



Canadian Space
Agency

Agence spatiale
canadienne



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Canadian Space Agency

2021-2022

Quarterly Financial Report

For the Quarter Ended

September 30, 2021

**Management Statement
for the Quarter Ended September 30, 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 September 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.

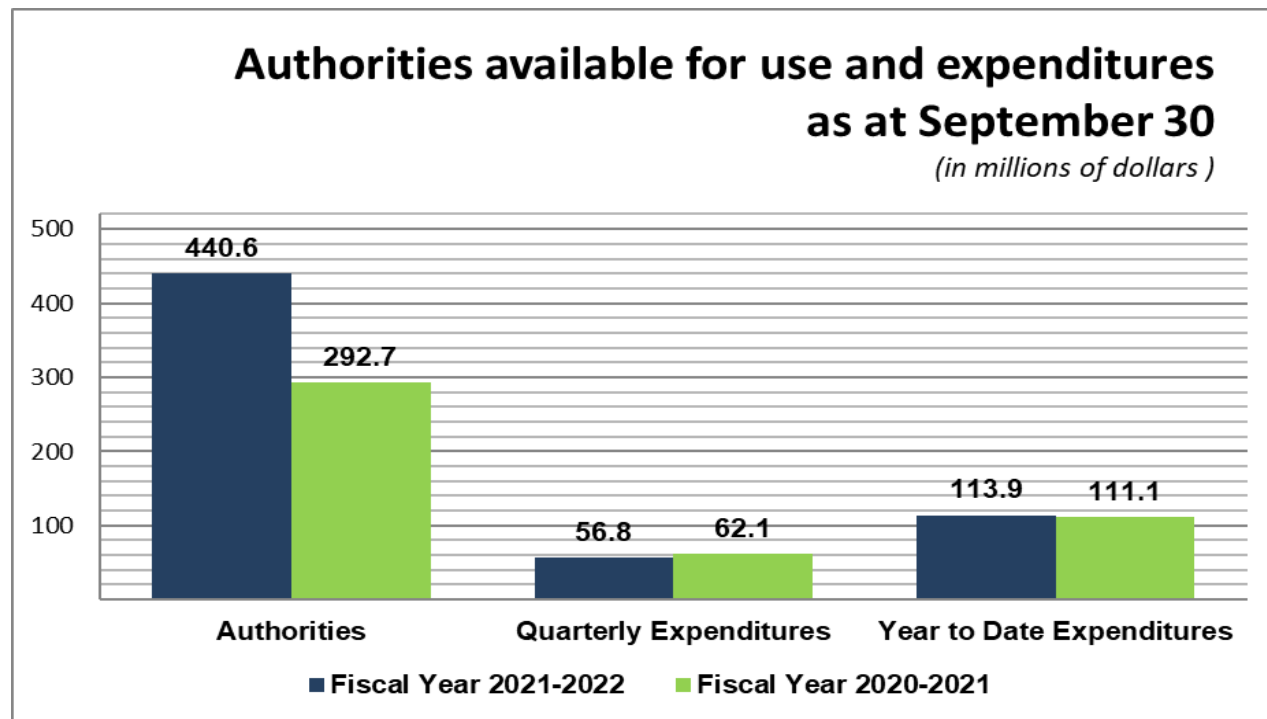
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. 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 September 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 September 30, 2021, is \$440,6 million, which represents an increase of \$147,9 million compared to the same period in the previous year.

More than half of this increase (\$79 million), is related to receiving full 2021-2022 Main Estimates appropriations as of June 30, 2021. These appropriations had been received in December 2020 for the previous fiscal year, due to the pandemic and reduced legislative sessions in spring 2020.

Authorities (in thousands of dollars)	2021-2022	2020-2021	Variance	%
Vote 1 - Operating expenditures	231,379	155,954	75,425	48%
Vote 5 - Capital expenditures	103,443	75,303	28,140	37%
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	53	2	51	2,550%
Total budgetary authorities	440,591	292,703	147,888	51%

The increase of \$75.4 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 \$3.2 million related to the amount of operating budget carryover in 2021-22 lower than that received in 2020-21.
- 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 \$28.1 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 \$5.5 million related to the amount of capital budget carryover in 2021-22 lower than that received in 2020-21.
- 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

Cumulative expenditures for the three months ended September 30, 2021 are \$113.9 million and represent a cumulative increase of \$2.8 million over the same period last year. Quarterly expenditures are \$56.8 million and represent a decrease of \$5.4 million from the same quarter last year.

