

# AECL to move to "Go-Co" model

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Minister of Natural Resources Joe Oliver announced last week that the government will launch a search for a private firm to take over management of the Chalk River Laboratories under a "government-owned, contractor-operated" model (Go-Co).

Oliver made the announcement at the annual meeting of the Canadian Nuclear Association in Ottawa.

Oliver said the move to the "Go-Co" model in Chalk River is the next step in the restructuring of AECL that began in 2009 and led to the sale of the company's Candu division to SNC Lavalin in 2011.

"While we have made major progress on the nuclear file, we know there is more to be done," Oliver said.

"We owe it to taxpayers to provide assurance that Canada's investment in the industry and in nuclear science and technology will be managed with rigour, discipline, careful planning and expert risk management."

Oliver said the search for private sector management of CRL is in keeping with the government's review of AECL and draws on input from a "request for expressions of interest" the government issued a little over a year ago.

## "THE OPPORTUNITY HERE IS TO BUILD OUR BRAND AS CANADA'S NATIONAL NUCLEAR LABORATORY"

"To be clear, we are not selling or closing the Chalk River Nuclear Laboratories," Oliver said.

"The new model aims to bring private sector rigour and efficiencies to the management of the laboratories, with the goal of creating commercial opportunity and reducing the financial cost and risk for Canadian taxpayers."

Oliver said the mandate of the labs will be focused on three "key objectives" - managing its radioactive waste and decommissioning responsibilities, providing science and technology to meet "core federal responsibilities" such as nuclear health and safety, and supporting Canada's nuclear industry on a commercial basis.

"Our government is committed to providing industry access to AECL's expertise - but we are also committed to taxpayers," Oliver said.

"That is why, over time, the delivery of AECL's science and technology services to industry will need to move to full cost recovery."

Oliver said moving forward with the restructuring of AECL is "an evolution, not a revolution" in the government's support for nuclear science and technology.

"The process will not be completed overnight."

Oliver said the search for private management of the labs will take about two years, and that the government is "acutely aware of the interests of AECL's skilled workforce in this process of transformation."

"As it moves forward, we will be respectful of the employees and we will keep them informed and engaged," Oliver said.

"Our goal is to put the (Chalk River) Laboratories on a solid footing - to position them for new science services and commercial opportunities that, ultimately, will benefit everyone - Canadians, government, private sector stakeholders, academia and employees."

"This is the best way to sustain and build value for the future."

### OPPORTUNITY

Dr. Robert Walker, president and CEO of AECL, returned to Chalk River following Oliver's announcement to address local staff.

Walker said that while restructuring is happening "to AECL," it's also happening "with AECL" - that the board and management of the company are "intimately engaged" in the restructuring process.

"I do believe that having the government's policy direction out there removes certain uncertainties (about the future)," Walker said.

Beyond the details of the restructuring announcement, the government has indicated that it will continue to be the "major customer" for the services Chalk River will provide and that it will continue to "underpin" Canada's nuclear sector, Walker said.

"The opportunity here is to build our brand as Canada's national nuclear laboratory," he said.

"Every indication is that we have the opportunity to succeed, we have all the ingredients for success. Now it's up to us to deliver."

As far as how employees will be affected by the move to a Go-Co system, Walker said that has not yet been determined or decided.

"The process is still in early days (but) this is all about retaining people and expertise," he said.

"Obviously you want a relationship (between employees and management) that's going to be attractive."

While the search for a management firm is expected to take two years,

Walker said there would be a transition period of another one to two years before a full handover to private management is complete.

MP Cheryl Gallant welcomed last week's announcement, saying the Go-Co model is a system that has proven successful for labs in other countries, including the US and Britain.

"What this is all about is putting in place the conditions for Canada's nuclear industry to thrive," Gallant said in a statement.

"During the decade of darkness under the old government, AECL was directionless and starved for funding, just like our military was."

"This announcement is about demonstrating leadership in the energy sector and about Canada truly being recognized as a clean energy superpower."

"Nuclear has a critical role to play in climate change, to keep the price of electricity affordable and protect the air we breathe."



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