



QUARTERLY FINANCIAL REPORT OF TRANSPORT CANADA (UNAUDITED)

For the quarter ended June 30, 2025



Transports
Canada

Transport
Canada

Canada 

TRANSPORT CANADA

Quarterly Financial Report

For the quarter ended June 30, 2025

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Catalogue No. T12-12E-PDF

ISSN 2819-2001

TP 15635E

Ce document est aussi disponible en français sous le titre: Rapport financier trimestriel de Transports Canada (non audité) pour le trimestre terminé le 30 juin 2025

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

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 Report](#).

The Quarterly Financial Report should be read in conjunction with the Main Estimates.

This Quarterly Financial Report has not been subject to an external audit or review.

1.1 Authority, Mandate and Program Activities

A summary description of Transport Canada's program activities is presented in [2025-26 Estimates - Canada.ca](#).

1.2 Basis of Presentation

This Quarterly Financial Report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes Transport Canada's spending authorities granted by Parliament, and those used by Transport Canada consistent with the Main Estimates. This QFR 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 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.

Transport Canada 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.

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

2.1 Statement of Authorities

Transport Canada's total authorities available for use decreased by approximately \$1,081 million, from \$4,258 million as of June 30, 2024, to \$3,177 million as of June 30, 2025, as summarized below:

Table 1: Significant Changes in Authorities (in thousands of dollars):

Authorities ⁽¹⁾	2025-2026 ⁽²⁾	2024-2025 ⁽²⁾	Variance
Vote 1 – Net operating expenditures	956,317	1,013,502	(57,185)
Vote 5 – Capital expenditures	210,635	248,382	(37,747)
Vote 10 – Grants and contributions	1,695,272	2,718,973	(1,023,701)
Budgetary statutory authorities⁽¹⁾	314,712	276,856	37,856
Total Authorities	3,176,936	4,257,713	(1,080,777)

Notes:

- (1) See Statement of Authorities for more details.
(2) Totals may not add or may not agree with details provided elsewhere due to rounding.

The accompanying Statement of Authorities illustrates the total authorities available for use, the authorities used for the quarter, the year-to-date authorities used for the current fiscal year, as well as the comparative figures for the previous year. The major year-to-year changes for the quarter ended June 30, 2025 are explained below.

2.1.1 Vote 1 – Net Operating Expenditures (Decrease of \$57 million)

Planned Operating authorities decreased by \$57 million from 2024-2025 to 2025-2026, mostly explained by the following factors:

- A decrease in authorities of:
 - \$100 million in funding related to the High-Speed Rail Initiative;
 - \$13 million in funding related to the National Trade Corridor Fund; and
 - \$7 million in funding related to Budget 2023 Refocusing Government Spending.
- Offset by an increase of:
 - \$22 million in funding related to the Federal Contaminated Sites Action Plan;
 - \$10 million in funding related to updated pay rates of various collective agreements;
 - \$8 million in funding for the renewal of the Transportation Security Clearance Program;
 - \$7 million in funding for the freezing of tolls on the Confederation Bridge;
 - \$5 million in funding for the establishment of a National Supply Chain Office;
 - \$4 million funding related to the Port Asset Transfer Program; and
 - \$4 million in funding related to the Lac Mégantic Rail Bypass Project.

2.1.2 Vote 5 – Capital Expenditures (Decrease of \$38 million)

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Planned Capital authorities decreased by \$38 million from 2024-2025 to 2025-2026, largely explained by the following factors:

- A decrease in authorities of:
 - \$49 million for the construction of a National Aerial Surveillance Program Hangar in Iqaluit;
 - \$10 million for implementation of the Medium and Heavy-Duty Vehicles Program;
 - \$3 million for Aviation Security; and
 - \$2 million for Explosives Detection Dog and Handler Team.
- Offset by an increase of:
 - \$18 million for Transport Canada's regional and remote airports and ports; and
 - \$9 million for the Eastern Canada Ferry Services Program.

