



Environment and
Climate Change Canada

Environnement et
Changement climatique Canada



DEPARTMENTAL QUARTERLY FINANCIAL REPORT

Q1/2016-2017

Environment and Climate Change Canada Quarterly Financial Report
Statement outlining results, risks and significant changes in operations,
personnel and programs
For the quarter ended June 30, 2016

Introduction

This first 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.

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 ECCC's spending authorities granted by Parliament and those used by the Department, consistent with the Main Estimates for the 2016-17 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 June 30, 2016, reflects the authorities that were approved for this period. The funding available for use includes the 2016-17 Main Estimates as well as the Supplementary Estimates "A". Authorities for Supplementary Estimates "B" and "C" will follow later this year. Funding for program renewals such as Federal Contaminated Sites Action Plan and Climate Change

initiatives were approved in Supplementary Estimates “A”; additional funding for Budget 2016 announcements is anticipated to be approved through upcoming Supplementary Estimates “B” and “C”. Environment and Climate Change Canada’s authorities “Total available for use for the year ending March 31, 2017” is higher by approximately \$3.8M (\$986.7M - \$982.9M)¹ when compared to the same quarter of the previous year. This difference is explained by an increase in Vote 10 - Grants and Contributions of \$13.4M (\$131.7M - \$118.3M)¹, and in Budgetary Statutory authorities for the Employee Benefit Plan and the Minister’s Salary and Motor car allowance of \$4.3M (\$92.7M - \$88.4M)¹, offset by decreases in Vote 1 - Operating of \$6.4M (\$698.9M - \$705.3M)¹ and in Vote 5 - Capital of \$7.5M (\$63.4M - \$70.9M)¹.

The \$13.4M net increase compared to last fiscal year in the Grants and Contributions authorities is mainly due to the following:

- \$11.3M increase related to the Sustainable Development Technology Fund;
- \$3.1M increase related to the Inuit Impact Benefit Agreement;
- \$1.6M increase related to initiatives supporting Clean Growth and Climate Change;
- \$1.3M increase related to activities reducing Air Pollution;
- \$0.5M increase related to the National Conservation Plan; and,
- \$0.4M increase related to the pro-active reconciliation and management of Métis Aboriginal rights and the management of Métis and non-status Indian litigation.

offset by:

- \$2.4M decrease related to the Clean Air Regulatory Agenda;
- \$1.6M decrease for facilitating Aboriginal participation in the West Coast Energy Development;
- \$0.7M decrease related to the Lake Winnipeg Basin Initiative (LWBI); and,
- \$0.1M decrease for various other smaller adjustments.

The \$4.3M net increase compared to last fiscal year in the Budgetary statutory authorities is mainly due to the following:

- \$4.3M net increase related to the Employee Benefit Plan (EBP).

The \$6.4M net decrease compared to last fiscal year in the Operating authorities is mainly due to the following:

- \$69.2M decrease related to the Clean Air Regulatory Agenda;
- \$10.3M decrease related to the Government of Canada’s Weather Monitoring and Supercomputing Infrastructure;
- \$8.5M decrease related to the Contaminated Sediment Remediation Projects;
- \$4.8M decrease related to the International Climate Change Strategy Initiative;

¹ See Statement of Authorities.

- \$2.8M decrease related to the World Class Oil Spills Regime;
- \$0.9M decrease related to the 2015 Pan and Parapan American Games; and,
- \$0.9M decrease for various other smaller adjustments.

offset by:

- \$46.2M increase related to activities reducing Air Pollution;
- \$28.9M increase related to initiatives supporting Clean Growth and Climate Change;
- \$4.2M increase related to Meteorological and Navigational Warning Services for the Arctic Oceans;
- \$4.1M increase related to Revitalization of Canada's Weather Services;
- \$2.9M increase related to the Federal Contaminated Sites Action Plan;
- \$2.1M increase related to the Federal Infrastructure Initiative;
- \$2.0M increase related to the Major Project Management Office Initiative; and,
- \$0.6M increase for pro-active reconciliation and management of Métis Aboriginal rights and the management of Métis and non-status Indian litigation;

The \$7.5M net decrease compared to last fiscal year in the Capital authorities is mainly due to the following:

- \$8.3M decrease related to the Government of Canada's Weather Monitoring and Supercomputing Infrastructure;
- \$3.2M decrease related to the Clean Air Regulatory Agenda;
- \$0.8M decrease for a transfer to Shared Services Canada for the incremental cost of IT services; and,
- \$0.7M decrease related to the World Class Oil Spills Regime.

offset by:

- \$2.2M increase related to activities reducing Air Pollution;
- \$1.5M increase related to the National Conservation Plan;
- \$1.1M increase related to the Federal Infrastructure Initiative; and,
- \$0.7M increase from various other smaller adjustments.

