

COST RECOVERY ADVISORY GROUP MEETING MINUTES
OCTOBER 16, 2015, 10:00 A.M. – 12:00 P.M.
280 SLATER STREET, OTTAWA

Attendees from the Cost Recovery Advisory Group (Crag)

Member	Sector representation	Work organization
Peter Poruks	Canadian Nuclear Association	Canadian Nuclear Association
Hamant Becharbhai (via teleconference)	Nuclear reactors	Ontario Power Generation
Shaun Cotnam	Nuclear research and test facilities	Canadian Nuclear Laboratories
Kevin Nagy (via teleconference)	Uranium processing facilities and uranium mines	Cameco
Jackie Kavanagh	Nuclear substance processing facilities	Nordion
Rick DeBruyn (via teleconference)	Canadian Industrial Radiography Safety Association	Aztec Inspection Inc.
Trevor Beniston (via teleconference)	Nuclear substances and prescribed equipment (servicing, etc. radioisotopes / calibration)	Stuart Hunt & Associates
Corie Doyle (via teleconference)	Nuclear substances and prescribed equipment (oil and gas exploration)	Schlumberger Canada Ltd.
Dan Stunden (via teleconference)	Nuclear substances and prescribed equipment (portable gauges)	Stantec
Rick Robichaud	Nuclear substances and prescribed equipment (Nondestructive Testing Management Association)	Team Industrial Services Inc.
Grant Mabee (via teleconference)	Nuclear substances and prescribed equipment (fixed gauges)	SGS

Attendees from the Canadian Nuclear Safety Commission (CNSC)

Liane Sauer	Director General, Strategic Planning Directorate (Crag Chair)
Colin Moses	Director General, Directorate of Nuclear Substance Regulation
Haidy Tadros	Director General, Directorate of Regulatory Improvement and Major Projects Management (DRIMPM)
Pierre Souigny	Director, Accounting, Controls and Contract Management Division
Nancy Sigouin	Director, Financial Resources Management and Systems Division
Pascale Bourassa	Director, Regulatory Operations Coordination Division
Tetyana Panichevska	Senior Project Officer, DRIMPM
Lee Brunarski	Senior Policy Officer, Policy, Aboriginal and International Relations Division (Crag Secretary)

10:00 A.M. – Meeting commenced.

INTRODUCTIONS AND OPENING REMARKS

L. Sauer opened the meeting and welcomed the attendees. The attendees then introduced themselves.

REVIEW OF MINUTES AND ACTION ITEMS

L. Sauer noted that the minutes of the last meeting had been provided to all CRAG members and are available on the CNSC website. She added that, with one exception, all action items from the last CRAG meeting had been completed. She noted that the one outstanding action – the updating of the CRAG membership on the CNSC website – will be addressed by L. Brunarski shortly. A CRAG member asked for an overview of the action items from the last meeting, which L. Brunarski provided.

Action for CNSC: L. Brunarski to update the CRAG membership on the CNSC website.

OPERATIONAL MANAGEMENT

Update on regulatory activity plans

H. Tadros gave an update on regulatory activity plans (RAPs). She informed CRAG members that the fiscal year 2015–16 RAPs and fee estimates were issued at the end of April 2015.

She added that reports on the number of licensing and compliance activities completed by the CNSC in fiscal year 2014–15 were issued in August 2015 to fee-paying licensees for Class I nuclear facilities and uranium mine and mill facilities. As applicable to a given facility, the reports include the number of licensing decisions for new licences, licence renewals and licence amendments made by the Commission, as well as the number of Type I and Type II inspections conducted and the number of Orders issued.

She noted that the 2016–17 RAPs and fees estimates should be sent out at the end of March 2016. The format and level of detail will remain the same as the 2015–16 RAPs.

Some CRAG members asked questions about the costs and types of activities charged to CNSC internal support services. N. Sigouin responded that internal support services include activities such as human resources, information technology, and facilities and accommodations. She noted that internal support services do not represent a fixed percentage of the CNSC's budget but are based on the number of employees in the aforementioned groups, which can change annually.

P. Souigny added that while the CNSC has a target for internal support services as a percentage of its budget, year-to-year changes are to be expected from things like information technology and facility investments.

FINANCIAL MANAGEMENT

Formula fees

N. Sigouin provided an update on formula fees, which apply to Class II nuclear facilities and prescribed equipment, dosimetry services, and nuclear substances and radiation devices. She noted that formula fees consist of an hourly rate and base and variable hours.

The hourly rate was raised to \$255 per hour in 2013–14, up from \$250 in 2012–13 and \$200 in 2009–10 – with \$200 being the rate it was originally set at in 2003–04. The formula to calculate the hourly rate, in accordance with the CNSC's *Cost Recovery Fees Regulations*, was presented. The 2016–17 hourly rate will be published before April 1, 2016.

With respect to base and variable hours, N. Sigouin noted that a progressive increase, reviewed annually and adjusted as required, was implemented in 2013–14 to better reflect the level of regulatory effort. Increases for dosimetry services began in 2013–14 and will be phased in through 2018–19. The increase for Class II nuclear facilities and prescribed equipment was fully implemented in 2014–15. The increase for nuclear substances began in 2014–15 and will be phased in through 2019–20. The planned progressive increase is to reduce subsidization from the CNSC's parliamentary appropriation.

