



Future-Oriented Statement of Operations

For the year ending March 31, 2019

March 2018



Canadian Nuclear Safety Commission

STATEMENT OF MANAGEMENT RESPONSIBILITY

Responsibility for the compilation, content, and presentation of the accompanying Future-Oriented Statement of Operations (FOSO) for the year ending March 31, 2019 rests with departmental management. The FOSO has been prepared by management in accordance with the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards. The FOSO is submitted for Part III of the Estimates (Departmental Plan, previously the Report on Plans and Priorities), and will be used in the Canadian Nuclear Safety Commission's (CNSC) Departmental Results Report (previously the Departmental Performance Report) to compare with actual results.

Management is responsible for the objectivity of the information contained in the FOSO and for the process of developing assumptions. Assumptions and estimates are based upon information available and known to management, as at December 31, 2017; reflect current business and economic conditions; assume a continuation of current governmental priorities; and are consistent with the CNSC's mandate and strategic objectives. Much of the FOSO is based on these assumptions, best estimates, and judgment, and give due consideration to materiality. At the time of preparation of the FOSO, management believes the estimates and assumptions to be reasonable. However, as with all such assumptions, there is a measure of uncertainty surrounding them. This uncertainty increases as the forecast horizon extends into the future.

The actual results achieved for the fiscal years covered in the accompanying FOSO will vary from the information presented, and the variations may be material.

original signed by

Michael Binder

President

original signed by

Stéphane Cyr

Vice-President, Corporate Services Branch
and Chief Financial Officer

Ottawa, Canada

Canadian Nuclear Safety Commission

Future-Oriented Statement of Operations (Unaudited)

For the year ending March 31 (in thousands of dollars)	Forecast results 2017-18	Planned results 2018-19
Expenses		
Salaries and employee benefits	\$ 118,777	\$ 123,451
Professional and special services	17,604	19,438
Accommodation	9,538	9,543
Travel and relocation	6,000	6,300
Amortization	4,268	4,286
Furniture, repairs and rentals	2,837	3,166
Grants and contributions	2,796	1,770
Communication and information	1,300	1,350
Utilities, materials and supplies	700	700
Other	125	125
Total expenses	163,945	170,129
Revenues		
Licence fees	111,674	120,337
Special projects	3,338	3,147
Total revenues	115,012	123,484
Net cost of operations	\$ 48,933	\$ 46,645

The accompanying notes form an integral part of these Future-Oriented Statement of Operations.

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Notes to the Future-Oriented Statement of Operations (Unaudited)

1. Methodology and significant assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of government priorities and CNSC departmental plans as described in the 2018–19 Departmental Plan.

The information in the forecast results for fiscal year 2017–18 is based on actual results as at December 31, 2017 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2018–19.

The main assumptions underlying the forecasts are as follows:

- The CNSC's activities will remain substantially the same as in the previous year.
- Expenses and revenues, including the determination of amounts internal and external to the government, are based on past experience. The general historical pattern is expected to continue.
- Allowances for uncollectibility are based on historical experience. The general historical pattern is expected to continue.
- Estimated year-end information for 2017–18 is used as the opening position for the fiscal year planned results.

These assumptions are made as at December 31, 2017.

2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2017–18 and for 2018–19, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, the CNSC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include:

- changes to the operating budget, such as new initiatives or technical adjustments later in the year may affect both revenue and expenditure levels;
- economic conditions, which may affect both the amount of revenue earned and the collectability of accounts
- the timing and the amount of capital asset acquisitions and disposals, which may affect gains, losses and amortization expenses; and,
- the implementation of new collective agreements.

After the Departmental Plan is tabled in Parliament, the Canadian Nuclear Safety Commission will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Results Report.

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Notes to the Future-Oriented Statement of Operations (Unaudited)

3. Summary of significant accounting policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2017–18, and is based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Expenses

CNSC records expenses on an accrual basis.

Expenses for the CNSC's operations are recorded when goods are received or services are rendered, including services provided without charge for accommodation, employee contributions to health and dental insurance plans, legal services and worker's compensation, which are recorded as expenses at their estimated cost. Vacation pay and compensatory leave, as well as severance benefits, are accrued and expenses are recorded as the benefits are earned by employees under their respective terms of employment.

Transfer payments are recorded as expenses in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

Expenses also include provisions to reflect changes in the value of assets, including provisions for bad debt on accounts receivable, provision for valuation on loans, investments and advances and inventory obsolescence or liabilities, including contingent liabilities and environmental liabilities to the extent the future event is likely to occur and a reasonable estimate can be made. Expenses also include amortization of tangible capital assets, which are capitalized at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset.

(b) Revenue

Revenue is recognized in the period in which the underlying transaction or event that gave rise to the revenue takes place. Licence fee revenue is recognized on a straight-line basis over the period to which the fee payment pertains (normally three months or one year). Licence fees received for future year licence periods are recorded as deferred revenue.

Certain educational institutions, not-for-profit research institutions wholly owned by educational institutions, publicly funded health care institutions, not-for-profit emergency response organizations and federal government departments and agencies are not subject to the Canadian Nuclear Safety Commission Cost Recovery Fees Regulations (Regulations). The CNSC provides licences to these organizations free of charge. The value of licences provided free of charge is calculated on the same basis as licence fees for organizations subject to the Regulations. The CNSC does not include the foregone revenue associated with these licences in the Future-Oriented Statement of Operations.

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Notes to the Future-Oriented Statement of Operations (Unaudited)

4. Parliamentary authorities

The CNSC receives its funding through parliamentary and statutory authorities. Financial reporting of authorities provided to the CNSC differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through authorities in prior, current and future years. Accordingly, the CNSC has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. These differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to requested authorities

(in thousands of dollars)	Forecast results 2017–18	Planned results 2018–19
Net cost of operations before government funding	\$ 48,933	\$ 46,645
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (Less):		
Services provided without charge by other government departments	(17,327)	(17,194)
Amortization of tangible capital assets	(4,268)	(4,286)
Revenues pursuant to subsection 21(3) of the Nuclear Safety and Control Act	115,012	123,484
Decrease in employee future benefits	500	200
Decrease (increase) in vacation pay, compensatory leave and accrued liabilities not charged to authorities	6,255	(1,084)
	100,172	101,120
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add (Less):		
Acquisitions of tangible capital assets	4,419	3,895
	4,419	3,895
Requested authorities	\$ 153,524	\$ 151,660

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Notes to the Future-Oriented Statement of Operations (Unaudited)

4. Parliamentary authorities (continued)

(b) Authorities requested

(in thousands of dollars)

	Forecast results 2017–18	Planned results 2018–19
Authorities requested		
Vote 1	\$ 41,807	\$ 38,177
Statutory amounts		
Expenditures pursuant to subsection 21(3) of the Nuclear Safety and Control Act	99,219	101,937
Contributions to employee benefit plans	15,766	14,953
Authorities requested	156,792	155,067
Less:		
Authorities available for use in the subsequent year	3,268	3,407
Total authorities requested	\$ 153,524	\$ 151,660