

Canadian Nuclear Safety Commission

2003-2004 Estimates

Part III - Report on Plans and Priorities

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Minister of Natural Resources Canada

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I. Message from the President and Chief Executive Officer

I am pleased to present to Parliament and Canadians, the *2003-2004 Report on Plans and Priorities* of the Canadian Nuclear Safety Commission (CNSC).

As I review the past year, my second as President and Chief Executive Officer, I am proud of the accomplishments of the CNSC and of the progress it has made in delivering our mission. Less than two years ago, the executive team and staff of the CNSC embarked on an ambitious path of becoming one of the best nuclear regulators in the world. Year 2003-04 and subsequent years will see the CNSC complete initiatives already underway and undertake new ones in support of our pursuit of excellence.

Over the past eighteen months, the CNSC has been completely restructured along business lines to ensure better accountability. The organizational changes in the Offices of International Affairs and Regulatory Affairs, the Secretariat and the Corporate Services Branch are complete, and the implementation of changes in the Operations Branch is well underway.

One of the CNSC's priorities for the upcoming year is to further modernize its management practices. In support of this objective, the CNSC recently approved a Management Model, which provides a roadmap for coordinating, developing and implementing the CNSC's various initiatives to improve regulatory practices and processes, as well as initiatives to strengthen modern comptrollership practices. The model adopts the National Quality Institute's Canadian Quality Criteria for Public Sector Excellence as an enabler for managing change initiatives, and provides a framework for the development and implementation of a single, integrated action plan that will include initiatives arising from the CNSC's recently completed modern comptrollership capacity check.

The CNSC is taking a comprehensive approach in pursuit of a regulatory framework that is consistent with the Government's position on 'smart regulation'. The CNSC will continue to improve the consistency, clarity and balance of its efforts in the regulation of the nuclear industry. Development and implementation of a CNSC-wide risk management framework will facilitate this, as will the implementation of a revised cost recovery program. The program was revised in line with government directives, with extensive consultations with licensees, industry and stakeholders. Implementation of the revised program is anticipated for fiscal year 2003-04. On the international front, the CNSC will continue to contribute to strengthening multilaterally-agreed nuclear export controls and to responding to the challenges arising from the Additional Protocol to Canada's Safeguards Agreement, including the development of a more effective and efficient safeguards approach in Canada.

Security continues to be a high priority and measures to enhance the security of nuclear facilities, substances and devices are in place, with refinements in line with international practices planned for 2003-04. In particular, in 2003-04 the CNSC will focus on the establishment of a national registry for tracking sealed sources, from manufacture to disposal. The CNSC also intends to assess the *Nuclear Safety and Control Act* and related regulations in 2003-04 to ensure the Act is fully able to support a vigorous nuclear security regime.

The CNSC's plans and priorities are designed to address the challenges of nuclear regulation and to improve the regulatory regime. Above all, we are committed to working with partners and stakeholders, on behalf of Canadians, to protect health, safety and security and the environment, and to respect Canada's international obligations with respect to the peaceful use of nuclear energy.

Linda J. Keen

II. Management Representation

Report on Plans and Priorities 2003-2004

I submit, for tabling in Parliament, the 2003-2004 Report on Plans and Priorities (RPP) for the Canadian Nuclear Safety Commission (CNSC).

This document has been prepared based on the reporting principles and disclosure requirements contained in the *Guide to the preparation of the 2003-2004 Report on Plans and Priorities*:

- It accurately portrays the CNSC's plans and priorities.
- The planned spending information in this document is consistent with the directions provided in the Minister of Finance's Budget and by Treasury Board Secretariat.
- It is comprehensive and accurate.
- It is based on sound underlying CNSC information and management systems.

The reporting structure on which this document is based has been approved by Treasury Board Ministers and is the basis for accountability for results achieved with the resources and authorities provided.

Denys Vermette
Vice-President, Corporate Services Branch

Date

III. Raison d'être

Mission

The CNSC regulates the use of nuclear energy and materials to protect health, safety, security and the environment and to respect Canada's international commitments on the peaceful use of nuclear energy.

Mandate

Under legislation enacted by Parliament, and policies, directives and international commitments of the federal government, the CNSC:

- regulates the development, production and use of nuclear energy in Canada;
- regulates the production, possession, use and transport of nuclear substances, and the production, possession and use of prescribed equipment and prescribed information;
- implements measures respecting international control of the development, production, transport and use of nuclear energy and nuclear substances, including measures respecting the non-proliferation of nuclear weapons and nuclear explosive devices;
- disseminates scientific, technical and regulatory information concerning the activities of the CNSC and the effects on the environment and on the health and safety of persons, of the development, production, possession, transport and use referred to above; and
- undertakes special projects.

