



Public Services and
Procurement Canada

Services publics et
Approvisionnement Canada

Canada

Quarterly Financial Report

For the quarter ended
December 31, 2024

1. Introduction

This Quarterly Financial Report (QFR) should be read in conjunction with the [Main Estimates](#) and [Supplementary Estimates](#). It has been prepared by management as required under 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 Report. It has not been subject to an external audit or review.

1.1 Raison d'être

Public Works and Government Services Canada (PWGSC) was established effective June 20, 1996, under the *Department of Public Works and Government Services Act*. As of November 4, 2015, PWGSC started operating as Public Services and Procurement Canada (PSPC). PSPC plays an important role in the daily operations of the Government of Canada. It supports federal departments and agencies in the achievement of their mandated objectives as their central purchasing agent, real property manager, linguistic authority, treasurer, accountant, pay and pension administrator, and common service provider. PSPC's mission is to deliver high-quality, central programs and services that ensure sound stewardship on behalf of Canadians and meet the program needs of federal institutions. Its vision is to excel in government operations.

Further details on the Department's authority, mandate and core responsibilities can be found in the [Main Estimates \(Part II\)](#) and the [Departmental Plan](#) for the fiscal year ending March 31, 2025.

1.2 Basis of presentation

This quarterly 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 [Table 1 - Statement of Authorities \(unaudited\)](#) includes the Department's spending authorities granted by Parliament, and those used by the Department and are consistent with the Main Estimates and Supplementary Estimates for the current fiscal year.

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.

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, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

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.

1.3 Public Services and Procurement Canada's financial structure

PSPC provides services to many government departments, agencies and Crown corporations through a variety of funding mechanisms. This includes budgetary authorities that are comprised of voted and statutory authorities, as well as non-budgetary authorities. The voted budgetary authorities include operating expenditures, vote-netted revenues and capital expenditures, while the statutory authorities are mainly composed of revolving funds, employee benefit plans and payments in lieu of taxes (PILT). The non-budgetary authorities consist primarily of the Seized Property Working Capital Account (the description can be found in paragraph 1.3.4).

PSPC's complex financial structure may result in significant fluctuations in authorities on a quarterly basis, which are due to timing differences that are resolved by year-end. These are summarized in the next 4 paragraphs:

1.3.1 Cost-recovery basis

For the most part, PSPC delivers its services on a cost-recovery basis, generating revenues via revolving fund ("the Funds") organizations and programs within the operating vote. These organizations and programs are mainly designed to provide services to other government organizations and are expected to recover the cost of their operations through revenues. However, the costs incurred by the Funds are usually disbursed prior to invoicing the client, which generally occurs upon completion of a project or after services are rendered, and thus revenues may be collected in a subsequent quarter.

1.3.2 Project management

PSPC manages a variety of real property projects that progress through phases from planning to funding and from procurement to construction. Historical trends have shown that expenditures against these projects are not incurred evenly throughout the year; thus, quarter-to-quarter fluctuations are normal. Such projects include the Alaska Highway in British Columbia and Yukon, and the rehabilitation of the Parliamentary Precinct in Ottawa.

1.3.3 Payments in lieu of taxes

PILT issued by PSPC are funded through a statutory vote and paid on behalf of other participating federal departments. Payments are subsequently recovered from the participating departments and are recorded as statutory grants in the Public Accounts of Canada. Timing fluctuations can occur between the payments and the recoveries from the other departments.

1.3.4 Seized property account

PSPC also manages seized property for the Government of Canada pursuant to the *Seized Property Management Act*. The financial management of this activity is undertaken through the non-budgetary Seized Property Working Capital Account. Charged to this account are expenditures and advances made to maintain and manage any seized or restrained property. PSPC recovers its costs from this account once the property owner loses the right to the property and it is disposed of.

