



# SAFETY AT WORK YEAR IN REVIEW

Annual Report  
FY 2018

Insulation  
Operations  
Maintenance  
Certification  
Regulations

Pressure Vessels  
Industry  
Engineers  
Operators  
Inspections  
Power Plants

Elevators  
Moving Walkways  
Construction

Halls  
Lifts  
Lift C

Investigations  
Safety Programs  
Ancillary Devices  
Roller Coasters

Ferris Wheels  
Carousels  
Water-slides  
Bumper Cars

Inflatables  
Zip Lines  
Fuels Safety  
Safe Transportation

Fuel Storage  
Landfill Gas

Fuels Life-cycle  
Fuel Facilities

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Upholstered and Stuffed Articles



# ANNUAL REPORT



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SAFETY IS OUR ESSENCE. THE MEN AND WOMEN OF TSSA CONNECT WITH STAKEHOLDERS – MAKING THE PROVINCE A SAFER PLACE FOR ALL.

## Technical Standards and Safety Authority

Mandated by the Government of Ontario, TSSA is Ontario's public safety regulator in four key sectors: fuels, elevating and amusement devices, boilers and pressure vessels and operating engineers, and upholstered and stuffed articles. Working collaboratively with stakeholders, TSSA reports to the Ministry of Government and Consumer Services (MGCS), the Ontario government body that sets public safety policy, oversees both the delivery of safety services and TSSA's organizational performance, and retains authority for the *Technical Standards and Safety Act, 2000*.



**THE TEAM LOOKS FORWARD TO BENEFITS OF ENHANCED SAFETY, IMPROVED EFFICIENCY, INCREASED CUSTOMER VALUE AND INFORMED DECISION-MAKING.**

## CHAIR'S MESSAGE

This year's report summarizes a year of accomplishments in public safety action, organizational strength and financial prudence that represents an ambitious transformation at TSSA – under the stewardship and guidance of the Board of Directors and TSSA's Leadership Team.

Safety is the essence of our work and the strength of any organization lies in its people. TSSA is composed of technical and industry experts who are passionate about safety and embody a culture of safety every day. The ability of the organization to achieve its vision depends on the team's engagement, alignment around the future direction, and the ability to be flexible, nimble, and responsive to change.

As one of the Board's most essential roles is to appoint, coach, monitor and assess TSSA's Chief Executive Officer, I am pleased to announce that the former President of the Retirement Homes Regulatory Authority, Bonnie Rose, was selected as TSSA's new President and CEO at the end of the fiscal year. Familiar with Ontario's regulatory and safety environments, Bonnie has held executive positions with the Canadian Standards Association (CSA) Group and CSA International. My fellow Board members and I look forward to working with her to enhance public safety and technical standards for all Ontarians.

Modernizing TSSA's IT platform, under the 20/20 Program, was a key focus of both the Board and management over the past year. This project, in conjunction with ongoing work in data management, holds the promise of unleashing greater operational efficiencies and accelerating the application of risk management across all TSSA's services and sectors. The entire Board is looking forward to its benefits of enhanced safety, improved efficiency, increased customer value, and informed decision-making in the coming year.

With the success of our Ombudsman office, the Board additionally tasked TSSA to expand its whistleblower procedures with an independent, third-party vendor for confidential disclosure of wrongdoing in a 24/7, multilingual environment. TSSA's Board was provided with quarterly reports throughout the year, and I was pleased

# THE MEASURE OF... SAFETY

to deliver oversight in this respect with fellow Board member JoAnne Butler, Chair of TSSA's Governance and Human Resources Committee.

With a goal to measurably improve, the Board's Safety and Regulatory Affairs Committee provided governance over TSSA's safety actions throughout the year, and I was additionally pleased to see their active monitoring of strategies to address all risk-informed issues, oversight of regulatory work with the Ministry of Government and Consumer Services (MGCS), and a strategic repositioning of TSSA's advocacy approach, as it relates to safety awareness and public education initiatives, primarily with the province's largest risk, carbon monoxide exposure.

As a Board and Executive Leadership Team, TSSA focused on strengthening its partnership with MGCS and the Minister's Office. Alignment between TSSA and its oversight ministry is critical to ensuring we all pull together to enhance public safety and support a competitive marketplace. We thank former Minister Tracy MacCharles for her vision and look forward to working closely with Minister Todd Smith in advancing Ontario's safety agenda.

I have complete confidence in TSSA meeting its safety-driven goals of our 5-year strategic plan, under the tutelage of incoming TSSA President and CEO Bonnie Rose and her Executive Leadership Team. With your support, we look forward to another year of safety at work.

**Norm Inkster**  
Chair, Board of Directors



**THESE ACHIEVEMENTS ARE THE RESULT OF THE PASSION, SKILLS AND EXPERTISE THAT TSSA STAFF BRING EVERYDAY TO ENHANCE SAFETY IN ONTARIO.**

## **PRESIDENT AND CEO'S MESSAGE**

The theme of this year's report, 'Safety at Work,' reflects the dynamic drive of TSSA staff and partners in government, industry and the public in keeping Ontario safe across the entire breadth of TSSA's regulated sectors.

Together, our work matters. That was particularly true in this year's performance.

First and foremost, I would like to extend my appreciation for the support I received as TSSA's Acting President and CEO over the fiscal year. Our accomplishments could not have been realized without the commitment of TSSA men and women who give substance to this year's 'Safety at Work' theme.

I am continually impressed by the level of professionalism and passion they bring to their responsibilities and I am deeply appreciative of their work. I am also thankful for the many partners that we work closely with to support safety throughout Ontario.

This fiscal focused on implementing the first year of TSSA's strategic plan and, together, we have accomplished a great deal. Achieving steady progress on the implementation of an enterprise resource platform (ERP), known as TSSA's 20/20 Program, we began configuring the new systems to achieve our intended goals, namely: organizational modernization; seamless customer interaction; trustworthy information; and effective business intelligence. We look forward to testing and training on the new ERP system and business processes in the coming year.

Working in partnership with industry and the Ministry of Government and Consumer Services (MGCS), TSSA helped identify and implement regulatory renewal opportunities, including safety improvements to the BPV regulation and examination of the USA regulation, under review and pending future direction. We're looking forward to ongoing improvements and the final review of the OE Regulation.

As the Ontario government sought to address challenges with elevator availability, TSSA, as a trusted safety advisor, commissioned a study that supported a plan of action, including: publishing elevator performance; developing an education/outreach campaign; creating standards to ensure elevators serve residents; and, improving access to elevators for first responders.

Building on the success of TSSA's carbon monoxide (CO) awareness effort, known as the Silent Killer campaign that garnered three international awards last year, we impressed millions across the province with an immersive, virtual-reality video (complemented with social media and online presence)

# **THE SUBSTANCE OF... SAFETY**

that brought CO safety to life in a compelling new way.

TSSA worked with the Office of the Auditor General of Ontario this year during a value-for-money audit. This was an opportunity to identify areas where we can improve on how we deliver our mandate, how we can better deliver value, and continue to help ensure the citizens of Ontario are safe. It additionally provided us with an opportunity to share our 20/20 Program goals, such as: improved efficiency; strong internal controls; data integrity; improved customer value; risk-informed decision-making; and enhanced safety outcomes. I look forward to the Auditor General's report and a deeper understanding of how we can deliver better value for money and continue our journey to ensure Ontarians are kept safe.

I was honoured to lead the organization through this period of change, and I would like to additionally thank the Chair and TSSA's Board of Directors for giving me this opportunity. At the end of the fiscal year, the Board announced Bonnie Rose as TSSA's new President and CEO. Bonnie brings a positive perspective to the organization, as well as expertise and experience in technical standards. I can attest to her leadership skills and passion for safety as we have worked collaboratively in her role as the President and CEO of the Retirement Homes Regulatory Authority.

All these fiscal achievements are the result of the passion, skills and expertise that TSSA staff bring every day to enhance safety where Ontario lives, works and plays. We look forward to the leadership and positive new direction that TSSA's President and CEO Bonnie Rose promises to bring in the coming year.

**David Scriven**  
Acting President and CEO

# SAFETY AT WORK

The theme of this year's annual report, 'Safety at Work', is more than just a concept. It is the practical basis of TSSA's efforts to keep Ontario safe in its regulated sectors.

Safety comes to life when backed by the work of TSSA men and women. From engineering, inspection and investigations to examinations, certification and licensing, we work with industry, government and the public – bringing risk-informed action to the forefront.

Together our work matters, providing Ontario with an enviable safety record and making the province a safer place to live, work and play.

Day in and day out, TSSA staff engage with partners in industry, the government and the public through a variety of collaborative means, including national and international code committees, regulatory reviews, industry workshops, public consultations, technical training, risk reduction groups, and regular involvement with contractors, mechanics, engineers, and TSSA's industry-based advisory councils.

That achievement would not be possible without the power of TSSA's partners in safety. It is the embodiment of TSSA's belief that we all share responsibility for safety.

To honour that role, TSSA is proud to present the winners of TSSA's Safety Awards to acknowledge the exceptional actions of two nominees for their safety work this year.

As a valued authority for a safer Ontario, TSSA employed several key initiatives to achieve greater public safety throughout the year. Here are a few highlights.

## HIGHLIGHTS OF THE YEAR

### Silent Killer 2.0

Bringing increased awareness to the risks of CO exposure, TSSA upped the ante on its safety advocacy through innovative and engaging tactics. With over 65% of CO incidents in private dwellings, TSSA leveraged the award-winning success of its 'Silent Killer' campaign with the help of key safety partners, such as the Office of the Fire Marshal and local fire services. With interactive augmented reality in a customized house-on-wheels and captivating virtual reality in Cineplex theatres, TSSA reached millions of Ontarians with complimentary digital, social and print media. This immersive strategy brought CO safety to life in a compelling new way.

Positioning CO as a public health priority, TSSA helped establish an international CO Collaboration Network, and began working with Public Health Ontario to gain greater data on CO exposure and increase awareness with public health practitioners. To further address risks associated with user behaviour, TSSA developed a new advocacy mandate and outlined a compelling strategy for TSSA's activities related to safety awareness and education initiatives.

