



Department of Finance
Canada

Ministère des Finances
Canada

**Department of Finance
Canada Quarterly Financial Report
for the quarter ended September 30, 2025
(unaudited)**

Canada

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1. Introduction

This Quarterly Financial Report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Directive on Accounting Standards, GC 4400 Departmental Quarterly Financial Reports. This Quarterly Financial Report should be read in conjunction with the 2025-26 Main Estimates and Supplementary Estimates of the Department of Finance Canada.

This Quarterly Financial Report has not been subject to an external audit or review.

1.1 Authority, Mandate and Program Activities

The Department of Finance Canada (the Department) helps the Government of Canada (the government) develop and implement strong and sustainable economic, fiscal, tax, social, security, international and financial sector policies and programs. It plays an important central agency role, working with other departments to ensure that the government's agenda is carried out and that ministers are supported with high-quality analysis and advice.

The Department's responsibilities include the following:

- Preparing the federal budget and updates of economic and fiscal projections;
- Preparing the Annual Financial Report of the Government of Canada and, in cooperation with the Treasury Board of Canada Secretariat and the Receiver General for Canada, the *Public Accounts of Canada*;
- Developing tax and tariff policy and legislation;
- Managing federal borrowing on financial markets;

- Designing and administering major transfers of federal funds to the provinces and territories;
- Developing financial sector policy and legislation; and
- Representing Canada in various international financial institutions and groups.

The description of the program activities for the Department can be found in [Part II of the Main Estimates](#) and the [Departmental Plan](#).

1.2 Basis of Presentation

This Quarterly Financial Report has been prepared by management using an expenditure basis of accounting, and a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities. 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 and Supplementary Estimates for both fiscal years (2024-25 and 2025-26) as well as transfers from Treasury Board central votes that are approved by the end of the quarter.

The authority of Parliament is required before monies 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 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.

1.3 Department of Finance Canada – Financial Structure

The Department has three major categories of expenditure authority. These categories are:

- **Voted budgetary authorities:** Included in this category are the operational expenditures of the Department itself as well as authorized expenditures under grant and contribution programs. These expenditures must be specifically approved by Parliament through an appropriation act.
- **Statutory budgetary authorities:** Included in this category are expenditure authorities that are granted through an existing Act of Parliament. Further parliamentary approval is not required for expenditures related to statutory amounts and it is within the normal course of business that statutory expenditures may in some cases exceed planned spending estimates.
- **Non-budgetary authorities:** Included in this category are disbursements made by the Department that do not have a direct budgetary impact on the government. This includes the value of loans initially disbursed to Crown corporations participating in the Crown Borrowing Program.

2. Highlights of Fiscal Quarter Results

The following section highlights the financial results and provides explanations for the fiscal quarter ended September 30, 2025 as compared to the same period last year.

Highlights of the Fiscal Quarter Results

(thousands of dollars)

	2025-26 Authorities as at September 30, 2025	2024-25 Authorities as at September 30, 2024	Variance in Authorities	Expenditures during the quarter ended September 30, 2025	Expenditures during the quarter ended September 30, 2024	Variance in Expenditures
Budgetary Authorities						
Vote 1 - Program Expenditures	349,533	152,959	196,574	236,115	36,720	199,395
Statutory Authorities						
Major transfers to other levels of government	96,070,411	92,155,664	3,914,747	24,062,856	23,101,103	961,753
Interest on Unmatured Debt and Interest on Other Liabilities	49,060,000	48,408,000	652,000	12,420,024	12,744,846	(324,822)
Direct program expenses	4,354,726	4,254,935	99,791	782,688	482,794	299,894
Total Statutory Authorities	149,485,137	144,818,599	4,666,538	37,265,568	36,328,743	936,825
Total Budgetary Authorities	149,834,670	144,971,558	4,863,112	37,501,683	36,365,463	1,136,220
Non- Budgetary Authorities	-	1,257,410	(1,257,410)	23,679,782	24,101,663	(421,881)
Total Authorities	149,834,670	146,228,968	3,605,702	61,181,465	60,467,126	714,339

2.1 Statement of Authorities

As per *Table 1 – Statement of Authorities (unaudited)*, the total authorities available for use increased by \$3,606 million, as compared to the same quarter in 2024-25, from \$146,229 million to \$149,835 million.

