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Quarterly Financial Report for the Quarter Ended December 31, 2023

1. Introduction

This third quarterly financial report should be read in conjunction with the 2023-24 Main Estimates, the 2023-24 Supplementary Estimates A and B along with the 2022-23 Main Estimates and Supplementary Estimates A (nil for PCH) 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 Departmental Audit Committee have reviewed the report.

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 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 the Supplementary Estimates A and B for the 2023-24 fiscal year.

The authority of Parliament is required before the Government can spend money. 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 December 2023 decreased by \$182.0 million compared to last year, from \$2,368.5 million in 2022-23 to \$2,186.5 million at the end of this quarter. More specifically, the total authorities available for use decreased by \$193.5 million in Vote 5 - Grants and Contributions, increased by \$9.8 million in Vote 1 - Operating expenditures and increased by \$1.7 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 Budgets 2021 and 2022, 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 third quarter:

Items	<i>(in millions of \$)</i>			
	Vote 1	Vote 5	Statutory	Total
Sunset of funding for the Arts, Culture, Heritage and Sport Recovery Fund, for the Reopening Fund for Events and In-person Experiences (Budget 2021)	(13.9)	(172.3)	(1.7)	(187.9)

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Net decrease in the funding profile for Official Languages Programs for the initiatives to promote and protect Canada's Official Languages (Budget 2021 & Budget 2023), the sunset of funding for Enhancing Support for Minority Language Education in Canada (Budget 2019) and a net decrease in the funding profile for Modernization of Official Languages Act (Budget 2021)	(1.2)	(53.6)	(0.3)	(55.1)
Sunset of 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)
Sunset of funding to support the Viability of Canadian Creative, Cultural and Heritage Organizations (Budget 2022)	0.0	(31.6)	0.0	(31.6)
Net decrease in the time-limited funding for the initiative Community Sport for All (Budget 2021)	0.0	(20.0)	0.0	(20.0)
Net decrease in reprofiles for Sport Programs	0.0	(11.6)	0.0	(11.6)
Funding for the construction of the new Montreal Holocaust Museum	0.0	4.0	0.0	4.0
Net increase from new funding for Canada's Anti-Racism Strategy which is offset by the sunset of funding and reprofiles for Community Support, Multiculturalism and Anti-Racism Initiatives Program and Anti-Racism Action Program (Budget 2019 and Fall Economic Statement - 2020)	3.3	0.4	0.4	4.1
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	0.4	7.5	0.1	8.0
Funding to Support Safe Sport and to Enhance Accountability in Sport (Budget 2022)	3.0	6.0	0.5	9.5
Net increase in funding to support Local and Diverse Journalism (Budget 2022)	0.4	9.6	0.1	10.1
New funding for a Diverse Canadian Sport System and reprofile for Closing the Recognition Gap for Paralympians	2.7	9.0	0.2	11.9
Increase in funding following the signatures for new collective agreements for various groups	18.4	0.0	0.2	18.6

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New funding to support the redevelopment and modernization of the Jewish Community Centre of Greater Vancouver	0.0	25.0	0.0	25.0
Net increase in funding for Canada Media Fund	0.0	29.0	0.0	29.0
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 funding profile for the Indigenous Languages and Cultures Program for the purpose of preserving, promoting and revitalizing indigenous languages (Budget 2019)	0.0	62.9	0.0	62.9
Other Adjustments	(1.5)	2.2	2.5	3.2
Grand Total	9.8	(193.5)	1.7	(182.0)

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.

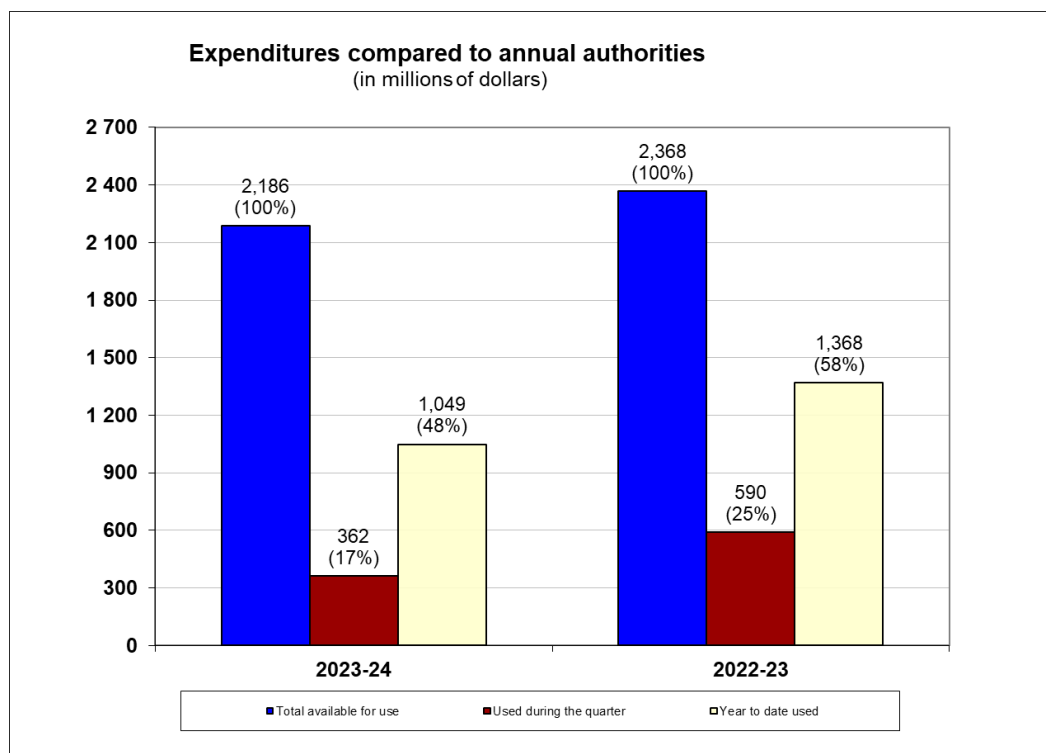
The total expenditures during the third quarter of 2023-24 decreased by \$227.4 million compared to the third quarter of last year.

