



Canadian Nuclear Safety Commission

Departmental Performance Report For the period ending March 31, 2010

The Honourable Christian Paradis, P.C., M.P.
Minister of Natural Resources



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President's Message

Proud achievements throughout a challenging year

As I reflect on an active and challenging year of work here at the Canadian Nuclear Safety Commission (CNSC), I am particularly proud of the way in which all staff have continued to uphold the most fundamental principles of our organization – namely, to protect the health, safety and security of Canadians and the environment and to implement Canada's international obligations respecting the peaceful uses of nuclear energy.

This Departmental Performance Report highlights the many important achievements realized in 2009–10. All our licensed facilities and activities continue to operate safely in compliance with our regulatory requirements. Furthermore, the CNSC closely monitored and provided regulatory oversight of the Atomic Energy of Canada Limited (AECL) repair work on the National Research Universal (NRU) reactor at Chalk River; continued to disseminate objective and scientific information to keep the public informed about nuclear safety; and provided a licence for dealing with the long-term project to clean up historic waste in Port Hope.

On the international side, the report also highlights an independent assessment of Canada's nuclear regulatory framework conducted under the International Atomic Energy Agency (IAEA) that determined that our framework is mature and well-established, and that the CNSC does an effective job in carrying out its role as Canada's nuclear regulator. This is high praise and reflects our skilled workforce's commitment to carrying out the CNSC's mandate on a daily basis.

In the 2010 Budget, the Government of Canada took steps to further improve the regulatory review process for large energy projects. In this vein, the CNSC will continue to work on implementing an improved regulatory framework and a more efficient regulatory oversight and on ensuring the timely and meaningful engagement of the public, stakeholders and Aboriginal peoples in the review of major nuclear projects. We will continue to strive for excellence in our core activities, as well as make significant strides in our commitment to ongoing improvements, in the clarity of our regulatory expectations, in our capacity to respond to any situation, and in our communications with the public. As we strive towards our vision of being the best nuclear regulator in the world, I continue to seek the valuable input from the CNSC Audit Committee and count on the oversight function that they provide.

Obviously, safety will continue to be the number one priority at the core of everything that we do!

With respect,

Original signed by

Michael Binder
President
The Canadian Nuclear Safety Commission

Section I: CNSC Overview

1.1 Summary Information

Raison d'être and Responsibilities

In 1946, Parliament passed the *Atomic Energy Control Act* (AECA), creating the Atomic Energy Control Board, and provided it with the power to regulate all nuclear activities related to the development and use of atomic energy in Canada.

Over half a century later, in May 2000, the *Nuclear Safety and Control Act* (NSCA) came into effect and established the Canadian Nuclear Safety Commission (CNSC) as a successor to the Atomic Energy Control Board.

The CNSC is an independent regulatory agency with quasi-judicial powers responsible for regulating all nuclear-related activities and substances in Canada.

Our Vision

To be the best nuclear regulator in the world.

Our Mission

Regulating nuclear activities to protect the health, safety and security of Canadians and the environment, and implementing Canada's international commitments on the peaceful use of nuclear energy.

Our Mandate

Under the NSCA, the CNSC achieves its mission through the following areas:

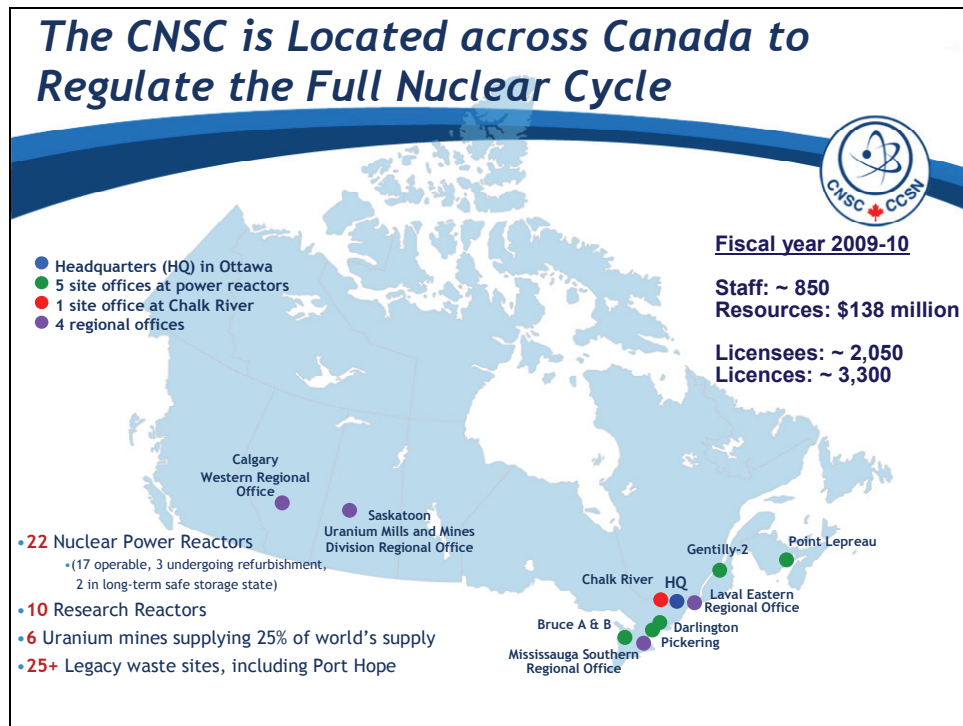
- Regulating the development, production and use of nuclear energy in Canada, as well as the possession and transportation of nuclear substances;
- Implementing measures on the non-proliferation of nuclear weapons and nuclear explosive devices;
- Providing objective scientific, technical and regulatory information about the activities of the CNSC.

In this context, the CNSC:

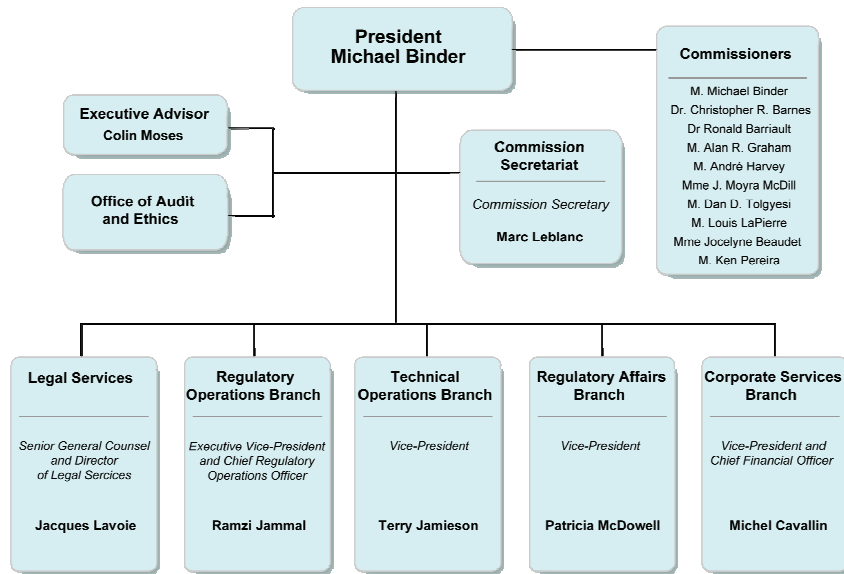
- Is responsible for complying with the Government of Canada's December 2007 *Directive to the Canadian Nuclear Safety Commission Regarding the Health of Canadians*. This Directive requires the CNSC, when regulating the production, possession and use of nuclear substances, to take into account the health of those Canadians who, for medical purposes, depend on nuclear substances produced by nuclear reactors;
- Administers the *Nuclear Liability Act* and, as a Responsible Authority under the *Canadian Environmental Assessment Act*, carries out environmental assessments (EAs) for nuclear projects in accordance with this legislation;
- Is Canada's authority with respect to nuclear safeguards as set out in the *Agreement Between the Government of Canada and the International Atomic Energy Agency for the Application of Safeguards in Connection with the Treaty on the Non-Proliferation of Nuclear Weapons*.

