



Canadian Heritage's Quarterly Financial Report

For the quarter ended June 30, 2023

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Quarterly Financial Report for the Quarter Ended June 30, 2023

1. Introduction

This first quarterly financial report should be read in conjunction with the 2023-24 Main Estimates, the 2023-24 Supplementary Estimates A along with the 2022-23 Main Estimates and Supplementary Estimates A (nil for PCH). 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 the 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 [2023-24 Departmental Plan](#) and the [2023-24 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 and the Supplementary Estimates A for the 2023-24 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 2023-24 authorities available for use at the end of June 2023 decreased by \$224.5 million, from \$2,184.3 million in 2022-23 to \$1,959.8 million at the end of this quarter. More specifically, the total authorities available for use decreased by \$206.0 million in Vote 5 - Grants and Contributions, \$18.1 million in Vote 1 - Operating expenditures and \$0.4 million in Statutory authorities.

The overall decrease in authorities is mainly explained by the sunseting of various time-limited funding announced in the 2020 and 2021 Fall Economic Statements and in Budget 2021, to promote recovery from the pandemic for Heritage, Arts and Sport sectors and to promote Official Languages.

The following table provides details on the changes observed in authorities from 2022-23 to 2023-24 at the end of the first quarter:

	<i>(in millions of \$)</i>			
Items	Vote 1	Vote 5	Statutory	Total
Sunset of funding for the Arts, Culture, Heritage and Sport Recovery Fund, and for the Reopening Fund for Events and In-person Experiences (Budget 2021)	(13.9)	(169.3)	(1.7)	(184.9)

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Net decrease in the funding profile for Official Languages Programs for the initiative Promoting our Official Languages (Budget 2021), the sunset of funding for Enhancing Support for Minority Language Education in Canada (Budget 2019) and net decrease in the funding profile for <i>Modernization of Official Languages Act</i> (Budget 2021)	(1.9)	(64.5)	(0.4)	(66.8)
Sunset of funding to support the Canada Performing Arts Worker Resilience Fund in response to ongoing adverse economic conditions affecting the arts and culture sector (Fall Economic Statement 2021)	(1.8)	(60.0)	(0.3)	(62.1)
Net decrease in funding for Community Support, Multiculturalism and Anti-Racism Initiatives Program and Anti-Racism Action Program (Budget 2019 and Fall Economic Statement 2020)	(4.1)	(15.0)	(1.0)	(20.1)
Net decrease in the time-limited funding for the initiative Community Sport for All (Budget 2021)	0.0	(20.0)	0.0	(20.0)
New funding to support a More Inclusive Arts Training Sector (Budget 2022)	0.2	3.8	0.0	4.0
Net increase for transfers with other government departments (OGDs)	1.2	4.7	(0.2)	5.7
Increase in funding for the Indigenous Youth and Sport initiative to continue supporting leadership development and culturally relevant sport for Indigenous youth (Off-Cycle)	0.0	6.3	0.0	6.3
Net increase in funding for the Digital Citizen Initiative and the Diversity of Content Online Initiative to continue and strengthen the efforts to understand and build resilience to online disinformation and to support a more diverse, healthy, and inclusive media environment (Off-Cycle)	0.4	7.5	0.1	8.0
New funding to support Local and Diverse Journalism (Budget 2022)	1.0	22.1	0.2	23.3
Increase in funding to Indigenous communities in their efforts to reclaim, maintain and strengthen their languages (Budget 2021), as well as an increase in the	0.0	74.2	0.0	74.2

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funding profile for the Indigenous Languages and Cultures Program for the purpose of preserving, promoting and revitalizing indigenous languages (Budget 2019)				
Other Adjustments	0.8	4.2	2.9	7.9
Grand Total	(18.1)	(206.0)	(0.4)	(224.5)

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 2023-24 decreased by \$1.4 million from \$355.7 million in 2022-23 to \$354.3 million this quarter.

- Transfer payments increased by \$3.5 million, from \$292.2 million in 2022-23 to \$295.7 million in 2023-24. While the overall 1% net increase is not significant, there are some important variances to note:

Increases in the following transfer payment programs:

- Development of Official Languages Communities and Enhancement of Official Languages Programs – the overall \$50.3 million increase in expenditures is due to the earlier submission of some reports which triggered payments in the first quarter of 2023-24 compared to 2022-23;
- Museum Assistance Program – the overall \$10.5 million increase in expenditures is explained by payments made earlier in 2023-24 compared to last year; and
- Exchanges Canada Program – the \$2.9 million increase in expenditures is explained by payments made earlier in 2023-24 compared to last year.

