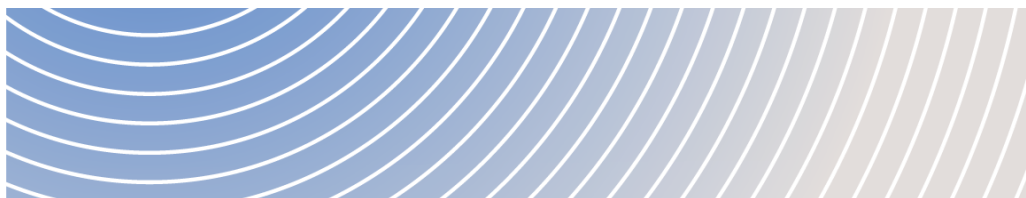




Impact Assessment
Agency of Canada

Agence d'évaluation
d'impact du Canada

Impact Assessment Agency of Canada's Quarterly Financial Report for Quarter ended December 31, 2023



February 2024

Canada^{ca}



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Catalogue No.: En104-26E-PDF
ISSN: 2817-9714

This document has been issued in French under the title: Rapport financier trimestriel de l'Agence d'évaluation d'impact du Canada pour le trimestre se terminant le 31 décembre 2023.

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

Introduction

The Impact Assessment Agency of Canada's (the Agency) third quarterly financial statement for the period ended December 31, 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 Grant 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.

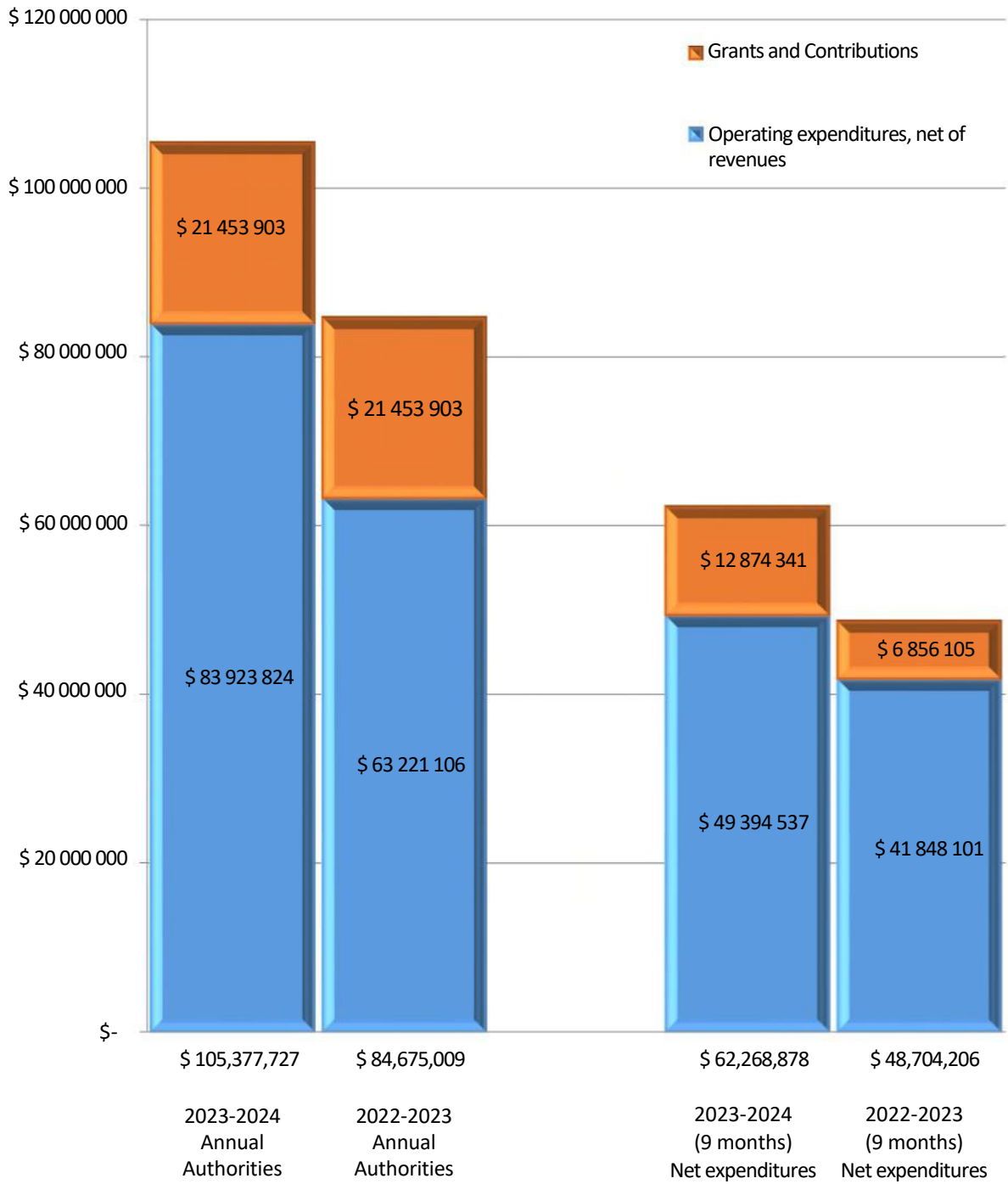
When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant 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 (\$105.38M in 2023–2024 and \$84.68M in 2022–2023), which represents the resources available for the year as of December 31, 2023, net of the revenue that is forecasted to be collected. The Agency's available authorities, net of revenues, currently represent an increase of \$20.70M (24.45%) 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). The Agency also received new funding to implement recently signed collective agreements.

