



Western Economic Diversification Canada's Quarterly Financial Report for the quarter ended June 30, 2018

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

Western Economic Diversification Canada (WD) is mandated to “promote the development and diversification of the economy of Western Canada and to advance the interests of the West in national economic policy, program and project development and implementation.”

The [Departmental Plan](#) and Main Estimates provide further information on WD'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 2018-2019 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

WD 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, 2018.

Statement of Authorities: Vote 1 – Net Operating Expenditures

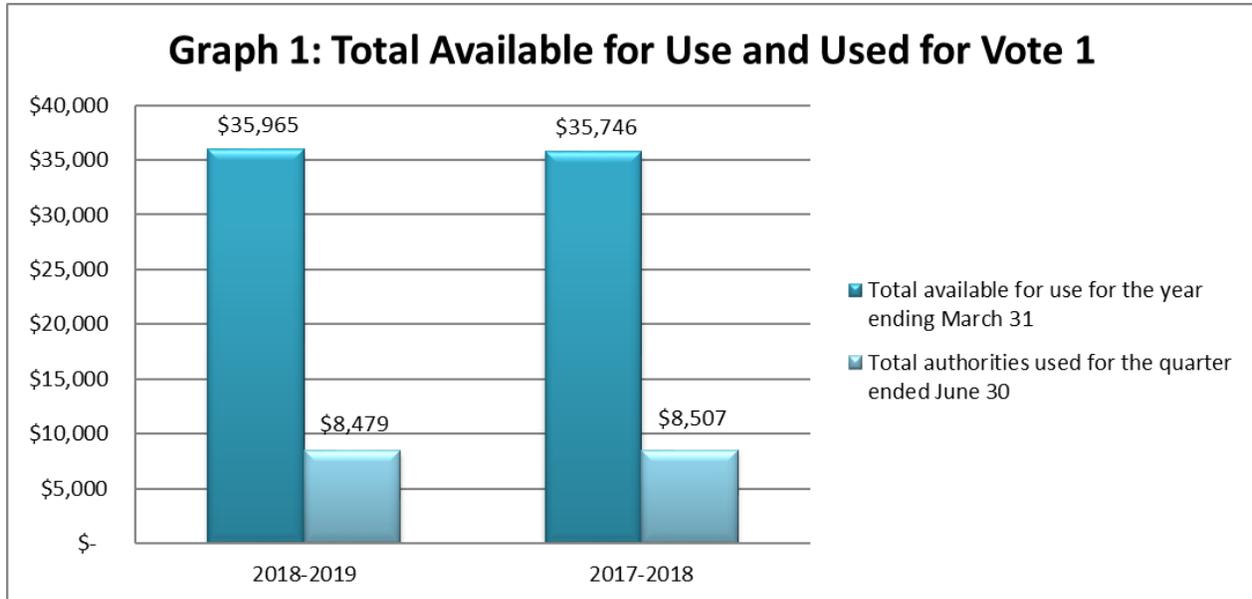
Total authorities available for use for fiscal year 2018-2019 are \$36.0 million, a net increase of \$0.3 million, or 1%, compared to the \$35.7 million for 2017-2018. The net increase is for the salary allocations for the new collective bargaining agreements.

Total authorities used is unchanged at \$8.5 million for the quarter ended June 30, 2018, compared to June 30, 2017. An increase in salary costs in 2018 from collective bargaining agreements is offset by the 2017 retroactive salary payments.



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 2018-2019 are \$109.8 million, a net decrease of \$63.4 million, or 37%, compared to the \$173.2 million for 2017-2018. The net decrease is explained by:

