



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

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**Quarterly Financial Report
For the Quarter Ended December 31, 2022**

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for the Quarter Ended December 31, 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) and (B).

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) and (B) 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.

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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 December 31, 2022.

The following table provides a comparison of total authorities available for use and year-to-date expenditures for the third 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 December 31 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	4,032	3,926
Total year-to-date expenditures	1,749	1,592
Utilization	43%	41%

A. Significant changes to authorities

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

Comparison of total authorities as of December 31 of fiscal years 2022-23 and 2021-22

Authorities (in millions of dollars)	2022-23	2021-22	Variances
Vote 1 - Net Operating Authorities	675	649	26
Vote 5 - Capital Authorities	52	56	(3)
Vote 10 - Grants and Contributions	740	735	5
Budgetary statutory authorities	2,565	2,486	79
Total Authorities	4,032	3,926	106

Note: Totals may not add up due to rounding.

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Total authorities in fiscal year 2022-23 were \$4,032 million at the end of the third quarter, as compared to \$3,926 million at the end of the third quarter of 2021-22, which represents an increase of \$106 million or 3%. This increase is attributable to the following:

- \$79 million increase in statutory authorities is primarily due to \$420 million funding in the AgriInsurance program to support insurance premium payments associated with higher commodity prices, partially offset by a \$292 million decrease in the Agricultural Disaster Relief Program used to assist farmers in British Columbia with recovering from droughts and wildfires in 2021-22 and a \$57 million decrease in AgriStability funding due to a two-year lump sum payment in 2021-22 for the removal of the reference margin limit.
- \$26 million increase in Vote 1 Net Operating authorities is mostly related to \$24 million funding in support of the federal water infrastructure divestiture. There is also a \$9 million increase in funding for climate related programs, a \$5 million increase for supply-managed dairy farmers and a \$5 million increase in the Operating Budget Carry Forward. These increases are partially offset by a \$17 million decrease as a result of various programs winding down and sunseting.
- \$5 million increase in Vote 10 – Grants and Contributions is mainly attributable to a funding increase of \$131 million for climate related programs, an \$80 million in new funding to support the Canadian wine industry and a \$78 million increase in funding for dairy, poultry and egg supply-managed producers. These increases are partially offset by the winding down of \$206 million of COVID-19 pandemic initiatives as well as the sunseting of the \$54 million Dairy Processing Investment Fund and Dairy Farm Investment Program.
- \$3 million decrease in Vote 5 Capital authorities is mostly attributable to the one-time \$10 million proceeds received from the sale of AAFC's Regina Research Farm in 2021-22, partially offset by \$6 million funding reallocation (from Vote 1 Operating to Vote 5 Capital) in support of Living Laboratories and Emerging Science.

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B. Significant changes in year-to-date expenditures

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

Comparison of year-to-date expenditures for the quarter ended December 31 of fiscal years 2022-23 and 2021-22

Expenditures (in millions of dollars)	2022-23	2021-22	Variance
Vote 1 - Net Operating expenditures	450	437	13
Vote 5 - Capital expenditures	27	21	6
Vote 10 - Grants and Contributions expenditures	289	247	42
Budgetary statutory expenditures	982	887	95
Total Net Budgetary Expenditures	1,749	1,592	156

Note: Totals may not add up due to rounding.

At the end of the third quarter of 2022-23, total expenditures were \$1,749 million, compared to \$1,592 million reported for the same period in 2021-22, representing an increase of \$156 million or 10%. The increase is attributable to the following:

- \$95 million increase in statutory expenditures mainly due to \$248 million increased spending in the AgriInsurance program as a result of increased insurance premium payments, partially offset by a \$158 million decrease in the Agricultural Disaster Relief Program for providing help with droughts and wildfires in 2021-22.
- \$42 million increase in Vote 10 – Grants and Contributions mainly caused by a \$75 million increase in Agricultural Climate Solutions – On-Farm Stream and a \$45 million increase in the Poultry and Egg On-Farm Investment Program due to timing differences. There was also \$38 million new program spending in support of the Canadian wine industry. These increases are partially offset by the winding down of \$110 million COVID-19 related spending.
- \$13 million increase in Vote 1 – Net Operating Expenditures associated with various non-pay items such as utility cost increases as well as increased spending in travel, materials & supplies as the Department is gradually conducting more research activities stemming from COVID-19 restrictions being lifted.

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- \$6 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.

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.

Significant changes in relation to operations, personnel, and programs

Personnel

In October 2022, Suzy McDonald was appointed as the new Associate Deputy Minister of AAFC.

Programs

The following program change occurred during the third quarter of this fiscal year:

- **Sustainable Agriculture to Fight Climate Change:** An additional \$362.5 million is being provided to Agriculture and Agri-Food Canada over six years (2022-23 to 2027-28) through two existing programs: \$330 million is being allocated to the Agricultural Clean Technology Program and \$32.5 million is being allocated to the Agricultural Climate Solutions: On-Farm Climate Action Fund. These investments will support the sector in reducing greenhouse gas emissions.