The following table provides a detailed explanation of the significant changes in the authorities available for use:

Explanation of changes in authorities available for use

(thousands of dollars)

(2025-26 compared to 2024-25)	Change
Budgetary Authorities	
Vote 1 - Program Expenditures	
Increase in program expenditures largely due to funding provided for the nonrecurring conditional transfer of the Hibernia Net Profits Interest and Incidental Net Profits Interest Revenues to Newfoundland and Labrador (\$193.8 million), time limited funding for various programs (\$1.9 million) and funding for compensation adjustments related to collective bargaining (\$1.2 million).	196,574
Sub-total Vote 1 - Program Expenditures	196,574
Statutory Authorities	
Increase in major transfers to other levels of government largely due to payments related to legislated increases in the Canada Health Transfer (\$2.6 billion), Fiscal Equalization (\$916.9 million), Canada Social Transfer (\$507.3 million), and Territorial Formula Financing (\$329.9 million). These increases were partially offset by increased recoveries in 2025-26 related to Alternative Payments for Standing Programs (\$391.8 million) and Youth Allowances Recovery (\$87.9 million).	3,914,747
Increase in direct program expenses mostly due to an increase in authorities related to payments to International Bank for Reconstruction and Development - Financial Intermediary Fund for Ukraine (\$200 million) and planned payments on behalf of poor countries to International Organizations (\$36.7 million), offset by a decrease in authorities related to planned payments to the Canada Infrastructure Bank (\$139.5 million).	99,791
Increase in interest on unmatured debt (\$1.1 billion) reflecting changes in interest rates and borrowing requirements, and a decrease in interest on other liabilities (\$493 million) due to updated modelling, including revised interest rate assumptions of certain other specified purpose accounts and on superannuation accounts.	652,000
Sub-total Statutory Authorities	4,666,538
Total Budgetary Authorities	4,863,112
Non-Budgetary Authorities	
Decrease in non-budgetary authorities due to a loan to the International Monetary Fund's Poverty Reduction and Growth Trust in 2024-25 (\$1.3 billion).	(1,257,410)
Total Non-Budgetary Authorities	(1,257,410)
Total Authorities	3,605,702

2.2 Statement of Departmental Budgetary Expenditures by Standard Object

As per *Table 2 – Departmental budgetary expenditures by Standard Object (unaudited)*, the total net budgetary expenditures in the second quarter of 2025-26 increased by \$936.2 million, as compared to the same quarter in 2024-25 largely due to the following:

- Expenditures related to **Transfer payments** increased by \$1,355.4 million, primarily due to increases in major transfer payments to the provinces and territories (\$1,074.3 million), payments to the International Bank for Reconstruction and Development for the purpose of the Extraordinary Revenue Acceleration (\$200 million) and payment to Newfoundland and Labrador for the Hibernia net profits interest (\$193.8 million). These increases are partially offset by an increase in recoveries for the Alternative Payments for Standing Programs (\$112.6 million).
- Expenditures related to **Other subsidies and payments** increased by \$97.7 million, primarily due to increased payments to the Canada Infrastructure Bank over the same quarter of the previous year (\$440.2 million). This increase was partially offset by decreased losses in the revaluation of International Monetary Fund (IMF) related accounts (\$294.2 million) and foreign exchange on sovereign loans (\$40.9 million).
- Expenditures related to **Public debt charges** decreased by \$324.8 million, primarily due to a decrease in interest rates offset by an increase in the stock of debt of approximately \$132 billion over the same quarter of the previous year.

