



**Financial Statements of**  
**FISHERIES AND OCEANS CANADA**  
Year ended March 31, 2024

©His Majesty the King in Right of Canada, as represented by the Minister of the Department of Fisheries and Oceans, 2024

**Financial Statements of Fisheries and Oceans Canada, Year ended March 31, 2024**

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## FISHERIES AND OCEANS CANADA

### Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2024, and all information contained in these financial statements rests with the management of Fisheries and Oceans Canada (the “Department”). These financial statements have been prepared by management using the Government of Canada’s accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management’s best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Department’s financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the Departmental Results Report, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the Financial Administration Act and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Department and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the system of internal control over financial reporting for the year ended March 31, 2024, was completed in accordance with the Treasury Board Policy on Financial Management and the results and action plans are summarized in the annex.

## FISHERIES AND OCEANS CANADA

### Statement of Management Responsibility Including Internal Control Over Financial Reporting

The effectiveness and adequacy of the Department's system of internal control are reviewed by the internal audit staff, who conduct periodic audits of different areas of the Department's operations, and by the Departmental Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting, and which recommends the financial statements to the Deputy Minister.

The financial statements of Fisheries and Oceans Canada have not been audited.

Original signed by \_\_\_\_\_

Annette Gibbons

Deputy Minister

Original signed by \_\_\_\_\_

Richard Goodyear

Chief Financial Officer

Ottawa, Canada

September 05, 2024

For the year ended March 31, 2024

**FISHERIES AND OCEANS CANADA**  
**Statement of Financial Position (Unaudited)**  
As at March 31

(in thousands of dollars)	<b>2024</b>	<b>2023</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	\$756,501	\$640,173
Vacation pay and compensatory leave	151,266	135,560
Environmental liabilities and asset retirement obligations (note 5)	807,420	860,804
Deferred revenues (note 7)	6,569	11,591
Lease obligations for tangible capital assets (note 8)	925	1,098
Other liabilities (note 9)	57,719	52,727
Employee future benefits (note 10)	28,788	28,513
Contingent liabilities (note 11)	476,773	351,914
	<b>2,285,961</b>	<b>2,082,380</b>
<b>Liabilities held on behalf of Government</b>		
Deferred revenues (note 7)	(6,569)	(11,591)
	<b>(6,569)</b>	<b>(11,591)</b>
<b>Total net liabilities</b>	<b>2,279,392</b>	<b>2,070,789</b>
<b>Financial Assets</b>		
Due from the Consolidated Revenue Fund	748,558	629,904
Accounts receivable and advances (note 12)	116,050	103,327
Loans receivable (note 13)	45,918	33,411
	<b>910,526</b>	<b>766,642</b>
<b>Financial assets held on behalf of Government</b>		
Accounts receivable and advances (note 12)	(71,217)	(59,593)
Loans receivable (note 13)	(45,918)	(33,411)
	<b>(117,135)</b>	<b>(93,004)</b>
<b>Total net financial assets</b>	<b>793,391</b>	<b>673,638</b>
<b>Departmental net debt</b>	<b>1,486,001</b>	<b>1,397,151</b>
<b>Non-financial assets</b>		
Prepaid expenses (note 15)	3,688	19,466
Inventory (note 16)	102,113	123,422
Tangible capital assets (note 17)	8,626,207	7,667,086
<b>Total non-financial assets</b>	<b>8,732,008</b>	<b>7,809,974</b>
<b>Departmental net financial position (note 18)</b>	<b>\$7,246,007</b>	<b>\$6,412,823</b>

Contractual obligations (note 19)

The accompanying notes form an integral part of these financial statements.

Original signed by \_\_\_\_\_  
Annette Gibbons, Deputy Minister

Original signed by \_\_\_\_\_  
Richard Goodyear, Chief Financial Officer

Ottawa, Canada  
September 05, 2024

## FISHERIES AND OCEANS CANADA

### Statement of Operations and Departmental Net Financial Position (Unaudited)

For the Year Ended March 31, 2024

(in thousands of dollars)	<b>2024 Planned Results</b>	<b>2024 Actual</b>	<b>2023 Actual</b>
<b>Expenses</b>			
Fisheries	\$1,103,213	\$1,362,519	\$1,003,219
Aquatic Ecosystems	338,837	479,040	421,534
Marine Navigation	317,593	364,535	334,692
Marine Operations and Response	924,517	1,098,687	912,239
Internal Services	553,645	616,415	649,055
<b>Total expenses</b>	<b>3,287,805</b>	<b>3,921,196</b>	<b>3,320,739</b>
<b>Revenues (note 6)</b>			
Sales of goods and services	82,559	97,315	89,803
Other revenues	4,785	11,476	8,058
Revenues earned on behalf of Government	(47,333)	(62,674)	(52,148)
<b>Total revenues</b>	<b>40,011</b>	<b>46,117</b>	<b>45,713</b>
<b>Net cost of operations before government funding and transfers</b>	<b>3,247,794</b>	<b>3,875,079</b>	<b>3,275,026</b>
<b>Government funding and transfers</b>			
Net cash provided by Government		4,386,584	3,680,270
Change in due from Consolidated Revenue Fund		118,654	101,425
Services provided without charge by other government departments (note 20)		202,951	165,831
Transfers of assets and liabilities from/(to) other government departments (note 21)		74	132
<b>Net cost of operation after government funding and transfers</b>		<b>(833,184)</b>	<b>(672,632)</b>
Departmental net financial position—Beginning of year		6,412,823	5,740,191
<b>Departmental net financial position—End of year</b>		<b>\$7,246,007</b>	<b>\$6,412,823</b>

Segmented information (note 22)

The accompanying notes form an integral part of these financial statements.

**FISHERIES AND OCEANS CANADA**  
**Statement of Change in Departmental Net Debt (Unaudited)**  
For the Year Ended March 31, 2024

(in thousands of dollars)	<b>2024</b>	<b>2023</b>
<b>Net cost of operations after government funding and transfers</b>	<b>(833,184)</b>	<b>(\$672,632)</b>
<b>Change due to tangible capital assets</b>		
Acquisition of tangible capital assets	1,358,846	982,637
Amortizations of tangible capital assets	(328,404)	(347,255)
Proceeds from disposal of tangible capital assets	(2,065)	(3,266)
Net loss on disposal of tangible capital assets including adjustments	(21,566)	(26,817)
Adjustment to cost of asset retirement obligations	(47,832)	(26,112)
Transfer from/(to) other government departments (note 21)	142	132
<b>Total change due to tangible capital assets</b>	<b>959,121</b>	<b>579,319</b>
Change due to inventory	(21,309)	15,785
Change due to prepaid expenses	(15,778)	(18)
<b>Net (decrease) increase in departmental net debt</b>	<b>88,850</b>	<b>(77,546)</b>
Departmental net debt—Beginning of year	1,397,151	1,474,697
<b>Departmental net debt—End of year</b>	<b>\$1,486,001</b>	<b>\$1,397,151</b>

The accompanying notes form an integral part of these financial statements.

