



Canadian Space
Agency

Agence spatiale
canadienne



Canadian Space Agency

2022-2023

Quarterly Financial Report

For the Quarter Ended

September 30, 2022

**Management Statement
for the Quarter Ended September 30, 2022**

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 [2022-2023 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 [2022-23 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 September 30, for fiscal year 2022-2023 compared to 2021-2022. 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.

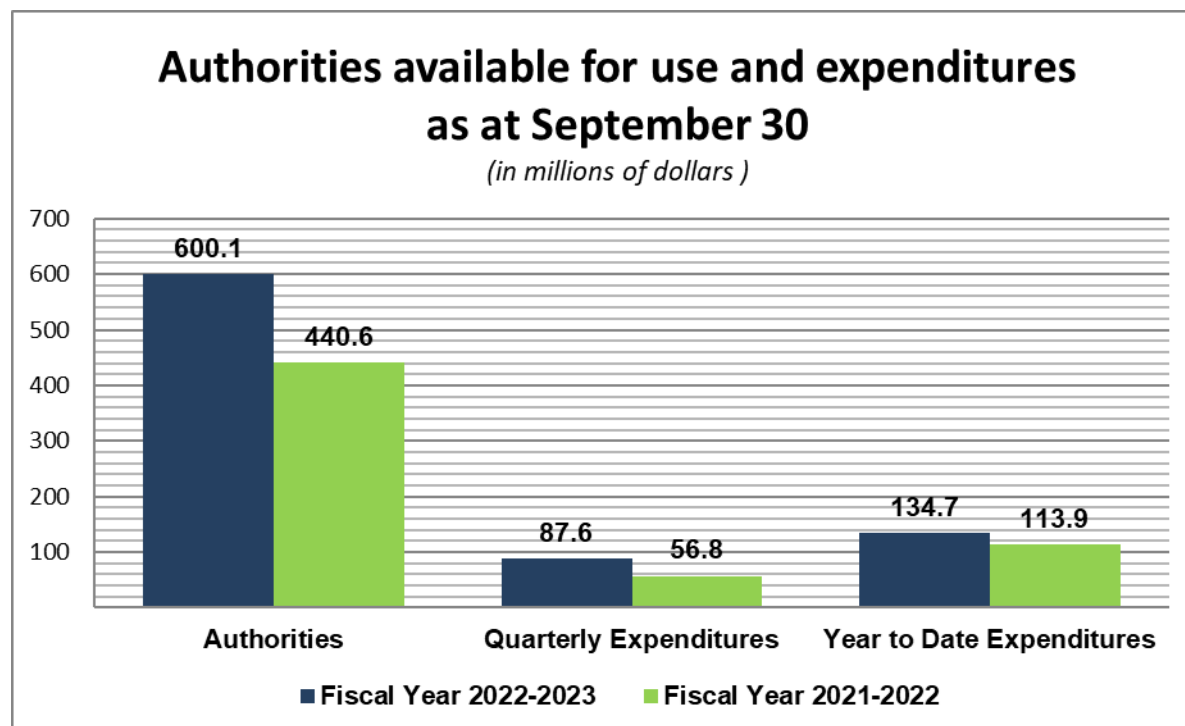
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. 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 September 30, 2022.

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 due to rounding.

2.1 Significant Changes in the Authorities (Total Votes Available for Use) between fiscal years 2022-2023 and 2021-2022

The total votes available for use as at September 30, 2022, is \$600.1 million, which represents an increase of \$159.5 million compared to the same period in the previous year.

Authorities <i>(in thousands of dollars)</i>	2022-2023	2021-2022	Variance	%
Vote 1 - Operating expenditures	227,955	231,379	(3,424)	(1%)
Vote 5 - Capital expenditures	273,721	103,443	170,278	165%
Vote 10 - Grants and contributions	85,581	94,630	(9,049)	(10%)
Contributions to employee benefit plans	12,271	11,086	1,185	11%
Proceeds from disposal of surplus Crown assets	583	53	530	1000%
Total budgetary authorities	600,111	440,591	159,520	36%

The decrease of \$3.4 million in Vote 1 – Operating expenditures is mainly explained by the following items:

- A decrease of \$12.6 million for Canadarm3 project related activities.
- A decrease of \$4.4 million for Radarsat Constellation Mission (RCM) related activities.