The decrease in expenditures is mainly noted in transfer payments, which decreased by \$238.3 million (from \$524.8 million in 2022-23 to \$286.5 million in 2023-24), representing a decrease of 45% for this quarter.

That net decrease in expenses is aligned with the variance in authorities, reflecting the sunseting of multiple time-limited funding that promoted recovery from the pandemic for Heritage, Arts and Sport sectors, partially offset by additional authorities particularly with respect to Indigenous Languages and Culture.

As shown in the table below, PCH has spent 17% of its authorities in the third quarter of 2023-24, compared to 25% in the third quarter of 2022-23. The spending rate has returned to a level that is more in line with pre-pandemic levels.

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3. Risks and Uncertainties

As the arts, heritage, sports, and cultural sectors emerge from the COVID-19 pandemic, organizations funded through Canadian Heritage programs continue to face challenges related to the delivery of their activities.

The current year may see increased risks posed by global economic uncertainty, specifically inflation. Rapid inflation may put at risk events and projects due to significant cost increases. To mitigate the risks, PCH remains accommodating in supporting organizations as they adapt so that they continue to offer events and activities during and beyond the recovery period.

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

On January 29, 2024, the Prime Minister, Justin Trudeau, announced that Canadian Heritage Associate Deputy Minister Mala Khanna, becomes Deputy Secretary to the Cabinet (Governance), Privy Council Office, effective February 12, 2024.

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5. Approval by Senior Officials

Approved by:

Isabelle Mondou, Deputy Minister

Véronique Côté, Chief Financial Officer

Gatineau, Canada
Date: February 28, 2024

Gatineau, Canada
Date: February 15, 2024

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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 December 31, 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 December 31, 2022	Year to date used at quarter-end 2022-23
Vote 1 - Operating expenditures	254,878	68,455	175,773	245,131	57,132	172,926
Vote 5 - Grants and contributions	1,898,765	286,249	850,732	2,092,246	524,534	1,171,007
Statutory - Contributions to employee benefit plans	30,592	6,780	20,340	28,862	7,189	21,567
Statutory - Minister of Canadian Heritage - Salary and motor car allowance	95	24	71	93	23	70
Statutory - Minister of Sport and Physical Activity – Salary and motor car allowance	95	32	71	93	23	69
Statutory - Minister of Sport and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec - Motor car allowance						
Statutory - Minister of State (Minister of Official Languages and Minister responsible for the Atlantic Canada Opportunities Agency) - Motor car allowance	0	0	0	0	-1	0
Statutory - Salaries of the Lieutenant-Governors	1,196	349	1,190	1,196	389	1,247
Statutory - Payments under the Lieutenant Governors Superannuation Act (R.S.C., 1985, c. L-8)	637	228	631	637	238	561
Statutory - Supplementary Retirement Benefits - Former Lieutenant-Governors	182	57	160	182	49	118
Refunds of previous years revenue	0	15	60	0	0	0
Spending of Crown Asset Proceeds	17	0	0	29	1	1
Total Budgetary authorities	2,186,457	362,189	1,049,028	2,368,469	589,577	1,367,566
Total authorities	2,186,457	362,189	1,049,028	2,368,469	589,577	1,367,566

* 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 December 31, 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 December 31, 2022	Year to date used at quarter-end 2022-23
Expenditures						
Personnel	251,586	68,688	174,653	234,990	56,449	167,866
Transportation and communications	2,040	986	2,231	862	885	2,425
Information	2,308	284	1,509	2,997	341	1,688
Professional and special services	31,959	5,978	16,690	32,035	7,976	22,575
Rentals	2,474	649	3,933	3,295	980	4,358
Repair and maintenance	928	354	695	1,448	282	575
Utilities, materials, and supplies	1,696	410	928	2,378	426	1,108
Acquisition of machinery and equipment	2,510	610	711	5,199	331	561
Transfer payments	1,899,584	286,534	851,523	2,093,065	524,821	1,171,686
Other subsidies and payments	404	-212	1,824	943	1,111	2,476
Total gross budgetary expenditures	2,195,489	364,281	1,054,697	2,377,212	593,602	1,375,318
Less Revenues netted against expenditures:						
Revenue credited to the Vote	-9,032	-2,092	-5,669	-8,743	-4,025	-7,752
Total Revenues netted against expenditures:	-9,032	-2,092	-5,669	-8,743	-4,025	-7,752
Total net budgetary expenditures	2,186,457	362,189	1,049,028	2,368,469	589,577	1,367,566

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

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