



Canadian Space
Agency

Agence spatiale
canadienne



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Canadian Space Agency

2021-2022

Quarterly Financial Report

For the Quarter Ended

December 31, 2021

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

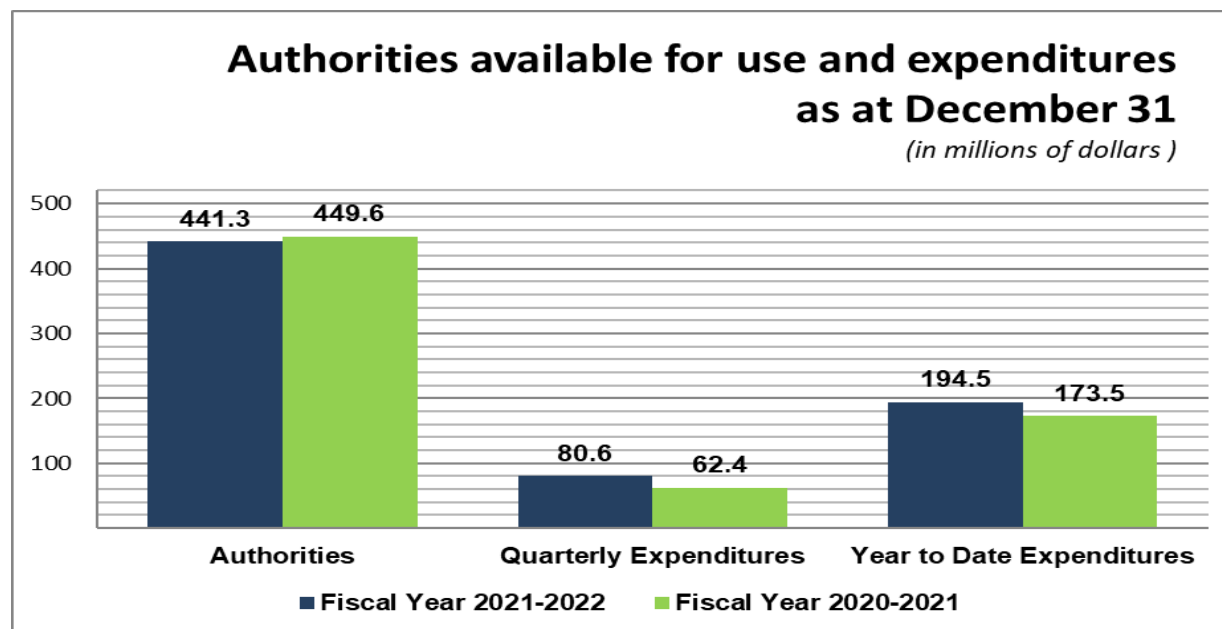
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. 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 December 31, 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 December 31, 2021, is \$441.3 million, which represents an increase of \$8.3 million compared to the same period in the previous year.

Authorities <i>(in thousands of dollars)</i>	2021-2022	2020-2021	Variance	%
Vote 1 - Operating expenditures	232,089	202,886	29,203	14%
Vote 5 - Capital expenditures	103,443	155,522	(52,079)	(33%)
Vote 10 - Grants and contributions	94,630	80,294	14,336	18%
Contributions to employee benefit plans	11,086	10,821	265	2%
Proceeds from disposal of surplus Crown assets	55	33	22	67%
Total budgetary authorities	441,303	449,556	(8,253)	(2%)

The increase of \$29.2 million in Vote 1 – Operating expenditures is mainly explained by the following items:

- An increase of \$19.9 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.
- An increase of \$3.3 million for Stimulus-related activities, related to the downturn caused by the Covid-19 pandemic. 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 decrease of \$52.1 million in Vote 5 – Capital expenditures is mainly explained by the following items:

- A decrease of \$72.8 million for Radarsat Constellation Mission (RCM) project-related activities.
- 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 \$3.4 million resulting from a budgetary transfer from the Capital Vote to the Grants and Contribution Vote.
- 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.

The increase of \$14.3 million in Vote 10 – Grants and Contributions expenditures is mainly explained by the following items:

- 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 \$1.4 million for activities related to the Lunar Exploration Accelerator Program (LEAP).
- A decrease of \$3.3 million for Stimulus-related activities, related to the slowdown caused by the Covid-19 pandemic.
- 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 2021-2022 and 2020-2021

Cumulative expenditures for the three months ended December 31, 2021 are \$194.5 million and represent a cumulative increase of \$21 million over the same period last year. Quarterly expenditures are \$80.6 million and represent an increase of \$18.2 million from the same quarter last year.