2.3 Non-Budgetary Expenditures

Total net non-budgetary expenditures in the second quarter of 2025-26 decreased by \$421.9 million, as compared to the same quarter in 2024-25. This is largely due to a decrease in the value of loans disbursed to Crown corporations participating in the Crown Borrowing Program (\$733.7 million) offset by an increase in payments to the Bank of Canada to purchase Canada Mortgage bonds (\$256.3 million), payments to the IMF Resilience and Sustainability Trust (\$34.6 million) and advances to Financial Consumer Agency of Canada (\$21 million).

3. Risks and Uncertainties

In the second quarter of 2025-26, the principal risk remained interest rate risk on the Public debt - the risk that future Public debt servicing costs will fluctuate due to changes in market interest rates. While Public debt charges were \$324.8 million lower than the same quarter last year, mainly due to a decrease in interest rates, the overall Public debt increased by approximately \$132 billion over the same period. The Department continues to manage this risk through its [Debt Management Strategy](#). Developed in consultation with market participants, the Debt Management Strategy sets out a prudent approach to Public debt management that ensures a balanced debt structure. Interest rate risk and other financial risks are discussed further in the notes to the [Department of Finance Canada's Annual Financial Statements](#).

The Department remained ready for potential operational disruptions through implementation of its updated Business Continuity Plan and Business Impact Analysis. These tools further strengthen the Department's security posture and its ability to maintain critical functions during disruptions.

The Department regularly monitors domestic and global economic developments, including evolving U.S. trade policy and new tariffs on Canadian exports, which have contributed to heightened economic uncertainty and volatility in international markets. In response, the Department has intensified its

monitoring of global and domestic economic conditions and expanded its cooperation and sharing of expertise and best practices with federal partners, provinces and territories, stakeholders, and international counterparts. These strategies enable the Department, as a knowledge-based central agency and policy leader, to mitigate negative impacts on the government's capacity to advance Canada's domestic and international fiscal, economic, and social policy interests in a rapidly changing global environment.

4. Significant Changes in Relation to Operations, Personnel and Programs

No changes to report.

5. Approval by Senior Officials

Approved by:

Chris Forbes, Deputy Minister
Ottawa, Canada
November 20, 2025

Christopher Veilleux CPA, CMA, PMP
Chief Financial Officer
Ottawa, Canada
November 20, 2025

Department of Finance Canada
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Table 1 - Statement of Authorities (unaudited)
(thousands of dollars)

	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Total available for use for the year ending March 31, 2026*	Used during the quarter ended September 30, 2025	Year to date used at quarter-end	Total available for use for the year ending March 31, 2025*	Used during the quarter ended September 30, 2024	Year to date used at quarter-end
Budgetary Authorities						
Voted authorities						
Program expenditures	349,533	236,115	269,293	152,959	36,720	71,474
Total voted authorities	349,533	236,115	269,293	152,959	36,720	71,474
Statutory authorities						
Major transfers to other levels of government						
Canada Health Transfer (Part V.1 - <i>Federal-Provincial Fiscal Arrangements Act</i>)	54,684,720	13,671,180	27,342,360	52,080,686	13,020,171	26,040,343
Canada Social Transfer (Part V.1 - <i>Federal-Provincial Fiscal Arrangements Act</i>)	17,416,055	4,354,014	8,708,028	16,908,791	4,227,197	8,454,395
Fiscal arrangements						
Fiscal Equalization (Part I - <i>Federal-Provincial Fiscal Arrangements Act</i>)	26,169,704	6,542,426	13,084,852	25,252,833	6,313,209	12,626,417
Territorial Financing (Part I.1 - <i>Federal-Provincial Fiscal Arrangements Act</i>)	5,488,889	1,119,733	3,249,422	5,158,965	1,052,429	3,054,107
Statutory Subsidies (<i>Constitution Acts, 1867-1982, and Other Statutory Authorities</i>)	44,920	21,223	22,460	44,586	21,225	22,462
Youth Allowances Recovery (<i>Federal-Provincial Fiscal Revision Act, 1964</i>)	(1,442,406)	-	(726,653)	(1,354,548)	-	(677,274)
Other major transfers						
Alternative Payments for	(6,524,343)	(1,645,720)	(3,291,440)	(6,132,509)	(1,533,128)	(3,066,255)