Financial overview

N. Sigouin provided a financial overview of the most current cost recovery fee information, a three-year cost recovery fee projection, and a comparison of RAP forecasts for 2015–16 and 2016–17.

N. Sigouin noted that the 2014–15 final fees will be available when the CNSC's 2014–15 annual report is tabled in Parliament, which is expected sometime in January 2016. She added that the 2015–16 initial fee estimates include increases for operating power reactors, nuclear research and test establishments, uranium processing facilities, radioactive waste facilities, uranium mines and mills, and waste nuclear substances.

She noted that while increases in RAPs are expected yearly due to regular CNSC staff salary increases, the CNSC continuously looks for efficiencies to minimize increases. She also added that new graduates are being hired as two-year term employees to renew the CNSC's workforce in response to existing and future vacancies. While there is no guaranteed job at the end of the two years, the graduates are eligible to apply to available job postings.

In response to a CRAG member's request to include the number of CNSC full-time equivalents (FTEs) in the fee information table provided to CRAG members during CRAG meetings, N. Sigouin responded that the FTE information will be included in future CRAG presentations.

After reiterating that formula fees will continue to see a progressive increase of base and regular hours, P. Souligny replied to a CRAG member's question that the increase does not address the

entire gap and that the CNSC is monitoring the situation to determine the need to adjust in the future.

N. Sigouin explained that differences between overall RAPs estimates provided to CRAG members during CRAG meetings is mainly due to timing. She used the \$2.8 million decrease between the 2015–16 estimated RAPs presented to CRAG in 2014 versus the 2015–16 estimate presented at the current meeting as an example. The \$2.8 million decrease was largely attributed to a reduction of 10 CNSC FTE positions due to industry changes, which were not known when the 2015–16 RAP information was provided in March 2014. Furthermore, N. Sigouin explained that the CNSC is continuously looking for efficiencies through various detailed reporting systems and reviews of non-salary budgets. The RAP estimates approved by management are first reviewed at multiple levels.

A CRAG member asked whether the \$2.8 million decrease is sustainable into 2016–17. N. Sigouin responded that since timing is an important factor when providing forecasts, the closer a forecast is to a fiscal year, the more accurate the forecast will be. N. Sigouin added that the \$2.8 million decrease can't be fully sustained year to year as there are annual wage and salary increases in addition to changes in effort required for regulating CNSC licensees.

N. Sigouin stated that the CNSC's goal continues to be to limit the variability between estimated and actual RAPs fees to about two to three percent. P. Souigny added that information on regulatory level of effort planned for in RAPs are shared with licensees, and that it is important that RAPs licensees are in close contact with CNSC program directors at the operations level so that the CNSC has the best possible idea of what activities will be undertaken in the subsequent fiscal year.

Financial guarantees

P. Souigny provided an update on financial guarantees for nuclear substances, prescribed equipment and Class II nuclear facilities, noting that it has been successfully implemented. He highlighted that by July 2015, all 1,403 licensees required to have coverage – which totals \$54 million – had paid \$251,930 to cover the policy's annual premium and a portion of the program's administrative costs. By August 2015, approximately 2,000 licensees had provided acknowledgement or contributions for liability for financial guarantees.

Based on the feedback received, the insurance model has provided licensees with a favourable pricing strategy. While the Web portal for payments has been well received and used for 46 percent of transactions, the majority of licensees still prefer to pay by cheque or credit card. The CNSC hopes to increase licensees use of the Web portal in 2016 because processing cheque and credit card payments increases the program's administration costs. The CNSC is confident the numbers will improve because large licensees have already committed to increasing their use of the Web portal.

P. Souigny acknowledged that some implementation challenges arose with respect to the accuracy of some information on contacts, addresses and inventories. This resulted in the re-issue of some statements of financial guarantee requirements and contributions owed, but should

not be a repeat issue as CNSC licensing officers are updating the information on a regular basis. Also, some cheques were addressed to the CNSC or the Receiver General of Canada instead of Aon, as requested, and the process of generating statements, stuffing envelopes and adding the proper address is labour-intensive and prone to errors.

Overall, the program is a success – and serves a good example of collaboration between the CNSC, its licensees and the insurance industry. The CNSC is now looking for opportunities to increase efficiencies and reduce costs by improving internal processes and encouraging greater use of the Web portal for payments.

As for the next steps, contributions for April 2016 will be generated from December 2015 data and, in December 2015, CNSC staff will seek a mandate from the CNSC Management Committee to negotiate the policy contract for 2017–18. Considerations for 2017–18 will be to align financial guarantee payments with licence anniversary dates, thereby aligning with regulatory fees due dates.

C. Moses noted that the CNSC spent significant effort over summer 2015 to get compliance from licensees, and expects to see greater compliance in 2016 and beyond. He added that a benefit of the initiative has been to get licensees to review their inventories and, in some instances, dispose of unused or unneeded sources.

12:00 P.M. – L. Sauer thanked attendees for their presence and adjourned the meeting.