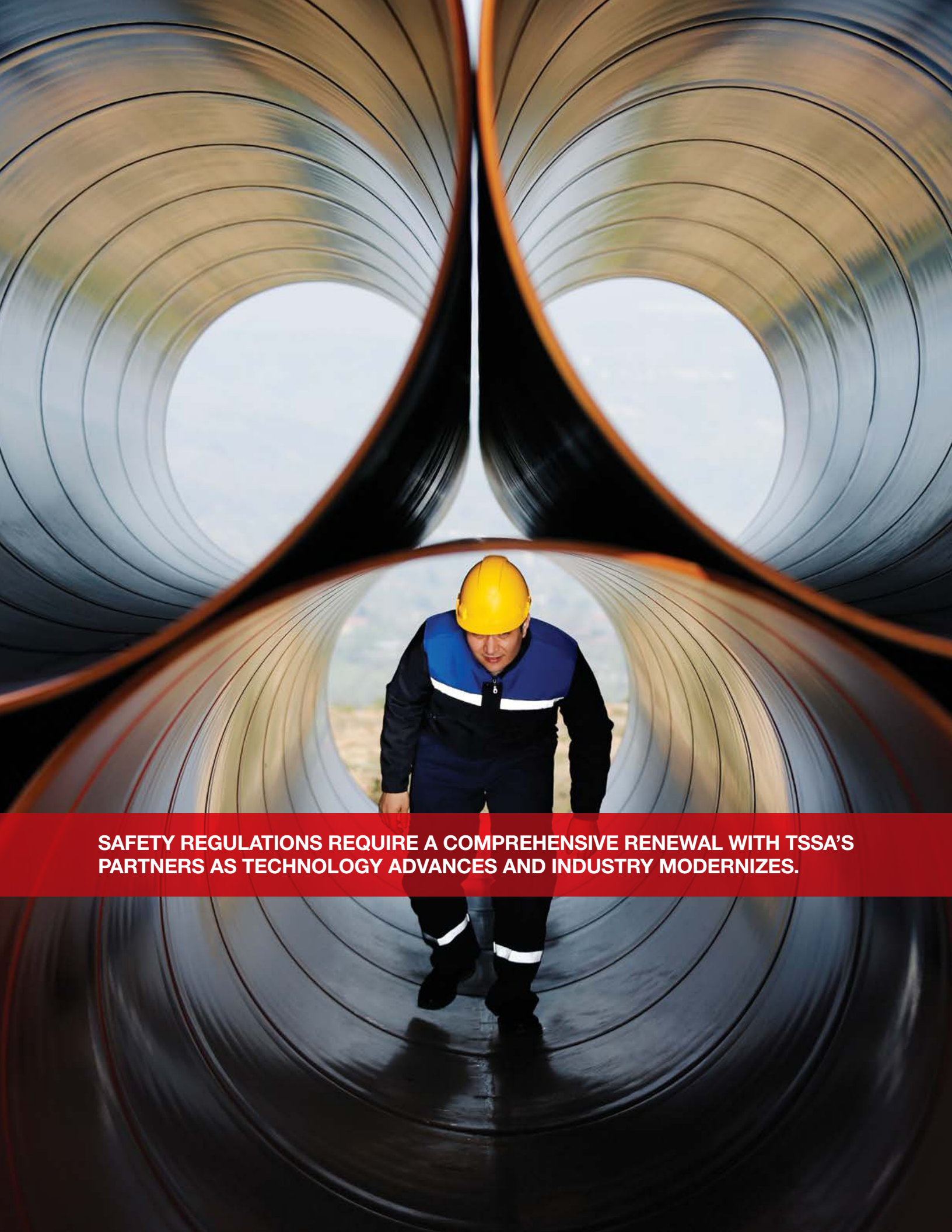
### Greater Consultation with Safety Reviews

Safety regulations require a comprehensive renewal with TSSA's joint partners, MGCS and industry stakeholders, as technological advances and industry modernizes to improve consumer benefits and further public safety. This year, significant advances were achieved, including: safety improvements to the Boilers and Pressure Vessels (BPV) regulation approved by government (effective in July 2018); examination of the Upholstered and Stuffed Articles (USA) regulation, which may be visited in the future; and, initiating the review of the Operating Engineers (OE) regulation in the coming year.

With ongoing improvement to TSSA's consultative processes for Code Adoption Documents (CADs) with MGCS, TSSA conducted analysis of risk, legal and cost impacts, jurisdictional context, and proactive stakeholder engagement with new CADs in BPV, Fuels and Elevating and Amusement Devices (ED/AD). Of note, the BPV CAD incorporated all new requirements of the revised Boilers and Pressure Vessels regulation.



**TOGETHER OUR WORK MATTERS, PROVIDING ONTARIO WITH AN ENVIABLE SAFETY RECORD AND MAKING THE PROVINCE SAFER.**



OUR YEAR IN REVIEW

Be Safe – Not Sorry Campaigns

One of TSSA's strategies is to be a catalyst for action on safety issues with the public and our regulated customers, reinforcing our goal of 'Safety Awareness, Active Compliance'. This year was no exception. Creating safety videos for our social media channels, TSSA raised awareness of known fuel risks at restaurants and food service locations, associated with known compliance issues. With an online 'Be Safe – Not Sorry' campaign, TSSA effectively gained interest on TSSA's YouTube channel, Twitter and Facebook accounts – depicting the devastating effects of grease fires and the dangers of not maintaining your fuel equipment. Partnering with the Toronto Transit Commission (TTC), TSSA promoted escalator/ elevator safety with 15-second 'Be Safe – Not Sorry' clips, displayed on TTC platform screens for four safety-dedicated months, demonstrating the ill effects of common user behaviour. With a goal to empower safe behaviour in both users and technical professions, these 'Be Safe – Not Sorry' campaigns played a starring safety role with over one million viewer impressions.

Significant Prosecutions in Fuels Safety/ Operating Engineers

While working with stakeholders toward compliance is the cornerstone of safety, TSSA must resort, at times, to prosecution as an effective tool of enforcement. Such was the case against: six separate contractors for hitting a pipeline with pressurized gas, causing explosions and damage, totalling over \$85K in provincial fines; one contractor performing an illegal truck-to-truck transfer of propane, fined \$10K; and two instances of working without certification – one fuel contractor fined for \$10K, and one powerplant operator fined for \$15K. Successful prosecutions of this nature send a powerful message that Ontario's safety laws must be respected and any violator who puts the public at risk will face the full extent of the law.

Improved Governance

TSSA's Safety and Regulatory Affairs Committee of the Board focused on the MGCS-led Regulatory Renewal Initiative and best practices in regulatory governance this year, including TSSA's commitment to become a 'modern regulator' built on a foundation of evidence, trust, collaboration and innovation. In FY19, a task-force will be initiated to: create/rebuild and implement a framework that provides credible assurance to stakeholders and the public on the state of public safety; and develop and exercise a regulatory delivery model that is

fair, transparent, balanced and focused on reducing risks to Ontario's safety and prosperity. TSSA will clearly define what it means to be a 'modern regulator', gain stakeholder input and create an action plan for future implementation.

SAFETY PROGRAM HIGHLIGHTS

Ontario's safety laws are realized through the dedicated actions of TSSA's men and women – from daily inspections, engineering reviews, and licensing, certification and examination to detailed investigations, high-risk prosecutions, and greater safety consultation with industry, the government and the public.

With an increasingly risk-based approach, these actions emphasize prevention, identify gaps in compliance and apply the best safety policies and practices to ensure Ontario becomes a safer place, every day.

Several highlights demonstrate those safety matters in action across TSSA's programs this year.

Boilers and Pressure Vessels Safety Program

TSSA's BPV Safety Program worked collaboratively with industry and the Ministry on the finalized regulatory revisions, including the BPV CAD that incorporated the amendments for greater oversight of insurers, addressing data challenges, periodic inspections and non-compliance with the Certificate of Inspection. The program began developing a user-friendly web portal to assist BPV insurers, authorized inspection agencies (AIAs) and owners with safety compliance for the July 2018 launch. Expanding its safety expertise in the nuclear industry, BPV brought greater full-time inspection to the Darlington, Pickering and Bruce Power plants to facilitate refurbishment and maintain the excellent reputation for safety of Ontario Power Generation and Bruce Power through a rigorous inspection and maintenance regime. With various presentations to industry through the year, BPV further improved communication with AIAs, licensee holders and the Canadian Nuclear Safety Commission. Seeking harmonization with the National Board of Boilers and Pressure Vessel Inspectors, the program additionally met with the Canadian Boiler and Machinery Underwriters' Association on several occasions to harmonize risk analysis.

Operating Engineers Safety Program

With the regulatory review underway, TSSA's OE Safety Program and MGCS convened an expert panel that developed recommendations going forward, including the expansion of recognition for practical OE experience, risk-based

SAFETY REGULATIONS REQUIRE A COMPREHENSIVE RENEWAL WITH TSSA'S PARTNERS AS TECHNOLOGY ADVANCES AND INDUSTRY MODERNIZES.

## OUR YEAR IN REVIEW

approaches to plant classification, clarity for non-technical readers, and burden reduction on industry – without compromising safety. The program continued to address a concern with the skills shortage in power engineering, including continued collaboration on student co-op placements across the province, encouraging additional power plant involvement, accrediting two more colleges and gaining an additional college for 2nd Class Operating Engineers.

### Elevating Devices Safety Program

Commissioned to conduct a study on elevator availability, TSSA's ED Safety Program worked collaboratively with a third-party vendor on a comprehensive report, which informed the focus to: enhance access for first responders; ensure elevators are adequately and proactively maintained; establish baseline reporting for elevator outages (with data publicly available); and designate a regulatory body to enforce availability requirements, including standards for elevator repair and timelines, and to advise on compliance costs for elevator contractors and owners. The program additionally examined a safety risk with elevator door closures, increasing safety awareness with vulnerable occupants in retirement homes and long-term care. Actively engaging elevator contractors, the program addressed low compliance with new monthly reports, seeking to: gain a global view of performance; develop plans to address unresolved safety orders; and develop new processes to ensure maintenance and testing is complete. In the ski industry, TSSA's Ski Lift Safety Program continued its partnership with the Ontario Chapter of the Canadian Ski Instructors Alliance (CSIA) and helped develop an effective training video for greater awareness of ski lift safety across the province.

