



DEPARTMENTAL QUARTERLY FINANCIAL REPORT

Q1/2024-25



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

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 2024-25 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; and
- 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 2024-25 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 June 30, 2024. The funding available for use includes the 2024-25 Main Estimates.

ECCC's total available authorities for use for the year ending March 31, 2025 is higher by approximately \$314.9M (\$2,761.0M - \$2,446.1M)¹ when compared to the same quarter of the previous year. This difference is explained by an increase in Vote 1 – Net Operating of \$165.0M (\$1,164.0M - \$999.0M), in Vote 10 – Grants and Contributions of \$148.2M (\$1,382.4M – \$1,234.2M), in Budgetary Statutory authorities of \$10.4M (\$122.4M - \$112.0M) and a decrease in Vote 5 – Capital of \$8.7M (\$92.2M - \$100.9M).

Vote 1 – Net Operating authorities

The \$165.0M increase compared to last fiscal year in the net Operating authorities is mainly due to the following increases:

- \$67.4M related to the compensation allocations from Treasury Board for the new collective agreements;

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

- \$52.9M to renew and to reinvest in Canada's Hydro-Meteorological Services;
- \$41.1M to implement a strengthened Freshwater Action Plan and to establish the Canada Water Agency;
- \$28.6M related to climate change mitigation activities;
- \$15.9M to conserve Canada's land and freshwater, protect species, advance Indigenous reconciliation, increase access to nature and continue efforts to protect species at risk (Enhanced Nature Legacy);
- \$10.6M related to climate change adaptation activities;
- \$6.7M related to Canada's National Adaptation Strategy; and
- \$2.8M for various initiatives.

Offset by the following decreases:

- \$25.8M related to the Refocusing Government Spending Reductions (B2023);
- \$23.3M related to the Chemical Management Plan; and
- \$11.9M related to the Federal Contaminated Sites Action Plan.

Operating Authorities are net of responsible 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 \$8.7M decrease compared to last fiscal year in the Capital authorities is mainly due to the following decreases:

- \$17.8M related to initiatives associated with the revitalization of meteorological services; and
- \$10.2M related to Strong Arctic and Northern Communities.

Offset by the following increases:

- \$6.0M to renew and to reinvest in Canada's Hydro-Meteorological Services;
- \$5.5M to support climate change policy capacity;
- \$3.3M to conserve Canada's land and freshwater, protect species, advance Indigenous reconciliation and increase access to nature and continue efforts to protect species at risk (Enhanced Nature Legacy);
- \$2.4M to reduce greenhouse gas emissions in the transportation and methane waste sectors;
- \$1.9M to implement a strengthened Freshwater Action Plan and to establish the Canada Water Agency; and
- \$0.2M for various initiatives.

Vote 10 – Grants and contributions authorities

The \$148.2M increase compared to last fiscal year in the Grants and Contributions authorities is mainly due to the following increases:

- \$531.3M related to Canada’s National Adaptation Strategy, for the up-front multiyear contribution funding to the Green Municipal Fund;
- \$18.3M to implement a strengthened Freshwater Action Plan and to establish the Canada Water Agency.
- \$14.9M to conserve Canada’s land and freshwater, protect species, advance Indigenous reconciliation, increase access to nature and continue efforts to protect species at risk (Enhanced Nature Legacy);
- \$9.7M to implement natural climate solutions in Canada;
- \$6.0M related to the Canadian Climate Institute; and
- \$1.2M for various initiatives.

Offset by the following decrease:

- \$433.2M related to the realignment of previously approved funding for the Low Carbon Economy Fund (LCEF) and refocusing government spending exercise.

Statutory authorities

The \$10.4M increase compared to last fiscal year in the budgetary statutory authorities is due to the following increase:

- \$10.4M 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 first quarter of 2024-25, total budgetary expenditures were \$923.8M compared to \$297.7M reported for the same period in 2023-24, resulting in an increase of \$626.1M.

Vote 1 – Net Operating Authorities used during the first quarter of 2024-25 totalled \$268.4M, which represents an increase of \$49.4M (\$268.4M - \$219.0M) compared to the same period last year. This variance is mainly due to an increase in personnel, professional and special services and rental expenditures.

Vote 5 – Capital Authorities used during the first quarter of 2024-25 totalled \$6.8M, which represents a decrease of \$0.6M (\$6.8M – \$7.4M) compared to the same period last year. This variance is mainly due to a decrease in engineering consulting fees related to initiatives associated with the revitalization of meteorological services.

Vote 10 – Grants and Contributions Authorities used during the first quarter of 2024-25 totalled \$617.6M, which represents an increase of \$576.9M (\$617.6M - \$40.7M) compared to the same period last year. This variance is mainly due to an up-front contribution payment to the Green Municipal Fund to build strong and resilient communities by reducing the impacts of climate-related disasters, improving health and well-being, protecting and restoring nature and biodiversity, building and maintaining resilient infrastructure and supporting the economy and workers. The variance is also explained by an increase in contribution payments to protect Canada’s lands and freshwater, to the 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.

