

Pacific Economic Development Canada's Quarterly Financial Report for the quarter ended December 31, 2023

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](#), [Supplementary Estimates \(A\)](#) 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

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](#), Main Estimates and Supplementary 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, Supplementary Estimates (A) and Supplementary Estimates (B) 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 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 December 31, 2023.

Statement of Authorities: Vote 1 – Net Operating Expenditures

Total authorities available for use for fiscal year 2023-2024 are \$33.1 million, a net increase of \$5.7 million compared to the \$27.4 million for 2022-2023. The net increase is explained by:

- \$4.7 million increase in operating funding from 2021-2022 core operating reprofile to support accommodation of the new agency;
- \$1.7 million increase in funding for the Lytton Home and Business Rebuild Programs;
- \$0.5 million increase in funding for the Regional Economic Growth through Innovation program announced in Budget 2023;
- \$0.4 million increase in funding for the Regional Relief and Recovery Fund (RRRF);
- \$0.2 million increase in funding for the Jobs and Growth Fund announced in Budget 2021;
- \$0.2 million increase in the operating budget carry forward from 2022-2023;
- \$0.1 million increase in funding to support the Tourism Growth Program announced in Budget 2023;
- \$0.1 million increase in funding for the Aerospace Regional Recovery Initiative announced in Budget 2021;
- \$1.2 million decrease in funding for the sunseting, time-limited Tourism Relief Fund announced in Budget 2021; and
- \$1.0 million decrease in funding for the sunseting, time-limited Canada Community Revitalization Fund announced in Budget 2021.

Total authorities used year-to-date has increased to \$19.6 million for the quarter ended December 31, 2023 compared to \$14.1 million at December 31, 2022. The increase of \$5.5 million is mainly caused by:

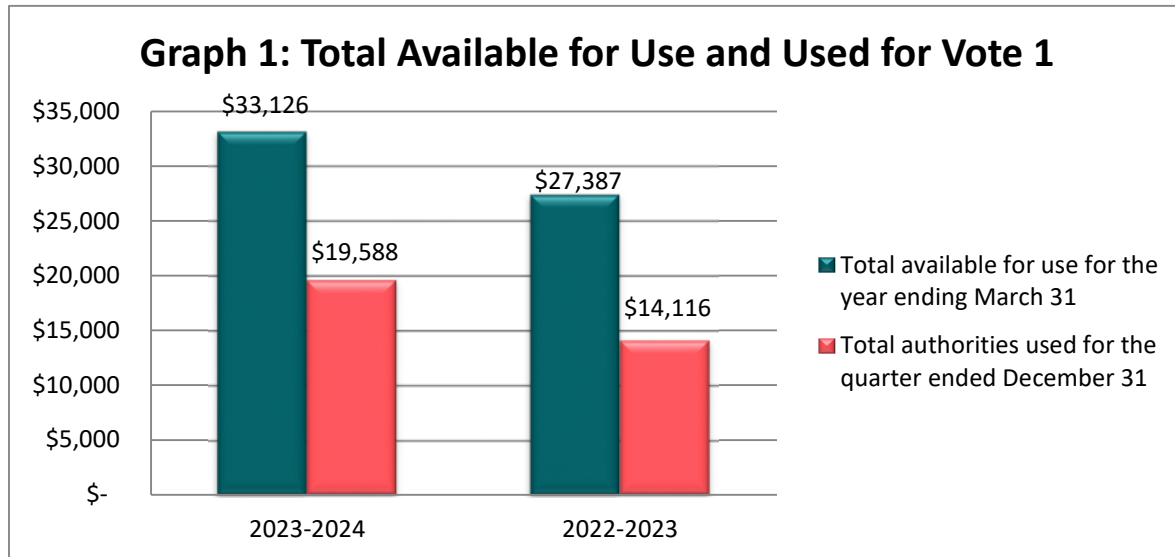
- \$3.2 million increase in salary expenditures to build capacity of PacifiCan as a new agency;
- \$1.1 million increase in regional offices refit and fit-ups costs;
- \$0.8 million increase in professional services received from other government

departments;

- \$0.4 million increase in the rental costs of the 7 new regional offices and the interim office space.