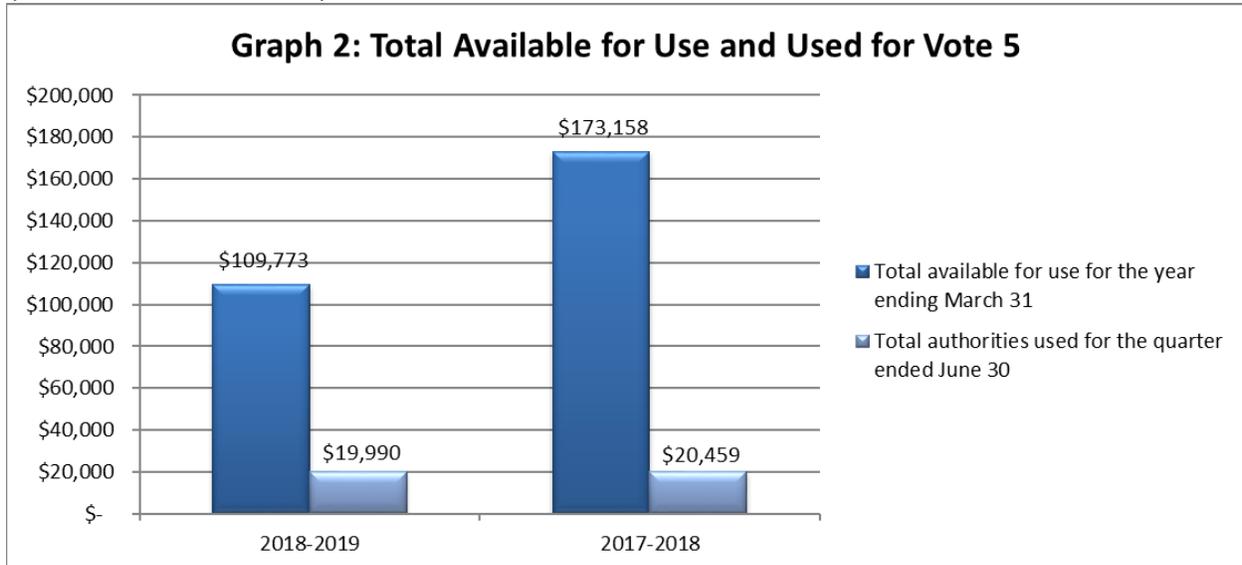
- \$5.0 million increase from Budget 2017 for the Western Diversification Program enhancement;
- \$46.2 million decrease for the completion of the Canada 150 Community Infrastructure Program;
- \$11.6 million decrease for the completion of the Drywall Anti-dumping Duty Relief Program;
- \$6.0 million decrease for Rick Hansen Foundation;
- \$4.5 million decrease for one-time transfer from Agriculture and Agri-Food Canada for Cattlemen's Association; and
- \$0.1 million decreased funding for the Economic Development Initiative.

Total authorities used for the quarter-ended June 30, 2018, decreased to \$20.0 million compared to \$20.5 million at June 30, 2017. The \$0.5 million decrease, or 2%, is mainly explained by the completion of the Canada 150 Community Infrastructure Program and timing differences in the processing of claims for reimbursement under various other transfer payment programs.



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

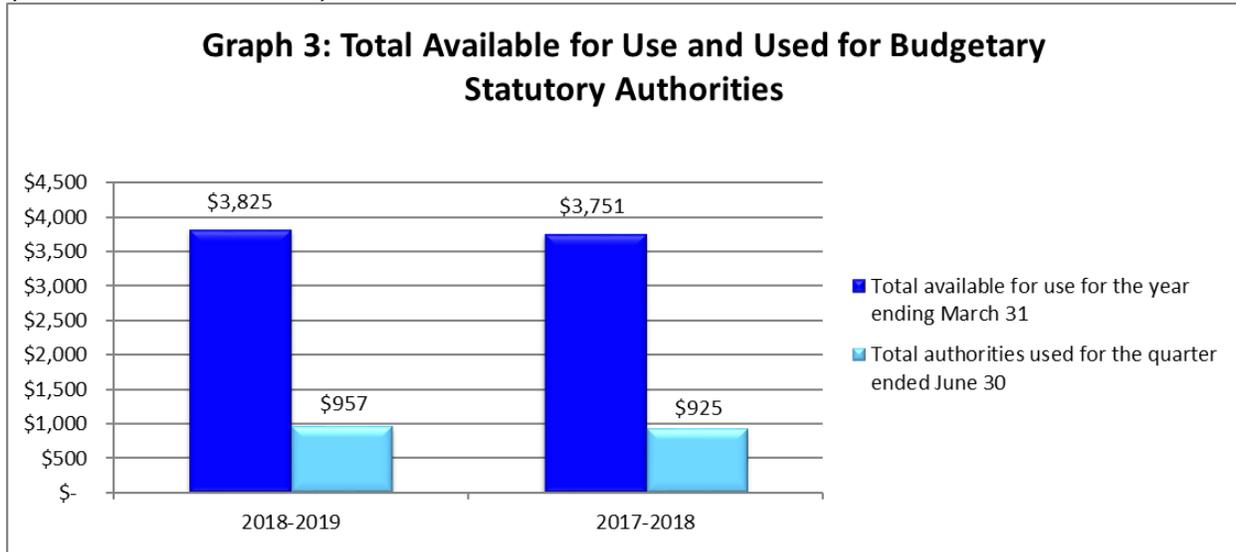
Budgetary statutory authorities available for use for fiscal year 2018-2019 is unchanged at \$3.8 million with no significant variances compared to 2017-2018.

There are no significant variances in budgetary statutory authorities used for this reporting period when compared to the previous fiscal year.

