

Budget 2014:

***Culture and the Arts –
Still Smarting from Budget 2012 Cuts
but
Better Times on the Horizon?***

**Annual Analysis of the Federal Budget
From the Perspective of the Cultural Sector**

Prepared for the
[Canadian Conference of the Arts](#)
[Canadian Arts Coalition](#)
[Saskatchewan Arts Alliance](#)

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(Estimates for the Department of Canadian Heritage and Selected Cultural Agencies and Crown Corporations, Total of Main Estimates and Supplementary Estimates for Fiscal Year 2013-14)

EXECUTIVE SUMMARY

This budget analysis examines federal funding for the arts and culture in the 2014 federal budget. It explores funding to the Department of Canadian Heritage and other federal cultural agencies and crown corporations; organizational and funding trends at the Department of Canadian Heritage; expenditures on key programs across the arts, heritage and cultural industries, and other developments affecting the sector.¹

Six main findings emerge from the analysis. **First, there were no new funding cuts in Budget 2014:** the cuts announced in Budget 2012 continue to roll out, but overall, funding levels remained relatively steady compared to last fiscal year. As was the case with last year's Budget, despite the government's emphasis on jobs and economic growth, investing in job creation and growth in the cultural sector does not seem to be on the government's radar.

Second, as noted in the title of this year's analysis, **the impact of the Budget 2012 cuts continues.** The Canadian Heritage portfolio sustained close to \$200 million in permanent cuts between 2012-13 and 2014-15, the majority directed at the Canadian Broadcasting Corporation (\$115.0 million) and the Department of Canadian Heritage (\$46.2 million), with Telefilm, the National Film Board and Library and Archives Canada also experiencing major cuts. These cuts come on top of the fact that for several years now, the government has not provided funding for inflation on goods and services, which has had an important impact, particularly on large organizations like the CBC or the Department of Canadian Heritage, which have a large number of employees.

Moreover, although the government protected funding to the Canada Council for the Arts, on a per capita basis, funding to the Council has declined (between 2005-06 and 2013-2014, a decline of 2.5%). The Council's endowment fund is also strained by ongoing financial market volatility. And what funds the Council has are being stretched further and further, notably since it 'picked up' supporting as much as it can international market access following cancellation of the *PromArt* and *Trade Routes* programs in 2008. Another factor is the fact that it is a challenge for the Council to support growth in the cultural sector, particularly since new art practices and art forms are appearing on the scene further to the development of digital technologies.

Third, the best news in Budget 2014 is that the government has committed that as of 2015-16, it will make permanent the \$25 million in additional annual funding to the Canada Council for the Arts. It also committed to permanent ongoing funding for a number of arts and culture programs at the Department of Canadian Heritage (the Canada Cultural Investment Fund, the Canada Cultural Spaces Fund, the Canada Arts Presentation Fund, the Canada Book Fund and the Canada Music Fund). While these measures provide a welcome level

¹As many readers will know, the Canadian Conference of the Arts prepared the annual budget analysis up until the suspension of its activities in 2012. Following this, its caretaker board of directors initially passed the 2013 budget analysis baton to the Canadian Arts Coalition. This year, the CCA Board teams up with the Coalition and the Saskatchewan Arts Alliance to sponsor the 2014 Budget Analysis.

of stability and predictability for the sector, they do not, however, constitute an increase in overall funding.

Given this, **while the big picture shows relative stability in funding levels since last fiscal year, the reality ‘on the ground’ sees arts organizations – particularly smaller ones – struggling in the face of the cuts.** In addition, staff cutbacks within funding organizations have left the system clogged up, delaying timely review of funding proposals. Horror stories abound of organizations informed with very little notice that their proposals have not been approved, leaving them in the lurch – sometimes at the eleventh hour. Smaller organizations are also challenged by increasingly burdensome administrative processes. And as we will see later on, other factors affect the cultural sector, such as the negative impacts that the new Copyright Act (2012) is having on artists’ and creators’ revenue or the diminishing contributions of the private sector to the creation of Canadian content.

Fourth, some of the most worrisome developments are in the audiovisual sector, which was hit hard by the 2012 cuts. These include reductions in funding and support for the Canadian Broadcasting Corporation, the National Film Board and Telefilm. Together, these cuts diminish significantly support for Canadian content production and have a ripple effect on the whole cultural sector.

Fifth, on the positive side, as noted in the title of this year’s analysis, better times may be on the horizon. The Harper government has announced a return to budget balance starting with the 2015 federal budget. With the forecast return to budget balance, it is imperative that arts and cultural organizations encourage the government to reinvest and make new investments in the sector. Capacity needs to be rebuilt within funding organizations and the sector itself, and support levels to federal cultural organizations and the programs they administer needs to be strengthened. In addition, now is a propitious time to advocate for support for new areas or activities in the cultural sector.

Finally, in connection with this, one of the government’s main emphases going forward is the celebration of the 150th anniversary of Confederation in 2017. Where new funding may be made available (it is not clear yet if it will or if money will have to be diverted from existing budgets), it is likely to be focused on this celebration, so the arts and cultural sector might do well to frame its advocacy efforts in line with this objective. This could include, for example, highlighting the important role that the arts and culture have played in the social and economic development of the country, and the pivotal role arts and culture can play moving forward.

Better Times on the Horizon? The Return to Budget Balance in 2015

The Harper government has announced that Canada continues to be on track to return to budget balance in 2015. In October 2014, the Minister of Finance announced that because of Canada’s strengthening economy, the 2014-15 deficit would be smaller than anticipated (\$5.2 billion rather than \$15.9 billion) and that the 2015 Budget will mark a return to balance for the federal coffers.

And according to the fiscal forecast released on November 12, 2014 by the new Finance Minister Joe Oliver, we should see a string of annual budget surpluses beginning next year and ranging from \$1.9 billion in 2015-16 to \$13.1 billion in 2019-20. These figures leave little room for the Conservative government to make major new spending or tax cut announcements in the 2015 budget. Indeed, and in connection presumably with the federal election to come in 2015, some measures have already been put in place. These include income-splitting (the Family Tax Cut), increases to the Universal Child Care Benefit, increasing the Child Care Expense Deduction dollar limits, and doubling the Children's Fitness Tax Credit from \$500 to \$1000 and making the credit refundable. The update indicates that Ottawa would have posted a small surplus in the current 2014-15 fiscal year if it were not for the package of recently-announced tax cuts. Instead, Ottawa now expects a \$2.9-billion deficit this year.

Nonetheless, there may still be an opportunity for the arts and cultural sector to encourage the government to reinvest in culture in Budget 2015.

* * *

The budget analysis was prepared against this backdrop. The text proceeds in three sections. The first examines 'the big picture' of overall funding levels to key federal cultural institutions. The second delves into the Department of Canadian Heritage, examining its organizational structure, expenditures and staffing levels. The third takes a closer look at expenditures in key programs across the arts, heritage and cultural industries.

THE BIG PICTURE

This section examines the 'big picture' for the cultural sector when it comes to funding levels in Budget 2014. It also discusses the cuts announced in Budget 2012, which are now in their final year of rollout.

Table 1 shows expenditures for the Department of Canadian Heritage and selected agencies and crown corporations for the period 2013-14 to 2014-15 (each organization is examined in greater detail further on in the analysis). The Table also lists the Budget 2012 cuts for purposes of information; these cuts are already reflected in the spending figures in the table.

