

Agriculture and Agri-Food Canada

Quarterly Financial Report For the Quarter Ended September 30, 2023

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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 2023-24 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 2023-24 Main Estimates, as well as the Supplementary Estimates (A) available for use during the 2023-24 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 September 30, 2023.

The following table provides a comparison of total authorities available for use and year-to-date expenditures for the first 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 2023-24 and 2022-23

All votes and statutory authorities (in millions of dollars)	2023-24	2022-23
Total authorities available for use	3,489	3,453
Total year-to-date expenditures	723	928
Utilization	21%	27%

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 2023-24 and 2022-23

Authorities (in millions of dollars)	2023-24	2022-23	Variances
Vote 1 - Net Operating Authorities	668	637	31
Vote 5 - Capital Authorities	52	45	6
Vote 10 - Grants and Contributions	855	629	226
Budgetary statutory authorities	1,913	2,141	(228)
Total Authorities	3,489	3,453	36

Note: Totals may not add up due to rounding.

As of the end of the second quarter of fiscal year 2023-24, authorities of \$3,489 million are 1% or \$36 million higher than the same quarter last year due to the following changes:

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- Statutory funding decreased \$228 million due to reductions of \$468 million in the Dairy Direct Payment Program (to be renewed this year), \$108 million in the Agricultural Disaster Relief Program and \$89 million in the AgriStability Program. These decreases were partially offset by an increase of \$411 million in the AgriInsurance Program as a result of higher market prices caused by inflation.
- Vote 10 – Grants and Contributions funding increased \$226 million for various initiatives. Funding for environment and climate initiatives rose by \$108 million, the Supply Management Processing Investment Fund saw an increase of \$39 million, and funding to support the Canadian wine industry increased by \$32 million.
- Vote 1 – Operating funding rose by \$31 million due to increases in funding for the Sustainable Canadian Agricultural Partnership and for climate-related programs.
- Vote 5 – Capital funding increased by \$6 million mostly due to a \$5 million increase in the capital budget carry forward into 2023-24.

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 2023-24 and 2022-23

Expenditures (in millions of dollars)	2023-24	2022-23	Variance
Vote 1 - Net Operating expenditures	316	289	27
Vote 5 - Capital expenditures	12	18	(6)
Vote 10 - Grants and Contributions expenditures	153	151	2
Budgetary statutory expenditures	242	470	(229)
Total Net Budgetary Expenditures	723	928	(205)

Note: Totals may not add up due to rounding.

As of the end of the second quarter of fiscal year 2023-24, expenditures of \$723 million are 22% or \$205 million lower than the same quarter last year due to the following changes:

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- Statutory expenditures saw a \$229 million reduction mostly due to a \$243 million drop in AgrilInsurance program payments due to timing and delays for claims received. Fewer claims were received from Alberta, British Columbia and Ontario.
- Vote 1 – Net Operating expenditures increased \$27 million as a result of a \$14 million decline in Vote-netted revenues and a \$10 million increase in salary costs. The revenue decline was caused by revenues going unrecognized in the second quarter due to processing delays as well as timing of cost recoveries for information technology services to other government departments. The \$10 million increase in salaries is mostly due to collective bargaining obligations.
- Vote 5 – Capital expenditures declined \$6 million due to decreased spending on retrofit projects for research and development centres that is expected to materialize later in the year.

Risks and uncertainties

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

The department continues to remain vigilant and prepare for risks, situations and events impacting its operating environment. Departmental mitigations are in place to manage the risks facing AAFC's people and processes to ensure we can attract, develop and retain a diverse, high performing, qualified workforce (Our People); adapt our processes and workplace in a way that maximizes the benefits of a hybrid workforce and seize opportunities learned from the pandemic (Our Workplace); as well as effectively navigate financial pressures and ensure scarce resources are allocated to areas of greatest importance (Prioritization and Oversight).

Departmental mitigations are also in place to manage longer-term impacts, including those related to technology and infrastructure and external events. These include the ability to effectively prevent, detect, contain or respond to cyber security threats (Cyber Security); ensuring that laboratories and other critical infrastructure can be maintained or recapitalized (Critical Infrastructure); and, ensuring the department can modernize its digital infrastructure in an appropriate or timely enough fashion (Digital Modernization for Data-enabled Services & Decisions). They also include the ability to adequately respond to the climate and environmental threats facing the agricultural sector (Climate and Sustainability); and managing disruptive industry and market crises (Economic and Market Disruption).

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AAFC will continue to closely monitor its environment and operations in order to ensure that resources are being managed effectively to deliver expected results and/or to reallocate resources to key priorities, as necessary.

Significant changes in relation to personnel and programs

Personnel

In August 2023, Kimberly Saunders, Chief Audit and Evaluation Executive, left the Department.

In September 2023, Shannon Nix was appointed as the new Assistant Deputy Minister of the Strategic Policy Branch and Suzy McDonald, Associate Deputy Minister, left the Department.

Programs

There have been no significant changes in relation to programs.