Partially offset by decreases in the following transfer payment programs:

- Canada Performing Arts Worker Resilience Fund – the \$18.8 million decrease in expenditures is explained by a one-year temporary funding (2022-23) in order to respond to ongoing adverse economic conditions affecting the Arts and Culture sector, specifically the live performance sector, by providing support to individual cultural workers and averting a loss of skilled workers from the sector;
- Sport Programs (Hosting and Support) – the \$17.9 million overall decrease in expenditures this quarter is explained by the end of the two-year funding (2021-22 and 2022-23) supporting the Recovery of Cultural, Heritage and Sports

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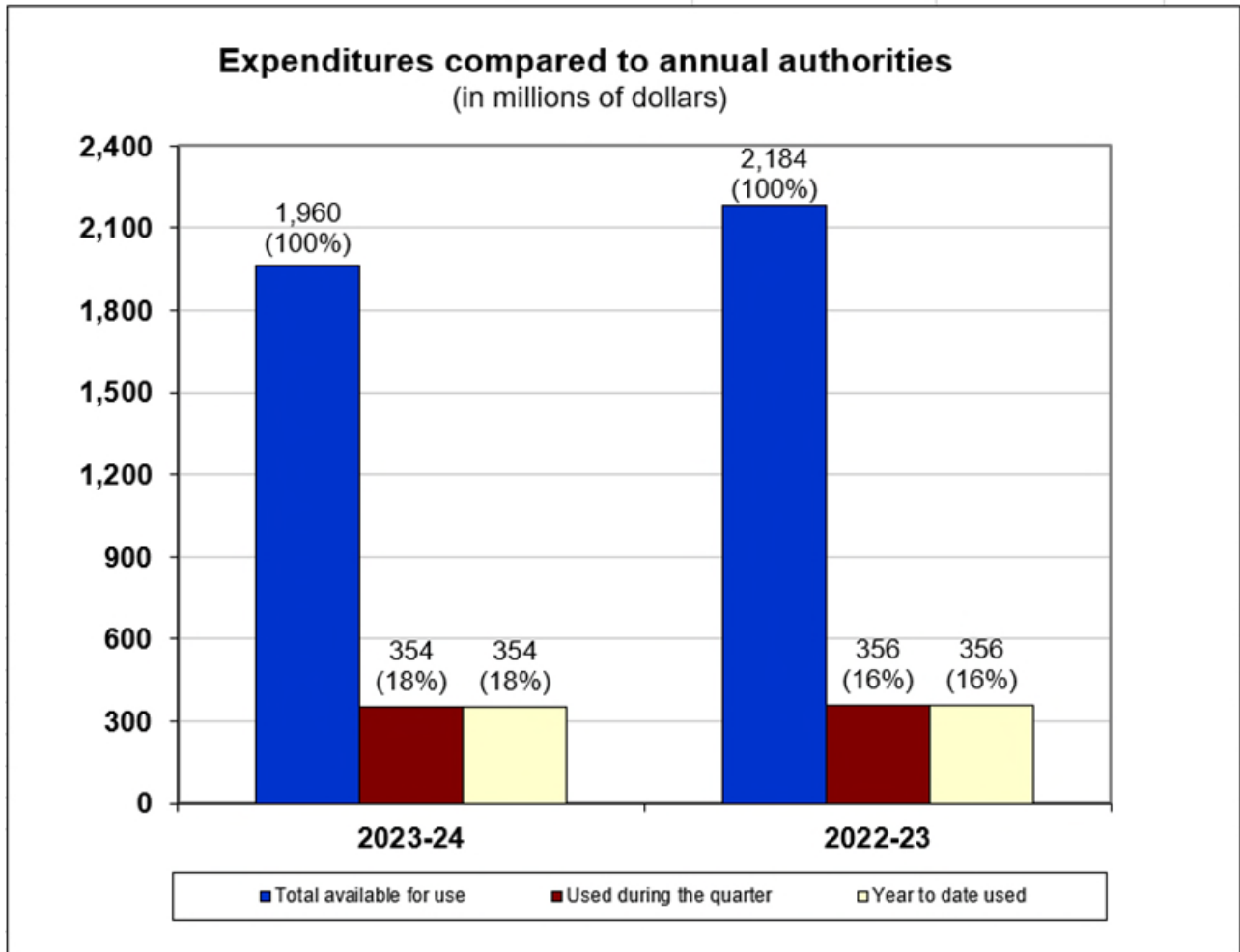
Organizations affected by COVID-19, as well as the fluctuating length of time needed to seek approvals; which resulted in the processing of the first payment at a later date;

