

# Prairies Economic Development Canada's Quarterly Financial Report for the quarter ended June 30, 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](#). 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 convenor.

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 (Interim Deputy Minister).

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 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 June 30, 2022.

### **Statement of Authorities: Vote 1 – Net Operating Expenditures**

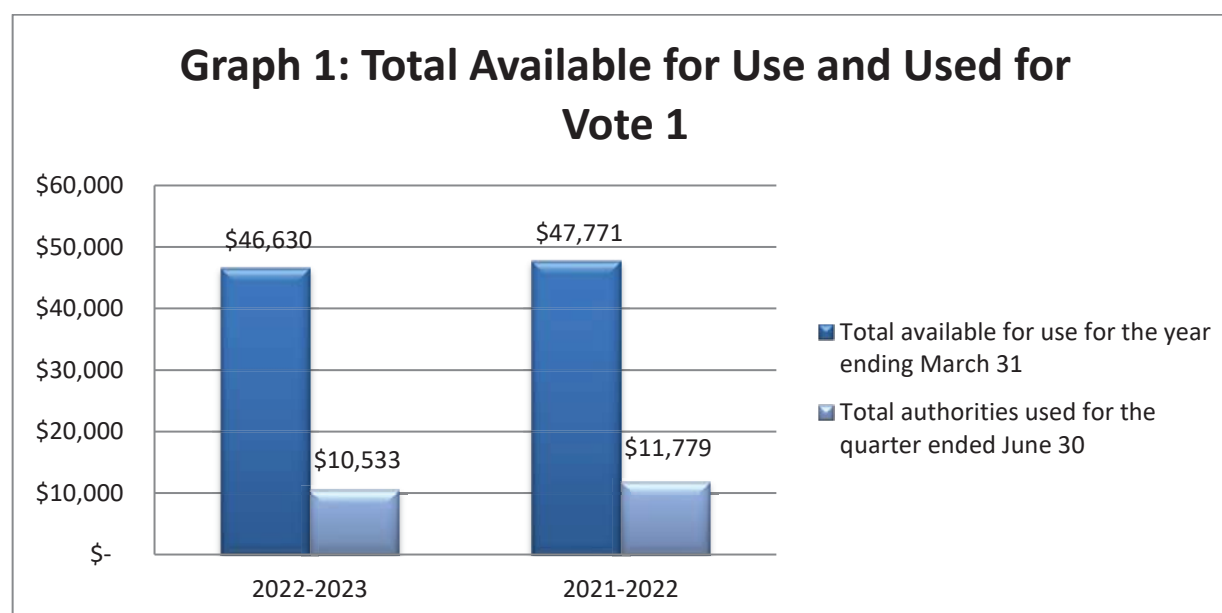
Total authorities available for use for fiscal year 2022-2023 are \$46.6 million, a net decrease of \$1.2 million, or -2%, compared to the \$47.8 million for 2021-2022. The net decrease is explained by:

- \$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;
- \$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;
- \$0.8 million net decrease in various other minor adjustments.

Total authorities used has decreased to \$10.5 million for the quarter ended June 30, 2022, compared to \$11.8 million at June 30, 2021. The decrease of \$1.3 million, or -11%, is explained mainly by the shift in BC Region staff who are now with PacifiCan as a result of the restructuring of Western Economic Diversification Canada (WD) to the Pacific and Prairies Regional Development Agencies (RDA) as announced in Budget 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 \$371.4 million, a net decrease of \$148.3 million, or -29%, compared to the \$519.7 million for 2021-22. The net decrease is explained by:

- \$53.5 million net increase in funding for the Tourism Relief Fund announced in Budget 2021;
- \$49.2 million increase in funding for the Jobs and Growth Initiative announced in Budget 2021;
- \$46.8 million increase in funding for the Canada Community Revitalization Fund announced in Budget 2021;
- \$14.4 million net increase in funding for the Vaccine and Infectious Disease Organization announced in Budget 2021;
- \$12.5 million increase in funding for the Aerospace Regional Recovery Initiative announced in Budget 2021;
- \$6.5 net increase in funding for the Canada Coal Transition Initiative announced in Budget 2018;
- \$1.9 million increase in funding to support the Quantum Strategy announced in Budget 2021;
- \$1.4 million net increase in funding for the Black Entrepreneurship Fund;
- \$211.4 million net decrease in funding for the completion the Regional Relief and Recovery Fund;
- \$53.1 million net decrease in funding for the Air Sector Economic Recovery Strategy;

