

# Pacific Economic Development Canada's Quarterly Financial Report for the quarter ended September 30, 2021

## Statement Outlining Results, Risks and Significant Changes in Operations, Personnel and Programs

### Introduction

Pacific Economic Development Agency of Canada (PacifiCan) was created on August 6, 2021. This quarterly financial report has been prepared using temporary deemed authorities granted by Treasury Board. The newly established agency is expecting approved funds from Supplementary Estimates (B). The report has been prepared by management as required by section 65.1 of the [Financial Administration Act](#) (FAA) and in the form and manner prescribed by the Treasury Board. This quarterly report has not been subject to an external audit or review.

### Authority, Mandate and Program Activities

PacifiCan is the regional development agency focused on British Columbia's evolving economy. PacifiCan leads in building a strong, competitive Canadian economy by supporting business, innovation and community economic development unique to British Columbia. PacifiCan operates under the provision of the *Western Economic Diversification Act*. The agency has been granted temporary access to funding and is expected to receive approved funding from Supplementary Estimates (B).

PacifiCan is mandated to "support the growth and diversification of British Columbia's economy and advance the interests of the region in national economic policy, programs and projects."

For further information on PacifiCan's authority, mandate and program activities, please review [PacifiCan's website](#).

### Basis of Presentation

This quarterly 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 authorities granted to the agency for the 2021-2022 fiscal year. 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.

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.

The Agency uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

## **Financial Structure**

PacifiCan manages its expenditures under two votes:

- Vote 1 – Net operating expenditures include salary, and other operating costs (e.g., transportation and communications; professional and special services).
- Vote 5 – Grants and contributions include all transfer payments.

Budgetary statutory authorities represent payments made under legislation approved by Parliament, and include items such as the Government of Canada's share of employee benefit plans.

## **Highlights of Fiscal Quarter and Fiscal Year-to-Date (YTD) Results**

The following section highlights significant changes to fiscal quarter results as of September 30, 2021.

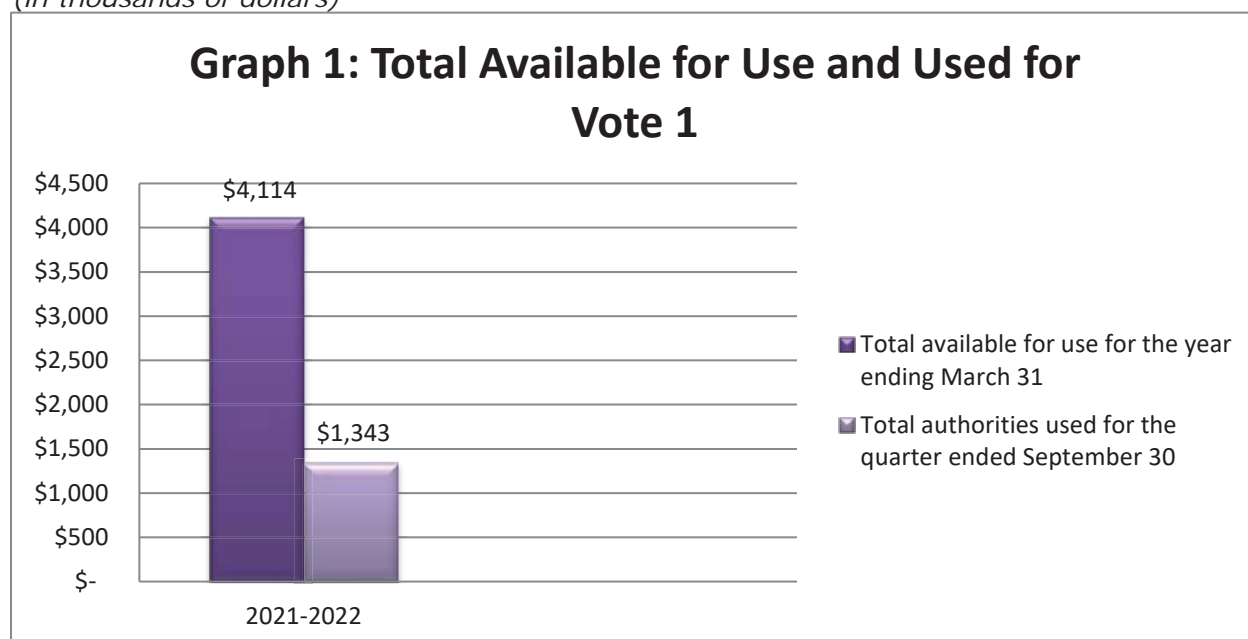
### **Statement of Authorities: Vote 1 – Net Operating Expenditures**

