



Canadian Space Agency
Agence spatiale
canadienne



Canadian Space Agency

2023-2024

Quarterly Financial Report

For the Quarter Ended

June 30, 2023

**Management Statement
for the Quarter Ended June 30, 2023**

Canada

1. Introduction

This quarterly financial report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. This quarterly financial report should be read in conjunction with the [2023-2024 Main Estimates](#)¹.

1.1 Mandate and Program Activities

The Canadian Space Agency's (CSA) mandate is *to promote the peaceful use and development of space, to advance the knowledge of space through science and to ensure that space science and technologies provide social and economic benefits for Canadians.*

More information is available on the CSA's [mandate](#) and on the departmental results framework in the [2023-24 Departmental Plan](#)¹.

¹ *The financial data presented as planned expenditures in the Main Estimates (ME) and the Departmental Plan may differ from the authorities available presented in this Quarterly Financial Report (QFR). The Departmental Plan data includes estimated adjustments to the ME for the entire year, whereas the QFR presents only the authorities granted to this date through the Estimates process (i.e. the ME and the Supplementary Estimates).*

1.2 Basis of Presentation

This quarterly financial report (QFR) has been prepared by management using an expenditure basis of accounting. The Statement of Authorities annexed to this report includes the CSA's spending authorities granted by Parliament and those used by the CSA, consistent with the Main Estimates and Supplementary estimates voted as at June 30, for fiscal year 2023-2024 compared to 2022-2023. This QFR has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before money can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

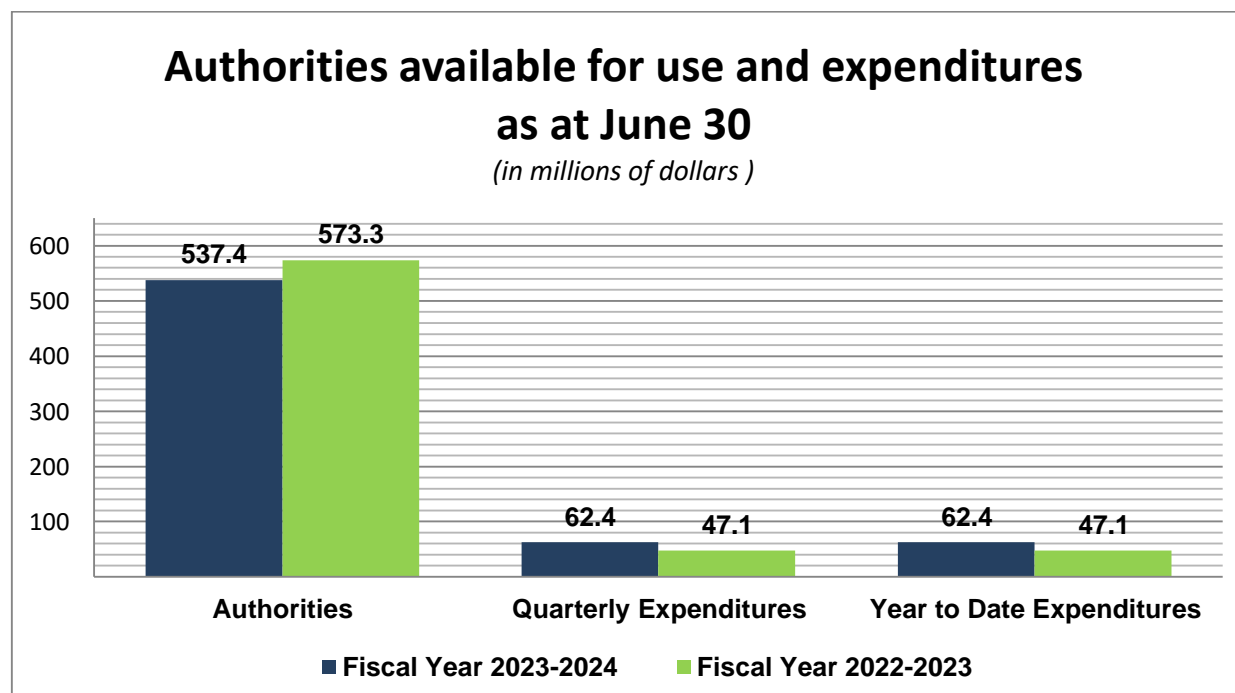
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. The partial accrual method of accounting includes disbursements as well as some accruals for salaries and salary allowances.

This QFR report has not been subject to an external audit. However, it was reviewed by the members of the CSA Audit Committee, who are satisfied with its presentation and content.

2. Highlights of the Quarterly Financial Results

This section highlights the significant elements that contributed to the changes to the authorities available for the fiscal year, as well as to the quarterly and year-to-date expenditures for the quarter ended June 30, 2023.

The following graph provides an overview of the variations in the available authorities and the expenditures. Additional details on these variations are provided in sections 2.1 and 2.2 as well as in the appended annexes.



Totals may not add up with the Annexes due to rounding.

