

Canadian Northern Economic Development Agency

Quarterly Financial Report

For the quarter ended

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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 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, mandates, 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 second quarter of the fiscal year 2023-24 amounted to \$82.5 million, a \$18.7 million net decrease, or 19%, compared to the second quarter of 2022-23. This variance, mostly in Vote 5 – Grants and contributions, is primarily attributable to the funding measures announced in Budget 2021, such as the sunset of funding measures for the Tourism Relief Fund and net funding level decreases for the Jobs and Growth Fund, as well as the Canada Community Revitalization Fund.

Statement of Budgetary Expenditures by Standard Object

Total expenditures by standard object for the quarter ended September 30, 2023, amounted to \$24.9 million, a \$3.3 million net decrease, or 12%, compared to the quarter ended September 30, 2022. This variance, mostly in transfer payments, is primarily attributable to the demand for transfer payments fluctuating from year to year depending on the project timing, proposals and approved project cash flow requirements.

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 business challenges and can 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

On April 11, 2023, Stephen Traynor was appointed Vice President of Policy, Planning, Communications, and the Northern Projects Management Office. On September 5, 2023, Marie Legault was appointed Vice President of Pan-Territorial Operations.

Approved by:

Jimi Onalik
President
Ottawa, Canada
November 29, 2023

Sean O'Donnell
Chief Financial Officer

Statement of Authorities *(unaudited)*

	Fiscal year 2023-2024			Fiscal year 2022-2023		
	Total available for use for the year ending March 31, 2024*	Used during the quarter ended September 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 September 30, 2022	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Vote 1 - Operating expenditures	22,249	5,136	9,402	22,055	4,517	8,944
Vote 5 - Transfer payments	58,061	9,215	14,410	77,062	6,906	18,215
Budgetary statutory authorities	2,175	544	1,088	2,105	523	1,049
Total authorities	82,485	14,895	24,900	101,222	11,946	28,208

**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 September 30, 2023	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Used during the quarter ended September 30, 2022	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Expenditures:						
Personnel	16,487	4,502	8,469	16,138	3,834	7,735
Transportation and communications	1,126	195	340	1,138	326	712
Information	110	7	7	111	8	9
Professional and special services	3,448	511	602	3,485	432	681
Rentals	2,540	463	1,046	2,568	419	802
Repair and maintenance	237	0	0	240	0	24
Utilities, materials and supplies	159	7	13	160	17	26
Acquisition of machinery and equipment	317	1	19	321	4	4
Transfer payments	58,061	9,215	14,410	77,062	6,906	18,215
Other subsidies and payments	0	(6)	(6)	0	0	0
Total budgetary expenditures	82,485	14,895	24,900	101,222	11,946	28,208