Global Transportation Hub

Annual Report for 2021-22

Saskatchewan

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Letters of Transmittal

The Honourable Lori Carr

Minister Responsible for the Global Transportation Hub

Office of the Lieutenant Governor of Saskatchewan

I respectfully submit the Annual Report for the Global Transportation Hub for the fiscal year ending March 31, 2022.

Honourable Lori Carr

Minister Responsible for the Global Transportation Hub

Daniel Hersche

CEO of the Global Transportation Hub

The Honourable Lori Carr, Minister Responsible for the Global Transportation Hub

Dear Minister:

I have the honour of submitting the Annual Report of the Global Transportation Hub for the fiscal year ending March 31, 2022.

Daniel Hersche

CEO of the Global Transportation Hub

Overview of the Global Transportation Hub

The Global Transportation Hub (GTH) was established in accordance with *The Global Transportation Hub Authority Act* in August 2013 with a statutory mandate to:

(a) support the economic and social development of Saskatchewan by planning, developing, constructing, managing, regulating, operating, marketing, and promoting a competitive, economic, integrated, and efficient transportation logistics hub that is consistent with safety and environmental standards.

(b) perform any other duties and carry out any other functions that may be assigned to the authority by an Act or the Lieutenant Governor in Council.

The GTH is an optimal solution and regional differentiator for investment attraction and business operations in the transportation and logistics, warehousing and distribution, and processing and manufacturing industries.

To date, companies located at the GTH have created 900 jobs and invested $485 million in private sector capital spending. At full capacity, the park is forecast to employ more than 7,500 people with private investment exceeding $5 billion. The GTH will also add significant secondary and tertiary employment opportunities, increasing Regina's population by approximately 3% to become Saskatchewan's 13th largest municipal jurisdiction.

As a large-scale warehousing, distribution, and manufacturing industrial park, the GTH requires superior logistics and utility infrastructure supported by strong governance and administration to achieve land sale and development goals. With respect to overall land sales, regional transaction activity enjoyed a significant rebound despite concerns over market volatility, construction cost increases, and global dynamics. Construction has also accelerated, primarily on the SaskPower and Cargill sites where significant earthwork is underway. The completed Regina Bypass and twinned Dewdney Avenue to Pinkie Road support a fully integrated road system throughout, around, and beyond the city of Regina, cementing the logistical strength of the GTH.

In essence, a confluence of regional and international events advances the benefits of the strategic position and original vision of the GTH. Food, fuel, and fertilizer will continue to be coveted on an international scale, and the GTH serves as a key conduit to the success of the province as we strive to meet the demand of global clients.

Alignment with Government's Direction

The GTH is well positioned to contribute to many of the Province's growth goals identified in Saskatchewan's Growth Plan in the decade ahead.

Progress in 2021-2022

Investing in Infrastructure

Over the past year the private sector has been one of the primary drivers in the development of public infrastructure in Regina. The continued increase in demand of natural resources worldwide has made Saskatchewan extremely attractive to private investors, and the GTH is set up to support these investments.

Several large private processing and value-add projects have been announced in Saskatchewan this past year, including the Cargill Canola Crushing facility at the GTH. These projects will provide a significant boost to the economy, foster growth in construction jobs, lead to net-new jobs through post-construction operations and bring material tax revenues and royalties into the provincial general revenue fund.

The GTH is well positioned to capitalize on the private investment opportunities expected to arrive in the region to support these large processing projects. Beyond economic traction in the agri-food and agribusiness sectors, the GTH is among the most competitively priced industrial land in Western Canada, offering direct access to rail and highway networks and providing customized and cost-effective solutions to regulatory approval requirements that get clients to market faster. The future is bright for the park and our province.

The GTH is well positioned to capitalize on the private investment opportunities expected to arrive in the region to support these large processing projects.