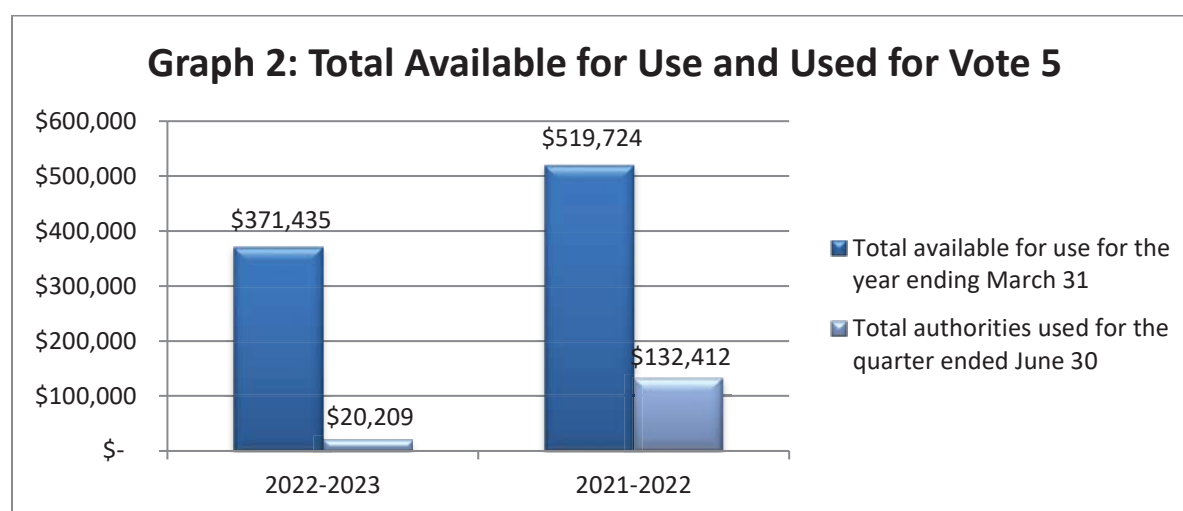
- \$32.4 million net decrease in funding as part of the transfers to PacifiCan for the LNG Haisla Bridge project and the Praxis Spinal Cord Institute;
- \$29.4 million decrease in funding for the completion of the Investing in a Diverse and Growing Western Economy announced in Budget 2019;
- \$5.0 million 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 operating adjustments;
- \$1.5 million decrease for the completion of the International Policy Program.

Total authorities used for the quarter-ended June 30, 2022 decreased to \$20.2 million, compared to \$132.4 million at June 30, 2021. The \$112.2 million decrease, or -85% is explained by:

- \$1.0 million increase in payments for the Black Entrepreneurship Program;
- \$99.1 million decrease in Regional Relief and Recovery Fund transfer payments aiming to help western Canadian businesses cope with the financial hardship resulting from COVID-19;
- \$5.0 million decrease in Western Diversification Program payments, investing in a diverse and growing economy;
- \$4.4 million decrease for payment timing differences made to network partners;
- \$2.4 million decrease for payments restoring rail service to Churchill, Manitoba; and
- \$2.3 million decrease in Regional Economic Growth through Innovation payments to deliver the Innovation and Skills Plan.

