



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

Agriculture and Agri-Food Canada

**Quarterly Financial Report
For the Quarter Ended June 30, 2021**

**Agriculture and Agri-Food Canada
Quarterly Financial Report
for the Quarter Ended June 30, 2021**

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 Treasury Board, and should be read in conjunction with AAFC's 2021-2022 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 2021-2022 Main Estimates, as well as the Supplementary Estimates (A) available for use during the 2021-2022 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. 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 June 30, 2021

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 June 30, 2021.

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 years.

Comparison of total authorities available for use and total year-to-date expenditures for the quarter ended June 30 of fiscal years 2021-2022 and 2020-2021

All votes and statutory authorities (in millions of dollars)	2021-2022	2020-2021
Total authorities available for use	3,307	2,605
Total year-to-date expenditures	211	284
Utilization	6%	11%

A. Significant changes to authorities

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

Comparison of total authorities as of June 30 of fiscal years 2021-2022 and 2020-2021

Total authorities available for use (in millions of dollars)	2021-2022	2020-2021	Variance
Vote 1 – Net operating authorities	621	425	195
Vote 5 – Capital authorities	50	30	20
Vote 10 – Grants and contributions	667	431	236
Statutory authorities	1,969	1,719	250
Total authorities	3,307	2,605	702

Note: Totals may not add up due to rounding.

AGRICULTURE AND AGRI-FOOD CANADA

Quarterly Financial Report

For the quarter ended June 30, 2021

Total authorities in fiscal year 2021-2022 were \$3,307 million at the end of the first quarter, as compared to \$2,605 million at the end of the first quarter of 2020-2021, which represents an increase of \$702 million or 27%. This increase is primarily attributable to the following:

- There was an increase of \$195 million in authorities available for use due to receiving Full Supply of Main Estimates and Supplementary Estimates(A) this quarter compared to the reduced Supply received in the first quarter of 2020-21. The reduced supply in the first quarter of 2020-21 was a result of the COVID-19 pandemic and limited sessions in the spring for Parliament to study Supply. The standing orders of the House of Commons were amended to extend the study period into the Fall of 2020. The increase includes the following components:
 - a \$149-million increase in Vote 1 – Net Operating authorities;
 - a \$10-million increase in Vote 5 – Capital authorities; and
 - a \$36-million increase in Vote 10 – Grants and contributions.
- The statutory authorities increase of \$250 million is mainly due to \$469 million in funding for the Dairy Direct Payment Program being offset by a \$237.5 million reduction due to the expiry of the statutory COVID-19 funding under the *Public Health Events of National Concern Payments Act*.
- The \$236 million increase in Vote 10 – Grants and contributions is mainly attributable to the following COVID-19 pandemic initiatives: \$140 million in funding to continue supporting food security of Canadians during and beyond the pandemic and \$54 million to extend the Mandatory Isolation Support for Temporary Foreign Workers Program. Other increases are mainly due to the \$36 million increase from the timing difference in Supply.
- The \$195 million increase in Vote 1 – Net Operating authorities is primarily attributable to the \$149 million increase from the timing difference in Supply. The remaining increase is mostly due to a \$20 million Vote 1 to Vote 10 transfer in the first quarter of 2020-21 as well as additional funding of \$13 million this year for collective bargaining obligations.
- The \$20 million increase in Vote 5 – Capital authorities is attributable to the \$10 million proceeds from the sale of AAFC's Regina Research Farm as well as \$10 million due to the timing difference in Supply.

AGRICULTURE AND AGRI-FOOD CANADA

Quarterly Financial Report

For the quarter ended June 30, 2021

B. Significant changes in year-to-date expenditures

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

Comparison of year-to-date expenditures for the quarter ended June 30 of fiscal years 2021-2022 and 2020-2021

Year-to-date expenditures (in millions of dollars)	2021-2022	2020-2021	Variance
Vote 1 - Net Operating expenditures	139	132	7
Vote 5 - Capital expenditures	5	2	3
Vote 10 - Grants and Contributions expenditures	15	22	(6)
Budgetary statutory expenditures	52	128	(76)
Total Net Budgetary Expenditures	211	284	(73)

Note: Totals may not add up due to rounding.

At the end of the first quarter of 2021-2022, total expenditures were \$211 million, compared to \$284 million reported for the same period in 2020-2021, representing a decrease of \$73 million or 26%. The decrease is primarily attributable to the following:

- a \$76-million decrease in statutory expenditures mainly due to a \$90 million reduction in COVID-19 program spending as a result of the expiry of the statutory COVID-19 funding. This decrease is partially offset by increases of \$13 million in AgriInvest grant payments due to an increase in the number of applications being processed, and \$12 million in AgriInsurance contribution payments as a result of timing, frequency and materiality of claims received and released.
- a \$6-million decrease in Vote 10 – Grants and Contributions due to the timing of claim submissions for several *Canadian Agricultural Partnership* programs and lower funding authority limiting spending for the Dairy Farm Investment Program.

