's base budget - the fact remains that it is not part of the Department's a-base.

Second, while the Martin government has undertaken this multi-year commitment, if a new government were to come to power, what would happen to *Tomorrow Starts Today* funding beyond the current fiscal year? In a minority government situation, this is certainly a legitimate concern. A new government would not be bound by these commitments and could arguably cancel the program, or significantly reduce its funding levels.

⁷ Department of Finance, *The Budget Plan 2005*. (Ottawa: Her Majesty the Queen in Right of Canada, 2005), 99.



Third, where will the Department 'find' \$20 million to internally reallocate to *Tomorrow Starts Today*? The CCA notes that this is a significant sum of money to reallocate on an annual basis, and questions how the Department will identify programs and activities from which funds will be reallocated (i.e., what methodology or criteria will be used?).

Fourth, how will the renewed funds be allocated across the various *Tomorrow Starts Today* program components? Table 3 shows funding levels for the current and previous fiscal years. As discussed below, these figures suggest relative stability in funding for many of the program components of *Tomorrow Starts Today*. But how will the renewed funds be allocated across the various components of the program beyond 2005/06? Sources within the Department of Canadian Heritage indicate that they do not anticipate major changes to funding levels across the various *Tomorrow Starts Today* programs in the years to come.

This fourth question begs a final query. In 2001, when *Tomorrow Starts Today* was first announced, there was clear documentation as to the distribution of the \$568 million across key programs and agencies. Since this time, it has become much clearer how the \$192 million annual budget is distributed across the various program components of the overall program. The CCA encourages the Department of Canadian Heritage to provide clearer reporting on program expenditures, and would suggest, in this regard, that it would be extremely useful for those in the sector if the Department prepared an annual report on expenditures across the program. Such a report could also include information about the functioning, outcomes and any changes or developments to *Tomorrow Starts Today*.

As noted above, funding to the various program components of *Tomorrow Starts Today* remain relatively steady. Funding to the **Canadian Arts and Heritage Sustainability Program** (CAHSP) remains relatively steady, with the same levels of funding for Stabilization Funds and Endowment Incentives, and a slight reduction in expenditures on Capacity Building. The CAHSP seeks to 'strengthen organizational effectiveness and build capacity of arts and heritage organizations.'⁸ Stabilization Funds support nonprofit organizations at the community level to assist local arts and heritage organizations. The funding emphasis is on furnishing technical expertise. CAHSP's Capacity Building component provides direct funding to arts and heritage organizations that do not have access to support through stabilization projects. Capacity Building funds are used to improve organizational effectiveness. Through Endowment Incentives, the government provides matching funding to arts organizations that raise private donations to build endowment funds.

⁸ Department of Canadian Heritage website.



The **Arts Presentation Canada Program** aims to 'give Canadians more access to diverse, high-quality artistic expression through the support of presenters of arts festivals, performing arts series, and other artistic experiences.'⁹ Funding levels have held relatively steady for this program.

The **Cultural Capitals of Canada program** seeks to 'promote the arts and culture in Canadian municipalities, through recognition of excellence and support for special activities that celebrate the arts and culture and integrate them into overall community planning.'¹⁰ The five winners of the third round of Cultural Capitals of Canada (2005) were: Toronto, Ontario; Victoria, British Columbia; Algonquins of Pikwàkanagàn, Ontario; Annapolis Royal, Nova Scotia, and Saint-Jean-Port-Joli, Québec. Funding to Cultural Capitals has held steady at \$2 million. The renewal of the *Tomorrow Starts Today* funding will provide this program with much-needed stability, given that applications are made in the spring prior to the fiscal year in which funds are allocated (i.e., applications for 2005 were submitted in March 2004 and winners were not announced until February 2005). With stability in program funding for the upcoming years, applicants can prepare and submit applications with a good deal of assurance that funding will be there when it comes time for awards to be made.

In the case of **Cultural Spaces Canada**, the reduction in funding appearing in Table 3 is more apparent than real. For reasons of project timing, \$8.8 million of program investments were 'reprofiled' (transferred) from fiscal year 2003/04 into fiscal year 2004/05, thus increasing last fiscal year's funding levels. Cultural Spaces Canada aims to 'improve physical conditions for artistic creativity and innovation' and to enhance Canadians' access to the arts and heritage. The program funds cultural infrastructure, the purchase of equipment, and feasibility studies.

