Pacific Economic Development Canada's Quarterly Financial Report for the quarter ended June 30, 2022

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

Introduction

This quarterly financial report should be read in conjunction with Main Estimates. It 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*.

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."

The Departmental Plan and Main Estimates provide further information on PacifiCan's authority, mandate and program activities.

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 Main Estimates for the 2022-2023 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 (EBP).

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

The following section highlights significant changes to fiscal quarter results as of June 30, 2022.

Statement of Authorities: Vote 1 – Net Operating Expenditures

Total authorities available for use for fiscal year 2022-2023 are $26.2 million. The baseline is comprised of:

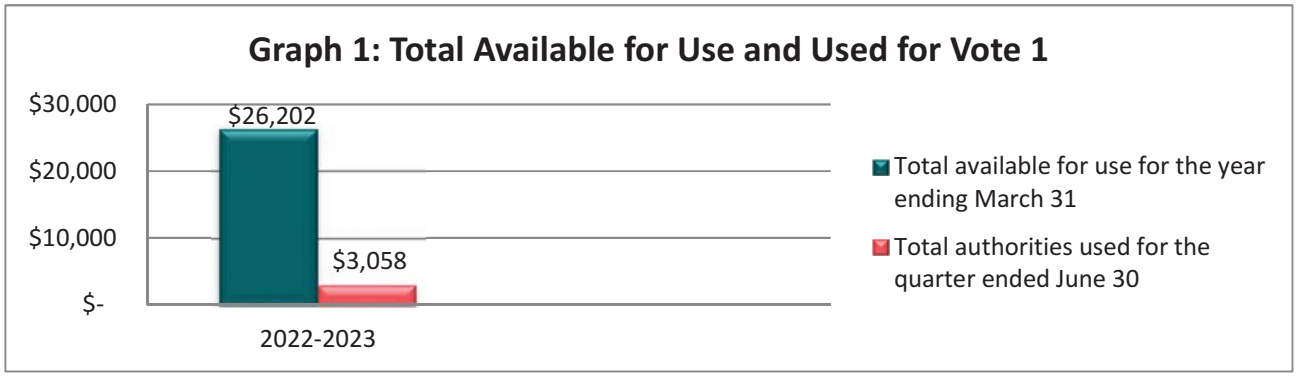
- $18.4 million for salaries to build agency capacity; and
- $7.8 million for other operating and maintenance costs.

Total authorities used year-to-date for the quarter ended June 30, 2022 are $3.1 million. Vote 1 expenditures are mainly comprised of:

- $2.5 million salary costs to deliver transfer payment programming and to build agency capacity; and
- $0.6 million for other operating and maintenance expenses.

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 2022-2023 are $226.1 million:

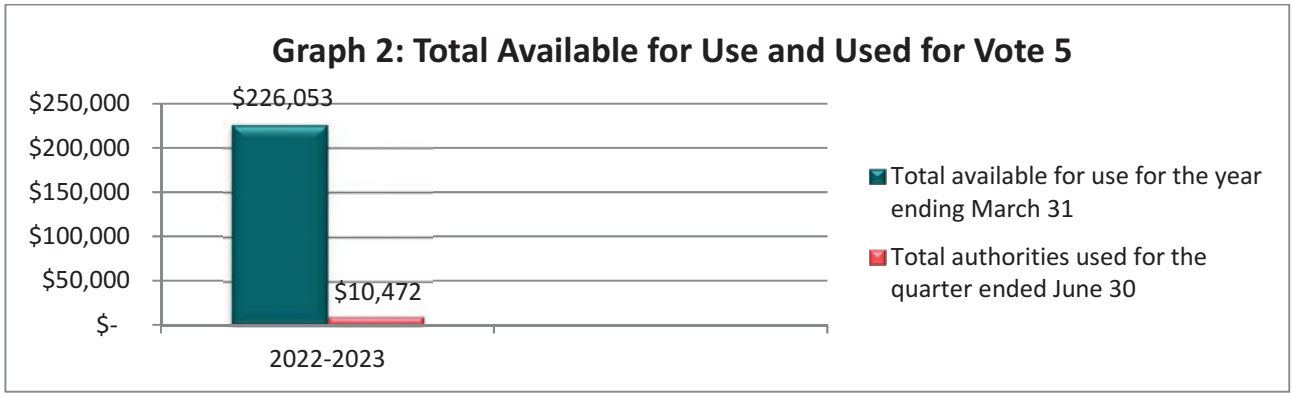
- $81.6 million funding the core economic development programs;
- $25.2 million funding the Canada Community Revitalization Fund;
- $47.1 million supporting tourism operators facing hardship due to COVID-19;
- $15.0 million to fund the building of Haisla Bridge supporting the Liquefied Natural Gas (LNG) project in Kitimat, BC;
- $12.5 million supporting the Aerospace Regional Recovery Initiative;
- $5.0 million supporting major festivals and events;
- $34.2 million supporting jobs and growth;
- $1.6 million supporting women owned and lead businesses through the Women's Entrepreneurship Strategy;
- $1.1 million to support black owned and lead businesses through the Black Entrepreneurship Fund; and
- $2.8 million to support national quantum strategy.

