

Pacific Economic Development Canada's Quarterly Financial Report for the quarter ended December 31, 2021

Statement Outlining Results, Risks and Significant Changes in Operations, Personnel and Programs

Introduction

This quarterly financial report should be read in conjunction with [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."

For further information on PacifiCan's authority, mandate and program activities, please review [PacifiCan's website](#).

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 Supplementary Estimates (B) for the 2021-2022 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.

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, 2021.

Statement of Authorities: Vote 1 – Net Operating Expenditures

Total authorities available for use for fiscal year 2021-2022 are \$23.7 million. The baseline is comprised of:

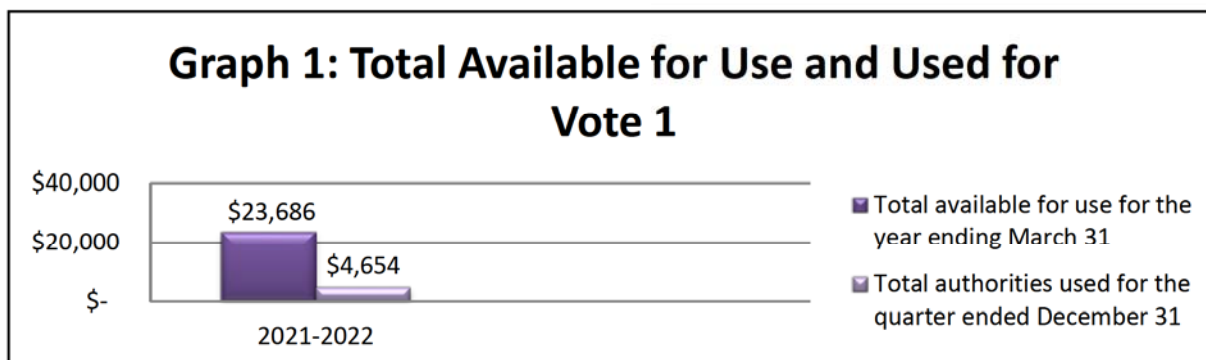
- \$12.1 million for salaries to build agency capacity establishing an independent public-facing agency enhancing a federal economic presence in British Columbia; and
- \$11.6 million for other operating and maintenance costs for the operating machinery establishing the PacifiCan agency.

Total authorities used is \$4.7 million year-to-date for the quarter ended December 31, 2021. Vote 1 expenditures are comprised of:

- \$3.9 million salary expenses to deliver transfer payment programs and to increase staff to build agency capacity establishing an independent public-facing agency enhancing a federal economic presence in British Columbia; and
- \$0.8 million for other operating and maintenance expenses for the operating machinery establishing the PacifiCan agency.

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 2021-2022 are \$245.3 million:

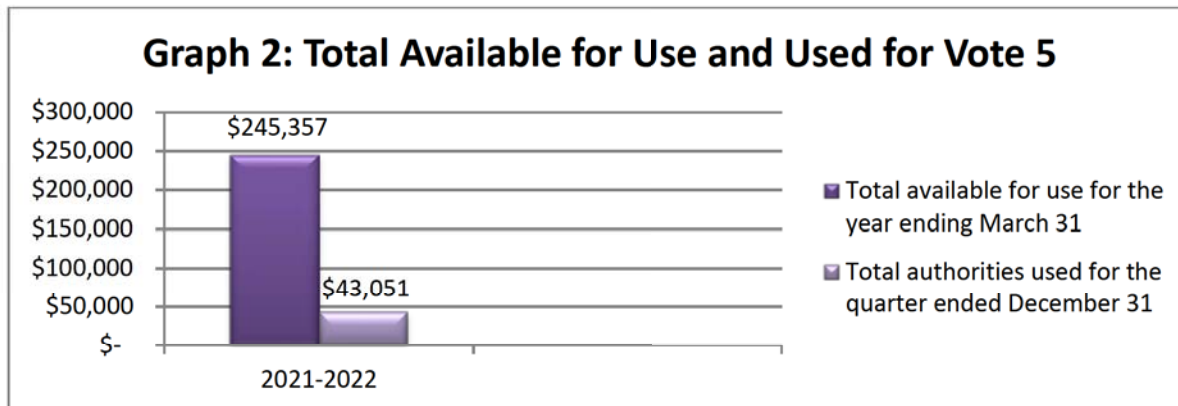
- \$81.6 million funding the core economic development programs.
- \$60.6 million supporting business facing hardship due to the COVID-19 pandemic through the Regional Relief and Recovery Fund.
- \$30.6 million supporting Canada's air sector through the Regional Air Transportation Initiative.
- \$20.9 million funding the Canada Community Revitalization Fund.
- \$16.1 million supporting tourism operators facing hardship due to COVID-19.
- \$16.5 million to fund the building of Haisla Bridge supporting the Liquefied Natural Gas (LNG) project in Kitimat, BC.
- \$6.2 million supporting the Aerospace Regional Recovery Initiative.
- \$5.0 million supporting major festivals and events.
- \$3.0 million funding for the Praxis Spinal Cord Institute.
- \$2.0 million supporting jobs and growth.
- \$1.5 million supporting women owned and lead businesses through the Women's Entrepreneurship Strategy.
- \$0.7 million to support black owned and lead businesses through the Black Entrepreneurship Fund.
- \$0.6 million supporting tourism operators through the Canadian Experiences Fund.

