Public Services and Procurement Canada
Services publics et Approvisionnement Canada

Canada

Quarterly Financial Report

For the quarter ended June 30, 2026

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.

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's mandate, which outlines what the department does and why it exists, is available on the department's website.

Further details on the department's authorities and core responsibilities can be found in the Main Estimates (Part II) and the Departmental Plan for the fiscal year ending March 31, 2027.

1.1 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.

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.

1.2 Public Services and Procurement Canada's financial structure

PSPC delivers on its mandate through a variety of funding mechanisms. These include budgetary authorities that are comprised of voted authorities (operating expenditures, vote-netted revenues and capital expenditures) and statutory authorities mainly composed of revolving funds, employee benefit plans and payments in lieu of taxes (PILT). Funding also includes non-budgetary authorities consisting primarily of the Seized Property Working Capital Account (Managing seized property).

PSPC also operates on a cost-recovery basis through revolving fund organizations and programs within the operating vote, which provide services to other government organizations, and recover their operating costs through generated revenues in accordance with the Guide to Internal Charging and Special Financial Authorities. In addition, as part of its Real property services and parliamentary infrastructure program, PSPC manages large-scale real property projects, which progress through multiple phases resulting in uneven expenditure patterns throughout the year.

As a result of PSPC's complex financial structure, significant fluctuations in authorities may occur on a quarterly basis, which are due to timing differences that are resolved by year-end.

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 decreased by $1,230.7 million** as compared to the same quarter of the previous year ($6,032.6 million in the current fiscal year compared to $7,263.3 million in the previous fiscal year). The items responsible for the overall decrease 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	(47.3)	(1,165.2)	(0.2)	(1,212.7)
Comprehensive Expenditure Review	(73.7)	-	(23.8)	(97.5)
Advertising Programs	75.0	-	-	75.0
Other	(41.8)	-	46.3	4.5
Cumulative variance in authorities available for use	**(87.8)**	**(1,165.2)**	**22.3**	**(1,230.7)**

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 – decrease of $1,212.7 million

The decrease reflects the department's current funding approval to deliver on its long-term capital funding plan. The department will seek updated approval as required in order to maintain the quality of its infrastructure for the benefit of all Canadians.

Comprehensive Expenditure Review – decrease of $97.5 million

Budget 2025 announced the Comprehensive Expenditure Review (CER) aimed at reducing inefficiency and focusing on core priorities, thereby returning government spending to sustainable levels. To meet up to 15% in savings targets over 3 years, PSPC will undertake strategic realignments to reduce program operation costs and efficiently deliver services as a common service provider for the government.

Advertising Programs – increase of $75.0 million

The increase is for the Emerging Needs Fund to manage advertising on behalf of other federal government departments to address urgent and/or unforeseen issues.

Other – increase of $4.5 million

The increase is the result of funding variances in various projects and activities, some of which reflect timing variances or changes in incremental funding.

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 $75.9 million** as compared to the same quarter of the previous year ($1,696.5 million in the current fiscal year compared to $1,620.6 million in the previous fiscal year).

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

(in millions of dollars)

Standard Object	June 30, 2026 Year-to-date used at quarter-end	June 30, 2025 Year-to-date used at quarter-end	Year-over-year variance
Personnel	516.6	548.4	(31.8)
Transportation and communications	21.8	17.9	3.9
Information	4.4	1.9	2.5
Professional and special services	382.9	399.9	(17.0)
Rentals	333.4	366.6	(33.2)
Repair and maintenance	215.4	189.0	26.4
Utilities, materials and supplies	16.0	17.3	(1.3)
Acquisition of land, buildings and works	130.6	118.0	12.6
Acquisition of machinery and equipment	14.4	9.0	5.4
Transfer payments	426.5	436.7	(10.2)
Public debt charges	21.6	21.3	0.3
Other subsidies and payments	56.7	59.1	(2.4)
Revenues netted against expenditures	(443.8)	(564.5)	120.7
Total net budgetary expenditures	**1,696.5**	**1,620.6**	**75.9**

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 variance is mainly attributable to:

Personnel – decrease of $31.8 million

- The decrease is mainly attributable to reduced salary costs resulting from employee departures, vacant positions and lower spending under the CER, as well as timing difference of transactions related to retroactive pay.
- The decrease is partially offset by increased expenditures to support the continued implementation of the Next Generation Human Resources and Pay system initiative.

