



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 JUNE 30, 2023**

Published by the Economic Development Agency of Canada
for the Regions of Quebec

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the Minister of Tourism and Minister responsible for the
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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 [2023–2024 Estimates](#) and the [2023–2024 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 partner in Quebec for regional economic development in Quebec. The agency contributes to the economic dynamism of all regions by focusing on their respective competitive advantages and by supporting businesses towards the economy of tomorrow. CED focuses its interventions on small and medium-sized enterprises (SMEs), relies on innovation and economic diversification as development levers, and favors support for projects that generate long-term benefits. It supports community engagement efforts in various regions of Quebec and helps to attract investment that will increase the prosperity of the Quebec and Canadian economies.

CED achieves its results by supporting SMEs directly or through non-profit organizations (NPOs) through strategic investments. With the help of its 12 business offices located in the various regions of Quebec, and relying on 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 development efforts. CED may also be assigned specific mandates to respond to specific issues (for example, to respond to economic shocks and contribute to economic recovery efforts).

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

- Regional Innovation
- Community Vitality
- Targeted or Temporary Support

Additional information about CED's authority, mandate and programs can be found in the [2023–2024 Estimates](#) and the [2023–2024 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 2023–2024 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 through appropriation acts in the form of annually approved limits 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.

1.3 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 expenses.
- Vote 5 – Grants and contributions, which includes all authorities related to transfer payments.

Costs under 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.



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 June 30, 2023, including the authorities available for the year and expenditures incurred during the first 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 June 30, 2023, totalled \$484.7M, compared with \$586.2M as at June 30, 2022.

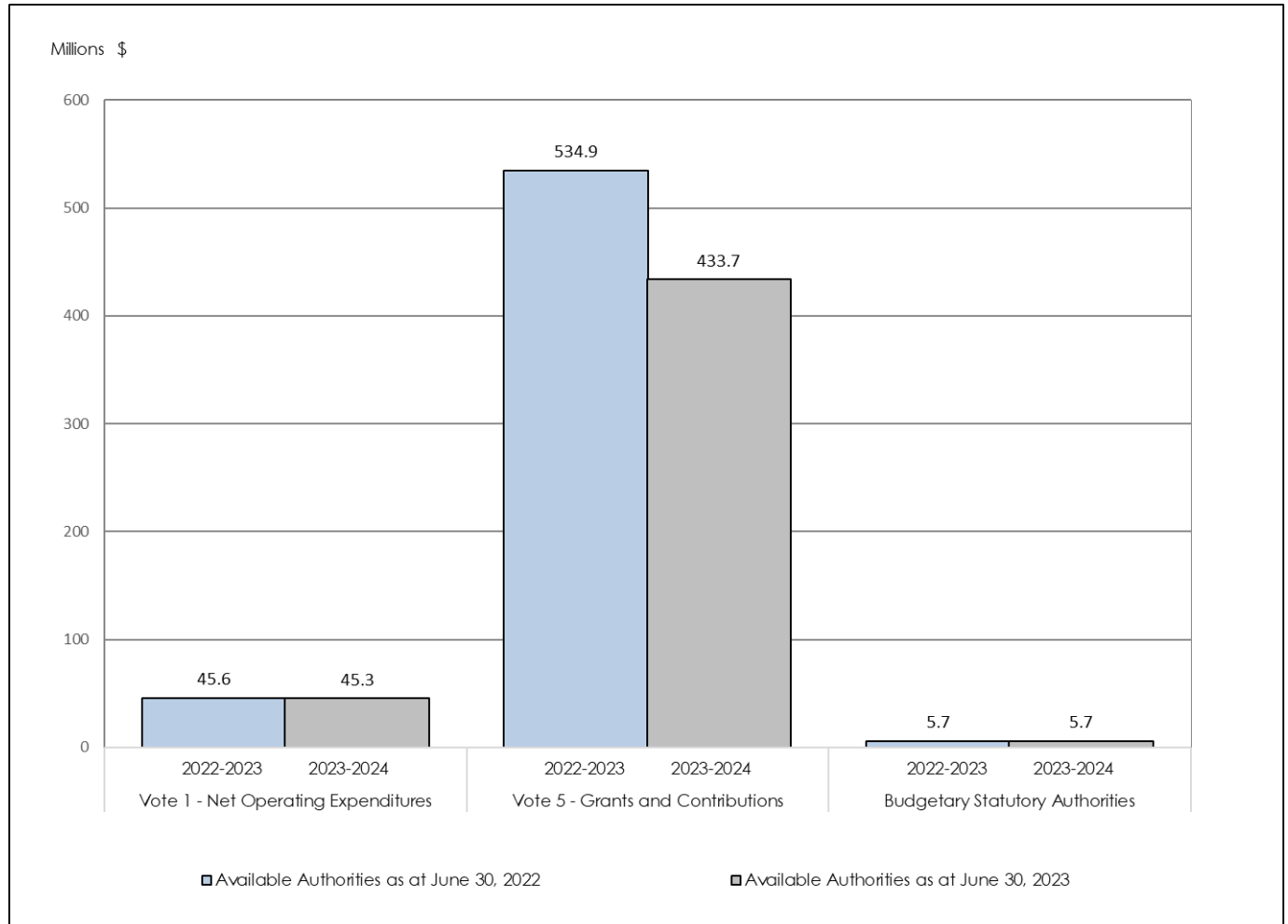
This year's variance of \$101.5M (-17.3%) is due to the following changes:

- Vote 1 – Net operating expenditures: -\$0.3M
- Vote 5 – Grants and contributions: -\$101.2M
- Budgetary statutory authorities: +\$0.07M

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

The chart below shows the annual budgetary appropriation authorities as at June 30, 2023, compared with the previous fiscal year.

Annual budgetary appropriation authorities as at June 30, fiscal year 2023–2024 compared with 2022–2023



Vote 1 authorities (operating expenditures)

As at June 30, 2023, authorities totalled \$45.3M, compared with \$45.6M as at June 30, 2022. This represents a drop of \$0.3M this year, a 0.8% variance that is considered insignificant.

Vote 5 authorities (Grants and contributions)

As at June 30, 2023, authorities totalled \$433.7M, compared with \$534.9M as at June 30, 2022. This represents a net decrease of \$101.2M (-18.9%) this year.

This variance consists of a number of items, some of which varied upward, others downward. The main reason for this decrease is explained by the planned end of several economic recovery initiatives to respond to the impacts of the pandemic.

The most significant variances are:

- Increase in funding (+\$60.8M)
 - Reinvestment of repayable contributions:* +\$49.2M
 - Aerospace Regional Recovery Initiative: +\$8M
 - Other elements: +\$3.6M

- Decrease in funding (-\$162.0M)**
 - Major Festivals and Events Support Initiative: -\$48.9M
 - Tourism Relief Fund: -\$46.6M
 - Canada Community Revitalization Fund: -\$20.3M
 - Regional Economic Growth through Innovation program: -\$14.6M
 - Jobs and Growth Fund: -\$11.4M
 - Initiative for the development of regional economic infrastructure in Quebec: -\$8.2M
 - Capacity building:** -\$5.9M
 - Women Entrepreneurship Strategy: -\$3.9M
 - Other elements: -\$2.2M

*In 2020–2021, as a COVID-19 mitigation measure, CED granted its clients a nine-month moratorium on the reimbursement of repayable contributions. Since these repayments were reinvested in regular programs two years later, CED reported a shortfall in 2022–2023, followed by a sharp increase in 2023–2024. These funds will be recovered over a longer period of time than originally anticipated.

** The majority of the operational funding provided for temporary economic recovery initiatives ended in 2022–2023.

*** To ensure to properly manage an increased and exceptional volume of on-going files, notably the required follow-up and delivery of the temporary economic recovery initiatives for which funding has been completed, a transfer from *Vote 5 – Grants and Contributions* to *Vote 1 – Operations* was granted.

Budgetary statutory authorities

As at June 30, 2023, authorities totalled \$5.7M, unchanged year-over-year.