The Commission Tribunal has up to seven permanent members, appointed by the Governor in Council, and is supported by a workforce of approximately 850 employees across Canada. The President of the CNSC is a permanent full-time Tribunal member, while other members may be appointed to serve full- or part-time. Temporary members can also be appointed by the Governor in Council, as required.

The Commission Tribunal is a quasi-judicial administrative tribunal and court of record and makes independent, fair and transparent decisions on the licensing of nuclear-related activities, establishes legally binding regulations, and sets regulatory policy direction on matters relating to health, safety, nuclear security and the environment. With respect to licensing matters related to major nuclear facilities, the Tribunal considers applicant proposals, recommendations of CNSC personnel, and stakeholder views before making its decisions. In order to promote openness and transparency, the Tribunal conducts its business to the greatest extent possible in public hearings and meetings and, where appropriate, in communities affected by the decision at hand. Commission Tribunal hearings are conducted in a public forum approximately 10 times per year, and decisions are released within 30 business days after the closing of the hearings.

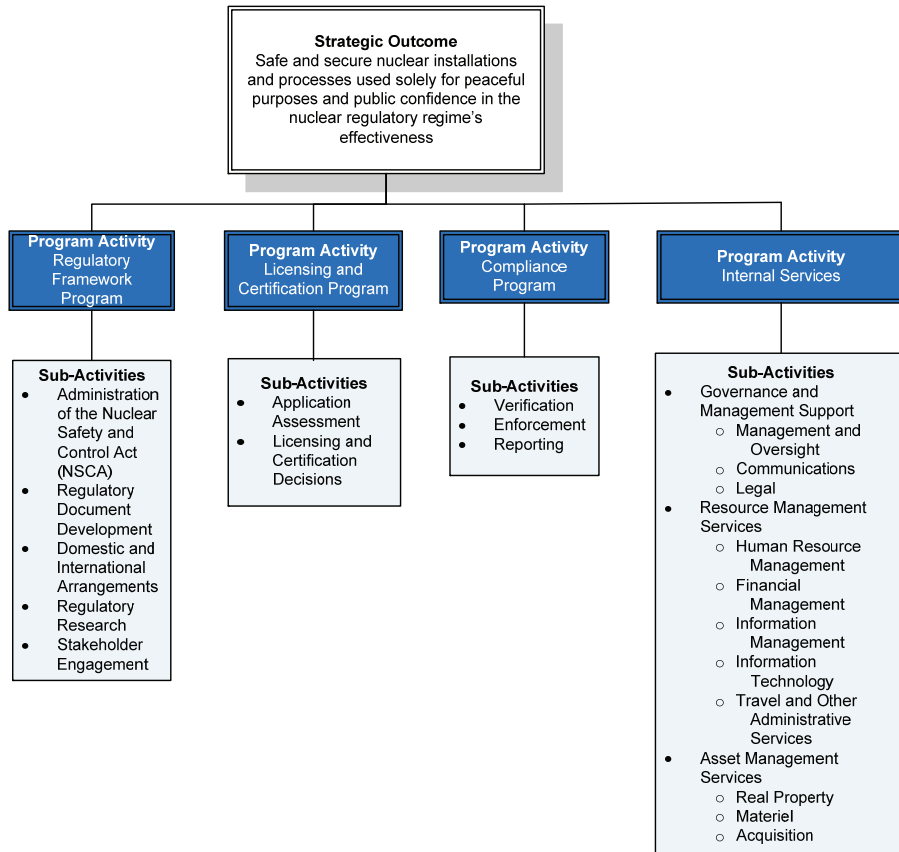


The organizational chart for the CNSC:



Program Activity Architecture

The following illustrates the CNSC’s program activities and program sub-activities, which support a single strategic outcome:



1.2 Summary of Performance

2009–10 Financial Resources (\$ thousands)

Planned Spending	Total Authorities	Actual Spending
142,731	144,855	138,352

2009–10 Human Resources Full-time Equivalents (FTEs)

Planned	Actual	Difference
840	841	1

Note:

The 2009–10 Planned Spending amount included costs paid for by other government departments (OGDs) for accommodations, health insurance and other expenditures totalling \$11.2 million. In accordance with Treasury Board requirements, these costs are not included in the Total Authorities or Actual Spending and will be excluded from Planned Spending in future years. Explanations of variance in resource levels can be found below following the table “Performance Summary by Program Activity”.

Performance Summary

The CNSC works to achieve its strategic outcome through four program activities: **Regulatory Framework, Licensing and Certification, Compliance, and Internal Services**. In 2009–10 the CNSC successfully completed planned activities and met all performance targets with the exception of one. Further details regarding the links between the CNSC’s strategic outcome, program activities, expected results and 2009–10 performance can be found in Section II.

Performance Summary by Program Activity

(\$ thousands)

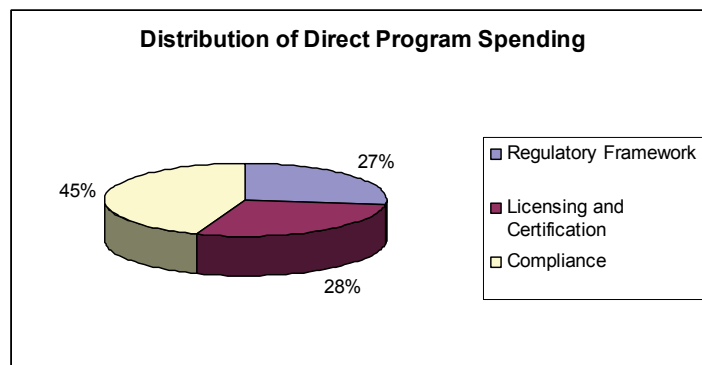
Program Activity	2008-09	2009-10 ¹				Alignment to Government of Canada Outcomes
	Actual Spending	Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Regulatory Framework	27,462	28,761	28,761	30,148	24,345	Social Affairs - Safe and Secure Communities
Licensing and Certification	27,189	31,272	31,272	29,539	25,045	
Compliance	25,567	40,605	40,605	40,366	39,724	
Internal Services	37,805	42,093	42,093	44,802	49,238	
Total	118,023	142,731	142,731	144,855	138,352	

¹ Commencing in the 2009–10 Estimates cycle, the resources for the Internal Services program activity are displayed separately from other program activities; they are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by program activity between fiscal years.

