



Canadian Space
Agency

Agence spatiale
canadienne



Canadian Space Agency

2021-2022

Quarterly Financial Report

For the Quarter Ended

June 30, 2021

**Management Statement
for the Quarter Ended June, 2021**

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 [2021-2022 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 [2021-22 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 2021-2022 compared to 2020-2021. 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.

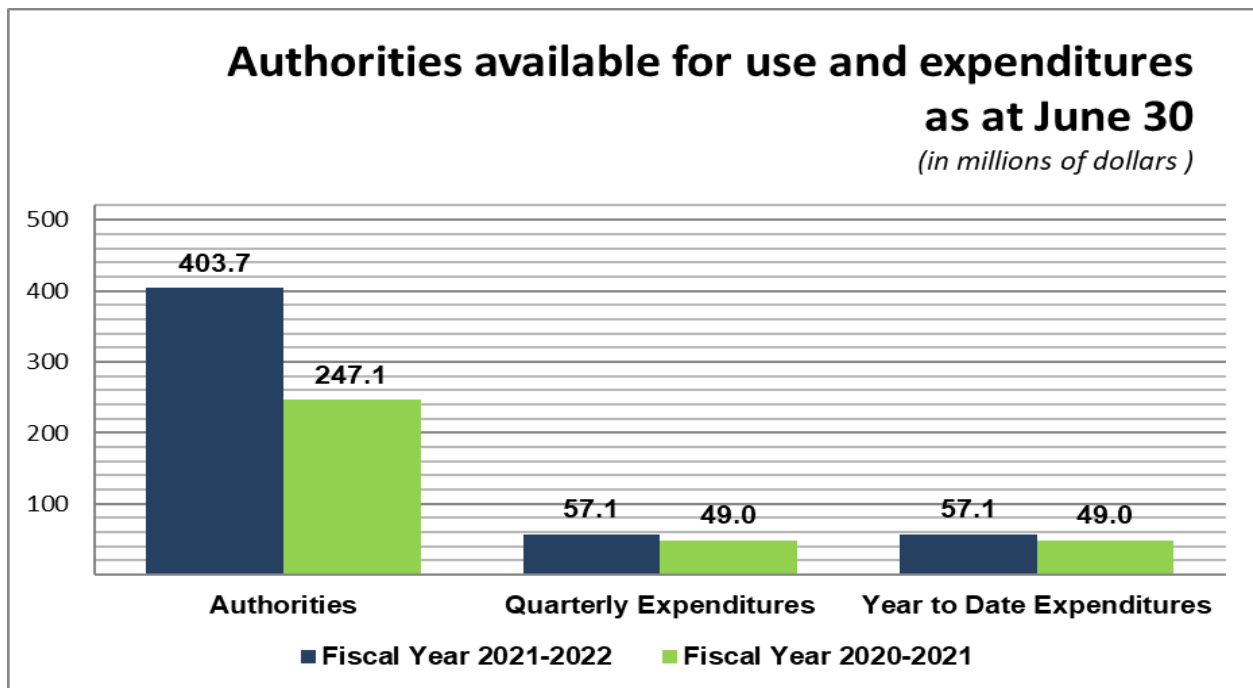
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. 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, 2021.

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 2021-2022 and 2020-2021.

The total votes available for use as at June 30, 2021, is \$403,7 million, which represents an increase of \$156,5 million compared to the same period in the previous year.

Authorities (in thousands of dollars)	2021-2022	2020-2021	Variance	%
Vote 1 - Operating expenditures	225,490	146,884	78,606	54%
Vote 5 - Capital expenditures	72,425	38,809	33,616	87%
Vote 10 - Grants and contributions	94,630	50,974	43,656	86%
Contributions to employee benefit plans	11,086	10,470	616	6%
Proceeds from disposal of surplus Crown assets	52	1	51	5100%
Total budgetary authorities	403,683	247,138	156,545	63%

The increase of \$78.6 million in Vote 1 – Operating expenditures is mainly explained by the following items:

- An increase of \$49 million in available authorities due to the receipt of full 2021-2022 Main Estimates appropriations as of June 30, 2021. Due to the COVID-19 pandemic and the limited spring 2020 sessions for Parliament to consider appropriations, full appropriations for the 2020-21 Main Estimates were not received until December 2020.
- An increase of \$21.2 million for Canadarm3 project related activities.
- An increase of \$12.4 million for International Space Station (ISS) related activities.
- An increase of \$8.6 million for Radarsat Constellation Mission (RCM) related activities.
- A decrease of \$6.1 million resulting from a budgetary transfer from the operating vote to the grants and contributions vote.
- A decrease of \$2.5 million for activities related to the Lunar Exploration Accelerator Program (LEAP).
- 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 \$33.6 million in Vote 5 – Capital expenditures is mainly explained by the following items:

- An increase of \$19.9 million for activities related to the Lunar Exploration Accelerator Program (LEAP).
- An increase of \$16.5 million for International Space Station (ISS) related activities.
- An increase of \$13 million in available authorities due to the receipt of full 2021-2022 Main Estimates appropriations as of June 30, 2021. Due to the COVID-19 pandemic and the limited spring 2020 sessions for Parliament to consider appropriations, full appropriations for the 2020-21 Main Estimates were not received until December 2020.
- A decrease of \$5.9 million for activities related to the Quantum Encryption and Science Satellite (QEYSSat) project.
- A decrease of \$5.1 million for Radarsat Constellation Mission (RCM) project-related activities.
- A decrease of \$3.4 million resulting from a budgetary transfer from the Capital Vote to the Grants and Contribution Vote.
- 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 \$43.7 million in Vote 10 – Grants and Contributions expenditures is mainly explained by the following items:

- An increase of \$17 million in available authorities due to the receipt of full Main Estimates appropriations in 2021-2022, as of June 30, 2021. Due to the COVID-19 pandemic and the limited spring 2020 sessions for Parliament to consider appropriations, full appropriations for the 2020-21 Main Estimates were not received until December 2020.
- An increase of \$9.5 million resulting from a budgetary transfer from the Operating and Capital Votes to the Grants and Contributions Vote for, among other things, the LEAP project, the Smart Earth Utiliterre program and the Space Technology Development program.
- An increase of \$9 million as a result of additional funding for the extension of Canada's participation in the International Space Station (ISS) mission from 2021 to 2024.
- An increase of \$1.4 million for activities related to the Lunar Exploration Accelerator Program (LEAP).

→ The remaining variance is composed of multiple variations inherent to the management of the Canadian Space Program (CSP) resources. They result from the fact that budgetary requirements by vote are not linear from one year to the next, resulting from transfers between votes or carry-overs of funds into another fiscal year.

2.2 Significant Changes in the Quarterly and Year-to-Date Expenditures (Votes Used) between fiscal years 2021-2022 and 2020-2021

The quarterly expenditures for the quarter ended June 30, 2021, are of \$57.1 million which represents a quarterly increase of \$8.1 million compared to the same period in the previous year.

Expenditures by Vote as at June 30

Expenditures by Vote (in thousands of dollars)	2021-2022		2020-2021		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Vote 1 - Operating expenditures	31,241	31,241	24,958	24,958	6,283	6,283
Vote 5 - Capital expenditures	3,717	3,717	3,577	3,577	140	140
Vote 10 - Grants and contributions	19,372	19,372	17,811	17,811	1,561	1,561
Contributions to employee benefit plans	2,771	2,771	2,617	2,617	154	154
Spending of proceeds from disposal of surplus Crown assets	-	-	-	-	-	-
Total budgetary expenditures by Vote	57,101	57,101	48,963	48,963	8,138	8,138

The \$6.3 million increase in quarterly in Vote 1 – Operating expenditures, are mainly explained by the following:

→ An increase in salary expenditures resulting from the ratification of collective agreements, an increase in staffing levels, as well as variations in the payment schedule for the Canadarm3 project and the Radarsat Constellation Mission (RCM).