National Arts Training Contribution Program (NATCP). The NATCP supports 'independent, non-profit, incorporated, Canadian organizations which train Canadians for professional national/international artistic careers.'¹¹ Funding to the Program held relatively steady from \$16.3 million in 2004/05 to \$16.2 million in 2005/06 (see Table 3). The program was recently renewed.

Canada Council for the Arts. As shown in Table 1, Canada Council funding via the Main Estimates held steady at roughly \$150 million. The \$25 million per year top-up to the Council's funding from *Tomorrow Starts Today* was renewed for 2004/05 and in Budget 2005, has now been renewed for a period of five years. The Council is very grateful for the renewal of the *Tomorrow Starts Today* funding. These additional funds have been utilized to increase funding to the Council's block grant program, the Artist

⁹ Ibid.

¹⁰ Ibid

¹¹ Ibid



and Community Collaborative Fund, and a capacity building program for professional arts organizations for visible minority groups.

While the Council is appreciative of the funding renewal under *Tomorrow Starts Today*, the organization notes that the \$25 million increase does not solve the challenges it faces. With the growth in the arts community, the Council remains underfunded in relation to the needs of the sector.

As shown in Table 1, the Canada Council received an additional \$3.3 million of net funding via the 2004/05 Supplementary Estimates. The Council contributed \$1.5 million to the government-wide reallocation initiative, and received an additional \$4.8 million. This additional funding was allocated to a range of initiatives, including supporting Official Language Minority Communities (\$950,000), 'capacity building for culturally diverse and Aboriginal arts organizations' (\$2.5 million), and funding to Terminus 1525, an Internet forum for young artists (\$600,000). The Council considers itself to have been quite fortunate in the reallocation exercise, particularly because it was awarded additional funding in the Supplementary Estimates. Sources at the Council indicate they expect to contribute another \$1.5 million in the upcoming reallocation round.

As noted in last year's budget analysis, the Council did not draw on its endowment fund in either 2003/04 or 2004/05. The Council's Investment Committee was of the view that markets had not sufficiently recovered to allow the organization to draw from its endowment. This situation appears to be improving, however, with current ameliorations in the investment climate.

The Council's corporate planning exercise is going very well. A draft corporate plan for 2005-08 was recently submitted to the Council's board and it will soon be submitted to the Minister and Treasury Board. Sources at the Council expect the Minister will table the executive summary of the plan to Parliament in the coming months and the plan should be ready for public release in the fall of 2005.

The CCA notes that the Canada Council will be celebrating its 50th anniversary in 2007 and would welcome a government decision to substantially - and permanently - increase the Council's funding in its 50th anniversary year.

As shown in Table 1, funding to the ***National Arts Centre*** declined slightly from total planned spending in 2004/05, with planned spending for this fiscal year at \$31.2 million. The NAC received close to one million dollars in net incremental funding in the 2004/05 Supplementary Estimates for outreach activities and for creating 'cultural content on-line and other digitization projects,' for development of the Alberta Scene Festival, and for 'development of Official Language Minority Communities (Interdepartmental Partnership with the Official Language Communities).' Funding to the ***National Gallery*** held steady at roughly \$44.5 million. In the 2004/05 Supplementary Estimates,



the Gallery saw a decrease of \$400,000 in its funding as part of the government's reallocation exercise (see discussion of 'Reallocation' in the first section of this budget analysis).

Arts Promotion Program. The Arts Promotion Program is a program of Foreign Affairs Canada that funds 'Canadian groups and individuals for the promotion of Canadian culture abroad.'¹² The program was set to undergo a 35 percent funding reduction for this fiscal year. Active advocacy on the part of the cultural sector, notably the Writers Union of Canada, appears to have been successful. Budget 2005 renewed funding to the Arts Promotion Program. The Budget also renewed funding to the Public Diplomacy Fund (the fund includes support for arts promotion) for five years at a level of \$8 million per year. As part of the ongoing foreign policy review, Foreign Affairs Canada is reviewing its 'public diplomacy' activities, which include arts promotion abroad, academic relations, and media relations. One potential outcome of this review would see greater alignment in departmental arts promotion decision-making between domestic cultural objectives (i.e., supporting domestic cultural groups) and diplomacy objectives (i.e., relations between Canada and its foreign counterparts).