2.1.3 Vote 10 – Grants and Contributions (Decrease of \$1,024 million)

Grant and contribution authorities decreased by \$1,024 million from 2024-2025 to 2025-2026, largely explained by the following factors:

- A decrease in authorities of:
 - \$926 million for the Incentives for Zero-Emissions Vehicles Program;
 - \$87 million for the Airport Critical Infrastructure Program;
 - \$49 million for the National Trade Corridors Fund;
 - \$22 million for the Rail Safety Improvement Program; and
 - \$11 million for the Ferry Services Contribution Program.
- Offset by an increase of:
 - \$29 million for the Port Asset Transfer Program;
 - \$24 million for the Remote Passenger Rail Program; and
 - \$20 million for the Green Shipping Corridor Program.

2.1.4 Budgetary Statutory Authorities (Increase of \$38 million)

The planned expenditures for the budgetary statutory authorities increased by \$38 million mainly as a result of an increase of \$24 million in funding for the St. Lawrence Seaway Management Corporation (SLSMC) Agreement, an increase of \$2 million for the Northumberland Strait Crossing Subsidy Program, an increase of \$1 million for payments to Canadian National Railway Company to maintain the roadway of the Victoria Bridge, as well as an increase of \$10 million for the Employee Benefit Plans.

The SLSMC is responsible for managing and operating the Seaway, as well as the maintenance, repairs, acquisition and replacement of government-owned Navigation Seaway Assets. Transport Canada is responsible for funding any SLSMC financial requirements net of revenues.

2.2 Statement of Departmental Budgetary Expenditures by Standard Object

The accompanying Statement of Departmental Budgetary Expenditures by Standard Object illustrates annual planned expenditures, quarter and year-to-date expenditures for the current fiscal year, and comparative figures for the previous fiscal year. Overall, the year-to-date expenditures of \$433 million at the end of the first quarter of 2025-2026 represent 14% of the annual planned expenditures, which is comparable to the first quarter of 2024-2025, when \$636 million was 15% of planned expenditures.

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Historically, most spending on major infrastructure grant and contribution programs occurs in the fourth quarter. This is due to the fact that the majority of recipients submit their claims for reimbursement in the last quarter following the summer and fall construction periods. For some categories of operating expenditures, the year-to-date actuals represent a small fraction of the planned expenditures, which is consistent with prior years and other federal government departments. This is mainly a result of a timing difference between the date the goods or services were obtained and the invoices received. In addition, there is also a ramp up of operational activities in the last quarter following mid-year internal budget reallocations, and receipt of increased funding for new initiatives, for which most expenditures will be incurred in the fourth quarter.

The major year-to-year variances as of June 30, 2025 are as follows:

Planned Expenditures

- **Transportation and communications**
The planned expenditures related to *Transportation and communications* for the year 2025-26 compared to 2024-2025 increased by approximately \$12 million due to inflation affecting travel, relocation, postage, and telecommunications.
- **Professional and Special Services**
The planned expenditures related to *Professional and Special Services* for the year 2025-2026 compared to 2024-2025 increased by approximately \$9 million mostly due to an increase in Statutory funding for the St. Lawrence Seaway Agreement to support the corporation managing and operating the Seaway and for the Federal Contaminated Sites Action Plan to support environmental site assessments, evaluations, and remediation.
- **Acquisition of land, buildings and works**
The planned expenditures related to *Acquisition of land, buildings and works* for the year 2025-2026 compared to 2024-2025 increased by approximately \$47 million mainly due to an increase in funding for the Transport Canada owned airports and ports and Statutory expenditures for the St. Lawrence Seaway Management Corporation to acquire and improve the Canadian Seaway assets.
- **Acquisition of machinery and equipment**
The planned expenditures related to *Acquisition of machinery and equipment* for the year 2025-2026 compared to 2024-2025 decreased by approximately \$39 million mainly due to a decrease in funding for the Medium and Heavy-Duty Zero-Emission Vehicle Initiative, the acquisition costs relating to MV Fanafjord, and the Explosive Detection Dog Handler Team initiative.
- **Transfer payments**
The planned expenditures related to *Transfer payments* for the year 2025-2026 compared to 2024-2025 decreased by approximately \$1,020 million. The causes of the variance are largely explained in section 2.1.3, as well as the \$3 million increase in statutory contribution funding for the Northumberland Strait Crossing Subsidy Program and for payments to Canadian National Railway Company to maintain the roadway of the Victoria Bridge.
- **Other subsidies and payments**
The planned expenditures related to *Other subsidies and payments* for the year 2025-2026 compared to 2024-2025 decreased by approximately \$96 million mainly as a result of a decrease in funding for the High Speed Rail Initiative which is not needed in 2025-2026 based on project requirements.

