

Prairies Economic Development Canada's Quarterly Financial Report for the quarter ended September 30, 2023

ISSN 2817-2558

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 convener.

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 (President).

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 2023-24 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 September 30, 2023.

Statement of Authorities: Vote 1 – Net Operating Expenditures

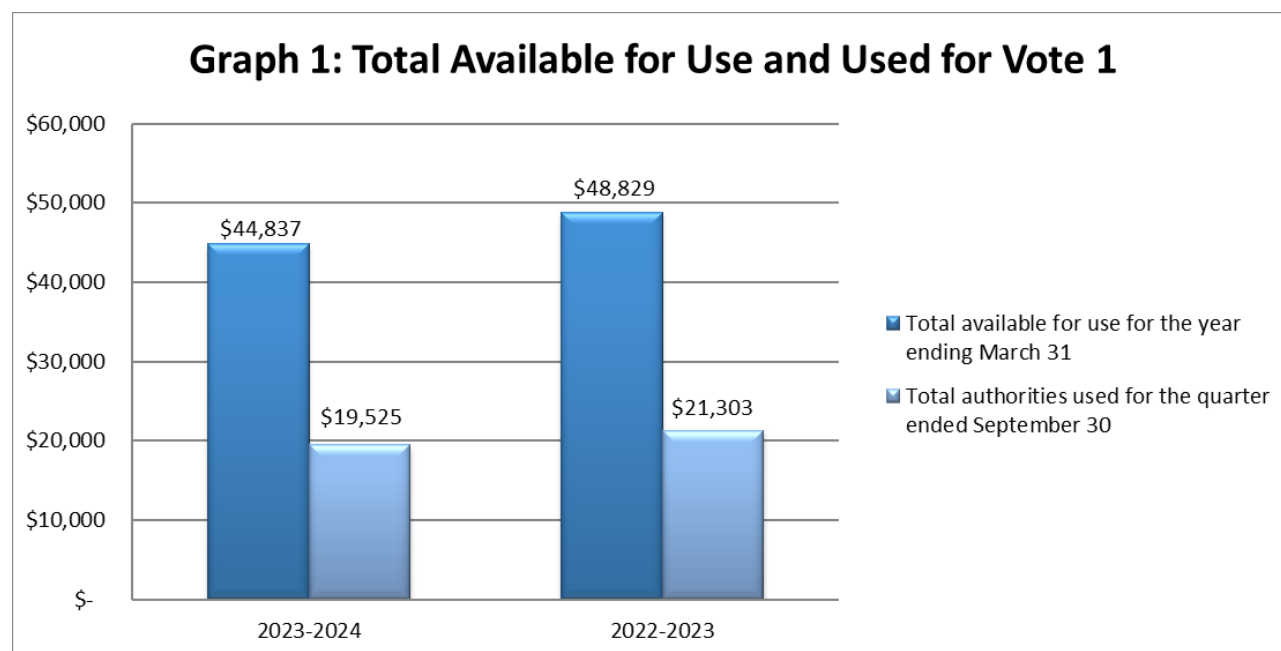
Total authorities available for use for fiscal year 2023-2024 are \$44.8 million, a net decrease of \$4.0 million, or -8%, compared to the \$48.8 million for 2022-2023. The net decrease is explained by:

- \$1.4 million increase from various Budget 2021 program re-profiles;
- \$0.7 million increase from a Regional Relief and Recovery Fund re-profile;
- \$0.3 million increase in minor adjustments related to the operating budget carryforward;
- \$0.2 million increase for Churchill transferred from Transport Canada;
- \$2.6 million decrease in funding for the Tourism Relief Fund announced in Budget 2021;
- \$2.1 million decrease in funding for the Canada Community Revitalization Fund announced in Budget 2021;
- \$1.1 million decrease in funding for the completion of the Innovation and Skills Plan announced in Budget 2018;
- \$0.8 million decrease in funding for various other minor adjustments.