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	Total available for use for the year ending March 31, 2026*	Used during the quarter ended September 30, 2025	Year to date used at quarter-end	Total available for use for the year ending March 31, 2025*	Used during the quarter ended September 30, 2024	Year to date used at quarter-end
Standing Programs (Part VI - <i>Federal-Provincial Fiscal Arrangements Act</i>)						
Payment to Newfoundland and Labrador related to the Hibernia Dividend Backed Annuity Agreement (Section 200 - <i>Budget Implementation Act, 2021, No.1</i>)	232,872	-	-	196,860	-	-
Total major transfers to other levels of government	96,070,411	24,062,856	48,389,029	92,155,664	23,101,103	46,454,195
Interest on Unmatured Debt and Interest on Other Liabilities						
Interest on Unmatured Debt	43,866,000	11,037,269	22,004,441	42,721,000	11,253,237	22,373,346
Other Interest Costs	5,194,000	1,382,755	2,787,962	5,687,000	1,491,609	2,995,039
Total Interest on Unmatured Debt and Interest on Other Liabilities	49,060,000	12,420,024	24,792,403	48,408,000	12,744,846	25,368,385
Direct program expenses						
Operating expenses						
Purchase of Domestic Coinage	81,000	22,488	42,790	81,000	20,973	41,408
Contributions to Employee Benefit Plans	18,256	4,564	9,128	15,666	3,891	7,781
Minister of Finance and National Revenue – Salary and motor car allowance (<i>Salaries Act and Parliament of Canada Act</i>)	102	26	51	99	24	49

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(thousands of dollars)

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	Total available for use for the year ending March 31, 2026*	Used during the quarter ended September 30, 2025	Year to date used at quarter-end	Total available for use for the year ending March 31, 2025*	Used during the quarter ended September 30, 2024	Year to date used at quarter-end
Transfer payments						
Payments to the International Development Association (<i>Bretton Woods and Related Agreements Act</i>)	486,916	-	-	486,916	-	-
Debt payments on behalf of poor countries to International Organizations pursuant to section 18(1) of the <i>Economic Recovery Act</i>	88,222	-	-	51,535	-	-
Payments of any amount that is required for the purpose of providing financial assistance, pursuant to section 8.3 of the <i>Bretton Woods and Related Agreements Act</i>	-	-	-	-	-	28
Other						
Losses on Foreign Exchange	-	(185,159)	327,941	-	150,446	150,598
Payment of Liabilities Previously Recorded as Revenue	-	2,016	2,946	-	8,931	12,837
Payments to the Canada Infrastructure Bank (<i>Canada Infrastructure Bank Act</i>)	3,480,230	738,753	1,418,542	3,619,719	298,529	1,037,163
Payments to the International Bank for Reconstruction and Development for the purpose of the Extraordinary Revenue Acceleration (<i>Bretton Woods and Related Agreements Act</i> , subsection 8(2))**	200,000	200,000	200,000	-	-	-

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Table 1 - Statement of Authorities (unaudited)
(thousands of dollars)

