



Canada Economic  
Development  
for Quebec Regions

Développement  
économique Canada  
pour les régions du Québec

Canada

## **Canada Economic Development**

for Quebec Regions

Standing by businesses,  
Standing by regions.

**QUARTERLY FINANCIAL  
REPORT FOR THE QUARTER  
ENDED DECEMBER 31, 2022**

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the Minister of Economic Development and Official  
Languages and the Minister responsible for CED, 2022

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# SECTION 1

## INTRODUCTION

## Introduction

This quarterly financial report has been prepared by Canada Economic Development for Quebec Regions (CED) as required under section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board.

This report should be read in conjunction with the [2022–23 Estimates](#) and the [2022–2023 Departmental Plan](#).

This document has not been subject to external audit or review.

### 1.1 Authorities, mandate and programs

The mission of Canada Economic Development for Quebec Regions (CED) is to promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate.

CED is the key federal player in Quebec for the promotion of economic development in the regions and among small and medium-sized businesses (SMEs). To achieve its core responsibility, which consists of developing the Quebec economy, CED fosters business startups and performance. It helps businesses become more innovative and enhance their productivity and competitiveness. It also supports community engagement efforts in the various regions of Quebec and helps attract investment aimed at boosting economic prosperity in Quebec and Canada.

CED contributes to the economic vitality of all Quebec regions by leveraging their regional competitive advantages. It supports the transition and diversification of communities that remain dependent on a limited number of sectors, or that have been affected by an economic shock, such as the closure of the chrysotile mines.

CED achieves its results by supporting businesses—primarily SMEs—and non-profit organizations (NPOs) by means of strategic investments. Through its 12 business offices located in the various regions of Quebec, and the ties it has developed with the other economic development players, CED stays abreast of the needs of the regions and businesses and is able to provide financial support for the delivery of projects that support businesses and communities in their economic development efforts.

CED has three categories of programs that support its core responsibility:

- Regional Innovation
- Community Vitality
- Temporary or Targeted Support

Additional information about CED's authority, mandate and programs can be found in the [2022–2023 Estimates](#) and the [2022–2023 Departmental Plan](#).

## 1.2 Basis of presentation

This quarterly report was prepared by CED using an expenditure basis of accounting. The accompanying Statement of Authorities includes CED's spending authorities granted by Parliament and used by CED, consistent with the 2022–2023 Main Estimates. This quarterly report was prepared using a special-purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

Prior authority from Parliament is required before funds can be spent by the Government. Authorities available for use are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

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

## Financial structure of Canada Economic Development for Quebec Regions (CED)

CED manages its expenditures under two annual votes:

- Vote 1 – Net operating expenditures, which includes CED authorities related to personnel costs, and operating and maintenance expenditures
- Vote 5 – Grants and contributions, which includes all authorities related to transfer payments

Expenses under budgetary statutory authorities, for which payments are made under legislation previously approved by Parliament and which are not part of the annual appropriations bills, include items such as the employer's share of the employee benefit plan, and transfer payments under the *Public Health Events of National Concern Payments Act*.



## SECTION 2

HIGHLIGHTS OF FISCAL QUARTER  
AND FISCAL YEAR-TO-DATE  
RESULTS

## Highlights of fiscal quarter and fiscal year-to-date results

This section presents a variety of financial information as at December 31, 2022, including the authorities available for the year and expenditures incurred during the third quarter, as compared with the previous fiscal year.

The explanation of variances in the amounts is based on the premise that discrepancies of less than 5% have a minimal impact on the interpretation of results.

The details of this financial information are provided in sections 2.1 and 2.2, and in the tables in the Appendix.

### 2.1 Analysis of authorities

Authorities as at December 31, 2022, totalled \$667.6M, compared with \$493.4M as at December 31, 2021.

The \$174.2M (35.3%) increase this year is due to the following changes:

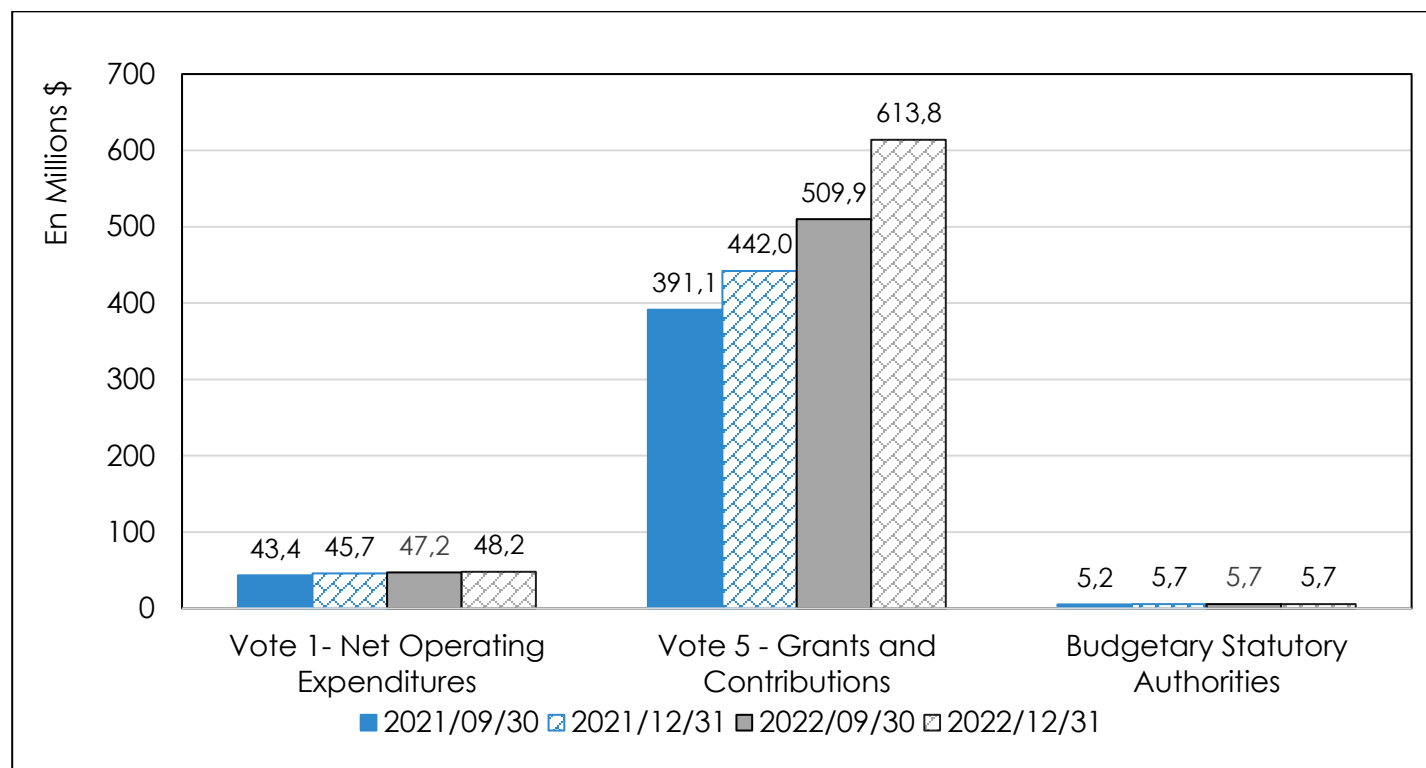
- Vote 1 – Net operating expenditures: +\$2.5M
- Vote 5 – Grants and contributions: +\$171.7M

*NB: \*In the report, totals may not add up due to rounding.*

The chart below shows the annual budgetary appropriation authorities as at December 31, 2022, compared with the previous fiscal year.



## Annual budgetary appropriation authorities as at December 31, fiscal year 2022–2023, compared with 2021–2022



### Vote 1 authorities (Net operating expenditures)

As at December 31, 2022, authorities totalled \$48.2M, compared with \$45.7M as at December 31, 2021. This represents an increase of \$2.5M (5.5%) this year.

This increase can be attributed to the numerous temporary economic recovery initiatives currently in place, for which CED receives operating funds to ensure their delivery, and specifically to hire resources.

The year-over-year variance stems from the following items, some of which varied upward, others downward:

- Increase in funding (+\$4.5M)
  - Tourism Relief Fund: +\$1.6M
  - Jobs and Growth Fund: +\$1.2M
  - Signing of the collective agreement: \$0.9M
  - Aerospace Regional Recovery Initiative: +\$0.8M

- Decrease in funding (-\$2.0M)
  - Regional Air Transportation Initiative: -\$1.2M
  - Regional Relief and Recovery Fund (RRRF–REGI): -\$0.8M

#### **Vote 5 authorities (Grants and contributions)**

As at December 31, 2022, authorities totalled \$613.8M, compared with \$442.0M as at December 31, 2021. This represents an increase of \$171.7M (38.9%) this year.

