



DEPARTMENTAL QUARTERLY FINANCIAL REPORT

Q3/2024-25



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

Introduction

This third quarterly report has been prepared by management as required by section 65.1 of the [Financial Administration Act](#) and in the form and manner prescribed by the [Treasury Board \(TB\)](#). This quarterly report should be read in conjunction with the 2024-25 Main Estimates.

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

Authority, mandate and program activities

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

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

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

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

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

Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes ECCC's spending authorities granted by Parliament and those used by the Department consistent with the Main Estimates for the 2024-25 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

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

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

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

Highlights of the fiscal quarter and the fiscal year-to-date results

Authority analysis

The Statement of Authorities presented in this quarterly financial report (see Table 1) reflects the authorities that were approved as of December 31, 2024. The funding available for use includes the 2024-25 Main Estimates, Supplementary Estimates "B" and allocations from TB Central Votes including the Operating and Capital budget carry forwards.

ECCC's total available authorities for use for the year ending March 31, 2025 is higher by approximately \$55.5M (\$2,919.6M - \$2,864.1M)¹ when compared to the same quarter of the previous year. This difference is explained by an increase in Vote 1 – Net Operating of \$59.8M (\$1,256.7 - \$1,196.9M) and in Vote 10 – Grants and Contributions of \$162.3M (\$1,411.0M - \$1,248.7M) and by a decrease in Vote 5 – Capital of \$7.4M (\$125.3M - \$132.7M) and in Budgetary Statutory authorities of \$159.2M (\$126.6M - \$285.8M).

Vote 1 – Net Operating authorities

The \$59.8M increase compared to last fiscal year in the net Operating authorities is mainly due to the following increases:

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

- \$41.1M to implement a strengthened Freshwater Action Plan and to establish the Canada Water Agency;
- \$26.9M related to the compensation allocations from Treasury Board for the newly signed collective agreements;
- \$14.3M related to a higher amount carried forward from the previous year to continue work on departmental priorities;
- \$6.7M related to Canada's National Adaptation Strategy;
- \$4.8M to renew and to reinvest in Canada's Hydro-Meteorological Services; and
- \$3.6M related to the Climate Change Communications, Public Education and Advertising.

Offset by the following decreases:

- \$25.8M related to Refocusing Government Spending Reductions (B2023);
- \$6.1M related to climate change mitigation activities;
- \$5.5M related to the Strong Arctic and Northern Communities (Eureka); and
- \$0.2M for various other initiatives.

Operating Authorities are netted of spendable revenues. Revenues at ECCC 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 \$7.4M decrease compared to last fiscal year in the Capital authorities is mainly due to the following decreases:

- \$17.8M related to initiatives associated with the revitalization of meteorological services;
- \$4.0M related to Strong Arctic and Northern Communities (Eureka); and
- \$0.3M for various other initiatives.

Offset by the following increases:

- \$5.0M to renew and to reinvest in Canada's Hydro-Meteorological Services;
- \$3.3M to conserve Canada's land and freshwater, protect species, advance Indigenous reconciliation and increase access to nature and continue efforts to protect species at risk (Enhanced Nature Legacy);
- \$2.3M to reallocate resources from Operating to Capital;
- \$2.2M to reduce greenhouse gas emissions in the transportation and methane waste sectors; and
- \$1.9M to implement a strengthened Freshwater Action Plan and to establish the Canada Water Agency.

Vote 10 – Grants and Contributions authorities

The \$162.3M increase compared to last fiscal year in the Grants and Contributions authorities is mainly due to the following increases:

- \$531.0M related to Canada’s National Adaptation Strategy, \$530M of which is for the up-front multiyear contribution funding to the Green Municipal Fund;
- \$18.3M to implement a strengthened Freshwater Action Plan and to establish the Canada Water Agency;
- \$14.7M to conserve Canada’s land and freshwater, protect species, advance Indigenous reconciliation, increase access to nature and continue efforts to protect species at risk (Enhanced Nature Legacy);
- \$9.7M to implement natural climate solutions in Canada;
- \$5.0M to support the Experimental Lakes Area; and
- \$1.2M for various other initiatives.