Supporting Agri-food Growth

For consumers across Saskatchewan and worldwide, the availability and movement of food and fuel has never been more important. In 2021, Cargill announced its intent to build a $350M canola processing facility at the GTH, with plans to be operational by late 2023. The state-of-the-art facility is projected to have an annual production capacity of one million metric tonnes and will provide a consistent and fast point of delivery for farmers and end users. This investment will generate approximately one million hours of employment throughout the construction phase. Upon completion, the company expects the facility will add about 50 full-time positions.

The GTH was chosen as the location for this world-class project because of our ability to serve its unique needs, providing the necessary infrastructure to receive, process, and export products to markets worldwide.

Cargill's new plant represents a significant investment in the local and provincial economy and supports our government's Growth Plan goal to crush 75% of the canola grown in our province right here in Saskatchewan.

Since 2011, the province's agricultural exports have increased by more than 65%. In 2020, this number grew to $16.9B, the highest on record and accounting for more than half of Saskatchewan's total exports. Looking forward, the GTH is well placed to support ongoing export investments.

Saskatchewan currently produces approximately 11 million metric tonnes of canola each year, with about four million tonnes processed in the province. The Cargill Canola Crushing facility will significantly add to the processed amount and get Saskatchewan closer to its Growth Plan goal.

Bringing Value to Operations, Sales, and Management

Colliers continues to support the GTH as the selected site manager, operator, and marketer. And although Colliers primary focus is on land sales the team has also excelled in prudent resource management; stability across leadership, sales, and administration teams; an ingrained safety and safe work culture; and great service for current and prospective site tenants.

The strong partnership between Colliers and the GTH will support future land sale initiatives and positive revenue gains. Where past years were centered around transition activities, 2021-22 saw role stabilization and an increase in land sale activity. Future efforts will emphasize implementing strategic initiatives on the back of all this growth and success to continue to propel the GTH toward its goals.

Cargill's new plant represents a significant investment in the local and provincial economy and supports our government's Growth Plan goal to crush 75% of the canola grown in our province right here in Saskatchewan.

Development Highlights

2021-22 was a year of significant development: nearly a quarter of the entire GTH footprint now has extensive construction actively underway. At present, there is no further pre-built space marketed for lease at the GTH. This aligns with the industrial warehouse vacancy rate in the region, which continues to be less than 2%.

Highlights include:

- **SaskPower -** SaskPower continues to make strides in the construction of its Logistics Warehouse Complex at the GTH. This project replaces current SaskPower buildings at the end of their useful lives. Once complete, this complex will house service and support operations including logistics, metering, fleet, safety, and distribution and transmission operations to better serve the citizens of Saskatchewan.
- **Cargill -** Cargill has also completed significant site preparation work during the year ahead of its construction in 2022.

In support of these two major projects, the GTH works closely with utility companies and the City of Regina, a key regional partner, to ensure the required infrastructure and services are in place.

The organization's operations continue to trend in a positive direction, with the net operating loss reduced to $581,000. As pandemic travel restrictions ease, there has been a surge of interest from interested buyers; efficient and effective GTH operations will ensure further success when sales are materialized in the 2022-23 fiscal year.

The GTH outlook has never been brighter, with significant sales activity and many of the building blocks of success firmly in place. Saskatchewan taxpayers can expect to see significant value from the GTH in the years to come.

The GTH outlook has never been brighter, with significant sales activity and many of the building blocks of success firmly in place.

Governance

The GTH Board of Directors is responsible for setting direction and guiding the inland port authority in fulfilling its mandate as well as setting goals and objectives for corporate performance. The Board reviews performance and assists in the development of key strategic priorities. Members of the GTH Board are as follows:

Terry Baker, Chair – Mr. Baker, ICD.D is the President of Franklin Land & Cattle Co., a century old mixed farm located in West Central Sask. A non-practicing Civil Engineer, he was the former Chair of Saskatchewan Wheat Pool, the founding Chair of Viterra, long serving board member of Nutrients For Life Canada and the former chair of the Saskatchewan Health Research Foundation. Mr. Baker currently serves as Chair of Agrivita, Canada's national not-for-profit corporation promoting health and safety research and its effective application to the agricultural sector.