**FISHERIES AND OCEANS CANADA**  
**Statement of Cash Flows (Unaudited)**  
For the Year Ended March 31, 2024

(in thousands of dollars)	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
<b>Net cost of operations before government funding and transfers</b>	<b>\$3,875,079</b>	<b>\$3,275,026</b>
<b>Non-cash items</b>		
Amortization of tangible capital assets	(328,404)	(347,255)
Net loss on disposal of tangible capital assets including adjustments	(21,566)	(26,817)
Services provided without charge by other government departments	(202,951)	(165,831)
Environmental liabilities and asset retirement obligations	4,809	(33,826)
<b>Variations in statement of financial position</b>		
Increase (decrease) in accounts receivable and advances	1,099	(5,015)
Decrease in prepaid expenses	(15,778)	(18)
Increase (decrease) in inventory	(21,309)	15,785
Increase in accounts payable and accrued liabilities	(116,328)	(82,111)
Decrease (increase) in vacation pay and compensatory leave	(15,706)	9,001
Decrease of asset retirement obligations due to settlements	743	-
Decrease (increase) in other liabilities	(4,992)	16,756
Decrease (increase) in employee future benefits	(275)	3,514
Decrease (increase) in contingent liabilities	(124,859)	41,590
Transfer of salary overpayments and emergency salary advances (from)/to other government departments (note 21)	68	-
<b>Cash used in operating activities</b>	<b>3,029,630</b>	<b>2,700,799</b>
<b>Capital investing activities</b>		
Acquisition of tangible capital assets	1,358,846	982,637
Proceeds from disposal of tangible capital assets	(2,065)	(3,266)
<b>Cash used in capital investing activities</b>	<b>1,356,781</b>	<b>979,371</b>
<b>Financing activities</b>		
Lease payment for tangible capital assets	173	100
<b>Cash used in financing activities</b>	<b>173</b>	<b>100</b>
<b>Net cash provided by Government of Canada</b>	<b>\$4,386,584</b>	<b>\$3,680,270</b>

The accompanying notes form an integral part of these financial statements.

# FISHERIES AND OCEANS CANADA

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2024

### 1. Authority and objectives

Fisheries and Oceans Canada was established under the Department of Fisheries and Oceans Act and reports to Parliament through the Minister of Fisheries and Oceans and the Canadian Coast Guard.

The Department's main legislative authorities are:

- the Oceans Act;
- the Fisheries Act;
- the Species at Risk Act;
- the Coastal Fisheries Protection Act; and
- the Canada Shipping Act, 2001.

The Department is currently organized into the following core responsibilities:

- **Fisheries:** Manage Canada's fisheries, Indigenous fisheries programs, aquaculture activities and supports commercial fishing harbours while applying relevant legislation.
- **Aquatic Ecosystems:** Conserve and protect Canada's oceans and other aquatic ecosystems and species from human impact and invasive species.
- **Marine Navigation:** Provide information and services to facilitate navigation in Canadian waters.
- **Marine Operations and Response:** Provide marine response services and operates Canada's civilian maritime fleet.
- **Internal Services** are those groups of related activities and resources that the federal government considers to be services in support of programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct service categories that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
For the Year Ended March 31, 2024

**2. Summary of significant accounting policies**

These financial statements have been prepared using the Department's accounting policies stated below which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

**(a) Parliamentary authorities**

The Department is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the Department does not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the 2023–24 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2023–24 Departmental Plan.

**(b) Net Cash Provided by Government**

The Department operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Department is deposited to the CRF, and all cash disbursements made by the Department are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

**(c) Amounts due from or to the CRF**

Amounts due from or to the CRF are the result of timing differences that occur at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Department is entitled to draw from the CRF without further authorities to discharge its liabilities.

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
For the Year Ended March 31, 2024

**2. Summary of significant accounting policies (continued)**

**(d) Revenues and deferred revenues**

Revenues are comprised of revenues earned from non-tax sources. They include exchange transactions where goods or services are provided for consideration where a performance obligation exists, and non-exchange transactions where no performance obligations exist to provide a good or service. These transactions can be recurring or non-recurring in nature. Recurring transactions are viewed as ongoing, routine activities that form part of the normal course of operations and can be used to indicate if they can be reasonably expected to be earned again in future years.

Deferred revenue consists of amounts received in advance of the delivery of goods and rendering of services that will be recognized as revenue in a subsequent fiscal year as it is earned. Other revenues are recognized in the period the event giving rise to the revenues occurred.

Revenues that are non-re-spendable are not available to discharge the department's liabilities. While the Deputy Minister is expected to maintain accounting control, she has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are earned on behalf of the Government of Canada and are therefore presented as a reduction of the entity's gross revenues. Revenues earned on behalf of Government consist of the sale of services and gains on the sale of assets. These are recognized when earned.

**(e) Expenses**

Transfer payments are recorded as an expense in the year the transfer is authorized and all eligibility criteria have been met by the recipient. Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment. Services provided without charge by other government departments for accommodation, employer contributions to the health and dental insurance plans, legal services and workers' compensation are recorded as operating expenses at their carrying value.

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
For the Year Ended March 31, 2024

**2. Summary of significant accounting policies (continued)**

**(f) Employee future benefits**

**i. Pension benefits:**

Eligible employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government of Canada. The Department's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The Department's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

**ii. Severance benefits:**

The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

**(g) Financial instruments**

A contract establishing a financial instrument creates, at its inception, rights, and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Department recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of accounts and loans receivable, and accounts payable and accrued liabilities.

All financial assets and liabilities are recorded at cost or amortized cost. Any associated transaction costs are added to the carrying value upon initial recognition.

For financial instruments measured at amortized cost, the effective interest method is used to determine interest revenue or expense.

Accounts and loans receivable are initially recorded at cost and where necessary are discounted to reflect their concessionary terms. Concessionary terms of loans include cases where loans are made on a long-term, low interest or interest-free basis. Transfer payments that are unconditionally repayable are recognized as loans receivable. When necessary, an allowance for valuation is recorded to reduce the carrying value of accounts and loans receivable to amounts that approximate their net recoverable value.

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
For the Year Ended March 31, 2024

**(h) Non-financial assets**

The costs of acquiring land, buildings, equipment and other capital properties are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in note 17. All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. Tangible capital assets do not include immovable assets located on reserves as defined in the Indian Act, works of art, museum collection and Crown land to which no acquisition cost is attributable; and, intangible assets.

Inventories are valued at cost and are comprised of spare parts, materials, supplies and fuel held for future program delivery and are not primarily intended for resale. Inventories that no longer have service potential are valued at the lower of cost or net realizable value. Fuel is valued using the moving weighted average cost method.

**(i) Contingent liabilities**

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a provision is accrued and an expense recorded to other expenses. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

**(j) Contingent assets**

Contingent assets are possible assets which may become actual assets when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, the contingent asset is disclosed in the notes to the financial statements.

**(k) Environmental liabilities and asset retirement obligations**

An environmental liability for the remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects the Government's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination. If the likelihood of the Department's responsibility is not determinable, a contingent liability is disclosed in the notes to the financial statements.

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
For the Year Ended March 31, 2024

**2. Summary of significant accounting policies (continued)**

**(k) Environmental liabilities and asset retirement obligations (continued)**

An asset retirement obligation is recognized when all of the following criteria are satisfied: there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past event or transaction giving rise to the retirement liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The costs to retire an asset are normally capitalized and amortized over the asset's estimated remaining useful life. An asset retirement obligation may arise in connection with a tangible capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed. The measurement of the liability is the government's best estimate of the amount required to retire a tangible capital asset.

When the future cash flows required to settle or otherwise extinguish a liability are estimable, predictable and expected to occur over extended future periods, a present value technique is used. The discount rate used reflects the Government's cost of borrowing, associated with the estimated number of years to complete remediation.

