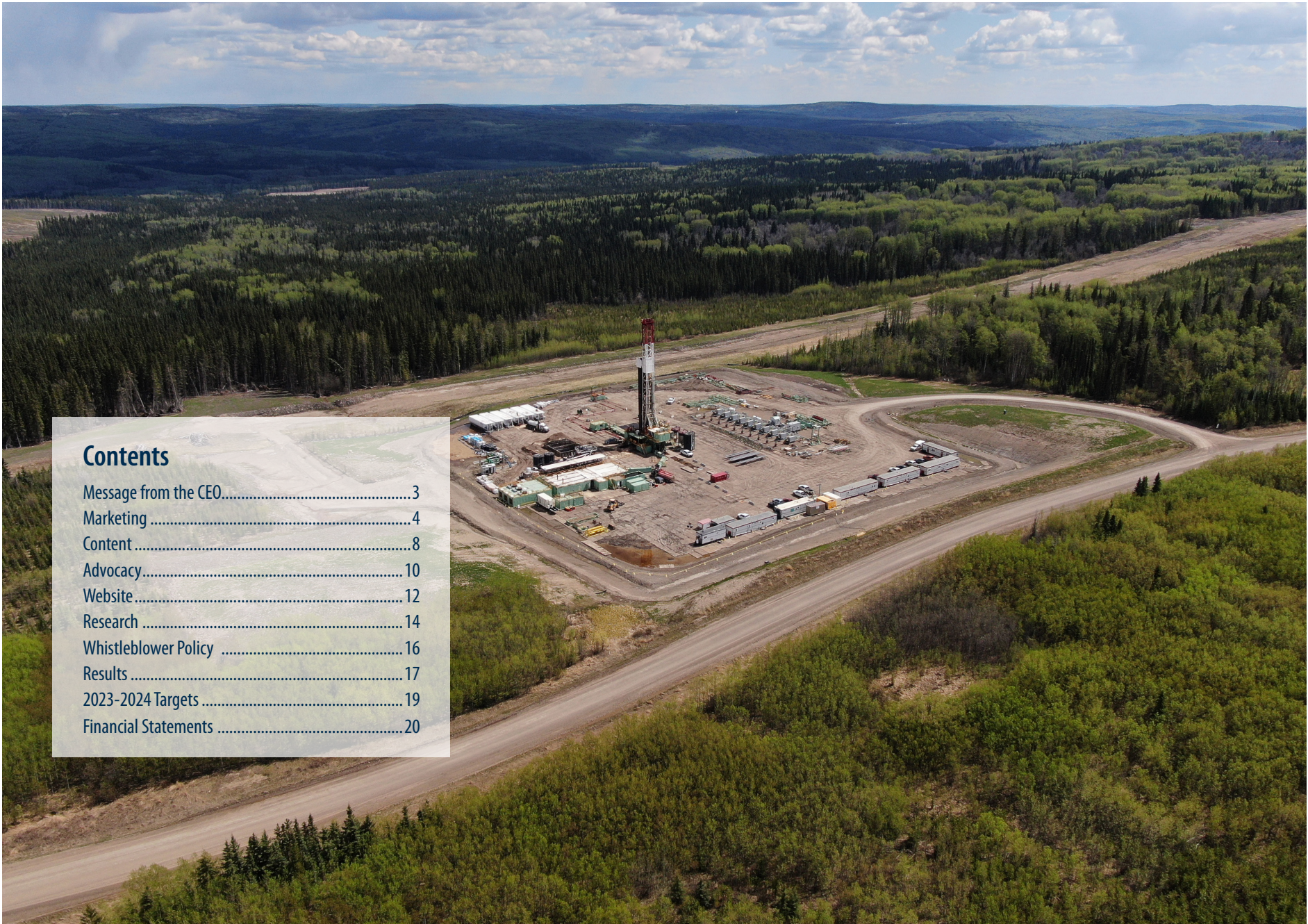


# **Canadian Energy Centre**







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Photo credit: Precision Drilling



## Message From the CEO

Over the past year, world events impacting energy security ushered in a new conversation around global energy security and the environment.

Indigenous opportunity continued to take on increasing importance in the discussion, and focus sharpened on renewables and other energy sources such as small modular nuclear reactors and the potential for hydrogen.

The Canadian Energy Centre (CEC) did its part in promoting, leading, and engaging in those important, fact-based conversations.

Our “Made the Canadian Way” national campaign told Canadians about the industry’s commitment to best environmental practices. The campaign focused on the potential of liquefied natural gas (LNG), the billion dollars a year spent on cleantech R&D, and the commitment to carbon neutrality by the oil sands operators, all with the underlying theme that Canadians can and should be proud.

Russia’s invasion of Ukraine made global energy security one of the of the world’s top issues. The theme of our “Canada Is the Solution” campaign – neighbours looking out for neighbours – reminded our friends in the United States that energy security is right next door.

The CEC also increased its international presence with strategic digital campaigns by targeting some of the highest profile annual global conferences. We told leaders of the G7 meeting in Germany it matters where their energy comes from. World oil and gas demand will continue for decades, and it should be met by Canada due to our leadership on labour rights, environmental practices, reconciliation with Indigenous communities and governance. A similar message was delivered to delegates to COP27 in Egypt, India Energy Week, and the International Energy Summit in the UK. The CEC also launched “Look To Canada” in Europe. Ads ran in major newspapers and online in Germany and across the UK.

We also continued with our peer-reviewed research. Topics covered in our Fact Sheets and Research Briefs included nuclear power in the global energy mix, the potential of carbon capture, utilization and storage (CCUS), and LNG.

In 2023-2024, the Canadian Energy Centre will continue to tell the story of our world-class energy sector by proudly and passionately advocating in a world where oil and gas will play a key role for decades to come.



**Tom Olsen**  
Chief Executive Officer  
June 30, 2023



# Marketing

In our mission to change attitudes about Canadian oil and gas and improve perceptions of our energy industry globally, the Canadian Energy Centre significantly increased efforts and reach with all aspects of marketing and advertising in 2023.

Not only did our campaigns expand in scope to reach a wider audience both inside the country and abroad, we engaged viewers in new, stand-out ways throughout the year. The result of this strategic, aspirational work was an improvement in engagement, impressions, and mindsets around Canadian oil and gas.