- - HERITAGE - -

Built Heritage. As explained in last year's budget analysis, responsibility for built heritage has been transferred to Environment Canada. Parks Canada, historic sites and monuments, federal heritage buildings, and the Historic Places Initiative are now part of the Environment Portfolio. Budget 2005 allocated \$46 million over five years to support the agency's work to implement: the national register of historic places, a process of certification for expenditures on restoration, and conservation standards. The budget also allocated \$39 million of incremental funding over five years to Parks Canada to preserve physical infrastructure in national parks and historic sites under its responsibility. This incremental funding is welcome news from the sector, which views the additional funding as the government's response to Chapter 6 of the Auditor General's 2003 report, which highlighted the poor condition of cultural heritage sites, and called on the government to address the situation.

Budget 2003 announced the \$30 million *Commercial Heritage Properties Incentive Fund* (\$10 million for each of three years) to encourage the private sector to restore and preserve historic landmarks and properties. The program, now in its third year, is progressing well. Although uptake for the program was low in its early years, sources in the sector indicate that there is now a better understanding and awareness of the program, and

¹² Foreign Affairs Canada website.



that uptake has increased. Many of the programs that are funded are community-based in nature, with local community groups awarded funding to restore and preserve built heritage. For the sector, the Fund's performance is important, as it is hoped that experience with the Fund will demonstrate there is sufficient demand to preserve and restore built heritage that the government will enact tax-based measures in this domain.

Museums. The renewal of the *Tomorrow Starts Today* funding was welcome news for museums, which can access support through the *Canadian Arts and Heritage Sustainability Program* (for capacity building) and through the Canada Council (support for art museums). Funding to museums via the *Museums Assistance Program* (MAP) held steady this year at \$9.4 million. The program continues to be significantly underfunded in comparison to previous years. MAP funding has declined by 47% from its peak of \$15 million in 1977 (a 2001 Canadian Museums Association [CMA] analysis of the program indicated that it should be funded at \$30 million in 1972 dollars just to keep pace with inflation).

Notwithstanding the underfunding of the MAP in relation to years past, the Canadian Museums Association is optimistic that more comprehensive funding will be forthcoming from the federal government. The CMA continues to advocate for the development of a museums policy and the arrival of Minister of Canadian Heritage Liza Frulla has been very positive for the sector in this regard. The Minister appears to be very supportive of moving forward on this and indicated in a recent television interview that she was in the process of developing a museums policy. It is not clear at this time what sort of funding implications the creation of such a policy might have, but the CMA is very optimistic. The CMA has advocated for a new museums policy based on five principles: participation and inclusion of communities, publics and specific groups; community impact that is beneficial to communities; sustainability of museums in the long-term; engagement of Canadians in their heritage; and appreciation by facilitating access to interpretation of Canada's heritage.

The CMA has also been working with the Department of Canadian Heritage on ways to address the skyrocketing costs of insurance for museums. A draft feasibility study has been completed on this important issue and a committee has been established to analyze the report and make recommendations as to next steps.

As Table 1 shows, federal funding to the ***Canadian Museum of Civilization***, the Canadian Museum of Nature, and the Canada Science and Technology Museum Corporation has been somewhat lumpy over the last two years, largely due to capital projects at various stages of completion. The sharp decline in funding to the Canadian Museum of Civilization reflects the decline in expenditures associated with construction of the War Museum. This reduction in accommodation expenditures for the Museum masks an increase in funding to collection and research (from \$8.2 million in 2004/05 to \$10.7 million in 2005/06) and a growth in expenditures on exhibition, education and



communication activities (from \$11.9 million in 2004/05 to \$17.0 million in 2005/06). The Museum also received two million dollars in the 2004/5 Supplementary Estimates for the 'creation of cultural content on-line and other digitization projects.'

