



Canadian Space Agency
Agence spatiale canadienne



Canadian Space Agency

2020-2021

Quarterly Financial Report

For the Quarter Ended

December 31, 2020

Management Statement for the Quarter Ended December 31, 2020

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 [2020-2021 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 [2020-21 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 December 31 for fiscal year 2020-2021 compared to 2019-2020. 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.

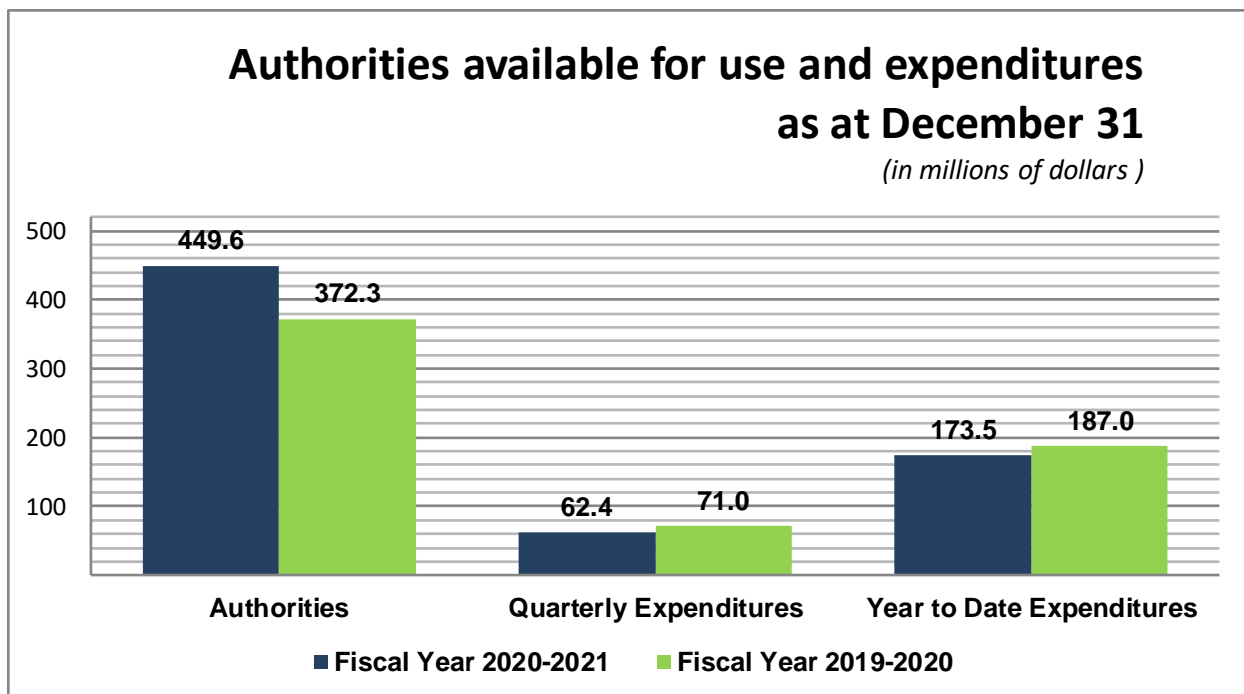
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. 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, 2020.

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 2020-2021 and 2019-2020.

The total votes available for use as at December 31, 2020, is \$449.6 million, which represents an increase of \$77.2 million compared to the same period in the previous year.

Authorities (in thousands of dollars)	2020-2021	2019-2020	Variance	%
Vote 1 - Operating expenditures	202,886	189,678	13,208	7%
Vote 5 - Capital expenditures	155,522	113,647	41,875	37%
Vote 10 - Grants and contributions	80,294	58,696	21,598	37%
Contributions to employee benefit plans	10,821	10,312	509	5%
Spending of proceeds from the disposal of surplus Crown assets	33	5	28	560%
Total budgetary authorities	449,556	372,338	77,218	21%

The increase of \$13.2 million in Vote 1 – Operating expenditures is mainly explained by the following items:

- An increase of \$14.3 million for Lunar Exploration Accelerator Program (LEAP) related activities.
- An increase of \$6.9 million for International Space Station (ISS) related activities.
- An increase of \$3.2 million related to the amount of the Operating Vote carry forward in 2020-2021 higher than that received in 2019-2020.
- An increase of \$2.5 million as a result of funding received from Treasury Board for collective agreements ratification.
- A decrease of \$8.6 million for Radarsat Constellation Mission (RCM) 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 increase of \$41.9 million in Vote 5 – Capital expenditures is mainly explained by the following items:

- An increase of \$37.8 million for Radarsat Constellation Mission (RCM) project-related activities.
- An increase of \$12.2 million for International Space Station (ISS) 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 increase of \$21.6 million in Vote 10 – Grants and Contributions expenditures is mainly explained by the following items:

- An increase of \$15.5 million compared to the same period last year for the contribution program under the Cooperation Agreement between Canada and the European Space Agency, for the Mars program Sample Return (MSR) as well as for related activities to extend Canada’s participation in the International Space Station (ISS) mission until 2024.
- An increase of \$3.3 million for the Stimulus activities related to the slowdown caused by the Covid-19 pandemic. Funding comes from the Operating expenditures vote.

2.2 Significant Changes in the Quarterly and Year-to-Date Expenditures (Votes Used) between fiscal years 2020-2021 and 2019-2020

The quarterly and year-to-date expenditures for the quarter ended December 31, 2020, are of \$62.4 million and \$173.5 million which represents a quarterly decrease of \$8.6 million and a year-to-date decrease of \$13.5 million compared to the same period in the previous year.

Expenditures by Vote as at December 31

Expenditures by Vote (in thousands of dollars)	2020-2021		2019-2020		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Vote 1 - Operating expenditures	43,508	107,801	38,551	103,057	4,957	4,744
Vote 5 - Capital expenditures	12,670	25,620	24,765	55,383	(12,095)	(29,763)
Vote 10 - Grants and contributions	3,587	32,216	5,137	20,851	(1,550)	11,365
Contributions to employee benefit plans	2,617	7,852	2,578	7,734	39	118
Spending of proceeds from the disposal of surplus Crown assets	-	-	-	-	-	-
Total budgetary expenditures by Vote	62,382	173,489	71,031	187,025	(8,649)	(13,536)

The \$5.0 and \$4.7 million increases in quarterly and year-to-date expenditures in Vote 1 – Operating expenditures, are mainly explained by the following:

- An increase in salary expenses due to the ratification of collective agreements as well as the variations in the payment schedule for the WildFiresat Mission.

The \$12.1 and \$29.8 million decreases in quarterly and year-to-date expenditures in Vote 5 – Capital expenditures, is mainly explained by the following:

- The variations in the payment schedule for the RADARSAT Constellation Mission (RCM).

The decrease of \$1.6 million in quarterly expenditures and the increase of \$11.4 million in year-to-date expenditures in Vote 10 – Grants and contributions, are mainly explained by the following:

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

Expenditures by Standard Object as at December 31

Expenditures by Standard Object (in thousands of dollars)	2020-2021		2019-2020		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Personnel	20,773	60,593	17,695	56,913	3,078	3,680
Transportation and communications	268	813	1,149	3,188	(881)	(2,375)
Information	355	1,231	1,674	2,281	(1,319)	(1,050)
Professional and special services	28,805	59,784	23,879	51,817	4,926	7,967
Rentals	1,050	2,056	1,059	2,443	(9)	(387)
Repair and maintenance	1,737	2,454	238	1,116	1,499	1,338
Utilities, materials and supplies	239	1,026	535	1,910	(296)	(884)
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	4,824	10,721	19,671	44,660	(14,847)	(33,939)
Transfer payments	3,587	32,216	5,137	20,851	(1,550)	11,365
Other subsidies and payments	744	2,595	(6)	1,846	750	749
Total budgetary expenditures by Standard Object	62,382	173,489	71,031	187,025	(8,649)	(13,536)

The \$3.1 and \$3.7 million increases in quarterly and year-to-date expenditures for the Personnel standard object is primarily due to:

→ An increase in salary expenses due to the ratification of collective agreements.

The \$0.9 and \$2.4 million decreases in quarterly and year-to-date expenditures for the Transport and communications standard object is primarily due to:

→ The decrease in travel as a result of restrictions and measures put in place due to the pandemic (COVID-19).

