



Canadian Space Agency  
Agence spatiale  
canadienne



# **Canadian Space Agency**

**2023-2024**

**Quarterly Financial Report**

**For the Quarter Ended**

**December 31, 2023**

**Management Statement  
for the Quarter Ended December 31, 2023**



## 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](#)<sup>1</sup>.

### 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](#)<sup>1</sup>.

<sup>1</sup> *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 December 31, 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.

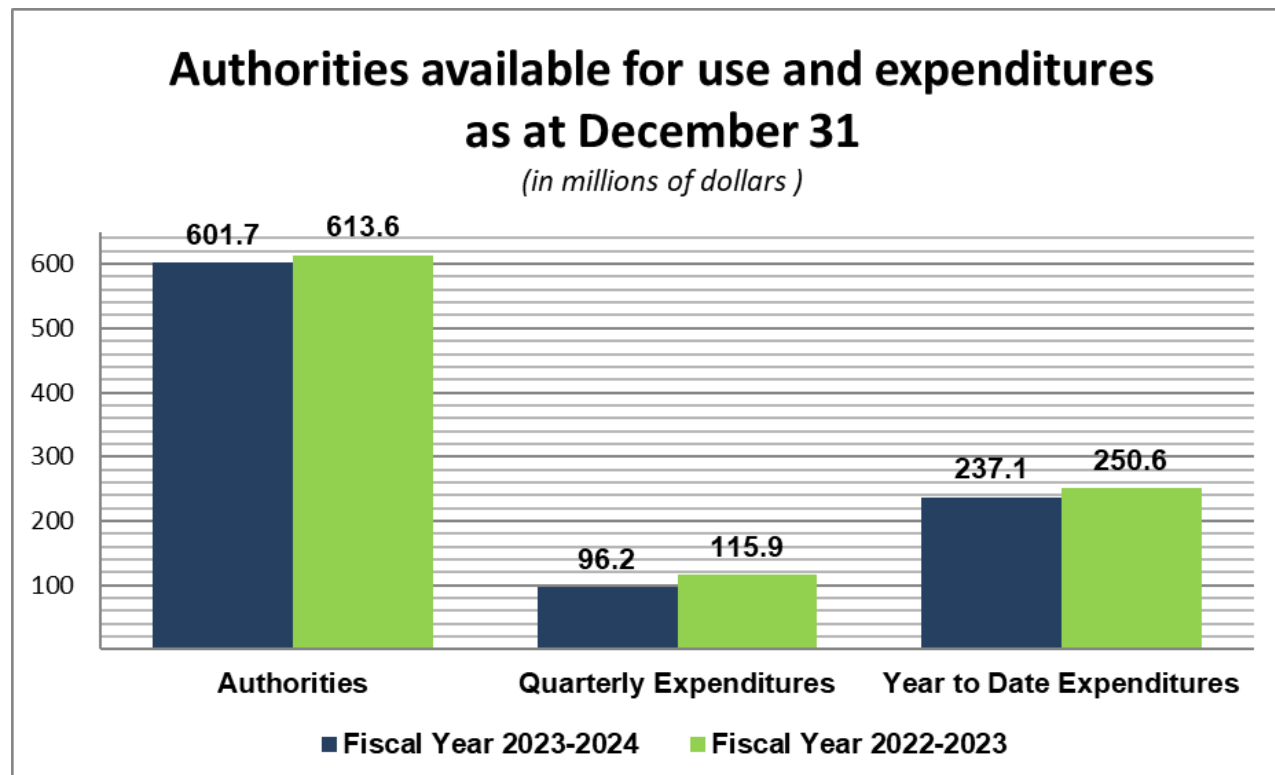
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. 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 December 31, 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 December 31, 2023, is \$601.7 million, which represents a decrease of \$11.9 million compared to the same period in the previous year (-1.9%).

Authorities (in thousands of dollars)	2023-2024	2022-2023	Variance	%
Vote 1 - Operating expenditures	228,333	229,207	(874)	(0%)
Vote 5 - Capital expenditures	283,317	285,958	(2,641)	(1%)
Vote 10 - Grants and contributions	77,913	85,581	(7,668)	(9%)
Contributions to employee benefit plans	12,160	12,271	(111)	(1%)
Proceeds from disposal of surplus Crown assets	7	614	(607)	(99%)
<b>Total budgetary authorities</b>	<b>601,730</b>	<b>613,631</b>	<b>(11,901)</b>	<b>(2%)</b>

### Authorizations related to Vote 1 (operating expenditures)

At December 31, 2023, authorizations totalled \$228.3 million, compared with \$229.2 million at December 31, 2022. This represents a non-significant decrease of \$0.9 million (-0.4%) this year.

