Annual Report for 2022-23

Global Transportation Hub

saskatchewan.ca

Saskatchewan

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, 2023.

Honourable Lori Carr
Minister Responsible for the Global Transportation Hub

Daniel Hersche
President & CEO
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 Authority for the fiscal year ending March 31, 2023.

Daniel Hersche
President & 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 a leading entity in the province's economic development and growth. The GTH is an optimal solution and regional differentiator for investment attraction and business operations in the agri-food processing, transportation and logistics, warehousing and distribution, and manufacturing industries.

Companies located in the GTH have added 1,100 jobs and invested over $485 million(M) in private sector capital spending to the region. In the process of attracting global brands to its footprint and growing direct employment on site, the GTH will add significant secondary and tertiary employment opportunities in Saskatchewan.

As the largest warehousing, distribution, and manufacturing industrial park in the province, the GTH requires superior logistics and utility infrastructure, a vision and strategy for sustainability and growth, supported by strong governance and administration. The past year of near-record land sales and construction activity in the region accentuated the necessity of superior infrastructure and the GTH is well positioned for further growth and investment.

Food, fuel, and fertilizer will continue to be coveted on an international scale, and the GTH serves as a key factor in the success of the province as we strive to meet the global demand for our resources.

Alignment with Government's Direction

As a result of the GTH's growth and success, it is well positioned to contribute to and play a leadership role in many of the Province's growth goals identified in Saskatchewan's Growth Plan in the decade ahead. A key player in growth through job creation, investment attraction, adding value to Saskatchewan's export products, and through unique catalyzation of new industries and investments, the GTH stands to drive the core tenants of Saskatchewan's growth.

Progress in 2022-23

Enabling Investment

The unabated global demand for Saskatchewan's natural resources has made the province extremely attractive to investors and entrepreneurs. Additionally, it continues to drive private sector investment and the development of infrastructure in the province.

Saskatchewan continues to attract world-class, large-scale processing and value-add projects with many being announced in the province in the past couple of years, dominated by food, fuel and fertilizer projects. Many of the projects will be located around the Regina region, including Cargill's canola crushing facility at the GTH. These projects provide a significant and sustained boost to the economy, fostering growth in construction jobs and thereby leading to net-new jobs through post-construction operations. Cargill's international recognition reinforces confidence in the marketplace that the GTH is an unparalleled place to invest.

Additional private investment opportunities are anticipated in the region to support the large processing projects underway and the GTH is the prime location based on its unique value proposition. The GTH offers a premium selection of some of the most competitively priced industrial land in Western Canada, offers direct access to high-quality rail, road, and utility networks, and provides customized, cost-effective solutions for regulatory approval processes. Proudly, the GTH gets clients to market more quickly and will be a competitive differentiator in our province's future investment attraction and growth strategies.

Growing Saskatchewan

Consumers across Canada and around the world rely heavily on the availability and movement of food and fuel. Food, energy and water security remain central to multi-tiered government policy. The focus on food safety and security was magnified during the pandemic and deemed an essential service.

The development of Cargill's canola processing facility at the GTH is extremely important to the province. In essence, it became a catalyst for many solutions in the region: an increased processed water capacity; elevated attention to secondary agri-food processing opportunities; and increasing the scale and mass for food transportation and logistics.

The state-of-the-art facility is projected to have an annual production capacity of one million metric tonnes and will transform canola production in the prairie region. Saskatchewan currently produces approximately 11 million metric tonnes of canola each year, with about four million tonnes processed in the province. The Cargill facility will significantly add to the processed amount of canola and get Saskatchewan closer to its 2030 Growth Plan goals related to increased export agri-food revenue, increased value-added agricultural revenue, expand the province's export infrastructure, and add 100,000 new jobs. Further, Cargill's facility directly supports Saskatchewan's Growth Plan goal to crush 75% of the canola grown in our province.

The GTH was chosen as the location for this world-class project because of the ability to serve its unique needs, providing the necessary infrastructure to receive, process, and export products to markets worldwide and will provide a consistent and fast point of delivery for Saskatchewan farmers and end users.

