



Canadian Nuclear Safety Commission Quarterly Financial Report for the Quarter Ended December 31, 2023 (Unaudited)

February 2024



**Canadian Nuclear Safety Commission Quarterly Financial Report
for the Quarter Ended December 31, 2023**

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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 section 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 Energy and Natural Resources.

As an independent regulatory agency and quasi-judicial administrative tribunal, the CNSC has jurisdiction over all non-military 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 2022–23 and 2023–24 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, 2023.

Highlights of the fiscal quarter and fiscal YTD results (\$ thousands)

	2023–24 Budgetary authorities to March 31, 2024	2022–23 Budgetary authorities to March 31, 2023	Variance in budgetary authorities	YTD expenditures as at Q3 2023–24	YTD expenditures as at Q3 2022–23	Variance in expenditures
Vote 1 – Program expenditures	55,061	48,263	6,798	35,287	28,489	6,798
Statutory:						
Contributions to employee benefit plans	5,546	5,174	372	4,160	3,361	799
Expenditures pursuant to subsection 21(3) of the NSCA	101,056	98,383	2,673	68,282	67,411	871
Total statutory authorities	106,602	103,557	3,045	72,442	70,772	1,670
Total	161,663	151,820	9,843	107,729	99,261	8,468

2.1 Statement of voted and statutory authorities

The CNSC’s total authorities available to spend in 2023–24 as of December 31 have increased by \$9.9 million (to \$161.7 million) or by 6.5%.

The voted authorities have increased by \$6.8 million (to \$55.1 million) or by 14.1%. The increase is due to:

- \$4.9 million received from Treasury Board Secretariat (TBS) through the Impact Assessment Renewal Initiative for the establishment of a new grants and contributions program called the Indigenous and Stakeholder Capacity Fund, and for an increase in the funding envelope for the existing Participant Funding Program. The variance partially attributed to timing differences as project funds were received in Q4 in 2022–23.
- \$2.7 million year-over-year increase in funding received from TBS to expand the CNSC’s technical ability, capacity, and competency to regulate small modular reactors (SMRs)
- \$0.8 million decrease due to funding received in 2022–23 from TBS for funds reprofiled from 2021–22 to 2022–23 based on anticipated operational requirements

Contributions to employee benefit plans have increased by \$0.4 million (to \$5.5 million) or by 7.2% as new funding was received from TBS for the Impact Assessment Renewal Initiative.

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 by

\$2.7 million (to \$101.1 million) or by 2.7% due to cost-of-living increases, including salaries and wages.

2.2 Expenditure analysis

As illustrated in the appended statement of authorities table, Q3 expenditures increased by \$4.8 million (to \$38.6 million) or by 14.2%, and YTD expenditures increased by \$8.5 million (to \$107.7 million) or by 8.5%. Q3 Vote 1 expenditures increased by \$4.1 million (to \$13.7 million) or by 42.3%, and YTD expenditures increased by \$6.8 million (to \$35.3 million) or by 23.9%. Expenditures pursuant to subsection 21(3) of the NSCA increased by \$0.4 million (to \$23.5 million) or by 1.9%, and increased by \$0.9 million (to \$68.3 million) or by 1.3% YTD. Contributions to employee benefit plans increased by \$0.3 million (to \$1.4 million) or by 23.8%, and by \$0.8 million (to \$4.1 million) or by 23.8% YTD.

As illustrated in the appended table of departmental budgetary expenditures by standard object, the increase in expenditures of \$4.8 million for Q3 and increase of \$8.5 million YTD by standard object is mainly due to the following:

- \$1.9 million (\$4.8 million YTD) increase in personnel costs because of the implementation of SMR readiness activities, new industry projects, as well as the continued staffing of vacant positions
- \$0.3 million (\$1.1 million YTD) increase in transportation and communications attributable to an increase in travel because of the elimination of COVID-19 travel restrictions that were in place during 2022–23 Q1, in addition to increased travel for new industry projects and indigenous engagement
- \$1.1 million (\$1.5 million YTD) increase in professional and special services attributable to the timing of payments to other departments for information technology services
- \$0.7 million (\$0.7 million YTD) increase in repair and maintenance incurred in converting leased office space to GC workplace design standards to facilitate a reduction in the portfolio of leased office space
- \$2.1 million (\$2.7 million YTD) increase in transfer payments related to the Indigenous and Stakeholder Capacity Fund as well as timing differences for contributions to the Research and Support Program and the Participant Funding Program
- \$0.8 million (\$1.6 million YTD) decrease in rentals due to the timing of payments for the rental of buildings as well as a reduction of the CNSC’s portfolio of leased office space
- \$0.3 million (\$0.6 million YTD) decrease in the acquisition of machinery and equipment because of the timing of payments for computer equipment and decreased expenditures for laboratory equipment
- \$0.2 million (\$0.1 million YTD) net decrease 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 continually assesses the impact of changes on resources 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

There have been no significant changes to operations, personnel, and programs during the third quarter of 2023–24.

5. Approval by senior officials

Approved by:

X

X

Ramzi Jammal
Acting Chief Executive Officer

Stéphane Cyr
Chief Financial Officer

Ottawa, Canada

Appendix

Statement of authorities (unaudited)

(in thousands of dollars)	Fiscal year 2023–24			Fiscal year 2022–23		
	Total available for use for the year ending March 31, 2024*	Used during the quarter ended December 31, 2023	YTD used at quarter-end	Total available for use for the year ending March 31, 2023*	Used during the quarter ended December 31, 2022	YTD used at quarter-end
Vote 1 – Program expenditures	55,061	13,749	35,287	48,263	9,659	28,489
Budgetary statutory authorities						
Contributions to employee benefit plans	5,546	1,387	4,160	5,174	1,120	3,361
Expenditures pursuant to subsection 21(3) of the NSCA	101,056	23,471	68,282	98,383	23,033	67,411
Total budgetary authorities	161,663	38,607	107,729	151,820	33,812	99,261
Non-budgetary authorities	-	-	-	-	-	-
Total authorities	161,663	38,607	107,729	151,820	33,812	99,261

*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 2023–24			Fiscal year 2022–23		
	Planned expenditures for the year ending March 31, 2024*	Expended during the quarter ended December 31, 2023	YTD used at quarter-end	Planned expenditures for the year ending March 31, 2023*	Expended during the quarter ended December 31, 2022	YTD used at quarter-end
Expenditures						
Personnel	120,806	28,047	82,152	114,163	26,191	77,356
Transportation and communications	5,827	1,870	4,546	4,746	1,590	3,452
Information	1,060	38	614	1,061	179	632
Professional and special services	19,386	4,236	12,411	20,023	3,180	10,941
Rentals	3,179	579	1,584	3,872	1,340	3,195
Repair and maintenance	1,589	971	1,301	1,942	280	627
Utilities, materials and supplies	424	132	327	424	131	289
Acquisition of machinery and equipment	3,606	352	1,158	3,713	641	1,799
Transfer payments	5,680	2,384	3,620	1,770	252	881
Other subsidies and payments	106	(2)	16	106	28	89
Total gross budgetary expenditures	161,663	38,607	107,729	151,820	33,812	99,261
Total revenues netted against expenditures	-	-	-	-	-	-
Total net budgetary expenditures	161,663	38,607	107,729	151,820	33,812	99,261

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