	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Total available for use for the year ending March 31, 2026*	Used during the quarter ended September 30, 2025	Year to date used at quarter-end	Total available for use for the year ending March 31, 2025*	Used during the quarter ended September 30, 2024	Year to date used at quarter-end
Total direct program expenses	4,354,726	782,688	2,001,398	4,254,935	482,794	1,249,864
Total statutory authorities	149,485,137	37,265,568	75,182,830	144,818,599	36,328,743	73,072,444
Total budgetary authorities	149,834,670	37,501,683	75,452,123	144,971,558	36,365,463	73,143,918
Non-budgetary authorities						
Advances to Crown corporations (Gross)	-	16,311,305	33,128,496	-	17,045,017	36,428,209
Advances pursuant to section 13(1) of the <i>Financial Consumer Agency of Canada Act</i> (Gross)	-	14,000	20,000	-	8,000	22,000
Payments under <i>Bretton Woods and Related Agreements Act</i> - International Organizations (Gross)	-	96,791	96,791	-	62,236	62,236
Financial Assistance to Ukraine through the Extraordinary Revenue Acceleration (<i>Bretton Woods and Related Agreements Act</i> , Section 8.3)	-	-	2,300,000	-	-	-
Payment for the acquisition of shares in the Canada Growth Fund pursuant to the <i>Fall Economic Statement Implementation Act, 2022</i>	-	-	-	-	-	800,000
Loan to the International Monetary Fund's Poverty Reduction and Growth Trust (<i>Bretton Woods and Related Agreements Act</i> , Section	-	-	212,455	1,257,410	-	1,254,207

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Table 1 - Statement of Authorities (unaudited)
(thousands of dollars)

	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Total available for use for the year ending March 31, 2026*	Used during the quarter ended September 30, 2025	Year to date used at quarter-end	Total available for use for the year ending March 31, 2025*	Used during the quarter ended September 30, 2024	Year to date used at quarter-end
8.1(1))						
Payment to the Bank of Canada to purchase Canada Mortgage Bonds pursuant to paragraph 46(a) of the <i>Financial Administration Act</i>	-	7,242,686	14,436,350	-	6,986,410	14,637,882
Advances pursuant to section 50.1(1) of the <i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i> (Gross)	-	15,000	20,000	-	-	4,000
Total non-budgetary authorities	-	23,679,782	50,214,092	1,257,410	24,101,663	53,208,534
Total authorities	149,834,670	61,181,465	125,666,215	146,228,968	60,467,126	126,352,452
<p>* Includes only Authorities available for use and granted by Parliament at quarter-end **Once Supplementary Estimates (B) are approved, both the authority and the payment will be reclassified as a non-budgetary item as the amount will be repaid under the G7 Extraordinary Revenue Acceleration (ERA) Loan Initiative</p>						

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Quarterly Financial Report for the quarter ended September 30, 2025
Table 2 - Departmental Budgetary Expenditures by Standard Object (unaudited)
(thousands of dollars)

	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Planned expenditures for the year ending March 31, 2026	Expended during the quarter ended September 30, 2025	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended September 30, 2024	Year to date used at quarter-end
Expenditures:						
Personnel	139,470	39,270	74,156	128,915	37,228	69,986
Transportation and communications	2,891	721	1,215	2,045	434	924
Information	2,660	489	870	3,901	320	1,116
Professional and special services	17,854	5,743	6,818	16,757	1,461	5,048
Rentals	3,069	499	1,084	2,044	580	1,123
Repair and maintenance	1,628	159	159	837	5	5
Utilities, materials and supplies	81,217	22,517	42,854	81,397	21,000	41,456
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	1,663	30	134	1,902	410	457
Transfer payments	97,044,062	24,456,642	48,782,840	92,706,115	23,101,278	46,454,573
Public debt charges	49,060,000	12,420,024	24,792,403	48,408,000	12,744,846	25,368,385
Other subsidies and payments	3,480,306	555,589	1,749,590	3,619,795	457,901	1,200,845
Total gross budgetary expenditures	149,834,820	37,501,683	75,452,123	144,971,708	36,365,463	73,143,918
Less Revenues netted against expenditures	150	-	-	150	-	-

Department of Finance Canada

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Table 2 - Departmental Budgetary Expenditures by Standard Object (unaudited)

(thousands of dollars)

	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Planned expenditures for the year ending March 31, 2026	Expended during the quarter ended September 30, 2025	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended September 30, 2024	Year to date used at quarter-end
Total net budgetary expenditures	149,834,670	37,501,683	75,452,123	144,971,558	36,365,463	73,143,918