The recorded liabilities are adjusted each year, as required, for present value adjustments, inflation, new obligations, changes in management estimates and actual costs incurred.

**(l) Measurement uncertainty**

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are contingent liabilities, environmental liabilities and asset retirement obligations, the liability for employee future benefits and the useful life of tangible capital assets.

Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
For the Year Ended March 31, 2024

**2. Summary of significant accounting policies (continued)**

**(l) Measurement uncertainty (continued)**

Environmental liabilities and asset retirement obligations are subject to measurement uncertainty as discussed in note 5 due to the evolving technologies used in the estimation of the costs for remediation of contaminated sites or asset retirements, the use of discounted present value of future estimated costs, inflation, interest rates and the fact that not all sites have had a complete assessment of the extent and nature of remediation or asset retirement costs. Changes to underlying assumptions, the timing of the expenditures, the technology employed, or the revisions to environmental standards or changes in regulatory requirements could result in significant changes to the environmental liabilities recorded.

**(m) Related party transactions**

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i. Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
- ii. Certain services received on a without charge basis are recorded for departmental financial statement purposes at the carrying amount.

**3. Parliamentary authorities**

The Department receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the Department has different net results of operations for the year on a government funding basis than on an accrual accounting basis.

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
For the Year Ended March 31, 2024

**3. Parliamentary authorities (continued)**

The differences are reconciled in the following tables:

**(a) Reconciliation of net cost of operations to current year authorities used**

(in thousands of dollars)	2024	2023
Net cost of operations before government funding and transfers	<b>\$3,875,079</b>	<b>\$3,275,026</b>
<b>Adjustments for items affecting net cost of operations but not affecting authorities:</b>		
Amortization of tangible capital assets	(328,404)	(347,255)
Net loss on disposal of tangible capital assets including adjustments	(21,566)	(26,817)
Services provided without charge by other government departments	(202,951)	(165,831)
Decrease (increase) in vacation pay and compensatory leave	(15,706)	9,001
Environmental liabilities and asset retirement obligations	4,809	(33,826)
Decrease (increase) in employee future benefits	(275)	3,514
Decrease (increase) in contingent liabilities	(124,859)	41,590
Decrease (increase) in deferred revenue	5,022	(2,590)
Bad debt expense	(1,220)	(2,732)
Refunds of previous years' expenditures	16,630	15,207
Increase in earmarked supplementary fines (note 18)	67	7
Other	5	2,493
<b>Total adjustments for items affecting net cost of operations but not affecting authorities</b>	<b>(688,448)</b>	<b>(507,239)</b>
<b>Adjustments for items not affecting net cost of operations but affecting authorities</b>		
Acquisition of tangible capital assets	1,358,846	982,637
Decrease in lease obligations for tangible capital assets	173	100
Increase (decrease) in inventory	(21,309)	15,785
Salary overpayments	3,562	2,426
Loans issued	13,937	8,111
Decrease in prepaid expenses	(15,778)	(18)
<b>Total adjustments for items not affecting net cost of operations but affecting authorities</b>	<b>1,339,431</b>	<b>1,009,041</b>
<b>Current year authorities used</b>	<b>\$4,546,062</b>	<b>\$3,776,828</b>

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
For the Year Ended March 31, 2024

**3. Parliamentary authorities (continued)**

**(b) Authorities provided and used**

(in thousands of dollars)	<b>2024</b>	<b>2023</b>
<b>Authorities provided</b>		
Vote 1—Operating expenditures	\$2,433,271	\$2,248,101
Vote 5—Capital expenditures	1,709,222	1,471,650
Vote 10—Grants and contributions	775,605	967,405
Statutory amounts	238,656	200,166
<b>Total authorities provided</b>	<b>5,156,754</b>	<b>4,887,322</b>
<b>Less:</b>		
Authorities available for future years	(2,037)	(3,265)
Lapsed authorities:		
Operating	(59,848)	(56,400)
Capital	(364,714)	(485,526)
Grants and Contributions	(184,093)	(565,303)
<b>Current year authorities used</b>	<b>\$4,546,062</b>	<b>\$3,776,828</b>

**4. Accounts payable and accrued liabilities**

The following table presents the details of the Department's accounts payable and accrued liabilities:

(in thousands of dollars)	<b>2024</b>	<b>2023</b>
Accounts payable—Other government departments and agencies	\$80,582	\$55,382
Accounts payable—External parties	312,059	286,062
<b>Total accounts payable</b>	<b>392,641</b>	<b>341,444</b>
Accrued liabilities	363,860	298,729
<b>Total accounts payable and accrued liabilities</b>	<b>\$756,501</b>	<b>\$640,173</b>

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
For the Year Ended March 31, 2024

**5. Environmental liabilities and asset retirement obligations**

Environmental liabilities and asset retirement obligations include:

(in thousands of dollars)	<b>2024</b>	<b>2023</b>
Remediation liability for contaminated sites	\$294,313	\$285,371
Asset retirement obligations	513,107	575,433
<b>Total</b>	<b>807,420</b>	<b>\$860,804</b>

**a) Remediation of contaminated sites**

The Government’s “Federal Approach to Contaminated Sites” sets out a framework for management of contaminated sites using a risk-based approach. Under this approach the Government has inventoried the contaminated sites identified on federal lands, allowing them to be classified, managed and recorded in a consistent manner. This systematic approach aids in identification of the high-risk sites in order to allocate limited resources to those sites which pose the highest risk to human health and the environment.

The Department has identified approximately 1,592 sites (1,836 sites in 2023) where contamination may exist and assessment, remediation and monitoring may be required. Of these, the Department has identified 934 sites (883 sites in 2023) where action is required and for which a gross liability of \$284,348,666 (\$270,666,430 in 2023) has been recorded. This liability estimate has been determined based on site assessments performed by environmental experts.

In addition, a statistical model based upon a projection of the number of sites that will proceed to remediation and upon which current and historical costs are applied is used to estimate the liability for a group of unassessed sites. As a result, there are approximately 120 unassessed sites (178 sites in 2023) where a liability estimate of \$9,964,643 (\$14,704,806 in 2023) has been recorded using this model.

These two estimates combined, totalling \$294,313,310 (\$285,371,236 in 2023), represent management’s best estimate of the costs required to remediate the sites to the current minimum standard for its use prior to contamination, based on information available at the financial statement date.

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
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**5. Environmental liabilities and asset retirement obligations (continued)**

**a) Remediation of contaminated sites (continued)**

For the remaining 538 sites (775 sites in 2023), no liability for remediation has been recognized. Some of these sites are at various stages of testing and evaluation and if remediation is required, liabilities will be reported as soon as a reasonable estimate can be determined. For other sites, the Department does not expect to give up any future economic benefits (there is likely no significant environmental impact or human health threats). These sites will be re-examined and a liability for remediation will be recognized if future economic benefits will be given up.

The following table presents the total estimated amounts of these liabilities by nature and source, the associated expected recoveries and the total undiscounted future expenditures as at March 31, 2024, and March 31, 2023. When the liability estimate is based on a future cash requirement, the amount is adjusted for inflation using a forecast Consumer Price Index (CPI) rate of 2.0% (2.0% in 2023). Inflation is included in the undiscounted amount.