Total authorities used to date is \$19.5 million for the quarter ended September 30, 2023, which is \$1.8M less than the \$21.3 million used at September 30, 2022. The decrease in net expenditures is primarily due to the timing of the receipt of revenue netted against expenditures for internal services support provided to PacifiCan.

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 \$323.8 million, a net decrease of \$47.6 million, or -13%, compared to the \$371.4 million for 2022-2023. The net decrease is explained by:

- \$43.3 million increase in funding for the Canadian Critical Drug Initiative;
- \$30.0 million increase in transfers from Transport Canada National Trade Corridors Fund to support the Hudson Bay Railway in Churchill Manitoba;
- \$3.2 million increase for the Canada Coal Transition Initiative announced in Budget 2018;
- \$2.9 million increase for the Aerospace Regional Recovery Initiative announced in Budget 2021;
- \$1.4 million increase related to other minor transfers and cashflow adjustments;
- \$41.0 million decrease for the Tourism Relief Fund announced in Budget 2021;
- \$28.9 million decrease for the Canada Community Revitalization Fund announced in Budget 2021;
- \$23.5 million decrease for the completion of the Innovation and Skills Plan announced in Budget 2018;
- \$19.9 million decrease for Vaccine and Infectious Disease Organization project announced in Budget 2018;
- \$10.5 million decrease for the Jobs and Growth Initiative announced in Budget 2021;
- \$4.6 million decrease announced in Budget 2018 to support Women Entrepreneurship.

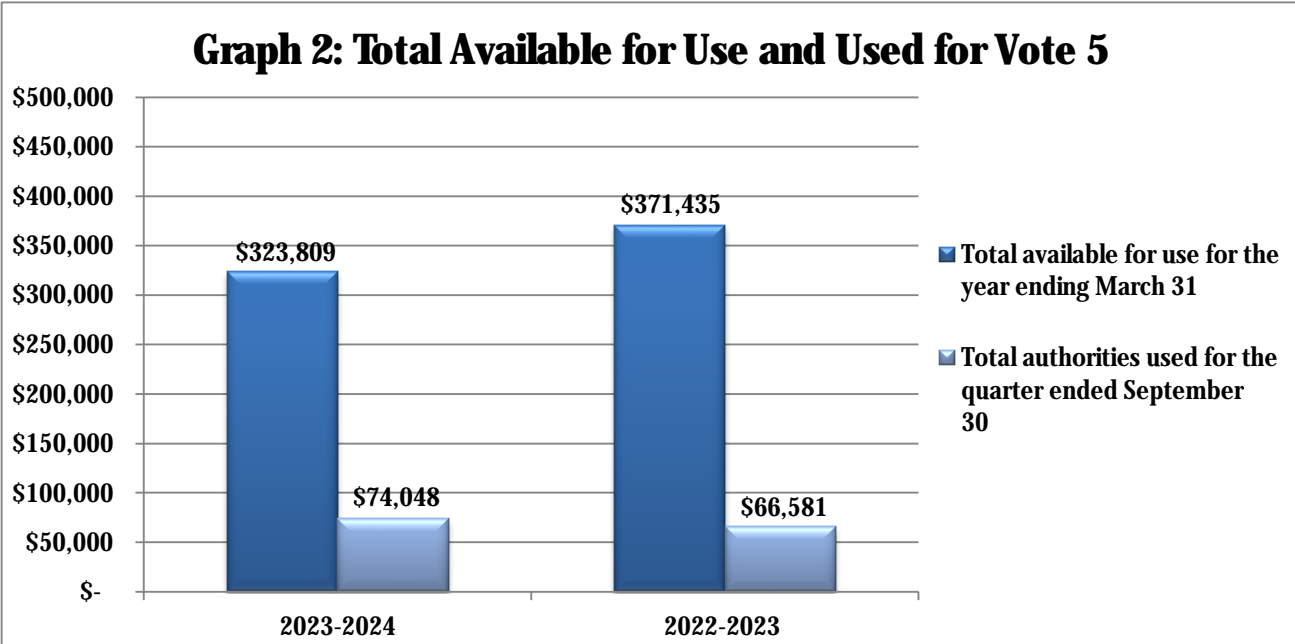
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Total authorities used to date for the quarter-ended September 30, 2023 increased to \$74.0 million, compared to \$66.6 million at September 30, 2022. The \$7.4 million increase, or 11% is explained by:

- \$8.5 million increase for payments restoring rail service to Churchill, Manitoba;
- \$5.3 million increase for payments to the Canadian Critical Drug Initiative;
- \$0.5 million increase for payment timing differences made to network partners;
- \$5.6 million decrease in Western Diversification Program payments, investing in a diverse and growing economy;
- \$0.6 million decrease in Regional Economic Growth through Innovation payments to deliver the Innovation and Skills Plan;
- \$0.5 million decrease in payments supporting the Canada Coal Transition Initiative;
- \$0.2 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.

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

(in thousands of dollars)



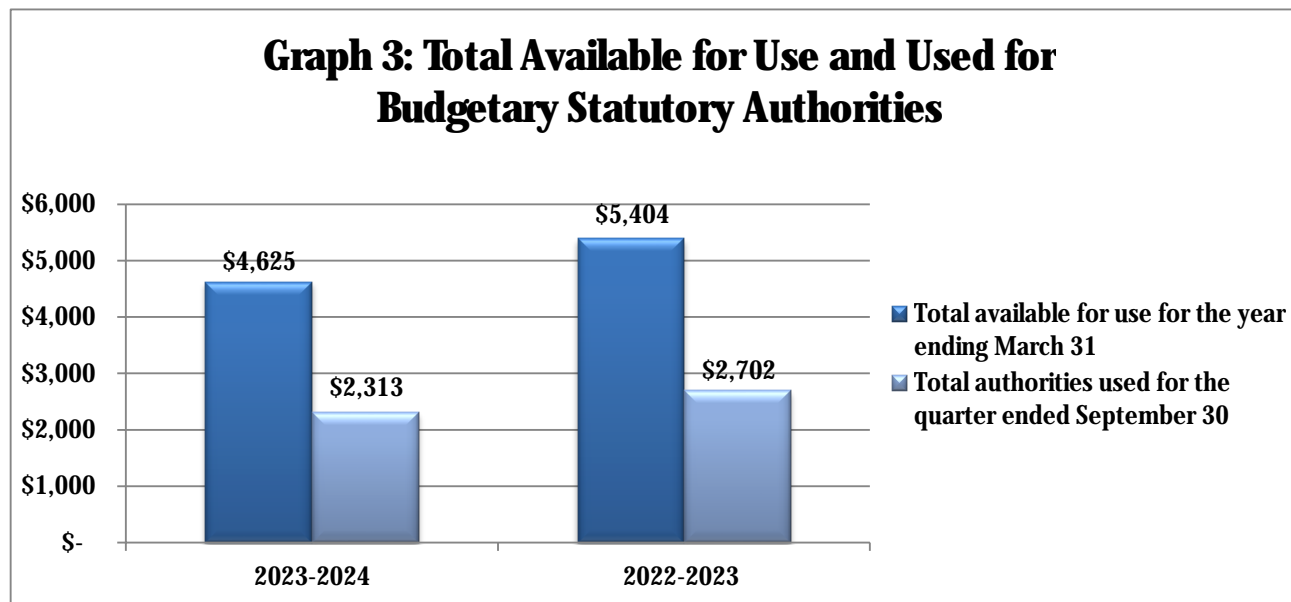
Statement of Authorities: Budgetary Statutory Authorities

Budgetary statutory authorities available for use for fiscal year 2023-2024 are \$4.6 million, a decrease of \$0.8 million when compared to the \$5.4 million in 2022-2023. The variance is due to minor net adjustments in funding.

Budgetary statutory authorities used for fiscal year 2023-2024 are \$2.3 million, a decrease of \$0.4 million when compared to the \$2.7 million used in 2022-2023.

