



Environment and
Climate Change Canada

Environnement et
Changement climatique Canada

DEPARTMENTAL QUARTERLY FINANCIAL REPORT

Q2/2023-24



Canada 

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

Introduction

This second 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 2023-24 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) leads and supports a wide range of environmental issues, including taking action on clean growth and climate change, pollution, conserving nature, and predicting weather and environmental conditions. The Department addresses these issues through various actions and initiatives including leading Canada's efforts to transition to a net-zero economy and strengthening resilience to climate change, protecting more of our lands and waters, strengthening protection and recovery for species at risk and their habitats, and providing environmental and weather information to Canadians. To achieve its mandate, the Department works with provinces, territories, Indigenous peoples, civil society, industry, and international partners, and undertakes monitoring, science-based research, policy and regulatory development, and enforcement of environmental laws and regulations.

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 ECCC's spending authorities granted by Parliament and those used by the Department consistent with the Main Estimates for the 2023-24 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 September 30, 2023. The funding available for use includes the 2023-24 Main Estimates and allocations from Treasury Board (TB) Central Votes including the Operating and Capital budget carry-forwards and Government-wide Initiatives.

ECCC's total available authorities for use for the year ending March 31, 2024 is higher by approximately \$467.4M (\$2,508.1M - \$2,040.7M) ¹ when compared to the same quarter of the previous year. This difference is explained by an increase Vote 1 – Net Operating of \$15.5M (\$1,032.2M - \$1,016.7M), Vote 10 – Grants and Contributions of \$463.9M (\$1,234.2M - \$770.3M), in Budgetary Statutory authorities of \$3.8M (\$112.0M - \$108.2M) and by decrease in and Vote 5 – Capital of \$15.8M (\$129.7M - \$145.5M).

Vote 1 – Net Operating authorities

The \$15.5M increase compared to last fiscal year in the net Operating authorities is mainly due to the following increases:

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

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For the quarter ended *September 30, 2023*

- \$29.1M related to conserve Canada's land and freshwater, protect species, advance Indigenous reconciliation and increase access to nature (Enhanced Nature Legacy);
- \$21.3M related to the Ocean's Protection Plan;
- \$15.5M for advancing a circular economy for plastics in Canada;
- \$11.9M for the implementation of the new Impact Assessment and Regulatory Processes;
- \$7.6M related to the Low Carbon Economy Fund (LCEF);
- \$6.7M to implement natural climate solutions in Canada;
- \$6.0M related to the implementation of the fuel Charge Proceeds Return Program;
- \$5.0M related to the Pacific Environment Center (PEC);
- \$4.8M related to the Federal Contaminated Sites Action Plan;
- \$2.7M related to Climate Change Mitigation;
- \$2.3M related to the compensation allocations from Treasury Board for the new collective agreements; and
- \$1.2M for various initiatives.

Offset by the following decreases:

- \$51.1M to protect Canada's nature, parks and wild spaces (Nature Legacy), which ended in 2022-23;
- \$15.8M related to initiatives associated with the revitalization of Canada's weather services;
- \$14.4M related to a lower amount carried forward from the previous year to continue work on departmental priorities;
- \$9.7M to adapt Canada's weather and water services to climate change;
- \$4.8M to establish the Canada Water Agency Transition office; and
- \$2.8M for Protecting Marine Life.

Operating Authorities are netted of spendable revenues. Revenues at Environment and Climate Change Canada come from sales of goods and information products and services of a non-regulatory nature. Major revenue items include, for example: Oil Sands monitoring activities, Ocean disposal permit applications, Hydrometric services, Ocean disposal monitoring fees, and Weather and environmental services.

Vote 5 – Capital authorities

The \$15.8M decrease compared to last fiscal year in the Capital authorities is mainly due to the following decreases:

- \$17.6M related to initiatives associated with the revitalization of meteorological services;
- \$8.4M related to Strong Arctic and Northern Communities; and
- \$0.8M for various initiatives.

Offset by the following increases:

- \$7.2M to conserve Canada's land and freshwater, protect species, advance Indigenous reconciliation and increase access to nature (Enhanced Nature Legacy); and
- \$3.8M related to a higher amount carried forward from the previous year to continue work on specific projects.