This variance stems from a number of items, some of which varied upward, others downward, for a net increase of \$171.7M:

- Increase in funding (+\$298.1M)
  - Tourism Relief Fund: +\$89.1M
  - Jobs and Growth Fund: +\$69.3M
  - Major Festivals and Events Support Initiative: +\$50.0M
  - Aerospace Regional Recovery Initiative: +\$44.4M
  - Moving up of 2023–2024 repayable contributions: +\$15M
  - Canada Community Revitalization Fund: +\$12.8M
  - Launch of a national quantum strategy: +\$6M
  - Initiative for the development of regional economic infrastructure in Quebec: +\$4.8M
  - Various items: +\$4.0M
  - International Sustainability Standards Board: +\$2.7M
- Decrease in funding (-\$126.4M)
  - Regional Relief and Recovery Fund (REGI and CFP): -\$70.7M
  - Reinvestment of repayable contributions: \* -\$46.7M
  - Regional Air Transportation Initiative: -\$8.8M
  - Various items: -\$0.2M

\*In 2020–2021, as a COVID-19 mitigation measure, CED granted its clients a nine-month moratorium on the reimbursement of repayable contributions. Two years later, in 2022–2023, since these repayments are being reinvested in regular programs, CED is reporting a shortfall. These funds will be recovered over a longer period of time than originally anticipated. A total of \$15M in funds from 2023-2024 was moved forward to this year to partially offset this shortfall.

### Budgetary statutory authorities

As at December 31, 2022, authorities totalled \$5.7M; they also stood at \$5.7M as at December 31, 2021. The variance between the two years is therefore insignificant.

## 2.2 Analysis of expenditures

CED expenditures recorded during the third quarter of 2022–2023 totalled \$130.1M, compared with \$84.5M for the same period last year. This represents a net increase of \$45.6M (53.9%) compared with the previous fiscal year.

This variance can be broken down as follows:

- Vote 1 – Net operating expenditures: -\$1.4M
- Vote 5 – Grants and contributions: +\$47.4M
- Budgetary statutory authorities: -\$0.4M

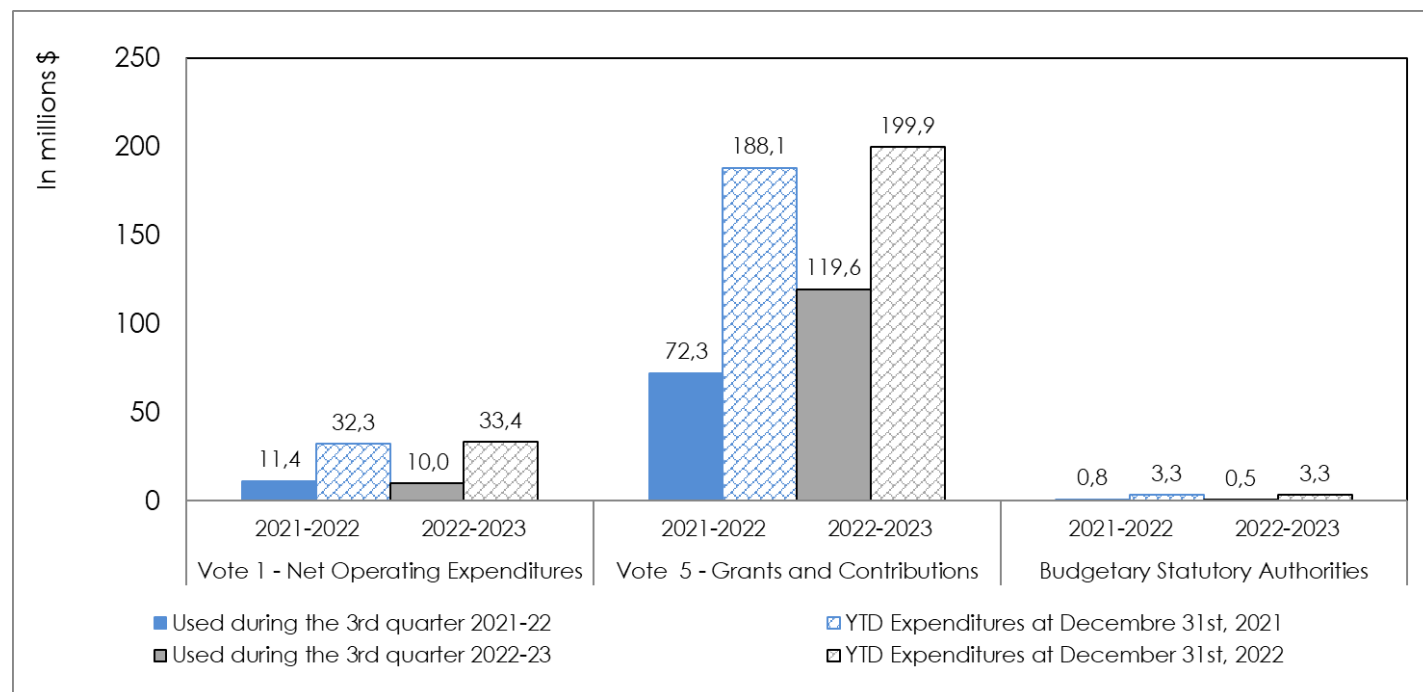
On a cumulative basis as at December 31, 2022, expenditures amounted to \$236.6M, compared with \$223.8M for the same period last year. This represents an increase of \$12.8M (5.7%) this year.

