

Housing, Infrastructure and Communities Canada (HICC)

Quarterly Financial Report for the quarter ended December 31, 2025

Pursuant to the Royal Assent of Bill C-59, and effective June 20, 2024, Infrastructure Canada (INFC) became Housing, Infrastructure and Communities Canada (HICC). This is the second Quarterly Financial Report (QFR) issued by HICC that includes historical data. Readers are encouraged to consult both the 2024-25 INFC Q1 QFR and the 2024-25 HICC Q3 QFR for comparable, aggregate expenditure information, as this report does not include authorities or expenditures reporting under INFC in 2024-25 prior to Bill C-59.

Statement outlining results, risks and significant changes in operations, personnel and programs

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 HICC's [Main Estimates](#) and Supplementary Estimates.

The key to building Canada for the 21st century is helping all communities thrive by making housing more available and affordable while making public infrastructure more sustainable, inclusive and climate-resilient. HICC makes significant investments in housing and public infrastructure, addresses homelessness needs, builds public-private-partnerships, and delivers programs that improve Canadians' quality of life while creating jobs and supporting economic growth.

Further information on HICC's mandate, responsibilities, and programs can be found on [HICC's Website](#).

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes HICC's spending authorities granted by Parliament and those used by HICC consistent with the Main and Supplementary Estimates for the 2025-26 fiscal year (FY). 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.

HICC 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.

HICC works in collaboration with other federal departments and agencies to deliver some of its transfer payment programs (collectively known as federal delivery partners).

It should be noted that this quarterly report has not been subject to an external audit or review.

Highlights of Fiscal Quarter and Fiscal Year-to-Date Results

This section highlights the significant items that contributed to the change in resources available for use from 2024-25 to 2025-26 and in actual expenditures from 2024-25 to 2025-26 as of December 31 (third fiscal quarter).

Statement of Authorities

As shown in the Statement of Authorities, HICC's total authorities available for 2025-26 are \$9.1 billion as of the end of Q3 and represent a \$1.3 billion increase compared to the same quarter in the prior year (PY). This increase is summarized in the table below.

The 2025-26 authorities increase being reported does not represent a net increase for the department relative to 2024-25 as they do not consider 2024-25 INFC Q1 authorities of \$0.6 billion. INFC authorities are not included in the comparative information provided in this report.

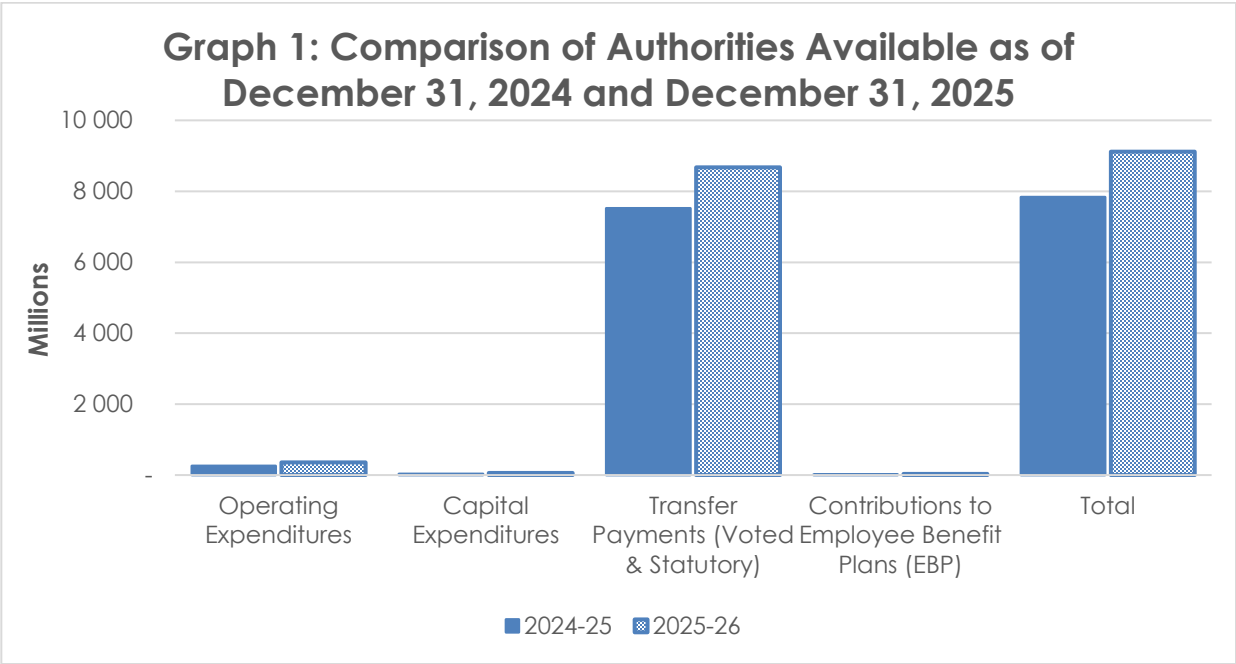


Table 1: Year-to-date change in total authorities as of December 31, 2025	
Authorities	Increase/(Decrease) vs. Prior Year-to-date (000's)
Operating Expenditures	91,212
Capital Expenditures	23,547
Transfer Payments (Voted and Statutory)	1,157,975
Contributions to Employee Benefit Plans	11,557

