



Canadian Space Agency  
Agence spatiale  
canadienne



# **Canadian Space Agency**

**2019-2020**

**Quarterly Financial Report**

**For the Quarter Ended**

**December 31, 2019**

## Management Statement for the Quarter Ended December 31, 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 December 31 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.

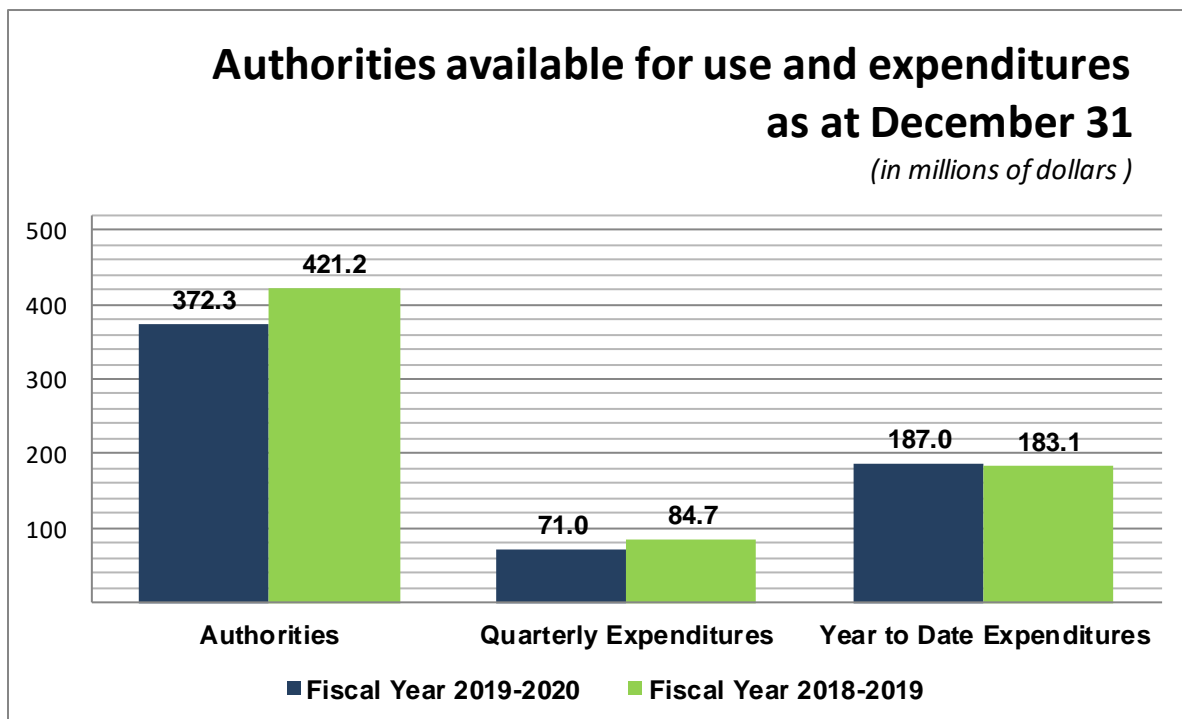
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. 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 December 31, 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 December 31, 2019 is \$372.3 million, which represents a decrease of \$48.9 million compared to the same period in the previous year.

| Authorities (in thousands of dollars)                          | 2019-2020      | 2018-2019      | Variance        | %            |
|--|----------------|----------------|-----------------|--------------|
| Vote 1 - Operating expenditures                                | 189,678        | 179,828        | 9,850           | 5%           |
| Vote 5 - Capital expenditures                                  | 113,647        | 175,516        | (61,869)        | (35%)        |
| 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 | 5              | 21             | (16)            | (76%)        |
| <b>Total budgetary authorities</b>                             | <b>372,338</b> | <b>421,239</b> | <b>(48,901)</b> | <b>(12%)</b> |

The increase of \$9.9 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 \$2.3 million as a result of funding received from Treasury Board for collective agreements ratification.
- A decrease of \$1.8 million due to different needs according to the progress of Quantum Encryption and Science Satellite (QEYSSat) project related activities.

The decrease of \$61.9 million in Vote 5 - Capital expenditures is mainly explained by the following items:

- A decrease of \$54.5 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 \$5.2 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 December 31, 2019 are of \$71.0 and \$187.0 million which represents a quarterly decrease of \$13.7 million and a year to date increase of \$3.9 million compared to the same period in the previous year.

