SENATE
SÉNAT
CANADA

Supplementary Estimates (A) 2026-2027

Report of the Standing Senate Committee on National Finance

The Honourable Claude Carignan, *Chair*
The Honourable Éric Forest, *Deputy Chair*

NOVEMBER 2026

SENATE
SÉNAT
CANADA

For more information, please contact us by:
Email: NFFN@sen.parl.gc.ca
Mail: The Standing Senate Committee on National Finance
Senate of Canada, Ottawa, Ontario, Canada, K1A 0A4
This report can be downloaded at: sencanada.ca
The Senate is on X: @SenateCA
Follow the committee using the hashtag #NFFN

Ce rapport est également offert en français.

Table of Contents

The Committee Membership 5
Order of Reference 7
Introduction 8
Observations 10
- Finance and Public Administration 10
  - Treasury Board of Canada Secretariat 10
  - Finance Canada 11
  - Canada Revenue Agency 11
  - Public Services and Procurement Canada 12
  - Shared Services Canada 13
  - Innovation, Science and Economic Development 14
- Safety and Justice 15
  - Public Safety Canada 15
  - Justice Canada 16
  - Royal Canadian Mounted Police 17
  - Correctional Service Canada 18
  - Other organizations 19
- Health and Social and Indigenous Affairs 19
  - Canadian Institutes of Health Research 19
  - Health Canada 20
  - Public Health Agency of Canada 21
  - Employment and Social Development Canada 22
  - Immigration, Refugees and Citizenship Canada 24
  - Indigenous Services Canada 25
  - Other Organization 25
- Defence and International Affairs 25
  - National Defence 25
  - Veterans Affairs Canada 26
  - Global Affairs Canada 27
  - Canada Border Services Agency 28
  - Other Organization 28

Transportation 29
Transports Canada 29
Canadian Transportation Agency 29
Windsor-Detroit Bridge Authority 30
Canadian Air Transport Security Authority 31
VIA Rail Canada 32
Environment and Natural Resources 32
Environment and Climate Change Canada 32
Natural Resources Canada 33
Fisheries and Oceans Canada 34
Agriculture and Agri-Food Canada 34
Canadian Food Inspection Agency 35
Other organizations 36
Culture 36
Canadian Heritage 36
Canadian Radio-television and Telecommunications Commission 38
Conclusion 38
Appendix A – Witnesses 40
Appendix B – Briefs 43

The Committee Membership



The Honourable
Claude Carignan
Chair



The Honourable
Éric Forest
Deputy Chair

The Honourable Senators



Andrew Cardozo



Pierre J.
Dalphond



Rosa Galvez



Clément Gignac



Martine Hébert



Joan Kingston



Jane MacAdam



Michael L.
MacDonald



Krista Ross

Ex officio members of the committee:

The Honourable Pierre Moreau (or Patti LaBoucane-Benson)
The Honourable Leo Housakos (or Yonah Martin)
The Honourable Lucie Moncion (or Joan Kingston)
The Honourable Flordeliz (Gigi) Osler (or Robert Black)
The Honourable Brian Francis (or Judy A. White)

Other senators who have participated in the study:

The Honourable Sandra Pupatello

Research and Education, Library of Parliament:

Michaël Lambert-Racine, Analyst
André Léonard, Analyst

Senate Committees Directorate:

Sara Gajic, Clerk
Florence Blanchet, Administrative Assistant

Communications, Broadcasting and Publications Directorate:

Nicolas Daoust, Communications Officer (since September 2026)
Monica Granados, Communications Officer (until September 2026)

Order of Reference

Extract from the Journals of the Senate of Tuesday, June 2, 2026:

> The Honourable Senator LaBoucane-Benson moved, seconded by the Honourable Senator Duncan:
>
> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) for the fiscal year ending March 31, 2027; and
>
> That, for the purpose of this study, the committee have the power to meet, even though the Senate may then be sitting or adjourned, with rules 12-18(1) and 12-18(2) being suspended in relation thereto.
>
> The question being put on the motion, it was adopted.
>
> Shaila Anwar
>
> *Clerk of the Senate*

Introduction

Government expenditures can be either voted or statutory expenditures. Voted expenditures require annual approval by Parliament. Statutory expenditures, on the other hand, are authorized through previously approved legislation, such as the *Old Age Security Act* or the *Employment Insurance Act*, and do not require annual renewal.

On behalf of Parliament and Canadians, the Standing Senate Committee on National Finance (the committee) plays a meaningful role in reviewing the federal government's spending plans as set out in the main estimates and supplementary estimates. The committee reviews and submits reports on proposed government spending plans to determine whether they are reasonable, take account of value-for-money, will effectively achieve the government's objectives and allow parliamentarians to track funds.

The *2026-27 Main Estimates* were tabled in the Senate on 26 February 2026. They contain information supporting the government's request to address Parliament in order to seek authorization to expend funds on implementing programs and providing services in the fiscal year 2026-27 using voted appropriations. The Estimates also include statutory expenditures but for information purposes only, given that these expenditures are approved by Parliament already. They include a number of measures announced in Budget 2025, such as the results of the Comprehensive Spending Review in reducing spending inefficiencies. These were referred to the committee on 9 March 2026.

Government spending includes budgetary and non-budget expenditures. Unlike budgetary expenses, non-budgetary expenditures – including loans, investments and advances – are usually reimbursable. Voted appropriations for budgetary expenditures amounted to $230.4 billion, in addition to the $272.4 billion in statutory forecasts, for a total of $502.8 billion or a 3.3% increase over the previous main estimates. The main estimates also provide $2.93 billion in non-budgetary expenditures compared to $1.17 billion in the previous main estimates; that includes $26.7 million in voted appropriations and $2.9 billion in statutory expenditures.

Table 1 – Main Estimates, 2025–2026 and 2026–2027 ($ billions)

	2025–2026	2026–2027	Change (%)
Budgetary			
Voted	222.90	230.43	+3.4
Statutory	263.99	272.40	+3.2
Total	486.89	502.83	+3.3
Non-budgetary			
Voted	0.10	0.03	-70
Statutory	1.07	2.91	+172
Total	1.17	2.93	+150.4

Source: Table prepared by the Library of Parliament using data obtained from Treasury Board of Canada Secretariat, "Summary of Estimates," *Estimates 2026–2027*.

Since the main estimates do not include all of the government's forecasted spending for the year, it submits supplementary estimates for Parliament's approval, usually in spring, fall and winter. The *2026-27 Supplementary Estimates (A)* were tabled in the Senate on 28 May 2026 and referred to the committee on May 29, 2026.

The supplementary estimates include a total of $11.1 billion in incremental budgetary spending pertaining to 59 of the 131 organizations that submitted their financial requirements in the main estimates – including a $49.6-million reduction in forecast budgetary statutory expenditures, and a $170-million increase in non-budgetary statutory expenditures.

During its review of the main and supplementary estimates, the committee held 11 meetings and questioned officials from 39 organizations, some on only one of the documents and others on both. The 38 organizations that testified on the main estimates requested appropriations amounting to approximately $190.2 billion or 82.6% of the budgetary appropriations requested. The 12 organizations that testified about the supplementary estimates requested appropriations amounting to some $3 billion, or 27.1% of the voted budgetary appropriations requested. The committee also heard from the new Parliamentary Budget Officer, Annette Ryan.

This report documents the committee's observations on the most relevant topics addressed by its review of the main estimates. For more information about the hearings, please consult the transcripts available on the committee's website.

Observations

Finance and Public Administration

Treasury Board of Canada Secretariat

The committee noted that the Treasury Board of Canada Secretariat (TBS) requested $5 billion for the public service insurance plans in the main estimates, representing a 25% increase over the amount requested for this item in the previous fiscal year's main estimates.

TBS officials explained that this increase is attributable to certain factors, including the fact that TBS requested $440 million for this envelope in the *Supplementary Estimates (B) 2025–2026* and the addition of a $239 million contingency in the amount requested for 2026–2027 to avoid having to seek funding through future supplementary estimates. They added that this increase is also due to a sustained rise in the number of health care and disability benefit claims, as well as inflationary pressures.

According to a June 2026 report by the Parliamentary Budget Office on the costs of public service insurance plans and programs, the average annual growth rate of these costs to the federal government was 10.9% between 2020-21 and 2024-25, compared to a range of 3.0% to 7.7% in selected Canadian jurisdictions. The report notes that these discrepancies may result from differences in "the scope of coverage, cost sharing arrangements, employer premium rates, and administrative structures."

Furthermore, the committee questioned TBS officials about the significant proportion of sick leave related to mental health. They said that this situation is partly attributable to improved recognition of mental health issues following amendments to the *Canada Labour Code*, which now recognizes mental health on an equal basis with physical health. They emphasized that the government remains concerned about this situation and is continuing its efforts to promote healthy and safe workplaces. To this end, they noted the ongoing collaboration with departments and labour organizations, as well as the implementation of programs to raise managers' awareness of mental health issues and to help them respond appropriately.