Canada	
<i>Select any field for ranking definition</i>	
Global Rank	
Environmental Performance <sup>1</sup>	3
Social Progress <sup>2</sup>	1
Governance <sup>3</sup>	
Control of Corruption <sup>4</sup>	1
Government Effectiveness <sup>5</sup>	1
Political Stability and Absence of Violence/Terrorism <sup>6</sup>	1
Regulatory Quality <sup>7</sup>	1
Rule of Law <sup>8</sup>	1
Voice and Accountability <sup>9</sup>	1
Oil Reserves <sup>10</sup>	3
Freedom Rating <sup>11</sup>	Free

Saudi Arabia	
Global Rank	
Environmental Performance <sup>1</sup>	6
Social Progress <sup>2</sup>	6
Governance <sup>3</sup>	
Control of Corruption <sup>4</sup>	4
Government Effectiveness <sup>5</sup>	4
Political Stability and Absence of Violence/Terrorism <sup>6</sup>	5
Regulatory Quality <sup>7</sup>	4
Rule of Law <sup>8</sup>	5
Voice and Accountability <sup>9</sup>	9
Oil Reserves <sup>10</sup>	2
Freedom Rating <sup>11</sup>	Not Free

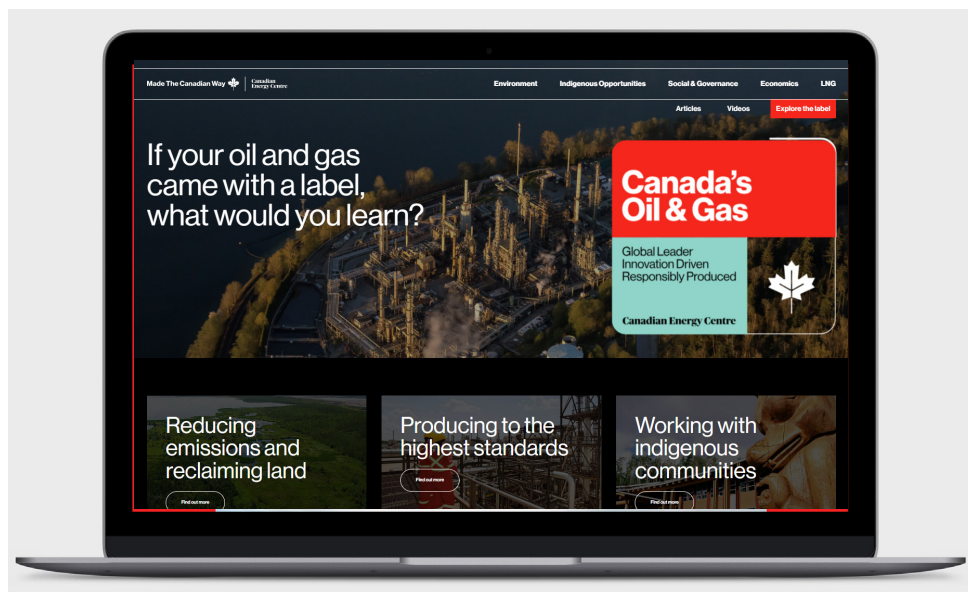
## MADE THE CANADIAN WAY

Our message to fellow Canadians? Canada's oil and gas is part of your everyday life, and that's a good thing. We asked audiences across B.C., Ontario and Quebec to consider: "If Canada's oil and gas came with a label, what would you learn?"

That Canada's oil and gas is a world leader in environmental protection, Indigenous engagement, and cleantech R&D. Upon visiting [MadeTheCanadianWay.com](https://www.madethecanadianway.com), users learned just how big a role oil and gas plays in their lives.

After seeing our ads, **61%** of respondents say they support Canada's oil and gas – up from **47%**.

We implemented a renewed strategy around education after research indicated Canadians were merely unsure about Canada's oil and gas, not opposed. Short-form explanation-style videos focusing on Indigenous engagement, Canada's LNG, and our industry's pledge to reach Net Zero emissions played across social channels.





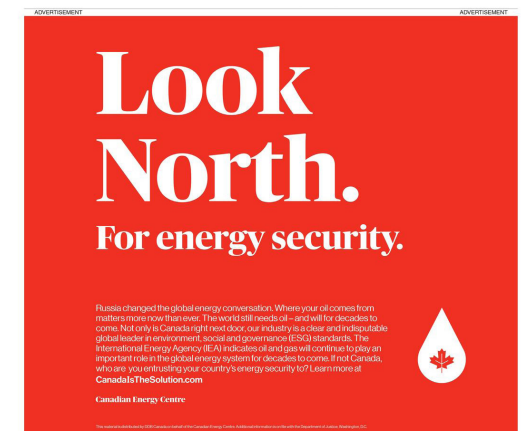
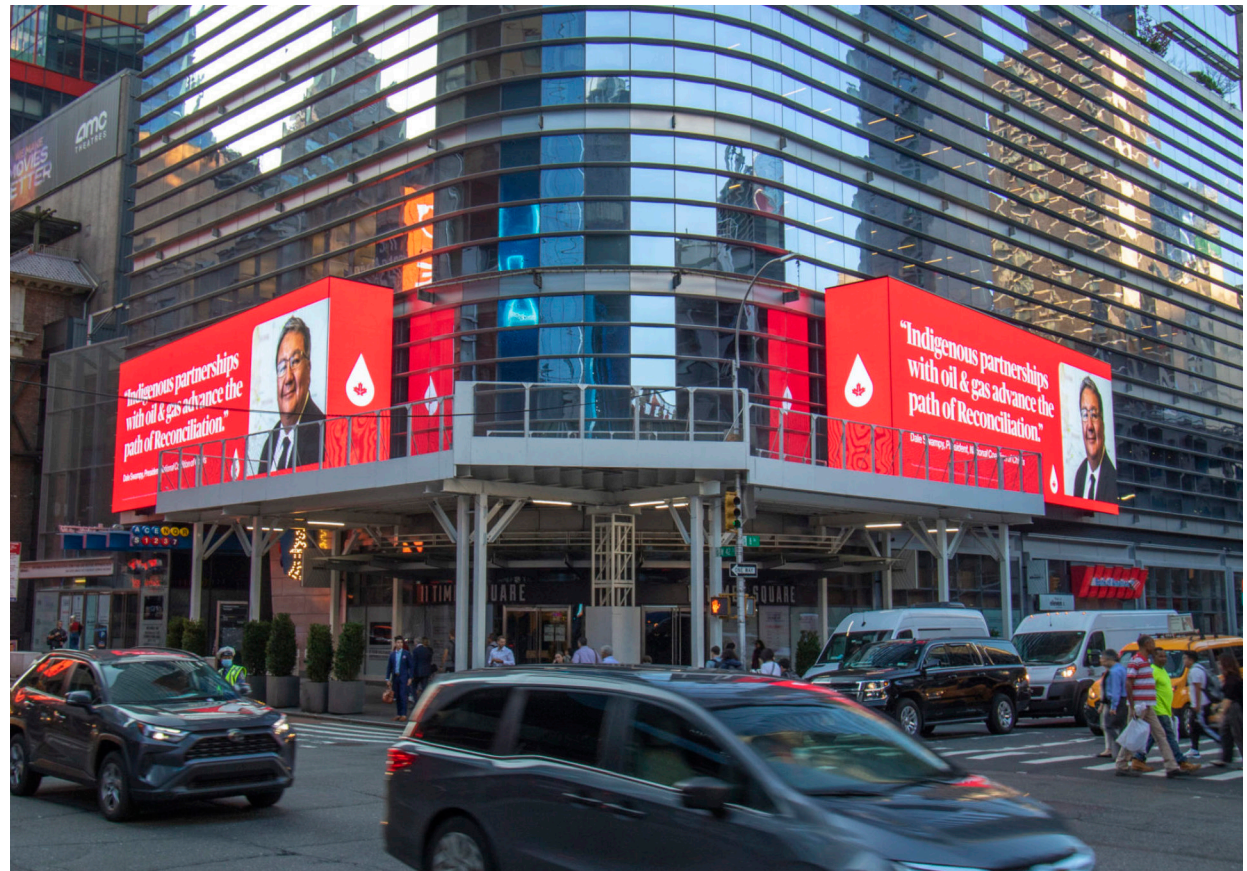
## CANADA IS THE SOLUTION

As the conflict in Ukraine continues, energy security remains top of mind for audiences across the United States. And that's who our campaign messages reached, reminding everyday Americans of their energy ally to the north. Considering the U.S. gets about half of its oil imports from countries other than Canada, in a time when energy security is at its most precarious, we reminded our southern neighbours they should look to Canada for a stable and friendly energy supply.