The increase of \$1.6 million in quarterly 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 June 30

Expenditures by Standard Object (in thousands of dollars)	2021-2022		2020-2021		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Personnel	21,631	21,631	19,518	19,518	2,113	2,113
Transportation and communications	243	243	239	239	4	4
Information	199	199	268	268	(69)	(69)
Professional and special services	13,013	13,013	8,231	8,231	4,782	4,782
Rentals	662	662	251	251	411	411
Repair and maintenance	361	361	234	234	127	127
Utilities, materials and supplies	230	230	492	492	(262)	(262)
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	1,388	1,388	1,919	1,919	(531)	(531)
Transfer payments	19,372	19,372	17,811	17,811	1,561	1,561
Other subsidies and payments	2	2	-	-	2	2
Total budgetary expenditures by Standard Object	57,101	57,101	48,963	48,963	8,138	8,138

The \$2.1million increases in quarterly expenditures for the Personnel standard object is primarily due to:

- An increase in salary expenditures due to the ratification of collective agreements and more overtime pay.
- An increase in the number of employees, including students.

The \$4.8 increases in quarterly expenditures for the Professional and special services standard object are primarily due to:

- Variations in the payment schedule for the Canadarm3 project and the Radarsat Constellation Mission (RCM).

The increase of \$1.6 million in quarterly and year-to-date expenditures for the Transfer Payments standard object is 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 1st quarter of 2021-2022 represent 14% of the planned expenditures for the year ending March 31, 2022, whereas 25% of the fiscal year has passed. The level of expenditures is lower than it was in the 2020-2021 fiscal year (15%) and in the 2019-2020 fiscal year (18%). 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 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 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 2021-2022 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 first quarter of 2021-2022, 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.

Approval by Senior Officials

Approved by,

Lisa Campbell Date
President
Longueuil, Quebec

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

CANADIAN SPACE AGENCY
Quarterly Financial Report
For the quarter ended June 30, 2020
Statement of Authorities (unaudited)
(in thousands of dollars)

Annex 1

	Fiscal Year 2021-2022			Fiscal Year 2020-2021		
	Total available for use for the year ending March 31, 2022 (1)	Used during the quarter ended June 30, 2021	Year to date used at quarter-end	Total available for use for the year ending March 31, 2021 (1)	Used during the quarter ended June 30, 2020	Year to date used at quarter-end
	\$	\$	\$	\$	\$	\$
Vote 1: Operating expenditures	225,490	31,241	31,241	146,884	24,958	24,958
Vote 5: Capital expenditures	72,425	3,717	3,717	38,809	3,577	3,577
Vote 10: Grants and contributions	94,630	19,372	19,372	50,974	17,811	17,811
Contributions to employee benefit plans	11,086	2,771	2,771	10,470	2,617	2,617
Spending of proceeds from the disposal of surplus Crown assets	52	-	-	1	-	-
Total budgetary authorities	403,683	57,101	57,101	247,138	48,963	48,963

(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, 2021

Departmental budgetary expenditures by Standard Object (unaudited)

(in thousands of dollars)

	Fiscal Year 2021-2022			Fiscal Year 2020-2021		
	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended June 30, 2021	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended June 30, 2020	Year to date used at quarter-end
Expenditures:	\$	\$	\$	\$		\$
Personnel	85,990	21,631	21,631	81,214	19,518	19,518
Transportation and communications	10,453	243	243	4,330	239	239
Information	1,781	199	199	1,486	268	268
Professional and special services	192,479	13,013	13,013	148,889	8,231	8,231
Rentals	4,614	662	662	2,972	251	251
Repair and maintenance	5,465	361	361	2,484	234	234
Utilities, materials and supplies	1,410	230	230	3,631	492	492
Acquisition of land, buildings and works	-	0	0	-	-	-
Acquisition of machinery and equipment	4,212	1,388	1,388	10,324	1,919	1,919
Transfer payments	94,630	19,372	19,372	67,965	17,811	17,811
Other subsidies and payments	2,649	2	2	2,732	0	0
Total budgetary expenditures	403,683	57,101	57,101	326,027	48,963	48,963