The committee remains concerned about the significant increase in costs associated with public service insurance plans, as well as the high proportion of sick leave related to mental health. It encourages TBS to further analyze these trends, including by comparing the situation in the federal public service with that of other public administrations, in order to better understand the underlying factors and

determine the most appropriate measures to address these issues while ensuring the sustainability of the insurance plans.

Finance Canada

Officials from Finance Canada stated that, of the $158.3 billion in total budget requirements, only $147.8 million consists of voted appropriations subject to parliamentary review, with the remainder comprising statutory expenditures. The voted appropriations requested in the 2026–2027 main estimates represent a decrease of 58.3% compared with the 2025–2026 main estimates. This decrease is largely attributable to a one-time transfer of $193.8 million to Newfoundland and Labrador in 2025–2026.

The department anticipates a 15.4% decrease in its workforce (full-time equivalents) from 2024–2025 to 2028–2029, attributable to the comprehensive expenditure review and the expiry of time-limited funding. In a written response, the department specified that funding for the Climate Lens initiative has ended; that funding for the implementation of the Federal Action Plan to Strengthen Internal Trade is set to expire at the end of the 2026-2027 fiscal year; and that funding for the legislative review of the financial sector will be renewed at a lower level.

Committee members expressed concern about certain changes to the department's performance indicators. In particular, the indicator "Percentage of leading international organizations and major ratings agencies that rate Canada's financial policy framework as favourable" is no longer included in the 2026–2027 Departmental Plan.

The department reported that it reviewed its indicator framework in 2025 with a view to modernizing and simplifying it. To this end, the Departmental Results Framework was reorganized, moving from seven results to two core results, supported by a more focused set of performance indicators. More specifically, the department considers that the favourable ratings indicator is more appropriately applied at the program level for market debt and foreign reserves management, and added that program-level indicators are subject to regular review. The committee considers it important to maintain an indicator on the credibility of the government's fiscal policy and financial framework.

Canada Revenue Agency

In terms of voted appropriations, the Canada Revenue Agency (CRA) requested $4.8 billion in budgetary expenditures, an increase of 0.3% compared with the 2025–2026 main estimates. Its number of full-time equivalent employees is expected to decrease from 53,585 in 2024–2025 to 48,807 in 2028–2029, a decline of 8.9%.

The committee expressed concern about the impact of these cuts on service quality, particularly in light of an October 2025 report by the Auditor General of Canada (*Canada Revenue Agency Contact Centres*), which found that CRA agents' responses to general questions were accurate 54% of the time for businesses and 17% of the time for individuals. The agency indicated that these were general questions and that the accuracy rate exceeded 90% for more specific questions, while acknowledging that it is not satisfied with these results and is working to improve the training and assessment of its agents. For example, CRA reviews approximately 100,000 calls per year.

Officials also noted that they are seeking to achieve savings of approximately $235 million, primarily from two sources: first, by improving process efficiency through the use of technology, reviewing procedures and streamlining them; and second, by scaling back activities associated with various tax measures that the government has eliminated, such as the fuel charge, the carbon rebate and the underused housing tax. These savings will be reinvested in revenue-generating areas, which is expected to have a fiscal impact of $1.1 billion within three years.

The committee also examined the amounts recoverable from the benefits paid to individuals who were not eligible for benefits during the COVID-19 pandemic. CRA reported that in the fall of 2025, it had estimated the total amount to be recovered at $11 billion, but that only $1.5 billion was recoverable, with the remainder involving individuals in vulnerable populations. Of that amount, $600 million has been recovered to date. The committee is of the view that every effort should be made to recover amounts that should not have been paid, while taking into account the cost of recovering certain small amounts from vulnerable populations.

Public Services and Procurement Canada

Public Services and Procurement Canada (PSPC) requested $5.7 billion in budgetary expenditures for 2026–2027, a decrease of 19.1% compared to the 2025–2026 main estimates. This decrease is partly due to the completion of contractual milestone payments related to major infrastructure initiatives, such as the Energy Services Modernization Project.

PSPC attributes a decrease of $97.5 million in operating funding to the government's Comprehensive Expenditure Review. The number of full-time equivalent employees is expected to drop from 18,916 in 2024–2025 to 12,929 in 2028–2029, a decrease of 31.7%.

The main estimates also indicate a $57.3 million decrease to the current pay administration program, and a $67.6 million increase to support continued testing and the development of the next generation pay and human resources system. The committee sought assurance that the Auditor General's recommendations regarding the pay system are being fully considered in the transition to a new system. The

department indicated that regular audits are planned throughout the process to ensure that everything proceeds smoothly.

The committee questioned the relevance of establishing the Defence Investment Agency, a responsibility that had been assigned to PSPC in collaboration with the Department of National Defence. PSPC officials indicated that the agency's mandate, performance indicators and funding were still under development. Funding of $7.7 million per year was allocated in budget 2025 for the agency's operations upon its establishment as a special operating agency within PSPC.

The new Buy Canadian policy administered by PSPC also drew numerous questions from committee members. This policy aims to prioritize Canadian content in future government procurement, notably by awarding points for Canadian content in tendering processes. Officials also clarified that the lens being applied would examine investments and jobs in Canada, not necessarily the ownership of the companies involved. Canadian content will not be the only criterion used; cost, for example, will remain a determining factor. Up to 25% of the points could be awarded based on the level of Canadian content. Officials also reported that work is underway on a procurement mechanism that would provide an advantage to small and medium-sized enterprises, to ensure that not only large companies benefit from government procurement contracts.

Shared Services Canada

In the 2026–2027 main estimates, Shared Services Canada (SSC) requested $2.2 billion in voted appropriations, a decrease of 5.9% compared to 2025–2026. This decrease stems from a comprehensive expenditure review and changes to multi-year funding profiles, including the phasing out of term funding approved in previous years.

SSC officials indicated that the main estimates include a funding request of $101.4 million to support core information technology services across departments, as well as a project to automate and accelerate a significant portion of the security monitoring process.

With respect to digital sovereignty—that is, a state's ability to protect and govern its own digital tools, data and infrastructure—SSC officials noted that only a very small portion of data is hosted abroad.

SSC officials also informed the committee that they were working toward the spring 2026 rollout of their generative artificial intelligence (AI) tool, CANChat, a secure platform for public servants designed to enhance productivity while ensuring that data remains in Canada and is hosted on government-approved infrastructure.

In addition, the TBS prepared a *Directive on Automated Decision-Making* and a *Guide on the use of generative artificial intelligence*, which apply across all departments. Most departments rely on SSC's expertise and knowledge to leverage AI capabilities. The department has worked with the TBS's Chief Information Officer to develop an AI action plan. The committee notes that SSC was to provide this action plan, as well as other information regarding government suppliers in the area of cybersecurity, but as of 2 October 2026, it had not yet done so. The committee urges SSC to do so immediately and to continue to closely monitor emerging developments in AI and the risks associated with its use, particularly with respect to cybersecurity vulnerabilities and the protection of personal information.

Innovation, Science and Economic Development

The *Supplementary Estimates (A), 2026-27* show that Innovation, Science and Economic Development (ISED) requested $139.3 million in adjustments, including $135.5 for grants and contributions and $3.8 million for operating expenditures.

Among other things, the committee learned that the Women Entrepreneurship Strategy and the Canada Small Business Financing Program (whose funding was scheduled to end on 31 March 2026) had been renewed for five and two years, respectively. In answer to a question on whether indicators are used to measure the performance of these programs, rather than the activities they fund, ISED officials said that they were currently developing long-term success indicators for companies funded through these programs.

The committee was also concerned to know whether ISED investments in innovation, especially in the AI field, were contributing to advancing sustainable development goals. As an example, officials pointed to Canada's Ocean Supercluster, one goal of which is to accelerate the commercialization of solutions in the energy transition and food security areas. In a written response, ISED also said it ensures that its decision-making process takes account of the Government of Canada's Strategic Environmental and Economic Assessment process.

ISED officials also interpret strong clientele satisfaction with its programs, particularly programs related to intellectual property, as a sign that they are not only useful, but also conducive to more innovation and potential improvements in Canada's productivity.

The committee also enquired about ISED intellectual property protection programs. In a written response, ISED outlined its three major programs in this area: ElevateIP, Patent Collective Program and IP Assist. The eligibility criteria vary from program to program and may consist of advice or financial support. Funding agreements sometimes include corrective remedies, such as the repayment of funds in cases of non-compliance, such as the acquisition of intellectual property by foreign countries.

Safety and Justice

Public Safety Canada

In terms of voted appropriations, the Department of Public Safety requested $2.2 billion in budgetary expenditures, an increase of 4.2% compared with the 2025–2026 main estimates. The department anticipates that the total number of employees, in full-time equivalents, will decrease from 1,851 in 2025–2026 to 1,188 in 2028–2029, as a result of the comprehensive expenditure review and the planned sunsetting of certain programs in 2026–2027 and 2027–2028.

