



Canadian Space
Agency

Agence spatiale
canadienne



Canadian Space Agency

2011-2012

Quarterly Financial Report

For the Quarter Ended December 31, 2011

Management Statement for the Quarter Ended December 31, 2011

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 [Main Estimates](#).

1.2 Mandate and Program Activities

The mandate of the Canadian Space Agency (CSA) 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 technology provide social and economic benefits for Canadians*.

It is possible to learn more about the Canadian Space Agency's [mandate](#) and Program Activities by consulting the [Report on Plans and Priorities](#).

1.3 Basis of Presentation

This quarterly financial report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Canadian Space Agency's spending authorities granted by Parliament and those used by the Agency, consistent with the [Main Estimates](#) and Supplementary Estimates for the 2011-2012 fiscal year. This quarterly financial report 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 moneys 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.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

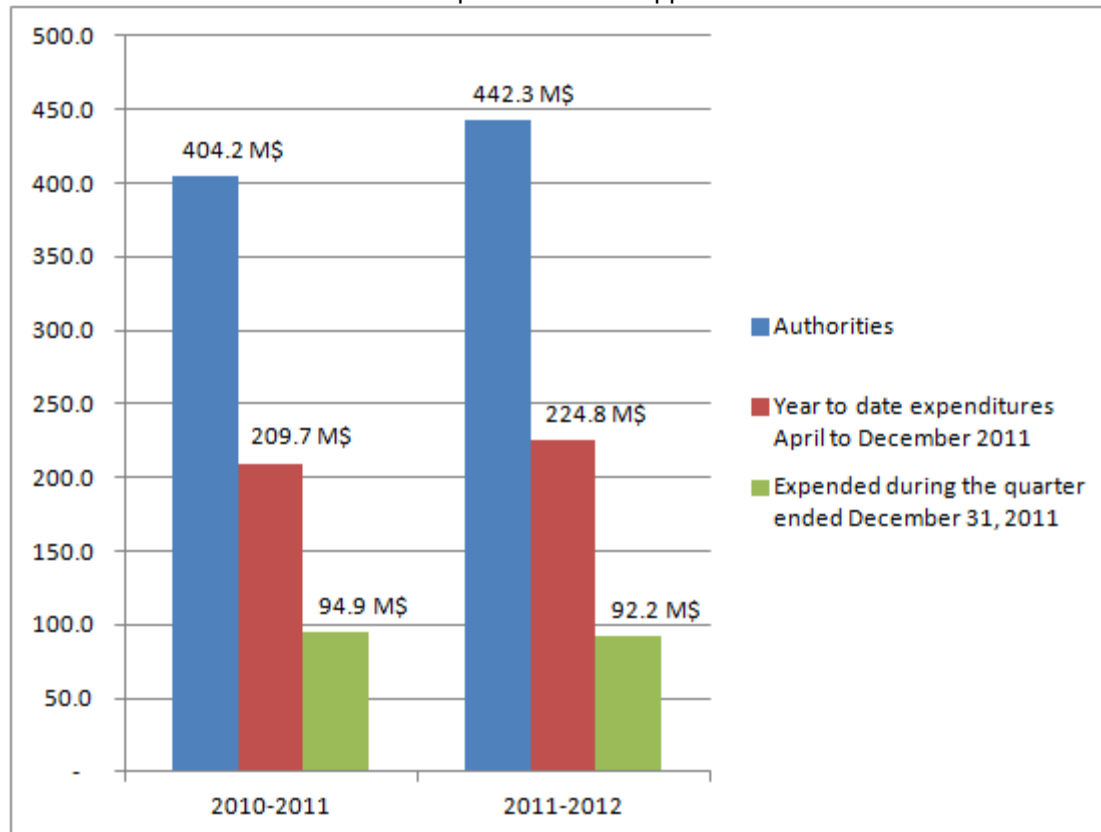
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, that is, a partial accrual method of accounting.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

This quarterly report has not been subject to an external audit or review.

2. Highlights of Fiscal Quarter and Fiscal Year to Date Results

This section highlights the significant factors that contributed to the changes to the authorities available for the year as well as to the actual expenditures for the quarter ended December 31, 2011 and for the fiscal year to date.

The following graph provides an overview of variations in available authorities and expenditures. Additional detail on these variations is provided in the appended tables.



2.1 Significant Changes in Authorities (Total Vote Available for Use) between fiscal 2010-2011 and 2011-2012

The total vote available for use to the Canadian Space Agency for the year ending March 31, 2012 is \$442.3 million, an increase of \$38.1 million (9.4%) over the same period for the previous year.

