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## Quarterly Financial Report for the Quarter Ended December 31, 2021

### **1. Introduction**

This third quarterly financial report should be read in conjunction with the 2021-22 Main Estimates and the 2021-22 Supplementary Estimates A and B along with the 2020-21 Main Estimates and Supplementary Estimates A and B. It has been prepared by management as required by section 65.1 - [Quarterly financial reports of the Financial Administration Act](#) and is in the form and manner prescribed by the Treasury Board in accordance with the special purpose financial reporting framework described in the Directive on Accounting Standards: GC 4400 Departmental Quarterly Financial Report. The third quarterly report has not been subject to an external audit or review.

The quarterly financial report outlines the results, risks and significant changes in operations, personnel and programs and includes financial information tables for the quarter. The purpose of the quarterly financial information tables is to provide a comparison of in-year departmental spending with authorities granted by Parliament, as well as comparative financial information for the preceding year.

#### **1.1 Authority, Mandate and Programs**

The Department of Canadian Heritage and its Portfolio organizations play a vital role in the cultural, civic and economic life of Canadians. Our policies and programs promote an environment where Canadians can experience dynamic cultural expressions, celebrate our history and heritage, and build strong communities. The Department invests in the future by supporting the arts, our official and indigenous languages and our athletes and the sport system.

Further details on the Department of Canadian Heritage's (PCH) authority, mandate and programs can be found in the [2021-22 Departmental Plan](#) and the [2021-22 Main Estimates](#).

#### **1.2 Basis of Presentation**

This third quarterly financial report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Department's spending authorities granted by Parliament, and those used by the Department consistent with the Main Estimates and Supplementary Estimates A and B for the 2021-22 fiscal year.

The authority of Parliament is required before money can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts, or through legislation in the form of statutory spending authority for specific purposes.

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### Quarterly Financial Report for the Quarter Ended December 31, 2021

PCH uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

### 1.3 Canadian Heritage Financial Structure

PCH has a financial structure composed of voted budgetary authorities that include Vote 1 – Operating expenditures and Vote 5 – Grants and Contributions, and Statutory authorities which are composed of contributions to employee benefits plans, Ministers' Salary and motor car allowances and Statutory Payments for Lieutenant Governors.

## 2. Highlights of Fiscal Quarter and Fiscal Year-to-Date (YTD) Results

### 2.1 Statement of Authorities

Please refer to the Statement of Authorities at the end of the report for more information.

PCH's 2021-22 authorities available for use at the end of December 2021 have increased by approximately \$7.8 million, from \$2,020.9 million in 2020-21 to \$2,028.7 million at the end of this quarter. More specifically, the total available for use increased by \$391.7 million in Vote 5 - Grants and Contributions, increased by \$37.5 million in Vote 1 - Operating expenditures and decreased by \$421.4 million in Statutory authorities.

To promote recovery from the pandemic for heritage, arts, and sport sectors that contribute so much to the cultural life of Canada, the 2020 Fall Economic Statement and Budget 2021 allocated unprecedented investments to Canadian Heritage for a variety of programs. These range from supports to performing arts festivals and community-based cultural events, celebrations and commemorations to support for Canadian musicians, concert venues, producers, and distributors; funding for arts and heritage institutions to help upgrade their facilities to meet public health guidelines; and funding for community sports. In addition, Budget 2021 announced the \$300 million Recovery Fund to help restore immediate viability for organizations with pandemic-related financial needs and help them adapt to post-pandemic realities and \$200 million Reopening Fund to support local festivals, community cultural events, outdoor theatre performances, heritage celebrations, local museums, amateur sport events, and more, while ensuring events comply with local public health measures. These measures explain the increase in authorities.

The Recovery and Reopening funds allow for continued post-pandemic efforts in the recovery for Cultural, Heritage and Sport Organizations from the exceptional Emergency

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### Quarterly Financial Report for the Quarter Ended December 31, 2021

Support Funds received in Statutory authorities in 2020-21, which explains the substantive decrease in Statutory Authorities.

