



Environnement et
Changement climatique Canada

Environment and
Climate Change Canada

DEPARTMENTAL QUARTERLY FINANCIAL REPORT

Q3/2021-22



Canada 

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 2021-22 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) is the lead federal department for a wide range of environmental issues, including taking action on clean growth and climate change. The Department is also engaged in activities aimed at preventing and managing pollution, conserving nature, and predicting weather and environmental conditions. The Department addresses these issues through various actions including the implementation of the Pan-Canadian Framework on clean growth and climate change, engaging with our strategic partners including provinces, territories and Indigenous peoples, monitoring, science-based research, policy and regulatory development, and through the enforcement of environmental laws.

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 department's spending authorities granted by Parliament, and those used by the department consistent with the Main Estimates for the 2021-22 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 December 31, 2021. The funding available for use includes the 2021-22 Main Estimates, Supplementary Estimates "A" and "B" and allocations from Treasury Board (TB) Central Votes including the Operating and Capital budget carry-forwards, the compensation allocations related to new collective agreements and Government-wide Initiatives.

ECCC's total available authorities for use for the year ending March 31, 2022 is lower by approximately \$41.4M (\$1,988.0M - \$2,029.4M)¹ when compared to the same quarter of the previous year. This difference is explained by an increase in Vote 1 – Net Operating of \$95.9M (\$983.6M - \$887.7M), in Vote 5 – Capital of \$23.4M (\$126.1M - \$102.7M), a decrease in Vote 10 – Grants and Contributions of \$51.8M (\$770.7M – \$822.5M) and in Budgetary Statutory authorities of \$108.9M (\$107.6M - \$216.5M).

Vote 1 – Net Operating authorities

The \$95.9M increase compared to last fiscal year in the net Operating authorities is mainly due to the following:

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

- \$24.7M increase related to the compensation allocations from TB Central Vote related to the new collective agreements and Phoenix damages;
- \$21.2M increase to Conserve Canada's Land and Freshwater, Protect Species, Advance Indigenous Reconciliation and Increase Access to Nature;
- \$13.9M increase related to Federal Contaminated Sites Action Plan;
- \$7.9M increase to support Climate Change Policy Capacity;
- \$7.5M increase to implement Natural Climate Solutions in Canada;
- \$7.1M increase to modernize the Enforcement of Environmental Laws and Regulations;
- \$6.4M increase related to the Climate Change Advertising Campaign;
- \$5.1M increase related to Protecting Canada's Nature, Parks and Wild Spaces;
- \$2.7M increase related to Net-Zero Advisory Body and Net-Zero Challenge;
- \$2.1M increase related to Wood Buffalo National Park World Heritage Site Action Plan;
- \$1.5M increase to address Imminent Threats to Wood Bison Herds;
- \$1.4M increase to implement Canada's New Marine Conservation Targets; and,
- \$0.9M increase related to British Columbia Agreements.

Offset by:

- \$2.7M decrease related to Species at Risk Act (SARA);
- \$2.4M decrease related to Low Carbon Economy Fund (LCEF); and,
- \$1.4M decrease related to Chemical Management Plan.

Vote 5 – Capital authorities

The \$23.4M increase compared to last fiscal year in the Capital authorities is mainly due to the following:

- \$8.6M increase related to Strong Arctic and Northern Communities;
- \$6.2M increase related to a higher amount carried forward from the previous year to continue work on specific projects;
- \$2.3M increase related to initiatives associated with the Revitalization of Meteorological Services;
- \$1.8M increase related to the Retrofit of the Global Atmosphere Watch Observatory in Alert, Nunavut;
- \$1.7M increase to Conserve Canada's Land and Freshwater, Protect Species, advance Indigenous Reconciliation and Increase Access to Nature;
- \$1.6M increase to modernize the Enforcement of Environmental Laws and Regulations; and,
- \$1.2M increase related to various other initiatives.

