



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

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**Quarterly Financial Report
For the Quarter Ended June 30, 2020**

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for the Quarter Ended June 30, 2020

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 2020-21 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 2020-21 Main Estimates (approved up to June 30, 2020) as well as the Supplementary Estimates A for the 2020-2021 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 approved by Parliament, as well as budget adjustments approved by Treasury Board up to June 30, 2020.

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 years.

Comparison of total authorities available for use and total year-to-date expenditures for the quarter ended June 30 of fiscal years 2020-2021 and 2019-2020 (in millions of dollars)

All votes and statutory authorities (in millions of dollars)	2020-2021	2019-2020
Total authorities available for use	2,605	2,512
Total year-to-date expenditures	284	244
Utilization	11%	10%

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 years.

Comparison of total authorities as of June 30 of fiscal years 2020-2021 and 2019-2020

Total authorities available for use (in millions of dollars)	2020-2021	2019-2020	Variance
Vote 1 – Net operating authorities	425	575	(149)
Vote 5 – Capital authorities	30	41	(11)
Vote 10 – Grants and contributions	431	420	11
Vote 15 – A Food Policy for Canada	-	17	(17)
Statutory authorities	1,719	1,459	260
Total authorities	2,605	2,512	93

Note: Totals may not add up due to rounding.

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Total authorities in fiscal year 2020-2021 were \$2,605 million at the end of the first quarter, as compared to \$2,512 million at the end of the first quarter of 2019-2020, which represents an increase of \$93 million or 4%. This increase is primarily attributable to the following:

- a \$260-million increase in statutory authorities, mainly due to the funding of programs related to the COVID-19 pandemic under the Public Health Events of National Concern Payments Act, including the Local Food Infrastructure Fund, the Mandatory Isolation Support for Temporary Foreign Workers Program, the Emergency Processing Fund, and the Surplus Food Rescue Program; and
- a \$47-million increase in Vote 10 – Grants and contributions, mainly due to a \$20 million transfer from Vote 1 to Vote 10, an authority increase for the Canadian Agricultural Strategic Priorities Program included in Supplementary Estimates A, and the allocation of funding from Vote 15 – A Food Policy for Canada to Vote 10 – Grants and contributions.

This increase is partially offset by the following decreases:

- There was a decrease of \$195 million in authorities available for use, caused by the reduced supply (9/12ths for Vote 1 operating and Vote 5 capital authorities, and 11/12ths for Vote 10 grants and contributions) for the Main Estimates. This reduction was due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply; the standing orders of the House of Commons were amended to extend the study period into the Fall. Agriculture and Agri-Food Canada is expected to receive full supply for the 2020-2021 Main Estimates in December 2020. The \$195 million decreased supply includes the following components:
 - a \$149-million decrease in Vote 1 – Net operating authorities;
 - a \$10-million decrease in Vote 5 – Capital authorities; and
 - a \$36-million decrease in Vote 10 – Grants and contributions.
- There was a decrease of \$17 million in authorities under Vote 15 – A Food Policy for Canada, which was allocated to various other Votes this fiscal year.

B. Significant changes in year-to-date expenditures

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

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Comparison of year-to-date expenditures for the quarter ended June 30 of fiscal years 2020-2021 and 2019-2020

Year-to-date expenditures (in millions of dollars)	2020-2021	2019-2020	Variance
Vote 1 – Net operating expenditures	132	153	(21)
Vote 5 – Capital expenditures	2	1	1
Vote 10 – Grants and contributions	22	39	(17)
Vote 15 – A Food Policy for Canada	-	-	-
Statutory expenditures	128	51	77
Total year-to-date expenditures	284	244	40

Note: Totals may not add up due to rounding.

At the end of the first quarter of 2020-2021, total expenditures were \$284 million, compared to \$244 million reported for the same period in 2019-2020, representing an increase of \$40 million or 16%. This increase is primarily attributable to the following increases:

- There was a \$77-million increase in statutory expenditures, mainly due to increased spending in improving access to food for Canadians, as well as helping companies implement changes to safeguard the health and safety of workers and their families, due to the impacts of the COVID-19 pandemic.

This increase is partially offset by the following decreases:

- There was a \$21-million decrease in Vote 1 – Net operating expenditures, mainly due to timing: a revolving loan issued to the Canadian Dairy Commission, which is usually settled before the end of the month, was delayed in June of 2019 (but cleared in July 2019), overstating the operating expenditures for Quarter 1 of 2019-20, compared to the current fiscal year.
- There was a \$17-million decrease in Vote 10 – Grants and contributions, mainly related to the Dairy Farm Investment Program primarily due to timing and the Agri-Science Program mainly due to the COVID-19 pandemic (for example recipients having difficulty obtaining capital purchases because of the pandemic).