Expenditure Analysis

In the first quarter of 2016-17, total net budgetary expenditures were \$211.9M compared to \$177.0M reported for the same period in 2015-16, resulting in an increase of \$34.9M (19.7%).

Vote 1 – Operating authorities used during the first quarter of 2016-17 totaled \$157.8M, which represents an increase of \$15.6M (10.9%) compared to the same quarter in 2015-16. The increase is mainly due to the timing of the lease payment for the Pacific Environmental Centre (PEC) and a change in the invoicing process of Legal Services.

Vote 5 – Capital authorities used during the first quarter of 2016-17 totaled \$3.5M, which represents a decrease of \$0.5M (-12.2%) compared to the same quarter in 2015-16. This decrease is mainly attributable to a reduction in capital expenditures for various engineering consulting services needed in the first quarter.

Vote 10 – Grants and Contributions authorities used during the first quarter of 2016-17 totaled \$27.8M, which represents an increase of \$18.9M (212.9%) compared to the same quarter in 2015-16. This is mainly due to a contribution payment of \$17.3M to the Sustainable Development Technology Canada for the Sustainable Development Technology Fund.

Statutory authorities used during the first quarter of 2016-17 totaled \$22.8M, which represents an increase of \$0.9M compared to the same quarter in 2015-16. This is mainly due to a payment of \$2.3M to Sustainable Development Technology Canada for the NextGen Biofuels Fund.

Statement of Departmental Expenditures by Standard Object (Table 2)

Personnel expenditures have decreased by \$2.6M (-1.7%) in the first quarter and is mainly explained by reduction of payments in lieu of severance pay and parental leave benefits.

Professional and Special Services expenditures have increased by \$7.8M (77.6%) compared to the same quarter last year. This is mainly explained by a change in the invoicing process of legal services with Justice Canada which is now made in advance instead of being on a monthly basis and to an increase in operating expenditures for various engineering consulting services needed in the first quarter.

Rentals expenditures have increased by \$8.8M (496.1%) compared to the same quarter last year. This is mainly due to timing in the lease payment for the Pacific Environmental centre (PEC).

Transfer Payments expenditures have increased by \$21.2M (238.7%) in the first quarter. This is mainly due to a contribution payment of \$17.3M to the Sustainable Development Technology Canada for the Sustainable Development Technology Fund and a statutory grant of \$2.3M for the NextGen Biofuels Fund.

Revenues have increased by \$3.4M (36.6%) compared to the first quarter last year which is mainly attributable to the timing of collections for the Hydrometric program.

Risks and Uncertainties

Environment and Climate Change Canada (ECCC) 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. ECCC's planned spending reflects approved funding by Treasury Board.

In its financial management, the Department needs to consider a set of specific circumstances with potential impact related to the department's financial plan. For example, Budget 2016 provided to ECCC significant funding to secure a cleaner, more sustainable environment, to support the development of a pan-Canadian Framework on Clean Growth and Climate Change, the international environmental cooperation and the clean technology, to finance green infrastructure projects, and to address air pollution. This additional funding represents new financial opportunities for ECCC in delivering and clearly reporting on horizontal and departmental outcomes and expenditures across government related to the Minister's mandate letter. ECCC will face this new challenge and provide effective governance, coordination, and alignment of environmental initiatives across several federal departments.

ECCC will remain focussed on ensuring that financial authorities are secured in a timely manner so that program areas are able to quickly ramp up to meet new requirements. Moreover, in order to support effective decision-making, ECCC will continue to conduct ongoing program monitoring and proactive financial risk management and planning, all of which have been integrated into ECCC's business planning processes.