### Amusement Devices Safety Program

TSSA's AD Safety Program continued to support consistent safety standards with a CAD development to harmonize Canadian and American requirements, including the aging of rides, anchoring of inflatables, and control of flow meters, and advanced to the feedback stage from stakeholders on proposed changes. To further support rider accessibility for persons with disability, the program published its guideline for accommodation strategies in the waterslide industry, including recommendations for risk assessments, and future development for all amusement devices. The program is additionally monitoring risks associated with trampoline parks.

### Fuels Safety Program

The Fuels Safety Program continued its risk-informed approach by: addressing CO safety in apartments and condominiums, working with Toronto Community Housing and Building Owners and Managers Association; mitigating the risk of fires and explosions in commercial kitchens; and conducting workshops and special inspections in academic locations, partnering with Ontario Association of School Business Officials and the Operation, Maintenance and Construction Committee. TSSA additionally worked with Public Health Ontario to obtain data on hospitalizations, treatment, emergency room visits and fatalities due to CO exposure. Working in partnership with the Ontario Fire Marshal and Toronto Fire Services, the program also received a Certification of Appreciation for TSSA's generous support with an interactive CO awareness campaign, TSSA's CO Safety House, during Fire Prevention Week in October 2017.

### Upholstered and Stuffed Articles

TSSA's USA Safety Program worked with industry and MGCS on a regulatory review – with possible changes at a future date. The program also proactively ensured manufacturers, retailers and importers were periodically inspected to meet all safety requirements. During investigation of improper registration and labelling, and sequential destruction of unfit materials, an international importer increased its internal quality controls and voluntarily changed its processes to align with regulatory safety. USA continued to gather incident reporting for consumer safety throughout the year, including safety concerns with contaminated coils and frames in bedding and furniture.

TSSA's safety work is continually measured against a balanced scorecard throughout the year. To assess its progress and its safety impact, TSSA's balanced scorecard provides a detailed account of organizational performance and key safety achievements for the fiscal year. It can be found on page 37 to 38 of this report.

For greater detail and analysis of TSSA's safety matters and the measured safety within its regulated sectors, read the Annual State of Safety Public Safety Report. The full report as well as reader-friendly call-out pages is available for safety reference at [www.tssa.org](http://www.tssa.org).



WITH A RISK-BASED APPROACH, TSSA EMPHASIZES PREVENTION, IDENTIFIES GAPS, AND APPLIES SAFETY PRACTICES TO ENSURE ONTARIO IS SAFE.



# SAFETY AT WORK ACROSS ONTARIO

With safety as a shared responsibility, TSSA recognizes the exceptional efforts of individual and corporate actions across Ontario, affirming the idea that we all have role to play in safety. Ontario's enviable safety record is the result of these actions and the considerable teamwork between TSSA, industry partners, safety advocates and technical experts.

Such was the impetus behind the creation of TSSA's Safety Awards program. In its fourth, celebratory year, TSSA is proud to present our 2018 winners – one in BPV/OE work, and one in natural gas safety.

Bringing greater safety to community, industry and the province of Ontario, these recipients promote safety-driven acts that resonate with the public they proudly serve. See how our noteworthy winners made safety work this year.



**ONTARIO'S SAFETY RECORD IS THE RESULT OF TEAMWORK BETWEEN  
TSSA, INDUSTRY, SAFETY ADVOCATES AND TECH EXPERTS.**



**WITH HIS NATURAL ABILITY TO INSPIRE, TRANSFORM AND EXPAND POWER PLANT SAFETY, JOEL TRULY DEMONSTRATES THE POWER OF SAFETY.**

**Joel Prouty**  
Shell Canada,  
1st Class Power Engineer

## IMPACT SAFETY AWARD



Joel Prouty, 1st Class Power Engineer at Shell Canada, is a driving force behind safety at Sarnia's utility plant and refinery. And he's continually raising the bar.

Leveraging a range of technical and safety-driven experiences from across the country, Joel joined Shell Canada back in 2015 and has been challenging the status quo ever since. Diagnosing the continuous failure of a sight glass, a water gauge that lets you examine liquid levels within a boiler, Joel and the Operations team resolved the issue and went a step further. Bringing his concerns to Shell Canada's Safety Department, Operations Managers, and the Refinery Manager, Joel helped the team work toward a safe operating practice in line with code requirements.

"Joel emulates the site's safety vision," says Stephen Lloyd, Health, Safety, Security and Environmental Manager for Sarnia's Manufacturing Centre. "We demonstrate care and commitment to our team, our neighbours and the site we operate. And Joel proactively helps the site continue to build on our safety performance."

So, what are the dangers with high and low-level water?

The only thing that allows a boiler to withstand extreme temperatures is the presence of water in all the furnace tubes; however, balance is essential. High-water conditions will severely damage equipment and contaminate product. Low-water conditions will literally melt the steel tubes and, in an excessively pressurized environment, that could lead to an explosion, damage and injury or loss of life.

"One of Joel's strengths," says William Shaw, Shell Canada's Console Operator, "is his ability to persuade. And he starts with a simple question – 'Why?'. He provides safety lessons, practical applications and effective learning moments with such ease, you find yourself

# THE POWER OF SAFETY

Joel provides safety lessons, practical applications and effective learning moments so you can adopt new, novel approaches to safety.

adopting new and novel approaches to safety."

He has become an excellent trainer too. Joel goes the extra mile for co-op students and new staff and continually creates greater awareness of the safety act under TSSA's jurisdiction, controlled documentation for plant operations, and adoption of Shell's internal safety policies and procedures.

Regulatory safety compliance is just the minimum standard for Joel. "When a better job can be done," says William, "he's one of the first to rally the team – to step up and do more."

Beyond being an active member of Shell's Emergency and Hazmat Response teams and his role as Incident Commander in the Fire Brigade, Joel uses his wealth of knowledge and skills to develop mitigation plans to protect life and environment, including Shell's work to reduce air pollution, limiting emissions of nitrogen oxide, sulphur dioxide, and volatile organic compounds.

"Joel is an innovative safety leader," says Mike Adams, TSSA's Director of Boilers and Pressure Vessels and Operating Engineers Safety. "With his natural ability to inspire, transform and expand power plant safety, including efforts that complement TSSA's own safety actions in power engineering, Joel truly demonstrates the power of safety. It's no wonder that he's this year's recipient of TSSA's Impact Safety Award."



**FOR OVER A DECADE, UTILITIES KINGSTON HAS BEEN CHAMPIONING FUELS SAFETY, PIPELINE SAFETY, INFRASTRUCTURE SAFETY AND WORKPLACE SAFETY.**

**Jim Keech**  
Utilities Kingston,  
President and CEO

## IMPACT SAFETY AWARD



Every superhero knows there is safety in numbers. Just ask the Avengers, the X-Men or the Fantastic Four. How about Utilities Kingston, otherwise known as the League of Extraordinary Champs?

For over a decade, Utilities Kingston, with its trusted partner the City of Kingston, has been championing fuels safety, pipeline safety, infrastructure safety and workplace safety with their annual Safety Days event for employees and contractors – with a goal to ensuring ‘everyone goes safely home – everyday.’

The successful health and safety event has grown from its initial 30 people, representing five contracting firms, to more than 575 participants and over 145 firms, including gas fitters, excavators, landscapers, electricians, plumbers and cleaners. Founded on a consistent set of safety messages, the now 2-day event makes safety the number one priority for all Kingston worksites.

“Our goal is simple: get everyone home safe, every day”, says Karen Santucci, Manager of Service and Gas Operations. “We focus on giving all employees, organizations and contractors the knowledge and tools to prevent injuries and illnesses on any worksite in our community.”

What are the most immediate dangers? Hitting underground utilities, such as a pressurized gas pipeline, creates a serious hazard. Even a minor scrape from a shovel or backhoe can damage underground infrastructure and create a natural gas leak. And if it finds an ignition source, you get a catastrophic explosion – putting everyone at risk.

Over the past 10 years, Utilities Kingston has noted a significant decrease in the number of third-party pipeline strikes, more than 75%, in its natural gas distribution areas.

“We emphasize safety as the highest priority on every worksite in Kingston”, says Jim Keech, President and CEO of Utilities

# THE LEAGUE OF EXTRAORDINARY CHAMPS

We work with everyone to ensure all precautions are taken to prevent injuries and damages – to both workers and the public.

Kingston. “By making safety a core corporate value, we’re fostering a culture to help ensure the wellbeing of our employees, contractors and the public. It’s one of the most important ways we’re helping to build better communities.”

The event also provides opportunities for contractors and staff to participate in free training sessions. The key is relevance, with content developed from health and safety issues that have arisen in previous years.

Areas of focus for Utilities Kingston are locates, sewer safety inspections and excavation practices. Last year, the utility went a step further and optimized its gas valve maintenance program by implementing a location-based application, Collector for ArcGIS. Crews access and update real-time, up-to-date valve data in the field, which in turn is used to determine preventative maintenance and schedule service work using Workforce for ArcGIS. Overall, digitizing the process has resulted in more reliable information and increased productivity, helping to improve the safety and reliability of the municipal gas distribution system.

“Utilities Kingston shows true leadership,” says John Marshall, TSSA’s Director of Fuels Safety, “and they bring others along the way. As part of the ‘League of Champions’, a conglomerate of industry partners seeking to build a greater culture of safety, Utilities Kingston is more than deserving of TSSA’s Impact Safety Award.”

# OPERATIONAL AND FINANCIAL PERSPECTIVES

Over the past year, TSSA gained significant ground and greater insight into enhancing safety on primary risks – those associated with user behaviour and carbon monoxide.

