



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

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**Quarterly Financial Report
For the Quarter Ended September 30, 2022**

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for the Quarter Ended September 30, 2022

Introduction

Agriculture and Agri-Food Canada (AAFC) is the federal department responsible for the Canadian agriculture and agri-food sector. Agriculture is a shared jurisdiction in Canada, and our department works closely with provincial and territorial governments on the development and delivery of policies and programs. Along with these policies and programs, our research and technology helps farmers, food producers, and processors grow and develop the sector in order to succeed in Canadian and global markets.

Detailed information on Agriculture and Agri-Food Canada's program activities can be found in the [Departmental Plan](#).

This quarterly financial report has been prepared as required by section 65.1 of the *Financial Administration Act* in the form and manner prescribed by the Treasury Board, and should be read in conjunction with AAFC's 2022-23 Main Estimates and Supplementary Estimates (A).

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

Basis of presentation

This quarterly report has been prepared 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 2022-23 Main Estimates, as well as the Supplementary Estimates (A) available for use during 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 of Canada. 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.

The Department uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Agriculture and Agri-Food Canada
Quarterly Financial Report
For the quarter ended September 30, 2022

Highlights of fiscal quarter and fiscal year-to-date results

This quarterly financial report reflects the results of the current fiscal period in comparison to the authorities approved by Parliament, as well as budget adjustments approved by Treasury Board up to September 30, 2022.

The following table provides a comparison of total authorities available for use and year-to-date expenditures for the second quarter of the current and previous fiscal year.

Comparison of total authorities available for use and total year-to-date expenditures for the quarter ended September 30 of fiscal years 2022-23 and 2021-22

All votes and statutory authorities (in millions of dollars)	2022-23	2021-22
Total authorities available for use	3,453	3,734
Total year-to-date expenditures	928	652
Utilization	27%	17%

A. Significant changes to authorities

The following table provides a comparison of authorities by Vote for the second quarter of the current and previous fiscal year.

Comparison of total authorities as of September 30 of fiscal years 2022-23 and 2021-22

Authorities (in millions of dollars)	2022-23	2021-22	Variances
Vote 1 - Net Operating Authorities	637	642	(5)
Vote 5 - Capital Authorities	45	56	(10)
Vote 10 - Grants and Contributions	629	667	(38)
Budgetary statutory authorities	2,141	2,370	(229)
Total Authorities	3,453	3,734	(282)

Note: Totals may not add up due to rounding.

Agriculture and Agri-Food Canada
Quarterly Financial Report
For the quarter ended September 30, 2022

Total authorities in fiscal year 2022-23 were \$3,453 million at the end of the second quarter, as compared to \$3,734 million at the end of the second quarter of 2021-22, which represents a decrease of \$282 million or 8%. This decrease is attributable to the following:

- \$229 million decrease in statutory authorities is primarily due to \$292 million received in 2021-22 for the Agricultural Disaster Relief Program to assist farmers in British Columbia with recovering from the adverse effects of excess rainfall and flooding. This decrease was partially offset by an increase of \$57 million for the AgriStability program as a result of the amendment that removed the reference margin limit starting in the 2020 program year and ongoing.
- \$38 million decrease in Vote 10 – Grants and contributions is mainly attributable to the winding down of \$194 million of COVID-19 pandemic initiatives, the sunsetting of the \$54 million Dairy Processing Investment Fund and Dairy Farm Investment Program, as well as a \$17 million net decrease in funding for the Youth Employment Skills Strategy program. These decreases were partially offset by a funding increase of \$105 million for climate programs, a \$78 million funding increase for poultry and egg supply-managed producers and \$46 million of new funding in support for the Canadian wine industry.
- \$10 million decrease in Vote 5 Capital authorities is mostly attributable to the one-time \$10 million capital funding received from the sale of AAFC’s Regina Research Farm in 2021-22.
- \$5 million decrease in Vote 1 Net Operating authorities is mostly made up of a \$17 million funding decrease associated with the sunsetting of various programs and a \$5 million operating budget reduction for travel and information technology services. This decrease was mostly offset by \$15 million of funding increases for climate initiatives, the Operating Budget Carry Forward, and funding for dairy, poultry and egg supply-managed producers.