The committee expressed concern about the significant increase in contributions to the provinces as disaster financial assistance, which rose from $343 million in 2024–2025 to $616 million in 2025–2026, and to $1.1 billion in 2026–2027. Department officials indicated that the payments made in a given year may compensate provinces for previous years; moreover, the program includes a component designed to encourage provinces to invest in prevention and strengthen their resilience. To improve flood resilience, $3.9 million has also been added in the *Supplementary Estimates (A) 2026-27*. These funds have two components: to develop an online course that raises awareness about flood risks and to develop flood insurance program options.

The committee's questions during meetings concerning the main and supplementary estimates led to a better understanding of the funds allocated to some of the Department's programs and the differences among programs with similar names:

- $9.7 million in the main estimates and $10.8 million in the supplementary estimates has been allocated to the **Community Resilience Fund**. This program supports the priorities of the Canada Centre for Community Engagement and Prevention of Violence by providing financial assistance to programs and research focused on fighting violent extremism. The funds allocated in the supplementary estimates are meant to expand the hate crime training delivered in Canadian police colleges.

- $54.4 million in the supplementary estimates was allocated to **Building Safer Communities fund**, concluding on 31 March 2026**.** Its objective is to support the efforts of Indigenous municipalities and governments to fight the prevalence of firearms and gangs. Eighty-eight contribution agreements have been signed with municipalities, Indigenous organizations and Quebec.

- $60.5 million in the main estimates has been allocated to the **Safer Communities Initiative** (known as the **National Crime Prevention Strategy** in the departmental plan accompanying the main estimates), which includes the **Canada Community Security Program**. With a budget of approximately $12

million, this program's objective is to support the implementation of projects designed to help communities with an established history of hate-motivated crime against victims by taking steps to improve security at community gathering spaces. The committee is concerned about the consequences of the proposed reduction in funding for the National Crime Prevention Strategy from $62.1 million in 2025‑26 to $60.5 million in 2026‑27. It intends to carefully monitor the Canada Community Security Program evaluation planned for 2027-28.

The committee also learned that, under the Assault-Style Firearms Compensation Program, just over 38,000 participants (individuals only) had declared 67,221 firearms. The program was closed and has since been reopened as of 23 April 2026 until the end of the amnesty period, and is now open to businesses. The collection and destruction of firearms are ongoing. An amount of $64.8 million is included in the 2026–2027 main estimates, with an additional $203.2 million later provided in the *Supplementary Estimates (A) 2026–2027*, which includes $48.9 million to support the firearm collection efforts of municipalities and police forces. Officials also said that mobile collections have been arranged in situations where the Department was unable to reach an agreement with certain police forces or municipalities.

Department officials also explained that for the 36 Indigenous police services across the country, costs are directly funded by the provinces and Public Safety Canada. The federal government covers 52% of the costs, while provincial governments cover 48%.

The committee was also concerned to learn that the Security Cooperation Program had a budget of only $3.2 million, which funded some 20 projects in 2025–2026, even though 590 applications had been submitted.

Justice Canada

In terms of voted appropriations, Justice Canada is seeking $1.1 billion in budgetary expenditures, a decrease of 0.1% over the 2025–2026 main estimates. Spending reductions of $43.5 million under the Comprehensive Expenditure Review are expected to result in a decrease of approximately 234 full-time equivalents by 2028–2029.

In response to a question about the amount earmarked for contributions for immigration and refugee legal aid, which is increasing from $83.1 million in 2025–2026 to $130 million in 2026–2027, Justice Canada officials said that stakeholders and the provinces and territories had informed the department that additional support is needed to help immigrants and refugees navigate the legal processes. The number of people challenging various orders within the immigration system may also increase.

With regard to the backlog in processing immigration and refugee cases, the department acknowledged the backlog and indicated that the federal government is supporting the provinces and territories in that space.

In addition, the committee had concerns about some of the results of the departmental result indicators. In 2024–2025, the percentage of Canadians with moderate to high confidence that the criminal justice system is fair was only 51%. That same year, 59% of Canadians had moderate to high confidence that the criminal justice system is accessible to all people. In both cases, the department's target was 70%. Department officials acknowledged that the situation was worrisome. They said that passing bills C-9, C-14, C-16 and C-22 could help improve the situation. The department is also working with Statistics Canada to improve data collection to better understand the reasons for this low level of confidence, particularly justice system delays, recidivism and the crime rate.

The committee also expressed concern that the $25.9 million in funding for advancing the National Action Plan to End Gender-Based Violence was showing as sunsetting in the main estimates. Justice Canada officials indicated that these amounts could be granted under Supplementary Estimates (A) 2026–2027. In fact, $21.3 million was requested for that purpose in the *Supplementary Estimates (A) 2026-27*, including a $6.5 million amount for the Victims Fund, which was another program the committee had concerns about.

Royal Canadian Mounted Police

In terms of voted appropriations, the Royal Canadian Mounted Police (RCMP) requested $5.5 billion in budgetary expenditures, an increase of 2.8% over the 2025–2026 main estimates.

The committee expressed concerns about the increase in disability and health benefit payments for RCMP members, which are projected to rise from $947 million in 2024–2025 to $1,160 million in 2026–2027, a 22.4% increase over two years. In a written response, the RCMP stated that its "programs focus on injury and illness prevention, health monitoring and surveillance, disability management and accommodation related to all prohibited grounds of discrimination prescribed in the *Canadian Human Rights Act*." This response also provided further details on the number of beneficiaries.

In response to a question on the protection of religious institutions, RCMP officials noted that it is difficult to determine the amount of funding allocated to this area, given that several RCMP programs and multiple police forces are involved. Threats against religious institutions require a broader response to improve social cohesion.

With respect to the memorandum of understanding between China and Canada, RCMP officials were unable to provide the committee with many details, but

indicated that it is a new version of a memorandum signed in 2010. It relates primarily to the exchange and sharing of information. It also includes provisions on request for information and the costs associated with joint investigations.

The committee also examined policing services in Indigenous communities. RCMP officers explained that these financial responsibilities are shared among a number of stakeholders, including the Department of Public Safety, the RCMP, the provinces and the communities themselves. The 2026–2027 main estimates include $41 million allocated to the RCMP for Indigenous policing services, but according to a written response from the RCMP, "[t]hese figures do not represent the complete costs of the RCMP providing Indigenous Policing services, as those same services draw upon additional support from within the RCMP and other shared services within the Government of Canada."

Following a question regarding the RCMP's establishment of a centralized database, a written response was provided, stating that "modernizing [the Canadian Police Information Centre] will take time and will require multi-year investment in business and process transformation, information technology, training and other areas."

Finally, the committee expressed concern about a potential lack of resources to counter new technologies used by traffickers and terrorists. The RCMP emphasized the importance of adapting quickly to changes and improving collaboration among police services, rather than working in silos.

Correctional Service Canada

In terms of voted appropriations, Correctional Service Canada (CSC) requested $3.7 billion in budgetary expenditures, an increase of 3.2% over the 2025–2026 main estimates.

The committee expressed concern about certain cuts to librarian positions and to the training provided to inmates by Cégep Marie-Victorin. CSC officials indicated that they are working with the Cégep to develop a model that could be expanded to all of Quebec, rather than limited to the Joliette and Cowansville institutions. They also explained that several institutions do not have librarians but still offer numerous online services accessible to inmates. The committee wishes to emphasize the importance it places on training and education in the reintegration of inmates.

The committee also pointed out the findings of the Office of the Correctional Investigator of Canada, which stated in its *Annual Report 2024–2025*: "[t]he announcement of a $1.3 billion replacement facility for RTC Atlantic (Shepody) is, in our view, a profound misallocation of resources. Rather than investing in another CSC in-house facility, the Government of Canada should have directed CSC to partner with provincial health systems to expand access to secure psychiatric beds in

the community." In a written response, CSC stated that the department remained committed "to fostering mutually beneficial partnership agreements and ... to explore opportunities with diverse partners and stakeholders, including provincial hospitals."

As well, the committee was informed that CSC will invest in innovative technologies to better address threats posed by drones and the introduction of contraband. CSC is also launching a pilot project on the use of blurring technologies. The department is also conducting ongoing assessments and information gathering regarding staff who may be introducing contraband.

Other organizations

As part of its study, the committee also heard from officials of the following organizations:

- **Law Commission of Canada** (LCC) officials gave an overview of their organization, which was re-established in 2023 after previously operating from 1997 to 2006. Earlier, from 1971 to 1992, it operated under the name Law Reform Commission of Canada. With budgetary expenditures of $3.2 million, the LCC has a formal mandate to consider the changing needs of Canadian society through the study, review and innovative development of Canadian law and legal systems.

- **Administrative Tribunals Support Service of Canada** (ATSSC) officials spoke about the ATSSC's mission, which is to provide 15 administrative tribunals, boards and councils with the facilities and support they need to deliver fair, impartial and efficient justice to Canadians. The ATSSC is preparing to support other organizations, such as the Environmental Protection Tribunal of Canada, and possibly some territorial tribunals.