IV. Planning Overview

Program Delivery

The CNSC regulates facilities and activities related to the development and use of nuclear energy and nuclear substances in Canada, including nuclear power reactors, research reactors, nuclear research and test facilities, uranium mines and mills, uranium refineries, nuclear fuel fabrication facilities, medical and non-medical particle accelerators and a wide variety of nuclear substances and devices for use in industry, hospitals and medical clinics, and academia.

The CNSC is also responsible for licensing the export and import of controlled nuclear and nuclear-related dual use items, in accordance with the *Nuclear Safety and Control Act* and its associated regulations and international obligations to which Canada has agreed, as well as implementing Canada's bilateral nuclear cooperation and safeguards agreements.

The CNSC's expenditure is funded by a budgetary lapsing authority. Revenue, including licence fees, is deposited to the Consolidated Revenue Fund and is not available for use by the CNSC. Employee benefits are authorized by a statutory authority.

Planning Context

Cost Recovery

The CNSC complies with federal government policy which requires departments and agencies to recover costs for services, including the costs of regulatory activities. The CNSC has developed a revised cost recovery program, and it anticipates the proposed new fees regulations will come into force early in fiscal year 2003-04. The regulations will ensure a more equitable approach to financing government programs, whereby licensees contribute, in whole or in part, to the costs of regulatory activities. In addition, these regulations will ensure that the CNSC provides licensees with information on planned regulatory activities, the costs of those activities and fees in the fall before the fiscal year in which fees come into effect.

Modern Management

In January 2003, the CNSC executive gave final approval to a CNSC Management Model. The model will act as a roadmap for the agency to coordinate, align and integrate current and future initiatives to improve both regulatory processes and management practices. To ensure continuous improvement becomes an integral part of the CNSC's business practices, the National Quality Institute's Canadian Quality Criteria for Public Service Excellence (CQC) has been adopted as an enabler for the model. The Management Model provides the framework for implementing Modern Comptrollership practices at the CNSC, as well as other initiatives identified as critical to meeting the CNSC's strategic plan. The result will be a corporate-wide, single, integrated action plan in support of the CNSC's commitment to improving its management practices.

Security

Since September 11, 2001, in carrying out its mandate to protect security, the CNSC has taken several initiatives to enhance security at nuclear facilities and to improve the security of nuclear substances and devices. The CNSC is also working closely with provincial and municipal authorities to better coordinate activities with respect to nuclear emergency preparedness, and with the Office of Critical Infrastructure Protection and Emergency Preparedness (OC�PEP) to train first responders in the event of an incident involving radioactive material. The CNSC provides significant information on nuclear security to the media and the public, while respecting the need to restrict access to prescribed information.

Risk Management

The CNSC has made significant progress in the development of a risk management framework. Risk management has been successfully piloted in the Operations Branch. Over the planning period, it will be implemented throughout the Operations Branch, and introduced to other parts of the CNSC.

V. Plans and Priorities

The CNSC has established as its long-term goal, making the CNSC one of the best nuclear regulators in the world. To realize this vision, the CNSC is committed to:

- improving the effectiveness of its regulatory regime;
- operating with a high level of transparency;
- attracting and retaining excellent staff; and
- improving efficiency.

Over the planning period, the CNSC will focus on five key initiatives in support of its vision of becoming one of the best nuclear regulators in the world: nuclear safety and security, international activities, the development and implementation of the CNSC's Management Model, the implementation of a revised cost recovery program, and delivery of the workforce sustainability strategy.

Nuclear Safety and Security

Within the CNSC's Operations Branch, several priorities have been identified as critical to improving regulatory effectiveness and efficiency and enhancing safety and security. Emphasis will be placed on the implementation of risk management to improve the clarity of regulatory requirements and measuring and managing performance. The Operations Branch has adopted the National Quality Institute's Canadian Quality Criteria for Public Sector Excellence as the platform for ensuring continuous improvement in these and other areas of its regulatory activities.

International Activities

In the face of new nuclear proliferation threats, the CNSC will continue to contribute to the strengthening of multilaterally-agreed nuclear export controls, and international safeguards policy and practices. In addition, the CNSC will assist the International Atomic Energy Agency in the development of a more effective and efficient safeguards approach for Canada, and will strive to ensure that the necessary conditions for implementation in Canada are fulfilled.

