



Canadian Space
Agency

Agence spatiale
canadienne



Canadian Space Agency

2011-2012

Quarterly Financial Report

For the Quarter Ended June 30, 2011

Management Statement for the Quarter Ended June 30, 2011

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 Main Estimates.

Raison d'Être and Responsibilities

The mandate of the Canadian Space Agency (CSA) 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 technology provide social and economic benefits for Canadians.*

The CSA is achieving this mandate in cooperation with other government departments/agencies, industries, and universities, as well as international partners. In addition to delivering its own programs, the CSA is responsible for coordinating all federal civil space-related policies and programs pertaining to science and technology research, industrial development, and international cooperation.

All CSA's program activities contribute to a single strategic outcome: *Canada's exploration of space, provision of space services and development of its space capacity meet the nation's needs for scientific knowledge, innovation and information.*

To learn more about the Canadian Space Agency' mandate, consult the following site:

<http://www.asc-csa.gc.ca/eng/about/mission.asp>

Basis of Presentation

This quarterly financial report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Canadian Space Agency's spending authorities granted by Parliament and those used by the Agency, consistent with the Main Estimates for the 2011-2012 fiscal year. This quarterly financial report 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.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special

warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

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

This quarterly report has not been subject to an external audit or review.

Highlights of Fiscal Quarter and Fiscal Year to Date Results

Statement of Authorities

Total vote available for use for the year ending March 31, 2012

The total vote available for use to the Canadian Space Agency for the year ending March 31, 2012, increased from the previous year by \$33.8 million (8.7%). This increase is due to a decrease of \$9.5 million (-3.8%) in Vote 25 - Operating Expenditures, an increase of \$32.8 million (40.3%) in Vote 30 - Capital Expenditures, and an increase of \$9.9 million (21.4%) in Vote 35 - Grants and Contributions.

The following factors are key in explaining the decrease of \$9.5 million in Vote 25 - Operating Expenditures:

- Funding for the Mobile Maintenance System (MMS) exploration program was revised downward and the budget was reduced by \$5.1 million. This program is Canada's contribution to the International Space Station (ISS).
- Through the 2009 Budget Economic Action Plan the CSA was allocated \$110 million over three years to support Canadian industry. The combination of the amount allocated in the 2009 Budget, the funds that the CSA invested from its reference levels to support the Economic Action Plan, and the cumulative effect of carrying forward operating budget funds as a result of sound management reduced reference levels by \$3.3 million.

The following factors are key in explaining the increase of \$32.8 million in Vote 30 - Capital Expenditures:

- In the 2010 Budget, the CSA was allocated \$397 million over five years to pursue the development of the RADARSAT Constellation Mission (RCM). The CSA will contribute \$100 million from its capital reference levels to bring the total funding to \$497 million. Of the \$397 million allocated in the 2010 Budget, \$30 million were added to the votes available for use for 2011-2012.
- The RADARSAT Constellation Mission (RCM) consists of three satellites that will provide observational data for monitoring Canadian sovereignty, global environment and

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supporting disaster response. The RCM will increase Canada's ability to monitor and manage its natural resources and environment, while enhancing the surveillance of Canadian territory for security purposes. In 2011-2012, the CSA was allocated \$2.5 million from the National Defence in conjunction with this project.

The following factors are key in explaining the increase of \$9.9 million in Vote 35 - Grants and Contributions:

- For Canada's contribution to the European Space Agency (ESA) program, the cumulative effect of carrying forward funds related to fluctuations in interest rates between the Canadian dollar and the euro, and variances in the inflation rate, contributed to a favourable variance of \$11.6 million.
- Moreover, cash flow management and internal reallocation of various elements of the Canadian Space Program in recent years resulted in a decrease of \$2 million in the ESA contribution program.

Vote used during the quarter ended June 30, 2011

The vote used during the quarter ended June 30, 2011, is similar to the vote used for the corresponding quarter of the previous year, with a decrease of \$1.3 million (-2.7 %). The most significant variance is for Vote 30 - Capital Expenditures where a \$3.4 million (-81.8%) decrease in vote used is observed from the previous year. This decrease is explained mainly by cash flow and variances in the payment schedule, which the project schedule influences over time.

Departmental Budgetary Expenditures by Standard Object

Planned expenditures for the year ending March 31, 2012

The Canadian Space Agency's departmental budgetary planned expenditures by standard object for the year ending March 31, 2012, increased by \$33.8 million (8.7%) from the previous year. This increase in planned expenditures is mainly due to the increase of \$17 million (73.9%) in expenditures related to the Acquisition of machinery and equipment, to the \$9.9 million (21.4%) increase in Transfer payments and to a \$1.4 million (213.3%) increase in Rental charges.

The following activities are key in explaining the \$17 million increase in planned expenditures for the Acquisition of machinery and equipment:

- Of the \$30 million allocated for RCM in 2011-2012 in the 2010 Budget, \$22.5 million were planned for the Acquisition of machinery and equipment.
- Moreover, the cumulative effect of carrying forward funds related to the risk management of the James Webb Space Telescope (JWST) project is responsible for the \$5 million decrease in the Acquisition of machinery and equipment.

The increase in planned expenditures is \$9.9 million for transfer payments. The explanations are those identified for the increase in Vote 35 - Grants and Contributions in section Total vote available for use for the year ending March 31, 2012.