Health and Social and Indigenous Affairs

Canadian Institutes of Health Research

In terms of voted appropriations, the Canadian Institutes of Health Research (CIHR) requested $1.5 billion in budgetary expenditures, an increase of 8.2% over the 2025–2026 main estimates. In 2025–2026, CIHR received $76.5 million under Vote 1 for operating expenditures. For 2026–2027, this amount is $76.6 million. CIHR officials told the committee that budget 2025 took steps to limit the expenditure reduction targets for the three federal granting agencies, including CIHR, to 2%. When the officials appeared on 28 April 2026, CIHR's revised spending proposal was undergoing Treasury Board review.

CIHR officials outlined their approach to ensure that Canada's health research is internationally competitive and to address the findings of the internal audit entitled Audit of Funding Opportunity Design and Delivery. CIHR reviewed its funding model to ensure that small initiatives are followed by bigger initiatives.

According to CIHR officials, investments in commercialization are needed. Access, coordination and investments are not aligned with infrastructure. There are also gaps when it comes to incentivizing investment in Canada rather than abroad. They further mentioned the lack of protection for intellectual property and the lack of support for translational research, where scientific findings are translated into practical medical applications.

The committee was also interested in CIHR investments in substance abuse research, particularly on opioids and the effects of adulterants such as xylazine. In a written response, CIHR said that it had invested $106.1 million in opioid research between 2020–2021 and 2024–2025. In addition, it is funding several projects focusing on xylazine.

In addition, the committee had questions about New Brunswick's representation, both within CIHR and in terms of CIHR investments, and about the risks of collaborating with Chinese institutions. In both cases, CIHR officials said they were aware of the situation and were working to make improvements.

Health Canada

During the appearance of officials from Health Canada, the committee once again turned its attention to the Canadian Dental Care Plan (CDCP). In the *Supplementary Estimates (A) 2026-27*, Health Canada requested $148.7 million in funds for the CDCP. Officials said that the purpose of the $148.7 million requested in the *Supplementary Estimates (A) 2026-27* would be used for the implementation and administration of the RCSD, in particular for verifying claims and determining eligibility, and not for the payment of benefits to dental care providers.

The committee also asked officials about CDCP spending forecasts. They said that planned spending on CDCP benefits amounted to $3.4 billion in 2026-27 and is expected to range from $3.4 to $3.9 billion a year for the next five years. Initial estimates were revised upward following stronger than expected demand, particularly in 2025-26, when projected funding of $2.9 billion increased by $1.6 billion in the Supplementary Estimates (B). At the time, Health Canada officials had explained that this situation was due to the fact that many individuals who became eligible to the program had not seen an oral health provider for years for financial reasons. Considering that the plan is still fairly recent, Health Canada continues to monitor changes in demand and works with the Office of the Chief Actuary to update its forecasts and adjust funding as needed.

As the CDCP is becoming one of the federal government's largest social programs, the committee is concerned about the reliability of spending forecasts for that program. The committee also noted a lack of transparency in disclosing CDCP-related appropriations in the main estimates. Given that these amounts comprise a significant portion of Health Canada's voted appropriations, the committee believes that parliamentarians should be provided with clear and easily accessible information on the amounts forecast so that they can fully exercise their role in reviewing and authorizing public expenditure. The committee will continue to closely monitor changes in the costs associated with this plan.

Public Health Agency of Canada

The Public Health Agency of Canada (PHAC) requested $1.5 billion in budget expenditures in the main estimates, representing a 16.9% reduction compared to the previous main estimates. In 2024-25, actual expenditures under voted budgetary appropriations amounted to $1.4 billion. In 2021-22, in the midst of the COVID-19 pandemic, they amounted to $8.6 billion. Prior to the pandemic, in 2018-19, they amounted to $637 million. In this regard, PHAC officials said they have more employees now than before the pandemic given the additional responsibilities assigned to the agency. They also said that more digital and other tools have been introduced to support the Agency moving forward.

Concerning the current Ebola pandemic in Africa, PHAC officials highlighted that the Agency's lab had developed the first vaccine against the virus and is currently working on an updated vaccine effective against the strain responsible for the current outbreak. They also said they were not concerned that the Ebola in question was the infectious variety capable of triggering a global pandemic or a major or significant pandemic in Canada.

PHAC's concerns centre on increased HIV and tuberculosis cases, which usually affect specific groups, such as Black and Indigenous communities as well as newcomers to Canada. PHAC is actively monitoring other viruses, including the hantavirus. Another concern centres on heightened antimicrobial resistance. Through results-based incentives, PHAC is conducting a pilot project to improve access to priority antimicrobial medications by the Canadian public.

Committee members expressed concern over the forecast reductions in certain program funding:

- grants and contributions to the Family Violence Prevention Program will decrease from $19.5 million in 2025-26 to $15.5 million in 2026-27 and then $14.5 million starting in 2027-28;

- contributions to the 9-8-8 suicide crisis helpline will decrease from $75.6 million in 2025-26 to $59.3 million in 2026-27 and 2027-28, and then to $4.3 million in 2028-29;

- contributions to the Kids Help Phone organization will amount to $2.5 million in 2026-27 and then cease the following year.

During the meeting and in a written response, PHAC said that the time-limited allocation of $22.1 million over 5 years, granted in 2021 to fund the Family Violence Prevention program, has now come to an end; that the 9-8-8 suicide crisis helpline was a sustaining program and would be renewed starting 2028-29; and that funding for the Kids Help Phone, provided to stabilize the organization's operations, was time-limited and amounted to $2.5 million annually for three years, ending in 2026-27. The committee nevertheless expresses concern over the funding reductions affecting these vitally important organizations and programs.

PHAC has also requested $54.4 million in the supplementary estimates, including $43.6 million to extend preparations in the event of a flu pandemic, $5 million to support the ad campaign on childhood vaccinations, and $3 million to support ParticipACTION's "Get Active" initiative.

Employment and Social Development Canada

The committee questioned ESDC officials about the integration of the Old Age Security program into a new technology platform, the Cúram system. They explained that the system is part of the Benefits Delivery Modernization (BDM) programme, a dedicated, ring-fenced program subject to significant oversight. They specified that the BDM does not pertain solely to Old Age Security but also includes components related to the Canada Pension Plan, Employment Insurance and call centre migration. They said that the Old Age Security project cost approximately $633 million, less than the initially projected budget. According to the officials, the new system, implemented in March 2025 and covering 7.4 million seniors, operates continuously without interruption and enables monthly payments of benefits to 7.7 million individuals, while improving the automation of operations.

The committee took note of the explanations provided by ESDC officials regarding the BDM. However, the committee remains concerned about the recent problems experienced by this system, as well as the difficulties encountered in other large-scale government IT projects. Given the significance of the programs that still need to be migrated to the new system and the potential repercussions that a failure could have on the payment of benefits to Canadians, the committee notes that it is essential to ensure rigorous monitoring of costs, timelines, and the rollout of the BDM in order to avoid repeating past mistakes.

In 2021, the federal government committed to working with the provinces and territories to support a Canada-wide early learning and child care system and to provide $35 billion in funding from 2021–2022 to 2025–2026 for this purpose. The government's goal was to reduce average fees to $10 per day and to create 250,000 regulated spaces by 31 March 2026.

ESDC officials indicated that the goal of creating 250,000 regulated spaces remains on track to be achieved by 31 March 2026, despite certain challenges; reports from the provinces and territories for the 2025–2026 fiscal year are expected by the fall and will help determine whether the goal has been met. They also explained that achieving the $10-a-day average child care objective would be done in two phases: a 50% reduction in fees, followed by reaching a $10-a-day average by the end of the 2025–2026 fiscal year. They stated that all provinces and territories met the 50% reduction target on schedule. They were of the view that many of them already have fees below $10 per day, while others are having more difficulty reaching this target. They emphasized that the provinces and territories continue to work with the federal government to address challenges related to the program's sustainability and to move toward fulfilling this commitment.

In her performance audit of the Canada-Wide Early Learning and Child Care System published in 2025, the Auditor General of Canada recommended, among other things, that ESDC work with "provincial and territorial governments to obtain comparable performance information to accurately compile results and effectively assess outcomes of the ... system."

On this issue, department officials said that the provinces and territories must report a common set of indicators to the federal government as part of the system. They noted, however, that certain differences in terminology among these jurisdictions could complicate data comparisons. To ensure greater consistency, a federal-provincial-territorial data working group was established to develop common definitions. In their view, this working group supports the collection of comparable data that is useful for both governments and parents.

Despite the progress made in implementing the Canada-Wide Early Learning and Child Care system, the committee notes that significant challenges remain, including pressures created by rising operating costs on child care providers and the persistent gap between the number of subsidized spaces available and demand from families. The committee encourages the federal government, the provinces and territories, as well as other system stakeholders, to continue their collaboration—particularly with respect to data quality and comparability—to find lasting solutions to these challenges and ensure the long-term viability of the system.

Immigration, Refugees and Citizenship Canada

Immigration, Refugees and Citizenship Canada (IRCC) requested $4.3 billion in budgetary expenditures in the main estimates, which represents a 14.3% decrease compared to the previous main estimates. Officials from IRCC explained that the significant reduction in the department's budget authorities for 2026–2027 is primarily attributable to the reduction in immigration targets set out in the most recent immigration levels plans. They noted that the plan presented for 2026–2028 calls for a decrease in the admission of permanent and temporary residents, resulting in a corresponding reduction in the department's funding for both its operating activities and settlement services for newcomers. They also noted that part of the reduction stems from the comprehensive expenditures review, under which IRCC proposed targeted cuts while seeking to maintain essential services.

