



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

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**Quarterly Financial Report
For the quarter ended September 30, 2019**

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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.

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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 provided in the Main Estimates for fiscal year 2019-2020, as well as budget adjustments approved by Treasury Board up to September 30, 2019.

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

Comparison of Authorities Available for Spending for the Year and Total Year-to-date Expenditures for the Quarter ended September 30 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	2,564	2,549
Total Year-to-date Expenditures	492	534
Utilization	19%	21%

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 Authorities Available for Spending for the Year as at September 30 of Fiscal Years 2018-2019 and 2019-2020

Authorities Available (in millions of dollars)	2018-2019	2019-2020	Variance
Vote 1 – Net Operating authorities	597	601	4
Vote 5 - Capital authorities	64	51	(14)
Vote 10 - Grants and Contributions	426	420	(6)
Vote 15 - A Food Policy for Canada	-	17	17
Statutory authorities	1,478	1,460	(17)
Total Authorities	2,564	2,549	(15)

Note: Totals may not add up due to rounding.

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Authorities available for spending in fiscal year 2019-2020 were \$2,549 million at the end of the second quarter, as compared to \$2,564 million at the end of the second quarter of 2018-2019, which represents a decrease of \$15 million or 1%. This decrease is primarily attributable to the following reductions in funding:

- a \$13.8 million decrease in Vote 5 Capital authorities, mainly due to the sunseting of the Federal Infrastructure Initiatives;
- a \$5.8 million decrease in Vote 10 Grants and contributions, mainly due to unspent funding from 2017-18 being reprofiled to 2018-19 for the Dairy Processing Investment Fund; and
- a \$17.2 million decrease in Statutory authorities, mainly due to a decrease in the AgriInvest program.

These decreases in authorities are partially offset by increases as follows:

- a \$4.3 million increase in Vote 1 Net Operating authorities, mainly due to funding for the Advancing Agricultural Discovery Science and Innovation Initiative; and
- a \$17.5 million increase in Vote 15 A Food Policy for Canada.

B. Significant Changes in Year-to-Date Expenditures

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

Comparison of Year-to-Date Expenditures for the Quarter Ended September 30 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	258	260	2
Vote 5 - Capital expenditures	10	6	(4)
Vote 10 - Grants and Contributions	42	86	44
Vote 15 - A Food Policy for Canada	–	–	–
Statutory expenditures	183	183	(0)
Total Year-to-date Expenditures	492	534	43

Note: Totals may not add up due to rounding.

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At the end of the second quarter of 2019-2020, total expenditures were \$534 million, compared to \$492 million reported for the same period in 2018-2019, representing an increase of \$43 million or 9%. Expenditure trends were similar to last year with the exception of:

- a \$44 million increase in Vote 10 Grants and Contributions expenditures, mainly due to 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 two quarters of 2019-20 compared to 2018-19.

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.

Significant changes in relation to operations, personnel and programs

Personnel

On August 12, 2019, Jane Taylor was appointed to the position of the Workplace Well-Being Ombudsperson and Paul Samson was appointed to Assistant Deputy Minister, Programs 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

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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.

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Approval by Senior Officials
Approved by:

Original Signed By

Chris Forbes, Deputy Head
Ottawa, Canada

Original Signed By

Christine Walker, Chief Financial Officer
Ottawa, Canada

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Statement of Authorities (unaudited)
For the quarter ended September 30, 2019
(in thousands of dollars)

	Fiscal year 2019-2020 ⁽¹⁾			Fiscal year 2018-2019 ⁽¹⁾		
	Total available for use for the year ending March 31, 2020 ⁽²⁾	Used during the quarter ended September 30, 2019	Year to date used at quarter-end	Total available for use for the year ending March 31, 2019 ⁽²⁾	Used during the quarter ended September 30, 2018	Year to date used at quarter-end
Vote 1 - Net Operating expenditures	\$ 600,847	\$ 107,197	\$ 260,168	\$ 596,523	\$ 134,909	\$ 257,867
Vote 5 - Capital expenditures	50,645	4,465	5,904	64,447	7,760	9,635
Vote 10 - Grants and contributions	419,735	47,238	85,775	425,525	33,380	41,571
Vote 15 - A Food Policy for Canada	17,486	-	-	-	-	-
Budgetary statutory authorities ⁽³⁾	1,460,452	131,514	182,573	1,477,694	136,837	182,843
Total budgetary authorities	2,549,165	290,413	534,421	2,564,188	312,886	491,915
Total authorities	\$ 2,549,165	\$ 290,413	\$ 534,421	\$ 2,564,188	\$ 312,886	\$ 491,915

Notes:

- (1) Totals may not add up 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 in the table below.

