



Environnement et
Changement climatique Canada

Environment and
Climate Change Canada

DEPARTMENTAL QUARTERLY FINANCIAL REPORT

Q3/2020-21



Canada 

Statement outlining results, risks and significant changes in operations, personnel and programs

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 2020-21 Main Estimates.

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

Authority, Mandate and Program Activities

Environment and Climate Change Canada (ECCC) is the lead federal department for a wide range of environmental issues, including taking action on clean growth and climate change. The Department is also engaged in activities aimed at preventing and managing pollution, conserving nature, and predicting weather and environmental conditions. The Department addresses these issues through various actions including the implementation of the Pan-Canadian Framework on clean growth and climate change, engaging with our strategic partners including provinces, territories and Indigenous peoples, monitoring, science-based research, policy and regulatory development, and through the enforcement of environmental laws.

The Department's program focus reflects the interdependence between environmental sustainability and economic well-being.

Under the *Department of the Environment Act*, the powers, duties and functions of the Minister of Environment and Climate Change extend to matters such as:

- the preservation and enhancement of the quality of the natural environment, including water, air and soil quality, and the coordination of the relevant policies and programs of the Government of Canada
- renewable resources, including migratory birds and other non-domestic flora and fauna
- meteorology
- the enforcement of rules and regulations

A summary description of the ECCC Raison d'être and core responsibilities can be found in [*Part II of the Main Estimates*](#) and the [*Departmental Plan*](#).

Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the department's spending authorities granted by Parliament, and those used by the department consistent with the Main Estimates for the 2020-21 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.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed an appropriation for the fiscal year in which it is issued.

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

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

Authority analysis

The Statement of Authorities presented in this quarterly financial report (see Table 1) reflects the authorities that were approved as of December 31, 2020. The funding available for use includes the 2020-21 Main Estimates, Supplementary Estimates "B" and allocations from Treasury Board Central Votes including the Operating and Capital budget carry-forwards and the compensation allocations related to the new collective agreements.

ECCC's total available authorities for use for the year ending March 31, 2021 is higher by approximately \$159.6M (\$2,029.4M - \$1,869.8M)¹ when compared to the same quarter of the previous year. As expected, ECCC has received full supply for the 2020-21 Main Estimates in December 2020. The increase of \$159.6M includes an increase in Vote 1 – Net Operating of \$10.5M (\$887.7M - \$877.2M), in Vote 10 – Grants and Contributions of \$34.8M (\$822.5M - \$787.7M), Budgetary Statutory authorities of \$121.1M (\$216.5M - \$95.4M) and a decrease in Vote 5 – Capital of \$6.8M (\$102.7M - \$109.5M).

¹ See also Statement of Authorities – Tables 1 and 2.

Vote 1 – Net Operating authorities

The \$10.5M increase compared to last fiscal year in the net Operating authorities is mainly due to the following:

- \$11.5M increase related to a higher amount carried forward from the previous year to continue work on specific projects;
- \$6.8M increase related to National Zero Waste Plastic Strategy;
- \$4.9M increase related to Trans Mountain Expansion Project;
- \$4.7M increase related to Adapting Canada's Weather and Water Services to Climate Change;
- \$3.4M increase related to the Low Carbon Economy Fund;
- \$2.4M increase related to Protecting Canada's Nature, Parks & Wild Spaces; and,
- \$2.4M increase related to Impact Assessment and Regulatory Regime Implementation.

offset by:

- \$21.8M decrease related to Federal Contaminated Sites Action Plan;
- \$3.0M decrease related to Carbon Pricing; and,
- \$0.8M decrease for various other initiatives.

Vote 5 – Capital authorities

The \$6.8M decrease compared to last fiscal year in the Capital authorities is mainly due to the following:

- \$9.5M decrease related to Strong Arctic and Northern Communities;
- \$3.2M decrease related to initiatives associated with the revitalization of meteorological services; and,
- \$0.9M decrease related to Carbon Pricing.

offset by:

- \$4.9M increase related to a higher amount carried forward from the previous year to continue work on specific projects;
- \$1.4M increase related to Adapting Canada's Weather and Water Services to Climate Change; and
- \$0.5M increase for various other initiatives.

