



Canadian Nuclear Safety Commission Quarterly Financial Report for the Quarter Ended December 31, 2021 (Unaudited)

February 2022



**Canadian Nuclear Safety Commission Quarterly Financial Report
for the Quarter Ended December 31, 2021**

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

1. Introduction

This quarterly financial report has been prepared by management, as required by sec 65.1 of the *Financial Administration Act*, and in the form and manner prescribed by the Treasury Board Secretariat. The report should be read in conjunction with the Main Estimates and Supplementary Estimates.

The report has been reviewed by the Departmental Audit Committee.

1.1 Authority and mandate

The Canadian Nuclear Safety Commission (CNSC) was established on May 31, 2000, with the coming into effect of the *Nuclear Safety and Control Act* (NSCA). The CNSC is a departmental corporation and reports to Parliament through the Minister of Natural Resources.

As an independent regulatory agency and quasi-judicial administrative tribunal, the CNSC has jurisdiction over all nuclear-related activities and substances in Canada. Its mandate under the NSCA is to:

- regulate the development, production and use of nuclear energy in Canada to protect health, safety and the environment;
- regulate the production, possession, use and transport of nuclear substances, and the production, possession and use of prescribed equipment and prescribed information;
- implement measures respecting international control of the development, production, transport and use of nuclear energy and substances, including measures respecting the non-proliferation of nuclear weapons and nuclear explosive devices;
- disseminate objective scientific, technical and regulatory information concerning the CNSC's activities, and about how the development, production, possession, transport and use of nuclear substances affect the environment and the health and safety of persons.

Further details on the CNSC's authority, mandate and Departmental Results Framework can be found in the Departmental Plan and the Main Estimates (Part II).

1.2 Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying statement of authorities table (see appendix) includes the CNSC's spending authorities granted by Parliament and those used by the CNSC, consistent with the Main Estimates and Supplementary Estimates for both the 2020–21 and 2021–22 fiscal years, as well as transfers from Treasury Board central votes that are approved as at the end of the

quarter. 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 monies can be spent by the Government of Canada. Approvals are given through annually approved limits, appropriation acts or legislation in the form of statutory spending authority for specific purposes.

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

1.3 The CNSC's financial structure

The CNSC has a structure within which various funding mechanisms are used to deliver its mandate. Most of the CNSC's funding is received from statutory budgetary authorities, and the balance comes from voted budgetary authorities.

Pursuant to subsection 21(3) of the NSCA, the CNSC has statutory authority to spend during a fiscal year any revenues that it received in the current or previous fiscal year through the conduct of its operations. The revenues received from regulatory fees for licences and applications are charged in accordance with the *Canadian Nuclear Safety Commission Cost Recovery Fees Regulations*. This authority to spend revenues provides a sustainable and timely funding regime to address the rapid changes in the regulatory oversight workload associated with the Canadian nuclear industry.

The CNSC is also funded through a voted budgetary authority from Parliament (Vote 1 – Program expenditures). The voted authority is used to fund activities and certain types of licensees that, under the Regulations, are not subject to cost recovery. The Regulations state that licensees such as hospitals and universities are exempt from paying fees, as these entities exist for the public good. Additionally, fees are not charged for activities that result from CNSC obligations that do not provide a direct benefit to identifiable licensees. These include activities with respect to Canada's international obligations (including non-proliferation activities) and public responsibilities (such as emergency management and public information programs), and work done to update the NSCA and associated regulations.

Contributions to employee benefit plans come from statutory budgetary authorities.

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

This section highlights the significant items that contributed to the net change in authorities and actual expenditures for the quarter and year-to-date (YTD) ended December 31, 2021.

