



QUARTERLY FINANCIAL REPORT OF TRANSPORT CANADA (UNAUDITED)

For the quarter ended December 31st, 2025



Transports
Canada

Transport
Canada

Canada 

TRANSPORT CANADA

Quarterly Financial Report

For the quarter ended December 31st, 2025

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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) and (B).

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) and (B). 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.

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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 \$1,131 million, from \$4,520 million as of December 31, 2024 to \$3,388 million as of December 31, 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	1,028,815	1,073,493	(44,678)
Vote 5 – Capital expenditures	270,506	342,943	(72,437)
Vote 10 – Grants and contributions	1,774,056	2,824,353	(1,050,297)
Budgetary statutory authorities⁽¹⁾	315,052	278,903	36,149
Total Authorities	3,388,429	4,519,692	(1,131,263)

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 December 31, 2025 are explained below.

2.1.1 Vote 1 – Net Operating Expenditures (Decrease of \$45 million)

Planned Operating authorities decreased by \$45 million from 2024-2025 to 2025-2026, mostly explained by the following factors:

- A decrease in authorities of:
 - \$99 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:
 - \$23 million for the Federal Contaminated Sites Action Plan;
 - \$20 million for the freezing of tolls on the Confederation Bridge;
 - \$15 million for the updated pay rates of various collective agreements;
 - \$5 million for the operating carry forward;
 - \$4 million for the Lac Mégantic Rail Bypass Project;
 - \$2 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 G7 Summit initiative; and
 - \$1 million for proceeds from the sale of real property.

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2.1.2 Vote 5 – Capital Expenditures (Decrease of \$72 million)

Planned Capital authorities decreased by \$72 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;
 - \$25 million for the Eastern Canada Ferries Program; and
 - \$21 million for implementation of the Medium and Heavy-Duty Vehicles Program.
- Offset by an increase of:
 - \$12 million for TC's regional and remote airports and ports; and
 - \$8 million for the Motor Vehicle Test Centre.

2.1.3 Vote 10 – Grants and Contributions (Decrease of \$1,050 million)

Grant and contribution authorities decreased by \$1,050 million from 2024-2025 to 2025-2026, largely explained by the following factors:

- A decrease in authorities of:
 - \$925 million for the Incentives for Zero-Emissions Vehicles Program;
 - \$56 million for the Airport Critical Infrastructure Program;
 - \$50 million for the National Trade Corridor Fund;
 - \$41 million for the Rail Safety Improvement Program;
 - \$12 million for the Port Asset Transfer Program; and
 - \$11 million for the Airport Capital Assistance Program.
- Offset by an increase of:
 - \$45 million for the Green Shipping Corridor Program.

2.1.4 Budgetary Statutory Authorities (Increase of \$36 million)

The planned expenditures for budgetary statutory authorities increased by \$36 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 \$9 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.

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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 \$1,544 million at the end of the third quarter of 2025-2026 represent 46% of the annual planned expenditures, which is comparable to the third quarter of 2024-2025, when \$2,278 million was 50% 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 December 31, 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 \$12 million predominately because of updated pay rates in various collective agreements and increases to the 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.

- **Repair and Maintenance**

The planned expenditures related to *Repair and Maintenance* for the year 2025-2026 compared to 2024-2025 increased by approximately \$21 million mostly due to an increase in funding to maintain the Confederation Bridge while reducing its tolls.

- **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 \$59 million mainly due to an increase in funding for Transport Canada owned airports and ports, a construction project for the Motor Vehicle Test Centre 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 \$89 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.

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- **Transfer payments**

The planned expenditures related to *Transfer payments* for the year 2025-2026 compared to 2024-2025 decreased by approximately \$1,047 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 \$102 million mainly as a result of a decrease in funding for the High Frequency Rail project as certain initial requirements have been completed.

Year-to-Date Expenditures

- **Professional and special services**

The year-to-date expenditures related to *Professional and special services* at December 31, 2025 decreased by approximately \$35 million when compared to 2024-2025. This variance is mainly attributable to reduced expenditures under engineering services fees for the High Frequency Rail project's technical studies, planning, consultation, environmental studies and assessments that have been completed in the previous year.

- **Repair and maintenance**

The year-to-date expenditures related to *Repair and maintenance* at December 31, 2025 increased by approximately \$17 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.

- **Acquisition of machinery and equipment**

The year-to-date expenditures related to *Acquisition of machinery and equipment* at December 31, 2025 decreased by approximately \$52 million when compared to 2024-2025. This decrease is mainly attributable to reduced expenditures for the construction project of two ferry vessels to replace the MV Madeleine and the MV Holiday Island, reduced expenditures related to the acquisition of the MV Fanafjord, as well as reduced expenditures for the St. Lawrence Seaway Management Corporation (SLSMC).

- **Transfer payments**

The year-to-date expenditures related to *Transfer payments* at December 31, 2025 decreased by approximately \$650 million when compared to 2024-2025. The decrease was mainly due to \$712 million in payments under the Incentives for Zero-Emission Vehicles Program offset by an increase of \$60 million in payments under the National Trade Corridors Fund for the Contrecoeur Container Terminal development project.

3. Risks and Uncertainties

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

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Transport Canada is undertaking significant initiatives to support economic resilience and prosperity through streamlined trade across Canada, clean growth, and national safety and security. 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. In addition, 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.

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. This review was launched to support the Government of Canada's commitment to balancing its operating budget over the next three years. Budget 2025 confirmed that Transport Canada's funding will be reduced by \$389.7 million on an ongoing basis. Transport Canada has been working to translate approved savings into concrete implementation plans while maintaining the quality and integrity of essential services. The objective is to improve efficiency and effectiveness, without compromising safety, regulatory oversight, or service delivery.