Vote 10 – Grants and contributions authorities

The \$463.9M increase compared to last fiscal year in the Grants and Contributions authorities is mainly due to the following increases:

- \$364.4M related to the Low Carbon Economy Fund (LCEF);
- \$76.8M to conserve Canada's land and freshwater, protect species, advance Indigenous reconciliation and increase access to nature (Enhanced Nature Legacy);
- \$70.7M to implement natural climate solutions in Canada;
- \$20.0M related to the British Columbia Old Growth Nature Fund;
- \$17.4M related to Canada's International Climate Finance program;
- \$5.0M related to Great Lakes ecosystem initiatives;
- \$3.9M related to the Youth Employment and Skills Strategy; and
- \$0.9M for various initiatives.

Offset by the following decrease:

- \$95.2M to protect Canada's nature, parks and wild spaces (Nature Legacy).

Statutory authorities

The \$3.8M increase compared to last fiscal year in the budgetary statutory authorities is 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 second quarter of 2023-24, total budgetary expenditures were \$364.3M compared to \$330.5M reported for the same period in 2022-23, resulting in an increase of \$33.8M. Year-to-date expenditures as of September 30, 2023, were \$662.0M, which represents an increase of \$49.8M (\$662.1M - \$612.3M) compared to the same period in 2022-23.

Vote 1 – Net Operating Authorities used during the second quarter of 2023-24 totalled \$261.8M, which represents an increase of \$23.6M (\$261.8M - \$238.2M) compared to the same period last year. Year-to-date expenditures as of September 30, 2023, were \$480.8M, which represents an increase of \$28.6M (\$480.8M - \$452.2M) compared to the same period last year. Both variances are mainly due to an increase in personnel expenditures, offset by an increase in revenues. The year-to-date variance is also

due to an increase in utilities and materials, offset by a decrease in rental and acquisition of machinery and equipment.

Vote 5 – Capital Authorities used during the second quarter of 2023-24 totalled \$20.2M, which represents a decrease of \$0.9M (\$20.2M – \$21.1M) compared to the same period last year. Year-to-date expenditures as of September 30, 2023, are \$27.6M, which represents a decrease of \$0.1M (\$27.6M - \$21.7M) compared to the same period last year.

Vote 10 – Grants and Contributions Authorities used during the second quarter of 2023-24 totalled \$53.7M, which represents an increase of \$9.6M (\$53.7M - \$44.1M) compared to the same period last year. Year-to-date expenditures as of September 30, 2023, are \$94.5M, which represents an increase of \$16.7M (\$94.5M - \$77.8M) compared to the same period last year. Both variances are mainly due to an increase in contribution payments to strengthen protection and recovery of species at risk and their habitats and to restore and enhance wetlands, peatlands, and grasslands to store and capture carbon. The year-to-date variance is also due to an increase in contribution payments to Canada's international climate finance.

Budgetary Statutory Authorities – Budgetary Statutory Authorities used during the second quarter of 2023-24 totalled \$28.5M, which represents an increase of \$1.5M (\$28.5M - \$27.0M) compared to the same period last year. Year-to-date expenditures as of September 30, 2023, are \$59.2M, which represents an increase of \$4.6M (\$59.2M - \$54.6M) compared to the same period last year. Both variances are mainly due to an increase in contribution to employee benefit plans. The year-to-date variance is also due to an increase in distribution of carbon pollution pricing proceeds and refunds of overpayments from previous years.

Expenditures analysis by Standard Object

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

Quarterly and year-to-date personnel expenditures increased by \$24.2M (\$242.3M - \$218.1M) and \$33.9M (\$464.3M - \$430.4M) compared to the same period last year. Both variances are mainly due to an increase in salary wages due to renewed collective agreements.

Quarterly and year-to-date information expenditures decreased by \$2.2M (\$1.4M - \$3.6M) and \$2.0M (\$2.3M - \$4.3M) compared to the same period last year. Both variances are mainly due to the timing of payment of advertising expenses.

Quarterly and year-to-date rental expenditures increased by \$1.4M (\$6.4M - \$5.0M) and \$0.1M (\$10.2M - \$10.1M) compared to the same period last year. The quarterly variance is mainly due to the timing of rental fee payment for the National Wildlife Research Centre office laboratory space at Carleton University.

Quarterly and year-to-date utilities, materials and supplies expenditures decreased by \$1.7M (\$6.4M - \$8.1M) and increased by \$0.2M (\$13.3M - \$13.1M) compared to the same period last year. The quarterly variance is mainly due to the timing of payment of meteorological supplies.