Agriculture and Agri-Food Canada
Quarterly Financial Report
For the quarter ended September 30, 2022

B. Significant changes in year-to-date expenditures

The following table provides spending comparisons by Vote for the second quarter of the current and previous fiscal year.

Comparison of year-to-date expenditures for the quarter ended September 30 of fiscal years 2022-23 and 2021-22

Expenditures (in millions of dollars)	2022-23	2021-22	Variance
Vote 1 - Net Operating expenditures	289	288	1
Vote 5 - Capital expenditures	18	11	7
Vote 10 - Grants and Contributions expenditures	151	72	79
Budgetary statutory expenditures	470	281	190
Total Net Budgetary Expenditures	928	652	277

Note: Totals may not add up due to rounding.

At the end of the second quarter of 2022-23, total expenditures were \$928 million, compared to \$652 million reported for the same period in 2021-22, representing an increase of \$277 million or 42%. The increase is attributable to the following:

- \$190 million increase in statutory expenditures mainly due to increased spending in the AgriInsurance program (\$184 million) due to increased insurance premiums associated with higher commodity prices.
- \$79 million increase in Vote 10 – Grants and Contributions is mainly caused by a \$61 million increase in Agricultural Climate Solutions – On-Farm Stream and a \$22 million increase in the Poultry and Egg On-Farm Investment Program due to timing differences as funding was received later in the 2021-22 fiscal year for both of these programs.
- \$7 million increase in Vote 5 – Capital expenditures due to timing of payments for retrofit expenditures at the St-John’s and Kentville Research and Development Centres.

Agriculture and Agri-Food Canada
Quarterly Financial Report
For the quarter ended September 30, 2022

Risks and uncertainties

Agriculture and Agri-Food Canada continues to exercise prudent management in delivering its policies and programs. The Department has established processes to identify, assess, monitor, and respond to a variety of risks to facilitate decision making and priority setting, and to contribute to more effective delivery and efficient use of resources.

As the COVID-19 pandemic is ongoing, AAFC continues to remain vigilant and plan for risk and situations impacting its operating environment, including longer-term impacts. To support scientific operations, a significant portion of AAFC's workforce has been working on-site at research centers throughout Canada. In addition, AAFC is exploring opportunities to transition to hybrid work arrangements, while adhering to recommendations of public health officials and experts.

Approval by senior officials

Approved by:

Chris Forbes, Deputy Minister
Ottawa, Canada

Marie-Claude Guérard, Chief Financial Officer
Ottawa, Canada

Agriculture and Agri-Food Canada
Statement of Authorities (unaudited)
For the quarter ended September 30, 2022
(in thousands of dollars)

	Fiscal year 2022-23 (1)			Fiscal year 2021-22 (1)		
	Total available for use for the year ending March 31, 2023 (2)	Used during the quarter ended September 30, 2022	Year to date used at quarter-end	Total available for use for the year ending March 31, 2022 (2)	Used during the quarter ended September 30, 2021	Year to date used at quarter-end
Vote 1 - Net Operating expenditures	\$636,706	\$145,616	\$288,884	\$641,706	\$148,461	\$287,810
Vote 5 - Capital expenditures	45,488	12,908	17,966	55,521	6,476	11,066
Vote 10 - Grants and contributions	629,059	129,283	150,882	666,732	56,777	71,852
Budgetary statutory authorities ⁽³⁾	2,141,284	414,269	470,369	2,370,416	229,189	280,833
Total Budgetary authorities	3,452,537	702,076	928,101	3,734,376	440,904	651,562
Total authorities	\$3,452,537	\$702,076	\$928,101	\$3,734,376	\$440,904	\$651,562

Notes:

- (1) Totals may not add due to rounding.
(2) Includes only authorities available for use and granted by Parliament at quarter-end.
(3) Details on budgetary statutory authorities are included the table below.