Note:

The above table indicates that total authorities used between 2008–09 (\$118 million) and 2009–10 (\$138 million) have grown by \$20 million. Reasons for this growth are: increase in regulatory licensing and compliance work performed in 2009–10 where funding was sourced from industry licence fees; costs associated with the re-fit of office space and the implementation of an information system; the conduct of regulatory activities planned for 2008–09 but delayed and conducted in 2009–

10; funding received under the Economic Action Plan to relocate and upgrade the CNSC laboratory and for the payment of economic increases on employee compensation.



Contribution of Priorities to Strategic Outcome

Although work has slowed on major nuclear projects, the Government of Canada remains committed to establishing Canada as a clean-energy superpower. For the CNSC, this means ensuring a state of readiness and continuing to develop guidance for new applications while protecting the health, safety and security of Canadians and the environment, and helping Canada meet its international obligations for nuclear safety.

During the past fiscal year, the CNSC accomplished a wide range of key activities under four priorities: **Commitments** to ongoing improvements, **Clarity** of requirements, **Capacity** for action, and **Communications**. These four priorities cross-cut the CNSC's program activities and their associated commitments supported progress towards the CNSC's strategic outcome.

Commitments to Ongoing Improvements

In addition to conducting core licensing and compliance activities, this priority includes work undertaken to complete Harmonized Plan initiatives. (The Harmonized Plan brings all corporate-wide improvement initiatives under a single umbrella.) It also includes ensuring that the health of Canadians and the safety of facilities are central considerations in all licensing and compliance activities, through initiatives such as isotope contingency planning and assessing environmental concerns. This priority also encompasses corporate service level and policy improvements, including those identified through various audits.

Summary of 2009–10 achievements within this priority area:

- Compliance inspections: Issued five orders to licensees using nuclear substances and shut down the facility of one licensee using a radiation device.
- Made nearly 2,600 licensing decisions.
- There were approximately 20 environmental assessments (EAs) that were active throughout the year, including three that were completed:
 - Decision on Deloro Mine EA screening report
 - Decision on Port Granby low-level radioactive waste EA screening report
 - Decision on GE Hitachi EA screening report.

- Launched the U.S.-Canada Working Group on Medical Isotopes to minimize future shortages of these critical medical resources.
- The International Peer Review Committee found that Canada has a mature and well-established nuclear regulatory framework and that the CNSC protects the health, safety and security of Canadians and the environment (IAEA Integrated Regulatory Review Service mission).
- In the fall of 2009, the CNSC underwent its second Management Accountability Framework (MAF) assessment and the majority of observations were positive. For the 13 areas of management against which the CNSC was assessed, it received three “Strong” ratings, nine “Acceptable” ratings and one “Opportunity for improvement”. This represents a significant improvement over the last MAF assessment in 2006.
- Developed a mandatory training program for CNSC managers to ensure that they have the knowledge required to exercise their delegated authorities.

Clarity of Our Requirements

This priority includes creating broad awareness of the CNSC’s requirements stemming from the NSCA among licensees, vendors of nuclear technology, and proponents, whether for refurbishments and life-extensions or new projects (such as design reviews, review guides, joint review panels). Its other goals are revitalizing the CNSC’s regulatory framework; updating regulatory documents and guidance, with particular attention to guidance for licence applications and environmental assessments (EAs); engaging government partners through the [Major Projects Management Office](#); and continuing the implementation of the protocol for *NRU* licence renewal.

Summary of 2009–10 achievements within this priority area:

- Obtained commitments from all major nuclear licensees to disclose high-quality and timely information to the public on facility performance and unplanned events.
- Updated the Protocol for *National Research Universal* (NRU) licensing activities. The protocol guides the CNSC in assessing the continued operation of the NRU reactor beyond the current licence period of October 31, 2011.
- Provided pre-project vendor design reviews to verify whether nuclear power plant designs respect Canadian safety principles and criteria.
- Updated the CNSC’s regulatory framework and posted regulatory and guidance documents for consultation on the CNSC Web site to ensure public engagement. A comprehensive list of documents can be found at nuclearsafety.gc.ca.

Capacity for Action

This priority includes maintaining and renewing the CNSC’s workforce to ensure sufficient knowledge and skills to fulfill our mandate. This means continuing efforts to make the CNSC an employer of choice through focussing on renewal and retention initiatives. The organization is strengthening its planning and operational processes, and focusing on information management progress in key areas such as compliance reporting, inspection tracking/resolution and financial management.

Summary of 2009–10 achievements within this priority area:

- Conducted leading research to build knowledge in such areas as aging reactors, management of uranium mine waste rock and mill tailings, and the effects of tritium on health.
- Continued with modernization of the CNSC's research laboratory to bring it up to international standards and increase its capability.
- Introduced a new program to standardize the ways in which CNSC inspectors are trained and qualified.
- Recruited expert personnel to establish an optimal workforce.

Communications

This priority includes work to strengthen communications with the CNSC's licensees, the public, stakeholders, Aboriginal peoples, international counterparts, other government departments and central agencies, in accordance with our goal of being the best nuclear regulator in the world and our mandate to disseminate objective scientific, technical and regulatory information to the public concerning our regulatory activities.

Summary of 2009–10 achievements within this priority area:

- Commission Tribunal: Held 11 public hearings and meetings, which included 145 interveners, and 32 abridged hearings.
- Developed the *Codification of Current Practice: CNSC Commitment to Aboriginal Consultation*. This document lays out the CNSC's approach to consulting with Aboriginal peoples.
- Conducted outreach initiatives in communities across the country to discuss how the CNSC regulates areas such as uranium mines and mills, the licensing process for new nuclear projects, and the CNSC's role in regulating the nuclear industry.
- Posted multiple documents online, including presentations by high-level CNSC personnel, technical papers, articles, studies and fact sheets, in efforts to disseminate objective information. Documents are available at nuclearsafety.gc.ca.

Risk Analysis

As part of its ongoing organizational risk management, the Management Committee is responsible for reviewing risks and ensuring mitigation strategies are in place. Each fall, during the CNSC's strategic planning sessions, a review of risks is undertaken to assess any potential impacts on planning. Identified risks are monitored throughout the year at each Quarterly Corporate Performance Review.

Over the past several fiscal years, the CNSC, in response to anticipated growth in the nuclear sector, put in place a recruitment strategy to ensure that the organization had the necessary staff complement to regulate new projects; the organization did not want to be at risk of causing delays to new projects. The CNSC was successful in hiring the employees needed and in 2009–10 the CNSC shifted from recruitment to a strategy of retention to retain the organization's highly skilled workforce of 850 employees.

