



Environnement et
Changement climatique Canada

Environment and
Climate Change Canada

DEPARTMENTAL QUARTERLY FINANCIAL REPORT

Q1/2020-21



Canada 

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 2020-21 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 2020-21 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, 2020.

ECCC's total available authorities for use for the year ending March 31, 2021 is lower by approximately \$289.2M (\$1,538.5M - \$1,827.7M)¹ when compared to the same quarter of the previous year. This decrease is mainly due to the reduced supply of the Main Estimates. Due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the Fall. The funding available for ECCC use reflects 9/12ths of the 2020-21 Main Estimates. ECCC is expected to receive full supply for the 2020-21 Main Estimates in December 2020.

The decrease of \$289.2M includes a decrease in Vote 1 – Net Operating of \$199.0M (\$643.7M - \$842.7M), in Vote 5 – Capital of \$34.6M (\$67.4M - \$102.0M), in Vote 10 – Grants and Contributions of \$165.3M (\$622.4 - \$787.7M) and an increase in Budgetary Statutory authorities of \$109.7M (\$205.0M - \$95.3M).

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

Vote 1 – Net Operating authorities

The \$199.0M decrease compared to last fiscal year in the net Operating authorities is mainly due to a decrease of \$214.6M related to the reduced supply of 9/12 for the 2020-21 Main Estimates, whereas Full supply was provided last year. The remaining variance is attributable to fluctuations in the funding profile for various initiatives such as the Federal Contaminated Sites Action Plan, National Zero Waste Plastic Strategy, Adapting Canada's Weather and Water Services to Climate Change, Trans Mountain Expansion Project, Low Carbon Economy Fund, Implementing a Federal Carbon Offset System, as well as compensation allocations from Treasury Board Secretariat related to new collective agreements.

Vote 5 – Capital authorities

The \$34.6M decrease compared to last fiscal year in the Capital authorities is mainly due to a decrease of \$22.4M related to the reduced supply of 9/12 for the 2020-21 Main Estimates, whereas Full supply was provided last year. The remaining variance is attributable to fluctuations in the funding profile for various initiatives such as Strong Arctic and Northern Communities, Revitalization of Canada's Weather Services and Adapting Canada's Weather and Water Services to Climate Change.

Vote 10 – Grants and contributions authorities

The \$165.3M decrease compared to last fiscal year in the Grants and Contributions authorities is mainly due to a decrease of \$207.5M related to the reduced supply of 9/12 for the 2020-21 Main Estimates, whereas Full supply was provided last year. The remaining variance is attributable to fluctuations in the funding profile for various initiatives such as Low Carbon Economy Fund, National Zero Waste Plastic Strategy, Protecting Canada's Nature, Parks and Wild Spaces, Clean Growth and Climate Change, Trans Mountain Expansion Project and Species at Risk Act (SARA).

Statutory authorities

The \$109.7M increase compared to last fiscal year in the Budgetary statutory authorities is mainly due to the following:

- \$109.2M increase in Statutory Grants and Contributions related to the Climate Action Incentive Fund; and
- \$0.5M 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 2020-21, total budgetary expenditures were \$259.6M compared to \$233.6M reported for the same period in 2019-20, resulting in an increase of \$26.0M.

Vote 1 – Net Operating authorities used during the first quarter of 2020-21 totalled \$194.1M, which represents an increase of \$1.7M (\$194.1M - \$192.4M) compared to the same quarter in 2019-20. This

variance is mainly due to an increase in salary wages due to renewed collective agreements, a reduction in travel expenditures and a decrease in revenue due to the timing of collection.

Vote 5 – Capital authorities used during the first quarter of 2020-21 totalled \$5.1M, which represents an increase of \$0.8M (\$5.1M – \$4.3M) compared to the same quarter in 2019-20. Variance is mainly due to an increase in engineering consulting fees for various construction activities.

Vote 10 – Grants and Contributions authorities used during the first quarter of 2020-21 totalled \$36.5M, which represents an increase of \$23.2M (\$36.5M - \$13.3M) compared to the same quarter in 2019-20. The increase is mainly due to the timing of payments submitted for initiatives such as Protecting Canada's Nature, Parks & Wild Spaces, Clean Growth and Climate Change and Youth Employment and Skills Strategy.

Statutory authorities used during the first quarter of 2020-21 totalled \$24.0M, which represents an increase of \$0.3M (\$24.0M - \$23.7M) compared to the same quarter in 2019-20.

Expenditures analysis by Standard Object

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

Personnel expenditures have increased by \$11.0M (\$190.7M - \$179.7M) compared to the same quarter last year. The variance is mainly due to an increase in salary wages due to renewed collective agreements.

Transportation and communications expenditures have decreased by \$7.4M (\$0.9M - \$8.3M) compared to the same quarter last year. The variance is mainly explained by a reduction in travel expenditures due to travel restrictions put in place to stem the spread of COVID-19.

Professional and special services expenditures have decreased by \$2.3M (\$17.5M - \$19.8M) compared to the same quarter last year. The variance is mainly due to a decrease in translation services as well as in occupational and second language training.

Rentals expenditures have increased by \$2.2M (\$16.4M – \$14.2M) compared to the same quarter last year. The variance is mainly due to the Squamish Nation's prepayment of an annual amount under a lease on a portion of Capilano Indian Reserve as well as adjustments related to this prepayment amount.

Transfer payments expenditures have increased by \$23.2M (\$36.5M - \$13.3M) compared to the same quarter last year. The increase is mainly due to the timing of payments submitted for initiatives such as Protecting Canada's Nature, Parks & Wild Spaces, Clean Growth and Climate Change and Youth Employment and Skills Strategy.