These decreases are partially offset by the following increases:

- a \$7-million increase in Vote 1 – Operating expenditures primarily due to increased salary costs associated with higher wage rates and the hiring of new employees.

AGRICULTURE AND AGRI-FOOD CANADA

Quarterly Financial Report

For the quarter ended June 30, 2021

- a \$3-million increase in in Vote 5 – Capital expenditures primarily due to increased spending on fleet procurement and facility upgrades.

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.

In today's environment, uncertainties brought on by the COVID-19 pandemic have required unprecedented measures, programs, and some reprioritization of activities to mitigate related impacts on the sector and the Department. The third wave of the pandemic provided further evidence that risks and impacts on AAFC's operating environment would be longer lasting than originally perceived. As a result, AAFC is presently leveraging this perspective to inform planning in the context of longer pandemic impacts.

Significant changes in relation to operations, personnel, and programs

Personnel

On June 21, 2021 Marie-Claude Guérard was appointed as the Chief Financial Officer and Assistant Deputy Minister of the Corporate Management Branch.

Programs

The following announcements of new programs or changes to existing programs were in response to the effects of the COVID-19 pandemic on the Canadian agriculture sector:

- **Mandatory Isolation Support for Temporary Foreign Workers Program:** An additional \$57.6 million was announced in Budget 2021 to extend the program until August 31, 2021. The program assists employers with the incremental costs associated with the 14-day isolation period as well as up to three day hotel quarantine.
- **Supporting the Food Security of Canada's Most Vulnerable:** Budget 2021 announced an additional \$140 million for Agriculture and Agri-Food Canada in 2021-22 to support the on-the-ground work of organizations and communities addressing unprecedented food security

AGRICULTURE AND AGRI-FOOD CANADA

Quarterly Financial Report

For the quarter ended June 30, 2021

challenges, particularly for those among Indigenous, remote, and other communities most at-risk of food insecurity.

The following are announcements of new programs or changes to existing programs which were not directly in response to the COVID-19 pandemic:

- **Youth Employment Skills Strategy:** An additional \$21.4 million was allocated to Agriculture and Agri-Food Canada in 2021-22 to fund up to 1,400 new positions for youth in the agriculture industry to help them increase their work experience and learn new skills.
- **Dairy Direct Payment Program:** Funding of \$944 million is being provided over two years starting in 2021-22 to extend the program to compensate dairy farmers in response to trade agreements including the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).
- **Poultry and Egg On-Farm Investment Program:** Funding of \$704 million is being provided over 10 years starting in 2021-22. The Poultry and Egg On-Farm Investment Program (PEFIP) aims to help supply-managed poultry and egg producers adapt to market changes resulting from the implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).
- **AgriStability for 2020 and 2021 (important changes):** Changes are being made to the AgriStability program regarding the Reference Margin Limit (RML) which will be removed retroactively for the 2020 program year, and the deadline to enroll in the 2021 program year will be extended. The estimated costs for RML removal will be \$113.2 million in 2021-22 and \$56.6 million in 2022-23.

Approval by Senior Officials

Approved by:

Chris Forbes, Deputy Head
Ottawa, Canada

Marie-Claude Guérard, Chief Financial Officer
Ottawa, Canada

AGRICULTURE AND AGRI-FOOD CANADA
Statement of Authorities (unaudited)
For the quarter ended June 30, 2021
(in thousands of dollars)

	Fiscal year 2021-2022 (1)			Fiscal year 2020-2021 (1)		
	Total available for use for the year ending March 31, 2022 (2)	Used during the quarter ended June 30, 2021	Year to date used at quarter-end	Total available for use for the year ending March 31, 2021 (2)	Used during the quarter ended June 30, 2020	Year to date used at quarter-end
Vote 1 -Net Operating expenditures	\$ 620,752	\$ 139,349	\$ 139,349	\$ 425,372	\$ 132,236	\$ 132,236
Vote 5 - Capital expenditures	50,079	4,590	4,590	29,948	1,983	1,983
Vote 10 - Grants and contributions	666,732	15,075	15,075	430,737	21,503	21,503
Budgetary statutory authorities ⁽³⁾	1,969,398	51,644	51,644	1,719,152	127,972	127,972
Total Budgetary authorities	3,306,962	210,657	210,657	2,605,208	283,694	283,694
Total authorities	\$ 3,306,962	\$ 210,657	\$ 210,657	\$ 2,605,208	\$ 283,694	\$ 283,694

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 June 30, 2021

(in thousands of dollars)

