

Pacific Economic Development Canada's Quarterly Financial Report for the quarter ended September 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

Pacific Economic Development Canada (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 departmental 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 September 30, 2022. PacifiCan was established on August 6, 2021 as a new federal regional development agency. For comparison purposes, the quarter-ended September 30, 2021 only covered the period from August 6, 2021 to September 30, 2021.

Statement of Authorities: Vote 1 – Net Operating Expenditures

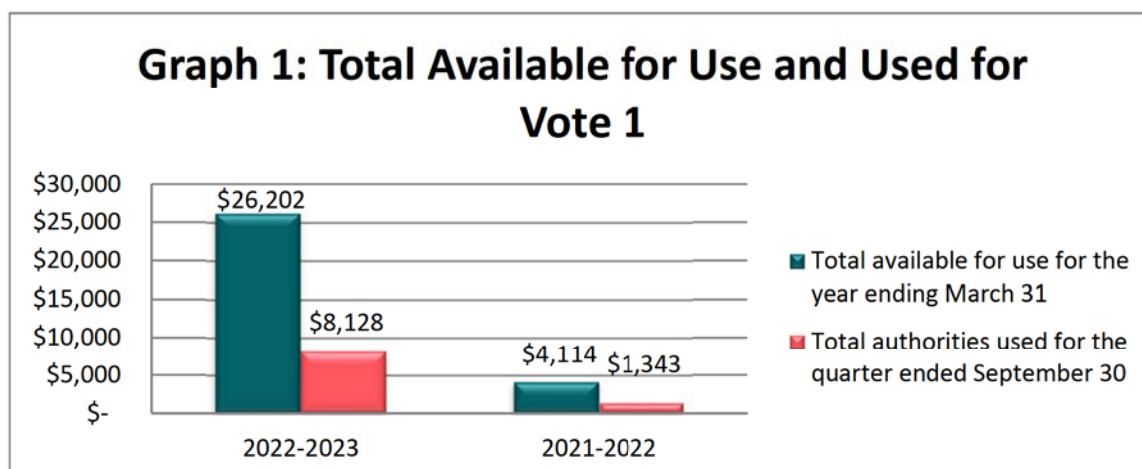
Total authorities available for use for fiscal year 2022-2023 are \$26.2 million, a net increase of \$22.1 million compared to the \$4.1 million for 2021-2022, which was the deemed appropriation from Prairies Economic Development Canada (PrairiesCan) to PacifiCan as initial funding for the newly established agency. The net increase is explained by:

- \$14.8 million increase in funding for salaries to build agency capacity;
- \$7.3 million increase in funding for other operating and maintenance costs.

Total authorities used year-to-date has increased to \$8.1 million for the quarter ended September 30, 2022 compared to \$1.3 million at September 30, 2021. The increase of \$6.8 million is mainly due to increased salary expenditures incurred to build the staffing capacity of PacifiCan as a new agency.

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, a net increase of \$121.4 million compared to the \$104.7 million for 2021-22, which was the deemed appropriation from PrairiesCan to PacifiCan as initial funding for the new agency. The net increase of \$121.4 million is mainly due to:

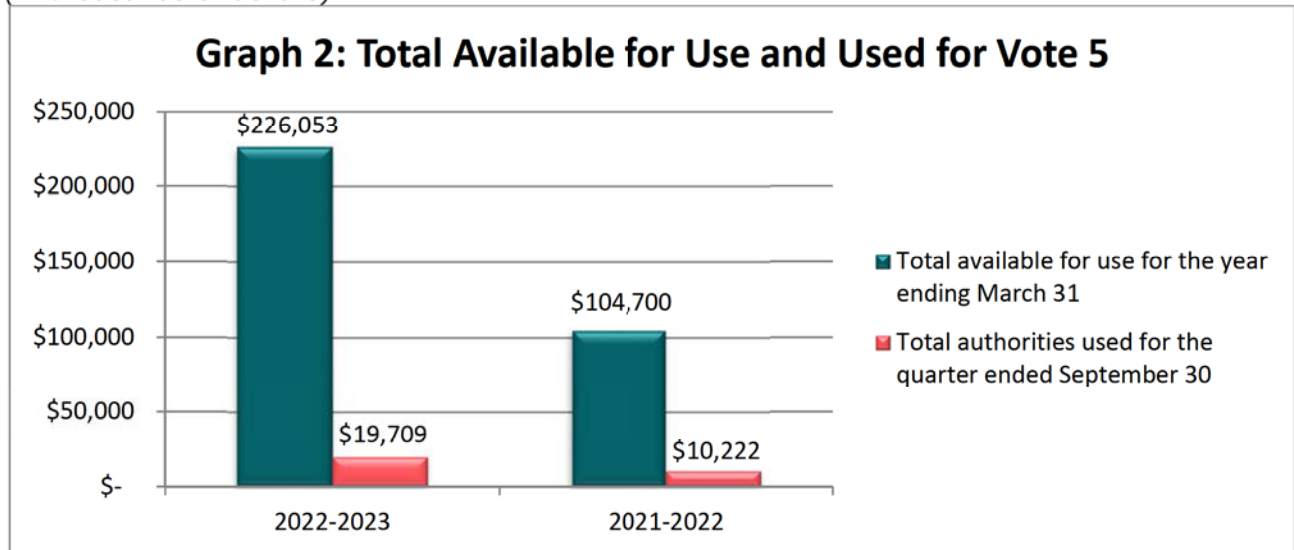
- \$81.6 million increase in funding on the core economic development programs;
- \$25.2 million increase in the Canada Community Revitalization Fund;
- \$47.1 million increase to support tourism operators facing hardship due to COVID-19;
- \$7.0 million increase to build the Haisla Bridge to support the Liquefied Natural Gas (LNG) project in Kitimat, BC;
- \$12.5 million increase to support the Aerospace Regional Recovery Initiative;
- \$5.0 million increase to support major festivals and events;
- \$34.2 million increase in funding to support jobs and growth;
- \$0.3 million increase from the Black Entrepreneurship Fund;
- \$2.8 million increase to support national quantum strategy;
- \$2.7 million decrease from Praxis Spinal Cord project;
- \$0.6 million decrease from Canadian Experience Fund;
- \$30.6 million decrease from Regional Air Transport Initiative; and
- \$60.4 million decrease in Regional Relief and Recovery Fund (RRRF).

Total authorities used year-to-date for the quarter-ended September 30, 2022 increased to \$19.7 million, compared to \$10.2 million at September 30, 2021. The \$9.5 million increase is mainly explained by:

- \$6.1 million increase in payments under the Western Diversification Program (WDP) and other various WDP programs supporting investments in a diverse and growing British Columbia economy;
- \$4.5 million increase in payments under the Regional Economic Growth through Innovation (REGI) to support the Innovation and Skills Plan;
- \$7.0 million increase in payments made to build the Haisla Bridge supporting the Liquefied Natural Gas (LNG) project in Kitimat, BC;
- \$8.1 million decrease in payments under the Regional Recovery and Relief Fund (RRRF).

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

(in thousands of dollars)



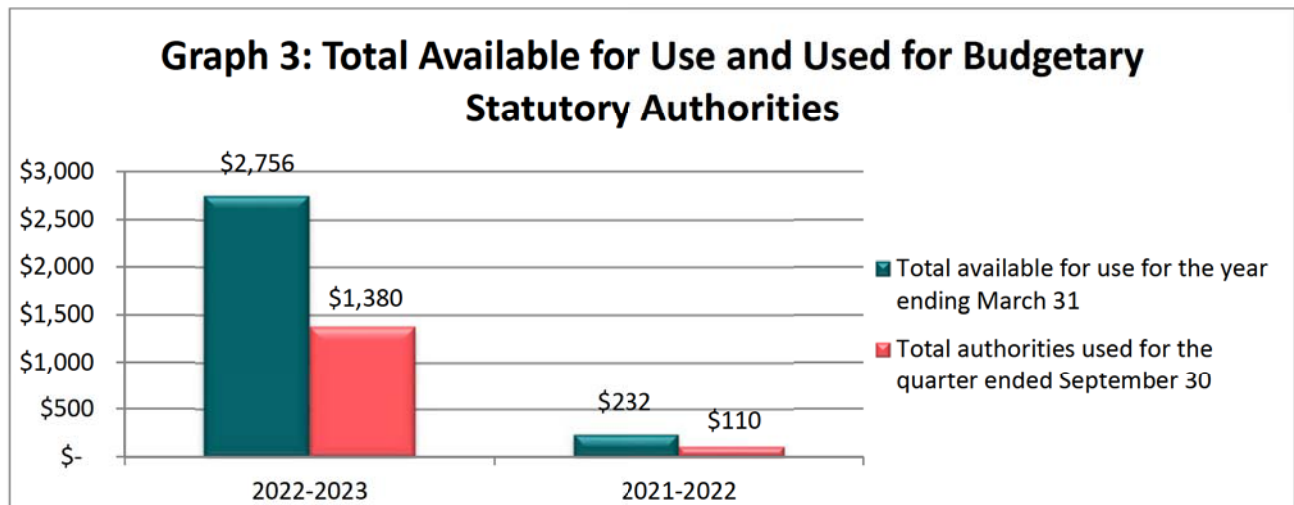
Statement of Authorities: Budgetary Statutory Authorities

