

Prairies 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 the [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

Prairies Economic Development Canada's (PrairiesCan) mandate is to grow and diversify the economy of the prairie provinces and advance its interests of the region in national economic policy, programs, and projects. The department will achieve this mandate by working with clients and partners in our four roles as investor, advisor, pathfinder, and convener.

PrairiesCan operates under the provision of the *Western Economic Diversification Act*, which came into force on June 28, 1988. As a federal department, PrairiesCan is headed by a Minister and a Deputy Head (President).

The [Departmental Plan](#) and Main Estimates provide further information on PrairiesCan'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 Department 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

PrairiesCan 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 and other minor items.

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.

Statement of Authorities: Vote 1 – Net Operating Expenditures

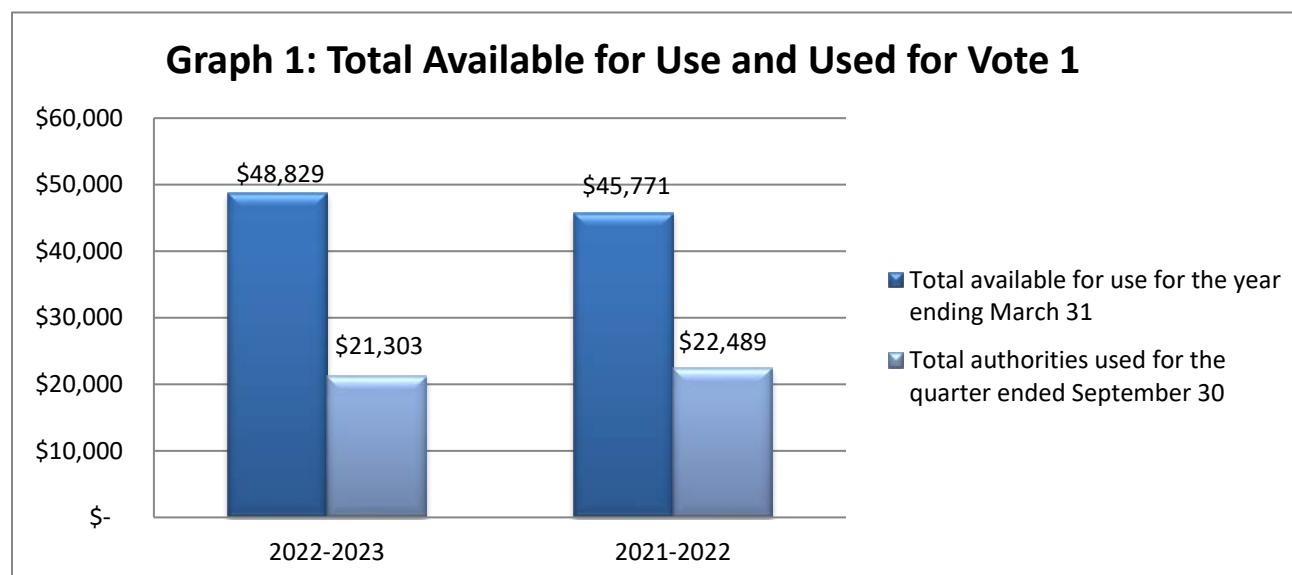
Total authorities available for use for fiscal year 2022-2023 are \$48.8 million, a net increase of \$3.0 million, or 7%, compared to the \$45.8 million for 2021-2022. The net increase is explained by:

- \$4.1 million net increase due to the timing of the transfer of deemed appropriations to Pacific Economic Development Canada (PacifiCan);
- \$2.6 million increase in funding for the Tourism Relief Fund announced in Budget 2021;
- \$2.1 million increase in funding for the Canada Community Revitalization Fund announced in Budget 2021;
- \$1.7 million increase in funding for the Jobs and Growth Fund initiative announced in Budget 2021;
- \$0.1 million increase in funding for Black Entrepreneurship Fund announced in Budget 2021;
- \$3.8 million decrease in funding for the completion of the Regional Relief and Recovery Fund to support businesses and tourism operators facing hardship due to COVID-19;
- \$3.0 million decrease in funding for the completion of the Investing in a Diverse and Growing Western Economy announced in Budget 2019;
- \$0.5 million decrease in funding for the Aerospace Regional Recovery Initiative; and
- \$0.3 million net decrease in various other minor adjustments.