The CNSC has now fully implemented its Revenue Spending Authority, which makes its source of funds dependent on the level of regulatory oversight of fee-paying licensees. In 2009–10 licence applications for new power reactors were withdrawn, forcing the CNSC to adjust plans to ensure funding of all regulatory activity. The organization was able to accomplish this because it had developed planning scenarios to facilitate a fair and reasonable reallocation of efforts and costs in the event that the risk of major project stoppages materialized. The organization also undertook an initiative to simplify its costing regime and provide more certainty to licensees; improvements are being implemented in fiscal year 2010–11.

The CNSC received a total of \$13 million in incremental resources through Budgets 2006 and 2008 to address regulatory workload pressures and forecasted growth associated with fee-exempt and nuclear security activities. These incremental funds are set to expire at the end of fiscal year 2010–11, and the CNSC is working with the government to ensure that it is resourced to fulfill its mandate.

Expenditure Profile – Funding of Operations

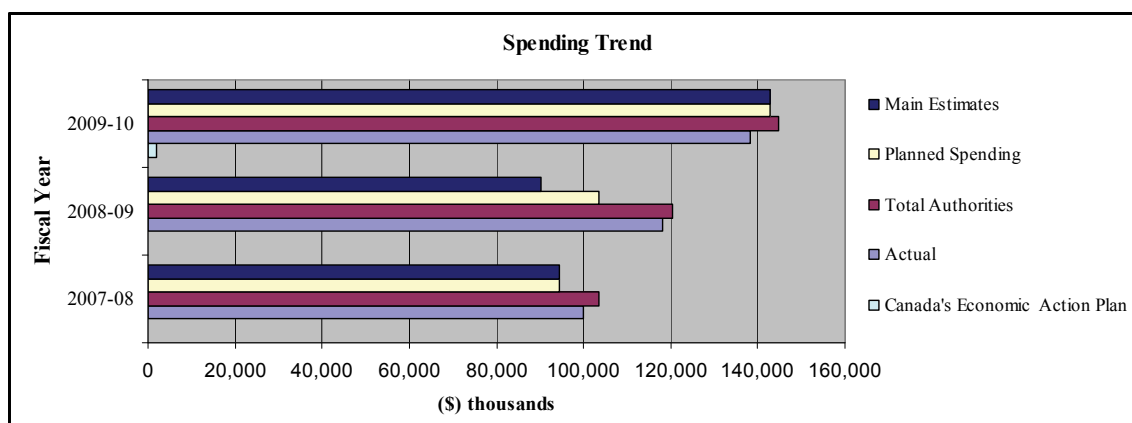
The CNSC's workload, and therefore its resource requirements, are largely driven by the demand for licensing and regulatory oversight of Canada's nuclear industry and by Canada's international commitments respecting nuclear safety, security and non-proliferation.

Revenue spending authority was fully implemented in 2009–10. The CNSC's cost-recovered activities are funded through the fees collected from industry for approximately 70% of the total CNSC budget. This authority provides a sustainable and timely funding regime to address the rapid changes in regulatory oversight workload associated with the Canadian nuclear industry.

The CNSC is also funded through an annual appropriation, from Parliament, representing approximately 30% of the total budget. The regulations state that some licensees, such as hospitals and universities, are exempt from paying fees as these entities exist for the public good. In addition, fees are not charged for activities that result from the CNSC's obligations that do not provide a direct benefit to identifiable licensees. These include activities with respect to Canada's international obligations (including the non-proliferation of nuclear weapons), public responsibilities such as emergency management and public information programs, and updating of the NSCA and associated regulations.

In 2009–10 the total parliamentary and revenue spending authorities totalled \$144.9 million. Of that amount a total of \$138.4 million was used to fund the CNSC's cost of operations, leaving \$6.5 million in unused authority of which \$1.7 million is related to revenue received in advance.

In 2009, the CNSC conducted a strategic review of the funding, relevance and performance of its entire program spending to ensure results and value for money. The results of this strategic review were submitted to Treasury Board in the fall of 2009, and the reallocation proposals have received the support of Treasury Board Ministers. The results of this review will be reflected in future reporting to Parliament.



The figure above illustrates the CNSC's spending trend from 2007–08 to 2009–10.

Voted and Statutory Items

(\$ thousands)

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	2007-08	2008-09	2009-10	2009-10
		Actual Spending	Actual Spending	Main Estimates	Actual Spending
15	Program expenditures	89,870	91,002	40,670	46,282
(S)	Contributions to employee benefit plans	9,975	11,533	4,464	13,978
(S)	Expenditures pursuant to paragraph 29.1(1) of the <i>Financial Administration Act</i>	-	15,488	97,597	78,092
Total		99,845	118,023	142,731	138,352

This table presents resources that have been voted to the CNSC by Parliament. It should be noted that Parliament approves the voted funding whereas the statutory information is provided for information purposes. Explanation of variance in resource levels can be found in the table “Performance Summary by Program Activity”.

Canada's Economic Action Plan (CEAP)

Through the 2009 Budget, \$250 million was made available to departments and agencies over two fiscal years to address deferred maintenance of federal laboratories. The focus was on laboratories that contribute to core regulatory responsibilities of the government, such as health and safety.

The CNSC was allocated a total of \$3 million under CEAP to improve its laboratory capabilities, bringing them up to international standards. In 2009–10 the CNSC received and spent \$2 million to renovate new laboratory space, purchase new equipment and decommission the existing laboratory.

Section II: Analysis of Program Activities by Strategic Outcome

2.1 Strategic Outcome

The Canadian Nuclear Safety Commission has a single strategic outcome:

Safe and secure nuclear installations and processes used solely for peaceful purposes and public confidence in the nuclear regulatory regime's effectiveness.

Financial guarantees for Class I nuclear facilities and uranium mines and mills are estimated at \$13.2 billion

The following table summarizes the links between the CNSC's strategic outcome, program activities, expected results and 2009–10 performance.

Performance Indicators	Targets	2009–10 Performance
Compliance rating of licensees	Satisfactory or better in all safety areas	<p>Met All</p> <p>The CNSC has produced a 2009 <i>CNSC Staff Integrated Safety Assessment of Canadian Nuclear Power Plants</i>. The report evaluates how well licensees are meeting regulatory requirements. CNSC staff assessments concluded that in 2009 all nuclear power plants in Canada operated safely. Details included the following for nuclear power plants:</p> <ul style="list-style-type: none"> • Staff found no serious process failures. • Staff found no confirmed radiation doses above the regulatory limits. • No environmental releases from the plants were above regulatory limits. • Canada met its international obligations regarding the peaceful use of nuclear energy. <p>In 2009, all nuclear power plants (NPPs) achieved integrated plant ratings of satisfactory or greater. Satisfactory is defined as follows: <i>Compliance within the area meets requirements and CNSC expectations. Any deviation is only minor, and any issues are considered to pose a low risk to the achievement of regulatory objectives and CNSC expectations. Appropriate improvements are planned.</i></p> <p>The complete 2009 NPP report, along with comparable reports from previous years, is available at nuclearsafety.gc.ca</p>
Number of radiation exposures over the allowable limits	Zero reported cases	<p>Not Met</p> <p>In total, there were four exposures in 2009–10 that exceeded regulatory limits, two involving Nuclear Energy Workers, and two involving non-Nuclear Energy Workers (members of the public). All involved the nuclear substances sector. In all cases, the licensee(s) conducted investigations to determine causes and to correct deficiencies. Pursuant to regulatory requirements, the affected individuals were given authorization to return to work by a CNSC Designated Officer, as required.</p>
Positive IAEA Safeguards Conclusion	Positive Annual Attestation of Safeguards	<p>Met All</p> <p>In 2009, Canada was once again successful in attaining a positive safeguards conclusion from the IAEA, providing the highest possible level of assurance that all nuclear material in the country remained in peaceful activities¹. This conclusion is the ultimate indication of the CNSC's success in implementing the requirements of Canada's international safeguards commitments.</p>

¹ IAEA conclusions are based on calendar years and therefore cover a slightly different period than the CNSC's fiscal year.