Fluctuations in funding to the ***Canadian Museum of Nature*** mainly reflect the cost of renovations to the Victoria Memorial Museum Building: \$36 million in the 2004/05 Main Estimates were dedicated to renovations, while \$28.2 million were dedicated to this purpose in the 2005/06 Estimates. In the 2005/06 Supplementary Estimates, funding to the Museum decreased by \$100,000 as part of the government's reallocation exercise (see discussion of 'Reallocation' in the first section of this budget analysis). The construction component of the renovations is a five year project that will be completed in 2008/09; exhibitions should be completed by 2009/10. In addition to the capital expenditures, the Museum's renovations have also involved increases in other expenditure areas, particularly expenditures to build new exhibits. Although the Museum has experienced an increase in funding levels to public education programs, collection management, and research in this fiscal year over last (from \$14 million in 2004/05 to \$16.2 million in 2005/06), these funding increases are largely related to the renovations.

In the context of tight budgets, the Canadian Museum of Nature has aligned with approximately a dozen other natural history museums across Canada. The Alliance of Natural History Museums, established in 2003, has a primary mandate of building capacity in the sector. One of the Alliance's most exciting projects to date has been a partnership with the organization's European counterpart to build an exhibition of animal behavior and courting practices. The exhibition will travel throughout Europe and Canada and is scheduled to open at the Canadian Museum of Nature in May 2006.

The decline in the budget of the ***Canada Science and Technology Museum Corporation*** also results from capital expenditures largely undertaken in the previous fiscal year, specifically the construction of two new buildings for the National Aviation Museum. The Museum received \$149,000 in the 2004/05 Supplementary Estimates for 'the creation of cultural content on-line and other digitization projects.'

Library and Archives Canada. As reported in last year's budget analysis, legislation creating the Library and Archives Canada by integrating the National Library and National Archives received Royal Assent in April 2004. This past year has been one of transition, with the first crucial step in this process the appointment of a single individual to head the new organization (Ian Wilson). Library and Archives Canada now has a new organizational structure integrating the two entities. The organization will continue to operate the 395 Wellington Street location as the public access point for the new institution, while most of the staff is housed at an office tower in Gatineau.



As shown in Table 1, expenditures in the 2005/06 Main Estimates stand at \$92.9 million, while total spending in fiscal year 2004/05 was \$113.8 million. Much of the additional spending last year flowed through the 2004/05 Supplementary Estimates, and can largely be attributed to three main items: 'the creation of cultural content on-line and other digitization projects' (\$5.5 million), accommodation for Library and Archives Canada headquarters (\$9.4 million), and an operating budget carry forward (\$2.7 million).

The Portrait Gallery of Canada has a mandate to 'focus on men and women from all walks of life who have helped build and who continue to build Canada by acquiring and presenting Canada's rich portrait heritage.'¹³ Established in 2001, the Gallery is a programme of Library and Archives Canada. Funding to the Portrait Gallery held relatively steady at \$157 million in 2005/06 (compared to \$159 million in 2004/05).

- - CULTURAL INDUSTRIES - -

Broadcasting and Audiovisual Production

Canadian Television Fund. The Canadian Television Fund (CTF), a public-private fund that stimulates financing and broadcasting of Canadian television programs, has seen its funding from the government return to pre-Budget 2003 levels. Budget 2003 announced that federal funding to the CTF would decline by 25 percent (\$50 million over two years). A well organized advocacy campaign sought - and secured - restoration of funding to the CTF: Budget 2004 restored funding to the CTF to \$100 million for the 2004-05 and 2005-06 fiscal years. As shown in Table 4, the government has followed through on this commitment, with an additional \$37.5 million allocated to the fund in the 2004/05 Supplementary Estimates (to bring the total to \$99.7 million in 2004/05). The 2005/06 Main Estimates maintain this level of funding to the Canadian Television Fund.

Canadian Broadcasting Corporation. As shown in Table 1, total planned spending to the CBC stood at \$1,026.3 million in 2004/05, and is set to increase slightly to \$1,042.4 in 2005/06. The Corporation received an additional \$60 million in incremental funding in Budget 2005 'to help ensure that Canada's stories, reflecting the ever-increasing diversity of Canadian society, find their way into Canadian homes in the form of high-quality programming.'¹⁴

¹³ Portrait Gallery of Canada website.