Vote 10 – Grants and contributions authorities

The \$51.8M decrease compared to last fiscal year in the Grants and Contributions authorities is mainly due to the following:

- \$180.0M decrease related to the Low Carbon Economy Fund;
- \$13.2M decrease related to Protecting Canada's Nature, Parks & Wild Spaces; and,
- \$11.9M decrease related to initiatives supporting Clean Growth and Climate Change.

Offset by:

- \$79.4M increase to Conserve Canada's Land and Freshwater, Protect Species, Advance Indigenous Reconciliation and Increase Access to Nature;
- \$34.7M increase related to Youth Employment and Skills Strategy;
- \$26.6M increase to implement Natural Climate Solutions in Canada;
- \$3.3M increase related to Southern Mountain Caribou;
- \$3.2M increase related to Net-Zero Advisory Body and Net-Zero Challenge;
- \$2.5M increase related to Trans Mountain Expansion Pipeline; and,
- \$3.6M increase for various other initiatives.

Statutory authorities

The \$108.9M decrease compared to last fiscal year in the budgetary statutory authorities is mainly due to the following:

- \$109.2M decrease in Statutory Grants and Contributions related to the Climate Action Incentive Fund; and
- \$11.3M decrease in Statutory Salary, O&M and Grants and Contributions related to the funding for Youth Employment and Skills Strategy (YESS) to support the students during COVID-19.

Offset by:

- \$11.6 increase 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 third quarter of 2021-22, total budgetary expenditures were \$334.8M compared to \$338.8M reported for the same period in 2020-21, resulting in a decrease of \$4.0M. Year to date expenditures as of December 31, 2021 are \$875.4M, which represents a decrease of \$17.2M (\$875.4M - \$892.6M) compared to the same period in 2020-21.

Vote 1 – Net Operating authorities used during the third quarter of 2021-22 totalled \$225.4M, which represents an increase of \$14.3M (\$225.4M - \$211.1M) compared to the same period last year. Year to date expenditures as of December 31, 2021 are \$650.7M, which represents an increase of \$42.4M (\$650.7M - \$608.3M) compared to the same period last year. These variances are mainly due to an increase in personnel and professional and special services offset by a decrease in rentals.

Vote 5 – Capital authorities used during the third quarter of 2021-22 totalled \$27.6M, which represents a decrease of \$0.4M (\$27.6M – \$28.0M) compared to the same period last year. Year to date expenditures as of December 31, 2021 are \$52.7M, which represents an increase of \$2.9M (\$52.7M - \$49.8M) compared to the same period last year. Both variances are mainly due to an increase in engineering consulting fees related to initiatives such as the Strong Arctic and Northern Communities and other various construction activities.

Vote 10 – Grants and Contributions authorities used during the third quarter of 2021-22 totalled \$57.5M, which represents a decrease of \$11.3M (\$57.5M - \$68.8M) compared to the same period last year. Year to date expenditures as of December 31, 2021 are \$99.2M, which represents a decrease of \$32.4M (\$99.2M - \$131.6M) compared to the same period last year. The quarterly variance is attributable to a decrease in funding available for initiatives such as Low Carbon Economy Fund. This variance is offset by an increase in funding available for initiative Youth Employment and Skills Strategy. The year to date variance is also attributable to the decrease in funding available for initiatives such as Protecting Canada's Nature, Parks and Wild Spaces and Clean Growth and Climate Change.

Budgetary Statutory - Statutory authorities used during the third quarter of 2021-22 totalled \$24.3M, which represents a decrease of \$6.6M (\$24.3M - \$30.9M) compared to the same period last year. Year to date expenditures as of December 31, 2021 are \$72.8M, which represents a decrease of \$30.1M (\$72.8M - \$102.9M) compared to the same period last year. Both variances are mainly due to statutory contribution payments for the Youth Employment and Skills Strategy (YESS) program to support students during COVID-19 and the Statutory Grant and Contribution payments for the Climate Action Incentive Fund from 2020-21.