2.1 Significant Changes in the Authorities (Total Votes Available for Use) between fiscal years 2023-2024 and 2022-2023

The total votes available for use as at June 30, 2023, is \$537.4 million, which represents a decrease of \$35.9 million compared to the same period in the previous year.

Authorities <i>(in thousands of dollars)</i>	2023-2024	2022-2023	Variance	%
Vote 1 - Operating expenditures	221,482	217,472	4,010	2%
Vote 5 - Capital expenditures	225,848	257,400	(31,552)	(12%)
Vote 10 - Grants and contributions	77,912	85,581	(7,669)	(9%)
Contributions to employee benefit plans	12,160	12,271	(111)	(1%)
Proceeds from disposal of surplus Crown assets	2	581	(579)	-100%
Total budgetary authorities	537,404	573,305	(35,901)	(6%)

The increase of \$4.0 million in Vote 1 – Operating expenditures is mainly explained by the following items:

- An increase of \$2.3 million in salaries.
- The residual difference consists of multiple variations inherent to the Canadian Space Program (CSP) Resource Management. They result from the fact that budgetary requirements by vote are not linear from one year to the next, requiring vote transfers or fund carry forwards to another fiscal year.

The decrease of \$31.5 million in Vote 5 – Capital expenditures is mainly explained by the following items:

- A decrease of \$34.0 million for Canadarm3 project-related activities.
- The residual difference consists of multiple variations inherent to the Canadian Space Program (CSP) Resource Management. They result from the fact that budgetary requirements by vote are not linear from one year to the next, requiring vote transfers or fund carry forwards to another fiscal year.

The decrease of \$7.7 million in Vote 10 – Grants and Contributions expenditures is mainly explained by the following items:

- A decrease of \$7.3 million for the global program of contributions to support research, awareness and education in space science and technology.

2.2 Significant Changes in the Quarterly and Year-to-Date Expenditures (Votes Used) between fiscal years 2023-2024 and 2022-2023

Quarterly expenditures as at June 30, 2023 are \$62.4 million and represent an increase of \$15.3 million from the same quarter last year.

Expenditures by Vote as at June 30

Expenditures by Vote <i>(in thousands of dollars)</i>	2023-2024		2022-2023		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Vote 1 - Operating expenditures	31,300	31,300	29,204	29,204	2,096	2,096
Vote 5 - Capital expenditures	15,606	15,606	5,848	5,848	9,758	9,758
Vote 10 - Grants and contributions	12,488	12,488	9,223	9,223	3,265	3,265
Contributions to employee benefit plans	3,040	3,040	2,819	2,819	221	221
Spending of proceeds from disposal of surplus Crown assets	-	-	-	-	-	-
Total budgetary expenditures by Vote	62,434	62,434	47,094	47,094	15,340	15,340

The increase of \$2.1 million in quarterly and year-to-date expenditures in Vote-1 - Operating Expenses, is primarily due to:

→ An increase in salary expenses following an increase in the number of CSA staff and an increase in the payment schedule related to the Health Beyond project.

The increase of \$9.7 million in quarterly and cumulative expenditures in Vote 5 - Capital Expenditures is primarily due to:

→ An increase in the payment schedule for the Canadarm3 project associated with the start of the definition phase.

The increase of \$3.2 million in quarterly expenditures and cumulative expenditures in Vote 10 - Grants and Contributions is primarily due to:

→ The variations in the payment schedule to the European Space Agency (ESA) and the exchange rate.

Expenditures by Standard Object as at June 30

Expenditures by Standard Object <i>(in thousands of dollars)</i>	2023-2024		2022-2023		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Personnel	24,335	24,335	22,435	22,435	1,900	1,900
Transportation and communications	984	984	431	431	553	553
Information	284	284	141	141	143	143
Professional and special services	22,325	22,325	12,917	12,917	9,408	9,408
Rentals	535	535	646	646	(111)	(111)
Repair and maintenance	401	401	529	529	(128)	(128)
Utilities, materials and supplies	278	278	282	282	(4)	(4)
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	798	798	495	495	303	303
Transfer payments	12,488	12,488	9,223	9,223	3,265	3,265
Other subsidies and payments	6	6	(5)	(5)	11	11
Total budgetary expenditures by Standard Object	62,434	62,434	47,094	47,094	15,340	15,340

The increase of \$1.9 million in quarterly and cumulative expenditures for Personnel standard object is primarily due to:

→ An increase in salary expenses following an increase in staff within the CSA.

The increase of \$9.4 million in quarterly and cumulative expenditures for the Professional and special services standard object is primarily due to:

→ An increase in the payment schedule for the Canadarm3 project associated with the start of the definition phase.

The increase of \$3.2 million in quarterly and cumulative expenditures for the Transfer Payments standard object is primarily due to:

→ The variations in the payment schedule to the European Space Agency (ESA) and the exchange rate.