Nithi Govindasamy, Vice Chair. - Mr. Govindasamy is a long-time civil servant, who retired as Deputy Minister, Ministry of Highways for the Saskatchewan Government in 2017. His 35-year public sector career included leadership roles in the Ministries of Agriculture in both Saskatchewan and Alberta. Most recently, Mr. Govindasamy served as senior advisor at the GTH where he introduced the organization to his national and international agriculture network.

Valerie Sluth – Mrs. Sluth, MBA, FCMC, ICD.D, is the founder and CEO of Praxis Consulting. She has successfully built Saskatchewan's largest locally owned management and research consulting firm. She has provided advisory services across Canada including private, public, crowns, Indigenous entities, and NGOs. Her practice areas include corporate strategy, governance, and engagement. She is the RBC Executive Women in Residence at the Hill and Levene Schools of Business and has held multiple board positions including past chair of the Saskatchewan Chamber of Commerce, past Director with Canadian Chamber of Commerce, and past Canadian trustee to the International Council of Management Consulting Institutes.

John Dipple – Mr. Dipple has extensive experience as a legal professional advising senior management and boards of national and international corporations, crown corporations, provincial & municipal governments and other public sector organizations on a range of legal matters, including on project development and governance. He led legal teams on major construction and infrastructure projects in Canada and the United States. He retired from MLT Aikins after a 35 year legal career with the firm. He has also served as a director on provincial and national non-profit boards, as well as many other community organizations.

Lionel LaBelle – Mr. LaBelle has an extensive entrepreneurial background having assumed a leadership and ownership role in a cross-section of publically traded and private corporations focused on agribusiness, construction and manufacturing. From 2008-14 he was President and CEO of the Saskatchewan Trade and Export Partnership (STEP). Since leaving STEP, Mr. LaBelle has completed projects as a private consultant working for government as well as private corporations with a focus on export development, strategic planning, public policy implementation & corporate governance. Throughout his career Mr. LaBelle has been active on multiple Boards whether they be Crown Corporations, Industry driven, Regional Economic Development and charitable and/or social organizations.

2021-22 Financial Overview

Global Transportation Hub

Management's Responsibility for the Financial Statements
for the Twelve Month Period Ended March 31, 2022

The accompanying financial statements are the responsibility of the management of the Global Transportation Hub (GTH). They have been prepared in accordance with generally accepted accounting principles for the public sector, using management's best estimates and judgments, where appropriate. Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements and other financial information contained in this report.

Management is also responsible for maintaining a system of internal controls, policies and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The GTH board of directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Provincial Auditor of Saskatchewan expresses an independent opinion on these statements and their report follows.

On behalf of the GTH,

Daniel Hersche
President and Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Global Transportation Hub Authority (GTHA), which comprise the statement of financial position as at March 31, 2022, and the statement of operations, change in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GTHA as at March 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of GTHA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or any knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the GTHA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the GTHA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the GTHA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GTHA's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the GTHA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the GTHA to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

T. Clemett

Regina, Saskatchewan
May 26, 2022

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

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Statement 1

GLOBAL TRANSPORTATION HUB AUTHORITY

Statement of Financial Position

As at March 31, 2022

(thousands of dollars)

	2022	2021
Financial assets		
Cash	$ 93	$ 47
Accounts receivable (note 11)	600	653
Property held for sale (note 6)	8,134	-
	8,827	700
Financial liabilities		
Bank indebtedness (note 4)	11,860	11,910
Accounts payable & accrued liabilities	1,198	506
Payable to Ministry of Highways and Infrastructure (note 10)	7,379	2,860
Customer deposit	15	15
Deferred revenue	-	3
Term debt (note 4)	32,000	32,000
	52,452	47,294
Net financial debt	(43,625)	(46,594)
Non-financial assets		
Prepaid expenses (note 5)	2,298	2,249
Property held for sale (note 6)	23,275	26,392
Tangible capital assets (note 9)	28,422	28,904
	53,995	57,545
Accumulated surplus (Statement 2)	$10,370	$10,951