This variance can be broken down as follows:

- Vote 1 – Net operating expenditures: +\$1.1M
- Vote 5 – Grants and contributions: +\$11.7M
- Budgetary statutory authorities: -\$0.0M

The chart below shows expenditures in the third quarter of 2022–2023 by budgetary appropriation, compared with the previous fiscal year.

### Third-quarter expenditures by budgetary appropriation, 2022–2023, compared with 2021–2022



#### Vote 1 expenditures (Net operating expenditures)

CED's net operating expenditures for the third quarter of 2022–2023 totalled \$10.0M, compared with \$11.3M in 2021–2022. This represents a decrease of \$1.3M (-12.0%) this year. The rise in computer licensing expenditures, for which the pace of payments increased compared with the same quarter a year ago, slowed down, as anticipated.

Cumulative expenditures totalled \$33.4M as at December 31, 2022, compared with \$32.3M as at December 31, 2021, representing an increase of \$1.1M (3.4%) this year. The increase is largely attributable to a rise in salary expenditures, since additional staff had to be hired to deliver new temporary initiatives and specific COVID-19 initiatives. The renewal of certain collective agreements this year also resulted in an increase in salary expenditures.

(For further details on these expenditures, see the table entitled "Departmental budgetary expenditures by standard object" in Appendix 6.2.)

### **Vote 5 expenditures (Grants and contributions)**

Grant and contribution expenditures for the third quarter of 2022–2023 totalled \$119.6M, compared with \$72.3M in 2021–2022, representing a net increase of \$47.3M (65.5%) this year.

The variance can primarily be attributed to recovery initiatives that did not involve expenditures in the third quarter of 2021–2022. The Tourism Relief Fund (+\$25.8M) and the Jobs and Growth Fund (\$17.6M) are the main causes of the marked increase in spending in the third quarter of 2022–2023. The remaining variances are caused by the many ups and downs of various initiatives, including the Canada Community Revitalization Fund (+\$9.4M) and the Regional Relief and Recovery Fund (RRRF–REGI) (-\$6.9M).

On a cumulative basis as at December 31, 2022, expenditures totalled \$199.9M, compared with \$188.1M as at December 31, 2021. This represents an increase in spending this year of \$11.8M (6.3%).

This increase can be attributed to increased spending on economic recovery initiatives this quarter, compared with the same period last year, as well as by a slight increase in regular programming.

### **Expenditures under budgetary statutory authorities**

Spending on statutory authorities in the third quarter of 2022–2023 totalled \$0.4M, compared with \$0.8M as at December 31, 2021. This represents a decrease of \$0.4M compared with the third quarter of 2021–2022.

This variance can be attributed to cut-offs. Payments under the employee benefit plan were made in January.

Cumulative expenditures as at December 31, 2022, stood at \$3.3M and consist solely of payments under the employee benefit plan. As at December 31, 2021, expenditures totalled \$3.3M.

(For further details on these expenditures see the table entitled “Departmental budgetary expenditures by standard object” in Appendix 6.2.)



## SECTION 3

### RISKS AND UNCERTAINTIES

## Risks and uncertainties

The post-pandemic context marked by an anticipated economic slowdown is fuelling the risk that businesses, now more indebted and having exhausted their contingency funds, will cancel their investment projects in order to modernize their operations. To help Quebec businesses in this new and changing economic context, CED will continue to implement some of the economic recovery initiatives announced in Budget 2021. Furthermore, to facilitate the delivery of services to its clients, CED will be implementing a new client portal and reviewing its continuum of services.

CED manages the allocation of resources within a well-defined framework of accountability, policies and procedures. The organization will continue to develop financial risk mitigation measures by rigorously managing its budgetary and allocation processes, supported by a series of financial controls. Internal controls over financial reporting, such as entity controls, general IT controls and business process controls, are only a few examples of mitigation measures designed to support the sound management of public funds, within the limits of available resources and parliamentary authorities.