Performance Analysis

As part of the CNSC's day-to-day regulatory oversight of nuclear licences in Canada, the organization conducted nearly 2,000 inspections, assessed many licence applications, and issued renewals and amendments.

In the last year, the CNSC's efforts focused on reviewing submissions regarding Ontario Power Generation's proposed new nuclear power plant at its Darlington site near Bowmanville, Ontario. Submissions were for a Joint Review Panel process regarding the project's environmental assessment and licence to prepare the site. Bruce Power Inc., in June 2009, made the decision to withdraw its two proposed new nuclear power plant (NPP) projects near Tiverton and Nanticoke, Ontario, which presented the CNSC with resource allocation challenges.

The CNSC continued to strengthen its regulatory framework and develop application guidance for new NPPs to ensure readiness should provinces choose to build new nuclear power plants.

On the international front, the CNSC continued to participate in the activities of the IAEA and the Nuclear Energy Agency. These provide opportunities to share best practices in nuclear safety and strengthen Canada's commitments to non-proliferation and the peaceful use of nuclear materials.

The CNSC also worked with other government bodies last year to explore new ways to license the production of medical isotopes. In June 2009, the Government of Canada appointed an Expert Review Panel on Medical Isotope Production charged with reviewing submissions from the private and public sectors to supply much-needed medical isotopes for Canada. The goal was to enable the licensing of new sources of medical isotopes in a timely manner while ensuring the highest standards of safety and security.

The Integrated Regulatory Review Service (IRRS) peer review was conducted by a team of international experts with direct experience in the areas being evaluated. The mission assessed the organization, its governance, legislative framework, and its key program areas against international norms and best practices. The output of this exercise was a comprehensive report, prepared by international nuclear safety experts and published in the fall of 2009, on the performance of the CNSC as a nuclear regulator. The findings and management response will help the CNSC make further improvements to its regulatory regime.

IRRS improvements were included in the Harmonized Plan of Improvement Initiatives. The Harmonized Plan is a corporate, client-driven, improvement plan that integrates and aligns all cross-functional CNSC improvement initiatives into a single prioritized plan. It sets clear deliverables and assigns accountability to ensure that all commitments are met.

The following section describes the CNSC's program activities and identifies the results achieved and lessons learned, including performance indicators and targets for each of them. This section also details the benefits for Canadians and includes the financial and non-financial resources that were dedicated to each activity for fiscal year 2009–10.

Program Activity: Regulatory Framework

Program Activity Description

Expected results: A clear and pragmatic regulatory framework

The Regulatory Framework program is in place to ensure that Canadians – and licensees in particular – have a clear and pragmatic regulatory framework for the nuclear industry in Canada.

This program activity includes efforts to develop and make amendments to those regulations (such as the regulations under the *Nuclear Safety Control Act*; regulatory and guidance documents, such as policies, standards and guides; the Safeguards Agreement and Additional Protocol between Canada and the International Atomic Energy Agency, and Canada's bilateral Nuclear Cooperation Agreements) that protect the health, safety, security, and environment for Canadians, while implementing Canada's international commitments on the non-proliferation of nuclear weapons.

The CNSC also administers the *Nuclear Liability Act* and, as a Responsible Authority under the *Canadian Environmental Assessment Act*, carries out environmental assessments for nuclear projects in accordance with this legislation.

The following tables align the Regulatory Framework expected results with their corresponding targets and performance status.

Program Activity: Regulatory Framework					
2009–10 Financial Resources (\$ thousands)			2009–10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
28,761	30,148	24,345	149	127	(22)

Performance Indicators	Targets	Performance Status and Summary
Satisfaction levels of stakeholders across key performance areas	Increasing trend in survey results over a three-year period, stable thereafter	Not applicable
Number of legal challenges to the regulatory framework	Minimal/declining number of challenges and/or high success rate of defending challenges	Mostly met In the last fiscal year, there was a legal challenge to the regulatory framework in the form of a judicial review of a decision of the Commission in the matter of a licence for a mining project, McLean Lake, Saskatchewan. A hearing will take place in 2010, in Saskatchewan, and the decision should be forthcoming in the fall.

Performance Analysis

The CNSC conducted outreach initiatives in communities across the country to engage with licensees, the public and other stakeholders on how it regulates areas such as uranium mines and mills, on the licensing process for new nuclear projects, and on our role in regulating the nuclear industry.

The IAEA says Canada's nuclear regulatory framework is mature, effective and safe

Regulatory and guidance documents were posted on the CNSC's Web site for consultation to provide a clear, transparent and risk-informed set of requirements for meeting the NSCA and other associated legislation and regulation. The CNSC also provided support for new nuclear projects and refurbishment work.

On the stakeholder engagement front, the CNSC engaged government partners through the [Major Projects Management Office \(MPMO\)](#) to ensure that the environmental assessments and regulatory review for six nuclear projects are carried out as effectively and efficiently as possible. Since signing the Memorandum of Understanding for the *Cabinet Directive on Improving the Performance of the Regulatory System for Major Resource Projects* in August of 2007, the CNSC has participated in the development of the Government of Canada's approach to consulting with Aboriginal groups for major resource projects. In 2009–10, the CNSC outlined and published its approach to Aboriginal consultation on its Web site, nuclearsafety.gc.ca, and undertook substantial work to strengthen our capacity in this area.

Canada was once again successful in attaining a positive safeguards conclusion from the IAEA, providing the highest possible level of assurance that all nuclear material in the country remained in peaceful activities². This conclusion is the ultimate indication of the CNSC's success in implementing the requirements of Canada's international safeguards commitments.

² IAEA conclusions are based on calendar years and therefore cover a slightly different period than the CNSC's fiscal year.

An international review team found that Canada’s nuclear regulatory framework is mature and well-established and that the CNSC does an effective job in protecting the health, safety and security of Canadians and the environment.

Lessons Learned

As part of this program activity, the CNSC is currently benchmarking its regulatory program against those of other nuclear regulators, such as the United States Nuclear Regulatory Commission, and against the guidance issued by the IAEA.

The IRRS mission was a unique opportunity for international benchmarking as it involves an assessment by experienced regulators from many different countries. The final IRRS report outlined 19 best practices, and 32 recommendations and suggestions for improvement. The CNSC is taking action to address these findings.