Overall, the cultural sector did not fare as badly as it might have when it comes to the Budget 2012 cuts. The government maintained funding levels to the Canada Council and federal museums, but some organizations sustained large cuts: the CBC, the National Film Board and Telefilm Canada were all hit with a full ten percent cut. Library and Archives Canada, the National Arts Centre and the Department of Canadian Heritage were also cut by 8.2%, 5.3% and 3.5%, respectively. Of note, these cuts come on top of reductions sustained through Strategic Review processes and the requirement that federal organizations absorb salary and other administrative increases over the last few years.

The second, third and fourth columns of the table show, respectively, the Budget 2012 cut for 2013-14, spending in the 2013-14 Main Estimates, and Total Expenditures for the 2013-14 year (the latter include expenditures in the Supplementary Estimates). The next two columns show the permanent ongoing spending cuts announced in Budget 2012 and expenditures to date for 2014-15 from the Main Estimates and the first set of Supplementary Estimates (Supplementary Estimates A). As mentioned previously, **given the improved fiscal situation of the government, it remains possible that additional funding will accrue to the sector via subsequent supplementary estimates.**

The final two columns show the increase (decrease) in expenditures between 2014-15 to date and (a) the Main Estimates 2013-14 and (b) total expenditures in 2013-14 (Main and Supplementary Estimates). Of these two columns, this analysis focuses on the second last: the difference between expenditures in the Main Estimates year over year. This is the most apples-to-apples comparison to undertake at this time.

Table 1: Spending Estimates for the Department of Canadian Heritage and Selected Cultural Agencies and Crown Corporations, 2013-14 to 2014-15 (millions of dollars)

Organization ¹	2013-2014 Spending Estimates			2014-2015 Spending Estimates to Date		Increase (decrease) between 2014-2015 Estimates to date and...	
	Budget 2012 Cut for 2013-2014	Main Estimates	Total Estimates ²	Budget 2012 Permanent Ongoing Cut as of 2014-2015	Main Estimates and Supplementary Estimates A ³	Main Estimates 2013-2014	Total Estimates 2013-2014
Department of Canadian Heritage	(42.2) (3.3%)	1,317.2	1,321.6	(46.2) (3.5%)	1,390.0	72.8 5.5%	68.4 5.2%
Canada Council for the Arts	-	180.3	181.4	-	182.1	1.8 1.0%	0.7 0.4%
Canadian Broadcasting Corporation	(69.6) (6.5%)	1,064.8	1,064.8	(115.0) (10.7%)	1,038.0	(26.8) (2.5%)	(26.8) (2.5%)
Library and Archives Canada	(6.6) (5.6%)	98.3	99.0	(9.6) (8.2%)	95.9	(2.4) (2.4%)	(3.1) (3.1%)
National Arts Centre	(1.8) (5.1%)	33.8	34.1	(1.9) (5.3%)	34.2	0.4 1.2%	0.1 0.3%
National Gallery of Canada	-	43.4	43.4	-	43.8	0.4 0.9%	0.4 0.9%
Canadian Museum of History	-	57.4	58.9	-	63.4	6.0 10.5%	4.5 7.6%
Canadian Museum for Human Rights	-	31.7	31.7	-	21.7	(10.0) (31.5%)	(10.0) (31.5%)
Canadian Museum of Immigration at Pier 21	-	18.5	18.5	-	9.9	(8.6) (46.5)	(8.6) (46.5%)
Canadian Museum of Nature	-	25.8	25.8	-	26.1	0.3 1.2%	0.3 1.2%
National Museum of Science and Technology	-	26.5	26.5	-	26.9	0.4 1.5%	0.4 1.5%
National Film Board of Canada	(3.3) (5.0%)	62.9	62.9	(6.7) (10.0%)	59.9	(3.0) (4.8%)	(3.0) (4.8%)
Telefilm Canada	(6.0) (5.7%)	99.6	99.6	(10.6) (10.0%)	99.6	0.0 0.0%	0.0 0.0%
TOTAL	(130.7) (4.3%)	3,060.2	3,068.2	(191.1) (6.2%)	3,091.5	31.3 1.0%	23.3 0.8%

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

¹These organizations also generate annual revenues.

²Total expenditures in the 2013/14 Main Estimates and in 2013/14 Supplementary Estimates A, B and C. The Appendix breaks down the expenditures in the supplementary estimates documents for each organization. Budget 2012 cuts for 2013-2014 are listed for information purposes and are already reflected in the spending figures for each organization. Section three of this analysis details cuts to each organization in 2013/14 and 2014/15.

³None of the organizations listed in the table received additional funding in Supplementary Estimates A. The Main Estimates figures reflect the Budget 2012 cuts along with any additional funding organizations received for special projects (e.g., the Pan American games), wage increases, and the like.

Sources: Government of Canada, *2014-2015 Estimates, Parts I and II: The Government Expenditure Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2014-2015 for the Fiscal Year ending March 31, 2015*; Government of Canada, *2013-2014 Estimates, Parts I and II: The Government Expenditure Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2013-2014 for the Fiscal Year ending March 31, 2014*; Government of Canada, *Supplementary Estimates (B) 2013-2014 for the Fiscal Year ending March 31, 2014*; Government of Canada, *Supplementary Estimates (C) 2013-2014 for the Fiscal Year ending March 31, 2014*; Government of Canada, *Jobs, Growth and Long-term Prosperity: Economic Action Plan 2012* (Budget 2012); Government of Canada, *Jobs, Growth and Long-term Prosperity: Economic Action Plan 2013* (Budget 2013); Government of Canada, *The Road to Balance: Creating Jobs and Opportunities* (Budget 2014).

Funding Levels Held Steady between 2013-14 and 2014-15

As the second last cell in the table's bottom row reveals, **overall, funding levels remain relatively unchanged between 2013-14 and 2014-15 (up by \$31.3 million or 1.0%).**

More than half of the organizations listed in the table experienced modest increases to their funding: the Department of Canadian Heritage (\$72.8 million or 5.5%), the Canada Council for the Arts (\$1.8 million or 1.0%), the National Arts Centre (\$0.4 million or 1.2%), the National Gallery (\$0.4 million or 0.9%), the Canadian Museum of Nature (\$0.3 million or 1.2%), and the National Museum of Science and Technology (\$0.4 million or 1.5%). Budget 2012 cuts are reflected in these figures, but as noted further on in this analysis, some of these organizations received additional funding for other purposes.

Five organizations experienced funding declines: the CBC (\$26.8 million, a 2.5% drop), Library and Archives (\$2.4 million, a 2.4% decline), the Canadian Museum for Human Rights (\$10.0 million decline or 31.5% drop), the Canadian Museum of Immigration at Pier 21 (\$8.6 million drop, 46.5%), and the National Film Board (\$3.0 million down, or 4.8% decrease). As explained further on in this analysis, for some, this was due to implementation of the final year of the Budget 2012 cuts (the CBC, Library and Archives and NFB), while for others, it was due to the conclusion of federal funding for capital projects (the museums).

Only Telefilm Canada had no change in its funding level between last year's Main Estimates and this year's Mains.

The following sections of this analysis discuss the specifics behind funding changes for each organization.

THE DEPARTMENT OF CANADIAN HERITAGE

This section describes the organizational and reporting structure of the Department of Canadian Heritage, along with spending and staff levels in its strategic outcome areas in the 2012-13 to 2016-17 period. Funding changes to key grant and contribution programs at the department are examined in the subsequent section.