Budgetary Statutory Authorities – Budgetary Statutory Authorities used during the first quarter of 2024-25 totalled \$31.0M, which represents an increase of \$0.4M (\$31.0M - \$30.6M) compared to the same period last year. This variance is mainly due to an increase in contribution to employee benefit plans, offset by a decrease in distribution of carbon pollution pricing proceeds and refund of overpayment from previous year.

Expenditures analysis by Standard Object

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

Personnel expenditures increased by \$46.1M (\$268.2M - \$222.1M) compared to the same period last year. This variance is mainly due to an increase in salary wages due to renewed collective agreements and the disbursements of salary retroactive payments following the ratification and signing of some collective agreements.

Professional and special services expenditures increased by \$2.2M (\$26.4M - \$24.2M) compared to the same period last year. This variance is mainly due to the timing of payment of expenditures related to remediation of contaminated sites and information technology consulting fees, offset by a decrease in engineering consulting fees related to initiatives associated with the revitalization of meteorological services.

Rental expenditures increased by \$1.9M (\$5.7M - \$3.8M) compared to the same period last year. This variance is mainly due to the timing of rental fee for software applications and to the holding of the fourth session of the Intergovernmental Negotiating Committee on Plastic Pollution (INC-4) in April 2024.

Transfer payments expenditures increased by \$575.4M (\$617.6M - \$42.2M) compared to the same period last year. This variance is mainly due to an up-front contribution payment to the Green Municipal Fund to build strong and resilient communities by reducing the impacts of climate-related disasters, improving health and well-being, protecting and restoring nature and biodiversity, building and maintaining resilient infrastructure and supporting the economy and workers. The variance is also explained by an increase in contribution payments to protect Canada’s lands and freshwater, to the 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 negative amount presented as expended during the first quarter under other subsidies and payments represent the rebate received from our acquisition card service provider for making timely payments.

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. As part of its financial plan, the Department specifically considers and addresses seven key corporate risks: Stakeholders Relationships; Federal, Provincial and Territorial (FPTs) Relationships and Partnerships; Indigenous Relationships and Partnerships; People; Technological and Digital Infrastructure; Physical Infrastructure; and Information for Decision-making and Oversight.

To pursue the delivery of results for Canadians, the Department works in close collaboration, and under the close scrutiny, of a wide array of strategic stakeholders and partners, including but not limited to environmental non-governmental organizations (ENGOS), international partners, FPTs, and Indigenous partners. The achievement of shared objectives can be in jeopardy if efforts are not well aligned and coordinated. The changing and diverse expectations of stakeholders and partners must also be managed against a backdrop of competing priorities. This is further complicated by changing political and legislative landscapes, resource constraints, and an expanding departmental mandate that includes many high-profile priorities and commitments. To ensure the Department's priorities are well coordinated with those of its stakeholders and partners, ECCC continues to develop and build important relationships, including by working diligently to harmonize its engagement activities, especially when dealing with the same partners on multiple issues. ECCC also works with external stakeholders and partners through existing and new governance bodies and continues to explore technological solutions that foster collaboration. 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 expertise in various areas, such as science and regulations, data management, policy development, and transfer payment programs. Uncertainties endure in attracting, developing, and retaining staff and leaders with appropriate skillsets due in part to a highly competitive and transforming labour market and to challenges with the internal processes and enabling frameworks related to people management. This is compounded by ECCC's expanding workloads and extensive departmental changes that contribute to increased change fatigue, and undermine employee well-being, productivity, and commitment. To attract and retain a qualified workforce, ECCC continues to maintain flexibility in providing internal human resources services, to perform sound human resources planning, and to support the health and wellness of employees.

There is also a growing gap between the digital and technological tools needed to enable the Department's mandate and the quality and resilience of its current digital and technological infrastructure. This is due to challenges in aligning departmental operations with bold government-wide digital visions, and to a variety of factors contributing to infrastructure erosion, rust-out and reduced resiliency, including a rapidly changing environment and a changing profile of climate risk. Canada also faces persistent and increasingly sophisticated malicious cyber campaigns that threaten the public sector.

To address these risks, ECCC undertakes technological and digital investment planning to proactively identify deficits and determine priorities and funding needs in these areas. It also continues to monitor, analyze and adapt cyber security measures.

The Department's ability to sustain its programming and commitments is also closely linked to the condition of its physical infrastructure. This infrastructure requires maintenance and ongoing investment to prevent rust-out and ensure functionality in the face of changing and increasingly complex needs. This is especially true given the increasing frequency of extreme weather-related events, such as catastrophic floods, droughts, and wildfires that can threaten ECCC's critical infrastructure and lead to increased costs for maintenance, operation or replacement. The Department helps protect its assets and avoid service disruptions through rigorous capital investment planning, infrastructure life-cycle management, and business continuity planning. It also continues to assess climate risks to ECCC's critical and high-value assets, and to implement its Departmental Climate Change Adaptation Plan.