Approval by senior officials

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 September 30, 2023
(in thousands of dollars)

	Fiscal year 2023-24			Fiscal year 2022-23		
	Total available for use for the year ending March 31, 2024 ⁽¹⁾	Used during the quarter ended September 30, 2023	Year to date used at quarter-end	Total available for use for the year ending March 31, 2023 ⁽¹⁾	Used during the quarter ended September 30, 2022	Year to date used at quarter-end
Vote 1 - Net Operating expenditures	667,819	165,512	315,944	636,706	145,616	288,884
Vote 5 - Capital expenditures	51,844	8,033	11,726	45,488	12,908	17,966
Vote 10 - Grants and contributions	855,473	121,196	153,314	629,059	129,283	150,882
Budgetary statutory authorities ⁽²⁾	1,913,447	203,076	241,752	2,141,284	414,269	470,369
Total Budgetary authorities	3,488,584	497,817	722,737	3,452,537	702,076	928,101
Total authorities	3,488,584	497,817	722,737	3,452,537	702,076	928,101

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 September 30, 2023
(in thousands of dollars)

	Fiscal year 2023-24			Fiscal year 2022-23		
	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended September 30, 2023	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended September 30, 2022	Year to date used at quarter-end
Expenditures:						
Personnel	586,099	148,462	281,693	558,151	140,957	278,215
Transportation and communications	3,961	2,206	3,851	2,757	1,622	2,571
Information	12,614	944	2,293	8,924	1,361	2,259
Professional and special services	136,180	24,537	43,090	124,521	20,645	38,580
Rentals	9,826	1,796	7,211	7,962	1,478	5,952
Repair and maintenance	13,220	2,553	3,818	12,037	2,362	3,782
Utilities, materials and supplies	53,242	8,164	14,615	38,720	8,974	15,426
Acquisition of land, buildings and works	13,174	3,265	3,305	21,935	8,365	9,951
Acquisition of machinery and equipment	39,721	7,427	11,304	37,391	4,759	8,517
Transfer payments	2,671,177	306,883	362,082	2,691,404	524,839	584,189
Other subsidies and payments	9,290	1,487	3,345	8,826	5,395	6,135
Total gross budgetary expenditures	3,548,502	507,725	736,607	3,512,627	720,757	955,578
Less Revenues netted against expenditures:						
Vote-netted revenues	59,918	9,908	13,870	60,090	18,681	27,477
Total net budgetary expenditures	3,488,584	497,817	722,737	3,452,537	702,076	928,101
Note: Totals may not add due to rounding.						

Agriculture and Agri-Food Canada
Budgetary Statutory Authorities Breakdown (unaudited)
For the quarter ended September 30, 2023
(in thousands of dollars)

APPENDIX A

	Fiscal year 2023-24			Fiscal year 2022-23		
	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended September 30, 2023	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended September 30, 2022	Year to date used at quarter-end
Contributions to employee benefit plans	82,485	14,701	29,403	69,319	17,220	34,441
Minister of Agriculture and Agri-Food - Salary and motor car allowance	95	32	47	93	23	46
Contribution payments for the AgriStability program	339,658	(3,350)	(14,366)	434,939	(4,928)	(14,227)
Contribution payments for the AgriInsurance program	1,033,783	97,692	102,334	623,000	321,846	345,010
Grant payments for the AgriInvest program	124,463	62,460	93,219	122,910	50,156	82,441
Payments in connection with the <i>Agricultural Marketing Programs Act</i>	113,300	28,982	31,436	109,000	4,668	3,240
Grant payments for the AgriStability program	52,063	-	-	48,221	(521)	-
Contribution payments for the AgriInvest program	16,711	-	-	16,550	-	-
Loan guarantees under the <i>Canadian Agricultural Loans Act</i>	13,111	-	279	13,111	-	(714)
Contributions in support of the Assistance to the Pork Industry Initiative	-	-	(4,034)	-	(85)	(6,863)
Grants to agencies established under the <i>Farm Products Agencies Act</i>	100	-	-	100	-	-
Contribution payments for the Agricultural Disaster Relief Program (ADRP)/AgriRecovery	118,513	(94)	(94)	226,513	24,430	24,433
Contribution payments for the Livestock Price Insurance program (Farm Income Protection Act)	4,000	-	-	-	-	-
Canadian Pari-Mutuel Agency Revolving Fund	2,018	535	333	1,209	25	(528)
Spending of Amounts Equivalent to Proceeds from Disposal of Surplus Moveable Crown Assets	13,146	2,121	3,202	8,318	1,444	3,103
Grant payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(1)	(4)	-	(3)	(4)
Contribution payments for the Canadian Agricultural Income Stabilization program Inventory Transition	-	-	(1)	-	(2)	(2)
Grant Payments Related to the Dairy Direct Payment Program	-	-	-	468,000	-	-
Budgetary statutory authorities	1,913,447	203,076	241,752	2,141,284	414,274	470,369
Note: Totals may not add due to rounding.						