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REPORT ON

THE AUDIT OF THE CANADIAN CULTURE ONLINE PROGRAM (CCOP)

CORPORATE REVIEW BRANCH

DEPARTMENT OF CANADIAN HERITAGE

June 23, 2004

Canada

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Executive Summary

The audit of the Canadian Culture Online Program (CCOP) was conducted pursuant to the approved Department of Canadian Heritage (PCH) Audit and Evaluation Plan for 2003-2004.

The objectives of the audit were to:

1. provide Program management with reasonable assurance on the soundness of its processes;
2. determine where the organization is most exposed to risk; and
3. recommend which remedial actions are available and appropriate.

The scope of the audit covered the 2002-2003 fiscal year for each program component with the following exceptions:

- the Canada New Media Fund (Telefilm) was excluded from the audit;
- projects funded in the 2003-2004 fiscal year were subject to audit for the New Media Sector Development component; and
- the audit of the Canada TELUS New Media Learning Fund was limited to the review of available documentation and interviews with responsible project officers at the Canadian Culture Online Branch of PCH.

The audit team's conclusions are based on the assessment of findings against the pre-established criteria as defined in Section 4.0 of the report and reflect the audit approach followed as identified in Section 3.0 of the report. In the audit team's opinion, sufficient audit work has been performed and the necessary evidence has been gathered to support the conclusions contained in this audit report.

In general, the audit team found that:

- management control frameworks (systems, procedures, controls and resources) and management practices are appropriate to ensure compliance, program effectiveness and financial integrity;
- information used for decision-making and reporting is timely, relevant and reliable;
- risk management strategies and practices are suitable and deliver the intended results; and,
- program design and implementation reflects the objectives of PCH.

The audit team did however identify some areas where management practices and processes can be strengthened to enhance the program's success in meeting its



objectives. Our recommendations for the Department are summarized as follows:

1. Ensure that the initiatives to improve the performance indicators for the program, develop performance reporting templates for funding recipients and conduct a review of the consolidation of performance information are implemented as planned.
2. Ensure that the initiative underway to review program guidelines is completed as planned for all components.
3. Ensure that detailed desk procedures for Canadian Culture Online Branch project officers are developed as planned
4. Closely monitor the length of time to approve funding for each program component and ensure that funding is not approved late in fiscal years.
5. Ensure that the due diligence process for each program component is commensurate with the associated risks.
6. Ensure that all funding agreements are established and signed on a timely basis in the future.
7. Ensure that monitoring activities for the New Media Research Fund component address the existence of Network Agreements between all lead recipients and their Partners.



1.0 Background

The Canadian Internet Cultural Content Strategy (CICCS) is a broad framework to build a strong Canadian presence on the Internet and to make Canadian digital cultural content more accessible to all Canadians in both official languages. It is designed to ensure access to diverse Canadian cultural choices on the Internet for all Canadians.

The Program encourages cultural industries, creators, communities and institutions to produce and make available to Canadians and Internet users worldwide the digital cultural content that will help promote Canada's rich culture, history and arts and heritage. The Program actively supports the development of French language content for the Internet, partnerships between the public and the private sectors for the creation and delivery of content, and projects that focus on the needs of young Canadians.

The Program comprises four pillars. The four pillars and associated initiatives (components):

Pillar 1: Digitization of Canadian Cultural Content, that includes:

- Canadian Memory Fund;
- Francommunautés virtuelles;
- Partnerships Fund;
- Virtual Museum of Canada;
- Canadian Works of Reference; and
- Learning Content.

Pillar 2: Gateway to Canadian Culture Online, that includes:

- Gateway to Canadian Culture Content Online Fund;
- Culture.ca (Canada Place) and Cultural Observatory Portals; and
- Aboriginal Cultural Portal.

Pillar 3: Tools to Facilitate Internet Content and Use, including:

- Applied Research in Interactive Media;
- Electronic Copyright Fund;
- New Media Research Networks Fund; and
- Analysis and Adoption of Technological Standards.