Contractual obligations (note 7)

Contractual rights (note 8)

(See accompanying notes to the financial statements)

GLOBAL TRANSPORTATION HUB AUTHORITY

Statement of Operations

For the Year Ended March 31, 2022

(thousands of dollars)

	2022 Budget (Note 3)	2022	2021
Revenue			
Land sales	$ 5,000	$ -	$ -
Land leases	8	8	202
Property tax	3,016	3,160	2,969
Permits and fees	38	537	17
Other	64	66	65
	8,126	3,771	3,253
Expenses (Note 12)			
Land and development costs	1,242	51	109
Authority management	1,841	1,770	1,731
Permits and fees	32	178	2
Professional services	965	504	387
Operating expenses	1,784	1,849	1,863
	5,864	4,352	4,092
Annual surplus (deficit)	2,262	(581)	(839)
Accumulated surplus, beginning of year	10,951	10,951	11,790
Accumulated surplus, end of year (Statement 1)	$ 13,213	$ 10,370	$ 10,951

(See accompanying notes to the financial statements)

GLOBAL TRANSPORTATION HUB AUTHORITY

Statement of Change in Net Financial Debt

For the Year Ended March 31, 2022

(thousands of dollars)

	2022 Budget (Note 3)	2022	2021
Annual surplus (deficit)	$ 2,262	$ (581)	$ (839)
Additions to tangible capital assets	-	(183)	-
Reclassification of tangible capital assets	-	-	260
Disposal of tangible capital assets	3	-	-
Amortization of tangible capital assets	747	665	700
	750	482	960
Additions to property held for sale	-	3,117	(846)
Sale of property held for sale	670	-	-
(Increase) decrease of prepaid expenses	70	(49)	139
Decrease (increase) in net financial debt	3,752	2,969	(586)
Net financial debt – beginning of year	(46,594)	(46,594)	(46,008)
Net financial debt – end of year	$ (42,842)	$ (43,625)	$ (46,594)

(See accompanying notes to the financial statements)

GLOBAL TRANSPORTATION HUB AUTHORITY

Statement Of Cash Flows

For the Year Ended March 31, 2022

(thousands of dollars)

	2022	2021
Cash used in operations		
Annual deficit	$ (581)	$ (839)
Non-cash items in annual deficit		
Amortization expense	665	700
Changes in working capital		
Accounts receivable	53	273
Property held for sale	(5,017)	(846)
Accounts payable & accrued liabilities	692	(157)
Payable to Ministry of Highways & Infrastructure	4,519	-
Customer deposit	-	(4)
Deferred revenue	(3)	-
Prepaid expenses	(49)	139
	279	(734)
Cash flows used in capital activities		
Additions to tangible capital assets	(183)	-
Reclassification of tangible capital assets	-	260
	(183)	260
Total cash outflows during year	96	(474)
Bank indebtedness, beginning of year	(11,863)	(11,389)
Net bank indebtedness, end of year	**$ (11,767)**	**$ (11,863)**
Net bank indebtedness consists of:		
Cash	93	47
Bank indebtedness	(11,860)	(11,910)
	(11,767)	(11,863)
Interest paid	$ 858	$ 849

(See accompanying notes to the financial statements)

Notes to the Financial Statements

1. Status of Global Transportation Hub Authority

The Global Transportation Hub Authority (the "GTHA") was established as a Treasury Board Crown corporation by Order in Council 492/2009 dated June 24, 2009. Effective August 6, 2013 the *Global Transportation Hub Authority Act* was passed and gives the GTHA authority over land use, planning and regulation, infrastructure asset ownership and rights to property taxes.