Year-to-Date Expenditures

- **Professional and special services**

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The year-to-date expenditures related to *Professional and special services* at June 30, 2025 decreased by approximately \$9 million when compared to 2024-2025. This variance is mainly explained by a decrease of \$9 million under Legal Services.

○ **Transfer payments**

The year-to-date expenditures related to *Transfer payments* at June 30, 2025 decreased by approximately \$185 million when compared to 2024-2025. Major spending decreases in this area include:

- \$210 million in payments under the Incentives for Zero-Emission Vehicles Program; and
- \$3 million for the Lac-Mégantic Rail Bypass Project.

Offset by an increase of:

- \$13 million for the National Trade Corridors Fund;
- \$10 million for the Grant to the Province of British Columbia in respect of the provision of ferry and coastal freight and passenger services; and
- \$5 million for the Remote Passenger Rail Program.

3. Risks and Uncertainties

Transport Canada operates in a dynamic environment influenced by evolving policy frameworks, stakeholder expectations, and external conditions. In response, Transport Canada maintains a Departmental Risk Profile which identifies and assesses high-level risks that could affect the achievement of departmental objectives and priorities. Identifying and responding to risks is critical to support effective priority setting, planning, resource allocation, policy development, and performance reporting.

Transport Canada is undertaking significant initiatives to support economic resilience and prosperity through streamlined trade across Canada, clean growth, and national safety and security. Over the coming year, Transport Canada will continue to focus on enhancing safety and security across all modes of transportation, improving the efficiency and reliability of Canada's transportation supply chains, improving passenger experiences through more accessible transportation systems, advancing initiatives to reduce harmful emissions, and supporting the transition to a net-zero transportation system. These efforts carry risks related to legislative changes, cost recovery implementation, and achieving planned efficiency savings. Transport Canada will continue to manage these risks through strong governance, oversight, and risk management frameworks, with a focus on meeting the government's priority to spend less on government operations through the Comprehensive Expenditure Review exercise.

To support that priority and ensure effective population management aligned with multi-year salary affordability, Transport Canada has a Workforce Management Committee to ensure horizontal oversight and consistent decision-making regarding staffing actions and workforce management approaches across the department.

Transport Canada continues to support the transportation sector and mitigate environmental and economic disruptions by maintaining emergency management practices, engaging with partners on priorities, and advance key infrastructure projects. This includes the creation of the Major Projects Group in April 2025 to oversee, facilitate, and address risks related to large infrastructure initiatives within the department's mandate, including the High-Speed Rail Initiative (HSR) and the Lac-Mégantic Rail Bypass Project.

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

The following changes in senior personnel occurred during the first quarter:

- On June 4, 2025 it was announced that in March Nadia Lécuyer had become Transport Canada's first organizational Ombuds, working directly for the Deputy Minister to build a team as well as solidifying the Office of the Ombud's mandate and services.
- The Prime Minister announced on May 13, 2025 that the Honourable Chrystia Freeland has been reappointed as Canada's Minister of Transport and Internal Trade.
- On April 14, 2025 following Fred Gaspar's new appointment of Vice-President, Chief Stakeholder Relations and Communications Officer at NAV CANADA, the Deputy Minister and Associate Deputy Minister announced that Vincent Robitaille, Assistant Deputy Minister for High-Speed Rail, will take on accountability for the delivery of the Lac-Mégantic project, effective April 28, 2025.