Offset by the following decreases:

- \$390.3M related to the realignment of previously approved funding for the Low Carbon Economy Fund (LCEF);
- \$14.5M related to Refocusing Government Spending Reductions (B2023); and
- \$12.8M to strengthen environmental protections and address concerns raised by Indigenous groups regarding the Trans Mountain Expansion Project.

Statutory authorities

The \$159.2M decrease compared to last fiscal year in the Budgetary Statutory authorities is mainly due to the following decreases:

- \$152.9M related to the distribution of revenues from excess emissions charge payments under the Output-Based Pricing System pursuant to section 188 of the *Greenhouse Gas Pollution Pricing Act*. These authorities will be included in the fourth quarter and reflected in year-end reports;
- \$3.8M related to the contributions to Employee Benefit Plans; and
- \$2.5M related to the distribution of revenues from fuel charge payments pursuant to section 165 (2) of the *Greenhouse Gas Pollution Pricing Act*. These authorities will be included in the fourth quarter and reflected in year-end reports.

Expenditures analysis by vote

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

In the third quarter of 2024-25, total budgetary expenditures were \$436.6M compared to \$445.2M reported for the same period in 2023-24, resulting in a decrease of \$8.6M. Year-to-date expenditures as of December 31, 2024, were \$1,808.2M, which represents an increase of \$700.9M (\$1,808.2M – \$1,107.3M) compared to the same period in 2023-24.

Vote 1 – Net Operating authorities used during the third quarter of 2024-25 totalled \$292.4M, which represents a decrease of \$6.9M (\$292.4M – \$299.3M) compared to the same period last year. Year-to-date expenditures as of December 31, 2024, were \$853.7M, which represents an increase of \$73.5M (\$853.7M – \$780.2M) compared to the same period last year. The quarterly variance is mainly due to a decrease in personnel and professional and special services expenditures. The year-to-date variance is mainly due to an increase in personnel, professional and special services and rental expenditures.

Vote 5 – Capital authorities used during the third quarter of 2024-25 totalled \$23.5M, which represents an increase of \$1.9M (\$23.5M – \$21.6M) compared to the same period last year. Year-to-date expenditures as of December 31, 2024, are \$60.6M, which represents an increase of \$11.4M (\$60.6M – \$49.2M) compared to the same period last year. The quarterly variance is mainly due to an increase in personnel expenditures, offset by a decrease in professional and special services expenditures. The year-to-date variance is mainly due to an increase in personnel and professional and special services expenditures.

Vote 10 – Grants and Contributions authorities used during the third quarter of 2024-25 totalled \$91.5M, which represents an increase of \$0.1M (\$91.5M – \$91.4M) compared to the same period last year. Year-to-date expenditures as of December 31, 2024, are \$798.3M, which represents an increase of \$612.4M (\$798.3M – \$185.9M) compared to the same period last year. The year-to-date variance is mainly due to:

- the timing of payment for contributions to protect Canada's lands and freshwater, strengthen protection and recovery of species at risk, advance reconciliation through Indigenous leadership in conservation and support healthy natural infrastructure and increased access to nature;
- an up-front contribution payment to the Green Municipal Fund to build strong and resilient communities by reducing the impacts of climate-related disasters, improving health and well-being, protecting and restoring nature and biodiversity, building and maintaining resilient infrastructure and supporting the economy and workers; and
- an increase in contribution payments to restore and enhance wetlands, peatlands, and grasslands to store and capture carbon.

Budgetary Statutory authorities – Budgetary Statutory Authorities used during the third quarter of 2024-25 totalled \$29.2M, which represents a decrease of \$3.7M (\$29.2M – \$32.9M) compared to the same period last year. Year-to-date expenditures as of December 31, 2024, are \$95.6M, which represents an increase of \$3.6M (\$95.6M – \$92.0M) compared to the same period last year. The quarterly variance is due to the timing of payment for contributions related to the distribution of carbon pollution pricing proceeds as well as a payable at year-end from previous year reversed against the current fiscal year for this same appropriation, resulting in a negative amount in the third quarter. The year-to-date variance is mainly due to an increase in contribution to employee benefit plans.

