



Canadian Space Agency  
Agence spatiale canadienne



# **Canadian Space Agency**

**2020-2021**

**Quarterly Financial Report**

**For the Quarter Ended**

**September 30, 2020**

## Management Statement for the Quarter Ended September 30, 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](#)<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 [2020-21 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 September 30 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.

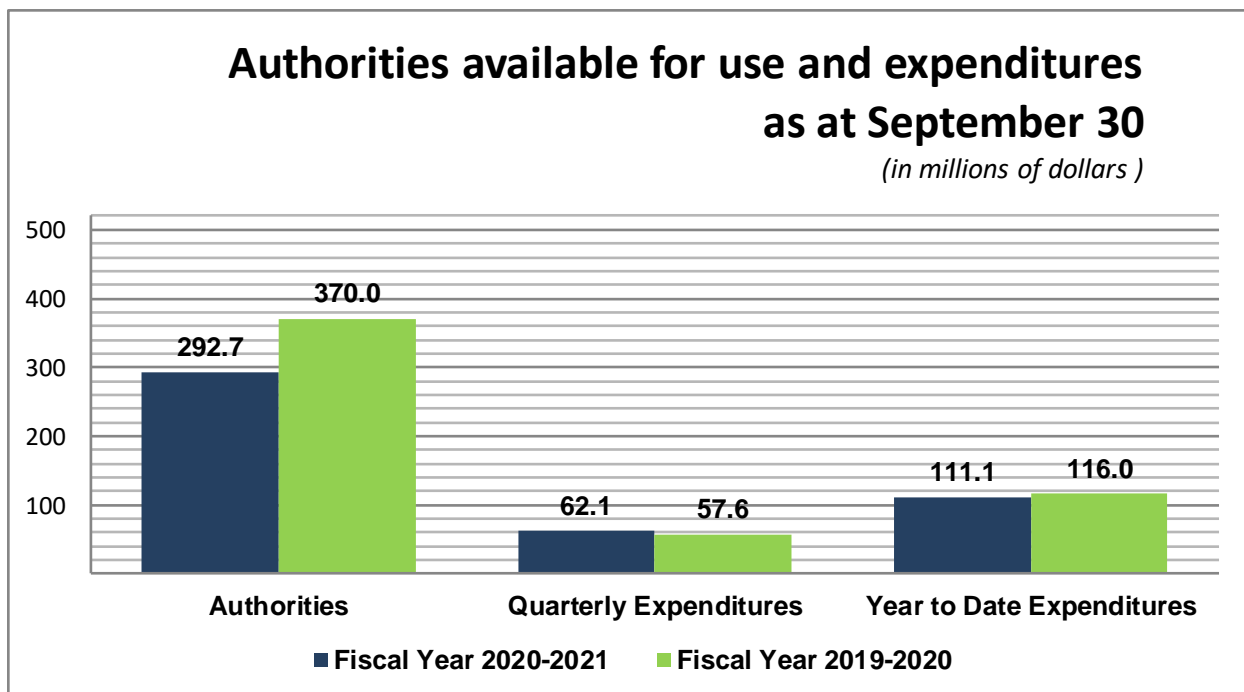
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. 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 September 30, 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 September 30, 2020, is \$292.7 million, which represents a decrease of \$77.3 million compared to the same period in the previous year.

Authorities (in thousands of dollars)	2020-2021	2019-2020	Variance	%
Vote 1 - Operating expenditures	155,954	187,346	(31,392)	(17%)
Vote 5 - Capital expenditures	75,303	113,647	(38,344)	(34%)
Vote 10 - Grants and contributions	50,974	58,696	(7,722)	(13%)
Contributions to employee benefit plans	10,470	10,312	158	2%
Spending of proceeds from the disposal of surplus Crown assets	2	3	(1)	(33%)
<b>Total budgetary authorities</b>	<b>292,703</b>	<b>370,004</b>	<b>(77,301)</b>	<b>(21%)</b>

The decrease of \$31.4 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.
- A decrease of \$49.0 million in the authorities available for use is due to the reduced supply of the Main Estimates. Due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the fall. CSA is expected to receive full supply for the 2020-21 Main Estimates in December 2020.
- 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 \$38.3 million in Vote 5 - Capital expenditures is mainly explained by the following items:

- An increase of \$12.2 million for International Space Station (ISS) related activities.

