



Canadian Nuclear Safety Commission Quarterly Financial Report for the Quarter Ended September 30, 2022 (Unaudited)

November 2022



**Canadian Nuclear Safety Commission Quarterly Financial Report
for the Quarter Ended September 30, 2022**

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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 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 September 30, 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 Q2 2022–23	YTD expenditures as at Q2 2021–22	Variance in expenditures
Vote 1 – Program expenditures	42,784	42,836	(52)	18,830	16,857	1,973
Statutory:						
Contributions to employee benefit plans	4,481	4,417	64	2,241	2,209	32
Expenditures pursuant to subsection 21(3) of the NSCA	98,383	98,251	132	44,378	43,463	915
Total statutory authorities	102,864	102,668	196	46,619	45,672	947
Total	145,648	145,504	144	65,449	62,529	2,920

2.1 Statement of voted and statutory authorities

The CNSC’s total authorities available to spend in 2022–23 as of September 30 have increased by \$0.1 million (to \$145.6 million) or 0.1%.

The voted authorities and contributions to employee benefit are unchanged at \$42.8 million and \$4.4 million respectively.

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, Q2 expenditures increased by \$0.2 million (to \$34.0 million) or by 0.6%, and YTD expenditures increased by \$2.9 million (to \$65.4 million) or 4.7%. Q2 Vote 1 expenditures increased by \$1.1 million (to \$9.9 million) or by 11.8 %, and YTD expenditures increased by \$2.0 million (to \$18.8 million) or by 11.7%. Expenditures pursuant to subsection 21(3) of the NSCA decreased by \$0.9 million (to \$23.0 million) or by 3.6% and increased by \$0.9 million (to \$44.4 million) or 2.1% YTD. Contributions to employee benefit plans are unchanged at \$1.1 million for Q2 and \$2.2 million YTD.

As illustrated in the appended table of departmental budgetary expenditures by standard object, the increase in expenditures of \$0.2 million for Q2 and increase of \$2.9 million YTD by standard object is mainly due to the following:

- \$0.1 million (\$0.5 million YTD) increase in personnel as a result of an increase in the use of full-time equivalents and the cumulative impact of retroactive economic increases for executives, partially offset by salary payments disbursed in the second quarter of 2021–22 related to the Phoenix pay system
- \$1.1 million (\$1.7 million YTD) increase in transportation and communications attributable to an increase in travel following the easing of COVID-19 travel restrictions
- \$0.5 million (\$0.7 million YTD) increase in the acquisition of machinery and equipment as a result of increased software costs for cloud computing and increased expenditures for laboratory equipment
- \$1.1 million decrease (\$0.2 million YTD increase) in professional and special services primarily attributable to the timing of payments to other departments for information technology services, offsetting the variance which was shown in Q1
- \$0.4 million (\$0.1 million YTD) decrease in rentals due to the timing of payments for the rental of buildings, offsetting the variance reported in Q1
- \$0.1 million YTD net decrease in other expenditure categories

3. Risks and uncertainties

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:

- 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 COVID-19 and evolving market needs.

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

On July 11, 2022, Michael DeJong was appointed to the position of Vice-President, Regulatory Affairs Branch and Chief Communications Officer, effective September 1, 2022.

On September 29, 2022, the CNSC received Treasury Board approval for \$50.7 million in funding, over 5 years, to regulate small modular reactors. This amount was previously announced in Budget 2022. The funding, related to 2022–23, will be received through Supplementary Estimates (B) and will be reflected in the Q3 Quarterly Financial Report.

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 September 30, 2022	YTD used at quarter-end	Total available for use for the year ending March 31, 2022*	Used during the quarter ended September 30, 2021	YTD used at quarter-end
Vote 1 – Program expenditures	42,784	9,906	18,830	42,836	8,857	16,857
Budgetary statutory authorities						
Contributions to employee benefit plans	4,481	1,121	2,241	4,417	1,105	2,209
Expenditures pursuant to subsection 21(3) of the NSCA	98,383	22,978	44,378	98,251	23,847	43,463
Total budgetary authorities	145,648	34,005	65,449	145,504	33,809	62,529
Non-budgetary authorities	-	-	-	-	-	-
Total authorities	145,648	34,005	65,449	145,504	33,809	62,529

*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 September 30, 2022	YTD used at quarter-end	Planned expenditures for the year ending March 31, 2022*	Expended during the quarter ended September 30, 2021	YTD used at quarter-end
Expenditures						
Personnel	109,536	25,854	51,165	109,995	25,752	50,710
Transportation and communications	4,689	1,185	1,862	3,582	75	125
Information	1,061	92	453	995	74	433
Professional and special services	18,535	4,610	7,761	18,738	5,738	7,583
Rentals	3,872	991	1,855	4,088	1,394	1,983
Repair and maintenance	1,942	211	347	2,474	186	314
Utilities, materials and supplies	424	82	158	500	85	160
Acquisition of machinery and equipment	3,713	607	1,158	3,228	149	428
Transfer payments	1,770	337	629	1,770	381	795
Other subsidies and payments	106	36	61	134	(25)	(2)
Total gross budgetary expenditures	145,648	34,005	65,449	145,504	33,809	62,529
Total revenues netted against expenditures	-	-	-	-	-	-
Total net budgetary expenditures	145,648	34,005	65,449	145,504	33,809	62,529

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