The following table provides details on the changes observed in authorities from 2020-21 to 2021-22 at the end of the third quarter:

Items	<i>(In millions of \$)</i>			
	Vote 1	Vote 5	Statutory	Total
New funding for Arts, Culture, Heritage and Sport Recovery Fund and Reopening Fund for Events and In-person Experiences (Budget 2021)	11.0	193.0	0.0	<b>204.0</b>
New funding to support arts and live events workers in response to the pandemic (COVID-19) (horizontal item) (Fall Economic Statement - 2020)	1.3	63.3	0.2	<b>64.8</b>
Net increase in the Indigenous Languages and Cultures Program for the purpose of preserving, promoting and revitalizing indigenous languages (Budget 2019 & Budget 2021)	1.5	60.3	0.3	<b>62.1</b>
New funding for Canada's Artists & Live Music Sector and Canada as Guest of Honour at the 2021 Frankfurt Book Fair (Budget 2021)	7.1	50.0	0.0	<b>57.1</b>
Funding for Indigenous Reconciliation and Strength for Indigenous Women and Girls through Sport for Social Development and Community Sport (Budget 2021)	0.3	42.5	0.1	<b>42.9</b>
Funding to support performing arts festivals, cultural events, arts and heritage institutions, celebrations, and commemorations that make communities stronger - Commemorating the History and Legacy (Budget 2021)	1.8	25.3	0.1	<b>27.2</b>
Net increase in funding to expand Canadian Heritage's Community Support, Multiculturalism and Anti-Racism Initiatives Program and its Anti-Racism Action Program (Budget 2018, Budget 2019 and Fall Economic Statement - 2020)	1.8	20.6	0.7	<b>23.1</b>

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New funding for Youth Employment and Skills Strategy (Fall Economic Statement - 2020)	0.5	15.8	0.1	<b>16.4</b>
Increase for negotiated salary adjustments for various groups	7.9	0.0	1.6	<b>9.5</b>
New funding to support digital access to heritage (Budget 2021)	0.7	4.0	0.1	<b>4.8</b>
Reprofile for Hosting program from 2020-21 to 2021-22	0.0	4.4	0.0	<b>4.4</b>
Increase in funding to support the modernization and construction of community educational Infrastructures in the provinces and territories for the Official Languages Program (Budget 2017)	0.0	4.0	0.0	<b>4.0</b>
Other Adjustments	4.6	(3.0)	(2.1)	<b>(0.5)</b>
Decrease in funding related to the timing of the yearly confirmation of the Canada Media Fund need to stabilize its investment in audio-visual content production at 2016-17 levels (Budget 2018). Funding is expected in the last quarter of 2021-22	0.0	(26.4)	0.0	<b>(26.4)</b>
Various reprofiles for the Official Languages Programs received in 2020-21. Some amounts are expected in the last quarter of 2021-22	0.0	(27.8)	0.0	<b>(27.8)</b>
End of the two-year funding for Expanding Support for Artists and Cultural Events, National Day for Truth and Reconciliation and 50th anniversary of the decriminalization of homosexuality in Canada (Budget 2019)	(1.0)	(34.3)	(0.1)	<b>(35.4)</b>
Funding received in 2020-21 only to establish a COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations and students and youth impacted by COVID-19	0.0	0.0	(422.4)	<b>(422.4)</b>
<b>Grand Total</b>	<b>37.5</b>	<b>391.7</b>	<b>(421.4)</b>	<b>7.8</b>

### Quarterly Financial Report for the Quarter Ended December 31, 2021

#### 2.2 Departmental Budgetary Expenditures by Standard Object

Please refer to the Departmental budgetary expenditures by Standard Object table at the end of report for more information.

Total expenditures during the third quarter of 2021-22 have increased by \$126.9 million (38%) from \$333.4 million to \$460.3 million compared to the same quarter of 2020-21. The overall increase is explained by the following items:

- This increase is mostly explained by the transfer payments for the third quarter of 2021-22. They have increased by \$117.5 million, from \$277.7 million to \$395.2 million. This 42% increase is mainly due to the net effect of the below items:
  - \$36.7 million – Canada Book Fund – the overall increase in expenditures is due to new funding for the Recovery of Cultural, Heritage and Sport Organizations after the COVID-19 pandemic (Budget 2021) and also to the timing of payments made later in 2021-22 compared to 2020-21;
  - \$30.0 million – Canada Music Fund – the increase in expenditures is due to new funding to support Canada’s artists and live music sector in a COVID-19 pandemic context (Budget 2021);
  - \$11.3 million – Indigenous Languages and Cultures Program – the increase in expenditures is due to new funding to reclaim, revitalize, maintain and strengthen Indigenous languages (Budget 2021);
  - \$10.0 million – Museum Assistance Program – the increase in expenditures is due to new funding for the Reopening of Cultural, Heritage and Sport Organizations after the COVID-19 pandemic (Budget 2021);
  - \$9.1 million – Canada Media Fund – the increase in expenditures is due to new funding for the Recovery and Reopening of Cultural, Heritage and Sport Organizations after the COVID-19 pandemic (Budget 2021);
  - \$8.1 million – Indigenous Screen Office Program – the increase in expenditures is due to new funding for the Indigenous Screen Office Program. This funding will ensure that Indigenous peoples can tell their own stories and see themselves reflected on-screen and help support Indigenous creators and the growth of the indigenous audiovisual sector (Budget 2021).
  - \$6.0 million – Building Communities through Arts and Heritage – the increase in expenditures is due to new funding for the Recovery and Reopening of Cultural, Heritage and Sport Organizations after the COVID-19 pandemic (Budget 2021);



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- \$5.6 million – Harbourfront Centre Funding Program – the increase in expenditures is due to new funding for the Recovery of Cultural, Heritage and Sport Organizations after the COVID-19 pandemic (Budget 2021);
- \$5.2 million – Canada Arts Presentation Fund – the overall increase in expenditures is due to new funding to support arts and live events workers in response to the pandemic (Fall Economic Statement – 2020), funding for the Reopening and Recovery of Cultural, Heritage and Sport Organizations after the COVID-19 pandemic (Budget 2021) and the timing of payments; and
- \$5.0 million – Sport support Program – the increase in expenditures is mainly due to the timing of payments which were made later in 2021-22 compared to 2020-21.

Partially offset by decreases in the following programs:

- \$5.0 million – Court Challenges Program – the decrease in expenditures is due to the timing of payments which are expected later in 2021-22 compared to 2020-21; and
  - \$5.6 million – Celebration and Commemoration Program – the decrease in expenditures is due to the transfer of activities to Crown-Indigenous Relations to support the commemoration of the History and Legacy of Residential Schools (Budget 2021).
- 
- Professional and special services: the \$5.1 million increase in Professional and special services expenditures (from \$5.9 million in the third quarter of 2020-21 to \$11.0 million in the third quarter of 2021-22) is in part due to Canada's participation as the Guest of Honour at the 2021 Book Fair in Frankfurt and the participation of Canada at the 2020 Tokyo Olympic Games, which were delayed and occurred in the summer of 2021;
  - Personnel: the \$4.5 million increase in Personnel expenditures (from \$47.8 million in the third quarter of 2020-21 to \$52.3 million in the third quarter of 2021-22) is mainly explained by an increase in employees resulting from new funding received from the Fall Economic Statement 2020 and Budget 2021;
  - Information services: the \$1.1 million increase in Information services expenditures (from \$0.3 million in the third quarter of 2020-21 to \$1.4 million in the third quarter of 2021-22) is mainly explained by the promotional and media activities surrounding the participation of Canada as the Guest of Honour at the 2021 Book Fair in Frankfurt;
  - Transportation and communications: the \$0.5 million increase in Transportation and communications expenditures (from \$0.1 million in the third quarter of 2020-21 to \$0.6 million in the third quarter of 2021-22) is mainly explained by travel expenditures for Canada's participation as the Guest of Honour at the 2021 Book Fair in Frankfurt

