



# Canadian Heritage's Quarterly Financial Report

**For the quarter ended September 30, 2022**

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## Table of contents

1. Introduction.....	4
1.1 Authority, Mandate and Programs.....	4
1.2 Basis of Presentation .....	4
1.3 Canadian Heritage Financial Structure .....	5
2. Highlights of Fiscal Quarter and Fiscal Year-to-Date (YTD) Results.....	5
2.1 Statement of Authorities .....	5
2.2 Departmental Budgetary Expenditures by Standard Object.....	8
3. Risks and Uncertainties .....	11
4. Significant Changes in Relation to Operations, Personnel and Programs .....	12
5. Approval by Senior Officials .....	12
Statement of Authorities (unaudited) .....	13
Departmental budgetary expenditures by Standard Object (unaudited) .....	14

## Quarterly Financial Report for the Quarter Ended September 30, 2022

### 1. Introduction

This second quarterly financial report should be read in conjunction with the 2022-23 Main Estimates and 2022-23 Supplementary Estimates A (nil for PCH) 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 second 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.

## **Canadian Heritage**

### **Quarterly Financial Report for the Quarter Ended September 30, 2022**

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 September 2022 increased by \$293.8 million, from \$1,910.9 million in 2021-22 to \$2,204.7 million at the end of this quarter. More specifically, the total authorities available for use increased by \$278.1 million in Vote 5 - Grants and Contributions, increased by \$13.7 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.

## Canadian Heritage

### Quarterly Financial Report for the Quarter Ended September 30, 2022

The following table provides details on the changes observed in authorities from 2021-22 to 2022-23 at the end of the second 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	<b>166.4</b>
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	<b>93.3</b>
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	<b>62.1</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 (Budget 2021)	1.8	26.4	0.2	<b>28.4</b>
New funding for equity-deserving creators through the Canada Media Fund Program (Budget 2021)	0.0	20.0	0.0	<b>20.0</b>
Funding to support Online Book Sales of Canadian Booksellers (Budget 2021)	0.8	15.0	0.2	<b>16.0</b>
New funding for Indigenous Screen Office Program (Budget 2021)	0.3	13.0	0.0	<b>13.3</b>
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	<b>10.0</b>

## Canadian Heritage

### Quarterly Financial Report for the Quarter Ended September 30, 2022

(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	<b>8.3</b>
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	<b>(65.1)</b>
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)	<b>(64.8)</b>
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	<b>(10.4)</b>
Sunset of time-limited funding to support gender parity in the Canadian Sport System (Budget 2018)	(0.9)	(9.1)	(0.1)	<b>(10.1)</b>
Decrease in funding for the Youth Employment and Skills Strategy (2020 Fall Economic Statement and Budget 2021)	(0.3)	(9.0)	(0.1)	<b>(9.4)</b>
Decrease in funding profile for Indigenous Youth and Sport (Budget 2017)	0.0	(3.6)	0.0	<b>(3.6)</b>
Other Adjustments	(4.5)	2.5	(1.5)	<b>(3.5)</b>
<b>Grand Total</b>	<b>13.7</b>	<b>278.1</b>	<b>2.0</b>	<b>293.8</b>

### Quarterly Financial Report for the Quarter Ended September 30, 2022

## 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 second quarter of 2022-23 increased by \$63.5 million from \$358.8 million in 2021-22 to \$422.3 million this quarter.

- This increase is mainly explained with transfer payments which increased by \$55.0 million, from \$299.6 million in 2021-22 to \$354.6 million in 2022-23, representing an overall increase of 18%. Here are some important variances by transfer payment program to note:

Increases in the following transfer payment programs:

- \$59.4 million – Canada Periodical Fund – as mentioned in the first quarter, 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, payments of the Aid to Publisher's stream of the Canada Periodical Fund have been made in the second quarter;
- \$27.5 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. A large portion of the increase is explained by the funding received in 2022-23 as part of the Support of the Reopening of Cultural, Heritage and Sports Organizations affected by COVID-19, announced in Budget 2021;
- \$11.1 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;
- 10.9 million – Indigenous and Languages Culture Program – the increase in expenditures is explained by the new funding received from Budget 2021 starting in 2021-22 for the Indigenous communities to reclaim, revitalize, maintain, and strengthen Indigenous languages. The funding levels increase between 2021-22 and 2022-23;
- \$9.7 million – Canada Art Presentation Fund – the increase in expenditures is explained by the funding received in 2022-23 as part of the Support of the Reopening of Cultural, Heritage and Sports Organizations affected by COVID-19,



## Canadian Heritage

### Quarterly Financial Report for the Quarter Ended September 30, 2022

announced in Budget 2021. The increase is partially offset by the sunset of the 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;

- \$9.5 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;
- \$5.5 million – Development of Official Languages Communities Program and Enhancement of Official Languages Program – the overall increase in expenditures is due to the timing of payments;
- \$4.8 million – Museum Assistance Program – the increase in expenditures in this quarter is explained by new funding announced in Budget 2022 to support the Viability of Canadian Creative, Cultural and Heritage Organizations with the new Canada Arts and Culture Recovery Program (CACRP) initiative which will be delivered through existing Canadian Heritage programs, namely the Museum Assistance Program; and
- \$3.8 million – Community Support, Multiculturalism and Anti-Racism Initiatives Program and Anti-Racism Action Program – the overall increase in expenditures is mainly due to timing of payments being made earlier in 2022-23 than in 2021-22.