### Authorizations related to Vote 5 (capital expenditures)

At December 31, 2023, authorizations totalled \$283.3 million, compared with \$286.0 million at December 31, 2022. This represents a non-significant decrease of \$2.6 million (-0.9%) this year.

### Authorizations related to Vote 10 (Grants and contributions)

At December 31, 2023, authorizations totalled \$77.9 million, compared with \$85.6 million at December 31, 2022. This represents a decrease of \$7.7 million (-9.0%) this year.

This decrease is mainly due to a reduction of \$7.3 million in the overall 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

Cumulative expenditures as at December 31, 2023 are \$237.1 million and represent a cumulative decrease of \$13.5 million over the same period last year. Quarterly expenditures as at December 31, 2023, are \$96.2 million and represent a decrease of \$19.6 million from the same quarter last year.

### Expenditures by Vote as at December 31

Expenditures by Vote (in thousands of dollars)	2023-2024		2022-2023		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Vote 1 - Operating expenditures	59,049	142,387	49,970	125,548	9,079	16,839
Vote 5 - Capital expenditures	22,099	56,249	49,795	89,276	(27,696)	(33,027)
Vote 10 - Grants and contributions	12,039	29,345	13,265	27,272	(1,226)	2,073
Contributions to employee benefit plans	3,040	9,120	2,820	8,458	220	662
Spending of proceeds from disposal of surplus Crown assets	-	-	-	-	-	-
<b>Total budgetary expenditures by Vote</b>	<b>96,227</b>	<b>237,101</b>	<b>115,850</b>	<b>250,554</b>	<b>(19,623)</b>	<b>(13,453)</b>

### Expenditures related to Vote 1 (operating expenditures)

The \$9.1 million increase in quarterly expenses (18.2%) and the \$16.8 million increase in year-to-date expenses (13.4%) are mainly due to higher salary expenses following an increase in the CSA's workforce, and an increase related to the payment schedule for several projects such as the Earth Observation Services Continuity Initiative and the New Healthy Horizons Initiative.

### Expenditures related to Vote 5 (capital expenditures)

The \$27.7 million decrease in quarterly expenses (-55.6%) and the \$33 million decrease in year-to-date expenses (-37%) were mainly due to a reduction in the payment schedule for the Canadarm3 project.

### Expenditures related to Vote 10 (Grants and contributions)

The \$1.2 million decrease in quarterly expenses (-9.2%) was mainly due to the timing of payments to the European Space Agency (ESA).

The \$2.1 million increase in cumulative expenses (7.6%) was mainly due to exchange rate fluctuations, particularly those related to payments to the European Space Agency (ESA).

### Expenditures by Standard Object as at December 31

Expenditures by Standard Object (in thousands of dollars)	2023-2024		2022-2023		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Personnel	29,861	80,578	25,272	71,416	4,589	9,162
Transportation and communications	1,569	4,613	1,716	3,359	(147)	1,254
Information	484	1,273	419	825	65	448
Professional and special services	45,528	106,849	72,181	137,677	(26,653)	(30,828)
Rentals	1,783	3,182	952	2,628	831	554
Repair and maintenance	2,576	4,230	670	1,738	1,906	2,492
Utilities, materials and supplies	421	1,178	379	947	42	231
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	1,931	3,831	998	2,842	933	989
Transfer payments	12,039	29,345	13,265	27,272	(1,226)	2,073
Other subsidies and payments	35	2,022	(2)	1,850	37	172
<b>Total budgetary expenditures by Standard Object</b>	<b>96,227</b>	<b>237,101</b>	<b>115,850</b>	<b>250,554</b>	<b>(19,623)</b>	<b>(13,453)</b>

Total CSA expenses reported in the 3<sup>rd</sup> quarter of 2023-2024 amounted to \$96.2 million, compared with \$115.9 million for the same period last year. This represents a year-on-year decrease of \$19.6 million (-16.9%).