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



Note: Totals may not add due to rounding.

Figure 1 also outlines the Agency's third quarter year-to-date budgetary expenditures, net of revenues, that have increased by \$13.57M (27.85%) from the previous year (\$62.27M in 2023–2024 and \$48.70M in 2022–2023). This increase is explained by the following:

- Expenditure in personnel represents an increase of \$6.74M (\$42.88M in 2023–2024 and \$36.14M 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, as well as implementation of recently signed collective agreements.
- Expenditures in transfer payments (grants and contributions) represent an increase of \$6.02M (\$12.87M in 2023–2024 and \$6.85M in 2022–2023). This change is a result of the Agency's continued efforts to meet its broader mandate.
- Revenues represent a decrease of \$0.71M (\$0.55M in 2023-2024 and \$1.26M in 2022-2023). This change is a result of delays in recovery, recovery from fewer projects as some have ended, and the need to amend the *Impact Assessment Act* to respect the October 13, 2023 Supreme Court of Canada's opinion on its constitutionality.
- Other budgetary expenditures increased by \$0.10M (\$7.07M in 2023-2024 and \$6.97M in 2022-2023).

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 grant or contribution 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 costs are normally covered by the Agency's annual appropriations.

In fiscal year 2023-2024, the Agency was required to undertake work on legislative amendments to respond to a Supreme Court of Canada (the Court) decision. While the Court affirmed there is no doubt that Parliament can enact impact assessment legislation to assess the effects that some major projects pose to the environment, it found that key decision-making provisions under the IAA were not sufficiently focused on matters within federal jurisdiction. As a result, there is no ability to take enforceable decisions under the IAA until amendments are passed to restore constitutionality. The Government provided guidance on the Agency's interim administration of the IAA in order to provide as much certainty and continuity as possible. The Government also committed to moving quickly to introduce amendments to restore the IAA, at the earliest opportunity in Spring 2024.

Approval by Senior Officials

Approved by:

Terence Hubbard
President

Joelle Raffoul
Vice-President, Corporate Services
and Chief Financial Officer

Ottawa, Canada
February 27, 2024

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 December 31, 2023	Year-to-date used at quarter ended December 31, 2023
VOTE 1 - Net operating expenditures	76,351,816	17,100,399	43,715,531
VOTE 5 - Grants and contributions	21,453,903	4,824,130	12,874,341
Statutory Authorities - Employee	7,572,008	1,893,002	5,679,006
Total Authorities	105,377,727	23,817,531	62,268,878

Note: Totals may not add due to rounding.

Fiscal Year 2022-2023 (in dollars)

	Total available for use for the year ended March 31, 2023	Used during the quarter ended December 31, 2022	Year-to-date used at quarter ended December 31, 2022
VOTE 1 - Net operating expenditures	57,192,392	13,218,609	37,326,566
VOTE 5 - Grants and contributions	21,453,903	3,535,123	6,856,105
Statutory Authorities - Employee	6,028,714	1,507,178	4,521,535
Total Authorities	84,675,009	18,260,910	48,704,206

Note: Totals may not add due to rounding.

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 December 31, 2023	Year-to-date used at quarter ended December 31, 2023
Expenditures			
Personnel	60,893,906	16,577,057	42,881,052
Transportation and telecommunications	2,282,887	321,023	711,182
Information	959,954	62,520	202,739
Professional services	7,741,686	1,802,404	5,183,039
Rentals	7,647,749	27,540	61,306
Purchased repair and maintenance	57,598	13,944	20,943
Utilities, materials and supplies	253,135	40,927	73,359
Acquisition of machinery & equipment	3,284,253	207,064	816,853
Transfer payments	21,453,903	4,824,130	12,874,341
Other expenses	1,466,406	866	(729)
Total gross budgetary expenditures	106,041,476	23,877,475	62,824,085
Less planned revenues netted against expenditures			
Panel reviews	663,749	59,944	555,206
Total net budgetary expenditures	105,377,727	23,817,531	62,268,878

Note 1: Totals may not add due to rounding.

Note 2: The Agency has authority to collect up to \$8,001,000 in vote-netted revenue.

Fiscal Year 2022–2023 (in dollars)

	Planned expenditures for the year ended March 31, 2023	Expended during the quarter ended December 31, 2022	Year-to-date used at quarter ended December 31, 2022
Expenditures			
Personnel	48,157,882	12,110,385	36,138,150
Transportation and telecommunications	2,823,061	257,301	627,088
Information	934,101	86,216	350,376
Professional services	8,853,679	1,983,884	5,068,196
Rentals	3,754,856	44,477	62,046
Purchased repair and maintenance	11,532	1,545	9,240
Utilities, materials and supplies	281,384	31,418	61,177
Acquisition of machinery & equipment	1,314,661	306,042	417,928
Transfer payments	21,453,903	3,535,123	6,856,105
Other expenses	89,950	1,516	375,752
Total gross budgetary expenditures	87,675,009	18,357,907	49,966,058
Less planned revenues netted against expenditures			
Panel reviews	3,000,000	96,997	1,261,852
Total net budgetary expenditures	84,675,009	18,260,910	48,704,206

Note 1: Totals may not add due to rounding.

Note 2: The Agency has authority to collect up to \$8,001,000 in vote-netted revenue.