



Environment and
Climate Change Canada

Environnement et
Changement climatique Canada



DEPARTMENTAL QUARTERLY FINANCIAL REPORT

Q3/2015-2016

Environment and Climate Change Canada Quarterly Financial Report
Statement outlining results, risks and significant changes in operations,
personnel and programs
For the quarter ended December 31, 2015

Introduction

This third quarterly report has been prepared by management as required by section 65.1 of the [*Financial Administration Act*](#) and in the form and manner prescribed by the Treasury Board (TB). This quarterly report should be read in conjunction with the Main Estimates, Supplementary Estimates and the previous Quarterly Financial Reports.

A summary description of the Environment and Climate Change Canada (ECCC) Raison d'être and program activities can be found in [*Part II of the Main Estimates*](#).

This quarterly report has not been subject to an external audit or review.

Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting (modified cash accounting). The accompanying Statement of Authorities includes Environment and Climate Change Canada's spending authorities granted by Parliament and those used by the Department, consistent with the Main Estimates and Supplementary Estimates for the 2015-2016 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before money can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

The Department uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Highlights of fiscal quarter and fiscal year to date (YTD) results

Statement of Authorities (Table 1)

This quarterly report, ending December 31, 2015, reflects the authorities that were approved for this period. The funding available for use includes the 2015-2016 Main Estimates, the Supplementary

Estimates "A", and the Operating and Capital budget carry-forwards. Authorities for Supplementary Estimates "C" will follow through later this year. Environment and Climate Change Canada's authorities "Total available for use for the year ending March 31, 2016" is lower by approximately \$2.1M (\$1,035.4M - \$1,037.5M)¹ when compared to the same quarter of the previous year. This difference is explained by increases in Vote 1 - Operating of \$0.1M (\$744.1M - \$744.0M)¹, in Vote 5 - Capital of \$18.3M (\$84.6M - \$66.3M)¹, offset by decreases in Vote 10 - Grants and Contributions of \$14.0M (\$118.3M - \$132.3M)¹, in Budgetary statutory authorities for the Employee Benefit Plan, Minister's Salary and Car Allowance, and the Nature Conservancy of Canada of \$6.5M (\$88.4M - \$94.9M)¹.

The \$0.1M net increase compared to last fiscal year in the Operating authorities is due to the following:

- \$5.7M increase related to Meteorological Services of Canada Renewal;
- \$4.4M increase under the Clean Air Regulatory Agenda;
- \$2.6M increase for the World Class Oil Spills Regime;
- \$1.6M increase for the Federal Infrastructure Initiative;
- \$0.9M increase for Great Lakes Action Plan V;
- \$0.6M increase under the National Conservation Plan; and,
- \$0.4M increase due to higher Operating Carry Forward received this year.

offset by:

- \$4.4M decrease under the Meteorological and Navigational Warning Services for the Arctic Ocean Initiative;
- \$2.0M decrease under the Major Projects Management Office Initiative;
- \$1.6M decrease due to transfer to Canadian Space Agency for the RADARSAT Constellation Mission Major Crown Project;
- \$1.4M decrease related to the Departmental Financial Management System Implementation;
- \$1.4M decrease under the Great Lake Nutrient Initiative;
- \$1.1M decrease related to the assessment and remediation of federal contaminated sites;
- \$0.8M decrease under the pro-active reconciliation and management of Métis Aboriginal rights and the management of Métis and non-status Indian litigation;
- \$0.7M decrease due to the reduction in the amount transferred to Public Work and Government Services Canada for the consolidation of pay services;
- \$0.6M decrease under the Inuit Impact and Benefit Agreement; and,
- \$2.1M net decrease from various other smaller adjustments.

The \$18.3M net increase compared to last fiscal year in the Capital authorities is due to the following:

- \$12.2M increase for the Federal Infrastructure Initiative;
- \$5.4M increase related to Meteorological Services of Canada Renewal;

¹ See Statement of Authorities.

- \$3.1M increase for the World Class Oil Spills Regime; and,
- \$0.1M increase from various other smaller adjustments.

offset by:

- \$2.5M decrease due to lower Capital Carry Forward received this year.

The \$14.0M net decrease compared to last fiscal year in the Grants and Contributions authorities is due to the following:

- \$25.0M decrease to the Sustainable Development Technology Canada (SDTC) for the Next Generation Biofuels Fund;
- \$6.5M decrease to the SDTC for Sustainable Development Technology Fund;
- \$2.1M decrease for Inuit Impact and Benefit Agreement; and,
- \$0.6M net decrease from various other smaller adjustments.

offset by:

- \$19.8M increase for the National Conservation Plan; and,
- \$0.4M increase for facilitating Aboriginal participation in West Coast Energy Development.

The \$6.5M net decrease compared to last fiscal year in the Budgetary statutory authorities is mainly due to the following:

- \$8.8M decrease for the payment made to the Nature Conservancy of Canada.

offset by:

- \$2.3M net increase under the Employee Benefit Plan (EBP).