[CanadaIsTheSolution.com](http://CanadaIsTheSolution.com) featured billboards in Times Square, and print ads across the country that produced **200** million impressions, and digital campaigns that achieved **675** million impressions.

Measuring sentiment around the statement: "Canada should be our preferred supplier of oil and natural gas to meet any shortfall in America's energy needs," – our US campaigns created a positive shift from 65% of people agreeing, up to **85%**.

Additionally, those who saw one of the CEC's ads were significantly more likely to strongly agree with the statement (41% vs 24%).



## LOOK TO CANADA

With a primary focus in Europe, targeting audiences in the United Kingdom, Germany and Ireland, as well as a push into Egypt during COP 27, and India – the CEC’s message to the world is simple: go to [LookToCanada.com](http://LookToCanada.com) to learn how Canada can provide both the energy security and climate action the world needs.

Polling indicated 40% of respondents in the U.K., Ireland and Germany would prioritize importing Canadian oil and natural gas. Post-campaign polling determined the perception of Canadian oil and natural gas as a top import increased to **61%**.

With targeted advertising and strategic messaging delivered at the right time, CEC’s ads positively shifted European perceptions of Canada’s oil and natural gas industry.



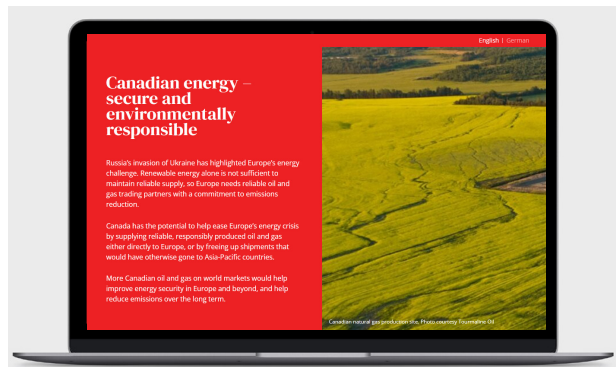
**Look to us for energy security and climate action.**

Canada is a global leader in oil and gas production, outranking all other oil-reserve holding nations in environmental standards. Annually investing more than \$1 Billion in CleanTech. You can have energy security and environmental responsibility. You just need to know where to look. [LookToCanada.com](http://LookToCanada.com)




**Kanada liefert Energiesicherheit und Klimaschutz.**

Kanada ist weltweit führend in der Öl- und Gasförderung und übertrifft bei den Umweltstandards alle anderen Länder mit Ölvorkommen. Jährlich werden mehr als 1 Milliarden Dollar in Cleantech investiert. Energiesicherheit und Klimaschutz gehen zusammen. Wir suchen beides. [LookToCanada.com](http://LookToCanada.com)

**Canadian energy – secure and environmentally responsible**

Russia's invasion of Ukraine has highlighted Europe's energy challenge. Renewable energy alone is not sufficient to maintain reliable supply, so Europe needs reliable oil and gas. Leading partners with a commitment to emissions reduction.

Canada has the potential to help ease Europe's energy crisis by supplying reliable, responsibly produced oil and gas either directly to Europe, or by freeing up shipments that would have otherwise gone to Asia-Pacific countries.

More Canadian oil and gas on world markets would help improve energy security in Europe and beyond, and help reduce emissions over the long term.

Canadian natural gas (LNG), Clean Oil, Photo: Energy Focus/Mark Orl

**G7 LEADERS: THERE IS AN ENERGY CRISIS**



**Tell Canada to step up.**

The Russian invasion of Ukraine reinforced the world's need for responsibly developed oil and gas. Europe is burning more coal and is looking at oil and gas rationing this winter, with potential "behavioural policies" to cope with frigid temperatures. In Asia and Africa, surging prices mean nearly 90 million people can no longer afford to pay for basic energy needs, according to the International Energy Agency (IEA). The cost of food and other essentials is rising and low-income households are particularly at risk.

**CANADA CAN HELP**  
In the short-term Canada can provide the equivalent of up to 300,000 more barrels per day.

In the intermediate- and long-term, we can responsibly produce LNG and add more pipeline capacity to make sure Europe and other continents are never held hostage again to weaponized energy. Canada's oil sands producers are committed to NET ZERO by 2050. Even in 2050, renewables are only expected to supply 26% of global energy needs compared to 50% from oil and gas (IEA). Tell the Canadian government to drop the roadblocks that stop Canada's responsible energy development. Tell the Canadian government to drop the barriers that keep us from helping our friends through this crisis, to a long-term future of energy stability. Tell Canada you – our allies – need help. [LookToCanada.com](http://LookToCanada.com)

**Canadian Energy Centre**



# Content

CEC's content team showcases the Canadian energy sector's leadership as a responsible supplier to people across Canada, the United States and, increasingly, around the world.

The escalating global energy crisis following Russia's invasion of Ukraine has highlighted the importance of energy security – safe access to reliable, affordable energy – as work to reduce emissions accelerates.

CEC generates fact-based content that sets Canada's energy conversation against the backdrop of what is happening globally. CEC's articles share the successes Canada's energy industry is seeing in improving environmental performance. And the industry's benefits to Indigenous communities and the broader economy.

The goal of the content team is to provide both energy literacy and respond to misinformation. These are stories that readers are unlikely to find in mainstream media.

Over the last year the content team published approximately **170** articles including:

- 32** on Indigenous benefits and opportunities (including a new content stream highlighting the benefits of Indigenous ownership of resource projects)
- 31** on environmental performance and technological innovation
- 29** on Canada's role in global oil and gas markets

- 26** on the energy sector's economic contributions across the country
- 20** Matter of Fact pieces responding to misinformation
- 19** on Canada's liquefied natural gas (LNG) opportunities
- 7** "In Our Lives" pieces highlighting the countless everyday products made from oil and gas

In the year ahead, we will continue to improve our content delivery to keep at pace with current events and align with our marketing and advocacy campaigns. We will continue to grow our coverage of Canadian energy innovations that help reduce emissions at home and abroad. We will also continue increasing the number of stories we tell through the personal lens of Canadians who contribute to and benefit from Canada's energy leadership, particularly from the perspective of Indigenous people.



## Advocacy

A key component of the CEC is direct advocacy on behalf of Canada's world leading oil and gas industry. To this end we have built a nation-wide network of tens of thousands of Canadians that take action by signing letters, petitions and pledges in support of our oil and gas sector.

