



Department of Finance
Canada

Ministère des Finances
Canada

Department of Finance
Canada Quarterly Financial Report
for the quarter ended December 31, 2025
(unaudited)

Canada

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Table of contents

| | |
|---|---|
| 1. Introduction | 3 |
| 1.1 Authority, Mandate and Program Activities | 3 |
| 1.2 Basis of Presentation..... | 4 |
| 1.3 Department of Finance Canada – Financial Structure | 4 |
| 2. Highlights of Fiscal Quarter Results | 4 |
| 2.1 Statement of Authorities..... | 5 |
| 2.2 Statement of Departmental Budgetary Expenditures by Standard Object | 6 |
| 2.3 Non-Budgetary Expenditures..... | 7 |
| 3. Risks and Uncertainties..... | 7 |
| 4. Significant Changes in Relation to Operations, Personnel and Programs..... | 7 |
| 5. Approval by Senior Officials | 8 |

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 December 31, 2025 as compared to the same period last year.

Highlights of the Fiscal Quarter Results

(thousands of dollars)

| | 2025-26 Authorities as at December 31, 2025 | 2024-25 Authorities as at December 31, 2024 | Variance in Authorities | Expenditures during the quarter ended December 31, 2025 | Expenditures during the quarter ended December 31, 2024 | Variance in Expenditures |
|---|--|--|----------------------------|--|--|-----------------------------|
| Budgetary Authorities | | | | | | |
| Vote 1 - Program Expenditures | 514,190 | 150,417 | 363,773 | 35,804 | 33,046 | 2,758 |
| Statutory Authorities | | | | | | |
| Major transfers to other levels of government | 96,005,975 | 92,155,664 | 3,850,311 | 24,249,866 | 23,205,436 | 1,044,430 |

| | 2025-26 Authorities as at December 31, 2025 | 2024-25 Authorities as at December 31, 2024 | Variance in Authorities | Expenditures during the quarter ended December 31, 2025 | Expenditures during the quarter ended December 31, 2024 | Variance in Expenditures |
|--|--|--|----------------------------|--|--|-----------------------------|
| Interest on Unmatured Debt and Interest on Other Liabilities | 49,060,000 | 48,408,000 | 652,000 | 11,969,473 | 11,521,478 | 447,995 |
| Direct program expenses | 4,151,726 | 4,253,259 | (101,533) | 779,504 | 1,200,293 | (420,789) |
| Total Statutory Authorities | 149,217,701 | 144,816,923 | 4,400,778 | 36,998,843 | 35,927,207 | 1,071,636 |
| Total Budgetary Authorities | 149,731,891 | 144,967,340 | 4,764,551 | 37,034,647 | 35,960,253 | 1,074,394 |
| Non-Budgetary Authorities | 2,500,000 | 1,933,410 | 566,590 | 29,915,179 | 28,305,026 | 1,610,153 |
| Total Authorities | 152,231,891 | 146,900,750 | 5,331,141 | 66,949,826 | 64,265,279 | 2,684,547 |

2.1 Statement of Authorities

As per *Table 1 – Statement of Authorities (unaudited)*, the total authorities available for use increased by \$5,331 million, as compared to the same quarter in 2024-25, from \$146,901 million to \$152,232 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 (\$360.4 million), time limited funding for various programs (\$1.6 million) and funding for compensation adjustments related to collective bargaining (\$1.9 million). | 363,773 |
| Sub-total Vote 1 - Program Expenditures | 363,773 |
| Statutory Authorities | |
| Increase authorities in major transfers to other levels of government largely due to payments related to: | 3,850,311 |
| <ul style="list-style-type: none"> • Canada Health Transfer (\$2.6 billion); • Fiscal Equalization (\$916.9 million); • Canada Social Transfer (\$507.3 million); | |

| 2025-26 compared to 2024-25 | Change |
|---|------------------|
| <ul style="list-style-type: none"> • Territorial Formula Financing (\$329.9 million); • Payments to Newfoundland and Labrador related to the Hibernia Dividend Backed Annuity Agreement (\$36 million); and • Payments to the International Bank for Reconstruction and Development for the G7 Initiative on Crisis- Resilient Financing and Debt Transparency (\$5 million). | |
| These increases were partially offset by increased recoveries in 2025-26 related to Alternative Payments for Standing Programs (\$450.4 million) and Youth Allowances Recovery (\$98.8 million). | |
| 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 |
| Decrease in direct program expenses mostly due to a decrease in planned payments to the Canada Infrastructure Bank (\$139.5 million), partially offset by an increase in authorities related to debt payments on behalf of poor countries to International Organizations (\$36.7 million) and contributions to employee benefit plans (\$1.3 million). | (101,533) |
| Sub-total Statutory Authorities | 4,400,778 |
| Total Budgetary Authorities | 4,764,551 |
| Non-Budgetary Authorities | |
| Increase in non-budgetary authorities due to financial assistance to Ukraine through the G7 Extraordinary Revenue Acceleration Loan Initiative (\$2.3 billion) and payments to International Bank for Reconstruction and Development - Financial Intermediary Fund for Ukraine (\$200 million). These increases are partially offset by decreases in loans to the IMF's Poverty Reduction and Growth Trust (\$1.3 billion), financial assistance to Ukraine through the IMF administered Account (\$400 million) and investment in Hybrid Capital issued by the International Bank for Reconstruction and Development (\$276 million). | 566,590 |
| Total Non-Budgetary Authorities | 566,590 |
| Total Authorities | 5,331,141 |