Pillar 4: Incentives for New Media Creation, including:



- Canada New Media Fund;
- Canada TELUS New Media Learning Fund; and
- New Media Sector Development Fund.

Further details on the above pillars and components are presented in Annex A to this report. This includes the actual amount spent for each component in the 2002-2003 fiscal year, with the exception of the New Media Sector Development Fund as noted.

Approved program funding for the 2002-2003 fiscal year amounted to \$72 million including funding for grants and contributions, transfers to other agencies, contracts, and operating and maintenance. Actual expenditures excluding Government On-Line support, the Senior Advisor's Office (ADM equivalent), and other Corporate Pressures amounted to approximately \$61.6 million. Planned expenditures were \$62 million for the 2003-04 fiscal year.

To be responsive to the dynamics of the Internet and successfully manage this complex strategy, flexibility is maintained by transferring funds among the various pillars and components based on the demand and quality of projects submitted.

The Canadian Culture Online Branch operates within PCH and has overall responsibility for the CCOP. The Branch also directly administers the following program components: *Partnerships Fund; Canadian Memory Fund; Canadian Works of Reference; Learning Content; Gateway to Canadian Culture Content Online Fund; Electronic Copyright Fund; New Media Research Networks Fund; Analysis and Adoption of Technological Standards;* and, *New Media Sector Development Fund.*

Other program components are administered by the following parties:

- Francommunautes virtuelles, by Industry Canada;
- Aboriginal Canada Portal, by Indian and Northern Affairs Canada (INAC);
- Applied Research in Interactive Media program, by CANARIE;
- Virtual Museum of Canada, by the Canadian Heritage Information Network (CHIN), a special operating agency within PCH;
- Culture.ca and the Cultural Observatory Portals, by the E-Services branch within PCH;
- Canada New Media Fund, by Telefilm; and
- Canada -Telus New Media Learning Fund, by Telus.

These components are supported by funding through third party agreements or Memoranda Of Understanding (MOUs) with these organizations:

The audit of the CCOP was conducted pursuant to the approved PCH Audit and Evaluation



Plan for 2003-2004.

2.0 Audit Objectives and Scope

The objectives of the audit were to:

1. provide Program management with reasonable assurance on the soundness of its processes;
2. determine where the organization is most exposed to risk; and
3. recommend which remedial actions are available and appropriate.

To achieve the above objectives, the audit addressed the extent to which:

- management control frameworks (systems, procedures, controls and resources) and management practices are appropriate to ensure compliance, program delivery, program effectiveness and financial integrity;
- information used for decision-making and reporting is timely, relevant and reliable;
- risk management strategies and practices are suitable and deliver the intended results; and,
- program design and implementation reflects the objectives of PCH.

The scope of the audit covered the 2002-2003 fiscal year for each program component with the following exceptions:

- the Canada New Media Fund (Telefilm) was excluded from the audit, it is the subject of a separate program audit;
- projects funded in the 2003-2004 fiscal year were subject to audit for the New Media Sector Development component, which only started projects in that year; and
- the audit of the Canada TELUS New Media Learning Fund was limited to the review of available documentation and interviews with responsible project officers at the Canadian Culture Online Branch of PCH.

3.0 Audit Approach

The audit was conducted in accordance with generally accepted auditing standards, and the standards and requirements set out in the TBS Policy on Internal Audit.

Our audit approach to address the audit objectives included the development of audit criteria against which observations, assessments and conclusions were drawn. These criteria were derived primarily from the "Attributes of a Well Managed Grant or Contribution Program" outlined in the Office of the Auditor General (OAG) publication, "A Framework for



Identifying Risk in Grant and Contribution Programs”, and the TBS Policy of Transfer Payments (PTP). The audit criteria are presented in Section 4 below.

Work performed included:

- conducting interviews with PCH program management;
- conducting interviews with managers and officers for all program delivery agents, excluding TELUS;
- conducting interviews with federal government organizations with whom MOUs were entered into to deliver certain components of the program including CHIN, Eservices, Industry Canada and INAC.
- reviewing relevant program documentation;
- conducting a risk assessment on key program component activities and processes; and
- conducting detailed reviews of a representative sample of files supporting funding decisions for each program component not otherwise excluded from the scope of this audit.

