



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

Agriculture and Agri-Food Canada

**Quarterly Financial Report
For the quarter ended December 31, 2019**

Agriculture and Agri-Food Canada
Quarterly Financial Report
for the quarter ended December 31, 2019

Introduction

Agriculture and Agri-Food Canada 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 and food producers to 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 the Main Estimates.

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 Main Estimates for the 2019-2020 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, 2019

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 provided in the Main Estimates for fiscal year 2019-2020, as well as budget adjustments approved by Treasury Board up to December 31, 2019.

The following table provides a comparison of total authorities and year-to-date expenditures for the third quarter of the current and previous fiscal years.

Comparison of Total Authorities and Total Year-to-date Expenditures for the Quarter ended December 31 of fiscal years 2018-2019 and 2019-2020 (in millions of dollars)

All Votes and Statutory (in millions of dollars)	2018-2019	2019-2020
Total Authorities	2,598	2,928
Total Year-to-date Expenditures	1,001	1,519
Utilization	39%	52%

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 at December 31 of Fiscal Years 2018-2019 and 2019-2020

Total Authorities (in millions of dollars)	2018-2019	2019-2020	Variance
Vote 1 – Net Operating authorities	622	612	(11)
Vote 5 - Capital authorities	69	51	(18)
Vote 10 - Grants and Contributions	427	420	(7)
Vote 15 - A Food Policy for Canada	-	17	17
Statutory authorities	1,480	1,828	348
Total Authorities	2,598	2,928	330

Note: Totals may not add up due to rounding.

AGRICULTURE AND AGRI-FOOD CANADA

Quarterly Financial Report

For the quarter ended December 31, 2019

Total authorities in fiscal year 2019-2020 were \$2,928 million at the end of the third quarter, as compared to \$2,598 million at the end of the third quarter of 2018-2019, which represents an increase of \$330 million or 13%. This increase is primarily attributable to the following:

- a \$348 million increase in Statutory authorities, mainly due to funding for the Dairy Direct Payment Program; and
- a \$17 million increase in Vote 15 A Food Policy for Canada;

This increase is partially offset by:

- a \$18 million decrease in Vote 5 Capital authorities, mainly due to the sunsetting of the Federal Infrastructure Initiative;
- a \$10 million decrease in Vote 1 Net Operating authorities, primary as a result of the transfer of federal canal infrastructure to Saskatchewan in 2018-19; and
- a \$7 million decrease in Vote 10 Grants and contributions, mainly due to the fact that 2018-19 included funding carried forward from 2017-18 for the Dairy Farm Investment Program and the Dairy Processing Investment Fund.

B. Significant Changes in Year-to-Date Expenditures

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

Comparison of Year-to-Date Expenditures for the Quarter Ended December 31 of Fiscal Years 2018-2019 and 2019-2020

Year-to-date Expenditures (in millions of dollars)	2018-2019	2019-2020	Variance
Vote 1 – Net Operating expenditures	386	409	23
Vote 5 - Capital expenditures	23	17	(6)
Vote 10 - Grants and Contributions	99	167	68
Vote 15 - A Food Policy for Canada	-	-	-
Statutory expenditures	494	926	432
Total Year-to-date Expenditures	1,001	1,519	518

Note: Totals may not add up due to rounding.

AGRICULTURE AND AGRI-FOOD CANADA

Quarterly Financial Report

For the quarter ended December 31, 2019

At the end of the third quarter of 2019-2020, total expenditures were \$1,519 million, compared to \$1,001 million reported for the same period in 2018-2019, representing an increase of \$518 million or 52%. This increase is primarily attributable to the following:

- a \$432 million increase in Statutory expenditures, mainly due to increased contribution payments for the AgrilInsurance Program and increased grant payments for the Dairy Direct Payment Program as payments for this one-year \$345 million program began in December;
- a \$68 million increase in Vote 10 Grants and Contributions expenditures, primarily as a result of 2019-20 being the second year of implementation of the Canadian Agricultural Partnership, as well as increases in the Dairy Farm Investment Program and Dairy Processing Investment Fund due to accelerated spending in support of the Dairy sector in the first three quarters of 2019-20 compared to 2018-19;
- a \$23 million increase in Vote 1 Net Operating expenditures, mainly due to a \$13 million increase in salary expenditures, a \$4 million increase in Canadian Agriculture Partnership operating expenditures, a \$3 million increase in the Agricultural Discovery Science and Innovation program, and a \$3 million increase in Vote Netted Revenue;

Partially offset by a \$6 million decrease in Vote 5 Capital expenditures, primarily as a result of a decrease in renovations related to Major Capital projects.