Quarterly and year-to-date acquisition of land, building and works expenditures increased by \$2.4M (\$2.4M - \$0.0M) and \$2.5M (\$2.6M - \$0.1M) compared to the same period last year. The quarterly variance is mainly due to the acquisition of a land in British Columbia to expand the National Wildlife Area and protect more lands.

Quarterly and year-to-date acquisition of machinery and equipment expenditures increased by \$0.1M (\$5.1M - \$5.0M) and decreased by \$1.5M (\$8.3M - \$9.8M) compared to the same period last year. The year-to-date is mainly due to the timing of payment for the acquisition of computer equipment and lab instruments, offset by an increase in the acquisition of vehicles, including electric vehicles, to renew the department's fleet.

Quarterly and year-to-date transfer payments expenditures increased by \$9.6M (\$53.7M - \$44.1M) and \$17.7M (\$96.0M - \$78.3M) compared to the same quarter last year. Both variances are mainly due to an increase in contribution payments to strengthen protection and recovery of species at risk and their habitats and to restore and enhance wetlands, peatlands, and grasslands to store and capture carbon. The year-to-date variance is also due to an increase in contribution payments to Canada's international climate finance.

Quarterly and year-to-date revenue collections increased by \$2.0M (\$10.5M - \$8.5M) and \$4.2M (\$24.7M - \$20.5M) compared to the same period last year. Both variances are mainly due to the timing of collections related to hydrometric data and information services as well as for ocean disposal monitoring fees, offset by refunds of overpayments from previous years related to excess emissions charges.

Risks and Uncertainties

A wide range of internal and external factors have the potential to affect ECCC's ability to deliver optimal and timely results for Canadians. The Department considers and addresses three key strategic risks to its financial plan: strategic partnerships; human resources; and capital and technological infrastructure.

The Department's ability to deliver results for Canadians requires extensive collaboration with strategic partners (federal, provincial, territorial, Indigenous, and international partners, the private and non-profit sectors, and civil society). This reliance can give rise to risks associated with the Department's external relationships and partnerships if efforts are not well aligned and coordinated in the face of competing priorities, changing political landscapes, resource constraints, and an expanding departmental mandate that includes many high-profile priorities and commitments. To mitigate this risk, the Department has continued to build new relationships and to maintain and improve existing ones by working collaboratively with key partners, including through the implementation of a departmental framework for Indigenous engagement and by participating in the development of a harmonized, government-wide partners engagement approach. ECCC also works with external partners through existing and new governance bodies and continues to explore technological solutions that foster collaboration among them. In addition, the Department promotes sound stewardship of departmental resources through the terms and conditions associated with its grants and contributions programs to leverage partner support, ensure efficient delivery of external funding, and reduce potential lapses.

To fulfill its mandate, ECCC requires diverse, highly qualified, and specialized personnel with various expertise in areas such as meteorological science, data science, scientific and regulatory areas, policy development, transfer payment programs and enabling services. Uncertainties endure in attracting, developing, and retaining these employees due in part to a highly competitive and transforming labour market and to process challenges related to classification, succession planning and staffing. This is compounded by ECCC's increasingly ambitious policy and program agendas that add to the Department's workload without necessarily adding new resources. To attract and retain a qualified workforce, ECCC continues to maintain flexibility in providing internal human resources services, to perform sound human resources planning, including by realigning resources to priority files, and to implement talent management initiatives and recruitment strategies targeting key areas.

The Department also relies on its capital and technological infrastructure to achieve its mandate. This infrastructure requires maintenance and ongoing investment to prevent rust-out, stay abreast of technological advancements and ensure functionality in the face of changing and increasingly complex needs. ECCC undertakes capital and technological investment planning to better identify enterprise-wide deficits, prioritize accordingly and secure relevant expertise. At the same time, ECCC continues to invest in expanding partnerships and external collaboration to access data from other providers.

ECCC will continue to closely monitor its operating environment to allocate resources to key priorities and ensure that resources are being managed effectively to deliver optimal and timely results through improved programs, policies, and services.