Developments During The Year

Construction Activity

The GTH witnessed significant advancement in construction activity throughout 2022-23. Approximately one quarter of the entire land footprint had extensive construction activity related to roads, rail, utility services and land development. Highlights include:

- SaskPower's $220M Logistics Warehouse Complex encompasses approximately 109 acres and includes four primary buildings that total approxiametely 365,000 square feet of industrial warehousing inventory. Phase One of the project, currently underway, is planned for completion in early 2024. This project will replace 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's $350M canola crush facility project encompasses a significant amount of the GTH's overall land development at 247 acres of land. A significant amount of site preparation and railbed work was completed during the year. The total building area is approxiametely 130,000 square feet spread out over 16 buildings of various uses and will include total rail track of approximately 38 kilometers with capacity of over 130 rail cars.

Industry Challenges

One of the challenges in the region is the minimal speculative industrial inventory that is pre-built and marketed for lease; developers have been reticent to invest on a speculative basis. This is a perplexing phenomenon as there are significant opportunities as the industrial warehouse vacancy rates in the region continue to hover around or under 2% for the majority of the past two years.

Without a doubt, there have been barriers to success relative to accelerated land sales and land development over the past several years. Pandemic travel restrictions, supply chain disruptions, escalating interest and inflation rates, labour shortages, investment uncertainty and general market volatility have all set back other positive announcements for growth. The bench strength of the team and the diversity of all contracted stakeholders allowed the GTH to weather the storm over the past year while positioning itself to meet the needs of potential suitors.

Financial Results

Land sales and land development, along with related progress with operational processes and team chemistry, were transformative for the GTH in the fiscal year and this has had significantly positive impacts on financial position of the organization. Financial debt was reduced by 48%, dropping from $43,625,000 to $22,555,000. The debt-to-equity ratio dropped from 4.23 to 0.79. The GTH must continue to have efficient and effective operations as the organization builds on this year's success into the future.

Strategic Partnerships and Reputation Building

The GTH continues to build a positive reputation as a strong municipal operator, cultivating an environment that supports existing stakeholders of the GTH to thrive, and strategically enhancing the ecosystem. The partnership between Colliers and the GTH continues, supporting future municipal planning, responsible and effective land stewardship, land sale initiatives, and sustainable revenue gains. The current dynamics in selling land was, in effect, mitigated in 2022-23 due to open dialogue, creative selling tactics, leading-edge technology and dual marketing platforms in both the GTH and Colliers. Looking forward, there will be an emphasis on implementing strategic initiatives and modifying tactics and strategies to support the growth and success acquired thus far.

Through strategic partnerships, and relationship building, the GTH has successfully collaborated with important industry entities for mutual benefit. The GTH worked collaboratively with provincial utility companies and the City of Regina, a key regional partner, to ensure required infrastructure and services are in place. Support of these major projects and future business attraction continued to be a major focus throughout the year. Furthermore, the perception and awareness of the GTH as a prized asset within the province have significantly expanded, resulting in positive and growing interest from partners and citizens about the future potential of the GTH.

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 a senior advisor at the GTH where he introduced the organization to his national and international agriculture network.

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- 2014 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.

Valerie Sluth – Ms Sluth, MBA, FCMC, ICD.D, is the founder and CEO of Praxis Consulting. Val 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. Val has served as 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.

2022-23 Financial Overview

Global Transportation Hub

Management's Responsibility for the Financial Statements
For the Twelve Month Period Ended March 31, 2023

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 controls. 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, 2023, and the statements 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, 2023, 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.