Total authorities used year-to-date for the quarter ended June 30, 2022 are $10.4 million. Vote 5 expenditures are comprised of:

- $1.0 million for payments made to support Canada's Skills and Innovation Plan including payments to women and black entrepreneurs;
- $7.0 million for building the Haisla Bridge supporting the Liquefied Natural Gas (LNG) project in Kitimat, BC;
- $0.1 million for payments made supporting Canada's air sector through the Regional Air Transportation Initiative; and
- $2.3 million for payments made under the Western Diversification Program supporting investments in a diverse and growing British Columbia economy.

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

(in thousands of dollars)



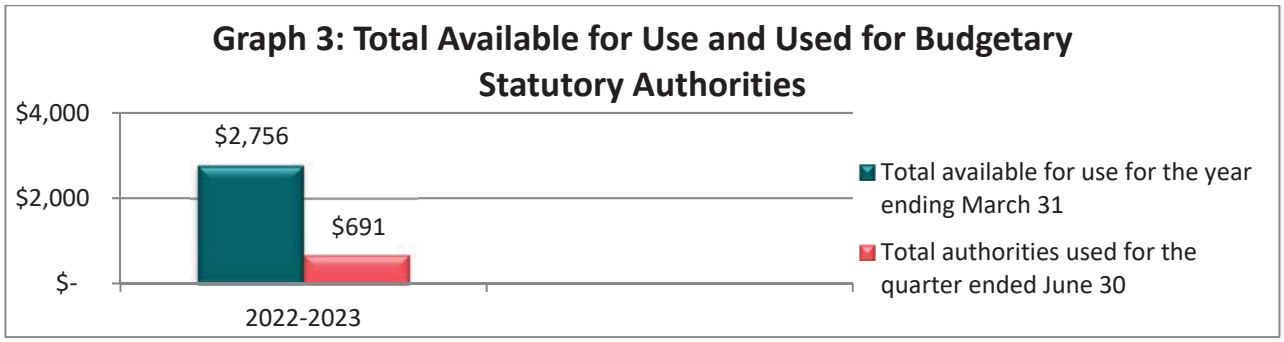
Statement of Authorities: Budgetary Statutory Authorities

Budgetary statutory authorities of $2.8 million are available for use in fiscal year 2022-2023 and are comprised of funding requirements to administer the employee benefit plan.

Budgetary statutory authorities used for EBP for fiscal year 2022-2023 are $0.7 million.

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

Expenditures by standard object for the quarter ended June 30, 2022 were $14.2 million. Quarter 1 spending is comprised of:

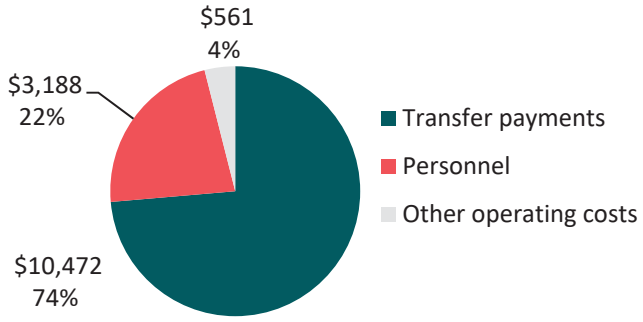
- $1.0 million for payments made to support Canada's Skills and Innovation Plan;
- $0.1 million for payments made to support Canada's air sector through the Regional Air Transportation Initiative;
- $2.3 million for payments made under the Western Diversification Program and other programming investing in communities and businesses to continue to diversify, develop and grow the British Columbia economy;
- $7.0 million for building the Haisla Bridge supporting the Liquefied Natural Gas (LNG) project in Kitimat, BC;
- $3.2 million for salary and other personnel expenses to deliver transfer payment programming and to build agency capacity; and
- $0.6 million for operations and maintenance costs.

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)

Graph 4: Actual Expenditures Quarter Ended June 30, 2022



Risks and Uncertainties

The agency is managing the allocation of resources 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, PacifiCan 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

There are no significant changes in relation to operations, personnel and programs for this reporting period.

Approval by Senior Officials

Approved by:

Original signed by:

Naina Sloan
For: Dylan Jones, President

Original signed by:

Switzer, Thomas Digitally signed by Switzer, Thomas
Date: 2022.08.03 10:15:16 -07'00'

Thomas Switzer
For: Mona Luke, Chief Financial Officer

Vancouver, Canada
Date: Aug 5, 2022

Statement of Authorities (unaudited)

Fiscal year 2022-2023 (in thousands of dollars)

Authorities	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
Vote 1 - Net operating expenditures	$26,202	$3,058	$3,058
Vote 5 - Grants and contributions	226,053	10,472	10,472
Budgetary statutory authorities			
Employee Benefit Plans	2,756	689	689
Collection agency fees		2	2
Total authorities	**$255,011**	**$14,221**	**$14,221**

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

Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal Year 2022-2023 (in thousands of dollars)

Expenditures	Total available for use for the year ending March 31, 2023*	Expended during the quarter ended June 30, 2022	Year-to-date used at quarter-end
Personnel	$21,130	$3,188	$3,188
Transportation and communications	532	213	213
Information	504	16	16
Professional and special services	4,440	318	318
Rentals	686	10	10
Repair and maintenance	492	0	0
Utilities, materials and supplies	272	2	2
Acquisition of machinery and equipment	902	1	1
Transfer payments	226,053	10,472	10,472
Other subsidies and payments	0	1	1
Total net budgetary expenditures	**$255,011**	**$14,217**	**$14,217**

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