The Portfolio of Canadian Heritage

The Ministry of Canadian Heritage is headed by the Minister of Canadian Heritage and Official Languages, the Hon. Shelly Glover (Saint Boniface in Winnipeg, Manitoba). Before becoming a Member of Parliament in 2008, Ms. Glover was a member of the Winnipeg Police Service for close to twenty years. Minister Glover is a bilingual Anglophone and Métis woman. The portfolio of Canadian Heritage also includes the Minister of State for Sport, the Hon. Bal Gosal (Bramalea-Gore-Malton, Ontario).

The Canadian Heritage Portfolio comprises the Department of Canadian Heritage and more than a dozen other cultural bodies, including two special operating agencies (the Canadian Conservation Institute and the Canadian Heritage Information Network), departmental agencies (e.g., Library and Archives Canada, the National Film Board, and the Canadian Radio-television and Telecommunications Commission), Crown corporations (e.g., the Canada Council for the Arts, federal museums, the National Arts Centre and 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 service points across the country.

Departmental Priorities

According to the Department's 2014-15 Report on Plans and Priorities, the Department has four priorities for fiscal year 2014-15:

- celebrating Canada's heritage and history in the lead-up to the country's 150th anniversary in 2017, including infrastructure for heritage organizations, community projects, national monuments, and completing the Canadian Museum of History;
- developing a 'prosperous cultural sector' through opportunities in a global and digital context, including support to arts, cultural industries and heritage organizations to use digital technologies in their activities, implementing the *Copyright Modernization Act*, and including cultural interests in international trade arrangements;
- investing in communities, including working with the provinces and territories and other partners to encourage physical activity and the arts in youth, working with federal partners to implement the *Roadmap for Canada's Official Languages* and supporting the Toronto 2015 Pan American and Parapan American Games), and
- maintaining efficiency in operations and excellence in service, including streamlining how grants and contributions are administered (e.g., online applications).

These priorities remain largely unchanged since 2012-13. Prior to 2012-13, the government did not place as much emphasis on Canada's history and sport as has been the case over the last number of years. One change of note is in the second priority, which focuses on cultural interests in the global and digital milieu, including international trade arrangements. This priority is in line

with the interests of a number of arts and cultural organizations.

Departmental Reporting Structure and Expenditures Across Strategic Outcomes.

Since 2009-10, the Department has used the same reporting structure for its activities. It groups arts, cultural industries and heritage under one Strategic Outcome, which, for purposes of this analysis, facilitates tracking year-over-year spending changes in these areas.

Table 2 shows the reporting structure. It breaks the Department's operations into three Strategic Outcomes, seven Program Activities, and a number of Program Sub-Activities. The first Strategic Outcome focuses on the creation and accessibility of artistic expressions and cultural content and covers all of the Department's programming in the arts, heritage and cultural industries. The second focuses on Canadian identity (including some programs touching on the cultural sector), while the third comprises the Department's activities in sport. Funding programs associated with each Strategic Outcome are listed in the 'Program Sub-Activities' column.

The programs listed in the third column for each Strategic Outcome have remained the same for the last few years, with just a few exceptions. The Copyright program listed in the Cultural Industries Program Activity of Strategic Outcome 1, is now referred to as Copyright and International Trade Policy and includes the mandate to develop Canada's positions in international negotiations when it comes to copyright and trade policy.

In the *Attachment to Canada* row of Strategic Outcome 2, a new program, Capital Experience, has been added. This program comprises the functions in the National Capital Region that the government transferred from the National Capital Commission to the Department of Canadian Heritage. These include 'major events and celebrations (e.g. Canada Day and Winterlude), commemorations, interpretation and promotion of sites and symbols of national significance, representation of the provinces and territories in the NCR, public art, youth activities and visitor services' (Department of Canadian Heritage, *2014-15 Report on Plans and Priorities*). The Canada History Fund, created last year by the government to celebrate and commemorate Canada's history, has also been added to this section of the table. Canadian Studies, meanwhile, has disappeared from the list, given that the government cancelled this \$1.15 million program, which was focused on international academic relations. On the latter, it is worth noting that grants and contributions to "academic relations" at the Department of Foreign Affairs and International Trade have also declined substantially, from \$17.9 million in 2012-13 to \$7.1 million in each of 2013-14 and 2014-15.

The numerical columns of the table show Actual Spending for 2012-13, and Forecast and Planned Spending for the 2013-14 to 2016-17 period, as presented in the Department's 2014-15 *Report on Plans and Priorities (RPP)*. This section of the Table also shows human resources allocated to each Strategic Outcome for the 2014-15 to 2016-17 period. Staff complements are measured in Full Time Equivalents, or FTEs, each of which is essentially the equivalent of a full time position (FTE figures for 2012-13 and 2013-14 are not listed in the RPP).

Readers need to remember that the Planned Spending figures for 2015-16 and 2016-17 have not been voted on by Parliament so are subject to change. They also don't reflect expenditures for programs that were up for renewal in 2015-16 so should be interpreted with caution. As noted below, a number of arts and cultural programs that were up for renewal in 2015-16 were renewed on a permanent ongoing basis in Budget 2014.

Table 2: Department of Canadian Heritage: Program Activity Architecture and Expenditures, 2012-13-2016-17

Strategic Outcomes	Program Activities	Program Sub-Activities	Actual Spending 2012/13	Forecast and Planned Spending \$ millions			Planned Spending \$ millions	
				Forecast Spending 2013/14	Planned Spending 2014/15	Increase/ (Decrease) in Spending	2015/16	2016/17
Strategic Outcome 1: Canadian artistic expressions and cultural content are created and accessible at home and abroad	Arts	Canada Arts Presentation Fund, Canada Cultural Spaces Fund, Canada Arts Training Fund, Canada Cultural Investment Fund, Fathers of Confederation Buildings Trust	117.8	119.5	116.6	(2.9) (2.4%)	43.3	43.3
	Cultural Industries	Broadcasting and Digital Communications Policy, Canada Media Fund, Film and Video Policy, Film or Video Production Tax Credit, Canada Music Fund, Canada Book Fund, Canada Periodical Fund, Copyright and International Trade Policy, Cultural Sector Investment Review, TV5	304.4	304.4	302.3	(2.1) (0.7%)	285.1	285.1
	Heritage	Museums Assistance Program, Canada Travelling Exhibitions Indemnification Program, Canadian Heritage Information Network, Canadian Conservation Institute, Movable Cultural Property Program	40.0	42.8	39.6	(3.2) (7.5%)	35.6	35.6
Total Strategic Outcome 1			462.2	466.7	458.5	(8.2) (1.8%)	364.0	364.0
Human Resources (FTEs)			NA	NA	548.6	NA	440.0	440.0
Strategic Outcome 2: Canadians share, express and appreciate their Canadian identity	Attachment to Canada	Celebration and Commemoration Program, Capital Experience, State Ceremonial and Protocol, Canada History Fund, Exchanges Canada Program, Youth Take Charge	79.6	58.5	64.4	5.9 10.1%	61.1	60.3
	Engagement and Community Participation	Human Rights Program, Building Communities through Arts and Heritage, Aboriginal Peoples' Program	47.5	46.7	44.6	(2.1) (4.5%)	44.6	43.4
	Official Languages	Development of Official-Languages Communities Program, Enhancement of Official Languages Program, Official Languages Coordination Program	359.4	351.2	353.1	1.9 0.5%	353.3	353.0
Total Strategic Outcome 2			486.5	456.3	462.2	5.9 1.3%	459.0	456.8
Human Resources (FTEs)			NA	NA	480.7	-	480.7	398.2
Strategic Outcome 3:	Sport	Hosting Program, Sport Support Program, Athlete Assistance Program	225.0	339.1	398.1	59.0 17.4%	241.7	204.2