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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. In today's environment, uncertainties brought on by the COVID-19 pandemic have required unprecedented measures, programs, and some reprioritization of activities to mitigate related impacts on the sector and the Department.

In addition, providing support to employees and managers who are dealing with pay issues continues to be a priority for Agriculture and Agri-Food Canada.

The Department actively monitors the pay impacts and corresponding salary payment adjustments that result from activities undertaken to resolve these issues.

Significant changes in relation to operations, personnel, and programs

Programs

The following announcements of new or changes to existing programs totalling \$412 million were in response to the effects of the COVID-19 pandemic on the Canadian agriculture sector:

- **Emergency Processing Fund:** \$77.5 million in funding was announced to create an Emergency Food Processing Fund to help producers and processors implement any changes required because of the COVID-19 pandemic to ensure the health and safety of workers.
- **Support for food banks and local food organizations (under the Local Food Infrastructure Fund):** This \$100-million emergency fund provides funding to national, regional, and local organizations across Canada serving people and communities that are experiencing food insecurity and have been impacted by the COVID-19 pandemic. Out of this \$100-million, \$25 million was expended in 2019-20, with the balance of \$75 million in funding in 2020-21.
- **Surplus Food Rescue Program:** \$50 million in funding was provided to help organizations serving vulnerable populations acquire and process surplus commodities and food that would otherwise be lost or destroyed, and to help these organizations distribute the surplus commodities and food to populations in need.

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- **Mandatory Isolation Support for Temporary Foreign Workers Program:** \$50 million in funding was provided to help farmers, fish harvesters, and all food production and processing employers to offset some of the additional costs of adhering to the mandatory 14-day isolation period required of all workers arriving from abroad.
- **Stay of Default – Advance Payments Program:** The Prime Minister announced in March 2020 that all eligible farmers with outstanding Advance Payments Program (APP) loans due on or before April 30, 2020, would receive a stay of default, which would provide them with an additional six months to repay the loans.
- **AgriRecovery Initiatives:** Up to \$125 million in funding was provided by the national AgriRecovery initiatives to help producers with the extraordinary additional costs resulting from market disruptions caused by the COVID-19 pandemic. Out of this \$125 million, \$50 million has been allocated to the Cattle Set Aside Initiative, and \$50 million has been allocated to the Hog Recovery Initiative up to date.
- **Youth Employment Skills Strategy:** \$9.2 million was allocated to Agriculture and Agri-Food Canada to fund up to 700 new positions for youth in the agriculture industry. This funding will help the agriculture industry attract young Canadians (aged 15 to 30) to their organizations to help address pandemic-related labour shortages.

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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

AGRICULTURE AND AGRI-FOOD CANADA

Statement of Authorities *(unaudited)*

For the quarter ended June 30, 2020

(in thousands of dollars)

	Fiscal year 2020-2021 ⁽¹⁾			Fiscal year 2019-2020 ⁽¹⁾		
	Total authorities for the year ending March 31, 2021 ⁽²⁾	Used during the quarter ended June 30, 2020	Year to date used at quarter-end	Total authorities for the year ending March 31, 2020	Used during the quarter ended June 30, 2019	Year to date used at quarter-end
Vote 1 – Net operating expenditures	\$ 425,372	\$ 132,236	\$ 132,236	\$ 574,688	\$ 152,972	\$ 152,972
Vote 5 – Capital expenditures	29,948	1,983	1,983	40,505	1,440	1,440
Vote 10 – Grants and contributions	430,737	21,503	21,503	419,735	38,537	38,537
Vote 15 – A Food Policy for Canada	-	-	-	17,486	-	-
Budgetary statutory authorities ⁽³⁾	1,719,152	127,972	127,972	1,459,369	51,059	51,059
Total budgetary authorities	2,605,208	283,694	283,694	2,511,784	244,008	244,008
Total authorities	\$ 2,605,208	\$ 283,694	\$ 283,694	\$ 2,511,784	\$ 244,008	\$ 244,008

Notes:

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

(2) Includes only authorities granted by Parliament at quarter-end. Agriculture and Agri-Food Canada has received a reduced supply as of 2020-2021 Quarter 1.

(3) Details on budgetary statutory authorities are included in Appendix A.