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

(in thousands of dollars)



Statement of the Departmental Budgetary Expenditures by Standard Object

Expenditures by standard object for the quarter ended September 30, 2023, were \$46.7 million, which reflects a decrease of \$11.8 million, or -20% from the \$58.5 million at September 30, 2022.

The variance is largely due to:

- \$ 3.8 million decrease in Western Diversification Program payments, investing in a diverse and growing economy;
- \$ 2.4 million decrease in Regional Economic Growth through Innovation payments to deliver the Innovation and Skills Plan;
- \$ 2.1 million decrease for payments restoring rail service to Churchill, Manitoba;
- \$ 1.6 million decrease in operations and maintenance costs;
- \$ 0.9 million decrease for payment timing differences made to network partners;
- \$ 0.4 million decrease in payments supporting the Canada Coal Transition Initiative;
- \$ 0.4 million decrease in salary and other personnel costs with the completion of the Regional Relief and Recovery Fund program; and

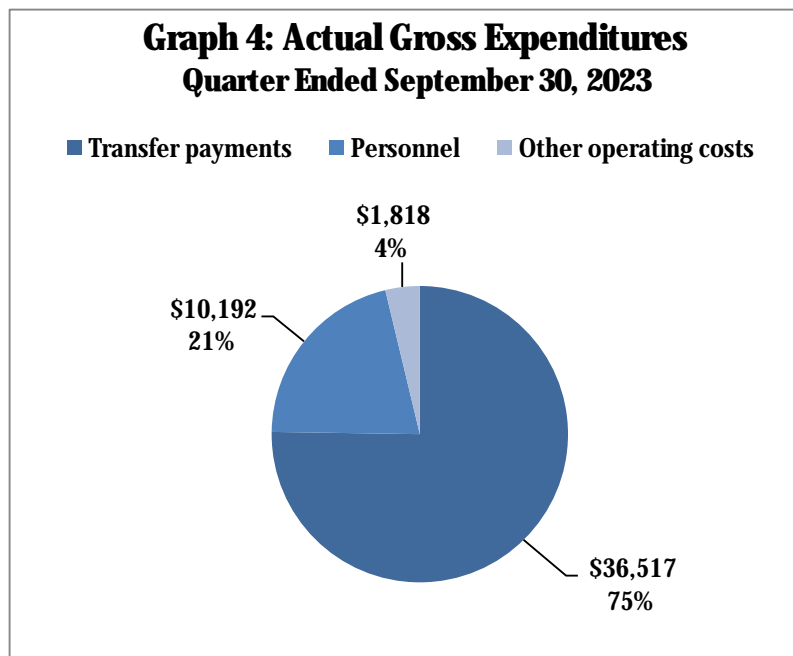
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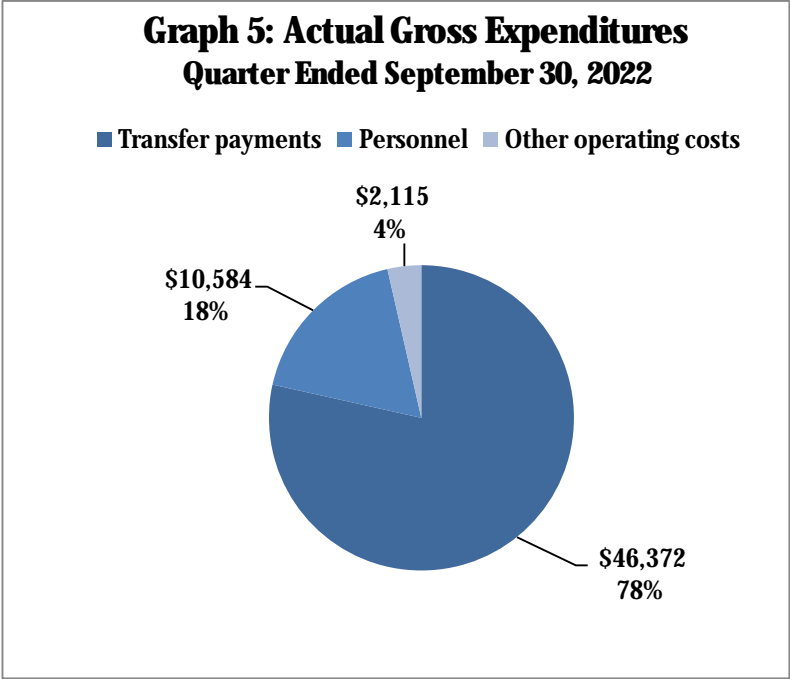
- \$ 0.2 million decrease in Regional Relief and Recovery Fund transfer payments, aiming to help western Canadian businesses cope with the financial hardship resulting from COVID-19, and
- \$ 0.2 million decrease from other minor various adjustments

