SPECIES AT RISK CONSERVATION TRUST

operating as the

SPECIES CONSERVATION ACTION AGENCY

Annual Report FY 2022-2023

Contents

Message from the Vice Chair

I would like to begin by recognizing and thanking my fellow Board members, the Minister and the Ministry of the Environment, Conservation and Parks for their commitment to establishing a new agency dedicated to protecting and recovering select species at risk.

In April 2022, regulations to designate conservation fund species for the purposes of the Species at Risk Conservation Fund (Fund) and to enable species conservation charges were put into effect. This was followed by the Species Conservation Action Agency (Agency) achieving an important milestone this year, with the receipt of the first species conservation charges. Work also progressed on the administrative and governance set-up of the Agency, including the introduction of the Agency's inaugural Memorandum of Understanding (MOU) and key financial policies.

With the support of the Minister, future efforts will focus on staffing the Agency and developing the plans and frameworks to invest in species protection and recovery initiatives across the province in the months ahead.

We look forward to building the relationships with organizations committed to improving the status of conservation fund species and protecting and growing these at-risk populations for future generations.

Dolf DeJong, Vice Chair
Species Conservation Action Agency

Agency Overview

The Species at Risk Conservation Trust, operating as the Species Conservation Action Agency (Agency), is a board-governed provincial agency responsible for administering and managing the Species at Risk Conservation Fund (Fund). Since April 2022, businesses, municipalities and individuals have had the option to pay a species conservation charge into the Fund rather than complete certain on-the-ground actions as a condition of their permit, agreement or conditional exemption under the *Endangered Species Act*. The agency's mandate is to protect and recover select species at risk and their habitats through investments from the Fund.

The Agency:

- is committed to contributing to the conservation of the province's rich biodiversity;
- will finance strategic and coordinated actions that support positive outcomes for designated species at risk (i.e., conservation fund species); and
- will protect and recover conservation fund species and their habitats through investments from the Fund.

In 2019, amendments to the *Endangered Species Act, 2007* (ESA) were enacted, establishing the Fund, to fund activities that are reasonably likely to protect or recover conservation fund species, i.e., species on the Species at Risk in Ontario List designated for the purpose of the Fund. In 2021, the Agency was established by Ontario Regulation 651/21 under the ESA, with its objects set out in the ESA. The Agency is responsible to the Minister of the Environment, Conservation and Parks (the Minister).

The Agency shall:

- receive all money from allowable sources and deposit the money into the Fund;
- determine which activities are eligible for funding from the Fund;
- enter into funding agreements with persons to ensure that the funded activities are carried out in accordance with the purpose of the Fund;
- administer and manage the money in the Fund;
- pay money out of the Fund in accordance with the purpose of the Fund and in accordance with the ESA and any Minister's guidelines; and
- perform the duties and exercise the powers assigned to the Agency by the ESA and the regulations.

As of April 29, 2022, regulations came into effect that:

- designate conservation fund species (O. Reg. 829/21);
- prescribe how species conservation charges are to be calculated and paid (O. Reg. 829/21); and
- allow for the option of payment of species conservation charges by businesses, municipalities and individuals when they engage in activities under certain prescribed conditional exemptions (O. Reg. 830/21).

Once fully operational, the Agency will:

- develop funding plans for each conservation fund species in accordance with O. Reg. 651/21 (Funding Plans) to guide decisions regarding the types of activities that the Agency plans to prioritize to receive funds from the Fund. Prior to spending any Fund money in respect of a conservation fund species, the Agency must publish on the Agency's website the Funding Plan in respect of that species;

- determine what projects and activities to fund for the protection or recovery of the conservation fund species. Activities that receive funding must contribute to the protection or recovery of these species; and
- provide information on the approach to funding projects and activities when available.

Fiscal Year 2022-2023 Actions

As a new provincial agency, a key initial requirement was to establish an operational framework through a Memorandum of Understanding (MOU), i.e., the operating agreement between the Minister and the Agency as required under the ESA. The MOU sets out the roles and responsibilities of the parties in respect of the Agency's operations. The development of the MOU was guided by the Minister's mandate letter to the Chair of the Agency's Board of Directors (Chair) attached as Appendix C (Mandate Letter). The MOU, finalized in the fall of 2022, was posted on the Ministry of the Environment, Conservation and Parks (Ministry) website in January 2023. Although some of the expectations outlined in the mandate letter have been fulfilled, including finalizing the MOU and being able to accept species conservation charges, some work remains outstanding (see Appendix A).