Canadians participate and excel in sport								
Total Strategic Outcome 3			225.0	339.1	398.1	59.0 17.4%	241.7	204.2
Human Resources (FTEs)			NA	NA	134.3	-	134.3	134.3
Internal Services	Governance and Management Support, Resource Management Services, Asset Management Services		73.8	85.6	71.3	(14.3) (16.7%)	70.0	70.0
Human Resources (FTEs)			NA	NA	640.8	-	633.2	633.2
TOTAL SPENDING LISTED IN REPORT ON PLANS AND PRIORITIES			1,247.4	1,347.8	1,390.0	42.2 3.1%	1,134.7	1,095.0
Human Resources (FTEs)			NA	NA	1,724.4	-	1,608.1	1,605.6
CUTS TO THE DEPARTMENT ANNOUNCED IN BUDGET 2012 (CUMULATIVE)			(17.8)	(42.2)	(46.2)	-	(46.2)	-

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

Sources: Canadian Heritage, *2014-2015 Report on Plans and Priorities*; Government of Canada, *Jobs, Growth and Long-term Prosperity: Economic Action Plan 2012 (Budget 2012)*.

With these caveats in hand, **four observations emerge. First, overall funding levels to the department remain largely unchanged, increasing slightly (by 3.1% or \$42.2 million).²**

Second, between 2013-14 and 2014-15, funding levels remain steady across Strategic Outcomes 1 and 2 (down 1.8% for Strategic Outcome 1 and up 1.3% for Strategic Outcome 2). Meanwhile, the third Strategic Outcome, **Sport, benefits from an increase of \$59 million (17.4%)**, owing largely to additional expenditures for the 2015 Pan American and Parapan American Games to be held in Toronto. **Internal Services is down 16.7%** (\$14.3 million): Forecast Spending in 2013-14 is much higher than the other expenditure figures because it includes spending not reflected in the figures listed in the Planned Spending column. The latter column only lists expenditures allocated in the Main Estimates process, and these did not include funding for Operating Budget Carry Forward (appropriations that are carried forward from one year to the next) and pay list requirements (departments are expected to absorb these costs with their existing budgets).

Third, when it comes to medium-term spending projections, planned spending for 2015-16 and 2016-17 trends downward, particularly for Strategic Outcomes 1 and 3 (from \$458.5 million in 2014-15 down to \$364.0 million in each of 2015-16 and 2016 for Outcome 1 and from \$398.1 million to \$241.7 million in 2015-16 and \$204.2 million in 2016-17). **The decline in Strategic Outcome 1 occurs because of the need to renew a number of programs: the Canada Cultural Spaces Fund, the Canada Cultural Investment Fund, and portions of the Canada Arts Presentation Fund, the Canada Music Fund, the Canada Book Fund and the Canadian Heritage Information network. The government announced that these programs will be renewed on a permanent ongoing basis in Budget 2015. As for the declines in Sport, these take place because of reduced expenditure requirements related to the Pan American and Parapan American Games.**

The final observation relates to staff reductions. As shown in the table, the number of Full Time Equivalents for the department as a whole declines from 1,724 in 2014-2015 to just a little over 1,600 in 2015-16 and 2016-17. The reductions apply to the first Strategic Outcome, where FTEs fall from 548.6 to 440.0, but this needs to be interpreted with caution since it reflects the need to renew a number of programs in 2015-16, as noted above. Now that these programs are renewed, the reduction should no doubt be far less severe.

It must be remembered, though, that **the Department has suffered significant staffing cutbacks in recent years.** Budget 2012 eliminated 38 positions and a whopping 500 Full Time Equivalents were cut in an internal deficit reduction exercise before Budget 2012 (360 were permanent positions while 140 were associated with the Vancouver 2010 Olympics and the Shanghai Expo).

² The overall expenditure increase in this table (\$42.2 million) differs slightly from that listed in Table 1 in the previous section (\$68.4 million) because the RPP lists the 'forecast spending' for 2013-14 rather than the main and supplementary estimates figures used to produce Table 1.

DEVELOPMENTS ACROSS CULTURAL SUB-SECTORS

This section examines funding levels and notable developments in the organizations listed in Table 1 and in key programs at the Department of Canadian Heritage. Department of Canadian Heritage funding to official languages, aboriginal programs, and sport are also examined to keep a watch on trends in these areas of programming.

Table 3 shows funding levels for these various programs for 2013-14 and 2014-15. It lists total expenditures for 2013-14 (Main and Supplementary Estimates), expenditures in the 2014-15 Main Estimates and Supplementary Estimates A and program cuts announced following Budget 2012.

The final column of the table shows the government's commitment to provide ongoing funding to a number of programs beginning in the 2015-16 fiscal year. This includes \$30.1 million to the Canada Cultural Investment Fund, \$30 million to the Canada Cultural Spaces Fund, and \$18 million to the Canada Arts Presentation Fund.

Overall, funding to arts and culture programs at the Department of Canadian Heritage remained largely unchanged relative to 2013-14. Where there were funding increases, they accrued to other departmental activities, notably sport in the lead-up to the 2015 Pan American and Parapan American games.

Additional expenditures for 2014-15 could be forthcoming through Supplementary Estimates B and C, which will be tabled later this year.

-----ARTS-----

The ***Building Communities Through Arts and Heritage*** program seeks to 'engage citizens in their communities through performing and visual arts as well as through the expression, celebration and preservation of local historical heritage' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*). The fund supports local festivals, community anniversaries and legacy projects that commemorate significant local persons or events. **Funding to this program continued at the same level as last year: \$17.7 million.**

The ***Canada Arts Presentation Fund*** also received the same level of funding as it did last year: **\$29 million.** The program 'aims to give Canadians direct access to a variety of professional artistic experiences in their communities...[through] financial assistance to Canadian not-for-profit organizations that professionally present arts festivals or performing arts series' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*). **A major portion (\$18 million) of the program's funding is scheduled to sunset at the end of this fiscal year.** This figure represents the portion of the program accounted for by contributions. The remainder is allocated to grants, and has already been incorporated into the base budget of the Department. **In Budget 2014, the government committed to making the \$18 million in contribution funding permanent in Budget 2015. As such, once the \$18 million is renewed, total funding for the program (\$29 million) will be permanent and ongoing.**

Table 3: Department of Canadian Heritage: Selected Grants and Contributions, 2013-14 to 2015-16 (dollars unless otherwise noted)

