



Financial Statements of
FISHERIES AND OCEANS CANADA
Year ended March 31, 2025

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Financial Statements of Fisheries and Oceans Canada, Year ended March 31, 2025

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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, 2025, 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, 2025, 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

Ottawa, Canada
September 17, 2025

Original signed by

Richard Goodyear
Chief Financial Officer

Year ended March 31, 2025

FISHERIES AND OCEANS CANADA
Statement of financial position (Unaudited)
As at March 31, 2025

(in thousands of dollars)	2025	2024
Liabilities		
Accounts payable and accrued liabilities (note 4)	\$750,473	\$756,501
Vacation pay and compensatory leave	147,374	151,266
Environmental liabilities and asset retirement obligations (note 5)	739,564	807,420
Deferred revenues (note 7)	4,957	6,569
Lease obligations for tangible capital assets (note 8)	-	925
Other liabilities (note 9)	45,306	57,719
Employee future benefits (note 10)	29,405	28,788
Contingent liabilities (note 11)	509,859	476,773
	2,226,938	2,285,961
Liabilities held on behalf of Government		
Deferred revenues (note 7)	(4,957)	(6,569)
	(4,957)	(6,569)
Total net liabilities	2,221,981	2,279,392
Financial Assets		
Due from the Consolidated Revenue Fund	746,368	748,558
Accounts receivable and advances (note 12)	128,735	116,050
Loans receivable (note 13)	48,090	45,918
	923,193	910,526
Financial assets held on behalf of Government		
Accounts receivable and advances (note 12)	(81,484)	(71,217)
Loans receivable (note 13)	(48,090)	(45,918)
	(129,574)	(117,135)
Total net financial assets	793,619	793,391
Departmental net debt	1,428,362	1,486,001
Non-financial assets		
Prepaid expenses (note 15)	228,000	3,688
Inventory (note 16)	110,932	102,113
Tangible capital assets (note 17)	9,827,198	8,626,207
Total non-financial assets	10,166,130	8,732,008
Departmental net financial position (note 18)	\$8,737,768	\$7,246,007

Contractual obligations (note 19)

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

Original signed by

Annette Gibbons

Deputy Minister

Ottawa, Canada

September 17, 2025

Original signed by

Richard Goodyear

Chief Financial Officer

FISHERIES AND OCEANS CANADA

Statement of operations and departmental net financial position (Unaudited)

For the year ended March 31, 2025

(in thousands of dollars)	2025 Planned Results	2025 Actual	2024 Actual
Expenses			
Fisheries	\$1,066,328	\$1,118,786	\$1,362,519
Aquatic Ecosystems	478,628	671,154	479,040
Marine Navigation	341,791	359,071	364,535
Marine Operations and Response	888,711	1,122,113	1,098,687
Internal Services	642,933	682,187	616,415
Total expenses	3,418,391	3,953,311	3,921,196
Revenues (note 6)			
Sales of goods and services	83,391	92,734	97,315
Other revenues	4,816	10,404	11,476
Revenues earned on behalf of Government	(48,196)	(57,228)	(62,674)
Total revenues	40,011	45,910	46,117
Net cost of operations before government funding and transfers	3,378,380	3,907,401	3,875,079
Government funding and transfers			
Net cash provided by Government		5,209,893	4,386,584
Change in due from Consolidated Revenue Fund		(2,190)	118,654
Services provided without charge by other government departments (note 20)		192,341	202,951
Transfers of assets and liabilities from/(to) other government departments (note 21)		(882)	74
Net cost of operation after government funding and transfers		(1,491,761)	(833,184)
Departmental net financial position—Beginning of year		\$7,246,007	6,412,823
Departmental net financial position—End of year		\$8,737,768	\$7,246,007

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, 2025

(in thousands of dollars)	2025	2024
Net cost of operations after government funding and transfers	(\$1,491,761)	(\$833,184)
Change due to tangible capital assets		
Acquisition of tangible capital assets	1,696,998	1,358,846
Amortizations of tangible capital assets	(350,675)	(328,404)
Proceeds from disposal of tangible capital assets	(2,725)	(2,065)
Net loss on disposal of tangible capital assets including adjustments	(74,608)	(21,566)
Adjustment to cost of asset retirement obligations	(67,385)	(47,832)
Transfer from/(to) other government departments (note 21)	(614)	142
Total change due to tangible capital assets	1,200,991	959,121
Change due to inventory	8,819	(21,309)
Change due to prepaid expenses	224,312	(15,778)
Net (decrease) increase in departmental net debt	(57,639)	88,850
Departmental net debt—Beginning of year	1,486,001	1,397,151
Departmental net debt—End of year	\$1,428,362	\$1,486,001

