

Agriculture and Agri-Food Canada

Quarterly Financial Report For the Quarter Ended December 31, 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) 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 2023-24 Main Estimates, as well as the Supplementary Estimates (A) and (B) 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 December 31, 2023.

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 year.

Comparison of total authorities available for use and total year-to-date expenditures for the quarter ended December 1 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	4,083	4,032
Total year-to-date expenditures	2,206	1,749
Utilization	54%	43%

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 year.

Comparison of total authorities as of December 31 of fiscal years 2023-24 and 2022-23

Authorities (in millions of dollars)	2023-24	2022-23	Variations
Vote 1 - Net Operating Authorities	717	675	42
Vote 5 - Capital Authorities	63	52	11
Vote 10 - Grants and Contributions	890	740	150
Budgetary statutory authorities	2,413	2,565	(152)
Total Authorities	4,083	4,032	51

Note: Totals may not add up due to rounding.

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As of the end of the third quarter of fiscal year 2023-24, authorities of \$4,083 million are 1% or \$51 million higher than the same quarter last year due to the following changes:

- Statutory funding decreased \$152 million primarily due to a reduction of \$168 million in Dairy Direct Payment Program funding.
- Vote 10 – Grants and Contributions funding saw an increase \$150 million allocated to various initiatives. Specifically, environment and climate initiatives received an extra \$72 million; funding for dairy, poultry and egg supply-managed producers and processors increased \$68 million and there was additional funding of \$17 million for African Swine Fever preparedness.
- Vote 1 – Operating funding rose by \$42 million, driven by a \$35 million increase in collective bargaining obligations as well as funding of \$11 million for environment and climate related initiatives.
- Vote 5 – Capital funding increased by \$11 million mainly due to higher funding for the capital budget carry forward into 2023-24 as well as new funding for laboratory asset renewal.

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 year.

Comparison of year-to-date expenditures for the quarter ended December 31 of fiscal years 2023-24 and 2022-23

Expenditures (in millions of dollars)	2023-24	2022-23	Variance
Vote 1 - Net Operating expenditures	505	450	54
Vote 5 - Capital expenditures	22	27	(5)
Vote 10 - Grants and Contributions expenditures	369	289	80
Budgetary statutory expenditures	1,311	982	328
Total Net Budgetary Expenditures	2,206	1,749	457

Note: Totals may not add up due to rounding.

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As of the end of the third quarter of fiscal year 2023-24, expenditures of \$2,206 million are 26% or \$457 million higher than the same quarter last year due to the following changes:

- Statutory expenditures rose by \$328 million, mostly due to a \$227 million increase in grants under the Dairy Direct Payment Program caused by an earlier application period. Additionally, there was an \$80 million increase in contribution payments to the AgriInsurance program. Drought conditions in western Canada lead to higher than normal claims being received from Alberta and Saskatchewan.
- Vote 10 – Grants and Contributions expenditures increased by \$80 million mostly due to two programs. The Wine Sector Support Program's expenditures increased \$36 million due to receiving earlier funding and issuing payments earlier than the previous year. The Poultry and Egg On-Farm Investment Program experienced a \$34 million increase attributed to earlier claim processing.
- Vote 1 – Net Operating expenditures increased by \$54 million, mainly due to a \$42 million increase for collective bargaining obligations such as pay rate increases and retroactive payments.
- Vote 5 – Capital expenditures declined \$5 million mainly due to procurement and delivery delays in retrofit projects for research and development centres.

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

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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).

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

There have been no significant changes in relation to personnel.

Programs

The following are announcements of new programs or changes to existing programs that occurred during the third quarter of this fiscal year:

Agricultural Disaster Relief Program: Funding of \$219 million was granted through an Order in Council to support livestock producers affected by drought, and agricultural producers affected by wildfires in British Columbia, Alberta and Saskatchewan.

