



National Research Council Canada

Statement outlining results, risks and significant changes in operations, personnel and programs

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1. Introduction

The Government of Canada uses financial information to support decision making, for policy development, for service delivery and for historical reference. These financial statements have been prepared to respond to these requirements. This Departmental Quarterly Financial Report (QFR) reflects the results of the current fiscal period in relation to the [Main Estimates](#) and [Supplementary Estimates \(A\)](#). The QFR should be read in conjunction with the Main Estimates, the Federal Budget ([Budget 2016](#), [Budget 2017](#), [Budget 2018](#), [Budget 2019](#), [Budget 2021](#) and [Budget 2022](#)) as well as [Canada's COVID-19 Economic Response Plan](#). They have been prepared by management as required by section 65.1 of the [Financial Administration Act \(R.S.C., 1985, c. F-11\)](#) and in the form and manner prescribed by the Treasury Board of Canada Secretariat. Although these statements have not been subject to an external audit or review, the National Research Council of Canada (NRC) attests that they are an accurate and true reflection of the financial position for the period ended June 30, 2022.

1.1 NRC mandate

The NRC exists under the [National Research Council Act \(R.S.C., 1985, c. N-15\)](#) and is a Departmental corporation named in Schedule II of the [Financial Administration Act \(R.S.C., 1985, c. F-11\)](#). The mission of the NRC is to have an impact by advancing knowledge, applying leading-edge technologies, and working with other innovators to find creative, relevant and sustainable solutions to Canada's current and future economic, social and environmental challenges.

Under the [National Research Council Act \(R.S.C., 1985, c. N-15\)](#), the NRC is responsible for:

- undertaking, assisting or promoting scientific and industrial research in fields of importance to Canada
- providing vital scientific and technological services to the research and industrial communities;
- investigating standards and methods of measurement
- working on the standardization and certification of scientific and technical apparatus, instruments and materials used or usable by Canadian industry
- operating and administering any astronomical observatories established or maintained by the Government of Canada
- establishing, operating and maintaining a national science library
- publishing and selling or otherwise distributing such scientific and technical information as the Council deems necessary

Further details on the NRC's legislative framework, authority, mandate and program activities can be found in Part II of the Main Estimates and the [Departmental Plan](#).



1.2 Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the NRC's spending authorities granted by Parliament and those used by the NRC consistent with the Main Estimates for 2022-23. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use for spending authorities.

The authority of Parliament is required before moneys can be spent by the Government of Canada. 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 (pursuant to paragraph 5(1)(e) of the *National Research Council Act (R.S.C., 1985, c. N-15)*, the NRC has authority to expend revenues it has received through the conduct of its operations).

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act (R.S.C., 1985, c. F-11)* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government of Canada 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 NRC uses the full accrual method of accounting to prepare and present its annual departmental financial statements which are part of the Departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

