

QUARTERLY FINANCIAL REPORT OF TRANSPORT CANADA

(UNAUDITED)

For the quarter ended June 30, 2026

Transports Canada Transport Canada

Canada

TRANSPORT CANADA
Quarterly Financial Report
For the quarter ended June 30, 2026

© His Majesty the King in Right of Canada, represented by the Minister of Transport, 2026, Ottawa, Canada

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 2026

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 6
3. Risks and Uncertainties 8
4. Significant Changes in Relation to Operations, Personnel and Programs 9
Statement of Authorities (unaudited, in thousands of dollars) 10
Departmental Budgetary Expenditures by Standard Object (unaudited, in thousands of dollars) 11

TRANSPORT CANADA
Quarterly Financial Report
For the quarter ended June 30, 2026

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 2026-27 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 2026-2027 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.

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 increased by approximately $854 million, from $3,177 million as of June 30, 2025, to $4,031 million as of June 30, 2026, as summarized below:

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

Authorities [1]	2026-2027[2]	2025-2026[2]	Variance
Vote 1 – Net operating expenditures	**1,001,918**	**956,317**	**45,601**
Vote 5 – Capital expenditures	**185,577**	**210,635**	**(25,058)**
Vote 10 – Grants and contributions	**2,500,895**	**1,695,272**	**805,623**
Budgetary statutory authorities[1]	**342,411**	**314,712**	**27,699**
Total Authorities	**4,030,801**	**3,176,936**	**853,865**

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, 2026 are explained below.

2.1.1 Vote 1 – Net Operating Expenditures (Increase of $46 million)

Planned Operating authorities increased by $46 million from 2025-2026 to 2026-2027, mostly explained by the following factors:

- An increase in authorities of:
  - $47 million in funding for the toll reductions on the Confederation Bridge;
  - $10 million in funding for the management of the Trade Diversification Fund; and
  - $10 million in funding related to various costs associated with TC-owned port facilities.

- Offset by a decrease of:
  - $21 million in funding from the Budget 2023 Refocusing Government Spending exercise ($8 million) and the Budget 2025 Comprehensive Expenditure Review ($13 million).

2.1.2 Vote 5 – Capital Expenditures (Decrease of $25 million)

Planned Capital authorities decreased by $25 million from 2025-2026 to 2026-2027, largely explained by the following factors:

- A decrease in authorities of:

- $35 million for Air Right Touch Travel initiative, for which work is no longer proceeding as planned, as work would result in an overlap with other government-wide efforts.

- Offset by an increase of:
  - $10 million for upgrades to Transport Canada's regional airports.

2.1.3 Vote 10 – Grants and Contributions (Increase of $806 million)

Grant and contribution authorities increased by $806 million from 2025-2026 to 2026-2027, largely explained by the following factors:

- An increase related to new funding priorities:
  - $500 million for the Trade Diversification Corridors Fund;
  - $444 million for the Electric Vehicle Affordability Program; and
  - $150 million for the Arctic Infrastructure Fund.

- Offset by a decrease of:
  - $265 million for the Medium-Heavy Duty Zero-Emission Vehicles Program, which ended in 2025-26; and
  - $24 million for the Airport Critical Infrastructure Program.

2.1.4 Budgetary Statutory Authorities (Increase of $28 million)

The planned expenditures for budgetary statutory authorities increased by $28 million mainly as a result of an increase of $16 million in funding for the St. Lawrence Seaway Management Corporation (SLSMC) Agreement, 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 $480 million at the end of the first quarter of 2026-2027 represent 12% of the annual planned expenditures, which is comparable to the first quarter of 2025-2026, when $433 million of year-to-date expenditures represented 14% 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 June 30, 2026 are as follows:

Planned Expenditures

- **Personnel**
  The planned expenditures related to ***Personnel*** for the year 2026-2027 compared to 2025-2026 decreased by approximately $22 million mostly due to the transfer of the Aircraft Services Directorate to the Department of National Defence.

- **Professional and special services**
  The planned expenditures related to ***Professional and special services*** for the year 2026-2027 compared to 2025-2026 increased by approximately $15 million mostly due to an increase in costs for federally-owned ports, as well as for the assessment and remediation of contaminated sites.