Grant/Contribution	Cuts Announced following Budget 2012	2013-14			2014-15	Budget 2014: Ongoing Funding Commitment for 2015-16
		Main Estimates	Supplementary Estimates A, B and C	Total	Main Estimates and Supplementary Estimates A ¹	
Arts						
Building Communities through Arts & Heritage		17,655,000	-	17,655,000	17,655,000	
Canada Arts Presentation Fund		28,972,742	-	28,972,742	28,972,742	\$18 M
Canada Arts Training Fund		22,779,440	-	22,779,440	22,779,440	
Canada Cultural Investment Fund	Cultural Capitals of Canada eliminated in 2012-13	21,972,205	-	21,972,205	22,031,705	\$30.1 M
Canada Cultural Spaces Fund		27,358,613	1,000,000	28,358,613	25,508,613	\$30 M
Heritage						
Museums Assistance Program		15,739,964	-	15,739,964	15,739,964	
Canada History Fund		4,300,00	-	4,300,00	6,187,390	
Cultural Industries						
Canada Book Fund		36,666,301		36,666,301	36,666,301	\$9 M
Canada Media Fund		134,146,077	-	134,146,077	134,146,077	
Canada Music Fund	Creators' Assistance Component eliminated in 2012-13	22,789,231	1,150,000	23,939,231	23,939,231	\$8.8 M
Canada Periodical Fund		74,774,598	-	74,774,598	74,774,598	
Other Grants and Contributions						
Celebration and Commemoration Program		14,494,367	310,000	14,804,367	10,494,367	
Sport Grants & Contributions						
Athlete Assistance Program		28,000,000		28,000,000	28,000,000	
Sport Support Program		145,815,064		145,815,064	142,815,064	
Hosting Program		146,109,211		146,109,211	213,752,765	
Official Languages						
Enhancement of Official Languages Program		111,523,131		111,523,131	111,523,131	
Development of Official-Language Communities Program		221,671,990		221,671,990	224,421,990	
Aboriginal Peoples' Program		17,549,757	-	17,549,757	22,854,078	

¹ Supplementary Estimates A did not include any additional funding for programs in this table.

Sources: Government of Canada, *2014-2015 Estimates, Parts I and II: The Government Expenditure Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2014-2015 for the Fiscal Year ending March 31, 2015*; Government of Canada, *2013-2014 Estimates, Parts I and II: The Government Expenditure Plan and The Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2013-2014 for the Fiscal Year ending March 31, 2014*; Government of Canada, *Supplementary Estimates (B) 2013-2014 for the Fiscal Year ending March 31, 2014*; Government of Canada, *Supplementary Estimates (C) 2013-2014 for the Fiscal Year ending March 31, 2014*; Government of Canada, *Jobs, Growth and Long-term Prosperity: Economic Action Plan 2012* (Budget 2012); Government of Canada, *The Road to Balance: Creating Jobs and Opportunities* (Budget 2014).

Funding to the *Canada Arts Training Fund* also remained unchanged at \$22.8 million. The program 'aims to contribute 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' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*).

The ***Canada Cultural Investment Fund*** 'helps arts and heritage organizations build and diversify their revenue streams, strengthen their business skills and competencies and become better rooted in their communities' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*). **Funding to this program increased slightly this year, from \$21.97 million in 2013-14 to \$22.03 million in 2014-15. Budget 2014 committed to making the program part of the Department's base budget in Budget 2015 at a level of \$30.1 million, \$27.1 million of which will be allocated to grants and contributions.**

The program is comprised of three components. The ***Endowment Incentives*** component encourages Canadians to contribute to arts endowment funds by providing matching funds. The ***Strategic Initiatives*** component 'provides financial assistance to projects that strengthen the efficiency of the management and business practices of multiple organizations' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*). The ***Limited Support to Endangered Arts Organizations*** component is rarely used but enables the government to partner with other governments and the private sector to avoid an arts organization going bankrupt.

Funding to the *Canada Cultural Spaces Fund* declined from \$28.4 million in 2013-14 to \$25.5 million in 2014-15. The program aims to 'contribute to the improvement of physical conditions for the arts and heritage related to creation, presentation, preservation and exhibition' and to 'increase and improve access for Canadians to performing arts, visual arts, media arts, and to museum collections and heritage exhibitions' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*). **The program is slated to become a permanent ongoing program in Budget 2015 at a funding level of \$30 million, \$25.4 million of which will be distributed as grants and contributions. It should be noted that \$30 million is the level of funding this program received at its inception in the 2002-03 fiscal year, an amount that has been insufficient to meet the demands of the sector.**

Canada Council for the Arts. As noted in previous years' budget analyses, **the government committed not to cut Canada Council funding in its Budget 2012 deficit reduction exercise.** This was welcome news for the arts sector, which had urged the government not to cut funding to the Council. **The Council received some additional good news in Budget 2014: the government announced that its annual \$25 million top-up would become part of its permanent ongoing funding in Budget 2015.**

Between 2013-14 and 2014-15, funding to the Canada Council increased slightly to \$182.1 million (see Table 1). This is up from a total of \$181.4 million in 2013-14.

As shown in the Annex to this document, in 2013-14, the Council received \$180.3 million in the Main Estimates and an additional \$1.1 million in the Supplementary Estimates. The additional funding in the Supplementary Estimates was comprised of the following:

- a \$127,000 transfer from the Department of Canadian Heritage in 2013-14 Supplementary Estimates B 'to support multilateral cooperation projects for French language theatre, as well as to ensure Canada's participation in meetings of the Commission internationale du théâtre francophone';
- an \$800,000 transfer from the Department of Canadian Heritage in 2013-14 Supplementary Estimates C for the National Translation Program for Book Publishing; and
- a \$250,000 appropriation in 2013-14 Supplementary Estimates C to 'promote official languages and enhance the vitality of official-language minority communities under the Roadmap for Canada's Official Languages 2013-18'.

While the above is clearly a good news story, if Canada Council funding is viewed on a per capita constant dollar basis, support to the organization has actually declined. **As reported last year, between 2005-06 and 2012-13, on a per capita constant dollar basis, funding to the Council has shrunk 2.5%.³**

In addition, the Council has increased its support for artists and arts organizations to access international markets so it is effectively doing more with less. Moreover, ongoing financial market volatility continues to strain the Council's endowment fund. To date, this has not reduced Council grants given reserves from previous years' investment income.

Table 1 shows that **funding to the *National Arts Centre (NAC)* in this year's Main Estimates was up by \$0.4 million (1.2%) from last year's Main Estimates. The organization has now absorbed the full \$1.9 million (5.3%) cut it sustained in Budget 2012. The full cut was introduced over three years: \$100,000 in 2012-13 (0.3%), \$1.8 million in 2013-14 (5.1%) and \$1.9 million in 2014-15 (5.3%). The cuts were directed primarily at programming, which fell from \$18.1 million in 2012-13 to \$16.7 this year.**

Last fiscal year, the NAC received transfers of \$300,000 in the 2013-14 Supplementary Estimates B: \$75,000 from the Department of Canadian Heritage for the biennial *Zones théâtrales* and \$250,000 from Foreign Affairs, Trade and Development to support the National Arts Centre Orchestra's fall 2013 tour to China. As this analysis was about to be published, we learned that the government has decided to dedicate a capital investment of \$110.5 million to the NAC to upgrade the performing halls and build a glass atrium and a new entrance to the Centre. Work is scheduled to be completed by the end of 2017, the year of the 150th anniversary of Confederation.

Funding to the *National Gallery* increased by 1% this year (\$0.4 million) from \$43.4 million in the 2013-14 Main Estimates to \$43.8 million in the current fiscal year. The increase accrues to

³ Documentation prepared by the Canada Council for the Arts (document entitled *Parliamentary Appropriation, 2005-06 to 2012-13*).

operating and capital expenditures. Nonetheless, the organization faces growing expenses for facilities maintenance and its collection and is exploring means to diversify its revenue streams.

Finally, in 2013-14, the Michaëlle Jean Foundation received a grant of \$654,395 in Supplementary Estimates C 'to promote arts, creativity and civic participation'.

