



Canadian Space Agency  
Agence spatiale  
canadienne



# **Canadian Space Agency**

**2019-2020**

**Quarterly Financial Report**

**For the Quarter Ended**

**June 30, 2019**

## Management Statement for the Quarter Ended June 30, 2019

### 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 [2019-2020 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 [2019-20 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 June 30 for fiscal year 2019-2020 compared to 2018-2019. 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 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.

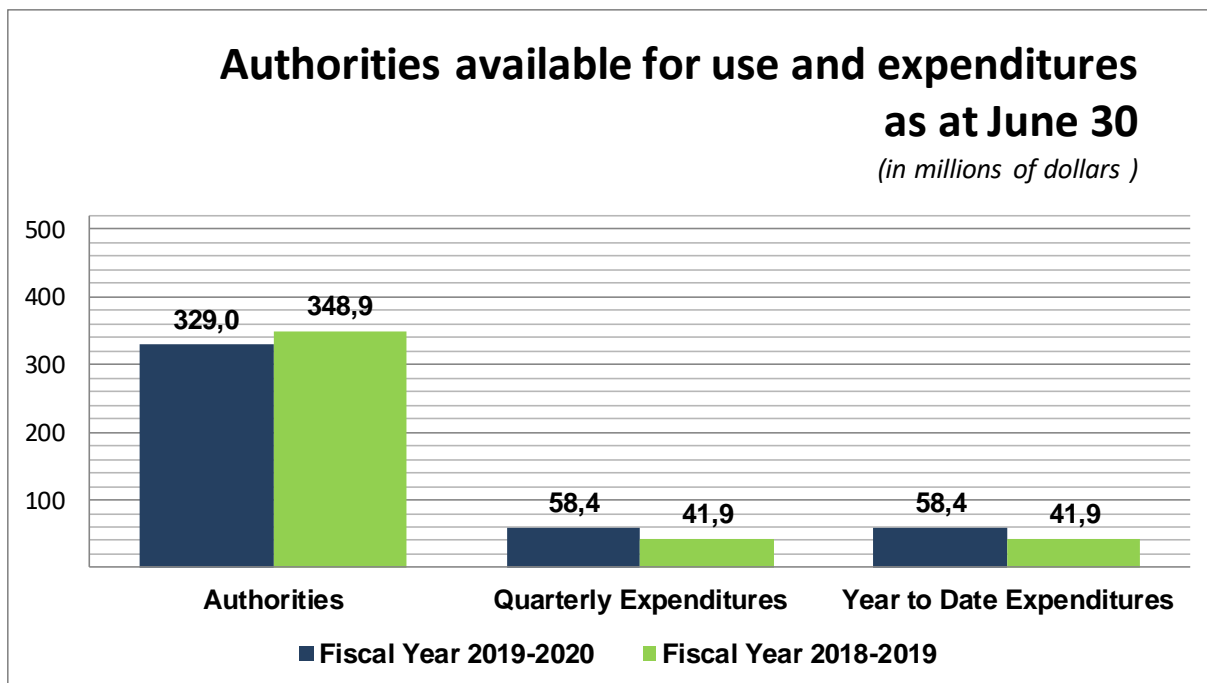
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. 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, 2019.

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 2019-2020 and 2018-2019.

The total votes available for use as at June 30, 2019 is \$329.0 million, which represents a decrease of \$19.9 million compared to the same period in the previous year.

Authorities (in thousands of dollars)	2019-2020	2018-2019	Variance	%
Vote 1 - Operating expenditures	181 394	170 770	10 624	6%
Vote 5 - Capital expenditures	78 547	112 229	(33 682)	(30%)
Vote 10 - Grants and contributions	58 696	56 411	2 285	4%
Contributions to employee benefit plans	10 312	9 463	849	9%
Spending of proceeds from the disposal of surplus Crown assets	2	20	(18)	(89%)
<b>Total budgetary authorities</b>	<b>328 951</b>	<b>348 893</b>	<b>(19 942)</b>	<b>(6%)</b>

The increase of \$10.6 million in Vote 1 - Operating expenditures is mainly explained by the following items:

- An increase of \$9.4 million as a result of additional funding received to extend Canada's participation in the International Space Station (ISS) mission from 2021 to 2024.
- An increase of \$1.1 million as a result of funding received from Treasury Board for collective agreements ratification.
- 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 \$33.7 million in Vote 5 - Capital expenditures is mainly explained by the following items:

- A decrease of \$27.4 million due to different cash flow requirements for Radarsat Constellation Mission (RCM) project related activities.
- A decrease of \$3.9 million due to different cash flow requirements for Life Science Research System (LSRS) project related activities.
- A decrease of \$2.6 million due to different cash flow requirements for Surface Water & Ocean Topography (SWOT-C) project related activities.
- An increase of \$7.8 million due to additional funding obtained for Quantum Encryption and Science Satellite (QEYSSat) project.
- 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 \$2.3 million in Vote 10 - Grants and Contributions expenditures is mainly explained by the following items:

- An increase of \$2.6 million due to different anticipated cash flow requirements for the Contribution Program under the Canada-European Space Agency (ESA) Cooperation Agreement.
- 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 2019-2020 and 2018-2019**

The quarterly and year-to-date expenditures for the quarter ended June 30, 2019 are of \$58.4 million which represents a quarterly and a year to date increase of \$16.5 million compared to the same period in the previous year.

### **Expenditures by Vote as at June 30**

<b>Expenditures by Vote</b> <i>(in thousands of dollars)</i>	<b>2019-2020</b>		<b>2018-2019</b>		<b>Variance</b>	
	<b>Quarterly</b>	<b>Year to date</b>	<b>Quarterly</b>	<b>Year to date</b>	<b>Quarterly</b>	<b>Year to date</b>
Vote 1 - Operating expenditures	26 166	26 166	23 496	23 496	2 670	2 670
Vote 5 - Capital expenditures	21 750	21 750	2 692	2 692	19 058	19 058
Vote 10 - Grants and contributions	7 920	7 920	13 340	13 340	(5 420)	(5 420)
Contributions to employee benefit plans	2 578	2 578	2 366	2 366	212	212
Spending of proceeds from the disposal of surplus Crown assets	-	-	6	6	(6)	(6)
<b>Total budgetary expenditures by Vote</b>	<b>58 414</b>	<b>58 414</b>	<b>41 900</b>	<b>41 900</b>	<b>16 514</b>	<b>16 514</b>

The increase of \$2.7 million in the quarterly and year to date expenditures in Vote 1 – Operating expenditures, is mainly explained by the following:

- The variations in the payment schedules for carrying out contractual activities for the maintenance and operations of the International Space Station (ISS).

The increase of \$19.1 million in the quarterly and year to date expenditures in Vote 5 - Capital expenditures, is mainly explained by the following:

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

The decrease of \$5.4 million in the quarterly and year to date expenditures in Vote 10 – Grants and contributions, is mainly explained by the following:

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

**Expenditures by Standard Object as at June 30**

Expenditures by Standard Object (in thousands of dollars)	2019-2020		2018-2019		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Personnel	19 797	19 797	18 882	18 882	915	915
Transportation and communications	983	983	796	796	187	187
Information	432	432	561	561	(129)	(129)
Professional and special services	8 382	8 382	4 304	4 304	4 078	4 078
Rentals	255	255	285	285	(30)	(30)
Repair and maintenance	222	222	609	609	(387)	(387)
Utilities, materials and supplies	763	763	604	604	159	159
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	19 655	19 655	554	554	19 101	19 101
Transfer payments	7 920	7 920	13 352	13 352	(5 432)	(5 432)
Other subsidies and payments	5	5	1 953	1 953	(1 948)	(1 948)
<b>Total budgetary expenditures by Standard Object</b>	<b>58 414</b>	<b>58 414</b>	<b>41 900</b>	<b>41 900</b>	<b>16 514</b>	<b>16 514</b>

The \$4.1 million increase in the quarterly expenditures and year to date expenditures for the Professional and special services standard object is primarily due to:

→ The variations in the payment schedules for carrying out contractual activities for the maintenance and operations of the International Space Station (ISS).