Partially offset by decreases in the following transfer payment programs:

- \$73.9 million – Canada Media Fund – the decrease in spending is due to timing of payments which are expected in the third quarter of 2022-23; and
  - \$17.2 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 new funding announced in Budget 2022 to support the Viability of Canadian Creative, Cultural and Heritage Organizations with the new Canada Arts and Culture Recovery Program (CACRP) initiative which will be delivered through existing programs, namely the Canada Music Fund.
- The remaining variance of \$8.5 million is explained by the increase in expenditure of the standard objects below:
    - Personnel: the \$5.0 million increase (from \$51.8 million in the second quarter of 2021-22 to \$56.8 million in the second quarter of 2022-23) is mainly explained by an increase in the number of employees needed to support the implementation of initiatives resulting from new funding received from Budget 2021;
    - Rental: the \$1.0 million increase (from \$0.8 million in the second quarter of 2021-22 to \$1.8 million in the second quarter of 2022-23) is explained by expenses related

## Canadian Heritage

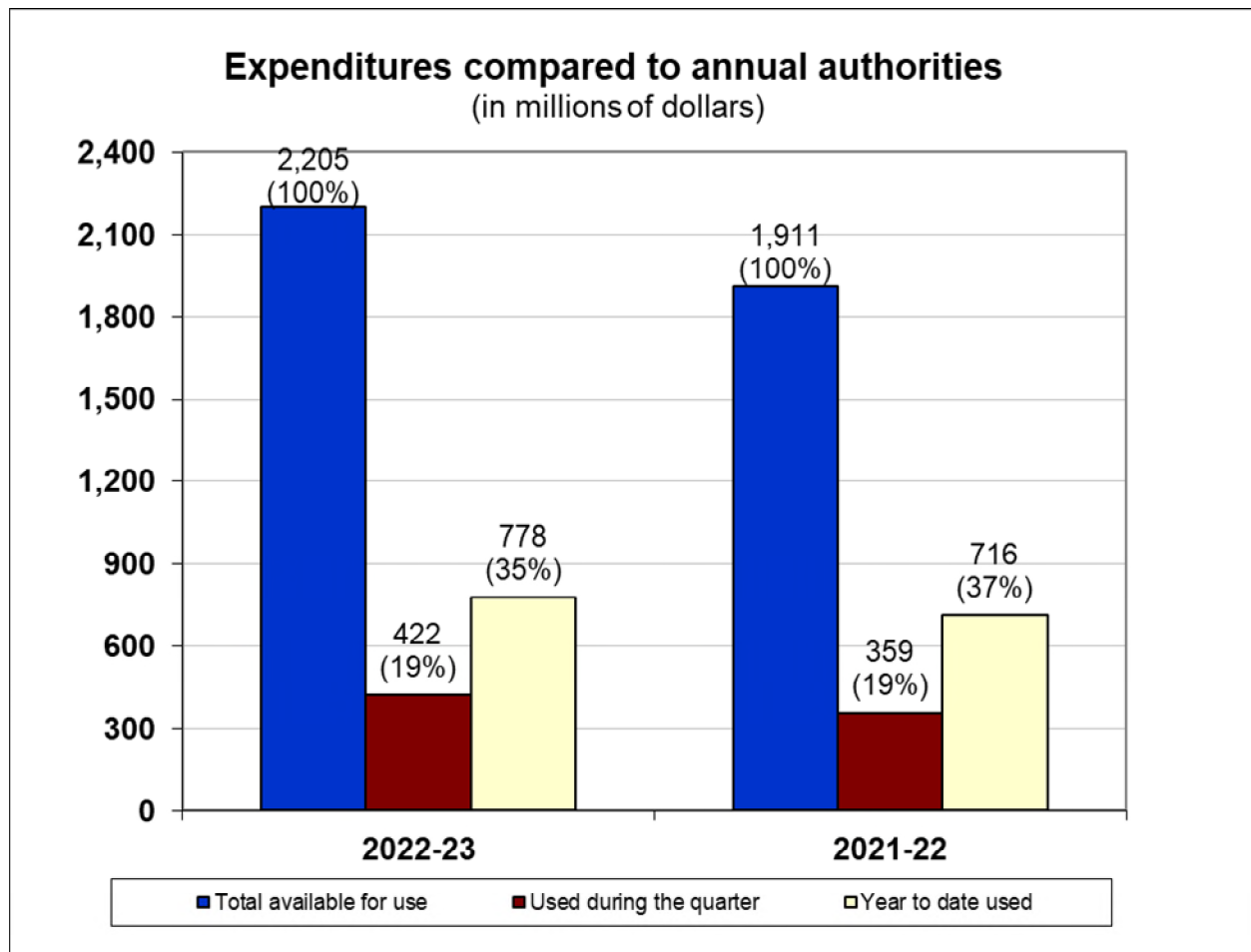
### Quarterly Financial Report for the Quarter Ended September 30, 2022

to the Canada Day celebrations that were held at official sites in the Canada's Capital Region;