-----HERITAGE-----

Funding to the *Museums Assistance Program (MAP)* held steady in this year's Main Estimates at \$15.7 million. The program funds Canadian museums and related organizations 'for activities that facilitate Canadians' access to our heritage, foster the preservation of Canada's cultural heritage, including the preservation of representative collections of Aboriginal cultural heritage, and foster professional knowledge, skills and practices related to key museum functions' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*). It should be noted, though, that only \$6.7 million of the \$15.7 million in funding to this program goes towards grants and contributions to museums. The Department of Canadian Heritage uses this mechanism to deliver other initiatives as well, including Young Canada Works. **As noted in previous budget analyses, despite the steady level of funding, the program has not seen a major increase in funding since 1982.** When the program was first created in 1982, its initial funding level was \$6.7 million, the same amount that continues to be provided in grants and contributions to museums. According to an evaluation prepared by the Canadian Museum Association, taking into account inflation and population growth, the equivalent amount some thirty years later would be \$62 million! And this doesn't take into account the growth in the number of museums in the country: there are roughly two times more museums in operation now than there were in the early 1980s.

In June 2013, the government announced a number of measures to promote Canadian history, including changes to the MAP: increasing creation and access to exhibits by eliminating the need for travelling history exhibits to circulate outside of their province-territory of origin to qualify for funding, supporting greater development and sharing of exhibits about 'key events or figures in Canadian history' and helping museums to borrow artifacts from the collection of the Canadian Museum of History and the Canadian War Museum (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*).

Last year, the government created the *Canada History Fund*, which received \$4.3 million in funding last fiscal year and received \$6.3 million in 2014-15. The Fund 'encourages Canadians to learn about Canada's history, civic life, and public policy' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*) by supporting development of learning materials, learning experiences and networks. Key initiatives include creating the Government of Canada History Awards, producing two new Heritage Minutes each year leading up to Canada's 150th anniversary celebrations in 2017, and increasing support for the development of pedagogical material.

Library and Archives Canada sustained a significant cut in Budget 2012: \$9.6 million (8.2%) in ongoing funding as of fiscal year 2014-15 (see Table 1). Funding to the organization was down \$2.4 million from last year's Main Estimates: from \$98.3 million in the 2013-14 Main Estimates to \$95.9 million in 2014-15. The net reduction owes primarily to the final \$3.0 million cut for Budget 2012, a \$2.6 million decline for 'conversion of a facility in Gatineau, Quebec to a high density shelving Collection Storage Facility,' a decrease of \$0.4 million for technology services transferred to Shared Services Canada, an increase of \$2.6 million from Public Works to consolidate and rationalize LAC's space and because of a reduction in its space requirements, and an increase of \$0.9 million for adjustments to personnel costs. Likewise, in 2013-14, Library and Archives Canada received a \$700,000 reimbursement from Public Works because of a reduction in its accommodation requirements.

As noted in last year's analysis, **the Budget 2012 cuts to Library and Archives have prompted substantial criticism from archivists, academics, the museum sector and ordinary Canadians.** The organization eliminated the National Archival Development Program, a \$1.7 million program which funded provincial/territorial archives councils for distribution to local archival activities. It also curtailed its acquisitions program, reduced its support for public access to the archives, discontinued the Canadian Library Gateway, a national web portal, and instituted cost recovery fees for room and equipment rentals at its Ottawa offices. In addition, it instituted staff reductions – and these came on top of staff cuts prior to Budget 2012. Indeed, the Auditor General raised serious concerns in his Fall 2014 report about the organization's capacity to fulfill its mandate, noting that the agency has a substantial backlog of records to process (98,000 boxes), is largely unprepared for the onslaught of digital files it will be receiving from federal departments, and has programs for retaining government documents with archival value that are out-of-date, inadequate or non-existent.

In December 2013, legislation was passed to officially transform the Canadian Museum of Civilization into the Canadian Museum of History. The organization's revised mandate focuses predominantly on '[telling] the story of Canada and its people more comprehensively, inclusively and candidly than ever before. ...by focusing greater attention on the people, events and experiences that have shaped our country's development, define the Canadian experience and underpin our national identity' (2014-15 Main Estimates). **Funding to the Museum is up \$6.0 million (10.5%) in this year's Main Estimates,** from \$57.4 million in 2013-14 to \$63.4 million in 2014-15 (see Table 1). **The increase is due primarily to a one-time \$5.5 million in new funding to create the Museum** (accommodation, exhibits, education and communication). In total, the government is providing \$25 million to the Museum over four years for its transformation: \$1.0 million in 2012-13, \$1.5 million in 2013-14, \$5.5 million in 2014-15 and \$17.0 million in 2015-16. Given the government's commitment to protect federal museums from the Budget 2012 cuts, the Museum did not sustain any funding decreases in the deficit reduction exercise.

As shown in Table 1, **funding to the Canadian Museum for Human Rights declined by \$10 million between 2013-14 and 2014-15 (from \$31.7 million to \$21.7 million).** The decline reflects the conclusion of \$35 million in advance capital payments provided to the

organization by the federal government in 2013-14. Advance payments were allocated to the Museum given that public fundraising had not advanced as rapidly as hoped.

The 2014-15 year marks the official opening of the Museum on September 20, 2014. Museum leaders forecast that 100,000 visitors will visit the institution. In this, its first year of full-time operations, the Museum will focus on completing the museum building, gallery, exhibits, content and programming; rolling out marketing, including the website (www.humanrightsmuseum.ca); hiring and training staff; and beginning to generate earned revenue. In keeping with the government's commitment to sustain funding to federal museums, **the Museum was not affected by the Budget 2012 cuts.**

The **Canadian Museum of Immigration at Pier 21** was created in 2011-12 with the mandate to 'explore the theme of immigration to Canada in order to enhance public understanding of the experiences of immigrants as they arrived in Canada, of the vital role immigration has played in the building of Canada and of the contributions of immigrants to Canada's culture, economy and way of life' (2014-15 Main Estimates). **Funding to the Museum declined substantially in 2014-15, from \$18.5 million in 2013-14 to \$9.9 million in 2014-15. The decline is due to a reduction in capital cost requirements** for 'the refit of current and new exhibition spaces, the fabrication and installation of new exhibits and the preparation for the launch of the new museum in May 2015' (2014-15 Main Estimates).

As shown in Table 1, **funding to the Canadian Museum of Nature increased from \$25.8 million in 2013-14 to \$26.1 million in 2014-15.** The increase is due to compensation adjustments in collective agreements. **The Museum was protected from budget cuts in the deficit reduction action plan.** In 2014-15, it is pursuing a number of strategic priorities to better position it to generate earned revenue, including creating a Centre for Arctic Knowledge and Exploration, a Centre for Species Discovery and Change, and a Centre for Nature Inspiration and Engagement.

Funding to the National Museum of Science and Technology increased slightly from \$26.5 million in 2013-14 to \$26.9 million in 2014-15 (see Table 1). The increase owes to compensation adjustments in salaries. **Like other federal museums, the organization was not impacted by the Budget 2012 cuts.** In 2014-15, the Museum's strategic directions include creating exhibitions and programming in connection with Canada's 150th anniversary in 2017, stimulating education and exchange among Canadians about energy, creating a new initiative on food science and rationalizing its collection, which is well in excess of reserve space available. In addition, the Museum has recently had to address a major airborne mould problem discovered at its Science and Technology facility. This has forced the facility's closure until 2015. In mid-November 2014, the government announced it was investing \$ 80.5 million to complete the health measures needed and to modernize its exhibition halls and façade. The government turned down the idea of building a new museum, as promoted by the Mayor of Ottawa, saying such a project would be too expensive.

