



Canadian Heritage's Quarterly Financial Report

For the quarter ended June 30, 2022

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Quarterly Financial Report for the Quarter Ended June 30, 2022

1. Introduction

This first quarterly financial report should be read in conjunction with the 2022-23 Main Estimates, approved supply as of June 24, 2022, along with the 2021-22 Main Estimates and Supplementary Estimates A. 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 report has been reviewed by the Departmental Audit Committee.

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 [2022-23 Departmental Plan](#) and the [2022-23 Main Estimates](#).

1.2 Basis of Presentation

This first 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 for the 2022-23 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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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 2022-23 authorities available for use at the end of June 2022 increased by \$291.9 million, from \$1,892.4 million in 2021-22 to \$2,184.3 million at the end of this quarter. More specifically, the total authorities available for use increased by \$276.6 million in Vote 5 - Grants and Contributions, increased by \$13.3 million in Vote 1 - Operating expenditures and increased by \$2.0 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 and 2021 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. Furthermore, Budget 2021 allocated investments to promote Official Languages and support Indigenous communities in their efforts to reclaim, revitalize, maintain and strengthen Indigenous languages.

These measures explain the increase in authorities.

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The following table provides details on the changes observed in authorities from 2021-22 to 2022-23 at the end of the first quarter:

Items	<i>(In millions of \$)</i>			
	Vote 1	Vote 5	Statutory	Total
New funding for Promoting our official languages (Budget 2021) and increase in the funding profile for the Action plan for official languages (Budget 2018) and funding for the Modernization of the official languages Act (Budget 2021)	1.2	164.3	0.9	166.4
Increase in funding for the Indigenous Languages and Cultures Program for the purpose of preserving, promoting, and revitalizing Indigenous languages (Budget 2019 & Budget 2021)	1.5	91.6	0.2	93.3
New funding to support the Canada Performing Arts Worker Resilience Fund which will respond to ongoing adverse economic conditions affecting the arts and culture sector (2021 Fall Economic Fiscal Update)	1.8	60.0	0.3	62.1
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	42.9
Funding to support performing arts festivals, cultural events, arts and heritage institutions, celebrations, and commemorations that make communities stronger (Budget 2021)	1.8	26.4	0.2	28.4
New funding for equity-deserving creators through the Canada Media Fund Program (Budget 2021)	0.0	20.0	0.0	20.0
Funding to support Online Book Sales of Canadian Booksellers (Budget 2021)	0.8	15.0	0.2	16.0
New funding for Indigenous Screen Office Program (Budget 2021)	0.3	13.0	0.0	13.3
New funding for Canada's Artists & Live Music Sector and Canada as Guest of Honour at the 2021 Frankfurt Book Fair	0.3	9.6	0.1	10.0

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(Budget 2021)				
Funding to support Digital Access to Heritage and for the Royal Canadian Mounted Police Heritage Centre (Budget 2021)	1.1	7.0	0.2	8.3
Net decrease for the funding for Arts, Culture, Heritage and Sport Recovery Fund and Reopening Fund for Events and In-person Experiences (Budget 2021)	13.9	(80.7)	1.7	(65.1)
Sunset of 2021-22 funding to support arts and live events workers in response to the pandemic (COVID-19) (2020 Fall Economic Statement)	(1.3)	(63.3)	(0.2)	(64.8)
Net decrease in funding for Community Support, Multiculturalism and Anti-Racism Initiatives Program (Budget 2019 and 2020 Fall Economic Statement)	(2.3)	(8.1)	0.0	(10.4)
Sunset of time-limited funding to support gender parity in the Canadian Sport System (Budget 2018)	(0.9)	(9.1)	(0.1)	(10.1)
Decrease in funding for the Youth Employment and Skills Strategy (2020 Fall Economic Statement and Budget 2021)	(0.3)	(9.0)	(0.1)	(9.4)
Decrease in funding profile for Indigenous Youth and Sport (Budget 2017)	0.0	(3.6)	0.0	(3.6)
Other Adjustments	(4.9)	1.0	(1.5)	(5.4)
Grand Total	13.3	276.6	2.0	291.9

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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 first quarter of 2022-23 decreased by \$1.2 million from \$356.9 million to \$355.7 million compared to the same quarter of 2021-22.