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, 2025

(in thousands of dollars)	2025	2024
Operating activities		
Net cost of operations before government funding and transfers	\$3,907,401	\$3,875,079
Non-cash items		
Amortization of tangible capital assets	(350,675)	(328,404)
Net loss on disposal of tangible capital assets including adjustments	(74,608)	(21,566)
Services provided without charge by other government departments	(192,341)	(202,951)
Environmental liabilities and asset retirement obligations	(2,312)	4,809
Variations in statement of financial position		
Increase in accounts receivable and advances	2,418	1,099
Increase (decrease) in prepaid expenses	224,312	(15,778)
Increase (decrease) in inventory	8,819	(21,309)
Decrease (increase) in accounts payable and accrued liabilities	6,028	(116,328)
Decrease (increase) in vacation pay and compensatory leave	3,892	(15,706)
Decrease of asset retirement obligations due to settlements	2,783	743
Decrease (increase) in other liabilities	12,413	(4,992)
Increase in employee future benefits	(617)	(275)
Increase in contingent liabilities	(33,086)	(124,859)
Transfer of salary overpayments and emergency salary advances (from)/to other government departments (note 21)	268	68
Cash used in operating activities	3,514,695	3,029,630
Capital investing activities		
Acquisition of tangible capital assets	1,696,998	1,358,846
Proceeds from disposal of tangible capital assets	(2,725)	(2,065)
Cash used in capital investing activities	1,694,273	1,356,781
Financing activities		
Lease payment for tangible capital assets	925	173
Cash used in financing activities	925	173
Net cash provided by Government of Canada	\$5,209,893	\$4,386,584

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, 2025

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.

The Department's main legislative authorities are:

- *the Oceans Act*
- *the Fisheries Act*
- *the Species at Risk Act*
- *the Coastal Fisheries Protection Act*
- *the Canada Shipping Act, 2001*
- *the Fishing and Recreational Harbours Act*

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, 2025

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 2024-25 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 2024-25 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, 2025

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 revenues consist 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-respendable 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, 2025

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, 2025

(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, 2025

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, 2025

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, 2025

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)	2025	2024
Net cost of operations before government funding and transfers	\$3,907,401	\$3,875,079
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(350,675)	(328,404)
Net loss on disposal of tangible capital assets including adjustments	(74,608)	(21,566)
Services provided without charge by other government departments	(192,341)	(202,951)
Decrease (increase) in vacation pay and compensatory leave	3,892	(15,706)
Environmental liabilities and asset retirement obligations	(2,312)	4,809
Increase in employee future benefits	(617)	(275)
Increase in contingent liabilities	(33,086)	(124,859)
Decrease in deferred revenues	1,612	5,022
Bad debt expense	(10,348)	(1,220)
Refunds of previous years' expenditures	16,291	16,630
Increase in earmarked supplementary fines (note 18)	8	67
Other	854	5
Total adjustments for items affecting net cost of operations but not affecting authorities	(641,330)	(688,448)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	1,696,998	1,358,846
Decrease in lease obligations for tangible capital assets	925	173
Increase (decrease) in inventory	8,819	(21,309)
Salary overpayments	3,270	3,562
Loans issued	14,636	13,937
Increase (decrease) in prepaid expenses	224,312	(15,778)
Total adjustments for items not affecting net cost of operations but affecting authorities	1,948,960	1,339,431
Current year authorities used	\$5,215,031	\$4,546,062

FISHERIES AND OCEANS CANADA
Notes to the financial statements (Unaudited)
For the year ended March 31, 2025

3. Parliamentary authorities (continued)

(b) Authorities provided and used

(in thousands of dollars)	2025	2024
Authorities provided		
Vote 1—Operating expenditures	\$2,375,579	\$2,433,271
Vote 5—Capital expenditures	2,099,012	1,709,222
Vote 10—Grants and contributions	820,617	775,605
Statutory amounts	227,078	238,656
Total authorities provided	5,522,286	5,156,754
Less:		
Authorities available for future years	(2,132)	(2,037)
Lapsed authorities:		
Operating	(69,709)	(59,848)
Capital	(175,864)	(364,714)
Grants and Contributions	(59,550)	(184,093)
Current year authorities used	\$5,215,031	\$4,546,062