The \$4.9 and \$8.0 million increases in quarterly and year-to-date expenditures for the Professional and special services standard object are primarily due to:

→ The variations in the payment schedule for carrying out contractual activities for the maintenance and operations of the Dextre Deployable Vision System (DDVS), for the Space Technologies Development Program (STDP), for the Quantum Encryption and Science Satellite (QEYSSat) and for the WildFireSat Mission.

The \$14.8 and \$33.9 million decreases in quarterly and year-to-date expenditures for the Acquisition of machinery and equipment standard object are primarily due to:

→ The variations in the payment schedule for the RADARSAT Constellation Mission (RCM).

The decrease of \$1.6 million in quarterly expenditures and the increase of \$11.4 million in year-to-date expenditures for the Transfer payments standard object are primarily due to:

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

3. Risks and Uncertainties

The year-to-date expenditures for the 3rd quarter of 2020-2021 represent 39% of the planned expenditures for the year ending March 31, 2021, whereas 75% of the fiscal year has passed. The level of expenditures is lower than it was in the 2019-2020 fiscal year (50%) and in the 2018-2019 fiscal year (43%). The situation presents no concerns since the 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.

COVID-19, declared a pandemic in March 2020, had an impact on our third quarter financial performance. The pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The Government of Canada has announced a new set of economic measures to help stabilize the economy during this challenging period. In this context, the future impact on the Canadian and global economies, including our business, for the rest of 2020-2021 and thereafter remains uncertain.

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, and, therefore 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. 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

During the third quarter of 2020-2021, the majority of CSA employees continued to work remotely to maintain the department's operations in the context of the pandemic. Presence on site is reserved to personnel identified to support a critical service impossible to perform remotely.

Following the executive-level structure changes announced in the previous quarterly financial report, Luc Brûlé was appointed to the position of Vice-President Science and Technology and Mary Preville to the position of Vice-President Space Program Policy.

Approval by Senior Officials

Approved by,

The original version was signed by
Lisa Campbell, February 9, 2021

Lisa Campbell Date
President
Longueuil, Quebec

The original version was signed by
Jean-Claude Piedboeuf, February 5, 2021

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 December 31, 2020

Annex 1

Statement of Authorities (unaudited)

(in thousands of dollars)

	Fiscal Year 2020-2021			Fiscal Year 2019-2020		
	Total available for use for the year ending March 31, 2021 (1)	Used during the quarter ended December 31, 2020	Year to date used at quarter-end	Total available for use for the year ending March 31, 2020 (1)	Used during the quarter ended December 31, 2019	Year to date used at quarter-end
	\$	\$	\$	\$	\$	\$
Vote 1: Operating expenditures	202,886	43,508	107,801	189,678	38,551	103,057
Vote 5: Capital expenditures	155,522	12,670	25,620	113,647	24,765	55,383
Vote 10: Grants and contributions	80,294	3,587	32,216	58,696	5,137	20,851
Contributions to employee benefit plans	10,821	2,617	7,852	10,312	2,578	7,734
Spending of proceeds from the disposal of surplus Crown assets	33	-	-	5	-	-
Total budgetary authorities	449,556	62,382	173,489	372,338	71,031	187,025

(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, 2020

Departmental budgetary expenditures by Standard Object (unaudited)

(in thousands of dollars)

	Fiscal Year 2020-2021			Fiscal Year 2019-2020		
	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended December 31, 2020	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended December 31, 2019	Year to date used at quarter-end
Expenditures:	\$	\$	\$	\$	\$	\$
Personnel	82,865	20,773	60,593	80,134	17,695	56,913
Transportation and communications	4,330	268	813	4,281	1,149	3,188
Information	1,486	355	1,231	1,824	1,674	2,281
Professional and special services	244,831	28,805	59,784	164,465	23,879	51,817
Rentals	2,972	1,050	2,056	2,983	1,059	2,443
Repair and maintenance	2,102	1,737	2,454	3,379	238	1,116
Utilities, materials and supplies	3,631	239	1,026	1,702	535	1,910
Acquisition of land, buildings and works	-	-	-	650	-	-
Acquisition of machinery and equipment	24,313	4,824	10,721	51,177	19,671	44,660
Transfer payments	80,294	3,587	32,216	58,696	5,137	20,851
Other subsidies and payments	2,732	744	2,595	3,047	(6)	1,846
Total budgetary expenditures	449,556	62,382	173,489	372,338	71,031	187,025