

Canadian Northern Economic Development Agency

Quarterly Financial Report

For the quarter ended June 30, 2023

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Introduction

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. It should be read in conjunction with the [Main Estimates](#) and the [Supplementary Estimates \(A\)](#). This report has not been subject to an external audit or review.

The Canadian Northern Economic Development Agency (CanNor) works with partners to advance economic development in Canada's territories. The Agency supports, invests in and advocates for national, territorial and community level economic development; fosters growth and innovation; contributes to building capacity; and invests in foundational economic development projects in the territories. In addition, through the Northern Projects Management Office the Agency coordinates federal participation in the territorial environmental review processes and maintains the Crown consultation record for major projects.

Further details on CanNor's authorities, mandate and program activities may be found in the [Departmental Plan](#) and the Main Estimates.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Agency's spending authorities granted by Parliament, and those used by the Agency consistent with the Main Estimates and Supplementary Estimates (A) for the 2023-2024 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.

Highlights of fiscal quarter and fiscal year-to-date (YTD) results

Statement of Authorities

Total authorities available for use in the first quarter of the fiscal year 2023-2024 amounted to \$81.4 million, a \$19.8 million net decrease compared to the first quarter of 2022-2023. This variance, mostly in Vote 5 – Grants and contributions, is primarily attributable to net decreases

in funding measures announced in Budget 2021, such as the Tourism Relief Fund, the Jobs and Growth Fund and the Canada Community Revitalization Fund.

Statement of Budgetary Expenditures by Standard Object

Total expenditures by standard object for the quarter ended June 30, 2023, amounted to \$10 million, a \$6.3 million net decrease compared to the quarter ended June 30, 2022. This variance, mostly in transfer payments, is primarily attributable to reduced spending under various transfer payment programs, including the funding measures announced in Budget 2021.

Risks and Uncertainties

While the North presents opportunities for economic development, growth and innovation, factors including its vast and remote geography, lack of infrastructure, connectivity challenges, the cost and access to energy, and shortage of skilled labour all contribute to a challenging operating environment. These factors create additional challenges for businesses and can also prevent Northerners from fully benefiting from economic development opportunities.

CanNor's key risks (and response strategies) are published in the Departmental Plan:

1. **Economic Uncertainty:** With the looming threat of a global recession, economies may be forced to pivot in order to weather ongoing financial downturns. This may result in an adverse impact to Northern businesses and economic development, especially as high inflation places additional strains on an already high-cost environment.
2. **Labour Shortages:** Ongoing labour shortages, coupled with an aging population, may continue to strain the Northern labour pool, resulting in delays to projects and increased competition for skilled labour.
3. **Climate Change:** Severe weather events and other impacts of climate change continue to disrupt travel, construction, and other activities related to economic development. The territories may be uniquely impacted by this, with narrow construction seasons, fragile supply chains, and disproportionate climate disruptions potentially impacting the viability of projects and other economic development activity.
4. **Limited Economic Diversification:** An overdependence on the public service and the resource development sectors has resulted in limited economic diversification in the territories.
5. **Limited Program Renewal:** The limited renewal of CanNor's flagship funding program, Inclusive Diversification and Economic Advancement in the North, may impact the Agency's capacity to make long-term investments in key economic sectors in the territories.

Significant Changes in Relation to Operations, Personnel and Programs

There have been no significant changes in relation to operations, personnel and programs during this quarter.

Approved by:

Paula Isaak
President

Roger Tetreault, CPA, CMA
Chief Financial Officer

Canadian Northern Economic Development Agency
Quarterly Financial Report
For the quarter ended June 30, 2023 (*unaudited*)

Ottawa, Canada
August 8, 2023

**Statement of Authorities
 (unaudited)**

(in thousands of dollars)

	Fiscal year 2023-2024			Fiscal year 2022-2023		
	Total available for use for the year ending March 31, 2024*	Used during the quarter ended June 30, 2023	Year-to- date used at quarter- end	Total available for use for the year ending March 31, 2023*	Used during the quarter ended June 30, 2022	Year-to- date used at quarter- end
Vote 1 – Operating expenditures	21,197	4,266	4,266	22,055	4,427	4,427
Vote 5 – Grants and contributions	58,061	5,195	5,195	77,062	11,309	11,309
Budgetary statutory authorities	2,175	544	544	2,105	526	526
Total authorities	81,433	10,005	10,005	101,222	16,262	16,262

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

**Departmental Budgetary Expenditures by Standard Object
 (unaudited)**

	Fiscal year 2023-2024			Fiscal year 2022-2023		
	Planned expenditures for the year ending March 31, 2024	Used during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Used during the quarter ended June 30, 2022	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Expenditures:						
Personnel	16,487	3,967	3,967	16,138	3,902	3,902
Transportation and communications	977	145	145	1,138	385	385
Information	95	0	0	111	1	1
Professional and special services	2,991	91	91	3,485	249	249
Rentals	2,203	583	583	2,568	383	383
Repair and maintenance	206	0	0	240	24	24
Utilities, materials and supplies	138	6	6	160	9	9
Acquisition of machinery and equipment	275	18	18	321	0	0
Transfer payments	58,061	5,195	5,195	77,062	11,309	11,309
Other subsidies and payments	0	0	0	0	0	0
Total budgetary expenditures	81,433	10,005	10,005	101,222	16,262	16,262