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

*(in thousands of dollars)*



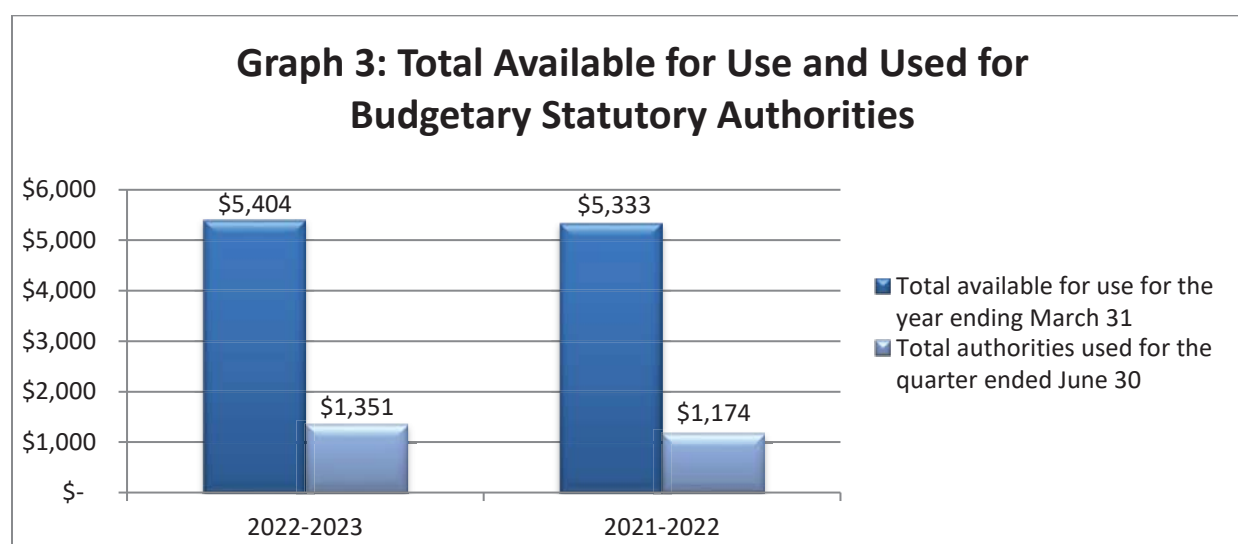
### **Statement of Authorities: Budgetary Statutory Authorities**

Budgetary statutory authorities available for use for fiscal year 2022-2023 are \$5.4 million, an increase of \$0.1 million when compared to the \$5.3 million in 2021-2022. The variance is due to minor net adjustments in funding.

Budgetary statutory authorities used for fiscal year 2022-2023 are \$1.4 million, an increase of \$0.2 million when compared to the \$1.2 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 June 30, 2022, were \$32.1 million, which reflects a decrease of \$113.3 million, or -78% from the \$145.4 million at June 30, 2021.

The variance is largely due to:

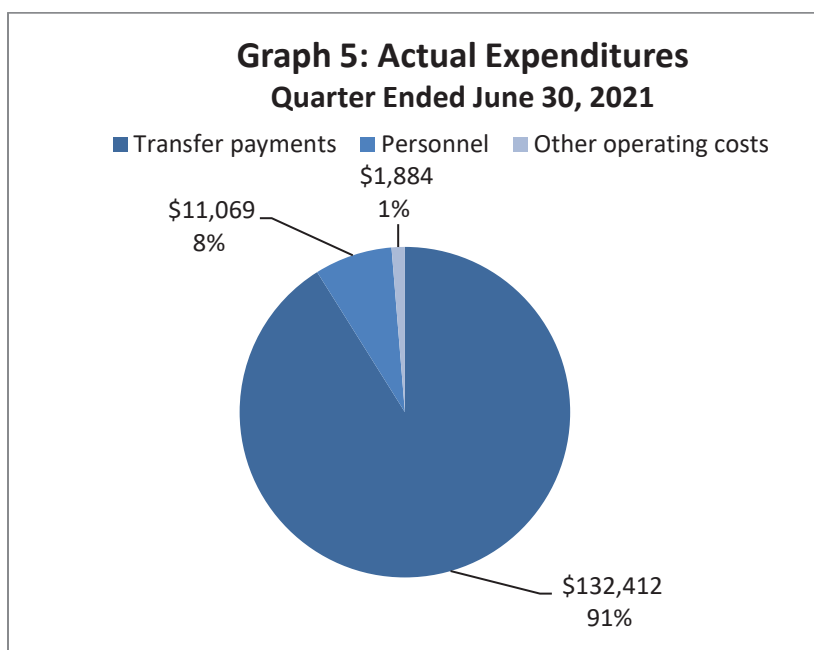
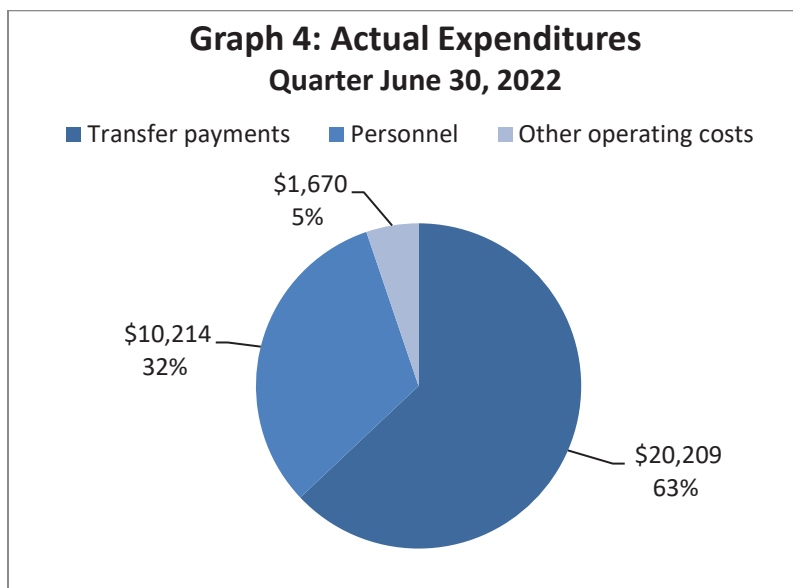
- \$1.0 million increase in payments for the Black Entrepreneurship Program;
- \$99.1 million decrease in Regional Relief and Recovery Fund transfer payments, aiming to help western Canadian businesses cope with the financial hardship resulting from COVID-19;
- \$4.8 million decrease in Western Diversification Program payments, investing in a diverse and growing economy;
- \$4.4 million decrease for payment timing differences made to network partners;
- \$2.4 million decrease for payments restoring rail service to Churchill, Manitoba;
- \$2.3 million decrease in Regional Economic Growth through Innovation payments to deliver the Innovation and Skills Plan;
- \$0.9 million decrease in salary and other personnel costs with the completion of the Regional Relief and Recovery Fund program;

