



Transforming Safety: A Year In Review

TSSA Annual Report
Fiscal Year 2019



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About Us

About the Technical Standards and Safety Authority (TSSA)

Mandated by the Government of Ontario, TSSA is Ontario's public safety regulator in key sectors: fuels; elevating and amusement devices; boilers, pressure vessels and operating engineers; and upholstered and stuffed articles*. Working collaboratively with stakeholders, TSSA reports to the Ministry of Government and Consumer Services, 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*.

* Revocation as of July 1, 2019

Our Mission: To enhance safety where Ontarians live, work and play.

Our Vision: To be a valued authority for a safer Ontario.

Our Core Values:

Safety – Be safety conscious at all times.

Leadership – Be the best in actions and words.

Integrity – Be honest and ethical.

Respect – Build trust and earn respect.

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

Communication – Share information responsibly and effectively.

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

Message from the Chair

This report outlines a year of achievements in public safety as we continue to work towards an ambitious plan for transformation at TSSA.

First, I would like to express my gratitude to Norman Inkster, Order of Canada for his outstanding commitment and efforts as previous Chair of the Board of Directors. Key initiatives under Norm's guidance are detailed throughout this report and include the development of an outcome-based regulator strategy that will be implemented over five years; the first Auditor General's audit response for a delegated administrative authority; the approval of an enhanced role for the Chief Safety and Risk Officer; and the on-boarding of a new President and CEO.

As the new Chair of TSSA's Board of Directors, I am excited to have joined the organization in a capacity where I can build on an already impressive legacy of accomplishments. It's truly an honour to be asked to lead a board that regulates public safety as its main attribute, and I feel privileged to be in a leadership role at this critical time when TSSA is becoming a modern-day regulator focused on outcomes. I am thankful to Minister Bill Walker for giving me this opportunity to oversee the transformation at TSSA.

In my new role, public safety is and will always remain my top priority. I look forward to strengthening our position as a safety leader as we evolve as a Board of Directors to reinforce our stewardship over TSSA. My work will focus on ensuring a solid and enduring connection between the Ministry, the Board and our organization.

Since its inception, TSSA has been comprised of a dedicated team of hardworking technical and industry experts passionate about making Ontario one of the safest jurisdictions in the world. As we move forward, I intend to be a catalyst for a cultural shift that will allow us to successfully adapt to the ever-evolving needs of our regulated parties and stakeholders. It doesn't matter how good the strategy is if we don't address culture – the two go hand-in-hand.

We must be an organization of integrity and transparency, and celebrate successes protecting public safety. At the same time, we must learn from challenges for continuous improvement. It's important for us to recognize the value of every employee's work, and cultivate a culture of responsiveness and empowerment that extends beyond our organization to those we serve and regulate.

Board decisions will be based on what's best for TSSA, its regulated parties, stakeholders, employees and, most importantly, the safety of Ontarians. But this must be balanced with our desire for efficiencies as we strive to earn and keep the respect of our customers and the Ministry without compromising public safety. Our regulated partners must believe they are receiving value from us, and our customers should "want" to come to TSSA for advice and guidance that will ensure they can effectively compete and create jobs for Ontario.

Building stronger bridges with other associations that we work with, or have influence over, will ensure a healthy communication network is established so that we can all succeed at what we do. I am proud to be a part of the evolution of this organization and inspired by the dedication of our community to the continuous improvement of public safety in Ontario.



Robert J. ("RJ") Falconi
Board Chair



Message from the President and CEO

The theme of this year's annual report, 'Transforming Safety,' reflects the dynamic changes that are currently underway within TSSA to build towards our future, supported by our staff and partners in government, industry and the public who share our collective dedication to public safety.

As part of our original mandate, we've collaborated with industry, government, safety advocates and others to create safer communities for the more than 14 million people who call Ontario home. Going forward, we will enhance and modernize our ability to work with others to help them reduce risk, improve safety practices and maintain compliance with new codes, regulations and requirements.