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 2023-2024 are \$175.6 million, a net decrease of \$136.0 million compared to the \$311.6 million for 2022-2023. The net decrease is mainly due to:

- \$11.4 million increase in funding for the Regional Economic Growth through Innovation program announced in Budget 2023;
- \$11.0 million increase in funding to support the Lytton homeowner resilient rebuild and business restart programs;
- \$2.4 million increase in funding to support the Tourism Growth Program announced in Budget 2023;
- \$68.7 million decrease in funding for the sunsetting, time-limited Tourism Relief Fund announced in Budget 2021;
- \$26.4 million decrease in funding for the sunsetting, time-limited Canada Community Revitalization Fund announced in Budget 2021;
- \$25.9 million decrease in funding for the sunsetting, time-limited Jobs and Growth Fund announced in Budget 2021;
- \$23.5 million decrease in funding for Haisla Bridge supporting the Liquefied Natural Gas (LNG) project in Kitimat, BC, completed in 2022-2023;
- \$7.0 million decrease in funding for the time-limited, sunsetting, Major Festivals and Events Initiative, completed in 2022-2023;

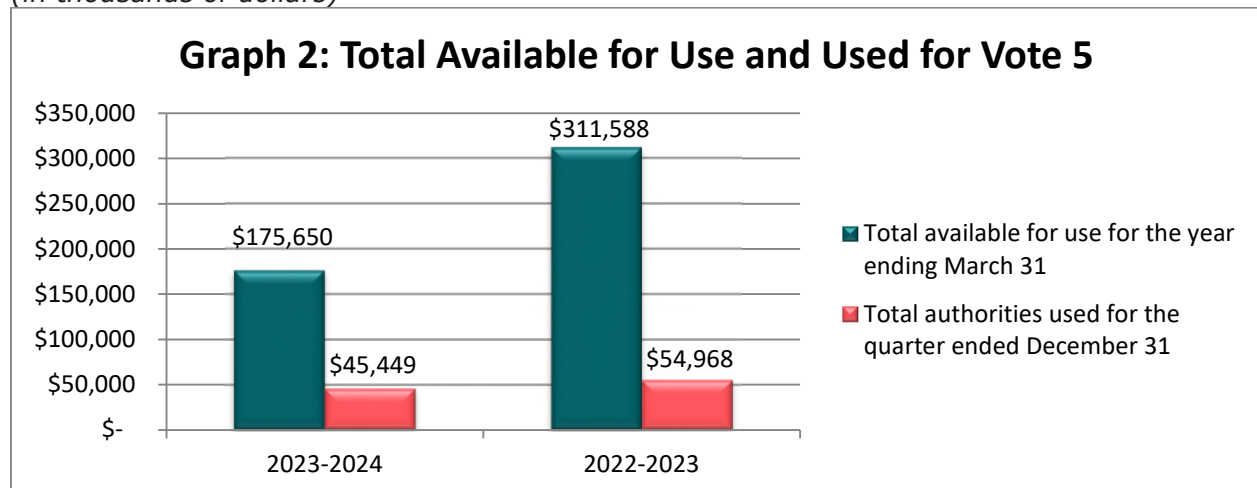
- \$6.2 million decrease in funding for the sunsetting, time-limited Aerospace Regional Recovery Initiative announced in Budget 2021;
- \$1.6 million decrease in funding for the sunsetting, time-limited Women’s Entrepreneurship Strategy announced in Budget 2018;
- \$1.3 million decrease in funding for the sunsetting, time-limited Regional Air Transport Initiative; and
- \$0.2 million decrease in funding for the sunsetting, time-limited Black Entrepreneurship Fund announced in Budget 2021.

Total authorities used year-to-date for the quarter ended December 31, 2023 decrease to \$45.5 million, compared to \$55.0 million at December 31, 2022. The \$9.5 million decrease is mainly explained by:

- \$3.9 million increase in payments made under the Regional Economic Growth through Innovation program;
- \$3.2 million increase in payments made to support Canadian aerospace sector;
- \$2.6 million increase in payments made to support jobs and growth in the development and adoption of clean technology;
- \$0.8 million increase in payments made to support the Community Futures Program, creating jobs in rural British Columbia;
- \$7.0 million decrease in payments for building the Haisla Bridge supporting the Liquefied Natural Gas (LNG) project in Kitimat, British Columbia;
- \$6.8 million decrease in payments made under the time-limited, sunsetting Regional Relief and Recovery Fund (RRRF);
- \$5.7 million decrease in payments made under the Western Diversification Program (WDP); and
- \$0.5 million decrease in payments made under the time-limited, sunsetting Regional Air Transportation Initiative.