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
June 6, 2023

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

Statement 1
GLOBAL TRANSPORATION HUB AUTHORITY

Statement of Financial Position

As at March 31, 2023
(thousands of dollars)

	2023	2022
Financial assets		
Cash	$ 4,240	$ 93
Accounts receivable (note 11)	723	600
Property held for sale (note 6)	-	8,134
	4,963	8,827
Financial liabilities		
Bank indebtedness (note 4)	-	11,860
Accounts payable & accrued liabilities	2,621	1,198
Payable to Ministry of Highways and Infrastructure (note 10)	2,860	7,379
Customer deposit	24	15
Deferred revenue	13	-
Term debt (note 4)	22,000	32,000
	27,518	52,452
Net financial debt	(22,555)	(43,625)
Non-financial assets		
Prepaid expenses (note 5)	2,247	2,298
Property held for sale (note 6)	22,541	23,275
Tangible capital assets (note 9)	25,688	28,422
	50,476	53,995
Accumulated surplus (Statement 2)	**$ 27,921**	**$ 10,370**

Contractual obligations (note 7)
Contractual rights (note 8)
(See accompanying notes to the financial statements)

Statement 2
GLOBAL TRANSPORATION HUB AUTHORITY

Statement of Operations

For the Year Ended March 31, 2023
(thousands of dollars)

	2023 Budget (Note 3)	2023	2022
Revenue			
Land sales	$ 7,500	$ 38,965	$ -
Land leases	8	8	8
Property tax	3,511	3,468	3,160
Permits and fees	542	1	537
Other	67	229	66
	11,628	42,671	3,771
Expenses (Note 12)			
Land and development costs	1,709	17,947	51
Authority management	2,098	1,638	1,770
Permits and fees	32	751	178
Professional services	919	2,545	504
Operating expenses	1,531	2,239	1,849
	6,289	25,120	4,352
Annual surplus (deficit)	**5,339**	**17,551**	**(581)**
Accumulated surplus, beginning of year	10,370	10,370	10,951
Accumulated surplus, end of year (Statement 1)	**$ 15,709**	**$ 27,921**	**$ 10,370**

(See accompanying notes to the financial statements)

Statement 3
GLOBAL TRANSPORATION HUB AUTHORITY

Statement of Change in Net Financial Debt

For the Year Ended March 31, 2023
(thousands of dollars)

	2023 Budget (Note 3)	2023	2022
Annual surplus (deficit)	$ 5,339	$ 17,551	$ (581)
Additions to tangible capital assets	$ -	(970)	$ (183)
Disposal of tangible capital assets	2,626	3,116	-
Reclassification of tangible capital assets	-	(8,134)	-
Amortization of tangible capital assets	648	588	665
	3,274	(5,400)	482
Additions to property held for sale	-	734	3,117
Sale of property held for sale	5,210	8,134	-
(Increase) decrease of prepaid expenses	(234)	51	(49)
Decrease (increase) in net financial debt	13,589	21,070	2,969
Net financial debt – beginning of year	(43,625)	(43,625)	(46,594)
Net financial debt – end of year	**$ (30,036)**	**$ (22,555)**	**$ (43,625)**

(See accompanying notes to the financial statements)

Statement 4
GLOBAL TRANSPORATION HUB AUTHORITY

Statement of Cash Flows

For the Year Ended March 31, 2023
(thousands of dollars)

	2023	2022
Cash used in operations		
Annual surplus (deficit)	$ 17,551	$ (581)
Non-cash items in annual deficit		
Amortization expense	588	665
Changes in working capital		
Accounts receivable	(123)	53
Property held for sale	8,134	(5,017)
Accounts payable & accrued liabilities	1,423	692
Payable to Ministry of Highways and Infrastructure	(4,519)	4,519
Customer deposit	9	-
Deferred revenue	13	(3)
Prepaid expenses	51	(49)
	23,127	279
Cash flows used in capital activities		
Additions to tangible capital assets	(970)	(183)
Property held for sale	734	
Disposal of tangible capital assets	3,116	-
Proceeds on sale of tangible capital assets	-	-
	2,880	(183)
Cash flows from financing activities		
Repayment of long term debt	(10,000)	-
	(10,000)	-
Total cash outflows during year	16,007	96
Bank indebtedness, beginning of year	(11,767)	(11,863)
Net bank indebtedness, end of year	**$ 4,240**	**$ (11,767)**
Net bank indebtedness consists of:		
Cash	4,240	93
Bank indebtedness	-	(11,860)
	4,240	(11,767)
Interest paid	$ 1,057	$ 858

(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. 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 new standard was adopted:

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

There was no significant impact to the financial statements or notes upon adoption of this new standard.