¹⁴ Department of Finance, The Budget Plan 2005, 99.



The Canadian Broadcasting Corporation did not win the competition for the 2010 Vancouver Winter Olympics and the 2012 Summer Games, submitting a bid that was far below the level of the winning bid. The winning consortium consists of Bell Globemedia and Rogers Communications (the winning bid totaled US\$153 million in comparison to the CBC's estimated bid of US\$93 million). The CCA questions what this means for national broadcasters and notes that it is unclear at this time how the winning consortium will provide French language programming for the Olympics.

Canadian Culture Online. Canadian Culture Online (CCO) seeks to 'encourage a uniquely Canadian presence on the Internet.'¹⁵ CCO funding increased from \$7.5 million in 2004/05 to \$8.5 million in 2005/06. CCO funding programs seek to 'provide meaningful and seamless access to content that helps deepen an understanding of Canada and its rich diversity.'¹⁶ The *Canada New Media Fund*, administered by Telefilm Canada, seeks to 'further the development, production, and marketing/distribution of high-quality, original, interactive or on-line Canadian cultural new media works, in both official languages.'¹⁷ Expenditures on the *Canada New Media Fund* remained at the same level of \$8.2 million as last fiscal year.

The *Partnerships Fund* supports public-private-civic partnership projects that '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.'¹⁸ Expenditures on the *Partnerships Fund* increased from \$7.5 million to \$8.2 million from 2004/05 to 2005/06.

The CCA notes that the government allocates considerable expenditures to the CCO and to CCO funding programs via the Main Estimates, as well as via incremental funding to cultural agencies in the Supplementary Estimates. No evaluations of the CCO or of CCO programs appear on the Department of Canadian Heritage's web site.

As shown in Table 1, funding to the ***National Film Board (NFB)*** held quite steady from last year's to this year's Main Estimates (\$63.7 million in 2004/05 and \$62.9 million in 2005/05). When one factors in incremental funding in the Supplementary Estimates, the NFB experienced a decline in total funding levels of close to six percent from last year's total planned spending to this year's Main Estimates. In the 2004/05 Supplementary Estimates, the NFB received incremental funding of \$3.1 million, including \$1.8 million for the 'creation of cultural content on-line and other digitization projects' and \$1.1 million in an operating budget carry forward.

¹⁵ Department of Canadian Heritage website.

¹⁶ Ibid

¹⁷ Ibid

¹⁸ Ibid



Telefilm Canada funding declined modestly between 2004/05 and 2005/06, with total planned spending down from \$128.3 million in 2004/05 to \$123.9 million in 2005/06. Telefilm contributed \$1.4 million to the government-wide reallocation initiative.

Publishing

Book Publishing. Sources in the book publishing sector were thrilled at the renewal of *Tomorrow Starts Today*. The \$25 million top-up to the Canada Council's funding is very welcome news for the sector, as are relatively steady funding levels to the ***Book Publishing Industry Development Program*** (BPIDP).

The sector continues to work on the issue of succession planning for the industry in collaboration with the Department of Canadian Heritage. The Department of Canadian Heritage will soon be publishing information guides on succession planning, which will identify how to evaluate a company and how to put in place a succession plan. While these guides are welcome, the sector is interested in pursuing other policy interventions to support succession in the industry. The Association of Canadian Publishers (ACP) is creating a committee to develop an advocacy document on this important issue. There are a range of possible policy approaches to support succession planning, including tax credits, loan guarantee programs, and grant programs. The committee will be reviewing possible alternatives in light of current and previous initiatives that have been utilized to support industrial succession planning. To date, the federal government has not been supportive of taxation measures and the sector may be leaning towards pursuing a granting program.

The sector is also working on strengthening the supply chain in book publishing. *BookNet Canada*, an industry-run non-profit organization, focuses on better integrating and disseminating information along the sector's supply chain (the book publishing, distribution and retailing sectors). *BookNet Canada* has been very successful in developing sales data analyses so that sectors of the industry can track sales figures and inventory across the supply chain. The capacity to track year-over-year sales data is a significant step forward for the industry.