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

(in thousands of dollars)



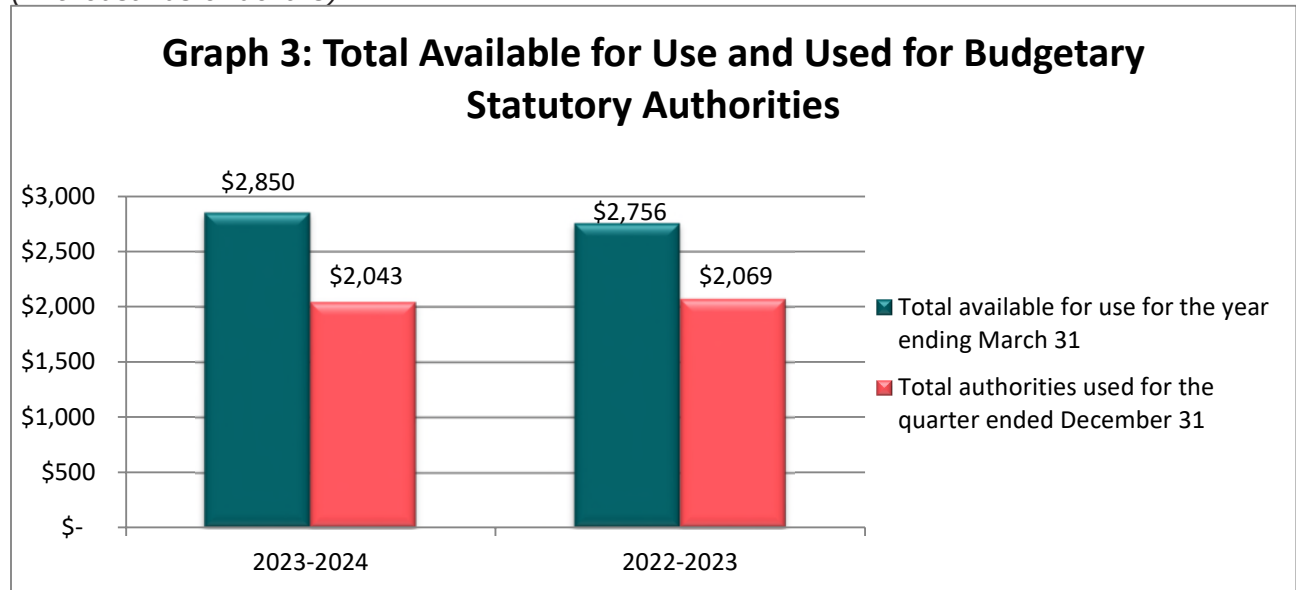
Statement of Authorities: Budgetary Statutory Authorities

Budgetary statutory authorities for use in fiscal year 2023-2024 are \$2.9 million, a decrease of \$0.1 million when compared to the \$2.8 million in 2022-2023. The variance is due to minor net adjustments in funding.

There are no significant variances in budgetary statutory authorities in this reporting period when compared to fiscal year 2022-2023.

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

(in thousands of dollars)



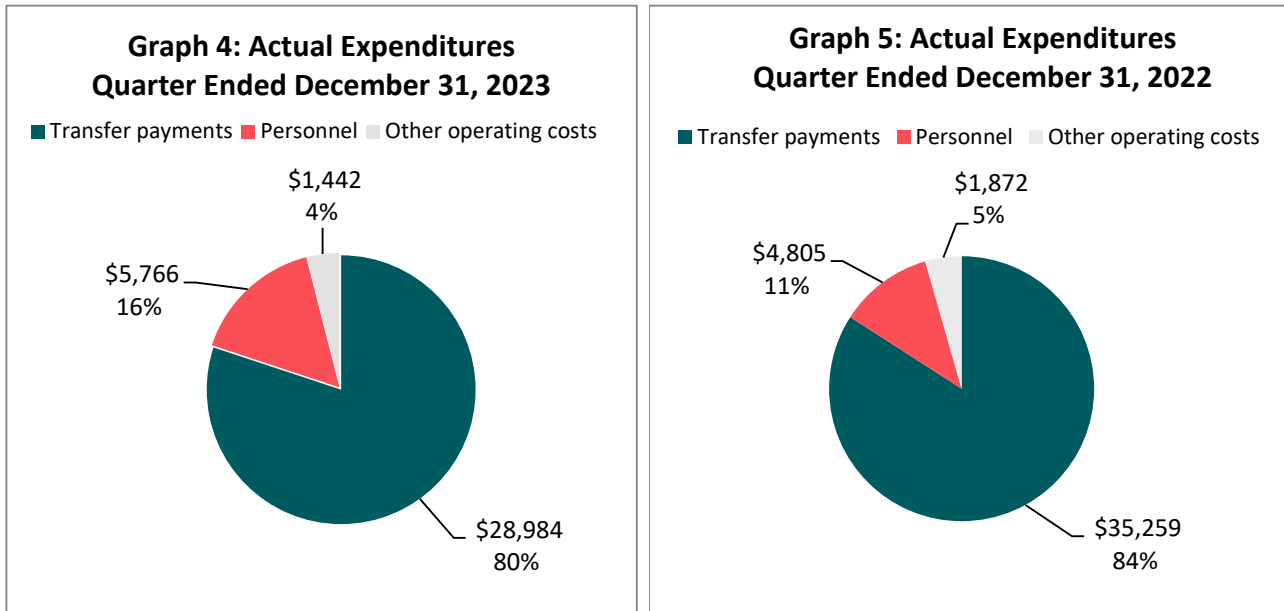
Statement of the Departmental Budgetary Expenditures by Standard Object