The full IRRS report and the CNSC’s Management Response are available on the CNSC’s Web site, nuclearsafety.gc.ca.

Benefits for Canadians

This program activity ensures that the CNSC has a solid regulatory framework and that stakeholders are informed about the activities, policies, programs and role of the CNSC, and that they have an opportunity to ask questions and express their views. It provides objective scientific and technical information on the areas regulated by the CNSC and engages stakeholders by soliciting their input on regulatory issues to enhance the quality of the organization’s work and decisions. Licensees and government stakeholders (both domestic and international) are also appropriately informed about and consulted on the role, activities, policies, and programs of the CNSC.

**Canada was among the first
to sign onto the *Nuclear
Non-proliferation Treaty*
over 40 years ago**

Program Activity: Licensing and Certification

Program Activity Description

Expected results: Individuals and organizations that operate safely and conform to safeguards and non-proliferation requirements.

The Licensing and Certification program is in place to issue licences or certify persons or organizations to conduct nuclear-related activities in Canada.

With this program activity's funding, the CNSC obtains evidence of the applicant and licensees' ability to operate safely and comply with nuclear safeguards and non-proliferation requirements.

The CNSC undertakes this work to obtain assurance that nuclear activities and facilities in Canada are conducted with adequate provision for the protection of health, safety, security and the environment and the fulfillment of commitments to the peaceful use of nuclear energy.

The following tables align the Licensing and Certification expected results with their corresponding targets and performance status.

Program Activity: Licensing and Certification					
2009–10 Financial Resources (\$ thousands)			2009–10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
31,272	29,539	25,045	202	196	(6)

Performance Indicators	Targets	Performance Status and Summary
Number of licences issued as per service standards	Per external service standards	<p>Mostly Met</p> <p>For details on the CNSC's licensing activities, see the External Performance Standards table in Section III: Supplementary Information.</p> <p>In addition to the results provided in the External Performance Standards table, approximately 550 applications for export or import of nuclear and nuclear-related dual-use goods and technology were processed and assessed in fiscal year 2009–10. Approximately 160 applications for export of risk-significant radioactive sources (RSRS) were processed and assessed in fiscal year 2009–10. All bilateral Requests for Consents (RfC) and prior shipping notifications required pursuant to regulatory controls on exports and imports of RSRS were administered, consistent with service standards and bilateral commitments. Proposed amendments to the <i>Nuclear Non-proliferation Import and Export Control Regulations</i> were approved by the Commission and are anticipated to come into force early in fiscal year 2010–11.</p>

Performance Analysis

In support of the expected result of individuals and organizations that operate safely and conform to safeguards and non-proliferation requirements, the CNSC assessed applications for, and issued and amended a number of licences and certificates pertaining to everything from uranium mines and mills, to transport licences, to imports or exports of nuclear material.

In 2009–10, the CNSC:

- Made nearly 2,600 licensing decisions
- Issued 112 new licences
- Renewed 533 licences.

The CNSC also participated in pre-project vendor design reviews to verify whether nuclear power plant designs respect Canadian safety principles and criteria:

- **AECL – ACR-1000 design:** Phases 1 and 2 have been completed. Phase 3 is currently underway and will be completed in the next fiscal year.
- **AECL – EC 6 (Enhanced CANDU):** Phase 1 was completed.
- **Westinghouse – AP1000 design:** Phase I has been completed.
- **AREVA – EPR design:** Preliminary work of the Phase 1 Review was started but is currently on hold, at the request of the vendor.

Executive summaries for completion of each phase can be found on the CNSC's Web site, nuclearsafety.gc.ca.

Approximately 20 environmental assessments were active throughout the year, including three that were completed:

- Decision on Deloro Mine environmental assessment screening report
- Decision on Port Granby low-level radioactive waste environmental assessment screening report
- Decision on GE Hitachi environmental assessment screening report.

Also in December 2009, Cameco filed an application to extend the life of its Key Lake facility, including increasing its annual production of uranium oxide from 18 million to 22 million pounds. The joint regulatory process for this expansion is underway and will trigger a public environmental assessment jointly with the province of Saskatchewan. Additional information on EAs can be found online at nuclearsafety.gc.ca.

In response to the shortage of medical radioisotopes in 2009–10, many hospitals and medical clinics switched to alternative suppliers and types of radioisotopes. Because radioisotopes were identified as necessary for patient care, requests for licensing amendments to accommodate new suppliers for isotopes were given the highest priority. In all cases, such amendments were processed within 24 hours.

Lessons Learned

While the CNSC must maintain a strong, competent and independent ability to assess applications and make determinations about the qualifications of applicants and the quality of their programs, the organization is improving the coordination of regulatory activities with other federal regulators involved in the licensing of new major nuclear facilities through its participation in the Government of Canada's [Major Projects Management Office \(MPMO\)](#). The CNSC fully supports the MPMO's objectives and goals of improving the federal regulatory system for major natural resource projects. The CNSC will continue to work with its MPMO partners to coordinate regulatory activities related to major nuclear projects, and examine administrative, regulatory and legislative options to advance the principles of the MPMO.

In addition, to support the Government of Canada's commitment to A Safe and Secure Canada, as well as to support the CNSC's vision to be the best nuclear regulator in the world, the CNSC hosted an IRRS mission in 2009, to assess the organization, its governance, legislative framework, and its key program areas against international norms and best practices. The output of this mission was a comprehensive report, prepared by international nuclear safety experts and published in the fall of 2009, on the performance of the CNSC as a nuclear regulator. The findings and management response will help the CNSC make further improvements. It should be noted that one of the strengths identified by the IRRS team is the use by the CNSC of a risk-informed decision-making process within the licensing programs.

Benefits for Canadians

This program activity is central to meeting the CNSC's mandate, by ensuring that applicants for licences and certificates fully meet the requirements of the NSCA and related legislation before they are permitted to engage in any activity with a nuclear component.

Canadians can feel confident that if the CNSC licenses it – **it's safe**.

Program Activity: Compliance

Program Activity Description

Expected results: A high level of compliance by licensees with the regulatory framework.

The Compliance program is in place to ensure that CNSC licensees exhibit a high level of compliance with the CNSC's regulatory framework. This program enables the CNSC to provide regulatory assurance to Canadians of the continuing compliance and safety performance of licensees.

The CNSC has full-time inspectors at each Nuclear Power Plant across Canada and at the Chalk River Laboratories

The number of reviews of mandatory licensee reports does not generally vary from year to year. Over the past several years, a decision was made to shift limited resources on a risk-informed priority basis based on licensee performance; for example Type I inspections (more resource-intensive, complex program-based, on-site reviews) have been replaced with Type II inspections (point-in-time, program output-based reviews) where merited due to licensee historical performance.

In general, the high rates of industry compliance with the regulatory framework that the CNSC has observed can be directly and positively attributed to the CNSC's visible, focused, flexible and varied verification program.

This program activity's funding is used for the promotion of compliance, safety culture and common safety values, compliance audits, inspections, and enforcement actions.