Expenditures by Vote as at September 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	44,694	75,935	39,335	64,293	5,359	11,642
Vote 5 - Capital expenditures	3,819	7,536	9,373	12,950	(5,554)	(5,414)
Vote 10 - Grants and contributions	5,504	24,876	10,818	28,629	(5,314)	(3,753)
Contributions to employee benefit plans	2,772	5,543	2,618	5,235	154	308
Spending of proceeds from disposal of surplus Crown assets	-	-	-	-	-	-
Total budgetary expenditures by Vote	56,790	113,891	62,144	111,107	(5,354)	2,784

The increase of \$5.4 million in quarterly expenditures and \$11.6 million in year-to-date expenditures in Vote-1 - Operating Expenses, is primarily due to:

- An increase in personnel, the ratification of collective agreements, as well as an increase in non-capitalizable salary expenses mainly related to the Radarsat Constellation Mission (RCM), and the payment schedule related to the Canadarm3 project.

The \$5.6 million decrease in quarterly expenditures and \$5.4 million decrease in cumulative expenditures in Vote 5 - Capital Expenditures are primarily due to:

- A decrease in the payment schedule of the Radarsat Constellation Mission (RCM).

The decrease of \$5.3 million in quarterly expenditures and \$3.8 million in cumulative expenditures in Vote 10 - Grants and Contributions is primarily due to:

- 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)	2021-2022		2020-2021		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Personnel	21,788	43,419	20,302	39,820	1,486	3,599
Transportation and communications	481	724	306	545	175	179
Information	305	504	608	876	(303)	(372)
Professional and special services	24,485	37,498	22,748	30,979	1,737	6,519
Rentals	548	1,210	755	1,006	(207)	204
Repair and maintenance	339	700	483	717	(144)	(17)
Utilities, materials and supplies	256	486	295	787	(39)	(301)
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	1,115	2,503	3,978	5,897	(2,863)	(3,394)
Transfer payments	5,504	24,876	10,818	28,629	(5,314)	(3,753)
Other subsidies and payments	1,969	1,971	1,851	1,851	118	120
Total budgetary expenditures by Standard Object	56,790	113,891	62,144	111,107	(5,354)	2,784

The \$1.5 million increase in quarterly expenditures and the \$3.6 million increase in cumulative quarterly expenditures for the personal current item is primarily due to:

- An increase in salary expenses due to an increase in the number of employees, and a ratification of collective agreements.

The \$1.7 million increase in quarterly expenditures and \$6.5 million increase in year-to-date expenditures for the Professional and Special Services standard object are primarily caused by:

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

The \$2.9 million decrease in quarterly expenditures and \$3.4 million decrease in year-to-date expenditures for the standard Acquisition of Machinery and Equipment line item are primarily due to:

- A decrease in the payment schedule of the Radarsat Constellation Mission (RCM).

The decrease of \$5.3 million in quarterly expenditures and \$3.8 million in 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 2nd quarter of 2021-2022 represent 26% of the planned expenditures for the year ending March 31, 2022, whereas 50% of the fiscal year has passed. The level of expenditures is lower than it was in the 2020-2021 fiscal year (30%) and in the 2019-2020 fiscal year (31%). For historical comparison purposes, we use cumulative spending versus annual planned spending, since the full 2020-2021 Main Estimates appropriations were received unusually late in 2020-2021, due to the pandemic and reduced parliamentary sessions in spring 2020. 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,

The original version was signed by
Lisa Campbell on November 21, 2021.

Lisa Campbell Date
President
Longueuil, Quebec

The original version was signed by
Jean-Claude Piedboeuf on November, 18
2021.

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 September 30, 2020

Annex 1

Statement of Authorities (unaudited)

(in thousands of dollars)

	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 September 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 September 30, 2020	Year to date used at quarter-end
	\$	\$	\$	\$	\$	\$
Vote 1: Operating expenditures	231 379	44 694	75 935	155,954	39 335	64 293
Vote 5: Capital expenditures	103 443	3 819	7 536	75,303	9 373	12 950
Vote 10: Grants and contributions	94 630	5 504	24 876	50,974	10 818	28 629
Contributions to employee benefit plans	11 086	2 772	5 543	10,470	2 618	5 235
Spending of proceeds from the disposal of surplus Crown assets	53	-	-	2	-	-
Total budgetary authorities	440 591	56 790	113 891	292 703	62 144	111 107

(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 September 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 September 30, 2021	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended September 30, 2020	Year to date used at quarter-end
Expenditures:	\$	\$	\$	\$		\$
Personnel	87 722	21 788	43 419	81 214	20 302	39 820
Transportation and communications	10 453	481	724	4 330	306	545
Information	1 781	305	504	1 486	608	876
Professional and special services	227 655	24 485	37 498	180 464	22 748	30 979
Rentals	4 614	548	1 210	2 972	755	1 006
Repair and maintenance	5 465	339	700	2 484	483	717
Utilities, materials and supplies	1 410	256	486	3 631	295	787
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	4 212	1 115	2 503	24 313	3 978	5 897
Transfer payments	94 630	5 504	24 876	67 965	10 818	28 629
Other subsidies and payments	2 649	1 969	1 971	2 732	1 851	1 851
Total budgetary expenditures	440 591	56 790	113 891	371 591	62 144	111 107