Over the last year, our main advocacy site, [supportcanadianenergy.ca](https://supportcanadianenergy.ca) launched 12 national campaigns that engaged with policy makers, addressed misinformation and helped guide responses to public consultations on federal policy initiatives seen as potentially harmful to our oil and gas sector. Nearly **50,000** Canadians participated in our various campaigns last year.

Since launching in August 2020, our movement has grown from coast-to-coast to more than **62,000** supporters who receive weekly newsletters, responses to misinformation about the oil and gas sector, and participate in regular advocacy campaigns. Over the last year, some **17,000** new supporters have signed up.

Social media is a key focus of the CEC, which maintains several channels across various platforms. Using Facebook, Twitter, YouTube, Instagram and LinkedIn, the CEC now has a dedicated social network of nearly **125,000** followers, up 25% from last year. Across those platforms, the CEC reached more than **7** million people every month over the last year with our content, a 250% increase from the previous year.

### Highlights of the last year include:

More than **12,000 Canadians signed a pledge** to oppose the federal government's "Just Transition" plan for our oil and gas industry, pledging to stand up for millions of Canadian workers while defending one of country's most significant economic pillars.

Nearly **3,500 supporters emailed** the prime minister demanding Canada helps its German allies by providing some of the cleanest LNG on Earth after Chancellor Olaf Scholz made a personal appeal for Canada to ship LNG to Europe.

A federal consultation on a proposed federal emissions cap received nearly **5,500 randomized emails** expressing opposition to the plan, which singles out Canada's oil and gas sector while ignoring other industries.

The CEO BC Hydro received about **2,500 letters** from our network demanding the public utility cease bashing natural gas, a resource the company is deeply invested in by operating two natural-gas fired power plants as well as building the Site C dam, which will help power future LNG facilities in British Columbia.

More than **7,500 Canadians responded** to Prime Minister Justin Trudeau's suggestion that Europe's energy crisis is clear signal that Canada needs to phase out its oil and gas industry more rapidly. Supporters told the prime minister that energy the world needs right now should come from Canada, not dictator-led countries that lack our rigorous industry standards and commitment to lowering emissions.



# TAKE ACTION



### Pledge to oppose "Just Transition"

The Canadian Oil and Gas industry is under threat. The so-called 'Just Transition' could impact 2.7 million jobs across Canada. Sign this pledge to register your opposition to this terrible policy!

[READ MORE](#)

SHARE: [f](#) [t](#) [in](#) [✉](#)



### Tell Minister Freeland to talk up Canadian Energy in Davos

Canadian Energy can make the world a safer and greener place. Let's make sure that story is told.

[READ MORE](#)

SHARE: [f](#) [t](#) [in](#) [✉](#)



### Tell BC's new Premier to support LNG

More BC LNG means a greener planet and strong economy.

[READ MORE](#)

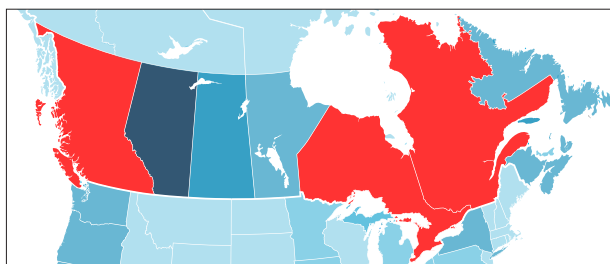
SHARE: [f](#) [t](#) [in](#) [✉](#)

## Website

Over the last year, the Canadian Energy Centre received nearly half a million page views on its primary platform, the [canadianenergycentre.ca](http://canadianenergycentre.ca) website.

Regular traffic to the website was steady through the first two quarters and grew substantially (by **70** per cent) over the second half of the year as the CEC's marketing campaigns in Canada, the United States and Europe gained momentum.

On average, **47** per cent of visitors to the CEC website were from Ontario, British Columbia and Quebec, followed by **27** per cent from Alberta. Approximately **10** per cent of the CEC's regular audience is from the United States, reflecting our ongoing coverage of the critical energy relationship between Canada and the U.S.



**■ B.C., ONTARIO AND QUEBEC: 47%**

**■ ALBERTA: 27%**

About three per cent of our regular visitors came from the European Union. Our reach into Europe has expanded as we have become part of the international conversation around the future of energy.

In the last fiscal year, Europe had five of the top 10 countries with visitors to the CEC website, up from three of the top 10 the previous year as CEC focused on Canada as a solution to Europe's energy crisis following Russia's invasion of Ukraine.

Visitors from over **200** countries came to the CEC website over the last year, with dedicated audiences developing in:

-  Norway
-  United Kingdom
-  Mexico
-  India
-  Ireland
-  Germany
-  Australia
-  France

Nearly half of all traffic to the CEC website is driven from its social media channels, with **86%** from Facebook and the rest is almost entirely an even split between Twitter and LinkedIn.

The other half largely comes from organic searches, direct visits, and advertising referrals. Almost two-thirds of CEC website visits are on mobile devices, 30% from computers and just under nine per cent from tablets.