3. Risks and Uncertainties

The year-to-date expenditures for the 1st quarter of 2023-2024 represent 12% of the planned expenditures for the year ending March 31, 2024, whereas 25% of the fiscal year has passed. The level of expenditures is higher than it was in the 2022-2023 fiscal year (8%) and lower than the 2021-2022 fiscal year (14%). The current situation presents no concerns. Cumulative expenditures will be restored at year-end when the accruals are recorded, in accordance with the full accrual method of accounting, combined with the deferral of budgets to the following year.

The specific nature of the Canadian Space Program confronts the CSA with issues related to the advanced technologies used in space missions as well as the international aspect of some projects. For Canada, activities in space must be carried out in partnership with other spacefaring nations, using innovative and cost-efficient technologies. The international nature and technical challenges associated with developing and implementing disruptive technologies, in collaboration with multiple partners, generate risks in the delivery of projects. Also, the possibility of a disruption of services or unauthorized disclosure of information resulting from a cybersecurity event poses an additional risk to the agency's operations. These elements translate into financial risks associated with the use of funds such as the deferral of funds and costs increases.

Risks also arise from the Canada / European Space Agency (ESA) Cooperation Agreement. They include variations in amounts payable resulting from changes in the Gross National Product (GNP) statistics, the fluctuation of the Canadian dollar against the euro (exchange rate), inflation and the enforcement of the ESA's industrial policy. These risks have an impact on both costs and cash flow profiles.

To mitigate these risks, the CSA regularly reviews its project portfolio, activity plans, schedules and financial management strategies to adjust to changes brought on by the space programs of its key partners (National Aeronautics and Space Administration (NASA), ESA and other space agencies). In addition, rigorous project management practices are in place, as well as cybersecurity risk mitigation measures. These initiatives allow the CSA to track and report on the progress of its commitments, to assess the effectiveness of its work, and to align its resources with its priorities.

Furthermore, the CSA manages its financial risks and uncertainties related to Phoenix by adopting risk-mitigating strategies. There are a number of actions that the CSA has taken to date to help stabilize the pay system, and to ensure that the employees are being paid accurately and on time. As one of the departments whose accounts have not been migrated to the Pay Centre, the CSA continues to offer on-site compensation services. The compensation team, whose size fluctuates to meet demand, monitors closely for payroll inaccuracies and communicates directly with employees to provide clarifications and to take, when needed, swift actions to rectify issues. The team also participates actively in various working groups and other forums led by Treasury Board Secretariat (TBS) and/or Public Services and Procurement Canada (PSPC). Beyond this, the staff in Finance regularly performs salary reconciliations to monitor and correct expense variances.

CANADIAN SPACE AGENCY
Quarterly Financial Report
For the quarter ended June 30, 2023
Statement of Authorities (unaudited)
(in thousands of dollars)

Annex 1

	Fiscal Year 2023-2024			Fiscal Year 2022-2023		
	Total available for use for the year ending March 31, 2024 (1)	Used during the quarter ended June 30, 2023	Year to date used at quarter-end	Total available for use for the year ending March 31, 2023 (1)	Used during the quarter ended June 30, 2022	Year to date used at quarter-end
	\$	\$	\$	\$	\$	\$
Vote 1: Operating expenditures	221,482	31,300	31,300	217,472	29,204	29,204
Vote 5: Capital expenditures	225,848	15,606	15,606	257,400	5,848	5,848
Vote 10: Grants and contributions	77,912	12,488	12,488	85,581	9,223	9,223
Contributions to employee benefit plans	12,160	3,040	3,040	12,271	2,819	2,819
Spending of proceeds from the disposal of surplus Crown assets	2	-	-	581	-	-
Total budgetary authorities	537,404	62,434	62,434	573,305	47,094	47,094

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

CANADIAN SPACE AGENCY

Annex 2

Quarterly Financial Report

For the quarter ended June 30, 2023

Departmental budgetary expenditures by Standard Object (unaudited)

(in thousands of dollars)

	Fiscal Year 2023-2024			Fiscal Year 2022-2023		
	Planned expenditures for the year ending March 31, 2024	Used during the quarter ended June 30, 2023	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Used during the quarter ended June 30, 2022	Year to date used at quarter-end
Expenditures:	\$	\$	\$	\$	\$	\$
Personnel	92,163	24,335	24,335	91,130	22,435	22,435
Transportation and communications	9,721	984	984	8,772	431	431
Information	2,513	284	284	2,202	141	141
Professional and special services	336,103	22,325	22,325	365,751	12,917	12,917
Rentals	5,052	535	535	4,644	646	646
Repair and maintenance	4,902	401	401	5,662	529	529
Utilities, materials and supplies	2,330	278	278	1,327	282	282
Acquisition of land, buildings and works	568	-	-	-	-	-
Acquisition of machinery and equipment	3,081	798	798	5,643	495	495
Transfer payments	77,912	12,488	12,488	85,581	9,223	9,223
Other subsidies and payments	3,059	6	6	2,593	(5)	(5)
Total budgetary expenditures	537,404	62,434	62,434	573,305	47,094	47,094