



ANNUAL REPORT

FISCAL YEAR

2022

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About Us

The Technical Standards and Safety Authority (TSSA) is Ontario's public safety regulator, mandated by the Government of Ontario to enforce technical safety regulations and enhance public safety. Throughout Ontario, TSSA regulates the safety of amusement devices, boilers and pressure vessels, elevating devices, fuels, operating engineers, and ski lifts.

TSSA reports to the Ministry of Public and Business Service Delivery (MPBSD), known as the Ministry of Government and Consumer Services prior to June 2022. MPBSD oversees TSSA's delivery of safety services and organizational performance and retains authority for the *Technical Standards and Safety Act, 2000*.

TSSA's range of safety services includes public education and consumer information, examination, certification, licensing and registration, engineering design review, data analytics, risk evaluation, standards development, inspections, investigations, safety management consultation, compliance support, and enforcement and prosecution activities.

TSSA also provides limited non-regulatory services through contracts to organizations, mainly in the nuclear industry.

Our Purpose:

To enhance safety where Ontarians live, work and play.

Our Vision:

To be a valued authority for a safer Ontario.

Our Core Values:

Safety – Be safety conscious at all times.

Leadership – Be the best in actions and words.

Integrity – Be honest and ethical.

Respect – Build trust and earn respect.

Accountability – Be responsible for all actions and deliver on commitments.

Communication – Share information responsibly and effectively.

Collaboration – Work together across the whole organization and with our external partners.



Message from the Chair

Fiscal Year 2022. What a year. While the world was still focused on COVID-19, there was a general sense of hope in the air and a collective resolve to forge ahead. During this roller coaster year, TSSA continued to make remarkable progress towards enhancing public safety as an Outcome-Based Regulator. It is clearly evident that the pandemic has in no way changed TSSA's unwavering commitment to public safety in Ontario. The Board of Directors and I commend TSSA employees for their dedication and hard work in continuing to deliver vital safety services while at the same time making progress on key initiatives that reduce unnecessary burden on businesses.

To achieve a safer Ontario, it is essential to involve industry – the owners, operators and professionals who work intimately everyday with the devices and technologies TSSA regulates. We are grateful for the TSSA Advisory Council members who provide input and insight on TSSA initiatives and dedicate their time and expertise to improving safety in the province.

Through ongoing engagement, we need to ensure that our regulated stakeholders understand what we ask of them. TSSA must use its expertise and knowledge to offer guidance and tools that will help industry members take ownership of their safety responsibilities. And we need to give them ample opportunity to provide input on how new TSSA programs and policies are supporting safer outcomes in their operations and for the public. To that end, the Board and I were pleased to see the variety of ways that TSSA engaged businesses as safety partners in Fiscal Year 2022 (FY22) by both seeking and acting on industry feedback. A great example of TSSA's work to support industry was its partnership with Ontario's Ministry of Labour, Immigration, Training and Skills Development (known as Ontario's Ministry of Labour, Training and Skills Development prior to June 2022) to help the amusement sector reopen its doors safely by providing COVID-19 education while doing technical inspections in preparation for the reopening of the sector.

In fact, collaboration with the Government of Ontario on key regulatory policies and industry support initiatives enabled TSSA to move forward on several important priorities in FY22. Through the Ministry of Public and Business Service Delivery's oversight of TSSA, the Government of Ontario provided financial support that enabled TSSA to facilitate a financial relief package for owners and operators of amusement devices and ski lifts to alleviate the economic repercussions of the COVID-19 pandemic.

On the legislative front, changes were made to the Elevating Devices regulation, intended to improve elevator availability and safety in the province. In addition to that, the revocation of the exemption that was previously in place for agricultural boilers and pressure vessels was officially lifted in FY22. It's also worth highlighting that the memorandum of understanding (MOU) between the Minister and the Chair of TSSA has been updated to reflect a more modern government oversight approach and better align MOUs with other administrative authorities. The Board appreciates its constructive relationship with the Minister and Ministry staff, which, through their ongoing support, continue to enable TSSA to make a substantial impact on the enhancement of safety in the province.

One of the Board's major priorities over the past few years has been to shape our membership to reflect diversity in all its interpretations, including gender, race, ethnicity, skills, geography, experience and ideas. We have done very well in many of these areas and made further progress assembling a Board that more comprehensively reflects the diversity of the Ontarians we serve. The Board was pleased to welcome three new members in FY22 – Andrew Bedeau, Jim Keech and Tracee Smith – each who bring a range of expertise and perspectives that strengthen our knowledgebase and ability to consider decisions from every angle. With this additional talent, the Board sharpens its focus on strategic initiatives and governance oversight that support improved safety for the people of Ontario.

Looking back at the safety achievements that resulted from reinforced partnerships this past year, I am inspired by the devotion of every member of our safety ecosystem to the continuous improvement of public safety in Ontario and proud to be a part of the successful evolution of TSSA.



Robert J. ("RJ") Falconi
Board Chair



Message from the President & CEO



TSSA is a different organization than it was four years ago, when I came on board one year into a transformation already underway. While our mandate to advance safety and reduce harm in the province has stayed constant, the means by which we aim to accomplish this is radically changing. Making progress and gaining momentum on our journey to become an

Outcome-Based Regulator, we have concluded year five of our six-year transformation strategy, putting the foundations in place for us to modernize as a regulator in order to improve safety outcomes and reduce injuries and harms.

Our transformation is reliant on four major areas of change: delivering on system and process improvements to ensure we have access to good data; using data to improve safety; implementing a new business model; and shifting to an organizational culture of leadership, accountability, and teamwork. All of these changes are enabling us to steadily launch a robust suite of successive, interconnected Outcome-Based Regulator initiatives. We are prioritizing our internal culture because we know that to truly be effective in our transformation, the change must occur from the inside out.

Culture is Key

Fostering an engaging, purpose-led workplace environment is essential for TSSA to fully realize its strategic goals. In Fiscal Year 2022 (FY22), we established a Training & Education Department as a new centre of excellence. The goal of the department is to invest in education and learning opportunities that will support the enhancement of technical knowledge and ongoing development throughout the organization.

We also formed two cross-functional employee committees made up of volunteers from across our workforce. The Employee Engagement Committee strives to enhance the overall employee experience, while the Workplace Transformation Committee is helping to safely navigate the reopening of TSSA's

head office as COVID-19 conditions evolve and office-based employees adapt to a new hybrid working model.

It is important for us to deliver on our cultural change commitment, not only to drive our transformation forward, but in recognition of the immense value our employees contribute to the organization. Throughout the course of our transformation, TSSA employees continued to provide high-level public service to the people of Ontario right across the province. The resilience and determination of the TSSA team has been nothing short of impressive over these last two years.

That's one of the reasons I am so pleased that TSSA was one of 21 companies honoured by *Canadian Occupational Safety (COS) magazine* with a 2022 5-Star Safety Cultures Award. In order to qualify, a sample of TSSA employees completed a safety culture satisfaction survey and gave TSSA an overall satisfaction rating of more than 80 per cent. It is wonderful to know that TSSA employees view themselves and the organization as Canadian safety leaders and innovators. Being recognized as a 5-Star Safety Cultures Award winner validates the efforts we have made to build a strong culture throughout our organization.

Key Year-Five Accomplishments

Reflecting on the past year, we have made great progress on our goal of becoming an Outcome-Based Regulator and changing the way we deliver on our safety mandate, while reducing burden for businesses. We successfully executed significant year-five business objectives from our Strategic Plan, in alignment with the Auditor General's recommendations, to guide our transformation.

At the start of the fiscal year, we launched the first stage of our new business model by implementing an improved method of revenue collection that is no longer tied to inspection volumes – allowing us to use a greater variety of regulatory tools. Around the same time, we put the second phase of our new business model into motion by implementing a lapsed authorizations renewal procedure to help regulated parties keep their authorizations in good standing. Our efforts to enhance the authorization process resulted in 94 per cent of authorizations that had lapsed between May 2021 and the end of the fiscal year being resolved through renewals or operation shutdowns, exceeding our target of 80 per cent.

Having our IT infrastructure in place is a critical piece to propelling our transformation forward, as many of our strategic objectives depend on clean, reliable data. In FY22, we launched Release 2 of OASIS, our integrated IT business solution, which now provides us with real-time, trustworthy data in our Fuels Safety program. We also made significant progress on cleaning much of the data in our other safety programs so that we can expand our ability to make informed, risk-based decisions going forward.

With the goal of supporting industry to understand their safety priorities, our team continued to develop new compliance standards, adding to those previously launched in the Fuels Safety program.