4.0 Audit Criteria

The criteria used to address the audit objectives were approved by the department's Corporate Review Branch. The criteria addressed the design of the program, the program management framework and processes in place for the program. The audit criteria are listed below.

1. Program Terms and Conditions (T&Cs) meet the requirements of the TBS PTP and policies for contracting and MOUs, and clearly articulate the program's objectives and results.
2. The Results Based Management and Accountability Framework (RMAF) and Risk Based Audit Framework (RBAF) are in accordance with the Program T&Cs and meet the requirements of the TBS PTP, OAG Attributes for a Well Managed Contribution Program, and TBS RMAF and RBAF Guidelines.
3. Program Guidelines are in accordance with Program T&Cs, and meet the requirements of the TBS PTP and contracting/other policies
4. Clauses in contribution agreements, contracts or MOUs with third party administrators and/or recipients appropriately address the Program T&Cs, Program financial arrangements, and the requirements for reporting on performance and results.



5. There are adequate policies, guidelines and training in place to effectively deliver the program, and to ensure stakeholder understanding of program objectives, expected results and eligibility requirements.
6. Roles and responsibilities of stakeholders are clearly defined, communicated and understood.
7. Delivery agents have adequate operational, financial and information systems and processes in place to: ensure that funds are being spent for the purposes intended; record, track and report on program performance; and, provide the required performance related information to CCOP program managers.
8. There are adequate resources at the program delivery agent level to effectively deliver the program.
9. Monitoring by CCOP program managers meets the requirements of the RBAF and the TBS Policy on Active Monitoring, to ensure that: funds are being spent for the purposes intended; program performance is being recorded, tracked and reported; and, required performance related information is being provided to CCOP program managers
10. There is relevant and adequate information to assess performance against program objectives and RMAF requirements, and CCOP program managers are reviewing this information, and, where issues arise, are taking appropriate action to address them.
11. Potentially eligible recipients are made aware of the program.
12. Information obtained during the application, claims and reporting processes is adequate for funding decision-making purposes.
13. Due diligence applied to the funding approval process addresses all of the applicable program T&C's for all program components, and is open, fair and transparent.
14. The funding decision process minimizes the risk of funds not being fairly distributed to eligible recipients for all program components.
15. Signatures for all levels of program and financial approvals meet the requirements of TBS policies, the Financial Administration Act, and/or departmental delegated signing authorities.



16. Payments to third parties and/or recipients are in compliance with the relevant contribution agreement, contract or MOU clauses, including reporting requirements.
17. Repayments or recoveries are carried out in accordance with governing agreements, contracts or MOUs.
18. Recipient audits are planned based on a risk assessment, and are conducted and followed up in accordance with the RBAF to ensure that: contribution agreement clauses are adhered to; funds are being spent for the purposes intended; and recipient systems and processes provide for the recording, tracking and reporting of program performance.

5.0 Conclusions

The audit team's conclusions are based on the assessment of findings against the pre-established criteria as defined in Section 4.0 above and reflect the audit approach followed as identified in Section 3.0 above. In the audit team's opinion, sufficient audit work has been performed and the necessary evidence has been gathered to support the conclusions contained in this audit report.

In general, the audit team found that:

- management control frameworks (systems, procedures, controls and resources) and management practices are appropriate to ensure compliance, program effectiveness and financial integrity;
- information used for decision-making and reporting is timely, relevant and reliable;
- risk management strategies and practices are suitable and deliver the intended results; and,
- program design and implementation reflects the objectives of PCH.

The audit team did however identify some areas where management practices and processes can be strengthened to enhance the program's success in meeting its objectives. The findings and recommendations that follow address these areas.

6.0 Findings and Recommendations

6.1 Performance Measurement and Reporting

Findings

Overall, we found that the processes in place for the collection of information to measure



the performance indicators for the program were adequate. During the audit however, we noted some findings that address performance indicators for the program, performance reporting templates for recipients, and the consolidation of performance reporting.

