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Canadian Heritage

Quarterly Financial Report for the Quarter Ended December 31, 2025

1. Introduction

This third quarterly financial report should be read in conjunction with the 2025-26 Main Estimates and Supplementary Estimates B along with the 2024-25 Main Estimates and Supplementary Estimates A and B. It has been prepared by management as required by section 65.1 - [Quarterly financial reports of the Financial Administration Act](#) and is in the form and manner prescribed by the Treasury Board in accordance with the special purpose financial reporting framework described in the Directive on Accounting Standards: GC 4400 Departmental Quarterly Financial Report. The Departmental Audit Committee has reviewed the report.

The quarterly financial report outlines the results, risks and significant changes in operations, personnel and programs and includes financial information tables for the quarter. The purpose of the quarterly financial information tables is to provide a comparison of the in-year departmental spending with authorities granted by Parliament, as well as comparative financial information for the preceding year.

1.1 Authority, Mandate and Programs

The Department of Canadian Heritage and its Portfolio organizations play a vital role in the cultural, civic, and economic life of Canadians. Our policies and programs promote an environment where Canadians can experience dynamic cultural expressions, celebrate our history and heritage, and build strong communities. The Department invests in the future by supporting the arts, our official and Indigenous languages and our athletes and the sport system.

Further details on the Department of Canadian Heritage's (PCH) authority, mandate and programs can be found in the [2025-26 Departmental Plan](#) and the [2025-26 Main Estimates](#).

1.2 Basis of Presentation

This third quarterly financial report has been prepared by management using an expenditure basis of accounting. 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 the Supplementary Estimates B for the 2025-26 fiscal year.

The authority of Parliament is required before the Government can spend money. 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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PCH 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.

1.3 Canadian Heritage Financial Structure

PCH has a financial structure composed of voted budgetary authorities that include Vote 1 – Operating expenditures and Vote 5 – Grants and Contributions, and Statutory authorities which are composed of contributions to employee benefits plans, Ministers' Salary and motor car allowances and Statutory Payments for Lieutenant Governors.

2. Highlights of Fiscal Quarter and Fiscal Year-to-Date (YTD) Results

2.1 Statement of Authorities

Please refer to the Statement of Authorities at the end of the report for more information.

PCH's 2025-26 authorities available for use at the end of December 2025 increased by \$53.3 million compared to last year (from \$2,174.1 million in 2024-25 to \$2,227.3 million in 2025-26). More specifically, the total authorities available for use increased by \$41.6 million in Vote 5 - Grants and Contributions, increased by \$9.7 million in Vote 1 - Operating expenditures and increased by \$2.0 million in Statutory authorities.

The increase in authorities, mainly within Grants and Contributions, reflects increased funding to support the hosting of the 2026 FIFA Men's World Cup and to offer free and low-cost admission to children and youth for participating museums under the Canada Strong Pass initiative.

2.2 Departmental Budgetary Expenditures by Standard Object

Please refer to the Departmental budgetary expenditures by Standard Object table at the end of report for more information.