The purpose of the MOU is to:

- establish the accountability relationship between the Minister and the Chair;
- clarify the roles and responsibilities of the Minister, the Chair, the Deputy Minister, the Chief Executive Officer (CEO), and the Board; and
- clarify the operational, administrative, financial, staffing, auditing and reporting arrangements between the Agency and the Ministry.

The MOU stipulates the role of the Board as follows (emphasis added):

- The Board is accountable, through the Chair, to the Minister for the <u>oversight and governance of the Agency; setting goals, objectives and strategic direction for the Agency</u> within its mandate; and for carrying out the roles and responsibilities assigned to it by the ESA and its constituting regulation (O. Reg. 651/21), this MOU, Minister's directions, Minister's guidelines for the funding of activities that are developed under the ESA, and Applicable Government Directives.

The MOU may be accessed, in its entirety, at: https://www.ontario.ca/page/species-risk-conservation-trust-memorandum-understanding.

Key activities undertaken by the Board in FY 2022-2023 focused on governance deliberations and decisions related to the establishment of the Agency such as:

- Opening a bank account to accept species conservation charges and receipt of the first charges;
- Establishment of the Agency's financial management framework, policy and processes;
- Obtaining appropriate insurance; and
- CEO recruitment design and establishment of an executive compensation framework for the CEO.

As outlined further in this report, the Board's outyear priorities are to become fully operational with a primary emphasis on the recruitment and hiring of a CEO, as well as implementing the Fund.

Impact of Risk Events on Results Achieved

The most significant risk event impacting the ability of the Agency to achieve the results in the timeframe outlined in the MOU and in the Mandate Letter has been the process delays in launching a recruitment for the CEO position. Securing a permanent CEO is essential to implementing the mechanics of the Fund (e.g., development of species-specific Funding Plans) and planning for strategic species protection and recovery initiatives.

Board of Directors

The Species Conservation Action Agency membership allows for three to five voting members, comprised of:

- one chair
- up to two vice-chairs; and
- up to three members

All members are appointed by the Lieutenant Governor in Council.

Board of Directors (current and past members)	Term	Total Remuneration Paid from September 16, 2021 to March 31, 2023
Doug Varty, Chair	27-Jan-2022 – 15-Dec-2022	$4,763
Tom Hilditch	27-Jan-2022 – 25-Oct-2022	$0
Dolf DeJong, Vice-Chair	27-Jan-2023 – 26-Jan-2026	$0
Sally Krigstin	27-Jan-2023 – 26-Jan-2026	$1,125
Paul Norris	27-Jan-2023 – 26-Jan-2026	$1,200
Samuel VanderVeer	16-Mar-2023 – 15-Mar-2026	$0

Appointees are remunerated according to Schedule A - Level 1 of the Agencies and Appointments Directive.

Species at Risk Conservation Fund

As of March 31, 2023, the financial summary of deposits into the Fund and operational expenses incurred by the Ministry on behalf of the Agency were as follows:

Species conservation charges revenue	$1,013,089
Interest income	$18,159
Expenses paid by the Fund – bank charges	$225
Balance remaining in the Fund	**$1,031,023**
Costs incurred by the Ministry from September 16, 2021 to March 31, 2023	$192,600
Total number of species conservation charges received	**36**

Highlights:

- A total of $260,234 was received for the payment of 13 species conservation charges for Barn Swallow, including a refund of $21,649.
- A total of $752,854 was received for the payment of 23 species conservation charges for Butternut.
- No species conservation charges were received for Bobolink, Eastern Meadowlark, Blanding's Turtle or Eastern Whip-poor will.

Financial Performance

A total of $1,013,089 has been received by the Agency as of March 31, 2023, from the payment of species conservation charges into the Fund, yielding interest revenue of $18,159. The Ministry has committed to an amount of up to $702,500 to support the Agency during its start-up operations and has incurred a total of $192,600 as of March 31, 2023.

