



Environment and
Climate Change Canada

Environnement et
Changement climatique Canada

DEPARTMENTAL QUARTERLY FINANCIAL REPORT

Q2/2024-25



Canada

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

Introduction

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

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

Authority, mandate and program activities

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

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

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

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

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

Basis of presentation

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

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

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

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

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

Authority analysis

The Statement of Authorities presented in this quarterly financial report (see Table 1) reflects the authorities that were approved as of September 30, 2024. The funding available for use includes the 2024-25 Main Estimates and allocations from Treasury Board (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 \$326.2M (\$2,834.3M – \$2,508.1M) ¹ when compared to the same quarter of the previous year. This difference is explained by an increase in Vote 1 – Net Operating of \$179.2M (\$1,211.4M – \$1,032.2M), Vote 10 – Grants and Contributions of \$148.2M (\$1,382.4M – \$1,234.2M), in Budgetary Statutory authorities of \$10.4M (\$122.4M – \$112.0M) and by decrease in and Vote 5 – Capital of \$11.6M (\$118.1M – \$129.7M).

Vote 1 – Net Operating authorities

The \$179.2M 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.

- \$67.4M related to the compensation allocations from Treasury Board for the newly signed collective agreements;
- \$52.9M to renew and to reinvest in Canada's Hydro-Meteorological Services;
- \$41.1M to implement a strengthened Freshwater Action Plan and to establish the Canada Water Agency;
- \$28.6M related to climate change mitigation activities;
- \$15.9M to conserve Canada's land and freshwater, protect species, advance Indigenous reconciliation, increase access to nature and continue efforts to protect species at risk (Enhanced Nature Legacy);
- \$14.3M related to a higher amount carried forward from the previous year to continue work on departmental priorities;
- \$10.6M related to climate change adaptation activities;
- \$6.7M related to Canada's National Adaptation Strategy; and
- \$2.7M for various initiatives.

Offset by the following decreases:

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

Operating Authorities are 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 \$11.6M 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;
- \$5.5M related to Strong Arctic and Northern Communities (Eureka); and
- \$2.9M related to a lower amount carried forward from the previous year to continue work on specific projects.

Offset by the following increases:

- \$6.0M 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);
- \$2.4M to reduce greenhouse gas emissions in the transportation and methane waste sectors;

- \$1.9M to implement a strengthened Freshwater Action Plan and to establish the Canada Water Agency; and
- \$1.0M for various initiatives.

Vote 10 – Grants and contributions authorities

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

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

Offset by the following decreases:

- \$418.7M related to the realignment of previously approved funding for the Low Carbon Economy Fund (LCEF); and
- \$14.5M related to Refocusing Government Spending Reductions (B2023).

Statutory authorities

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

- \$10.4M related to the contributions to Employee Benefit Plans.

Expenditures analysis by vote

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

In the second quarter of 2024-25, total budgetary expenditures were \$447.8M compared to \$364.3M reported for the same period in 2023-24, resulting in an increase of \$83.5M. Year-to-date expenditures as of September 30, 2024, were \$1,371.6M, which represents an increase of \$709.5M (\$1,371.6M – \$662.1M) compared to the same period in 2023-24.

Vote 1 – Net Operating Authorities used during the second quarter of 2024-25 totalled \$292.8M, which represents an increase of \$31.0M (\$292.8M – \$261.8M) compared to the same period last year. Year-

to-date expenditures as of September 30, 2024, were \$561.2M, which represents an increase of \$80.4M (\$561.2M – \$480.8M) compared to the same period last year. Both variances are mainly due to an increase in personnel and professional and special services expenditures. The quarterly variance is also due to an increase in utilities and materials expenditures, acquisition of machinery and equipment and a decrease of revenues. The year-to-date variance is also due to an increase rental expenditures.

Vote 5 – Capital Authorities used during the second quarter of 2024-25 totalled \$30.3M, which represents an increase of \$10.1M (\$30.3M – \$20.2M) compared to the same period last year. Year-to-date expenditures as of September 30, 2024, are \$37.1M, which represents an increase of \$9.5M (\$37.1M – \$27.6M) compared to the same period last year. The quarterly variance is mainly due to an increase in personnel expenditures, professional and special services expenditures, utilities and materials expenditures and acquisition of machinery and equipment.