2.2 Analysis of expenditures

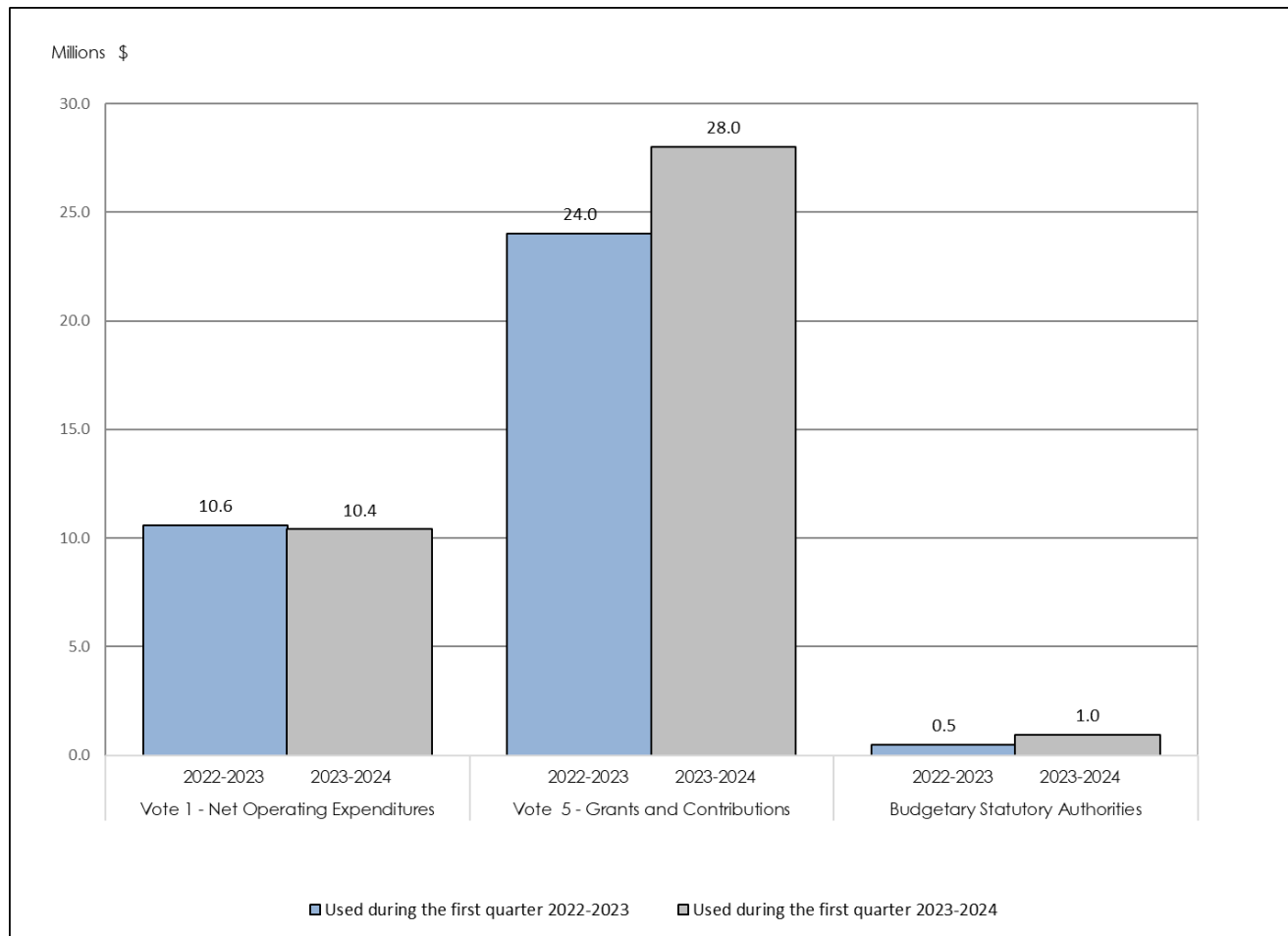
CED expenditures in the first quarter of 2023–2024 totalled \$39.4M, compared with \$35.1M in the same period in the previous year. This represents a net increase of \$4.3 million (12.2%) year-over-year.

This variance can be broken down as follows:

- Vote 1 – Net operating expenditures: -\$0.2M
- Vote 5 – Grants and contributions: +\$4.0M
- Budgetary statutory authorities: +\$0.5M

The chart below shows expenditures in the first quarter of 2023–2024 by budgetary appropriation, compared with the previous fiscal year.

First-quarter expenditures by budgetary appropriation, 2023–2024, compared with 2022–2023



Vote 1 expenditures (Net operating expenditures)

CED's net operating expenditures for the first quarter of 2023–2024 totalled \$10.4M, compared with \$10.6M in 2022–2023. This represents a decrease of \$0.2M (-1.8%) this year. Given the stability of the workforce, the variance for this quarter is deemed insignificant.

Vote 5 expenditures (Grants and contributions)

Grant and contribution expenditures for the first quarter of 2023–2024 totaled \$28.0M, compared with \$24.0M in 2022–2023, representing a net increase of \$4.0M (16.7%) this year.