Budgetary statutory authorities available for use in fiscal year 2022-2023 are \$2.8 million, an increase of \$2.5 million when compared to the \$0.2 million in 2021-2022, which was the deemed appropriation from PrairiesCan to PacifiCan as initial funding for the new agency. The increase of \$2.5 million is a result of additional funding provided to administer the employee benefit plan directly related to increased personnel funding provided to PacifiCan.

The total budgetary statutory authorities used for the quarter ended September 30, 2022 increased to \$1.4 million, compared to \$0.1 million at September 30, 2021. The \$1.3 million increase is due to the related salary expenditures and building agency staffing capacity.

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

(in thousands of dollars)



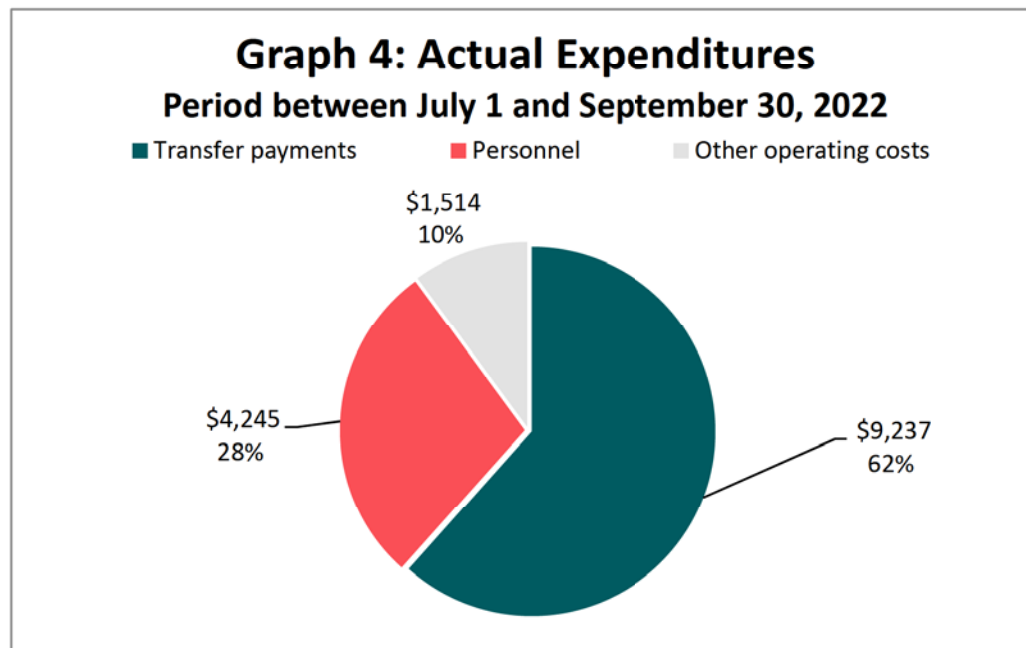
Statement of the Departmental Budgetary Expenditures by Standard Object