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 manages the allocation of resources within a well-defined framework of accountabilities, policies, and procedures. This includes a system of budgets, reporting, and internal controls to operate within available resources and Parliamentary authorities.

PrairiesCan conducts an annual risk assessment exercise as part of its overall risk management approach. In 2023-24, which is post-COVID-19 pandemic, the department continues to identify increased enterprise-wide risks such as employee physical and mental health, cyber vulnerabilities, and loan repayment.

To minimize risk, PrairiesCan employs risk-based mitigation such as:

- business continuity planning;
- occupational health and safety planning;
- people management strategies;
- a robust system of network systems including encrypted signature, electronic security protocols, and mobile equipment to employ remote connectivity; and
- when implementing programs, and assessing and approving grants and contributions projects, the department uses risk assessments, governance processes, process mapping, and separation 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:

Diane Gray
President

Sundeep Cheema
Chief Financial Officer

Edmonton, Canada
Date: November 6, 2023

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 September 30, 2023	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	\$44,837	\$9,033	\$19,525
Vote 5 - Grants and contributions	323,809	36,517	74,048
Budgetary statutory authorities:			
Employee Benefit Plans	4,625	1,157	2,313
Total authorities	\$373,271	\$46,707	\$95,886

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 September 30, 2022	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	\$48,829	\$10,770	\$21,303
Vote 5 - Grants and contributions	371,435	46,372	66,581
Budgetary statutory authorities:			
Employee Benefit Plans	5,404	1,351	2,702
Total authorities	\$425,668	\$58,493	\$90,586

**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	Planned expenditures for the year ending March 31, 2024*	Expended during the quarter ended September 30, 2023	Year-to-date used at quarter-end
Personnel	\$35,054	\$10,192	\$20,181
Transportation and communications	1,531	160	418
Information	848	21	45
Professional and special services	9,962	1,254	1,909
Rentals	1,173	202	464
Repair and maintenance	1,280	46	46
Utilities, materials and supplies	305	11	30
Acquisition of machinery and equipment	1,309	(69)	20
Transfer payments	323,809	36,517	74,048
Other subsidies and payments	0	193	545
Total gross budgetary expenditures	\$375,271	\$48,527	\$ 97,706
Less Revenues netted against expenditures:			
Vote Netted Revenue	(2,000)	(1,820)	(1,820)
Total net budgetary expenditures	\$373,271	\$46,707	\$95,886

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Fiscal Year 2022-2023 (in thousands of dollars)

Expenditures	Planned expenditures for the year ending March 31, 2023*	Expended during the quarter ended September 30, 2022	Year-to-date used at quarter-end
Personnel	\$41,429	\$10,584	\$20,798
Transportation and communications	1,575	172	326
Information	1,516	62	188
Professional and special services	8,828	1,274	2,305
Rentals	1,654	97	292
Repair and maintenance	904	10	12
Utilities, materials and supplies	545	19	32
Acquisition of machinery and equipment	1,782	325	334
Transfer payments	371,435	46,372	66,581
Other subsidies and payments	0	156	296
Total gross budgetary expenditures	\$429,668	\$59,071	\$ 91,164
Less Revenues netted against expenditures:			
Vote Netted Revenue	(4,000)	(578)	(578)
Total net budgetary expenditures	\$425,668	\$58,493	\$90,586

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