

Prairies Economic Development Canada's Quarterly Financial Report for the quarter ended December 31, 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](#) and [Supplementary Estimates \(B\)](#). 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 and Supplementary Estimates (B) 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 December 31, 2022.

Statement of Authorities: Vote 1 – Net Operating Expenditures

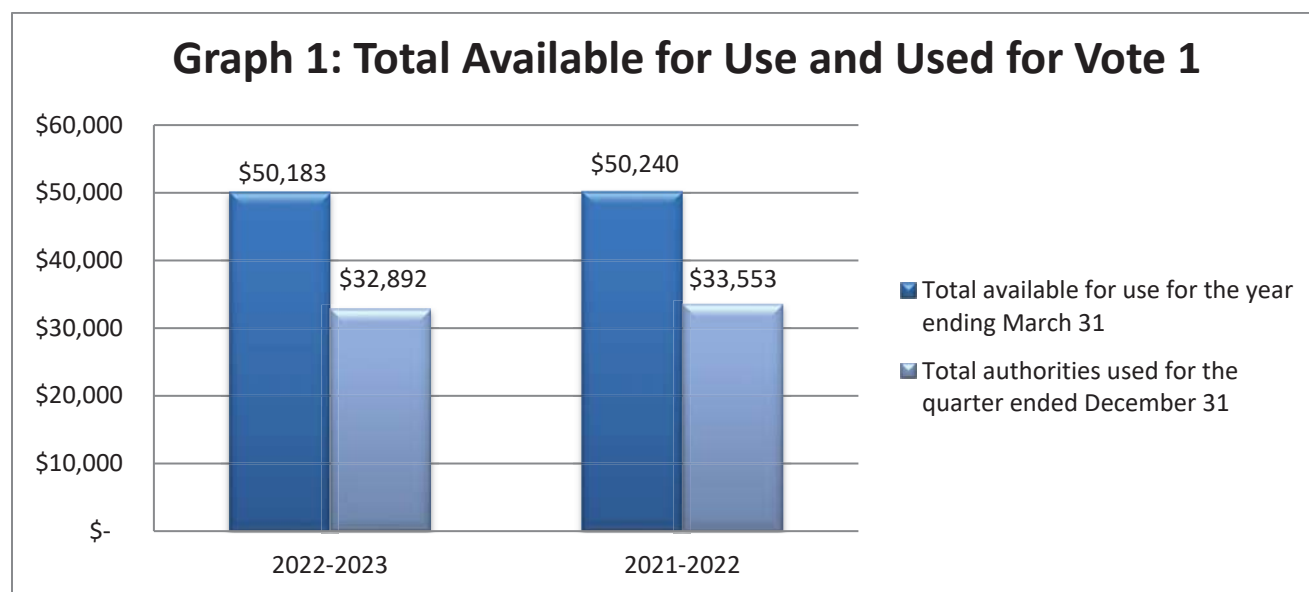
Total authorities available for use for fiscal year 2022-2023 are \$50.2 million which is comparable to the \$50.2 million for 2021-2022. The changes between the fiscal years are:

- \$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;
- \$0.9 million increase in funding for programs announced in Budget 2021;
- \$0.6 million net increase in minor adjustments related to collective bargaining and operating budget carryforward;
- \$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; and,
- \$1.1 million decrease in funding related to the Air Sector Economic Recovery Strategy.

Total authorities used to date have decreased to \$32.9 million for the quarter ended December 31, 2022, compared to \$33.5 million at December 31, 2021. The decrease of \$0.6 million, or -2%, 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 \$507.6 million, a net increase of \$86.0 million, or 20%, compared to the \$421.6 million for 2021-22. The net increase is explained by:

- \$81.1 million net increase due to the timing of the transfer of deemed appropriations to PacifiCan;
- \$81.1 million net increase in funding for the Tourism Relief Fund announced in Budget 2021;
- \$75.1 million increase in funding for the Jobs and Growth Initiative announced in Budget 2021;
- \$63.7 million increase in funding for the Canada Community Revitalization Fund announced in Budget 2021;
- \$30.0 million increase in funding for Churchill;
- \$17.4 net increase in funding for the Canada Coal Transition Initiative announced in Budget 2018;
- \$12.9 million increase for repayable contributions;
- \$5.0 million increase in funding for the Regional Air Transportation Initiative;
- \$3.0 million net increase in funding for the Black Entrepreneurship Fund;
- \$2.6 million increase in funding to support the Quantum Strategy announced in Budget 2021;
- \$1.3 million increase for the funding related to the RCMP Heritage Centre;