The \$19.1 million increase in the quarterly expenditures and year to date expenditures for the Acquisition of machinery and equipment standard object is primarily due to:

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

The \$5.4 million decrease in the quarterly and year to date expenditures for the Transfer payments standard object is primarily due to:

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

The \$1.9 million decrease in the quarterly and year to date expenditures for the Other subsidies and payments standard object is primarily due to:

→ A variation in the payment schedules for the Payments in Lieu of Taxes Program (PILT).

### **3. Risks and Uncertainties**

The year-to-date expenditures for the 1<sup>st</sup> quarter of 2019-2020 represent 18% of the authorities whereas 25% of the fiscal year has passed. The level of expenditures is slightly higher than it was in the 2018-2019 fiscal year (12%) and is similar to the expenditure level in 2017-2018 (19%) which represents no concerns. The situation concerning 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.

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 yet been migrated to the Pay Centre, the CSA continues to offer on-site compensation services. The compensation team, who's 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

There were no significant changes in operations, personnel and programs, in the first quarter of 2019-2020.

#### Approval by Senior Officials

Approved by,

The original version was signed by  
Sylvain Laporte, August 21, 2019

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Sylvain Laporte    Date  
President  
Longueuil, Quebec

The original version was signed by  
Jean-Claude Piedboeuf, August 12, 2019

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Jean-Claude Piedboeuf, B. Ing., Ph.D.      Date  
Chief Financial Officer  
Longueuil, Quebec



**CANADIAN SPACE AGENCY**  
**Quarterly Financial Report**  
**For the quarter ended June 30, 2019**  
**Statement of Authorities** (unaudited)  
(in thousands of dollars)

Annex 1

	<b>Fiscal Year 2019-2020</b>			<b>Fiscal Year 2018-2019</b>		
	Total available for use for the year ending March 31, 2020 (1)	Used during the quarter ended June 30, 2019	Year to date used at quarter-end	Total available for use for the year ending March 31, 2019 (1)	Used during the quarter ended June 30, 2018	Year to date used at quarter-end
	\$	\$	\$	\$	\$	\$
Vote 1: Operating expenditures	181,394	26,166	26,166	170,770	23,496	23,496
Vote 5: Capital expenditures	78,547	21,750	21,750	112,229	2,692	2,692
Vote 10: Grants and contributions	58,696	7,920	7,920	56,411	13,340	13,340
Contributions to employee benefit plans	10,312	2,578	2,578	9,463	2,366	2,366
Spending of proceeds from the disposal of surplus Crown assets	2	-	-	20	6	6
<b>Total budgetary authorities</b>	<b>328,951</b>	<b>58,414</b>	<b>58,414</b>	<b>348,893</b>	<b>41,900</b>	<b>41,900</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 June 30, 2019**

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

(in thousands of dollars)

	<b>Fiscal Year 2019-2020</b>			<b>Fiscal Year 2018-2019</b>		
	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended June 30, 2019	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2019	Expended during the quarter ended June 30, 2018	Year to date used at quarter-end
<b>Expenditures:</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>
Personnel	77,708	19,797	19,797	71,722	18,882	18,882
Transportation and communications	4,281	983	983	5,180	796	796
Information	1,824	432	432	3,199	561	561
Professional and special services	144,238	8,382	8,382	178,034	4,304	4,304
Rentals	2,983	255	255	1,841	285	285
Repair and maintenance	3,379	222	222	1,441	609	609
Utilities, materials and supplies	1,702	763	763	1,742	604	604
Acquisition of land, buildings and works	650	-	-	50	-	-
Acquisition of machinery and equipment	30,443	19,655	19,655	22,538	554	554
Transfer payments	58,696	7,920	7,920	56,411	13,352	13,352
Other subsidies and payments	3,047	5	5	6,735	1,953	1,953
<b>Total budgetary expenditures</b>	<b>328,951</b>	<b>58,414</b>	<b>58,414</b>	<b>348,893</b>	<b>41,900</b>	<b>41,900</b>