



Agriculture and
Agri-Food Canada

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**Quarterly Financial Report
For the Quarter Ended December 31, 2021**

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for the Quarter Ended December 31, 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) 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 2021-2022 Main Estimates, as well as the Supplementary Estimates (A) and (B) 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 December 31, 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 December 31, 2021.

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 years.

Comparison of total authorities available for use and total year-to-date expenditures for the quarter ended December 31 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	3,926	3,490
Total year-to-date expenditures	1,592	1,433
Utilization	41%	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 years.

Comparison of total authorities as of December 31 of fiscal years 2021-2022 and 2020-2021

Authorities	2021-2022	2020-2021	Variances
Vote 1 - Net Operating Authorities	649	590	60
Vote 5 - Capital Authorities	56	53	3
Vote 10 - Grants and Contributions	735	601	134
Budgetary statutory authorities	2,486	2,247	239
Total Authorities	3,926	3,490	436

Note: Totals may not add up due to rounding.

AGRICULTURE AND AGRI-FOOD CANADA

Quarterly Financial Report

For the quarter ended December 31, 2021

Total authorities in fiscal year 2021-2022 were \$3,926 million at the end of the third quarter, as compared to \$3,490 million at the end of the third quarter of 2020-2021, which represents an increase of \$436 million or 12%. This increase is primarily attributable to the following:

- The statutory authorities increase of \$239 million is mainly due to a \$400 million funding increase for the AgriRecovery Program in response to wildfires and drought conditions ranging across British Columbia to Ontario. There is also a \$113 million funding increase for the Agristability Program because of the removal of the reference margin limit. These amounts are partially offset by a \$298 million reduction due to the expiry of the statutory COVID-19 funding under the *Public Health Events of National Concern Payments Act*.
- The \$134 million increase in Vote 10 – Grants and contributions is mainly attributable to various COVID-19 pandemic initiatives totalling \$67 million, mostly due to funding for the extension of the Mandatory Isolation Support for Temporary Foreign Workers Program and funding for the Emergency Food Security Fund. The funding increase also reflects \$29 million in new funding for the Poultry and Egg On-Farm Investment Program and the Poultry and Egg Marketing Program, \$20 million to scale up the Youth Employment and Skills Strategy program, and \$16 million for the new Agricultural Climate Solutions program.
- The \$60 million increase in Vote 1 – Net Operating authorities is primarily attributable to a \$32 million Vote 1 to Vote 10 transfer in 2020-21, which reduced the Vote 1 amounts last year. There is also additional funding of \$19 million this year for collective bargaining obligations.
- The \$3 million increase in Vote 5 – Capital authorities is attributable to \$10 million in proceeds from the sale of AAFC's Regina Research Farm, 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 third quarter of the current and previous fiscal years.

AGRICULTURE AND AGRI-FOOD CANADA

Quarterly Financial Report

For the quarter ended December 31, 2021

Comparison of year-to-date expenditures for the quarter ended December 31 of fiscal years 2021-2022 and 2020-2021

Expenditures	2021-2022	2020-2021	Variance
Vote 1 - Net Operating expenditures	437	403	34
Vote 5 - Capital expenditures	21	19	2
Vote 10 - Grants and Contributions expenditures	247	160	87
Budgetary statutory expenditures	887	851	36
Total Net Budgetary Expenditures	1,592	1,433	159

Note: Totals may not add up due to rounding.

At the end of the third quarter of 2021-2022, total expenditures were \$1,592 million, compared to \$1,433 million reported for the same period in 2020-2021, representing an increase of \$159 million or 11%. The increase is primarily attributable to the following:

- a \$87-million increase in Vote 10 – Grants and Contributions caused by additional funding resulting in spending increases of \$90 million for the voted Emergency Food Security program and \$20 million in the voted Mandatory Isolation Support for Temporary Foreign Workers Program. These increases are partially offset by a decrease of \$15 million in the Dairy Farm Investment Program due to supply and labour disruptions as a result of COVID-19.
- a \$36-million increase in statutory expenditures mainly due to an increase of \$192 million in the AgriRecovery Program towards providing help for the droughts and wildfires this year. There is also a \$110 million spending increase in AgriInsurance contribution payments due to timing, frequency and materiality of claims received and released. These are mostly offset by a decrease of \$280 million in COVID-19 program spending as a result of the expiry of the statutory COVID-19 funding.
- a \$34-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 Vote 5 – Capital expenditures primarily due to increased spending on information technology projects.

AGRICULTURE AND AGRI-FOOD CANADA

Quarterly Financial Report

For the quarter ended December 31, 2021

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 ongoing COVID-19 pandemic continues to evolve, AAFC will remain vigilant and respond and plan for risk and situations impacting its operating environment including longer term impacts.

Significant changes in relation to operations, personnel, and programs

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:

- **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).