Vote 10 – Grants and Contributions Authorities used during the second quarter of 2024-25 totalled \$89.2M, which represents an increase of \$35.5M (\$89.2M – \$53.7M) compared to the same period last year. Year-to-date expenditures as of September 30, 2024, are \$706.9M, which represents an increase of \$612.4M (\$706.9M – \$94.5M) compared to the same period last year. Both variances are mainly due to an increase in 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. The year-to-date variance is also due to an up-front contribution payment to the Green Municipal Fund to build strong and resilient communities by reducing the impacts of climate-related disasters, improving health and well-being, protecting and restoring nature and biodiversity, building and maintaining resilient infrastructure and supporting the economy and workers. It is also due to 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 second quarter of 2024-25 totalled \$35.4M, which represents an increase of \$6.9M (\$35.4M – \$28.5M) compared to the same period last year. Year-to-date expenditures as of September 30, 2024, are \$66.4M, which represents an increase of \$7.2M (\$66.4M – \$59.2M) compared to the same period last year. Both variances are mainly due to an increase in contribution to employee benefit plans. The quarterly variance is also due to an increase in distribution of carbon pollution pricing proceeds.

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 \$27.4M (\$269.7M – \$242.3M) and \$73.6M (\$537.9M – \$464.3M) compared to the same period last year. Both variances are mainly due to an increase in salary wages due to renewed collective agreements.

Quarterly and year-to-date professional and special services expenditures increased by \$6.7M (\$48.4M – \$41.7M) and \$8.9M (\$74.8M – \$65.9M) compared to the same period last year. Both variances are mainly due to the timing of payment of expenditures related to remediation of contaminated sites, offset by a decrease in engineering consulting fees related to initiatives associated with the revitalization of

meteorological services. The quarterly variance is also due to an increase in engineering consulting fees related to work done to the Dr. Neil Trivett Global Atmosphere Watch Observatory in Nunavut and in other business services related 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 decreased by \$0.3M (\$6.1M – \$6.4M) and increased by \$1.6M (\$11.8M – \$10.2M) compared to the same period last year. The quarterly variance is mainly due to the timing of rental fee payment for the National Wildlife Research Centre office laboratory space at Carleton University, offset by an increase in the cost related to charter flights. The year-to-date variance is mainly due to the holding of the INC-4 in April 2024.

Quarterly and year-to-date utilities, materials and supplies expenditures increased by \$3.3M (\$9.7M – \$6.4M) and \$2.3M (\$15.6M – \$13.3M) compared to the same period last year. Both variances are mainly due to the timing of payment of meteorological supplies.

Quarterly and year-to-date acquisition of machinery and equipment expenditures increased by \$3.6M (\$8.7M – \$5.1M) and \$4.6M (\$12.9M – \$8.3M) compared to the same period last year. The quarterly variance is mainly due to the timing of payment for the acquisition of computer equipment and lab instruments.

Quarterly and year-to-date transfer payments expenditures increased by \$39.6M (\$93.4M – \$53.8M) and \$615.0M (\$711.0M – \$96.0M) compared to the same quarter last year. Both variances are mainly due to an increase in 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. The year-to-date variance is also due to an up-front contribution payment to the Green Municipal Fund to build strong and resilient communities by reducing the impacts of climate-related disasters, improving health and well-being, protecting and restoring nature and biodiversity, building and maintaining resilient infrastructure and supporting the economy and workers. It is also due to 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 decreased by \$2.0M (\$8.5M – \$10.5M) and \$2.0M (\$22.7M – \$24.7M) 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.

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. Uncertainties endure in attracting, developing, and retaining staff and leaders with appropriate skillsets due in part to a highly competitive and transforming labour market and to challenges with the internal processes and enabling frameworks related to people management. This is compounded by ECCC's expanding workloads and changes that contribute to increased change fatigue, and undermine employee well-being, productivity, and commitment. To attract and retain a qualified workforce, ECCC continues to maintain flexibility in providing internal human resources services, to perform sound human resources planning, and to support the health and wellness of employees.

In addition, there is a growing gap between the digital and technological tools needed to enable the Department's mandate and the quality and resilience of its current digital and technological infrastructure. This is due to challenges in aligning departmental operations with bold government-wide digital visions, and to a variety of factors contributing to infrastructure erosion, rust-out and reduced resiliency, including a rapidly changing profile of climate risk. Canada also faces persistent and increasingly sophisticated malicious cyber campaigns that threaten the public sector. To address these risks, ECCC undertakes technological and digital investment planning to proactively identify deficits and determine priorities and funding needs in these areas. It also continues to monitor, analyze and adapt cyber security measures.

The Department's ability to sustain its programming and commitments is also closely linked to the condition of its physical infrastructure. This infrastructure requires maintenance and ongoing investment to prevent rust-out and ensure functionality in the face of changing and increasingly complex needs. This is especially true given the increasing frequency of extreme weather-related events, such as catastrophic

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

The Department's 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 second quarter:

- In July 2024:
 - John Moffet was appointed Associate Deputy Minister of Environment and Climate Change Canada;
 - Alison McDermott was appointed Assistant Deputy Minister of the Strategic Policy Branch;
 - Megan Nichols was appointed Assistant Deputy Minister of the Environmental Protection Branch;
 - Michael Bonser was appointed Assistant Deputy Minister in the International Affairs Branch.