The GTHA holds a mandate to advise on, plan, develop, construct, operate, manage, and promote Saskatchewan's Global Transportation Hub in a manner that:

- creates an investment and operating environment for business that is secure, efficient, coordinated, and orderly; and,
- is consistent with the social and economic development of the province.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the GTHA is classified as an other government organization. These financial statements are prepared using Canadian public sector accounting standards. The statement of re-measurement gains and losses has been omitted as there were no relevant transactions to report.

The following policies are considered significant:

a) **Revenue**

Property sales (i.e., land, building) are recognized as revenue when the risk and rewards of ownership are transferred and the amount can be reasonably estimated and collectability is reasonably assured. Property tax revenues are recognized as they are earned. Land lease revenues are recognized over the term of the lease in the period they are earned. Transit, permit and other revenue is recognized as revenue in the year it is earned.

Deferred revenue relating to building and development permits is billed at the outset of construction and is recognized into revenue as the permitting process occurs throughout construction.

b) **Land and Development Costs**

Land and development cost expense are recognized in the year that the associated land sales revenue is recognized.

The cost of land sales relates to the initial purchase, grading costs and contributions to regional infrastructure improvements directly associated with the land sold. Costs related to land development for roads, undergrounds and other infrastructure constructed on common lands are capitalized and amortized over their useful lives.

c) **Property Held for Sale**

Property held for sale is made up of land and a building to be sold in future periods. Land held for sale consists of the costs of acquiring land held for sale, grading, utility connections, and municipal reserve costs incurred on any land to be sold. The building was recorded at its cost to the GTHA. All inventories are held at the lower of cost or net realizable value. Property held for sale that is recorded as a non-financial asset is due to the uncertainty surrounding the sale of property within the next twelve months. Property Held for Sale recorded as a financial asset is reasonably anticipated that the sale to a purchaser external to another government entity will be completed within one year of the financial statement date and meet all other criteria outlined in Canadian public sector accounting standards section 1201.55.

d) **Tangible Capital Assets**

Tangible capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Tangible capital assets, excluding land, with a life exceeding one year, are amortized on a straight-line basis over their estimated useful lives as follows:

Roadways	40 years
Undergrounds	75 years
Storm water management	100 years
Fixtures and equipment	1 – 20 years

Leasehold improvements are amortized over the remaining lease period.

e) **Pensions**

GTHA employees participate in the Public Employees' Pension Plan (PEPP) which is a defined contribution pension plan. The GTHA follows defined contribution plan accounting for its participation in the plan. Accordingly, the GTHA expenses all contributions (8.6% of employee salaries) it is required to make in the year.

f) **Measurement Uncertainty**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Operations in the period in which they become known.

g) **Financial Instruments**

All financial instruments are measured at amortized cost.

h) **Amendments to Standards**

The following standard amendments that may impact GTHA and are not yet effective for the year ended March 31, 2022 have not been applied in preparing these financial statements:

PS 3280 Asset Retirement Obligation (effective April 1, 2022), a new standard will provide guidance on principles for recognition, measurement, presentation, and disclosure of legal obligations associated with retirement of tangible capital assets from productive use; and

PS 3400 Revenue (effective April 1, 2023), will provide the guidance for recognition, measurement, and presentation of revenues common to government other than tax revenues and government transfers.

The GTHA plans to adopt these new standards in the fiscal year in which it becomes effective. Management is currently evaluating the impact of these amendments on the financial statements, however does not anticipate a significant impact on operations from adoption.

3. Budget Approval

The budget figures are presented for comparison purposes. The GTHA's 2021-22 budget was approved by the Board of Directors on December 8, 2020.