The Government of Canada's cost of borrowing by reference to the actual zero-coupon yield curve for Government of Canada bonds has been used to discount the estimated future expenditures. The March 31, 2024, rates range from 4.59% (4.50% in 2023) for 1-year term to 3.43% (3.01% in 2023) for a 30 or greater year term.

(in thousands of dollars)	2024				2023			
	Total Number of Sites	Number of sites with liability	Estimated Liability	Estimated Total Undiscounted Expenditures	Total Number of Sites	Number of sites with liability	Estimated Liability	Estimated Total Undiscounted Expenditures
Fuel-related practices <sup>(1)</sup>	64	58	\$7,100	\$8,372	73	63	\$6,070	\$6,912
Landfill/Waste Sites <sup>(2)</sup>	4	4	6,393	7,550	4	3	2,799	3,177
Engineered Asset / Air & Land Transportation <sup>(3)</sup>	2	2	69	76	2	2	67	73
Marine Facilities / Aquatic Sites <sup>(4)</sup>	1,456	947	265,915	307,470	1,668	947	261,836	291,136
Office / Commercial / Industrial Operations <sup>(5)</sup>	47	34	11,868	13,807	67	38	13,536	15,287
Other <sup>(6)</sup>	19	9	2,968	3,512	22	8	1,063	1,225
<b>Total</b>	<b>1,592</b>	<b>1,054</b>	<b>\$294,313</b>	<b>\$340,787</b>	<b>1,836</b>	<b>1,061</b>	<b>\$285,371</b>	<b>\$317,810</b>

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
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**5. Environmental liabilities and asset retirement obligations (continued)**

**a) Remediation of contaminated sites (continued)**

1. Contamination primarily associated with fuel storage and handling, e.g., accidental spills related to fuel storage tanks or former fuel handling practices, e.g., petroleum hydrocarbons, polyaromatic hydrocarbons and BTEX (benzene, toluene, ethylbenzene and xylenes).
2. Contamination associated with former landfill/waste site or leaching from materials deposited in the landfill/waste site, e.g., metals, petroleum hydrocarbons, BTEX, other organic contaminants, etc.
3. Contamination associated with the operations of engineered assets such as airports, railways and roads where activities such as fuel storage/handling, waste sites, firefighting training facilities and chemical storage areas resulted in former or accidental contamination, e.g., metals, petroleum hydrocarbons, polyaromatic hydrocarbons, BTEX and other organic contaminants. Sites often have multiple sources of contamination.
4. Contamination associated with the operations of marine assets, e.g., port facilities, harbours, navigation systems, light stations, hydrometric stations, where activities such as fuel storage/handling, use of metal-based paint (e.g., on light stations) resulted in former or accidental contamination, e.g., metals, petroleum hydrocarbons, polyaromatic hydrocarbons and other organic contaminants. Sites often have multiple sources of contamination.
5. Contamination associated with the operations of the office/commercial/industrial facilities where activities such as fuel storage/handling, waste sites and use of metal-based paint resulted in former or accidental contamination, e.g., metals, petroleum hydrocarbons, polyaromatic hydrocarbons, BTEX, etc. Sites often have multiple sources of contamination.
6. Contamination from other sources, e.g., use of pesticides, herbicides, fertilizers at agricultural sites; use of PCBs, firefighting training areas, firing ranges and training facilities, etc.

During the year, 102 sites (105 sites in 2023) were closed or zeroed out as they were either remediated or assessed to confirm that they no longer meet all the criteria required to record a liability for contaminated sites.

The Department's ongoing efforts to assess contaminated sites may result in additional environmental liabilities.

**b) Asset retirement obligations**

The Department has recorded asset retirement obligations for the removal of asbestos and other hazardous materials in buildings, closure and post-closure obligations associated with other works and infrastructure, removal of leasehold improvements, retirement activities linked to machinery and equipment and retirement activities linked to ships, boats, aircraft and other vehicles.

**FISHERIES AND OCEANS CANADA**  
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**5. Environmental liabilities and asset retirement obligations (continued)**

**b) Asset retirement obligations (continued)**

The changes in the asset retirement obligations for the Department during the year are as follows:

(in thousands of dollars)	2024						2023
	Buildings	Works and infrastructure	Leasehold improvements	Machinery and equipment	Ships and boats	Total	Total
<b>Opening balance</b>	<b>\$66,080</b>	<b>\$224,320</b>	<b>\$10,427</b>	<b>\$3,308</b>	<b>\$271,298</b>	<b>\$575,433</b>	<b>\$587,585</b>
Liabilities incurred			11		916	927	10,844
Liabilities settled					(743)	(743)	-
Revisions in estimates	(5,591)	(52,976)	(1,834)	(3,410)	(17,177)	(80,988)	(36,956)
Accretion expense <sup>(1)</sup>	1,946	6,639	326	102	9,465	18,478	13,960
<b>Closing balance</b>	<b>\$62,435</b>	<b>\$177,983</b>	<b>\$8,930</b>	<b>\$—</b>	<b>\$263,759</b>	<b>\$513,107</b>	<b>\$575,433</b>

<sup>(1)</sup> Accretion expense is the increase in the carrying amount of an asset retirement obligation due to the passage of time.

The undiscounted future expenditures, adjusted for inflation, for the planned projects comprising the liability are \$760,075,666 (\$844,724,844 at March 31, 2023).

Key assumptions used in determining the provision are as follows:

	2024	2023
Discount rates	4.59% - 3.43%	4.50% - 3.01%
Discount period and timing of settlement:		
Buildings	1–58years	5–60 years
Works and infrastructure	1–69years	2–70 years
Leasehold improvements	1–53years	2–55 years
Machinery and equipment	N/A	2–40 years
Ships and boats	1–28years	5–35 years
Long-term rate of inflation	2.00%	2.00%

**FISHERIES AND OCEANS CANADA**  
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**6. Revenues**

The Department has the following major types of revenues: Sales of goods and services, other revenues, and revenues earned on behalf of the Government. Sales of goods and services are recorded when they are earned. Other revenues include fines, oil pollution response activities and seizures and forfeitures. These are recorded when they are received.

The following table presents the Department's significant disaggregated revenues:

(in thousands of dollars)	<b>2024</b>	<b>2023</b>
<b>Sales of goods and services</b>		
Rights and privileges (exchange)	\$49,952	\$42,805
Services of a non-regulatory nature (exchange)	46,117	45,713
Sundries (exchange and non-exchange)	1,246	1,285
<b>Total Sales of goods and services</b>	<b>97,315</b>	<b>89,803</b>
<b>Other revenues</b>		
Fines (non-exchange)	7,529	4,346
Sundries (exchange and non-exchange)	3,947	3,712
<b>Total Other revenues</b>	<b>11,476</b>	<b>8,058</b>
<b>Revenues earned on behalf of Government (exchange and non-exchange)</b>	<b>(\$62,674)</b>	<b>(\$52,148)</b>
<b>Total revenues <sup>1</sup></b>	<b>\$46,117</b>	<b>\$45,713</b>

<sup>1</sup> The Department has no significant non-recurring revenues.

**7. Deferred revenues**

Deferred revenue from fishing licences represents the balance at year-end of unearned revenues stemming from fees received prior to services being performed. Revenue is recognized in the period in which these expenditures are incurred or in which the service is performed.