Total authorities used is \$43.1 million year-to-date for the quarter ended December 31, 2021. Vote 5 expenditures are comprised of:

- \$16.9 million for payments made to support businesses and tourism operators facing hardship due to the COVID-19 pandemic through the Regional Relief and Recovery Fund.
- \$10.2 million for payments made to support Canada's Skills and Innovation Plan including payments to women and black entrepreneurs.
- \$5.0 million for building the Haisla Bridge supporting the Liquefied Natural Gas (LNG) project in Kitimat, BC.
- \$4.0 million for payments made supporting Canada's air sector through the Regional Air Transportation Initiative.
- \$2.6 million for payments to the Praxis Spinal Cord Institute.
- \$2.4 million for payments made to PacifiCan's network partners.
- \$2.0 million for payments made under the Western Diversification Program supporting investments in a diverse and growing British Columbia economy

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

(in thousands of dollars)



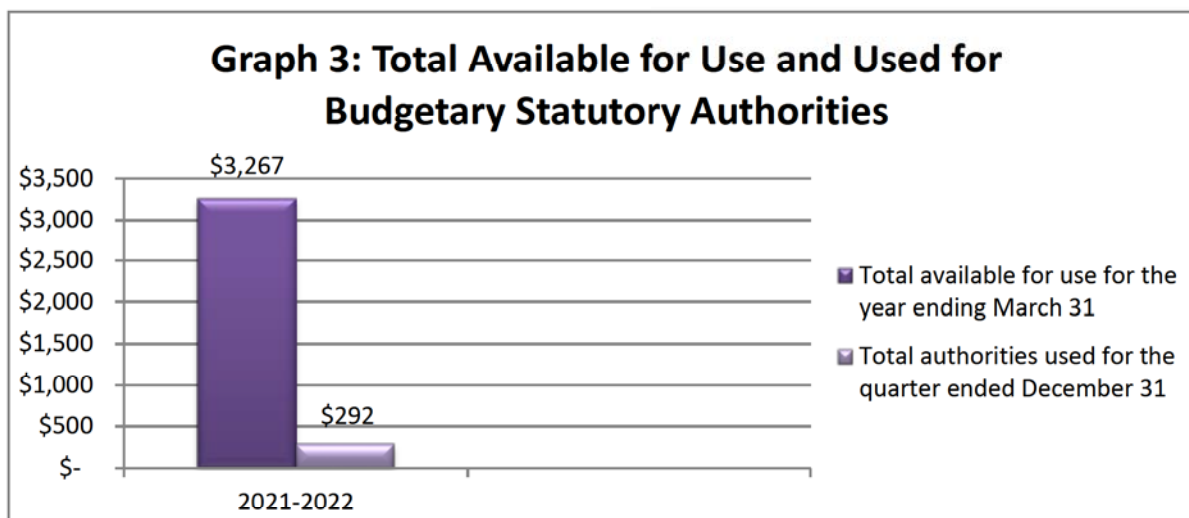
Statement of Authorities: Budgetary Statutory Authorities

Budgetary statutory authorities of \$3.3 million are available for use for fiscal year 2021-2022 are comprised of funding requirements to administer the Employee Benefit Plan.

Budgetary statutory authorities used for fiscal year 2021-2022 are \$0.3 million for the Employee Benefit Plan.