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)	2025	2024
Accounts payable—Other government departments and agencies	\$60,896	\$80,582
Accounts payable—External parties	257,444	312,059
Total accounts payable	318,340	392,641
Accrued liabilities	432,133	363,860
Total accounts payable and accrued liabilities	\$750,473	\$756,501

FISHERIES AND OCEANS CANADA
Notes to the financial statements (Unaudited)
 For the year ended March 31, 2025

5. Environmental liabilities and asset retirement obligations

Environmental liabilities and asset retirement obligations include:

(in thousands of dollars)	2025	2024
Remediation liability for contaminated sites	\$307,526	\$294,313
Asset retirement obligations	432,038	513,107
Total	\$739,564	\$807,420

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 the 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 1,410 sites (1,592 sites in 2024) where contamination may exist and assessment, remediation and monitoring may be required. Of these, the Department has identified 877 sites (934 sites in 2024) where action is required and for which a gross liability of \$298,660,528 (\$284,348,666 in 2024) 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 106 unassessed sites (120 sites in 2024) where a liability estimate of \$8,865,797 (\$9,964,643 in 2024) has been recorded using this model.

These two estimates combined, totalling \$307,526,325 (\$294,313,310 in 2024), 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)
For the year ended March 31, 2025

5. Environmental liabilities and asset retirement obligations (continued)

a) Remediation of contaminated sites (continued)

For the remaining 427 sites (538 sites in 2024), 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, 2025, and March 31, 2024. 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 2024). 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, 2025, rates range from 2.44% for a 2-year term (4.59% in 2024 for 1-year term) to 3.27% (3.43% in 2024) for a 30 or greater year term.

(in thousands of dollars)	2025				2024			
	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 ⁽¹⁾	58	53	\$11,787	\$13,206	64	58	\$7,100	\$8,372
Landfill/Waste Sites ⁽²⁾	4	4	6,839	7,308	4	4	6,393	7,550
Engineered Asset/Air & Land Transportation ⁽³⁾	2	2	72	79	2	2	69	76
Marine Facilities/Aquatic Sites ⁽⁴⁾	1,289	883	271,067	297,451	1,456	947	265,915	307,470
Office/Commercial/Industrial Operations ⁽⁵⁾	39	33	14,666	16,384	47	34	11,868	13,807
Other ⁽⁶⁾	18	8	3,095	3,495	19	9	2,968	3,512
Total	1,410	983	\$307,526	\$337,923	1,592	1,054	\$294,313	\$340,787

FISHERIES AND OCEANS CANADA
Notes to the financial statements (Unaudited)
 For the year ended March 31, 2025

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, 112 sites (102 sites in 2024) 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 and retirement activities linked to ships and boats.

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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)	2025					2024
	Buildings	Works and infrastructure	Leasehold improvements	Ships and boats	Total	Total
Opening balance	\$62,435	\$177,983	\$8,930	\$263,759	\$513,107	\$575,433
Liabilities incurred	2,293	-	-	2,069	4,362	927
Liabilities settled	(185)	-	-	(2,715)	(2,900)	(743)
Revisions in estimates	(12,447)	(13,567)	371	(76,337)	(101,980)	(80,988)
Accretion expense ⁽¹⁾	1,831	6,839	325	10,454	19,449	18,478
Closing balance	\$53,927	\$171,255	\$9,626	\$197,230	\$432,038	\$513,107

⁽¹⁾ 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 \$657,030,457 (\$760,075,666 at March 31, 2024).

Key assumptions used in determining the provision are as follows:

	2025	2024
Discount rates	2.44% - 3.27%	3.43% - 4.59%
Discount period and timing of the settlement:		
Buildings	1-50 years	1-58 years
Works and infrastructure	1-68 years	1-69 years
Leasehold improvements	1-52 years	1-53 years
Ships and boats	2-22 years	1-28 years
Long-term rate of inflation	2.00%	2.00%

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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)	2025	2024
Sales of goods and services		
Licenses and permits (exchange)	\$45,689	\$49,952
Marine service fees (exchange)	45,910	46,117
Sundries (exchange and non-exchange)	1,135	1,246
Total Sales of goods and services	92,734	97,315
Other revenues		
Fines (non-exchange)	7,122	7,529
Oil pollution response activities (exchange)	2,127	1,716
Sundries (exchange and non-exchange)	1,155	2,231
Total Other revenues	10,404	11,476
Revenues earned on behalf of Government (exchange and non-exchange)	(57,228)	(62,674)
Total revenues ¹	\$45,910	\$46,117

¹ The Department has no significant non-recurring revenues.