4. Bank Indebtedness and Term Debt

A line of credit operating loan of $15 million (at prime rate less .50%) has been approved. The balance outstanding as at March 31, 2022 is $11,860 (March 31, 2021 – $11,910), and is repayable on demand. Prime rate at March 31, 2022 is 2.70% (March 31, 2021 – 2.45%).

Term debt is as follows:

	2022	2021
Royal Bank Loan with interest at prime rate less .50%	$ 32,000	$ 32,000

The loan term was extended during the year; the loan is repayable in full on the earlier of receipt of the net proceeds on sale of developed land or March 31, 2023.

5. Prepaid Expenses

During fiscal 2019, an agreement was signed with the City of Regina to provide water, wastewater and transportation services. An initial payment of $3,350 was made to compensate the City for actual benefits received to date and the GTHA's portion of planned future projects based on the GTHA's current impact. The portion that relates to the future expense associated with planned projects is recorded as a prepaid expense.

6. Property Held for Sale

Of the estimated remaining 770 acres to be sold or leased, 334 acres were assembled and are currently held by the Ministry of Highways (MHI). As this land is sold to clients, MHI is compensated by the GTHA for all costs incurred. The remaining 436 acres and one building are held by the GTHA.

The GTHA recorded $8,134 of Property Held for Sale as a financial asset as it is related to the sale that is detailed in note 14.

7. Contractual Obligations

Contractual obligations include:

		2022		2021
Clean Landscapes (EcoCare)	$	728	$	285
CIR Commercial Realty Inc. (Colliers)	$	775	$	1,109
MBC Group (Walker Projects)	$	514	$	469
Total	**$**	**2,017**	**$**	**1,863**

The above contractual obligations do not include those contracts which are paid on a usage basis. The contract with Colliers International includes additional fees in the event that certain performance criteria are met. The GTHA has also entered into three separate contracts with the City of Regina: two five year contracts expiring December 31, 2024 for the provision of fire services and assessment and collection of property taxes, and a contract expiring December 31, 2040 for the provision of water and sewer servicing for which service fees are calculated based on up to date information each year.

During 2014-15 the GTHA entered into a 15-year lease for head office space. Non-cancellable operating lease payments are as follows (thousands of dollars):

2023	$	101
2024	$	101
2025	$	105
2026	$	109
2027	$	109
Thereafter	$	282
Total	**$**	**807**

During the year ended March 31, 2022 the Authority recognized $0 (2021 - $0) as rent expense related to operating leases. This property has been subleased to an external party as discussed in Note 8.

8. Contractual Rights

During 2019-20, the GTHA entered into a sublease agreement with an external party for the use of its head office which expires in 2029. As at March 31, 2022, the remaining rent payments to the end of the term of the sublease are $633 (2021 - $708). GTHA recorded a liability of $174 (2021 - $201) to reflect the fact that the rent payments under the sublease do not offset the operating lease payments associated with its head office lease.

9. Tangible Capital Assets

	2021-22						2020-21
	Leasehold Improvements	Roadways	Undergrounds	Storm Water Management	Fixtures and Equipment	Total	Total
Opening Cost	$ 1,310	$ 18,611	$ 12,150	$ 2,921	$ 570	$ 35,562	$ 35,822
Additions during the year	-	92	-	91	-	183	-
Reclassification during the year	-	-	-	-	-	-	(260)
Closing Cost	$ 1,310	$ 18,703	$ 12,150	$ 3,012	$ 570	$ 35,745	$ 35,562
Opening accumulated amortization	$ 1,310	$ 3,378	$ 1,223	$ 220	$ 527	$ 6,658	$ 5,958
Annual amortization cost	-	465	162	30	8	665	700
Closing accumulated amortization	$ 1,310	$ 3,843	$ 1,385	$ 250	$ 535	$ 7,323	$ 6,658
Net book value of tangible capital assets	-	$ 14,860	$ 10,765	$ 2,762	$ 35	$ 28,422	$ 28,904

10. Payable to Ministry of Highways and Infrastructure

The amount payable of $2860 to the Ministry of Highways and Infrastructure (MHI) was formerly held as deferred revenue for the use of land to obtain borrow material to be used in road construction. During 2017-18 the MHI relinquished this right and the Authority agreed to repay this amount as designated parcels of land are sold.