Year-over-year changes are summarized as follows:

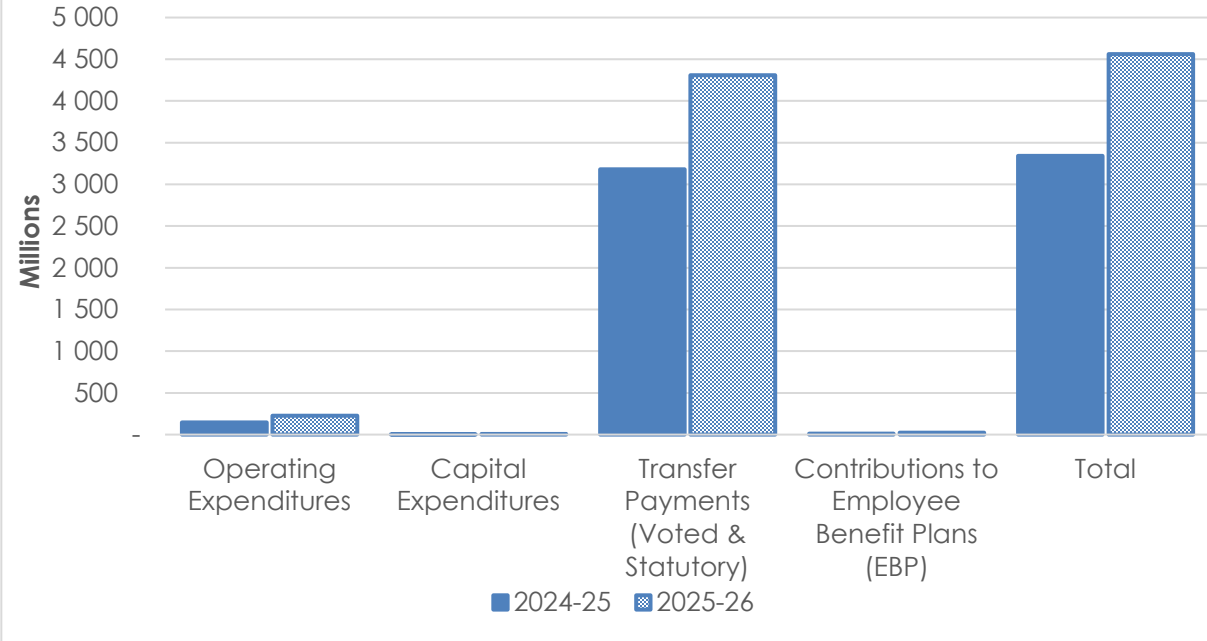
- **Operating Expenditures** - The increase in operating funding is largely tied to new and renewed initiatives announced in previous Federal Budgets, such as Canada Housing Infrastructure Fund, Reaching Home, Green and Inclusive Community Buildings, and Canada Public Transit Fund. It also includes the reprofile of funds for the Samuel De Champlain Bridge Corridor (SDCBC) project and funding received in FY 2025-26 related to signed collective agreements.
- **Capital Expenditures** - The increase in capital funding is primarily related to the Gordie Howe International Bridge project.
- **Transfer Payments (Voted and Statutory)** - The increase is mainly attributable to the continued ramp up of the Investing in Canada Infrastructure Program, as well as new and renewed programs from Budget 2024 initiatives.
- **Contributions to Employee Benefit Plans** - This increase is reflective of employee growth from Budget 2024 initiatives.

Expenditure Analysis

Expenditures at the end of Q3 were \$4.6 billion, compared to \$3.3 billion reported in the same period of 2024-25, representing an increase of 36.5%. The source of the increase is demonstrated in the tables, graphs and analysis below.

The 2025-26 expenditure increase being reported does not represent a net increase for the department relative to 2024-25 as they do not consider 2024-25 INFC Q1 expenditures of \$0.6 billion. INFC expenditures are not included in the comparative information provided in this report.