7. Deferred revenues

Deferred revenues from fishing licences represent 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.

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7. Deferred revenues (continued)

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

(in thousands of dollars)	2025	2024
Opening balance	\$6,569	\$11,591
Amounts received	4,957	6,569
Revenues recognized	(6,569)	(11,591)
Gross closing balance	4,957	6,569
Deferred revenues held on behalf of Government	(4,957)	(6,569)
Net closing balance	\$—	\$—

8. Lease obligations for tangible capital assets

In 2025, the Department exercised its purchase option under agreements for tangible capital assets, thereby extinguishing the associated lease obligations for future years.

(in thousands of dollars)	Total future minimum lease payments	Imputed interest	2025	2024
Buildings	\$—	\$—	\$—	\$925
Total	\$—	\$—	\$—	\$925

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, 2024	Receipts and credits	Payments and charges	March 31, 2025
Research projects deposits	\$8,213	\$9,540	(\$9,643)	\$8,110
Federal/Provincial cost-sharing agreements	45,928	21,791	(34,650)	33,069
Sales of seized assets— <i>Fisheries Act</i>	3,133	683	(368)	3,448
Contractor security deposits	445	309	(75)	679
Net closing balance	\$57,719	\$32,323	(\$44,736)	\$45,306

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9. Other liabilities (continued)

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 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 losses should a bidder fail to honour a contract.

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.

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10. Employee future benefits (continued)

(a) Pension benefits (continued)

The 2024-25 expense amounts to \$142,514,230 (\$138,064,112 in 2023-24). For Group 1 members, the expense represents approximately 1.02 times (1.02 times in 2023-24) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2023-24) 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.

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

(in thousands of dollars)	2025	2024
Accrued benefit obligation—Beginning of year	\$28,788	\$28,513
Expense for the year	4,364	3,019
Benefits paid during the year	(3,747)	(2,744)
Accrued benefit obligation—End of year	\$29,405	\$28,788

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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 litigation for which the outcome is not determinable, and a reasonable estimate can be made by management amount to approximately \$86,163,000 at March 31, 2025 (\$93,485,000 as at March 31, 2024).

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 59 cases of all types ongoing across Canada, including Recognition of Indigenous Rights and Self-Determination discussions.

12. Accounts receivable and advances

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

(in thousands of dollars)	2025	2024
Receivables—Other government departments and agencies	\$25,785	\$27,734
Receivables—External parties	112,469	97,228
Accountable advances	586	642
Subtotal	138,840	125,604
Valuation allowance	(10,105)	(9,554)
Gross accounts receivable and advances	128,735	116,050
Accounts receivable held on behalf of Government	(81,484)	(71,217)
Net accounts receivable and advances	\$47,251	\$44,833

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12. Accounts receivable and advances (continued)

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)	2025	2024
Receivables—External parties		
Not past due	\$65,762	\$50,599
Number of days past due		
1 to 30	1,014	1,102
31 to 60	1,312	745
61 to 90	123	283
91 to 365	2,062	1,686
Over 365	41,776	42,417
Impaired	420	396
Subtotal	112,469	97,228
Less: Valuation allowance	(10,105)	(9,554)
Total	\$102,364	\$87,674

13. Loans receivable

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

(in thousands of dollars)	2025	2024
Loans receivable	\$58,997	\$47,425
Less: Allowance on loans	(10,907)	(1,507)
Gross loans receivable	48,090	45,918
Loans receivable held on behalf of Government	(48,090)	(45,918)
Net loans receivable	\$—	\$—

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.

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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, 2025, and March 31, 2024, 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.

(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.

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14. Risk management (continued)

(b) Market Risk (continued)

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)	2025	2024
National Shipbuilding Procurement Strategy	\$228,000	\$3,688

The Department recognized prepaid expenses in 2024-25 associated with an icebreaker vessel contract.