The following factors are key in explaining the \$1.4 million increase in planned expenditures for Rental charges:

- The yearly equipment rental for the Cosmomania exhibit project, the acquisition and maintenance of numerous licences for the Oracle system, the acquisition of software and the amounts allocated to the Government Related Initiatives Program (GRIP).

Expended during the quarter ended June 30, 2011

Total expended during the first quarter of 2011-2012 decreased by \$1.3 million (-2.7%) from the first quarter of the previous year.

The decrease in expenditures in the first quarter is mainly explained by variances in the payment schedule for Personnel expenditures (increase of \$2.5 million), Acquisition of machinery and equipment (decrease of \$4.3 million), and Other grants and subsidies (decrease of \$1.9 million).

Expenditures for Professional and special services also varied due to the composition of the space project portfolio and the faster rate of expenditure associated with the Economic Action Plan (increase of \$1.2 million). The variance in expenditures for Transfer payments (increase of \$1.1 million) is mainly related to variances in exchange rates between the Canadian dollar and the euro.

Risks and Uncertainties

Risks and uncertainties stem from factors inherent to the development of the space sector.

1 - International co-operation is essential to the implementation of the Agency's programs, because partnerships with other space-faring nations make it possible to share technical expertise, knowledge and infrastructure.

The Canadian Space Agency also relies on partnerships with Canadian businesses and universities to turn scientific and technological advances into innovative products and services. The domestic market is relatively small and the viability of Canada's space sector depends on its positioning on international markets.

Consequently, the Agency must often review its project portfolio, activity plans, schedules and financial management strategies to adapt to changes in the space programs of its key partners (NASA, ESA and the International Space Station Program).

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2 - Space projects use innovative technologies that are sometimes first tested under the rigorous conditions of space. The technical challenges are such that delays are commonly experienced in developing technology, to mitigate the risk of its use or implementation in a space mission.

Consequently, the Agency must often review its schedules and financial management strategies to adjust to delays incurred in implementing its projects or those of its partners. This results in recurring annual underutilization and cumulative carry-forward of funds.

3 - This Departmental Quarterly Financial Report reflects the results of the current fiscal period in relation to the Main Estimates for which full supply was released on June 27, 2011.

Budget 2010 announced that the operating budgets of departments would be frozen at their 2010-11 levels for the fiscal years 2011-12 and 2012-13.

The budget freeze and the 1.5% salary cut announced in Budget 2010 requested that steps be taken to increase monitoring and budgetary controls with the CSA. A salary cap has been set up to improve the financial planning process and to ensure that the operating budget authority is not exceeded. This limit is closely managed with the business plan for human resources, short and long term planning.

Significant Changes in Relation to Operations, Personnel and Programs

There were no major changes in operations, personnel and programs in the first quarter of 2011-2012.

Approval by Senior Officials

Approved by,

The original version was signed by

Steve MacLean August 10, 2011

Steve MacLean Date
President
Longueuil, Quebec

The original version was signed by

Marie-Claude Guérard August 10, 2011

Marie-Claude Guérard, CGA Date
Chief Financial Officer
Longueuil, Quebec

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Statement of Authorities *(unaudited)*

Fiscal year 2011-2012 *(in thousands of dollars)*

	Fiscal Year 2011-2012			Fiscal Year 2010-2011		
	Total vote available for use for the year ending March 31, 2012*	Vote used during the quarter ended June 30, 2011	Year to date used at quarter-end	Total vote available for use for the year ending March 31, 2011*	Vote used during the quarter ended June 30, 2010	Year to date used at quarter-end
Vote 25: Operating Expenditures	242,734	34,643	34,643	252,278	34,764	34,764
Vote 30: Capital Expenditures	114,159	762	762	81,394	4,179	4,179
Vote 35: Grants and Contributions	56,223	10,382	10,382	46,327	9,251	9,251
Budgetary Statutory Authorities	11,500	2,875	2,875	10,793	1,799	1,799
Total Authorities	424,616	48,662	48,662	390,792	49,993	49,993

* Includes only Authorities available for use and granted by Parliament at quarter-end.

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Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal year 2011-2012 (in thousands of dollars)

	Fiscal Year 2011-2012			Fiscal Year 2010-2011		
	Planned expenditures for the year ending March 31, 2012	Expended during the quarter ended June 30, 2011	Year to date expended at quarter-end	Planned expenditures for the year ending March 31, 2011	Expended during the quarter ended June 30, 2010	Year to date expended at quarter-end
Expenditures:						
Personnel	75,393	22,572	22,572	74,279	20,118	20,118
Transportation and communications	9,693	1,351	1,351	9,021	1,652	1,652
Information	2,495	221	221	3,481	269	269
Professional and special services	227,210	11,369	11,369	223,381	10,156	10,156
Rentals	2,093	439	439	668	172	172
Repair and maintenance	3,461	459	459	1,724	267	267
Utilities, materials and supplies	3,009	472	472	2,912	602	602
Acquisition of land, buildings and works	1,004	0	0	2,086	0	0
Acquisition of machinery and equipment	39,972	777	777	22,988	5,032	5,032
Transfer payments	56,223	10,382	10,382	46,327	9,251	9,251
Other subsidies and payments	4,063	620	620	3,925	2,474	2,474
Total Budgetary Expenditures	424,616	48,662	48,662	390,792	49,993	49,993