Revenue collections have decreased by \$4.4M (\$9.8M - \$14.2M) compared to the same quarter last year. The variance is mainly due to the timing of collection related to the multi-year agreement with NAV Canada for the provision of meteorological services.

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.

ECCC's ability to deliver results for Canadians is influenced by a wide range of internal and external factors such as the increasing frequency of severe weather events, and the expectation to consult and collaborate with federal, provincial, territorial, Indigenous, and other partners to address common environmental challenges. In its financial management, the Department considers these factors and their potential impact related to the department's financial plan.

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 in the short term to support the delivery of services. A prioritization planning exercise took place to adjust deadlines for key milestones and deliverables, as required, and to better position the Department to adjust quickly to new operational realities.

The department is required to manage its operations and programs with reduced financial authorities as only 9/12 of the supply for 2020-21 Main Estimates has been approved by Parliament. The remaining supply is expected to be approved in December 2020.

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 results.

Significant changes in relation to operations, personnel and programs

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

- In line with guidance provided by Treasury Board of Canada Secretariat in response to the COVID-19 pandemic, the Government of Canada has asked that employees work from home whenever and wherever possible. The department has identified essential and critical services and related supporting resources to ensure continued critical government operations and services to Canadians.

Approved by:

(Original signed by)

T. Christine Hogan,
Deputy Minister
Gatineau, Canada
Date: August 26, 2020

(Original signed by)

Carol Najm,
Chief Financial Officer
Gatineau, Canada
Date: August 26, 2020

Statement of Authorities (unaudited) – Table 1

Fiscal year 2020-21 (in thousands of dollars)

	Total available for use for the year ending March 31, 2021*	Used during the quarter ended June 30, 2020	Year to date used at quarter end
Vote 1 – Net Operating expenditures	643,736	194,076	194,076
Vote 5 – Capital expenditures	67,345	5,100	5,100
Vote 10 – Grants and contributions	622,411	36,464	36,464
Budgetary Statutory – Employee Benefit Plans	95,747	23,937	23,937
Budgetary Statutory – Climate Action Support Payments (Climate Action Incentive Fund)	109,148	0	0
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	89	22	22
Total Budgetary authorities	1,538,476	259,599	259,599
Non-Budgetary authorities	-	-	-
Total authorities	1,538,476	259,599	259,599

* The funding available for ECCC use reflects 9/12ths of the 2020-21 Main Estimates. Full supply for the 2020-21 Main Estimates is expected in December 2020. Authorities for Supplementary Estimates will follow later this year.

Statement of Authorities (unaudited) – Table 2

Fiscal year 2019-20 (in thousands of dollars)

	Total available for use for the year ending March 31, 2020*	Used during the quarter ended June 30, 2019	Year to date used at quarter end
Vote 1 – Net Operating expenditures	842,682	192,431	192,431
Vote 5 – Capital expenditures	101,960	4,282	4,282
Vote 10 – Grants and contributions	787,709	13,269	13,269
Budgetary Statutory – Employee Benefit Plans	95,294	23,620	23,620
Budgetary Statutory – Minister’s Salary and Motor Car Allowance	88	22	22
Budgetary Statutory – Spending of proceeds from the disposal of surplus Crown assets	0	19	19
Total Budgetary authorities	1,827,733	233,643	233,643
Non-budgetary authorities	-	-	-
Total authorities	1,827,733	233,643	233,643

* The funding available for use includes the 2019-20 Main Estimates.

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

Fiscal year 2020-21 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2021*	Expended during the quarter ended June 30, 2020	Year to date used at quarter end
Expenditures:			
Personnel	591,984	190,740	190,740
Transportation and communications	34,753	871	871
Information	5,063	487	487
Professional and special services	147,788	17,546	17,546
Rentals	25,604	16,379	16,379
Repair and maintenance	13,755	776	776
Utilities, materials and supplies	32,373	4,150	4,150
Acquisition of land, buildings and works	793	18	18
Acquisition of machinery and equipment	29,533	2,003	2,003
Transfer payments	731,559	36,464	36,464
Public debt charges	419	0	0
Other subsidies and payments	5,619	-67	-67
Total gross budgetary expenditures	1,619,243	269,367	269,367
Less Revenues netted against expenditures:			
Revenues	80,767	9,768	9,768
Total Revenues netted against expenditures:	80,767	9,768	9,768
Total net budgetary expenditures	1,538,476	259,599	259,599

* The funding available for ECCC use reflects 9/12ths of the 2020-21 Main Estimates. Full supply for the 2020-21 Main Estimates is expected in December 2020. Authorities for Supplementary Estimates will follow later this year.

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

Fiscal year 2019-20 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2020*	Expended during the quarter ended June 30, 2019	Year to date used at quarter end
Expenditures:			
Personnel	715,918	179,746	179,746
Transportation and communications	35,617	8,310	8,310
Information	6,712	772	772
Professional and special services	213,909	19,810	19,810
Rentals	32,753	14,187	14,187
Repair and maintenance	28,537	1,259	1,259
Utilities, materials and supplies	41,783	5,454	5,454
Acquisition of land, buildings and works	1,065	76	76
Acquisition of machinery and equipment	42,102	2,638	2,638
Transfer payments	787,709	13,269	13,269
Other subsidies and payments	4,137	2,276	2,276
Total gross budgetary expenditures	1,910,242	247,797	247,797
Less Revenues netted against expenditures:			
Revenues	82,509	14,154	14,154
Total Revenues netted against expenditures:	82,509	14,154	14,154
Total net budgetary expenditures	1,827,733	233,643	233,643

* The funding available for use includes the 2019-20 Main Estimates.