This increase is mainly attributable to announcements in the 2009 and 2010 Budgets related to the Economic Action Plan and development of the RADARSAT Constellation Mission (RCM) as well as to the cumulative impact of the reprofiling of funds.

The following factors explain the main variations in the total vote shown in Appendix 1.

The following factors are key in explaining the decrease of \$9.4 million in Vote 25 - Operating Expenditures :

- Funding for the Mobile Maintenance System (MMS) exploration program was revised downward by \$5.1 million.
- A \$3.3 million decrease resulted from the CSA's contribution to the Economic Action Plan, which was announced in 2009 and is in its final year.
- A \$3.1 million decrease in the budget carried forward from 2010-2011 to 2011-2012, compared with that carried forward from 2009-2010 to 2010-2011.
- A \$3.1 million budget increase to offset compensation expenditures following changes made to collective agreements and parental leave allowances.

The following factors are key in explaining the increase of \$35.5 million in Vote 30 - Capital Expenditures :

- An increase of \$30 million over the previous fiscal year as a result of additional budgets allocated over five years under the 2010 Budget to continue development of the RADARSAT Constellation Mission (RCM);
- An increase of \$7.2 million in the development project portfolio resulting from the reprofiling of funds from unused risk envelopes from 2010-2011 to 2011-2012 and the delays in certain tasks.

The following factors are key in explaining the increase of \$11.3 million in Vote 35 - Grants and Contributions :

- An increase of \$9.6 million from the previous fiscal year for the purposes of the Canada/European Space Agency (ESA) Co-operation Agreement was attributable to changes in the ESA's implementation of various programs in which Canada participates.

2.2 Significant Changes in Expenditures (Votes Used)

The vote used for the quarter ended December 31, 2011 totaled \$92.2 million, a decrease of \$2.7 million (-2.8%) compared to the same period for the previous year.

The year to date vote used at the end of the quarter ending December 31, 2011 totaled \$224.8 million, representing an increase of \$15.1 million (7.2%) compared to the same period for the previous year.

Expenditures by Vote

The following factors are key in explaining the variations in the vote used presented in Appendix 1 :

A \$4.9 million decrease in the use of Vote 35 - Grants and Contributions for this quarter, compared with the same quarter in the previous year, is mainly due to a decrease in Canada's contributions payments towards the European Space Agency (ESA) programs resulting from variations in the payment schedules and from savings from the increase in the exchange rate for the Canadian dollar.

An \$11.2 million increase in the year to date vote used of Vote 25 - Operating Expenses is mainly due to the implementation of the Economic Action Plan announced in the 2009 Budget, normal increases in compensation and inherent characteristics of implementation of the Canadian Space Plan, including variations in billing and payment schedules and in the procurement methods.

Expenditures by Standard Object

The following factors are key in explaining the variations in the expenditures presented in Appendix 2 :

A \$4.6 million increase in year to date expenditures in the Personnel standard object is mainly due to an increase in the number of full-time equivalents and to collective agreements, including the requirement to make immediate severance pay payments following changes made to the referred collective agreements.

A \$4.4 million increase in quarterly expenditures and a \$14.3 million increase in year to date expenditures in the Professional and Special Services standard object is mainly due to varying cash flow requirements associated with the implementation of initiatives announced in the 2009 and 2010 Budgets, that is, the Economic Action Plan and continued development of the RADARSAT Constellation Mission (RCM).

A \$3.7 million decrease in year to date expenditures in the Acquisition of Machinery and Equipment standard object is mainly due to lower payments for the James Webb Space Telescope (JWST) project based on cash flow fluctuations for the project.

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The reasons for a \$4.9 million decrease in quarterly expenditures for the Transfer Payments standard object are provided in the preceding section under Vote 35 - Grants and Contributions.

3. Risks and Uncertainties

- Characteristics specific to the implementation of the Canadian Space Plan: International co-operation is essential to the implementation of the Agency's programs, because partnerships with other space-faring nations make it possible to share technical expertise, knowledge and infrastructure. The Canadian Space Agency also relies on partnerships with Canadian businesses and universities to turn scientific and technological advances into innovative products and services. The domestic market is relatively small and the viability of Canada's space sector depends on its positioning on international markets. In addition, space projects make use of innovative technology that is sometimes tested for the first time in harsh space conditions.

These specific characteristics of the space field create a risk of delays in the implementation of projects and therefore there is risk of postponement of the use of funds.