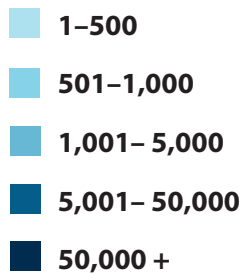


Photo credit: Trans Mountain Corporation

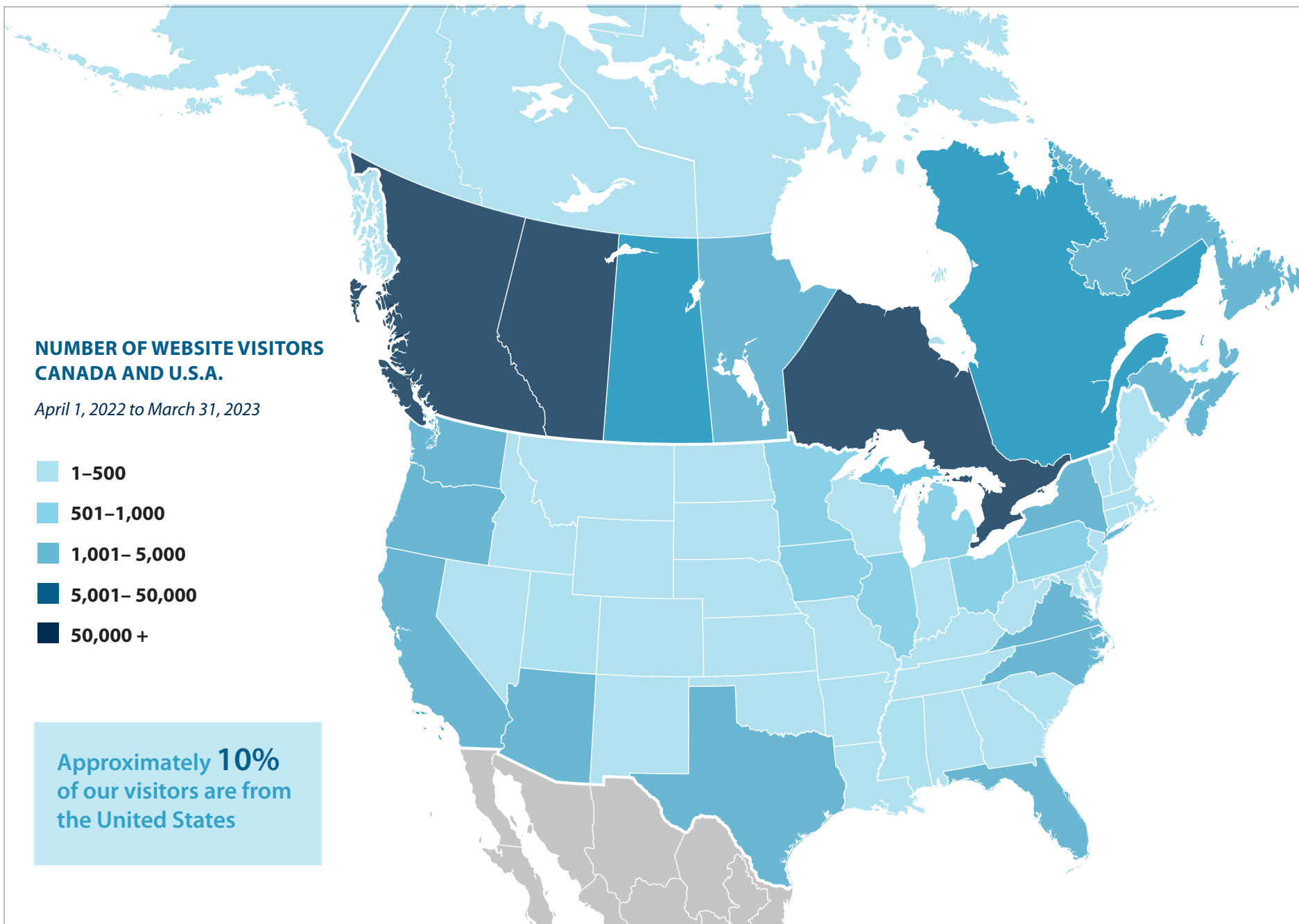


## NUMBER OF WEBSITE VISITORS CANADA AND U.S.A.

*April 1, 2022 to March 31, 2023*



Approximately **10%**  
of our visitors are from  
the United States



## Research

In 2022/23, the Research Unit at the Canadian Energy Centre (CEC) undertook and published a wide variety of research, consisting of 36 research studies and 24 research snapshots (60 items).

The breakdown of these **60** items is as follows:

**28** Fact Sheets (short 4- to 8-page analyses with data and charts);

**6** Research Briefs (longer analyses of policy issues with data and charts, ranging from 10 to 30 pages);

**2** external projects, consisting of work commissioned by CEC with third-party experts; and

**24** Snapshots of one graph each, capturing current trends in the energy sector.

The goal of the Canadian Energy Centre Research Unit is to take oil and gas data not readily available or accessible in one place and compile and display the data and accompanying analysis in a public-friendly format for any audience, including members of the public, media, business, and government.

CEC Research also commissioned two external studies by third-party experts in 2022/23. Wood Mackenzie (Wood Mac) prepared a report on the prospects for Canadian LNG in Asia-Pacific markets. Navius Research assisted CEC Research in preparing CEC's submission to Environment and Climate Change Canada (ECCC) regarding the impact of the federal government's proposed emissions caps on the Canadian oil and gas industry.

Highlights of the research published by the Canadian Energy Centre in 2022/23 include the following:

- Economic impact of the oil and gas industry on the Canadian economy and the regional and provincial economies of Atlantic Canada, Ontario, Quebec and B.C.
- Revenues to Canadian governments from the energy and the oil and gas industries
- Examining the key demographics of Canadian oil and gas workers
- New Canadians and the oil and gas sector
- Small business and the oil and gas sector
- Historical trends in greenhouse gas (GHG) emissions intensity in the Canadian oil sands, natural gas and processing, and conventional oil sectors
- Historical and future outlook for GHG emissions and emissions intensity from the Canadian oil and gas sector
- Private and public environmental protection expenditures in Canada
- Assessing the future of Canada's natural gas sector under net zero emissions
- Net zero risk for the Canadian oil sands sector and upstream oil and gas sector
- Carbon emissions and coal-fired power in Asia, 2022
- Global liquefied natural gas (LNG) market: Where does Canada fit in?
- Canadian LNG opportunities in the Asia-Pacific region
- Historical trends in flaring emissions in Canada and other countries
- Role of carbon capture, utilization and storage (CCUS) in spearheading energy transformation
- Canada's trade in renewables
- Global spending on oil and gas and related activities through 2030
- Projected Canadian oil and gas upstream spending projected over the next decade
- Examining trends in Canadian upstream oil and natural gas breakeven costs
- Government revenues and capex from the Canadian oil sands sector projected over the next decade
- Government revenues from the Canadian oil and gas industry projected over the next decade



From **CEC Research Brief Twenty-Eight**: \$755 billion: The Energy Sector's Revenue Contribution to Canadian Governments 2000–2021

## Canada's oil and gas sector financially supports government services, such as health care and education

Contribution to government revenues was **\$578.7 billion** between 2000 and 2021

The Oil and Gas Sector's Revenue Contributions to Federal and Provincial Governments

2000 TO 2021

2000-2021 cumulative	\$ billions (2022 dollars)
<b>Provincial</b>	<b>461.6</b>
Provincial personal income taxes*	24.8
Provincial corporate tax revenues	25.0
Crown lease payments	45.2
Rents and royalties	366.6
<b>Federal</b>	<b>99.6</b>
Federal personal income taxes*	55.3
Federal corporate income taxes	44.3
<b>Federal, provincial and municipal</b>	<b>17.3</b>
Federal, provincial and municipal indirect taxes**	17.3
<b>Total federal, provincial and municipal revenues from the oil and gas sector</b>	<b>578.7</b>

\*Excludes personal income taxes 2000 to 2006, indirect taxes for 2020 and 2021, and personal income taxes for 2021.  
\*\*Indirect taxes include sales taxes, fuel and excise taxes, import duties and others.

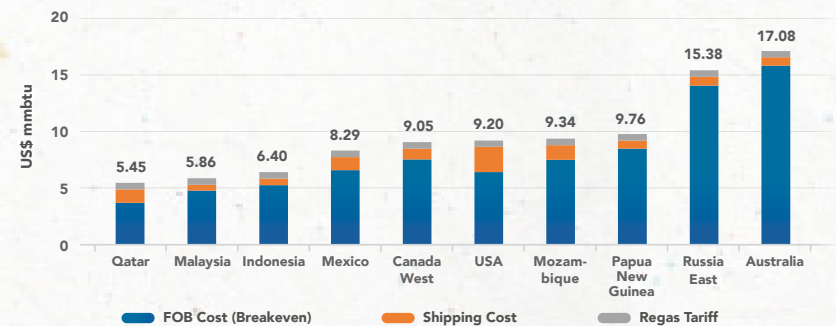
**Canadian Energy Centre**

From **CEC Research Brief Twenty-Seven**: Reliable, Cleaner and Cheaper: Canada's LNG Opportunity in the Asia-Pacific Natural Gas Market

## Canada's LNG cost advantage versus traditional LNG exporting countries

Average delivery cost for Western Canadian LNG into NE Asia markets lower than the U.S., Mozambique and Australia

Average Delivery Cost of LNG for Countries Exporting to Northeast Asia



**Canadian Energy Centre**

## CEC Whistleblower Policy

The CEC is committed to the highest standards of ethical and accountable conduct and complies with the laws and regulations that protect the CEC operations, funds and resources from mismanagement. This is outlined in a number of policies developed for this purpose which include the *Code of Business Conduct and Ethics*, *Respect for Each Other Policy*, and importantly, the *Whistleblower Policy*. Our Whistleblower Policy helps ensure this commitment is upheld by providing CEC employees with guidance on how to deter, detect and disclose wrongdoing within the organization.