Total authorities used to date have decreased to \$21.3 million for the quarter ended September 30, 2022, compared to \$22.5 million at September 30, 2021. The decrease of \$1.2 million, or - 5%, is explained mainly by the transfer of British Columbia Region staff from PrairiesCan to PacifiCan as a result of the restructuring of Western Economic Diversification and creation of PacifiCan in August 2021.

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 \$371.4 million, a net decrease of \$43.6 million, or -11%, compared to the \$415.0 million for 2021-22. The net decrease is explained by:

- \$104.7 million net increase due to the timing of the transfer of deemed appropriations to PacifiCan;
- \$53.5 million net increase in funding for the Tourism Relief Fund announced in Budget 2021;
- \$49.2 million increase in funding for the Jobs and Growth Initiative announced in Budget 2021;
- \$46.8 million increase in funding for the Canada Community Revitalization Fund announced in Budget 2021;
- \$14.4 million net increase in funding for the Vaccine and Infectious Disease Organization announced in Budget 2021;
- \$12.5 million increase in funding for the Aerospace Regional Recovery Initiative announced in Budget 2021;
- \$6.5 net increase in funding for the Canada Coal Transition Initiative announced in Budget 2018;
- \$1.9 million increase in funding to support the Quantum Strategy announced in Budget 2021;
- \$1.4 million net increase in funding for the Black Entrepreneurship Fund;
- \$211.4 million net decrease in funding for the completion the Regional Relief and Recovery Fund;

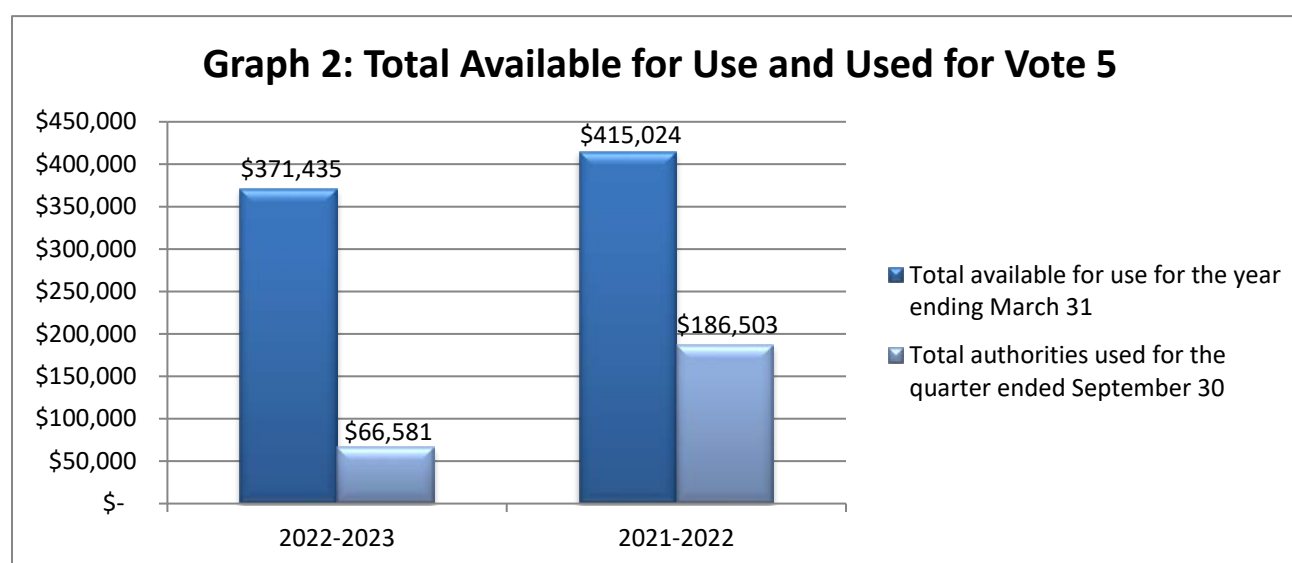
- \$53.1 million net decrease in funding for the Air Sector Economic Recovery Strategy;
- \$32.4 million net decrease in funding as part of the transfers to PacifiCan for the LNG Haisla Bridge project and the Praxis Spinal Cord Institute;
- \$29.4 million decrease in funding for the completion of the Investing in a Diverse and Growing Western Economy announced in Budget 2019;
- \$5.0 million decrease in funding for the completion of the Western Diversification Top Up announced in Budget 2017;
- \$1.7 million net decrease in funding for transfers and other minor operating adjustments; and
- \$1.5 million decrease for the completion of the International Policy Program.