The Management's Discussion and Analysis (MD&A) provides insight and understanding into TSSA's financial results and outlines the organization's financial and business performance against its strategic and business plans for the fiscal year ended April 30, 2018. The MD&A should be read in conjunction with TSSA's audited financial statements and balanced scorecard to understand the connection between strategy, enterprise risk and financial results.

Forward-looking statements in the MD&A require management to make assumptions, giving rise to inherent risks and uncertainties. As such, they contain elements that may not be fully accurate and/or make assertions on TSSA's financial objectives, vision and strategic goals that may not all be achieved.

## CORPORATE OVERVIEW

TSSA's core activities enforce and promote public safety in four broad sectors mandated by the Government of Ontario: Boilers and Pressure Vessels/Operating Engineers (BPV/OE), Elevating Devices and Amusement Devices and Ski Lifts (ED/AD & Ski Lifts), Fuels, and Upholstered and Stuffed Articles (USA).

TSSA's activities are guided by five over-arching priorities as outlined in its current 5-Year Strategic Plan: Safety Awareness/Active Compliance, Modernized Regulatory Framework, Service Excellence, Engaged People and Effective Teams, and Solid Operational Foundation.

Notable accomplishments from the fiscal year include:

## Safety Awareness/Active Compliance

Compliance and awareness with Ontario's public safety laws are two facets of TSSA's strategic effort to enhance safety as an effective regulator. Awareness/Compliance initiatives concentrate on safety priorities based on the Risk of Injury and Fatality (RIF) as noted in TSSA's Annual State of Public Safety Report. This year, TSSA identified five priorities: Carbon Monoxide (CO) Risks in Apartments and Condominiums, Fuel Risks in Private Dwellings, Human Factor Risks on Elevators in Retirement and Long-Term Care Homes, Fuel Risks in Academic Locations, and Fire in Food Service Locations. With each safety priority, a strategy has been actioned that includes: building partnerships with other organizations and government; production of videos and brochures to aid with education activities; and participation in conferences to raise awareness and share best practices.

Over the past year, TSSA gained significant ground and greater insight into enhancing safety by focusing on two primary risks to Ontarians – those associated with user behaviour and carbon monoxide.

- Regarding CO Risks in Apartments and Condominiums, TSSA has been active in conducting inspections across the province and building partnerships, including with Toronto Community Housing who are assisting in the distribution of TSSA materials to raise awareness with building owners.
- CO poisoning is the largest risk to residents of the province and the organization continued its user engagement and public education initiatives with a strong emphasis on public interaction and expanding partnerships. TSSA continues its partnership with Public Health Ontario in support of positioning this safety priority as a broader public health issue and to gain greater data on fatalities and injuries due to CO exposure and increase awareness with public health practitioners.

**THIS YEAR, TSSA ENHANCED ENGAGEMENT TO INCORPORATE STAFF FEEDBACK INTO DECISION-MAKING AND RESPOND TO ONGOING CONCERNS.**

MANAGEMENT'S DISCUSSION & ANALYSIS

- To further address risks associated with user behaviour, TSSA developed partners in public outreach, created several campaigns for targeted at-risk audiences, and outlined a new advocacy mandate and strategy for TSSA's activities related to safety awareness and education initiatives.

Modernized Regulatory Framework

Regulatory renewal is indispensable to ensure public safety, particularly as technology advances and industries modernize. Through collaborative efforts, TSSA ensures an effective regulatory environment that protects the safety of Ontarians and considers regulatory burden on business. This year,

every day. The ability of the organization to achieve its vision depends on the team's engagement, alignment around the future direction, and the ability to be flexible, nimble, and responsive to change.

- This year, TSSA enhanced its engagement process to incorporate staff feedback into decision-making and respond to concerns on an ongoing basis. Embedding change management practices to address this feedback is important for addressing future change; as such, TSSA developed regular staff forums to promote and facilitate participation, and two pilot working groups were created to engage field staff and collect ongoing

TSSA SEEKS TO BE EFFECTIVE WHEN WORKING WITH CUSTOMERS, ENABLING THEM TO BE COMPLIANT AND SUPPORT SAFE BEHAVIOUR.

TSSA worked in partnership with the Ministry of Government and Consumer Services (MGCS) and industry to identify and implement regulatory renewal opportunities, including:

- Safety improvements to the BPV regulation approved by government (effective in July 2018); examination of the USA regulation, with possible changes at a future date; and, initiating the review of the OE regulation in the coming year.

Service Excellence

TSSA seeks to be more effective when working with regulated customers, enabling them to be compliant and support safe behaviour. With a goal to ensuring customer interactions are consistently effective, efficient, and supportive, TSSA is committed to ongoing improvements that are reflective of the organization's values.

- In fiscal year 2018, TSSA conducted a baseline survey to understand the current state and opportunities to enhance customer value. In addition, TSSA established a new metric to measure customer value to enable the organization to establish goals to reach our desired future state and enhance service excellence.

Engaged People and Effective Teams

The strength of any organization lies in its people. TSSA is composed of technical and industry experts who are passionate about safety and embody a culture of safety

feedback to evaluate success and inform future decisions.

Solid Operational Foundation

TSSA continuously works to improve through efficient and innovative operating models. Fundamental to TSSA's modernization is the investment to advance the organization's processes and technologies through improved access to timely, reliable data and increased transparency to government, industry, and the public.

- TSSA made significant progress in the ongoing development of its 20/20 Program, which includes end-to-end business process transformation, replacing obsolete operational and financial systems, improving data reliability and accessibility, and supporting organizational change management (see Technology Overview below).
- Assessing financial justification for an interim fee review, TSSA completed its analysis for a forthcoming cost-recovery model and the process is underway with defined fee review parameters, process and scope in the coming year.

TECHNOLOGY OVERVIEW

TSSA's information systems are a key enabler of its business strategy. Business architecture, data management, application systems, mobile solutions, and technology infrastructure all underpin the organization's safety activities. This year,

TSSA made significant progress in its major, multi-year transformation to replace the organization's enterprise resource planning (ERP) platform with a set of dynamic and configurable solutions.

Notable accomplishments include::

- TSSA is currently configuring new systems solutions to establish a modern, sustainable foundation to support data accuracy, embed risk-informed decisions across core activities, and develop a continuous improvement process to enable its strategic goals..
- Completing the development and system validation within Operations and Finance, the organization is preparing for testing and training in preparation for the implementation of these new solutions and business processes in the coming fiscal year.
- Strategic use of data in formulating business strategies, optimizing business processes and facilitating risk-informed decisions represents the foundation from which the organization operates. TSSA continues to operationalize effective data management principles, a cornerstone of the TSSA 20/20 program, and has undertaken initiatives to ensure data is managed effectively throughout the organization.

ENTERPRISE RISK MANAGEMENT OVERVIEW

Enterprise Risk Management (ERM) forms an integral part of TSSA's strategic, business and internal audit planning cycles. The goal of TSSA's ERM program is to identify, assess and monitor the management of risks with a view to minimizing adverse outcomes and maximizing opportunities. Like any business, TSSA is susceptible to risks that, if unmitigated, could threaten the sustainability of the organization.

Guided by a risk framework, including annual reporting to the Board of Directors and quarterly reporting to each Board Committee, ERM brings a consistent approach to the identification, assessment and control of risks as they relate to each of the corporate objectives. This includes an analysis to evaluate the urgency, likelihood and potential impact of enterprise-wide risks. Risk mitigation plans are developed and embedded in the strategic, business and operating plans.

The major enterprise risks facing TSSA in the fiscal year relate to data and technology. The organization is actively addressing

these through the major TSSA 20/20 transformation program.

To ensure the success of this multi-year program, a robust project management and governance framework is in place to manage program progress and risks, including ongoing oversight by a program Steering Committee, and the Board.

To assess compliance with risk management guidelines and best practices, TSSA engaged MNP LLP Internal Audit Services to conduct an independent assessment of the ERM program. Their report contained 20 recommendations that enable TSSA to be more closely compliant with the Committee of Sponsoring Organizations of the Treadway Commission's ERM Framework, which is one of the two commonly accepted ERM frameworks in use in Canada. Subsequently, TSSA engaged MNP's services to assist with the development of processes and controls to strengthen and modernize TSSA's ERM process. TSSA has begun a two-phase enhancement program that will improve the maturity of its program.

FINANCIAL HIGHLIGHTS

TSSA's total revenues of \$71.2million were higher than prior year by 4%. TSSA's revenue mix is comprised of Inspection (\$38.6 million), Licensing/Registration/Certifications and Exams (\$23.1 million), Engineering (\$8.9 million), and Investment income (\$0.6 million). Revenue is derived from fees that are based on cost recovery principles. TSSA has maintained a multi-year regulatory fee freeze in place since the last fee schedule that was issued May 1, 2013, supported by cost control efforts.

TSSA's four program areas, ED/AD, BPV/OE, Fuels and USA, predominantly generate regulatory revenue. In addition, ED/AD and BPV/OE produce non-regulatory revenue. Commentary on each follow.

The ED/AD Safety Program generated regulatory revenue of \$24.5 million, which was better than the prior year by 4%. The increase was primarily driven by higher volume of scheduled priority safety inspections to deliver TSSA's regulatory mandate and higher customer demand. When practical, periodic inspections are consolidated with outstanding low risk follow-ups within a single site visit, they have a positive customer impact and increase efficiency. Fiscal 2018 also included the continued temporary freeze of punitive, multiplier fees for non-compliance during ED follow-up inspections. The program continues to look for new

## MANAGEMENT'S DISCUSSION & ANALYSIS

approaches to incentivize safety behaviour and deter non-compliance in the sector. Engineering revenue declined year-over-year by 3% from lower customer demand, including the completion of reviews related to a Ministry of Labour requirement to retrofit elevator car tops with guardrails.

BPV/OE regulatory revenue of \$15.7 million was favourable to the prior year by 4% due to an increase in customer-driven business volumes for inspection services. The number of piping inspections and quality assurance/special inspections increased year-over-year, offsetting lower licensing and engineering services.

