



# Canadian Nuclear Safety Commission Quarterly Financial Report for the Quarter Ended June 30, 2021 (Unaudited)

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**Canadian Nuclear Safety Commission Quarterly Financial Report  
for the Quarter Ended June 30, 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 June 30, 2021.

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

	<b>2021–22 Budgetary authorities to March 31, 2022</b>	<b>2020–21 Budgetary authorities to March 31, 2021</b>	<b>Variance in budgetary authorities</b>	<b>YTD expenditures as at Q1 2021–22</b>	<b>YTD expenditures as at Q1 2020–21</b>	<b>Variance in expenditures</b>
<b>Vote 1 – Program expenditures</b>	<b>41,081</b>	<b>30,392</b>	<b>10,689</b>	<b>8,000</b>	<b>8,044</b>	<b>(44)</b>
<b>Statutory:</b>						
Contributions to employee benefit plans	4,417	4,359	58	1,104	1,090	14
Expenditures pursuant to subsection 21(3) of the NSCA	98,251	98,953	(702)	19,616	19,641	(25)
<b>Total statutory authorities</b>	<b>102,668</b>	<b>103,312</b>	<b>(644)</b>	<b>20,720</b>	<b>20,731</b>	<b>(11)</b>
<b>Total</b>	<b>143,749</b>	<b>133,704</b>	<b>10,045</b>	<b>28,720</b>	<b>28,775</b>	<b>(55)</b>

**2.1 Statement of voted and statutory authorities**

The CNSC’s total authorities available to spend in 2021–22 as of June 30 have increased by \$10.0 million (to \$143.7 million), or by 7.5%.

The voted authorities have increased by \$10.7 million (to \$41.1 million) or 35.2% since as of June 30 of the current year, the full year’s authority had been received, as opposed to 9/12 of the full authority received by that time in the previous year. The increase also includes funding from the Treasury Board Secretariat for negotiated salary adjustments.

Contributions to employee benefit plans are unchanged at \$4.4 million.

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 \$98.2 million) or 0.7%.

**2.2 Expenditure analysis**

As illustrated in the appended statement of authorities table, Q1 expenditures decreased by \$0.1 million (to \$28.7 million) or 0.2%. Q1 Vote 1 expenditures decreased by \$0.1 million (to \$8.0 million) or 0.5%, while expenditures pursuant to subsection 21(3) of the NSCA are unchanged at \$19.6 million. Contributions to employee benefit plans are unchanged at \$1.1 million.

As illustrated in the appended table of departmental budgetary expenditures by standard object, the decrease in expenditures of \$0.1 million for Q1 and YTD by standard object is mainly due to the following:

- \$0.8 million increase in personnel as a result of negotiated salary adjustments and an increase in full-time equivalents utilization due to the staffing of vacant positions as delays in staffing were experienced in the first quarter of 2020-21 due to the COVID-19 pandemic;
- \$0.8 million decrease in professional and special services due to the timing of payments to other departments for information technology services;
- \$0.3 million decrease in the acquisition of machinery and equipment due to costs incurred in the first quarter of 2020-21 for the purchase of computer equipment to enable staff to work remotely;
- \$0.2 million net increase 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 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

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

X

\_\_\_\_\_  
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 June 30, 2021	YTD used at quarter-end	Total available for use for the year ending March 31, 2021*	Used during the quarter ended June 30, 2020	YTD used at quarter-end
Vote 1 – Program expenditures	41,081	8,000	8,000	30,392	8,044	8,044
<b>Budgetary statutory authorities</b>						
Contribution to employee benefit plans	4,417	1,104	1,104	4,359	1,090	1,090
Expenditures pursuant to subsection 21(3) of the <i>Nuclear Safety and Control Act</i>	98,251	19,616	19,616	98,953	19,641	19,641
<b>Total budgetary authorities</b>	<b>143,749</b>	<b>28,720</b>	<b>28,720</b>	<b>133,704</b>	<b>28,775</b>	<b>28,775</b>
<b>Non-budgetary authorities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total authorities</b>	<b>143,749</b>	<b>28,720</b>	<b>28,720</b>	<b>133,704</b>	<b>28,775</b>	<b>28,775</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 2021–22			Fiscal year 2020–21		
	Planned expenditures for the year ending March 31, 2022*	Expended during the quarter ended June 30, 2021	YTD used at quarter-end	Planned expenditures for the year ending March 31, 2021*	Expended during the quarter ended June 30, 2020	YTD used at quarter-end
<b>Expenditures</b>						
Personnel	109,318	24,958	24,958	101,676	24,138	24,138
Transportation and communications	3,582	50	50	5,340	9	9
Information	995	359	359	1,021	468	468
Professional and special services	17,660	1,845	1,845	15,186	2,687	2,687
Rentals	4,088	589	589	4,132	473	473
Repair and maintenance	2,474	128	128	1,120	90	90
Utilities, materials and supplies	500	75	75	437	30	30
Acquisition of machinery and equipment	3,228	279	279	3,419	576	576
Transfer payments	1,770	414	414	1,327	307	307
Other subsidies and payments	134	23	23	46	(3)	(3)
<b>Total gross budgetary expenditures</b>	<b>143,749</b>	<b>28,720</b>	<b>28,720</b>	<b>133,704</b>	<b>28,775</b>	<b>28,775</b>
<b>Total revenues netted against expenditures</b>	-	-	-	-	-	-
<b>Total net budgetary expenditures</b>	<b>143,749</b>	<b>28,720</b>	<b>28,720</b>	<b>133,704</b>	<b>28,775</b>	<b>28,775</b>

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