Total authorities used to date for the quarter-ended September 30, 2022 decreased to \$66.6 million, compared to \$186.5 million at September 30, 2021. The \$119.9 million decrease, or -64% is explained by:

- \$15.7 million increase for payments restoring rail service to Churchill, Manitoba;
- \$2.9 million increase in Regional Economic Growth through Innovation payments to deliver the Innovation and Skills Plan.
- \$1.5 million increase in payments for the Black Entrepreneurship Program;
- \$0.3 million increase in payments supporting the Canada Coal Transition Initiative.
- \$126.6 million decrease for the completion of the Regional Relief and Recovery Fund transfer payments aiming to help western Canadian businesses cope with the financial hardship resulting from COVID-19;
- \$9.3 million decrease for payment timing differences made to network partners; and
- \$4.4 million decrease in Western Diversification Program payments, investing in a diverse and growing economy.

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

(in thousands of dollars)



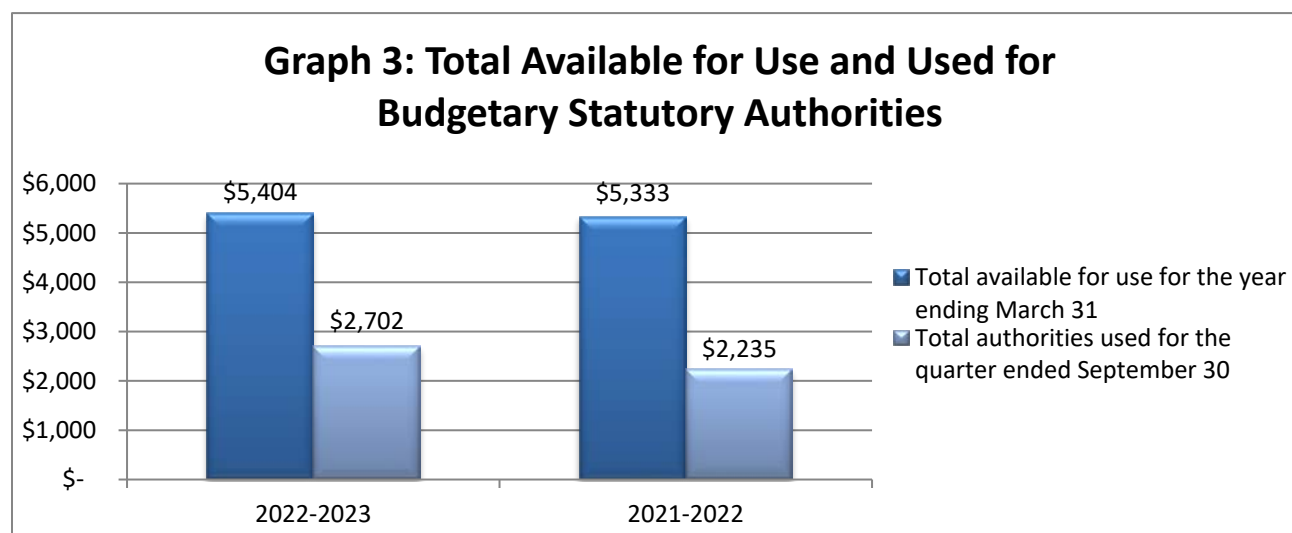
Statement of Authorities: Budgetary Statutory Authorities