Total authorities available for use for fiscal year 2021-2022 are \$4.1 million. These authorities are comprised of deemed appropriations from Prairies Economic Development Canada (formerly Western Economic Diversification Canada) with authority from Treasury Board.

Total authorities used is \$1.3 million for the quarter ended September 30, 2021. Vote 1 authorities are mainly comprised of salary costs to deliver transfer payment programs and to increase staff to build agency capacity establishing an independent public-facing agency enhancing a federal economic presence in the West.

Graph 1 illustrates total authorities available for use for the fiscal year, and authorities used at quarter-end.

(in thousands of dollars)



**Statement of Authorities: Vote 5 – Grants and Contributions**

Total authorities available for use for fiscal year 2021-2022 are \$104.7 million. These authorities are comprised of deemed appropriations from Prairies Economic Development Canada (formerly Western Economic Diversification Canada) with authority from Treasury Board:

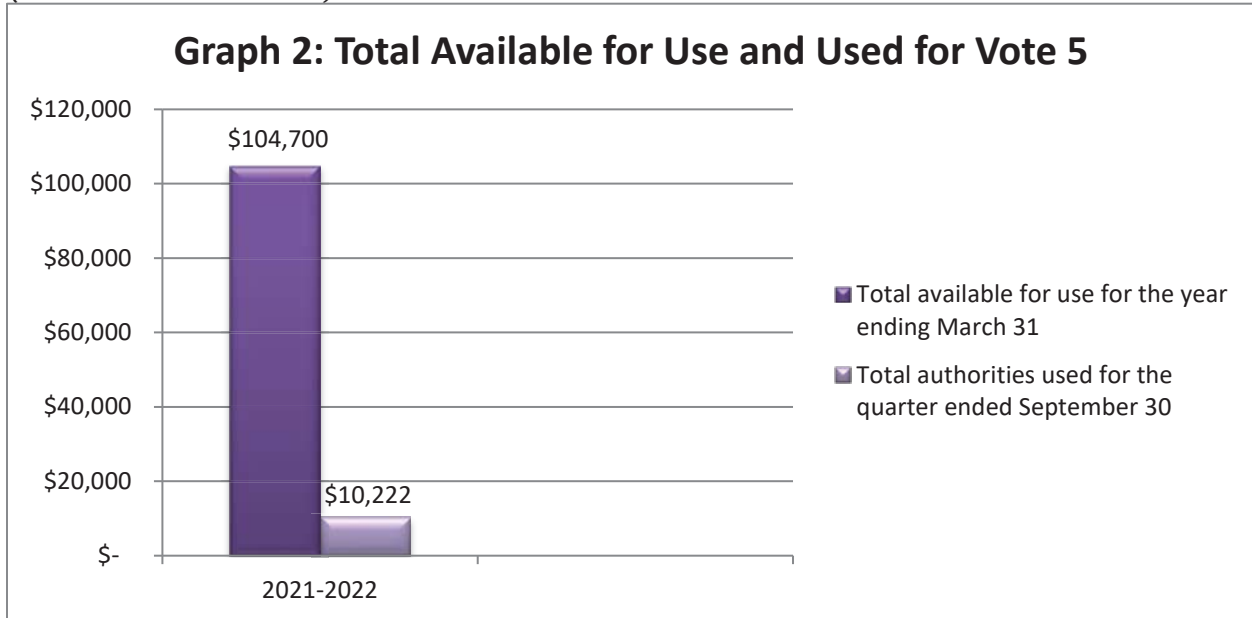
- \$60.6 million supporting business facing hardship due to the COVID-19 pandemic through the Regional Relief and Recovery Fund.
- \$30.6 million supporting Canada’s air sector through the Regional Air Transportation Initiative.
- \$8.0 million to fund the building of Haisla Bridge supporting the Liquefied Natural Gas (LNG) project in Kitimat, BC.
- \$2.7 million funding for the Praxis Spinal Cord Institute.
- \$1.5 million supporting women owned and lead businesses through the Women’s Entrepreneurship Strategy.
- \$0.7 million to support black owned and lead businesses through the Black Entrepreneurship Fund.
- \$0.6 million supporting tourism operators through the Canadian Experiences Fund.