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16. Inventory

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

(in thousands of dollars)	2025	2024
Inventory held for future program delivery	\$110,932	\$102,113

The cost of consumed inventory recognized as an expense in the Statement of Operations and Departmental Net Financial Position is \$72,588,027 in 2024-25 (\$98,049,939 in 2023-24).

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:

Asset Class	Amortization
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.

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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	2025	2024
Land	\$ 26,822	\$ -	\$ 722	\$ 3	\$ 27,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,541	\$ 26,822
Buildings	1,051,286	-	78,751	1,988	1,128,049	651,971	26,673	1,294	1,000	678,938	449,111	399,315
Works and Infrastructure	3,674,061	18	179,733	18,228	3,835,584	1,866,565	82,833	1,873	15,644	1,935,627	1,899,957	1,807,496
Machinery and equipment	107,632	1,962	5,763	2,829	112,528	64,646	5,414	317	2,351	68,026	44,502	42,986
Informatics (Software + Hardware)	187,818	652	14,112	357	202,225	145,862	11,712	20	357	157,237	44,988	41,956
Other equipment	544,205	11,379	33,913	14,205	575,292	322,308	39,620	(2,069)	13,264	346,595	228,697	221,897
Ships and boats	4,656,043	1,822	245,220	125,607	4,777,478	2,211,543	146,840	(9,070)	60,511	2,288,802	2,488,676	2,444,500
Aircraft	288,159	107	(5)	-	288,261	86,643	11,613	-	-	98,256	190,005	201,516
Vehicle	136,660	10,373	2,709	4,281	145,461	64,416	11,488	48	3,644	72,308	73,153	72,244
Leasehold improvements	645,168	31	23,111	188	668,122	426,450	14,269	(45)	158	440,516	227,606	218,718
Work in-progress	3,144,707	1,670,654	(654,500)	7,899	4,152,962	-	-	-	-	-	4,152,962	3,144,707
Subtotal capital assets	14,462,561	1,696,998	(70,471)	175,585	15,913,503	5,840,404	350,462	(7,632)	96,929	6,086,305	9,827,198	8,622,157
Leased tangible capital assets												
Building	5,182	-	(5,182)	-	-	1,132	213	(1,345)	-	-	-	4,050
Subtotal leased tangible capital assets	5,182	-	(5,182)	-	-	1,132	213	(1,345)	-	-	-	4,050
Total	\$14,467,743	\$ 1,696,998	\$ (75,653)	\$ 175,585	\$15,913,503	\$ 5,841,536	\$ 350,675	\$ (8,977)	\$ 96,929	\$6,086,305	\$9,827,198	\$8,626,207

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 \$654,499,715 that were transferred to other categories upon completion of the assets.

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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 Act* 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)	2025	2024
Restricted—Supplementary Fines		
<i>Fisheries Act:</i>		
Balance—Beginning of year	\$2,421	\$2,354
Revenues	29	78
Expenses	(21)	(11)
Balance—End of year	2,429	2,421
<i>Species at Risk Act:</i>		
Balance—Beginning of year	35	35
Revenues	-	-
Expenses	-	-
Balance—End of year	35	35
Total balance—End of year—Restricted	2,464	2,456
Unrestricted—End of year	8,735,304	7,243,551
Departmental net financial position—End of year	\$8,737,768	\$7,246,007

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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)	2026	2027	2028	2029	2030 and subsequent	Total
Capital Assets	\$1,419,003	\$1,767,175	\$1,101,990	\$1,128,904	\$2,557,675	\$7,974,747
Transfer payments	9,900	9,900	-	-	-	19,800
Total	\$1,428,903	\$1,777,075	\$1,101,990	\$1,128,904	\$2,557,675	\$7,994,547

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)	2025	2024
Employer's contribution to the health and dental insurance plans	\$128,678	\$139,357
Accommodation	59,196	58,683
Legal services	3,802	4,148
Worker's compensation	665	763
Total	\$192,341	\$202,951

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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)	2025	2024
Expenses	\$562,640	\$598,518
Revenues	\$4	\$13

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, Parks Canada, Canada Border Services Agency, Agriculture and Agri-Foods Canada, the Royal Canadian Mounted Police and Environment and Climate Change Canada with a net effect of \$614 thousand decrease (\$142 thousand increase in 2023-24) in the departmental net financial position affecting categories under machinery and equipment, ships and boats, informatics hardware, other vehicles and other equipment in 2025 (machinery and equipment and ships and boats in 2024). The Department also transferred salary overpayments and emergency salary advances with a net effect of \$268 thousand (\$68 thousand in 2023-24) decrease in the departmental net financial position.