### Expenditures by Vote as at December 31

| Expenditures by Vote<br>(in thousands of dollars)              | 2019-2020     |                | 2018-2019     |                | Variance        |              |
|--|---------------|----------------|---------------|----------------|-----------------|--------------|
|  | Quarterly     | Year to date   | Quarterly     | Year to date   | Quarterly       | Year to date |
| Vote 1 - Operating expenditures                                | 38,551        | 103,057        | 39,009        | 101,217        | (458)           | 1,840        |
| Vote 5 - Capital expenditures                                  | 24,765        | 55,383         | 31,385        | 44,377         | (6,620)         | 11,006       |
| Vote 10 - Grants and contributions                             | 5,137         | 20,851         | 11,927        | 30,385         | (6,790)         | (9,534)      |
| Contributions to employee benefit plans                        | 2,578         | 7,734          | 2,365         | 7,097          | 213             | 637          |
| Spending of proceeds from the disposal of surplus Crown assets | -             | -              | 3             | 16             | (3)             | (16)         |
| <b>Total budgetary expenditures by Vote</b>                    | <b>71,031</b> | <b>187,025</b> | <b>84,689</b> | <b>183,092</b> | <b>(13,658)</b> | <b>3,933</b> |

The 2019-2020 quarterly and year-to-date expenditures in Vote 1 – Operating expenditures are essentially the same as in 2018-2019 fiscal year.

The decrease of \$6.6 million in the quarterly expenditures and the increase of \$11.0 million in the year to date expenditures in Vote 5 - Capital expenditures, are mainly explained by the following:

- Expenditures variations due to the payment schedules for the RADARSAT Constellation Mission (RCM).

The decrease of \$6.8 million in the quarterly expenditures and the decrease of \$9.5 million in the year to date expenditures in Vote 10 – Grants and contributions, are mainly explained by the following:

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

### **Expenditures by Standard Object as at December 31**

| Expenditures by Standard Object<br>(in thousands of dollars) | 2019-2020     |                | 2018-2019     |                | Variance        |              |
|--|---------------|----------------|---------------|----------------|-----------------|--------------|
|  | Quarterly     | Year to date   | Quarterly     | Year to date   | Quarterly       | Year to date |
| Personnel  | 17,695        | 56,913         | 19,189        | 56,368         | (1,494)         | 545          |
| Transportation and communications                            | 1,149         | 3,188          | 1,240         | 3,167          | (91)            | 21           |
| Information  | 1,674         | 2,281          | 1,121         | 2,528          | 553             | (247)        |
| Professional and special services                            | 23,879        | 51,817         | 22,054        | 48,364         | 1,825           | 3,453        |
| Rentals  | 1,059         | 2,443          | 914           | 1,778          | 145             | 665          |
| Repair and maintenance                                       | 238           | 1,116          | 961           | 2,617          | (723)           | (1,501)      |
| Utilities, materials and supplies                            | 535           | 1,910          | 180           | 1,126          | 355             | 784          |
| Acquisition of land, buildings and works                     | -             | -              | 56            | 93             | (56)            | (93)         |
| Acquisition of machinery and equipment                       | 19,671        | 44,660         | 27,022        | 34,653         | (7,351)         | 10,007       |
| Transfer payments  | 5,137         | 20,851         | 11,927        | 30,385         | (6,790)         | (9,534)      |
| Other subsidies and payments                                 | (6)           | 1,846          | 25            | 2,013          | (31)            | (167)        |
| <b>Total budgetary expenditures<br/>by Standard Object</b>   | <b>71,031</b> | <b>187,025</b> | <b>84,689</b> | <b>183,092</b> | <b>(13,658)</b> | <b>3,933</b> |

The \$1.8 million increase in quarterly expenditures and the \$3.5 million increase in year to date expenditures for the Professional and special services standard object are 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) as well as for Space Technologies activities.

The \$1.5 million decrease in year to date expenditures for the Repair and maintenance standard object is primarily due to:

→ A variation in the payment schedules related to the building infrastructure project for the David Florida Laboratory (DFL).