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 have increased by \$10.2M (\$207.5M - \$197.3M) and \$36.2M (\$618.5M - \$582.3M) compared to the same period last year. Both variances are attributable to an increase in salary wages due to renewed collective agreements as well as to disbursements of compensation for eligible employees impacted by the Phoenix pay system.

Quarterly and year to date Transportation and communications expenditures have increased by \$0.9M (\$5.5M - \$4.6M) and \$4.0M (\$11.9M - \$7.9M) compared to the same period last year. Both variances are mainly due to a increase in travel expenditures and an increase in telecommunication expenditures related to the payment of Microsoft 365 licenses.

Quarterly and year to date Professional and special services expenditures have increased by \$5.2M (\$52.2M - \$47.0M) and \$20.1M (\$115.4M - \$95.3M) compared to the same period last year. The quarterly variance is mainly due to an increase in engineering consulting fees related to initiatives Strong Arctic and Northern Communities. The year to date variance is also attributable to an increase in information technology consulting fees, in cloud services related to Microsoft 365 licenses as well as to the timing in payments for various professional services.

Quarterly and year to date Rentals expenditures have decreased by \$0.4M (\$3.2M - \$3.6M) and \$20.9M (\$12.0M - \$32.9M) compared to the same period last year. The year to date variance is mainly attributable to the retroactive Squamish Nation's lease payment for the Pacific Environmental Centre (PEC) paid in 2020-21 and the timing of the PEC annual lease payment.

Quarterly and year to date Acquisition of machinery and equipment have decreased respectively by \$2.8M (\$6.9M - \$9.7M) and \$3.6M (\$12.5M - \$16.1M) compared to the same period last year. Both variances are mainly due to acquisition of computer and computer equipment in 2020-2021 to replenish a part of the inventory becoming obsolete.

Quarterly and year to date Transfer payments expenditures have decreased by \$18.1M (\$57.5M - \$75.6M) and \$63.1M (\$99.2M - 162.3M) compared to the same quarter last year. The quarterly variance is attributable to a decrease in funding available for initiatives such as Low Carbon Economy Fund and the Statutory Grant and Contribution payments for the Climate Action Incentive Fund from 2020-21. This variance is offset by an increase in funding available for the initiative Youth Employment and Skills Strategy. The year to date variance is also attributable to the decrease in funding available for initiatives such as Protecting Canada's Nature, Parks and Wild Spaces and Clean Growth and Climate Change.

Quarterly and year to date Revenue collections have decreased by \$0.4M (\$11.4M - \$11.8M) and \$5.0M (\$27.2M - \$32.2M) compared to the same period last year. The quarterly variance is mainly due to the timing of collections for the Disposal at Sea Program and for meteorological services provided to the Canadian Coast Guard. The year to date variance is also attributable to a decrease in meteorological services provided to NAV Canada, in activities related to the Oil Sands Monitoring Program and in sales of migratory game bird hunting permit..

Risks and uncertainties

ECCC is primarily funded through voted parliamentary spending authorities for operating expenditures, capital expenditures, and transfer payments as well as statutory authorities. The Department is also partially funded through vote-netted revenues. ECCC's planned spending reflects approved funding by Treasury Board and Parliament.

The Department addresses environmental challenges in a horizontal and collaborative environment, characterized by shared jurisdiction, various domestic and international partnerships, and increasing expectations for co-development of environmental solutions with Indigenous peoples. As a science-based department, ECCC's operations are highly complex, requiring access to unique skill sets, leading-edge and sustainable infrastructure, and data.

In this context, a wide range of internal and external factors have the potential to affect ECCC's ability to deliver optimal and timely results for Canadians, including the multiplicity of new and evolving priorities and commitments, the COVID-19 and post-pandemic related challenges and uncertainties, the evolving policy and legal landscape, the rising importance of climate change and need for nature-based solutions, as well as the need to keep pace with technological advancements. In its financial management, the Department considers and addresses these factors and their potential impacts on the department's financial plan.

