



Agriculture and
Agri-Food Canada

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Agriculture and Agri-Food Canada

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

AGRICULTURE AND AGRI-FOOD CANADA

Quarterly Financial Report

For the quarter ended September 30, 2021

Agriculture and Agri-Food Canada Quarterly Financial Report for the Quarter Ended September 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.

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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, 2021.

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 years.

Comparison of total authorities available for use and total year-to-date expenditures for the quarter ended September 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	3,734	2,676
Total year-to-date expenditures	652	682
Utilization	17%	25%

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 years.

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

Authorities (in millions of dollars)	2021-2022	2020-2021	Variances
Vote 1 - Net operating authorities	642	450	192
Vote 5 - Capital authorities	56	43	13
Vote 10 - Grants and Contributions	667	431	236
Budgetary statutory authorities	2,370	1,752	618
Total Authorities	3,734	2,676	1,059

Note: Totals may not add up due to rounding.

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Total authorities in fiscal year 2021-2022 were \$3,734 million at the end of the second quarter, as compared to \$2,676 million at the end of the second quarter of 2020-2021, which represents an increase of \$1,059 million or 40%. This increase is primarily attributable to the following:

- The statutory authorities increase of \$618 million is mainly due to \$469 million in funding for the Dairy Direct Payment Program, and a \$400 million increase in funding for the AgriRecovery Program in response to wildfires and drought conditions ranging across British Columbia to Ontario. These amounts are partially offset by a \$272.5 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 \$192 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, which reduced the Vote 1 amounts last year, as well as additional funding of \$13 million this year for collective bargaining obligations.
- The \$13 million increase in Vote 5 – Capital authorities is attributable to \$10 million in proceeds from the sale of AAFC’s Regina Research Farm as well as \$10 million due to the timing difference in Supply, partially offset by a \$7 million decrease in the capital budget carry forward into 2021-22

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 years.

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Comparison of year-to-date expenditures for the quarter ended September 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	288	258	29
Vote 5 - Capital expenditures	11	9	2
Vote 10 - Grants and Contributions expenditures	72	76	(4)
Budgetary statutory expenditures	281	338	(57)
Total Net Budgetary Expenditures	652	682	(30)

Note: Totals may not add up due to rounding.

At the end of the second quarter of 2021-2022, total expenditures were \$652 million, compared to \$682 million reported for the same period in 2020-2021, representing a decrease of \$30 million or 4.4%. The decrease is primarily attributable to the following:

- a \$57-million decrease in statutory expenditures mainly due to a \$199 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 \$121 million in AgriInsurance contribution payments as a result of timing, frequency and materiality of claims received and released, and \$18 million in AgriInvest grant payments due to an increase in the number of applications being processed.
- a \$4-million decrease in Vote 10 – Grants and Contributions caused by decreases in the Dairy Farm Investment Program due to producer delays in receiving equipment as a result of COVID-19 (leading to late applications), and a decrease in the AgriInnovate program from lower claims submitted due to timing. These decreases are partially offset by an increase from the timing of provincial claim submissions for *Canadian Agricultural Partnership* cost-shared programs.

These decreases are partially offset by the following increases:

- a \$29-million increase in Vote 1 – Operating expenditures primarily due to increased salary costs associated with higher wage rates and the hiring of new employees.
- a \$2-million increase in in Vote 5 – Capital expenditures primarily due to increased spending on professional services for facility upgrades.

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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 fourth 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

In July 2021, Andrew Goldstein assumed the role of acting Assistant Deputy Minister for the Human Resources 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 to August 31, 2021. The program assists employers with the incremental costs associated with the 14-day isolation period and with a hotel quarantine of up to 3 days.
- **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 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:

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- **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 gain work experience and learn new skills.
- **Dairy Direct Payment Program:** Funding of \$944 million is being provided over 2 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. The deadline to enroll in the 2021 program will also be extended. The estimated costs for RML removal will be \$113.2 million in 2021-22 and \$56.6 million in 2022-23.
- **On-Farm Climate Action:** Funding of \$200 million is being allocated to Agriculture and Agri-Food Canada over 3 years (2021-22 to 2023-24) for the Agricultural Climate Solutions (ACS) to establish and deliver the On-Farm Climate Action Fund (as a stream of the ACS initiative, in which Natural Resources Canada and Environment and Climate Change Canada are also participating).

Approval by Senior Officials

Signed 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 September 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 September 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 September 30, 2020	Year to date used at quarter-end
Vote 1 - Net Operating expenditures	\$ 641,706	\$ 148,461	\$ 287,810	\$ 449,856	\$ 132,236	\$ 258,485
Vote 5 - Capital expenditures	55,521	6,476	11,066	42,555	1,983	8,801
Vote 10 - Grants and contributions	666,732	56,777	71,852	430,737	21,503	76,299
Budgetary statutory authorities ⁽³⁾	2,370,416	229,189	280,833	1,752,401	127,972	338,139
Total Budgetary authorities	3,734,376	440,904	651,562	2,675,550	283,694	681,725
Total Authorities	\$ 3,734,376	\$ 440,904	\$ 651,562	\$ 2,675,550	\$ 283,694	\$ 681,725

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.