- Indigenous Languages and Cultures Program– the \$8.1 million decrease in expenditures in this quarter is due to the different timing of intake, assessment and recommendation process which was launched later in 2023-24;
 - Canada Music Fund – the \$6.3 million decrease in expenditures in this quarter is explained by the end of the two-year Reopening fund (2021-22 and 2022-23) aimed at encouraging events and in-person experiences after COVID-19 (Budget 2021);
 - Creative Export Canada – the \$4.0 million decrease in expenditures in this quarter is explained by the end of the two-year Recovery funds (2021-22 and 2022-23) aimed at supporting the Cultural, Heritage and Sports Organizations affected by COVID-19, as well as delays in the timing of payments after the Creative Export Strategy was renewed for two years (2023-24 and 2024-25); and
 - Anti Racism Action Program – the \$3.4 million decrease in expenditures in this quarter is due to the sunseting of the program as of March 31, 2023.
- The remaining variance of (\$4.9 million) is explained by a decrease in operating expenditures mainly in the standard objects noted below:
 - Personnel: the \$2.7 million decrease in expenditures (from \$54.6 million in the first quarter of 2022-23 to \$51.9 million in the first quarter of 2023-24) is explained by the sunseting of Budget 2021 temporary funding; and
 - Professional and special services: the \$2.4 million decrease in expenditures (from \$7.3 million in the first quarter of 2022-23 to \$4.9 million in the first quarter of 2023-24) is explained by delays incurred in the signature of agreements and contract for IT consultants to advance departmental initiatives as well as the timing of payments.

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As shown in the table below, PCH has spent 18% of its authorities in the first quarter of 2023-24, compared to 16% in the first quarter of 2022-23.



3. Risks and Uncertainties

There is a risk that with increased expectations, the current financial constraints and limited resources, 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. To mitigate this risk, the department will need to focus and prioritize on essential projects and services that need to be delivered.

PCH has implemented necessary measures to support the health of its employees and to ensure their well-being in addition to efficient internal operations. PCH is contributing to public service-wide efforts and work to maintain the quality of federal government services.

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

On July 26, 2023, the Prime Minister announced changes to the Cabinet. The Department of Canadian Heritage is welcoming the Honourable Pascale St-Onge as the Minister of Canadian Heritage; the Honourable Carla Qualtrough as the Minister of Sport and Physical Activity; the Honourable Randy Boissonnault as the Minister of Employment, Workforce Development and Official Languages; and the Honourable Kamal Khera as the Minister of Diversity, Inclusion and Persons with Disabilities. The Department will continue to support the Honourable Marci Ien, Minister of Women and Gender Equality and Youth, for the responsibilities that fall under our Canadian Heritage's mandate.

5. Approval by Senior Officials

Approved by:

Isabelle Mondou, Deputy Minister

Gatineau, Canada
Date: August 16th, 2023

Isabelle Niquette, A/Chief Financial Officer

Gatineau, Canada
Date: August 8th, 2023

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Statement of Authorities (unaudited)

Fiscal year 2023-24 and 2022-23 (in thousands of dollars)

	Total available for use for the year ending March 31, 2024 *	Used during the quarter ended June 30, 2023	Year to date used at quarter-end 2023-24	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
Vote 1 - Operating expenditures	210,362	51,327	51,327	228,512	55,778	55,778
Vote 5 - Grants and contributions	1,718,891	295,673	295,673	1,924,897	292,232	292,232
Statutory - Contributions to employee benefit plans	28,336	6,780	6,780	28,755	7,189	7,189
Statutory - Minister of Canadian Heritage - Salary and motor car allowance	95	24	24	93	38	38
Statutory - Minister of Sport and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec - Motor car allowance	95	23	23	0	0	0
Statutory - Minister of State (Minister of Sport and Persons with Disabilities) - Motor car allowance	0	0	0	93	0	0
Statutory - Salaries of the Lieutenant Governors	1,196	421	421	1,196	437	437
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
Refunds of previous years revenue	0	10	10	0	0	0
Spending of Crown Asset Proceeds	14	0	0	20	0	0
Total Budgetary authorities	1,959,808	354,258	354,258	2,184,385	355,674	355,674
Total authorities	1,959,808	354,258	354,258	2,184,385	355,674	355,674

* 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 2023-24 and 2022-23 (in thousands of dollars)

	Total available for use for the year ending March 31, 2024 *	Used during the quarter ended June 30, 2023	Year to date used at quarter-end 2023-24	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
Expenditures						
Personnel	212,645	51,952	51,952	221,840	54,614	54,614
Transportation and communications	1,580	374	374	862	524	524
Information	2,307	421	421	2,997	338	338
Professional and special services	23,588	4,895	4,895	28,459	7,279	7,279
Rentals	2,474	1,225	1,225	3,295	1,549	1,549
Repair and maintenance	928	151	151	1,448	79	79
Utilities, materials, and supplies	1,696	186	186	2,378	227	227
Acquisition of machinery and equipment	2,507	55	55	5,190	101	101
Transfer payments	1,719,710	295,673	295,673	1,925,716	292,232	292,232
Other subsidies and payments	405	1,046	1,046	943	799	799
Total gross budgetary expenditures	1,967,840	355,978	355,978	2,193,128	357,742	357,742
Revenue credited to the Vote	-8,032	-1,720	-1,720	-8,743	-2,068	-2,068
Total Revenues netted against expenditures:	-8,032	-1,720	-1,720	-8,743	-2,068	-2,068
Total net budgetary expenditures	1,959,808	354,258	354,258	2,184,385	355,674	355,674

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