With regard to processing backlogs in certain admission categories, they explained that this situation is primarily due to the intake caps set out in the immigration levels plans rather than an inability to process applications. In their view, many people have already applied and are waiting to be admitted once spots become available. They added that the department has achieved the targets set in the 2025 plan and is now proceeding with the implementation of the 2026 plan.

The committee acknowledges that a reduction in IRCC's budget authorities is consistent with the reduction in immigration targets announced in the most recent immigration levels plans. However, the committee considers the scale of the planned reductions to be concerning. It stresses the importance of ensuring that these reductions do not undermine the effectiveness of the system for selecting and processing immigration applications or the quality of support provided to newcomers.

In the *Supplementary Estimates (A) 2026-27*, IRCC requested $68.9 million to implement phase 3 of the Digital Platform Modernization Program. IRCC officials provided an update on the program's progress. They explained that the digital platform modernization is a vast initiative launched in 2022 and expected to reach completion in about 2030. They said that the first phase of the program includes a number of client-experience enhancement projects, including a new online account available to certain users, and a new platform currently being deployed to manage requests for information. They also mentioned that a digital visa pilot project running from November to February had validated the technology and reached a positive outcome, and that the work continues on its wider-scale deployment. Given the scope of this initiative and its continuation until 2030, the committee will closely monitor its deployment, timelines and costs to ensure that public money is carefully managed.

IRCC has also requested $4 million in the Supplementary Estimates (A) for an ad campaign targeting the Talent Attraction Strategy. IRCC officials said that the

campaign is designed to attract high-skilled workers in sectors with major labour needs while meeting the targets set out in the Immigration Levels Plan. They pointed out that this strategy relies on targeted programs, particularly programs for certain professionals, researchers and postgraduate students, each subject to specific service standards and processing times, which are currently being met.

Indigenous Services Canada

During the appearance by Indigenous Services Canada (ISC) officials, the committee again questioned them on the issue of financial transparency and the implementation of the *First Nations Financial Transparency Act*, noting that its application was suspended in 2015 and that a recent Federal Court decision[1] ordered ISC to disclose a First Nation's financial documents to a community member.

ISC officials indicated that the department now publishes First Nations' financial statements when it receives them and that funding agreements with communities include financial accountability requirements. They also stated that the department is closely examining how it intends to proceed in the future regarding the implementation of the *First Nations Financial Transparency Act*.

Given the scale of public funds administered by ISC, the committee reaffirms the importance of financial transparency and accountability among First Nations to ensure the confidence of the public and community members. The committee continues to encourage the department to adopt a proactive approach to facilitate clear and timely access to First Nations' financial statements.

Other Organization

As part of its study, the committee also heard from officials of **Crown-Indigenous Relations and Northern Affairs Canada**, who spoke about the department's plans regarding the settlement of specific claims and the implementation of spending reductions identified through the comprehensive expenditure review.

Defence and International Affairs

National Defence

The department requested $48.4 billion in budgetary expenditures in the main estimates, an increase of 42.7% over the previous main estimates. In the supplementary estimates, the department requested $1.1 billion, which includes

[1] *McCarthy v. Canada (Indigenous Services)*, 2025 FC 1843, Federal Court, 20 November 2025.

$830 million for operating expenditures, $245 million for capital expenditures and $5 million for grants and contributions.

Departmental officials explained that almost all of the appropriations received in 2025-26 had been expended to achieve the former NATO target for military spending amounting to 2% of GDP. In fact, the amount requested in the 2026-27 main estimates is only 5% higher than actual expenditures in 2025-26, and the department expects to receive further appropriations in subsequent supplementary estimates. In a written response, the department confirmed that Canada's total defence spending in 2025-26 amounts to $65.9 billion. This figure represents 2.03 % of Canada's GDP in 2025.

Concerning the new NATO targets of 3.5% of GDP for core military capabilities and up to 1.5% of GDP for ancillary defence and security activities, the committee tried to better grasp how these expenditures would be reached and how NATO countries would coordinate their activities to ensure that the specific needs of each nation are met.

A significant amount of discussion centred on Canada's Defence Industrial Strategy, launched in February 2026 to strengthen national sovereignty and reduce Canada's dependence on foreign suppliers. Committee members underscored the importance of local supply chains for companies of all sizes offering a range of products and services, and of developing a workforce with unique skills.

Concerning the impact of climate change on the Department's activities, officials said that the situation is fundamentally changing Canadian defence and the direction of its investments, a situation that requires understanding and monitoring the environment and supporting Northern populations.

Discussions also focused on some overlooked aspects of defence, such as the role of small missions like the one in Kosovo, now nearing its end in favour of the mission to Latvia; and the mission of the 5,000 Canadian Rangers, which includes surveillance, research, rescue and Canadian Armed Forces training activities. A written response sheds further light on the Defence Climate and Sustainability Strategy and a long-term Infrastructure Sustainment initiative.

Veterans Affairs Canada

With respect to voted appropriations, Veterans Affairs Canada (VAC) requested $8.1 billion in budgetary expenditures, an increase of 4.4% over the 2025–2026 main estimates. VAC officials stated that the main estimates do not include new funding announced in budget 2025. The number of full-time equivalent employees is expected to decrease from 3,771 in 2024–2025 to 2,969 in 2028–2029, a reduction of 21.3%. However, VAC officials also noted that certain temporary resources may soon become permanent; at that point, the plans will be updated.

The committee enquired about the lengthy delay in implementing the Afghan Veterans Monument project. VAC officials indicated that construction would begin in the spring or summer of 2026 and be completed in 2028.

VAC officials also discussed the Income Replacement Benefit under the Rehabilitation Program. Under these programs, individuals may earn up to $20,000 before amounts are deducted from the Income Replacement Benefit. This benefit is available to individuals participating in the rehabilitation program or who have permanently diminished earnings capacity. It is set at 90% of the income the individual was receiving at the time of release from the Canadian Armed Forces.

VAC officials also discussed the results of the Employment Strategy. For example, VAC reported 7,100 registrations and more than 400 employer presentations as part of its employment webinars and virtual job fairs. In addition, during this period, approximately 6,600 members of the Hire a Veteran LinkedIn group connected with more than 600 employer representatives.

Global Affairs Canada

During her appearance, the official from Global Affairs Canada (GAC) discussed the implementation of the cuts planned under the comprehensive expenditure review. For consular services, for instance, she noted that this would involve greater focus on digital service delivery, particularly for routine transactions, which would support the consolidation of offices in certain regions.

With regard to the international trade portfolio, she explained that cost-cutting efforts were focused on functions determined to be less of a priority, including certain administrative activities, team consolidation, and a program that was consistently underused and did not fully meet the needs of Canadian businesses. She also noted that previous development assistance spending was largely aimed at promoting gender equality and global health, but going forward, greater emphasis will be placed on the links between trade and development, targeting initiatives likely to generate positive outcomes for both the countries receiving Canadian aid and for Canada.

The committee is concerned that the projected savings under the comprehensive expenditure review may reduce the level of direct services provided to Canadians, particularly consular services for citizens abroad. It is also concerned that these savings could undermine the department’s ability to effectively support Canadian business in their efforts to diversity into international markets, given the evolving global economic context marked by increased uncertainty.

Canada Border Services Agency

The committee questioned CBSA officials regarding the fight against fentanyl. They indicated that enhanced internal coordination had been put in place, including the appointment of a senior executive reporting directly to the President to coordinate these activities. They mentioned targeted operations and sustained intelligence work, as well as collaboration with domestic and international partners, including the United States, to monitor and intercept drug flows on both imports and exports. They noted that, although Canada is not a significant source of fentanyl exports, approximately 2.8 kilograms were seized in 2025, highlighting the danger posed even by small quantities. They also referred to an initiative coordinated by the Canadian Integrated Response to Organized Crime that led to the seizure of 386 kg of fentanyl between 20 May and 31 October 2025.

The committee is of the view that these results, together with the commitment to add 1,000 new frontline officers, demonstrate Canada's commitment to maintaining the integrity of its border and combating drug trafficking. In this regard, it is worthwhile to highlight these advances and clearly communicate these results to our North American partners as part of the review of the Canada–United States–Mexico Agreement, so that these discussions are informed by the concrete efforts undertaken by Canada to address shared concerns related to border security.

Regarding the digital systems used by the CBSA, the committee noted that there were some shortcomings over the past year. CBSA officials acknowledged that some IT system outages had occurred and that a plan had been put in place to improve system reliability and the management of disruptions. They explained that several critical platforms are reaching the end of life and are currently undergoing phased modernization. The progress of modernization varies across systems, with some already fully deployed, while others—particularly those related to traveller management—are still being upgraded as part of a multi-year investment plan. They indicated that business continuity measures are in place to maintain border security during outages, including the use of manual processes and checks carried out by officers.