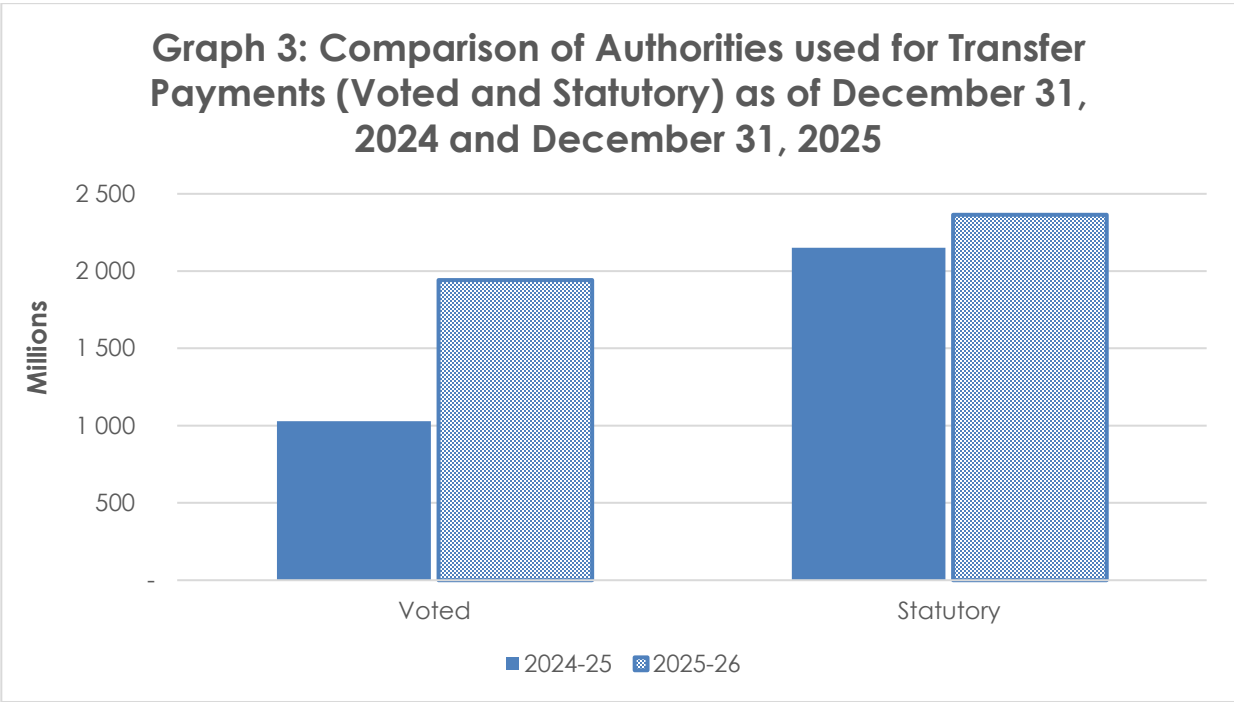
Graph 2: Comparison of Total Expenditures as of December 31, 2024 and December 31, 2025



Year-to-date expenditures	Increase/(Decrease) vs. Prior Year-to-date (000's)
Operating Expenditures	79,410
Capital Expenditures	2,125
Transfer Payments (Voted and Statutory)	1,127,100
Contributions to Employee Benefit Plans	11,447

Year-over-year changes are summarized as follows:

- **Operating and Capital Expenditures** - Further details by standard object can be found in Table 4.
- **Transfer Payments (Voted & Statutory)** - Further details by program can be found in Table 3.
- **Contributions to Employee Benefit Plans** - This increase is reflective of employee growth from Budget 2024 initiatives.



Significant changes in year-to-date transfer payment expenditures between December 31, 2024, and December 31, 2025, were as follows:

Table 3: Year-to-date change in expenditures by transfer payment program as of December 31, 2025	
Program Name	Increase/(Decrease) vs. Prior Year-to-date (000's)
Voted	
Reaching Home: Canada's Homelessness Strategy	594,277
Investing in Canada Infrastructure Program	199,015
Green and Inclusive Community Buildings	66,236
Canada Public Transit Fund	54,374
Statutory	
Canada Community-Building Fund	213,429

Year-over-year changes are summarized as follows:

- **Reaching Home: Canada's Homelessness Strategy** – \$594.3 million increase is primarily attributable to claims received during the first 3 quarters of FY 2025-26, particularly from Ontario, Quebec and Alberta, with the most significant variances stemming from Unsheltered Homelessness including Encampments and Designated Communities.
- **Investing in Canada Infrastructure Program** – \$199.0 million increase is mainly due to more claims received in FY 2025-26, particularly under the Public Transit Infrastructure Stream (PTIS) and Green Infrastructure Stream (GIS), offset by a

reduction in claims received under the COVID-19 Resilience Stream (CVRIS), as claims received in this stream continue to decrease.