Professional and special services – decrease of $17.0 million

- PSPC's mandate as real property manager includes entering into multi-year projects that require specialized skills and technical expertise which are not always available within the department. Professional and special services fluctuate with the progress of major property and infrastructure projects. As such, the decrease is mainly attributable to:

    - Reduced expenditures under the Real Property Services Revolving Fund (RPSRF) related to Giant Mine Remediation Project in Western region, and services provided in the previous year in support of the 2025 G7 Summit hosted by Canada; and
    - The West Memorial Building rehabilitation project in the National Capital Region (NCR) which is nearing completion.
- The decrease is partially offset by increased expenditures related to the continued implementation of the Long Term Vision and Plan (LTVP), a multi-decade strategy to restore and modernize Canada's Parliamentary Precinct, such as the Centre Block Rehabilitation Program which includes the construction of the new Parliament Welcome Centre.
- Although PSPC has noted an increase in some construction services, it continues to monitor professional and special services spending and is reducing expenditures on management consulting.

Rentals – decrease of $33.2 million

- The decrease is mainly due to accommodation services required in the previous year in support of the 2025 G7 Summit.

Repair and maintenance – increase of $26.4 million

- The increase is mainly due to:
    - Repairs, operations and utility requirements for PSPC's property portfolio within the NCR, as well as road maintenance projects in different sections of the Alaska Highway in Pacific region; and
    - Work performed via the RPSRF for other government departments such as channel dredging in small craft harbours in Atlantic region.

Revenues netted against expenditures – decrease of $120.7 million

- The decrease is primarily driven by:
    - Revenues from accommodation services provided to other government departments which were received later this fiscal year compared to the previous one;
    - Revenues from digital services and some linguistic services which were lower due to timing difference in invoicing; and
    - Reduced revenues reported by the RPSRF resulting from cost recoveries for services provided to other government departments in support of the 2025 G7 Summit, which was completed in the previous fiscal year.

3. Risks and uncertainties

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

PSPC's departmental risk profile identified the following key risks, as having a potential financial impact on its operations:

3.1 Funding mechanism

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 Global supply

PSPC's service delivery may encounter challenges due to the impact of disruptions to trading relationships, the increasing price of commodities, increasing uncertainties in supply chains, and the security of those supply chains caused by geopolitical tensions, which could impact stakeholder trust and our clients' ability to achieve their policy and program objectives, and the public's trust in the Government of Canada. To mitigate this risk, PSPC is taking the following measures, among others:

- Continuing to use the Defence Procurement Strategy and National Shipbuilding Strategy governance to tackle challenges, including early engagement with industry and shipyards;
- Continuing consistent and strong communication with allied partners, and strategic oversight between programs, to ensure effective supply chain management; and
- Continuing to implement the Sustainment Initiative principles for defence procurement by providing procurement professionals with support in the development of sustainment solutions, including engagement, training, best practices and tools, and where possible explore options to have sustainment provided in Canada by Canadian industry.

3.3 Effective delivery

PSPC may encounter delays to achieving full stabilization of pay administration for the Government of Canada (including pay processing and transfer of information to the pension administrator) as a result of the sustained increase in Human Resources (HR) and pay events for public servants while facing capacity constraints which 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:

- Advancing progress on queue management, including maintaining intake service standards while completing all critical backlog cases (that is, backlog cases with the biggest impact on employees either financially or due to age);
- Continuing to implement a multi-year roadmap for MyGCPay future enhancements, robotics process automation projects and further data enhancements and exploring innovative solutions such as leveraging artificial intelligence to help manage workload;
- Seeking resolution of longstanding critical pay (Phoenix) data issues impacting pension; and
- Continuing to seek realignment of pay and pension employment and contribution data by leveraging the Innovation Garage interface solution.