- An increase of \$8.7 million for activities related to the Lunar Exploration Accelerator Program (LEAP).
- An increase of \$4.6 million relating to the 2022-2023 operating budget carryforward received, which has increased versus that received in 2021-2022.
- 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 increase of \$170.3 million in Vote 5 – Capital expenditures is mainly explained by the following items:

- An increase of \$183.5 million for Canadarm3 project-related activities.
- An increase of \$5.3 million for activities related to Gateway External Robotics Interfaces (GERI).
- An increase of \$2.7 million for activities related to the Quantum Encryption and Science Satellite (QEYSSat) project.
- A decrease of \$7.1 million for activities related to the Lunar Exploration Accelerator Program (LEAP).
- A decrease of \$13.7 million relating to the 2022-2023 capital budget carryforward received, which has decreased versus that received in 2021-2022.
- A decrease of \$2.5 million for activities related to the Microfluidic Sample Preparation project (MicroPrep).
- 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 \$9 million in Vote 10 – Grants and Contributions is mainly explained by the following items:

- A decrease of \$9.0 million for International Space Station (ISS) related activities.
- A decrease of \$7.1 million in anticipated cash requirements relating to the agreement between Canada and the European Space Agency (ESA).
- An increase of \$2.6 million for activities related to the Lunar Exploration Accelerator Program (LEAP).

- An increase of \$2 million for activities related to the Space Technology Development Program (STDP).
- An increase of \$1.1 million for activities related to the CubeSats Canadian initiative for science, technology, engineering and math (CUBICS).
- 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.

2.2 Significant Changes in the Quarterly and Year-to-Date Expenditures (Votes Used) between fiscal years 2022-2023 and 2021-2022

Cumulative expenditures for the three months ended September 30, 2022 are \$134.7 million and represent a cumulative increase of \$20.8 million over the same period last year. Quarterly expenditures as at September 30, 2022 are \$87.6 million and represent an increase of \$30.8 million from the same quarter last year.

Expenditures by Vote as at September 30

Expenditures by Vote (in thousands of dollars)	2022-2023		2021-2022		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Vote 1 - Operating expenditures	46,374	75,578	44,694	75,935	1,680	(357)
Vote 5 - Capital expenditures	33,633	39,481	3,819	7,536	29,814	31,945
Vote 10 - Grants and contributions	4,784	14,007	5,505	24,877	(721)	(10,870)
Contributions to employee benefit plans	2,819	5,638	2,772	5,543	47	95
Spending of proceeds from disposal of surplus Crown assets	-	-	-	-	-	-
Total budgetary expenditures by Vote	87,610	134,704	56,790	113,891	30,820	20,813

The increase of \$1.7 million in quarterly and the decrease of \$357 thousand in year-to-date expenditures in Vote-1 - Operating Expenses, is primarily due to:

- Variations in the payment schedule related to the Canadarm3 project and an increase in salary expenses following an increase in staff within the CSA.

The increase of \$29.8 million in quarterly and \$31.9 million in 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 second definition phase (capitalizable).

The decrease of \$721 thousand in quarterly expenditures and \$10.9 million in cumulative expenditures in Vote 10 - Grants and Contributions is primarily due to:

- The variations in the payment schedule to the European Space Agency (ESA).

Expenditures by Standard Object as at September 30

Expenditures by Standard Object (in thousands of dollars)	2022-2023		2021-2022		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Personnel	23,709	46,144	21,788	43,419	1,921	2,725
Transportation and communications	1,212	1,643	481	724	731	919
Information	265	406	305	504	(40)	(98)
Professional and special services	52,579	65,496	24,485	37,498	28,094	27,998
Rentals	1,030	1,676	548	1,210	482	466
Repair and maintenance	539	1,068	339	700	200	368
Utilities, materials and supplies	286	568	256	486	30	82
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	1,349	1,844	1,115	2,503	234	(659)
Transfer payments	4,784	14,007	5,504	24,876	(720)	(10,869)
Other subsidies and payments	1,857	1,852	1,969	1,971	(112)	(119)
Total budgetary expenditures by Standard Object	87,610	134,704	56,790	113,891	30,820	20,813

The \$1.9 million increase in quarterly expenditures and \$2.7 million in cumulative quarterly expenditures for the personal current item is primarily due to:

- An increase in salary expenses following an increase in staff within the CSA, among other things, to support the implementation of the Canadarm3 project.