To mitigate this risk, the Agency often reviews its project portfolio, activity plans, schedules and financial management strategies to adjust to changes in the space programs of its key partners (National Aeronautics and Space Administration (NASA), the European Space Agency (ESA) and other space agencies).

- It was announced in the 2010 Budget that departments' salary and operations budgets would be frozen at 2010–2011 levels in 2011–2012 and 2012–2013. This reduces the flexibility that the CSA needs to adjust its financial strategies for implementing the Canadian Space Plan. In order to deal with these restrictions in 2011–2012, the CSA carried out an efficiency review, reassigned budgets on the basis of priorities and implemented a salary ceiling.
- The CSA will have to change the way it carries out its activities in order to consider the 2011 Strategic and Operational Review. The Strategic and Operational Review is a government wide review that was announced in the 2011 Budget. The objective is to generate permanent annual savings of \$4 billion by 2014–2015. Following this review, it is expected that the budgets for future years will be reduced, starting in 2012–2013. The CSA has carried out a review of its expenses and submitted cost cutting options to the government. The decisions will be announced in the 2012 budget.

During the second quarter, the Canadian government set up a new organization, Shared Services Canada (SSC), to combine the information technology (IT) resources of 44 departments and agencies. The SSC mission is to transform IT services across the public service and make optimum use of resources by achieving significant economies of scale. During the third quarter, 26 affected positions in the CSA's email services, data centres and network services were transferred to SSC. Temporary measures have been introduced to ensure the continuity of operations. The CSA is collaborating with SSC by providing general support services, particularly human resource, finance and communications related services, to SSC employees who work and are stationed in the CSA until SSC establishes its own internal services infrastructure.

Approved by,

The original version was signed by
Marie-Claude Guérard, February 23, 2012

Marie-Claude Guérard, CGA Date
Chief Financial Officer
Longueuil, Quebec

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Appendix 1

Quarterly Financial Report

For the quarter ended December 31, 2011

Statement of Authorities *(unaudited)*

Fiscal year 2011-2012 *(in thousands of dollars)*

	Fiscal Year 2011-2012			Fiscal Year 2010-2011		
	Total available for use for the year ending March 31, 2012* \$	Used during the quarter ended December 31, 2011 \$	Year to date used at quarter-end \$	Total available for use for the year ending March 31, 2011* \$	Used during the quarter ended December 31, 2010 \$	Year to date used at quarter-end \$
Vote 25: Operating expenditures	253,204	55,974	144,651	262,600	53,092	133,485
Vote 30: Capital expenditures	119,409	19,169	40,603	83,894	20,016	39,025
Vote 35: Grants and contributions	58,159	14,166	30,891	46,884	19,072	29,034
Budgetary statutory authorities	11,520	2,885	8,636	10,810	2,706	8,107
Total authorities	442,292	92,194	224,781	404,188	94,886	209,651

* Includes only Authorities available for use and granted by Parliament at quarter-end.

Pursuant to section 31.1 of the Financial Administration Act and Order in Council P.C. 2011-1297, effective November 15, 2011, all unexpended money relating to the new Shared Services Canada organization (Operating Expenditures and Capital Expenditures) has been deemed to be appropriated resulting in a reduction for the same amount in the Canadian Space Agency's Votes 25 and 30.

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Appendix 2

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Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal year 2011-2012 (in thousands of dollars)

	Fiscal Year 2011-2012			Fiscal Year 2010-2011		
	Planned expenditures for the year ending March 31, 2012 \$	Expended during the quarter ended December 31, 2011 \$	Year to date expended at quarter-end \$	Planned expenditures for the year ending March 31, 2011 \$	Expended during the quarter ended December 31, 2010 \$	Year to date expended at quarter-end \$
Expenditures:						
Personnel	78,243	20,577	63,276	74,070	19,779	58,714
Transportation and communications	9,693	1,881	4,950	9,691	1,925	5,083
Information	2,495	225	1,030	3,668	242	940
Professional and special services	234,280	50,133	110,761	234,468	45,698	96,489
Rentals	2,208	671	1,585	781	569	1,054
Repair and maintenance	3,646	600	1,566	1,918	2,028	4,012
Utilities, materials and supplies	3,169	919	2,802	3,181	1,044	2,922
Acquisition of land, buildings and works	1,004	0	0	2,086	0	0
Acquisition of machinery and equipment	45,332	2,561	4,778	23,231	4,466	8,477
Transfer payments	58,159	14,166	30,891	46,884	19,072	29,034
Other subsidies and payments	4,063	461	3,142	4,210	63	2,926
Total budgetary expenditures	442,292	92,194	224,781	404,188	94,886	209,651