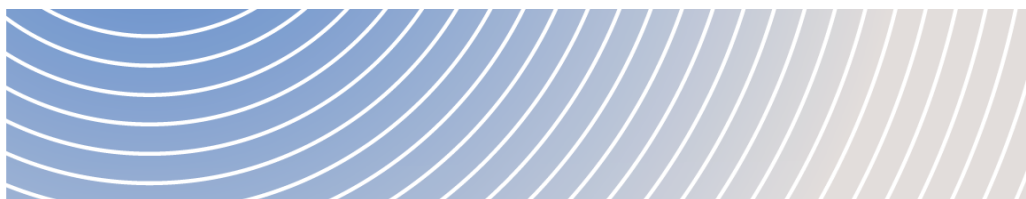




Impact Assessment
Agency of Canada

Agence d'évaluation
d'impact du Canada

Impact Assessment Agency of Canada's Quarterly Financial Report for Quarter ended June 30, 2023



August 2023

Canada 



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

Introduction

The Impact Assessment Agency of Canada's (the Agency) first quarterly financial statement for the period ended June 30, 2023 has been prepared by management as required by section 65.1 of the *Financial Administration Act*, and in the form and manner prescribed by Treasury Board under the Directive on Accounting Standards. It should be read in conjunction with the [Main Estimates and Supplementary Estimates](#) for the current year.

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

The Agency, led by a President who reports directly to the Minister of Environment and Climate Change, has its headquarters in Ottawa and regional offices in St. John's, Halifax, Quebec City, Toronto, Edmonton, and Vancouver. The Agency's activities are carried out under two core responsibilities: 1) Impact Assessment and 2) Internal Services.

1. Impact Assessment

The Agency delivers high-quality impact assessments that contribute to the informed decision making on major projects, in support of sustainable development. Through its delivery of Impact Assessment (IA), the Agency serves Canadians by looking at both positive and negative environmental, economic, social and health impacts of potential projects. The Agency:

- Leads and manages the impact assessment process for all federally designated major projects;
- Leads Crown engagement and serves as the single point of contact for consultation and engagement with Indigenous peoples during impact assessments for designated projects;
- Provides opportunities and funding to support public participation in impact assessments;
- Works to ensure that mitigation measures are applied and are working as intended;
- Promotes uniformity and coordination of impact assessment practices across Canada through research, guidance and ongoing discussion with stakeholders and partners; and
- Works with a range of international jurisdictions and organizations to exchange best practices in impact assessment.

In delivering on its core responsibilities for designated projects, the Agency collaborates with federal departments and agencies with specific expertise to provide information and advice that support the conduct of impact assessments. Where projects are associated with lifecycle regulators such as the Canada Energy Regulator, the Canadian Nuclear Safety Commission and the Offshore Petroleum Boards, the Agency works collaboratively with these partners to draw upon their expert knowledge and ensure that safety, licensing requirements, international obligations, and other key regulatory factors are considered as part of a single, integrated assessment. In accordance with the transitional provisions of *Impact Assessment Act* (IAA), the Agency is also responsible for continuing to manage the environmental assessment (EA) of most projects required under the former *Canadian Environmental Assessment Act, 2012* (CEAA 2012).

In addition, the Agency advises and assists the Minister of Environment and Climate Change in establishing review panels and supports panels in their work. It also supports the Minister in fulfilling responsibilities under the IAA, including the development and issuance of enforceable IA decision statements.

2. Internal Services

Internal Services are resources that are required to enable Program delivery and are activities provided to meet corporate obligations of the Agency. Internal Services include:

- Management and oversight services
- Communications services
- Legal services
- Human Resource management services
- Financial management services
- Information Management and Technology services
- Accommodation and Security management services
- Material management services and
- Procurement management services.