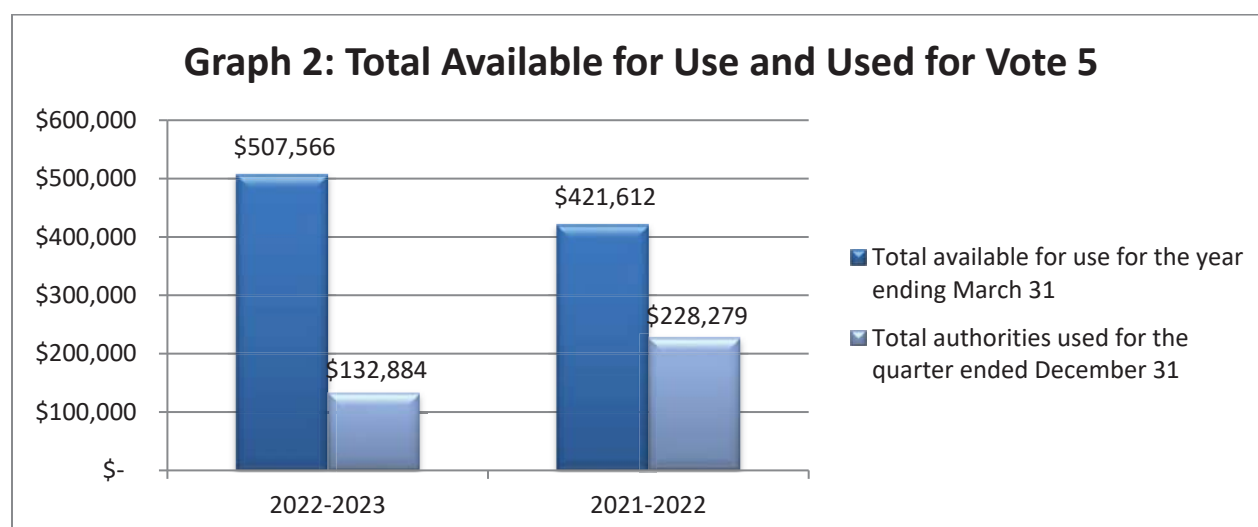
- \$211.4 million net decrease in funding for the completion the Regional Relief and Recovery Fund;
- \$37.2 million decrease in funding for the Aerospace Regional Recovery Initiative announced in Budget 2021;
- \$29.4 million decrease in funding for the completion of the Investing in a Diverse and Growing 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 adjustments;
- \$1.5 million decrease for the completion of the International Policy Program; and,
- \$1.0 million decrease for the transfer to ISED and National Medical Science, Research and Development.

Total authorities used to date for the quarter-ended December 31, 2022 decreased to \$132.9 million, compared to \$228.3 million at December 31 2021. The \$95.4 million decrease, or 42% is explained by:

- \$21.3 million increase for payments restoring rail service to Churchill, Manitoba;
- \$7.0 million increase in payments supporting the Canada Coal Transition Initiative;
- \$5.7 million net increase in Western Diversification Program payments due to initiatives announced in Budget 2021;
- \$5.0 million net increase in Regional Economic Growth through Innovation payments due to initiatives announced in Budget 2021;
- \$2.3 million increase in payments for the Black Entrepreneurship Program;
- \$132.1 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; and
- \$4.6 million decrease for payment timing differences made to network partners.

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

(in thousands of dollars)