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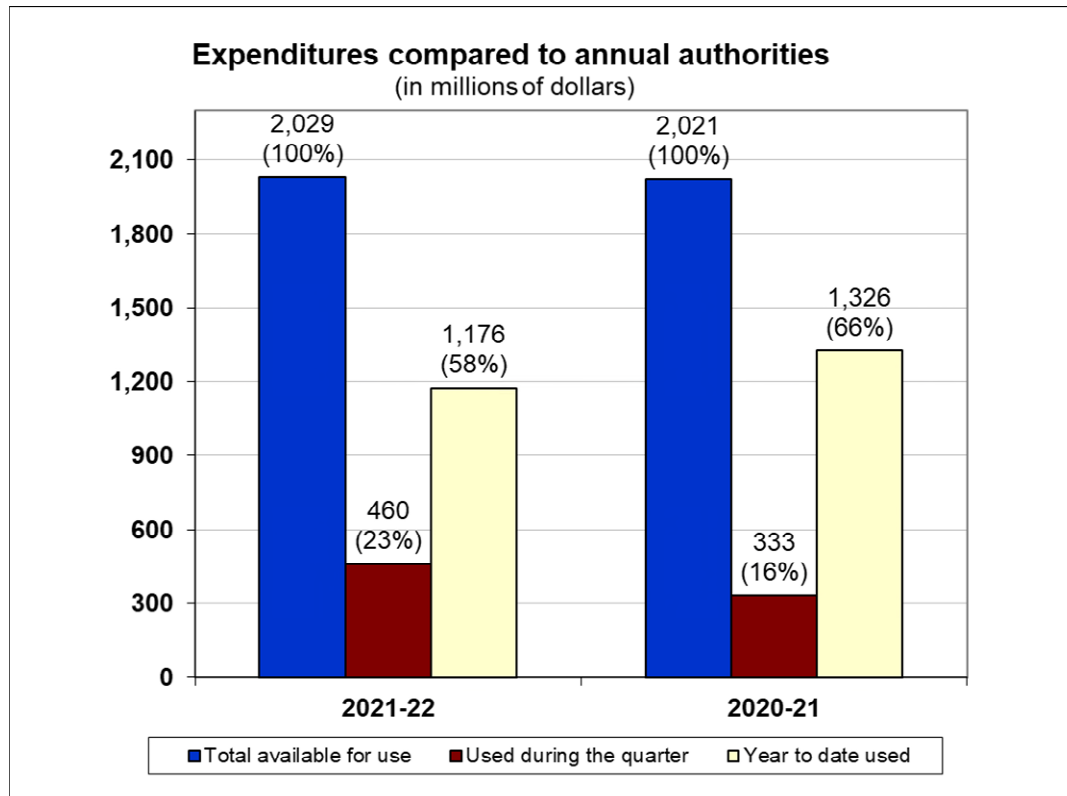
and the participation of Canada at the 2020 Tokyo Olympic Games which were delayed and occurred in the summer of 2021;

- Revenue credited to the Vote: the \$0.9 million increase in revenues credited to the vote (from \$2.0 million in the third quarter of 2020-21 to \$2.9 million in the third quarter of 2021-22) is explained by the provision of consistent service support and efficient delivery of a financial system solution to Parks Canada. This decreases PCH net expenditures; and
- Acquisition of machinery and equipment: the \$0.9 million decrease in Acquisition of machinery and equipment expenditures (from \$1.9 million in the third quarter of 2020-21 to \$1.0 million in the third quarter of 2021-22) is due to the increase in purchasing of laptops in the third quarter of 2020-21 to better equip employees working remotely due to the COVID-19 pandemic.

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## Quarterly Financial Report for the Quarter Ended December 31, 2021

As noted in the table below, PCH has spent 23% of its authorities in the third quarter of 2021-22, compared to last year's consumption of 16%.



### 3. Risks and Uncertainties

In the current context, PCH is exposed to heightened operational risks including people risk management as the Department still closely monitors the impact of the COVID-19 crisis. As the situation related to the COVID-19 virus continues to evolve, PCH's primary concern remains the health of its employees and their families. Canadian Heritage must also contribute to public service-wide efforts to address this situation and maintain federal government services. The Department continues to monitor emerging risks.

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### Quarterly Financial Report for the Quarter Ended December 31, 2021

#### ***4. Significant Changes in Relation to Operations, Personnel and Programs***

Since the Department's second quarter of 2021-22, there were changes to Canadian Heritage's senior management personnel.

Since September 2021, Gina Wilson, Senior Associate Deputy Minister of Diversity, Inclusion and Youth at Canadian Heritage has taken on a new role as Deputy Minister of Women and Gender Equality and Youth. Ms. Wilson will continue to work closely on joint initiatives as she retains her responsibility for the Youth portfolio.