Expenditures analysis by Standard Object

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

Quarterly and year-to-date personnel expenditures increased by \$2.8M (\$272.6M – \$269.8M) and \$76.4M (\$810.5M – \$734.1M) compared to the same period last year. Both variances are mainly due to an increase in salary wages due to renewed collective agreements offset by the disbursements of signing bonuses following the ratification and signing of some collective agreements in 2023-24.

Quarterly and year-to-date professional and special services expenditures decreased by \$4.4M (\$57.4M – \$61.8M) and increased by \$4.5M (\$132.2M – \$127.7M) compared to the same period last year. The quarterly variance is mainly due to a decrease in engineering consulting fees related to initiatives associated with the revitalization of meteorological services. The year-to-date variance is mainly due to an increase in engineering consulting fees related to work done to the Dr. Neil Trivett Global Atmosphere Watch Observatory in Nunavut and due to the holding of the fourth session of the Intergovernmental Negotiating Committee on Plastic Pollution (INC-4) in April 2024.

Quarterly and year-to-date rental expenditures increased by \$2.1M (\$7.0M – \$4.9M) and \$3.6M (\$18.7M – \$15.1M) compared to the same period last year. The quarterly variance is mainly due to the timing of payment of fees for application software rental. The year-to-date variance is mainly due to an increase in the cost related to charter flights and the holding of the INC-4 in April 2024, offset by the timing of rental fee payment for the National Wildlife Research Centre office laboratory space at Carleton University.

Quarterly and year-to-date transfer payments expenditures decreased by \$6.3M (\$89.8M – \$96.1M) and increased by \$608.7M (\$800.7M – \$192.0M) compared to the same quarter last year. The quarterly variance is due to the timing of payment for contributions related to the distribution of carbon pollution pricing proceeds. The year-to-date variance is mainly due to:

- the timing of payment for contributions to protect Canada's lands and freshwater, strengthen protection and recovery of species at risk, advance reconciliation through Indigenous leadership in conservation and support healthy natural infrastructure and increased access to nature;
- an up-front contribution payment to the Green Municipal Fund to build strong and resilient communities by reducing the impacts of climate-related disasters, improving health and well-being, protecting and restoring nature and biodiversity, building and maintaining resilient infrastructure and supporting the economy and workers; and
- an increase in contribution payments to restore and enhance wetlands, peatlands, and grasslands to store and capture carbon.

Quarterly and year-to-date revenue collections increased by \$2.5M (\$24.4M – \$21.9M) and \$0.4M (\$47.0M – \$46.6M) compared to the same period last year. Both variances are mainly due to the timing of collections related to hydrometric data and information services and to the Oil Sands Monitoring program.

The negative amount presented as expended during the third quarter under other subsidies and payments represent the rebate received from our acquisition card service provider for making timely payments.

Risks and uncertainties

A wide range of internal and external factors have the potential to affect ECCC's ability to deliver optimal and timely results for Canadians. As part of its financial management, the Department considers and addresses numerous risks: Stakeholders Relationships; Federal, Provincial and Territorial (FPTs) Relationships and Partnerships; Indigenous Relationships and Partnerships; Management Practices; Grants and Contributions (G&Cs); People; Technological and Digital Infrastructure; Physical Infrastructure; and Information for Decision-making and Oversight.

To pursue the delivery of results for Canadians, the Department works in close collaboration with a wide array of strategic stakeholders and partners, including but not limited to environmental non-governmental organizations, international partners, FPTs, and Indigenous partners. The achievement of shared objectives can be in jeopardy if efforts are not well aligned and coordinated. The changing and diverse expectations of stakeholders and partners must also be managed against a backdrop of competing priorities. This is further complicated by changing political and legislative landscapes, resource constraints, and an expanding departmental mandate that includes many high-profile commitments. To ensure the Department's priorities are well coordinated with those of its stakeholders and partners, ECCC continues to develop and build important relationships, including by working diligently to harmonize its engagement activities, especially when dealing with the same partners on multiple issues. ECCC also works with external stakeholders and partners through existing and new governance bodies and continues to explore technological solutions that foster collaboration.

