



Agriculture and  
Agri-Food Canada

Agriculture et  
Agroalimentaire Canada

# **Agriculture and Agri-Food Canada**

**Quarterly Financial Report  
For the Quarter Ended June 30, 2022**

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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 Treasury Board, and should be read in conjunction with AAFC's 2022-23 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 2022-23 Main Estimates, as well as the Supplementary Estimates (A) 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. 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, 2022

### 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, 2022.

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 June 30 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	3,419	3,307
Total year-to-date expenditures	226	211
Utilization	7%	6%

### 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 year.

### Comparison of total authorities as of June 30 of fiscal years 2022-23 and 2021-22

Authorities (in millions of dollars)	2022-23	2021-22	Variiances
Vote 1 - Net Operating Authorities	611	621	(10)
Vote 5 - Capital Authorities	39	50	(12)
Vote 10 - Grants and Contributions	629	667	(38)
Budgetary statutory authorities	2,140	1,969	171
<b>Total Authorities</b>	<b>3,419</b>	<b>3,307</b>	<b>112</b>

Note: Totals may not add up due to rounding.

## **AGRICULTURE AND AGRI-FOOD CANADA**

### **Quarterly Financial Report**

**For the quarter ended June 30, 2022**

Total authorities in fiscal year 2022-23 were \$3,419 million at the end of the first quarter, as compared to \$3,307 million at the end of the first quarter of 2021-22, which represents an increase of \$112 million or 3%. This increase is attributable to the following:

- \$171 million increase in statutory authorities is primarily due to a \$108 million Order in Council for the Agricultural Disaster Relief Program to assist farmers in British Columbia with recovering from the adverse effects of excess rainfall and flooding in 2021. There was also a \$57 million statutory forecast increase for the AgriStability program as a result of the amendment that removed the reference margin limit starting in the 2020 program year and ongoing.
- \$38 million decrease in Vote 10 – Grants and contributions is mainly attributable to the winding down of \$194 million of COVID-19 pandemic initiatives, the sunsetting of the \$54 million Dairy Processing Investment Fund and Dairy Farm Investment Program, as well as a \$17 million net decrease in funding for the Youth Employment Skills Strategy program. These decreases were partially offset by a funding increase of \$105 million for climate programs, a \$78 million funding increase for poultry and egg supply-managed producers and \$46 million of new funding in support for the Canadian wine industry.
- \$12 million decrease in Vote 5 Capital authorities is mostly attributable to the \$10 million capital funding received from the sale of AAFC’s Regina Research Farm in 2021-22, with the remaining funding decrease associated with various sunsetting programs in 2022-23.
- \$10 million decrease in Vote 1 Net Operating authorities is mostly made up of a \$17 million funding decrease associated with the sunsetting of various programs and a \$5 million operating budget reduction for travel and information technology services, which was partially offset by \$10 million of new funding for climate related initiatives and dairy, poultry and egg supply-managed producers.

### **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 year.

# AGRICULTURE AND AGRI-FOOD CANADA

## Quarterly Financial Report

For the quarter ended June 30, 2022

### Comparison of year-to-date expenditures for the quarter ended June 30 of fiscal years 2022-23 and 2021-22

<b>Expenditures (in millions of dollars)</b>	<b>2022-23</b>	<b>2021-22</b>	<b>Variance</b>
Vote 1 - Net Operating expenditures	143	139	4
Vote 5 - Capital expenditures	5	5	0
Vote 10 - Grants and Contributions expenditures	22	15	7
Budgetary statutory expenditures	56	52	4
<b>Total Net Budgetary Expenditures</b>	<b>226</b>	<b>211</b>	<b>15</b>

Note: Totals may not add up due to rounding.

At the end of the first quarter of 2022-23, total expenditures were \$226 million, compared to \$211 million reported for the same period in 2021-22, representing an increase of \$15 million or 7%. The increase is attributable to the following:

- \$4 million increase in Vote 1- Net Operating expenditures is primarily caused by higher information technology costs related to Microsoft 365 licenses, increased utility expenditures as well as timing difference for various licensing fee payments.
- \$7 million increase in Vote 10 – Grants and Contributions is mainly caused by timing differences for the Poultry and Egg On-Farm Investment Program as funding was received later in the 2021-22 fiscal year.
- \$4 million increase in statutory expenditures mainly due to increased spending in the AgrilInsurance program as a result of timing, frequency and materiality of claims received and released, as well as decreased recoveries from the Hog Industry Loan Loss Reserve Program as the program is winding down (to be fully sunset by 2025). These increases are partially offset by a decrease in payments connected to the *Agricultural Marketing Programs Act* because of the completion of the prior year's 'stay of defaults' and lower interest rates.

# AGRICULTURE AND AGRI-FOOD CANADA

## Quarterly Financial Report

For the quarter ended June 30, 2022

### 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 have been working onsite at research centers throughout Canada. In addition, AAFC is exploring opportunities to transition to hybrid work arrangements, while ensuring to adhere to recommendations of public health officials and experts.

### Significant changes in relation to operations, personnel, and programs

#### Programs

The following are announcements of new programs or changes to existing programs:

- **Wine Sector Support Program:** Funding of \$166.2 million is being allocated to Agriculture and Agri-Food Canada over two years (\$83.2 million in 2022-23 and \$83 million in 2023-24). The Fund provides short-term financial support to licensed Canadian wineries as they adapt to ongoing and emerging challenges that impact financial resilience and competitiveness of the wine industry. The program will provide non-repayable grants to wine licensees in Canada based on their production of bulk wine fermented in Canada from domestic and/or imported primary agricultural products.