(in thousands of dollars)	2025	2024
Tangible capital assets (note 17)	(\$614)	\$142
Salary overpayments and emergency salary advances	(268)	(68)
Net impact on departmental net financial position	(\$882)	\$74

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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	2025	2024
Transfer Payments							
First Nations and Inuit people	\$5,970	\$222,359	\$220	\$26,009	\$ -	\$254,558	\$89,862
Non-profit organizations	34,154	95,064	20	10,471	250	139,959	154,787
Individuals	285,713	23,812	62	-	-	309,587	267,934
Other countries and international organizations	3,059	354	-	-	-	3,413	1,985
Industry	32,883	-	-	-	-	32,883	50,460
Total transfer payments	361,779	341,589	302	36,480	250	740,400	565,028
Operating Expenses							
Salaries and employee benefits	488,154	251,437	196,302	541,789	310,028	1,787,710	1,897,147
Professional and special services	123,081	29,662	39,419	85,740	117,450	395,352	407,861
Amortization of tangible capital assets	83,411	7,389	31,894	198,863	29,118	350,675	328,404
Repair and maintenance	48,968	2,222	9,660	73,583	30,631	165,064	162,363
Utilities, materials, supplies and fuel	32,660	9,321	44,411	43,183	9,287	138,862	170,344
Travel, relocation and freight	16,847	8,851	9,043	34,937	4,536	74,214	70,775
Machinery and equipment	14,727	11,114	10,882	15,894	15,658	68,275	62,666
Rentals	12,376	7,158	8,424	22,160	18,587	68,705	78,040

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22. Segmented information (continued)

(in thousands of dollars)	Fisheries	Aquatic Ecosystem	Marine Navigation	Marine Operations and Response	Internal Services	2025	2024
Telecommunication services	1,137	136	1,229	(2,894)	9,944	9,552	18,910
Information services	7,613	2,105	662	982	1,901	13,263	10,797
Payments in lieu of taxes paid to municipalities	-	-	-	-	13,538	13,538	12,732
Contingent liabilities	(74,836)	7	4	78	107,957	33,210	125,038
Environmental liabilities and asset retirement obligations	-	-	-	-	2,312	2,312	(4,809)
Other	2,869	163	6,839	71,318	10,990	92,179	15,900
Total operating expenses	757,007	329,565	358,769	1,085,633	681,937	3,212,911	3,356,168
Total expenses	1,118,786	671,154	359,071	1,122,113	682,187	3,953,311	3,921,196
Revenues							
Sales of goods and services	43,240	122	49,010	212	150	92,734	97,315
Other revenues	7,319	25	1,225	2,210	(375)	10,404	11,476
Revenues earned on behalf of Government	(50,559)	(147)	(4,325)	(2,422)	225	(57,228)	(62,674)
Total revenues	-	-	45,910	-	-	45,910	46,117
Net cost of operations before government funding and transfers	\$1,118,786	\$671,154	\$313,161	\$1,122,113	\$682,187	\$3,907,401	\$3,875,079

FISHERIES AND OCEANS CANADA
Notes to the financial statements (Unaudited)
For the year ended March 31, 2025

23. Subsequent events

On June 10, 2025, the Government of Canada announced a reorganization involving the transfer of Canadian Coast Guard programs and responsibilities to the Department of National Defence.

This reorganization includes:

- The reallocation of authorities; and
- The reassignment of assets and liabilities related to the affected programs.

This event does not affect the financial position of the Department as at March 31, 2025, and therefore no adjustments have been made to these financial statements.

The reorganization is expected to have a significant impact on the Department's operations and financial reporting in future periods. Management is currently assessing the full financial implications of the restructuring. At the time of issuance of these financial statements, a reliable estimate of the financial impact is not yet available.

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**ANNEX TO THE STATEMENT OF MANAGEMENT
RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER
FINANCIAL REPORTING FOR FISCAL YEAR 2024-25
(UNAUDITED)**

FISHERIES AND OCEANS CANADA

Annex to the statement of management responsibility (Unaudited)

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Annex to the statement of management responsibility (Unaudited)

For the year ended March 31, 2025

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 2024-25 fiscal year ([2024-25 Departmental Plan](#)) and the Departmental Results Report for the 2023-24 fiscal year ([2023-24 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.