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

2.1 Significant changes to authorities

As presented in [Table 1 –Statement of authorities \(unaudited\)](#), **year-to-date PSPC authorities available for use increased by \$481 million** as compared to the same quarter of the previous year (\$5,679 million in the current fiscal year compared to \$5,198 million in the previous fiscal year). The items responsible for the overall increase are outlined in the table below, followed by a description for each variance:

Year-over-year variances in authorities available for use (in millions of dollars)

Initiatives	Operating	Capital	Budgetary Statutory Authorities	Total Variance
Planning and Investment in PSPC’s Assets Portfolio	(19.2)	434.8	(0.2)	415.4
Next Generation Human Resources and Pay Initiative	102.3	-	6.0	108.3
Preliminary activities to support capital projects	64.0	-	3.1	67.1
Card acceptance and Postage	31.9	-	-	31.9
Refocusing Government Spending	(39.9)	(104.8)	(3.5)	(148.2)
Other	24.7	-	(18.2)	6.5
Cumulative variance in authorities available for use	163.8	330.0	(12.8)	481.0

*Groupings can change between quarters due to materiality of initiatives.
 Amounts may not balance with other public documents due to rounding.*

Planning and Investment in PSPC’s Assets Portfolio – increase of \$415.4 million

The increase is mainly from Budget 2019 approved capital funding, and to align PSPC’s authorities in 2024 to 2025 with its planned expenditures per the Investment Plan (a detailed five-year plan for investments derived from the PSPC’s Asset Long-Term Strategy and Plans) to enable the implementation of critical infrastructure projects.

Next Generation Human Resources and Pay Initiative – increase of \$108.3 million

Funding is for the Human Capital Management (HCM) Feasibility Analysis Project which will inform a final implementation and investment decision regarding the Dayforce HCM solution.

Preliminary activities to support capital projects – increase of \$67.1 million

Funding is to deliver non-capitalizable and pre-planning activities under PSPC’s Investment Plan. Pre-planning activities are critical to ensure the efficient use of resources and the attainment of project timelines. Examples of pre-planning activities include feasibility studies, options analysis, investigations (for example, soil conditions), consulting support, pre-tender contracting work, statement of requirements and pre-design activities.

Card acceptance and Postage – increase of \$31.9 million

Federal departments and agencies that accept payments via debit or credit cards for delivering goods and services incur transaction fees. Postage fees are incurred for mailing cheques. Both fees are paid centrally by the Receiver General (RG). The increase in funding was mainly due to estimated revenues to be collected by departments and agencies using payment cards and a projected increase in the fees charged by the card brands.

Refocusing Government Spending – decrease of \$148.2 million

As announced in Budget 2023, the federal government proposed a reduction in organizations' spending. PSPC is planning to reduce its spending by \$148.2 million in fiscal year 2024 to 2025, by \$154.1 million in 2025 to 2026 and by \$162.2 million in 2026 to 2027 and ongoing. PSPC will achieve these reductions by reducing targeted operating expenditures.

Other – increase of \$6.5 million

The increase is the result of funding variances in various projects and activities such as:

- Funding to cover wage increases due to collective agreements (increase of \$22.7 million)
- Funding for the protection from inflation and price variations relating to space requirements such as rent, cost of utilities and accommodation costs (increase of \$20.7 million)
- Funding for the Translation Bureau to provide linguistic services to Parliament (increase of \$9.6 million)
- Funding for the Presidency of the 2025 G7 summit in Canada for which PSPC will provide accommodation, coordination, procurement, and interpretation services (increase of \$7.8 million), and
- Offset by a decrease related to the Employee Benefit Plan rate adjustments as per the Treasury Board of Canada Secretariat (TBS) instructions which is applied on the year-over-year change in funding received (decrease of \$55.3 million).

2.2 Significant changes to year-to-date net expenditures

As presented in [Table 2 – Departmental budgetary expenditures by standard object \(unaudited\)](#), **year-to-date total net budgetary expenditures have increased by \$375 million** as compared to the same quarter of the previous year (\$4,204 million in the current fiscal year compared to \$3,829 million in the previous fiscal year).