Performance Indicators

Our interviews with CCOP management revealed that there are some performance indicators initially developed and included in the RMAF for the program that are not reflective of expected and actual program component outcomes and may not therefore be relevant for performance management purposes. More specifically, management alluded to the rapidly changing environment facing the program and its recipients, and resultant ongoing risk that some approved performance indicators have become out of date. Concern was also raised that the approved performance indicators are too detailed and too onerous, and may not be realistic and measurable.

Our review of the RMAF confirmed the above concerns raised. The RMAF contains nine pages of performance indicators and they appear to be complex in nature and difficult to measure.

Relevant, realistic and measurable indicators will improve the ability for program management to better assess performance against program objectives.

We were told that a review of the performance indicators is in progress. CCOP management stated that they will be producing a document as part of their next business plan that will refine the performance measures. We note that the RMAF will have to be updated at the time of renewal of the Program T&Cs.

Performance Reporting Templates for Recipients

The current process for capturing performance related information from funding recipients is not standardized. From our detailed file reviews and interviews, we found that templates and other tools for performance reporting by recipients have not been developed.

As a result, performance reporting has not been consistent and this has resulted in inefficiencies for the consolidation of program performance information.

Our interviews with program management revealed that this is being addressed. Plans are in place to develop performance reporting templates for use by recipients.

Consolidation of Performance Reporting

From our interviews, we found that the program does not have an information system, such



as a database, that accumulates and reports on performance on a consolidated basis. Performance information from funding recipients is captured on individual spreadsheets maintained by program officers. Information is then provided from the program officers on an as requested basis for consolidated and reporting, both done on a manual basis. The format and information components contained in the spreadsheets are not consistent among officers.

As a result, the consolidation of performance information is cumbersome and this reduces the efficiency of providing consolidated reporting of program performance information. An efficient consolidated information reporting system would also allow program management to better assess performance against program objectives on a timely basis.

Program management is aware of the need of a centralized database or similar information management system to capture and report on program information, and is planning to conduct a review.

Recommendations

- 1. The Director General, Canadian Culture Online should ensure that the initiatives to improve the performance indicators for the program, develop performance reporting templates for funding recipients and conduct a review of the consolidation of performance information are implemented as planned.***

Management Response

- In October of 2003, CCO developed a performance measurement (PM) Plan that includes the type of work suggested in the recommendation, i.e. improving CCO performance indicators, developing a reporting template for delivery partners and funding recipients, as well as establishing standardized and consolidated performance indicators.

The main performance measurement activities in the CCO PM Plan include: collecting and storing performance measurement information more effectively as we obtain it from multiple sources; reviewing, validating, standardizing and consolidating performance measurement indicators; improving data gathering procedures and strategies; preparing statistical and trend analysis reports on key performance indicators; and preparing reports on the performance of CCO and CCO funds.

The PM Plan is currently being implemented to ensure that partners and recipients meet their accountability requirements and are able to provide us with useful and timely annual reports on the achievement of results. The emphasis is currently placed on improving performance indicators by consolidating and



standardizing performance measures. In order to improve data gathering procedures, a reporting template will be created as soon as the indicators have been reviewed. All parts of this recommendation will be addressed and implemented by the end of 2004/05 for all CCO funds.

6.2 Program Guidelines

Findings

From our interviews and review of relevant program documentation, we found that detailed guidelines for the individual program components exist and are available for funding recipients.

Program management raised concern that program guidelines and requirements may be too complex and onerous, and also may not reflect program objectives. We were told that the rapidly changing environment facing the program and its recipients could increase the risk that program delivery and program guidelines are not consistent with the Program T&Cs. Our review of the guidelines for the program components confirmed this.

Program management explained that they will be addressing all program guidelines, including streamlining and simplifying processes including eligibility and criteria. Work has been completed in this area with the Partnerships, Canadian Memory Fund and New Media Research Network Fund components, and has commenced with the Electronic Copyright and Gateway components.