Budgetary statutory authorities available for use for fiscal year 2022-2023 are \$5.4 million, an increase of \$0.1 million when compared to the \$5.3 million in 2021-2022. The variance is due to minor net adjustments in funding.

Budgetary statutory authorities used for fiscal year 2022-2023 are \$2.7 million, an increase of \$0.5 million when compared to the \$2.2 million in 2021-2022.

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, were \$58.5 million, which reflects a decrease of \$7.4 million, or -11% from the \$65.9 million at September 30, 2021.

The variance is largely due to:

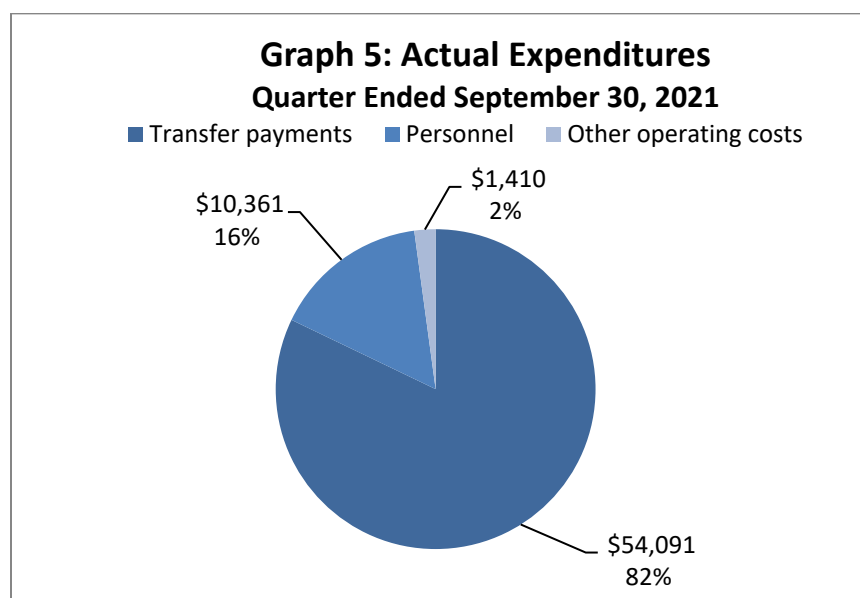
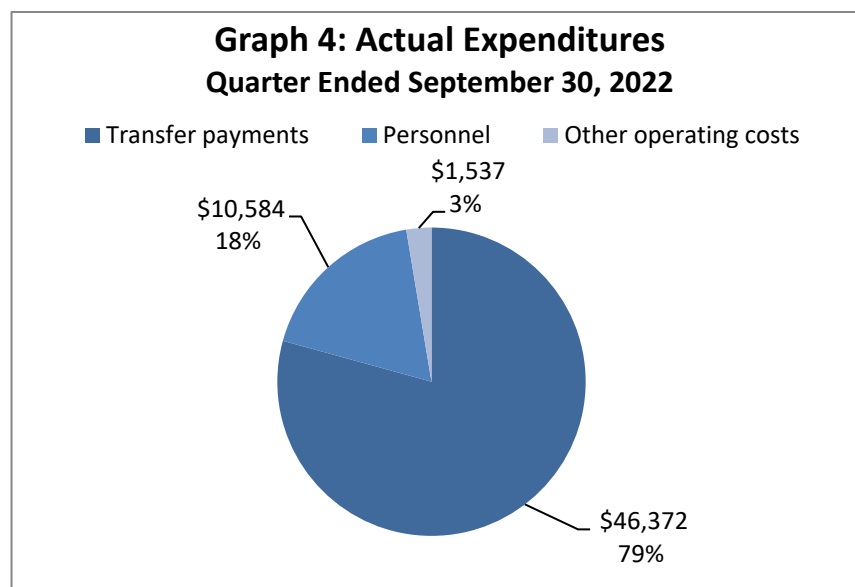
- \$18.1 million increase for payments restoring rail service to Churchill, Manitoba;
- \$5.1 million increase in Regional Economic Growth through Innovation payments to deliver the Innovation and Skills Plan;
- \$0.6 million increase in payments supporting the Canada Coal Transition Initiative;
- \$0.4 million increase in Western Diversification Program payments, investing in a diverse and growing economy;
- \$0.4 million increase in payments for the Black Entrepreneurship Program;
- \$0.4 million net increase from other minor various adjustments;