The growing mandate that ECCC has experienced in recent years raises concerns about the need to improve management practices, including those related to G&C programs. Without these improvements, the Department may struggle to adapt, allocate resources, or demonstrate value for money. To address this, efforts are underway to assess and standardize program and service control practices, structures and tools. This includes the Department's efforts to promote sound stewardship of departmental resources through the terms and conditions associated with its G&C programs to leverage partner support, ensure efficient delivery of external funding, and reduce potential lapses.

To fulfill its mandate, ECCC also requires diverse, highly qualified, and specialized personnel with expertise in various areas, such as science and regulations, data management, policy development, and transfer payment programs. Despite recent observations of lower attrition and a stabilizing mandate, uncertainties may endure in attracting, developing, and retaining staff and leaders with appropriate skillsets. This may be due in part to a competitive labour market, and to internal processes and enabling frameworks related to people management. To attract and retain a qualified workforce, ECCC continues to maintain flexibility in providing internal human resources services, to perform sound human resources planning, and to support the health and wellness of employees.

There is also a risk that crucial physical infrastructure will erode and become insufficient to enable the Department to fully sustain its programming and commitments. This infrastructure requires maintenance and ongoing investment to prevent rust-out and ensure functionality in the face of changing and increasingly complex needs. This is especially true given the increasing frequency of extreme weather-related events, such as catastrophic floods, droughts, and wildfires that can threaten ECCC's critical

infrastructure and lead to increased costs for maintenance, operation or replacement. The Department helps protect its assets and avoid service disruptions through rigorous capital investment planning, infrastructure life-cycle management, and business continuity planning. It also continues to assess climate risks to ECCC's critical and high-value assets, and to implement its Departmental Climate Change Adaptation Plan.

In addition, there is a gap between the Department's needs for digital and technological tools and the quality and resilience of its current digital and technological infrastructure. This is largely due to factors contributing to infrastructure erosion, rust-out and reduced resiliency, including a rapidly changing climate risk profile. This can lead to impacts on service delivery, as well as cybersecurity vulnerabilities and exposure to complex threats, especially as Canada faces persistent and increasingly sophisticated malicious cyber campaigns that can compromise operational continuity, resilience and the security of scientific data. To address these risks, ECCC undertakes technological and digital investment planning to proactively identify deficits and determine priorities and funding needs in these areas. It also continues to monitor, analyze and adapt cyber security measures.

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

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

Significant changes in relation to operations, personnel and programs

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

- On October 15, 2024, ECCC transferred the control and supervision of the Canada Water Branch to the newly established standalone Canada Water Agency (CWA). For this quarter's report only, figures related to CWA are included in ECCC's financial information as per the requirement of the Office of the Comptroller General.

Approved by:

(the original version was signed by)

(the original version was signed by)

Jean-François Tremblay

Deputy Minister

Gatineau, Canada

Date: February 27, 2025

Linda Drainville

Chief Financial Officer

Gatineau, Canada

Date: February 20, 2025

Statement of Authorities (unaudited) – Table 1

Fiscal year 2024-25 (in thousands of dollars)

	Total available for use for the year ending March 31, 2025*	Used during the quarter ended December 31, 2024	Year-to-date used at quarter end
Vote 1 – Net Operating Expenditures	1,256,742	292,451	853,678
Vote 5 – Capital Expenditures	125,291	23,469	60,588
Vote 10 – Grants and Contributions	1,410,957	91,480	798,338
Budgetary Statutory – Employee Benefit Plans	126,546	30,569	91,706
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	99	25	75
Budgetary Statutory – Distribution of Fuel and Excess Emission Charges	-	(1,701)	2,401
Budgetary Statutory – Refund of previous years revenue	-	336	1,460
Budgetary Statutory – Spending of proceeds from the disposal of surplus Crown assets	-	(6)	-
Total Budgetary Authorities	2,919,635	436,623	1,808,246
Non-Budgetary Authorities	-	-	-
Total Authorities	2,919,635	436,623	1,808,246

* The planned expenditures include the 2024-25 Main Estimates, Supplementary Estimates “B” and the allocations from TB Central Votes including the Operating and Capital budget carry forwards, and compensation allocations related to various collective agreements.