AGRICULTURE AND AGRI-FOOD CANADA

Quarterly Financial Report

For the quarter ended December 31, 2021

- **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).
- **Supply Management Processing Investment Fund:** Funding of \$325 million is being allocated to Agriculture and Agri-Food Canada over seven years (2021-22 to 2027-28). The Fund will support the processors of supply-managed commodities (dairy, poultry and eggs) adapt to market changes resulting from the implementation of the Canada-European Union Comprehensive Economic and Trade Agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

Approval by Senior Officials

Approved by:

Original Signed By _____

Chris Forbes, Deputy Head
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, 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 December 31, 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 December 31, 2020	Year to date used at quarter-end
Vote 1 - Net Operating expenditures	\$649,335	\$149,469	\$437,279	\$589,509	\$144,699	\$403,184
Vote 5 - Capital expenditures	55,547	9,462	20,528	52,567	10,181	18,982
Vote 10 - Grants and contributions	735,152	175,400	247,252	600,936	83,554	159,854
Budgetary statutory authorities ⁽³⁾	2,485,616	606,344	887,177	2,246,775	513,150	851,289
Total Budgetary authorities	3,925,650	940,674	1,592,236	3,489,787	751,584	1,433,309
Total authorities	\$3,925,650	\$940,675	\$1,592,236	\$3,489,787	\$751,584	\$1,433,309

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 December 31, 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 December 31, 2021	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended December 31, 2020	Year to date used at quarter-end
Expenditures:						
Personnel	\$555,455	\$133,451	\$410,947	\$532,737	\$126,389	\$384,296
Transportation and communications	13,976	933	2,242	11,406	568	1,328
Information	10,971	4,018	5,866	7,453	2,169	4,624
Professional and special services	117,222	28,103	66,226	91,005	26,562	59,768
Rentals	9,135	1,978	5,623	5,720	1,643	5,118
Repair and maintenance	14,194	2,771	6,532	13,381	2,912	5,939
Utilities, materials and supplies	45,726	8,177	19,935	33,782	7,396	15,754
Acquisition of land, buildings and works	16,659	2,723	5,815	23,872	4,303	6,739
Acquisition of machinery and equipment	46,337	5,472	12,553	46,575	6,684	11,186
Transfer payments	3,142,907	763,883	1,081,235	2,775,070	578,981	959,175
Other subsidies and payments	8,833	2,004	8,865	6,473	3,181	8,925
Total gross budgetary expenditures	3,981,416	953,513	1,625,840	3,547,474	760,788	1,462,852
Less Revenues netted against expenditures:						
Vote-netted revenues	(55,766)	12,839	33,604	(57,687)	9,204	29,543
Total Revenues netted against expenditures	(55,766)	12,839	33,604	(57,687)	9,204	29,543
Total net budgetary expenditures	\$3,925,650	\$940,674	\$1,592,236	\$3,489,787	\$751,584	\$1,433,309
Note:						
(1) Totals may not add due to rounding.						

AGRICULTURE AND AGRI-FOOD CANADA
Budgetary Statutory Authorities Breakdown (unaudited)
For the quarter ended December 31, 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 December 31, 2021	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended December 31, 2020	Year to date used at quarter-end
Contributions to employee benefit plans	\$68,960	\$16,661	\$49,982	\$65,215	\$16,304	\$48,912
Minister of Agriculture and Agri-Food - Salary and motor car allowance	91	23	68	89	22	67
Contribution payments for the AgriStability program	482,648	9,088	(1,656)	384,830	5,158	(7,547)
Contribution payments for the AgriInsurance program	623,000	342,376	503,409	623,000	352,269	392,595
Grant payments for the AgriInvest program	122,910	34,507	116,879	122,910	43,639	108,431
Payments in connection with the Agricultural Marketing Programs Act	104,800	7,581	18,676	90,300	4,710	13,185
Grant payments for the AgriStability program	57,123	166	1,123	39,320	1,725	3,163
Contribution payments for the AgriInvest program	16,550	8,349	13,366	16,550	5,268	19,300
Loan guarantees under the Canadian Agricultural Loans Act	13,111	(2)	(59)	13,111	-	(76)
Canadian Cattlemen's Association Legacy Fund	-	-	-	-	-	-
Contributions in support of the Assistance to the Pork Industry Initiative	-	-	(12,084)	-	-	(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	186,422	194,341	118,513	2,209	2,209

AGRICULTURE AND AGRI-FOOD CANADA
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For the quarter ended December 31, 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 December 31, 2021	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended December 31, 2020	Year to date used at quarter-end
Canadian Pari-Mutuel Agency Revolving Fund	\$-	\$268	\$109	\$-	\$334	\$509
Spending of Amounts Equivalent to Proceeds from Disposal of Surplus Moveable Crown Assets	8,810	909	3,008	7,336	1,039	2,456
Refunds of amounts credited to revenues in previous years	-	-	27	-	23	24
Grant payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(3)	(8)	-	(1)	(7)
Contribution payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(0)	(4)	-	(1)	(7)
Grant Payments Related to the Dairy Direct Payment Program	469,000	-	-	468,000	-	-
Contribution payments for the Local Food Infrastructure Program	-	-	-	125,000	49,436	125,000
Contribution payments for the Mandatory Isolation Support for Temporary Foreign Worker program	-	-	-	48,950	14,196	35,827
Contribution payments for the Mandatory Isolation Support for Temporary Foreign Worker program - Cost-Shared	-	-	-	1,050	-	1,048
Contribution payments for the Emergency Processing Fund program	-	-	-	62,500	10,851	62,500
Contribution payments for the Surplus Food Purchase program	-	-	-	50,000	(750)	48,543
Contributions in support of the Emergency On-Farm Support Fund	-	-	-	5,000	5,000	5,000
Contributions in support of the Youth Employment & Skills Strategy Program	-	-	-	5,000	1,718	1,718
Budgetary statutory authorities	\$2,485,616	\$606,344	\$887,177	\$2,246,775	\$513,150	\$851,289
Note: (1) Totals may not add due to rounding.						