It should also be noted that we continued to make progress on the Auditor General's recommendations for improvement, which are in line with our strategic goals and Outcome-Based Regulator transformation.

Serving Stakeholders and Strengthening Partnerships

Being a more modern regulator means embracing and leveraging technology to improve the customer experience. In FY22, we took several steps to enhance our services through digital modernization. Most notably, we launched an online payment portal offering customers the ability to pay their invoices securely online, 24 hours a day.

In addition, with the goal of increasing transparency and understanding of TSSA's approach to evaluating risk levels at Ontario's plants, we launched a digital tool that plant owners can use to assess their plant's risk rating and make informed decisions about staffing levels required to mitigate risk.

To keep our customers informed and connected with us, we also introduced an electronic newsletter that serves as a one-stop platform for TSSA news across all program areas. Delivered directly to our customers' inboxes, the e-newsletter provides an additional communication channel for stakeholders and customers in our regulated industries to keep apprised of the latest initiatives that can affect their business operations and worker and public safety.



We've received encouraging reports from our regulated clients and their associations. We are glad to know that our efforts to add value for our customers and make doing business with us easier is supporting organizations across the province. Moreover, we are committed to working with our regulated stakeholders to achieve positive safety outcomes for the people of Ontario.

Each of us at TSSA share a common interest in the safety of the people of this province. We are invested in our communities and committed to continuously finding more effective ways to collaborate with our safety partners and regulated stakeholders to serve our organization's mission of enhancing safety where people live, work and play. As an Outcome-Based Regulator, we look forward to further strengthening the partnerships with all of our valued stakeholders and building on shared safety successes in the coming year and beyond.

Bonnie Rose
President & Chief Executive Officer

Our Year in Review

Highlights

From successfully completing Strategic Plan objectives and key regulatory and modernization initiatives to launching vital public education campaigns and receiving safety industry accolades, TSSA reached many significant safety milestones in FY22. Here are some of the highlights.



2021				
May President & CEO Named Among Canada's Top Women in Safety New Streamlined Fee Structure Launched Lapsed Authorizations Renewal Process Implemented Gaseous Fuels Code Adoption Document (CAD) Amendments in Effect	June Amusement Device CAD Amendments in Effect Operating Engineers Alternate Rules Release 3 Launched Online Invoice Payment Portal Introduced Risk-Based Pipeline Operator Rating System and Oil & Gas Pipeline Safety Audit Program Launched	July Agricultural Boilers & Pressure Vessels Regulatory Exemption Lifted	August TSSA Named Excellence Awardee in Canada's Safest Employers Awards Best Safety Industry Provider Category for Compliance Support Program	November Fall CO Safety Campaign Kicked Off CO Awareness Week



2021		2022		
December Fuel Oil CAD Amendments in Effect	Winter Compliance Standards for Hydraulic Elevators and Traction Elevators Developed	January Online Self-Assessment Tool for Operating Engineers Alternate Rules Path 1 Made Available	February Elevating Device CAD Amendments including Ski Lifts Published Customer E-newsletter <i>Safety Dispatch</i> Launched	March OASIS Release 2 Went Live Spring CO Safety Campaign Engaged Ontario Communities Trunk Slammers (Unqualified Fuels Workers) Awareness & Enforcement Campaign Relunched TSSA Won 5-Star Safety Culture Award



Response to Auditor General's Recommendations

Since the Auditor General of Ontario (AGO) released her 2018 report, TSSA has made significant progress on each of the AGO's 17 recommendations directed to TSSA, integrated them into the organization's strategy and business plan, and improved operations to enhance public safety in Ontario.

The AGO's 2021 Annual Follow-Up on Value-for-Money Audits report confirmed that TSSA and the Ministry of Public and Business Service Delivery made further progress on the implementation of the recommendations, with 69 per cent of recommended actions fully implemented since the AGO's verification in 2020.

Significant Prosecutions

While working with stakeholders toward compliance is the cornerstone of safety, TSSA must resort, at times, to prosecution as an effective tool of enforcement.

Due to the pandemic and the court closures since March 2020, in fiscal year 2022, TSSA pursued three prosecution files for a total of \$609,000 in fines plus a 25 per cent victim surcharge fee. There are also four prosecutions currently before the courts awaiting trials.

Successful prosecutions of this nature send a powerful message that Ontario's safety laws must be respected and that any violator who puts the public at risk will face the full extent of the law.



Strategic Plan **Highlights**

TSSA's Strategic Plan is built on the foundation of five strategic themes – a combination of three strategic goals that drive the organization towards its vision, and two foundational enablers that build and reinforce the organization's core capabilities. To be successful, the strategy focuses on priorities that will have the largest impact on TSSA becoming a valued regulator for a safer Ontario.

 Modern Regulatory Framework	 Service Excellence	 Safety Awareness & Active Compliance	 Engaged People & Effective Teams	 Solid Operational Foundation
<p>We will continue to work collaboratively with the Government of Ontario and regulated stakeholders to ensure a modern regulatory environment, by becoming an Outcome-Based Regulator that benefits all stakeholders.</p>	<p>Working with staff and key stakeholders, we will focus on ensuring customer interactions are consistently effective, efficient and supportive.</p>	<p>We will continue to promote actions that improve both the public and regulated stakeholders' awareness of risks and empower them to adopt safe behaviours.</p>	<p>We will empower teams and promote an open and trusting environment for staff to adopt best practices and drive meaningful change at all levels of the organization.</p>	<p>We will continue to improve our operating efficiency and transparency, to achieve our goals and to benefit our employees, authorization holders and other stakeholders.</p>



Outcome-Based Regulator

TSSA takes a risk-informed approach to safety oversight. The organization's focus is on safety outcomes – and its goal is to use its expertise and strong partnerships to achieve positive safety outcomes for the people of Ontario. TSSA uses data to understand risk, shape the safety oversight framework and develop programs to better target risk and harm reduction and enable compliance. This is what TSSA means by being a modern, Outcome-Based Regulator.

Strategic Goals

TSSA is undergoing an organizational transformation that began in 2018, and continues to see the organization embracing a new, modernized approach to achieving its safety mandate. Guided by a six-year Strategic Plan, TSSA is transforming to become an Outcome-Based Regulator that takes a data-informed, risk-based approach to safety oversight, focusing its resources on areas that pose the greatest threat to public safety in Ontario.

The further integration of a new business model and IT business solution, coupled with the development of evidence-based industry safety compliance standards, and reinforced by the commitment of an engaged workforce collectively helped to advance TSSA's modernization in FY22. This section highlights the progress TSSA has made towards achieving the objectives set out in year five of its transformation action plan.



Modern Regulatory Framework

New Business Model – Streamlined Fee Structure & Enhanced Authorizations

With the launch of a new fixed fee structure for applicable authorizations (licences, permits and registrations), TSSA implemented its new business model on May 1, 2021. This new streamlined method of fee collection addresses customer concerns about the complexity of the previous fee structure, the unpredictable nature of inspection invoices, and the number of invoices received on an annual basis. The flat fees eliminate separate billing for all periodic inspections and one follow-up inspection, if required.

Having services prepaid and revenues no longer tied to individual inspections enabled the organization to shift its focus to performing more safety-critical inspections, such as following up on lapsed authorizations. At the start of the fiscal year, TSSA began contacting organizations with authorizations that had lapsed between May 2021 and the end of the fiscal year and was able to resolve 94 per cent of cases through renewals or operational shutdowns. In essence, this initiative improves TSSA's ability to track and follow up with those operating illegally, further protecting the wellbeing of the Ontario public and leveling the playing field for safe, compliant businesses.



Service Excellence

Compliance Standards

Development and implementation of evidence-based, data-driven compliance standards continued in FY22. Compliance standards identify contraventions to safety regulations and codes that have the potential to create the greatest public risk and focus TSSA and regulated parties on reducing harm by addressing non-compliances based on the level of risk posed.

The Fuels safety program made great progress advancing this risk-based approach to safety oversight in several sectors. TSSA launched compliance standards for oil and gas pipelines during the year. Those compliance standards, as well as compliance standards previously developed for the Fuel Oil Distributor Audit Program and Fuels Contractor Audit Program, were tied into OASIS, TSSA's IT business solution, allowing for the compliance standards to be linked to authorization and inspection frequency.

In the Elevating Devices safety program, compliance standards indicating the high-risk non-compliances associated with hydraulic elevators and traction elevators, along with inspector checklists and clear time-to-comply deadlines, were developed in consultation with industry. For transparency, these compliance standards are available on the TSSA website in advance of their FY23 effective date.