In 2022/23, the CEC did not receive any disclosures, nor were any disclosures referred to the CEC designated officer. As such, there were no investigations conducted under this policy.



Photo credit: Alberta Energy Regulator



## Results

In the previous Annual Report, the CEC committed to a number of targets for this fiscal year. We are pleased to have met the targets that were set.

1

The **Content team** set a goal of publishing **125** pieces of content, **20** percent about indigenous opportunities and successes in the energy industry, and a portion of that written by Indigenous freelancers. The team also has a target of **25%** of the content written by freelancers including Indigenous contributors.



**Result – Achieved.**

Through the 2022-2023 fiscal year, CEC published **168** articles. Of these, **32** or **19** per cent focused on Indigenous opportunities and successes in Canada's energy sector. Of note, in 2022 CEC initiated a new content stream specific to the benefits of Indigenous equity ownership in resource projects. Approximately **30** per cent of articles published over the period were written by freelancers, including Indigenous contributors.

2

The **Advocacy team** set a goal of reaching **2.5** million Canadians per month by end of fiscal year across all our digital media channels. Despite new privacy restrictions around social media tracking, we set a goal of hitting **50,000** email database supporters with the stretch goal of surpassing that target.



**Result – Achieved.**

Taking advantage of our growing social media footprint, the CEC was able to reach more than **7** million Canadians every month, with YouTube, Facebook and Twitter accounting for the vast majority of that impact. Our network of supporters easily surpassed our goal of 50,000 emailable supporters, eclipsing **60,000** by the end of our fiscal year. We also continued to grow our social media following across all channels, increasing by **25%** to reach 125,000 people.

3

The **Research team** targeted **55** pieces of content divided between **30** research briefs and fact sheets and **25** research snapshots.



**Result – Achieved.**

The CEC Research Unit published **28** fact sheets, **six** research briefs, **24** snapshots, and commissioned and released **two** external projects with third-party experts.

4

The **Marketing team** will **increase** the number of international campaigns and **expand** into Europe. The team will run a national campaign into Quebec to extend the oil and gas positive messaging in both official languages.



**Result – Achieved.**

*The CEC marketing team planned and executed strategic marketing campaigns in Europe, Canada, and the U.S. Success was measured by pre-and post-campaign research. The campaigns included sophisticated, micro-targeted digital campaigns at major global conferences such as the G7, COP 27, the U.K. Energy Summit, and New York Climate Week. Our European campaign increased positive perception of Canadian oil and gas by **34** percentage points, via print and digital ads in Germany (in both German and English), England, Scotland, and Ireland. We ran a national campaign that targeted Quebec, Ontario and British Columbia that resulted in a **14**-point shift in positive sentiment. Our U.S. campaign shifted positive sentiment toward Canada's energy industry by **20** points.*

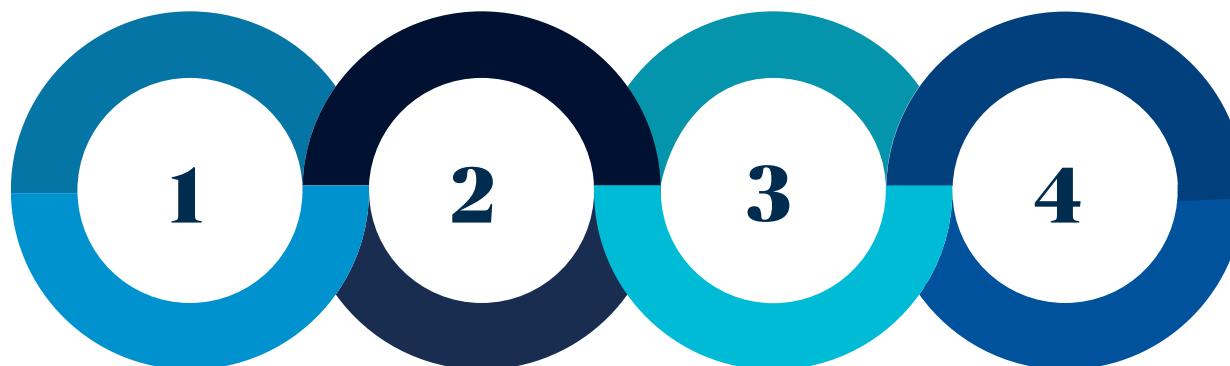
Photo credit: Heartland Polymers/Inter Pipeline





## 2023–2024 Targets

We continue to operate in the most efficient and practical way possible. As we committed in the last Annual Report, we are providing defensible targets and metrics for public to review and hold the organization to account.



### 1. Content

The content team has set the goal of publishing **160** pieces of content for the 2023-2024 fiscal year, approximately **25** per cent telling the stories of Indigenous communities benefiting or seeking to benefit from involvement in the energy sector. With additional staff content producers in place, CEC's reliance on freelance contributors will be decreased going forward.

### 2. Research

The Research team is targeting **55** pieces of content divided between **30** research briefs and fact sheets and **25** research snapshots.

### 3. Advocacy

The advocacy team has a goal of reaching **8** million Canadians per month by end of fiscal year across all our digital media channels. We plan to expand our network of emailable supports to surpass **65,000** over the next year while continuing to grow our social media followers across a variety of platforms.

### 4. Marketing

The CEC marketing team will continue running campaigns promoting and advocating for the Canadian Energy Industry.

# Canadian Energy Centre Ltd.

## Financial Statements

Year Ended March 31, 2023

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## Management's Responsibility for Financial Reporting

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The accompanying Canadian Energy Centre Ltd. (CEC) financial statements have been prepared and presented by management, who is responsible for the integrity and fair presentation of the information.

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards. The financial statements necessarily include certain amounts based on the informed judgments and best estimates of management.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the CEC has developed and maintained a system of internal control to produce reliable information for reporting requirements. The systems are designed to provide reasonable assurance that CEC transactions are properly authorized, assets are safeguarded from loss and the accounting records are a reliable basis for the preparation of the financial statements.

The Auditor General of Alberta, the CEC's external auditor appointed under the *Auditor General Act*, performed an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards and has expressed his opinion in the accompanying Independent Auditor's Report.

CEC's board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. In both the presence and absence of management, the CEC's board meets with the external auditors to discuss the audit, including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The external auditors have full and unrestricted access to the CEC's board.

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[Original signed by Tom Olsen]

Chief Executive Officer/Managing Director

May 9, 2023

# Independent Auditor's Report

To the Board of Directors of the Canadian Energy Centre Ltd.



## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the financial statements of the Canadian Energy Centre Ltd. (the CEC), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CEC as at March 31, 2023, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the CEC in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the 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 CEC'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 an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

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



## Auditor's responsibilities for the audit of the financial statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 CEC'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 CEC's ability to continue as a going concern. If I conclude that a material uncertainty

exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the CEC 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.

I 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 that I identify during my audit.

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**[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]**

Auditor General

May 9, 2023

Edmonton, Alberta

## Statement of Operations

Year Ended March 31, 2023

	2023		2022
	Budget (Note 4)	Actual	Actual
<b>Revenues</b>			
Government transfers			
Government of Alberta grants	\$ 31,789,000	\$ 31,789,000	\$ 7,701,784
Other Revenue	–	537	–
	<b>31,789,000</b>	<b>31,789,537</b>	<b>7,701,784</b>
<b>Expenses (Schedule 1)</b>			
Resource Development and Management	31,789,000	26,058,712	4,158,577
	<b>31,789,000</b>	<b>26,058,712</b>	<b>4,158,577</b>
<b>Annual operating surplus</b>	–	5,730,825	3,543,207
<b>Annual surplus</b>	–	<b>5,730,825</b>	<b>3,543,207</b>
<b>Accumulated surplus at beginning of year</b>	4,517,394	4,517,394	974,187
<b>Accumulated surplus at end of year (Note 8)</b>	<b>\$ 4,517,394</b>	<b>\$ 10,248,219</b>	<b>\$ 4,517,394</b>

The accompanying notes and schedules are part of these financial statements.

## Statement of Financial Position

As at March 31, 2023

	2023	2022
<b>Financial Assets</b>		
Cash	\$ 9,891,211	\$ 4,742,986
Accounts receivable	1,156,294	122,380
	<b>11,047,505</b>	<b>4,865,366</b>
<b>Liabilities</b>		
Accounts payable and other accrued liabilities (Note 6)	2,660,690	654,126
	<b>2,660,690</b>	<b>654,126</b>
<b>Net Financial Assets</b>	<b>8,386,815</b>	<b>4,211,240</b>
<b>Non-Financial Assets</b>		
Prepaid expenses (Note 7)	1,861,404	306,154
	<b>1,861,404</b>	<b>306,154</b>
<b>Net Assets</b>		
Accumulated surplus (Note 8)	10,248,219	4,517,394
	<b>\$ 10,248,219</b>	<b>\$ 4,517,394</b>

Contingent liabilities (Note 10) Contractual obligations (Note 11)

The accompanying notes and schedules are part of these financial statements

APPROVED ON BEHALF OF THE BOARD

\_\_\_\_\_  
[Original signed by Hon. Pete Guthrie]

Chair of Board of Directors

\_\_\_\_\_  
[Original signed by Tom Olsen]

Chief Executive Officer/Managing Director



## Statement of Change in Net Financial Assets

Year Ended March 31, 2023

	Budget	2023 Actual	2022 Actual
<b>Annual surplus</b>	\$ —	\$ 5,730,825	\$ 3,543,207
Increase in prepaid expenses	—	(1,555,250)	(262,667)
<b>Increase in net financial assets</b>	—	<b>4,175,575</b>	<b>3,280,540</b>
<b>Net financial assets at beginning of year</b>	<b>4,211,240</b>	<b>4,211,240</b>	<b>930,700</b>
<b>Net financial assets at end of year</b>	<b>\$ 4,211,240</b>	<b>\$ 8,386,815</b>	<b>\$ 4,211,240</b>

The accompanying notes and schedules are part of these financial statements.

## Statement of Cash Flows

Year Ended March 31, 2023

	2023	2022
<b>Operating transactions</b>		
Annual surplus	\$ 5,730,825	\$ 3,543,207
Increase in accounts receivable	(1,033,914)	(22,505)
Increase in prepaid expenses	(1,555,250)	(262,667)
Increase/(decrease) in accounts payable and other accrued liabilities	2,006,564	(361,553)
Cash provided by operating transactions	<b>5,148,225</b>	<b>2,896,482</b>
<b>Increase in cash</b>	<b>5,148,225</b>	<b>2,896,482</b>
<b>Cash at beginning of year</b>	<b>4,742,986</b>	<b>1,846,504</b>
<b>Cash at end of year</b>	<b>\$ 9,891,211</b>	<b>\$ 4,742,986</b>

The accompanying notes and schedules are part of these financial statements.

## Notes to the Financial Statements

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Year Ended March 31, 2023

### NOTE 1 AUTHORITY

The Canadian Energy Centre Ltd. (the “Corporation”) is a provincial corporation incorporated under the *Business Corporations Act* (Alberta) on October 9, 2019.

The Corporation is wholly owned by His Majesty the King in the Right of Alberta as represented by the Minister of Energy. It is governed by a Board of Directors appointed by the Province. The Board consists of three Cabinet Ministers appointed by the Government of Alberta.

The mandate of the Corporation is to promote Canada as the supplier of choice for the world’s growing demand for responsibly produced energy.

As a provincial corporation, the Corporation is exempt from income taxes under the *Income Tax Act*.

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

#### (a) Basis of Financial Reporting

##### Revenues

All revenues are reported on the accrual basis of accounting.

##### Government Transfers

Transfers from all governments are referred to as government transfers.

Government transfers and associated externally restricted investment income are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with the Corporation’s actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the Corporation complies with its communicated use of these transfers.



## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (a) Basis of Financial Reporting (Continued)

All other government transfers, without stipulations for use of the transfer, are recognized as revenue when the transfer is authorized, and the Corporation meets the eligibility criteria (if any).

#### Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed, and services received during the year are expensed.

#### Valuation of Financial Assets and Liabilities

The Corporation's financial assets and liabilities are generally measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash	Cost
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost

The Corporation does not have any financial instruments classified in the fair value category and does not hold derivative contracts. Therefore, these statements do not present a statement of remeasurement gains and losses as the Corporation is not exposed to remeasurement gains and losses.

#### Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are the Corporation's financial claims on external organizations and individuals at the year end.

#### Cash

Cash comprises of cash on hand and demand deposits.

#### Accounts receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

## **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)**

### **(a) Basis of Financial Reporting (Continued)**

#### **Liabilities**

Liabilities are present obligations of the Corporation to external entities and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts. They include accounts payable and accrued liabilities.

#### **Non-Financial Assets**

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- a. are normally employed to deliver the Corporation services;
- b. may be consumed in the normal course of operations; and
- c. are not for sale in the normal course of operations.

Non-financial assets are limited to prepaid expenses.

#### **Tangible Capital Assets**

Tangible capital assets are recognized at cost less accumulated amortization, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives.

The capitalization threshold for all capital assets is \$2,000. The Corporation, however, does not have any capital assets. Therefore, there is no tangible capital assets reported in the financial statements.

#### **Prepaid expenses**

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.

### NOTE 3 FUTURE CHANGES IN ACCOUNTING STANDARDS

The following new accounting standard of Public Sector Accounting Board is unapplicable to the corporation:

- **PS 3280 Asset Retirement Obligations**

This accounting standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The Corporation plans to adopt this accounting standard on a modified retroactive basis, consistent with the transitional provisions in PS 3280, and information presented for comparative purposes will be restated. The impact of the adoption of this accounting standard on the financial statements is currently being analyzed.

