



DEPARTMENTAL QUARTERLY FINANCIAL REPORT

Q1/2022-23



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 2022-23 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 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 department's spending authorities granted by Parliament, and those used by the department consistent with the Main Estimates for the 2022-23 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, 2022. The funding available for use includes the 2022-23 Main Estimates.

ECCC's total available authorities for use for the year ending March 31, 2023 is higher by approximately \$169.9M (\$1,968.2M - \$1,798.3M)¹ when compared to the same quarter of the previous year. This difference is explained by an increase in Vote 1 – Net Operating of \$64.2M (\$969.2M - \$905.0M), in Vote 5 – Capital of \$15.0M (\$120.5M - \$105.5M), in Vote 10 – Grants and Contributions of \$84.5M (\$770.3M – \$685.8M) and in Budgetary Statutory authorities of \$6.2M (\$108.2M - \$102.0M).

Vote 1 – Net Operating authorities

The \$64.2M increase compared to last fiscal year in the net Operating authorities is mainly due to the following:

- \$40.3M increase to conserve Canada's land and freshwater, protect species, advance Indigenous reconciliation and increase access to nature;
- \$9.7M increase related to carbon pollution pricing proceeds return;

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

- \$9.4M increase to reduce greenhouse gas emissions in the transportation and methane waste sectors;
- \$7.7M increase to support climate change policy capacity;
- \$5.7M increase related to the compensation allocations from Treasury Board for the new collective agreements;
- \$5.0M increase related to strong arctic and northern communities;
- \$4.8M increase to establish the Canada Water Agency Transition Office;
- \$3.6M increase to implement natural climate solutions in Canada;
- \$3.4M increase related to the Federal Contaminated Sites Action Plan;
- \$3.4M increase related to Climate Lens initiative;
- \$3.3M increase related to wildfire and flood preparedness and response capacity;
- \$3.1M increase to implement Canada's new marine conservation targets;
- \$3.1M increase to address imminent threats to wood bison herds;
- \$2.9M increase to modernize the enforcement of environmental laws and regulations;
- \$2.9M increase related to the Wood Buffalo National Park World Heritage Site Action Plan;
- \$0.3M increase related to various other initiatives.

Offset by:

- \$8.2M decrease related to Great Lakes ecosystem initiatives;
- \$6.5M decrease related to travel allocations;
- \$6.3M decrease related to the Low Carbon Economy Fund (LCEF);
- \$6.2M decrease related to the National Zero Plastic Waste Strategy;
- \$5.1M decrease related to the Oceans Protection Plan;
- \$4.5M decrease related to a transfer of ongoing funds to Shared Services Canada to further centralize Enterprise Services given the move to IT standardization of user-based services;
- \$4.2M decrease to develop the federal carbon pollution pricing system; and
- \$3.4M decrease to adapt Canada's weather and water services to climate change.

Vote 5 – Capital authorities

The \$15.0M increase compared to last fiscal year in the Capital authorities is mainly due to the following:

- \$4.7M increase to safeguard the continuous operation of the Dr. Neil Trivett Global Atmosphere Watch Observatory in Alert, Nunavut;
- \$4.2M increase to conserve Canada's land and freshwater, protect species, advance Indigenous reconciliation and increase access to nature;
- \$2.1M increase related to strong arctic and northern communities;
- \$2.0M increase to reduce greenhouse gas emissions in the transportation and methane waste sectors;
- \$1.4M increase related to initiatives associated with the revitalization of meteorological services; and

- \$1.3M increase to address Canadian data receiving infrastructure for the Space-Based Earth Observation Network.

Offset by:

- \$0.7M decrease related to various other initiatives.

Vote 10 – Grants and contributions authorities

The \$84.5M increase compared to last fiscal year in the Grants and Contributions authorities is mainly due to the following:

- \$185.7M increase to conserve Canada’s land and freshwater, protect species, advance Indigenous reconciliation and increase access to nature;
- \$28.0M increase related to Canada’s International Climate Finance; and
- \$25.3M increase to implement natural climate solutions in Canada.

Offset by:

- \$130.2M decrease related to the Low Carbon Economy Fund;
- \$23.7M decrease related to the Youth Employment and Skills Strategy; and
- \$0.6M decrease for various other initiatives.

Statutory authorities

The \$6.2M increase compared to last fiscal year in the budgetary statutory authorities is mainly due to the following:

- \$6.2M 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 first quarter of 2022-23, total budgetary expenditures were \$281.8M compared to \$260.9M reported for the same period in 2021-22, resulting in an increase of \$20.9M.

Vote 1 – Net Operating authorities used during the first quarter of 2022-23 totalled \$214.0M, which represents an increase of \$12.2M (\$214.0M - \$201.8M) compared to the same period last year. This variance is mainly due to an increase in personnel, rentals and acquisition of computer equipment.

Vote 5 – Capital authorities used during the first quarter of 2022-23 totalled \$6.6M, which represents a decrease of \$0.9M (\$6.6M – \$7.5M) compared to the same period last year.

Vote 10 – Grants and Contributions authorities used during the first quarter of 2022-23 totalled \$33.7M, which represents an increase of \$6.3M (\$33.7M - \$27.4M) compared to the same period last year. The variance is mainly due to an increase in funding available for initiatives related to Canada’s International Climate Finance Program and to implement natural climate solutions in Canada.

Budgetary Statutory - Statutory authorities used during the first quarter of 2022-23 totalled \$27.5M, which represents an increase of \$3.3M (\$27.5M - \$24.2M) compared to the same period last year, 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.