- **Green and Inclusive Community Buildings** – \$66.2 million increase is mainly due to more advance payments issued and claims received in FY 2025-26, particularly from Quebec, Manitoba, Nova Scotia and British Columbia. Most provinces experienced an increase in expenditures, while Ontario, Alberta and Saskatchewan had fewer expenditures.
- **Canada Public Transit Fund** – \$54.4 million increase is mainly due to more claims received in FY 2025-26, with the most significant contributions arising from the Active Transportation Fund in Ontario and the Zero Emission Transit Fund in British Columbia.
- **Canada Community-Building Fund** – \$213.4 million increase is mainly due to early second payments made to Ontario and Manitoba, and the regular index-based increase to the program's annual allocation in FY 2025-26.

Departmental Budgetary Expenditures by Standard Object

The planned Departmental Budgetary Expenditures by Standard Object are set out in the table at the end of this report. Aggregate year-to-date expenditures in 2025-26 increased by \$1.2 billion, compared with the same quarter last year. The largest single factor was transfer payments as detailed in Table 3 above.

A breakdown of the variances in year-to-date expenditures by standard object is summarized in the table below:

Standard Object	Increase/(Decrease) vs. Prior Year-to-date (000's)
Personnel	58,960
Transportation and communications	281
Information	831
Professional and special services	17,258
Rentals	1,000
Repair and maintenance	5,883
Utilities, materials and supplies	18
Acquisition of land, buildings and works	1,604
Acquisition of machinery and equipment	(101)
Transfer payments	1,127,100
Public debt charges	6,692
Other subsidies and payments	556

The most significant year-over-year changes are summarized as follows:

- **Personnel** - The increase is largely tied to employee growth from new and

renewed initiatives announced in previous Federal Budgets.

- **Professional and Special Services** - The increase is mainly attributable to the rise in legal services, informatic services, engineering consultant payments, the research service contract with the National Research Council, and information technology services tied to the development of a new Grants and Contributions management system.
- **Repair and Maintenance** - The increase is due to the annual indexation and adjustment rate associated with the Signature on the St. Lawrence (SSL) Group's contract and the variance of the Heavy Truck Adjustment for the SDCBC project.
- **Transfer payments** - Details were previously explained in Table 3.
- **Public Debt Charges** - The increase is due to interest payments on the SDCBC project.

Overall, HICC has spent 50.0% of its current Total Authorities as of December 31, 2025, compared to 42.6% at the end of the same period last year. This is mainly due to a relative increase in Transfer Payment expenditures in Q3 of FY 2024-25. The majority of HICC's Grant and Contribution (G&C) spending typically occurs in the final quarter of the fiscal year. The influx of claims submitted for reimbursement at year-end is driven by several factors, including the timing of construction seasons, which has a direct impact on the finalization of claims.

Risks and Uncertainties

The Department's ability to achieve its forecasted program spending is subject to a range of risk drivers that influence both the timing and magnitude of expenditures. These risks are particularly pronounced in the context of G&C funded infrastructure projects delivered by recipients, where external factors can significantly affect project progress and financial outcomes.

Key Risks, Drivers and Implications

- **Delays in the Signing of G&C Funding Agreements with Recipients**
Recipients may begin incurring eligible costs once a project is approved; however, costs become eligible for reimbursement only after the funding agreement has been signed. In many cases, signing occurs well after construction has commenced, resulting in delays in reimbursing costs and potential misalignment between planned and actual spending.
- **Delays in Recipients' Progress on G&C Projects**
HICC's annual G&C spending depends directly on recipients' progress on approved projects throughout the fiscal year. External factors, such as the unpredictability of the Canadian construction season, climate-related events, evolving environmental regulations, the complexity inherent to multi-million dollar procurements, labour shortages, tariff and trade uncertainties and global supply chain disruptions can delay project execution, lead to cost overruns and increase the risk of funds lapsing.

Mitigation Strategies

To manage these risks, HICC works closely with recipients, including provincial and territorial partners, to improve spending forecasts and minimize lapses. This involves developing forecasting models that draw on historical trends and account for factors that may delay the signing of funding agreements and the implementation of projects. HICC also embeds mandatory cashflow updates and claims schedules within agreement templates for new G&C programs to improve accuracy and predictability.

When G&C funds lapse, HICC may request that lapsing funds be reprofiled (moved from one fiscal year to another) to ensure that they remain available for the approved projects and programs. This approach helps HICC fulfill its program commitments to recipients while maintaining prudent fiscal management.

Approval by Senior Officials

Approved by:

Paul Halucha
Deputy Head

Michelle Baron
Chief Financial Officer

Signed at Ottawa, Canada