CNSC Management Model

The CNSC's Management Model will act as a roadmap for the agency to coordinate, align and integrate current and future initiatives to improve both regulatory processes and management practices. A priority for 2003-04 will be the development and implementation of a corporate-wide, single, integrated action plan in support of the CNSC's commitment to continuous improvement in these areas.

In 2002, the CNSC established the Strategic Planning and Modern Management Group, with responsibilities to promote modern management practices at the CNSC. From November 2002 to February 2003, the Group, in collaboration with Deloitte and Touche, conducted a modern comptrollership capacity check. The capacity check report identifies a number of opportunities

for improvement. Over the planning period, priorities to address the needs of Modern Comptrollership will be identified and integrated into the CNSC's management improvement action plan.

Implementation of the Revised Cost Recovery Program

The CNSC's current fees are based on 1992 costs and have not been updated for several years. The CNSC is proposing to change its fees regulations to better reflect the actual costs of carrying out its regulatory responsibilities and to enhance the fairness and equity of the current cost recovery program by replacing its current prescribed (set) fees with fees directly related to the CNSC's level of regulatory effort. The proposal means changes to the fees charged to individual licensees and to the overall way in which the CNSC administers its cost recovery program. The changes that the CNSC is proposing offer a number of benefits, including:

- increased knowledge and communication of regulatory effort and costs;
- planning of regulatory activities in advance, in accordance to the risks posed by the licensed facility or activity;
- improved financial planning;
- more open, transparent and equitable application of fees;
- ongoing consultation with industry on the program through an advisory committee; and,
- improved compliance with legislation and government directives on cost recovery.

The CNSC has consulted extensively with licensees, industry and other stakeholders on the proposed cost recovery program. In addition, stakeholder comments are invited through the publication of the proposed fees regulations in the Canada Gazette, Part I. Implementation of the revised cost recovery program is anticipated for fiscal year 2003-04.

Workforce Sustainability Strategy

The Workforce Sustainability Strategy (WSS) was developed to facilitate the recruitment and retention of specialized staff, without which the CNSC cannot carry out its regulatory responsibilities. Over the planning period, the WSS will be implemented and revised as part of the CNSC's commitment to continuous improvement. The principle objectives of the WSS are:

- emphasis on strengthening leadership and management competencies of staff;
- effective staffing initiatives intended to lower current vacancy rates;
- competitive compensation levels and initiatives to attract new hires, including our ongoing internship program, and to retain current employees;
- a recruiting strategy to locate and hire "hot skilled" employees in a diminishing labour pool;
- effective succession planning; and
- employee mobility initiatives, responsive to the requirement to ensure effective knowledge transfer in the face of diminishing corporate memory.

Departmental Planned Spending

(\$ thousands)	Forecast Spending 2002-2003	Planned Spending 2003-2004	Planned Spending 2004-2005	Planned Spending 2005-2006
Health, Safety, Security & Environmental Protection	53,923	54,606	54,793	54,981
Non-proliferation and Safeguards	5,408	5,464	5,464	5,464
Budgetary Main Estimates	59,331	60,070	60,257	60,445
Non-Budgetary Main Estimates (gross)	0	0	0	0
Less: Respendable revenue	0	0	0	0
Total Main Estimates	59,331	60,070	60,257	60,445
Adjustments **	6,472	3,555	3,555	3,435
Net Planned Spending	65,803*	63,625	63,812	63,880
<i>Less:</i> Non-respendable revenue	36,189	36,205	35,481	36,200
<i>Plus:</i> Cost of services received without charge	5,663	5,897	5,916	5,929
Net cost of Program	35,277	33,317	34,247	33,609

Full Time Equivalents	494	497	497	497
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* Reflects forecast spending to the end of the fiscal year.

**Adjustments to accommodate approvals obtained since the Main Estimates and include Supplementary Estimates.

VI. Organization

Strategic Outcome and Business Lines

The CNSC has two business lines: *Health, Safety, Security and Environmental Protection* and *Non-Proliferation and Safeguards*.

Business Line 1: Health, Safety, Security and Environmental Protection

To limit, to a reasonable level and in a manner that is consistent with Canada's international obligations, risks to national security, the health and safety of persons and the environment that are associated with the development, production and use of nuclear energy and the production, possession and use of nuclear substances, prescribed equipment and prescribed information.