Total authorities used is \$10.2 million for the quarter ended September 30, 2021 are comprised of:

- \$8.1 million for payments made to support businesses facing hardship due to the COVID-19 pandemic through the Regional Relief and Recovery Fund.
- \$1.6 million for payments made to support Canada’s Skills and Innovation Plan including payments through the Women’s Entrepreneurship Strategy and the Canadian Experiences Fund.
- \$0.5 million for payments made supporting Canada’s air sector through the Regional Air Transportation Initiative and other PacifiCan programming.

Graph 2 illustrates total authorities available for use for the fiscal year, and authorities used at quarter-end.

*(in thousands of dollars)*



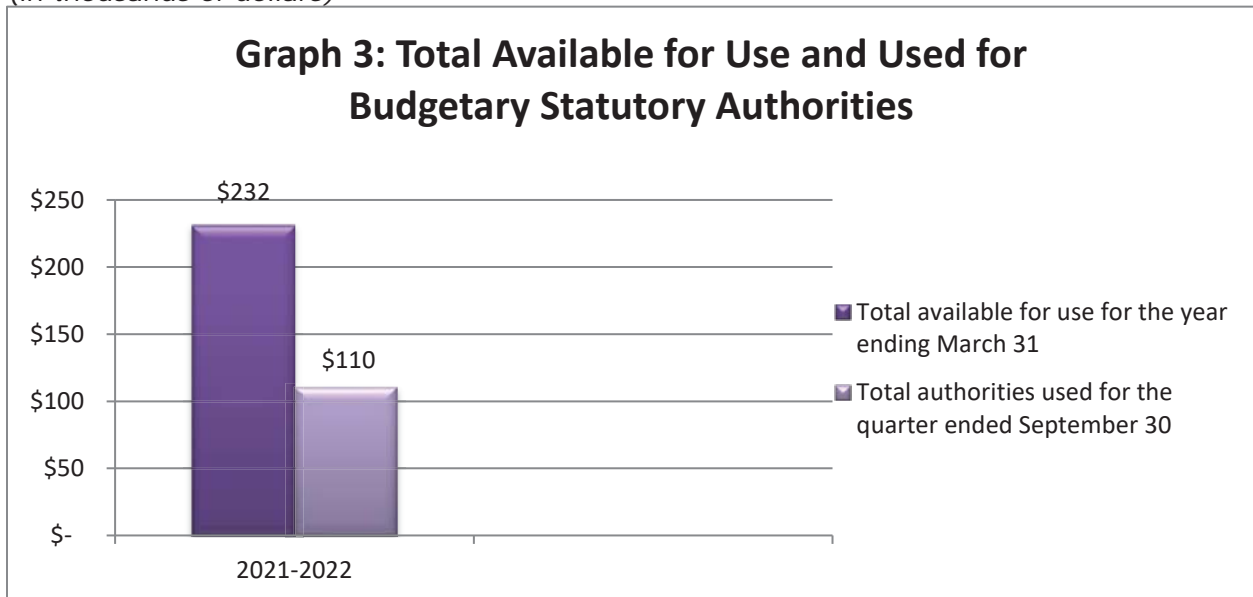
### **Statement of Authorities: Budgetary Statutory Authorities**

Budgetary statutory authorities available for use for fiscal year 2021-2022 are \$0.2 million and are comprised of deemed appropriations from Prairies Economic Development Canada (formerly Western Economic Diversification Canada) with authority from Treasury Board for Employee Benefit Plans.