- This decrease is mainly explained with the transfer payments which decreased by \$3.3 million, from \$295.5 million in 2021-22 to \$292.2 million in 2022-23. While the overall 1% net decrease is not significant, there are some important variances by transfer payment program to note:

Decreases in the following transfer payment programs:

- \$70.0 million – Canada Periodical Fund – given the exceptional circumstances brought on by the hardships of the COVID-19 pandemic, efforts were focused on providing urgent support to deliver the Special Measures for Journalists to meet the department's commitment to help Canadian periodicals as part of the Support of the Recovery of Cultural, Heritage and Sports Organizations announced in Budget 2021. In 2022-23, the payment of the Aid to Publisher's stream of the Canada Periodical Fund will be made in the second quarter;
- \$10.9 million – Canada Music Fund – the overall decrease is explained by a one-year funding received in 2021-22 from the 2020 Fall Economic Statement for the "Supporting Arts and Live Events Workers in Response to COVID-19" initiative partially offset by an increase in payments for the two-year Reopening funds after COVID-19 announced in Budget 2021;
- \$5.0 million – Museum Assistance Program – the decrease is explained by the one-year funding received in 2021-22 from the 2020 Fall Economic Statement for the Youth and Employment Strategy; and
- \$2.9 million – Development of Official Languages Communities Program and Enhancement of Official Languages Program – the overall decrease in expenditures is due to the timing of payments.

Partially offset by increases in the following transfer payment programs:

- \$21.0 million – Sport Support Program – the increase in expenditures is explained by new funding received from Budget 2021 for Indigenous Reconciliation and Strength for Indigenous Women and Girls through Sport for Social Development and Community Sport for All initiatives as well as new funding received for the Recovery for Cultural, Heritage and Sport Organizations affected by COVID-19.

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The increase in expenditures is also explained with the earlier release of payments to national sport organisations in 2022-23;

- \$18.8 million – Canada Performing Arts Workers Resilience Fund – the Canada Performing Arts Workers Resilience Fund is a new temporary program launched in February 2022 with a one-year funding provided for 2022-23;
 - 10.2 million – Indigenous and Languages Culture Program – the increase in expenditures is explained by new funding received from Budget 2021 for the Indigenous communities to reclaim, revitalize, maintain, and strengthen Indigenous languages. The funding already in place in the first quarter of 2022-23 allowed for earlier payments;
 - \$9.0 million – Hosting Program – the increase in expenditures for the first quarter of 2022-23 is mainly due to new funding received from Budget 2021 for the Recovery of Cultural, Heritage and Sport Organizations affected by COVID-19;
 - \$8.4 million – Indigenous Screen Office – the Indigenous Screen Office Program was announced in Budget 2021. The time required to establish the program delayed the payment to a later date in 2021-22. Conversely, the program was already established in 2022-23 and funds were able to flow to the organization during the first quarter of 2022-23;
 - \$6.4 million – Community Support, Multiculturalism and Anti-Racism Initiatives Program – the overall increase in expenditures is mainly due to timing of payments;
 - \$5.9 million – Celebration and Commemoration Program – the increase in expenditures is due to the increased number of events held in 2022-23 as COVID-19 restrictions were lifted;
 - \$3.5 million – Building Communities through Arts and Heritage – the increase in expenditures is due to the increased number of events held in 2022-23 compared to 2021-22 where events were still impacted by COVID-19;
 - \$2.8 million – Creative Export Canada – the increase in expenditures is a result of funding received from Budget 2021 for the Recovery for Cultural, Heritage and Sport Organizations affected by COVID-19; and
 - \$2.6 million – Local Journalism – the overall increase in expenditures is due to new funding received from Budget 2021 for the Recovery of Cultural, Heritage and Sport Organizations affected by COVID-19 and due to the timing of payments of regular funds made earlier in this fiscal year.
- The remaining variance of \$2.1 million is explained by the net increase in expenditure of the standard objects below:
 - Personnel: the \$2.6 million increase (from \$52.0 million in the first quarter of 2021-22 to \$54.6 million in the first quarter of 2022-23) is mainly explained by an