3.4 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 deficiencies, as well as human related actions which may impede the continuity of government operations and the wellbeing of Canadians. To mitigate this risk, PSPC is taking the following measures, among others:

- Continuing to implement adaptation measures that are recommended in the Parliamentary Precinct Climate Change Adaptation Plan, such as designing cooling and ventilation systems for hotter summers and enhancing drainage systems to manage more frequent intense rainfall events; and
- Continuing to deliver various projects to preserve buildings, prevent or reduce ongoing deterioration, address urgent repair needs, resolve health and safety issues and minimize the cost and complexity of future work.

3.5 Supply and delivery

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:

- Continuing early industry engagement throughout the procurement process to ensure industry has advanced awareness of projects to effectively plan and build sufficient capacity to bid on contracts;
- Continuing to implement the Science Portfolio Planning and Operating Framework through enterprise and costing analysis, while exploring strategies and solutions to fund lifecycle costs to advance proposed funding and operating models; and
- Structuring, financing and accelerating fit-up to deliver and optimize real property’s portfolio.

4. Significant changes to operations, personnel and programs

The following changes have occurred since the last published quarterly financial report:

- Francis Trudel was appointed Associate Deputy Minister, effective March 23, 2026, replacing Michael Mills, who assumed responsibility for supporting the establishment and management of the Defence Investment Agency.
- Alex Benay left his role as Associate Deputy Minister, Human Capital Management Solutions Branch, effective April 6, 2026, to pursue an opportunity outside of the federal government.
- Pursuant to Order in Council 2026-0402 dated April 29, 2026, the responsibility for the management of the HR systems and the associated work units was transferred from five departments to PSPC, effective between April to June 2026.

5. Approval by senior officials

Approved by:

The original version was signed by
Arianne Reza
Deputy Minister

Gatineau, Canada
August 27, 2026

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

Gatineau, Canada
August 20, 2026

Table 1 – STATEMENT OF AUTHORITIES (unaudited)

	Fiscal year ending March 31, 2027			Fiscal year ending March 31, 2026		
(In thousands of dollars)	Total available for use for the year ending March 31, 2027 1) 2)	Used during the quarter ended June 30, 2026	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2026 1) 2)	Used during the quarter ended June 30, 2025	Year-to-date used at quarter-end
Vote 1						
Gross operating expenditures	5,135,140	988,714	988,714	5,181,956	1,001,985	1,001,985
Vote-netted revenues	(1,488,086)	(213,000)	(213,000)	(1,447,120)	(295,546)	(295,546)
Net operating expenditures	**3,647,054**	**775,714**	**775,714**	**3,734,836**	**706,439**	**706,439**
Vote 5 - Capital expenditures	**2,148,696**	**298,926**	**298,926**	**3,313,865**	**282,443**	**282,443**
Revolving fund authorities						
Real Property Services Revolving Fund						
Gross expenditures	2,692,293	338,340	338,340	2,687,023	371,779	371,779
Revenues	(2,679,304)	(209,514)	(209,514)	(2,686,323)	(236,875)	(236,875)
Net expenditures	12,989	128,826	128,826	700	134,904	134,904
Translation Bureau Revolving Fund						
Gross expenditures	150,816	30,865	30,865	172,705	30,702	30,702
Revenues	(141,547)	(17,675)	(17,675)	(166,894)	(26,625)	(26,625)
Net expenditures	9,269	13,190	13,190	5,811	4,077	4,077
Optional Services Revolving Fund						
Gross expenditures	60,376	5,156	5,156	32,062	9,194	9,194
Revenues	(59,900)	(3,586)	(3,586)	(33,226)	(5,408)	(5,408)
Net expenditures	476	1,570	1,570	(1,164)	3,786	3,786
Total of all revolving funds						
Gross expenditures	2,903,485	374,361	374,361	2,891,790	411,675	411,675
Revenues	(2,880,751)	(230,775)	(230,775)	(2,886,443)	(268,908)	(268,908)
Total revolving fund net expenditures	**22,734**	**143,586**	**143,586**	**5,347**	**142,767**	**142,767**

