



DEPARTMENTAL QUARTERLY FINANCIAL REPORT

Q1/2023-24



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

Introduction

This first quarterly report has been prepared by management as required by section 65.1 of the [Financial Administration Act](#) and in the form and manner prescribed by the [Treasury Board \(TB\)](#). This quarterly report should be read in conjunction with the 2023-24 Main Estimates.

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

Authority, mandate and program activities

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

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

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

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

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

Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the ECCC's spending authorities granted by Parliament and those used by the Department consistent with the Main Estimates for the 2023-24 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before money can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts, or through legislation in the form of statutory spending authority for specific purposes.

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

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

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

Authority analysis

The Statement of Authorities presented in this quarterly financial report (see Table 1) reflects the authorities that were approved as of June 30, 2023. The funding available for use includes the 2023-24 Main Estimates.

ECCC's total available authorities for use for the year ending March 31, 2024 is higher by approximately \$477.9M (\$2,446.1M - \$1,968.2M)¹ when compared to the same quarter of the previous year. This difference is explained by an increase in Vote 1 – Net Operating of \$29.8M (\$999.0M - \$969.2M), in Vote 10 – Grants and Contributions of \$463.9M (\$1,234.2M – \$770.3M) and in Budgetary Statutory authorities of \$3.8M (\$112.0M - \$108.2M) and by a decrease in Vote 5 – Capital of \$19.6M (\$100.9M - \$120.5M).

Vote 1 – Net Operating authorities

The \$29.8M increase compared to last fiscal year in the net Operating authorities is mainly due to the following increases:

- \$29.1M to conserve Canada's land and freshwater, protect species, advance Indigenous reconciliation and increase access to nature (Enhanced Nature Legacy);

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

- \$21.3M related to the Oceans Protection Plan;
- \$15.5M for advancing a circular economy for plastics in Canada;
- \$11.9M for the implementation of the new Impact Assessment and Regulatory Processes;
- \$7.6M related to the Low Carbon Economy Fund;
- \$6.7M to implement natural climate solutions in Canada; and,
- \$6.0M related to the implementation of the Fuel Charge Proceeds Return Program.

Offset by the following decreases:

- \$51.1M to protect Canada's nature, parks and wild spaces (Nature Legacy);
- \$15.8M related to initiatives associated with the revitalization of meteorological services; and,
- \$1.4M for various other initiatives.

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

Vote 5 – Capital authorities

The \$19.6M decrease compared to last fiscal year in the Capital authorities is mainly due to the following decreases:

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

Offset by the following increase:

- \$7.2M increase to conserve Canada's land and freshwater, protect species, advance Indigenous reconciliation and increase access to nature (Enhanced Nature Legacy).

Vote 10 – Grants and contributions authorities

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

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

- \$3.9M related to the Youth Employment and Skills Strategy; and,
- \$0.9M for various other initiatives.

Offset by the following decrease:

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

Statutory authorities

The \$3.8M increase compared to last fiscal year in the budgetary statutory authorities is due to the following:

- \$3.8M related to the contributions to Employee Benefit Plans.

Expenditures analysis by vote

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

In the first quarter of 2023-24, total budgetary expenditures were \$297.7M compared to \$281.8M reported for the same period in 2022-23, resulting in an increase of \$15.9M.

Vote 1 – Net Operating Authorities used during the first quarter of 2023-24 totalled \$219.0M, which represents an increase of \$5.0M (\$219.0M - \$214.0M) compared to the same period last year. This variance is mainly due to an increase in personnel and utilities and materials, offset by a decrease in rental and acquisition of machinery and equipment as well as increased revenues.

Vote 5 – Capital Authorities used during the first quarter of 2023-24 totalled \$7.4M, which represents an increase of \$0.8M (\$7.4M – \$6.6M) compared to the same period last year.

Vote 10 – Grants and Contributions Authorities used during the first quarter of 2023-24 totalled \$40.7M, which represents an increase of \$7.0M (\$40.7M - \$33.7M) compared to the same period last year. This variance is mainly due to an increase in contribution payments to strengthen protection and recovery of species at risk and their habitats, to Canada's international climate finance, and to restore and enhance wetlands, peatlands, and grasslands to store and capture carbon.

Budgetary Statutory Authorities – Budgetary Statutory Authorities used during the first quarter of 2023-24 totalled \$30.6M, which represents an increase of \$3.1M (\$30.6M - \$27.5M) compared to the same period last year. This variance is mainly due to an increase in distribution of carbon pollution pricing proceeds, contribution to employee benefit plans and refund of overpayment from previous year.

Expenditures analysis by Standard Object

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

Personnel expenditures increased by \$9.8M (\$222.1M - \$212.3M) compared to the same period last year. This variance is mainly due to an increase in salary wages due to renewed collective agreements, offset by a decrease in the number of employees related to a decrease in funding for initiatives such as to protect Canada's nature, parks and wild spaces.

Rental expenditures decreased by \$1.2M (\$3.8M - \$5.0M) compared to the same period last year. This variance is mainly due to the timing of rental fee payment for the National Wildlife Research Centre office laboratory space at Carleton University.

Utilities, materials and supplies expenditures increased by \$1.9M (\$6.9M - \$5.0M) compared to the same period last year. This variance is mainly due to the timing of payment of meteorological supplies.