**FISHERIES AND OCEANS CANADA**  
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**7. Deferred revenues (continued)**

Details of the transactions related to this account are as follows:

(in thousands of dollars)	<b>2024</b>	<b>2023</b>
<b>Opening balance</b>	<b>\$11,591</b>	<b>\$9,001</b>
Amounts received	6,569	11,591
Revenue recognized	(11,591)	(9,001)
<b>Gross closing balance</b>	<b>6,569</b>	<b>11,591</b>
Deferred revenues held on behalf of Government	(6,569)	(11,591)
<b>Net closing balance</b>	<b>\$—</b>	<b>\$—</b>

**8. Lease obligations for tangible capital assets**

The Department has entered into agreements to lease tangible capital assets under capital lease with a cost of \$5.2 million and accumulated amortization of \$1.1 million as at March 31, 2024 (\$5.2 million and \$919 thousand respectively as at March 31, 2023). The obligations for the upcoming years include the following:

(in thousands of dollars)	Total future minimum lease payments	Imputed interest (10% to 15%)	<b>2024</b>	<b>2023</b>
Buildings	\$2,583	\$1,658	\$925	\$1,098
<b>Total</b>	<b>\$2,583</b>	<b>\$1,658</b>	<b>\$925</b>	<b>\$1,098</b>

**FISHERIES AND OCEANS CANADA**  
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**9. Other liabilities**

Other liabilities represent deferred revenue funds received by the Department under regulations, cost-sharing agreements or to fund projects. Details of the transactions related to these accounts are as follows:

(in thousands of dollars)	April 1, 2023	Receipts and credits	Payments and charges	March 31, 2024
Research projects deposits	\$12,544	\$10,712	(\$15,043)	<b>\$8,213</b>
Federal/Provincial cost-sharing agreements	36,458	34,558	(25,088)	<b>45,928</b>
Sales of seized assets—Fisheries Act	3,153	1,183	(1,203)	<b>3,133</b>
Contractor security deposits	572	234	(361)	<b>445</b>
<b>Net closing balance</b>	<b>\$52,727</b>	<b>\$46,687</b>	<b>(\$41,695)</b>	<b>\$57,719</b>

**Research projects deposits:** This account was established to record contributions received from organizations and individuals for the advancement of research work.

**Federal/Provincial cost-sharing agreements:** This account was established to record the deposit of funds received from the provinces for cost-shared programs. The funds are disbursed according to agreements.

**Sale of seized assets:** This account was established to record the proceeds of sale of seized items by the Department from a person contravening the Fisheries Act. Funds received are held in the Consolidated Revenue Fund pending final resolution of the case by the Minister of Fisheries, Oceans and the Canadian Coast Guard or the courts.

**Contractor security deposits:** This account was established to record money held to ensure that a contractor's obligations under contracts are carried out, to protect the interests of subcontractors, sub-subcontractors and suppliers, and to protect the crown against loss should a bidder fail to honour a contract.

**FISHERIES AND OCEANS CANADA**  
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**10. Employee future benefits**

**(a) Pension benefits**

The Department's employees participate in the Public Service Pension Plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and the Department contribute to the cost of the Plan. Due to the amendment of the Public Service Superannuation Act following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups—Group 1 relates to existing plan members as of December 31, 2012, and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2023-24 expense amounts to \$138,064,112 (\$127,041,438 in 2022-23). For Group 1 members, the expense represents approximately 1.02 times (1.02 times in 2022-23) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2022-23) the employee contributions.

The Department's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Consolidated Financial Statements of the Government of Canada, as the Plan's sponsor.

**(b) Severance benefits**

Severance benefits provided to the Department's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

**FISHERIES AND OCEANS CANADA**  
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For the Year Ended March 31, 2024

**10. Employee future benefits (continued)**

**(b) Severance benefits (continued)**

The changes in the obligations during the year were as follows:

(in thousands of dollars)	2024	2023
Accrued benefit obligation—Beginning of year	\$28,513	\$32,027
Expense for the year	3,019	476
Benefits paid during the year	(2,744)	(3,990)
<b>Accrued benefit obligation—End of year</b>	<b>\$28,788</b>	<b>\$28,513</b>

**11. Contingent liabilities**

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown.

**Claims and litigation**

Claims have been made against the Department in the normal course of operations. These claims include items with pleading amounts and others for which no amount is specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. The Department has recorded an allowance for claims and litigations where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. Claims and litigations for which the outcome is not determinable and a reasonable estimate can be made by management amount to approximately \$93,485,000 at March 31, 2024 (\$8,625,000 as at March 31, 2023).

Treaty and non-treaty-related negotiation processes are led by Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) with Fisheries and Oceans leading negotiations with respect to fisheries and marine safety issues. These negotiations arise in areas of the country where Aboriginal rights and title have not been resolved by treaty or by other legal means.

There are currently 50 negotiations of all types ongoing across Canada, including Recognition of Indigenous Rights and Self-Determination discussions.

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
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**12. Accounts receivable and advances**

The following table presents details of the Department's accounts receivable and advances balances:

(in thousands of dollars)	2024	2023
Receivables—Other government departments and agencies	\$27,734	\$23,672
Receivables—External parties	97,228	88,593
Accountable advances	642	547
<b>Subtotal</b>	<b>125,604</b>	<b>112,812</b>
Valuation allowance	(9,554)	(9,485)
<b>Gross accounts receivable and advances</b>	<b>116,050</b>	<b>103,327</b>
Accounts receivable held on behalf of Government	(71,217)	(59,593)
<b>Net accounts receivable and advances</b>	<b>\$44,833</b>	<b>\$43,734</b>

The following table provides an aging analysis of accounts receivable from external parties and the associated valuation allowances used to reflect their net recoverable value:

(in thousands of dollars)	2024	2023
Receivables—External parties		
Not past due	\$50,599	\$41,035
Number of days past due		
1 to 30	1,102	32,130
31 to 60	745	531
61 to 90	283	296
91 to 365	1,697	2,369
Over 365	42,802	12,232
<b>Subtotal</b>	<b>97,228</b>	<b>88,593</b>
Less: Valuation allowance	(9,554)	(9,485)
<b>Total</b>	<b>\$87,674</b>	<b>\$79,108</b>

**FISHERIES AND OCEANS CANADA**  
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**13. Loans receivable**

The following table presents details of the Department’s loans receivable balances:

(in thousands of dollars)	2024	2023
Loans receivable	\$47,425	\$33,941
Less: Allowance on loans	(1,507)	(530)
<b>Gross loans receivable</b>	<b>45,918</b>	<b>33,411</b>
Loans receivable held on behalf of Government	(45,918)	(33,411)
<b>Net loans receivable</b>	<b>\$—</b>	<b>\$—</b>

The Department’s loans receivable represent unconditionally repayable contributions which are, in substance, loans aimed at stimulating economic development. These unconditionally repayable contributions are non-interest bearing and have annual repayment terms of 5 to 10 years.

**14. Risk management**

The Department has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

**(a) Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss.

The Department’s maximum exposure to credit risk at March 31, 2024, and March 31, 2023, is the carrying amount of its financial assets.

The Department has determined that there is no significant concentration of credit risk related to accounts receivable from external parties. An analysis of the age of these financial assets and the associated valuation allowances used to reflect these accounts at their net recoverable value is disclosed in note 12.

The Department intentionally takes on counterparty risk related to certain loans receivable with concessionary terms in order to support various policy aims. Valuation allowances are applied accordingly to reflect these accounts at their net recoverable value, as explained in note 13.