Safety Awareness & Active Compliance

Define Brand Positioning and New Corporate Website

Incorporating feedback from a variety of internal and external stakeholders, TSSA defined a more consistent and professional brand that is aligned with its Outcome-Based Regulator transformation. The organization also used stakeholder input to determine the requirements for a new corporate website.

Reflecting the brand refresh, the new website will be designed to meet specific objectives to improve customer satisfaction, like improved search capability, and address current gaps that will make it easier to find information to help all TSSA stakeholders remain compliant and safe. Content and infrastructure development will begin in FY23, with a launch date planned for FY24.

FOUNDATIONAL ENABLERS



Engaged People & Effective Teams

TSSA continued to invest in evolving its organizational culture and strengthening leadership across the organization to achieve its strategic vision and deliver on its commitments. To identify and address the common education and training needs across the organization, TSSA created an education manager role (filled by an internal candidate) to lead a new Education Department that will support the enhancement of technical knowledge and ongoing development throughout the organization. The department first prioritized employee training on TSSA's multi-phase IT business solution, OASIS, and elements associated with OASIS Release 2, like fuels-related compliance standards that were integrated into the system.

In addition, TSSA continued to invest in its people and made progress on its transformation to a culture of accountability, leadership, and teamwork. This progress was evidenced through more career advancement and cross-functional opportunities for employees that led to increased internal movement throughout the organization. Employees who received development training in the previous fiscal year led and drove special projects in FY22.

Two cross-functional employee committees were also formed. The Employee Engagement Committee's purpose is to foster a more collaborative and engaged workforce. The Workplace Transformation Committee is helping to facilitate the gradual introduction of TSSA's hybrid working model and the safe reopening of TSSA's head office, in line with Public Health guidance around COVID-19. These committees add to TSSA's Inclusion, Diversity and Equality Alliance (IDEA) that was launched in FY21.

TSSA began negotiations with the unions representing its inspectors and engineers this year. TSSA respects the rights of its employees to organize, and all parties have agreed to negotiate in good faith to reach first collective agreements.



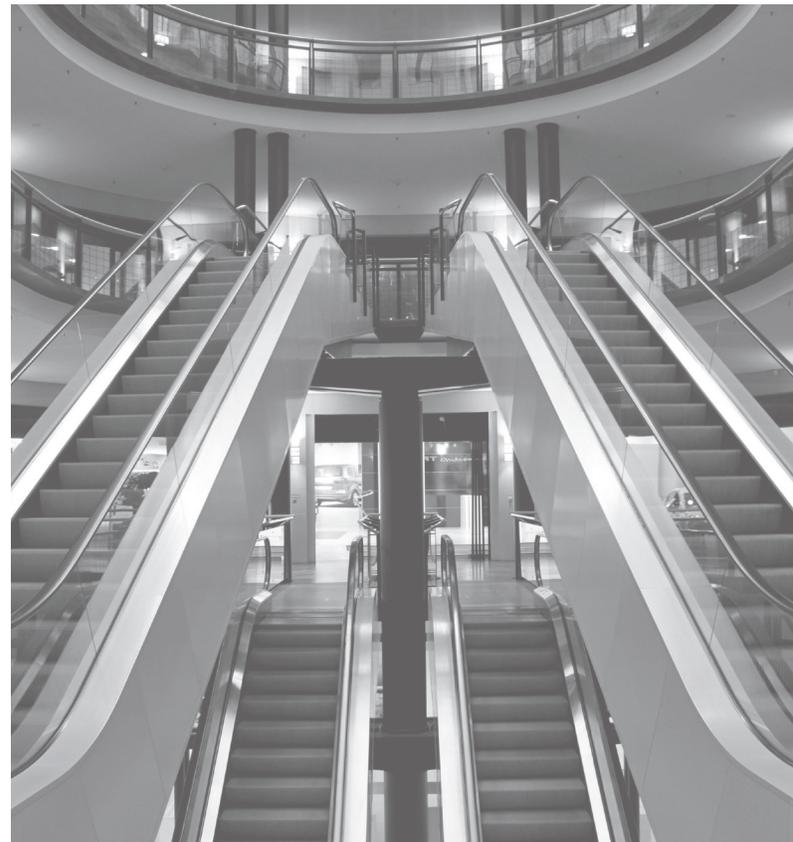
Solid Operational Foundation

Data Cleansing and Launch of OASIS Release 2

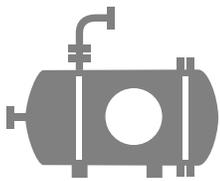
The ability to readily access and assess clean, trustworthy data to make evidence-informed, risk-based decisions is the hallmark of an Outcome-Based Regulator. In FY22, TSSA launched the second release of the Operations Analytics Safety Innovation System (OASIS), an upgraded IT business solution, which integrates the Fuels Safety program into TSSA's Customer Relationship Management (CRM) and data storage systems.

OASIS Release 2 also included the completion of data cleansing of Boiler and Pressure Vessel safety program files remaining from Release 1 and Elevating Device safety program files in preparation for Release 3.

To ensure the data in all program areas remains accurate and clean going forward, TSSA developed data governance guidelines and assigned data owners and data stewards whose responsibility it is to monitor the data quality post launch of all OASIS releases and beyond.



Safety Program Highlights



Boilers and Pressure Vessels Safety Program

Agricultural Boilers and Pressure Vessels (BPV) Under Regulation

Ontario's agricultural sector marked a new safety milestone when agricultural BPV equipment came under safety regulations on July 1, 2021. To be in compliance with safety laws, owners and operators of agricultural operations are now required to register pressure equipment that was previously exempt. TSSA provided frequent notifications and extensive educational resources and consulted widely with stakeholders, while collaborating with agricultural partners and trade publications to increase regulatory awareness and understanding among industry members. TSSA is using the information collected to conduct risk-based assessments and establish a priority list for scheduling device inspections within five years.

Effectiveness of BPV Quality Program Confirmed

After a successful interim audit, TSSA's quality program effectiveness as an Authorized Inspection Agency (AIA) was confirmed by the American Society of Mechanical Engineers (ASME). A mark of engineering excellence and a commitment to public safety, the AIA accreditation allows TSSA to review, verify, audit and inspect boilers and pressure vessels in accordance with ASME codes.



Operating Engineers Safety Program

Ontario Plants Receptive to Risk-Based Regulatory Oversight

Ontario plants are showing interest in achieving regulatory compliance by using a risk-based approach to safety, as TSSA received and approved several Operating Engineers (OE) Alternate Rules Path 1 and Path 2 applications throughout the year. Introduced in the previous fiscal year, Alternate Rules offer power plants two additional methods of achieving safety outcomes and compliance. Path 2 permits plant owners and users to customize site-specific risk and

safety management plans (RSMPs), while Path 1 modernizes the traditional method of determining a plant's safety risk by taking into account technological advances in power plants and pressure equipment.

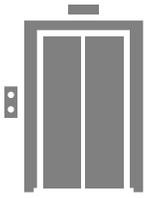
Online Plant Safety Assessment Tool Launched

To help plant owners make informed safety decisions, TSSA launched a digital self-assessment tool that lets plant owners input their plant data online to get an estimate of their plant's risk rating under OE Alternate Rules Path 1. Path 1 rates plants based on a risk calculation that considers multiple variables, including a plant's configuration, occupancy and type of exposure; the type of technology operating within a plant; as well as a plant's power rating.

More Flexibility to OE Certification Process Introduced

TSSA introduced more flexibility to the certification process for OEs with Release 3 of the Minister-approved OE Alternate Rules, offering alternative methods of meeting certification requirements. For example, certificate holders now have the option to pursue exams and meet the experience requirements concurrently or at their own pace.





Elevating Devices Safety Program

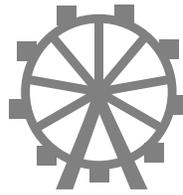
Elevating Devices Code Adoption Document (CAD) Amendments

TSSA is minimizing Ontario-specific requirements by aligning with other provinces through the adoption of national and binational codes. There are 13 separate codes within the Elevating Devices CAD, which had last been updated and published in May 2019. After comprehensive stakeholder consultation, TSSA published an updated Elevating Devices CAD on February 1, 2022. The revised CAD is effective six months after publication.

Enhancing Ontario's Elevator Safety and Availability

In an effort to ensure that elevators in the province are well maintained and meet safety requirements, the Ontario government passed regulatory changes that will enable TSSA to better enforce the province's elevator laws. Effective July 1, 2022, the updated legislation allows TSSA to impose administrative penalties for non-compliance with specific legal requirements. Additionally, owners of elevators in residential buildings are required to report elevator outage data to TSSA, which publishes the data online for public viewing. Data collected from elevator outage reports will also inform and shape future regulatory decisions on elevators. In preparation for the new rules, TSSA engaged in ongoing stakeholder consultations and outreach and began the design and development of the online residential elevator availability portal.