The committee wishes to emphasize the importance of closely monitoring these digital modernization projects in order to limit the risk of cost overruns and delays, reduce the frequency of outages, and ensure the continuity of operations essential to border security and the flow of trade.

Other Organization

In the course of its review, the committee also had opportunities to put questions to **Communications Security Establishment Canada** officials, who spoke on their efforts to get more federal organizations to use the Establishment's cybersecurity services, given that 119 out of 204 of them are not obliged to do so. They also

discussed investments in AI and quantum cryptography to ensure Canada's cyber defence.

Transportation

Transports Canada

Transport Canada requested $3.6 billion in budgetary expenditures in the main estimates, representing an increase of 24.1% over the previous main estimates. According to officials, this increase primarily reflects new initiatives, including $500 million to support trade corridor diversification, $444 million to support the demand for electric vehicles, and $150 million for the Arctic Infrastructure Fund.

Furthermore, Transport Canada requested $39.2 million for ferry services in Eastern Canada in the *Supplementary Estimates (A), 2026-2027*. Officials said that this amount will be used to maintain six ferry terminals, related port infrastructures and four ferries linking the region together. This amount includes funds to mitigate pressures arising from the cost of fuel and labour, and to invest in safety, including the construction of a new transporter bridge in Souris and the refurbishment of breakwaters in the Magdalen Islands.

The committee expressed concerns about the longevity of smaller harbour and airport infrastructures given the vital role they play in their communities. Transport Canada officials said that the sale of harbours in small communities is not being considered. However, they mentioned that the department wants to encourage more collaboration between other Canadian harbours to strengthen their ability to compete with their U.S. counterparts and improve supply chain fluidity.

Concerning the possible expansion of the Airports Capital Assistance Program (ACAP) to include small airports, Transport Canada officials said that the department is currently examining this option, especially in light of its increased funding and requests from airports that are currently ineligible. They also pointed out that certain northern airport projects can be funded through the new Arctic Infrastructure Fund, potentially freeing up ACAP resources for other projects.

Canadian Transportation Agency

The Canadian Transportation Agency (CTA) is responsible, among other things, for handling consumer complaints in the air transportation sector. The CTA official indicated that the number of air passenger complaints received by the agency has increased significantly in recent years, from approximately 850 complaints per year prior to 2016 to more than 40,000 annually in recent years. She noted that this increase accelerated following the coming into force of the *Air Passenger Protection Regulations* in 2019.

She explained that the CTA undertook a significant transformation of its processes starting in 2023, after securing additional funding and following legislative amendments related to the handling of complaints. The new Complaint Resolution Office has significantly increased processing capacity, with more than 32,000 complaints resolved annually over the past two full fiscal years—representing a substantial increase compared with previous years. She added that the CTA continues to develop new tools and processes, notably through the use of artificial intelligence, to further improve its productivity, with a target of 45,000 complaints resolved in the current fiscal year. Despite this progress, she acknowledged that there remains a backlog of approximately 96,000 complaints to be processed.

At the time the main estimates were tabled, a decision had not yet been made regarding the renewal of funding for the Air Passenger Protection program, which was set to expire on 31 March 2026. However, in its Spring Economic Update 2026, the government announced the renewal of this funding for a two-year period. It also announced its intention to clear the backlog of complaints "by engaging a neutral, third-party dispute resolution organisation based on a proven model in the U.K. and E.U." The CTA official did not have any additional details to share on the implementation of this initiative.

The committee acknowledges the measures implemented by the CTA to increase its capacity to handle air passenger complaints, notably the increased use of new technological tools such as artificial intelligence. Given the persistent size of the complaint backlog, the committee will continue to monitor progress in handling complaints, as well as the implementation of the new process announced by the government.

Windsor-Detroit Bridge Authority

The Windsor-Detroit Bridge Authority (WDBA) is responsible for ensuring the procurement, construction and operation of the Gordie Howe International Bridge. The WDBA's appearance took place on 29 April 2026, prior to the July 2026 agreement in principle between Canada and the United States, and the opening of the bridge.

With respect to revenue projections, WDBA officials stated that the federal government's investment in the Gordie Howe International Bridge is expected to be recovered primarily through toll revenue generated over the long term by bridge users. They also noted that once operations are fully underway, the WDBA will be in a better position to assess traffic volumes and market shares in order to develop more reliable long-term cost recovery projections.

The committee noted that the WDBA's cost recovery projections are largely based on future commercial traffic volumes in the Windsor-Detroit corridor. In this regard, the committee believes that the current uncertainty surrounding Canada-U.S. trade

relations could have an impact on these projections and on anticipated toll revenues. As well, the agreement in principle provides that Canada will pay 50 % of the net bridge and crossing-related revenues over the next 15 years to a fund controlled by the U.S. government. The committee will therefore closely monitor developments and their potential impact on the project's long-term financial viability.

Canadian Air Transport Security Authority

The Canadian Air Transport Security Authority (CATSA) is an agent Crown corporation mandated to provide security screening at 89 designated Canadian airports. It fulfills this mandate through a third-party screening contractor model.

CATSA officials said that the organization has made targeted investments in artificial intelligence (AI), including in an initiative to augment screening compliance. Given the organization's relatively small size coupled with operations at 89 airports across Canada, AI has been used to complement human oversight by analyzing CCTV footage to determine whether screening personnel are compliant with requirements, as part of a phased deployment. More broadly, officials noted that CATSA's innovation roadmap includes several automation initiatives and the assessment of emerging technologies. These include computed tomography (CT) scanners, already deployed at some major airports, which lay the foundation for the automated detection of threats and prohibited items using algorithms and AI.

The committee welcomes the use of new technologies to enhance the detection of threats and prohibited items. Given the number of organizations involved in air transport security, the committee encourages CATSA and its partners to strengthen coordination with federal agencies, airport authorities and air carriers to support the timely, consistent and effective deployment of these technologies across the network.

The committee also discussed official language requirements. According to the CATSA 2025 Annual Report, 69.2% of the organization's employees met the language requirements of their position in the fiscal year 2024-25, when the target was 75%. CATSA officials explained that the targeted 75% compliance with language requirements was a short-term objective and is expected to climb to 85% in the medium term given a low-attrition environment. They also said that this target applies exclusively to the 512 employees at headquarters; it does not apply to frontline control officers employed by service providers. In this regard, they mentioned a survey in which 96% of passenger respondents reported receiving a service in the official language of their choice in the fiscal year 2024-25.

VIA Rail Canada

During the appearance by VIA Rail Canada officials, the committee asked questions on a number of topics, including its operating deficit reduction objectives for coming fiscal years in light of the company's plans to align with the Comprehensive Spending Review announced in 2025. VIA Rail Canada officials informed the committee that the company will begin by optimizing its procedures, including through measures such as more extensive use of technology and continuous improvement, rather than reducing its workforce. They said that this process, which started roughly two years ago, has already achieved $18 million in savings and aims to lower the operating deficit by 15% between now and 2030. In 2025, VIA Rail Canada met 58% of its operating costs through self-generated revenues, up from 55.5% over the previous year.

Moreover, the committee observed that VIA Rail plans to increase its capacity by 18% despite the risk that a significant share of its Quebec-Windsor corridor ridership could switch to Alto HSR once it enters operation. VIA Rail Canada officials said that the goal of increasing VIA Rail's ridership and capacity in the years ahead aims to achieve a general increase in rail use and foster sufficient demand in anticipation of the eventual arrival of HSR. They said that VIA Rail and Alto should complement, rather than compete with each other, especially considering that VIA Rail trains could provide service to cities where HSR is not directly available.

Environment and Natural Resources

Environment and Climate Change Canada

In the 2026–2027 main estimates, Environment and Climate Change Canada (ECCC) requested $1.4 billion in budgetary expenditures in the main estimates, a 38.9% decrease from the previous main estimates. ECCC officials attributed this decline primarily to a one-time payment made in the previous fiscal year for the Our Land for the Future Trust and the conclusion of several temporary initiatives. Officials also noted a reduction in statutory expenditures, driven largely by lower revenue distributions from fuel charge payments and excess emissions charge payments under the Output-Based Pricing System.

Officials further noted that the department is participating in the government's comprehensive expenditure review, which seeks to redirect resources away from non-essential, completed or misaligned initiatives toward internal efficiency gains. They emphasized that these reductions would not affect the department's core functions, including meteorological and environmental services and partnerships with Indigenous communities. They also noted that a number of expired temporary programs are currently under consideration for renewal and may be re-funded in future budgets, subject to the required approvals.

The committee notes that the significant projected spending decrease for ECCC in 2026–2027 is partly a result of the expiration of several temporary initiatives currently being considered for renewal. Accordingly, the committee considers it premature, at this stage, to fully assess the extent and long-term implications of the planned reductions across the department. The committee will continue to monitor forthcoming decisions regarding the renewal of these programs.