CED is also pursuing the stabilization of the SAP solution and the development of complementary tools. It should be noted that the rollout of the new SAP system has had significant impacts on the business intelligence required for G&C program delivery. To mitigate this risk, a governance structure has been put in place to ensure better planning and to optimize investments in the development of management reports and dashboards.



## SECTION 4

SIGNIFICANT CHANGES TO  
OPERATIONS, PERSONNEL AND  
PROGRAMS



## Significant changes to operations, personnel and programs

The most noteworthy changes for CED in 2022–2023 remain those associated with the ongoing implementation of the economic recovery initiatives announced in Budget 2021:

- Canada Community Revitalization Fund
- Aerospace Regional Recovery Initiative
- Major Festivals and Events Support Initiative
- Tourism Relief Fund
- Jobs and Growth Fund
- Black Entrepreneurship Program

Furthermore, some of the COVID-19 initiatives introduced in 2020–2021 will be continued in 2022–2023:

- Regional Air Transportation Initiative
- Black Entrepreneurship Program

Finally, as of April 2022, CED has been pursuing the rollout of the SAP solution, which allows for the modernization of the organization's financial management system.



## SECTION 5

APPROVAL BY SENIOR OFFICIALS

## Approval by senior officials

The purpose of this section is to provide the approval of senior officials, as required by the Policy on Financial Management, as follows:

Approved by:

Original signed by

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**Manon Brassard**

Deputy Minister / President

Montréal, Canada

February 14, 2023

Original signed by

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**Maxime Garon**

Chief Financial Officer

Montréal, Canada

February 10, 2023



# SECTION 6

## APPENDICES

## 6.1 Statement of authorities (unaudited)

### Fiscal year 2022–2023 (\$000's)

	Total available for use for the year ended March 31, 2023*	Used during the quarter ended December 31, 2022	Year-to-date used at quarter-end
Vote 1 – Net Operating expenditures	48,177	9,993	33,423
Vote 5 – Grants and contributions	613,798	119,609	199,869
Total budgetary statutory authorities	5,662	472	3,303
<b>Total authorities</b>	<b>667,637</b>	<b>130,074</b>	<b>236,595</b>

### Fiscal year 2021–2022 (\$000's)

	Total available for use for the year ended March 31, 2022*	Used during the quarter ended December 31, 2021	Year-to-date used at quarter-end
Vote 1 – Net Operating expenditures	45,688	11,363	32,319
Vote 5 – Grants and contributions	442,036	72,292	188,107
Total budgetary statutory authorities	5,670	834	3,335
<b>Total authorities</b>	<b>493,394</b>	<b>84,489</b>	<b>223,761</b>

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

## 6.2 Departmental budgetary expenditures by standard object (unaudited)

Fiscal year 2022–2023 (\$000's)

	Planned expenditures for the year ended March 31, 2023	Expenditures during the quarter ended December 31, 2022	Year-to-date used at quarter-end
Expenses:			
Personnel*	45,968	8,904	31,225
Transport and communications	757	164	364
Information	264	12	118
Professional and special services	5,004	1,194	3,538
Leasing	716	353	1,356
Repairs and maintenance	26	4	14
Public utilities, materials and supplies	180	105	115
Acquisition of land and buildings, and works	0	0	0
Acquisition of machinery and equipment	924	46	140
Transfer payments	613,798	119,609	199,869
Other grants and payments	0	(317)	(146)
<b>Total net budgetary expenditures</b>	<b>667,637</b>	<b>130,074</b>	<b>236,595</b>

\*Includes employee benefit plans (EBPs).

Fiscal year 2021–2022 (\$000's)

	Planned expenditures for the year ended March 31, 2022	Expenditures during the quarter ended December 31, 2021	Year-to-date used at quarter-end
Expenses:			
Personnel*	43,283	9,833	30,210
Transport and communications	934	31	120
Information	300	84	200
Professional and special services	5,008	1,043	3,067
Leasing	641	617	1,024
Repairs and maintenance	32	19	29
Public utilities, materials and supplies	227	16	26
Acquisition of land and buildings, and works	0	0	0
Acquisition of machinery and equipment	933	438	824
Transfer payments	442,036	72,292	188,107
Other grants and payments	0	115	154
<b>Total net budgetary expenditures</b>	<b>493,394</b>	<b>84,488</b>	<b>223,761</b>

\*Includes employee benefit plans (EBPs).