The \$28.1 million increase in quarterly expenditures and \$28.0 million in year-to-date expenditures for the Professional and Special Services standard object are primarily caused by:

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

3. Risks and Uncertainties

The year-to-date expenditures for the 2nd quarter of 2022-2023 represent 22% of the planned expenditures for the year ending March 31, 2023, whereas 50% of the fiscal year has passed. The level of expenditures is lower than it was in the 2021-2022 fiscal year (26%) and lower than the 2020-2021 fiscal year (38%). The current situation presents no concerns and is principally explained by an increased budget for the Canadarm3 project during the first quarter, while associated expenditures will be made in subsequent quarters. 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.

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

The reopening of the CSA's offices occurred on September 6 2022, this decision took into consideration the progress made concerning controlling the spread of COVID-19. The majority of employees have since transitioned to a hybrid work schedule.

Approval by Senior Officials

Approved by,

The original version was signed by
Luc Brûlé on November 21, 2022

Luc Brûlé	Date
Acting President	
Longueuil, Quebec	

The original version was signed by
Jean-Claude Piedboeuf on November 22, 2022

Jean-Claude Piedboeuf, B. Ing., Ph.D.	Date
Chief Financial Officer and Director General,	
Corporate Services	
Longueuil, Quebec	

CANADIAN SPACE AGENCY
Quarterly Financial Report
For the quarter ended September 30, 2022
Statement of Authorities (unaudited)
(in thousands of dollars)

Annex 1

	Fiscal Year 2022-2023			Fiscal Year 2021-2022		
	Total available for use for the year ending March 31, 2023 (1)	Used during the quarter ended September 30, 2022	Year to date used at quarter-end	Total available for use for the year ending March 31, 2022 (1)	Used during the quarter ended September 30, 2021	Year to date used at quarter-end
	\$	\$	\$	\$	\$	\$
Vote 1: Operating expenditures	227,955	46,374	75,578	231,379	44,694	75,935
Vote 5: Capital expenditures	273,721	33,633	39,481	103,443	3,819	7,536
Vote 10: Grants and contributions	85,581	4,784	14,007	94,630	5,505	24,877
Contributions to employee benefit plans	12,271	2,819	5,638	11,086	2,772	5,543
Spending of proceeds from the disposal of surplus Crown assets	583	-	-	53	-	-
Total budgetary authorities	600,111	87,610	134,704	440,591	56,790	113,891

(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 September 30, 2022

Departmental budgetary expenditures by Standard Object

(unaudited)

(in thousands of dollars)

	Fiscal Year 2022-2023			Fiscal Year 2021-2022		
	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended September 30, 2022	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended September 30, 2021	Year to date used at quarter-end
Expenditures:	\$	\$	\$	\$	\$	\$
Personnel	93,184	23,709	46,144	87,722	21,788	43,419
Transportation and communications	9,121	1,212	1,643	10,453	481	724
Information	2,202	265	406	1,781	305	504
Professional and special services	390,154	52,579	65,496	227,655	24,485	37,498
Rentals	4,644	1,030	1,676	4,614	548	1,210
Repair and maintenance	5,662	539	1,068	5,465	339	700
Utilities, materials and supplies	1,327	286	568	1,410	256	486
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	5,643	1,349	1,844	4,212	1,115	2,503
Transfer payments	85,581	4,784	14,007	94,630	5,504	24,876
Other subsidies and payments	2,593	1,857	1,852	2,649	1,969	1,971
Total budgetary expenditures	600,111	87,610	134,704	440,591	56,790	113,891