2. Highlights of fiscal quarter and fiscal year-to-date (YTD) results

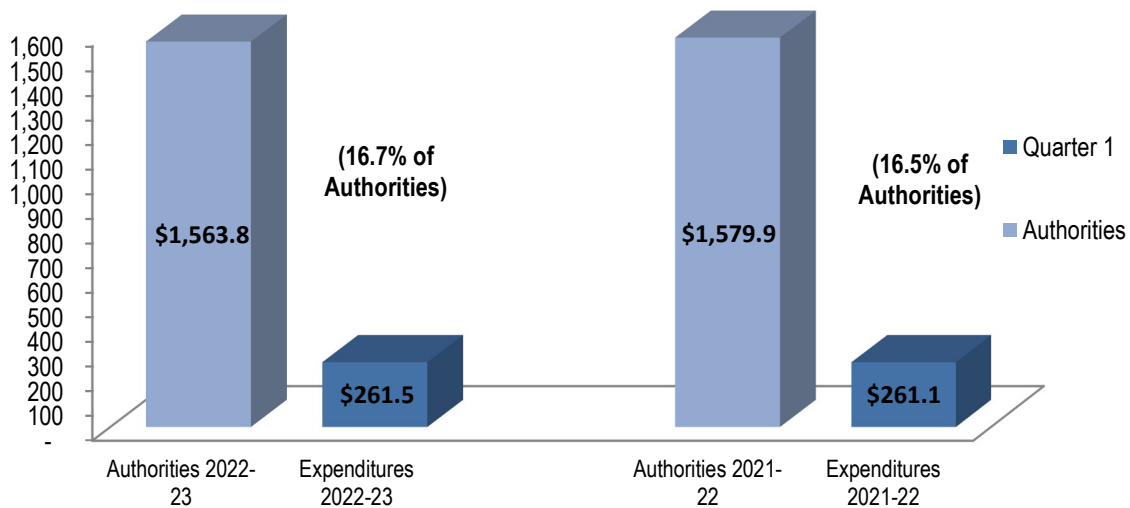
This section highlights the items that contributed most significantly to the changes in budgetary authorities for the current fiscal year and to the actual expenditures for the quarter that ended on June 30, 2022 compared with the [previous fiscal year](#). This section should be read in conjunction with the NRC's tables entitled Statement of Authorities and Departmental budgetary expenditures by Standard Object found on the last 2 pages of this report.



2.1 Authorities and expenditures

The following graph provides a comparison of the budgetary authorities and expenditures as of June 30, 2022 and those as of June 30, 2021.

Comparison of Budgetary Authorities and Expenditures as of June 30, 2022 and June 30, 2021
(in millions of dollars)



As shown in the graph above, the NRC’s expenditures totalled \$261.5M during the first quarter of 2022-23 which represents an increase of \$0.4M over the first quarter of 2021-22. Refer to 2.3 Significant changes to budgetary expenditures for additional details.

2.2 Significant changes to authorities

As of June 30, 2022, the authorities were \$1,563.8M, representing a decrease of \$16.1M (1%) in comparison to the 2021-22 authorities of the same period.

The decrease of \$16.1M in authorities is mainly explained by the following items:

- New IRAP funding announced in budget 2021 totalling \$132.6M
- An increase of \$24.6M in funding for the construction and commissioning of the International Thirty Meter Telescope due to the revised financial profile of the program;
- \$23M in new funding for the Canadian Photonics Fabrication Centre;
- An increase of \$8.6M to NRC’s statutory revenue carry-forward;



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- \$7.4M in new funding for the Alliance – Quantum Strategy ; offset by
- A decrease of \$51.1M funding for IRAP Youth Employment Skills Strategy; and
- A decrease of \$159.8M in funding of the NRC’s response to COVID-19.

The following table summarizes the significant changes to NRC authorities:

Significant Changes to Authorities (unaudited)
For the year ending March 31, 2023 - As of June 30, 2022
(in millions of dollars)

	Vote 1 Operating	Vote 5 Capital	Vote 10 Grants & Contributions	Statutory Revenues	Contributions to EBP	Statutory - Other	Total
Authorities – Total available for use for the year ending March 31, 2022 - As of June 30, 2021							1,579.9
IRAP Budget 2021 Funding	10.6	-	119.6	-	2.4	-	132.6
Thirty Meter Telescope Observatory	-	-	24.6	-	-	-	24.6
Canadian Photonics Fabrication Centre	2.0	20.5	-	-	0.5	-	23.0
Statutory Revenue Carryforward Adjustment	-	-	-	8.6	-	-	8.6
Alliance - Quantum Strategy	2.4	-	4.6	-	0.4	-	7.4
Other	(2.1)	-	1.3	-	(0.6)	-	(1.4)
IRAP Youth Employment Skills Strategy	(0.4)	-	(50.7)	-	-	-	(51.1)
COVID-19 Response Funding	(2.8)	(51.2)	(106.1)	-	0.3	-	(159.8)
Total increase (decrease) in authorities in comparison to prior year	9.7	(30.7)	(6.7)	8.6	3.0	-	(16.1)
Authorities – Total available for use for the year ending March 31, 2023 - As of June 30, 2022							1,563.8

2.3 Significant changes to budgetary expenditures

This section should be read in conjunction with the NRC’s tables entitled Statement of Authorities and Departmental budgetary expenditures by Standard Object both located at the end of this report.