Natural Resources Canada

In terms of voted appropriations, Natural Resources Canada (NRCan) is seeking $3.4 billion in budgetary expenditures, a decrease of 6% over the 2025–2026 main estimates. The number of employees, in full-time equivalents, was expected to drop from 5,784 in 2025–2026 to 4,693 in 2028–2029, a decrease of 18.9%.

The committee noted that funding for grants in support of home retrofits was $233.2 million in 2026–2027, down 69.3% over the main estimates for the previous fiscal year. NRCan officials explained that, due to the popularity of the program, the funds allocated are almost completely used up. The total cost of the program was $1.8 billion, and 412,000 homes benefited from the grants.

On the topic of small modular reactors, the committee learned that the NRCan program would be transferred to the Canada Growth Fund, which is not part of NRCan. The first small modular reactor, built in Darlington, Ontario, uses GE Hitachi technology. According to NRCan officials, while it is not Canadian technology, the supply chain associated with this project is “Canadianizing.” Canadian experts, technology vendors and other companies are already starting to export their expertise to other countries.

The committee also asked about critical minerals and Chinese competition. NRCan officials explained that technologies cannot always be transferred, so the department is focusing on innovation and on the upstream and midstream parts of the value chain so that they can be used to produce into the downstream. In March 2026, partnerships between NRCan and the private sector were announced.

In addition, NRCan officials discussed innovations associated with the Growing Canada’s Forests program – 2 Billion Trees. For example, as part of this program, NRCan funded a pilot project on drone seeding.

The committee also learned that the biggest increase in the contributions in support of fighting and managing wildfires in a changing climate initiative, which went from $81.7 million in 2025–2026 to $151.2 million in 2026–2027, is driven by funding for the Canadian Interagency Forest Fire Centre, which is responsible for coordinating resource exchanges between governments during fire season.

Fisheries and Oceans Canada

The Department of Fisheries and Oceans requested $1.8 billion in budgetary expenditures in the main estimates, a 69.6% decrease compared to the previous main estimates. A significant portion of this savings owes to the transfer of responsibility for the Canadian Coast Guard to the Department of National Defence. In this regard, departmental officials explained that the transfer was a complicated process that involved identifying which internal services employees to hand over to National Defence.

Officials explained that the remaining expenditure savings primarily related to the end of certain programs, because of the timing differential between the Main Estimates submission and program renewals. Nevertheless, the number of FTEs is expected to fall from 6,892 in 2026-27 to 6,192 in 2028-29 following budget reductions related to the Comprehensive Spending Review.

The committee also looked at the Small Craft Harbours Program, which involves harbour assessments by engineers on a three-year rotation. There are 1,000 small craft harbours in operation, including about 650 considered essential, specifically for commercial fishing activities. The Spring Economic Update 2026 provides $957.8 million in funding over five years, starting in 2026-27, to be allocated in a subsequent supplementary estimate. The major projects or investments announced in this update will commence next year. Committee members took special note of the Grande-Entrée harbour in the Magdalen Islands, struck by fire in June 2024. The first phase of repair work is underway, and investments announced in the Spring Economic Update 2026 will focus on the second phase of repairs.

Agriculture and Agri-Food Canada

The Department of Agriculture and Agri-food requested $1.5 billion in budgetary expenditures in the Main Estimates, 9.2% less than requested in the previous main estimates. The number of FTEs is expected to decline from 4,927 in 2025-26 to 4,215 in 2028-29, for a decrease of 14.5%.

A $100 million decrease in statutory budgetary expenditures follows the phasing out of the Dairy Direct Payment Program, a supply management program.

A portion of the spending decrease results from diminished contributions in support of the Agricultural Clean Technology Program, which decreased from $89 million in 2025-26 to $18.2 million in 2026-27. The “adoption of clean technology” component ended on 31 March 2026, while the “research and innovation” component continues.

Another factor contributing to the lower expenditures was the relocation and consolidation of certain research centres. The Quebec research and development

centre in Quebec City will be closing. Officials said that they wanted to keep at least one research centre in each province.

According to officials, Youth Employment and Skills Strategy funds can be supplied through the main estimates or the Department's current expenditures. Regardless of the source, however, the funding remains relatively unchanged.

Although committee members expressed interest in the issue of pesticides, the *Pest Control Products Act* comes under the authority of the Minister of Health, not the Minister of Agriculture and Agri-food Canada. However, officials pointed out that Agriculture and Agri-food Canada takes part in certain research projects that produce scientific data on pest control products within the framework of the Sustainable Canadian Agricultural Partnership.

The committee also expressed concern over stagnating productivity in the agriculture sector. Officials spoke about some of the programs concerned, including the Supply Management Processing Investment Fund, with a budget of $85.5 million in 2026-27, and the Dairy Innovation and Investment Fund, with contribution payments of $62 million in 2026-27.

Canadian Food Inspection Agency

The Canadian Food Inspection Agency (CFIA) is a science-based regulatory agency dedicated, among other things, to safeguarding food, and animal and plant health, which enhances Canada's environment, economy, and the health and well-being of its residents. Its employees work across Canada, in the National Capital Region and in four operational regions: Atlantic, Quebec, Ontario and Western Canada. The committee expressed concern over recent announcements about the closure of some CFIA facilities following the Comprehensive Spending Review, including its office in Saint-Anne-des-Monts and its research lab in Longueuil, and questioned the CFIA about this matter.

The CFIA official informed the committee that the Sainte-Anne-des-Monts office closure and transfer of positions to Rimouski followed an analysis of the volume of activity and potential efficiency gains. She said that CFIA had evaluated its capacity to continue meeting the needs of regulated sectors and believes that it can maintain the same level of service from its Rimouski location.

The CFIA official specified that the Longueil lab is expected to close in 2028-29. In the meantime, CFIA will plan how it will allocate its activities among the other labs in its network to ensure the continuity of essential analyses and activities. She said that activities are being reconsolidated, not ended, and that no other lab closure or consolidation is currently planned under the Comprehensive Spending Review.

Other organizations

As part of its study, the committee also heard from officials of the following organizations:

- **Parks Canada** officials discussed a range of issues, including costs associated with fighting forest fires and restoration work, particularly in Jasper National Park in Alberta, as well as the process for establishing national parks, marine conservation areas and national urban parks.

- **Canada Water Agency** officials spoke about their work on the review of the *Canada Water Act* and on developing the National Water Security Strategy.

- **Impact Assessment Agency of Canada** (IAAC) officials gave an overview of the re-engineered IAAC processes: the initial planning phase to assess a project is now 60 days, and the complete assessment period is now two years, implementing a "one project, one review" approach. They also discussed the policies in place to protect the scientific integrity of IAAC processes and to ensure transparency.

- **Atomic Energy of Canada Limited** (AECL) is a government-owned corporation operated by a private-sector contractor, Canadian Nuclear Laboratories. AECL is responsible for owning and overseeing Canada's national nuclear laboratories and facilities, including the Chalk River Laboratories. Its officials said that the AECL funds research projects to support the decommissioning of waste management facilities, as well as upfront research on small modular reactors.

Culture

Canadian Heritage

Canadian Heritage officials noted that the main estimates 2026–2027 include $311.6 million to support the department's responsibilities in the area of sport. According to department officials, this funding will be used, among other things, to support the hosting of the 2026 FIFA Men's World Cup, promote safe and welcoming sports experiences and implement measures in response to the recommendations of the final report of the Future of Sport in Canada Commission. The report concluded that "maltreatment in sport is widespread, systemic, and ongoing" and that "Canada's sport system is underfunded and fragmented and lacks clear national leadership."

In its *Spring Economic Update 2026*, the government announced an investment of $755 million from 2026–2027 to 2030–2031 and $118 million annually thereafter to support the Canadian sport system. Canadian Heritage provided details on the

intended use of this funding in a written response to the committee. According to the department, the funding includes:

- $660 million over five years and $110 million annually thereafter for national sport organizations under the Sport Support Program to increase participation and strengthen the safety, governance and capacity of the sport system;

- $50 million over five years to support the hosting of international sporting events under the Hosting Program; and

- $45 million over five years and $8 million annually thereafter to support athletes, including mental health supports.

Canadian Heritage also requested funds in the *Supplementary Estimates (A) 2026-2027* to meet its sport-related obligations. Officials explained that the $4 million requested for the Canadian Safe Sport Program is meant to support implementation by the program's lead organization of the Universal Code of Conduct to Prevent and Address Maltreatment in Sport. They said that a supplementary $8 million is provided for national sports organizations to strengthen safety and integrity in sport. A portion of these funds target concussions, safety and mental health issues, among other things.

Concerning the FIFA World Cup, Canadian Heritage officials said that the department played key role, including through a secretariat specific to the event and coordination with the United States and Mexico by the Secretary of State. They pointed out that the first $220 million allocated to the department was earmarked for host cities Toronto and Vancouver to cover operating and capital costs, while other amounts were shared among federal departments, including for security. They said that federal expenditures currently associated with the World Cup amounted to approximately $466 million. They mentioned that the roughly $7 million difference compared to the estimate by the Parliamentary Budget Office related to things such as feasibility expenditures incurred in 2018 with Canada Soccer, which it included in its calculations but which Canadian Heritage does not consider an expense directly related to the event.

