



Canadian Northern Economic
Development Agency

Agence canadienne de développement
économique du Nord

Canadian Northern Economic Development Agency

2025-2026

Quarterly Financial Report For the quarter ended December 31, 2025

Canada 

GCDOCS # 141311782

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For the quarter ended December 31, 2025

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. It should be read in conjunction with the [Main Estimates](#) and the [Supplementary Estimates \(B\)](#). This report has not been subject to an external audit or review.

The Canadian Northern Economic Development Agency (CanNor) works with partners to advance economic development in Canada's territories. The Agency supports, invests in and advocates for national, territorial and community level economic development; fosters growth and innovation; contributes to building capacity; and invests in foundational economic development projects in the territories. In addition, through the Northern Projects Management Office, the Agency coordinates federal participation in the territorial environmental review processes and maintains the Crown consultation record for major projects.

Further details on CanNor's authorities, mandate and program activities may be found in the [Departmental Plan](#) and the Main Estimates.

Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Agency's spending authorities granted by Parliament, and those used by the Agency consistent with the Main Estimates and Supplementary Estimates (B) for the 2025-2026 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 Agency 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.

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

Statement of authorities

CanNor's total budgetary authorities available for use at the end of the third quarter of fiscal year 2025-2026 are \$105.9 million, a \$24.9 million net increase (31%) compared to the third quarter of fiscal year 2024-2025. The variance is comprised of increases in both Vote 1 – Operating Expenditures (\$4.4 million) and Vote 5 – Grants and Contributions (\$20.5 million). The Vote 1 and Vote 5 increases are primarily the addition of investments including the Regional Defence Investment Initiative and the Regional Tariff Response Initiative. The Vote 5 increase additionally

includes Funding for the Yukon Gathering Place. These budgets were presented and approved in Supplementary Estimates B.

Statement of budgetary expenditures by standard object

CanNor's total expenditures by standard object for the quarter ended December 31, 2025 are \$14.3 million, a \$3.2 million net decrease compared to the quarter ended December 31, 2024. The variance is comprised mostly of a decrease in transfer payments expenditures resulting from the removal of a one year expense for Funding for the Regional Training Center in Pond Inlet for the Qikiqtani Inuit Association. Additionally, the increase in Vote 5 budget was only provided at the end of the third quarter in Supplementary Estimates B.

Risks and uncertainties

While the North presents opportunities for economic development, growth and innovation, factors including its vast and remote geography, lack of infrastructure, connectivity challenges, the cost and access to energy, and shortage of skilled labour all contribute to a challenging operating environment. These factors create additional challenges for businesses and can also prevent Northerners from fully benefiting from economic development opportunities.

CanNor's key risks (and response strategies) are published in the Departmental Plan:

1. **Economic uncertainty:** Having weathered economic upheavals in recent years, the territories continue to face potential disruptions. The pending closure of several mines in the Northwest Territories and the Yukon, alongside mineral price volatility, pose risks for continued investments and growth within this high-impact sector. As the North continues to pursue sector diversification while relying on the mineral extraction sector for most private investment and growth, international trade disputes could significantly undermine its economic stability, straining household consumption and business investment.
2. **Labour shortages:** Ongoing labour shortages, coupled with an aging population in the Northwest Territories and Yukon may continue to strain the Northern and Indigenous labour pool, resulting in delays to projects, reduced project management capacities, and increased competition for skilled labour, as well as, delays in meeting Article 23 of the Nunavut Agreement.
3. **Climate change:** Severe weather events and other impacts of climate change continue to disrupt travel, construction, shipping, and other activities related to economic development. The territories may be uniquely impacted by this, with shorter construction seasons, fragile supply chains, and disproportionate climate disruptions potentially impacting the viability of projects and other economic development activity.
4. **Infrastructure development:** The infrastructure deficit in the North, including the critical housing shortage and the absence of transportation and energy networks, is a foundational barrier to economic growth, impacting the North's overall competitiveness and increasing the cost of doing business.
5. **Complex international Arctic interests:** Increased geopolitical tensions have renewed calls for recapitalizing, renewing and developing new defense-related infrastructure investments in the Arctic to strengthen the region's security and Canada's sovereignty. In response to these pressures, the Government of Canada released the 2024 "[Our North Strong and Free: A Renewed Vision for Canada's Defence](#)" initiative and [Canada's Arctic Foreign Policy](#), and is now directing substantial new spending towards northern defence.

Significant changes in relation to operations, personnel and programs

On October 31, 2025, Kate Durand ended her Interchange Canada assignment as Vice President of Pan-Territorial Operations and returned to the Government of Yukon. Torrine Johnson was

appointed as Vice President of Pan-Territorial Operations on an acting basis effective November 3, 2025.

Approved by:

Original signed by

Original signed by

Jimi Onalik
President

Sean O'Donnell
Chief Financial Officer

Ottawa, Canada
February 3, 2026

Statement of Authorities (unaudited)

	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Total available for use for the year ending March 31, 2026*	Used during the quarter ended December 31, 2025	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2025*	Used during the quarter ended December 31, 2024	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Vote 1 - Operating expenditures	27,320	5,984	15,599	23,363	5,937	15,799
Vote 5 - Transfer payments	75,928	7,700	17,319	55,422	11,028	21,065
Budgetary statutory authorities	2,641	624	1,872	2,223	533	1,599
Total authorities	105,890	14,308	34,791	81,008	17,498	38,463

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

Note: Due to rounding, figures may not add to total shown.

Departmental Budgetary Expenditures by Standard Object (unaudited)

	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Planned expenditures for the year ending March 31, 2026	Expended during the quarter ended December 31, 2025	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended December 31, 2024	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Expenditures:						
Personnel	21,233	5,181	14,559	18,479	4,592	13,411
Transportation and communications	1,391	376	726	1,073	432	858
Information	215	5	10	210		14
Professional and special services	3,799	-363	1,160	3,099	809	1,423
Rentals	2,776	1,417	1,442	2,213	549	1,491
Repair and maintenance	164	4	7	104	22	85
Utilities, materials and supplies	133	12	32	113	19	48
Acquisition of land, buildings and works	0	0	0	29,441	15	15,286
Acquisition of machinery and equipment	234	29	29	188	43	65
Transfer payments	75,928	7,700	17,319	55,422	11,028	21,065
Other subsidies and payments	17	-54	-493	77	-11	-13
Total budgetary expenditures	105,890	14,308	34,791	81,008	17,498	38,463

Note: Due to rounding, figures may not add to total shown.