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Departmental Budgetary Expenditures by Standard Object *(unaudited)*

For the quarter ended September 30, 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 September 30, 2019	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2019	Expended during the quarter ended September 30, 2018	Year to date used at quarter-end
Expenditures:						
Personnel	\$ 520,634	\$ 128,094	\$ 250,890	\$ 500,315	\$ 122,866	\$ 245,270
Transportation and communications	15,075	3,487	5,992	12,016	3,216	5,783
Information	6,817	1,019	2,403	6,342	668	2,110
Professional and special services	101,631	20,974	33,528	103,956	19,801	32,122
Rentals	6,735	1,099	3,688	6,017	880	3,682
Repair and maintenance	13,243	2,198	3,588	14,007	3,808	5,317
Utilities, materials and supplies	40,846	6,316	11,494	41,814	6,878	12,174
Acquisition of land, buildings and works	27,379	383	479	51,820	3,103	3,534
Acquisition of machinery and equipment	38,553	4,414	6,993	31,053	4,460	6,650
Transfer payments	1,803,969	160,805	233,431	1,827,049	152,376	189,659
Other subsidies and payments	26,791	(25,892)	5,618	26,868	5,578	9,786
Total gross budgetary expenditures	2,601,672	302,897	558,104	2,621,257	323,634	516,087
Less Revenues netted against expenditures:						
Vote-netted revenues	52,507	12,484	23,683	57,069	10,748	24,172
Total Revenues netted against expenditures	52,507	12,484	23,683	57,069	10,748	24,172
Total net budgetary expenditures	\$ 2,549,165	\$ 290,413	\$ 534,421	\$ 2,564,188	\$ 312,886	\$ 491,915
Note:						
(1) Totals may not add up due to rounding.						

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Budgetary Statutory Authorities Breakdown (*unaudited*)
For the quarter ended September 30, 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 September 30, 2019	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2019	Expended during the quarter ended September 30, 2018	Year to date used at quarter-end
Contributions to employee benefit plans	\$ 65,685	\$ 16,360	\$ 32,720	\$ 65,526	\$ 16,381	\$ 32,763
Minister of Agriculture and Agri-Food - Salary and motor car allowance	88	22	44	86	22	43
Contribution payments for the AgriStability program	384,830	(16,067)	(21,200)	384,830	(5,101)	(10,958)
Contribution payments for the AgriInsurance program	623,000	54,517	69,334	623,000	59,267	79,925
Grant payments for the AgriInvest program	122,910	49,712	81,934	138,148	54,530	88,990
Payments in connection with the Agricultural Marketing Programs Act	65,900	13,526	18,101	65,900	5,760	11,150
Grant payments for the AgriStability program	39,320	(106)	(92)	39,320	(6)	(103)
Contribution payments for the AgriInvest program	16,550	11,268	11,416	18,602	4,737	4,737
Loan guarantees under the Canadian Agricultural Loans Act	13,111	745	754	13,111	(9)	-
Contributions in support of the Assistance to the Pork Industry Initiative	-	-	(12,550)	-	(79)	(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	-	-

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Budgetary Statutory Authorities Breakdown (*unaudited*)
For the quarter ended September 30, 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 September 30, 2019	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2019	Expended during the quarter ended September 30, 2018	Year to date used at quarter-end
Canadian Pari-Mutuel Agency Revolving Fund	-	25	(519)	-	(154)	(935)
Spending of Amounts Equivalent to Proceeds from Disposal of Surplus Moveable Crown Assets	10,446	1,540	2,672	10,558	1,542	2,833
Contributions for agricultural risk management - Enhanced Spring Credit Advance program Business Risk Management	-	-	-	-	(32)	(121)
Class grant payments for the Transitional Industry Support program	-	-	-	-	-	(2)
Class grant payments for the Farm Income program	-	-	-	-	-	2
Grant payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(11)	(15)	-	(6)	(15)
Contribution payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(17)	(26)	-	(15)	(179)
Budgetary statutory authorities	\$ 1,460,453	\$ 131,514	\$ 182,573	\$ 1,477,694	\$ 136,837	\$ 182,843
Note: (1) Totals may not add up due to rounding.						