The Department's ability to deliver results for Canadians on clean growth and climate change required extensive collaboration with federal, provincial, territorial, Indigenous, and international partners, as well as the private and non-profit sectors and civil society, to address common uncertainties in this area. Among other things, the Department continued to work collaboratively with key partners in implementing and building on the Pan-Canadian Framework on Clean Growth and Climate Change (PCF), as well as supporting strengthened Canada's climate plan engagement efforts as part of A Healthy Environment and a Healthy Economy.

To prevent and manage pollution across Canada, the Department addressed uncertainties regarding the development and implementation of environmental standards, guidelines, regulations and other risk management instruments to reduce releases and monitor levels of contaminants in air, water and soil, and to promote and enforce compliance with environmental laws and regulations. ECCC reviewed the ambient air quality standards for fine particulate matter, and proposed the establishment of more stringent standards. The Department finalized national regulations that will reduce pollution from petroleum and petrochemical facilities across the country.

The effective management and leveraging of information assets is critical to the Department's ability to conserve nature. COVID-19 restrictions impeded collaboration with external partners, the technical fieldwork needed to monitor wildlife populations, and the establishment of protected and conserved areas. A partnership has been built by the Canada Nature Fund to progress toward achieving Canada's biodiversity targets for conserving land and inland waters, and advance the protection and recovery of species at risk. ECCC continued to leverage its scientific data and Indigenous knowledge systems, and to adapt its approaches and programming to climate change and enforcement of legislation that facilitates conservation. ECCC has been proceeding with the implementation of the distinctions-based Indigenous Guardians Pilot Program with Indigenous peoples.

The Department relies on its capital and technological infrastructure to achieve its mandate and deliver mission-critical services. This infrastructure required maintenance and ongoing investment to prevent rust-out and to ensure functionality in the face of changing and increasingly complex needs. Seven new radar systems, installed in several communities across Canada, used the most modern technology available and provided more detailed information on precipitation type and storm structure, and allowed ECCC to give Canadians greater lead-time to protect themselves and their property.

Due to the COVID-19 pandemic, ECCC has prioritized the support of critical services, while a large proportion of its employees have been asked to work remotely. ECCC has reviewed its policies and procedures to determine and implement necessary adjustments to support the delivery of services. A governance structure has been implemented to manage the departmental response including the ongoing prioritization of deliverables. This has allowed the Department to adjust quickly to new operational realities as the COVID-19 pandemic continues to evolve.

ECCC will continue to closely monitor its operating environment in order 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 the third quarter:

- [On October 26, 2021](#), the Right Honourable Justin Trudeau, Prime Minister of Canada, appointed Steven Guilbeault as the Minister of Environment and Climate Change Canada.

Approved by:

(the original version was signed by)

T. Christine Hogan,
Deputy Minister
Gatineau, Canada
Date: February 11, 2022

(the original version was signed by)

Linda Drainville,
Chief Financial Officer
Gatineau, Canada
Date: February 1, 2022

Statement of Authorities (unaudited) – Table 1

Fiscal year 2021-22 (in thousands of dollars)

	Total available for use for the year ending March 31, 2022*	Used during the quarter ended December 31, 2021	Year to date used at quarter end
Vote 1 – Net Operating expenditures	983,575	225,411	650,660
Vote 5 – Capital expenditures	126,058	27,546	52,719
Vote 10 – Grants and contributions	770,713	57,470	99,222
Budgetary Statutory – Employee Benefit Plans	107,466	24,193	72,579
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	90	23	69
Budgetary Statutory – Spending of proceeds from the disposal of surplus Crown assets	0	130	130
Total Budgetary authorities	1,987,902	334,773	875,379
Non-Budgetary authorities	0	-	-
Total authorities	1,987,902	334,773	875,379

* The funding available for use includes the 2021-22 Main Estimates, Supplementary Estimates “A” and “B” and allocations from Treasury Board Central Votes including the Operating and Capital budget carry-forwards, Compensation Allocations related to new collective agreements and Government-wide Initiatives.