* Pursuant to the Transitional Provisions contained in section 16 of the [Canada Water Agency Act](#) effective October 15, 2024, all unexpended money relating to the new CWA has been deemed to be appropriated resulting in a reduction for the same amount in Department of the Environment’s Vote 1, 5 and 10.

Statement of Authorities (unaudited) – Table 2

Fiscal year 2023-24 (in thousands of dollars)

	Total available for use for the year ending March 31, 2024*	Used during the quarter ended December 31, 2023	Year-to-date used at quarter end
Vote 1 – Net Operating Expenditures	1,196,890	299,350	780,171
Vote 5 – Capital Expenditures	132,688	21,570	49,160
Vote 10 – Grants and Contributions	1,248,697	91,426	185,887
Budgetary Statutory – Employee Benefit Plans	130,366	27,977	83,931
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	95	24	71
Budgetary Statutory – Distribution of Fuel and Excess Emission Charges	155,392	4,638	6,095
Budgetary Statutory – Refund of previous years revenue	-	217	1,562
Budgetary Statutory – Spending of proceeds from the disposal of surplus Crown assets	-	13	385
Total Budgetary Authorities	2,864,128	445,215	1,107,262
Non-Budgetary Authorities	-	-	-
Total Authorities	2,864,128	445,215	1,107,262

* The funding available for use includes the 2023-24 Main Estimates, Supplementary Estimates “B” and allocations from TB Central Votes including the Operating and Capital budget carry forwards, compensation allocations related to various collective agreements and government-wide initiatives.

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

Fiscal year 2024-25 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2025*	Expended during the quarter ended December 31, 2024	Year-to-date used at quarter end
Expenditures:			
Personnel	1,060,790	272,612	810,491
Transportation and communications	37,874	9,824	25,402
Information	15,222	3,224	5,729
Professional and special services	264,707	57,386	132,168
Rentals	55,072	6,957	18,725
Repair and maintenance	22,322	6,107	13,275
Utilities, materials and supplies	57,520	8,065	23,629
Acquisition of land, buildings and works	1,843	382	2,827
Acquisition of machinery and equipment	61,787	6,714	19,561
Transfer payments	1,410,957	89,779	800,739
Public debt charges	306	-	-
Other subsidies and payments	5,790	(71)	2,733
Total gross budgetary expenditures	2,994,190	460,979	1,855,279
Less Revenues netted against expenditures:			
Revenues	74,555	24,356	47,033
Total Revenues netted against expenditures:	74,555	24,356	47,033
Total net budgetary expenditures	2,919,635	436,623	1,808,246

* The planned expenditures include the 2024-25 Main Estimates, Supplementary Estimates “B” and the allocations from TB Central Votes including the Operating and Capital budget carry forwards, and compensation allocations related to various collective agreements.

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

Fiscal year 2023-24 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2024*	Expended during the quarter ended December 31, 2023	Year-to-date used at quarter end
Expenditures:			
Personnel	993,155	269,772	734,088
Transportation and communications	29,349	9,921	24,962
Information	18,360	2,487	4,739
Professional and special services	307,835	61,809	127,737
Rentals	53,343	4,936	15,121
Repair and maintenance	22,196	5,245	11,528
Utilities, materials and supplies	48,841	7,821	21,076
Acquisition of land, buildings and works	2,521	837	3,386
Acquisition of machinery and equipment	51,468	8,341	16,632
Transfer payments	1,404,090	96,064	191,981
Public debt charges	498	-	-
Other subsidies and payments	7,486	(104)	2,581
Total gross budgetary expenditures	2,939,142	467,129	1,153,831
Less Revenues netted against expenditures:			
Revenues	75,014	21,914	46,569
Total Revenues netted against expenditures:	75,014	21,914	46,569
Total net budgetary expenditures	2,864,128	445,215	1,107,262

* The planned expenditures include the 2023-24 Main Estimates, Supplementary Estimates “B” and allocations from TB Central Votes including the Operating and Capital budget carry forwards, compensation allocations related to various collective agreements and government-wide initiatives.