



QUARTERLY FINANCIAL REPORT OF TRANSPORT CANADA (UNAUDITED)

For the quarter ended September 30, 2025



Transports
Canada

Transport
Canada

Canada 

TRANSPORT CANADA

Quarterly Financial Report

For the quarter ended September 30, 2025

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(non audité) pour le trimestre terminé le 30 septembre 2025

Table of contents

STATEMENT OUTLINING RESULTS, RISKS AND SIGNIFICANT CHANGES IN OPERATIONS, PERSONNEL AND PROGRAMS	-4-
1. INTRODUCTION	-4-
1.1 AUTHORITY, MANDATE AND PROGRAM ACTIVITIES	-4-
1.2 BASIS OF PRESENTATION	-4-
2. HIGHLIGHTS OF FISCAL QUARTER AND FISCAL YEAR-TO-DATE (YTD) RESULTS	-5-
2.1 STATEMENT OF AUTHORITIES	-5-
2.2 STATEMENT OF DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT	-7-
3. RISK AND UNCERTAINTIES	-8-
4. SIGNIFICANT CHANGES IN RELATION TO OPERATIONS, PERSONNEL AND PROGRAMS	-9-
STATEMENT OF AUTHORITIES (UNAUDITED)	-10-
DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (UNAUDITED)	-11-

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

1. Introduction

This Quarterly Financial Report (QFR) 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 report should be read in conjunction with the Main Estimates and Supplementary Estimates (A).

This quarterly 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 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 and the 2025-2026 Supplementary Estimates (A). 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 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.

TRANSPORT CANADA

Quarterly Financial Report

For the quarter ended September 30, 2025

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 \$1,070 million, from \$4,346 million as of September 30, 2024 to \$3,276 million as of September 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	995,532	1,047,352	(51,820)
Vote 5 – Capital expenditures	270,506	303,052	(32,546)
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	3,276,022	4,346,233	(1,070,211)

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 September 30, 2025 are explained below.

2.1.1 Vote 1 – Net Operating Expenditures (Decrease of \$52 million)

Planned Operating authorities decreased by \$52 million from 2024-2025 to 2025-2026, mostly explained by the following factors:

- A decrease in authorities of:
 - \$100 million for the High-Speed Rail initiative;
 - \$13 million for the National Trade Corridor Program; and
 - \$7 million for Budget 2023 Refocusing Government Spending commitments.
- Offset by an increase of:
 - \$22 million for the Federal Contaminated Sites Action Plan;
 - \$10 million for the updated pay rates of various collective agreements;
 - \$8 million for the renewal of the Transportation Security Clearance Program;
 - \$7 million for the freezing of tolls on the Confederation Bridge;
 - \$5 million for the establishment of a National Supply Chain Office;
 - \$4 million for the Lac Mégantic Rail Bypass Project;
 - \$4 million for the Port Asset Transfer Program;
 - \$2 million for the Ocean Protection Plan;
 - \$1 million for the Air Sector Performance Data initiative;
 - \$1 million for the Pre-load Air Cargo Targeting Program; and
 - \$1 million for the G7 Summit initiative.

TRANSPORT CANADA

Quarterly Financial Report

For the quarter ended September 30, 2025

2.1.2 Vote 5 – Capital Expenditures (Decrease of \$33 million)

Planned Capital authorities decreased by \$33 million from 2024-2025 to 2025-2026, largely explained by the following factors:

- A decrease in authorities of:
 - \$46 million for the construction of a National Aerial Surveillance Program Hangar in Iqaluit; and
 - \$21 million for implementation of the Medium and Heavy-Duty Vehicles Program.
- Offset by an increase of:
 - \$14 million for TC's regional and remote airports and ports;
 - \$13 million for Eastern Canada Ferry Services Program; and
 - \$8 million for the Motor Vehicle Test Centre.

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;
 - \$86 million for the Airport Critical Infrastructure Program;
 - \$49 million for the National Trade Corridor 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;
 - \$22 million for the Remote Passenger Rail Program; and
 - \$21 million for the Green Shipping Corridor Program.

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

The planned expenditures for 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 the 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.

TRANSPORT CANADA

Quarterly Financial Report

For the quarter ended September 30, 2025

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 \$946 million at the end of the second quarter of 2025-2026 represent 28.9% of the annual planned expenditures, which is comparable to the second quarter of 2024-2025, when \$1,289 million was 29.7% of planned expenditures.

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 September 30, 2025 are as follows:

Planned Expenditures

- **Personnel**

The planned expenditures related to *Personnel* for the year 2025-2026 compared to 2024-2025 increased by approximately \$15 million predominately because of an increased Employee Benefit Plan rate for 2025-2026.

- **Transportation and communications**

The planned expenditures related to *Transportation and communications* for the year 2025-2026 compared to 2024-2025 increased by approximately \$11 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 \$17 million mostly due to an increase in Statutory funding for the St. Lawrence Seaway Agreement to support the corporation managing and operating the Seaway, the Federal Contaminated Sites Action Plan to support environmental site assessments, evaluations, and remediation, and engineering services to support various initiatives and projects.