**FISHERIES AND OCEANS CANADA**  
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**14. Risk management (continued)**

**(b) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

**i) Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates.

The Department has determined that there is no significant concentration of currency risk related to foreign denominated financial instruments.

**ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Department's loans receivable do not bear interest. Although the fair value of these financial instruments will be affected by changes in market interest rates, there is no impact on the Department's financial statements as these items are measured at cost.

**(c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

As the funding for the Department's financial liabilities is drawn from the Consolidated Revenue Fund, its exposure to liquidity risk is fully mitigated.

**15. Prepaid Expenses**

The following table presents details of the Department's prepaid expenses:

(in thousands of dollars)	2024	2023
National Shipbuilding Procurement Strategy—Offshore		
Oceanographic Science Vessels	\$3,688	\$19,466

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
For the Year Ended March 31, 2024

**16. Inventory**

The following table presents details of the Department’s inventory:

(in thousands of dollars)	2024	2023
Inventory held for future program delivery	<b>\$102,113</b>	<b>\$123,422</b>

The cost of consumed inventory recognized as an expense in the Statement of Operations and Departmental Net Financial Position is \$98,049,939 in 2023-24 (\$85,459,597 in 2022-23).

**17. Tangible capital assets**

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the assets as follows:

<b>Asset Class</b>	
Buildings	10–40 years
Works and infrastructure	5–75 years
Machinery and equipment	3–20 years
Informatics	3–5 years
Other Equipment	5–30 years
Ships and boats	5–40 years
Aircraft	10–25 years
Vehicles	6–20 years
Leased tangible capital assets	Over term of lease or useful life, whichever is shorter
Leasehold improvements	Over the useful life of the improvement or the lease term, whichever is shorter
Assets under construction	Assets under construction are recorded in the applicable asset class in the year they are put into service and are not amortized until they are put into service.

# FISHERIES AND OCEANS CANADA

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2024

### 17. Tangible capital assets (continued)

(in thousands of dollars)

Capital Asset Class	Costs					Accumulated Amortization					Net Book Value	
	Opening Balance	Acquisitions (1)	Adjustments (2)	Disposals and Write-Offs	Closing Balance	Opening Balance	Amortization	Adjustments (2)	Disposals and Write-offs	Closing Balance	2024	2023
Land	\$ 26,687	\$ -	\$ 371	\$ 237	\$ 26,822	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,822	\$ 26,687
Buildings	1,007,118	-	44,286	118	1,051,286	631,697	21,001	(619)	109	651,971	399,315	375,420
Works and Infrastructure	3,520,196	10	188,611	34,758	3,674,061	1,828,826	66,717	-	28,978	1,866,565	1,807,496	1,691,369
Machinery and equipment	107,629	2,511	174	2,681	107,632	63,008	3,870	285	2,517	64,646	42,986	44,621
Informatics (Software + Hardware)	165,081	100	22,826	188	187,818	130,746	15,305	-	188	145,862	41,956	34,335
Other equipment	459,386	11,572	77,774	4,528	544,205	299,904	26,592	113	4,301	322,308	221,897	159,482
Ships and boats	4,541,323	412	121,817	7,509	4,656,043	2,059,385	160,447	(782)	7,506	2,211,543	2,444,500	2,481,938
Aircraft	286,851	40	1,268	-	288,159	75,091	11,551	-	-	86,643	201,516	211,760
Vehicle	110,213	11,413	18,172	3,137	136,660	57,116	9,612	745	3,057	64,416	72,244	53,097
Leasehold improvements	643,501	-	1,942	274	645,168	413,591	13,096	-	238	426,450	218,718	229,910
Work in-progress	2,354,204	1,332,788	(522,828)	19,458	3,144,707	-	-	-	-	-	3,144,707	2,354,204
<b>Subtotal capital assets</b>	<b>13,222,189</b>	<b>1,358,846</b>	<b>(45,587)</b>	<b>72,888</b>	<b>14,462,561</b>	<b>5,559,364</b>	<b>328,191</b>	<b>(258)</b>	<b>46,894</b>	<b>5,840,404</b>	<b>8,622,157</b>	<b>7,662,823</b>
<b>Leased tangible capital assets</b>												
Building	5,182	-	-	-	5,182	919	213	-	-	1,132	4,050	4,263
<b>Subtotal leased tangible capital assets</b>	<b>5,182</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,182</b>	<b>919</b>	<b>213</b>	<b>-</b>	<b>-</b>	<b>1,132</b>	<b>4,050</b>	<b>4,263</b>
<b>Total</b>	<b>\$ 13,227,371</b>	<b>\$ 1,358,846</b>	<b>\$ (45,587)</b>	<b>\$ 72,888</b>	<b>\$ 14,467,743</b>	<b>\$ 5,560,283</b>	<b>\$ 328,404</b>	<b>\$ (258)</b>	<b>\$ 46,894</b>	<b>\$ 5,841,536</b>	<b>\$ 8,626,207</b>	<b>\$ 7,667,086</b>

Differences may be due to rounding.

(1) The acquisition of tangible capital assets included in the work-in-progress category, comprises mainly of projects related to vessels, helicopters and small craft harbour.

(2) Adjustments include work in progress of \$523,073,776 that were transferred to other categories upon completion of the assets.

**FISHERIES AND OCEANS CANADA**  
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**18. Departmental net financial position**

A portion of the Department's net financial position is used for a specific purpose. Related revenues and expenses are included in the Statement of Operations and Departmental Net Financial Position.

The Supplementary Fines—Fisheries Act Account was established pursuant to the Fisheries Act and related regulations to record fines and penalties levied by courts under the Act. The balance in the account is to be used for remedial or preventive action to fish habitat as well as the promotion of proper management, control, conservation, and protection of fisheries or fish habitat.

The Supplementary Fines—Species at Risk Account was established pursuant to the Species at Risk Act and related regulations to record fines and penalties levied by courts under the Act. The balance in the account is to be used for the purpose of conducting research into the protection of the wildlife species in respect of which the offence was committed.

Activity in the aforementioned accounts is as follows:

(in thousands of dollars)	2024	2023
Restricted—Supplementary Fines		
Fisheries Act:		
Balance—Beginning of year	\$2,354	\$2,347
Revenues	78	19
Expenses	(11)	(12)
<b>Balance—End of year</b>	<b>2,421</b>	<b>2,354</b>
Species at Risk Act:		
Balance—Beginning of year	35	35
Revenues	-	-
Expenses	-	-
<b>Balance—End of year</b>	<b>35</b>	<b>35</b>
<b>Total balance—End of year—Restricted</b>	<b>2,456</b>	<b>2,389</b>
Unrestricted—End of year	7,243,551	6,410,434
<b>Departmental net financial position—End of year</b>	<b>\$7,246,007</b>	<b>\$6,412,823</b>

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
For the Year Ended March 31, 2024

**19. Contractual obligations**

The nature of the Department’s activities can result in some large multi-year contracts and obligations whereby the Department will be obligated to make future payments in order to carry out its programs.

Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2025	2026	2027	2028	2029 and subsequent	Total
Capital Assets	\$727,545	\$529,866	\$255,611	\$99,819	\$7,090	\$1,619,931
Purchases	51,341	19,500	19,500	19,500	117,000	226,841
Transfer payments	9,900	9,900	9,900	-	-	29,700
<b>Total</b>	<b>\$788,786</b>	<b>\$559,266</b>	<b>\$285,011</b>	<b>\$119,319</b>	<b>\$124,090</b>	<b>\$1,876,472</b>

**20. Related party transactions**

Fisheries and Oceans Canada is related as a result of common ownership to all government departments, agencies, and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual. The Department enters into transactions with these entities in the normal course of business and on normal trade terms.