The Association of Canadian Publishers is also directly contributing to strengthening the supply chain via a project specifically for book publishers. The project is funded by the Department of Canadian Heritage and seeks to develop electronic spreadsheets for bibliographic data. The ACP is working with publishers to develop the software for this system, which will be compatible with the *BookNet Canada* system. Once this system is in place, it will enable booksellers to readily access comprehensive bibliographic data for each book (including reviews, images, tables of contents, etc.).



Another key issue for the Canadian book publishing sector is Canadian content in school libraries. The ACP recently published a report, 'The Crisis in Canada's School Libraries: The Case for Reform and Re-investment' (available on the ACP website), which documents the reduction in Canadian books in school libraries, largely as a result of funding cutbacks in the education sector. The ACP has launched a project, *Canadian Books in Schools: Raising the Profile*, which seeks to develop a means for Canadian publishers to successfully market and increase the profile of Canadian books in school libraries.

Periodical Publishing. The renewal of *Tomorrow Starts Today* provides some benefit to periodical publishers via increased Canada Council funding and some increase in funding to arts and literary magazines. For the publishing sector, the two major sources of funding are the Canada Magazine Fund and the Publications Assistance Program. The ***Canada Magazine Fund*** provides funding for editorial costs, business development for small magazine publishers, industry development, and arts and literary magazines. Despite the appearance of a funding decline to the *Canada Magazine Fund*, the fund has held steady at \$16 million per year in fiscal years 2004/05 and 2005/06. Sources at the Department of Canadian Heritage confirm that the additional funding to the *Canada Magazine Fund* in 2005/06 will be forthcoming in the 2005/06 Supplementary Estimates.

The ***Publications Assistance Program*** helps to offset mailing costs. Planned spending for the program for 2004/05 was \$45.4 million, with an additional \$4 million allocated in the 2004/05 Supplementary Estimates (for a total of \$49.4 million, as indicated in Table 4). For 2005/06, total planned spending is \$45.4 million (\$41.4 million in the 2005/06 Main Estimates, plus another \$4 million to come in the 2005/06 Supplementary Estimates). The program underwent an extensive and detailed review which resulted in welcome program changes that broaden eligibility to more magazines and community publications (this resulted in the requirement for the supplementary expenditures on the fund in 2004/05).

Sources in the magazine publishing industry are concerned about the adequacy of funding to the *Publications Assistance Program*. The Canadian Magazine Publishers Association (CMPA) advocated for an increase in PAP funding in pre-budget consultations. The recent increases in postal rates put pressure on the budget of the fund, and can lead to lower levels of funding to eligible magazine publishers. For the CMPA, the key issue is continued affordable distribution of magazines; in light of soaring postal rates, funding levels to the *Publications Assistance Program* are an ongoing concern.



- - OTHER EXPENDITURES - -

Aboriginal Initiatives. This year's Main Estimates showed a marked decline in funding for aboriginal initiatives. Grants and contributions for Aboriginal friendship centres, Aboriginal associations, Aboriginal women's groups and other Aboriginal groups declined from a total of \$65.2 million in 2004/05 to \$34.3 million in 2005/06. The Department of Canadian Heritage indicates that this decline is largely due to the sunsetting of such programs as the Urban Multipurpose Aboriginal Youth Centres (\$23 million). The Department notes that most of these sunsetting funds have been included in the fiscal framework for 2005/06, and as such, the Department will seek authority to spend these funds via the 2005/06 Supplementary Estimates. Budget 2005 announced an additional \$10 million for Aboriginal programs at the Department of Canadian Heritage.

Official Languages. Grants and contributions to promote the recognition, use, vitality and long-term development of Canada's official languages and to support official language minority communities increased in fiscal year 2005/06. This year's Main Estimates showed an increase of close to \$30 million to support official languages (from \$294 million in 2004/05 to \$323.8 in 2005/06). Most of this increase accrued to the contributions components of the Enhancement of Official Languages Program and the Development of Official-Language Communities Program.