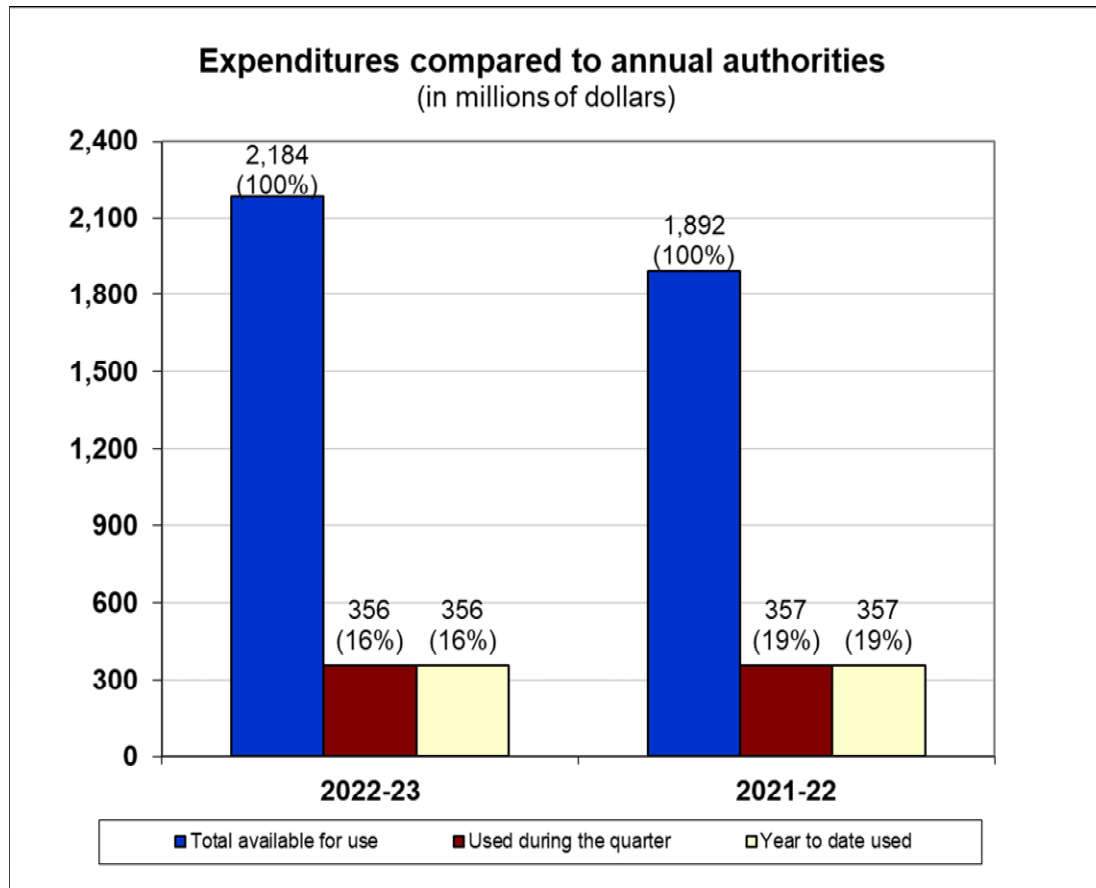
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increase in the number of employees needed to support the implementation of initiatives resulting from new funding received from Budget 2021;

- Transportation and communications: the \$0.5 million increase (from no expenditures in the first quarter of 2021-22 to \$0.5 million in the first quarter of 2022-23) is mainly explained by the return to a normal course of activities after travel was suspended in 2021-22 and COVID-19 restrictions were lifted in 2022-23. Expenditures include travel for a Trade mission in the Netherlands and the Royal Tour held in May 2022;
- Professional and special services: the \$0.3 million increase (from \$7.0 million in the first quarter of 2021-22 to \$7.3 million in the first quarter of 2022-23) is mainly explained by the increased amount outlined in the agreement signed with Justice Canada for legal services;
- Acquisition of machinery and equipment: the \$0.2 million decrease (from \$0.3 million in the first quarter of 2021-22 to \$0.1 million in the first quarter of 2022-23) is due to the purchase of scientific equipment in the first quarter of 2021-22; and
- Revenue credited to the Vote: the \$1.0 million increase in revenues credited to the Vote which decreases expenditures (from \$1.1 million in the first quarter of 2021-22 to \$2.1 million in the first quarter of 2022-23) is explained by the transition to a more efficient method of payments which resulted in a faster flow of revenues in 2022-23.