-----CULTURAL INDUSTRIES-----

Broadcasting, Audiovisual Production and New Media

Canada Media Fund. The Canada Media Fund is a public-private partnership that 'provides funding for the creation of television convergent digital content in both official languages and leading-edge non-linear content and applications designed for distribution on multiple platforms' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*). **Funding from the Department of Canadian Heritage to the Canada Media Fund held steady at \$134.1 million.** Combined with contributions from cable and satellite distributors mandated by the CRTC, the combined total of the fund was over \$360 million in 2013-14.

It is worth pointing out that apart from the addition of \$34.1 million in 2009 to this program as a result of merging the Canadian Television Fund (\$100 million) and the Canada New Media Fund (\$34.1 million) to create the Canada Media Fund, the federal government's annual contribution to the television component of the fund has been frozen at \$100M since 1996. To keep pace with inflation, the contribution in 2014 should be \$141 million (calculated with the Bank of Canada's inflation calculator).

At the same time, CRTC figures reveal that private sector contributions have already hit a plateau. And the sector expects they will decrease as Canadians shift from cable and satellite to Internet to access audiovisual content, the latter not being regulated and not called upon to make a financial contribution to the production of Canadian content. The net result of this is that the sector forecasts a real decrease of funding available to producers.

Canadian Broadcasting Corporation/Radio-Canada. The Budget 2012 cuts hit the CBC/Radio-Canada very hard: the organization sustained a total cut of \$115.0 million (10.7%). Funding to the organization is now down to \$1,038 million from \$1,065 million last fiscal year.

As noted in last year's analysis, **combined with expenditures the organization had already planned to modernize its operations and a number of 'unavoidable new costs' (rent, taxes, rights increases), the CBC faced \$200 million in 'financial pressures' between 2012-13 and 2014-15** (CBC website). This is close to 20% of its Parliamentary appropriations. Added to this challenge was the CRTC decision in summer 2012 to end the Local Programming Improvement Fund, which brought about \$47 million annually to the organization. The LPIF was formally phased out on August 31, 2014.

To address these financial pressures, the organization eliminated 570 positions to date, with another 80 to occur in 2014-15. What's worse, in 2014-15, the organization faces a budget shortfall of \$130 million. To help address this shortfall, the organization announced it will have to cut an additional 657 full time positions across the organization over the next two years (573 positions will be cut in 2014-15). In addition, the organization instituted a freeze on salary inflation funding for 2014-15 and 2015-16.

It must be remembered that these staff cuts come on top of the 800 positions lost during the financial crisis of 2008-09.

While CBC/Radio-Canada remains committed to its 2015 Strategic Plan, it has had to scale back its plans. In doing so, it has followed three key principles: national presence (e.g., national news must be a 'service or record' and the national websites must be impactful and differentiated), regional presence (commitment to the regions but modernizing/rationalizing programs and services) and digital presence (e.g., focusing spending on 'a smaller number of high-impact initiatives', and allocating 5% of media budgets to digital) (CBC website).

Concretely, this has meant a number of key decisions:

- getting out of competing with private broadcasters for professional sports;
- consolidating regional programming and replacing local programming in some communities with regional, network or syndicated programs, and
- cancelling a planned expansion in London Ontario.

As Table 1 shows, **the *National Film Board* and *Telefilm Canada* were also in the crosshairs of Budget 2012: both organizations sustained 10% cuts. This represents a reduction of \$6.7 million to the NFB's \$66.8 million budget and a \$10.6 million cut to Telefilm's \$105.7 million budget.** The budgets of both organizations are now down the full 10%.

As noted in last year's budget analysis, the impacts of the cuts are significant. For the NFB, they include closing viewing posts and cinemas in Toronto and Montreal, eliminating grants and contributions to 'festivals and events', reducing support to independent productions, decreasing its production budget, and cutting over seventy positions. On the positive side, it is anticipated that a number of new positions will be created as a result of the reorganization process. In addition, the NFB committed to maintaining its budgets for French-language productions.

For Telefilm, the areas hit hardest are funding for the development and support of the Canadian audiovisual industry and promotional support for Canadian content. As noted last year, it is anticipated that a total of thirty positions will be eliminated over three years. The organization has tried to offset the cuts by redesigning its funding programs, encouraging greater private sector funding in feature film funding, using partnerships for promotion and creating the Talent Fund to capitalize on funding from Canadian corporations and individuals to support feature films.

Publishing

Book Publishing. The ***Canada Book Fund*** 'supports the activities of Canadian book publishers and other sectors of the book industry to ensure access to a broad range of Canadian-authored books' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*). The program has two components: Support for Publishers, which provides funding to Canadian owned and controlled publishers to produce and market Canadian authored books, and Support for Organizations, which seeks to strengthen industry capacity. **Funding to the program held steady in the Main Estimates at \$36.7 million.** In addition, **Budget 2014 announced that the**

program would see the renewal of \$9 million a year to be part of base funding in Budget 2015, a measure which alleviates uncertainty but does not constitute new money for the Fund.

Periodical Publishing. The **Canada Periodical Fund** 'supports the activities of Canadian magazine and non-daily newspaper publishers and organizations to ensure that Canadians have access to diverse Canadian magazines and non-daily newspapers' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*). The Fund consists of three components: Aid to Publishers, for Canadian print magazines and non-daily newspapers; Business Innovation, for print and digital magazines, and Collective Initiatives, which funds organizations to strengthen industry sustainability. **Total funding to the Canada Periodical Fund held steady at \$74.8 million.**

Sound Recording

The **Canada Music Fund** 'supports activities of music creators, artists and entrepreneurs to ensure Canadians' access to a broad range of Canadian music' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*). **The Budget 2012 cuts eliminated the Creators' Assistance Component of the Fund.** It now consists of the following components: Music Entrepreneur, which provides funding to national service organizations and firms for creation, production and marketing of Canadian music, New Musical Works, which supports creators and entrepreneurs in creation, production and marketing of Canadian music, Collective Initiatives, to support development and marketing of Canadian talent domestically and internationally, and Canadian Music Memories, which funds preservation of Canadian sound recordings.

Funding to the program increased from \$22.8 million in the 2013-14 Main Estimates to \$23.9 million this fiscal year. Of note, in 2013-14, the program received an additional \$1.15 million in Supplementary Estimates C, which brought total funding to the program to the level it is at in this year's Main Estimates.

In addition, Budget 2014 committed to move \$8.8 million of the program's total funding to base funding in Budget 2015. The \$8.8 million has been granted since the early 2000s but was not a permanent ongoing part of the fund. While this will provide more certainty and predictability to funding, it does not constitute an increase. As may be the case for the Canada Media Fund in the near future, it is worth pointing out here that the contribution of private broadcasters to the Canada Music Fund has already started to decline, a fact which was brought to the attention of the House of Commons Heritage Committee when it studied the Canadian music industry in winter 2014. In the 2012-2013 broadcast year, commercial radio operators contributed just over \$52 million to the development of Canadian content, a decrease of 4.9% from the previous year.