Year-over-year variances in net budgetary expenditures (presented by standard object) (in millions of dollars)

Standard Object	December 31, 2024 Year-to-date used at quarter end	December 31, 2023 Year-to-date used at quarter end	Year-over-year variance
Personnel	1,644.3	1,527.0	117.3
Transportation and communications	63.8	49.8	14.0
Information	12.5	9.9	2.6
Professional and special services	1,884.3	1,555.5	328.8
Rentals	981.9	978.2	3.7
Repair and maintenance	817.9	1,128.9	(311.0)
Utilities, materials and supplies	55.1	60.5	(5.4)
Acquisition of land, buildings and works	721.4	533.2	188.2
Acquisition of machinery and equipment	65.4	54.2	11.2
Transfer payments	141.2	162.8	(21.6)
Public debt charges	71.3	78.2	(6.9)
Other subsidies and payments	266.8	265.6	1.2
Revenues netted against expenditures	(2,521.6)	(2,574.8)	53.2
Total net budgetary expenditures	4,204.3	3,829.0	375.3

*Comparative figures have been reclassified to conform to the current year's presentation.
 Amounts may not balance with other public documents due to rounding.*

The year-over-year **net increase of \$375.3 million** is mainly attributable to:

Personnel – increase of \$117.3 million

- The increase is mainly due to:
 - Increase in salaries as a result of the ratification of various collective agreements;
 - Extra capacity of resources dedicated to reducing the backlog of pay transactions and to stabilize pay operations, as well as the Next Generation Human Resources and Pay system initiative; and
 - Workforce required to meet business needs mainly in Real Property Services Revolving Fund activities.

Professional and special services – increase of \$328.8 million

- PSPC’s mandate as real property manager includes entering into multi-year projects that require specialized skills and technical expertise. The increase in professional and special services is related to the increase in the momentum of key property and infrastructure projects, mainly due to the following:
 - Real Property Services Revolving Fund as a result of higher business volume related to other government departments, mostly in remediation projects such as Giant Mine and Randle Reef as well as modernization of laboratory facilities such as the Sidney Centre for Plant Health;
 - Continue to implement the Long Term Vision and Plan (LTVP), a multi-decade strategy to restore and modernize Canada’s Parliamentary Precinct, such as the Centre Block building rehabilitation project, the construction of the new Parliament Welcome Centre as well as the redevelopment of Block 2 (the urban block bound by Metcalfe, Wellington, O’Connor and Sparks streets in Ottawa, Ontario);
 - Continue implementing the Laboratories Canada Strategy which seeks to provide federal scientists with leading-edge, collaborative, accessible, and sustainable science and technology facilities; and
 - Major projects in the National Capital Region (NCR), such as the rehabilitation of Les Terrasses de la Chaudière and the West Memorial building as well as the replacement of Alexandra Bridge.
- The increase is also related to the Next Generation Human Resources and Pay Initiative to transition to a more modern and sustainable Human Resource (HR) and pay capability to meet current and future HR and pay requirements in a rapidly changing work and technological environment and ensure accurate and timely compensation for its employees.

Repair and Maintenance – decrease of \$311.0 million

- The decrease is mainly due to second interim payment made last year to the contractor related to Energy Services Acquisition Program (ESAP) according to payment schedule (no interim payment required in the current year), as well as expenditures for the program being reclassified from “Repair and maintenance” to “Acquisition of land, buildings and works” in the fourth quarter of the previous year.
- The decrease is partially offset by an increase in several projects across Canada performed via Real Property Services Revolving Fund such as the restoration of the Province House National Historic Site for Parks Canada in Atlantic region and several maintenance and improvement projects in different sections of the Alaska Highway in Pacific region.

