

Natural Sciences and Engineering Research Council of Canada
Quarterly Financial Report
For the Quarter Ended September 30, 2024

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

1. Introduction

This Quarterly Financial Report (QFR) has been prepared by management as required by section 65.1 of the [Financial Administration Act](#) (FAA) and in the form and manner prescribed by the Treasury Board. It should be read in conjunction with the 2024–25 [Main Estimates](#) and [Supplementary Estimates \(A\)](#). This report has not been subject to an external audit or review.

1.1 Authority, mandate and programs

The Natural Sciences and Engineering Research Council of Canada (NSERC) was established in 1978 by the *Natural Sciences and Engineering Research Council Act* and is a departmental corporation named in Schedule II of the FAA. NSERC's purpose is to help make Canada a country of discoverers and innovators for the benefit of all Canadians by supporting post-secondary students and postdoctoral fellows in their advanced studies, funding the research programs of academic researchers, and stimulating partnerships between academia and industry.

Further information on the NSERC mandate and program activities can be found in [Part II of the Main Estimates](#).

1.2 Basis of presentation

Management prepared this quarterly report using an expenditure basis of accounting. The accompanying statement of authorities includes NSERC's spending authorities granted by Parliament and those used by the agency, consistent with the Main Estimates and Supplementary Estimates (A) for the fiscal year 2024–25. This quarterly 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 the Government of Canada can spend money. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authorities for specific purposes.

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

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

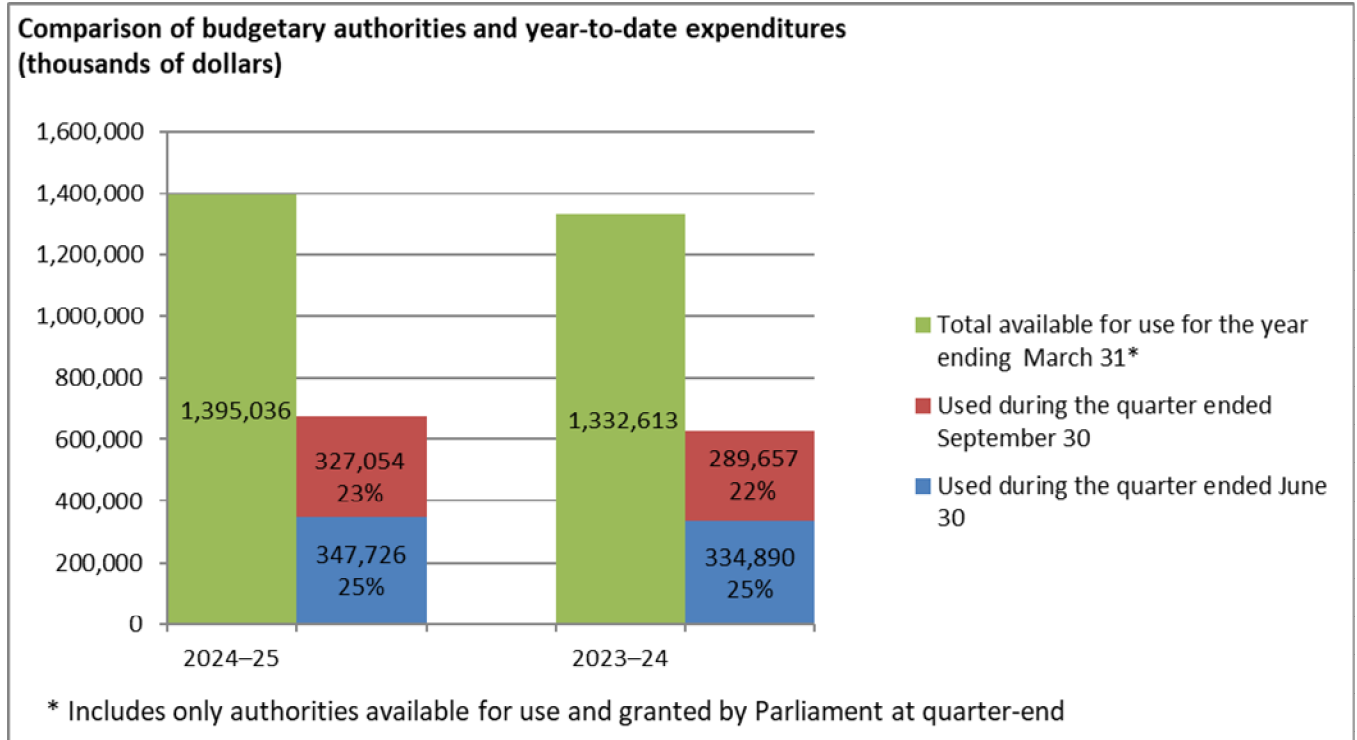
This section highlights the significant items that contributed to the change in resources available for the fiscal year, and the actual year-to-date expenditures compared with the previous fiscal year.