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 third quarter of 2025-26 increased by \$1.1 billion, as compared to the same quarter in 2024-25 largely due to the following:

- Expenditures related to **Transfer payments** increased by \$1,045.1 million, primarily due to increases in major transfer payments to the provinces and territories (\$1,074.3 million) and a payment to Newfoundland and Labrador for the Hibernia Dividend Backed Annuity Agreement (\$35.1 million). These increases are partially offset by an increase in recoveries for the Alternative Payments for Standing Programs (\$65.1 million).
- Expenditures related to **Public debt charges** increased by \$448 million, primarily due to an increase in the stock of unmatured debt of approximately \$121 billion and an increase in the Consumer Price Index over the same quarter of the previous year. These increases were partially offset by a decrease in interest rates.

- Expenditures related to **Other subsidies and payments** decreased by \$418.3 million primarily due to decreased payments to the Canada Infrastructure Bank over the same quarter of the previous year (\$591.2 million). This decrease was partially offset by increased losses in the revaluation of IMF related accounts (\$166.5 million) and foreign exchange on sovereign loans (\$26.5 million).

2.3 Non-Budgetary Expenditures

Total net non-budgetary expenditures in the third quarter of 2025-26 increased by \$1.6 billion, as compared to the same quarter in 2024-25. This is largely due to an increase in the value of loans disbursed to Crown corporations participating in the Crown Borrowing Program (\$921.7 million), payments to acquire shares in the Canada Growth Fund (\$800 million) and Canada Enterprise Emergency Funding Corporation (\$300 million). These increases were partially offset by a decrease in financial assistance provided to Ukraine through IMF Administered Account (\$400 million).

3. Risks and Uncertainties

In the third quarter of 2025-26, the principal risk continued to be interest rate risk on the Public debt – that is the risk that debt servicing costs will fluctuate due to changes in market interest rates. Public debt charges increased by approximately \$448 million compared to the same quarter last year, mainly due to an increase in the stock of unmatured debt of approximately \$121 billion and a higher Consumer Price Index over the same period. These pressures on debt servicing costs were partially offset by lower interest rates. The Department continues to manage this risk through its [Debt Management Strategy](#), which was developed in consultation with market participants, and promotes a prudent and balanced approach to Public debt management. 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 prepared for potential operational disruptions through its updated Business Continuity Plan and Business Impact Analysis. These tools strengthen the Department's security posture and help ensure the continuity of critical functions during disruptions.

The Department has intensified its monitoring of global and domestic economic conditions in response to heightened economic uncertainty and increased volatility in international markets. This has led to expanded cooperation and sharing of expertise and best practices with federal partners, provinces and territories, stakeholders, and international counterparts. These efforts support the Department's role as a central, knowledge-based policy agency and help mitigate risks to the government's ability to advance Canada's fiscal, economic, and social policy interests in a rapidly evolving global environment.

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

Steven Kuhn vacated the position of Associate Assistant Deputy Minister, International Trade and Finance, on November 5, 2025. Tasha Hanes was appointed Associate Assistant Deputy Minister, International Trade and Finance, effective January 19, 2026.

On December 19, 2025, Prime Minister Carney announced changes in the senior ranks of the public service resulting in the following changes:

- Effective January 11, 2026, Chris Forbes vacated the position of Deputy Minister of Finance. Nick Leswick was appointed Deputy Minister of Finance effective January 12, 2026.
- Effective January 14, 2026, Alison O'Leary vacated the position of Associate Deputy Minister of Finance.