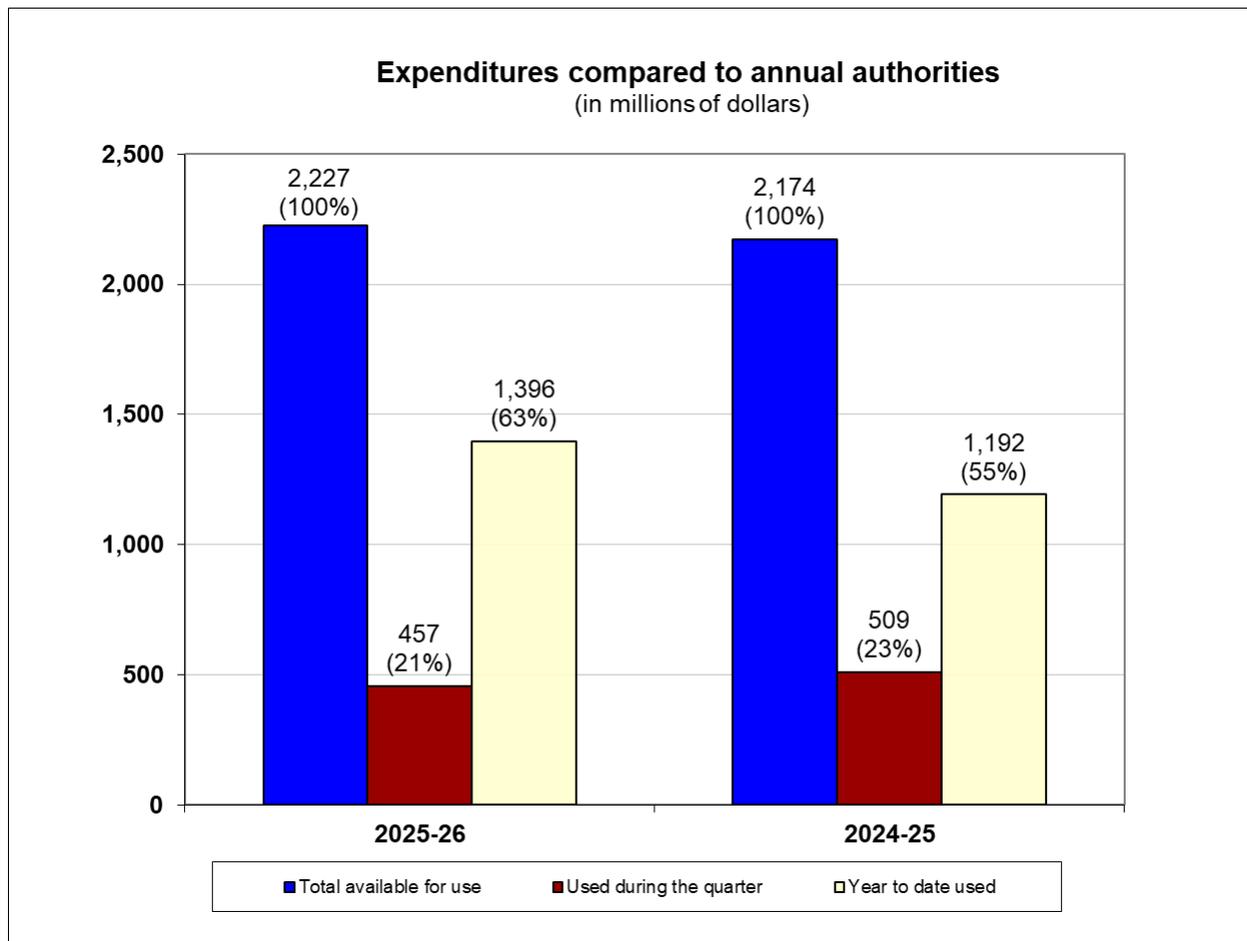
The total expenditures during the third quarter of 2025-26 decreased by \$51.8 million compared to the third quarter of last year, representing a decrease in expenditures of 10.2%.

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The decrease in spending for the third quarter is primarily due to a decrease in transfer payments of \$52.5 million (from \$438.9 million in 2024-25 to \$386.4 million in 2025-26). This decline reflects changes in payment schedules.

As shown in the graph below, PCH spent 21% of its authorities in the third quarter of 2025–26, down slightly from 23% in the same period of 2024–25. Despite this decrease, cumulative expenditures are \$204 million higher than last year, largely due to transfer payments issued earlier in 2025–26.



3. Risks and Uncertainties

In Budget 2023, the government committed to reducing spending. As part of this effort, Canadian Heritage identified spending reductions of \$14.4 million for 2024-25, \$25.2 million for 2025-26 and \$39.7 million for 2026-27 and onward, to support responsible, and cost-effective spending that delivers results for Canadians. More recently, Budget 2025 outlined plans to achieve \$13 billion in annual savings by 2028–29 across more than 100 federal organizations through the Comprehensive Expenditure Review. For PCH, this represents \$93.1 million in annual savings by 2028–29.

To meet these targets, PCH will adjust its cultural programming over the next three years to better align with the changing needs of recipients and maintain program effectiveness. However, the combined reductions - including reductions to the employee workforce - create a risk that funding delivery could be slowed or disrupted, potentially affecting PCH's ability to meet the expectations of its recipients and Canadians.

To reduce the risk, PCH will focus on a wide number of efficiencies across the department's operations, impacting internal services and program administration, such as streamlining operations, leveraging synergies and technology, shifting to digital alternatives, modernizing transfer payment delivery, as well as realigning efforts to core priorities.