The \$7.4 million decrease in quarterly expenditures and the \$10.0 million increase in year to date expenditures for the Acquisition of machinery and equipment standard object are primarily due to:

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

The \$6.8 million decrease in quarterly expenditures and the \$9.5 million decrease in year to date expenditures for the Transfer payments standard object are primarily due to:

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

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

The year-to-date expenditures for the 3<sup>rd</sup> quarter of 2019-2020 represent 50% of the authorities whereas 75% of the fiscal year has passed. The level of expenditures is slightly higher than it was in the 2018-2019 fiscal year (43%) and in the 2017-2018 fiscal year (45%). This 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.

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 third quarter of 2019-2020.

## **Approval by Senior Officials**

Approved by,

The original version was signed by  
Sylvain Laporte, February 13, 2020

---

Sylvain Laporte    Date  
President  
Longueuil, Quebec

The original version was signed by  
Jean-Claude Piedboeuf, February 7, 2020

---

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



**CANADIAN SPACE AGENCY**  
**Quarterly Financial Report**  
**For the quarter ended December 31, 2019**

Annex 1

**Statement of Authorities (unaudited)**

(in thousands of dollars)

|  | <b>Fiscal Year 2019-2020</b>                                      |   |                                  | <b>Fiscal Year 2018-2019</b>                                      |   |                                  |
|--|---|---|----------------------------------|---|---|----------------------------------|
|  | Total available for use for the year ending March 31, 2020<br>(1) | Used during the quarter ended December 31, 2019 | Year to date used at quarter-end | Total available for use for the year ending March 31, 2019<br>(1) | Used during the quarter ended December 31, 2018 | Year to date used at quarter-end |
|  | \$  | \$  | \$                               | \$  | \$  | \$                               |
| Vote 1: Operating expenditures                                 | 189,678   | 38,551  | 103,057                          | 179,828   | 39,009  | 101,217                          |
| Vote 5: Capital expenditures                                   | 113,647   | 24,765  | 55,383                           | 175,516   | 31,385  | 44,377                           |
| Vote 10: Grants and contributions                              | 58,696  | 5,137   | 20,851                           | 56,411  | 11,927  | 30,385                           |
| Contributions to employee benefit plans                        | 10,312  | 2,578   | 7,734                            | 9,463   | 2,365   | 7,097                            |
| Spending of proceeds from the disposal of surplus Crown assets | 5   | -   | -                                | 21  | 3   | 16                               |
| <b>Total budgetary authorities</b>                             | <b>372,338</b>  | <b>71,031</b>                                   | <b>187,025</b>                   | <b>421,239</b>  | <b>84,689</b>                                   | <b>183,092</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 December 31, 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 December 31, 2019 | Year to date used at quarter-end | Planned expenditures for the year ending March 31, 2019 | Expended during the quarter ended December 31, 2018 | Year to date used at quarter-end |
| <b>Expenditures:</b>                     | <b>\$</b>   | <b>\$</b>   | <b>\$</b>                        | <b>\$</b>   |   | <b>\$</b>                        |
| Personnel                                | 80,134  | 17,695  | 56,913                           | 73,019  | 19,189  | 56,368                           |
| Transportation and communications        | 4,281   | 1,149   | 3,188                            | 5,180   | 1,240   | 3,167                            |
| Information                              | 1,824   | 1,674   | 2,281                            | 3,101   | 1,121   | 2,528                            |
| Professional and special services        | 164,465   | 23,879  | 51,817                           | 138,547   | 22,054  | 48,364                           |
| Rentals                                  | 2,983   | 1,059   | 2,443                            | 1,841   | 914   | 1,778                            |
| Repair and maintenance                   | 3,379   | 238   | 1,116                            | 1,441   | 961   | 2,617                            |
| Utilities, materials and supplies        | 1,702   | 535   | 1,910                            | 1,742   | 180   | 1,126                            |
| Acquisition of land, buildings and works | 650   | -   | -                                | 4,032   | 56  | 93                               |
| Acquisition of machinery and equipment   | 51,177  | 19,671  | 44,660                           | 129,190   | 27,022  | 34,653                           |
| Transfer payments                        | 58,696  | 5,137   | 20,851                           | 56,411  | 11,927  | 30,385                           |
| Other subsidies and payments             | 3,047   | (6)   | 1,846                            | 6,735   | 25  | 2,013                            |
| <b>Total budgetary expenditures</b>      | <b>372,338</b>  | <b>71,031</b>                                       | <b>187,025</b>                   | <b>421,239</b>  | <b>84,689</b>                                       | <b>183,092</b>                   |