Approved by:

Arun Thangaraj
Deputy Minister
Ottawa, Canada

Jaime Caceres
Chief Financial Officer and Assistant Deputy Minister,
Finance and Management Services
Ottawa, Canada

Date: August 21, 2025

Date: August 15, 2025

Statement of Authorities (unaudited)

<i>(in thousands of dollars)</i>	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Total available for use for the year ending March 31, 2026 ⁽¹⁾	Used during the quarter ended June 30, 2025	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2025 ⁽¹⁾	Used during the quarter ended June 30, 2024	Year-to-date used at quarter-end
Vote 1 – Operating expenditures	1,068,710	215,521	215,521	1,120,875	240,813	240,813
Vote 1 – Revenue credited to the vote	(112,393)	(16,420)	(16,420)	(107,373)	(12,701)	(12,701)
Vote 1 – Net operating expenditures	956,317	199,101	199,101	1,013,502	228,112	228,112
Vote 5 – Capital expenditures	210,635	10,223	10,223	248,382	11,778	11,778
Vote 10 – Grants and contributions	1,695,272	71,145	71,145	2,718,973	255,771	255,771
Budgetary statutory authorities						
Contributions to employee benefit plans	113,769	28,442	28,442	103,553	25,858	25,858
Minister of Transport – Salary and motor car allowance	102	25	25	99	25	25
Payment to Canadian National Railway Company for Victoria Bridge, Montreal	4,500	-	-	3,300	1,507	1,507
Northumberland Strait Crossing Subsidy Payment	81,053	80,890	80,890	79,031	79,385	79,385
Payments in respect of St. Lawrence Seaway Agreements	115,288	43,600	43,600	90,873	33,600	33,600
Total Budgetary statutory authorities	314,712	152,957	152,957	276,856	140,375	140,375
Total budgetary authorities	3,176,936	433,426	433,426	4,257,713	636,036	636,036

Note:

(1) Includes only Authorities available for use and granted by Parliament at quarter-end.

Departmental Budgetary Expenditures by Standard Object (unaudited)

<i>(in thousands of dollars)</i>	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Planned expenditures for the year ending March 31, 2026	Expended during the quarter ended June 30, 2025	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended June 30, 2024	Year-to-date used at quarter-end
Expenditures:						
Personnel	857,459	213,008	213,008	853,608	214,764	214,764
Transportation and communications	28,272	5,285	5,285	16,736	6,268	6,268
Information	10,568	1,318	1,318	8,707	931	931
Professional and special services	225,009	18,971	18,971	216,419	28,282	28,282
Rentals	23,861	7,324	7,324	19,858	8,242	8,242
Repair and maintenance	21,866	2,530	2,530	19,411	2,756	2,756
Utilities, materials and supplies	17,421	2,366	2,366	16,786	3,290	3,290
Acquisition of land, buildings and works	204,385	33,565	33,565	157,553	21,701	21,701
Acquisition of machinery and equipment	83,810	6,100	6,100	123,075	9,479	9,479
Transfer payments	1,780,825	152,035	152,035	2,801,304	336,664	336,664
Other subsidies and payments	35,853	7,344	7,344	131,629	16,360	16,360
Total gross budgetary expenditures	3,289,329	449,846	449,846	4,365,086	648,737	648,737
Vote-netted revenues	(112,393)	(16,420)	(16,420)	(107,373)	(12,701)	(12,701)
Total Revenues netted against expenditures:	(112,393)	(16,420)	(16,420)	(107,373)	(12,701)	(12,701)
Total net budgetary expenditures	3,176,936	433,426	433,426	4,257,713	636,036	636,036