Vote 10 – Grants and contributions authorities

The \$34.8M increase compared to last fiscal year in the Grants and Contributions authorities is mainly due to the following:

- \$10.1M increase related to Low Carbon Economy Fund;
- \$9.6M increase related to Protecting Canada's Nature, Parks & Wild Spaces;

- \$6.9M increase related to National Zero Waste Plastic Strategy;
- \$5.2M increase related to initiatives supporting Clean Growth and Climate Change; and
- \$4.2M increase related to Trans Mountain Expansion Project.

offset by:

- \$1.2M decrease for various other initiatives.

Statutory authorities

The \$121.1M increase compared to last fiscal year in the budgetary statutory authorities is mainly due to the following:

- \$109.2M increase in Statutory Grants and Contributions related to the Climate Action Incentive Fund;
- \$11.3M increase in Statutory Salary, O&M and Grants and Contributions related to the funding for Youth Employment and Skills Strategy (YESS) to support the students during COVID-19; and,
- \$0.6M increase related to the contributions to Employee Benefit Plans.

Expenditures analysis by vote

Details of expenditures by vote are presented in Tables 1 and 2.

In the third quarter of 2020-21, total budgetary expenditures were \$338.8M compared to \$348.3M reported for the same period in 2019-20, resulting in a decrease of \$9.5M. Year to date expenditures as of December 31, 2020 are \$892.6M, which represents an increase of \$41.7M (\$892.6M - \$850.9M) compared to the same period in 2019-20.

Vote 1 – Net Operating authorities used during the third quarter of 2020-21 totalled \$211.1M, which represents a decrease of \$12.9M (\$211.1M - \$224.0M) compared to the same quarter in 2019-20. Year to date expenditures as of December 31, 2020 are \$608.3M which represents a decrease of \$13.8M (\$608.3M – \$622.1M) compared to the same period in 2019-20. These variances are mainly due to a decrease in travel, professional and special services and revenue offset by an increase in rentals.

Vote 5 – Capital authorities used during the third quarter of 2020-21 totalled \$28.0M, which represents a decrease of \$19.9M (\$28.0M – \$47.9M) compared to the same quarter in 2019-20. Year to date expenditures as of December 31, 2020 are \$49.8M, which represents a decrease of \$18.4M (\$49.8M - \$68.2M) compared to the same period in 2019-20. These variances are mainly due to a decrease in engineering consulting fees related to initiatives such as Strong Arctic and Northern Communities, initiatives associated with the revitalization of meteorological services and to other various constructions activities.

Vote 10 – Grants and Contributions authorities used during the third quarter of 2020-21 totalled \$68.8M, which represents an increase of \$16.1M (\$68.8M - \$52.7M) compared to the same quarter in 2019-20.

Year to date expenditures as of December 31, 2020 are \$131.5M, which represents an increase of \$43.0M (\$131.5M - \$88.5M) compared to the same quarter in 2019-20. These variances are mainly due to the increase in funding for initiatives such as the Low Carbon Economy Fund, Protecting Canada's Nature, Parks & Wild Spaces and Clean Growth and Climate Change.

Budgetary Statutory - Statutory authorities used during the third quarter of 2020-21 totalled \$30.9M, which represents an increase of \$7.2M (\$30.9M - \$23.7M) compared to the same quarter in 2019-20. Year to date expenditures as of December 31, 2020 are \$102.9M, which represents an increase of \$30.9M (\$102.9M - \$72.0M) compared to the same period in 2019-20. These variances are mainly due to the Statutory Youth Employment and Skills Strategy (YESS) program created to support the students during COVID-19 and the Statutory Grants and Contributions related to the Climate Action Incentive Fund with respective yearly increases of \$11.2M (\$11.2M - \$0M) and \$19.7M (\$19.7M - \$0M).

Expenditures analysis by Standard Object

Details of expenditures by Standard Object are presented in Tables 3 and 4.

Quarterly Personnel expenditures have decreased by \$10.2M (\$197.3M - \$207.5M) compared to the same quarter in 2019-20. The quarterly variance is mainly due to the disbursements of salary retroactive payments in the third quarter of 2019-20 following the ratification and signing of some collective agreements. Year to date expenditures have increased by \$7.2M (\$582.3M - \$575.1M) compared to the same period last year. The year to date variance is mainly due to an increase in salary wages due to renewed collective agreements.

Quarterly and year to date Transportation and communications expenditures have decreased respectively by \$5.3M (\$4.6M - \$9.9M) and \$19.6M (\$7.9M - \$27.5M) compared to the same period last year. Both variances are mainly explained by a reduction in travel expenditures due to travel restrictions put in place to stem the spread of COVID-19.

