



# Canadian Nuclear Safety Commission Quarterly Financial Report for the Quarter Ended December 31, 2019 (Unaudited)

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February 2020



**Canadian Nuclear Safety Commission Quarterly Financial Report  
for the Quarter Ended December 31, 2019**

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**Document availability**

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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 section 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 2018–19 and 2019–20 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, with the remainder 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 the updating of the NSCA and associated regulations.

Contributions to employee benefit plans are 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 increase in authorities for the year and actual expenditures for the quarter and year-to-date (YTD) ended December 31, 2019.

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

	<b>2019–20 Budgetary authorities to March 31, 2020</b>	<b>2018–19 Budgetary authorities to March 31, 2019</b>	<b>Variance in budgetary authorities</b>	<b>YTD expenditures as at Q3 2019–20</b>	<b>YTD expenditures as at Q3 2018–19</b>	<b>Variance in expenditures</b>
<b>Vote 1 – Program expenditures</b>	<b>42,219</b>	<b>41,182</b>	<b>1,037</b>	<b>27,585</b>	<b>29,907</b>	<b>(2,322)</b>
<b>Statutory:</b>						
Contributions to employee benefit plans	4,295	4,095	200	3,222	3,072	150
Expenditures pursuant to subsection 21(3) of the <i>Nuclear Safety and Control Act</i>	101,214	98,530	2,684	68,621	67,367	1,254
<b>Total statutory authorities</b>	<b>105,509</b>	<b>102,625</b>	<b>2,884</b>	<b>71,843</b>	<b>70,439</b>	<b>1,404</b>
<b>Total</b>	<b>147,728</b>	<b>143,807</b>	<b>3,921</b>	<b>99,428</b>	<b>100,346</b>	<b>(918)</b>

### 2.1 Statement of voted and statutory authorities

The CNSC's total authorities available to spend in 2019–20, as of December 31, have increased by \$3.9 million (to \$147.7 million) or 2.7%.

The voted authorities increased by \$1.0 million (to \$42.2 million) or 2.5%, as funding was received from the Treasury Board Secretariat for negotiated salary adjustments, partially offset by a decrease in the operating budget carry forward.

Contributions to employee benefit plans increased by \$0.2 million (to \$4.3 million) due to an increased salary budget resulting from negotiated salary adjustments for collective agreements.

The CNSC's statutory authority for expenditures pursuant to subsection 21(3) of the NSCA is based on the CNSC's expenditures for activities subject to cost recovery fees. This authority rose by \$2.7 million (to \$101.2 million) or 2.7%, as a result of projected salary increases on cost recoverable fees and an increase related to formula-based licence fees for nuclear substances used for commercial and industrial purposes.

## **2.2 Expenditure analysis**

As illustrated in the appended statement of authorities table, Q3 expenditures decreased by \$0.1 million (to \$36.0 million) or 0.4%, and YTD expenditures decreased by \$0.9 million (to \$99.4 million) or 0.9%. The Q3 and YTD Vote 1 expenditures have decreased by \$1.6 million (to \$9.7 million) or 14.2%, and by \$2.3 million (to \$27.6 million) or 7.8% respectively, while expenditures pursuant to subsection 21(3) of the NSCA have increased by \$1.4 million (to \$25.2 million) or 6.0%, and by \$1.3 million (to \$68.6 million) or 1.9%. Both the Q3 and YTD contributions to employee benefit plans have increased by \$0.1 million to \$1.1 million and \$3.2 million, respectively.