Recommendations

- 2. The Director General, Canadian Culture Online should ensure that the initiative underway to review program guidelines is completed as planned for all components.***

Management Response

- As indicated in the audit report, significant work has been done over the last few months to clarify, streamline and harmonize the guidelines for the programs administered directly by CCOB. Specifically revised guidelines were released as follows: Partnerships Fund (July 2003), Canadian Memory Fund (March 2004), New Media Research Networks Fund (February 2004), and Electronic Copyright Fund (June 2004). As well, new funding guidelines were developed and made



accessible for the Gateway to Canadian Cultural Content Online Fund on May 13, 2004. It should be noted that, while this last round of changes to the CCO program guidelines represented, in some cases, a fairly significant effort to communicate more clearly eligibility and assessment criteria and processes to our various applicants, the guidelines are regularly modified after each round of funding to improve the guidelines as a result of lessons learned from a previous round, pertinent feedback from previous applicants or recipients, or to clarify a rule or a process.

6.3 Desk Procedures for Project Officers

Findings

From our interviews and review of relevant documentation, we found that detailed desk procedures have not been developed specifically for project officers. Further, two project officers specifically expressed the need for greater guidance and training, in areas including the assessment of information provided in applications, preparation of contribution agreements and the review of financial statement and other financial information provided by funding recipients.

We understand that some training and guidance have been provided to employees. In addition, employees have informal information sharing sessions and a library is being maintained.

Providing increased guidance and training to project officers, through means such as detailed desk procedures, minimize the risk of non compliance to TBS policies and mitigates the impact of corporate reorganizations and staff turnover.

Program management explained that the development of detailed desk procedures is underway.

Recommendations

- 3. The Director General, Canadian Culture Online should ensure that detailed desk procedures for Canadian Culture Online Branch project officers are developed as planned.***

Management Response

- As reported in the auditor's findings, the development of detailed desk procedures for Canadian Culture Online Branch project officers is underway and



should be completed during the 2004-05 fiscal year. The new desk procedures will also serve as an opportunity to streamline current processes to improve turnaround time for funding approvals. The work will be done in conjunction with our responses to recommendations 4, 5 and 6.

6.4 Due Diligence Process

Findings

From our detailed file reviews and interviews, we found instances where the time expended to evaluate proposals and approve funding was lengthy. In some of these cases, funding was approved late in the fiscal year and/or the level of effort in seeking and evaluating information during the application/approval process may not have been warranted given the size and nature of the projects. There were several contributing factors to the lengthy process including:

- “enhanced monitoring” by the PCH Centre of Expertise for Grants and Contributions was performed on 100% of the funding proposals;
- shortage of internal resources;
- an excessive intensive level of due diligence applied in certain cases;
- lack of training and guidance for project officers; and
- lack of clear guidelines and templates for applicants.

Program management expressed concern about the time expended to evaluate proposals and has addressed the above causes. We understand that:

- enhanced monitoring has been reduced to a random sample basis;
- internal resource levels have been increased;
- the level of due diligence is being reduced to levels commensurate with the nature and assessed risk of program components;
- training and guidance for project officers is being enhanced; and
- clear guidelines and templates for applicants are being developed.

An excessively lengthy funding decision making process increases the risk that recipients will not have sufficient time to meet deliverables, goals and objectives within the fiscal year/agreement time frame. The due diligence process for each program component should be commensurate with the associated risks.

Recommendation

4. ***The Director General, Canadian Culture Online should closely monitor the***



length of time to approve funding for each program component and ensure that funding is not approved late in fiscal years.