In addition to the above, the Public Sector Accounting Board has approved the following accounting standards, which are effective for fiscal years starting on or after April 1, 2023.

- **PS 3400 Revenue**

This accounting standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions.

- **PS 3160 Public Private Partnerships**

This accounting standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

### NOTE 4 BUDGET

A below Budget was approved by the Board for the fiscal 2023 year.

<b>Budget</b>	<b>Amount</b>	<b>Approval Date</b>
April 2022 – March 2023 Budget	\$ 17,200,777	March 30, 2022
US Energy Security Campaign	6,000,000	March 28, 2022
G7 Leaders on Energy Security	300,000	May 30, 2022
US Energy Security Campaign	1,000,000	October 05, 2022
US Campaign	1,624,332	December 05, 2022
European Campaign	5,663,891	December 05, 2022
<b>Total</b>	<b>\$ 31,789,000</b>	

Revenue budget reported in the Statement of Operations reflects actual cash received during the year and expenses budget reported in the Statement of Operations reflects the budget.



## NOTE 5 FINANCIAL RISK MANAGEMENT

The Corporation is exposed to some financial risks. These financial risks include credit risk and liquidity risk.

### (a) Credit Risk

Credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the Corporation. Credit risk on accounts receivable is considered low.

As of March 31, 2023, the balance of accounts receivable does not contain amounts that were uncollectible.

### (b) Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements of the Corporation are met through grants from the Ministry of Energy. The Corporation manages liquidity risks by its budget processes and regularly monitoring cash flows to ensure the necessary funds are on hand to fulfill upcoming obligations, including operating expenses.

## NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Accounts Payable	\$ 1,331,479	\$ 163,703
Accrued liabilities	1,264,748	447,434
ATB Alberta Rewards Business Card	13,015	(6,483)
Accrued Salaries and Wages	12,064	6,000
Vacation Payable	39,384	43,472
<b>Balance at end of year</b>	<b>\$ 2,660,690</b>	<b>\$ 654,126</b>

## NOTE 7 PREPAID EXPENSES

93% of 2023 prepaid expenses is related to RFP – Agency of Record expense for campaign media buys that ran into April of 2024 year. The balance will be fully expensed in 2024 year.

#### NOTE 8 ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2023	2022
Balance at beginning of year	\$ 4,517,394	\$ 974,187
Annual surplus	5,730,825	3,543,207
<b>Balance at end of year</b>	<b>\$ 10,248,219</b>	<b>\$ 4,517,394</b>

#### NOTE 9 SHARE CAPITAL

Share capital is comprised of the following:

	2023	2022
<b>Issued:</b>		
1 Common Share	\$ 6,800	\$ 6,800
<b>Balance at end of year</b>	<b>\$ 6,800</b>	<b>\$ 6,800</b>

#### NOTE 10 CONTINGENT LIABILITIES

As of March 31, 2023 the Corporation was not named as defendant in any specific legal actions.

## NOTE 11 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	<b>2023</b>	<b>2022</b>
Obligations under contracts	\$ 845,318	\$ 4,974,141
<b>Balance at end of year</b>	<b>\$ 845,318</b>	<b>\$ 4,974,141</b>

Estimated payment requirement for the next one year is as follows:

	<b>Contracts</b>	<b>Total</b>
2023 -2024	\$ 845,318	\$ 845,318
	<b>\$ 845,318</b>	<b>\$ 845,318</b>

## NOTE 12 COMPARATIVE FIGURES

Certain 2022 figures have been reclassified, where necessary, to conform to the 2023 presentation.

## NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements of the Corporation.



## Expenses – Detailed by Object

Year Ended March 31, 2023

	2023		2022
	Budget	Actual	Actual
Salaries and Benefits	\$ 1,698,538	\$ 1,479,406	\$ 1,571,200
Office Infrastructure	142,308	79,130	77,130
General and Administrative Expenses	43,458	70,253	18,238
Legal	177,919	59,971	137,211
Accounting	200,000	200,000	150,000
IT	8,675	8,375	6,000
Communications and Marketing	–	–	475,642
Website	43,000	34,667	50,180
Social Advertising	632,587	696,711	441,109
Research	1,321,482	1,303,614	196,347
Media	192,890	162,338	98,674
Freelance – Indigenous	–	–	2,487
RFP – Agency of Record	26,612,459	21,937,301	934,359
Contingency – Other	715,684	26,946	–
<b>Total Expenses</b>	<b>\$ 31,789,000</b>	<b>\$ 26,058,712</b>	<b>\$ 4,158,577</b>

## Salary and Benefits Disclosure

Year Ended March 31, 2023

	2023			2022
	Base Salary (1)	Other Cash Benefits (2)	Total	Total
Chief Executive Officer (CEO) (3)	\$ 194,252	\$ 47,340	\$ 241,592	\$ 241,366
Executive Director (4)	109,666	26,768	136,434	213,278
Executive Director (5)	–	–	–	170,227
Executive Director (6)	171,600	41,904	213,504	90,518
Executive Director (7)	54,780	13,377	68,157	–
<b>Total Expenses</b>	<b>\$ 530,298</b>	<b>\$ 129,389</b>	<b>\$ 659,687</b>	<b>\$ 715,389</b>

The Chair and Members of the Board of Directors receive no remuneration for participation on the Board.

- (1) Base salary includes regular salary
- (2) Other cash benefits include compensation in lieu of pension, health benefits and severance. No bonuses were paid during the year.
- (3) CEO was hired on October 9, 2019 with an annual base salary of \$194,252 and additional 14% and 10% of the annual base salary in lieu of pension and health benefits respectively.
- (4) Executive Director was hired on January 27, 2020 with an annual base salary of \$171,600 and additional 14% and 10% of the annual base salary in lieu of pension and health benefits respectively. Last day of employment was November 11, 2022.
- (5) Executive Director was hired on December 1, 2019 with an annual base salary of \$171,600 and additional 14% and 10% of the annual base salary in lieu of pension and health benefits respectively. Last day of employment was October 31, 2021.
- (6) Executive Director was hired on January 8, 2020 and was promoted to current position effective November 1, 2021 with an annual base salary of \$171,600 and additional 14% and 10% of the annual base salary in lieu of pension and health benefits respectively.
- (7) Executive Director was hired on December 5, 2022 with an annual base salary of \$171,600 and additional 14% and 10% of the annual base salary in lieu of pension and health benefits respectively.

## Related Party Transactions

Year Ended March 31, 2023

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's Consolidated Financial Statements. Related parties also include key management personnel and close family members of those individuals in the Corporation.

The Corporation had the following transactions with related parties reported in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	2023	2022
<b>Revenues</b>		
Grants	\$ 31,789,000	\$ 7,701,784
	31,789,000	7,701,784
<b>Expenses</b>		
Rent	57,354	57,354
Insurance Coverage	1,516	1,501
	58,870	58,855
<b>Common Share – Department of Energy</b>	<b>\$ 6,800</b>	<b>\$ 6,800</b>



Learn more at:  
[canadianenergycentre.ca](http://canadianenergycentre.ca)