Health, Safety, Security and Environmental Protection

Forecast Spending 2002-2003		Planned Spending 2003-2004		Planned Spending 2004-2005		Planned Spending 2005-2006	
\$thousands	FTE	\$thousands	FTE	\$thousands	FTE	\$thousands	FTE
60,395*	465	58,161	468	58,348	468	58,536	468

* Reflects forecast spending to the end of the fiscal year.

Business Line 2: Non-Proliferation and Safeguards

To implement, in Canada, measures to which Canada has agreed respecting international control of the development, production and use of nuclear energy, including the non-proliferation of nuclear weapons and nuclear explosive devices and to support international efforts to develop, maintain and strengthen the nuclear non-proliferation and safeguards regimes.

Non-proliferation and Safeguards

Forecast Spending 2002-2003		Planned Spending 2003-2004		Planned Spending 2004-2005		Planned Spending 2005-2006	
\$thousands	FTE	\$thousands	FTE	\$thousands	FTE	\$thousands	FTE
5,408*	29	5,464	29	5,464	29	5,464	29

* Reflects forecast spending to the end of the fiscal year.

Accountability

The President and CEO of the CNSC has overall responsibility for the delivery of the CNSC's business lines.

Responsibility for the *Health, Safety, Security and Environmental Protection* business line rests with the Vice-President, Operations Branch.

Responsibility for the *Non-Proliferation and Safeguards* business line rests with the Executive Director, Office of International Affairs.

Organization

The CNSC is composed of a Commission of up to seven members and a staff of approximately 495 employees. One member of the Commission is designated as both the President of the Commission and Chief Executive Officer of the organization. This position is currently held by Linda J. Keen.

The Commission, supported by the Secretariat, functions as a quasi-judicial administrative tribunal, making independent decisions on the licensing of nuclear-related activities in Canada; establishing legally-binding regulations; and setting regulatory policy direction on matters relating to health, safety, security and environmental issues affecting the Canadian nuclear industry. The Commission takes into account the views, concerns and opinions of interested parties and intervenors. The Commission delegates to Designated Officers the authority to render licensing decisions for certain categories of nuclear facilities and activities in accordance with the requirements of the *Nuclear Safety and Control Act* and its associated Regulations.

CNSC staff in the Operations Branch, the Offices of International Affairs and Regulatory Affairs, and the Corporate Services Branch supports the Commission by carrying out inspections enforcing regulatory requirements, coordinating the CNSC's international undertakings, developing CNSC-wide programs in support of regulatory effectiveness, and providing administrative support to the organization. In addition, staff prepares recommendations on licensing decisions, presents them to the Commission for consideration during public hearings and subsequently administers the Commission's decisions.

The Commission

Commission Members

The *Nuclear Safety and Control Act* provides for the appointment of up to seven Commission members by the Governor in Council. One member of the Commission is a full-time member and is designated as President. Part-time members serve as permanent members for a term not exceeding five years.

Secretariat

The Secretariat, led by the Secretary, plans and manages the business of the Commission and gives technical and administrative support to the President and other Commission members. This involves related communications with the Minister's Office and all other stakeholders, including government departments, intervenors, licensees, media and the public. The Secretariat is also the official registrar in relation to Commission documentation and manages the hearing process.

CNSC Staff

Operations Branch

The Operations Branch is responsible for regulation of the development, production and use of nuclear energy, the production, possession, transport and use of nuclear substances and radiation devices in accordance with the requirements of the *Nuclear Safety and Control Act* and its associated regulations. The Operations Branch comprises the following five directorates:

Directorate of Power Reactor Regulation

The Directorate of Power Reactor Regulation regulates the development and operation of nuclear power reactors.

Directorate of Nuclear Cycle and Facilities Regulation

The Directorate of Nuclear Cycle and Facilities Regulation regulates the development and operation of uranium mining and processing facilities, nuclear substance processing facilities, waste management facilities, low power reactors, research and test facilities and accelerators.

Directorate of Nuclear Substance Regulation

The Directorate of Nuclear Substance Regulation regulates the production, possession, transport and use of nuclear substances and radiation devices.

Directorate of Assessment and Analysis

The Directorate of Assessment and Analysis undertakes specialist safety and security assessments in support of the regulation of power reactors, uranium mining and processing facilities, nuclear substance processing facilities, waste management facilities, low power reactors, research and test facilities and accelerators and the transport and use of nuclear substances and radiation devices. The Directorate also manages the emergency response capacity of the organization.

Directorate of Operational Strategies

The Directorate of Operational Strategies is responsible for leading the development of regulatory processes, programs and documents to afford a basis for consistent and effective regulatory practices in the branch.

