

Agriculture and Agri-Food Canada

Quarterly Financial Report For the Quarter Ended June 30, 2024

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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 2024-25 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 2024-25 Main Estimates, as well as the Supplementary Estimates (A) available for use during the 2024-25 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 June 30, 2024.

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 2024-25 and 2023-24

All votes and statutory authorities (in millions of dollars)	2024-25	2023-24
Total authorities available for use	3,858	3,442
Total year-to-date expenditures	336	225
Utilization	9%	7%

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 2024-25 and 2023-24

Authorities (in millions of dollars)	2024-25	2023-24	Variances
Vote 1 - Net Operating Authorities	665	641	24
Vote 5 - Capital Authorities	67	40	27
Vote 10 - Grants and Contributions	855	855	0
Budgetary statutory authorities	2,271	1,906	365
Total Authorities	3,858	3,442	416

Note: Totals may not add up due to rounding.

As of the end of the first quarter of fiscal year 2024-25, authorities of \$3,858 million are 12% or \$416 million higher than the same quarter last year due to the following changes:

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- Statutory funding increased by \$365 million primarily due to \$290 million in new funding for the Dairy Direct Payment Program and the Dairy Innovation and Investment Fund. Additionally, there was a \$45 million funding increase under the *Agricultural Marketing Programs Act* resulting from the increased interest-free loan limit for the Advanced Payments Program.
- Vote 5 – Capital funding increased by \$27 million, mainly due to \$25 million in higher funding for various real property projects under the Laboratory Asset Renewal initiative.
- Vote 1 – Operating funding increased by \$24 million, driven by a \$40 million increase in collective bargaining obligations, partially offset by a \$13 million funding reduction as part of the Budget 2023 Refocusing Government Spending exercise.

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.

Comparison of year-to-date expenditures for the quarter ended June 30 of fiscal years 2024-25 and 2023-24

Expenditures (in millions of dollars)	2024-25	2023-24	Variance
Vote 1 - Net Operating expenditures	161	150	11
Vote 5 - Capital expenditures	4	4	0
Vote 10 - Grants and Contributions expenditures	84	32	52
Budgetary statutory expenditures	87	39	48
Total Net Budgetary Expenditures	336	225	111

Note: Totals may not add up due to rounding.

As of the end of the first quarter of fiscal year 2024-25, expenditures of \$336 million are 49% or \$111 million higher than the same quarter last year due to the following changes:

- Vote 10 – Grants and Contributions expenditures increased by \$52 million due to an additional \$25 million for the Poultry and Egg On-Farm Investment Program as a result of payments relating to programs approved in 2023-24 and 2024-25 being paid earlier

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this year. There was also \$15 million increase in Agricultural Climate Solutions- On-Farm Action due to timing and volume of payments and a modest \$9 million increase in the Agriculture Clean Technology program.

- Statutory Expenditures increased by \$48 million, including \$17 million for AgriInsurance contributions, \$10 million for AgriInvest grants, and \$14 million for the Advanced Payments Program. These increases were due to earlier processing of large claims for the AgriInsurance and the AgriInvest programs and higher participation from increased loan limits for the Advanced Payments Program.
- Vote 1 – Net Operating expenditures increased by \$11 million, primarily due to a \$21 million increase in salary costs mainly as a result of collective bargaining. This was partly offset by a \$7 million rise in vote-netted revenue, which was slower last year due to delays in negotiating new agreements under the Sustainable Canadian Agricultural Partnership framework.

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 an integrated process 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 (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 effectively prevent, detect, contain or respond to cyber security threats that may affect its operations, systems and information (Cyber Security); ensuring that laboratories and other critical infrastructure can be maintained or recapitalized, in support of leading-edge, sustainable, safe and secure scientific and operational activities (Critical Infrastructure); and ensuring the department can modernize its digital infrastructure in an appropriate and timely fashion to adequately support a secure, data-enabled business model and efficient operations (Digital Modernization for Data-enabled Services & Decisions).

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They also include the ability of AAFC's policy directions, program solutions and scientific activities to adequately respond to the climate and environmental threats facing the agricultural sector (Climate and Sustainability); and managing major 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

On June 3, 2024, Lawrence Hanson was appointed as the Deputy Minister of AAFC.

On June 20, 2024, Vidya ShankarNarayan, the Chief Information Officer, left the Department.

Programs

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

Funding to extend support for the Canadian Wine Sector: To extend The Wine Sector Support Program, new funding of \$177.0 million is being allocated to Agriculture and Agri-Food Canada over three years (2024-25 to 2026-27). The funding will be used to provide short-term financial support to federally licensed Canadian wineries as they transition and adapt to ongoing and emerging challenges impacting the financial resilience and competitiveness of the wine sector.

Funding in support of a renewed Food Policy for Canada: To renew A Food Policy for Canada, new funding of \$62.9 million will be allocated to Agriculture and Agri-Food Canada over three years (2024-25 to 2026-27). The funding will be used to renew and expand the existing Local Food Infrastructure Fund (LFIF) where spending will focus on advancing solutions aligned with community priorities and needs, investing in projects that are informed by meaningful community engagement or existing community food strategies. Part of the funding will be used to support community organizations to improve infrastructure for school food programs as a complement to the National School Food Program.