Fuels Program revenue of \$21.7 million was higher than prior year by 3%, primarily driven from higher natural gas proactive inspections and contractor audit inspections with partial offset from lower certifications and exams revenues.

The USA Safety Program generated revenue of \$4.2 million, which is similar to prior year revenue.

Non-regulatory business revenue of \$5.1 million consists of a limited number of customer contracts, primarily in BPV, which has grown by 20% due to additional demand from the nuclear sector to support the refurbishment of the Bruce Power facility. ED/AD non-regulatory inspection revenue also increased from higher customer demand than the prior year.

TSSA remains committed to ensuring prudent expense management and seeking cost efficiencies and productivity gains where possible. Total expenses were \$76.8 million, an increase of \$12.3 million or 19% over the prior year driven by increased investment on TSSA's 20/20 Program, the regulatory review process and strategic initiatives. Total expenses for TSSA's 20/20 Program in fiscal 2018 was \$8.6 million as the multi-year business transformation progresses to replace the organization's ERP system and enable TSSA to improve its business process and become a modern safety regulator. Excluding the TSSA 20/20 Program, core business expenses increased by \$6.5 million or 10% over the prior year. The year-over-year increase in core business expenses was not offset by the increase in revenue. This results in negative operating leverage, a balanced scorecard measurement of the change in expense relative to the change in revenue. TSSA's financial resources allow for this measure to be negative in the short term to support a continued fee freeze and investment in key business initiatives such as regulatory review.

Salaries and benefits remained TSSA's largest spend due to its structure as a service organization. This spend was up by 12% over prior year, with increases in permanent and temporary staffing levels primarily in operations staff to effectively deliver its safety mandate and invest in the TSSA 20/20 Program and other one-time costs. Additions or changes to staffing are managed through tightly controlled business case justifications. TSSA will continue to support the TSSA 20/20 Program with the required resource level to advance its build and testing phases in fiscal 2019.

Non-salary operating expense increased by \$6.9 million year-over-year primarily driven by investment in the TSSA 20/20 Program. Other expense increases were in professional services including third party support in regulatory reviews to update/enhance safety regulations, and internal audit to assess and develop processes and controls to strengthen and modernize TSSA's ERM. Where possible and/or prudent, expense reductions, delays and deferrals were obtained to offset cost increases in a variety of key non-salary expense categories, particularly in corporate-related costs.

TSSA generated a deficiency of revenue over expenses of \$5.6 million, a \$9.5 million reduction over the prior year. This was due to an increase in expenses of \$12.3 million, mostly from investment in the TSSA 20/20 Program, and a smaller increase in revenue of \$2.8 million. Excluding the investment in the TSSA 20/20 Program, TSSA's core business generated an excess of revenue over expenses of \$3.0 million or 4% of revenues. Concerted efforts to manage core business expenses to support the increased investment in the TSSA 20/20 Program will continue with the goal of further improving operational efficiencies.

TSSA currently has an adequate reserve level to fund fiscal 2019 investments in the TSSA 20/20 Program and other strategic initiatives for building a strong foundation for the future. The reserve level also provides a stable base for an additional year of a fee freeze in fiscal 2019, as previously announced. TSSA has not increased fees since the implementation of the new fee schedule on May 1, 2013 despite multi-year inflationary pressures on costs. Revenues are based on the approved cost recovery structure, consistent with the guidelines contained in TSSA's Memorandum of Understanding (MOU) with the Ontario government, and ensure future investment in safety programs for the province of Ontario.

**EFFORTS TO MANAGE EXPENSES TO SUPPORT INVESTMENT IN TSSA's 20/20 PROGRAM WILL CONTINUE TO IMPROVE OPERATIONAL EFFICIENCIES.**

CAPITAL EXPENDITURES

The capital expenditures of \$3.9 million were lower compared to prior year, which included leasehold improvements related to the relocation of TSSA's office. Fiscal 2018 expenditures were primarily related to investments in the TSSA 20/20 Program and replacement of obsolete technology equipment for sustaining and enhancing TSSA's business operations.

Management continues to ensure all capital investments support value to stakeholders and reflect the strategic objectives of the organization.

NET ASSETS

TSSA's financial position remains strong with net assets of \$33.9 million. TSSA continues to operate with no unfunded liabilities and maintains a solid working capital position (excluding deferred revenue) of \$20.2 million (\$19.5 million in fiscal 2017).

appropriate investments are made supporting TSSA's mandate. As the restricted reserve level at fiscal 2018 year-end is below 25%, actions to recover the restricted reserve level within a reasonable period consistent with the reserve policy will include fee review in fiscal 2019 for implementation in fiscal 2020. Management regularly assesses TSSA reserves to ensure adequate capital is maintained to fund enhancements to the safety system for the benefit of Ontarians as well as the ability to absorb unforeseen economic circumstances.

FISCAL YEAR 2019 OUTLOOK

TSSA's 2019 fiscal year is informed by its 5-Year Strategic Plan that seeks to further evolve safety by addressing technological advances and ensuring greater collaboration with industry and government to become a modern regulator.

The fiscal 2019 budget represents management's commitment

million. Non-regulatory net margin of \$1.3 million represents an increase of \$0.1 million over the prior year. In accordance with TSSA's cost recovery model, the organization will conduct a fee review in fiscal 2019. Please note that program areas under regulatory review will not be part of the FY2019 fee review.

Total budgeted revenue is \$74.1 million. Revenue is volume driven as fees are frozen and is projected to increase by 4% across most Programs. Best estimates of business activity volumes include projected device volume growth/changes, volume and mix of inspection work expected (based on assessment of risk factors and projected compliance levels), and manufacturing activity resulting in engineering reviews and initial inspections. BPV regulatory revenue includes new Certificate of Inspection (COI) and Insurer Audit fees for insured devices consistent with government direction on regulatory review for safety compliance purposes. USA Program revenue includes an estimated reduction of \$0.8 million associated with revenue risk due to a pending regulatory change.

Total budgeted expenses of \$82.3 million are anticipated to grow by 7% 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. Key investments include advocacy spending to support CO awareness, and TSSA 20/20 Program spend. TSSA has the financial resources in place to allow for these investments. Budgeted revenue partially recovers expenses including cost control and efficiency gains in fiscal years 2015-2017, putting TSSA in a good position to invest for the future.

Core business expense growth, excluding the TSSA 20/20 Program, is expected to be 9% consistent with supporting the core mandate and the business initiatives in the 5-year strategic plan. This increase will be managed in several ways: staffing changes continue to require stringent business case justification, inflationary increases are to be absorbed with cost saving initiatives, and offsets identified for one time or cyclical expenditures. TSSA will continue to invest in workforce training, development and safety, the stability and performance of core IT infrastructure, and programs such as the TSSA Safety Awards. Innovative approaches to delivering corporate

support processes are being identified on an ongoing basis, such that the growth rate in support costs is planned to be below the growth rate in direct operating costs. Minimal work will be performed on the existing ERP system as focus is on replacing it as per the TSSA 20/20 Program.

TSSA's capital budget for fiscal 2019 is projected at \$6.7 million, driven by a combination of the TSSA 20/20 Program and other IT projects. There will be continued capital spending to upgrade and maintain IT infrastructure to ensure effectiveness, security, performance and reliability as well as developing a web-based portal to support the operationalization of the BPV COI regulatory change. Capital spend on existing systems is limited with the focus on the TSSA 20/20 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 within policy and is also closely monitored by a third-party investment manager.

TSSA continues to monitor its reserves. The unrestricted reserve balance at the end of fiscal 2018 is adequate to support the fiscal 2019 investment in the TSSA 20/20 Program and all initiatives to deliver the strategic plan, including regulatory review work and advocacy initiatives. However, the restricted reserve balance at the end of fiscal 2018 is 18% of total operating expenses and is projected to further decline due to the budgeted fiscal 2019 deficit and strategic investments previously mentioned. The reserve policy targets a restricted reserve level of 25% of budgeted operating expenses. When below 25%, management actions are needed to recover the restricted reserve level which will include a fee review in fiscal 2019 for implementation in fiscal 2020. It is expected that reserves will recover through fee review and support the business in achieving its long-term vision and goals and ensure adequate capital for unforeseen economic events.

TSSA is confident that the established operating and capital budgets will enable the successful execution of its regulatory mandate and overall business plan.

TSSA SEEKS TO FURTHER EVOLVE BY ADDRESSING TECHNOLOGICAL ADVANCES AND ENSURING COLLABORATION WITH INDUSTRY AND GOVERNMENT.

Accounts Receivable related to customer accounts were higher in fiscal 2018 driven by the increase in revenue. The current ratio (excluding deferred revenue) of 2.5:1 is equal to prior year and indicates a continued healthy liquidity position. TSSA's investments in short and long-term financial instruments, totalling \$39.4 million (\$48.2 million in fiscal 2017), are held to maturity in high quality, very low-risk financial instruments, which adhere to the investment policy as approved by the Board of Directors. The year-over-year reduction to investments are due to planned funding for the TSSA 20/20 Program and other operating expenses.

At fiscal 2018 year-end, TSSA's total reserve level was \$26.6 million or 35% of total operating expenses. Within the total reserve, the restricted reserve of \$13.9 million represented 18% of total operating expenses. The balance of the unrestricted reserve of \$12.7 million is sufficient for supporting fiscal 2019 planned investments in the business process redesign and systems replacement activities in the TSSA 20/20 Program, as described previously. TSSA has a reserve policy that includes a set of rules that apply when the restricted reserve level is above or below 25% to guide business decisions related to revenue, expense and capital, ensuring

to stakeholders to develop and implement a practical financial plan aligned with the vision and strategic priorities. The emphasis is on delivering efficient, customer focused processes that support TSSA's regulated mandate while funding investment to ensure a solid business foundation and modernize for the future. Continued cost control in TSSA's Core business supports extension of the fee freeze to May 2019. Please note that the fee freeze is not applicable to program areas under regulatory review. The most recent fee schedule was approved effective May 1, 2013. TSSA's fees overall have increased less than the rate of inflation since its inception in 1997 and the organization will continue to strive to find ways to restrain fee increases in the future.