**a) Common services provided without charge by other government departments**

During the year, Fisheries and Oceans Canada received services without charge from certain common service organizations, related to accommodation, legal services, the employer’s contribution to the health and dental insurance plans and workers’ compensation coverage. These services provided without charge have been recorded at the carrying value in Fisheries and Oceans Canada’s Statement of Operations and Departmental Net Financial Position as follows:

(in thousands of dollars)	2024	2023
Employer’s contribution to the health and dental insurance plans	\$139,357	\$111,905
Accommodation	58,683	48,667
Legal services	4,148	4,601
Worker’s compensation	763	658
<b>Total</b>	<b>\$202,951</b>	<b>\$165,831</b>

**FISHERIES AND OCEANS CANADA**  
**Notes to the Financial Statements (Unaudited)**  
For the Year Ended March 31, 2024

**20. Related party transactions (continued)**

**a) Common services provided without charge by other government departments (continued)**

The Government has centralized some of its administrative activities for efficiency, cost effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada and audit services provided by the Office of the Auditor General are not included in Fisheries and Oceans Canada's Statement of Operations and Departmental Net Financial Position.

**(b) Other transactions with other government departments and agencies**

(in thousands of dollars)	2024	2023
Expenses	\$598,518	\$558,953
Revenues	13	155

Expenses and revenues disclosed in b) exclude common services provided without charges, which are already disclosed in a).

**21. Transfers of assets and liabilities from/(to) other government departments**

During the year, the Department transferred tangible capital assets with Public Health Agency of Canada, Transportation Safety Board of Canada and Environment and Climate Change Canada with a net effect of \$142 thousand (\$132 thousand in 2022-23) increase in the departmental net financial position affecting categories under machinery and equipment and ships and boats. The Department also transferred salary overpayments and emergency salary advances with a net effect of \$68 thousand (\$0 in 2022-23) decrease in the departmental net financial position.

(in thousands of dollars)	2024	2023
Tangible capital assets (note 17)	\$142	\$132
Salary overpayments and emergency salary advances	(68)	-
<b>Net impact on departmental net financial position</b>	<b>\$74</b>	<b>\$132</b>

# FISHERIES AND OCEANS CANADA

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2024

### 22. Segmented information

Presentation by segment is based on the Department's core responsibilities. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main core responsibilities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in thousands of dollars)	Fisheries	Aquatic Ecosystem	Marine Navigation	Marine Operations and Response	Internal Services	2024	2023
<b>Transfer Payments</b>							
First Nations and Inuit people	\$56,452	\$17,695	\$364	\$15,351	\$—	\$89,862	\$35,239
Non-profit organizations	68,376	75,906	-	10,005	500	154,787	140,431
Individuals	222,916	44,977	41	-	-	267,934	188,491
Other countries and international organizations	1,962	23	-	-	-	1,985	892
Industry	50,460	-	-	-	-	50,460	27,704
<b>Total transfer payments</b>	<b>400,166</b>	<b>138,601</b>	<b>405</b>	<b>25,356</b>	<b>500</b>	<b>565,028</b>	<b>392,757</b>
<b>Operating Expenses</b>							
Salaries and employee benefits	491,119	257,292	212,809	613,267	322,660	1,897,147	1,543,208
Professional and special services	131,299	33,415	37,815	92,314	113,018	407,861	412,817
Amortization of tangible capital assets	74,665	6,829	28,816	153,990	64,104	328,404	347,255
Repair and maintenance	60,881	2,003	6,229	66,817	26,433	162,363	146,510
Utilities, material, supplies and fuel	29,776	11,696	44,993	74,130	9,749	170,344	166,545
Travel, relocation and freight	15,052	9,407	9,173	31,594	5,549	70,775	79,932
Machinery and equipment	13,328	10,528	12,192	14,993	11,625	62,666	73,612
Rental	20,432	7,580	10,006	20,674	19,348	78,040	60,852

# FISHERIES AND OCEANS CANADA

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2024

### 22. Segmented information (continued)

(in thousands of dollars)	Fisheries	Aquatic Ecosystem	Marine Navigation	Marine Operations and Response	Internal Services	<b>2024</b>	<b>2023</b>
Telecommunication	2,459	237	1,395	1,164	13,655	18,910	16,022
Information services	4,380	2,071	548	1,497	2,301	10,797	10,270
Payments in lieu of taxes paid to municipalities	-	-	-	-	12,732	12,732	11,982
Contingent liabilities	109,833	-	4	23	15,178	125,038	(40,346)
Environmental liabilities and asset retirement obligations	-	-	-	-	(4,809)	(4,809)	33,826
Other	9,129	(619)	150	2,868	4,372	15,900	65,497
<b>Total operating expenses</b>	<b>962,353</b>	<b>340,439</b>	<b>364,130</b>	<b>1,073,331</b>	<b>615,915</b>	<b>3,356,168</b>	<b>2,927,982</b>
<b>Total expenses</b>	<b>\$1,362,519</b>	<b>\$479,040</b>	<b>\$364,535</b>	<b>\$1,098,687</b>	<b>\$616,415</b>	<b>\$3,921,196</b>	<b>\$3,320,739</b>
<b>Revenues</b>							
Sales of goods and services	\$47,355	\$146	\$49,568	\$163	\$83	97,315	\$89,803
Other revenues	8,451	45	1,421	1,859	(300)	11,476	8,058
Revenues earned on behalf of Government	(55,806)	(191)	(4,872)	(2,022)	217	(62,674)	(52,148)
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>46,117</b>	<b>-</b>	<b>-</b>	<b>46,117</b>	<b>45,713</b>
<b>Net cost of operations before government funding and transfers</b>	<b>\$1,362,519</b>	<b>\$479,040</b>	<b>\$318,418</b>	<b>\$1,098,687</b>	<b>\$616,415</b>	<b>\$3,875,079</b>	<b>\$3,275,026</b>

**FISHERIES AND OCEANS CANADA**

**ANNEX TO THE STATEMENT OF MANAGEMENT  
RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER  
FINANCIAL REPORTING OF FISHERIES AND OCEANS  
CANADA FOR FISCAL YEAR 2023–24 (UNAUDITED)**

# **FISHERIES AND OCEANS CANADA**

## **Annex to the Statement of Management Responsibility (Unaudited)**

For the Year Ended March 31, 2024

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# FISHERIES AND OCEANS CANADA

## Annex to the Statement of Management Responsibility (Unaudited)

For the Year Ended March 31, 2024

### 1. Introduction

This document provides summary information on the measures taken by Fisheries and Oceans Canada to maintain an effective system of internal control over financial reporting, as well as information on internal control management, assessment results and related action plans.

Detailed information on the department's authority, mandate and core responsibilities can be found in the Departmental Plan for the 2023-24 fiscal year ([2023-24 Departmental Plan](#)) and the Departmental Results Report for the 2022-23 fiscal year ([2022-23 Departmental Results Report](#)).