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. This facilitates decision making and priority setting and contributes to more effective delivery and efficient use of resources.

In the current environment, supporting employees and managers dealing with pay issues is a top priority for Agriculture and Agri-Food Canada. The department created a Pay Transformation team to proactively mitigate risks and respond to pay issues by providing:

- escalation and pay advisory services;
- outreach and awareness training;
- communication support; and
- emergency salary advances and priority payments in response to financial hardship situations.

The department actively monitors the pay impacts and corresponding salary payment adjustments resulting from these issue resolution activities.

AGRICULTURE AND AGRI-FOOD CANADA

Quarterly Financial Report

For the quarter ended December 31, 2019

Significant changes in relation to operations, personnel and programs

Personnel

On December 10, 2019, Brian Gray was appointed to the position of Special Advisor, Indigenous Relations and Gilles Saindon was appointed to the position of Assistant Deputy Minister, Science and Technology Branch.

Programs

Budget 2019 announced A Food Policy for Canada, introducing \$134.4 million of new investments over the next five years among Agriculture and Agri-Food Canada, the Canadian Food Inspection Agency, and the Canadian Northern Economic Development Agency. Agriculture and Agri-Food Canada was allocated \$95 million of this funding to:

- improve food security and access to safe, healthy, and culturally diverse food;
- better connect Canadians with and instill pride in Canada's food system and its food, seafood and agriculture products; and
- identify innovative ways to reduce food waste in the food processing, grocery retail, and food service sectors.

The 2018 Fall Economic Statement announced Canada's Export Diversification Strategy and earmarked new funding (\$25 million over five years and \$5 million ongoing, beginning in 2024-2025) among Agriculture and Agri-Food Canada, the Canadian Food Inspection Agency, and Health Canada. The funding will be spent to enhance federal capacity to ease Canadian agricultural producers' access to international markets by means such as better engagement with international standard-setting bodies. Agriculture and Agri-Food Canada was allocated \$11.6 million over five years (\$2.3 million ongoing, beginning in 2024-2025) of this funding to enhance the Agriculture and Food Trade Commissioner Services and accelerate Canada's expansion into newly accessible markets through free trade agreements.

AGRICULTURE AND AGRI-FOOD CANADA
Quarterly Financial Report
For the quarter ended December 31, 2019

Approval by Senior Officials
Approved by:

Chris Forbes, Deputy Head
Ottawa, Canada

Christine Walker, Chief Financial Officer
Ottawa, Canada

AGRICULTURE AND AGRI-FOOD CANADA

Statement of Authorities (*unaudited*)

For the quarter ended December 31, 2019

(in thousands of *dollars*)

	Fiscal year 2019-2020 ⁽¹⁾			Fiscal year 2018-2019 ⁽¹⁾		
	Total Authorities for the year ending March 31, 2020 ⁽²⁾	Used during the quarter ended December 31, 2019	Year to date used at quarter-end	Total Authorities for the year ending March 31, 2019 ⁽²⁾	Used during the quarter ended December 31, 2018	Year to date used at quarter-end
Vote 1 - Net Operating expenditures	\$ 611,895	\$ 149,051	\$ 409,219	\$ 622,433	\$ 128,127	\$ 385,994
Vote 5 - Capital expenditures	50,645	11,200	17,104	68,942	13,222	22,856
Vote 10 - Grants and contributions	419,735	80,735	166,510	426,625	56,930	98,501
Vote 15 - A Food Policy for Canada	17,486	-	-	-	-	-
Budgetary statutory authorities ⁽³⁾	1,827,908	743,311	925,884	1,479,857	310,966	493,809
Total budgetary authorities	2,927,669	984,297	1,518,717	2,597,857	509,245	1,001,160
Total authorities	\$ 2,927,669	\$ 984,297	\$ 1,518,717	\$ 2,597,857	\$ 509,245	\$ 1,001,160

Notes:

(1) Totals may not add up due to rounding.

(2) Includes only authorities granted by Parliament at quarter-end.

(3) Details on budgetary statutory authorities are included in the table below.

