

Canadian Northern Economic Development Agency
Quarterly Financial Report
For the quarter ended December 31, 2021

Introduction

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. This quarterly report should be read in conjunction with the [Main Estimates](#), [Supplementary Estimates \(A\)](#) and [Supplementary Estimates \(B\)](#).

The Canadian Northern Economic Development Agency (CanNor) works with partners to advance economic development in Canada's territories. The Agency supports, invests in and advocates for national, territorial and community level economic development; fosters growth and innovation; contributes to building capacity; and invests in foundational economic development projects in the territories. In addition, through the Northern Projects Management Office the Agency coordinates federal participation in the territorial environmental review processes and maintains the Crown consultation record for major projects.

Further details on CanNor's authorities, mandate and program activities may be found in the [Departmental Plan](#) and the Main Estimates.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes CanNor's spending authorities granted by Parliament and those used by the Agency consistent with the Main Estimates, Supplementary Estimates (A) and Supplementary Estimates (B), for the 2021-2022 fiscal year. The authority of Parliament is required before moneys 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.

This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

As part of the departmental performance reporting process, CanNor prepares its annual departmental financial statements on a full accrual basis in accordance with Treasury Board accounting policies, which are based on Canadian generally accepted accounting principles for the public sector. However, the spending authorities voted by Parliament remain on an expenditure basis.

Highlights of fiscal quarter and fiscal year to date (YTD) results

Statement of Authorities

Total authorities available for use in the third quarter of fiscal year 2021-2022 amounted to \$87.5 million, a \$19.1 million net decrease compared to the third quarter of 2020-2021. The decrease of \$30.4 million (\$25.3 million in Vote 5 and \$5.1 million in Budgetary statutory authorities), primarily attributable to the net reduction in funding to address the economic impact of the Coronavirus disease (COVID-19) global pandemic, was partially offset by net increases in funding measures announced in Budget 2019 and Budget 2021, and other funding initiatives, totaling \$11.3 million combined (\$10.4 million in Vote 5 and \$0.9 million in Vote 1).

Statement of Departmental Budgetary Expenditures by Standard Object

Total expenditures by standard object for the quarter ended December 31, 2021, amounted to \$13.9 million, a net decrease of \$3.4 million over the \$17.3 million reported for the quarter ended December 31, 2020. This variance is primarily attributable to decreases of \$2.8 million in transfer payment and \$0.3 million in personnel spending.

Risks and Uncertainties

While the North presents opportunities for economic development, growth and innovation, factors including its vast and remote geography, lack of infrastructure, connectivity challenges, the cost and access to energy, and shortage of skilled labour all contribute to a challenging operating environment. These factors create additional challenges for businesses and can also prevent Northerners from fully benefiting from economic development opportunities.

CanNor's key risks and response strategies are published in the Departmental Plan:

- *Limited Economic Diversification* — A high degree of reliance on the public service and resource development sectors have resulted in limited diversification and an increased vulnerability to the cyclical changes in commodity prices.
- *Infrastructure Deficit* — Higher capital and operating costs compared to southern Canada and the challenges of distance and geography have resulted in a core infrastructure deficit, including connectivity, and constrained opportunities for northern economic development which impact the effectiveness of CanNor's programming.
- *Labour Market* — Due to the shortage of a local skilled workforce, northern employers across sectors rely on workers from outside of the territories. This shortage also increases the competition for the limited local talent pool. At the same time, there are Northerners who could help address these shortages provided that they have access to skills training, including post-secondary education.
- *COVID-19 Impact* — As the rollout of the COVID-19 vaccine continues, certain industries (such as tourism) have suffered, and continue to suffer, disproportionately due to the

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pandemic and the resurgence of COVID-19 variants in some areas. The lasting effects upon these and other sectors post-vaccine remains unknown.

Significant Changes in Relation to Operations, Personnel and Programs

There are no significant changes in relation to operations, personnel and programs for this reporting period, not already disclosed in the quarter ended June 30, 2021.

Approved by:

Paula Isaak
President

Roger Tetreault, CPA, CMA
Chief Financial Officer

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Statement of Authorities
(unaudited)

(in thousands of dollars)

	Fiscal year 2021-2022			Fiscal year 2020-2021		
	Total available for use for the year ending March 31, 2022*	Used during the quarter ended December 31, 2021	Year- to-date used at quarter-end	Total available for use for the year ending March 31, 2021*	Used during the quarter ended December 31, 2020	Year- to-date used at quarter-end
Vote 1 - Operating expenditures	21,094	4,146	12,810	20,246	4,622	12,533
Vote 5 - Transfer payments	64,438	9,256	27,451	79,320	12,145	40,326
Budgetary statutory authorities	1,970	491	1,472	7,073	532	6,197
Total authorities	87,502	13,893	41,733	106,639	17,299	59,056

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

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Departmental Budgetary Expenditures by Standard Object (*unaudited*)

<i>(in thousands of dollars)</i>	Fiscal year 2021-2022			Fiscal year 2020-2021		
	Planned expenditures for the year ending March 31, 2022	Used during the quarter ended December 31, 2021	Year- to-date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Used during the quarter ended December 31, 2020	Year- to-date used at quarter-end
Expenditures:						
Personnel	15,503	3,668	11,412	14,844	4,015	10,883
Transportation and communications	1,081	102	260	1,358	77	137
Information	104	7	12	103	3	5
Professional and special services	3,280	343	789	3,780	341	686
Rentals	2,417	549	1,476	1,606	889	1,407
Repair and maintenance	226	3	11	214	0	16
Utilities, materials and supplies	151	23	34	137	37	58
Acquisition of machinery and equipment	302	1	2	267	18	72
Transfer payments	64,438	9,256	27,451	84,320	12,145	45,326
Other subsidies and payments	0	(59)	286	10	(226)	466
Total budgetary expenditures	87,502	13,893	41,733	106,639	17,299	59,056