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Departmental Budgetary Expenditures by Standard Object *(unaudited)*

For the quarter ended June 30, 2020

(in thousands of dollars)

	Fiscal year 2020-2021 ⁽¹⁾			Fiscal year 2019-2020 ⁽¹⁾		
	Planned expenditures for the year ending March 31, 2021 ⁽²⁾	Expended during the quarter ended June 30, 2020	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended June 30, 2019	Year to date used at quarter-end
Expenditures:						
Personnel	\$ 399,439	\$ 128,343	\$ 128,343	\$ 496,580	\$ 122,796	\$ 122,796
Transportation and communications	8,664	285	285	14,865	2,505	2,505
Information	5,671	587	587	6,720	1,384	1,384
Professional and special services	62,233	11,905	11,905	92,269	12,554	12,554
Rentals	4,353	2,532	2,532	6,642	2,589	2,589
Repair and maintenance	8,203	813	813	11,058	1,390	1,390
Utilities, materials and supplies	27,682	3,656	3,656	39,576	5,178	5,178
Acquisition of land, buildings and works	17,881	221	221	27,379	96	96
Acquisition of machinery and equipment	34,940	1,086	1,086	38,553	2,579	2,579
Transfer payments	2,076,871	132,749	132,749	1,803,969	72,626	72,626
Other subsidies and payments	4,881	4,610	4,610	26,680	31,510	31,510
Total gross budgetary expenditures	2,650,821	286,787	286,787	2,564,291	255,207	255,207
Less revenues netted against expenditures:						
Vote-netted revenues	45,612	3,093	3,093	52,507	11,199	11,199
Total revenues netted against expenditures	45,612	3,093	3,093	52,507	11,199	11,199
Total net budgetary expenditures	\$ 2,605,208	\$ 283,694	\$ 283,694	\$ 2,511,784	\$ 244,008	\$ 244,008
Note:						
(1) Totals may not add up due to rounding.						
(2) Planned expenditures have been adjusted to reflect a reduced supply received as of Q1.						

AGRICULTURE AND AGRI-FOOD CANADA
Budgetary Statutory Authorities Breakdown (*unaudited*)
For the quarter ended June 30, 2020
(in thousands of dollars)

APPENDIX A

	Fiscal year 2020-2021 ⁽¹⁾			Fiscal year 2019-2020 ⁽¹⁾		
	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended June 30, 2020	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended June 30, 2019	Year to date used at quarter-end
Contributions to employee benefit plans	\$ 65,215	\$ 16,304	\$ 16,304	\$ 65,441	\$ 16,360	\$ 16,360
Minister of Agriculture and Agri-Food - Salary and motor car allowance	89	22	22	88	22	22
Contribution payments for the AgriStability program	384,830	(5,991)	(5,991)	384,830	(5,132)	(5,132)
Contribution payments for the AgriInsurance program	623,000	7,333	7,333	623,000	14,817	14,817
Grant payments for the AgriInvest program	122,910	20,334	20,334	122,910	32,221	32,221
Payments in connection with the <i>Agricultural Marketing Programs Act</i>	90,300	1,453	1,453	65,900	4,575	4,575
Grant payments for the AgriStability program	39,320	292	292	39,320	15	15
Contribution payments for the AgriInvest program	16,550	3,333	3,333	16,550	148	148
Loan guarantees under the <i>Canadian Agricultural Loans Act</i>	13,111	(76)	(76)	13,111	9	9
Contributions in support of the Assistance to the Pork Industry Initiative	-	(5,033)	(5,033)	-	(12,550)	(12,550)
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 June 30, 2020
(in thousands of dollars)

APPENDIX A

	Fiscal year 2020-2021 (1)			Fiscal year 2019-2020 (1)		
	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended June 30, 2020	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended June 30, 2019	Year to date used at quarter-end
Canadian Pari-Mutuel Agency Revolving Fund	-	(56)	(56)	-	(544)	(544)
Refunds of amounts credited to revenues in previous years	-	1	1	-	-	-
Spending of amounts equivalent to proceeds from disposal of surplus moveable Crown assets	7,713	455	455	9,606	1,132	1,132
Grant payments for the Canadian Agricultural Income Stabilization Program Inventory Transition Initiative	-	(2)	(2)	-	(5)	(5)
Contribution payments for the Canadian Agricultural Income Stabilization Program Inventory Transition Initiative	-	(6)	(6)	-	(9)	(9)
Contribution payments for the Local Food Infrastructure Program	75,000	70,400	70,400	-	-	-
Contribution payments for the Mandatory Isolation Support for Temporary Foreign Workers Program	50,000	208	208	-	-	-
Contribution payments for the Emergency Processing Fund Program	62,500	19,000	19,000	-	-	-
Contribution payments related to the Surplus Food Purchase Program	50,000	-	-	-	-	-
Budgetary statutory authorities	\$ 1,719,152	\$ 127,972	\$ 127,972	\$ 1,459,369	\$ 51,059	\$ 51,059
Note: (1) Totals may not add up due to rounding.						