The following tables align the Compliance expected results with their corresponding targets and performance status.

Program Activity: Compliance					
2009–10 Financial Resources (\$ thousands)			2009–10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
40,605	40,366	39,724	255	264	9

Performance Indicators	Targets	Performance Status and Summary
Degree/level of reconciliation between Canada and other countries of nuclear inventories subject to bilateral NCAs.	Targets set on an annual work planning basis	<p>Met All</p> <p>All nuclear transfer notifications and reports required to be issued by the CNSC as a result of pending nuclear export and import authorizations and associated bilateral compliance procedures pursuant to Nuclear Cooperation Agreements (NCA) and corresponding Administrative Arrangements (AA) have been made. All Annual Inventory Reports (AIRs) for 2009 required to be submitted by the CNSC pursuant to requirements of bilateral NCAs and associated AAs have been issued; all AIRs received by the CNSC in fiscal year 2009–10 have been reviewed and issues requiring consultation with foreign counterparts identified for action by staff. A NCA between Canada and Jordan was signed in May 2009; the CNSC signed a bilateral (AA) with the Jordanian Nuclear Regulatory Commission in September 2009. In fiscal year 2009–10, the CNSC signed bilateral AAs on harmonization of export and import controls on radioactive sources with Argentina, Brazil and Japan. Throughout the fiscal year, the CNSC maintained and administered all notification, accounting and reporting procedures as required to implement and comply with the provisions of Canada’s bilateral NCAs and AAs.</p>
Compliance inspections closed as per performance standards.	Per external performance standards.	<p>Mostly Met</p> <p>For details, see the External Performance Standards table in Section III: Supplementary Information.</p>
Adherence with Sealed Source Tracking requirements.	All on time, 100% match with Registry.	<p>Met All</p> <p>All sealed sources accounted for. As of the end of 2009–10, there were 4,653 transactions, 7,987 sealed sources involved, 492 licences involved.</p>
Nuclear material ‘ledger’ reconciliations between the CNSC and licensees.	Identical inventory records or reconciliation of nuclear material.	<p>Met All</p> <p>Reconciliation is complete.</p> <p>The CNSC continues to maintain its timeliness commitments in reporting to the satisfaction of the IAEA. The CNSC is on track to achieve Canada’s best reporting timeliness record since 1999.</p>

Performance Analysis

The CNSC conducted nearly 2,000 compliance inspections to ensure oversight of nuclear facilities. The CNSC also made further progress in developing its Sealed Source Tracking System, and the CNSC continues to maintain its timeliness commitments in reporting to the satisfaction of the IAEA.

In addition, the CNSC reviewed close to 2,600 Annual Compliance Reports provided by licensees. These reports contained detailed information on licensees’ operations over the

course of the previous year. Information reviewed by CNSC staff in annual compliance reports includes statistics on occupational exposure to workers handling radioactive material.

Lessons Learned

The CNSC continually engages in discussions with international nuclear regulators to exchange lessons learned from their compliance programs and develop best practices. Compliance programs from other nuclear regulators (such as the United States Nuclear Regulatory Commission) are also regularly considered to gauge potential effectiveness. Nationally, the CNSC enters into arrangements with provincial authorities to effectively facilitate cooperation between regulators. A good example of this collaboration is the coordinated approach to the regulation of uranium mines and mills in Saskatchewan, whereby, through a Memorandum of Understanding, federal and provincial authorities work together to minimize duplication while ensuring that all regulatory requirements are verified.

In addition, the CNSC is currently working to shift the organization from expert-based to process-based. Key adjustments, through the Harmonized Plan for improvement initiatives, have been identified in order to further improve effectiveness and efficiency of site inspections, and increased investments are currently being made to improve information management tools used in support of activity planning, monitoring and reporting activities.

Efforts have also begun towards the development of a CNSC-wide Licensing and Compliance Tracking System to address the collection of all licensing and compliance activities in an effort to streamline the reporting of data on inspection results, action items and safety performance.

Benefits for Canadians

The CNSC can assure Canadians that its licensees are operating in compliance with their licences, regulations, and underlying legislation, as well as with bilateral Nuclear Cooperation Agreements.

**During the 2010 Olympics,
the CNSC provided expert
support to agencies on the
significance of radiation
hazards**

Program Activity: Internal Services

Program Activity Description

Expected results: Activities and resources administered to support the needs of programs and other corporate obligations.

Internal services are activities and resources to enable and support program delivery and meet other corporate obligations of the Commission, as an agency of government.

These activities include: Management and Oversight (including Audits and Evaluations), Communications, Legal Services, Human Resources Management, Financial Management, Information Management, Information Technology, Real Property and Material Acquisition, and Travel and Other Administrative Services.

Internal services include only those activities and resources that apply across the organization and not to those provided specifically to a given program.

Program Activity: Internal Services					
2009–10 Financial Resources (\$ thousands)			2009–10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending ¹	Planned	Actual	Difference
42,093	44,802	49,238	234	254	20

¹Includes both Internal Services spending and the CNSC's capital spending (\$7.5 million for the Modernizing of Federal Laboratories, enhancement of system infrastructure and office accommodation) applicable to all Program Activities.

Performance Analysis

In the past year the CNSC successfully managed the effective transition to the full Revenue Spending Authority (RSA) funding regime, by streamlining and simplifying the current business processes. As planned, the CNSC also launched phase I of its planning, management and reporting system aimed at supporting financial planning, monitoring and other revenue management activities.

In order to support the CNSC's goal to strengthen the tracking of regulatory commitment activities and improve communications, a number of investments in information management and information technology were made in 2009–10. Key initiatives include the:

- Implementation of a framework of guidance and policy documents to support electronic filing activities for licensees.
- Implementation of an alternate site to support critical information systems and strengthen our business continuity capability.
- Development of new systems to support the licensees' compliance and tracking obligations - for delivery in 2010–11.

In 2009–10, in addition to implementing a standardized training program for inspectors and mandatory management training program, the CNSC made improvements to its executive performance management program, revised its orientation program for new employees, implemented action plans in response to issues identified in the 2008 Public Employee Survey and continued efforts to be an employer of choice.

Furthermore, to accommodate the growth in employees, the CNSC also completed, as planned, the re-fit and relocation of approximately 240 employees to its satellite office in Ottawa.

As an integral part of the CNSC's Harmonized Plan, the CNSC reviewed and instituted specific internal service improvements to enhance delivery to program managers. In an effort to reduce the web of rules, corporate policy instruments were reviewed, simplified and consolidated where feasible and, where required, new policy instruments were introduced throughout the year.

Another key initiative realized in 2009 was the implementation of a new Audit Committee whose membership includes internal and external members, increasing provisions for enhanced accountability; this initiative is in line with the Office of the Comptroller General guidelines. Three external members were appointed, in 2009, to the CNSC Audit Committee whose role is to ensure that the President has independent, objective advice, guidance and assurance on the adequacy of the CNSC's control and accountability processes.

Finally, the CNSC took measures to strengthen its evaluation function by reallocating resources and realigning the governance structure. The CNSC Management Committee also agreed to have the Executive Committee serve as the Evaluation Committee.