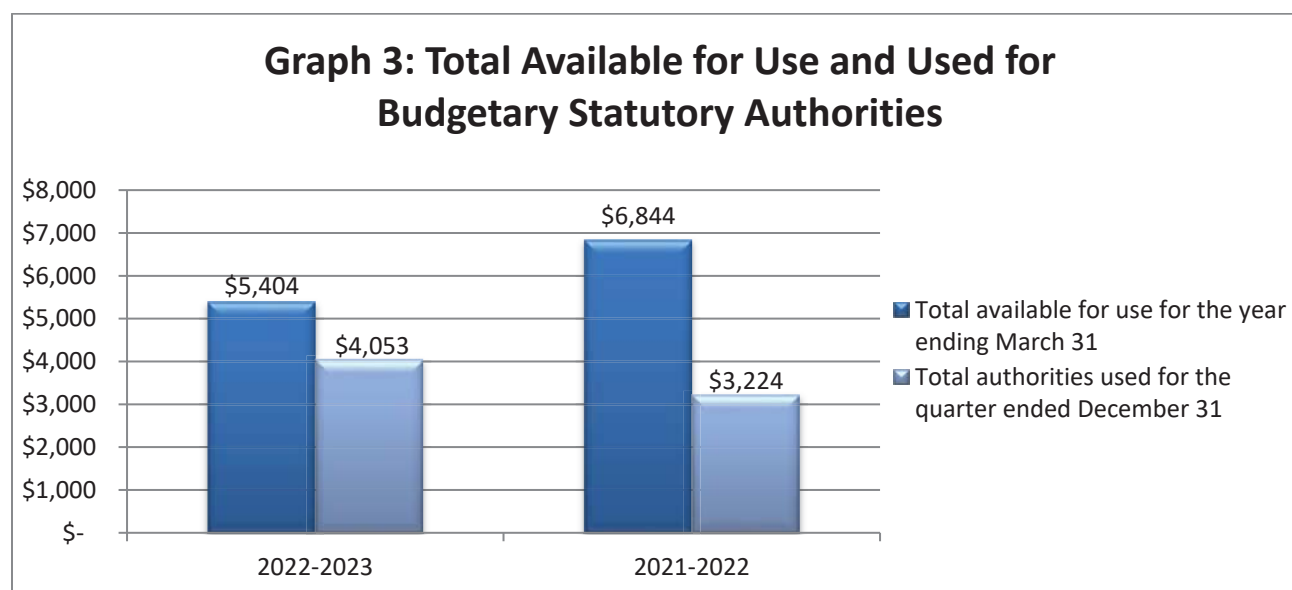
Statement of Authorities: Budgetary Statutory Authorities

Budgetary statutory authorities available for use for fiscal year 2022-2023 are \$5.4 million, a decrease of \$1.4 million when compared to the \$6.8 million in 2021-2022. The variance is due to a transfer of employee benefits program deemed appropriations to Pacific Economic Development Canada (PacifiCan).

Budgetary statutory authorities used for fiscal year 2022-2023 are \$4.1 million, an increase of \$0.9 million when compared to the \$3.2 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 December 31, 2022, were \$79.2 million, which reflects an increase of \$25.4 million, or 47% from the \$53.8 million at December 31, 2021.

The variance is largely due to:

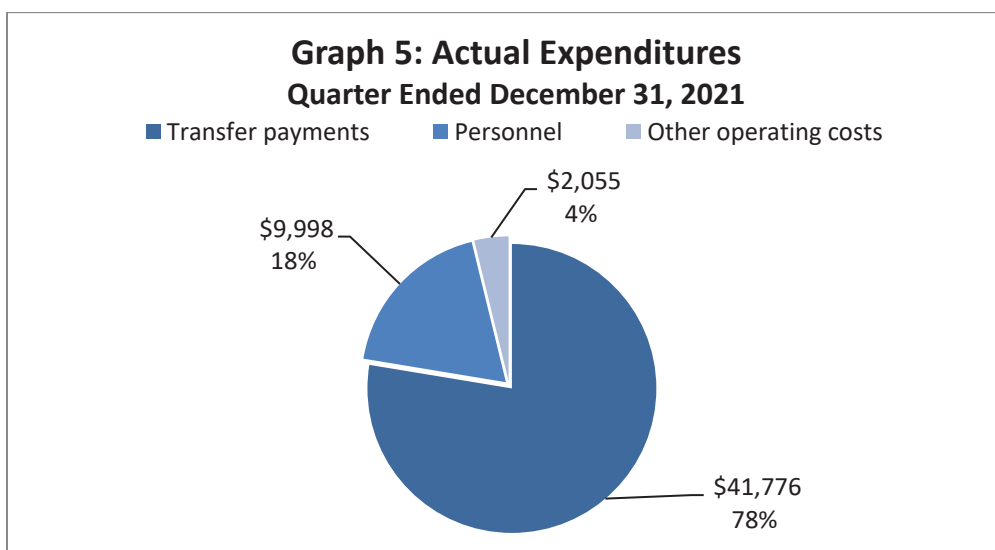
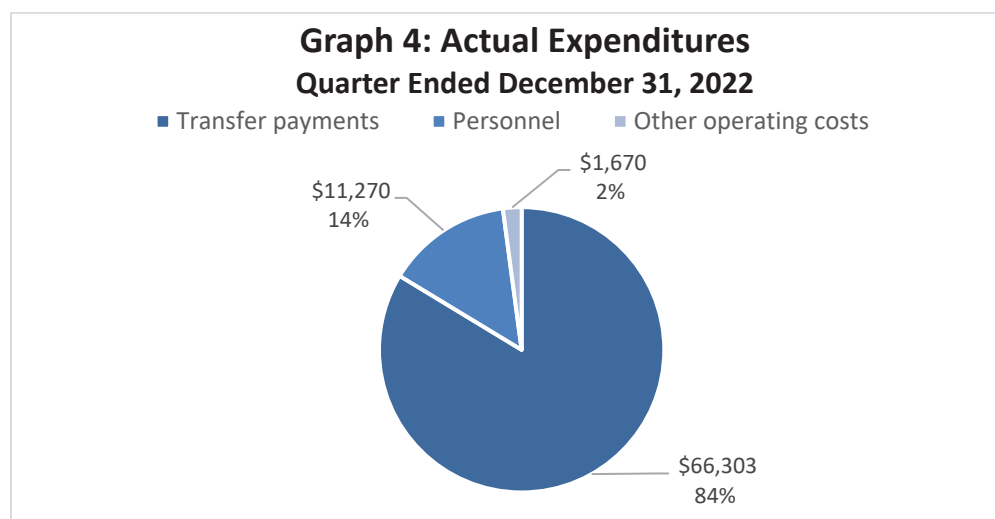
- \$10.1 million net increase in Western Diversification Program payments due to initiatives announced in Budget 2021;
- \$6.6 million increase in payments supporting the Canada Coal Transition Initiative;
- \$5.6 million increase for payments restoring rail service to Churchill, Manitoba;
- \$4.7 million increase for payment timing differences made to network partners;
- \$2.2 million net increase in Regional Economic Growth through Innovation payments due to initiatives announced in Budget 2021;