Agriculture and Agri-Food Canada
Departmental Budgetary Expenditures by Standard Object (unaudited)
For the quarter ended September 30, 2022
(in thousands of dollars)

	Fiscal year 2022-23 (1)			Fiscal year 2021-22 (1)		
	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended September 30, 2022	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended September 30, 2021	Year to date used at quarter-end
Expenditures:						
Personnel	\$558,151	\$140,957	\$278,215	\$548,890	\$140,777	\$277,496
Transportation and communications	2,757	1,622	2,571	13,888	709	1,308
Information	8,924	1,361	2,259	10,902	1,195	1,849
Professional and special services	124,521	20,645	38,580	116,518	22,016	38,124
Rentals	7,962	1,478	5,952	9,078	832	3,645
Repair and maintenance	12,037	2,362	3,782	14,108	2,408	3,761
Utilities, materials and supplies	38,720	8,974	15,426	43,743	6,741	11,758
Acquisition of land, buildings and works	21,935	8,365	9,951	16,659	2,458	3,093
Acquisition of machinery and equipment	37,391	4,759	8,517	46,311	3,514	7,082
Transfer payments	2,691,404	524,839	584,189	2,961,267	267,623	317,352
Other subsidies and payments	8,826	5,395	6,135	8,777	6,366	6,861
Total gross budgetary expenditures	3,512,627	720,757	955,578	3,790,141	454,638	672,327
Less Revenues netted against expenditures:						
Vote-netted revenues	60,900	18,681	27,477	55,766	13,734	20,765
Total net budgetary expenditures	\$3,452,537	\$702,076	\$928,101	\$3,734,376	\$440,904	\$651,562
Note: (1) Totals may not add due to rounding						

Agriculture and Agri-Food Canada
Statement of Authorities (unaudited)
For the quarter ended September 30, 2022
(in thousands of dollars)

APPENDIX A

	Fiscal year 2022-23 (1)			Fiscal year 2021-22 (1)		
	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended September 30, 2022	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended September 30, 2021	Year to date used at quarter-end
Contributions to employee benefit plans	\$69,319	\$17,220	\$34,441	\$68,728	\$16,661	\$33,321
Minister of Agriculture and Agri-Food - Salary and motor car allowance	93	23	46	91	23	45
Contribution payments for the AgriStability program	434,939	(4,928)	(14,227)	387,230	426	(10,743)
Contribution payments for the AgriInsurance program	623,000	321,846	345,010	623,000	141,979	161,033
Grant payments for the AgriInvest program	122,910	50,156	82,441	122,910	48,568	82,372
Payments in connection with the Agricultural Marketing Programs Act	109,000	4,668	3,240	104,800	6,477	11,095
Grant payments for the AgriStability program	48,221	(521)	-	39,320	706	957
Contribution payments for the AgriInvest program	16,550	-	-	16,550	5,017	5,017
Loan guarantees under the Canadian Agricultural Loans Act	13,111	-	(714)	13,111	(286)	(57)
Contributions in support of the Assistance to the Pork Industry Initiative	-	(85)	(6,863)	-	-	(12,084)
Grants to agencies established under the <i>Farm Products Agencies Act</i>	100	-	-	100	-	-
Contribution payments for the Agricultural Disaster Relief Program (ADRP)/AgriRecovery	226,513	24,430	24,433	518,513	7,965	7,919
Canadian Pari-Mutuel Agency Revolving Fund	1,209	25	(528)	-	575	(159)
Spending of Amounts Equivalent to Proceeds from Disposal of Surplus Moveable Crown Assets	8,318	1,444	3,103	7,064	1,086	2,099
Refunds of amounts credited to revenues in previous years	-	-	-	-	-	27
Grant payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(3)	(4)	-	(4)	(5)
Contribution payments for the Canadian Agricultural Income Stabilization program Inventory Transition	-	(2)	(2)	-	(4)	(4)
Grant Payments Related to the Dairy Direct Payment Program	468,000	-	-	469,000	-	-
Budgetary statutory authorities	\$2,141,284	\$414,274	\$470,375	\$2,370,416	\$229,189	\$280,833
Note:						
(1) Totals may not add due to rounding.						