Approved by:

(the original version was signed by)

Jean-François Tremblay
Deputy Minister
Gatineau, Canada
Date: November 29, 2024

(the original version was signed by)

Linda Drainville
Chief Financial Officer
Gatineau, Canada
Date: November 20, 2024

Statement of Authorities (unaudited) – Table 1

Fiscal year 2024-25 (in thousands of dollars)

	Total available for use for the year ending March 31, 2025*	Used during the quarter ended September 30, 2024	Year-to-date used at quarter end
Vote 1 – Net Operating Expenditures	1,211,397	292,802	561,227
Vote 5 – Capital Expenditures	118,080	30,327	37,119
Vote 10 – Grants and Contributions	1,382,418	89,251	706,858
Budgetary Statutory – Employee Benefit Plans	122,274	30,569	61,137
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	99	25	50
Budgetary Statutory – Distribution of Fuel and Excess Emission Charges	-	4,102	4,102
Budgetary Statutory – Refund of previous years revenue	-	760	1,124
Budgetary Statutory – Spending of proceeds from the disposal of surplus Crown assets	-	6	6
Total Budgetary Authorities	2,834,268	447,842	1,371,623
Non-Budgetary Authorities	-	-	-
Total Authorities	2,834,268	447,842	1,371,623

* The funding available for use includes the 2024-25 Main Estimates and the allocations from Treasury Board (TB) Central Votes including the Operating and Capital budget carry-forwards.

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 September 30, 2023	Year-to-date used at quarter end
Vote 1 – Net Operating Expenditures	1,032,230	261,857	480,821
Vote 5 – Capital Expenditures	129,735	20,195	27,590
Vote 10 – Grants and Contributions	1,234,197	53,764	94,460
Budgetary Statutory – Employee Benefit Plans	111,907	27,977	55,954
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	95	24	47
Budgetary Statutory – Distribution of Fuel and Excess Emission Charges	-	-	1,457
Budgetary Statutory – Refund of previous years revenue	-	146	1,345
Budgetary Statutory – Spending of proceeds from the disposal of surplus Crown assets	-	372	372
Total Budgetary Authorities	2,508,164	364,335	662,046
Non-Budgetary Authorities	-	-	-
Total Authorities	2,508,164	364,335	662,046

* The funding available for use includes the 2023-24 Main Estimates, allocations from Treasury Board (TB) Central Votes including the Operating and Capital budget carry-forwards 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 September 30, 2024	Year-to-date used at quarter end
Expenditures:			
Personnel	1,032,050	269,711	537,879
Transportation and communications	36,994	9,181	15,579
Information	14,955	1,248	2,505
Professional and special services	243,055	48,419	74,782
Rentals	53,959	6,094	11,768
Repair and maintenance	21,894	4,873	7,168
Utilities, materials and supplies	56,112	9,695	15,563
Acquisition of land, buildings and works	1,811	2,231	2,445
Acquisition of machinery and equipment	59,070	8,674	12,848
Transfer payments	1,382,418	93,353	710,961
Public debt charges	326	-	-
Other subsidies and payments	6,179	2,832	2,804
Total gross budgetary expenditures	2,908,823	456,311	1,394,300
Less Revenues netted against expenditures:			
Revenues	74,555	8,469	22,677
Total Revenues netted against expenditures:	74,555	8,469	22,677
Total net budgetary expenditures	2,834,268	447,842	1,371,623

* The planned expenditures include the 2024-25 Main Estimates, allocations from Treasury Board (TB) Central Votes including the Operating and Capital budget carry-forwards.

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 September 30, 2023	Year-to-date used at quarter end
Expenditures:			
Personnel	855,994	242,253	464,316
Transportation and communications	26,140	8,674	15,041
Information	16,383	1,380	2,252
Professional and special services	280,745	41,728	65,928
Rentals	47,280	6,367	10,185
Repair and maintenance	20,248	4,031	6,283
Utilities, materials and supplies	44,013	6,399	13,255
Acquisition of land, buildings and works	2,314	2,387	2,549
Acquisition of machinery and equipment	47,876	5,123	8,291
Transfer payments	1,234,197	53,764	95,917
Public debt charges	502	-	-
Other subsidies and payments	7,486	2,724	2,685
Total gross budgetary expenditures	2,583,178	374,830	686,702
Less Revenues netted against expenditures:			
Revenues	75,014	10,495	24,656
Total Revenues netted against expenditures:	75,014	10,495	24,656
Total net budgetary expenditures	2,508,164	364,335	662,046

* The planned expenditures include the 2023-24 Main Estimates, allocations from Treasury Board (TB) Central Votes including the Operating and Capital budget carry-forwards and Government-wide Initiatives.