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Departmental Budgetary Expenditures by Standard Object *(unaudited)*

For the quarter ended September 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 September 30, 2021	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended September 30, 2020	Year to date used at quarter-end
Expenditures:						
Personnel	\$548,890	\$140,777	\$277,496	\$422,575	\$129,564	\$257,907
Transportation and communications	13,888	709	1,308	8,769	475	760
Information	10,902	1,195	1,849	5,740	1,868	2,455
Professional and special services	116,518	22,016	38,124	73,033	21,301	33,206
Rentals	9,078	832	3,645	4,405	943	3,475
Repair and maintenance	14,108	2,408	3,761	10,826	2,214	3,027
Utilities, materials and supplies	43,743	6,741	11,758	26,175	4,702	8,358
Acquisition of land, buildings and works	16,659	2,458	3,093	17,881	2,215	2,436
Acquisition of machinery and equipment	46,311	3,514	7,082	34,940	3,416	4,502
Transfer payments	2,961,267	267,623	317,352	2,111,876	247,445	380,194
Other subsidies and payments	8,777	6,366	6,861	4,942	1,134	5,744
Total gross budgetary expenditures	3,790,141	454,638	672,327	2,721,162	415,277	702,064
Less Revenues netted against expenditures:						
Vote-netted revenues	(55,766)	13,734	20,765	(45,612)	17,246	20,339
Total Revenues netted against expenditures	(55,766)	13,734	20,765	(45,612)	17,246	20,339
Total net budgetary expenditures	\$3,734,376	\$440,904	\$651,562	\$2,675,550	\$398,031	\$681,725
Note:						
(1) Totals may not add due to rounding.						

AGRICULTURE AND AGRI-FOOD CANADA
Budgetary Statutory Authorities Breakdown (unaudited)
For the quarter ended September 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 September 30, 2021	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended September 30, 2020	Year to date used at quarter-end
Contributions to employee benefit plans	\$68,728	\$16,661	\$33,321	\$65,215	\$16,304	\$32,608
Minister of Agriculture and Agri-Food - Salary and motor car allowance	91	23	45	89	22	45
Contribution payments for the AgriStability program	387,230	426	(10,743)	384,830	(6,714)	(12,705)
Contribution payments for the AgriInsurance program	623,000	141,979	161,033	623,000	32,993	40,326
Grant payments for the AgriInvest program	122,910	48,568	82,372	122,910	44,459	64,793
Payments in connection with the Agricultural Marketing Programs Act	104,800	6,477	11,095	90,300	7,022	8,474
Grant payments for the AgriStability program	39,320	706	957	39,320	1,146	1,438
Contribution payments for the AgriInvest program	16,550	5,017	5,017	16,550	10,698	14,032
Loan guarantees under the Canadian Agricultural Loans Act	13,111	(286)	(57)	13,111	-	(76)
Contributions in support of the Assistance to the Pork Industry Initiative	-	-	(12,084)	-	(6,528)	(11,560)
Grants to agencies established under the <i>Farm Products Agencies Act</i>	100	-	-	100	-	-
Contribution payments for the Agricultural Disaster Relief Program (ADRP)/AgriRecovery	518,513	7,965	7,919	118,513	-	-

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Budgetary Statutory Authorities Breakdown (unaudited)
For the quarter ended September 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 September 30, 2021	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended September 30, 2020	Year to date used at quarter-end
Canadian Pari-Mutuel Agency Revolving Fund	\$-	\$575	-\$159	\$-	\$230	\$174
Spending of Amounts Equivalent to Proceeds from Disposal of Surplus Moveable Crown Assets	7,064	1,086	2,099	5,958	962	1,417
Refunds of amounts credited to revenues in previous years	-	-	27	-	-	1
Grant payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(4)	(5)	-	(4)	(6)
Contribution payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(4)	(4)	-	-	(6)
Grant Payments Related to the Dairy Direct Payment Program	469,000	-	-	-	-	-
Contribution payments for the Local Food Infrastructure Program	-	-	-	75,000	5,164	75,564
Contribution payments for the Mandatory Isolation Support for Temporary Foreign Worker program	-	-	-	48,950	21,423	21,631
Contribution payments for the Mandatory Isolation Support for Temporary Foreign Worker program - Cost-Shared	-	-	-	1,050	1,048	1,048
Contribution payments for the Emergency Processing Fund program	-	-	-	62,500	32,649	51,649
Contribution payments for the Surplus Food Purchase program	-	-	-	50,000	49,293	49,293
Contributions in support of the On Farm Support Program	-	-	-	35,004	-	-
Budgetary statutory authorities	\$2,370,416	\$229,189	\$280,833	\$1,752,401	\$210,167	\$338,139
Note: (1) Totals may not add due to rounding.						