The start-up funds are to be repaid by the Agency to the Ministry within the first five years of the Agency's operation. Therefore, approximately 19% of the species conservation charges received have been allocated to administration and operation of the Agency.

The audited financial statements for the year ended March 31, 2023, and for the period from September 16, 2021 to March 31, 2022, are in Appendix B.

Species conservation charges continue to be received into the Fund and will be reported in the Agency's financial statements each year.

Appendix A: FY 2022-2023 SCAA Achievements up to March 31, 2023 in Relation to the Mandate Letter

The following are the achievements of the SCAA up to March 31, 2023, towards fulfilling expectations set out in the agency mandate letter (see Appendix C) for fiscal year 2022-23 by priority theme. Some expectations such as developing a system for measuring performance, developing an annual business plan, and establishing species-specific Funding Plans will be developed under the guidance of a CEO, once recruited.

Become Fully Operational

- The financial mechanisms (i.e., bank account and processes) were put in place to ensure charges from proponents could be accepted by April 29, 2022.
- An executive compensation framework has been developed and approved.

Establish Sound Governance Policies

- Steps have been taken to establish sound governance policies (particularly with respect to financial resource management).
- The MOU was finalized in the fall of 2022 and posted publicly in January 2023.

Ensure Transparency

- The Agency has established a website, with support from the Ministry, providing details of the Agency's roles and responsibilities.
- Effective communications with the Ministry has been a critical element of the Agency's work during its start up.

Appendix B: Audited Financial Statements

Management's Responsibility for Financial Reporting

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting policies and methods, and making decisions affecting the measurement of transactions in which objective judgment is required. Species Conservation Action Agency (“SCAA”) does not have its own management at this time and the Ministry of the Environment, Conservation and Parks is supporting the Agency during its start-up operations as needed and is considered management for this purpose.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors are composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in these statements. The Board has the responsibility of meeting with management and auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Organization’s external auditors.

The Office of the Auditor General of Ontario is appointed by the Board of Directors to audit the financial statements. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the Auditor's examination and opinion.

August 24, 2023

On behalf of management:

Chloe Stuart
Assistant Deputy Minister, Ministry of Environment, Conservation and Parks

Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

INDEPENDENT AUDITOR'S REPORT

To the Species Conservation Action Agency

Opinion

I have audited the financial statements of the Species Conservation Action Agency (the Agency), which comprise the statements of financial position as at March 31, 2023 and 2022, and the statements of operations and accumulated surplus (deficit), changes in net financial assets (debt) and cash flows for the year ended March 31, 2023 and for the period from September 16, 2021 to March 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2023 and 2022, and the results of its operations, changes in its net financial assets (debt) and its cash flows for the year ended March 31, 2023 and for the period from September 16, 2021 to March 31, 2022 in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audits in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Agency in accordance with the ethical requirements that are relevant to my audits of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Species Conservation Action Agency Annual Report Fiscal Year 2022-2023, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audits of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on this other information, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Agency either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audits.

Toronto, Ontario
August 24, 2023

Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General

Statements of Financial Position

As at March 31, 2023 and March 31, 2022

	Note	2023	2022
Financial assets			
Cash		$ 1,048,605	$ -
Interest receivable		$ 4,066	$ -
		$ 1,052,671	**$ -**
Liabilities			
Accounts payable		$ 21,649	$ -
Due to Province of Ontario	**4**	$ 192,600	$ 13,803
		$ 214,249	**$ 13,803**
Net financial assets (debt)		**$ 838,422**	**$ (13,803)**
Non-financial assets			
Prepaid expenses		$ 3,292	$ 2,750
		$ 3,292	**$ 2,750**
Accumulated surplus (deficit)		**$ 841,714**	**$ (11,053)**

The accompanying notes are an integral part of the financial statements.