The following standard amendments that may impact GTHA and are not yet effective for the year ended March 31, 2023 have not been applied in preparing these financial statements:

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 2022-23 budget was approved by the Board of Directors on December 15, 2021.

4. Bank Indebtedness and Term Debt

A line of credit operating loan of $10 million (at prime rate less .50%) has been approved. The balance outstanding as at March 31, 2023 is $0 (March 31, 2022 – $11,860), and is repayable on demand. Prime rate at March 31, 2023 is 6.70% (March 31, 2022 – 2.70%).

Term debt is as follows:

	2023	2022
Royal Bank Loan with interest at prime rate less .50%	$ 22,000	$ 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, 2024.

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 517 acres to be sold or leased, 320 acres were assembled and are currently held by the Ministry of Highways (MHI) and exclusive of GTHA statements. As this land is sold to clients, MHI is compensated by the GTHA for all costs incurred. The remaining 197 acres are held by the GTHA.

7. Contractual Obligations

Contractual obligations include:

		2023		2022
Clean Landscapes (EcoCare)	$	268	$	728
CIR Commercial Realty Inc. (Colliers)		615		775
MBC Group (Walker Projects)		43		514
Total	**$**	**926**	**$**	**2,017**

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):

2024	$	101
2025		105
2026		109
2027		109
2028		109
Thereafter		172
Total	**$**	**705**

During the year ended March 31, 2023 the Authority recognized $0 (2022 - $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, 2023, the remaining rent payments to the end of the term of the sublease are $557 (2022 - $633). GTHA recorded a liability of $148 (2022 - $174) 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

	2022-23						2021-22
	Leasehold improvements	Roadways	Undergrounds	Storm water management	Fixtures and Equipment	Total	Total
Opening cost	$ 1,310	$ 18,703	$ 12,150	$ 3,012	$ 570	$ 35,745	$ 35,562
Additions during the year	-	134	-	837	-	971	183
Disposals during the year	-	(1,787)	(1,944)	(56)	-	(3,787)	-
Closing cost	$ 1,310	$ 17,050	$ 10,206	$ 3,793	$ 570	$ 32,929	$ 35,745
Opening accumulated amortization	$ 1,310	$ 3,843	$ 1,385	$ 250	$ 535	$ 7,323	$ 6,658
Annual amortization cost	-	422	136	29	1	588	665
Amortization related to disposals	-	(421)	(244)	(5)	-	(670)	-
Closing accumulated amortization	$ 1,310	$ 3,844	$ 1,277	$ 274	$ 536	$ 7,241	$ 7,323
Net book value of tangible capital assets	$ -	$ 13,206	$ 8,929	$ 3,519	$ 34	$ 25,688	$ 28,422

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 at a per acre rate as the first 55 acres of land within designated parcels of land are sold.

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:

	2023	2022
Accounts receivable	$ 723	$ 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, 2023 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, 2023 had prevailing interest rates increased or decreased by 1% it would result in a change in annual interest payments of $220

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

	2023 Budget	2023	2022
Salaries & benefits	$ 93	$ 169	$ 71
Purchased goods and services	5,023	23,306	2,758
Interest	527	1,057	858
Amortization	645	588	665
Total	**$ 6,288**	**$ 25,120**	**$ 4,352**