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Approval by senior officials

Approved by:

Original Signed By

Lawrence Hanson, 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 June 30, 2024

(in thousands of dollars)

	Fiscal year 2024-25			Fiscal year 2023-24		
	Total available for use for the year ending March 31, 2025 ⁽¹⁾	Used during the quarter ended June 30, 2024	Year to date used at quarter-end	Total available for use for the year ending March 31, 2024 ⁽¹⁾	Used during the quarter ended June 30, 2023	Year to date used at quarter-end
Vote 1 - Net Operating expenditures	665,457	160,876	160,876	640,879	150,432	150,432
Vote 5 - Capital expenditures	66,820	4,267	4,267	39,896	3,693	3,693
Vote 10 - Grants and contributions	854,515	83,870	83,870	855,473	32,118	32,118
Budgetary statutory authorities ⁽²⁾	2,270,730	86,805	86,805	1,905,872	38,676	38,676
Total Budgetary authorities	3,857,521	335,817	335,817	3,442,120	224,920	224,920
Total authorities	3,857,521	335,817	335,817	3,442,120	224,920	224,920

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 June 30, 2024
(in thousands of dollars)

	Fiscal year 2024-25			Fiscal year 2023-24		
	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended June 30, 2024	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended June 30, 2023	Year to date used at quarter-end
Expenditures:						
Personnel	592,803	158,619	158,619	560,778	133,231	133,231
Transportation and communications	7,595	1,798	1,798	3,928	1,645	1,645
Information	11,750	1,285	1,285	12,506	1,349	1,349
Professional and special services	115,672	15,272	15,272	131,202	18,553	18,553
Rentals	11,592	5,082	5,082	9,743	5,415	5,415
Repair and maintenance	14,471	1,958	1,958	12,487	1,266	1,266
Utilities, materials and supplies	55,798	6,936	6,936	45,322	6,451	6,451
Acquisition of land, buildings and works	24,879	1,574	1,574	13,174	39	39
Acquisition of machinery and equipment	36,565	2,662	2,662	32,511	3,877	3,877
Transfer payments	3,039,680	151,666	151,666	2,671,177	55,198	55,198
Other subsidies and payments	9,029	237	237	9,210	1,858	1,858
Total gross budgetary expenditures	3,919,833	347,088	347,088	3,502,039	228,882	228,882
Less Revenues netted against expenditures:						
Vote-netted revenues	62,312	11,271	11,271	59,918	3,962	3,962
Total net budgetary expenditures	3,857,521	335,817	335,817	3,442,120	224,920	224,920
Note: Totals may not add due to rounding.						

Agriculture and Agri-Food Canada
Budgetary Statutory Authorities Breakdown (unaudited)
For the quarter ended June 30, 2024
(in thousands of dollars)

APPENDIX A

	Fiscal year 2024-25			Fiscal year 2023-24		
	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended June 30, 2024	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended June 30, 2023	Year to date used at quarter-end
Contributions to employee benefit plans	71,643	17,753	17,753	82,485	14,701	14,701
Minister of Agriculture and Agri-Food - Salary and motor car allowance	99	25	25	95	16	16
Contribution payments for the AgriStability program	339,658	(12,983)	(12,983)	339,658	(11,016)	(11,016)
Contribution payments for the AgriInsurance program	1,033,783	21,992	21,992	1,033,783	4,642	4,642
Grant payments for the AgriInvest program	153,974	41,059	41,059	124,463	30,759	30,759
Payments in connection with the <i>Agricultural Marketing Programs Act</i>	160,183	16,085	16,085	113,300	2,454	2,454
Grant payments for the AgriStability program	52,063	446	446	52,063	-	-
Contribution payments for the AgriInvest program	19,779	1,075	1,075	16,711	-	-
Loan guarantees under the <i>Canadian Agricultural Loans Act</i>	13,111	425	425	13,111	279	279
Contributions in support of the Assistance to the Pork Industry Initiative	-	(2,814)	(2,814)	-	(4,034)	(4,034)
Grants to agencies established under the <i>Farm Products Agencies Act</i>	100	-	-	100	-	-
Contribution payments for the Agricultural Disaster Relief Program (ADRP)/AgriRecovery	158,513	2,533	2,533	118,513	-	-
Contribution payments for the Livestock Price Insurance program (Farm Income Protection Act)	4,000	-	-	4,000	-	-
Canadian Pari-Mutuel Agency Revolving Fund	1,848	(386)	(386)	2,018	(202)	(202)
Spending of Amounts Equivalent to Proceeds from Disposal of Surplus Moveable Crown Assets	11,975	1,617	1,617	5,571	1,081	1,081
Grant payments for the Canadian Agricultural Income Stabilization program Inventory Transition Initiative	-	(5)	(5)	-	(3)	(3)
Contribution payments for the Canadian Agricultural Income Stabilization program Inventory Transition	-	(16)	(16)	-	(1)	(1)
Grant Payments Related to the Dairy Direct Payment Program	250,000	-	-	-	-	-
Budgetary statutory authorities	2,270,730	86,805	86,805	1,905,872	38,676	38,676
Note: Totals may not add due to rounding.						