Under IAA 2019, the Agency has an expanded mandate to administer four Grants and Contribution funding programs (Funding Programs):

- Participant Funding Program - to facilitate the participation of the public and Indigenous Peoples in preparing for possible IAs of designated projects, for the IA of projects by the Agency or a review panel, for the design and implementation of follow-up programs for projects, and for regional and strategic assessments.
- Policy Dialogue Program - to promote uniformity and harmonization in relation to the assessment of effects across Canada and all levels of government; promote and monitor the quality of IAs under the Act; develop policy related to the Act; and to engage with Indigenous Peoples on policy issues related to the Act.
- Research Program - to promote or conduct research on matters related to IAs that focuses on policy-relevant research on impact assessment and enabling research partnership opportunities.
- Indigenous Capacity Support Program - to promote communication and cooperation with Indigenous peoples ensuring respect for the rights of Indigenous peoples and ensuring the consideration of Indigenous knowledge.

The Agency also has responsibilities for reviewing projects of a federal nature under the environmental and social protection regimes set out in sections 22 and 23 of the 1975 *James Bay and Northern Quebec Agreement*. The President of the Agency is designated by Order-in-Council as the federal administrator of these processes.

The *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals* establishes a self-assessment process for conducting a strategic IA of a policy, plan or program proposal. The Agency supports the Minister of Environment and Climate Change in promoting the application of the Cabinet Directive and provides training and guidance for federal authorities.

Basis of Presentation

This quarterly report has been prepared by management using the expenditure basis of accounting. The accompanying Statement of Authorities includes the Agency's spending authorities granted by Parliament and those used by the Agency consistent with the Main Estimates and Supplementary Estimates (as applicable) for the 2023–2024 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 funds 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 to be an appropriation for the fiscal year in which it is issued.

The Agency uses the full accrual method of accounting to prepare and present its annual 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 fiscal quarter and fiscal year-to-date (YTD) results

Figure 1 outlines the net budgetary authorities (\$99.34M in 2023–2024 and \$80.07M in 2022–2023), which represents the resources available for the year as of June 30, 2023, net of the revenue that is forecasted to be collected. The Agency's available authorities, net of revenues, currently represent an increase of \$19.27M (24.07%) from the previous year. This variance is due to new funding announced in the [Fall Economic Statement 2022](#) (FES 2022) as well as [Budget 2023](#) for the Agency to continue to implement the *Impact Assessment Act* (IAA) and complete assessments started under the *Canadian Environmental Assessment Act, 2012* (CEAA 2012).