2.3.1 Variances in year-to-date expenditures

As of June 30, 2022, year-to-date expenditures were \$261.5M, representing an increase of \$0.4M in comparison to the 2021-22 expenditures of the same period. This increase is mostly attributable to the following items:

- Capital expenditures decreased by \$12.5M, mainly due to the construction of the Biologics Manufacturing Centre (BMC) facility in fiscal year 2021-22; offset by:
- Operating expenditures increased by \$7.3M, in part due to scaling up operations for the BMC facility following the completion of construction;



- Grants and Contributions expenditures increased by \$5.2M, largely due to new funding announced in Budget 2021.

3. Risks and uncertainties

In the first quarter of 2022–23, risks to the NRC were driven primarily by the ongoing pandemic and Russia’s war on Ukraine. The war in Ukraine heightened the risk of cyber-attacks against Western governments and corporations, in addition to driving up the price of fuel and other commodities. Together, these events resulted in historic inflation that has reduced the purchasing power of the NRC budget, which is particularly acute when advancing large projects on fixed capital budgets. The NRC also continues to face challenges in recruitment and retention given the constrained labour market conditions.

As a result of these and other events, the NRC focused its mitigation efforts on strengthening its defenses against cyber-attacks, developing a new talent attraction strategy, and implementing its new telework policy and wellness strategy.

4. Significant changes in relation to operations, personnel and programs

On March 30, Dr. Lakshmi Krishnan’s appointment as Vice-President of Life Sciences, and Dr. Jean-François Houle’s appointment as Vice-President of Engineering were announced, in addition to François Cordeau’s permanent appointment following a two-year term in the position of Vice-President of Business and Professional Services, effective April 1. Also announced on March 30 were Ibrahim Yimer’s appointment as Vice-President of Transportation and Manufacturing, and Éric Baril’s return to the role of Director General of the Automotive and Surface Transportation Research Centre, effective July 4.

Like most federal organizations, the NRC shifted the majority of its employees to work remotely early in the pandemic; however, the NRC returned to its laboratories rapidly under strict health and safety protocols to be able to continue important research for clients and collaborators. Having effectively operated in a hybrid work environment since April 2020, the NRC looked at how to build off the success and transition to a long-term flexible work environment. As the NRC shifts to a post-pandemic environment, a new Telework Policy is in place to reflect the various models in place, including employees who work on site, off site, or a hybrid of both. The new policy came into effect April 1, and was implemented through a series of information sessions, engagement activities, and resources.

On June 7, the NRC hosted representatives from industry, academia, government and Indigenous nations for the grand opening of the new advanced manufacturing research facility, in Winnipeg,



Manitoba. After a 3-year construction process, the 6,700-square-metre facility was completed in November 2021 to serve as a national hub for technology demonstration and development to help position Canada as a leader in smart and sustainable manufacturing. The NRC worked closely with representatives from local Indigenous communities to ensure proper recognition of their culture and heritage in the internal building features and also to build a significant relationship for the future.

On June 20, the Government of Canada suspended all mandatory vaccination requirements for public servants, as well as supplier personnel, collaborators and tenants accessing federal government workplaces. With Crown corporations and separate employers asked to do the same, the NRC followed suit and suspended its mandatory COVID-19 vaccination policy on the same date.

Through its Industrial Research Assistance Program, the NRC manages Canada's Eureka National Office and provides Canadian innovators with a first contact point and access to the expansive global network. After 10 years as an associate member, Canada was officially welcomed as a full member on June 22, which will allow Canada to contribute more fully to the goals of the network and create even more opportunities for Canadian innovators to work with international partners.