	Fiscal year 2021-2022 (1)			Fiscal year 2020-2021 (1)		
	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended June 30, 2021	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended June 30, 2020	Year to date used at quarter-end
Expenditures:						
Personnel	\$ 530,104	\$ 136,719	\$ 136,719	\$ 399,439	\$ 128,343	\$ 128,343
Transportation and communications	13,741	600	600	8,664	285	285
Information	10,786	654	654	5,671	587	587
Professional and special services	112,976	16,108	16,108	62,233	11,905	11,905
Rentals	8,982	2,812	2,812	4,353	2,532	2,532
Repair and maintenance	13,372	1,353	1,353	8,203	813	813
Utilities, materials and supplies	42,332	5,017	5,017	27,682	3,656	3,656
Acquisition of land, buildings and works	16,659	634	634	17,881	221	221
Acquisition of machinery and equipment	43,826	3,568	3,568	34,940	1,086	1,086
Transfer payments	2,561,267	49,729	49,729	2,076,871	132,749	132,749
Other subsidies and payments	8,682	495	495	4,881	4,610	4,610
Total gross budgetary expenditures	3,362,727	217,688	217,688	2,650,821	286,787	286,787
Less Revenues netted against expenditures:						
Vote-netted revenues	55,766	7,031	7,031	45,612	3,093	3,093
Total Revenues netted against expenditures	55,766	7,031	7,031	45,612	3,093	3,093
Total net budgetary expenditures	\$ 3,306,962	\$ 210,657	\$ 210,657	\$ 2,605,208	\$ 283,694	\$ 283,694
Note:						
(1) Totals may not add due to rounding.						

AGRICULTURE AND AGRI-FOOD CANADA
Budgetary Statutory Authorities Breakdown(unaudited)
For the quarter ended June 30, 2021
(in thousands of dollars)

APPENDIX A

	Fiscal year 2021-2022 (1)			Fiscal year 2020-2021 (1)		
	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended June 30, 2021	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended June 30, 2020	Year to date used at quarter-end
Contributions to employee benefit plans	\$ 68,728	\$ 16,661	\$ 16,661	\$ 65,215	\$ 16,304	\$ 16,304
Minister of Agriculture and Agri-Food - Salary and motor car allowance	91	23	23	89	22	22
Contribution payments for the AgriStability program	387,230	(11,170)	(11,170)	384,830	(5,991)	(5,991)
Contribution payments for the AgriInsurance program	623,000	19,054	19,054	623,000	7,333	7,333
Grant payments for the AgriInvest program	122,910	33,804	33,804	122,910	20,334	20,334
Payments in connection with the Agricultural Marketing Programs Act	104,800	4,617	4,617	90,300	1,453	1,453
Grant payments for the AgriStability program	39,320	252	252	39,320	292	292
Contribution payments for the AgriInvest program	16,550	-	-	16,550	3,333	3,333
Loan guarantees under the Canadian Agricultural Loans Act	13,111	228	228	13,111	(76)	(76)
Canadian Cattlemen's Association Legacy Fund	-	-	-	-	-	-
Contributions in support of the Assistance to the Pork Industry Initiative	-	(12,084)	(12,084)	-	(5,033)	(5,033)
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	(47)	(47)	118,513	-	-
Canadian Pari-Mutuel Agency Revolving Fund	\$ -	\$ (734)	\$ (734)	\$ -	\$ (56)	\$ (56)
Spending of Amounts Equivalent to Proceeds from Disposal of Surplus Moveable Crown Assets	6,046	1,013	1,013	7,713	455	455
Refunds of amounts credited to revenues in previous years	-	27	27	-	1	1
Grant payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(1)	(1)	-	(2)	(2)
Contribution payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	-	-	-	(6)	(6)

AGRICULTURE AND AGRI-FOOD CANADA
Budgetary Statutory Authorities Breakdown(*unaudited*)
For the quarter ended June 30, 2021
(in thousands of dollars)

	Fiscal year 2021-2022 (1)			Fiscal year 2020-2021 (1)		
	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended June 30, 2021	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended June 30, 2021	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended June 30, 2021
Grant Payments Related to the Dairy Direct Payment Program	469,000	-	-	-	70,400	70,400
Contribution payments for the Local Food Infrastructure Program	-	-	-	75,000	208	208
Contribution payments for the Mandatory Isolation Support for Temporary Foreign Worker program	-	-	-	50,000	19,000	19,000
Contribution payments for the Emergency Processing Fund program	-	-	-	62,500	-	-
Contribution payments for the Surplus Food Purchase program	-	-	-	50,000	-	-
Budgetary statutory authorities	\$ 1,969,398	\$ 51,644	\$ 51,644	\$1,719,152	\$ 127,972	\$ 127,972
Note: (1) Totals may not add due to rounding.						