TSSA is projecting a deficiency of revenues over expenses (deficit) of \$8.2 million due primarily to investment required for end-to-end business process redesign and new systems implementation (TSSA 20/20 Program), as discussed in the Technology section, and to deliver TSSA's safety mandate. As TSSA produced a deficit of \$5.6 million in fiscal 2018, fiscal 2019 represents a deficit increase of \$2.6 million from the prior year.

The fiscal 2019 regulatory deficit of \$9.5 million or 14% of revenues is worse than the prior year's deficit of \$6.8



COST CONTROL IN TSSA'S CORE BUSINESS SUPPORTS EXTENSION OF THE FEE FREEZE TO MAY 2019 – FOR THOSE NOT UNDER REGULATORY CHANGE.

MANAGEMENT'S DISCUSSION & ANALYSIS

TECHNICAL STANDARDS AND SAFETY AUTHORITY  
**STATEMENT OF INCOME AND EXPENSES**  
(In thousands of dollars)  
Year ended April 30, 2018 with Fiscal 2019 Budget

|                                                              | Fiscal 2018<br>Actual<br>\$'000 | Fiscal 2019<br>Budget<br>\$'000 | Changes        |            |
|--------------------------------------------------------------|---------------------------------|---------------------------------|----------------|------------|
|                                                              |                                 |                                 | \$             | %          |
| <b>REGULATORY BUSINESS:</b>                                  |                                 |                                 |                |            |
| Boilers and Pressure Vessels/<br>Operating Engineers Revenue | 15,772                          | 17,038                          | 1,316          | 8%         |
| Elevating and Amusement Devices Revenue                      | 24,483                          | 25,012                          | 530            | 2%         |
| Fuels Revenue                                                | 21,700                          | 22,317                          | 617            | 3%         |
| Upholstered and Stuffed Articles Revenue                     | 4,157                           | 3,335                           | (822)          | (20%)      |
| Total Revenue                                                | 66,062                          | 67,702                          | 1,640          | 2%         |
| Expenses                                                     | 72,880                          | 77,226                          | 4,346          | 6%         |
| <b>NET MARGIN</b>                                            | <b>(6,818)</b>                  | <b>(9,524)</b>                  | <b>(2,706)</b> | <b>40%</b> |
|                                                              | (10%)                           | (14%)                           |                |            |
| <b>NON-REGULATORY BUSINESS:</b>                              |                                 |                                 |                |            |
| Revenue                                                      | 5,131                           | 6,391                           | 1,260          | 25%        |
| Expenses                                                     | 3,911                           | 5,085                           | 1,175          | 30%        |
| <b>NET MARGIN</b>                                            | <b>1,220</b>                    | <b>1,306</b>                    | <b>86</b>      | <b>7%</b>  |
|                                                              | 24%                             | 20%                             |                |            |
| <b>TOTAL TSSA:</b>                                           |                                 |                                 |                |            |
| Revenue                                                      | 71,193                          | 74,093                          | 2,900          | 4%         |
| Expenses                                                     | 76,791                          | 82,311                          | 5,520          | 7%         |
| <b>NET MARGIN</b>                                            | <b>(5,598)</b>                  | <b>(8,218)</b>                  | <b>(2,620)</b> | <b>47%</b> |
|                                                              | (8%)                            | (11%)                           |                |            |

TECHNICAL STANDARDS AND SAFETY AUTHORITY  
**CAPITAL EXPENDITURE**  
(In thousands of dollars)  
Year ended April 30, 2018 with Fiscal 2019 Budget

|                     | Fiscal 2018<br>Actual<br>\$'000 | Fiscal 2019<br>Budget<br>\$'000 | Changes |     |
|---------------------|---------------------------------|---------------------------------|---------|-----|
|                     |                                 |                                 | \$      | %   |
| Capital Expenditure | 3,928                           | 6,726                           | 2,798   | 71% |

INDEPENDENT AUDITORS' REPORT

To the Members of Technical Standards and Safety Authority

We have audited the accompanying financial statements of Technical Standards and Safety Authority, which comprise the statement of financial position as at April 30, 2018, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Technical Standards and Safety Authority as at April 30, 2018, 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.

Chartered Professional Accountants  
Licensed Public Accountants

Grant Thornton LLP

Toronto, Canada  
July 19, 2018

TECHNICAL STANDARDS AND SAFETY AUTHORITY

(See accompanying notes to the financial statements.)

STATEMENT OF FINANCIAL POSITION

(In thousands of dollars)

Year ended April 30, 2018

|                                                   | 2018      | 2017      |
|---------------------------------------------------|-----------|-----------|
| <b>ASSETS</b>                                     |           |           |
| Current                                           |           |           |
| Cash                                              | \$ 3,405  | \$ 3,016  |
| Short-term Investments (Note 3)                   | 20,843    | 20,739    |
| Accounts Receivable (Note 4)                      | 8,475     | 8,321     |
| Prepaid Expenses                                  | 917       | 851       |
|                                                   | 33,640    | 32,927    |
| Long-term Investments (Note 3)                    | 18,588    | 27,496    |
| Capital Assets (Note 5)                           | 5,075     | 5,215     |
| Intangible assets (Note 6)                        | 3,846     | 1,279     |
|                                                   | \$ 61,149 | \$ 66,917 |
| <b>LIABILITIES</b>                                |           |           |
| Current                                           |           |           |
| Accounts Payable and Accrued Liabilities (Note 7) | \$ 13,409 | \$ 13,396 |
| Deferred Revenue                                  | 13,834    | 14,017    |
|                                                   | 27,243    | 27,413    |
| Net assets                                        |           |           |
| Invested in Capital Assets and Intangible Assets  | 7,263     | 4,641     |
| Restricted Reserve (Note 12)                      | 13,947    | 28,447    |
| Unrestricted Reserve (Note 12)                    | 12,696    | 6,416     |
|                                                   | 33,906    | 39,504    |
| Commitments and Contingencies (Note 14)           |           |           |
|                                                   | \$ 61,149 | \$ 66,917 |

On behalf of the Board

N. D. Inkster

Norm Inkster  
Chair of the Board of Directors

M. Lees

Michael Lees  
Chair of Audit, Finance and Risk Committee

TECHNICAL STANDARDS AND SAFETY AUTHORITY

(See accompanying notes to the financial statements.)

| STATEMENT OF OPERATIONS                                                              |            |           |  |
|--------------------------------------------------------------------------------------|------------|-----------|--|
| (In thousands of dollars)                                                            |            |           |  |
| Year ended April 30, 2018                                                            |            |           |  |
|                                                                                      | 2018       | 2017      |  |
| Regulatory Business Revenue                                                          |            |           |  |
| Elevating and Amusement Devices                                                      | \$ 24,483  | \$ 23,611 |  |
| Fuels                                                                                | 21,700     | 21,124    |  |
| Boilers and Pressure Vessels and Operating Engineers                                 | 15,722     | 15,175    |  |
| Upholstered and Stuffed Articles                                                     | 4,157      | 4,171     |  |
|                                                                                      | 66,062     | 64,081    |  |
| Non-regulatory Business Revenue                                                      | 5,131      | 4,293     |  |
|                                                                                      | 71,193     | 68,374    |  |
| Regulatory Business Expenses                                                         |            |           |  |
| Salaries, Wages and Benefits                                                         | 49,847     | 44,652    |  |
| Operating                                                                            | 21,531     | 15,311    |  |
| Amortization                                                                         | 1,502      | 1,298     |  |
|                                                                                      | 72,880     | 61,261    |  |
| Non-regulatory Business Expenses                                                     | 3,911      | 3,231     |  |
|                                                                                      | 76,791     | 64,492    |  |
| Excess (deficiency) of regulatory business revenue over regulatory business expenses | (6,818)    | 2,820     |  |
| Excess of non-regulatory business revenue over non-regulatory business expenses      | 1,220      | 1,062     |  |
| Excess (deficiency) of revenue over expenses                                         | \$ (5,598) | \$ 3,882  |  |

| STATEMENT OF CHANGES IN NET ASSETS           |                                                  |                              |                                |            |            |
|----------------------------------------------|--------------------------------------------------|------------------------------|--------------------------------|------------|------------|
| (In thousands of dollars)                    |                                                  |                              |                                |            |            |
| Year ended April 30, 2018                    |                                                  |                              |                                |            |            |
|                                              | Invested in capital assets and intangible assets | Restricted reserve (Note 12) | Unrestricted reserve (Note 12) | Total 2018 | Total 2017 |
| Net Assets, beginning of year                | \$ 4,641                                         | \$ 28,447                    | \$ 6,416                       | \$ 39,504  | \$ 35,622  |
| Excess (Deficiency) of revenue over expenses | (1,307)                                          | –                            | (4,291)                        | (5,598)    | 3,882      |
| Investment in capital assets                 | 1,008                                            | –                            | (1,008)                        | –          | –          |
| Investment in intangible assets              | 2,921                                            | –                            | (2,921)                        | –          | –          |
| Interfund transfer                           | –                                                | (14,500)                     | 14,500                         | –          | –          |
| Net Assets, end of year                      | \$ 7,263                                         | \$ 13,947                    | \$ 12,696                      | \$ 33,906  | \$ 39,504  |

TECHNICAL STANDARDS AND SAFETY AUTHORITY

(See accompanying notes to the financial statements.)