On a cumulative basis, expenses to December 31, 2023, totalled \$237.1 million, compared with \$250.6 million for the same period last year. This represents a decrease of \$13.5 million (-5.4%) this year.

Significant variances, by standard object, are as follows:

#### Personnel

The increase of \$4.59 million in quarterly expenses (18.2%) and \$9.2 million in year-to-date expenses (12.8%) is mainly due to an increase in salary expenses following an increase in CSA's headcount to enable the hiring of highly qualified experts in the fields of engineering, project management and internal services to support the implementation of initiatives related to recent budget announcements.

### **Professional and special services**

The decrease of \$26.7 million in quarterly expenses (-36.9%) and \$30.8 million in year-to-date expenses (-22.4%) is mainly due to a reduction in the payment schedule for the Canadarm3 project.

### **Transfer payments**

The \$1.2 million decrease in quarterly expenses (-9.2%) was mainly due to the timing of payments to the European Space Agency (ESA).

The \$2.1 million increase in cumulative expenses (7.6%) is mainly due to exchange rate fluctuations, particularly those related to payments to the European Space Agency (ESA).

## **3. Risks and Uncertainties**

The year-to-date expenditures for the 3<sup>rd</sup> quarter of 2023-2024 represent 39% of the planned expenditures for the year ending March 31, 2024, whereas 75% of the fiscal year has passed. The level of expenditures is slightly lower than it was in the 2022-2023 fiscal year (41%) and lower than the 2021-2022 fiscal year (44%). 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 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 CSA'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





**CANADIAN SPACE AGENCY**  
**Quarterly Financial Report**  
**For the quarter ended December 31, 2023**  
**Statement of Authorities (unaudited)**  
(in thousands of dollars)

Annex 1

	<b>Fiscal Year 2023-2024</b>			<b>Fiscal Year 2022-2023</b>		
	Total available for use for the year ending March 31, 2024 (1)	Used during the quarter ended December 31, 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 December 31, 2022	Year to date used at quarter-end
	\$	\$	\$	\$	\$	\$
Vote 1: Operating expenditures	228,333	59,049	142,387	229,207	49,970	125,548
Vote 5: Capital expenditures	283,317	22,099	56,249	285,958	49,795	89,276
Vote 10: Grants and contributions	77,913	12,039	29,345	85,581	13,265	27,272
Contributions to employee benefit plans	12,160	3,040	9,120	12,271	2,820	8,458
Spending of proceeds from the disposal of surplus Crown assets	7	-	-	614	-	-
<b>Total budgetary authorities</b>	<b>601,730</b>	<b>96,227</b>	<b>237,101</b>	<b>613,631</b>	<b>115,850</b>	<b>250,554</b>

(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 December 31, 2023**

**Departmental budgetary expenditures by Standard Object (unaudited)**

(in thousands of dollars)

	<b>Fiscal Year 2023-2024</b>			<b>Fiscal Year 2022-2023</b>		
	Planned expenditures for the year ending March 31, 2024	Used during the quarter ended December 31, 2023	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Used during the quarter ended December 31, 2022	Year to date used at quarter-end
<b>Expenditures:</b>	\$	\$	\$	\$	\$	\$
Personnel	100,089	29,861	80,578	94,516	25,272	71,416
Transportation and communications	9,721	1,569	4,613	9,121	1,716	3,359
Information	2,513	484	1,273	2,202	419	825
Professional and special services	380,343	45,528	106,849	402,605	72,181	137,677
Rentals	5,052	1,783	3,182	4,644	952	2,628
Repair and maintenance	9,750	2,576	4,230	5,399	670	1,738
Utilities, materials and supplies	2,330	421	1,178	1,327	379	947
Acquisition of land, buildings and works	568	-	-	-	-	-
Acquisition of machinery and equipment	10,392	1,931	3,831	5,643	998	2,842
Transfer payments	77,913	12,039	29,345	85,581	13,265	27,272
Other subsidies and payments	3,059	35	2,022	2,593	(2)	1,850
<b>Total budgetary expenditures</b>	<b>601,730</b>	<b>96,227</b>	<b>237,101</b>	<b>613,631</b>	<b>115,850</b>	<b>250,554</b>