Quarterly and year to date Professional and special services expenditures have decreased respectively by \$22.6M (\$47.0M - \$69.6M) and \$30.1M (\$95.3M - \$125.4M) compared to the same period last year. The quarterly variance is mainly attributable to a decrease in engineering consulting fees related to initiatives such as Strong Arctic and Northern Communities, initiatives associated with the revitalization of meteorological services and to other various constructions activities. The quarterly and the year to date variances are also attributable to a fluctuation in funding for the Federal Contaminated Sites Action Plan. The year to date variance is also explained by a reduction in translation services as well as in occupational and second language training.

Quarterly Rentals expenditures have decreased by \$0.3M (\$3.6M - \$3.9M) compared to the same period last year. Year to date Rentals expenditures have increased by \$10.0M (\$32.9M - \$22.9M) compared to the same period last year. The year to date variance is mainly due to the retroactive lease payment for the Pacific Environmental Center (PEC).

Quarterly and year to date Utilities, Materials and Supplies have decreased respectively by \$1.7M (\$7.3M - \$9.0M) and \$6.3M (\$15.7M - \$22.0M) compared to the same period last year. Both variances are mainly attributable to a reduction in office and laboratory supplies and utilities.

Quarterly and year to date Acquisition of machinery and equipment have increased respectively by \$3.5M (\$9.7M - \$6.2M) and \$3.0M (\$16.1M - \$13.1M) compared to the same period last year. Both variances are mainly due to acquisition of computer and computer equipment to replenish a part of the inventory becoming obsolete.

Quarterly and year to date Transfer payments expenditures have respectively increased by \$22.9M (\$75.6M - \$52.7M) and \$73.8M (\$162.3M - \$88.5M) compared to the same quarter last year. Both variances are mainly due to statutory contribution payments for the Statutory Grant and Contribution payments for the Climate Action Incentive Fund and the Youth Employment and Skills Strategy (YESS) program to support students during COVID-19. These variances are also due to the increase in funding for initiatives such as the Low Carbon Economy Fund, Protecting Canada's Nature, Parks & Wild Spaces and Clean Growth and Climate Change.

Quarterly and year to date Revenue collections have decreased respectively by \$5.2M (\$11.8M - \$17.0M) and \$11.4M (\$32.2M - \$43.6M) compared to the same period last year. Both variances are mainly due to the timing of collection related to the multi-year agreement with NAV Canada for the provision of meteorological services.

Risks and Uncertainties

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 revenues. ECCC's planned spending reflects approved funding by Treasury Board and Parliament.

A wide range of internal and external factors have the potential to affect ECCC's ability to deliver results for Canadians, including the increasing frequency of severe weather events and associated impacts on infrastructure and fieldwork, and the expectation to consult and collaborate with federal, provincial, territorial, Indigenous, and other partners to address common environmental challenges. In its financial management, the Department considers and addresses these factors and their potential impact related to the department's financial plan.

Due to the COVID-19 pandemic, ECCC has prioritized the support of critical services, while a large proportion of its employees have been asked to work remotely. ECCC has reviewed its policies and procedures to determine and implement necessary adjustments to support the delivery of services. A governance structure has been implemented to manage the departmental response including the ongoing prioritization of deliverables. This has allowed the Department to adjust quickly to new operational realities as the COVID-19 pandemic continues to evolve.

ECCC will continue to closely monitor its operating environment in order to reallocate resources to key priorities and ensure that resources are being managed effectively to deliver results.

Significant changes in relation to operations, personnel and programs

The following major changes in relations to operations, personnel and programs occurred during the first quarter:

- In line with guidance provided by Treasury Board of Canada Secretariat in response to the COVID-19 pandemic, the Government of Canada has asked that employees work from home whenever and wherever possible. The department has identified essential and critical services and related supporting resources to ensure continued critical government operations and services to Canadians.