This increase can be attributed to an increase in the expenses in the temporary economic recovery initiatives, with these three initiatives in particular: the Major Festivals and Events Support Initiative (+\$2.2M); the Tourism Relief Fund (+\$1.2M); and the Jobs and Growth Fund (+\$1.1M).

Expenditures under budgetary statutory authorities

Spending on statutory authorities in the first quarter of 2023–2024 totalled \$1.0M, compared with \$0.5M as at June 30, 2022, representing a year-over-year increase of \$0.5M.

On April 1, 2022, CED implemented a new financial system (SAP). As a result, in the first quarter of 2022–2023 there were delays in the processing of employee benefit remittances to the Treasury Board Secretariat, which explains the marked increase in expenditures in this quarter. Catch-up payments were made in the second quarter of 2022-2023.

(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 compounding the risk that businesses, now more indebted and having exhausted their contingency funds, will cancel their investment projects in order to modernize their operations. Businesses have also had to deal with related challenges, such as supply chain disruptions, rising interest rates and operating expenses, and labour shortages. 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 setting up 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 a significant impact 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 investment 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 2023–2024 remain those associated with the end of the ongoing implementation of several economic recovery initiatives announced in Budget 2021 – both the management of the end of these initiatives and the follow-up of the numerous contributions that continue over several years:

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

Jean-Frédéric Lafaille was appointed as Acting Deputy Minister, effective July 23, after Manon Brassard left CED to take up a position with the Immigration and Refugee Board. The position of Vice-President, Policy and Communications, will be filled on an acting basis by Jean-Philippe Brassard.

Following the ministerial shuffle that took place on July 26, Prime Minister Justin Trudeau appointed Soraya Martinez Ferrada as Minister of Tourism and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec.



SECTION 5

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

Jean-Frédéric Lafaille

Acting Deputy Minister / President

Montréal, Canada

August 10, 2023

Original signed by

Maxime Garon

Chief Financial Officer

Montréal, Canada

August 10, 2023



SECTION 6

APPENDICES

6.1 Statement of authorities (unaudited)

Fiscal year 2023–2024 (\$000's)

	Total available for use for the year ended March 31, 2024*	Used during the quarter ended June 30, 2023	Year-to-date used at quarter-end
Vote 1 – Net Operating expenditures	45,283	10,403	10,403
Vote 5 – Grants and contributions	433,653	28,022	28,022
Total budgetary statutory authorities	5,733	955	955
Total authorities	484,669	39,380	39,380

Fiscal year 2022–2023 (\$000's)

	Total available for use for the year ended March 31, 2023*	Used during the quarter ended June 30, 2022	Year-to-date used at quarter-end
Vote 1 – Net Operating expenditures	45,631	10,588	10,588
Vote 5 – Grants and contributions	534,878	24,029	24,029
Total budgetary statutory authorities	5,662	472	472
Total authorities	586,171	35,089	35,089

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

6.2 Departmental budgetary expenditures by standard object (unaudited)

Fiscal year 2023–2024 (\$000's)

	Planned expenditures for the year ended March 31, 2024	Expenditures during the quarter ended June 30, 2023	Year-to-date used at quarter-end
Expenses:			
Personnel*	43,456	9,692	9,692
Transport and communications	580	137	137
Information	308	38	38
Professional and special services	4,646	945	945
Leasing	886	457	457
Repairs and maintenance	28	21	21
Public utilities, materials and supplies	102	9	9
Acquisition of land and buildings, and works	0	0	0
Acquisition of machinery and equipment	1,010	17	17
Transfer payments	433,653	28,022	28,022
Other grants and payments	0	42	42
Total net budgetary expenditures	484,669	39,380	39,380

*Includes employee benefit plans (EBPs).

QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDED JUNE 30, 2023

Fiscal year 2022–2023 (\$000's)

	Planned expenditures for the year ended March 31, 2023	Expenditures during the quarter ended June 30, 2022	Year-to-date used at quarter-end
Expenses:			
Personnel*	43,410	9,461	9,461
Transport and communications	759	85	85
Information	265	17	17
Professional and special services	5,011	1,077	1,077
Leasing	717	483	483
Repairs and maintenance	26	2	2
Public utilities, materials and supplies	180	22	22
Acquisition of land and buildings, and works	0	0	0
Acquisition of machinery and equipment	925	29	29
Transfer payments	534,878	24,030	24,030
Other grants and payments	0	-117	-117
Total net budgetary expenditures	586,171	35,089	35,089

*Includes employee benefit plans (EBPs).