Acquisition of land, buildings and works – increase of \$188.2 million

- The increase is mainly due to:
 - Expenditures for ESAP being reclassified from “Repair and maintenance” to “Acquisition of land, buildings and works” in the fourth quarter of the previous year noted above;
 - Purchase of the Central Chambers building located at 40 Elgin St. in Ottawa, Ontario, for the purpose of long-term parliamentary accommodation; and
 - Several projects performed via the Real Property Services Revolving Fund across Canada including the renewal of Place du Portage III in the NCR, the construction of a new laboratory in the Motor Vehicle Test Centre to carry out tests on commercial vehicles for Transport Canada in Blainville, Quebec, and work on the Six Mile Lake Dams Reconstruction Project in Muskoka, Ontario for Parks Canada.

Other standard objects – decrease of \$1.2 million

- The decrease is mainly due to changes in expenditures related to day-to-day operations.

Revenues netted against expenditures – decrease of \$53.2 million

- The decrease is mostly due to timing differences of transactions related to pension services, as well as timing differences in invoicing other government departments for digital services.
- The decrease is partially offset by an increase mainly due to higher revenues in Real Property Services Revolving Fund as a result of higher business volume related to other government departments, mostly in remediation projects such as Giant Mine, as well as other projects in different regions across Canada, including the modernization of laboratory facilities such as the Sidney Centre for Plant Health in Sidney, British Columbia.

3. Risks and uncertainties

PSPC integrates risk management principles into business planning, decision-making and organizational processes to minimize negative impacts and maximize opportunities across our diverse range of services and operations. Risk management at PSPC is carried out in accordance with the Treasury Board Secretariat’s Framework for the Management of Risk, Risk and Compliance Process, and PSPC’s Integrated Risk Management Framework.

The key risks identified as having a potential financial impact on PSPC’s operations are:

3.1 Funding mechanism and coordination

PSPC may be unable to achieve its departmental investment objectives and targets, due to the variety of funding mechanisms employed by the department and the need to have better tools to effectively implement the OnePSPC concept, which may impede on-going relationships with clients and the efficiency and effectiveness of the department’s programs and services. To mitigate this risk, PSPC is taking the following measures, among others:

- Improving PSPC’s Investment Management Framework and associated governance, further refining an enterprise-wide prioritization model for all of PSPC’s asset portfolios and aligning resources to priorities; and
- Implementing Project Costing Model Modernization initiative, with focus on 4 key deliverables: PSPC Integrated Project Costing Framework, Monte Carlo simulation model, costing guides and tools, and project gating amendments.

3.2 Supply and delivery risk

The effective and efficient delivery of major PSPC initiatives may be impeded due to the nature of large-scale and complex work (project scale, complexities, partner dependencies, evolving security requirements) along with current global events (inflation, supply delays and industry capacity limitations) which may affect the department's credibility with stakeholders. To mitigate this risk, PSPC is taking the following measures, among others:

- Developing a plan to accommodate forecasted growth and deliver based on allocated funds within the continual improvement framework; and
- Structuring, financing and accelerating the modernization of the office space to deliver on the GCworkplace vision.

3.3 Compromised assets

The integrity, safety and accessibility of PSPC real property and infrastructure assets could be compromised by climate change, natural disasters, infrastructure deterioration and original design insufficiencies, as well as human related actions, which may impede the continuity of government operations and the well-being of Canadians. To mitigate this risk, PSPC is taking the following measures, among others:

- Continuing to deliver various projects to preserve buildings, stop or reduce ongoing deterioration, respond to urgent building repair requirements, address health and safety issues, and reduce the cost and complexity of future work;
- Continuing to implement adaptation measures based on the Parliamentary Precinct climate change vulnerability assessment; and
- Continuing to adjust security measures in the Parliamentary Precinct to meet evolving threats such as: restricting vehicular access to certain areas, and protecting assets and occupants while encouraging public engagement and maintaining a functional space for those working there.

