

Departmental Quarterly Financial Report

April – June 2025

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I. Statement outlining results, risks and significant changes in operations, personnel and program for the quarter ended 30 June 2025

1. Introduction

This quarterly 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 Treasury Board. This quarterly report should be read in conjunction with the [Main Estimates](#) and [Supplementary Estimates](#).

A summary description of Veterans Affairs Canada's (VAC) program activities can be found in [Part II of the Main Estimates](#).

As a result of the Government's expenditure management cycle, there are often fluctuations by quarter and between fiscal years when comparing budgets and expenditures. This is primarily a result of the quasi-statutory nature of the Department's programs, which are demand-driven and based on need and entitlement. In other words, Veterans who meet the eligibility criteria for VAC's programs, are paid as they apply for benefits.

We build our annual budget to respond to Veterans in need of benefits and services. A key part of this process is forecasting, which helps ensure there is enough funding for all eligible Veterans who are likely to need help in a given year.

Basis of presentation

This quarterly report has been prepared using an expenditure basis of accounting. The accompanying Statement of Authorities includes VAC's spending authorities granted by Parliament and those used by the Department, consistent with the [Main Estimates](#) for the 2025-26 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 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.

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When Parliament is dissolved for the purposes of a general election, section 30 of the Financial Administration Act authorizes the Governor General, under certain conditions, the preparation of a special warrants to be signed by the Governor General authorizing payments to be made out of the Consolidated Revenue Fund. Special warrants are deemed to be an appropriation for the fiscal year in which they are issued.

Special warrants issued during the first quarter (Q1) 2025-2026 were included in the total appropriations in Main Estimates 2025-26

The Department uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

The quarterly report has not been subject to an external audit but has been reviewed by the Departmental Audit Committee.

2. Highlights of fiscal quarter and fiscal year to-date (YTD) results

This section highlights the significant elements that contributed to the changes in Authorities available (i.e. budget) for the fiscal year, as well as the year-to-date expenditures for the quarter ended 30 June 2025.

The following tables provide a comparison of the authorities available for use and the expenditures for the quarters ending 30 June 2024 and 30 June 2025 for the Department.

2.1 Statement of authorities

2.1.1 Changes in fiscal year-to-date authorities available

Table 1: Changes in year-to-date authorities available for the year ending 31 March 2026 (in thousands of dollars):

Authorities (available at quarter-end)	2025-26	2024-25	Variance (\$)	Variance (%)
Vote 1 – Operating expenditures	1,993,350	1,896,516	96,834	5.1
Vote 5 – Grants and contributions	5,785,482	4,800,622	984,860	20.5
Budgetary Statutory authorities	51,903	46,220	5,683	12.3
Total authorities	\$7,830,735	\$6,743,358	\$1,087,377	16.1%

As at 30 June 2025, total authorities available (i.e. budget) at quarter end were \$1,087M more (16% increase) when compared to amounts available at the same quarter-end the previous year, from \$6,743M in 2024-25 to \$7,831M in 2025-26.

Much of this increase in total authorities can be attributed to an increase in client demand for many of our benefits and services, combined with increased production capacity to meet this increase in demand.

2.1.2 Changes in year-to-date expenditures

Table 2: Changes in year-to-date expenditures used as of 30 June 2024 and 30 June 2025 (in thousands of dollars)

Expenditures (year-to-date as at quarter end)	2025-26	2024-25	Variance (\$)	Variance (%)
Vote 1 – Operating expenditures	345,658	329,734	15,924	4.8
Vote 5 – Grants and contributions	1,465,763	1,715,683	(249,920)	(14.6)
Budgetary statutory authorities	12,910	11,243	1,667	14.8
Total expenditures	\$1,824,331	\$2,056,660	\$(232,329)	(11.3)%

Year-to-date expenditures for Veterans Affairs Canada are \$232M less (11.3% decrease) when compared to the same timeframe in 2024-25. This decrease can be explained by variances detailed below.

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Vote 1 - Operating expenditures – increase of \$16M

- This increase can be attributed to payments made in regards to the Manuge class action settlement agreement. This class action sought damages as a result of alleged miscalculation of the annual adjustment of basic pension under the Pension Act from 2003 to present resulting in underpayment to class members.

Vote 5 - Grant and contribution - decrease of \$250M

- VAC's expenditures fluctuate each year due to the demand-driven nature of our programs which are based on Veterans' needs and entitlements.
- Overall expenditures for the quarter have decreased, largely due to the timing of the billing processes across various programs. While some programs recorded increased spending- driven by a growing number of clients accessing lifelong benefit programs and improved production capacity- these were offset by larger decreases in other areas.

Budgetary statutory authorities – increase of \$1.7M

- Expenditures are being recorded based on initial budgets. They will be updated at the end of the fiscal year to reflect the actual salary costs.

3. Risks and uncertainties

VAC is committed to enhancing the health and well-being of Veterans and their families. The Department recognizes that its ability to fulfill this mandate is closely tied to the effective management of risk. Strong risk management practices allow VAC to respond proactively to change and uncertainty, using risk-based information to support informed decision-making, optimize resource allocation, and ultimately deliver better outcomes for Canadians.

More information on the risks facing the Department and the mitigation strategies in place can be found on [VAC's website](#).

4. Significant changes in relation to operations, personnel and programs

Personnel

On 13 May 2025, Jill McKnight was named the Minister of Veterans Affairs and Associate Minister of National Defence.

Mandate commitments

The Department continues to experience growing demand for many programs and services. We remain focused on reducing the existing backlog, improving wait times for disability benefits, enhancing service and program delivery for Veterans and their families, and ensuring the delivery of high-quality services through efficient and cost effective operations.