Significant changes in relation to operations, personnel and programs

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

- In August 2023, Sandra McCardell was appointed Assistant Deputy Minister of the International Affairs Branch;
- In September 2023, Jean-François Tremblay was appointed Deputy Minister of Environment and Climate Change Canada;

Approved by:

(the original version was signed by)

(the original version was signed by)

Jean-François Tremblay
Deputy Minister
Gatineau, Canada
Date: November 20, 2023

Linda Drainville
Chief Financial Officer
Gatineau, Canada
Date: November 10, 2023

Statement of Authorities (unaudited) – Table 1

Fiscal year 2023-24 (in thousands of dollars)

	Total available for use for the year ending March 31, 2024*	Used during the quarter ended September 30, 2023	Year-to-date used at quarter end
Vote 1 – Net Operating Expenditures	1,032,230	261,857	480,821
Vote 5 – Capital Expenditures	129,735	20,195	27,590
Vote 10 – Grants and Contributions	1,234,197	53,764	94,460
Budgetary Statutory – Employee Benefit Plans	111,907	27,977	55,954
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	95	24	47
Budgetary Statutory – Distribution of Fuel and Excess Emission Charges	-	-	1,457
Budgetary Statutory – Refund of previous years revenue	-	146	1,345
Budgetary Statutory – Spending of proceeds from the disposal of surplus Crown assets	-	372	372
Total Budgetary Authorities	2,508,164	364,335	662,046
Non-Budgetary Authorities	-	-	-
Total Authorities	2,508,164	364,335	662,046

* The funding available for use includes the 2023-24 Main Estimates, allocations from Treasury Board (TB) Central Votes including the Operating and Capital budget carry-forwards and Government-wide Initiatives.

Statement of Authorities (unaudited) – Table 2

Fiscal year 2022-23 (in thousands of dollars)

	Total available for use for the year ending March 31, 2023*	Used during the quarter ended September 30, 2022	Year to date used at quarter end
Vote 1 – Net Operating expenditures	1,016,738	238,242	452,226
Vote 5 – Capital expenditures	145,524	21,058	27,689
Vote 10 – Grants and contributions	770,282	44,136	77,793
Budgetary Statutory – Employee Benefit Plans	108,101	27,025	54,051
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	93	23	46
Budgetary Statutory – Distribution of Fuel and Excess	-	-	464
Total Budgetary authorities	2,040,738	330,484	612,269
Non-Budgetary authorities	-	-	-
Total authorities	2,040,738	330,484	612,269

* The funding available for use includes the 2022-23 Main Estimates and the Operating and Capital budget carry-forwards.

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

Fiscal year 2023-24 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2024*	Expended during the quarter ended September 30, 2023	Year-to-date used at quarter end
Expenditures:			
Personnel	855,994	242,253	464,316
Transportation and communications	26,140	8,674	15,041
Information	16,383	1,380	2,252
Professional and special services	280,745	41,728	65,928
Rentals	47,280	6,367	10,185
Repair and maintenance	20,248	4,031	6,283
Utilities, materials and supplies	44,013	6,399	13,255
Acquisition of land, buildings and works	2,314	2,387	2,549
Acquisition of machinery and equipment	47,876	5,123	8,291
Transfer payments	1,234,197	53,764	95,917
Public debt charges	502	-	-
Other subsidies and payments	7,486	2,724	2,685
Total gross budgetary expenditures	2,583,178	374,830	686,702
Less Revenues netted against expenditures:			
Revenues	75,014	10,495	24,656
Total Revenues netted against expenditures:	75,014	10,495	24,656
Total net budgetary expenditures	2,508,164	364,335	662,046

* The planned expenditures include the 2023-24 Main Estimates, allocations from Treasury Board (TB) Central Votes including the Operating and Capital budget carry-forwards and Government-wide Initiatives.

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

Fiscal year 2022-23 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2023*	Expended during the quarter ended September 30, 2022	Year to date used at quarter end
Expenditures:			
Personnel	829,758	218,092	430,354
Transportation and communications	19,036	7,361	13,610
Information	9,495	3,604	4,317
Professional and special services	271,074	41,993	65,548
Rentals	76,261	5,003	10,052
Repair and maintenance	26,606	3,141	4,881
Utilities, materials and supplies	44,191	8,064	13,079
Acquisition of land, buildings and works	1,773	32	75
Acquisition of machinery and equipment	58,293	4,994	9,762
Transfer payments	770,282	44,136	78,257
Public debt charges	577	-	-
Other subsidies and payments	7,606	2,567	2,844
Total gross budgetary expenditures	2,114,952	338,987	632,779
Less Revenues netted against expenditures:			
Revenues	74,214	8,503	20,510
Total Revenues netted against expenditures:	74,214	8,503	20,510
Total net budgetary expenditures	2,040,738	330,484	612,269

* The planned expenditures as of September 30, 2022 are based on funding available for use from the 2022-23 Main Estimates and the Operating and Capital budget carry-forwards.