3.4 Effective delivery

PSPC may encounter delays to achieving full stabilization of pay administration for the Government of Canada because of the sustained increase in intake of HR transactions while facing capacity constraints. Persistent intake growth could further impede efforts to increase stakeholder trust and lessen liabilities to the Government of Canada. To mitigate this risk, PSPC is taking the following measures, among others:

- Addressing critical cases in the backlog and maintaining intake service standards while ensuring that efforts will also be placed on eliminating the remaining non critical backlog cases, as capacity allows;
- Implementing a hiring plan to maintain compensation capacity at the Pay Centre and continue expanding skillsets of existing workforce; and
- Providing reports on HR-to-Pay stabilization to assist with the identification of upstream issues that affect pay.

4. Significant changes to operations, personnel and programs

This section highlights significant changes in operations, personnel, and programs during the third quarter of the current fiscal year:

- Michael Hammond was appointed Assistant Deputy Minister and Chief Financial Officer, effective November 4, 2024.

5. Approval by senior officials

Approved by:

The original version was signed by _____
Arianne Reza
Deputy Minister

Gatineau, Canada
February 25, 2025

The original version was signed by _____
Michael Hammond, CPA
Assistant Deputy Minister and
Chief Financial Officer

Gatineau, Canada
February 19, 2025

Table 1 – STATEMENT OF AUTHORITIES (unaudited)

	Fiscal year ending March 31, 2025			Fiscal year ending March 31, 2024		
	Total available for use for the year ending March 31, 2025 1) 2)	Used during the quarter ended December 31, 2024	Year-to-date used at quarter end	Total available for use for the year ending March 31, 2024 1) 2)	Used during the quarter ended December 31, 2023	Year-to-date used at quarter end
<i>(In thousands of dollars)</i>						
Vote 1						
Gross operating expenditures	4,819,511	1,182,173	3,352,942	4,649,797	1,171,607	3,210,793
Vote-netted revenues	(1,405,199)	(231,840)	(818,236)	(1,399,243)	(418,479)	(1,061,404)
Net operating expenditures	3,414,312	950,333	2,534,706	3,250,554	753,128	2,149,389
Vote 5 - Capital expenditures	2,055,000	520,953	1,226,864	1,725,029	659,612	1,234,460
Revolving fund authorities						
Real Property Services Revolving Fund						
Gross expenditures	2,451,434	709,015	1,740,541	2,308,780	734,064	1,554,865
Revenues	(2,430,634)	(680,139)	(1,564,594)	(2,305,280)	(687,989)	(1,374,689)
Net expenditures	20,800	28,876	175,947	3,500	46,075	180,176
Translation Bureau Revolving Fund						
Gross expenditures	183,945	45,722	122,028	182,525	62,238	138,281
Revenues	(178,870)	(50,936)	(118,814)	(174,456)	(50,378)	(121,055)
Net expenditures	5,075	(5,214)	3,214	8,069	11,860	17,226
Optional Services Revolving Fund						
Gross expenditures	15,104	18,568	12,039	15,630	(4,707)	4,778
Revenues	(15,208)	(11,401)	(19,961)	(15,815)	(3,665)	(17,679)
Net expenditures	(104)	7,167	(7,922)	(185)	(8,372)	(12,901)
Total of all revolving funds						
Gross expenditures	2,650,483	773,305	1,874,608	2,506,935	791,595	1,697,924
Revenues	(2,624,712)	(742,476)	(1,703,369)	(2,495,551)	(742,032)	(1,513,423)
Total revolving fund net expenditures	25,771	30,829	171,239	11,384	49,563	184,501

Table 1 – STATEMENT OF AUTHORITIES - CONTINUED (unaudited)