The NRC's inaugural Departmental Science Advisor and Chief Science Officer, Dr. Danial Wayner, retired on June 30, after a 36-year career at the NRC. In recognition of his contribution to the organization, the NRC named the "D. Wayner Excellence in Research Award" to recognize an NRC employee whose research achievement has had a notable impact on their field and has significantly contributed to advancing the NRC's reputation for research excellence, while also exemplifying the NRC's values. Dr. Joel Martin took over the role of Departmental Science Advisor and Chief Science Officer on a new three-year mandate, while continuing in the role of Digital Research Officer. Bringing the roles together reflects the NRC's ongoing focus on the digitalization of research, using IT and data to make significant progress in research excellence through increased digital research technologies.



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Approved by senior officials

Approved by:

X

David Lisk

A/President

X

Johanne Diotte

A/Vice-President, Corporate Services and
Chief Financial Officer

Ottawa, Canada



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Statement of Authorities (unaudited)
For the quarter ended June 30, 2022

	Fiscal Year 2022-23 (in thousands of dollars)		
	Total available for use for the year ending March 31, 2023*	Used during the quarter ended June 30, 2022	Year to date used at quarter- end
Vote 1 - Operating expenditures	494,507	114,645	114,645
Vote 5 - Capital expenditures	51,085	9,868	9,868
Vote 10 - Grants and contributions	641,080	90,145	90,145
Statutory revenue **	308,433	29,622	29,622
Statutory EBP	68,716	17,178	17,178
Total Budgetary authorities	1,563,821	261,458	261,458
	Fiscal Year 2021-22 (in thousands of dollars)		
	Total available for use for the year ending March 31, 2022*	Used during the quarter ended June 30, 2021	Year to date used at quarter- end
Vote 1 - Operating expenditures	484,741	107,309	107,309
Vote 5 - Capital expenditures	81,720	22,390	22,390
Vote 10 - Grants and contributions	647,864	84,916	84,916
Statutory revenue **	299,821	30,054	30,054
Statutory EBP	65,717	16,399	16,399
Total Budgetary authorities	1,579,863	261,068	261,068

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

** Includes Statutory Revenue available for use in future years pursuant to paragraph 5(1)(e) of the National Research Council Act (R.S.C., 1985, c. N-15).



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Departmental budgetary expenditures by Standard Object (unaudited)

For the quarter ended June 30, 2022

Fiscal Year 2022-23 (in thousands of dollars)			
	Total available for use for the year ending March 31, 2023*	Used during the quarter ended June 30, 2022	Year to date used at quarter- end
Expenditures:			
Personnel	526,820	129,011	129,011
Transportation and communications	11,175	1,421	1,421
Information	1,918	168	168
Professional and special services	119,935	11,306	11,306
Rentals	14,052	3,429	3,429
Purchased repair and maintenance	31,087	3,108	3,108
Utilities, materials and supplies	69,713	7,464	7,464
Acquisition of land, buildings and works	26,027	4,600	4,600
Acquisition of machinery and equipment	94,019	8,349	8,349
Transfer payments	641,080	90,145	90,145
Other subsidies and payments	27,995	2,457	2,457
Total net budgetary expenditures	1,563,821	261,458	261,458

Fiscal Year 2021-22 (in thousands of dollars)			
	Total available for use for the year ending March 31, 2022*	Used during the quarter ended June 30, 2021	Year to date used at quarter- end
Expenditures:			
Personnel	509,277	127,805	127,805
Transportation and communications	26,705	278	278
Information	2,872	129	129
Professional and special services	117,555	8,930	8,930
Rentals	17,021	3,835	3,835
Purchased repair and maintenance	31,137	3,028	3,028
Utilities, materials and supplies	70,261	4,782	4,782
Acquisition of land, buildings and works	38,783	17,610	17,610
Acquisition of machinery and equipment	87,241	7,499	7,499
Transfer payments	647,864	84,916	84,916
Other subsidies and payments	31,147	2,256	2,256
Total net budgetary expenditures	1,579,863	261,068	261,068

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