To support that priority and ensure effective population management aligned with multi-year salary affordability, Transport Canada has implemented various strategies to ensure horizontal oversight and consistent decision-making regarding staffing actions and workforce management approaches across the department, including the continued use of staffing controls and implementation of workforce adjustment and executive career transition measures.

In parallel, Transport Canada is implementing a series of organizational changes to streamline operations, reduce duplication, and strengthen its ability to manage risks across the transportation system. Together, these changes improve accountability, enhance national consistency, and better position the department to anticipate and respond to emerging safety, operational, and system-wide risks.

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

Budget 2025 spoke to the Comprehensive Expenditure Review as a government-wide exercise to reduce duplication and inefficiencies and realign activities towards the core federal mandate. Greater efficiency will allow resources to be directed towards increasing public service productivity and improving how services are delivered to Canadians, particularly through the integration of technology and artificial intelligence (AI).

In the Budget, Transport Canada committed to the following. Funding reductions against the Department's reference levels will begin in the 2026-2027 fiscal year.

- Implement a more modern and flexible regulatory and oversight regime that will allow the department to respond to rapid technological change, modernize services, facilitate regulatory compliance, and allocate resources more efficiently.
- Deploy advanced technology and automation, where possible, to reduce duplication, modernize processes, and more closely align activities with the department's mandate to support a safe and secure, efficient, and environmentally responsible transportation system.
- Maximize the impact of its oversight and inspection efforts while seeking to reduce regulatory burden on industries.

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- Further refine its program portfolio to better align with its core mandate and with evolving industry needs.
- Implement a series of initiatives to reorient its operations and administrative structures.
- Restructure TC's aviation services, which provide a range of aviation services to government departments and agencies, by transferring most core aviation services functions and assets to the Department of National Defence.

Budget 2025 also introduced a suite of new supports, including:

- The Trade Diversification Corridors Fund, to strengthen supply chains, unlock new export opportunities and build a more resilient, diversified economy; and
- The Arctic Infrastructure Fund, to strengthen Canada's sovereignty, support economic development and job creation in Northern communities, advance Indigenous economic reconciliation, and promote further trade diversification by opening new gateways to global markets.

These investments will support trade and transportation infrastructure and protect our sovereignty in the North and connect northern communities to domestic and global markets.

Approved by:

Original signed by

Arun Thangaraj
Deputy Minister
Ottawa, Canada

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

Date: February 23, 2026

Date: February 23, 2026

Statement of Authorities (unaudited in thousands of dollars)

Authorities	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 December 31, 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 December 31, 2024	Year-to-date used at quarter-end
Vote 1 – Operating expenditures	1,141,208	266,691	736,718	1,180,866	292,141	783,797
Vote 1 – Revenue credited to the vote	(112,393)	(26,617)	(75,841)	(107,373)	(27,355)	(70,954)
Vote 1 – Net operating expenditures	1,028,815	240,074	660,877	1,073,493	264,786	712,843
Vote 5 – Capital expenditures	270,506	47,805	91,899	342,943	89,526	152,052
Vote 10 – Grants and contributions	1,774,056	213,481	512,459	2,824,353	549,367	1,160,295
Budgetary statutory authorities						
Contributions to employee benefit Plans	114,109	28,442	85,327	105,600	25,858	77,574
Minister of Transport – Salary and motor car allowance	102	(8)	42	99	-	49
Payment to Canadian National Railway Company for Victoria Bridge, Montreal	4,500	750	1,747	3,300	2,859	5,150
Northumberland Strait Crossing Subsidy Payment	81,053	-	80,890	79,031	-	79,385
Refunds of amounts credited to revenues in previous years	-	-	-	-	-	310
Payments in respect of St. Lawrence Seaway Agreements	115,288	67,181	110,781	90,873	56,989	90,589
Total Budgetary statutory authorities	315,052	96,365	278,787	278,903	85,706	253,057
Total budgetary authorities	3,388,429	597,725	1,544,022	4,519,692	989,385	2,278,247

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

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Departmental Budgetary Expenditures by Standard Object (unaudited in thousands of dollars)

	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Planned expenditures for the year ending March 31, 2026	Expended during the quarter ended December 31, 2025	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended December 31, 2024	Year-to-date used at quarter-end
Expenditures:						
Personnel	906,143	211,013	637,627	894,302	209,429	641,663
Transportation and communications	28,410	7,695	18,460	17,468	8,250	20,413
Information	12,539	2,079	6,255	9,060	3,382	6,291
Professional and special services	237,304	64,672	126,587	234,596	87,770	161,592
Rentals	24,063	3,320	15,040	20,580	6,517	20,536
Repair and maintenance	40,889	14,980	31,765	20,060	9,846	14,781
Utilities, materials and supplies	17,480	2,545	8,153	17,276	3,565	10,429
Acquisition of land, buildings and works	240,359	79,101	133,761	181,797	64,337	119,457
Acquisition of machinery and equipment	97,303	12,325	24,946	186,740	56,540	77,379
Transfer payments	1,859,609	214,231	595,096	2,906,684	552,226	1,244,830
Other subsidies and payments	36,723	12,381	22,173	138,502	14,878	31,830
Total gross budgetary expenditures	3,500,822	624,342	1,619,863	4,627,065	1,016,740	2,349,201
Vote-netted revenues	(112,393)	(26,617)	(75,841)	(107,373)	(27,355)	(70,954)
Total Revenues netted against expenditures:	(112,393)	(26,617)	(75,841)	(107,373)	(27,355)	(70,954)
Total net budgetary expenditures	3,388,429	597,725	1,544,022	4,519,692	989,385	2,278,247