| STATEMENT OF CASH FLOWS                                 |            |          |  |
|---------------------------------------------------------|------------|----------|--|
| (In thousands of dollars)                               |            |          |  |
| Year ended April 30, 2018                               |            |          |  |
|                                                         | 2018       | 2017     |  |
| Increase (decrease) in cash                             |            |          |  |
| Operating                                               |            |          |  |
| Excess (deficiency) of revenue over expenses            | \$ (5,598) | \$ 3,882 |  |
| Items not affecting cash                                |            |          |  |
| Amortization of capital assets                          | 1,148      | 1,029    |  |
| Amortization of intangible assets                       | 354        | 269      |  |
| Amortization of deferred lease inducements              | (195)      | (161)    |  |
| Unrealized loss (gain) on short-term investments        | 64         | (26)     |  |
| Unrealized loss on long-term Investments                | 92         | 14       |  |
|                                                         | (4,135)    | 5,007    |  |
| Change in non-cash working capital items (Note 9)       | (348)      | (3,687)  |  |
|                                                         | (4,483)    | 1,320    |  |
| Investing                                               |            |          |  |
| Proceeds on maturity of short-term investments          | 16,945     | 4,200    |  |
| Purchase of short-term investments                      | (17,113)   | (13,879) |  |
| Proceeds on maturity of long-term investments           | 11,421     | 16,512   |  |
| Purchase of long-term investments                       | (2,605)    | (7,643)  |  |
| Acquisition of capital assets                           | (1,008)    | (5,366)  |  |
| Acquisition of intangible assets                        | (2,921)    | (1,050)  |  |
| Deferred lease inducements recorded in accounts payable | 153        | 2,475    |  |
|                                                         | 4,872      | (4,751)  |  |
| Increase (decrease) in cash                             | 389        | (3,431)  |  |
| Cash                                                    |            |          |  |
| Beginning of year                                       | 3,016      | 6,447    |  |
| End of year                                             | \$ 3,405   | \$ 3,016 |  |

NOTES TO FINANCIAL STATEMENTS

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 Government and Consumer Services of the Province of Ontario (“MGCS”). Effective April 24, 2013, and pursuant to the TSS Act, the MGCS and TSSA executed an amendment to the MOU to revoke and replace the prior additional non-regulatory objects of the 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

(In thousands of dollars) Year ended April 30, 2018

additional powers of the MGCS. 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 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 and pressure vessels is comprised of inspection, engineering and licensing, registration and certification fees. Revenue from upholstered and stuffed articles is comprised of licensing, registration and certification fees.

Revenue from the provision of inspection and engineering services is recorded when services are performed. 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.

Financial Instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amor- tized cost, unless management has elected to carry the instruments at fair value. TSSA has not elected to carry any such financial 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 the 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 ex- pected 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.

Accounts Receivable

At year end, TSSA assesses whether there are any indications that the carrying value of the receivables may be impaired. For purposes of impairment testing, each significant account is assessed individually; the balance of the accounts is grouped on the basis of similar credit risk characteristics. When there is an indication of impairment, TSSA determines whether there has been a significant adverse change in the expected timing or amount of future cash flows. When TSSA identifies a significant adverse change, it reduces the carrying amount of the receivable to the higher of the amount that could be realized by selling the receivable at the statement of financial position date and the present value of the cash flows expected to be generated by holding the receivable.

When the extent of impairment of a previously written down receivable decreases and the decrease can be related to an event occurring after the impairment was recognized, the impairment loss is reversed to the extent of the improvement.

(In thousands of dollars) Year ended April 30, 2018

Capital Assets

Purchased capital assets are recorded 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 construction in progress and are not amortized until they are brought into service.

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 .....  | 5 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 construction in progress and are not amor- tized until they are brought into service.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rates of exchange at the year-end date. Revenue and expenses are translated at the exchange rates prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in the statement of operations. Realized foreign exchange gain of \$17 (2017; \$28) is included in the statement of operations.

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

(In thousands of dollars) Year ended April 30, 2018

3. Investments

Short-term investments consist of cash, bankers’ acceptances, guaranteed investment certificates and bonds, with yields between 0.75% and 2.50% (2017; 1.21% and 2.40%), maturing prior to April 30, 2019 (2017; April 30, 2018). Long-term investments consist of the following:

|                                | 2018      |              | 2017      |              |
|--------------------------------|-----------|--------------|-----------|--------------|
|                                | Cost      | Market Value | Cost      | Market Value |
| Corporate and Government bonds | \$ 18,428 | \$ 18,588    | \$ 27,142 | \$ 27,496    |

The long-term investments have effective rates between 0.75% and 2.46% (2017; 0.6% and 2.50%), maturing from June 2019 to July 2021 (2017; May 2018 to June 2021). 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. Changes in interest rates may also affect the value of equity securities. 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.

4. Accounts Receivable

|                                 | 2018     | 2017     |
|---------------------------------|----------|----------|
|                                 |          |          |
| Accounts receivable             | \$ 9,154 | \$ 8,889 |
| Allowance for doubtful accounts | (679)    | (568)    |
|                                 | \$ 8,475 | \$ 8,321 |

5. Capital Assets

|                        | 2018     |                          | 2017           |                |
|------------------------|----------|--------------------------|----------------|----------------|
|                        | Cost     | Accumulated Amortization | Net Book Value | Net Book Value |
| Equipment              | 1,635    | 1,137                    | 498            | 720            |
| Furniture and fixtures | 903      | 333                      | 570            | 735            |
| Computer hardware      | 2,930    | 2,012                    | 918            | 328            |
| Leasehold improvements | 3,750    | 661                      | 3,089          | 3,432          |
|                        | \$ 9,218 | \$ 4,143                 | \$ 5,075       | \$ 5,215       |

6. Intangible assets

|                   | 2018      |                          | 2017           |                |
|-------------------|-----------|--------------------------|----------------|----------------|
|                   | Cost      | Accumulated Amortization | Net Book Value | Net Book Value |
| Business Systems  | \$ 9,989  | \$ 6,355                 | \$ 3,634       | \$ 963         |
| Computer Software | 1,564     | 1,352                    | 212            | 316            |
|                   | \$ 11,553 | \$ 7,707                 | \$ 3,846       | \$ 1,279       |

Additions to business systems of \$3,299 (2017; \$736) have not yet been amortized as they are not in use.

TECHNICAL STANDARDS AND SAFETY AUTHORITY

(In thousands of dollars) Year ended April 30, 2018

7. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$1,503 (2017; \$1,562), which relate to sales tax, payroll remittances and oversight fees charged by the MGCS. Also included in accounts payable and accrued liabilities are lease inducements generated from a leasehold improvement allowance and free rental period rental equalization which amounted to \$2,629 (2017; \$2,475). As of April 30, 2018, the remaining balance of the inducement is \$2,272 (2017; \$2,314). The lease inducements and rent-free period are amortized over the term of the lease.

|                                 | Inducement received | Accumulated Amortization | 2018           | 2017           |
|---------------------------------|---------------------|--------------------------|----------------|----------------|
|                                 |                     |                          | Net Book Value | Net Book Value |
| Rent free period                | \$ 615              | \$ 1                     | \$ 614         | \$ 461         |
| Leasehold improvement allowance | 2,014               | 356                      | 1,658          | 1,853          |
| Lease inducements               | \$ 2,629            | \$ 357                   | \$ 2,272       | \$ 2,314       |

8. Allocation of Expenses

Direct labour and benefits expenses of \$1,841 (2017; \$1,621) have been allocated to non-regulatory business expenses. Corporate support expenses of \$33,966 (2017; \$25,046) have been allocated as follows:

|                                  | 2018      | 2017      |
|----------------------------------|-----------|-----------|
|                                  |           |           |
| Regulatory business expenses     | \$ 32,236 | \$ 23,805 |
| Non-regulatory business expenses | 1,730     | 1,241     |
|                                  | \$ 33,966 | \$ 25,046 |

9. Supplemental cash flow information

Change in non-cash working capital items:

|                                                     | 2018     | 2017       |
|-----------------------------------------------------|----------|------------|
|                                                     |          |            |
| Accounts receivable                                 | \$ (154) | \$ 371     |
| Prepaid expenses                                    | (66)     | (244)      |
| Accounts payable, net of deferred lease inducements | 55       | (4,575)    |
| Deferred revenue                                    | (183)    | 761        |
|                                                     | \$ (348) | \$ (3,687) |

10. 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 \$2,135 (2017; \$1,913).

11. 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.

TECHNICAL STANDARDS AND SAFETY AUTHORITY

(In thousands of dollars) Year ended April 30, 2018

12. Restricted Reserve

TSSA has an approved 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 restricted reserve level of 25% of budgeted regulatory and non-regulatory operating expenses. The Board considers the sum of the restricted reserve and unrestricted reserve to be the total reserve. As at April 30, 2018, the total reserve was \$26,643 (2017; \$34,863). The balance of \$12,696 (2017; \$6,416) in the unrestricted reserve represents funding for future business initiatives.

13. Capital Disclosures

TSSA's capital is its net assets as reflected in the statement of financial position. Within net assets, TSSA manages its restricted reserve and unrestricted reserve, as described fully in Note 12. 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.

14. Commitments and Contingencies

Operating Facility

Under the terms of its banking agreement, TSSA has available a demand operating facility of up to \$750. This facility bears interest at TSSA's bank's prime rate plus 0.25% 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, 2018, \$Nil (2017; \$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:

|            |          |
|------------|----------|
| 2019       | \$1,665  |
| 2020       | 1,322    |
| 2021       | 1,134    |
| 2022       | 863      |
| 2023       | 626      |
| Thereafter | \$ 2,396 |
|            | \$ 8,006 |

Litigations

TSSA has been named as defendant in certain litigations alleging actual and punitive damages. The outcome of the litigations has been assessed as indeterminable, however, 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.