Expenditures by Vote as at December 31

Expenditures by Vote <i>(in thousands of dollars)</i>	2021-2022		2020-2021		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Vote 1 - Operating expenditures	53,284	129,219	43,508	107,801	9,776	21,418
Vote 5 - Capital expenditures	7,696	15,232	12,670	25,620	(4,974)	(10,388)
Vote 10 - Grants and contributions	16,853	41,729	3,587	32,216	13,266	9,513
Contributions to employee benefit plans	2,771	8,314	2,617	7,852	154	462
Spending of proceeds from disposal of surplus Crown assets	-	-	-	-	-	-
Total budgetary expenditures by Vote	80,604	194,494	62,382	173,489	18,222	21,005

The increase of \$9.8 million in quarterly expenditures and \$21.4 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 million decrease in quarterly expenditures and \$10.4 million decrease in cumulative expenditures in Vote 5 - Capital Expenditures are primarily due to:

- A decrease in the payment schedule for the Radarsat Constellation Mission (RCM) and for activities related to the Quantum Encryption and Science Satellite (QEYSSat) project.

The increase of \$13.3 million in quarterly expenditures and \$9.5 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 December 31

Expenditures by Standard Object <i>(in thousands of dollars)</i>	2021-2022		2020-2021		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Personnel	17,259	60,678	20,773	60,593	(3,514)	85
Transportation and communications	2,282	3,006	268	813	2,014	2,193
Information	455	959	355	1,231	100	(272)
Professional and special services	40,107	77,605	28,805	59,784	11,302	17,821
Rentals	773	1,983	1,050	2,056	(277)	(73)
Repair and maintenance	413	1,113	1,737	2,454	(1,324)	(1,341)
Utilities, materials and supplies	293	779	239	1,026	54	(247)
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	1,987	4,490	4,824	10,721	(2,837)	(6,231)
Transfer payments	16,853	41,729	3,587	32,216	13,266	9,513
Other subsidies and payments	181	2,152	744	2,595	(563)	(443)
Total budgetary expenditures by Standard Object	80,603	194,494	62,382	173,489	18,221	21,005

The \$3.5 million decrease in quarterly expenditures for the personal line item is primarily due to:

- A change in the timing of salary payments.

The \$2 million increase in quarterly expenditures and \$2.2 million increase in year-to-date expenditures for the transportation and communication standard object are primarily caused by:

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

The \$11.3 million increase in quarterly expenditures and \$17.8 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, Gateway External Robotic Interfaces (GERI), the Radarsat Constellation Mission (RCM) and the Quantum Encryption and Science Satellite (QEYSSat) project.

The \$1.3 million decrease in quarterly expenditures and in year-to-date expenditures for the repair and maintenance standard object are primarily caused by:

→ Variation in the payment schedule related to the David Florida Laboratory (DFL) Capital Infrastructure Maintenance Project.

The \$2.9 million decrease in quarterly expenditures and \$6.2 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 for the Radarsat Constellation Mission (RCM) and International Space Station (ISS) related maintenance activities.

The increase of \$13.3 million in quarterly expenditures and \$9.5 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 3rd quarter of 2021-2022 represent 44% of the planned expenditures for the year ending March 31, 2022, whereas 75% of the fiscal year has passed. The level of expenditures is higher than it was in the 2020-2021 fiscal year (39%) and lower than the 2019-2020 fiscal year (50%). 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. Also, the possibility of a disruption of services or unauthorized disclosure of information resulting from a cybersecurity event poses an additional risk to the agency's operations. These elements translate into 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, as well as

cybersecurity risk mitigation measures. 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 three 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 February 15, 2022

 Lisa Campbell
 President
 Longueuil, Quebec

Date

The original version was signed by
 Jean-Claude Piedboeuf on February 14, 2022

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

Date

CANADIAN SPACE AGENCY
Quarterly Financial Report
For the quarter ended December 31, 2021

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 December 31, 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 December 31, 2020	Year to date used at quarter-end
	\$	\$	\$	\$	\$	\$
Vote 1: Operating expenditures	232,089	53,284	129,219	202,886	43,508	107,801
Vote 5: Capital expenditures	103,443	7,695	15,232	155,522	12,670	25,620
Vote 10: Grants and contributions	94,630	16,853	41,729	80,294	3,587	32,216
Contributions to employee benefit plans	11,086	2,771	8,314	10,821	2,617	7,852
Spending of proceeds from the disposal of surplus Crown assets	55	-	-	33	-	-
Total budgetary authorities	441,303	80,603	194,494	449,556	62,382	173,489

(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, 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 December 31, 2021	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended December 31, 2020	Year to date used at quarter-end
Expenditures:	\$	\$	\$	\$		\$
Personnel	88,432	17,259	60,678	82,865	20,773	60,593
Transportation and communications	10,453	2,282	3,006	4,330	268	813
Information	1,781	455	959	1,486	355	1,231
Professional and special services	227,657	40,107	77,605	244,831	28,805	59,784
Rentals	4,614	773	1,983	2,972	1,050	2,056
Repair and maintenance	5,465	413	1,113	2,102	1,737	2,454
Utilities, materials and supplies	1,410	293	779	3,631	239	1,026
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	4,212	1,987	4,490	24,313	4,824	10,721
Transfer payments	94,630	16,853	41,729	80,294	3,587	32,216
Other subsidies and payments	2,649	181	2,152	2,732	744	2,595
Total budgetary expenditures	441,303	80,603	194,494	449,556	62,382	173,489