Statement of Authorities (unaudited) – Table 2

Fiscal year 2020-21 (in thousands of dollars)

	Total available for use for the year ending March 31, 2021*	Used during the quarter ended December 31, 2020	Year to date used at quarter end
Vote 1 – Net Operating expenditures	887,666	211,123	608,277
Vote 5 – Capital expenditures	102,743	27,970	49,773
Vote 10 – Grants and contributions	822,542	68,780	131,591
Budgetary Statutory – Employee Benefit Plans	95,864	23,937	71,811
Budgetary Statutory – Climate Action Support Payments (Climate Action Incentive Fund)	109,148	6,832	19,676
Budgetary Statutory - Expanded Youth Employment and Job Skills (Supporting Students during COVID-19)	11,339	110	11,266
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	89	22	67
Budgetary Statutory – Spending of proceeds from the disposal of surplus Crown assets	0	0	116
Total Budgetary authorities	2,029,391	338,774	892,577
Non-Budgetary authorities	-	-	-
Total authorities	2,029,391	338,774	892,577

* The funding available for use includes the 2020-21 Main Estimates, Supplementary Estimates “B” and allocations from Treasury Board Central Votes including the Operating and Capital budget carry-forwards and Compensation Allocations related to the new collective agreements.

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

Fiscal year 2021-22 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2022*	Expended during the quarter ended December 31, 2021	Year to date used at quarter end
Expenditures:			
Personnel	823,690	207,529	618,480
Transportation and communications	50,949	5,440	11,863
Information	9,181	1,594	4,582
Professional and special services	253,195	52,200	115,394
Rentals	36,037	3,214	11,986
Repair and maintenance	20,916	4,495	7,904
Utilities, materials and supplies	46,402	7,313	17,853
Acquisition of land, buildings and works	2,133	53	222
Acquisition of machinery and equipment	42,174	6,879	12,532
Transfer payments	770,713	57,470	99,223
Public debt charges	534	0	0
Other subsidies and payments	7,737	1	2,505
Total gross budgetary expenditures	2,063,661	346,188	902,544
Less Revenues netted against expenditures:			
Revenues	75,759	11,415	27,165
Total Revenues netted against expenditures:	75,759	11,415	27,165
Total net budgetary expenditures	1,987,902	334,773	875,379

* The planned expenditures available for use include the 2021-22 Main Estimates, Supplementary Estimates “A” and “B” and allocations from Treasury Board Central Votes including the Operating and Capital budget carry-forwards, Compensation Allocations related to new collective agreements and Government-wide Initiatives.

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

Fiscal year 2020-21 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2021*	Expended during the quarter ended December 31, 2020	Year to date used at quarter end
Expenditures:			
Personnel	758 220	197,339	582,296
Transportation and communications	46 877	4,573	7,864
Information	6 800	1,012	2,362
Professional and special services	205 770	47,033	95,254
Rentals	34 395	3,567	32,881
Repair and maintenance	19 364	4,413	7,171
Utilities, materials and supplies	44 291	7,279	15,744
Acquisition of land, buildings and works	1 072	67	134
Acquisition of machinery and equipment	42 529	9,684	16,093
Transfer payments	942 749	75,612	162,327
Public debt charges	561	0	0
Other subsidies and payments	7 530	10	2,615
Total gross budgetary expenditures	2 110 158	350,589	924,741
Less Revenues netted against expenditures:			
Revenues	80 767	11,815	32,164
Total Revenues netted against expenditures:	80 767	11,815	32,164
Total net budgetary expenditures	2 029 391	338,774	892,577

* The funding available for use includes the 2020-21 Main Estimates, Supplementary Estimates “B” and allocations from Treasury Board Central Votes including the Operating and Capital budget carry-forwards and Compensation Allocations related to the new collective agreements.