Approved by the Board of Directors

Dolf DeJong
Vice-Chair, Board of Directors

Statements of Operations and Accumulated Surplus (Deficit)

For the year ended March 31, 2023 and for the period from September 16, 2021 to March 31, 2022

	Note		April 1 to March 31, 2023		September 16, 2021 to March 31, 2022
Revenues					
Species conservation charges revenue	**3**	$	1,013,089	$	-
Interest income		$	18,159	$	-
		$	**1,031,248**	**$**	-
Expenses	**4**				
Legal and professional fees		$	149,577	$	8,825
General and administrative expenses		$	12,936	$	-
Insurance		$	5,033	$	250
Board expenses		$	5,410	$	1,978
Recruitment		$	2,800	$	-
Dues and subscriptions		$	2,500	$	-
Bank charges		$	225	$	-
		$	**178,481**	**$**	**11,053**
Annual operating surplus (deficit)		**$**	**852,767**	**$**	**(11,053)**
Accumulated surplus (deficit), beginning of period		$	**(11,053)**	$	-
Accumulated surplus (deficit), end of period		**$**	**841,714**	**$**	**(11,053)**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Financial Assets (Debt)

For the year ended March 31, 2023 and for the
period from September 16, 2021 to March 31, 2022

		April 1 to March 31, 2023		September 16, 2021 to March 31, 2022
		Actual		**Actual**
Annual operating surplus (deficit)	$	852,767	$	(11,053)
Change in non-financial assets				
Prepaid expenses	$	(542)	$	(2,750)
Increase in Net financial assets (debt)	**$**	**852,225**	**$**	**(13,803)**
Net (debt), beginning of period	$	(13,803)	$	-
Net financial assets (debt), end of period	**$**	**838,422**	**$**	**(13,803)**

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows

For the year ended March 31, 2023 and for the period from September 16, 2021 to March 31, 2022

	Note		April 1 to March 31, 2023		September 16, 2021 to March 31, 2022
Operating activities					
Annual operating surplus (deficit)		$	852,767	$	(11,053)
Changes in working capital accounts					
Interest receivable		$	(4,066)	$	-
Prepaid expenses		$	(542)	$	(2,750)
Accounts payable		$	21,649	$	-
Due to Province of Ontario	4	$	178,797	$	13,803
Changes in working capital accounts		**$**	**195,838**	**$**	**11,053**
Cash provided by operating activities		**$**	**1,048,605**	**$**	-
Increase (decrease) in cash		**$**	**1,048,605**	**$**	-
Cash, beginning of period		$	-	$	-
Cash, end of period		**$**	**1,048,605**	**$**	-

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended March 31, 2023 and for the period from September 16, 2021 to March 31, 2022

1. Nature of the agency

The Species at Risk Conservation Trust known as the Species Conservation Action Agency ("SCAA" or the "Agency") is a board-governed provincial agency reporting to the Ministry of Environment, Conservation and Parks (the "Ministry"). SCAA was established on September 16, 2021, under *Ontario Regulation 651/21* under the *Endangered Species Act, 2007* ("ESA").

The Agency's objectives as set out in the ESA are to manage the Species at Risk Conservation Fund (the "Fund") in accordance with the Fund's purpose which is to provide for the funding of activities that are reasonably likely to protect or recover conservation fund species or support their protection or recovery. The Agency must administer and manage the money in the Fund including the receipt of species conservation charges, determine which activities are eligible for funding, enter into funding agreements to ensure funded activities are carried out in accordance with the purpose of the Fund, and perform the duties and exercise the powers assigned to the Agency by the ESA and Regulation.

As a Crown Agency of the Province of Ontario, SCAA is exempt from federal and provincial income taxes under the Income Tax Act ("Canada").

2. Summary of significant accounting policies

a) Basis of accounting

The Financial Statements are prepared by the management of SCAA in accordance with the Public Sector Accounting Standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada").

b) Revenues

(i) Species conservation charges revenue

Revenue is recognized when SCAA receives a payment from the payor. Regulations under the *Endangered Species Act, 2007* ("ESA") set out the circumstances under which a person registering to an exemption may choose to pay a species conservation charge to the SCAA. The Ministry is responsible for the administration and enforcement of the ESA. The SCAA receives the species conservation charge payment and issues a receipt to the proponent. All amounts received are deposited into the Fund.

A person who has paid a species conservation charge may request a partial or full refund of their payment if the request for a refund is received by the SCAA within 120 days of the payment, the activity related to the refund has not begun. The Ministry is responsible for reviewing and approving the request. Once approved, the SCAA refunds the species conservation charge to the proponent and records a reduction in revenue.