Expenditure Analysis

In the third quarter of 2015-2016, total net budgetary expenditures were \$211.6M compared to \$206.9M reported for the same period in 2014-2015, resulting in an increase of \$4.7M (2.3%). The year to date expenditures as of December 31, 2015 are \$632.3M which represents a decrease of \$27.0M (4.1%) compared to the same period last year.

Vote 1 – Operating authorities used during the third quarter of 2015-2016 totaled \$153.5M, which represents a decrease of \$8.4M (5.2%) compared to the same quarter in 2014-2015. Year to date expenditures totaled \$478.0M, which represents a decrease of \$44.5M (8.5%) compared to the same period last year and is mainly due to a one-time transition payment for implementing salary payments in arrears by the Government of Canada paid in the first quarter of 2014-2015, a reduction due to severance payment which had occurred in 2014-2015 following the signature of collective bargaining,

decreases in departmental operational salary expenditure, as well as transportation and communications.

Vote 5 – Capital authorities used during the third quarter of 2015-2016 totaled \$15.7M, which represents an increase of \$5.1M (48.5%) compared to the same quarter in 2014-2015. This increase is mainly attributable to higher expenditures being recorded for Eureka runway project and Randle Reef decontamination project.

Vote 10 – Grants and Contributions authorities used during the third quarter of 2015-2016 totaled \$19.2M, which represents an increase of \$6.2M (47.8%) compared to the same quarter in 2014-2015. The increase is mainly due to grant and contribution payments under the National Conservation Plan (NCP), and timing in payments of grants for the implementation of the Montreal Protocol. Year to date expenditures have increased by \$22.5M (53.6%) compared to last year and is mainly attributable to National Conservation Plan (NCP).

Statutory authorities used during the third quarter of 2015-2016 totaled \$23.2M, which represents an increase of \$1.8M (8.3%) compared to the same quarter in 2014-2015, mainly due to higher expenditures tied to the Employee Benefits Plan. Year to date expenditures have decreased by \$5.7M (7.8%) compared to last year and is mainly due to a payment of \$8.8M to the Nature Conservancy of Canada (NCC) issued in 2014-2015.

Statement of Departmental Expenditures by Standard Object (Table 2)

Personnel expenditures have decreased by \$1.2M (0.8%) compared to the same quarter last year. Year to date expenditures have decreased by \$12.7M (2.7%). Both decreases are mainly explained by a reduction of payments in lieu of severance and decrease in departmental operational salary expenditures.

Transportation and communications have decreased by \$1.0M (11.9%) compared to the same quarter last year. Year to date expenditures have also decreased by \$3.2M (14.1%). These decreases are mainly due to reduction of expenditures in public servant travel.

Professional and special services expenditures have increased by \$7.1M (26.0%) compared to the same quarter last year. This increase is mainly due to higher expenditures related to the Randle Reef decontamination project and engineering services for Eureka runway project.

Rentals expenditures have increased by \$1.9M (33.7%) in the third quarter. This is mainly due to the timing of payments of various leases.

Acquisition of machinery and equipment has increased by \$0.5M (12.1%) in the third quarter. Year to date expenditures have decreased by \$4.8M (38.4%). This is mainly attributable to the timing of expenditures being recorded.

Transfer Payments expenditures have increased by \$6.6M (50.4%) in the third quarter. The increase is mainly due to higher payments under the National Conservation Plan (NCP) and the timing of grant payments for the implementation of the Montreal Protocol. Year to date expenditures are also affected by a decrease related to the timing in the payment of the contribution to the United Nations Environment Program (UNEP) for Canada's annual core contribution.

Other subsidies and payments have decreased by \$0.5M (59.3%) compare to the same quarter last year. Year to date expenditures have decreased by \$20.4M (84.9%) and is due to a one-time transition payment for implementing salary payments in arrears by the Government of Canada in fiscal year 2014-2015.

Revenues have increased by \$8.2M (36.1%) compared to the third quarter last year which is mainly attributable to the timing of the collection of revenues for various programs.

Risks and Uncertainties

Environment and Climate Change Canada is primarily funded through voted parliamentary spending authorities for operating expenditures, capital expenditures and transfer payments as well as statutory authorities. The Department is also partially funded through vote-netted revenue. Environment and Climate Change Canada's planned spending reflects approved funding by Treasury Board to support the departmental Strategic Outcomes and Programs.

Environment and Climate Change Canada's objectives and strategic outcomes are influenced by various internal and external factors. Environment and Climate Change Canada's 2014-2017 Corporate Risk Profile includes the following Corporate Risks: Delivering Environment and Climate Change Canada Services, Working with Partners/Stakeholders, Workforce Readiness, Managing Information and Regulatory/Legislation.

Environment and Climate Change Canada proactively manages risks through monitoring, with adjustments made to strategies, resources or programs to ensure appropriate management actions are taken and mitigation measures are applied as required. Environment and Climate Change Canada's Blueprint 2020 engagement strategies have also been considered in the development of the following key mitigating activities and management actions:

- Maintaining governance structures, channels, protocols and agreements to ensure effective delivery of Environment and Climate Change Canada services, such as weather warnings, forecasts and air quality services, through concerted actions. The viability and readiness of the Business Continuity Plan is tested and training on emergency response is provided.
- Building and strengthening relations with stakeholders and partners, domestically and internationally, through collaborative planning networks/processes to facilitate better sharing of

information, understanding of strategic priorities and regulatory/legislative expectations, clarity of roles and responsibilities and more timely mitigating actions as required.