5. *The Director General, Canadian Culture Online should ensure that the due diligence process for each program component is commensurate with the associated risks.*

Management Response

- The audit report correctly indicated several factors which have contributed to projects being approved late in the year (especially in CCO's first two years of existence), as well as some of the measures implemented by CCOB and the Department of Canadian Heritage as a whole to improve the situation. Significant progress in turnaround time has already been achieved over the last two years. In addition to the remedies highlighted in the report, the development over the next few months of desk procedures for our programs should also have a positive impact on all aspects of our program delivery, including the project assessment timeframe.
CCOB will closely monitor the assessment and approval time for each of the program components that it administers directly and make necessary process and/or resource adjustments in an effort to improve program delivery within the framework of Treasury Board's Transfer Payment Policy. We will strive to ensure that the due diligence process for each of our programs is commensurate with the associated risks. We will also collaborate with our departmental colleagues from the Centre of Expertise in Grant & Contribution management, who are conducting studies and advising programs in an effort to improve program delivery across the department. The process monitoring will be done throughout 2004/05, adjustments to start in 2004/05 and continuing in 2005/06.
- Program management has already taken steps to adapt the level of due diligence to associated risks. Desk procedures will provide guidance in the level of due diligence applied when evaluating funding proposals as well as assist with reducing turnaround time. We have also recently begun to regularly reassess application guidelines to ensure that requirements for applicants are commensurate with risk.

6.5 Funding Agreements with Recipients

Findings



Until recently, MOUs between the PCH Canadian Culture Online Branch and both EServices and CHIN were not signed. The MOU with EServices was signed in December 2003, and the MOU with CHIN was signed in January, 2004.

We understand that the program is relatively new and that priority was given to establishing agreements with third parties and recipients that were viewed as higher risk. We also understand that EServices and CHIN had produced detailed business plans, and there were bi-weekly meetings between the PCH Canadian Culture Online Branch and both EServices and CHIN to compensate for not having an agreement in place. Nevertheless, having signed funding agreements strengthens accountability among program stakeholders, minimizes key program risks and enhances value for money of the program.

Recommendation

- 6. The Director General, Canadian Culture Online should ensure that all funding agreements are established and signed on a timely basis in the future.***

Management Response

- CCO has just completed the creation of standardized MOU templates for all MOUs signed by the branch. This exercise should streamline the process of establishing and signing agreements on a timely basis.

6.6 Monitoring of the New Media Research Network Fund Component

Findings

For the New Media Research Network Fund component, funding arrangements involved the provision of funds to a lead recipient who in turn funded the work of a group of 'network partners' who had designated the lead recipient as the proponent institution and signatory to the contribution agreement with PCH. Contribution agreements between PCH and lead recipients contained clauses specifically outlining the obligations of the lead recipient including measures to ensure the network partners' collaboration in meeting the obligations of the agreement.

We reviewed PCH files for funding arrangements with four lead recipients and found that:

- one file included evidence of Network Agreements between the lead recipient



- and the network partners outlining obligations and requirements in detail;
- two files included evidence of MOUs between the lead recipient and the network partners which did not include detailed obligations and requirements, but did make reference to the intent to have Network Agreements that would clarify and govern their work under the project; and
- one file did not include evidence of MOUs or Network Agreements between the lead recipient and the network partners.

Monitoring to ensure that agreements with detailed obligations and requirements are in place among lead recipients and their Partners would minimize the risks that lead recipients are not fulfilling their obligations with PCH, and in turn that funds are not spent for purposes intended or are not spent in the time frame provided for in agreements. It also would reduce the risk of recipients not adhering to relevant reporting and other clauses in agreements.

Recommendation

- 7. The Director General, Canadian Culture Online should ensure that monitoring activities for the New Media Research Network Fund component address the existence of Network Agreements between all lead recipients and their Partners.***



Management Response

- The New Media Research Fund guidelines were updated to include a requirement for the applicant to submit a copy of the network agreement between the host and the participating organizations in the network. The agreement must be complete, signed by all parties and include a detailed description of the role and financial contribution of each partner.

Program management is also planning to develop a generic MOU or Network Agreement as a tool that applicants can use. This will help ensure that basic requirements of the New Media Research Fund are included.

The generic MOU or Network Agreement will be developed before the next call for proposal (Winter 2005).



Annex A

Description of CCOP Pillars and Components

Details on the CCOP pillars and components are presented below. This includes the actual amount spent for each component in the 2002-2003 fiscal year, with the exception of the New Media Sector Development Fund as noted.