Budgetary statutory authorities used for fiscal year 2021-2022 are \$0.1 million for Employee Benefit Plans.

Graph 3 illustrates total authorities available for use for the fiscal year, and authorities used at quarter-end.

*(in thousands of dollars)*



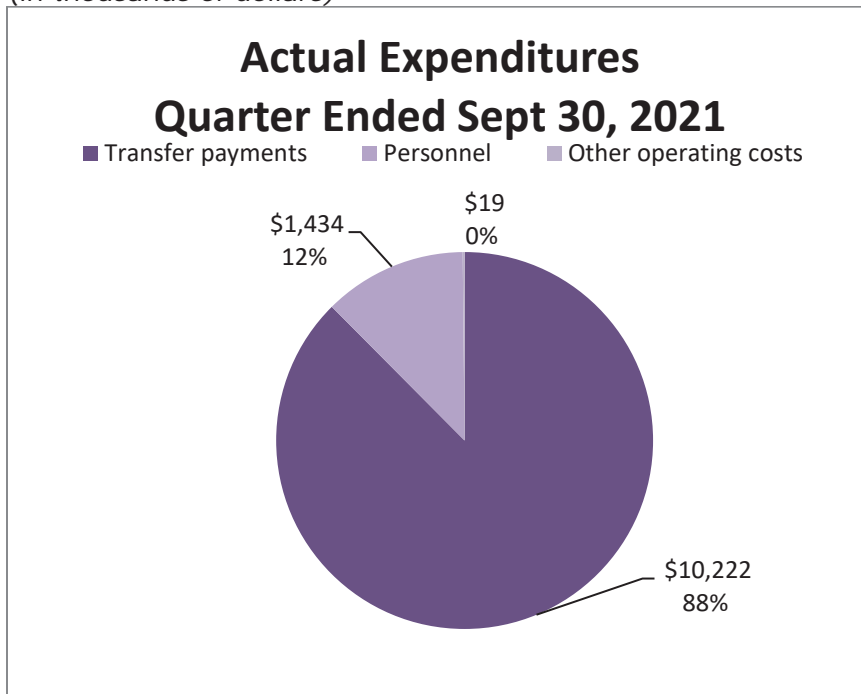
### **Statement of the Departmental Budgetary Expenditures by Standard Object**

Baseline expenditures established for PacifiCan show the majority of expenditures resulting from transfer payments for programming implemented in Western Economic Diversification Canada. Personnel expenses are in place to deliver transfer payment programming and to build agency capacity in order to enhance economic development in the West.

Additional information can be found in the Statement of Authorities, Vote 1 and Vote 5 sections above.

Graph 4 illustrates the actual baseline expenditures for the quarter-end.

*(in thousands of dollars)*



## Risks and Uncertainties

The department is managing the allocation of resources in conjunction with Prairies Economic Development Canada, within a well-defined framework of accountabilities, policies and procedures including a system of budgets, reporting and other internal controls to manage within available resources and deemed authorities from Treasury Board.

In response to the COVID-19 pandemic, Western Economic Diversification had identified increased enterprise-wide risks including risks to employee physical and mental health, cyber risk, and risks due to the speed of program delivery to get funding to Canadians economically affected by COVID-19 in a timely manner. PacifiCan continues to deliver programs and maintain physical office spaces by employing risk-based mitigation such as business continuity planning, occupational health and safety planning and people management strategies; a robust system of network systems including encrypted signature, electronic security protocols and mobile equipment to employ remote connectivity; and risk assessments, governance processes, process mapping and segregation of duties.