(ii) Interest income

Interest income is recorded on an accrual basis and recognized as earned.

c) Expenses

Expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

d) Cash

Cash includes balances with banks. Interest earned on cash balances is recorded as interest income on the statements of operations and accumulated surplus (deficit).

2. Summary of significant accounting policies (continued)

e) Financial instruments

SCAA’s financial assets are cash and interest receivable. Liabilities are accounts payable, and Due to Province of Ontario. Cash, accounts payable and Due to Province of Ontario were initially recognized at cost and are subject to an insignificant risk of change in value so that carrying value approximates fair value. The financial assets and liabilities will be settled in cash.

f) Related party transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties.

g) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

3. Species conservation charges revenue

The following table details the disaggregation of the SCAA’s species conservation charges revenue by designated conservation fund species:

	April 1, 2022 to March 31, 2023	September 16, 2021 to March 31, 2022
Butternut	$ 752,855	$ -
Barn Swallow	$ 260,234	$ -
	$ 1,013,089	$ -

During the year, species conservation charges relating to Barn Swallow revenue was reduced by a refund of $21,649 (2022 - $nil), which is included in Accounts payable on the Statements of Financial Position as at March 31, 2023.

4. Related party transactions

SCAA is a Crown Agency of the Province of Ontario and is therefore a related party to other organizations that are controlled by or subject to significant influence by the Province.

SCAA does not currently have employees to manage its day-to day operations. To support SCAA's early operations, the Ministry incurred start-up costs on behalf of the SCAA, with the exception of bank charges. In fiscal 2023, the Ministry incurred expenses totaling $175,506 (2022 - $11,053) and prepaid expenses of $3,292 (2022 - $2,750). The SCAA is obligated to reimburse the Ministry for these start-up costs within five years of occurrence.

The Due to the Province balances are separately disclosed on the Statements of Financial Position.

As part of the amounts Due to the Province, in fiscal 2023, $9,656 (2022 – $Nil) of expenses incurred related to services provided by the Ontario Treasury Board Secretariat's staff. They provided input and research for an executive compensation framework for SCAA, upon the direction of the Ministry. These amounts are recorded as part of the Due to Province on the Statements of Financial Position as well as expenses on the Statement of Operations and Accumulated Surplus (Deficit).

Other related party transactions included, $17,728 (2022 – $Nil) of the Species conservation charges revenue from Ontario Power Generation and $7,964 (2022 – $Nil) from Metrolinx which are both included in the Statements of Operations and Accumulated Surplus (Deficit).

In addition, the Ministry provided staff to manage the SCAA's day-to-day operations. Salaries and benefits of Ministry staff were absorbed by the Ministry and are not included in the Statements of Operations and Accumulated Surplus (Deficit).

5. Financial instruments risk management

Liquidity risk is the risk that the SCAA will not be able to meet its cash flow obligations as they fall due. As noted in Note 4, the Ministry currently pays for the majority of SCAA's expense transactions. Amounts Due to the Province are non-interest bearing and are expected to be repaid within five years.

6. Budget

The SCAA did not have a Board approved budget for the inaugural period of September 16, 2022 to March 31, 2022, as well as the fiscal year ended March 31, 2023.

Appendix C: Mandate Letter for the 2022-23 FY

357-2022-150

January 28, 2022

Mr. Doug Varty
Chair, Species Conservation Action Agency (SCAA)
Email: douglasrvarty@gmail.com

Thank you for accepting this important role in volunteering to establish this new Agency. I am pleased to write to you in your capacity as Chair of the Species Conservation Action Agency (SCAA) to provide you with a letter setting out expectations and direction for the SCAA in the year ahead. I firmly believe that the goals of the SCAA will result in better outcomes for species at risk in Ontario, while also standing as a strong example of what a financially independent and well-governed Agency can be.

Pursuant to the requirements of the Agencies and Appointments Directive, this letter sets out my expectations for the 2022-23 fiscal year.

Ontario's board-governed agencies are vital partners in ensuring the delivery of high-quality services to the people of Ontario. The people of this province depend on you to provide leadership to your Agency's board. Together with your fellow board members, you are entrusted to establish the goals, objectives, and strategic direction for the agency consistent with your agency's mandate, government priorities and my directions and guidelines, where appropriate. As part of the Government of Ontario, agencies are expected to act in the best interests of Ontarians by being efficient, effective, and providing value for money to taxpayers. Agencies are also expected to follow all government-wide priorities for agencies, where applicable (see Appendix A).