Acquisition of machinery and equipment expenditures decreased by \$1.6M (\$3.2M - \$4.8M) compared to the same period last year. This variance is mainly due to the timing of payment for the acquisition of computer equipment and lab instruments, offset by an increase in the acquisition of vehicles, including electric vehicles, to renew the department's fleet.

Transfer payments expenditures increased by \$8.1M (\$42.2M - \$34.1M) compared to the same period last year. This variance is mainly due to an increase in contribution payments to strengthen protection and recovery of species at risk and their habitats, to Canada's international climate finance, to support projects that conserve, restore and enhance wetlands, peatlands, and grasslands to store and capture carbon, to advance reconciliation through Indigenous leadership in conservation as well as to distribute of carbon pollution pricing proceeds.

Other subsidies and payments decreased by \$0.3M. The negative amount presented as expended amount during the first quarter is due to the rebates received on purchases through use of acquisition cards larger than the total expenditures of this category.

Revenue collections increased by \$2.2M (\$14.2M - \$12.0M) compared to the same period last year. This variance is mainly due to the timing of collections related to hydrometric data and information services as well as for ocean disposal monitoring fees, offset by a refund of overpayment from previous year related to an excess emissions charge.

Risks and Uncertainties

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

The Department's ability to deliver results for Canadians requires extensive collaboration with strategic partners (federal, provincial, territorial, Indigenous, and international partners, the private and non-profit sectors, and civil society). This reliance can give rise to risks associated with the Department's external relationships and partnerships if efforts are not well aligned and coordinated. To mitigate this risk, the Department has continued to build new relationships and to maintain and improve existing ones by

working collaboratively with key partners, including through the implementation of a departmental framework for Indigenous engagement and by participating in the development of a harmonized, government-wide partners engagement approach. ECCC also works with external partners through existing and new governance bodies and continues to explore technological solutions that foster collaboration among them. In addition, the Department promotes sound stewardship of departmental resources through the terms and conditions associated with its grants and contributions programs to leverage partner support, ensure efficient delivery of external funding, and reduce potential lapses.

To fulfill its mandate, ECCC requires diverse, highly qualified, and specialized personnel with various expertise in areas such as meteorological science, data science, scientific and regulatory areas, policy development, transfer payment programs and enabling services. Uncertainties endure in attracting, developing, and retaining these employees due in part to a highly competitive and transforming labour market and to process challenges related to classification, succession planning and staffing. To attract and retain a qualified workforce, ECCC continues to perform sound human resources planning, and to implement talent management initiatives and recruitment strategies targeting key areas.

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

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

Significant changes in relation to operations, personnel and programs

The following major changes in relation to operations, personnel and programs occurred during or in close proximity to the first quarter:

- In January 2023, Megan Nichols was appointed Associate Assistant Deputy Minister for the Environmental Protection Branch;
- In January 2023, Vincent Ngan was appointed Assistant Deputy Minister of the Climate Change Branch;
- In February 2023, Chris Forbes was appointed Deputy Minister of Environment and Climate Change Canada;

Approved by:

(the original version was signed by)

(the original version was signed by Stuart Parley in replacement of)

Chris Forbes

Deputy Minister

Gatineau, Canada

Date: August 20, 2023

Linda Drainville

Chief Financial Officer

Gatineau, Canada

Date: August 15, 2023

Statement of Authorities (unaudited) – Table 1

Fiscal year 2023-24 (in thousands of dollars)

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

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

Statement of Authorities (unaudited) – Table 2

Fiscal year 2022-23 (in thousands of dollars)

	Total available for use for the year ending March 31, 2023*	Used during the quarter ended June 30, 2022	Year to date used at quarter end
Vote 1 – Net Operating expenditures	969,251	213,982	213,982
Vote 5 – Capital expenditures	120,490	6,631	6,631
Vote 10 – Grants and contributions	770,282	33,657	33,657
Budgetary Statutory – Employee Benefit Plans	108,101	27,026	27,026
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	93	23	23
Budgetary Statutory – Distribution of Fuel and Excess	-	464	464
Total Budgetary authorities	1,968,217	281,783	281,783
Non-Budgetary authorities	-	-	-
Total authorities	1,968,217	281,783	281,783

* The funding available for use includes the 2022-23 Main Estimates.

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

Fiscal year 2023-24 (in thousands of dollars)

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

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

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

Fiscal year 2022-23 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2023*	Expended during the quarter ended June 30, 2022	Year to date used at quarter end
Expenditures:			
Personnel	828,870	212,262	212,262
Transportation and communications	16,576	6,249	6,249
Information	8,254	713	713
Professional and special services	232,461	23,554	23,554
Rentals	66,564	5,047	5,047
Repair and maintenance	22,902	1,740	1,740
Utilities, materials and supplies	38,201	5,015	5,015
Acquisition of land, buildings and works	1,536	43	43
Acquisition of machinery and equipment	49,642	4,769	4,769
Transfer payments	770,282	34,121	34,121
Public debt charges	504	0	0
Other subsidies and payments	6,639	277	277
Total gross budgetary expenditures	2,042,431	293,790	293,790
Less Revenues netted against expenditures:			
Revenues	74,214	12,007	12,007
Total Revenues netted against expenditures:	74,214	12,007	12,007
Total net budgetary expenditures	1,968,217	281,783	281,783

* The planned expenditures available for use include the 2022-23 Main Estimates.