As illustrated in the appended table of departmental budgetary expenditures by standard object, the decrease in expenditures of \$0.1 million for Q3 and \$0.9 million YTD by standard object is due to the following:



- \$4.1 million increase (\$3.4 million YTD) in personnel costs mainly due to the implementation of collective agreement settlements for non-management personnel
- \$0.3 million increase (\$0.1 million YTD) in transfer payments mainly due to timing differences for contributions to the Participant Funding Program
- \$3.0 million decrease (\$3.4 million YTD) in professional and special services mainly due to costs incurred in the third quarter of 2018–19 for the replacement of the CNSC’s financial management system
- \$1.4 million decrease (\$0.4 million YTD) in rentals mainly due to timing differences of payments for the rental of space for accommodations
- \$0.2 million decrease (\$0.4 million YTD) in transportation and communications mainly due to lower expenditures for relocation and international travel
- \$0.1 million net Q3 increase and \$0.2 million net YTD decrease in other expenditure categories

### **3. Risks and uncertainties**

Most of the CNSC’s expenditures are funded through revenue from fees received from the industry. While the authority to spend revenues provides a sustainable and timely funding regime to address the changes in the regulatory oversight workload, it also poses a financial risk due to changing industry patterns and global economies. The CNSC works to mitigate such risk through the use of term employees, a practice that increases workforce flexibility.

The CNSC continues to review its strategic planning framework to reflect changes taking place in the nuclear sector, and to reflect and anticipate the needs of a changing industry, specifically:

- the reduced level of regulatory activity in the uranium mining sector
- 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

The CNSC assesses the resource impacts of changes on an ongoing basis through formal planning and budgeting processes in order to ensure agility and sustainability given evolving market needs.

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

There have been no significant changes in relation to operations, personnel and programs during the third quarter of 2019–20.

#### **5. Approval by senior officials**

Approved by:

\_\_\_\_\_  
Rumina Velshi  
President

\_\_\_\_\_  
Stéphane Cyr  
Chief Financial Officer

Ottawa, Canada  
Date:

## Appendix

### Statement of authorities (unaudited)

(in thousands of dollars)	Fiscal year 2019–20			Fiscal year 2018–19		
	Total available for use for the year ending March 31, 2020*	Used during the quarter ended December 31, 2019	YTD used at quarter-end	Total available for use for the year ended March 31, 2019*	Used during the quarter ended December 31, 2018	YTD used at quarter-end
Vote 1 – Program expenditures	42,219	9,694	27,585	41,182	11,303	29,907
<b>Budgetary statutory authorities</b>						
Contribution to employee benefit plans	4,295	1,074	3,222	4,095	1,024	3,072
Expenditures pursuant to subsection 21(3) of the <i>Nuclear Safety and Control Act</i>	101,214	25,229	68,621	98,530	23,811	67,367
<b>Total budgetary authorities</b>	<b>147,728</b>	<b>35,997</b>	<b>99,428</b>	<b>143,807</b>	<b>36,138</b>	<b>100,346</b>
<b>Non-budgetary authorities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total authorities</b>	<b>147,728</b>	<b>35,997</b>	<b>99,428</b>	<b>143,807</b>	<b>36,138</b>	<b>100,346</b>

\*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 2019–20			Fiscal year 2018–19		
	Planned expenditures for the year ending March 31, 2020*	Expended during the quarter ended December 31, 2019	YTD used at quarter-end	Planned expenditures for the year ending March 31, 2019*	Expended during the quarter ended December 31, 2018	YTD used at quarter-end
<b>Expenditures:</b>						
Personnel	111,322	27,989	75,883	103,670	23,901	72,440
Transportation and communications	5,302	1,501	3,936	5,595	1,681	4,319
Information	1,212	48	573	1,257	113	572
Professional and special services	18,106	3,582	11,588	18,930	6,614	14,941
Rentals	5,030	1,208	3,390	5,923	2,627	3,762
Repair and maintenance	1,299	281	575	1,789	268	772
Utilities, materials and supplies	615	51	293	742	108	333
Acquisition of machinery and equipment	3,040	639	1,327	4,098	466	1,382
Transfer payments	1,770	708	1,802	1,770	439	1,744
Other subsidies and payments	32	(10)	61	33	(79)	81
<b>Total gross budgetary expenditures</b>	<b>147,728</b>	<b>35,997</b>	<b>99,428</b>	<b>143,807</b>	<b>36,138</b>	<b>100,346</b>
<b>Total revenues netted against expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net budgetary expenditures</b>	<b>147,728</b>	<b>35,997</b>	<b>99,428</b>	<b>143,807</b>	<b>36,138</b>	<b>100,346</b>

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