In addition, to address a lack of public education for elevator owners, which prevented them from advocating for balanced contract terms, effective maintenance, and timely repairs, the Ministry of Public and Business Service Delivery, with support from TSSA, made an online presentation available (posted on TSSA's website) that provides information on responsibilities, requirements and tips for owners of elevators in residential buildings in Ontario.



Amusement Devices Safety Program

Supporting the Amusement Sector's Safe Reopening

TSSA teamed up with the Ministry of Labour, Immigration, Training and Skills Development (MLITSD) to help the amusement sector reopen its doors safely, by providing COVID-19 education while performing technical inspections before the sector reopened. This joint effort by the MLITSD and TSSA was driven by the shared goals of ensuring members of the public could enjoy amusement facilities safely and providing operators of amusement devices and water parks with information required to maintain safe environments and build their businesses after the pandemic disruption.

Fee Relief for Amusement Sector after COVID-19 Hardships

The Ontario government provided funding that enabled TSSA to offer a fee relief package to the amusement device industry that had been critically challenged by the pandemic.

Amusement Device CAD in Effect

Harmonizing Ontario's safety requirements with national codes and standards, an updated Amusement Devices CAD went into effect on June 15, 2021. The amended CAD adopts codes from the latest edition of the ASTM International F2783-20 Standard Practice for Design, Manufacture, Operations, Maintenance, and Inspection of Amusement Rides and Devices in Canada.

Amusement Device Continuing Education

The TSSA Amusement Ride Safety Inspection Forum was held virtually, in partnership with the National Association of Amusement Ride Safety Officials (NAARSO), and provided comprehensive training on ride inspection, codes and standards, employee safety and ride manufacturing. The two-day event featured guest speakers from TSSA and Ontario's Electrical Safety Authority, industry experts from the US, and a Ryerson University professor hosting a variety of courses, including Field Inspections from Start to Finish, Weather and Emergency Planning, Electrical Safety, Investigating Human Performance, and more. Attendees received 16 hours of continuing education credits from NAARSO towards certification renewal.



Ski Lifts Safety Program

Ski Sector Fee Relief to Alleviate Pandemic-Related Economic Challenges

In the previous fiscal year, the Government of Ontario provided financial support that enabled TSSA to waive Ski sector fees for licences, permits, business registrations, individual certifications, and periodic and related follow-up inspections, from May 1, 2020, to April 30, 2022.

Aging Lift Schedule Modernized

Since the introduction of the Aging Lift Assessment requirement in 2002, many older ski lifts have been decommissioned, and new units with better, more robust designs have been installed in compliance with new codes. In FY22, the Aging Lift Schedule was updated with new engineering assessment frequencies. Addressing the developments in ski lift modernization and safety, ski lifts are now scheduled to undergo less frequent assessments.

Ski Lift Mechanic Continuing Education Curriculum Updated

Implemented on January 1, 2022, the 2022 Ski Lift Mechanic continuing education curriculum was updated by the Ski Lift Training and Certification Advisory Board (TCAB) and accepted by TSSA's Ski Lift Safety Program Director for the 2022-2023 training cycle. Ski Lift Mechanics that renew their authorizations will be exposed to new material and safety training on emerging trends.



Fuels Safety Program

Fuels Industry CADs in Effect

Following a series of online stakeholder consultations, CAD amendments went into effect for Gaseous Fuels in May 2021 and Fuel Oil in December 2021. CADs minimize Ontario-specific

safety requirements, thereby fulfilling a recurring request from TSSA's stakeholders, enabling TSSA's effective participation on national code committees, and standardizing approaches and processes across TSSA.

Changes to Licensing Fees for Marinas and Propane Bulk Plant and Fill Site Facilities

In response to stakeholder feedback, TSSA adjusted the fee categories for marinas and propane bulk plant and fill site facilities by adding more categories that better align with the different sized facilities seen in Ontario. The revised fee structure, effective May 1, 2022, results in lower fees for smaller sites.

Ontario Government Announces Red Seal for Gas and Oil Technicians

The Government of Ontario announced its decision to transfer the training and certification of Gas Fitter Class A, Gas Fitter Class B, and Gas and Oil Burner technicians from TSSA to a new agency called Skilled Trades Ontario (STO), in order to recognize all Red Seal trades under the *Building Opportunities in the Skilled Trades Act, 2021*. TSSA began working closely and cooperatively with government and STO on the transition of these responsibilities.

Fuels Education Programs to Guide the Public

The Fuels Safety program remained focused on educating Ontarians and promoting public safety with a number of fuels-related initiatives designed to change behaviour. In the past year, TSSA's fuels public safety awareness programs included:

- CO Safety to increase awareness of the dangers of CO poisoning and how to prevent them
- Patio Heater Safety to address the hazards associated with the increased use of patio heaters by homeowners and restaurants due to the pandemic
- Spring Flooding Safety to proactively increase awareness of fuels-related hazards caused by flooding
- BBQ Safety in advance of the May long weekend to guide Ontarians on sensible and safe barbecuing practices
- Winter reminders to keep gas meters and fuel-burning appliance vents free from snow and ice
- "Trunk Slammers" Awareness to address the public safety issue of uncertified technicians and unregistered fuels contractors

Management's Discussion and Analysis (MD&A)

Management's Discussion and Analysis (MD&A) provides insight and understanding into TSSA's financial results and outlines the organization's financial performance against its objectives for the fiscal year ending April 30, 2022 (FY22). The MD&A should be read in conjunction with TSSA's audited financial statements and scorecard to understand the connection between strategy, enterprise risk and financial results.

Financial Highlights

TSSA's total revenue was \$78.1 million, up 13% from last year. Regulatory revenue of \$71.0 million was higher than the prior year by 19%, due to the successful implementation of the New Business Model and Lapsed Authorization initiative. Non-regulatory revenue of \$7.0 million was 26% lower than last year. This decrease is due to the FY21 contract with the Ontario Ministry of Labour, Immigration, Training and Skills Development to assist in addressing complaints and providing education and outreach to raise awareness and enforcement of emergency orders related to COVID-19, which did not recur during FY22.

TSSA's regulatory revenue mix comprises revenue from Licensing/Registration/ Certification (LRC & other) (\$39.9 million), Inspections (\$23.6 million), Engineering (\$6.9 million) and Investment Income (\$0.5 million). In FY20 the Board of Directors approved a three-year fee increase for fiscal years 2020 to 2022, and the third increase took effect on May 1, 2021. The fee changes allow for a more equitable reflection of the true cost of public safety services, and are being used to implement the Auditor General's recommendations and launch initiatives that will lead to improved safety and burden reduction.

TSSA's three program areas, Elevating & Amusement Devices (ED/AD), Fuels, and Boilers and Pressure Vessels & Operating Engineers (BPV/OE) predominantly generate regulatory revenue. In addition, ED/AD and BPV/OE produce non-regulatory revenue.

TSSA launched the New Business Model on May 1, 2021. The New Business Model allows for prepaid flat fees, scaled based on categories and includes periodic/initial inspections in addition to one follow-up. The FY22 financial results, indicate preliminary acceptance of the New Business Model, allowing for more predictable fees for customers and results in revenue predictability for TSSA. The New Business Model also addresses the recommendation of the Ontario's Auditor General for TSSA to review its fee schedule.

The ED/AD Safety Program generated regulatory revenue of \$29.5 million, 24% higher than the prior year. Fuels Safety Program revenue of \$24.1 million was higher by 19% compared to last year. BPV/OE Safety Program regulatory revenue of \$17.4 million was favourable compared to the prior year by 12%.

TSSA is committed to managing expenses, optimizing efficiency and creating an environment in which there are sustainable, low costs. In FY22 management focused on delivering its strategic initiatives, foregoing non-strategic initiatives. While the impact of the COVID-19 pandemic continued to affect TSSA in FY22, provincial restrictions eased relative to the prior year, allowing for some activities – such as travel and in-person meetings - to begin to return to pre-pandemic levels. Total expenses were \$76.5 million, a 6% expense increase over the prior year. Focused on investing in technology and process improvements to deliver data integrity and overall efficiency, TSSA is focused on the OASIS program, a multi-year business transformation to replace the organization's ERP system and enable TSSA to become an Outcome-Based Regulator. TSSA will continue to support the OASIS program in FY23 and beyond, with the investments required to complete this strategic project. Total expenses in FY22 for TSSA's OASIS program were \$3.2 million, 33% lower than last year, as the first release of OASIS was launched during Q4 of FY21, which included significant investment in the base solution. Excluding the OASIS program, core business expenses were 9% higher than prior year. Despite the increase in expenses, the increase in year-over-year revenue of 13% resulted in a positive operating leverage of 3.6%.