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 December 31, 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 December 31, 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 December 31, 2022	Year to date used at quarter-end
Vote 1 - Net Operating expenditures	717,202	188,558	504,503	675,065	161,418	450,302
Vote 5 - Capital expenditures	63,452	10,122	21,848	52,241	8,773	26,740
Vote 10 - Grants and contributions	889,684	215,720	369,034	740,051	138,324	289,206
Budgetary statutory authorities ⁽²⁾	2,412,876	1,068,990	1,310,742	2,564,746	512,050	982,419
Total Budgetary authorities	4,083,214	1,483,390	2,206,127	4,032,102	820,566	1,748,667
Total authorities	4,083,214	1,483,390	2,206,127	4,032,102	820,566	1,748,667

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 December 31, 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 December 31, 2023	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended December 31, 2022	Year to date used at quarter-end
Expenditures:						
Personnel	650,507	163,741	445,434	569,419	135,514	413,729
Transportation and communications	4,083	2,650	6,501	3,148	2,730	5,301
Information	54,072	2,045	4,337	10,606	2,428	4,687
Professional and special services	140,242	27,479	70,569	141,879	28,049	66,630
Rentals	10,135	1,247	8,458	9,120	1,848	7,801
Repair and maintenance	13,621	3,625	7,443	13,738	3,810	7,592
Utilities, materials and supplies	57,293	8,283	22,898	45,666	10,537	25,963
Acquisition of land, buildings and works	24,121	4,496	7,801	26,191	5,331	15,283
Acquisition of machinery and equipment	40,383	7,441	18,745	39,888	7,354	15,872
Transfer payments	3,141,588	1,041,030	1,403,112	3,222,395	630,973	1,215,162
Other subsidies and payments	9,589	238,686	242,032	10,142	1,626	7,761
Total gross budgetary expenditures	4,145,633	1,500,723	2,237,330	4,092,192	830,201	1,785,780
Less Revenues netted against expenditures:						
Vote-netted revenues	62,418	17,333	31,203	60,090	9,636	37,113
Total net budgetary expenditures	4,083,214	1,483,390	2,206,127	4,032,102	820,566	1,748,667
Note: Totals may not add due to rounding.						

Agriculture and Agri-Food Canada
Budgetary Statutory Authorities Breakdown (unaudited)
For the quarter ended December 31, 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 December 31, 2023	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended December 31, 2022	Year to date used at quarter-end
Contributions to employee benefit plans	83,550	14,701	44,104	70,378	17,220	51,661
Minister of Agriculture and Agri-Food - Salary and motor car allowance	95	24	71	93	23	69
Contribution payments for the AgriStability program	339,658	(118)	(14,484)	434,939	156	(14,071)
Contribution payments for the AgriInsurance program	1,033,783	729,944	832,278	1,043,000	407,208	752,218
Grant payments for the AgriInvest program	183,862	57,533	150,751	122,910	53,431	135,872
Payments in connection with the <i>Agricultural Marketing Programs Act</i>	113,300	32,389	63,824	109,000	19,192	22,432
Grant payments for the AgriStability program	52,063	-	-	48,221	-	-
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	254	(460)
Contributions in support of the Assistance to the Pork Industry Initiative	-	(1)	(4,035)	-	-	(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	254,713	5,575	5,481	226,513	12,409	36,841
Contribution payments for the Livestock Price Insurance program (Farm Income Protection Act)	4,000	-	-	-	-	-
Canadian Pari-Mutuel Agency Revolving Fund	2,018	496	829	1,209	491	(36)
Spending of Amounts Equivalent to Proceeds from Disposal of Surplus Moveable Crown Assets	15,911	1,595	4,796	10,722	1,666	4,769
Grant payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(3)	(7)	-	(2)	(7)
Contribution payments for the Canadian Agricultural Income Stabilization program Inventory Transition	-	(8)	(9)	-	1	(1)
Grant Payments Related to the Dairy Direct Payment Program	300,000	226,863	226,863	468,000	-	(5)
Budgetary statutory authorities	2,412,876	1,068,990	1,310,742	2,564,746	512,050	982,419
Note: Totals may not add due to rounding.						