Corporate Services Branch

Corporate Services Branch is responsible for the CNSC's programs and policies for the management of its financial and human resources and its information, physical and information technology assets. It is also responsible for the organization's communications, strategic planning and initiatives related to Modern Comptrollership.

Office of International Affairs

The Office of International Affairs coordinates the CNSC's international undertakings and activities in general. More specifically, the Office licences the export and import of controlled nuclear and nuclear-related dual use items, in accordance with the *Nuclear Safety and Control Act* and its associated regulations and international obligations to which Canada has agreed, and implements Canada's bilateral nuclear cooperation agreements. The Office also implements Canada's safeguards agreements with the International Atomic Energy Agency (IAEA) and manages a research and development program in support of IAEA safeguards. Accordingly, the Office provides authoritative advice on the development and application of Canada's nuclear non-proliferation and safeguards policy, including multilateral nuclear non-proliferation issues.

Office of Regulatory Affairs

The Office of Regulatory Affairs is responsible for organization-wide programs, initiatives and actions that enhance the CNSC's regulatory effectiveness, efficiency and overall operation, including management of the *Nuclear Safety and Control Act* and its associated regulations.

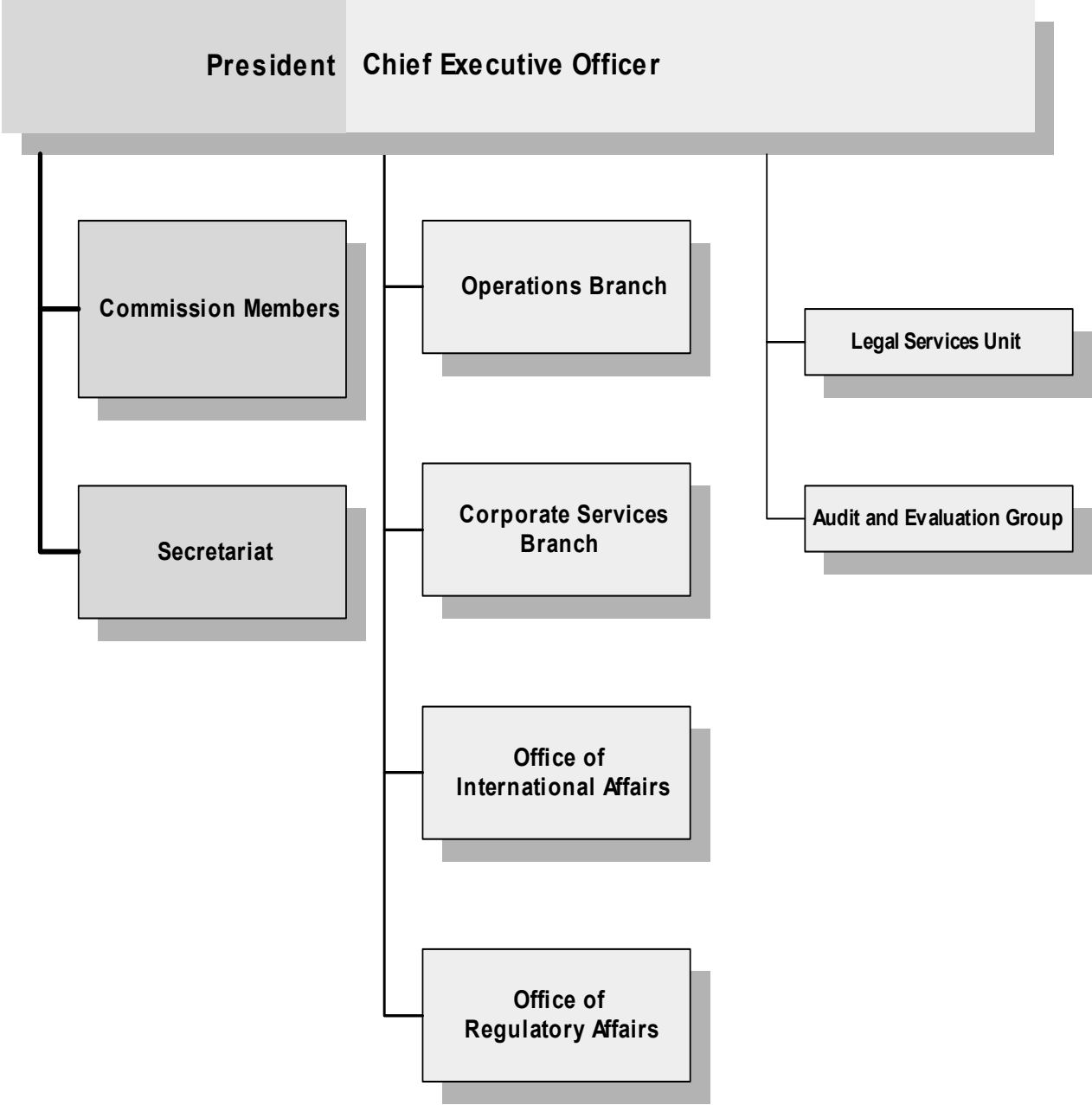
Legal Services Unit

The Legal Services Unit, staffed by Department of Justice lawyers, provides legal advice to the Commission and CNSC staff.

Audit and Evaluation Group

The Audit and Evaluation Group is responsible for examining corporate management accountability and program performance issues, and for making recommendations for improvement.

Organization Chart



VII. Annexes-Tables

Table 1: Summary of Transfer Payments

(\$ thousands)	Forecast Spending 2002-2003	Planned Spending 2003-2004	Planned Spending 2004-2005	Planned Spending 2005-2006
Grants				
Health, Safety, Security and Environmental Protection	20	20	20	20
Total grants	20	20	20	20
Contributions				
Health, Safety, Security and Environmental Protection	22	22	22	22
Non-proliferation and Safeguards	600	600	600	600
Total contributions	622	622	622	622
Other Transfer Payments	0	0	0	0
Total other transfer payments	0	0	0	0
Total Grants, Contributions and Other Transfer Payments	642*	642	642	642

* Reflects forecast spending to the end of the fiscal year.

Table 2: Source of Respendable and Non-respendable Revenue

Respendable Revenue

(\$ thousands)	Forecast Revenue 2002-2003	Planned Revenue 2003-2004	Planned Revenue 2004-2005	Planned Revenue 2005-2006