Salaries and benefits are TSSA's largest expenditure due to the nature of its business as a service organization. Spend in this area was higher compared to the prior year. The increase in spend is primarily attributed to the fact that there were no temporary wage reductions nor temporary lay-offs related to COVID-19 in FY22, as there had been in FY21.

Non-salary operating expenses increased by \$3.1 million, or 19%, over the prior year. Impacts from easing COVID-19 restrictions were attributable to the expense increase over FY21, areas include travel, meetings and employee development. Where possible and/or prudent, expense reductions, delays and deferrals were achieved in a variety of key non-salary expense categories. Non-strategic initiatives were placed on hold to focus employees on delivering strategic initiatives.

TSSA generated an excess of revenue over expenses of \$1.5 million primarily due to revenue performance and expense management. This was a \$4.2 million improvement over the prior year.

Capital Expenditures

The capital expenditures for the year were \$2.7 million. Excluding the impact of OASIS and strategic IT programs, FY22 capital expenditures were \$0.6 million, flat to FY21, primarily related to spending on laptops and end of life system replacements.

Net Assets

TSSA's financial position remains strong with net assets of \$33.1 million. TSSA continues to operate with no unfunded liabilities and maintains a solid working capital position (excluding deferred revenue) of \$16.9 million (\$17.2 million at April 30, 2021). Accounts receivable related to customer accounts were relatively flat to last year. The current ratio (excluding deferred revenue) of 2.1:1 is lower than FY21 which was 2.4:1. This decline is not of concern to management as it is driven by prepayments due to the New Business Model and fully offset by the increase in long term investments. TSSA's investments in short and long-term financial instruments total \$47.8 million (\$38.8 million at April 30, 2021), this increase in investments over prior year is a result of the New Business Model which is based on a model of prepaid fees. TSSA investments are held to maturity in high quality, very low-risk financial instruments, adhering to the investment policy approved by the Board of Directors.

At FY22 year-end, TSSA's total reserve level was \$21.2 million, 29% of total operating expenses excluding the OASIS program. Within the reserve, the internally restricted reserve of \$13.9 million represents 19% of total operating expenses. The balance of the unrestricted reserve of \$7.3 million is sufficient to support FY23 operating and capital funding requirements, including planned investments in the business process redesign and systems replacement activities in the OASIS program for FY23.

Fiscal Year 2023 Outlook

The following forward-looking statements reflect TSSA's current expectations, estimates and projections, based on certain material factors and assumptions. Future results may differ from current expectations, due to uncertainties that cannot be accounted for.

The FY23 budget represents management's commitment to stakeholders to develop and implement a practical financial plan aligned with the vision and strategic priorities of TSSA. The emphasis is on delivering efficient, customer-focused processes that support TSSA's regulated mandate, while funding investments to ensure a solid business foundation and modernization for the future.

To address the inflationary pressures for FY23, a minimal fee increase is planned to support TSSA's key responsibilities and ensure its financial stability. In FY23, fees for all programs (except Elevating Devices/Amusement Devices/Ski Lifts) will be increased by 2.6 per cent in order to expedite the reduction of cross-subsidization between safety programs, support the modernization process, and continue to address the Auditor General's recommendations. While the fee increase is not sufficient to eliminate TSSA's regulatory net margin deficit, it helps reduce the projected net deficit until TSSA performs its post-implementation assessment of its recently implemented revised fee structure. Once the fee structure assessment is completed, TSSA will determine whether additional fee changes may be required after FY23.

TSSA's total budgeted revenue is \$79.8 million, an anticipated increase of 2.3 per cent versus the prior year.

TSSA's total budgeted expenses amount to \$82.9 million, which is an increase of 8.3 per cent over the prior year and includes internal resource costs to support the volume of planned activities to deliver TSSA's safety mandate and investments to achieve the strategic and business plan objectives. Core business expense growth, excluding OASIS program expenses, is expected to be 8.5 per cent over FY22. This increase is primarily driven by salary and benefits increases and IT costs for software licences, data storage and the implementation of a new Human Capital Management system. Additionally, increased professional services are required to support TSSA's customer relationship management (CRM) system and cyber security activities. As TSSA continues to focus on planned initiatives, including its transformation to an Outcome-Based Regulator and phase two of its cybersecurity plan, cost controls remain in place to ensure focused spending.

TSSA's capital budget for FY23 is projected at \$4 million. Spend is driven by a combination of the OASIS program and the new Human Capital Management System. While there will be continued capital spending to upgrade and maintain IT infrastructure to ensure effectiveness, security, performance and reliability, investment in existing systems will be limited, with the focus on the OASIS program.

The balance sheet is expected to remain solid, and liquidity will continue to be strong, based on available working capital and ongoing cash management. TSSA's liquidity ratios are strong, with cash available to support operations and capital investments. TSSA's investment portfolio of high-grade, low-risk investments remains consistent with the corporation's policy and is also closely monitored by a third-party investment manager.

TSSA continues to monitor its reserves, which are 29 per cent of expenses excluding OASIS expenses, at the end of FY22. The total reserve level at the end of FY23 is expected to be 20 per cent. The reserve policy targets a restricted reserve level of 25 per cent of budgeted operating expenses. It is expected that reserves will begin to increase in FY24 as TSSA works towards completion of the OASIS project. Recovery of the reserves will be achieved through fee increases, in addition to other measures identified by management, to support the business in achieving its long-term vision and goals and ensure adequate capital for unforeseen economic events. As such, TSSA expects that the reserve target will be surpassed in FY25.

TSSA is confident that the established operating and capital budgets will enable the successful execution of TSSA's regulatory mandate and overall business plan. In FY23, TSSA will continue to focus on its transformation into an Outcome-Based Regulator, with the ability to clearly demonstrate improved safety outcomes for Ontarians. TSSA is committed to being a trusted partner and educator and assisting the regulated community in achieving compliance and safety outcomes, while reducing unnecessary burden on the industry and fostering economic growth.

Independent Auditor's Report

To the Members of
Technical Standards and Safety Authority

Opinion

We have audited the financial statements of Technical Standards and Safety Authority ("TSSA"), which comprise the statement of financial position as at April 30, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TSSA as at April 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of TSSA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing TSSA's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate TSSA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing TSSA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TSSA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on TSSA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause TSSA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Canada
June 23, 2022

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants
Licensed Public Accountants

Technical Standards and Safety Authority

Statement of Financial Position

(In thousands of dollars)

April 30	2022	2021
Assets		
Current		
Cash	\$ 4,605	\$ 2,897
Short-term investments (Note 4)	20,239	19,036
Accounts receivable (Note 5)	5,406	6,318
Prepaid expenses	<u>1,539</u>	<u>1,113</u>
	31,789	29,364
Long-term investments (Note 4)	27,584	19,766
Capital assets (Note 6)	2,435	2,790
Intangible assets (Note 7)	<u>10,365</u>	<u>8,710</u>
	<u>\$ 72,173</u>	<u>\$ 60,630</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 15,050	\$ 11,916
Lease inducements (Note 9)	245	245
Deferred revenue	<u>22,622</u>	<u>15,487</u>
	37,917	27,648
Lease inducements (Note 9)	<u>1,129</u>	<u>1,381</u>
	<u>39,046</u>	<u>29,029</u>
Net assets		
Invested in capital and intangible assets (Note 14)	11,911	10,418
Internally restricted (Note 14)	13,947	13,947
Unrestricted (Note 14)	<u>7,269</u>	<u>7,236</u>
	<u>33,127</u>	<u>31,601</u>
	<u>\$ 72,173</u>	<u>\$ 60,630</u>

Commitments and contingencies (Note 16)

On behalf of the Board



Robert J. Falconi
Board Chair



Glen Padassery
Chair of Audit, Finance and Risk Committee

See accompanying notes to the financial statements.