Your Agency has been entrusted to fund activities that protect and recover species at risk. Specifically, the SCAA will administer the Species at Risk Conservation Fund and determine how best to use these pooled resources to implement long-term, large-scale, and strategic protection and recovery activities that generate benefits for species at risk. In determining how best to use these resources, my expectation is that you will apply the expertise of the board of directors and that of species at risk experts, including stakeholders and Indigenous communities and organizations across Ontario.

The Agency will operate financially independently from the Province as it will use the Species at Risk Conservation Fund for its administration and operations, with the exception of the start-up period. During the start-up period the Ministry of the Environment Conservation and Parks will provide funds to the Agency for its first year of operations. These funds will be repaid by the Agency to the ministry as soon as possible within the first five years.

The SCAA is required to comply with all applicable government-wide directives and its constituting instruments. I may also define additional requirements for the Agency's reporting on its performance through the Memorandum of Understanding, Minister's directions and future annual mandate letters.

I expect you and your fellow board members to manage the Species at Risk Conservation Fund in a way that is sustainable, transparent, responsible, and flexible but above all, puts the needs of species at risk first. Agency spending must focus on effective recovery actions for species at risk that align with the purposes of the Fund and administrative costs are to be minimized.

For 2022-23 the SCAA's specific priorities include the following:

Become Fully Operational

- Ensure the Agency has taken action to be able to accept charges from proponents before April 29, 2022.
- Hire a Chief Executive Officer (CEO) of the Agency as early as possible in 2022 who will lead overall organization and be responsible for all day-to-day management decisions that implement Agency's operations.

Develop and Implement a System for Measuring Performance

- As part of the business plan, develop specific performance measures and targets and system for monitoring, assessing and reporting on the Agency's performance. The system must include performance goals, how they will be achieved, and targeted results and timeframes.
- Performance measures related to the protection and recovery of conservation fund species are expected to include targets on:
    - The number of activities funded that align with the species-specific Funding Plans for each conservation fund species,
    - Expected outcomes of the activities funded, such as the amount of habitat created for each conservation fund species,
    - Amount of funds spent on each conservation fund species in consideration of the amount of funds received for the same species; and,
    - Timeframe between when charges are received for a conservation fund species and funding of activities for the same species.
    - The realized outcomes of the species' protection and recovery activities.

Develop and Implement Species-Specific Funding Plans

- Take steps to prepare and publish species-specific Funding Plans for each conservation fund species before disbursing funds for a given species and post the Funding Plans on the Agency's website. The intent of the Funding Plans is for the Agency to provide direction-setting information for each species that aligns with the *Endangered Species Act, 2007*, the government response statement for the species, and any Minister's guidelines for the species. Funding Plans are to indicate how funding will be prioritized in a manner that is most beneficial to the species.
- Prepare species-specific Funding Plans drawing on species at risk expertise, including stakeholders, Indigenous communities and organizations in Ontario.
- Develop an approach to disbursing funds in alignment with the Funding Plans that is transparent and fair.
- Spend funds on projects that are highly beneficial to species at risk, and ensure funds are spent with in a reasonable time and in a manner consistent with the Funding Plans.
- Ensure third party contracts deliver value for money and focus public funds on timely project delivery.
- Develop processes to ensure appropriate oversight and approval of agreements with external parties. This includes developing an approach to monitoring projects funded by the Agency and assessing performance against the objectives of the Funding Plans.

Establish Sound Governance Policies

- Take steps for the Agency to become fully operational, financially independent, sustainable, and transparent and to operate in a manner that minimizes administrative costs and meets all legal requirements and government directives.
- Finalize with me a Memorandum of Understanding to establish the accountability relationships and roles and responsibilities and to clarify operational, administrative, financial, staffing, auditing and reporting arrangements between the Agency and the Ministry of the Environment, Conservation and Parks.
- Develop and submit to me for approval a prudent business plan to ensure effective implementation of the Agency's objectives.
- Ensure the business plan is grounded in a sound governance framework that supports your commitment to ethics, professionalism, competency and fiscal prudence, and includes the establishment of rigorous financial controls to fulfill the Agency's authority.
- Plan and implement resources to carry out the Agency's objectives including developing a sound human resources plan and strategies to attract and retain qualified employees. The SCAA is intended to be nimble and scalable based on the amount of revenues generated.
- Develop an operational policy as part of the annual business plan to describe the Agency's approach to minimize spending on administrative costs from the Fund and demonstrate fiscal responsibility and financial sustainability. The operational policy should include strategies to minimize administrative and operational costs in consideration of the amount of revenue received ensure the Agency is spending funds on high value projects that will support the protection and recovery of conservation fund species.