The Department's ability to maintain effective internal governance and make decisions necessary to fulfill its mandate is also closely linked to its ability to efficiently access, manage, analyze, and share increasingly large and complex amounts of data. To address uncertainties in this area, ECCC continues to invest in information management systems, infrastructure, tools, and personnel to support the appropriate management of information and seamless data mining, inter-operability, and sharing. At the same time, ECCC sustains strong lines of communication and is actively engaged in expanding partnerships and external collaboration to leverage existing sources of scientific data for the collective advancement of critical environmental efforts.

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 or in close proximity to the first quarter:

- In January 2024, Diane Campbell retired as Assistant Deputy Minister of the Meteorological Service of Canada;
- In January 2024, Cécile Siewe was appointed Assistant Deputy Minister of the Meteorological Service of Canada;
- In June 2024, Lawrence Hanson left his position as Associate Deputy Minister.

Approved by:

(the original version was signed by)

(the original version was signed by)

Jean-François Tremblay

Deputy Minister
Gatineau, Canada

Date: August 27, 2024

Linda Drainville

Chief Financial Officer
Gatineau, Canada

Date: August 21, 2024

Statement of Authorities (unaudited) – Table 1

Fiscal year 2024-25 (in thousands of dollars)

	Total available for use for the year ending March 31, 2025*	Used during the quarter ended June 30, 2024	Year-to-date used at quarter end
Vote 1 – Net Operating Expenditures	1,164,015	268,424	268,424
Vote 5 – Capital Expenditures	92,163	6,792	6,792
Vote 10 – Grants and Contributions	1,382,418	617,607	617,607
Budgetary Statutory – Employee Benefit Plans	122,274	30,568	30,568
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	99	25	25
Budgetary Statutory – Distribution of Fuel and Excess Emission Charges	-	-	-
Budgetary Statutory – Refund of previous years revenue	-	365	365
Total Budgetary Authorities	2,760,969	923,781	923,781
Non-Budgetary Authorities	-	-	-
Total Authorities	2,760,969	923,781	923,781

* The funding available for use includes the 2024-25 Main Estimates.

Statement of Authorities (unaudited) – Table 2

Fiscal year 2023-24 (in thousands of dollars)

	Total available for use for the year ending March 31, 2024*	Used during the quarter ended June 30, 2023	Year-to-date used at quarter end
Vote 1 – Net Operating Expenditures	998,976	218,964	218,964
Vote 5 – Capital Expenditures	100,903	7,396	7,396
Vote 10 – Grants and Contributions	1,234,197	40,696	40,696
Budgetary Statutory – Employee Benefit Plans	111,909	27,977	27,977
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	93	24	24
Budgetary Statutory – Distribution of Fuel and Excess Emission Charges	-	1,457	1,457
Budgetary Statutory – Refund of previous years revenue	-	1,199	1,199
Total Budgetary Authorities	2,446,078	297,711	297,711
Non-Budgetary Authorities	-	-	-
Total Authorities	2,446,078	297,711	297,711

* The funding available for use includes the 2023-24 Main Estimates.

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

Fiscal year 2024-25 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2025*	Expended during the quarter ended June 30, 2024	Year-to-date used at quarter end
Expenditures:			
Personnel	1,008,420	268,168	268,168
Transportation and communications	34,362	6,398	6,398
Information	13,980	1,257	1,257
Professional and special services	216,239	26,363	26,363
Rentals	50,489	5,674	5,674
Repair and maintenance	19,631	2,295	2,295
Utilities, materials and supplies	50,803	5,868	5,868
Acquisition of land, buildings and works	1,669	213	213
Acquisition of machinery and equipment	51,417	4,174	4,174
Transfer payments	1,382,418	617,608	617,608
Public debt charges	306	-	-
Other subsidies and payments	5,790	(28)	(28)
Total gross budgetary expenditures	2,835,524	937,990	937,990
Less Revenues netted against expenditures:			
Revenues	74,555	14,209	14,209
Total Revenues netted against expenditures:	74,555	14,209	14,209
Total net budgetary expenditures	2,760,969	923,781	923,781

* The planned expenditures are based on funding available for use from the 2024-25 Main Estimates.

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

Fiscal year 2023-24 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2024*	Expended during the quarter ended June 30, 2023	Year-to-date used at quarter end
Expenditures:			
Personnel	848,236	222,063	222,063
Transportation and communications	24,054	6,367	6,367
Information	15,098	872	872
Professional and special services	247,762	24,200	24,200
Rentals	43,922	3,817	3,817
Repair and maintenance	17,890	2,252	2,252
Utilities, materials and supplies	39,669	6,855	6,855
Acquisition of land, buildings and works	2,030	162	162
Acquisition of machinery and equipment	40,806	3,168	3,168
Transfer payments	1,234,197	42,153	42,153
Public debt charges	464	-	-
Other subsidies and payments	6,964	(38)	(38)
Total gross budgetary expenditures	2,521,092	311,871	311,871
Less Revenues netted against expenditures:			
Revenues	75,014	14,160	14,160
Total Revenues netted against expenditures:	75,014	14,160	14,160
Total net budgetary expenditures	2,446,078	297,711	297,711

* The planned expenditures are based on funding available for use from the 2023-24 Main Estimates.