- Transportation and communications: the \$0.9 million increase (from \$0.1 million in the second quarter of 2021-22 to \$1.0 million in the second 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;
- Professional and special services: the \$0.8 million increase (from \$6.5 million in the second quarter of 2021-22 to \$7.3 million in the second quarter of 2022-23) is mainly explained by expenses in Information Technology consultants to advance departmental initiatives and by contracts to support the organization of the Canada Day celebrations; and
- Information: the \$0.5 million increase (from \$0.5 million in the second quarter of 2021-22 to \$1.0 million in the second quarter of 2022-23) is mainly explained by expenses related to advertising and audiovisual services to support the organization of events and activities such as the Canada Day celebrations in Canada's Capital Region and Sound and Light Show.

As noted in the table below, PCH has spent 19% of its authorities in the second quarter of 2022-23, which is the same as last year's consumption.

Quarterly Financial Report for the Quarter Ended September 30, 2022



### 3. Risks and Uncertainties

There is a risk that with increased expectations and an increasingly mobile workforce, the Department may not be 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.

## Canadian Heritage

### Quarterly Financial Report for the Quarter Ended September 30, 2022

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

Since the Department's first quarter of 2022-23, there were changes to Canadian Heritage's senior management personnel.

Effective October 11, 2022, Gaveen Cadotte has been appointed Assistant Deputy Minister to lead the renewal of Canada's Anti-Racism strategy and the development of the Action Plan on Combatting Hate.

#### **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: November 22nd, 2022

Gatineau, Canada  
Date: November 21st, 2022

## Canadian Heritage

### Quarterly Financial Report for the Quarter Ended September 30, 2022

#### 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 September 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 September 30, 2021	Year to date used at quarter-end 2021-22
Vote 1 - Operating expenditures	237,254	60,017	115,795	223,584	52,364	106,873
Vote 5 - Grants and contributions	1,936,475	354,241	646,473	1,658,339	299,609	595,149
Statutory - Contributions to employee benefit plans	28,755	7,189	14,378	26,787	6,424	12,848
Statutory - Minister of Canadian Heritage - Salary and motor car allowance	93	8	46	91	23	46
Statutory - Minister of State (Minister of Sport and Persons with Disabilities) - Motor car allowance	93	46	46	0	0	0
Statutory - Minister of State (Minister of Official Languages and Minister responsible for the Atlantic Canada Opportunities Agency) - Motor car allowance	0	1	1	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	420	857	1,196	404	808
Statutory - Payments under the <i>Lieutenant Governors Superannuation Act</i> (R.S.C., 1985, c. L-8)	637	323	323	637	0	0
Statutory - Supplementary Retirement Benefits - Former Lieutenant Governors	182	69	69	182	0	0
Spending of Crown Asset Proceeds	28	0	0	48	0	0
<b>Total Budgetary authorities</b>	<b>2,204,713</b>	<b>422,314</b>	<b>777,988</b>	<b>1,910,866</b>	<b>358,824</b>	<b>715,724</b>
<b>Total authorities</b>	<b>2,204,713</b>	<b>422,314</b>	<b>777,988</b>	<b>1,910,866</b>	<b>358,824</b>	<b>715,724</b>

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

## Canadian Heritage

### Quarterly Financial Report for the Quarter Ended September 30, 2022

#### 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 September 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 September 30, 2021	Year to date used at quarter-end 2021-22
<b>Expenditures</b>						
Personnel	229,599	56,804	111,417	213,708	51,782	103,769
Transportation and communications	862	1,015	1,540	2,512	162	216
Information	2,997	1,009	1,347	2,753	492	816
Professional and special services	29,442	7,318	14,597	24,940	6,541	13,531
Rentals	3,295	1,828	3,378	4,338	801	2,418
Repair and maintenance	1,448	214	293	1,316	226	358
Utilities, materials, and supplies	2,378	456	682	3,090	410	570
Acquisition of machinery and equipment	5,198	129	230	6,501	41	295
Transfer payments	1,937,294	354,633	646,865	1,659,158	299,609	595,148
Other subsidies and payments	943	567	1,366	1,208	564	1,512
<b>Total gross budgetary expenditures</b>	<b>2,213,456</b>	<b>423,973</b>	<b>781,715</b>	<b>1,919,524</b>	<b>360,628</b>	<b>718,633</b>
Revenue credited to the Vote	-8,743	-1,659	-3,727	-8,658	-1,804	-2,909
<b>Total Revenues netted against expenditures:</b>	<b>-8,743</b>	<b>-1,659</b>	<b>-3,727</b>	<b>-8,658</b>	<b>-1,804</b>	<b>-2,909</b>
<b>Total net budgetary expenditures</b>	<b>2,204,713</b>	<b>422,314</b>	<b>777,988</b>	<b>1,910,866</b>	<b>358,824</b>	<b>715,724</b>

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