5. Approval by Senior Officials

Approved by:

Nick Leswick, Deputy Minister
Ottawa, Canada
February 27, 2026

Christopher Veilleux CPA, CMA, PMP
Chief Financial Officer
Ottawa, Canada
February 27, 2026

Department of Finance Canada

Quarterly Financial Report For the quarter ended December 31, 2025

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 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 |
| Budgetary Authorities | | | | | | |
| Voted authorities | | | | | | |
| Program expenditures | 514,190 | 35,804 | 305,097 | 150,417 | 33,046 | 104,520 |
| Total voted authorities | 514,190 | 35,804 | 305,097 | 150,417 | 33,046 | 104,520 |
| Statutory authorities | | | | | | |
| Major transfers to other levels of government | | | | | | |
| Canada Health Transfer (Part V.1 - Federal-Provincial Fiscal Arrangements Act) | 54,684,720 | 13,671,180 | 41,013,540 | 52,080,686 | 13,020,172 | 39,060,515 |
| Canada Social Transfer (Part V.1 - Federal-Provincial Fiscal Arrangements Act) | 17,416,055 | 4,354,013 | 13,062,041 | 16,908,791 | 4,227,198 | 12,681,593 |
| Fiscal arrangements | | | | | | |
| Fiscal Equalization | 26,169,704 | 6,542,426 | 19,627,278 | 25,252,833 | 6,313,208 | 18,939,625 |

(Part I - Federal-Provincial Fiscal Arrangements Act)

| | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Territorial Financing (Part I.1 - Federal-Provincial Fiscal Arrangements Act) | 5,488,889 | 1,119,735 | 4,369,157 | 5,158,965 | 1,052,429 | 4,106,536 |
| Statutory Subsidies (Constitution Acts, 1867-1982, and Other Statutory Authorities) | 44,920 | 1,237 | 23,697 | 44,586 | 1,237 | 23,699 |
| Youth Allowances Recovery (Federal-Provincial Fiscal Revision Act, 1964) | (1,453,305) | - | (726,653) | (1,354,548) | - | (677,274) |
| Other major transfers | | | | | | |
| Alternative Payments for Standing Programs (Part VI - <i>Federal-Provincial Fiscal Arrangements Act</i>) | (6,582,880) | (1,658,770) | (4,950,210) | (6,132,509) | (1,593,712) | (4,659,967) |
| 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 | 220,045 | 220,045 | 196,860 | 184,904 | 184,904 |
| Payments to the International Bank for Reconstruction and Development for the G7 initiative on Crisis-Resilient Financing and Debt Transparency (<i>Bretton Woods and Related Agreements Act, subsection 8(1)</i>) | 5,000 | - | - | - | - | - |
| Total major transfers to other levels of government | 96,005,975 | 24,249,866 | 72,638,895 | 92,155,664 | 23,205,436 | 69,659,631 |

Interest on Unmatured Debt and Interest on Other Liabilities

| | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Interest on Unmatured Debt | 43,866,000 | 10,603,732 | 32,608,173 | 42,721,000 | 10,100,833 | 32,474,179 |
| Other Interest Costs | 5,194,000 | 1,365,741 | 4,153,703 | 5,687,000 | 1,420,645 | 4,415,684 |
| Total Interest on Unmatured Debt and Interest on Other Liabilities | 49,060,000 | 11,969,473 | 36,761,876 | 48,408,000 | 11,521,478 | 36,889,863 |

Direct program expenses

Operating expenses

| | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| Purchase of Domestic Coinage | 78,000 | 19,513 | 62,303 | 78,000 | 21,867 | 63,275 |
| Contributions to Employee Benefit Plans | 18,256 | 4,564 | 13,692 | 16,990 | 3,890 | 11,671 |
| Minister of Finance and National Revenue – Salary and motor car allowance (<i>Salaries Act and Parliament of Canada Act</i>) | 102 | 25 | 76 | 99 | 26 | 75 |

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 | - | 28 | 28 | - | 27 | 55 |

to section 8.3 of
the *Bretton Woods
and Related
Agreements Act*

Other

| | | | | | | |
|--|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| Losses on Foreign Exchange | - | 25,292 | 353,233 | - | (146,207) | 4,391 |
| Payment of Liabilities Previously Recorded as Revenue | - | 4,901 | 7,847 | - | 4,358 | 17,195 |
| Payments to the Canada Infrastructure Bank (<i>Canada Infrastructure Bank Act</i>) | 3,480,230 | 725,181 | 2,143,723 | 3,619,719 | 1,316,332 | 2,353,495 |
| Total direct program expenses | 4,151,726 | 779,504 | 2,580,902 | 4,253,259 | 1,200,293 | 2,450,157 |
| Total statutory authorities | 149,217,701 | 36,998,843 | 111,981,673 | 144,816,923 | 35,927,207 | 108,999,651 |
| Total budgetary authorities | 149,731,891 | 37,034,647 | 112,286,770 | 144,967,340 | 35,960,253 | 109,104,171 |
| Non-budgetary authorities | | | | | | |
| Advances to Crown corporations (Gross) | - | 19,411,951 | 52,540,447 | - | 18,490,215 | 54,918,424 |
| Advances pursuant to section 13(1) of the <i>Financial Consumer Agency of Canada Act</i> (Gross) | - | - | 20,000 | - | - | 22,000 |
| Payment to the International Bank for Reconstruction and Development - Financial Intermediary Fund for Ukraine (<i>Bretton Woods and Related Agreements Act</i> , Section 8(1)) | 200,000 | - | 200,000 | - | - | - |
| Payments under <i>Bretton Woods and Related</i> | - | - | 96,791 | - | 213,613 | 275,849 |