### 2. Departmental System of Internal Control over Financial Reporting

#### 2.1 Internal Control Management

Fisheries and Oceans Canada has a well-established governance and accountability structure to support departmental assessment efforts and oversight of its overall system of internal control. A departmental internal control management framework is in place and comprises:

- organizational accountability structures as they relate to internal control management to support sound financial management, including the roles and responsibilities of senior departmental managers for control management in their areas of responsibility;
- values and ethics;
- ongoing communication and training on the legislative and policy requirements for sound financial management and control; and,
- monitoring and regular updates on internal control management, as well as provision of related assessment results and action plans to the Deputy Minister and departmental senior management and, as applicable, the Departmental Audit Committee.

The Departmental Audit Committee is an independent advisory committee to the Deputy Minister. It is responsible to provide advice to the Deputy Minister on the adequacy and functioning of the Department's risk management, control and governance frameworks and processes.

# FISHERIES AND OCEANS CANADA

## Annex to the Statement of Management Responsibility (Unaudited)

For the Year Ended March 31, 2024

### 2.2 Service Arrangements Relevant to Financial Statements

Fisheries and Oceans Canada relies on other departments for processing certain transactions that are recorded in its financial statements, as follows.

#### Common Service Arrangements

- Public Services and Procurement Canada centrally administers the payroll and the procurement of goods and services in accordance with the Fisheries and Oceans Canada Delegation of Authority, and provides accommodation services;
- The Treasury Board Secretariat provides Fisheries and Oceans Canada with information used to calculate various accruals and allowances, such as the accrued severance liability.
- The Department of Justice Canada provides legal services to Fisheries and Oceans Canada; and,
- Shared Services Canada provides information technology (IT) infrastructure services to Fisheries and Oceans Canada in the areas of data centre and network services. The scope and responsibilities are addressed in the interdepartmental arrangement between Shared Services Canada and Fisheries and Oceans Canada.

Readers of this annex may refer to the annexes of the above-noted departments for a greater understanding of the systems of internal control over financial reporting related to these specific services.

Fisheries and Oceans Canada relies on other external service providers and departments for the processing of certain information or transactions that are recorded in its financial statements, as follows.

#### Specific Arrangements:

- External service providers, pursuant to a contract with the Government of Canada, administer the invoicing of marine navigation services fees revenues for the east coast on behalf of the Canadian Coast Guard Marine Navigation program for foreign vessels. The service providers ensure that appropriate fees are invoiced. The external service providers have the authority and responsibility to ensure that billing of the eastern region's marine navigation services fees for foreign vessels are made in accordance with the terms and conditions set out by the Canadian Coast Guard Marine Navigation

# FISHERIES AND OCEANS CANADA

## Annex to the Statement of Management Responsibility (Unaudited)

For the Year Ended March 31, 2024

program. As a result, reliance was placed on the control procedures of these external service providers;

- Public Services and Procurement Canada provides Fisheries and Oceans Canada billing, banking, electronic funds processing and similar payment services for a significant portion of the revenues from commercial fishing licences and marine services fees via the Receiver General Buy Button (RBBB);
- Public Services and Procurement Canada provides Fisheries and Oceans Canada with platform access to its human resources management system of record (MyGCHR); and,
- Treasury Board Secretariat provides Fisheries and Oceans Canada a Platform as a Service in order for the Department to operate the SAP S/4HANA financial system to capture and report all financial transactions.

### 3. Departmental Assessment Results for the 2023 to 2024 Fiscal Year

The following table summarizes the status of the ongoing monitoring activities according to the previous fiscal year’s rotational plan.

#### Progress During the 2023 to 2024 Fiscal Year

Previous fiscal year’s rotational ongoing monitoring plan for the current fiscal year	Status
Entity-Level Controls	Review was completed. Remedial actions are progressing as planned, there are no high-risk items.
Tangible Capital Assets	Review was completed. Remedial actions are progressing as planned, there are no high-risk items.
Financial Close (including Contingent Liabilities)	Review was completed. Remedial actions are progressing as planned, there are no high-risk items.
Marine Services Fees Revenues	Review was completed. Remedial actions are progressing as planned, there are no high-risk items.

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For the Year Ended March 31, 2024

Environmental Liabilities	Review was completed. Remedial actions are progressing as planned, there are no high-risk items.
Delegation of Authority	Review was completed. Remedial actions are progressing as planned, there are no high-risk items.
Grants and Contributions	Review was completed. Remedial actions are progressing as planned, there are no high-risk items.
IT General Controls	Review was completed. Remedial actions are progressing as planned and includes a high-risk item pertaining to system access and segregation of duties.
Pay Administration	Review was completed. Remedial actions are progressing as planned, there are no high-risk items.

The key findings and significant adjustments required from the current year's assessment activities are summarized below.

#### **New or significantly amended key controls:**

Since the implementation of SAP S/4HANA on April 1, 2021, all key financial business processes have been documented and assessed. Accordingly, the Department has reached the Ongoing Monitoring stage for all business processes. Additionally, the department has developed additional procurement controls, implemented the standard on revenue reporting (PS 3400), and documented the Asset Retirement Obligation business process.

#### **Ongoing monitoring program:**

As part of its ongoing monitoring plan, the Department completed its reassessment of the financial controls within the following business processes: entity-level controls, tangible capital assets; financial close including contingent liabilities; marine services fees revenues; environmental liabilities; delegation of authority; grants and contributions; IT general controls; and pay administration.

For the most part, the key controls that were tested in all business processes performed as intended. For the controls that require remediation, a management action plan addressing the

# FISHERIES AND OCEANS CANADA

## Annex to the Statement of Management Responsibility (Unaudited)

For the Year Ended March 31, 2024

recommendations was developed by the process owners and the remediation plans are underway.

Fisheries and Oceans Canada completed a departmental risk assessment in fiscal year 2023-24 using an environmental scan and the results of the risk assessment were used to update the Department's risk-based ongoing monitoring plan for the next five fiscal years (refer to section 4).

### 4. Departmental Action Plan for the Next Fiscal Year and Subsequent Fiscal Years

Fisheries and Oceans Canada's rotational ongoing monitoring plan over the next five fiscal years is shown in the following table. The ongoing monitoring plan is based on:

- an annual validation of the high-risk processes and controls; and,
- related adjustments to the ongoing monitoring plan, as required.

#### Rotational Ongoing Monitoring Plan

Key Control Areas	Future Ongoing Monitoring Plan				
	2024–2025	2025–2026	2026–2027	2027–2028	2028–2029
Entity-Level Controls	No	No	No	No	Yes
Tangible Capital Assets (incl. ARO)	Yes	Yes	Yes	Yes	Yes
Financial Close (incl. Contingent Liabilities)	No	Yes	No	No	Yes
Revenues					
-Marine Services Fees	No	No	Yes	No	No
-Fisheries Licensing	No	No	Yes	No	No
Procure-to-Pay	Yes	No	No	Yes	No
Inventory	Yes	Yes	Yes	Yes	Yes
Environmental Liabilities	No	No	No	Yes	No
Delegation of Authority	Yes	Yes	Yes	Yes	Yes
Grants and Contributions	Yes	Yes	No	No	Yes
Information Technology General Controls	Yes	Yes	Yes	Yes	Yes
Planning and Budgeting	No	Yes	No	No	No
Forecasting	No	No	Yes	No	No
CFO Attestation	Yes	No	No	Yes	No

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Costing	Yes	No	No	Yes	No
Investment Planning	No	No	Yes	No	No
Pay Administration	No	Yes	No	No	Yes