VARIA: OTHER CURRENT DEVELOPMENTS

UNESCO International Convention for the Protection of the Diversity of Cultural Contents and Artistic Expressions. The Martin government appears to be placing less emphasis on movement toward the negotiation and ratification of the International Convention on Cultural Diversity. While the February 2004 *Speech from the Throne* reiterated the government's commitment to the convention, the October 2004 *Speech from the Throne* makes no mention of it. Notwithstanding this lack of mention in the Throne Speech, the Department of Canadian Heritage identifies as a priority the Department's continuing efforts to develop the convention in its 2005/06 *Report on Plans and Priorities*. In collaboration with stakeholders, the Department drafted Canada's comments on the preliminary version of the Convention in Fall 2004. These comments touched on a range of issues, including: the need to restrict the Convention's scope to cultural contents and artistic expression (in the face of some Members' interests in enlarging the Convention's scope to include such considerations as cultural rights and status of the artist), and refining the Convention's objectives to focus on 'recognition of the dual nature of cultural goods and services' and 'reaffirmation of the right of States to take measures in



support of the diversity of cultural expressions.' Canada entered UNESCO negotiations in early 2005 with a negotiating position informed by the comments developed in autumn. In October 2005, the preliminary draft of the Convention will be examined at the UNESCO General Conference. The Department will be developing Canada's official position on the preliminary draft between now and October, and will be consulting stakeholders to this end.

Workplace skills strategy. Last year's Budget announced the creation of a workplace skills strategy to be developed in collaboration with labour unions. This strategy appears to be rooted in an industrial model rather than a knowledge economy model. The Cultural Human Resources Council (CHRC) participated in focus groups last year as part of a consultation process to develop the strategy. While the government appears to be open to collaboratively creating a feasible and workable strategy, the strategy does continue to be developing along industrial lines. Throughout the consultation process, the CHRC has stressed the importance of addressing the needs of self-employed people, who do not face the same sorts of workplace issues as those in the manufacturing sector. The CHRC's hope is that the government will eventually address the needs of self-employed people, whose incomes are often low and fluctuating.

Copyright Reform. The Department of Canadian Heritage positions copyright reform as necessary to address a variety of challenges, including international pressures, technological change, marketplace challenges and recent court decisions.¹⁹ The Department is working with Industry Canada to amend Canada's copyright legislation to pursue the short term reforms identified in the government report, ***Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act***. In 2005/06, the Department plans to table legislation and begin implementing short and medium-term copyright reforms. In 2006/07 and 2007/08, the Department plans to pursue medium- and long-term copyright issues through continued legislative reform.

Commission on the Review of Federal Labour Standards. The federal government appointed a Federal Labour Standards Review Commission in late 2004. The Commission will be conducting a review of Part III of the Canada Labour Code and will be making recommendations to the government in January 2006 regarding potential changes to federal labour standards. The Commission has released a consultation paper (available on the Commission's website at <http://www.flis-ntf.gc.ca>) to serve as the basis for submissions from interested parties; CCA is currently examining how it will intervene. The paper asks those submitting comments to identify whether and how self-employed workers should be covered by the legislation (i.e., whether and how they should be covered by minimum standards covering such issues as minimum wages, hours of work, holidays, and parental leave).

¹⁹ Department of Canadian Heritage, *2005-2006 Estimates Part III Report on Plans and Priorities*, 25.



Canadian Council on Learning. The Canadian Council on Learning (CCL) is a 'national, independent, not-for-profit corporation that is committed to improving learning across the country and across all walks of life.'²⁰ In March 2003, the federal department Human Resources and Skills Development allocated \$85 million to the Council to undertake its mission. The Council aims to undertake research and to disseminate research into education and learning, to monitor and report on learning outcomes across the country, and to exchange information on lifelong learning. In March 2005, the Council put out a call for Expressions of Interest to develop five regional Knowledge Centres on the following thematic: adult learning (Atlantic Canada), early childhood learning (Québec), work and learning (Ontario), aboriginal learning (Prairies, Northwest Territories and Nunavut), and health and learning (British Columbia and Yukon). Monitoring the work of (or participating in the work of) these regional Knowledge Centres could be valuable for those individuals and organizations in the cultural sector interested in such issues as cultural human resources and arts education.

²⁰ Canadian Council on Learning website (www.ccl-cca.ca)