PCH remains committed to delivering high-quality, efficient funding programs and to monitoring changing conditions and risks that could affect its work. The department has outlined its key and mitigation strategies for each core responsibility in the [2025-26 Canadian Heritage's Departmental Plan](#).

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

On December 1, 2025, the Honourable Marc Miller became the Minister of Canadian Identity and Culture and Minister responsible for Official Languages, replacing the Honourable Steven Guilbault.

Effective December 1, 2025, the Honourable Nathalie Provost, Secretary of State (Nature), reports to the Honourable Julie Dabrusin, Minister of Environment and Climate Change Canada.

On January 12, 2026, Francis Bilodeau was appointed Deputy Minister of Canadian Heritage, replacing Isabelle Mondou.

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5. Approval by Senior Officials

Approved by:

Francis Bilodeau, Deputy Minister

Véronique Côté, Chief Financial Officer

Gatineau, Canada
Date: February 20, 2026

Gatineau, Canada
Date: February 17, 2026

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Statement of Authorities (unaudited)

Fiscal year 2025-26 and 2024-25 (in thousands of dollars)

	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 2025-26	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 2024-25
Vote 1 - Operating expenditures	264,905	62,003	184,322	255,238	61,974	179,809
Vote 5 - Grants and contributions	1,928,312	386,006	1,185,262	1,886,715	438,829	988,706
Statutory - Contributions to employee benefit plans	31,843	7,926	23,778	29,870	7,175	21,524
Statutory - Minister of Canadian Identity and Culture and Minister responsible for Official Languages - Salary and motor car allowance Minister of Canadian Heritage - Salary and motor car allowance	102	26	76	99	25	74
Statutory – Secretary of State (Sport) - motor car allowance Minister of Sport and Minister responsible for Prairies Economic Development Canada – Salary and motor car allowance Minister of Sport and Physical Activity – Salary and motor car allowance	102	-29	0	99	21	71
Statutory - Minister of Official Languages and Associate Minister of Public Safety – Motor car allowance	2	0	0	0	0	0
Statutory - Secretary of State (Nature) - Salary and motor car allowance	0	-29	0	0	0	0
Statutory - Salaries of the Lieutenant-Governors	1,196	464	1,393	1,196	438	1,330
Statutory - Payments under the <i>Lieutenant Governors Superannuation Act</i> (R.S.C., 1985, c. L-8)	637	304	810	637	81	489
Statutory - Supplementary Retirement Benefits - Former Lieutenant-Governors	182	79	208	182	24	138
Refunds of previous years revenue	0	0	0	0	11	85
Spending of Crown Asset Proceeds	62	0	0	24	0	0
Total Budgetary authorities	2,227,343	456,750	1,395,849	2,174,060	508,578	1,192,226
Total authorities	2,227,343	456,750	1,395,849	2,174,060	508,578	1,192,226

* 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 and 2024-25 (in thousands of dollars)

	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 2025-26	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 2024-25
Expenditures						
Personnel	250,940	60,770	181,056	251,331	59,188	176,956
Transportation and communications	3,533	1,047	2,240	806	1,074	2,378
Information	3,364	1,077	2,200	2,878	541	1,315
Professional and special services	36,506	7,296	22,083	28,684	8,583	20,525
Rentals	6,530	2,266	4,611	3,475	1,022	3,950
Repair and maintenance	1,584	162	378	2,219	265	728
Utilities, materials, and supplies	1,728	538	1,127	1,854	434	861
Acquisition of machinery and equipment	1,854	1,157	1,319	2,956	624	747
Transfer payments	1,929,131	386,389	1,186,280	1,887,534	438,934	989,333
Other subsidies and payments	205	-661	965	355	-226	1,109
Total gross budgetary expenditures	2,235,375	460,041	1,402,259	2,182,092	510,439	1,197,902
Less Revenues netted against expenditures:						
Revenue credited to the Vote	-8,032	-3,291	-6,410	-8,032	-1,861	-5,676
Total Revenues netted against expenditures:	-8,032	-3,291	-6,410	-8,032	-1,861	-5,676
Total net budgetary expenditures	2,227,343	456,750	1,395,849	2,174,060	508,578	1,192,226

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