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As noted in the table below, PCH has spent 16% of its authorities in the first quarter of 2022-23, compared to last year's consumption of 19%.



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. With increased expectations and an increasingly mobile workforce, the Department should remain agile enough to effectively support initiatives and projects as they arise, to provide effective service delivery, and to deliver on key priorities.

As the COVID-19 situation continues to evolve, PCH prioritizes the health of its employees and their families and implements the necessary measures to ensure their well-being in addition to efficient internal operations. PCH is actively contributing to public service-wide efforts to address this situation and work to maintain the quality of federal government services. The Department is also diligently monitoring emerging risks and ensures that mitigation measures are readily implemented.

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

Since the Department's third quarter of 2021-22, there were no significant changes to Canadian Heritage's senior management personnel.

5. Approval by Senior Officials

Approved by:

Isabelle Mondou, Deputy Minister

Éric Doiron, Chief Financial Officer

Gatineau, Canada
Date: August 22nd, 2022

Gatineau, Canada
Date: August 18th, 2022

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Statement of Authorities (unaudited)

Fiscal year 2022-23 and 2021-22 (in thousands of dollars)

	Total available for use for the year ending March 31, 2023 *	Used during the quarter ended June 30, 2022	Year to date used at quarter-end 2022-23	Total available for use for the year ending March 31, 2022, *	Used during the quarter ended June 30, 2021	Year to date used at quarter-end 2021-22
Vote 1 - Operating expenditures	228,512	55,778	55,778	215,173	54,510	54,510
Vote 5 - Grants and contributions	1,924,897	292,232	292,232	1,648,339	295,539	295,539
Statutory - Contributions to employee benefit plans	28,755	7,189	7,189	26,787	6,424	6,424
Statutory - Minister of Canadian Heritage - Salary and motor car allowance	93	38	38	91	23	23
Statutory - Minister of State (Minister of Sport and Persons with Disabilities) - Motor car allowance	93	0	0	0	0	0
Statutory - Minister of State (Minister of Diversity and Inclusion and Youth) - Motor car allowance	0	0	0	2	0	0
Statutory - Salaries of the Lieutenant Governors	1,196	437	437	1,196	404	404
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
Spending of Crown Asset Proceeds	20	0	0	31	0	0
Total Budgetary authorities	2,184,385	355,674	355,674	1,892,438	356,900	356,900
Total authorities	2,184,385	355,674	355,674	1,892,438	356,900	356,900

* 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 2022-23 and 2021-22 (in thousands of dollars)

	Total available for use for the year ending March 31, 2023 *	Used during the quarter ended June 30, 2022	Year to date used at quarter-end 2022-23	Total available for use for the year ending March 31, 2022 *	Used during the quarter ended June 30, 2021	Year to date used at quarter-end 2021-22
Expenditures						
Personnel	221,840	54,614	54,614	205,740	51,986	51,986
Transportation and communications	862	524	524	2,512	54	54
Information	2,997	338	338	2,753	324	324
Professional and special services	28,459	7,279	7,279	24,497	6,990	6,990
Rentals	3,295	1,549	1,549	4,338	1,617	1,617
Repair and maintenance	1,448	79	79	1,316	132	132
Utilities, materials, and supplies	2,378	227	227	3,090	160	160
Acquisition of machinery and equipment	5,190	101	101	6,484	254	254
Transfer payments	1,925,716	292,232	292,232	1,649,158	295,539	295,539
Other subsidies and payments	943	799	799	1,208	948	948
Total gross budgetary expenditures	2,193,128	357,742	357,742	1,901,096	358,004	358,004
Less Revenues netted against expenditures:						
Revenue credited to the Vote	-8,743	-2,068	-2,068	-8,658	-1,104	-1,104
Total Revenues netted against expenditures:	-8,743	-2,068	-2,068	-8,658	-1,104	-1,104
Total net budgetary expenditures	2,184,385	355,674	355,674	1,892,438	356,900	356,900

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