Highlights of the fiscal quarter and fiscal year-to-date results (\$ thousands)

	2021–22 Budgetary authorities to March 31, 2022	2020–21 Budgetary authorities to March 31, 2021	Variance in budgetary authorities	YTD expenditures as at Q3 2021–22	YTD expenditures as at Q3 2020–21	Variance in expenditures
Vote 1 – Program expenditures	43,295	42,589	706	25,638	25,005	633
Statutory:						
Contributions to employee benefit plans	4,417	4,359	58	3,313	3,269	44
Expenditures pursuant to subsection 21(3) of the NSCA	98,251	98,953	(702)	64,773	61,744	3,029
Total statutory authorities	102,668	103,312	(644)	68,086	65,013	3,073
Total	145,963	145,901	62	93,724	90,018	3,706

2.1 Statement of voted and statutory authorities

The CNSC’s total authorities available to spend in 2021–22 as of December 31 have increased marginally by \$0.1 million (to \$146.0 million).

The voted authorities have increased by \$0.7 million (to \$43.3 million) or 1.7%. The increase includes funding from the Treasury Board Secretariat for negotiated salary adjustments and an increase in the amount of the operating budget carry forward.

Contributions to employee benefit have increased marginally by \$0.1 million (to \$4.4 million) or 1.3%.

The CNSC’s statutory authority for expenditures pursuant to subsection 21(3) of the NSCA is based on expenditures for activities subject to cost recovery fees. This authority decreased marginally by \$0.7 million (to \$98.3 million) or 0.7%.

2.2 Expenditure analysis

As illustrated in the appended statement of authorities table, Q3 expenditures increased by \$1.7 million (to \$31.2 million) or 5.8%, and YTD expenditures increased by \$3.7 million (to \$93.7 million) or 4.1%. Q3 Vote 1 expenditures increased by \$1.1 million (to \$8.8 million) or 14.1%, and YTD expenditures increased by \$0.6 million (to \$25.6 million) or 2.5%.

Expenditures pursuant to subsection 21(3) of the NSCA increased by \$0.6 million (to \$21.3 million) or 3.0% and by \$3.0 million (to \$64.8 million) or 4.9% YTD. Contributions to

employee benefit plans are unchanged at \$1.1 million for Q3 and have increased by \$0.1 million YTD (to \$3.3 million) or 1.3%.

As illustrated in the appended table of departmental budgetary expenditures by standard object, the increase in expenditures of \$1.7 million for Q3 and increase in expenditures of \$3.7 million YTD by standard object is due to the following:

- \$0.4 million (\$2.7 million YTD) increase in personnel costs as a result of negotiated salary adjustments, and an increase in full-time equivalents through the staffing of vacant positions as delays in staffing were experienced in 2020–21 due to the COVID-19 pandemic.
- \$0.2 million (\$0.3 million YTD) increase in transportation and communications attributable to the temporary easing of restrictive travel guidelines in mid-year 2021–22. Travel in Q3 2020–21 was limited due to the COVID-19 pandemic and now continues to be limited in the second-half of 2021–22 as a result of the new variant.
- \$0.4 million (\$1.0 million YTD) increase in professional and special services. The Q3 increase is primarily attributable to the timing of payments to other departments for information technology services. The YTD increase is primarily a result of increased expenditures for management consultants engaged in a strategic review of the CNSC's operations and an increase in expenditures for information technology and telecommunications consultants.
- \$0.5 million (\$0.5 million YTD) increase in rentals due to new software annual fees and timing for other software licence and maintenance fees.
- \$0.3 million (\$0.2 million YTD) increase in repairs and maintenance as minimal work was performed in 2020–21 because of the pandemic and facilities projects have commenced in 2021–22.
- \$0.2 million (\$0.9 million YTD) decrease in the acquisition of machinery and equipment due to costs incurred in 2020–21 for the purchase of computer equipment and work from home reimbursement program to enable staff to work remotely.
- \$0.1 million net increase (\$0.1M net decrease YTD) in other expenditure categories.