- **Repair and maintenance**
  The planned expenditures related to ***Repair and maintenance*** for the year 2026-2027 compared to 2025-2026 increased by approximately $40 million mostly due to the toll reduction for the Confederation Bridge.

- **Utilities, materials and supplies**
  The planned expenditures related to ***Utilities, materials and supplies*** for the year 2026-2027 compared to 2025-2026 decreased by approximately $16 million mostly due to the transfer of the Aircraft Services Directorate to the Department of National Defence.

- **Acquisition of land, buildings and works**
  The planned expenditures related to ***Acquisition of land, buildings and works*** for the year 2026-2027 compared to 2025-2026 increased by approximately $24 million which includes infrastructure investments to support the Eastern Canada Ferry Services Program.

- **Acquisition of machinery and equipment**
  The planned expenditures related to ***Acquisition of machinery and equipment*** for the year 2026-2027 compared to 2025-2026 decreased by approximately $33 million mostly due to the transfer of the Aircraft Services Directorate to the Department of National Defence.

- **Transfer payments**
  The planned expenditures related to ***Transfer payments*** for the year 2026-2027 compared to 2025-2026 increased by approximately $807 million. The causes of the variance are largely explained in section 2.1.3.

- **Vote-Netted Revenues**
  The planned ***Revenues*** for the year 2026-2027 compared to 2025-2026 decreased by approximately $54 million mostly due to the transfer of the Aircraft Services Directorate to the Department of National Defence.

Year-to-Date Expenditures

- **Personnel**
  The year-to-date expenditures related to ***Personnel*** at June 30, 2026 decreased by approximately $15 million compared to 2025–2026. This decrease is primarily attributable to the transfer of most core functions and assets of Transport Canada's Aircraft Services Directorate to the Department of National Defence on April 1, 2026 as well as the 2025 Comprehensive Expenditure Review.

- **Professional and special services**
  The year-to-date expenditures related to ***Professional and special services*** at June 30, 2026 increased by approximately $13 million when compared to 2025–2026. This increase is mainly due to a timing difference in the payment of legal services to the Department of Justice.

- **Repair and maintenance**
  The year-to-date expenditures related to ***Repair and maintenance*** at June 30, 2026 increased by approximately $9 million when compared to 2025-2026. 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 June 30, 2026 increased by approximately $38 million when compared to 2025-2026. This increase can be mainly explained by the reestablishment of grants as incentives for the purchase of zero-emission vehicles under the new Electric Vehicle Affordability Program, offset by a decrease in contributions for the National Trade Corridors Fund.

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.

Transport Canada continues to undertake 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.

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.

Transport Canada also undertook 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.

In parallel, Transport Canada is improving planning and decision-making across all modes of transport through evidence-based policy development, strategic risk mitigation, and advanced information systems. This creates an efficient and reliable transportation network that supports Canada's economic competitiveness.

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

Budget 2025 introduced long-term savings measures through the Comprehensive Expenditure Review, a government-wide initiative aimed at reducing duplication and inefficiencies and realigning resources to support core federal priorities, with reductions beginning in 2026–27. In support of these commitments, effective April 1, 2026, Transport Canada undertook several initiatives and organizational changes to streamline its operating and administrative structures. Those included:

- Transferred most core functions and assets of Transport Canada's Aircraft Services Directorate to the Department of National Defence on April 1, 2026, in support of the Government of Canada's commitment to strengthening defence and surveillance capabilities. Transport Canada is working closely with the Department of National Defence and the Receiver General to facilitate an orderly transition. To align with government-wide financial reporting requirements, this quarter's figures exclude Aircraft Services Directorate financial data.
- Consolidated from five to three regions to better align with Canada's evolving transportation landscape. This restructuring resulted in the following senior leadership changes:
    - Mélanie Morier was appointed Regional Director General, Quebec and Atlantic Region.
    - Duwayne Williams was appointed Regional Director General, Ontario, Prairies and Northern Region.
    - Martin McKay was appointed Regional Director General, Western and Yukon Region.