#### Approval by Senior Officials

Approved by:

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Chris Forbes, Deputy Head  
Ottawa, Canada

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Marie-Claude Guérard, Chief Financial Officer  
Ottawa, Canada

## AGRICULTURE AND AGRI-FOOD CANADA

### Statement of Authorities *(unaudited)*

For the quarter ended June 30, 2022

*(in thousands of dollars)*

	Fiscal year 2022-23 (1)			Fiscal year 2021-22 (1)		
	Total available for use for the year ending March 31, 2023 (2)	Used during the quarter ended June 30, 2022	Year to date used at quarter-end	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
Vote 1 - Net Operating expenditures	\$610,755	\$143,268	\$143,268	\$620,752	\$139,349	\$139,349
Vote 5 - Capital expenditures	38,560	5,058	5,058	50,079	4,590	4,590
Vote 10 - Grants and contributions	629,059	21,599	21,599	666,732	15,075	15,075
Budgetary statutory authorities <sup>(3)</sup>	2,140,283	56,100	56,100	1,969,398	51,644	51,644
<b>Total Budgetary authorities</b>	<b>3,418,656</b>	<b>226,025</b>	<b>226,025</b>	<b>3,306,962</b>	<b>210,657</b>	<b>210,657</b>
<b>Total authorities</b>	<b>\$3,418,656</b>	<b>\$226,025</b>	<b>\$226,025</b>	<b>\$3,306,962</b>	<b>\$210,657</b>	<b>\$210,657</b>

**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, 2022

*(in thousands of dollars)*

	Fiscal year 2022-23 (1)			Fiscal year 2021-22 (1)		
	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended June 30, 2022	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended June 30, 2021	Year to date used at quarter-end
<b>Expenditures:</b>						
Personnel	\$533,516	\$137,259	\$137,259	\$530,104	\$136,719	\$136,719
Transportation and communications	2,739	949	949	13,741	600	600
Information	8,861	898	898	10,786	654	654
Professional and special services	120,622	17,935	17,935	112,976	16,108	16,108
Rentals	7,907	4,474	4,474	8,982	2,812	2,812
Repair and maintenance	11,524	1,420	1,420	13,372	1,353	1,353
Utilities, materials and supplies	37,504	6,451	6,451	42,332	5,017	5,017
Acquisition of land, buildings and works	21,935	1,587	1,587	16,659	634	634
Acquisition of machinery and equipment	33,972	3,758	3,758	43,826	3,568	3,568
Transfer payments	2,691,404	59,350	59,350	2,561,267	49,729	49,729
Other subsidies and payments	8,763	740	740	8,682	495	495
<b>Total gross budgetary expenditures</b>	<b>3,478,746</b>	<b>234,821</b>	<b>234,821</b>	<b>3,362,727</b>	<b>217,688</b>	<b>217,688</b>
<b>Less Revenues netted against expenditures:</b>						
Vote-netted revenues	60,090	8,796	8,796	55,766	7,031	7,031
<b>Total net budgetary expenditures</b>	<b>\$3,418,656</b>	<b>\$226,025</b>	<b>\$226,025</b>	<b>\$3,306,962</b>	<b>\$210,657</b>	<b>\$210,657</b>
<b>Note:</b>						
(1) Totals may not add due to rounding.						



**AGRICULTURE AND AGRI-FOOD CANADA**  
**Budgetary Statutory Authorities Breakdown (unaudited)**  
**For the quarter ended June 30, 2022**  
*(in thousands of dollars)*

APPENDIX A

	Fiscal year 2022-23 (1)			Fiscal year 2021-22 (1)		
	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended June 30, 2022	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended June 30, 2021	Year to date used at quarter-end
Contributions to employee benefit plans	\$69,319	\$17,220	\$17,220	\$68,728	\$16,661	\$16,661
Minister of Agriculture and Agri-Food - Salary and motor car allowance	93	23	23	91	23	23
Contribution payments for the AgriStability program	434,939	(9,299)	(9,299)	387,230	(11,170)	(11,170)
Contribution payments for the AgriInsurance program	623,000	23,163	23,163	623,000	19,054	19,054
Grant payments for the AgriInvest program	122,910	32,285	32,285	122,910	33,804	33,804
Payments in connection with the Agricultural Marketing Programs Act	109,000	(1,428)	(1,428)	104,800	4,617	4,617
Grant payments for the AgriStability program	48,221	521	521	39,320	252	252
Contribution payments for the AgriInvest program	16,550	-	-	16,550	-	-
Loan guarantees under the Canadian Agricultural Loans Act	13,111	(714)	(714)	13,111	228	228
Contributions in support of the Assistance to the Pork Industry Initiative	-	(6,778)	(6,778)	-	(12,084)	(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	2	2	118,513	(47)	(47)
Canadian Pari-Mutuel Agency Revolving Fund	1,209	(553)	(553)	-	(734)	(734)
Spending of Amounts Equivalent to Proceeds from Disposal of Surplus Moveable Crown Assets	7,317	1,659	1,659	6,046	1,013	1,013
Refunds of amounts credited to revenues in previous years	-	-	-	-	27	27
Grant payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(2)	(2)	-	(1)	(1)
Grant Payments Related to the Dairy Direct Payment Program	468,000	-	-	469,000	-	-
<b>Budgetary statutory authorities</b>	<b>\$2,140,283</b>	<b>\$56,100</b>	<b>\$56,100</b>	<b>\$1,969,398</b>	<b>\$51,644</b>	<b>\$51,644</b>
<b>Note:</b> (1) Totals may not add due to rounding.						