Consequently, effective January 10, 2022, Mala Khanna has been appointed Associate Deputy Minister of Canada Heritage. Ms. Khanna arrives from Global Affairs Canada where she was Assistant Deputy Minister, Sub-Saharan Africa Branch

#### ***5. Approval by Senior Officials***

Approved by:

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Isabelle Mondou, Deputy Minister

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Éric Doiron, Chief Financial Officer

Gatineau, Canada  
Date: February 22nd, 2022

Gatineau, Canada  
Date: February 18th, 2022

## Canadian Heritage

### Quarterly Financial Report for the Quarter Ended December 31, 2021

#### Statement of Authorities (unaudited)

#### Fiscal year 2021-22 and 2020-21 (in thousands of dollars)

	Total available for use for the year ending March 31, 2022 *	Used during the quarter ended December 31, 2021	Year to date used at quarter-end 2021-22	Total available for use for the year ending March 31, 2021, *	Used during the quarter ended December 31, 2020	Year to date used at quarter-end 2020-21
Vote 1 - Operating expenditures	247,679	58,221	165,094	210,191	48,989	140,889
Vote 5 - Grants and contributions	1,751,477	395,205	990,353	1,359,773	263,042	744,756
Statutory - Contributions to employee benefit plans	27,398	6,424	19,272	26,333	6,250	18,750
Statutory - Minister of Canadian Heritage - Salary and motor car allowance	91	15	62	89	23	68
Statutory - Minister of State (Minister of Diversity and Inclusion and Youth) - Motor car allowance	2	0	0	2	0	0
Statutory - Salaries of the Lieutenant Governors	1,196	404	1,212	1,196	406	1,153
Statutory - Payments under the <i>Lieutenant Governors Superannuation Act</i> (R.S.C., 1985, c. L-8)	637	0	0	637	0	0
Statutory - Supplementary Retirement Benefits - Former Lieutenant Governors	182	0	0	182	0	0
Statutory - COVID-19 Emergency Support Fund - Support for Cultural, Heritage and Sport Organizations	0	0	0	422,445	14,705	420,430
Spending of Crown Asset Proceeds	58	0	0	12	0	0
<b>Total Budgetary authorities</b>	<b>2,028,720</b>	<b>460,269</b>	<b>1,175,993</b>	<b>2,020,860</b>	<b>333,415</b>	<b>1,326,046</b>
<b>Total authorities</b>	<b>2,028,720</b>	<b>460,269</b>	<b>1,175,993</b>	<b>2,020,860</b>	<b>333,415</b>	<b>1,326,046</b>

\* Includes only Authorities available for use and granted by Parliament at quarter-end.

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#### *Departmental budgetary expenditures by Standard Object (unaudited)*

#### *Fiscal year 2021-22 and 2020-21 (in thousands of dollars)*

	Total available for use for the year ending March 31, 2022*	Used during the quarter ended December 31, 2021	Year to date used at quarter-end 2021-22	Total available for use for the year ending March 31, 2021*	Used during the quarter ended December 31, 2020	Year to date used at quarter-end 2020-21
<b>Expenditures</b>						
Personnel	222,397	52,292	156,060	201,388	47,782	140,823
Transportation and communications	2,512	575	791	4,932	113	419
Information	2,753	1,455	2,270	2,516	308	1,141
Professional and special services	40,957	11,018	24,549	24,728	5,904	14,437
Rentals	4,338	761	3,179	4,316	696	1,963
Repair and maintenance	1,316	543	902	1,304	394	752
Utilities, materials, and supplies	3,090	306	876	2,924	587	1,118
Acquisition of machinery and equipment	6,511	944	1,239	2,320	1,866	2,529
Transfer payments	1,752,296	395,205	990,353	1,783,037	277,747	1,165,186
Other subsidies and payments	1,208	47	1,559	1,427	1	1,761
<b>Total gross budgetary expenditures</b>	<b>2,037,378</b>	<b>463,146</b>	<b>1,181,778</b>	<b>2,028,892</b>	<b>335,398</b>	<b>1,330,129</b>
Revenue credited to the Vote	-8,658	-2,877	-5,785	-8,032	-1,983	-4,083
<b>Total Revenues netted against expenditures:</b>	<b>-8,658</b>	<b>-2,877</b>	<b>-5,785</b>	<b>-8,032</b>	<b>-1,983</b>	<b>-4,083</b>
<b>Total net budgetary expenditures</b>	<b>2,028,720</b>	<b>460,269</b>	<b>1,175,993</b>	<b>2,020,860</b>	<b>333,415</b>	<b>1,326,046</b>

\* Includes only Authorities available for use and granted by Parliament at quarter-end.