Lessons Learned

The organization conducted a full review of all of its programs as part of a Strategic Review in the summer of 2009, and in the fall of 2009 underwent its second Management Accountability Framework (MAF) assessment. While the majority of observations were positive, the CNSC will utilize the information provided and put in place corrective measures to address any deficiencies, and will continue to build on areas of strength. The Strategic Review identified some opportunities for improvement in the CNSC's programs; these will be addressed in fiscal year 2010–11.

Benefits for Canadians

The above profile of Internal Services activity reflects a structure applied across government to support a common government-wide approach to planning, design, budgeting, reporting and communications of government internal services.

The Internal Services ensure that public programs operate efficiently and effectively.

Section III: Supplementary Information

3.1 Financial Highlights

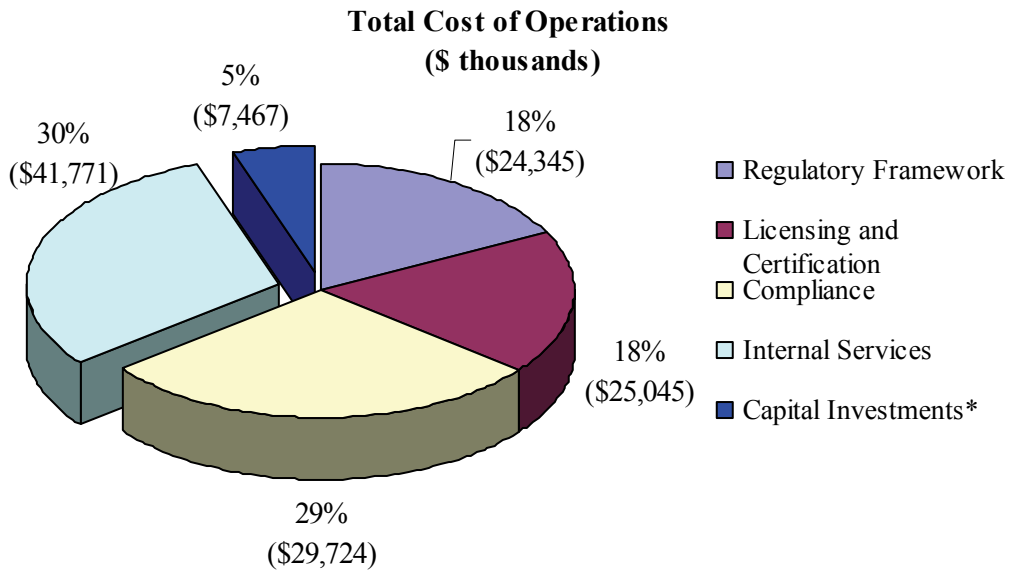
(\$ thousands)

Condensed Statement of Financial Position			
At End of Year (March 31, 2010)	% Change	2010	2009
ASSETS			
Total Assets	18%	46,000	39,086
TOTAL		46,000	39,086
LIABILITIES			
Total Liabilities	6%	50,505	47,730
EQUITY			
Total Equity	-48%	(4,505)	(8,644)
TOTAL	18%	46,000	39,086

(\$ thousands)

Condensed Statement of Financial Operations			
At End of Year (March 31, 2010)	% Change	2010	2009
EXPENSES			
Total Expenses	9%	143,893	131,959
REVENUES			
Total Revenues	12%	97,389	87,015
NET COST OF OPERATIONS	3%	46,504	44,944

3.2 Financial Highlights Chart



* The CNSC’s capital spending of \$7.5 million was for the Modernizing of Federal Laboratories, enhancement of system infrastructure and office accommodation applicable to all Program Activities.

3.3 Financial Statements

The CNSC’s Audited Financial Statements, which are published in the Annual Report, can be accessed on its Web site at nuclearsafety.gc.ca.

3.4 List of Supplementary Information Tables

All electronic supplementary information tables listed in the 2009–10 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat’s Web site at <http://www.tbs-sct.gc.ca/dpr-rmr/2009-2010/index-eng.asp>.

- Sources of Respendable and Non-Respendable Revenue
- User Fees/External Fees
- Response to Parliamentary Committees and External Audits
- Internal Audits and Evaluations

3.5 Other Items of Interest

External Performance Standards¹

Activity	Performance Standard	Target	Results 2005–06	Results 2006–07	Results 2007–08	Results 2008–09	Results 2009–10
Compliance							
<i>Verification: upon completion of the verification activity, the CNSC will:</i>							
Issue Type I Inspection Report ²	Within 60 business days	80%	50%	58%	69%	63%	53%
Issue Type II Inspection Report	Within 40 business days	80%	86%	90%	85%	89%	79%
Issue Desktop Review Report	Within 60 business days	90%	70%	79%	95%	88%	99%
<i>Enforcement: upon an order being made, the CNSC will:</i>							
Confirm, amend, revoke or replace the order (see Regulatory Guide – G-273)	Within 10 business days	100%	100%	100%	100%	100%	100%
<i>Licensing – for requests pertaining to an <u>existing</u> licence, the CNSC will:</i>							
Screen the request for completeness and issue notification that the licensing request is / is not complete	Within 20 business days	90%	100%	97%	56%	88%	90%
Issue a licensing decision when a public hearing is not required (assuming an environmental assessment under the CEAA is not required)	Within 80 business days	80%	97%	98%	83%	99%	94%
Issue a licensing decision when a public hearing is required (assuming an environmental assessment under the CEAA is not required) (see INFO-0715) ³	Within 160 business days	90%	100%	83%	100%	85%	100%

¹ A review of the CNSC External Performance Standards will be undertaken to ensure that reported performance indicators and targets are appropriate.

² Safety-significant findings were addressed immediately. For example, preliminary reports were provided at the exit meetings. Issuance of findings in the formal report within 60 business days is administrative in nature.

³The screening and hearing processes do not apply to licensing and certification activities that are related to nuclear substances, radiation devices, Class II facilities, prescribed equipment, transport and packaging.

Section III: Supplementary Information

Activity	Performance Standard	Target	Results 2005–06	Results 2006–07	Results 2007–08	Results 2008–09	Results 2009–10
Access to Information							
Respond to requests under the <i>Access to Information Act</i> (ATI) and <i>Privacy Act</i>	Within legislated time periods as stated in the acts	100%	94%	ATI – 82% Privacy – 100%	ATI – 61% Privacy – 100%	ATI – 74% Privacy – 83%	ATI – 75% Privacy – 100%
External Communication							
Place public hearings advertisements	Within deadlines stipulated in the regulations	100%	95%	100%	100%	100%	100%
Response time to public inquiries	Same-day acknowledgement, with response time for completion of request depending upon complexity:	100%	100%	100%	100%	100%	100%
	Low – same day	100%	100%	100%	100%	100%	100%
	Medium – within 5 business days	100%	95%	95%	95%	95%	95%
	High – within 10 business days	100%	80%	75%	80%	85%	85%

Information on the CNSC's Regulatory Plan can be accessed on its Web site at nuclearsafety.gc.ca.