AGRICULTURE AND AGRI-FOOD CANADA

Departmental Budgetary Expenditures by Standard Object *(unaudited)*

For the quarter ended December 31, 2019

(in thousands of dollars)

	Fiscal year 2019-2020 ⁽¹⁾			Fiscal year 2018-2019 ⁽¹⁾		
	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended December 31, 2019	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2019	Expended during the quarter ended December 31, 2018	Year to date used at quarter-end
Expenditures:						
Personnel	\$ 531,683	\$ 134,974	\$ 385,864	\$ 507,134	\$ 119,423	\$ 364,693
Transportation and communications	15,075	3,453	9,445	12,520	3,942	9,725
Information	6,817	1,891	4,294	6,615	1,778	3,888
Professional and special services	101,631	24,406	57,934	112,307	22,784	54,906
Rentals	6,735	1,323	5,011	6,267	942	4,624
Repair and maintenance	13,243	3,933	7,521	14,581	3,826	9,143
Utilities, materials and supplies	41,902	7,227	18,721	44,526	6,194	18,368
Acquisition of land, buildings and works	27,379	1,135	1,614	51,820	6,411	9,945
Acquisition of machinery and equipment	38,553	8,892	15,885	31,053	7,138	13,788
Transfer payments	2,170,369	512,593	746,024	1,828,149	349,675	539,334
Other subsidies and payments ⁽²⁾	26,791	299,459	305,077	39,953	3,215	13,001
Total gross budgetary expenditures	2,980,176	999,286	1,557,390	2,654,926	525,328	1,041,415
Less Revenues netted against expenditures:						
Vote-netted revenues	52,507	14,990	38,673	57,069	16,083	40,255
Total Revenues netted against expenditures	52,507	14,990	38,673	57,069	16,083	40,255
Total net budgetary expenditures	\$ 2,927,669	\$ 984,296	\$ 1,518,717	\$ 2,597,857	\$ 509,245	\$ 1,001,160
Note:						
(1) Totals may not add up due to rounding.						
(2) Increase in Other subsidies and payments mainly due to the new one-year \$345 million Dairy Direct Payment Program as payments began in December.						

AGRICULTURE AND AGRI-FOOD CANADA
Budgetary Statutory Authorities Breakdown (unaudited)
For the quarter ended December 31, 2019
(in thousands of dollars)

APPENDIX A

	Fiscal year 2019-2020 ⁽¹⁾			Fiscal year 2018-2019 ⁽¹⁾		
	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended December 31, 2019	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2019	Expended during the quarter ended December 31, 2018	Year to date used at quarter-end
Contributions to employee benefit plans	\$ 65,685	\$ 16,360	\$ 49,081	\$ 66,321	\$ 16,381	\$ 49,144
Minister of Agriculture and Agri-Food - Salary and motor car allowance	88	22	66	86	22	65
Contribution payments for the AgriStability program	384,830	(1,734)	(22,934)	384,830	(7,393)	(18,351)
Contribution payments for the AgriInsurance program	623,000	392,509	461,843	623,000	246,068	325,991
Grant payments for the AgriInvest program	122,910	29,981	111,915	138,148	43,206	132,196
Payments in connection with the Agricultural Marketing Programs Act (2)	87,300	7,019	25,120	65,900	4,750	15,899
Grant payments for the AgriStability program	39,320	(207)	(299)	39,320	(139)	(242)
Contribution payments for the AgriInvest program	16,550	4,293	15,709	18,602	6,117	10,854
Loan guarantees under the Canadian Agricultural Loans Act/	13,111	-	754	13,111	(3)	(2)
Contributions in support of the Assistance to the Pork Industry Initiative	-	-	(12,550)	-	-	(25,289)
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	-	-	118,513	-	-

AGRICULTURE AND AGRI-FOOD CANADA
Budgetary Statutory Authorities Breakdown (unaudited)
For the quarter ended December 31, 2019
(in thousands of dollars)

APPENDIX A

	Fiscal year 2019-2020 (1)			Fiscal year 2018-2019 (1)		
	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended December 31, 2019	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2019	Expended during the quarter ended December 31, 2018	Year to date used at quarter-end
Canadian Pari-Mutuel Agency Revolving Fund	-	344	(174)	-	245	(690)
Spending of Amounts Equivalent to Proceeds from Disposal of Surplus Moveable Crown Assets	11,501	1,481	4,152	11,926	1,623	4,456
Contributions for agricultural risk management - Enhanced Spring Credit Advance program Business Risk Management	-	-	-	-	121	-
Class grant payments for the Transitional Industry Support program	-	-	-	-	-	(2)
Class grant payments for the Farm Income program	-	293,246	293,246	-	5	7
Grant payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(2)	(17)	-	(7)	(22)
Contribution payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	-	(26)	-	(21)	(200)
Grants in support of Grain and Oilseed Payment Program	-	(1)	(1)	-	(5)	(6)
Grants related to the Dairy Direct Payment Program	345,000	-	-	-	-	-
Budgetary statutory authorities	\$ 1,827,908	\$ 743,311	\$ 925,884	\$ 1,479,857	\$ 310,968	\$ 493,809
Note:						
(1) Totals may not add up due to rounding.						
(2) Includes \$21.4 million of contribution funding received from Supplementary Estimates.						