3. Risks and uncertainties

On March 11, 2020, the World Health Organization declared the global outbreak of COVID-19 to be a pandemic. On March 15, 2020, the CNSC temporarily activated its Business Continuity Plan. The CNSC introduced a number of health and safety measures in response to COVID-19, such as equipping its workforce to work remotely and restricting travel. The CNSC continues to carry out regulatory activities.

The CNSC continues to fulfill its mandate and realize its strategic priorities, while ensuring the health of its employees. The CNSC has developed and implemented a detailed return to the workplace plan. The CNSC's approach for a gradual return to the workplace will be informed by the direction of the Public Health Agency of Canada and Health Canada, guided by the Office of the Chief Human Resources Officer and Treasury Board Secretariat, and it will take into consideration best practices from industry and government.

The CNSC continues to review its strategic planning framework in response to COVID-19 and to reflect changes taking place in the nuclear sector. It also continues to reflect and anticipate the needs of a changing industry, specifically:

- the fact that Ontario Power Generation’s Pickering Nuclear Generating Station was licensed in 2018 to cease commercial operations in 2024 and to decommission operations throughout the remainder of the licence, up to 2028
- continued industry interest in small modular reactors
- increasing Indigenous consultation and engagement
- projected growth in demand and planned production capacity for medical isotopes
- potential growth in nuclear capacity for net-zero emissions targets

The CNSC assesses the impact of changes on resources continually through formal planning and budgeting processes to ensure agility and sustainability, given COVID-19 and evolving market needs.

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

As outlined above, the CNSC has changed its approach to operations by enabling a remote work environment and minimizing travel to ensure the health and safety of its employees at this time.

5. Approval by senior officials

Approved by:

X

X

Rumina Velshi
President

Stéphane Cyr
Chief Financial Officer

Ottawa, Canada
Date:

Appendix

Statement of authorities (unaudited)

(in thousands of dollars)	Fiscal year 2021–22			Fiscal year 2020–21		
	Total available for use for the year ending March 31, 2022*	Used during the quarter ended December 31, 2021	YTD used at quarter-end	Total available for use for the year ending March 31, 2021*	Used during the quarter ended December 31, 2020	YTD used at quarter-end
Vote 1 – Program expenditures	43,295	8,781	25,638	42,589	7,698	25,005
Budgetary statutory authorities						
Contributions to employee benefit plans	4,417	1,104	3,313	4,359	1,089	3,269
Expenditures pursuant to subsection 21(3) of the NSCA	98,251	21,310	64,773	98,953	20,691	61,744
Total budgetary authorities	145,963	31,195	93,724	145,901	29,478	90,018
Non-budgetary authorities	-	-	-	-	-	-
Total authorities	145,963	31,195	93,724	145,901	29,478	90,018

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

Departmental budgetary expenditures by standard object (unaudited)

(in thousands of dollars)	Fiscal year 2021–22			Fiscal year 2020–21		
	Planned expenditures for the year ending March 31, 2022*	Expended during the quarter ended December 31, 2021	YTD used at quarter-end	Planned expenditures for the year ending March 31, 2021*	Expended during the quarter ended December 31, 2020	YTD used at quarter-end
Expenditures						
Personnel	110,229	24,807	75,517	110,507	24,365	72,847
Transportation and communications	3,582	252	377	5,593	53	76
Information	995	173	606	1,075	85	627
Professional and special services	18,963	3,715	11,298	16,278	3,311	10,338
Rentals	4,088	975	2,958	4,349	480	2,436
Repair and maintenance	2,474	295	609	1,317	114	350
Utilities, materials and supplies	500	71	231	460	103	198
Acquisition of machinery and equipment	3,228	399	827	4,504	555	1,734
Transfer payments	1,770	452	1,247	1,770	274	1,241
Other subsidies and payments	134	56	54	48	138	171
Total gross budgetary expenditures	145,963	31,195	93,724	145,901	29,478	90,018
Total revenues netted against expenditures	-	-	-	-	-	-
Total net budgetary expenditures	145,963	31,195	93,724	145,901	29,478	90,018

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