- \$0.9 million net increase from other minor various adjustments;
- \$0.8 million increase in payments for the Black Entrepreneurship Program; and
- \$5.5 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.

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

Edmonton, Canada
Date: February 20, 2023



Digitally signed by: Cheema,
Sundeep
DN: CN = Cheema, Sundeep C
= CA O = GC OU = WD-DEO
Date: 2023.02.08 11:20:04 -
08'00'

Sundeep Cheema
Chief Financial Officer

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 December 31, 2022	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	\$50,183	\$11,589	\$32,892
Vote 5 - Grants and contributions	507,566	66,303	132,884
Budgetary statutory authorities:			
Employee Benefit Plans	5,404	1,351	4,053
Total authorities	\$563,153	\$79,243	\$169,829

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 December 31, 2021	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	\$50,240	\$11,064	\$33,553
Vote 5 - Grants and contributions	421,612	41,776	228,279
Budgetary statutory authorities:			
Employee Benefit Plans	6,844	989	3,221
Collection Agency Fees			3
Total authorities	\$478,696	\$53,829	\$265,056

**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 December 31, 2022	Year-to-date used at quarter-end
Personnel	\$42,545	\$11,270	\$32,068
Transportation and communications	1,596	345	671
Information	1,540	97	285
Professional and special services	8,963	1,355	3,660
Rentals	1,670	109	401
Repair and maintenance	921	107	119
Utilities, materials and supplies	550	22	54
Acquisition of machinery and equipment	1,802	251	585
Transfer payments	507,566	66,303	132,884
Other subsidies and payments		(60)	236
Revenues and reductions	(4,000)	(556)	(1,134)
Total net budgetary expenditures	\$563,153	\$79,243	\$169,829

Fiscal year 2021-2022 (in thousands of dollars)

Expenditures	Planned expenditures for the year ending March 31, 2022*	Expended during the quarter ended December 31, 2021	Year-to-date used at quarter-end
Personnel	\$42,181	\$9,998	\$31,428
Transportation and communications	1,014	105	130
Information	960	216	288
Professional and special services	8,453	1,292	3,588
Rentals	1,305	208	503
Repair and maintenance	936	0	0
Utilities, materials and supplies	518	24	64
Acquisition of machinery and equipment	1,717	246	591
Transfer payments	421,612	41,776	228,279
Other subsidies and payments	0	(36)	185
Total net budgetary expenditures	\$478,696	\$53,829	\$265,056

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