- \$0.2 million decrease in payments supporting the Canada Coal Transition Initiative; and
- \$0.2 million decrease in operations and maintenance costs.

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

The overall decrease in voted spending in fiscal year 2022-23 relates primarily to the conclusion of the Regional Relief and Recovery Fund as part of the Government of Canada's COVID-19 Economic Response Plan. The decrease in voted spending is also attributed to the sunsetting of previous program initiatives announced in Budget 2017 for the Enhancement of the Western Diversification Program and Budget 2019 for Investing in a Diverse and Growing Western Economy.

## Approval by Senior Officials

Approved by:



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**Dylan Jones**  
Interim Deputy Minister

*Edmonton, Canada*  
*Date: August 29, 2022*



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**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 June 30, 2022	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	\$46,630	\$10,533	\$10,533
Vote 5 - Grants and contributions	371,435	20,209	20,209
Budgetary statutory authorities:			
Employee Benefit Plans	5,404	1,351	1,351
<b>Total authorities</b>	<b>\$423,469</b>	<b>\$32,093</b>	<b>\$32,093</b>

### 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 June 30, 2021	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	\$47,771	\$11,779	\$11,779
Vote 5 - Grants and contributions	519,724	132,412	132,412
Budgetary statutory authorities:			
Employee Benefit Plans	5,333	1,171	1,171
Transfer Payments		3	3
<b>Total authorities</b>	<b>\$572,828</b>	<b>\$145,365</b>	<b>\$145,365</b>

*\*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)

<b>Expenditures</b>	<b>Planned expenditures for the year ending March 31, 2023*</b>	<b>Expended during the quarter ended June 30, 2022</b>	<b>Year-to-date used at quarter-end</b>
Personnel	\$41,430	\$10,214	\$10,214
Transportation and communications	1,369	154	154
Information	1,318	126	126
Professional and special services	7,673	1,031	1,031
Rentals	1,437	195	195
Repair and maintenance	785	2	2
Utilities, materials and supplies	473	13	13
Acquisition of machinery and equipment	1,549	9	9
Transfer payments	371,435	20,209	20,209
Other subsidies and payments		140	140
Revenues and reductions	(4,000)	0	0
<b>Total net budgetary expenditures</b>	<b>\$423,469</b>	<b>\$32,093</b>	<b>\$32,093</b>

**Fiscal year 2021-2022** (in thousands of dollars)

<b>Expenditures</b>	<b>Planned expenditures for the year ending March 31, 2022*</b>	<b>Expended during the quarter ended June 30, 2021</b>	<b>Year-to-date used at quarter-end</b>
Personnel	\$39,386	\$11,069	\$11,069
Transportation and communications	933	4	4
Information	884	45	45
Professional and special services	7,781	1,413	1,413
Rentals	1,201	194	194
Repair and maintenance	862	0	0
Utilities, materials and supplies	477	8	8
Acquisition of machinery and equipment	1,580	9	9
Transfer payments	519,724	132,412	132,412
Other subsidies and payments	0	211	211
<b>Total net budgetary expenditures</b>	<b>\$572,828</b>	<b>\$145,365</b>	<b>\$145,365</b>

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