Expenditures by standard object for the quarter ended December 31, 2023 decreased to \$36.2 million, compared to \$41.9 million at December 31, 2022. The \$5.7 million decrease is mainly explained by:

- \$7.5 million increase in payments made to Regional Economic Growth through Innovation;
- \$1.0 million increase in salary and other personnel expenses to deliver transfer payment programming and to build agency capacity;
- \$13.8 million decrease in payments made under the Western Diversification Program (WDP) including the pandemic relief and recovery programs announced in Budget 2021; and
- \$0.4 million decrease 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 baseline expenditures for the quarter-end.
(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.

British Columbians continue to face economic challenges during the COVID-19 post-pandemic recovery. Rising costs of living and doing business, higher interest rates, and supply chain disruptions continue to pose difficulties for businesses, innovators and communities in British Columbia. To mitigate risks, PacifiCan remains agile and responsive to its clients' needs by effectively delivering on its mandates and ensuring timely implementation of budget initiatives.

Significant Changes in Relation to Operations, Personnel and Programs

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

Approval by Senior Officials

Approved by:

Naina Sloan
Acting President

Vancouver, Canada
Date:

Mona Luke
Chief Financial Officer

Statement of Authorities (unaudited)

Fiscal year 2023-2024 (in thousands of dollars)

Authorities	Total available for use for the year ending March 31, 2024*	Used during the quarter ended December 31, 2023	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	\$33,126	\$6,528	\$19,588
Vote 5 - Grants and contributions	175,650	28,984	45,449
Budgetary statutory authorities			
Employee Benefit Plans	2,850	681	2,043
Total authorities	\$211,626	\$36,193	\$67,080

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

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	\$27,387	\$5,988	\$14,116
Vote 5 - Grants and contributions	311,588	35,259	54,968
Budgetary statutory authorities			
Employee Benefit Plans	2,756	689	2,067
Collection agency fees			2
Total authorities	\$341,731	\$41,936	\$71,153

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

Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal Year 2023-2024 (in thousands of dollars)

Expenditures	Total available for use for the year ending March 31, 2024*	Expended during the quarter ended December 31, 2023	Year-to-date used at quarter-end
Personnel	\$21,897	\$5,766	\$15,422
Transportation and communications	1,041	218	545
Information	909	14	95
Professional and special services	10,305	846	4,474
Rentals	1,204	152	684
Repair and maintenance	124	0	0
Utilities, materials and supplies	137	15	28
Acquisition of machinery and equipment	329	187	369
Transfer payments	175,650	28,984	45,449
Other subsidies and payments	30	11	14
Total net budgetary expenditures	\$211,626	\$36,193	\$67,080

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

Pacific Economic Development Canada
 Quarterly Financial Report
 For the quarter ended December 31, 2023

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 December 31, 2022	Year-to-date used at quarter-end
Personnel	\$21,130	\$4,805	\$12,238
Transportation and communications	532	227	549
Information	504	6	100
Professional and special services	5,625	1,284	2,710
Rentals	686	226	312
Repair and maintenance	492	0	0
Utilities, materials and supplies	272	8	17
Acquisition of machinery and equipment	902	121	258
Transfer payments	311,588	35,259	54,968
Other subsidies and payments	0	0	1
Total net budgetary expenditures	\$341,731	\$41,936	\$71,153

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