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The following graph provides a comparison of budgetary authorities available for the full fiscal year and quarterly budgetary expenditures for the fiscal years 2024–25 and 2023–24.



2.1 Significant changes to budgetary authorities

As of September 30, 2024, NSERC’s total available authorities for the fiscal year 2024–25 amounted to \$1.395 billion. This represents an overall increase of \$62.4 million (4.7%) from the same period in the previous year. The major changes in NSERC’s budgetary authorities between the current and previous fiscal years include the following:

- a net increase of \$32.5 million from Budget 2023 for the College and Community Innovation program top-up;
- a decrease of \$17.8 million from Budget 2014 for the transfer of funds related to the Canada First Research Excellence Fund to the Social Sciences and Humanities Research Council (SSHRC) and Canadian Institutes of Health Research (CIHR), based on the competition results between the 3 agencies;
- an increase of \$16.8 million from Budget 2022 to support university researchers in developing technologies and crop varieties that will allow for net-zero emission agriculture;
- a net increase of \$9.4 million from Budget 2023 to continue implementing the Lab to Market initiative;
- an increase of \$9.1 million from Budget 2024 for the Arthur B. McDonald Canadian Astroparticle Physics Research Institute, which will support innovation in areas like clean technology and medical imaging and will educate and inspire the next wave of Canadian talent;
- an increase of \$5.2 million related to the updated Terms and Conditions of Employment;

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- an increase of \$3.8 million for the Canadian post-secondary institutions that were successful in the 2024 Canada Excellence Research Chairs competition; and
- an increase of \$3.7 million from Budget 2021 for programs related to the National Quantum Strategy.

2.2 Significant changes to authorities used

Year-to-date spending

The following table provides a comparison of cumulative spending by vote for the current and previous fiscal years.

Year-to-date budgetary expenditures used at quarter end

(millions of dollars)

	2024–25	2023–24	Variance
Vote 1—Operating expenditures			
Personnel (includes contributions to EBP)	29.8	27.7	2.1
Non-personnel	3.3	3.2	0.1
Vote 5—Grants and scholarships	641.7	593.7	48.0
Total budgetary expenditures	674.8	624.6	50.2

Total budgetary expenditures amounted to \$674.8 million at the end of the second quarter of fiscal year 2024–25, compared to \$624.6 million reported in the same period in the previous fiscal year.

Grants and scholarships

At the end of the second quarter of 2024–25, grants and scholarship expenses increased by \$48.0 million compared to those reported in the same period of the previous fiscal year.

The change in spending is due to:

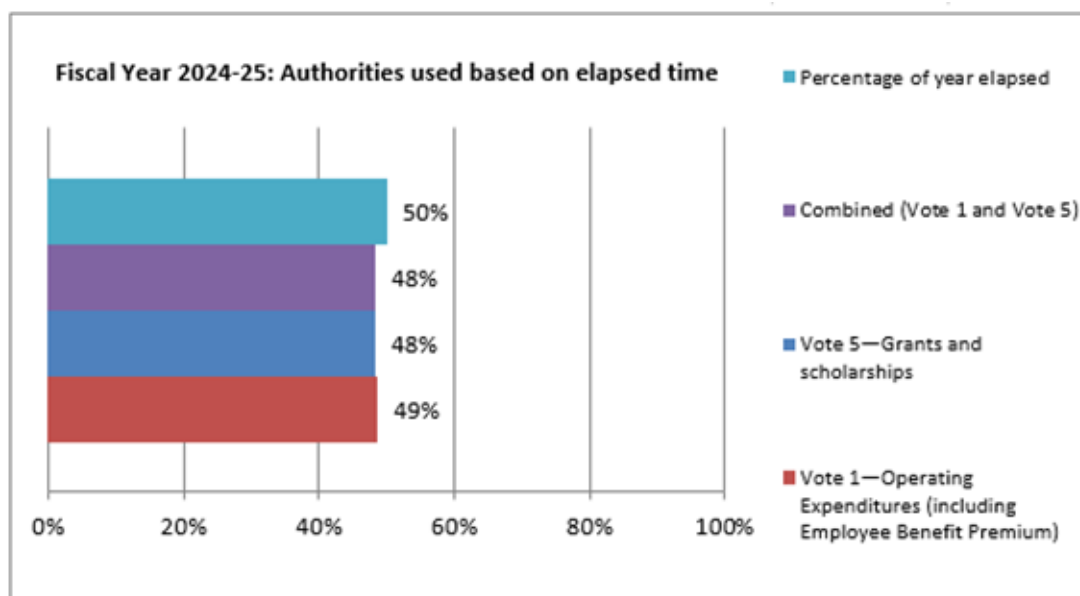
- increases in the budgetary authorities for the College and Community Innovation program and the Net-Zero initiative;
- the Lab to Market initiative, which launched at the end of 2023-24;
- new funding for the Arthur B. McDonald Institute;
- and timing of other award payments.