Technical Standards and Safety Authority

Statement of Operations

(In thousands of dollars)

Year ended April 30	2022	2021
Regulatory business revenue		
Elevating and amusement devices	\$ 29,299	\$ 23,495
Fuels	24,272	20,101
Boilers, pressure vessels and operating engineers	<u>16,818</u>	<u>15,435</u>
	70,389	59,031
Non-regulatory business revenue	<u>7,116</u>	<u>9,522</u>
	<u>77,505</u>	<u>68,553</u>
Regulatory business expenses		
Salaries, wages and benefits	52,351	49,252
Operating	17,639	14,339
Amortization	<u>1,416</u>	<u>1,173</u>
	71,406	64,764
Non-regulatory business expenses	<u>5,122</u>	<u>7,106</u>
	<u>76,528</u>	<u>71,870</u>
Deficiency of regulatory business revenue over regulatory business expenses	(1,017)	(5,733)
Excess of non-regulatory business revenue over non-regulatory business expenses	1,994	2,416
Investment income	<u>549</u>	<u>622</u>
Excess (deficiency) of revenue over expenses	<u>\$ 1,526</u>	<u>\$ (2,695)</u>

See accompanying notes to the financial statements.

Technical Standards and Safety Authority

Statement of Changes in Net Assets

(In thousands of dollars)

Year ended April 30

	Invested in capital and intangible assets	Internally restricted (Note 14)	Unrestricted (Note 14)	Total 2022	Total 2021
Net assets, beginning of year	\$ 10,418	\$ 13,947	\$ 7,236	\$ 31,601	\$ 34,296
Excess (deficiency) of revenue over expenses	(1,223)		2,749	1,526	(2,695)
Investment in capital assets	370		(370)		-
Investment in intangible assets	<u>2,346</u>		<u>(2,346)</u>		-
Net assets, end of year	<u>\$ 11,911</u>	<u>\$ 13,947</u>	<u>\$ 7,269</u>	<u>\$ 33,127</u>	<u>\$ 31,601</u>

See accompanying notes to the financial statements.

Technical Standards and Safety Authority

Statement of Cash Flows

(In thousands of dollars)

Year ended April 30	2022	2021
Increase (decrease) in cash		
Operating		
Excess (deficiency) of revenue over expenses	\$ 1,526	\$ (2,695)
Items not affecting cash:		
Amortization of capital assets	725	819
Amortization of intangible assets	691	354
Amortization of leasehold improvement allowance (Note 9)	(193)	(191)
Amortization of rent free period (Note 9)	(59)	(47)
Unrealized loss (gain) on short-term investments	19	(4)
Unrealized loss on long-term investments	<u>-</u>	<u>21</u>
	2,709	(1,743)
Change in non-cash working capital items (Note 11)	<u>10,755</u>	<u>3,532</u>
	<u>13,464</u>	<u>1,789</u>
Investing		
Proceeds on maturity of short-term investments	18,120	14,571
Purchase of short-term investments	(19,342)	(16,802)
Proceeds on maturity of long-term investments	16,571	12,249
Purchase of long-term investments	(24,389)	(10,666)
Acquisition of capital assets	(370)	(605)
Acquisition of intangible assets	<u>(2,346)</u>	<u>(3,274)</u>
	<u>(11,756)</u>	<u>(4,527)</u>
Increase (decrease) in cash	1,708	(2,738)
Cash		
Beginning of year	<u>2,897</u>	<u>5,635</u>
End of year	<u>\$ 4,605</u>	<u>\$ 2,897</u>

See accompanying notes to the financial statements.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2022

1. Nature of operations

Technical Standards and Safety Authority (“TSSA”) is a statutory corporation without share capital under the Technical Standards and Safety Act, 2000 (the “TSS Act”), based on amendments that were proclaimed effective May 1, 2010. TSSA is responsible for the administration of the TSS Act. As required by the amendments, TSSA entered into a Memorandum of Understanding (“MOU”) with the Ministry of Public and Business Service Delivery of the Province of Ontario. Effective April 24, 2013, and pursuant to the TSS Act, the Ministry of Public and Business Service Delivery and TSSA executed an amendment to the MOU to revoke and replace the prior additional non-regulatory objects of TSSA, including certain procedures to facilitate compliance with the revised requirements. These revised objects reflect more clearly the non-regulatory business activities of TSSA.

TSSA’s objectives, as outlined in the TSS Act and MOU, allow TSSA to continue to administer the TSS Act and its regulations to promote and undertake public safety activities in relation to matters assigned to it, including training, certification, licensing, registration, audit, quality assurance, inspection, investigation and enforcement, subject to certain additional powers of the Ministry of Public and Business Service Delivery. TSSA is exempt from income tax.

Regulatory business revenue reflects those activities prescribed under the TSS Act.

In addition to its regulatory business services, TSSA offers services to the federal and Ontario provincial government and undertakes other contracts that are not regulated, as permitted by the TSS Act and MOU. This revenue is categorized as non-regulatory business revenue.

2. Significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook - Accounting.

Revenue recognition

Revenue from elevating and amusement devices; fuels; and boilers, pressure vessels and operating engineers comprises inspection, engineering and licensing, registration and certification fees.

Revenue from the provision of inspection and engineering services is recorded when services are performed. Non-refundable licensing, registration and certification fees are recognized as deferred revenue when received. These fees are then recognized evenly over the period covered by the fee.

Interest income is recognized as revenue when earned and is recorded on an accrual basis.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2022

2. Significant accounting policies (continued)

Financial instruments

TSSA considers any contract creating a financial asset, liability or equity instrument as a financial instrument. A financial asset or liability is recognized when TSSA initially becomes party to contractual provisions of the instrument. TSSA accounts for the following as financial instruments:

- Cash
- Short-term and long-term investments
- Accounts receivable
- Accounts payable

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of each fiscal year, if there are indicators of impairment. If there is an indicator of impairment, TSSA determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset, or the amount TSSA expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Capital assets

Purchased capital assets are initially measured at cost and subsequently measured at cost less accumulated amortization. Leases that transfer substantially all the benefits and risks of ownership are capitalized. Replacements are expensed in the year of replacement. Amortization is provided on a straight-line basis over the estimated useful lives of the assets at the following rates:

Equipment	4 years
Furniture and fixtures	5 years
Computer hardware	3 years
Leasehold improvements	Remaining term of lease

Amortization of a capital asset commences when it is brought into service.

Contributed capital assets are recorded at fair value at the date of contribution.

Assets attributable to capital projects that are not available for use are held as assets in progress and are not amortized until the asset is substantially complete and available for use.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2022

2. Significant accounting policies (continued)

Intangible assets

Intangible assets relate to the costs of internally and externally developed software and business systems. Amortization is provided on a straight-line basis over the estimated useful lives of the assets at the following rates:

Business systems	10 years
Computer software	2 years

Amortization of an intangible asset commences when it is brought into service.

Contributed intangible assets are recorded at fair value at the date of contribution.

Assets attributable to projects that are not available for use are held as assets in progress and are not amortized until the asset is substantially complete and available for use.

Impairment of long-lived assets

TSSA assesses long-lived assets for impairment whenever conditions or changes in circumstances indicate that the asset no longer contributes to its ability to provide goods and services, or that the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When conditions indicate that a long-lived asset is impaired, the net carrying amount of the asset is written down to its fair value or replacement cost. The write-downs of long-lived assets are accounted for as an expense in the statement of operations and are not reversed.

Allocation of expenses

TSSA classifies expenses in the statement of operations by business type, regulatory business and non-regulatory business. TSSA allocates certain expenses as noted below on a consistent basis each year. Allocated expenses and the basis of allocations are as follows:

- (i) Direct labour and benefits are allocated on the basis of time incurred as a percentage of revenue; and
- (ii) Certain corporate support expenses are allocated using various allocation methods, including percentage of revenue and square footage of space.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2022

3. New fee model

TSSA implemented a new fee model effective May 1, 2021, whereby certain regulatory activities, including periodic and follow-up inspections, previously recognized on a fee-for-service basis have been included in the annual fixed fee for licenses and registrations paid by regulated entities. The nature and timing of regulatory activities can vary from entity to entity and are determined at the sole discretion of TSSA. Accordingly, a value has not been assigned to any individual regulatory activity and the annual fixed fee covers a range of regulatory activities TSSA may determine to be appropriate. The annual fixed fee for licenses and registrations is recognized evenly over the period covered by the fee.

4. Investments

Short-term investments consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Cash	\$ 60	\$ 60	\$ 50	\$ 50
Corporate and government bonds	-	-	993	1,012
Guaranteed investment certificates	<u>20,179</u>	<u>20,179</u>	<u>17,973</u>	<u>17,974</u>
	<u>\$ 20,239</u>	<u>\$ 20,239</u>	<u>\$ 19,016</u>	<u>\$ 19,036</u>

Short-term investments have yields between 0.4% and 2.26% (2021 - 0.55% and 3.01%) and mature prior to February 22, 2023 (2021 - March 28, 2022).

Long-term investments consist of guaranteed investment certificates and have effective rates between 0.65% and 2.95% (2021 - 0.6% and 2.26%), maturing from May 2023 to October 2026 (2021 - June 2022 to March 2024).