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

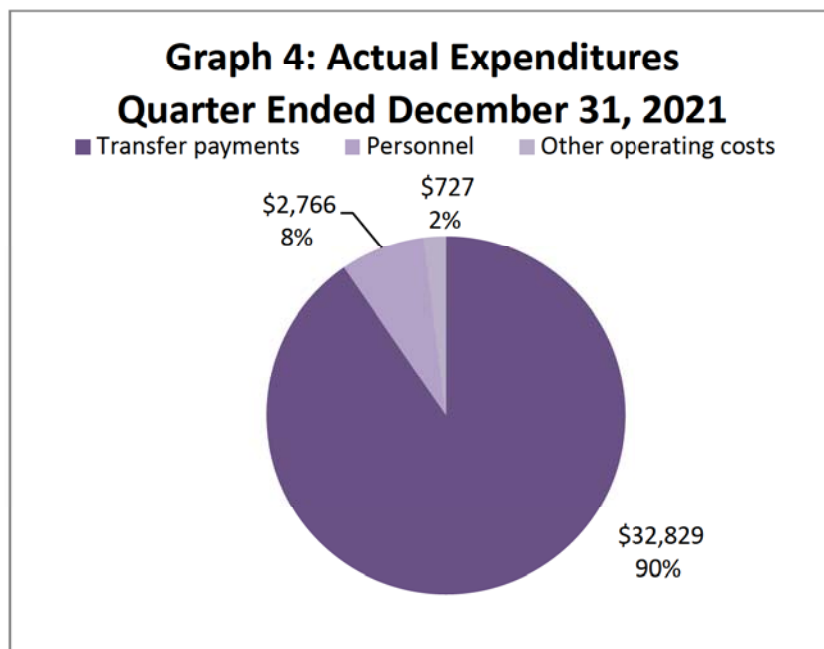
Quarter 3 expenditures of \$36.3 million continue to show spending resulting from transfer payments delivery originally implemented in Western Economic Diversification Canada. Operating and maintenance spending have increased over the third quarter to deliver transfer payment programming and to build agency capacity. Quarter 3 spending is comprised of:

- \$8.7 million for payments made to support businesses and tourism operators facing hardship due to the COVID-19 pandemic through the Regional Relief and Recovery Fund.
- \$8.5 million for payments made to support Canada's Skills and Innovation Plan.
- \$7.0 million payments made under the Western Diversification Program and other programming investing in communities and businesses to continue to diversify, develop and grow the British Columbia economy.
- \$5.0 million for building the Haisla Bridge supporting the Liquefied Natural Gas (LNG) project in Kitimat, BC.
- \$3.8 million for payments made supporting Canada's air sector through the Regional Air Transportation Initiative.
- \$3.3 million to increase staff to build agency capacity and operating machinery to continue establishing an independent public-facing agency enhancing a federal economic presence in British Columbia.

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

Graph 4 illustrates the actual baseline expenditures for the quarter-end.

(in thousands of dollars)



Risks and Uncertainties

The department is managing the allocation of resources in conjunction with Prairies Economic Development Canada, 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.

In response to the COVID-19 pandemic, Western Economic Diversification 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. PacifiCan continues to delivery programs and maintain physical office spaces by employing 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.

Significant Changes in Relation to Operations, Personnel and Programs

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

Approval by Senior Officials

Approved by:

Original signed by:

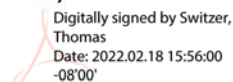


Dylan Jones
President

Vancouver, Canada
Date: February 18, 2022

Original signed by:

Switzer,
Thomas



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Thomas
Date: 2022.02.18 15:56:00
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Tom Switzer
A/Chief Financial Officer

Statement of Authorities (unaudited)

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	\$23,686	\$3,311	\$4,654
Vote 5 - Grants and contributions	245,357	32,829	43,051
Budgetary statutory authorities			
Budgetary statutory authorities Employee Benefit Plans	3,267	182	292
Total authorities	\$272,310	\$36,322	\$47,997

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

Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal Year 2021-2022 (in thousands of dollars)

Expenditures	Total available for use for the year ending March 31, 2022*	Expended during the quarter ended December 31, 2021	Year-to-date used at quarter-end
Personnel	\$15,367	\$2,766	\$4,200
Transportation and communications	125	79	79
Information	14	2	2
Professional and special services	11,071	594	606
Rentals	212	39	40
Repair and maintenance	20	0	0
Utilities, materials and supplies	31	7	13
Acquisition of machinery and equipment	113	5	5
Transfer payments	245,357	32,829	43,051
Other subsidies and payments	0	0	1
Total net budgetary expenditures	\$272,310	\$36,322	\$47,997

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