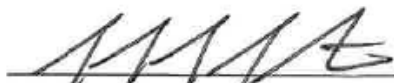
Significant changes in relation to operations, personnel and programs

The Canadian Wildlife Service has transitioned from a directorate within the Environmental Stewardship Branch to a branch of its own. This change will allow the organization to work more actively with partners and stakeholders toward improved conservation outcomes.

On May 30, 2016, the Corporate Services Branch and Finance Branch have been combined into a single branch under the responsibility of the Assistant Deputy Minister of Corporate Services and Finance Branch.


On June 23, 2016, the Right Honourable Justin Trudeau, Prime Minister of Canada, appointed Dr. Stephen Lucas as the new Senior Associate Deputy Minister (Climate Change) of Environment and Climate Change Canada.

Approved by:


Michael Martin, Deputy Minister

12/8/16
Date

Gatineau
City


Carol Najm, ADM
Corporate Services and Finance Branch, and
Chief Financial Officer

AOUT 11 2016
Date

Gatineau
City

Environment and Climate Change Canada
For the quarter ended June 30, 2016
Statement of Authorities (unaudited) – Table 1

	Fiscal year 2016-2017			Fiscal year 2015-2016		
	Total available for use for the year ending March 31, 2017*	Used during the quarter ended June 30, 2016	Year to date used at quarter end	Total available for use for the year ending March 31, 2016*	Used during the quarter ended June 30, 2015	Year to date used at quarter end
(In thousands of dollars)						
Vote 1 – Net Operating expenditures	698,885	157,760	157,760	705,282	142,197	142,197
Vote 5 – Capital expenditures	63,406	3,516	3,516	70,847	4,005	4,005
Vote 10 – Grants and contributions	131,734	27,766	27,766	118,341	8,874	8,874
Statutory – Employee Benefits Plan	92,567	20,462	20,462	88,322	21,900	21,900
Statutory – Minister’s Salary and Motor Car Allowance	84	21	21	82	21	21
Statutory – Refund of previous years revenue	0	42	42	0	0	0
Statutory - Spending of proceeds from the disposal of surplus Crown assets	0	31	31	0	0	0
Statutory – Canada Foundation for Sustainable Development Technology Grant	0	2,290	2,290	0	0	0
Total Budgetary authorities	986,676	211,888	211,888	982,874	176,997	176,997
Non-bugetary authorities	-	-	-	-	-	-
Total authorities	986,676	211,888	211,888	982,874	176,997	176,997

* The Total funding available for use includes the 2016-17 Main Estimates and Supplementary Estimates “A” only and will be updated with Supplementary Estimates “B” and “C” in future QFRs.

Environment and Climate Change Canada

For the quarter ended June 30, 2016

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

	Fiscal year 2016-2017			Fiscal year 2015-2016		
	Planned expenditures for the year ending March 31, 2017*	Expended during the quarter ended June 30, 2016	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2016*	Expended during the quarter ended June 30, 2015	Year to date used at quarter end
(In thousands of dollars)						
Expenditures:						
Personnel	622,106	150,623	150,623	613,442	153,184	153,184
Transportation and communications	36,650	5,150	5,150	36,043	4,355	4,355
Information	4,198	418	418	3,515	234	234
Professional and special services	145,448	17,799	17,799	150,022	10,022	10,022
Rentals	26,587	10,560	10,560	27,003	1,772	1,772
Purchased repair and maintenance	17,855	1,272	1,272	22,769	920	920
Utilities, materials and supplies	43,742	6,372	6,372	40,722	5,408	5,408
Acquisition of land, buildings and works	691	1	1	1,265	5	5
Acquisition of machinery and equipment	42,708	1,399	1,399	54,104	1,174	1,174
Transfer payments	131,734	30,056	30,056	118,341	8,874	8,874
Other subsidies and payments	3,553	863	863	4,244	267	267
Total gross budgetary expenditures	1,075,272	224,513	224,513	1,071,470	186,215	186,215
Less Revenues netted against expenditures:						
Revenues	88,596	12,625	12,625	88,596	9,218	9,218
Total revenues netted against expenditures	88,596	12,625	12,625	88,596	9,218	9,218
Total net budgetary expenditures	986,676	211,888	211,888	982,874	176,997	176,997

* The Planned expenditures includes the 2016-17 Main Estimates and Supplementary Estimates "A" only and will be updated with Supplementary Estimates "B" and "C" in future QFRs.