## Significant Changes in Relation to Operations, Personnel and Programs

On August 6, 2021, the Government of Canada launched Pacific Economic Development Canada (PacifiCan) as a new federal regional economic development agency for British Columbia. It will build on Western Economic Diversification Canada's (WD) 34 year legacy to work more closely with BC businesses, innovators, and communities; promote connections and investments to foster economic growth; and help organizations navigate federal programs and policies.

In Budget 2021, the Government of Canada provided this new BC-focused agency with \$553.1 million over five years, starting in 2021-22, and \$110.6 million ongoing.

PacifiCan has entered into an Internal Services Agreement with PrairiesCan effective until end of fiscal year 2023-24. PrairiesCan is undertaking to provide internal services including Financial Services and Systems to PacifiCan, in a way that recognizes PacifiCan's independence, separate authorities and accountabilities, as well as respects PacifiCan's need to maintain a unique identity and operations.

The new agency will build on existing relationships with clients and partners, such as the Western Canada Business Service Network, and will continue to deliver new Budget 2021 funding programs, as well as existing programs that help businesses to scale-up, and support regional innovation.

On October 26, 2021 the Honourable Harjit Sajjan was announced as Minister of International Development and Minister responsible for the Pacific Economic Development Agency of Canada.

Dylan Jones was appointed as PacifiCan's President effective August 6, 2021.

Mona Luke joined PacifiCan as acting Chief Financial Officer effective August 9, 2021.

## Approval by Senior Officials

Approved by:



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**Dylan Jones**  
President

*Vancouver, Canada*  
*Date: November 19, 2021*

**Luke, Mona** Digitally signed by Luke, Mona  
Date: 2021.11.17 14:43:28 -08'00'

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**Mona Luke**  
A/Chief Financial Officer

## Statement of Authorities (unaudited)

Fiscal year 2021-2022 (in thousands of dollars)

Authorities	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
Vote 1 - Net operating expenditures	\$4,114	\$1,343	\$1,343
Vote 5 - Grants and contributions	104,700	10,222	10,222
Budgetary statutory authorities			
Budgetary statutory authorities Employee Benefit Plans	232	110	110
<b>Total authorities</b>	<b>\$109,046</b>	<b>\$11,675</b>	<b>\$11,675</b>

\* Pursuant to Order-in-Council P.C. 2021-0828 effective August 6, 2021, \$108.8 million excluding statutory authorities for employee benefit plans, is deemed to have been appropriated to the Pacific Economic Development Agency of Canada (Votes 1 and 5), which results in a reduction for the same amount in Prairies Economic Development Canada, Votes 1 and 5 respectively.



## Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal Year 2021-2022 (in thousands of dollars)

Expenditures	Planned expenditures for the year ending March 31, 2022*	Expended during the quarter ended September 30, 2021	Year-to-date used at quarter-end
Personnel	\$3,846	\$1,434	\$1,434
Transportation and communications	106	0	0
Information	13	1	1
Professional and special services	305	12	12
Rentals	12	1	1
Repair and maintenance	20	0	0
Utilities, materials and supplies	31	5	5
Acquisition of machinery and equipment	13	0	0
Transfer payments	104,700	10,222	10,222
Other subsidies and payments	0	0	0
<b>Total net budgetary expenditures</b>	<b>\$109,046</b>	<b>\$11,675</b>	<b>\$11,675</b>

\* Pursuant to Order-in-Council P.C. 2021-0828 effective August 6, 2021, \$108.8 million excluding statutory authorities for employee benefit plans, is deemed to have been appropriated to the Pacific Economic Development Agency of Canada (Votes 1 and 5), which results in a reduction for the same amount in Prairies Economic Development Canada, Votes 1 and 5 respectively.