TSSA holds fixed income securities which are subject to market risk, interest risk and cash flow risk. These risks will also impact future cash flow streams, including dividends, gains and losses and interest income.

The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise.

The value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

TSSA does not enter into any derivative instrument arrangements for hedging or speculative purposes.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2022

5. Accounts receivable

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 6,354	\$ 7,027
Allowance for doubtful accounts	<u>(948)</u>	<u>(709)</u>
	<u>\$ 5,406</u>	<u>\$ 6,318</u>

6. Capital assets

	<u>2022</u>	<u>2021</u>		
<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>	
Equipment	\$ 1,653	\$ (1,562)	\$ 91	\$ 75
Furniture and fixtures	930	(930)	-	35
Computer hardware	3,974	(3,346)	628	579
Leasehold improvements	<u>3,908</u>	<u>(2,192)</u>	<u>1,716</u>	<u>2,101</u>
	<u>\$ 10,465</u>	<u>\$ (8,030)</u>	<u>\$ 2,435</u>	<u>\$ 2,790</u>

7. Intangible assets

	<u>2022</u>	<u>2021</u>		
<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>	
Business systems	\$ 17,941	\$ (7,580)	\$ 10,361	\$ 8,710
Computer software	<u>1,582</u>	<u>(1,578)</u>	<u>4</u>	<u>-</u>
	<u>\$ 19,523</u>	<u>\$ (9,158)</u>	<u>\$ 10,365</u>	<u>\$ 8,710</u>

Accumulated additions to the business systems transformation project of \$2,012 (2021 - \$2,661) have not yet been amortized, as they are not substantially complete or available for use at April 30, 2022.

	<u>2022</u>	<u>2021</u>
Assets in progress, beginning of year	\$ 2,661	\$ 5,641
Additions	2,336	3,274
Amounts available for use	<u>(2,985)</u>	<u>(6,254)</u>
Assets in progress, end of year	<u>\$ 2,012</u>	<u>\$ 2,661</u>

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2022

8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$542 (2021 - \$1,402), which relate to sales tax, payroll remittances and oversight fees charged by the Ministry of Public and Business Service Delivery.

9. Lease inducements

Lease inducements reflect an original leasehold improvement allowance and free rental period rental equalization of \$2,629. As of April 30, 2022, the residual balance of the inducement is \$1,374 (2021 - \$1,626). The lease inducements and rent-free period are amortized over the term of the lease.

	<u>2022</u>	<u>2021</u>
	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvement allowance	\$ 889	\$ 1,082
Rent free period	<u>485</u>	<u>544</u>
Lease inducements	1,374	1,626
Current portion	<u>245</u>	<u>245</u>
	<u>\$ 1,129</u>	<u>\$ 1,381</u>

10. Allocation of expenses

Direct labour and benefits expenses of \$2,417 (2021 - \$3,589) have been allocated to non-regulatory business expenses.

Corporate support expenses of \$33,818 (2021 - \$30,123) have been allocated as follows:

	<u>2022</u>	<u>2021</u>
Regulatory business expenses	\$ 31,582	\$ 27,120
Non-regulatory business expenses	<u>2,236</u>	<u>3,003</u>
	<u>\$ 33,818</u>	<u>\$ 30,123</u>

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2022

11. Supplemental cash flow information

Change in non-cash working capital items:

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 912	\$ 1,621
Prepaid expenses	(426)	38
Accounts payable and accrued liabilities	3,134	588
Deferred revenue	<u>7,135</u>	<u>1,285</u>
	<u>\$ 10,755</u>	<u>\$ 3,532</u>

12. Pension plans

TSSA has established defined contribution pension plans for its employees. Contributions by TSSA on account of current service pension costs paid and expensed amounted to \$2,431 (2021 - \$2,259).

13. Indemnification of directors and officers

TSSA has indemnified its past, present and future directors and officers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors and officers are personally named as a result of their service, provided they acted honestly and in good faith with a view to the best interest of TSSA. The nature of the indemnity prevents TSSA from reasonably estimating the maximum exposure. TSSA has purchased directors' and officers' liability insurance with respect to this indemnification.

14. Net assets

a) Invested in capital and intangible assets

The amount represents net book values of capital assets, intangible assets, and leasehold improvement allowance.

b) Internally restricted and unrestricted

TSSA has an approved internally restricted reserve to ensure sufficient capital is maintained for continued services and to allow for significant unforeseen economic events. This policy, approved by the Board, sets a threshold target internally restricted reserve level of 25% of budgeted regulatory and non-regulatory operating expenses, excluding expenses associated with Board-approved strategic initiatives. The Board considers the sum of the internally restricted reserve and unrestricted net assets to be the total reserve. As at April 30, 2022, the total reserve was \$21,216 (2021 - \$21,183). The unrestricted net assets balance of \$7,269 (2021 - \$7,236) represents funding for future business initiatives.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2022

15. Capital disclosures

TSSA's capital is its net assets as reflected in the statement of financial position. Within net assets, TSSA manages its internally restricted reserve and unrestricted reserve, as described in Note 13. TSSA's primary objective of enhancing public safety is supported by safeguarding its assets and ensuring it remains financially viable through effective risk-based planning, investment and cost management policies and procedures. TSSA manages its capital structure through its strategic planning process, as approved by the Board. This includes an annual budget of revenue and expenses, investments in capital assets and intangible assets and management of cash and interest-bearing short-term/long-term investments. There are no externally imposed restrictions on its capital structure.

16. Commitments and contingencies

Operating facility

Under the terms of its banking agreement, TSSA has available a demand operating facility of up to \$10,000. This facility bears interest at TSSA's bank's prime rate per annum and is secured by a general security agreement over TSSA's assets and assignment of fire and business interruption insurance. As at April 30, 2022, \$Nil (2021 - \$Nil) was drawn on the facility.

Lease obligations

TSSA leases office space, cloud-based online services, vehicles and equipment. Future minimum payments, by year and in the aggregate, under operating leases with initial or remaining terms of one year or more, consist of the following:

2023	\$	1,626
2024		1,257
2025		1,070
2026 and thereafter		<u>1,220</u>
	\$	<u>5,173</u>

Litigations

TSSA has been named as defendant in certain litigations alleging actual and punitive damages. The possible outcomes or any settlements are not determinable at April 30, 2022. It is management's belief that the ultimate outcome will not materially affect TSSA's financial position. Settlement, if any, will be accounted for during the period of resolution.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2022

17. Revenues and expenses by program

The revenues and expenses of each of the three programs operated by TSSA under the TSS Act, and the revenues and expenses arising from non-regulatory operations, are as follows:

	Elevating and amusement devices	Fuels	Boilers, pressure vessels and operating engineers	Non- regulatory business	2022
Revenue	\$ 29,299	\$ 24,272	\$ 16,818	\$ 7,116	\$ 77,505
Expense	<u>25,069</u>	<u>25,593</u>	<u>20,744</u>	<u>5,122</u>	<u>76,528</u>
Excess (deficiency) of revenue over expenses	<u>\$ 4,230</u>	<u>\$ (1,321)</u>	<u>\$ (3,926)</u>	<u>\$ 1,994</u>	<u>\$ 977</u>
	Elevating and amusement devices	Fuels	Boilers, pressure vessels and operating engineers	Non- regulatory business	2021
Revenue	\$ 23,495	\$ 20,100	\$ 15,436	\$ 9,522	\$ 68,553
Expense	<u>22,779</u>	<u>23,144</u>	<u>18,841</u>	<u>7,106</u>	<u>71,870</u>
Excess (deficiency) of revenue over expenses	<u>\$ 716</u>	<u>\$ (3,044)</u>	<u>\$ (3,405)</u>	<u>\$ 2,416</u>	<u>\$ (3,317)</u>

18. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year.

Corporate Information

TSSA's Board of Directors

Robert J. Falconi, Chair

Managing Director, Raylee Valley Group

Brian Chu, Vice Chair

Founding Partner, Bogart Robertson & Chu LLP

Cathy Bailey

Vice President, Hospital Finance and Chief Financial Officer for Baycrest Hospital

Andrew Bedeau (as of October 2021)

Senior Manager of Cash Management and Payment Services, TD Bank

Marni Dicker

Principal, Strategy Corp Inc.