The committee welcomes the announcement of increased funding for the Canadian sport system to support national sport organizations, the hosting of international sporting events and services for athletes, including mental health supports. The committee also emphasizes the importance of providing adequate financial support to high-performance Canadian athletes and of maintaining and developing accessible, high-quality sport infrastructure in communities across the country.

As well, the committee examined the issue of federal support for the media. Canadian Heritage officials said that several initiatives have been established for this purpose, including the Canada Periodical Fund and the Local Journalism Initiative,

and highlighted the announced expansion of the Canadian journalism labour tax credit in the Spring Economic Update 2026.

While department officials said that these initiatives are delivered either through an independent third party or a formula calculation, the committee wishes to emphasize the importance of maintaining public confidence in the independence of the media and ensuring that funding mechanisms are administered in such a way as to avoid any perception that the government is exercising control or influence over journalists or media organizations receiving this support.

Canadian Radio-television and Telecommunications Commission

The Canadian Radio-television and Telecommunications Commission (CRTC) is funded primarily through fees collected from the industries it regulates to cover the costs of its regulatory activities. In terms of voted appropriations, the CRTC is seeking $4.9 million in budgetary expenditures. Voted appropriations account for 4.4% of projected expenditures in 2026–2027. CRTC officials told the committee that these appropriations are used primarily for specific responsibilities, including the implementation of Canada's anti-spam legislation.

With respect to the implementation of the *Online Streaming Act* and the *Online News Act*, CRTC officials explained that funding for these responsibilities relies primarily on the CRTC's cost-recovery model. Costs associated with broadcasting are charged to and recovered from the broadcasting industry, while costs related to telecommunications are accounted for separately and recovered from the telecommunications industry. Regarding the *Online News Act*, CRTC officials said that Google paid $100 million in compensation to news organizations in the previous fiscal year and that a similar payment is expected in the current fiscal year. They also noted that proceedings concerning whether the act applies to Meta are ongoing.

The committee is concerned that the new responsibilities assigned to the CRTC through the implementation of *the Online Streaming Act* and the *Online News Act*, which have significantly expanded the agency's mandate and activities, could lead to delays in its decision-making processes.

Conclusion

The *2026-27 Main Estimates* were tabled after a major change in the budget cycle. In October 2025, the Government of Canada announced that, in future, it would be tabling its budget in the fall so that "More budget measures can be included in time for the Main Estimates, enabling parliamentarians to better oversee public expenditures." The new Parliamentary Budget Officer, Annette Ryan, who testified before the committee, wrote in a publication concerning the main estimates that approximately 72% of expenditures related to measures in the November 2025

budget, which would normally appear in the 2026-27 total estimates, were requested in the main estimates.

The 2025 budget also presented the government's planned spending in two categories for the first time: "day-to-day operating spending" and "capital investments." The Parliamentary Budget Officer noted that these definitions were not fully consistent with the System of National Accounts. The committee therefore encourages the government to demonstrate greater clarity and consistency regarding the definitions used in its budgetary documents.

The main estimates also affirm the intention in Budget 2025 to reduce the number of public service employees from 368,000 in 2023-24 to 330,000 by the end of 2028-29 through means such as implementing the results of the Comprehensive Spending Review, a measure that is expected to reduce the number of public service employees by 16,000. The government also plans to reduce red tape, lower expenses, eliminate unnecessary spending and rely more heavily on AI. At the same time, Budget 2025 proposed a series of large-scale investments in areas including defence and infrastructure.

During its review, the committee noted that many federal departments and agencies had made program changes by significantly increasing or decreasing certain allocated amounts. Information on whether or not programs would be renewed was frequently unavailable and therefore not included in the departmental plans that accompany the main estimates. To provide greater predictability to the various stakeholders involved in these programs, the committee encourages the government to make as many decisions as possible before publishing these documents.

The committee also noted that several departments had been assigned additional responsibilities or were facing funding cuts for certain programs. The committee believes it is important for departments and agencies to have the necessary human, financial, and operational resources. The committee wishes to emphasize the importance of clear and transparent accountability regarding the implementation of these new responsibilities, including the use of allocated resources and the results achieved. The committee will carefully monitor details surrounding the implementation of the Comprehensive Spending Review's findings to ensure that the public service retains its expertise and that programs provided by the government continue to meet the needs of the Canadian public.

The committee will also keep a watchful eye on public debt charges which, according to the Parliamentary Budget Office, are expected to increase from 10.5% to 13.6% of government revenues between 2024-25 and 2030-31.

Appendix A – Witnesses

Tuesday, June 9, 2026

Julie Chassé, Deputy Chief of Corporate Services and Chief Financial Officer (Communications Security Establishment Canada)

Peter Hammerschmidt, Assistant Deputy Minister (Infrastructure and Environment) (Department of National Defence and the Canadian Armed Forces)

Lieutenant-General Stephen R. Kelsey, Vice Chief of the Defence Staff (Department of National Defence and the Canadian Armed Forces)

Jonathan Moor, Chief Financial Officer (Department of National Defence and the Canadian Armed Forces)

Heather Sheehy, Assistant Deputy Minister (Materiel) (Department of National Defence and the Canadian Armed Forces)

Alia Tayyeb, Acting Chief (Communications Security Establishment Canada)

Wednesday, June 10, 2026

Debbie Beresford-Green, Vice-President, Food Safety and Science (Canadian Food Inspection Agency)

Michael Collins, Vice-President, Health Promotion and Chronic Disease Prevention Branch (Public Health Agency of Canada)

Dr. Natasha Crowcroft, Vice-President, Infectious Diseases and Vaccination Programs Branch (Public Health Agency of Canada)

Rod Greenough, Vice-President and Chief Financial Officer, Chief Financial Officer and Corporate Management Branch (Public Health Agency of Canada)

Ryan Higgs, Acting Assistant Deputy Minister and Chief Financial Officer (Health Canada)

Daniel MacDonald, Director General, Office of Pharmaceuticals Management Strategies, Health Policy Branch (Health Canada)

Kendal Weber, Assistant Deputy Minister, Controlled Substances and Cannabis Branch (Health Canada)

Serge Bijimine, Assistant Deputy Minister, Policy (Transport Canada)

Jaime Caceres, Chief Financial Officer and Assistant Deputy Minister, Financial Management Services (Transport Canada)

Carl Delisle, Chief Financial and Technology Officer (VIA Rail Canada)

Lola Paulin, Deputy Chief Financial Officer (Transport Canada)

Nicholas Robinson, Associate Assistant Deputy Minister, Safety and Security (Transport Canada)

Tuesday, June 16, 2026

Annalisa Bonardi, Acting Director General, Multiculturalism and Anti-Racism Branch (Canadian Heritage)

Amy Awad, Director General, Digital and Creative Marketplace Frameworks Branch, Cultural Affairs Sector (Canadian Heritage)

Véronique Côté, Chief Financial Officer (Canadian Heritage)

Kenza El Bied, Director General, Policy and Outreach (Public Safety Canada)

Nancy Fitchett, Vice-President, Corporate Affairs, Chief Financial Officer and Corporate Secretary (Canadian Air Transport Security Authority)

Pemi Gill, Assistant Deputy Minister, Service Delivery (Immigration, Refugees and Citizenship Canada)

Marcia Jones, Director General, Policy, Governance and Engagement (Public Safety Canada)

Alanna MacDougall, Acting Senior Assistant Deputy Minister, Service, Digital and Delivery Integration (Immigration, Refugees and Citizenship Canada)

Kelsey MacTavish, Senior Vice-President, Operations (Canadian Air Transport Security Authority)

Etienne-René Massie, Assistant Deputy Minister, Small Business, Tourism and Marketplace Services (Innovation, Science and Economic Development Canada)

Karine Paré, Assistant Deputy Minister and Chief Financial Officer, Corporate Management Branch (Public Safety Canada)

Annie Rémillard, Acting Assistant Deputy Minister and Chief Financial Officer (Immigration, Refugees and Citizenship Canada)

Emmanuelle Sajous, Assistant Deputy Minister, Sport, Major Events and Commemorations (Canadian Heritage)

Carla St. Croix, Director General, Programs (Public Safety Canada)

Jean-François Tessier-Lafleur, Acting Chief Financial Officer and Assistant Deputy Minister of the Corporate Management Sector (Innovation, Science and Economic Development Canada)

Appendix B – Briefs

The committee received the following briefs during this study:

Follow-up information from Health Canada

Follow-up information from VIA Rail Canada

Follow-up information from the Public Health Agency of Canada

Follow-up information from Health Canada

Follow-up information from the Canadian Air Transport Security Authority

Follow-up information from Innovation, Science and Economic Development Canada

Follow-up information from Communications Security Establishment Canada

Follow-up information from Canadian Heritage

Follow-up information from the Department of National Defence and the Canadian Armed Forces

Follow-up information from Immigration, Refugees and Citizenship Canada

Follow-up information from Immigration, Refugees and Citizenship Canada

Follow-up information from Immigration, Refugees and Citizenship Canada



sencanada.ca