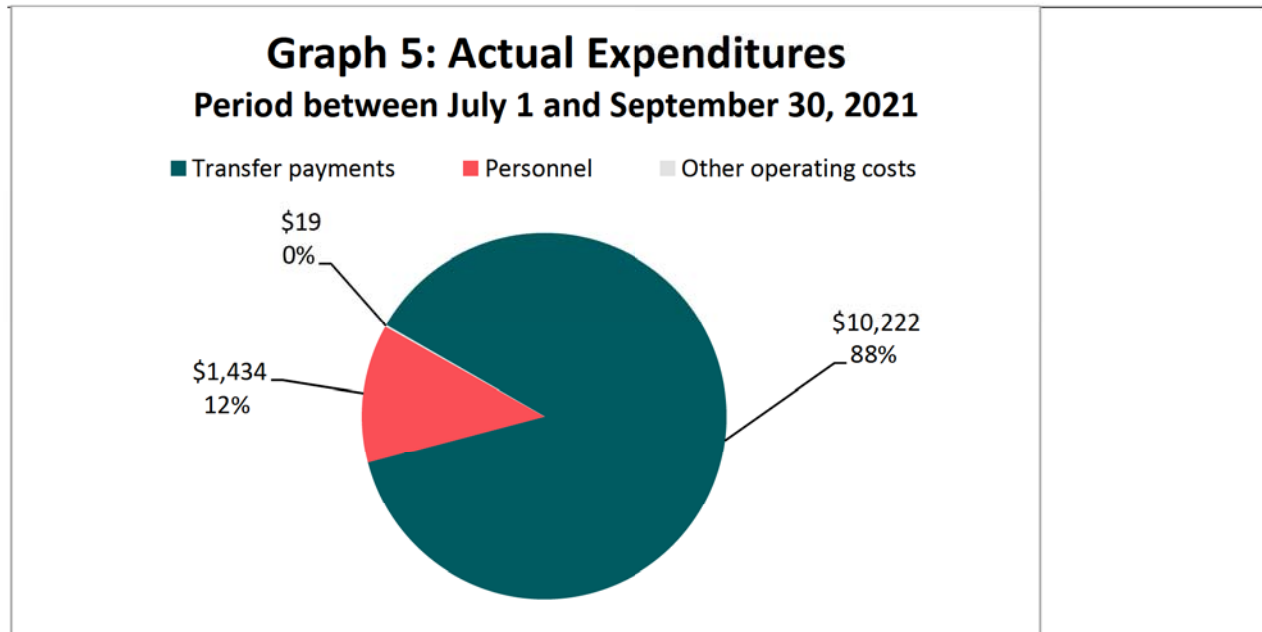
Expenditures by standard object for the quarter ended September 30, 2022 increased to \$29.2 million, compared to \$11.7 million at September 30, 2021. The \$17.5 million increase is mainly explained by:

- \$8.1 million decrease in RRRF transfer payments;
- \$4.5 million increase in payments made to REGI;
- \$6.1 million increase in 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 increase in payments towards building the Haisla Bridge supporting the Liquefied Natural Gas (LNG) project in Kitimat, BC;
- \$6.0 million increase in salary and other personnel expenses to deliver transfer payment programming and to build agency capacity; and
- \$2.0 million increase in operations and maintenance costs.

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

Graph 4 and 5 illustrate the actual expenditures incurred in the second quarter of 2022-2023. *(in thousands of dollars)*





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

The Regional Relief and Recovery Fund spending has decreased significantly in fiscal year 2022-2023 mainly due to the conclusion of the Government of Canada COVID-19 Economic Response Plan.

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

Approval by Senior Officials

Approved by:



Dylan Jones
President

Vancouver, Canada

Date: November 9, 2022

Digitally signed by Luke,
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Date: 2022.11.04
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Mona Luke
CFO and Senior Executive Director

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 September 30, 2022	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	\$26,202	\$5,070	\$8,128
Vote 5 - Grants and contributions	226,053	9,237	19,709
Budgetary statutory authorities			
Employee Benefit Plans	2,756	689	1,378
Collection agency fees			2
Total authorities	\$255,011	\$14,996	\$29,217

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

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			
Employee Benefit Plans	232	110	110
Collection agency fees			
Total authorities	\$109,046	\$11,675	\$11,675

* 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 2022-2023 (in thousands of dollars)

Expenditures	Total available for use for the year ending March 31, 2023*	Expended during the quarter ended September 30, 2022	Year-to-date used at quarter-end
Personnel	\$21,130	\$4,245	\$7,433
Transportation and communications	532	109	322
Information	504	78	94
Professional and special services	4,440	1,108	1,426
Rentals	686	76	86
Repair and maintenance	492	0	0
Utilities, materials and supplies	272	7	9
Acquisition of machinery and equipment	902	136	137
Transfer payments	226,053	9,237	19,709
Other subsidies and payments	0	0	1
Total net budgetary expenditures	\$255,011	\$14,996	\$29,217

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

Pacific Economic Development Canada
 Quarterly Financial Report
 For the quarter ended September 30, 2022

Fiscal Year 2021-2022 (in thousands of dollars)

Expenditures	Total available for use 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
Total net budgetary expenditures	\$109,046	\$11,675	\$11,675

* 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.