- **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 \$40 million mainly due to an increase in funding for 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 \$42 million mainly due to a decrease in funding for the Medium and Heavy-Duty Zero-Emission Vehicle Initiative, the acquisition costs for the MV Fanafjord, and the Explosive Detection Dog Handler Team initiative.

TRANSPORT CANADA

Quarterly Financial Report

For the quarter ended September 30, 2025

- **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 a \$3 million increase in statutory contribution funding for the Northumberland Strait Crossing Subsidy Program and for payments to the CN 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 \$95 million mainly as a result of a decrease in funding for the High Frequency Rail project which is not needed in 2025-26 based on project requirements.

Year-to-Date Expenditures

- **Repair and maintenance**

The year-to-date expenditures related to *Repair and maintenance* at September 30, 2025 increased by approximately \$12 million when compared to 2024-2025. The increase can be mainly explained by the new federal payments to cover a large portion of the operations and maintenance costs of the Confederation Bridge, following the reduction of tolls to improve affordability and interprovincial connectivity.

- **Transfer payments**

The year-to-date expenditures related to *Transfer payments* at September 30, 2025 decreased by approximately \$312 million when compared to 2024-2025. The decrease was mainly due to \$400 million in payments under the Incentives for Zero-Emission Vehicles Program;

Offset by an increase of:

- \$70 million in payments under the National Trade Corridors Fund; and
- \$20 million in payments under the Rail Passenger Stewardship and Support program, of which approximately half was for operations, maintenance, and minor capital improvements to the Hudson Bay Railway.

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.

TRANSPORT CANADA

Quarterly Financial Report

For the quarter ended September 30, 2025

To support that priority and ensure effective population management aligned with multi-year salary affordability, Transport Canada has instituted staffing controls and has a Workforce Management Committee in place 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.

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

The following change in senior personnel occurred during the second quarter:

- The Prime Minister announced on September 16, 2025 that the Honourable Steven MacKinnon, currently Leader of the Government in the House of Commons, will also serve as Minister of Transport.

Approved by:

Arun Thangaraj
Deputy Minister
Ottawa, Canada

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

Date: November 27, 2025

Date: November 21, 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 September 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 September 30, 2024	Year-to-date used at quarter-end
Vote 1 – Operating expenditures	1,107,925	254,507	470,027	1,154,725	250,842	491,656
Vote 1 – Revenue credited to the vote	(112,393)	(32,804)	(49,224)	(107,373)	(30,898)	(43,599)
Vote 1 – Net operating expenditures	995,532	221,703	420,803	1,047,352	219,944	448,057
Vote 5 – Capital expenditures	270,506	33,872	44,094	303,052	50,748	62,526
Vote 10 – Grants and contributions	1,695,272	227,832	298,978	2,718,973	355,157	610,928
Budgetary statutory authorities						
Contributions to employee benefit Plans	113,769	28,442	56,884	103,553	25,857	51,716
Minister of Transport – Salary and motor car allowance	102	25	51	99	25	49
Payment to Canadian National Railway Company for Victoria Bridge, Montreal	4,500	997	997	3,300	784	2,291
Northumberland Strait Crossing Subsidy Payment	81,053	-	80,890	79,031	-	79,385
Refunds of amounts credited to revenues in previous years	-	-	-	-	310	310
Payments in respect of St. Lawrence Seaway Agreements	115,288	-	43,600	90,873	-	33,600
Total Budgetary statutory authorities	314,712	29,464	182,422	276,856	26,976	167,351
Total budgetary authorities	3,276,022	512,871	946,297	4,346,233	652,825	1,288,862

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

TRANSPORT CANADA

Quarterly Financial Report

For the quarter ended September 30, 2025

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 September 30, 2025	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended September 30, 2024	Year-to-date used at quarter-end
Expenditures:						
Personnel	895,543	213,606	426,613	880,066	217,470	432,234
Transportation and communications	28,433	5,480	10,765	17,213	5,895	12,163
Information	10,604	2,858	4,176	8,934	1,978	2,909
Professional and special services	248,889	42,944	61,915	232,039	45,539	73,821
Rentals	24,244	4,398	11,720	20,439	5,776	14,019
Repair and maintenance	22,359	14,254	16,785	20,042	2,179	4,935
Utilities, materials and supplies	17,480	3,242	5,607	17,216	3,573	6,864
Acquisition of land, buildings and works	221,932	21,095	54,660	181,797	33,420	55,121
Acquisition of machinery and equipment	100,196	6,521	12,622	141,865	11,360	20,839
Transfer payments	1,780,825	228,829	380,865	2,801,304	355,941	692,604
Other subsidies and payments	37,910	2,448	9,793	132,691	592	16,952
Total gross budgetary expenditures	3,388,415	545,675	995,521	4,453,606	683,723	1,332,461
Vote-netted revenues	(112,393)	(32,804)	(49,224)	(107,373)	(30,898)	(43,599)
Total Revenues netted against expenditures:	(112,393)	(32,804)	(49,224)	(107,373)	(30,898)	(43,599)
Total net budgetary expenditures	3,276,022	512,871	946,297	4,346,233	652,825	1,288,862