- \$27.5 million decrease in the completion of the Regional Relief and Recovery Fund transfer payments, aiming to help western Canadian businesses cope with the financial hardship resulting from COVID-19; and
- \$4.9 million decrease for payment timing differences made to network partners.

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

Graphs 4 and 5 illustrate actual expenditures for the quarter-end.

(in thousands of dollars)



Risks and Uncertainties

The department 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 Parliamentary authorities.

PrairiesCan conducts an annual risk assessment exercise as part of its overall risk management approach. Prior to the COVID 19 pandemic, PrairiesCan did not identify any significant financial risks from their annual risk assessment.

In response to the COVID-19 pandemic, PrairiesCan 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. PrairiesCan employs 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 when implementing programs.

Significant Changes in Relation to Operations, Personnel and Programs

On October 31, 2022 Diane Gray became President of PrairiesCan.

Approval by Senior Officials

Approved by:

Diane Gray
President

Sundeep Cheema
Chief Financial Officer

Edmonton, Canada
Date: November 18, 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 September 30, 2022	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	\$48,829	\$10,770	\$21,303
Vote 5 - Grants and contributions	371,435	46,372	66,581
Budgetary statutory authorities:			
Employee Benefit Plans	5,404	1,351	2,702
Total authorities	\$425,668	\$58,493	\$90,586

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	\$45,771	\$10,710	\$22,489
Vote 5 - Grants and contributions	415,024	54,091	186,503
Budgetary statutory authorities:			
Employee Benefit Plans	5,333	1,061	2,232
Collection Agency Fees			3
Total authorities	\$466,128	\$65,862	\$211,227

**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	Planned expenditures for the year ending March 31, 2023*	Expended during the quarter ended September 30, 2022	Year-to-date used at quarter-end
Personnel	\$41,429	\$10,584	\$20,798
Transportation and communications	1,575	172	326
Information	1,516	62	188
Professional and special services	8,828	1,274	2,305
Rentals	1,654	97	292
Repair and maintenance	904	10	12
Utilities, materials and supplies	545	19	32
Acquisition of machinery and equipment	1,782	325	334
Transfer payments	371,435	46,372	66,581
Other subsidies and payments		156	296
Revenues and reductions	(4,000)	(578)	(578)
Total net budgetary expenditures	\$425,668	\$58,493	\$90,586

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	\$36,201	\$10,361	\$21,430
Transportation and communications	1,014	21	25
Information	960	27	72
Professional and special services	8,453	883	2,296
Rentals	1,305	101	295
Repair and maintenance	936	0	0
Utilities, materials and supplies	518	32	40
Acquisition of machinery and equipment	1,717	336	345
Transfer payments	415,024	54,091	186,503
Other subsidies and payments	0	10	221
Total net budgetary expenditures	\$466,128	\$65,862	\$211,227

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