Pillar 1. Digitization of Canadian Cultural Content

This pillar is aimed at helping Canada achieve a critical mass of authoritative cultural content on the Internet in both official languages. It addresses the area of Increased Digitization of Collections through the following initiatives (components):

- ***Canadian Memory Fund*** (\$13 million). Funding is provided to key federal institutions for project-specific eligible expenses to support digitizing and making accessible cultural content.
- ***Francommunautés virtuelles*** (\$2 million). Associated with Industry Canada's Community Access Program, this provides assistance to not-for-profit and para-public Francophone and Acadian organizations across Canada.
- ***Partnerships Fund*** (approx. \$5.1 million). Funding is provided to not-for-profit entities involved in the cultural heritage sector at the national, provincial/territorial, municipal or community level.
- ***Virtual Museum of Canada (VMC)*** (\$7.5 million). This component provides funding to link the collections of over one thousand Canadian museums to create a pan-Canadian virtual museum.
- ***Canadian Works of Reference*** (\$2.0 million). Funding is provided through Licencing Agreements with recognized publishers of authoritative reference works. The goal is to establish and maintain an on-line presence for Canadian reference material and to provide free access to Canadian reference material on-line.
- ***Learning Content*** (approx. \$60 K). This component provides funding designed to contribute to Canadian schools and students by finding meaningful Canadian resource materials for the classroom and at home.



Pillar 2. Gateway to Canadian Culture Online

The goal of this pillar is to increase visibility and build audiences for Canadian digital cultural content by making it easier to find quality content on the Internet and to engage Canadians in using the content and sharing their perspectives on Canadian events, people, and values. This pillar focuses on supporting the development of a major cultural web sites through the following initiatives (components):

- **Gateway to Canadian Culture Content Online Fund.** (approx. \$2.6 million). This component aims at assisting the development of vertical cultural portals.
- **Culture.ca (Canada Place) and Cultural Observatory Portals.** (approx. \$7.5million). Funding is provided to support the development of these major cultural web sites.
- **Aboriginal Cultural Portal** (\$500 K). Intended to meet Aboriginal user demand for greater multimedia capabilities, support for this portal is managed through a Memorandum of Understanding between PCH and INAC.

Pillar 3. Tools to Facilitate Internet Content and Use

This pillar is intended to create an environment that is conducive to Canada becoming a world leader in digital cultural content creation and production, through the following funds:

- **Applied Research in Interactive Media** (\$1 million). This provides funding to support research and application development in the area of interactive media.
- **Electronic Copyright Fund** (approx. \$2.8 million). Funding is provided to improve copyright management in the digital environment by facilitating copyright clearance on-line.
- **New Media Research Networks Fund** (approx. \$2.1 million). Funding is provided to Canadian not-for-profit arts or cultural organizations, small or medium-sized enterprises in the arts and cultural sectors, and academic and research institutions. The program is designed to support research and application development in the area of interactive media.
- **Analysis and Adoption of Technological Standards** (approx. \$314 K). Funds are used for operations and maintenance to support cultural institutions, the private sector and standard bodies in adopting the appropriate set of standards that will allow content to be integrated into a seamless body of knowledge that crosses



disciplinary and thematic boundaries, enabling true interoperability among content holders.

Pillar 4. Incentives for New Media Creation

This pillar is intended to help make Canada a world leader in digital cultural content creation by providing incentives to Canada's new media sector to create such content, through the following funds:

- **Canada New Media Fund (Telefilm)** (approx. \$9 million). This component is designed to fund organizations and institutions from the private and not-for-profit sectors.
- **Canada TELUS New Media Learning Fund** (\$1.5 million). Funding provided in the form of a grant, to support the development of learnware tools for use by Canadian teachers and students.
- **New Media Sector Development Fund** (Commenced in fiscal year 2003-04, approx. \$250 K). Funding is used to support relevant activities such as workshops, conferences, internships, export and marketing activities.