Total Respendable Revenue	0	0	0	0

Non-respendable Revenue

(\$ thousands)	Forecast Revenue 2002-2003	Planned Revenue 2003-2004	Planned Revenue 2004-2005	Planned Revenue 2005-2006
Cost Recovery Revenue	36,189	36,205	35,481	36,200
Total Non-respendable Revenue	36,189	36,205	35,481	36,200

Total Respendable and Non-respendable Revenue	36,189	36,205	35,481	36,200
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Table 3: Net Cost of Program for the Estimates Year

(\$ thousands)	Total
Net Planned spending	63,625
<i>Plus: Services Received without Charge</i>	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	3,235
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS	2,401
Worker's compensation coverage provided by Human Resources Canada	12
Salary and associated expenditures of legal services provided by Justice Canada	249
	5,897
<i>Less: Non-responsible Revenue</i>	36,205
2003-2004 Net cost of Program	33,317

Table 4: Regulatory Initiatives

The preparation of regulations pursuant to the *NSCA* is a key regulatory initiative undertaken by the CNSC. Specific regulations that the CNSC expects to submit for legal examination or final approval over the three-year planning period are:

Legislation and Regulations	Planned Results
Cost Recovery Fees Regulations	Modernize the regulations for cost recovery fees.
Worker Safety Information Regulations (and associated RIAS)	Ensure that the health and safety of workers is protected.
Transport and Packaging Regulations – Amendment	Ensure that Canadian regulations are compatible with international standards.
Nuclear Safeguards Regulations	Establish generic safeguards regulations in lieu of existing safeguards licence conditions to facilitate compliance with international safeguards agreements.
Nuclear Security Regulations-Amendment	Ensure that the security requirements are compatible with international standards.

VIII. Other Information

For further information, publications, etc., contact:

Communications and Information Management Division
Canadian Nuclear Safety Commission
280 Slater Street
P.O. Box 1046, Station B
Ottawa, Ontario
K1P 5S9
1-800-668-5284 (in Canada) or 613- 995-5894
Fax: 613- 995-5086

For further information on-line, consult the CNSC Web site at:

www.nuclearsafety.gc.ca
or e-mail: info@cnsccsn.gc.ca

Information on the plans and priorities, and activities of the CNSC may be found in:

Canadian Nuclear Safety Commission, *Annual Report*
Canadian Nuclear Safety Commission, *Report on Plans and Priorities*
Canadian Nuclear Safety Commission, *Departmental Performance Report*

The CNSC administers the following Acts and associated regulations:

Nuclear Safety and Control Act, 1997, c.9
Nuclear Liability Act, 1985, c. N-28