- An increase of \$1.5 million for Lunar Exploration Accelerator Program (LEAP) related activities.
- An increase of \$1.4 million related to the amount of the Capital Vote carry forward in 2020-2021 higher than that received in 2019-2020.
- A decrease of \$13.0 million in the authorities available for use is due to the reduced supply of the Main Estimates. Due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the fall. CSA is expected to receive full supply for the 2020-21 Main Estimates in December 2020.
- A decrease of \$29.9 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 decrease of \$7.7 million in Vote 10 - Grants and Contributions expenditures is mainly explained by the following items:

- An increase of \$6.5 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).
- An increase of \$1.5 million for Lunar Exploration Accelerator Program (LEAP) related activities.
- A decrease of \$17.0 million in the authorities available for use is due to the reduced supply of the Main Estimates. Due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the fall. CSA is expected to receive full supply for the 2020-21 Main Estimates in December 2020.
- 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 2020-2021 and 2019-2020

The quarterly and year-to-date expenditures for the quarter ended September 30, 2020, are of \$62.1 million and \$111.1 million which represents a quarterly increase of \$4.6 million and a year-to-date decrease of \$4.9 million compared to the same period in the previous year.

### Expenditures by Vote as at September 30

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	39,335	64,293	38,340	64,506	995	(213)
Vote 5 - Capital expenditures	9,373	12,950	8,868	30,618	505	(17,668)
Vote 10 - Grants and contributions	10,818	28,629	7,794	15,714	3,024	12,915
Contributions to employee benefit plans	2,618	5,235	2,578	5,156	40	79
Spending of proceeds from the disposal of surplus Crown assets	-	-	-	-	-	-
<b>Total budgetary expenditures by Vote</b>	<b>62,144</b>	<b>111,107</b>	<b>57,580</b>	<b>115,994</b>	<b>4,564</b>	<b>(4,887)</b>

The decrease of \$17.7 million in 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 \$3.0 and \$12.9 million increases in quarterly and 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 September 30

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	20,302	39,820	19,421	39,218	881	602
Transportation and communications	306	545	1,056	2,039	(750)	(1,494)
Information	608	876	175	607	433	269
Professional and special services	22,748	30,979	19,556	27,938	3,192	3,041
Rentals	755	1,006	1,129	1,384	(374)	(378)
Repair and maintenance	483	717	656	878	(173)	(161)
Utilities, materials and supplies	295	787	612	1,375	(317)	(588)
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	3,978	5,897	5,334	24,989	(1,356)	(19,092)
Transfer payments	10,818	28,629	7,794	15,714	3,024	12,915
Other subsidies and payments	1,851	1,851	1,847	1,852	4	(1)
<b>Total budgetary expenditures by Standard Object</b>	<b>62,144</b>	<b>111,107</b>	<b>57,580</b>	<b>115,994</b>	<b>4,564</b>	<b>(4,887)</b>

The \$1.5 million decrease in 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 \$3.2 and \$3.0 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 International Space Station (ISS), for the Space Technologies Development Program (STDP) and for the Lunar Exploration Accelerator Program (LEAP).

The \$1.4 million and \$19.1 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 \$3.0 million and \$12.9 million increases in quarterly and 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 2<sup>e</sup> quarter of 2020-2021 represent 30% of the planned expenditures for the year ending March 31, 2021, whereas 50% of the fiscal year has passed. The level of expenditures is similar to the 2019-2020 fiscal year (31%) and slightly higher than it was in the 2018-2019 fiscal year (25%). 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 second 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 and thereafter remains highly uncertain.