Personnel expenditures have increased by \$10.7M (\$212.3M - \$201.6M) compared to the same period last year. The variance is mainly due to the increase of permanent salaries based on collective agreements and to the increase related to conserve Canada’s land and freshwater, protect species, advance Indigenous reconciliation and increase access to nature and to carbon pollution pricing proceeds return initiatives.

Transportation and communications expenditures have increased by \$4.2M (\$6.2M - \$2.0M) compared to the same period last year. The variance is mainly due to an increase in travel expenditures and to an increase in expenditures related to the timing of payment for telecommunication service agreements with Shared Services Canada.

Rentals expenditures have increased by \$1.0M (\$5.0M - \$4.0M) compared to the same period last year. The variance is mainly due to an increase in the cost of aircraft rental related to various field work activities that had been delayed or suspended during the last two years.

Acquisition of machinery and equipment expenditures have increased by \$2.6M (\$4.8M - \$2.2M) compared to the same period last year. The variance is mainly due to the timing in payment for the acquisition of computer equipment and the timing of acquisition of lab instruments related to a return to pre-pandemic needs.

Transfer payments expenditures have increased by \$6.7M (\$34.1M - \$27.4M) compared to the same quarter last year. The variance is mainly due to an increase in funding available for initiatives for Canada’s International Climate Finance Program and implement natural climate solutions in Canada.

Revenue collections have increased by \$4.2M (\$12.0M - \$7.8M) compared to the same period last year. The variance is mainly due to the timing of collection related to meteorological services provided to NAV Canada and to activities related to the Oil Sands Monitoring Program.

Risks and Uncertainties

ECCC is primarily funded through voted parliamentary spending authorities for operating expenditures, capital expenditures, 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 has the potential to affect ECCC's ability to deliver optimal and timely results for Canadians. This includes but is not limited to 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, the need for nature-based solutions, as well as the necessity to keep pace with technological advancements. With regards to 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. In addition, ECCC is continuing to support the Government of Canada's efforts to adapt to the impacts of changing climatic realities. ECCC is committed to designing and implementing programs to not only account for climate change impacts, but also the risks that could impede ECCC to deliver on their mandates in an effective and efficient manner.

Partnerships are the Departments key determinant to deliver antipollution programming. Traditionally this is achieved by extensive collaboration with various partners, such as businesses, non-governmental organizations, Indigenous communities, municipalities, provinces, territories and other countries. To effectively prevent and manage pollution across Canada, the Department addressed several 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. Moreover, as provincial and community restrictions continue to evolve, limitations to fieldwork and laboratory analysis could negatively affect the Department's ability to generate and leverage data used for the development and implementation of environmental standards, guidelines and regulations.

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, as well as 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 weather services. This infrastructure required maintenance and ongoing investment was implemented to prevent rust-out and to ensure the functionality in the face of changing and increasingly complex needs. However, the Department's ability to ensure a timely delivery of world-class meteorological, environmental and hydrological information could be hampered by their ability to access collect, share and analyze this complex data. In response to these uncertainties, ECCC will continue to develop and implement new strategies to enhance data governance and transparency, empower people, promote a data culture, and foster an enabling data structure. Furthermore, ECCC plans to enhance its capital and technological planning to improve upon the assessment of enterprise-wide deficits, priorities and funding for areas of need.

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

No significant changes in relation to operations, personnel and programs to report during the first quarter of 2022-23.

Approved by:

(the original version was signed by Paul
Halucha in replacement of)

T. Christine Hogan,
Deputy Minister
Gatineau, Canada
Date: August 9, 2022

(the original version was signed by)

Linda Drainville,
Chief Financial Officer
Gatineau, Canada
Date: August 3, 2022

Statement of Authorities (unaudited) – Table 1

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	0	464	464
Total Budgetary authorities	1,968,217	281,783	281,783
Non-Budgetary authorities	0	-	-
Total authorities	1,968,217	281,783	281,783

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

Statement of Authorities (unaudited) – Table 2

Fiscal year 2021-22 (in thousands of dollars)

	Total available for use for the year ending March 31, 2022*	Used during the quarter ended June 30, 2021	Year to date used at quarter end
Vote 1 – Net Operating expenditures	904,989	201,788	201,788
Vote 5 – Capital expenditures	105,551	7,481	7,481
Vote 10 – Grants and contributions	685,762	27,366	27,366
Budgetary Statutory – Employee Benefit Plans	101,864	24,193	24,193
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	91	23	23
Total Budgetary authorities	1,798,257	260,851	260,851
Non-Budgetary authorities	-	-	-
Total authorities	1,798,257	260,851	260,851

* The funding available for use includes the 2021-22 Main Estimates and the Supplementary Estimates A.

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

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.

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

Fiscal year 2021-22 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2022*	Expended during the quarter ended June 30, 2021	Year to date used at quarter end
Expenditures:			
Personnel	774,676	201,580	201,580
Transportation and communications	45,591	1,993	1,993
Information	8,154	762	762
Professional and special services	221,976	24,048	24,048
Rentals	32,246	3,950	3,950
Repair and maintenance	18,400	1,479	1,479
Utilities, materials and supplies	41,152	5,121	5,121
Acquisition of land, buildings and works	1,855	79	79
Acquisition of machinery and equipment	36,272	2,200	2,200
Transfer payments	685,762	27,366	27,366
Public debt charges	509	0	0
Other subsidies and payments	7,423	60	60
Total gross budgetary expenditures	1,874,016	268,638	268,638
Less Revenues netted against expenditures:			
Revenues	75,759	7,787	7,787
Total Revenues netted against expenditures:	75,759	7,787	7,787
Total net budgetary expenditures	1,798,257	260,851	260,851

* The funding available for use includes the 2021-22 Main Estimates and the Supplementary Estimates A.