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



(in thousands of dollars)

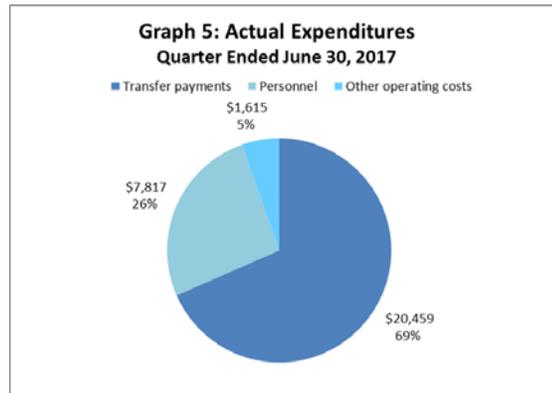
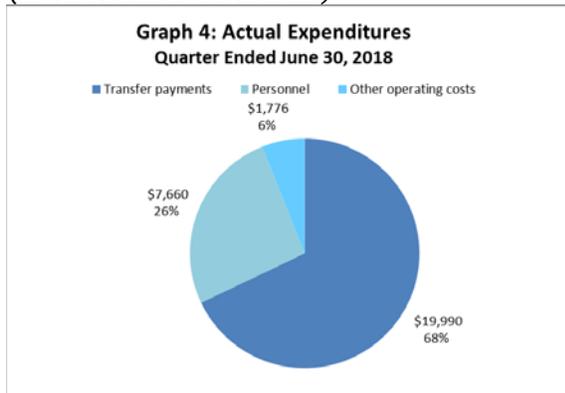


Statement of the Departmental Budgetary Expenditures by Standard Object

Expenditures by standard object for the quarter ended June 30, 2018, were \$29.4 million, which reflects a decrease of \$0.5 million, or 2%, from the \$29.9 million at June 30, 2017. Spending has remained steady from the previous year. The variance is due to the completion of the Canada 150 Community Infrastructure Program, increase in salary payments and decrease of retroactive salary payments, and timing differences in the processing of claims for reimbursement under various other transfer payment programs. 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. WD also conducts an annual risk assessment exercise as part of its overall risk management approach. WD has not identified any significant financial risks from their annual risk assessment.

The department maintains financial management processes to ensure effective budget management. Processes are in place to assess the impact of project timing fluctuations and the process for forecasting multi-year funding requirements. The decision-making process facilitates the re-allocation of financial resources to priority initiatives.

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:

Jim Sauderson
A/Deputy Minister

Edmonton, Canada

Date: August 10, 2018

Original signed by:

Kathy Mattern
A/Chief Financial Officer



Statement of Authorities (unaudited)

Fiscal year 2018-2019 (in thousands of dollars)

Authorities	Total available for use for the year ending March 31, 2019*	Used during the quarter ended June 30, 2018	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	\$35,965	\$8,479	\$8,479
Vote 5 - Grants and contributions	109,773	\$19,990	\$19,990
Budgetary statutory authorities	3,825	957	957
Total authorities	\$149,563	\$29,426	\$29,426

Fiscal year 2017-2018 (in thousands of dollars)

Authorities	Total available for use for the year ending March 31, 2018*	Used during the quarter ended June 30, 2017	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	\$ 35,746	\$ 8,507	\$ 8,507
Vote 5 - Grants and contributions	173,158	20,459	20,459
Budgetary statutory authorities	3,751	925	925
Total authorities	\$212,655	\$29,891	\$29,891

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



Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal Year 2018-2019 (in thousands of dollars)

Expenditures	Planned expenditures for the year ending March 31, 2019*	Expended during the quarter ended June 30, 2018	Year-to-date used at quarter-end
Personnel	\$28,990	\$7,660	\$7,660
Transportation and communications	1,611	249	249
Information	301	37	37
Professional and special services	6,772	1,098	1,098
Rentals	893	156	156
Repair and maintenance	430	-	-
Utilities, materials and supplies	121	10	10
Acquisition of machinery and equipment	672	30	30
Transfer payments	109,773	19,990	19,990
Other subsidies and payments	-	196	196
Total net budgetary expenditures	\$149,563	\$29,426	\$29,426



Fiscal year 2017-2018 (in thousands of dollars)

Expenditures	Planned expenditures for the year ending March 31, 2018*	Expended during the quarter ended June 30, 2017	Year-to-date used at quarter-end
Personnel	\$ 28,674	\$ 7,817	\$ 7,817
Transportation and communications	1,434	176	176
Information	367	21	21
Professional and special services	6,448	1,199	1,199
Rentals	1,039	83	83
Repair and maintenance	372	1	1
Utilities, materials and supplies	260	12	12
Acquisition of machinery and equipment	903	29	29
Transfer payments	173,158	20,459	20,459
Other subsidies and payments	-	94	94
Total net budgetary expenditures	\$212,655	\$29,891	\$29,891

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