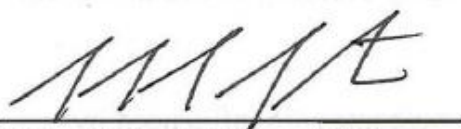
- Building and retaining a capable workforce through, working with universities, training and the promotion of a culture of performance management.
- Continuing to promote security awareness for all employees and to advance the implementation of protocols and procedures, linked to the management of information, its security and related quality assurance.

Risk management continues to be a key activity for the Department. Environment and Climate Change Canada will continue to integrate risk information into priority setting, business and resource planning, performance management and decision making.

Significant changes in relation to operations, personnel and programs

On November 4th, 2015, the Right Honourable Justin Trudeau, Prime Minister of Canada, appointed the Honourable Catherine McKenna as the new Minister of the Environment and Climate Change.

Approved by:

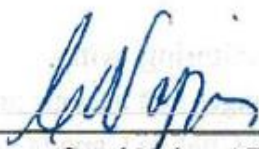


Michael Martin, Deputy Minister

15/2/16

Date

City



Carol Najm, ADM
Finance Branch and
Chief Financial Officer

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Date

Gatineau

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Environment and Climate Change Canada
For the quarter ended December 31, 2015
Statement of Authorities (unaudited) – Table 1

	Fiscal year 2015-2016			Fiscal year 2014-2015		
	Total available for use for the year ending March 31, 2016*	Used during the quarter ended December 31, 2015	Year to date used at quarter end	Total available for use for the year ending March 31, 2015	Used during the quarter ended December 31, 2014	Year to date used at quarter end
(In thousands of dollars)						
Vote 1 – Net Operating expenditures	744,070	153,495	477,999	744,023	161,925	522,497
Vote 5 – Capital expenditures	84,637	15,660	22,627	66,264	10,546	21,969
Vote 10 – Grants and contributions	118,341	19,228	64,592	132,281	13,009	42,041
Statutory – Employee Benefits Plan	88,322	21,899	65,699	86,045	21,212	63,636
Statutory – Minister’s Salary & Car Allowance	82	15	56	80	20	60
Statutory – Refund of previous years revenue	0	744	744	0	0	6
Statutory - Spending of proceeds from the disposal of surplus Crown assets	0	245	252	0	223	282
Statutory - Nature Conservancy of Canada	0	0	0	8,792	0	8,792
Statutory – Canada Foundation for Sustainable Development Technology Grant	0	338	338	0	0	0
Total Budgetary authorities	1,035,452	211,624	632,307	1,037,485	206,935	659,283
Non-bugetary authorities	-	-	-	-	-	-
Total authorities	1,035,452	211,624	632,307	1,037,485	206,935	659,283

* The total funding available for use includes the 2015-2016 Main Estimates, Supplementary Estimates “A”, and the Operating and Capital budget carry-forwards. Authorities for Supplementary Estimates “C” will follow later this year.

Environment and Climate Change Canada

For the quarter ended December 31, 2015

Departmental budgetary expenditures by Standard Object (unaudited) – Table 2

	Fiscal year 2015-2016			Fiscal year 2014-2015		
	Planned expenditures for the year ending March 31, 2016*	Expended during the quarter ended December 31, 2015	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2015	Expended during the quarter ended December 31, 2014	Year to date used at quarter end
(In thousands of dollars)						
Expenditures:						
Personnel	613,442	156,056	465,096	608,849	157,290	477,832
Transportation and communications	41,149	7,553	19,335	45,450	8,573	22,510
Information	4,013	438	1,234	4,790	1,086	1,926
Professional and Special Services	170,350	34,352	65,402	151,018	27,268	64,554
Rentals	30,828	7,592	20,707	30,246	5,677	22,224
Purchased Repair and Maintenance	26,018	2,742	6,392	23,587	3,811	7,837
Utilities, Materials and Supplies	46,505	9,032	22,901	47,144	7,497	22,969
Acquisition of Land, Buildings and Works	1,592	6	31	2,040	311	362
Acquisition of Machinery and Equipment	67,565	4,698	7,706	65,979	4,191	12,511
Transfer payments	118,341	19,566	64,930	141,073	13,009	50,833
Other Subsidies and Payments	4,244	329	3,630	9,029	809	24,060
Total gross budgetary expenditures	1,124,047	242,364	677,364	1,129,205	229,522	707,618
Less Revenues netted against expenditures:						
Revenues	88,595	30,740	45,057	91,720	22,587	48,335
Total revenues netted against expenditures	88,595	30,740	45,057	91,720	22,587	48,335
Total net budgetary expenditures	1,035,452	211,624	632,307	1,037,485	206,935	659,283

* The planned expenditures include funding obtained through the 2015-2016 Main Estimates, the Supplementary Estimates "A", and the Operating and Capital budget carry-forwards. Authorities for Supplementary Estimates "C" will follow later this year.