



Canadian Nuclear Safety Commission Quarterly Financial Report for the Quarter Ended December 31, 2022 (Unaudited)

February 2023



**Canadian Nuclear Safety Commission Quarterly Financial Report
for the Quarter Ended December 31, 2022**

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Table of contents

1. Introduction.....	1
1.1 Authority and mandate	1
1.2 Basis of presentation	1
1.3 The CNSC’s financial structure	2
2. Highlights of fiscal quarter and fiscal year-to-date results	2
2.1 Statement of voted and statutory authorities	3
2.2 Expenditure analysis.....	4
3. Risks and uncertainties.....	4
4. Significant changes in relation to operations, personnel and programs.....	5
5. Approval by senior officials	5
Appendix.....	6
Statement of authorities (unaudited)	6
Departmental budgetary expenditures by standard object (unaudited)	7

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 2021–22 and 2022–23 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, 2022.

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

	2022–23 Budgetary authorities to March 31, 2023	2021–22 Budgetary authorities to March 31, 2022	Variance in budgetary authorities	YTD expenditures as at Q3 2022–23	YTD expenditures as at Q3 2021–22	Variance in expenditures
Vote 1 – Program expenditures	48,263	43,295	4,968	28,489	25,638	2,851
Statutory:						
Contributions to employee benefit plans	5,174	4,417	757	3,361	3,313	48
Expenditures pursuant to subsection 21(3) of the NSCA	98,383	98,251	132	67,411	64,773	2,638
Total statutory authorities	103,557	102,668	889	70,772	68,086	2,686
Total	151,820	145,963	5,857	99,261	93,724	5,537

2.1 Statement of voted and statutory authorities

The CNSC’s total authorities available to spend in 2022–23 as of December 31 have increased by \$5.9 million (to \$151.8 million) or 4.0%.

The voted authorities have increased by \$5.0 million (to \$48.2 million) 11.5%. The increase is due to:

- \$3.3 million received from Treasury Board Secretariat (TBS) to expand the CNSC’s technical ability, capacity and competency to regulate small modular reactors (SMRs)
- \$1.4 million in funding received from TBS for the cumulative impact of retroactive economic increases for executives
- \$0.8 million in funding received from TBS for the waste characterization of nuclear materials
- \$0.4 million decrease as a result of reduced temporary funding that was received in 2021–22 from TBS for regulatory capacity funding
- \$0.1 million decrease due to a transfer to Shared Services Canada for the Enterprise Service Model, for government information technology operations

Contributions to employee benefit have increased by \$0.8 million (to \$5.2 million) or 17.1% because of funding received from TBS for the regulation of SMRs.

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 increased marginally by \$0.1 million (to \$98.4 million) or by 0.1%.

2.2 Expenditure analysis

As illustrated in the appended statement of authorities table, Q3 expenditures increased by \$2.6 million (to \$33.8 million) or by 8.4%, and YTD expenditures increased by \$5.5 million (to \$99.3 million) or 5.9%. Q3 Vote 1 expenditures increased by \$0.9 million (to \$9.7 million) or by 10.0%, and YTD expenditures increased by \$2.9 million (to \$28.5 million) or by 11.1%. Expenditures pursuant to subsection 21(3) of the NSCA increased by \$1.7 million (to \$23.0 million) or by 8.1% and increased by \$2.6 million (to \$67.4 million) or 4.1% YTD. Contributions to employee benefit plans are unchanged at \$1.1 million for Q3 and \$3.4 million YTD.

As illustrated in the appended table of departmental budgetary expenditures by standard object, the increase in expenditures of \$2.6 million for Q3 and increase of \$5.5 million YTD by standard object is mainly due to the following:

- \$1.4 million (\$1.8 million YTD) increase in personnel largely to implement SMR readiness activities.
- \$1.3 million (\$3.1 million YTD) increase in transportation and communications attributable to an increase in travel following the easing of COVID-19 travel restrictions
- \$0.4 million (\$0.2 million YTD) increase in rentals due to the timing of payments for software license and maintenance fees
- \$0.2 million (\$1.0 million YTD) increase in the acquisition of machinery and equipment due to the purchase of computer equipment to upgrade tablets used by staff. The YTD increase is also attributable to increased software costs for cloud computing and increased expenditures for laboratory equipment
- \$0.5 million (\$0.4 million YTD) decrease in professional and special services primarily attributable to the timing of payments to other departments for information technology services
- \$0.2 million (\$0.4 million YTD) decrease in transfer payments due to timing differences for contributions to the Research and Support Program and the Participant Funding Program
- \$0.2 million YTD net increase in other expenditure categories

3. Risks and uncertainties

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

- Ontario Power Generation’s plan to extend the life of and potentially refurbish the Pickering Nuclear Generating Station
- 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 evolving market needs.

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

On December 6, 2022, the CNSC received Treasury Board approval for \$34.6 million in funding, over 6 years, through the Impact Assessment Renewal Initiative, including the establishment of a new grants and contributions program, the Indigenous and Stakeholder Capacity Fund, and an increase in the funding envelope for the existing Participant Funding Program. The funding, related to 2022–23, will be received through Supplementary Estimates (C) and will be received in Q4.

5. Approval by senior officials

Approved by:

X

X

Rumina Velshi
President

Stéphane Cyr
Chief Financial Officer

Ottawa, Canada

Appendix

Statement of authorities (unaudited)

(in thousands of dollars)	Fiscal year 2022–23			Fiscal year 2021–22		
	Total available for use for the year ending March 31, 2023*	Used during the quarter ended December 31, 2022	YTD used at quarter-end	Total available for use for the year ending March 31, 2022*	Used during the quarter ended December 31, 2021	YTD used at quarter-end
Vote 1 – Program expenditures	48,263	9,659	28,489	43,295	8,781	25,638
Budgetary statutory authorities						
Contributions to employee benefit plans	5,174	1,120	3,361	4,417	1,104	3,313
Expenditures pursuant to subsection 21(3) of the NSCA	98,383	23,033	67,411	98,251	21,310	64,773
Total budgetary authorities	151,820	33,812	99,261	145,963	31,195	93,724
Non-budgetary authorities	-	-	-	-	-	-
Total authorities	151,820	33,812	99,261	145,963	31,195	93,724

*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 2022–23			Fiscal year 2021–22		
	Planned expenditures for the year ending March 31, 2023*	Expended during the quarter ended December 31, 2022	YTD used at quarter-end	Planned expenditures for the year ending March 31, 2022*	Expended during the quarter ended December 31, 2021	YTD used at quarter-end
Expenditures						
Personnel	114,163	26,191	77,356	110,229	24,807	75,517
Transportation and communications	4,746	1,590	3,452	3,582	252	377
Information	1,061	179	632	995	173	606
Professional and special services	20,023	3,180	10,941	18,963	3,715	11,298
Rentals	3,872	1,340	3,195	4,088	975	2,958
Repair and maintenance	1,942	280	627	2,474	295	609
Utilities, materials and supplies	424	131	289	500	71	231
Acquisition of machinery and equipment	3,713	641	1,799	3,228	399	827
Transfer payments	1,770	252	881	1,770	452	1,247
Other subsidies and payments	106	28	89	134	56	54
Total gross budgetary expenditures	151,820	33,812	99,261	145,963	31,195	93,724
Total revenues netted against expenditures	-	-	-	-	-	-
Total net budgetary expenditures	151,820	33,812	99,261	145,963	31,195	93,724

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