Ensure Transparency

- Report publicly on the Agency's website through the annual report on its financial affairs including how it is carrying out its objects and meeting the purposes of the Fund, which is to provide for the funding of activities that are reasonably likely to protect or recover conservation fund species or support their protection or recovery.
- Maintain an effective system of communicating with the Ministry of the Environment, Conservation and Parks, stakeholders and the public to ensure information is available on the administration of the Fund as well as effectiveness of the Agency and funded activities to benefit conservation fund species from funding of strategic, large-scale, and coordinated beneficial activities.

Through these measures, we can help to ensure that the SCAA continues to fulfill its objectives. We are confident that the people of Ontario will benefit from the important work that you do, to help protect and recover species at risk.

I thank you and your fellow board members again for your valuable contributions and willingness to serve. Please accept my best wishes.

Sincerely,

David Piccini
Minister of the Environment, Conservation and Parks

c: Serge Imbrogno, Deputy Minister
Ministry of the Environment, Conservation and Parks

SCAA Board of Directors

Appendix A: Government of Ontario Priorities for Agencies

As part of the government of Ontario, agencies are expected to act in the best interests of Ontarians by being efficient, effective, and providing value for money to taxpayers. Our government's primary focus is to protect every life and every job we possibly can. Without healthy people, we cannot have a healthy economy. This includes:

1. Competitiveness, Sustainability and Expenditure Management
    - Identifying and pursuing opportunities for revenue generation, net income growth, innovative practices, and/or improved program sustainability;
    - Identifying and pursuing efficiencies and savings; and
    - Complying with applicable direction related to supply chain centralization, Realty Interim Measures and Agency Office Location Criteria.

2. Transparency and Accountability
    - Abiding by applicable government directives and policies, and ensuring transparency and accountability in reporting;
    - Adhering to requirements of the Directive, and responding to audit findings, where applicable; and
    - Identifying appropriate skills, knowledge and experience needed to effectively support the board's role in Agency governance and accountability.

3. Risk Management
    - Developing and implementing an effective process for the identification, assessment and mitigation of risks, including planning for and responding to emergency situations such as COVID-19; and
    - Implementing health and safety measures and protocols in accordance with COVID-19-related guidelines, recommendations and direction from public health authorities to help ensure the safety of staff, clients and visitors.

4. Workforce Management
    - Optimizing your Agency's workforce to enable efficient and effective fulfilment of government priorities, while enhancing customer service standards; and
    - Streamlining back office functions to ensure that all available resources are directed towards the critical front-line services that Ontarians depend upon.

5. Data Collection
    - Improving how the Agency uses data in decision-making, information sharing and reporting, including by leveraging available or new data solutions to inform outcome-based reporting and improve service delivery; and
    - Supporting transparency and data sharing with the Ministry of the Environment, Conservation and Parks (ministry), as appropriate.

6. Digital Delivery and Customer Service
    - Exploring and implementing digitization or digital modernization strategies for the provision of services online, and continuing to meet and exceed customer service standards through transition; and
    - Using a variety of approaches or tools to ensure service delivery in all situations, including COVID-19.

7. Diversity and Inclusion
    - Developing and encouraging anti-racism, diversity and inclusion initiatives that promote an equitable, inclusive, accessible, anti-racist and diverse workplace;
    - Demonstrating leadership of an inclusive work environment, free of harassment and discrimination; and
    - Adopting an inclusive engagement process to inform policies and decision-making.

8. COVID-19 Recovery
    - Identifying and pursuing service delivery methods (digital or other) that have evolved since the start of COVID-19; and
    - Supporting the province's recovery efforts from COVID-19.