	Fiscal year ending March 31, 2025			Fiscal year ending March 31, 2024		
	Total available for use for the year ending March 31, 2025 1) 2)	Used during the quarter ended December 31, 2024	Year-to-date used at quarter end	Total available for use for the year ending March 31, 2024 1) 2)	Used during the quarter ended December 31, 2023	Year-to-date used at quarter end
<i>(In thousands of dollars)</i>						
Other budgetary statutory authorities						
Contributions to employee benefit plans	182,732	43,396	130,186	210,156	32,601	97,803
Minister of Public Services and Procurement - Salary and motor car allowance	99	24	74	95	24	72
Refunds of amounts credited to revenues in previous years	-	-	-	-	-	-
Spending of proceeds from the disposal of surplus Crown assets	1,099	1	6	846	1	48
Collection agency fees	2	2	2	-	-	-
Payment in lieu of taxes to municipalities and other taxing authorities ²⁾	-	(13,568)	141,223	-	(25,359)	162,793
Total other budgetary statutory authorities	183,932	29,855	271,491	211,097	7,267	260,716
Total budgetary authorities	5,679,015	1,531,970	4,204,300	5,198,064	1,469,570	3,829,066
Non-budgetary authorities	-	-	-	-	-	-
Total authorities	5,679,015	1,531,970	4,204,300	5,198,064	1,469,570	3,829,066

Net increase of \$481 million

Notes:

1) Includes only Authorities available for use and approved by Parliament at quarter-end. Amounts may not balance with other public documents due to rounding.

2) Consistent with the presentation in the Main Estimates, "Total available for use for the year", for both fiscal years ending March 31, 2025 and March 31, 2024, under "PILT", is presented net of planned PILT made to municipalities and the equivalent planned recoveries from other government departments. A description of PILT is provided in Section 1.3 of this report.

Table 2 – DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited)

	Fiscal year ending March 31, 2025			Fiscal year ending March 31, 2024		
	Planned expenditures for the year ending March 31, 2025 1) 2)	Expended during the quarter ended December 31, 2024	Year-to-date used at quarter end	Planned expenditures for the year ending March 31, 2024 1) 2)	Expended during the quarter ended December 31, 2023	Year-to-date used at quarter end
<i>(In thousands of dollars)</i>						
Expenditures						
Personnel	2,127,827	597,826	1,644,335	2,078,914	600,157	1,527,004
Transportation and communications	72,403	26,161	63,760	66,045	19,671	49,862
Information	34,932	4,354	12,542	16,731	4,315	9,855
Professional and special services	2,501,508	783,701	1,884,292	2,574,991	675,204	1,555,535
Rentals	1,344,325	335,786	981,924	1,357,274	326,438	978,221
Repair and maintenance	1,530,312	312,654	817,893	1,193,380	621,031	1,128,887
Utilities, materials and supplies	175,835	32,417	55,057	157,840	15,976	60,511
Acquisition of land, buildings and works	1,190,793	314,967	721,362	963,212	254,792	533,184
Acquisition of machinery and equipment	171,650	26,217	65,377	153,124	29,084	54,216
Transfer payments ²⁾	-	(13,568)	141,223	-	(25,358)	162,794
Public debt charges	119,632	23,296	71,300	124,808	25,693	78,260
Other subsidies and payments	439,709	62,475	266,840	406,539	83,078	265,564
Total gross budgetary expenditures	9,708,926	2,506,286	6,725,905	9,092,858	2,630,081	6,403,893
Less revenues netted against expenditures						
Revolving funds revenues	(2,624,712)	(742,476)	(1,703,369)	(2,495,551)	(742,032)	(1,513,423)
Vote-netted revenues	(1,405,199)	(231,840)	(818,236)	(1,399,243)	(418,479)	(1,061,404)
Total revenues netted against expenditures	(4,029,911)	(974,316)	(2,521,605)	(3,894,794)	(1,160,511)	(2,574,827)
Total net budgetary expenditures	5,679,015	1,531,970	4,204,300	5,198,064	1,469,570	3,829,066

Net increase of \$375 million

Notes:

1) Includes only Authorities available for use and approved by Parliament at quarter-end. Amounts may not balance with other public documents due to rounding.

2) Consistent with the presentation in the Main Estimates, "Planned expenditures for the year" for both fiscal years ending March 31, 2025 and March 31, 2024, under "Transfer payments", are presented net of planned PILT made to municipalities and the equivalent planned recoveries from other government departments. A description of PILT is provided in Section 1.3 of this report.