-----OTHER EXPENDITURES-----

The ***Celebration and Commemoration Program*** provides financial assistance to eligible organizations (non-governmental and community organizations) to organize community events during the 'Celebrate Canada!' period, June 21st to July 1st. The period includes National Aboriginal Day, Saint-Jean-Baptiste Day, Canadian Multiculturalism Day and Canada Day. This year, funding to the program stands at \$10.5 million, down from \$14.8 million in 2013-14. The decline is mainly due to a temporary increase in funding flowing through this program for the Bicentennial commemoration of the War of 1812 (\$4.0 million). In 2013-14, the program received a transfer of \$310,000 from Indian Affairs and Northern Development to 'promote public awareness and community participation in National Aboriginal Day activities' (2013-14 Supplementary Estimates B).

Sport. Sport funding is up considerably in Budget 2014 owing mainly to the Toronto 2015 Pan American and Parapan American Games. There were no cuts to sport funding as a result of Budget 2012. In addition, the government is providing \$6 million for a Federal Cultural Strategy for the 2015 Pan American and Parapan American Games. The funding has been repurposed from the government's original \$500 million commitment to the Games, and will fund initiatives in 2014-15 and 2015-16. The Federal Cultural Strategy for the Games includes:

- \$1.4 million for the main celebration site at Nathan Philips Square;
- \$1 million for torch relay activations outside Ontario;
- \$3.6 million for torch relay activations in Ontario, activations showcasing Aboriginal and Francophone culture, and local activations that highlight Canada's connection to the Americas, engage Canadians in celebrations related to the Games, or commemorate Canada's history of summer sport.

The application period for this funding is now closed (applications were due in August and October 2014). Other funding programs, including the Canada Arts Presentation Fund and the Building Communities through Arts and Heritage program, will consider proposals for Pan Am-related funding that meet their eligibility conditions.

The ***Athlete Assistance Program***, which provides support to athletes to improve their performance at major international events, received the same level of funding as it did last fiscal year: \$28 million.

The ***Sport Support Program*** works to develop athletes and coaches, increase Canadians' involvement in sport and advance Canadian interests and values. It provides funding to national sport organizations, multisport service organizations and to organizations active in a number of priority areas. Funding to this program declined from a total of \$145.8 million last year to \$142.8 million this year.

The ***Hosting Program*** provides 'assistance for the hosting of the Canada Games and international sport events in Canada' (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*). It received a total of \$146.1 million in funding last year and this year funding is up to \$213.8 million for the Toronto Pan Am games.

Official Languages. Expenditures promoting Canada’s official languages and supporting official language minority communities remained quite steady year-over-year. The **Enhancement of Official Languages Program**, which ‘helps Canadians gain a better understanding and appreciation of the benefits of linguistic duality, as well as awareness of the constitutionally guaranteed language rights’ (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*), received \$111.5 million in the Main Estimates, the same level of Main Estimates funding as last year.

Funding to the **Development of Official-Language Communities Program**, which ‘fosters the vitality of Canada’s English-and French-speaking minority communities and enables them to participate fully in all aspects of Canadian life’ (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*), received \$224.4 million in this year’s Main Estimates, up slightly from \$221.7 million last year.

The **Aboriginal Peoples’ Program** centres on ‘strengthening cultural identity, encouraging the full participation of Aboriginal peoples in Canadian life, and supporting the continuation of Aboriginal cultures and languages as living elements of Canadian society’ (Department of Canadian Heritage 2014-15 *Report on Plans and Priorities*). Total expenditures on this program in 2013-14 were \$17.5 million and have climbed to \$22.9 million in 2014-15.

-----OTHER FACTORS IMPACTING THE CULTURAL SECTOR-----

While not directly related to the Budget, it is important to highlight here some measures which have a serious impact on the cultural sector.

The first one is undoubtedly the negative impact on artists, creators and cultural industries resulting from the exceptions added to the copyright act in 2012 during the adoption of the *Copyright Modernization Act*. The cultural sector had warned of such consequences and while we do not at the time of publishing this analysis have precise figures, the best estimates of losses for the book industry, for the music industry, and for individual artists, total up to several tens of millions of dollars.

The other major looming impact has already been mentioned earlier in this analysis, namely the current or forthcoming decrease of private contributions from broadcasters, cable and satellite operators to the development of audiovisual content, whether to the Canada Music Fund or the Canada Media Fund.

Appendix

Estimates for the Department of Canadian Heritage and Selected Cultural Agencies and Crown Corporations, Total of Main Estimates and Supplementary Estimates A, B and C for Fiscal Year 2013-14 (millions of dollars)

Organization ¹	Main Estimates 2013-14	Budget 2012 Cut ²	Supplementary Estimates A 2013-14		Supplementary Estimates B 2013-14		Supplementary Estimates C 2013-14		Total Estimates 2013-14 ³
			Net Transfers	New Appropriations	Net Transfers	New Appropriations	Net Transfers	New Appropriations	
Department of Canadian Heritage	1,317.2	(42.2) (3.3%)	-	0.5	(0.3)	0.8	0.9	2.4	1,321.6
Canada Council for the Arts	180.3	-		-	0.1	-	0.8	0.3	181.4
Canadian Broadcasting Corporation	1,064.8	(69.6) (6.5%)	-	-	-	-	-	-	1,064.8
Library and Archives of Canada	98.3	(6.6) (5.6%)	-	-	-	-	0.7	-	99.0
National Arts Centre	33.8	(1.8) (5.1%)	-	-	0.3	-	-	-	34.1
National Gallery of Canada	43.4	-	-	-	-	-	-	-	43.4
Canadian Museum of History	57.4	-	-	-	-	-	-	1.5	58.9
Canadian Museum for Human Rights	31.7	-	-	-	-	-	-	-	31.7
Canadian Museum of Immigration at Pier 21	18.5	-	-	-	-	-	-	-	18.5
Canadian Museum of Nature	25.8	-	-	-	-	-	-	-	25.8
National Museum of Science and Technology	26.5	-	-	-	-	-	-	-	26.5
National Film Board of Canada	62.9	(3.3) (5.0%)	-	-	-	-	-	-	62.9
Telefilm Canada	99.6	(6.0) (5.7%)	-	-	-	-	-	-	99.6
TOTAL	3,060.2	(130.7) (4.3%)	-⁴	0.5	-⁴	0.8	-⁴	4.2	3,068.2

Notes:

¹These organizations also generate annual revenues.

²Budget 2012 cuts were implemented in some instances by reallocating funds within an organization to support new appropriations or transfers in the Supplementary Estimates.

³Total estimates figures here are the sum of expenditures in the 2013-2014 Main and Supplementary Estimates and may not add due to rounding. Note that they may not reflect the Total Authorities listed in the 2013-2014 Supplementary Estimates C, which also include additional funding in 'carry-forward,' eligible payroll expenditures and collective agreements. Some Budget 2012 cuts were implemented by reallocating funds within an organization to support new expenditures appearing in the supplementary estimates. Details of the cuts appear in the body of this analysis.

⁴Totals for transfers not provided as some of these expenditures are transfers from one agency to another within the Ministry or are 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).

Sources: Government of Canada, *2013-2014 Estimates, Parts I and II: The Government Expenditure Plan and Main Estimates*; Government of Canada, *Supplementary Estimates (A) 2013-2014 for the Fiscal Year ending March 31, 2014*; Government of Canada, *Supplementary Estimates (B) 2013-2014 for the Fiscal Year ending March 31, 2014*; Government of Canada, *Supplementary Estimates (C) 2013-2014 for the Fiscal Year ending March 31, 2014*; Government of Canada, *Jobs, Growth and Long-term Prosperity: Economic Action Plan 2012* (Budget 2012).