*Agreements Act-
International
Organizations
(Gross)*

| | | | | | | |
|---|-----------|-----------|------------|-----------|-----------|------------|
| Financial Assistance to Ukraine through the Extraordinary Revenue Acceleration Loan Initiative (<i>Bretton Woods and Related Agreements Act, Section 8.3</i>) | 2,300,000 | - | 2,300,000 | - | - | - |
| Financial Assistance to Ukraine through IMF Administered Account (<i>Bretton Woods and Related Agreements Act, Section 8.3</i>) | - | - | - | 400,000 | 400,000 | 400,000 |
| Payment for the acquisition of shares in the Canada Growth Fund pursuant to the <i>Fall Economic Statement Implementation Act, 2022</i> | - | 3,000,000 | 3,000,000 | - | 2,200,000 | 3,000,000 |
| Loan to the International Monetary Fund's Poverty Reduction and Growth Trust (<i>Bretton Woods and Related Agreements Act, Section 8.1(1)</i>) | - | - | 212,455 | 1,257,410 | 45,239 | 1,299,446 |
| Payment to the Bank of Canada to purchase Canada Mortgage Bonds pursuant to paragraph 46(a) of the <i>Financial Administration Act</i> | - | 7,185,228 | 21,621,578 | - | 6,955,959 | 21,593,841 |
| Advances pursuant to section 50.1(1) of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Gross) | - | 18,000 | 38,000 | - | - | 4,000 |

| | | | | | | |
|--|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| Investment in Hybrid Capital issued by the International Bank for Reconstruction and Development (Bretton Woods and Related Agreements Act, Section 8) | - | - | 276,000 | - | - | - |
| Payment to Canada Enterprise Emergency Funding Corporation to purchase shares pursuant to paragraph 60.2 of the <i>Financial Administration Act</i> to support the Large Enterprise Tariff Loan Facility | - | 300,000 | 300,000 | - | - | - |
| Total non-budgetary authorities | 2,500,000 | 29,915,179 | 80,329,271 | 1,933,410 | 28,305,026 | 81,513,560 |
| Total authorities | 152,231,891 | 66,949,826 | 192,616,041 | 146,900,750 | 64,265,279 | 190,617,731 |

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

Department of Finance Canada

Quarterly Financial Report for the quarter ended December 31, 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 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 |
| Expenditures: | | | | | | |
| Personnel | 141,594 | 32,838 | 106,994 | 136,582 | 30,840 | 100,826 |
| Transportation and communications | 2,891 | 312 | 1,527 | 2,518 | 541 | 1,465 |
| Information | 2,660 | 456 | 1,326 | 3,972 | 479 | 1,595 |
| Professional and special services | 17,831 | 4,452 | 11,270 | 18,563 | 4,584 | 9,632 |
| Rentals | 3,069 | 627 | 1,711 | 2,158 | 432 | 1,555 |
| Repair and maintenance | 1,628 | (67) | 92 | 855 | 161 | 166 |
| Utilities, materials and supplies | 78,217 | 19,524 | 62,378 | 78,410 | 21,907 | 63,363 |
| Acquisition of land, buildings and works | - | - | - | - | - | - |
| Acquisition of machinery and equipment | 1,663 | 477 | 611 | 2,522 | 77 | 534 |
| Transfer payments | 96,942,182 | 24,250,526 | 72,833,366 | 92,694,115 | 23,205,463 | 69,660,036 |
| Public debt charges | 49,060,000 | 11,969,473 | 36,761,876 | 48,408,000 | 11,521,478 | 36,889,863 |
| Other subsidies and payments | 3,480,306 | 756,029 | 2,505,619 | 3,619,795 | 1,174,291 | 2,375,136 |
| Total gross budgetary expenditures | 149,732,041 | 37,034,647 | 112,286,770 | 144,967,490 | 35,960,253 | 109,104,171 |

| | | | | | | |
|---|-------------|------------|-------------|-------------|------------|-------------|
| Less Revenues netted against expenditures | 150 | - | - | 150 | - | - |
| Total net budgetary expenditures | 149,731,891 | 37,034,647 | 112,286,770 | 144,967,340 | 35,960,253 | 109,104,171 |