On March 31, 2022, the GTHA was transferred a total of approximately 173.4 acres from MHI to facilitate the 247-acre sale detailed in note 14. Both Property Held for Sale and Accounts Payable increased by $4,519 due to this transfer of lands and MHI will paid through the proceeds from the land sale.

11. Financial Instruments

The GTHA's financial assets consist of cash and accounts receivable. Financial liabilities consist of accounts payable, customer deposits and debt.

Financial risk management

The Board of Directors ensures that the GTHA has identified its major risks and ensures that management monitors and controls them. The Board of Directors oversees the GTHA's systems and practices of internal control, and ensures that these controls contribute to the assessment and mitigation of risk.

The GTHA has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk and liquidity risk.

a) **Credit risk**

The GTHA is exposed to credit risk from the potential non-payment of accounts receivable. The GTHA's receivables are primarily from the companies who have purchased land or property tax revenues receivable.

The carrying amount of accounts receivable represents the maximum credit exposure as follows

		2022
Accounts receivable	$	600

The GTHA manages its credit risk surrounding accounts receivable by dealing solely with reputable customers and ensuring security.

Management reviews accounts receivable on a case by case basis to determine if a valuation allowance is necessary to reflect impairment on collectability.

b) **Interest rate risk**

Financial liabilities with variable interest rates expose the GTHA to cash flow interest rate risk. The GTHA's debt outstanding as at March 31, 2022 has a variable interest rate.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

As at March 31, 2022 had prevailing interest rates increased or decreased by 1% it would result in a change in annual interest payments of $439

c) **Liquidity risk**

Liquidity risk is the risk that the GTHA will not be able to meet its financial obligations as they become due.

The GTHA manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities.

The term debt and line of credit operating loan are the principal instruments used to monitor and manage the liquidity risk, as discussed in Note 4.

12. Expenses by Object

	2022 Budget	2022	2021
Salaries & benefits	$ 76	$ 71	$ 118
Purchased goods and services	4,249	2,758	2,425
Interest	840	858	849
Amortization	699	665	700
Total	**$ 5,864**	**$ 4,352**	**$ 4,092**

13. Pension Contributions

During the year, the GTHA contributed $0 (2021 - $0) to PEPP.

14. Subsequent Events

Subsequent to March 31, 2022, the GTHA has fully executed and completed a land sale agreement for 247 acres dated April 14th, 2022. The sale will significantly impact the financial statements including revenues for the following year.

Appendix A:

GTH Organizational Chart

As at March 31, 2022

Appendix B:

Payee Report

Employees

Individual payees are reported where remuneration paid to them totals at least $50,000. Remuneration includes salaries, wages, bonuses, payments in lieu of notice, vacation payouts and other taxable benefits paid to employees with a minimum threshold of $50,000.

Payments of pension funds to, or on behalf of, active or retired employees are not reported.

Employee	Remuneration
HERSCHE, DANIEL	80,012

Suppliers and Other Payments

Individual payees are reported where the sum of payments to them total at least $50,000.

Vendor	Remuneration
CGI REALTY ADVISORS LTD	141,327
CIR COMMERCIAL REALTY (COLLIERS)	428,665
CITY OF REGINA	502,083
CLEAR PLAN CONSULTING	73,597
ECOCARE LTD.	534,721
MBC GROUP (WALKER PROJECTS)	455,226
MCKERCHER LLP	91,178
MINISTRY OF HIGHWAYS & INFRASTRUCTURE	192,127
PROFESSIONAL BUILDING INSPECTIONS, INC	178,162

For More Information

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