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.

FISHERIES AND OCEANS CANADA

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For the year ended March 31, 2025

Common Service Arrangements:

- Public Services and Procurement Canada administers the payments of salaries and the procurement of goods and services in accordance with the Fisheries and Oceans Canada delegation instrument, and provides accommodation services;
- Shared Services Canada provides information technology (IT) infrastructure services;
- Department of Justice Canada provides legal services; and
- Treasury Board of Canada Secretariat provides information related to public sector insurance and centrally administers payment of the employer's share of contributions toward statutory employee benefit plans.

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 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 licenses and marine services fees via the Receiver General Buy Button (RBB);
- 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 of Canada 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.

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For the year ended March 31, 2025

3. Departmental Assessment Results for the 2024-25 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 2024-25 fiscal year

Previous fiscal year's rotational ongoing monitoring plan for the current fiscal year	Status
Tangible Capital Assets	Completed as planned; remedial actions in progress.
Asset Retirement Obligations	Completed as planned; remedial actions in progress.
Procure to Pay	Completed as planned; remedial actions in progress.
Inventory	Completed as planned; remedial actions in progress.
Delegation of Authority	Completed as planned; remedial actions in progress.
Grants and Contributions	Completed as planned; remedial actions in progress.
IT General Controls	Completed as planned; remedial actions in progress.
CFO Attestation	Completed as planned; remedial actions in progress.
Costing	Completed as planned; remedial actions in progress.

New or significantly amended key controls:

In the current fiscal year, there were no new or significantly amended key controls in existing processes that required a reassessment.

Ongoing monitoring program:

The Department's risk-based ongoing monitoring program is designed to continuously monitor the effectiveness of internal controls over financial reporting.

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As part of its rotational ongoing monitoring plan, the department completed its reassessment of the financial controls within the business processes of Asset Retirement Obligations, Procure to Pay, Delegation of Authority, Grants and Contributions, IT General Controls, CFO Attestation and Costing. In addition, the department completed its targeted reviews of Tangible Capital Assets and Inventory.

For the most part, the key controls tested were found to be operating effectively. Where issues were identified, business process owners have developed action plans to address them. The following areas have been identified for further improvement, with additional measures currently being implemented and monitored:

- **Tangible Capital Assets:** Enhancements include improved use of the financial system, clearer approval tracking, and strengthened monitoring.
- **Asset Retirement Obligations:** Measures have been implemented to restrict access to key documentation to authorized personnel only.
- **Procure to Pay:** Improvements include enhanced data accuracy in the financial system, better documentation retention, stronger access controls, improved procurement monitoring, and more robust financial approvals.
- **Inventory:** Efforts include improving inventory management through enhanced processes, controls, and system standardization.
- **Delegation of Authority:** Improvements are underway to strengthen gating processes and access controls.
- **Grants and Contributions:** Actions are being taken to improve payment accuracy, documentation practices, and risk management.
- **IT General Controls:** Enhancements are underway to improve access management, monitoring, and change control processes.
- **CFO Attestation:** Initiatives are underway to enhance stakeholder collaboration and ensure financial controls are clearly understood and consistently applied across the department.
- **Costing:** Actions are underway to refine access controls and develop a structured quality assurance process to support costing accuracy.

The status of the action plan, to ensure the remediation occurs within a reasonable timeframe, is monitored by the internal control team.

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For the year ended March 31, 2025

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

The Department'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	2025-26	2026-27	2027-28	2028-29	2029-30
Entity Level Controls	No	No	No	Yes	No
Tangible Capital Assets	Yes	Yes	Yes	Yes	Yes
Asset Retirement Obligations (ARO)	No	No	Yes	No	No
Financial Close	Yes	No	No	Yes	No
Contingent Liabilities	Yes	No	No	No	Yes
Revenues					
-Marine Services Fees	No	No	No	Yes	No
-Fisheries Licensing	No	Yes	No	No	Yes
Procure to Pay	No	Yes	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	No	No	Yes	No	No
Information Technology General Controls	No	Yes	Yes	Yes	Yes
Planning and Budgeting	Yes	No	No	No	Yes
Forecasting	No	Yes	No	No	No
CFO Attestation	No	No	Yes	No	Yes
Costing	No	No	Yes	No	No
Investment Planning	No	Yes	No	No	No
Pay Administration	Yes	No	No	Yes	No