The following changes in senior personnel occurred prior to the start of the first quarter:

- On March 4, 2026, the Prime Minister announced the appointment of Michael Vandergrift as Deputy Minister of Transport Canada, effective March 23, 2026, following the appointment of Arun Thangaraj as Deputy Minister of Global Affairs Canada.
- On March 17, 2026, the Deputy Minister and Associate Deputy Minister announced the appointment of Erin Lynch as the new Associate Assistant Deputy Minister, Programs Group, effective March 26, 2026, to replace Vincent Robitaille who left Transport Canada to take on the role of Assistant Deputy Minister, Procurement at the Defence Investment Agency.

Approved by:

Original signed by

Michael Vandergrift
Deputy Minister
Ottawa, Canada

Date: August 27, 2026

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

Date: August 21, 2026

TRANSPORT CANADA
Quarterly Financial Report
For the quarter ended June 30, 2026

Statement of Authorities (unaudited, in thousands of dollars)

Authorities	Fiscal year 2026-2027			Fiscal year 2025-2026		
	Total available for use for the year ending March 31, 2027 (1)	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)	Used during the quarter ended June 30, 2025	Year-to-date used at quarter-end
Vote 1 – Operating expenditures	1,060,734	224,851	224,851	1,068,710	215,521	215,521
Vote 1 – Revenue credited to the vote	(58,816)	(15,894)	(15,894)	(112,393)	(16,420)	(16,420)
Vote 1 – Net operating expenditures	**1,001,918**	**208,957**	**208,957**	**956,317**	**199,101**	**199,101**
Vote 5 – Capital expenditures	**185,577**	**6,940**	**6,940**	**210,635**	**10,223**	**10,223**
Vote 10 – Grants and contributions	**2,500,895**	**107,532**	**107,532**	**1,695,272**	**71,145**	**71,145**
Budgetary statutory authorities						
Contributions to employee benefit Plans	124,135	29,921	29,921	113,769	28,442	28,442
Minister of Transport – Salary and motor car allowance	106	26	26	102	25	25
Payment to Canadian National Railway Company for Victoria Bridge, Montreal	4,500	-	-	4,500	-	-
Northumberland Strait Crossing Subsidy Payment	82,588	82,745	82,745	81,053	80,890	80,890
Payments in respect of St. Lawrence Seaway Agreements	131,082	43,600	43,600	115,288	43,600	43,600
Total Budgetary statutory authorities	**342,411**	**156,292**	**156,292**	**314,712**	**152,957**	**152,957**
Total budgetary authorities	**4,030,801**	**479,721**	**479,721**	**3,176,936**	**433,426**	**433,426**

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

TRANSPORT CANADA
Quarterly Financial Report
For the quarter ended June 30, 2026

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

	Fiscal year 2026-2027			Fiscal year 2025-2026		
	Planned expenditures for the year ending March 31, 2027	Expended during the quarter ended June 30, 2026	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2026	Expended during the quarter ended June 30, 2025	Year-to-date used at quarter-end
Expenditures:						
Personnel	835,763	197,656	197,656	857,459	213,008	213,008
Transportation and communications	24,517	4,178	4,178	28,272	5,285	5,285
Information	12,631	2,340	2,340	10,568	1,318	1,318
Professional and special services	239,774	31,620	31,620	225,009	18,971	18,971
Rentals	18,712	4,140	4,140	23,861	7,324	7,324
Repair and maintenance	62,088	11,433	11,433	21,866	2,530	2,530
Utilities, materials and supplies	1,866	1,100	1,100	17,421	2,366	2,366
Acquisition of land, buildings and works	228,026	35,375	35,375	204,385	33,565	33,565
Acquisition of machinery and equipment	50,816	3,665	3,665	83,810	6,100	6,100
Transfer payments	2,587,983	190,277	190,277	1,780,825	152,035	152,035
Other subsidies and payments	27,441	13,831	13,831	35,853	7,344	7,344
Total gross budgetary expenditures	**4,089,617**	**495,615**	**495,615**	**3,289,329**	**449,846**	**449,846**
Less Revenues netted against expenditures:						
Vote-netted revenues	(58,816)	(15,894)	(15,894)	(112,393)	(16,420)	(16,420)
Total Revenues netted against expenditures:	**(58,816)**	**(15,894)**	**(15,894)**	**(112,393)**	**(16,420)**	**(16,420)**
Total net budgetary expenditures	**4,030,801**	**479,721**	**479,721**	**3,176,936**	**433,426**	**433,426**