Figure 1: First Quarter Year-to-Date Expenditures Compared to Annual Authorities

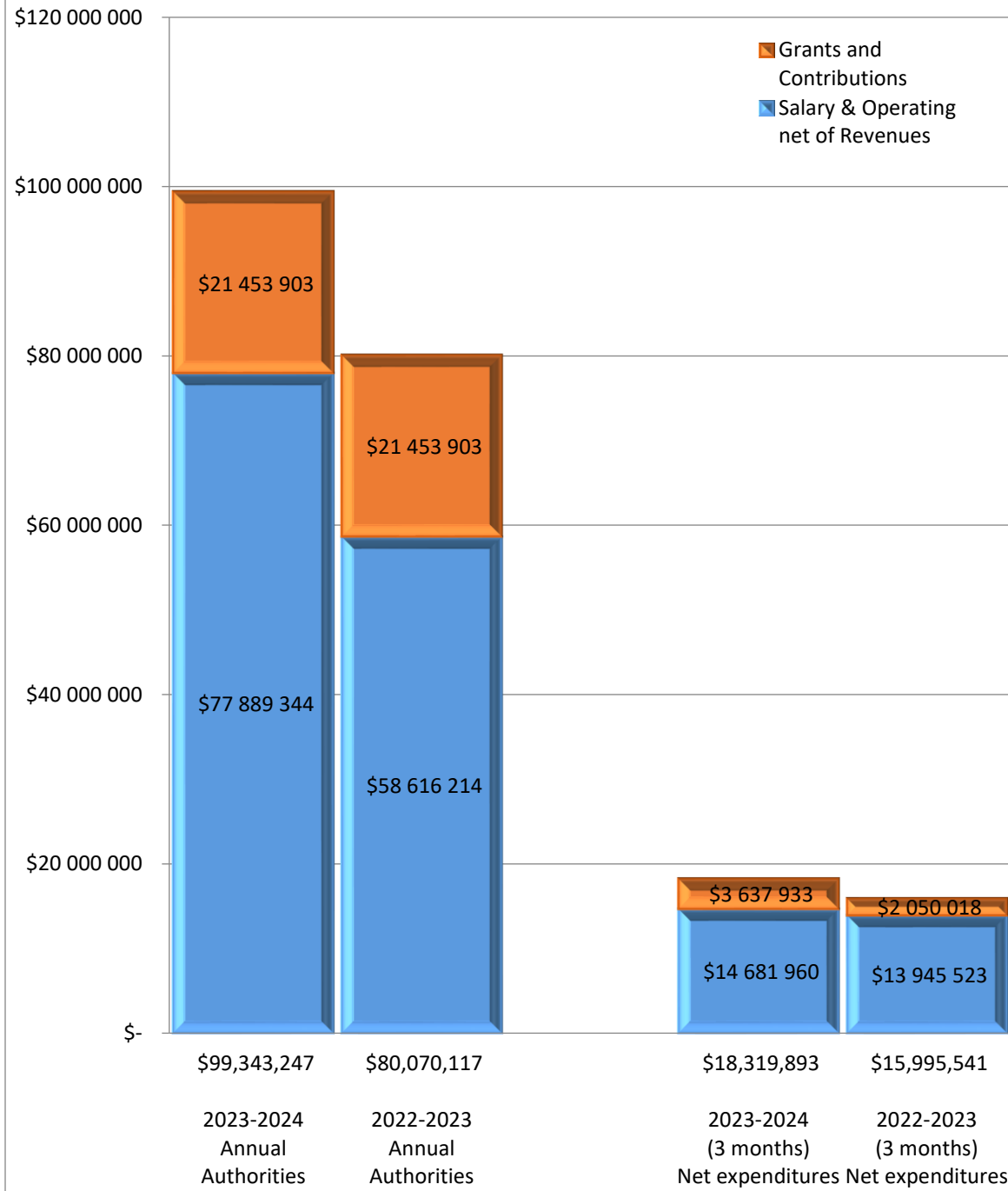


Figure 1 also outlines the Agency’s first quarter year-to-date budgetary expenditures net of revenues that have increased by \$2.32M (14.53%) from the previous year (\$18.32M in 2023–2024 and \$16.00M in 2022–2023). The increase is explained by the following:

- Expenditure in Personnel represents an increase of \$823K (\$12.64M in 2023–2024 and \$11.82M in 2022–2023). This change is a result of a strong focus on staffing following the increased funding announced in the FES 2022 and in Budget 2023 to allow the Agency to support its ongoing mandate.
- Expenditures in Acquisition of Machinery & Equipment represent an increase of \$220K (\$228K in 2023–2024 and \$8K in 2022–2023). This change is a result of purchases of office equipment and software for implementing the Return to the Workplace hybrid model and to accommodate the increasing personnel.
- Expenditures in Transfer Payments (Grants and Contributions) represent an increase of \$1.59M (\$3.64M in 2023–2024 and \$2.05M in 2022–2023). This change is a result of the Agency’s continued efforts to meet its broader mandate.
- All other budgetary expenditures decreased by \$309K mostly due to legal settlements in the previous year and lower revenues in the first quarter.

Risks and Uncertainties

The Agency’s expenditures and revenues are influenced by the number of assessments underway during a given fiscal year, and are affected by the economic conditions that are outside the control of the Agency. To off-set a portion of its expenditures, the Agency has vote-netted revenue authority to recover certain incurred costs from proponents in the conduct of assessments by review panels. The timing of revenue collection is uncertain and may impact the Agency’s overall financial results.

In addition, the timing of requests for grants or contributions participant funding under the four funding programs varies and is unpredictable. A contribution commitment to participant funding may be planned in one year but could be realized across multiple fiscal years depending on the progression of the assessment. Unused contribution commitments are carried forward from one year to another and are honored by the Agency as they materialize.

The Agency is also subject to litigation, the extent, and costs of which are uncertain. If applicable, these are normally covered by the Agency’s annual appropriations.