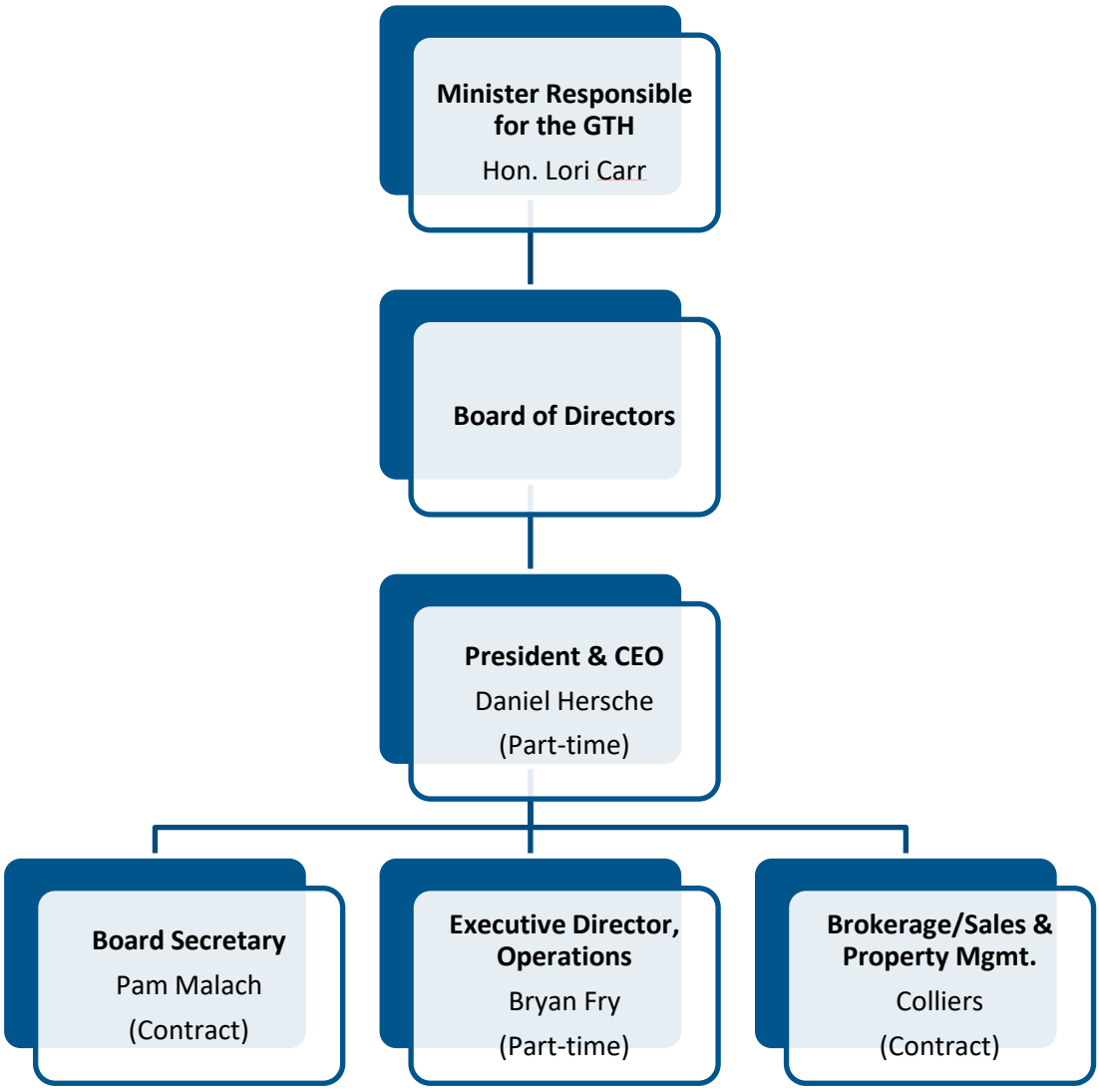
13. Pension Contributions

During the year, the GTHA contributed $0 (2022 - $0) to PEPP.

Appendix A:

GTH Organizational Chart

As at March 31, 2023



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
FRY, BRYAN	74,343
HERSCHE, DANIEL	90,182

Suppliers and Other Payments

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

Vendor	Remuneration
ASL PAVING LTD	531,321
CGI REALTY ADVISORS LTD	146,154
CIR COMMERCIAL REALTY	2,534,515
CITY OF REGINA	3,617,210
CLEAR PLAN CONSULTING	94,165
ECOCARE LTD.	532,095
MBC GROUP (WALKER PROJECTS)	471,178
MCKERCHER LLP	230,300
MINISTRY OF HIGHWAYS & INFRASTRUCTURE	5,413,591
PROFESSIONAL BUILDING INSPECTIONS, INC	381,350
SASKPOWER	762,252