Connie Graham

Professional Corporate Director

Debbie Heiser (to October 2021)

Vice President Finance, Aramark Canada

Jim Keech (as of October 2021)

Former President and CEO, Utilities Kingston

Michael Lees

Former President, Babcock & Wilcox Nuclear Energy

Peter Marcucci

Former Vice President and Chief Public Safety Officer, Electrical Safety Authority

Brian McQueen (to October 2021)

Former President and Chief Executive Officer, CWB Group Industry Services

Glen Padassery

Executive Vice President, Policy and Chief Consumer Office, Financial Services Regulatory Authority of Ontario

Elaine Pitcher

Barrister and Solicitor, Elaine Pitcher Law Office

Susannah Robinson

Vice President, EPCOR Ontario Utilities Inc.

CEO, EPCOR Ontario Distribution Ontario Inc.

Tracee Smith (as of October 2021)

Founder and CEO of Outside Looking In

Each Board member's term will expire within the next five years.

Board Committees

Each TSSA director is an active member of one of four committees: Audit, Finance and Risk Committee; Governance and Human Resources Committee; Safety and Regulatory Affairs Committee; and Nominating Committee (standing committee since January 2021). Providing oversight in governance, reporting, fiduciary and legal duties, each member plays an important role in guiding TSSA's safety strategies.

Audit, Finance and Risk Committee (AFRC)

Glen Padassery, Chair (as of October 2021)

Brian McQueen, Chair (to October 2021)

Cathy Bailey, Member

Peter Marcucci, Member

Deborah Heiser, Member (to October 2021)

Andrew Bedeau, Member (as of October 2021)

Robert J. Falconi, Ex-Officio Voting Member

Governance and Human Resources Committee

Brian Chu, Chair

Susannah Robinson, Member

Marni Dicker, Member

Connie Graham, Member (to October 2021)

Tracee Smith, Member

Robert J. Falconi, Ex-Officio Voting Member

Safety and Regulatory Affairs Committee (SRAC)

Elaine Pitcher, Chair

Mike Lees, Member

Glen Padassery, Member (to October 2021)

Connie Graham, Member (as of October 2021)

Jim Keech, Member (as of October 2021)

Robert J. Falconi, Ex-Officio Voting Member

Nominating Committee

Robert J. Falconi, Chair

Brian Chu, Member

Elaine Pitcher, Member

Brian McQueen, Member (to October 2021)

Glen Padassery, Member (as of October 2021)

Board Remuneration Policy

Members of the Board of Directors are remunerated in a manner that enables the organization to attract high calibre directors to support the organization's commitment to corporate governance excellence, while remaining accountable to all stakeholders through transparent compensation practices that are fiscally prudent. With the aid of an external consultant, the levels of remuneration for the Board Chair, Vice Chair, Committee Chairs and Directors are established based on a combination of annual retainers and meeting fees. Director total compensation levels are triennially reviewed against industry comparators within crown corporations and non-government regulatory organizations and associations. A blend of the market median of these comparators is utilized to establish compensation levels for retainers and meeting fees.

The policy strictly follows transparent and fiscally responsible compensation practices. For additional information on Board remuneration, please visit www.tssa.org.

TSSA Pay Policy

TSSA's compensation philosophy is to pay a competitive total compensation package in order to attract and retain talented resources in the industry, while remaining accountable to all stakeholders through compensation practices that are fiscally prudent.

Based on market data collected by an external consulting firm, creating a blend from the public and private sectors, TSSA's pay policy provides base compensation at the median of market comparators utilizing greater Toronto area comparators for all non-executive employees and national data for the executive group.

Annual salary reviews are conducted and, at the discretion of the organization and within the overall budget approved by the Board, increases are administered on a merit basis with consideration to internal equity, external competitiveness (market data) and individual performance. In addition, TSSA adheres to the requirements of the Pay Equity Act. Reinforcing a performance culture and providing compensation that is competitive and appropriate for the organization, eligible employees must meet basic performance criteria in order to be eligible for variable pay.

Legislation, Bylaw and Policy Changes

TSSA implemented a COVID-19 Vaccination Policy, which came into effect on October 8, 2021. The policy outlines TSSA's position regarding vaccination and disclosure of vaccination status for TSSA employees, contractors, vendors, visitors and regulated parties. In addition, TSSA's General Operating Bylaw was updated in October 2021 and is available on the TSSA website.

Data Management

TSSA remains committed to ensuring better access to timely, reliable data by having effective data collection procedures and governance in place. TSSA launched the first and second releases of OASIS, its IT business solution program, to improve data integrity and overall efficiency. Recognizing that data accuracy is at the core of TSSA's regulatory actions and decisions, the multi-year modernization program, being rolled out over four phases, is key to TSSA's transition to an Outcome-Based Regulator. Prior to each release of the program, extensive efforts are undertaken to cleanse the data and implement the proper controls and oversight to ensure ongoing data integrity.

TSSA has put in place data governance practices which include appointment of data owners and data stewards with clear data quality responsibilities and established metrics with targets for high priority data sets. In addition, TSSA implemented dashboards and controls to prevent and identify data entry errors.

For the last three years, TSSA's Safety and Risk Officer has reviewed the process and data used to create TSSA's Annual Public Safety Report, and made some recommendations, which TSSA has adopted where applicable.

Issues Management and Complaints

As TSSA seeks to continually improve customer satisfaction and its high standards of safety service, the organization addresses concerns and complaints at the level at which they are raised. Complaints requiring greater attention are escalated to senior personnel, up to and including statutory directors or the President and CEO. TSSA's Ombudsman provides additional support, engaging both staff and industry members to effectively resolve issues. In addition, any employee, regulated party or member of the public who suspects unethical, inappropriate or unlawful behaviour can communicate anonymously to a third-party whistle blowing service.

French Language Services

TSSA responded to all requests for French services as they arose during the year. This year, TSSA made its safety education material available to the public online in French and delivered two of its carbon monoxide public education safety campaigns in bilingual format.

Accessible Goods, Services and Facilities

Committed to providing services that are accessible to people with disabilities in accordance with the provincial Accessibility for Ontarians with Disabilities Act (AODA) - Accessibility Standard for Customer Service: Regulation 429/07, TSSA strives to ensure the provision of customer service in a way that reflects the AODA core principles: Dignity, Independence, Integration and Equal Opportunity.

TSSA's Customer Service Accessibility Policy and Multi-Year Accessibility Plan are available online at www.tssa.org.

Performance Targets and Results

TSSA sets annual performance targets which are reviewed and approved by the Minister of Public and Business Service Delivery. These Key Performance Indicators are published on the TSSA website at www.tssa.org.

TSSA's Executive Leadership Team

Bonnie Rose

President and CEO

Tom Ayres

Vice President, Policy, Legal and General Counsel

Dan Brazier

Chief Financial Officer

Alexandra Campbell

Vice President, Communications and Stakeholder Relations

Laura Desjardins

Vice President, Human Resources

Greg Cunningham (from September 15, 2020, to July 21, 2021)

Vice President, Operations

Nashir Jiwani (from August 11, 2021)

Interim Vice President, Operations

Celso Mello (to October 15, 2021)

Chief Information Officer

TSSA's Statutory Appointments

The individuals listed below are designated as Directors under Ontario's *Technical Standards and Safety Act, 2000* and/or specific regulations.

Roger Neate

Director, Elevating and Amusement Devices Safety Program

Ajay Raval

Director, Boilers and Pressure Vessels and Operating Engineers Safety Program

Sam Sadeghi

Director, Fuels Safety Program

Phil Simeon

Policy Director

Industry Advisory Councils

Industry input and advice on TSSA's safety strategies, initiatives and service delivery is essential to the continued safety of Ontarians. Since TSSA's creation, the organization has pursued this effective form of collaboration through its eight industry Advisory Councils. Council chairs are listed below.

Cindy Sypher

Amusement Devices

Joe Adams (to November 18, 2021)

Boilers and Pressure Vessels

Kelly Leitch

Elevating Devices

Brent Francis

Liquid Fuels

Martin Luymes

Natural Gas

Rodney Philip

Operating Engineers

Boilers and Pressure Vessels and Operating Engineers (from January 1, 2022)

(In the fall of 2021, the Boilers and Pressure Vessels Advisory Council and Operating Engineers Advisory Council merged to provide greater cross-program visibility on safety issues facing the industry.)

David Karn

Propane

Kevin Nichol

Ski Lifts

Consumers Advisory Council

Advocating for public interest in TSSA safety matters, the Consumers Advisory Council provides essential input into TSSA services, policies and actions. Members are listed below.

G. Rae Dulmage, Chair

Ahmad Hussein, Member

Kathryn Woodcock, Member

Ronald Morrison, Member

Jay Jackson, Member

Christine Simpson, Member

Sunaina Menezes, Member

For more information on Advisory Councils, including minutes of meetings, please visit www.tssa.org.



Technical Standards and Safety Authority

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Website: www.tssa.org