Operating expenditures

Personnel expenditures, which include contributions to employee benefit plans, have increased by \$2.1 million compared to the same period in the previous year, mainly due to the implementation of the new terms and conditions of employment (November 2023) and related clauses relative to salary increases and retroactive payments.

Total non-personnel expenditures as of the second quarter of fiscal year 2024–25 have remained largely in line with the comparative period of the previous fiscal year. There was an increase in rentals of application software, offset by a decrease in professional and special services due to the reduced use of information technology and telecommunications consultants. Please see the Departmental budgetary expenditures by standard object table in section 6 for additional details.

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The total authorities used at the end of the second quarter (\$674.8 million) of the fiscal year 2024–25 represent 48% of total available authorities (\$1.395 billion).

Quarterly spending

The total authorities used during the second quarter of 2024–25 amounted to \$327.1 million, which represents 23% of the total available authorities, 23% of the total authorities for grant and scholarship programs, and 24% of the total authorities for operating expenditures and employee benefits.

Budgetary expenditures used during the second quarter

(millions of dollars)

Vote 1—Operating expenditures

Personnel (includes contributions to EBP)

Non-personnel

Vote 5—Grants and scholarships

Total budgetary expenditures

	2024–25	2023–24	Variance
Personnel (includes contributions to EBP)	14.8	14.4	0.4
Non-personnel	1.6	2.3	(0.7)
Vote 5—Grants and scholarships	310.7	273.0	37.7
Total budgetary expenditures	327.1	289.7	37.4

Grants and scholarships

Transfer payments represent 95% of NSERC’s available authorities. Variances in transfer payments stem from the nature of program cycles. During the second quarter of 2024–25, NSERC’s transfer payment expenditures increased by \$37.7 million compared to the same quarter of the previous fiscal year.

The increase in spending is due to:

- the increase in budgetary authorities for grants and scholarships for launching the National Quantum Strategy, supporting agriculture and agri-food innovation in a net-zero economy, the

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Arthur B. McDonald Institute, academic research on small modular reactors, the Canada Excellence Research Chairs and Canada Graduate Scholarships

- the timing of other award payments.

Operating expenditures

Personnel expenditures, which include contributions to employee benefit plans, have increased by \$0.4 million compared to the same period in the previous year, mainly due to the implementation of the new terms and conditions of employment (November 2023) and related clauses relative to salary increases.

As of the second quarter of fiscal 2024–25, total non-personnel expenditures have decreased by \$0.7 million compared to the same period of the previous year. There was a decrease in professional and special services due to the reduced use of information technology and telecommunications consultants, data communications services expenditures, and rentals of client software. Please see the Departmental budgetary expenditures by standard object table in section 6 for additional details.

3. Risks and uncertainties

NSERC produces an annual Corporate Risk Profile that includes strategic risks, risk levels and mitigation activities. NSERC has aligned corporate risk management with its integrated planning process to ensure cohesion and executive oversight in the delivery of its mandate.