Approval by senior officials

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Approved by:

Original signed by:

Stefanie Beck, Deputy Minister
Ottawa, Canada

Original signed by:

Marie-Claude Guérard, Chief Financial Officer
Ottawa, Canada

Agriculture and Agri-Food Canada
Statement of Authorities (unaudited)
For the quarter ended December 31, 2022
(in thousands of dollars)

	Fiscal year 2022-23			Fiscal year 2021-22		
	Total available for use for the year ending March 31, 2023 ⁽¹⁾	Used during the quarter ended December 31, 2022	Year to date used at quarter-end	Total available for use for the year ending March 31, 2022 ⁽¹⁾	Used during the quarter ended December 31, 2021	Year to date used at quarter-end
Vote 1 - Net Operating expenditures	\$675,065	\$161,418	\$450,302	\$649,335	\$149,469	\$437,279
Vote 5 - Capital expenditures	52,241	8,736	26,702	55,547	9,462	20,528
Vote 10 - Grants and contributions	740,051	138,324	289,206	735,152	175,400	247,252
Budgetary statutory authorities ⁽²⁾	2,564,746	512,050	982,419	2,485,616	606,344	887,177
Total Budgetary authorities	4,032,102	820,528	1,748,629	3,925,650	940,674	1,592,236
Total authorities	\$4,032,102	\$820,528	\$1,748,629	\$3,925,650	\$940,674	\$1,592,236

Notes:

Totals may not add due to rounding.

(1) Includes only authorities available for use and granted by Parliament at quarter-end.

(2) 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 December 31, 2022
(in thousands of dollars)

	Fiscal year 2022-23			Fiscal year 2021-22		
	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended December 31, 2022	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended December 31, 2021	Year to date used at quarter-end
Expenditures:						
Personnel	\$569,419	\$135,514	\$413,729	\$555,455	\$277,496	\$410,947
Transportation and communications	3,148	2,730	5,301	13,976	1,308	2,242
Information	10,606	2,428	4,687	10,971	1,849	5,866
Professional and special services	141,879	28,049	66,630	117,222	38,124	66,226
Rentals	9,120	1,848	7,801	9,135	3,645	5,623
Repair and maintenance	13,738	3,810	7,592	14,194	3,761	6,532
Utilities, materials and supplies	45,666	10,537	25,963	45,726	11,758	19,935
Acquisition of land, buildings and works	26,191	5,331	15,283	16,659	3,093	5,815
Acquisition of machinery and equipment	39,888	7,354	15,872	46,337	7,082	12,553
Transfer payments	3,222,395	630,973	1,215,162	3,142,907	317,352	1,081,235
Other subsidies and payments	10,142	1,626	7,761	8,833	6,861	8,865
Total gross budgetary expenditures	4,092,192	830,201	1,785,780	3,981,416	672,327	1,625,840
Less Revenues netted against expenditures:						
Vote-netted revenues	60,090	9,636	37,113	55,766	20,765	33,064
Total net budgetary expenditures	\$4,032,102	\$820,566	\$1,748,667	\$3,925,650	\$651,562	\$1,592,236
Note: Totals may not add due to rounding.						

Agriculture and Agri-Food Canada
Budgetary Statutory Authorities Breakdown (unaudited)
For the quarter ended December 31, 2022
(in thousands of dollars)

APPENDIX A

	Fiscal year 2022-23			Fiscal year 2021-22		
	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended December 31, 2022	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended December 31, 2021	Year to date used at quarter-end
Contributions to employee benefit plans	\$70,378	\$17,220	\$51,661	\$68,960	\$16,661	\$49,982
Minister of Agriculture and Agri-Food - Salary and motor car allowance	93	23	69	91	23	68
Contribution payments for the AgriStability program	434,939	156	(14,071)	482,648	9,088	(1,656)
Contribution payments for the AgriInsurance program	1,043,000	407,208	752,218	623,000	342,376	503,409
Grant payments for the AgriInvest program	122,910	53,431	135,872	122,910	34,507	116,879
Payments in connection with the <i>Agricultural Marketing Programs Act</i>	109,000	19,192	22,432	104,800	7,581	18,676
Grant payments for the AgriStability program	48,221	-	-	57,123	166	1,123
Contribution payments for the AgriInvest program	16,550	-	-	16,550	8,349	13,366
Loan guarantees under the <i>Canadian Agricultural Loans Act</i>	13,111	254	(460)	13,111	(2)	(59)
Contributions in support of the Assistance to the Pork Industry Initiative	-	-	(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	12,409	36,841	518,513	186,422	194,341
Canadian Pari-Mutuel Agency Revolving Fund	1,209	491	(36)	-	268	109
Spending of Amounts Equivalent to Proceeds from Disposal of Surplus Moveable Crown Assets	10,722	1,666	4,769	8,810	909	3,008
Refunds of amounts credited to revenues in previous years	-	-	-	-	-	27
Grant payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(2)	(7)	-	(3)	(8)
Contribution payments for the Canadian Agricultural Income Stabilization program Inventory Transition	-	1	(1)	-	-	(4)
Grant Payments Related to the Dairy Direct Payment Program	468,000	-	-	469,000	-	-
Budgetary statutory authorities	\$2,564,746	\$512,050	\$982,424	\$2,485,616	\$606,344	\$887,177
Note: Totals may not add due to rounding.						