Due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the fall. The full supply for 2020-21 will be received in December 2020. It is important to note that this situation is not limited to the CSA, and that there is no risk for cash flow related to the fact that the supply received to date are 9/12th of the Main Estimates, and this will continue until December.

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 second quarter of 2020-2021, the majority of CSA employees worked 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.

On September 3<sup>rd</sup>, the Government of Canada announced that it has appointed Lisa Campbell as President of the Canadian Space Agency. Ms. Campbell comes to the post from a position as Associate Deputy Minister, Veterans Affairs Canada. Ms. Campbell replaces Sylvain Laporte, who has been President of the agency since 2015.



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Also, changes to the executive-level structure were implemented to better deliver on Canada's Space Strategy. To this end, the Canadian Space Agency now has two Vice-Presidents (VP): a Vice-President Science and Technology (S&T) and a Vice-President Space Program Policy (SPP).

**Approval by Senior Officials**

Approved by,

The original version was signed by  
Lisa Campbell, November 17, 2020

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Lisa Campbell  
President  
Longueuil, Quebec

Date

The original version was signed by  
Jean-Claude Piedboeuf, November 13, 2020

\_\_\_\_\_  
Jean-Claude Piedboeuf, B. Ing., Ph.D.  
Chief Financial Officer and Director  
General, Corporate Services  
Longueuil, Quebec

Date

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Annex 1

**Statement of Authorities (unaudited)**

(in thousands of dollars)

	<b>Fiscal Year 2020-2021</b>			<b>Fiscal Year 2019-2020</b>		
	Total available for use for the year ending March 31, 2021 (1)	Used during the quarter ended September 30, 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 September 30, 2019	Year to date used at quarter-end
	\$	\$	\$	\$	\$	\$
Vote 1: Operating expenditures	155,954	39,335	64,293	187,346	38,340	64,506
Vote 5: Capital expenditures	75,303	9,373	12,950	113,647	8,868	30,618
Vote 10: Grants and contributions	50,974	10,818	28,629	58,696	7,794	15,714
Contributions to employee benefit plans	10,470	2,618	5,235	10,312	2,578	5,156
Spending of proceeds from the disposal of surplus Crown assets	2	-	-	3	-	-
<b>Total budgetary authorities</b>	<b>292,703</b>	<b>62,144</b>	<b>111,107</b>	<b>370,004</b>	<b>57,850</b>	<b>115,994</b>

(1) Includes only Authorities available for use and granted by Parliament at quarter-end.

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Annex 2

**Quarterly Financial Report**

**For the quarter ended September 30, 2020**

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

(in thousands of dollars)

	<b>Fiscal Year 2020-2021</b>			<b>Fiscal Year 2019-2020</b>		
	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended September 30, 2020	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended September 30, 2019	Year to date used at quarter-end
<b>Expenditures:</b>	\$	\$	\$	\$	\$	\$
Personnel	81,214	20,302	39,820	77,801	19,421	39,218
Transportation and communications	4,330	306	545	4,281	1,056	2,039
Information	1,486	608	876	1,824	175	607
Professional and special services	180,464	22,748	30,979	164,464	19,556	27,938
Rentals	2,972	755	1,006	2,983	1,129	1,384
Repair and maintenance	2,484	483	717	3,379	656	878
Utilities, materials and supplies	3,631	295	787	1,702	612	1,375
Acquisition of land, buildings and works	-	-	-	650	-	-
Acquisition of machinery and equipment	24,313	3,978	5,897	51,177	5,334	24,989
Transfer payments	67,965	10,818	28,629	58,696	7,794	15,714
Other subsidies and payments	2,732	1,851	1,851	3,047	1,847	1,852
<b>Total budgetary expenditures</b>	<b>371,591</b>	<b>62,144</b>	<b>111,107</b>	<b>370,004</b>	<b>57,580</b>	<b>115,994</b>