The 2024–25 risk assessment exercise provided the level of insight required to properly plan risk responses through the allocation of resources, both human and financial, and through the prioritization of activities. Senior management is closely monitoring the following four strategic risks for 2024–25:

- i.** Distributed IT landscape and ongoing technology transitions—The risk that NSERC’s distributed technology landscape (applications, infrastructure) will be unable to respond to the Agency’s current & evolving business needs and address the needs of the Canadian Research Community, impacting the day-to-day operations and increasing risks of potential security breaches.
- ii.** Financial/resources management—The risk that multiple organizational pressures combined with external factors and funding compressions will stretch the organization’s limited resources (financial, human, technological) and impede NSERC’s capacity to efficiently allocate resources to support core activities, priorities, or emerging needs.
- iii.** Inability to implement transitions and adapt to change—The risk that NSERC will not be able to effectively manage and respond to change and transformation in a rapidly evolving and demanding environment.
- iv.** Strategic data management—The risk that inadequate data management and data governance practices can lead to data breaches and leaks, poor data quality and operational inefficiencies.

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4. Significant changes related to operations, personnel and programs

In July 2024, NSERC and the [Communications Security Establishment Canada](#) (CSE) announced the funding of a new Research Community to conduct unclassified research on cutting-edge technologies in areas of strategic importance to CSE and the Government of Canada, focusing on robust, secure, and safe artificial intelligence (AI). In September 2024, NSERC signed agreements with international agencies to foster international collaboration in research through concurrent calls for joint research projects. NSERC and the French National Research Agency (ANR) have partnered to support quantum computing hardware and software projects. NSERC and the UK Research and Innovation (UKRI) have entered into a formal arrangement, enabling the NSERC and UKRI calls for research proposals in quantum sciences, as well as sustainable critical minerals.

On August 30, 2024, the three federal research funding agencies – CIHR, NSERC and SSHRC – released [a policy and an interim directive on Indigenous citizenship and membership affirmation](#). The new policy will provide reasonable assurance that federally funded programs, funding opportunities and/or appointments intended for Indigenous people are held by Indigenous people. This policy establishes key elements of a new process for affirming Indigenous citizenship and/or membership within the context of programs or opportunities that may be explicitly designated for Indigenous Peoples. It may also apply in cases where the claim of Indigenous citizenship or membership may be considered in the granting of the award or position.

On September 12, 2024, the three federal research funding agencies—the [CIHR](#), [NSERC](#) and [SSHRC](#) – released [the Tri-agency Research Training Strategy](#). As the strategy is implemented, the agencies will further engage with partners and communities to collaborate and to codevelop specific actions. The agencies' goal is to introduce and apply these actions over the next five years.

Approved by:

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Vice-President and
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Ottawa, Canada
November 29, 2024

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5. Statement of authorities (unaudited)

	Fiscal year 2024–25			Fiscal year 2023–24		
	Total available for use for the year ending March 31, 2025*	Used during the quarter ended September 30, 2024	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2024*	Used during the quarter ended September 30, 2023	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Vote 1—Operating expenditures	61,099	14,671	29,640	54,968	15,103	27,678
Vote 5—Grants and scholarships	1,326,872	310,668	641,710	1,270,836	272,946	593,653
Budgetary statutory authorities						
Contributions to the employee benefit plan	6,862	1,715	3,430	6,606	1,608	3,217
Spending of revenues pursuant to subsection 4 (2) of the <i>Natural Sciences and Engineering Research Council Act</i>	203	-	-	203	-	-
Total budgetary authorities	1,395,036	327,054	674,780	1,332,613	289,657	624,548

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

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6. Departmental budgetary expenditures by standard object (unaudited)

	Fiscal year 2024–25			Fiscal year 2023–24		
	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended September 30, 2024	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended September 30, 2023	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Expenditures						
Personnel	56,949	14,770	29,814	49,602	14,408	27,675
Transportation and communications	703	163	303	2,858	304	380
Information	1,060	67	159	1,171	96	136
Professional and special services	5,568	866	1,483	4,958	1,175	1,740
Rentals	1,396	188	823	1,388	307	487
Repair and maintenance	118	-	19	122	37	40
Utilities, materials and supplies	52	15	25	242	29	77
Acquisition of machinery and equipment	2,312	316	445	1,436	358	363
Other subsidies and payments	6	1	(1)	-	(3)	(3)
Transfer payments	1,326,872	310,668	641,710	1,270,836	272,946	593,653
Total budgetary expenditures	1,395,036	327,054	674,780	1,332,613	289,657	624,548