Approved by:

(the original version was signed by)

T. Christine Hogan,
Deputy Minister
Gatineau, Canada
Date: February 20, 2021

(the original version was signed by)

Carol Najm,
Chief Financial Officer
Gatineau, Canada
Date: February 12, 2021

Statement of Authorities (unaudited) – Table 1

Fiscal year 2020-21 (in thousands of dollars)

	Total available for use for the year ending March 31, 2021*	Used during the quarter ended December 31, 2020	Year to date used at quarter end
Vote 1 – Net Operating expenditures	887,666	211,123	608,277
Vote 5 – Capital expenditures	102,743	27,970	49,773
Vote 10 – Grants and contributions	822,542	68,780	131,591
Budgetary Statutory – Employee Benefit Plans	95,864	23,937	71,811
Budgetary Statutory – Climate Action Support Payments (Climate Action Incentive Fund)	109,148	6,832	19,676
Budgetary Statutory – Expanded Youth Employment and Job Skills (Supporting Students during COVID-19)	11,339	110	11,266
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	89	22	67
Budgetary Statutory – Spending of proceeds from the disposal of surplus Crown assets	0	0	116
Total Budgetary authorities	2,029,391	338,774	892,577
Non-Budgetary authorities	-	-	-
Total authorities	2,029,391	338,774	892,577

* The funding available for use includes the 2020-21 Main Estimates, Supplementary Estimates “B” and allocations from Treasury Board Central Votes including the Operating and Capital budget carry-forwards and Compensation Allocations related to the new collective agreements.

Statement of Authorities (unaudited) – Table 2

Fiscal year 2019-20 (in thousands of dollars)

	Total available for use for the year ending March 31, 2020*	Used during the quarter ended December 31, 2019	Year to date used at quarter end
Vote 1 – Net Operating expenditures	877,210	224,041	622,135
Vote 5 – Capital expenditures	109,541	47,901	68,171
Vote 10 – Grants and contributions	787,709	52,652	88,542
Budgetary Statutory – Employee Benefit Plans	95,294	23,620	70,861
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	88	22	66
Budgetary Statutory – Spending of proceeds from the disposal of surplus Crown assets	0	84	1,119
Total Budgetary authorities	1,869,842	348,320	850,894
Non-budgetary authorities	-	-	-
Total authorities	1,869,842	348,320	850,894

* The funding available for use includes the 2019-20 Main Estimates, the Operating and Capital budget carry-forwards and the Compensation Allocations related to the new collective agreements.

Departmental budgetary expenditures by Standard Object (unaudited) – Table 3

Fiscal year 2020-21 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2021*	Expended during the quarter ended December 31, 2020	Year to date used at quarter end
Expenditures:			
Personnel	758,220	197,339	582,296
Transportation and communications	46,877	4,573	7,864
Information	6,800	1,012	2,362
Professional and special services	205,770	47,033	95,254
Rentals	34,395	3,567	32,881
Repair and maintenance	19,364	4,413	7,171
Utilities, materials and supplies	44,291	7,279	15,744
Acquisition of land, buildings and works	1,072	67	134
Acquisition of machinery and equipment	42,529	9,684	16,093
Transfer payments	942,749	75,612	162,327
Public debt charges	561	0	0
Other subsidies and payments	7,530	10	2,615
Total gross budgetary expenditures	2,110,158	350,589	924,741
Less Revenues netted against expenditures:			
Revenues	80,767	11,815	32,164
Total Revenues netted against expenditures:	80,767	11,815	32,164
Total net budgetary expenditures	2,029,391	338,774	892,577

* The planned expenditures available for use include the 2020-21 Main Estimates, Supplementary Estimates “B” and allocations from Treasury Board Central Votes including the Operating and Capital budget carry-forwards and Compensation Allocations related to the new collective agreements.

Departmental budgetary expenditures by Standard Object (unaudited) – Table 4

Fiscal year 2019-20 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2020*	Expended during the quarter ended December 31, 2019	Year to date used at quarter end
Expenditures:			
Personnel	742,945	207,503	575,077
Transportation and communications	36,863	9,902	27,490
Information	6,881	1,658	4,220
Professional and special services	222,095	69,630	125,363
Rentals	33,611	3,888	22,894
Repair and maintenance	29,398	4,268	9,023
Utilities, materials and supplies	43,230	9,048	21,968
Acquisition of land, buildings and works	1,095	29	136
Acquisition of machinery and equipment	44,194	6,230	13,109
Transfer payments	787,709	52,652	88,542
Other subsidies and payments	4,331	493	6,634
Total gross budgetary expenditures	1,952,351	365,302	894,457
Less Revenues netted against expenditures:			
Revenues	82,509	16,982	43,563
Total Revenues netted against expenditures:	82,509	16,982	43,563
Total net budgetary expenditures	1,869,842	348,320	850,894

* The funding available for use includes the 2019-20 Main Estimates, the Operating and Capital budget carry-forwards and the Compensation Allocations related to the new collective agreements.