CORPORATE INFORMATION

TSSA'S BOARD OF DIRECTORS

- Don Aronson**  
President, Aronson and Associates Inc.
- Lynda Bowles**  
Former Audit Partner, Deloitte LLP
- JoAnne Butler**  
Former Vice-President, Market & Resource Development, Independent Electricity System Operator
- Brian Chu**  
Founding partner of Bogart Robertson & Chu LLP
- Douglas Harrison**, Vice Chair  
President and CEO, VersaCold
- Debbie Heiser**  
Vice President, Canadian Services Delivery at Optiv Security Inc.
- Aman Hundal**  
Former Business Continuity Analyst, Canada Revenue Agency
- Norm Inkster**, Chair  
President, Inkster Incorporated Inc.
- Michael Lees**  
Former President, Babcock & Wilcox Nuclear Energy
- Elaine Pitcher**  
Barrister and Solicitor, Elaine Pitcher Law Office
- Connie Roveto**  
President, Cirenity Management
- Wendy Tilford**  
Board Member, CSA Group and former Deputy Minister at the Ministry of Government and Consumer Services, Economic Development and Trade, Research and Innovation, and a member of the Executive Development Committee and Public Service Commission
- Helle Tosine**  
Senior Associate, Optimus SBR Management Consulting

TSSA'S BOARD COMMITTEES

Each TSSA director is an active member of one of three committees: Audit, Finance and Risk Committee, Governance and Human Resources Committee and Safety and Regulatory Affairs Committee. 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

- Michael Lees**, Chair
- Norm Inkster**, Ex-Officio Voting Member
- Deborah Heiser**, Member
- Aman Hundal**, Member
- Connie Roveto**, Member

GOVERNANCE AND HUMAN RESOURCES COMMITTEE

- JoAnne Butler**, Chair
- Norm Inkster**, Ex-Officio Voting Member
- Lynda Bowles**, Member
- Douglas Harrison**, Member
- Helle Tosine**, Member

SAFETY AND REGULATORY AFFAIRS COMMITTEE

- Elaine Pitcher**, Chair
- Norm Inkster**, Ex-Officio Voting Member
- Brian Chu**, Member
- Don Aronson**, Member
- Wendy Tilford**, Member

BOARD REMUNERATION AND TSSA PAY POLICY

Executive compensation and other non-financial awards associated with Board remuneration play an important role in corporate governance and allow TSSA to attract skilled and experienced directors. Similarly, TSSA's Pay Policy seeks to attract and retain essential technical and corporate resources through competitive compensation. Both policies strictly follow transparent and fiscally responsible compensation practices.

For additional information on Board remuneration and TSSA's Pay Policy, please visit [www.tssa.org](http://www.tssa.org).

ISSUES MANAGEMENT

As TSSA seeks to continually improve customer satisfaction and its high standards of safety service, we address aspects of dissatisfaction, according to the level in 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 and develop ideas for improving the way in which TSSA delivers its services.

CORPORATE INFORMATION

FRENCH LANGUAGE SERVICES

TSSA continually monitors French language requests to best determine the linguistic level of service and meet public safety and customer service needs. For more information on TSSA's French Language Services Policy, please contact TSSA toll-free at 1-877-682-8772.

SENIOR MANAGEMENT TEAM

- Tom Ayres**  
Vice President and General Counsel
- Brenda Buchanan**  
Vice President, Human Resources and Training
- Kyoko Kobayashi**  
Chief Information Officer
- Georgina Kossivas**  
Chief Financial Officer
- Mark Rodrigues\***  
Director, Internal Audit
- David Scriven**  
Acting President and CEO;  
Vice President, Safety Strategy and Corporate Secretary
- Peter Wong**  
Vice President, Operations

TSSA'S STATUTORY APPOINTMENTS

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

- Roger Neate**  
Director, Elevating and Amusement Devices Safety Program
- John Marshall**, BA, CIGC  
Director, Fuels Safety Program
- Mike Adams**, M.Eng., P.Eng., PMP  
Director, Boilers and Pressure Vessels and Operating Engineers Safety Program  
Chief Officer, Operating Engineers
- Dara Vorkapic\***  
Director, Upholstered and Stuffed Articles Safety Program

\* To mid fiscal year.

INDUSTRY ADVISORY COUNCILS

Industry input and advice in 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 nine industry advisory councils. Council Chairs are listed below.

- Cindy Sypher**  
Amusement Devices
- Joe Adams**  
Boilers and Pressure Vessels
- Kelly Leitch**  
Elevating Devices
- Brent Francis**  
Liquid Fuels
- Martin Luymes**  
Natural Gas
- Rod Philip**  
Operating Engineers
- David Karn**  
Propane
- Bruce Haynes**  
Ski Lifts
- Lloyd Hall**  
Upholstered and Stuffed Articles

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.

- Jane McCarthy**, Chair
- Robert Brady**, Member
- G. Rea Dulmage**, Member
- Dolly Gerrior**, Member
- Elizabeth Nielsen**, Member
- Kathryn Woodcock**, Member

For more information on advisory councils, including minutes of meetings, please visit [www.tssa.org](http://www.tssa.org).

CORPORATE SCORECARD

| BALANCED SCORECARD FOR FISCAL YEAR 2018   |                                                                                                                                  |                                                                                                        |                                                                                                                                                   |                                                                |                                                                                    |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------------------------|
| (Year End Results at April 30, 2018)      |                                                                                                                                  |                                                                                                        |                                                                                                                                                   |                                                                |                                                                                    |
| Objective                                 | Measure                                                                                                                          | Fiscal Year 2017 Performance Results                                                                   | Fiscal Year 2018 Target                                                                                                                           | Year End Results                                               | Comments                                                                           |
| Safety Awareness, Active Compliance       |                                                                                                                                  |                                                                                                        |                                                                                                                                                   |                                                                |                                                                                    |
| Reduced health impacts                    | Risk of Injury or Fatality (RIF) <sup>1</sup>                                                                                    | 0.83 FE/Mpy                                                                                            | 0.81 Fatality-Equivalents/ per million/per year                                                                                                   | 0.99%                                                          | Expect decrease in RIF if actual injury burden continues to decline.               |
| Active Regulatory Compliance              | Percentage of low risk inventory <sup>2</sup>                                                                                    | 88.5%                                                                                                  | 89.5%                                                                                                                                             | 89.4%                                                          | Did not fully achieve targeted improvement.                                        |
| Service Excellence                        |                                                                                                                                  |                                                                                                        |                                                                                                                                                   |                                                                |                                                                                    |
| Improved Client Experience                | Perceived Value Index (PVI) <sup>3</sup>                                                                                         | N/A                                                                                                    | Baseline performance established                                                                                                                  | Established Perceived Value Index (PVI) Baseline score of 6.9. |                                                                                    |
| Engaged People and Effective Teams        |                                                                                                                                  |                                                                                                        |                                                                                                                                                   |                                                                |                                                                                    |
| Enhanced Employee Engagement <sup>4</sup> | Employee engagement survey score                                                                                                 | 64% (Pulse survey results)                                                                             | No survey planned                                                                                                                                 | Not Applicable                                                 |                                                                                    |
| Employee Health and Safety                | Occupational health and safety dashboard leading indicators (training, quality audits completed and average quality audit score) | Green on all indicators                                                                                | Green on all indicators                                                                                                                           | Green on leading indicators                                    |                                                                                    |
| Solid Operational Foundation              |                                                                                                                                  |                                                                                                        |                                                                                                                                                   |                                                                |                                                                                    |
| Effective Operations                      | Operating Leverage <sup>5</sup>                                                                                                  | (1.7%)                                                                                                 | (7%)                                                                                                                                              | (6.3%)                                                         |                                                                                    |
| Operational Sustainability                | Net margin (deficit)                                                                                                             | \$3.882 Million                                                                                        | (\$5.214) Million                                                                                                                                 | (\$5.598)                                                      | Year-end actual deficit deficit is worse than budget/ target of (\$5.214) Million. |
| Modernized Regulatory Framework           |                                                                                                                                  |                                                                                                        |                                                                                                                                                   |                                                                |                                                                                    |
| Regulatory Renewal Initiative             | Initiation of Phase II                                                                                                           | - BPV: Findings report completed<br>- OE: Expert panel report complete<br>- USA: Consultation complete | Initiate Phase II:<br>1. Issue Identification<br>2. Prioritization Analysis<br>3. Selection of Regulatory Priorities<br>4. Approval of Priorities | Selection and approval of priorities not achieved              | Pending government review.                                                         |

<sup>1</sup> The predicted severity of risk of injury or fatality to someone interacting with TSSA-regulated devices or technologies in Ontario (expressed in fatality-equivalents per million persons per year).

<sup>2</sup> The percentage of TSSA-regulated devices or facilities in the province of Ontario with a low potential risk of injury or fatality.

<sup>3</sup> The PVI is a new measure for TSSA and FY18 will establish a baseline performance outcome against which future year targets can be set.

<sup>4</sup> Employee engagement surveys are conducted approximately every 18 months.

<sup>5</sup> Operating leverage is defined as the difference between the year-over-year increase in revenue less the year-over-year increase in expenses, excluding strategic initiatives.

## CORPORATE SCORECARD

### NOTE

The Balanced Scorecard has been revised to align with the Strategic Plan scorecard to include year-one targets, as applicable, and to reference the new strategic goals. While TSSA supports measures based on a stable set of performance metrics that enable a year-to-year comparison, the organization is also responsive to opportunities to enhance the metrics so they are the best indicators for the objectives they measure. This scorecard includes the addition of an objective related to the Modernized Regulatory Framework strategic goal focused on the ongoing Regulatory Review Initiative work being undertaken in collaboration with the Ontario government.

In addition, two existing metrics have been revised. These include a revised compliance metric based on inventory risk, replacing the binary compliance metric of Passed on First Visit.

TSSA believes that this metric better reflects the overall risk as expressed through compliance. TSSA continues to report on specific industry sector compliance, including Passed on First Inspection results. This information as well as other information on safety outcomes can be found in our Annual State of Safety Performance Reports available on our website at [www.tssa.org](http://www.tssa.org).

Another change in the scorecard is to the client experience metric. The previous performance index was determined to be overly sensitive, making year-to-year comparisons challenging. Setting targets for this metric were deferred for the fiscal year pending the establishment of a baseline.

Finally, the organization believes that operating leverage and net margin effectively capture the Operational Foundation goal and, for this reason, total revenue has been discontinued as a metric for the scorecard.

## TSSA MISSION



## TO ENHANCE SAFETY WHERE ONTARIANS LIVE, WORK AND PLAY.

TSSA's vision is to be a valued authority for a safer Ontario. Our values are a reflection of our commitment to public safety. And the beneficiaries of our efforts are the public and industry stakeholders. Our core values remain:

**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.



**Technical Standards and Safety Authority**

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