Approval by Senior Officials

Approved by:

Terence Hubbard
President

Jean-François Tessier Lafleur
Acting Vice-President, Corporate Services
and Chief Financial Officer

Ottawa, Canada
August 29, 2023

Statement of Authorities (unaudited)

Fiscal Year 2023-2024 (in dollars)

	Total available for use for the year ending March 31, 2024	Used during the quarter ended June 30, 2023	Year to date used at quarter-end
VOTE 1 - Net Operating Expenditures	\$ 70,317,336	\$ 12,788,958	\$ 12,788,958
VOTE 5 - Grants and Contributions	\$ 21,453,903	\$ 3,637,933	\$ 3,637,933
Statutory Authorities - Employee Benefits	\$ 7,572,008	\$ 1,893,002	\$ 1,893,002
Total Authorities	\$ 99,343,247	\$ 18,319,893	\$ 18,319,893

Fiscal Year 2022-2023 (in 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	\$ 52,587,500	\$ 12,438,345	\$ 12,438,345
VOTE 5 - Grants and Contributions	\$ 21,453,903	\$ 2,050,018	\$ 2,050,018
Statutory Authorities - Employee Benefits	\$ 6,028,714	\$ 1,507,178	\$ 1,507,178
Total Authorities	\$ 80,070,117	\$ 15,995,541	\$ 15,995,541

Agency Budgetary Expenditures by Standard Object (unaudited)

Fiscal Year 2023-2024 (in dollars)

	Planned Expenditures for the year ending March 31, 2024	Expended during the quarter ended June 30, 2023	Year to date used at quarter-end
<u>Expenditures</u>			
Personnel	\$ 57,387,851	\$ 12,639,322	\$ 12,639,322
Transportation and Telecommunications	\$ 946,283	\$ 169,093	\$ 169,093
Information	\$ 763,867	\$ 105,958	\$ 105,958
Professional Services	\$ 11,888,854	\$ 1,919,171	\$ 1,919,171
Rentals	\$ 7,758,379	\$ 17,914	\$ 17,914
Purchased Repair and Maintenance	\$ 39,903	\$ 4,554	\$ 4,554
Utilities, materials and supplies	\$ 199,517	\$ 17,015	\$ 17,015
Acquisition of Machinery & Equipment	\$ 980,485	\$ 228,886	\$ 228,886
Transfer Payments	\$ 21,453,903	\$ 3,637,933	\$ 3,637,933
Other expenses	\$ 624,205	-\$ 851	-\$ 851
Total Gross Budgetary Expenditures	\$ 102,043,247	\$ 18,738,995	\$ 18,738,995
Less Revenues netted against Expenditures			
<u>Planned Revenues</u>			
Panel Reviews	\$ 2,700,000	\$ 419,102	\$ 419,102
Total Revenue netted against expenditures	\$ 2,700,000	\$ 419,102	\$ 419,102
Total net budgetary expenditures	\$ 99,343,247	\$ 18,319,893	\$ 18,319,893

Fiscal Year 2022-2023 (in 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
<u>Expenditures</u>			
Personnel	\$ 46,220,140	\$ 11,815,591	\$ 11,815,591
Transportation and Telecommunications	\$ 677,183	\$ 212,623	\$ 212,623
Information	\$ 546,642	\$ 119,804	\$ 119,804
Professional Services	\$ 7,500,475	\$ 2,005,309	\$ 2,005,309
Rentals	\$ 5,552,083	\$ 511	\$ 511
Purchased Repair and Maintenance	\$ 28,556	\$ 0	\$ 0
Utilities, materials and supplies	\$ 142,780	\$ 4,388	\$ 4,388
Acquisition of Machinery & Equipment	\$ 701,659	\$ 7,994	\$ 7,994
Transfer Payments	\$ 21,453,903	\$ 2,050,018	\$ 2,050,018
Other expenses	\$ 446,696	\$ 374,761	\$ 374,761
Total Gross Budgetary Expenditures	\$ 83,270,117	\$ 16,590,999	\$ 16,590,999
Less Revenues netted against Expenditures			
<u>Planned Revenues</u>			
Panel Reviews	\$ 3,200,000	\$ 595,458	\$ 595,458
Total Revenue netted against expenditures	\$ 3,200,000	\$ 595,458	\$ 595,458
Total net budgetary expenditures	\$ 80,070,117	\$ 15,995,541	\$ 15,995,541

Note 1: The Agency has authority to collect up to \$8,001,000 in vote-netted revenue.