Commemorative activities

During the first quarter of the 2025–26 fiscal year, a number of significant milestones and anniversaries were observed through both domestic and international programming. These included the 80th anniversary of Victory in Europe and the Liberation of the Netherlands, Vimy Ridge Day, the national day of remembrance in Australia and New Zealand, the Battle of Gapyeong, the Battle of the Atlantic, the Korean War Armistice, and Indigenous Peoples Day.

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5. Approvals by senior officials

Original signed by:

Paul Ledwell
Deputy Minister
Charlottetown, PE
XX August 2025

Pierre Tessier
Chief Financial Officer
Charlottetown, PE
XX August 2025

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II. Financial statements

Veterans Affairs Canada

Quarterly financial report for the quarter ended 30 June 2024

Statement of authorities (*unaudited*)

Fiscal year 2024-25

<i>(in thousands of dollars)</i>	Total available for use for the year ended 31 March 2025*	Used during the quarter ended 30 June 2024	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	1,896,516	329,734	329,734
Vote 5 - Grants and contributions	4,800,622	1,715,683	1,715,683
Statutory authority - Minister's salary and motor car allowance	99	25	25
Statutory authority – Refunds of Previous Years Revenue	0	5	5
Statutory authority - Contributions to employee benefit plans - program	45,924	11,213	11,213
Statutory authority - Veterans insurance actuarial liability adjustment	175	0	0
Statutory authority - Returned soldiers insurance actuarial liability adjustment	10	0	0
Statutory authority - Re- establishment credits under Section 8 of the <i>War Services Grants Act</i>	2	0	0
Statutory authority - Repayments under Section 15 of the <i>War Services Grants Act</i>	10	0	0
Total statutory	46,220	11,243	11,243
Total budgetary authorities	6,743,358	2,056,660	2,056,660
Non-budgetary authorities	0	0	0
Total authorities	6,743,358	2,056,660	2,056,660

* Includes only Authorities available for use and granted by Parliament at quarter-end.

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Statement of Authorities (*unaudited*)

Fiscal year 2025-26

<i>(in thousands of dollars)</i>	Total available for use for the year ending 31 March 2025*	Used during the quarter ended 30 June 2025	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	1,993,350	345,658	345,658
Vote 5 - Grants and contributions	5,785,482	1,465,763	1,465,763
Statutory authority - Minister's salary and motor car allowance	102	9	9
Statutory authority – Refunds of Previous Years Revenue	0	0	0
Statutory authority - Contributions to employee benefit plans - program	51,604	12,901	12,901
Statutory authority - Veterans insurance actuarial liability adjustment	175	0	0
Statutory authority - Returned soldiers insurance actuarial liability adjustment	10	0	0
Statutory authority - Re- establishment credits under Section 8 of the <i>War Services Grants Act</i>	2	0	0
Statutory authority - Repayments under Section 15 of the <i>War Services Grants Act</i>	10	0	0
Total statutory	51,903	12,910	12,910
Total budgetary authorities	7,830,735	1,824,331	1,824,331
Non-budgetary authorities	0	0	0
Total authorities	7,830,735	1,824,331	1,824,331

* Includes only Authorities available for use and granted by Parliament at quarter-end.

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Departmental budgetary expenditures by standard object (unaudited)

Fiscal year 2024-25

Expenditures (in thousands of dollars)	Planned expenditures for the year ended 31 March 2024*	Expended during the quarter ended 30 June 2024	Year-to-date used at quarter-end
01 Personnel	375,003	96,722	96,722
02 Transportation and communications	33,146	8,434	8,434
03 Information	5,616	74	74
04 Professional and special services	614,611	129,634	129,634
05 Rentals	26,076	4,056	4,056
06 Repair and maintenance	9,786	76	76
07 Utilities, materials and supplies	354,128	97,347	97,347
08 Acquisition of land, buildings and works	350	0	0
09 Acquisition of machinery and equipment	6,816	170	170
10 Transfer payments	4,800,819	1,715,683	1,715,683
11 Public debt charges	0	0	0
12 Other subsidies and payments	517,007	4,464	4,464
Total gross budgetary expenditures	6,743,358	2,056,660	2,056,660
Less revenues netted against expenditures	0	0	0
Total revenues netted against expenditures:	0	0	0
Total net budgetary expenditures	6,743,358	2,056,660	2,056,660

* Includes only Authorities available for use and granted by Parliament at quarter-end.

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Departmental budgetary expenditures by standard object (unaudited)

Fiscal year 2025-26

Expenditures (in thousands of dollars)	Planned expenditures for the year ending 31 March 2025*	Expended during the quarter ended 30 June 2025	Year-to-date used at quarter-end
01 Personnel	388,987	103,686	103,686
02 Transportation and communications	50,596	9,094	9,094
03 Information	10,932	74	74
04 Professional and special services	799,604	105,842	105,842
05 Rentals	36,007	5,586	5,586
06 Repair and maintenance	7,764	91	91
07 Utilities, materials and supplies	466,167	117,048	117,048
08 Acquisition of land, buildings and works	2,161	0	0
09 Acquisition of machinery and equipment	6,661	46	46
10 Transfer payments	5,785,679	1,465,763	1,465,763
11 Public debt charges	0	0	0
12 Other subsidies and payments	276,177	17,101	17,101
Total gross budgetary expenditures	7,830,735	1,824,331	1,824,331
Less revenues netted against expenditures	0	0	0
Total revenues netted against expenditures:	0	0	0
Total net budgetary expenditures	7,830,735	1,824,331	1,824,331

* Includes only Authorities available for use and granted by Parliament at quarter-end.