Table 1 – STATEMENT OF AUTHORITIES - CONTINUED (unaudited)

(In thousands of dollars)	Fiscal year ending March 31, 2027			Fiscal year ending March 31, 2026		
	Total available for use for the year ending March 31, 2027 1) 2)	Used during the quarter ended June 30, 2026	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2026 1) 2)	Used during the quarter ended June 30, 2025	Year-to-date used at quarter-end
Other budgetary statutory authorities						
Contributions to employee benefit plans	213,328	51,710	51,710	208,751	52,188	52,188
Minister of Public Services and Procurement - Salary and motor vehicle allowance	106	26	26	102	25	25
Secretary of State of Public Services and Procurement - Motor vehicle allowance	2	1	1	-	-	-
Refunds of amounts credited to revenues in previous years	-	-	-	-	-	-
Spending of proceeds from the disposal of surplus Crown assets	680	-	-	367	-	-
Collection agency fees	-	-	-	-	-	-
Payment in lieu of taxes to municipalities and other taxing authorities [2)]	-	426,550	426,550	-	436,732	436,732
Total other budgetary statutory authorities	**214,116**	**478,287**	**478,287**	**209,220**	**488,945**	**488,945**
Total budgetary authorities	**6,032,600**	**1,696,513**	**1,696,513**	**7,263,268**	**1,620,594**	**1,620,594**
Non-budgetary authorities	-	-	-	-	-	-
Total authorities	**6,032,600**	**1,696,513**	**1,696,513**	**7,263,268**	**1,620,594**	**1,620,594**

Net decrease of $1,230.7 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, 2027 and March 31, 2026, under "PILT", is presented net of planned PILT made to municipalities and the equivalent planned recoveries from other government departments.

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

	Fiscal year ending March 31, 2027			Fiscal year ending March 31, 2026		
(In thousands of dollars)	Planned expenditures for the year ending March 31, 2027 1) 2)	Expended during the quarter ended June 30, 2026	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2026 1) 2)	Expended during the quarter ended June 30, 2025	Year-to-date used at quarter-end
Expenditures						
Personnel	2,110,885	516,557	516,557	2,187,301	548,377	548,377
Transportation and communications	102,153	21,813	21,813	114,085	17,880	17,880
Information	100,993	4,428	4,428	27,463	1,908	1,908
Professional and special services	3,087,778	382,939	382,939	3,630,910	399,898	399,898
Rentals	1,408,398	333,367	333,367	1,417,271	366,645	366,645
Repair and maintenance	1,489,508	215,381	215,381	1,719,769	189,014	189,014
Utilities, materials and supplies	174,357	16,037	16,037	163,377	17,309	17,309
Acquisition of land, buildings and works	1,191,961	130,576	130,576	1,573,468	117,953	117,953
Acquisition of machinery and equipment	140,948	14,380	14,380	160,307	9,014	9,014
Transfer payments 2)	-	426,550	426,550	-	436,724	436,724
Public debt charges	109,890	21,604	21,604	119,275	21,266	21,266
Other subsidies and payments	484,566	56,656	56,656	483,605	59,060	59,060
Total gross budgetary expenditures	**10,401,437**	**2,140,288**	**2,140,288**	**11,596,831**	**2,185,048**	**2,185,048**
Less revenues netted against expenditures						
Revolving funds revenues	(2,880,751)	(230,775)	(230,775)	(2,886,443)	(268,908)	(268,908)
Vote-netted revenues	(1,488,086)	(213,000)	(213,000)	(1,447,120)	(295,546)	(295,546)
Total revenues netted against expenditures	**(4,368,837)**	**(443,775)**	**(443,775)**	**(4,333,563)**	**(564,454)**	**(564,454)**
Total net budgetary expenditures	**6,032,600**	**1,696,513**	**1,696,513**	**7,263,268**	**1,620,594**	**1,620,594**

Net increase of $75.9 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, 2027 and March 31, 2026, under "Transfer payments", are presented net of planned PILT made to municipalities and the equivalent planned recoveries from other government departments.