When I joined TSSA in April 2018, I experienced firsthand the outstanding commitment of our Board, staff and partners to strengthening public safety for all Ontarians. I am deeply appreciative of their hard work and accomplishments over the fiscal year, which have laid the groundwork for growth and evolution.

Over the past year, we have provided a range of important services to keep Ontarians safe. These included public education, certification, licensing and registration, engineering design review, inspections, investigations, and enforcement and prosecution activities.

We also began the critical work of rebuilding our culture, which will enable our transformation as a public safety leader. We refined our strategic plan and began to lay a foundation for our shift to a truly outcome-based regulator. We made progress to strengthen our IT infrastructure, addressed capacity gaps and recruited and retained strong leaders to ensure we have the capability to achieve results.

As part of our ongoing focus on continuous improvement, we have actively identified and pursued opportunities for greater efficiency and modernization. We were able to deliver on key priorities, including an action plan to address the Auditor General's Report. We are committed to building on our successes as we further reinforce our operations and elevate our service.

Major transition is always challenging. It is important as we navigate change to ensure we get things right the first time. I am pleased that we have made progress this year, even with the discovery of unexpected complexities and the need to address issues before being able to move forward to fully realize the benefits of our strategic plan.

I am proud to be working with this organization during such a key turning point and continue to be impressed by the level of engagement and professionalism of our shared community. In recognition of our strong and growing partnerships, I am happy to announce in this report the winners of our fifth annual TSSA Safety Awards. Their stories illustrate just some of the exceptional work of our collaborative partners in keeping Ontario one of the safest places to live, work and play.

Looking back on this year, it's evident that through the passion and diligence of TSSA's staff and partners, we are on the right path when it comes to making our vision of transformation a reality. We know that this undertaking is a journey, not a sprint, and I am confident that we will get there together.



A handwritten signature in black ink that reads "B. Rose".

Bonnie Rose
President and CEO

Our Year in Review

This year's annual report, 'Transforming Safety,' highlights how TSSA's contributions in its regulated sectors help keep Ontarians safe. It also illustrates our unwavering focus on the continuous improvement of our services and systems so that we can remain safety leaders in an ever-evolving environment.

This was a year of transition for TSSA, as we began to build the foundation for transformation into a firmly outcome-based regulator. From inspection and engineering to licensing, certification and safe behaviours, we partnered with industry, the government and the public to uphold our province's enviable safety record.

We know our achievements would not be possible without the strong partnerships between TSSA and our collaborative community. In acknowledgement of their exceptional work, we are proud to present the winners of this year's TSSA Safety Awards. They are the embodiment of TSSA's belief that we all share in the responsibility for safety.

As leaders in the work for a safer Ontario, TSSA engaged in numerous key initiatives throughout the year to achieve greater public safety. Here are some of our highlights.

Addressing Recommendations from the Auditor General

In December 2018, the Auditor General of Ontario (AGO) issued her annual report, including the results of 15 value-for-money audits across Ontario. The report included 19 recommendations to strengthen TSSA, 17 of which fall within our mandate.

TSSA had fully participated in the AGO's review process and, upon receiving the report, immediately took steps to address her recommendations. We were pleased to see that the recommendations aligned with our strategic plan; they also validated our proposed direction and assisted with the prioritization of our efforts. Over the ensuing months, we refined our work plans to ensure that each of the AGO's recommendations would be fully addressed as we continued to pursue our strategy. This included determining both short- and long-term actions, identifying interdependencies between initiatives, allocating resources, and establishing timelines for the full implementation of each recommendation.

Please see *Strategic Plan Highlights*, on page 9, for highlights of our progress as we advance our strategic plan.

Safety Program Highlights



Boilers and Pressure Vessels Safety Program

With the goal of improving risk management regarding boilers and pressure vessels, the amended Boilers and Pressure Vessels (BPV) regulation and associated Code Adoption Document came into effect on July 1, 2018. A major component of the amended regulation was the introduction of the Certificate of Inspection (COI), which allows TSSA to collect data on insured BPV inspection results to facilitate a better understanding of equipment installed at BPV sites. Over the year, the BPV program continued to work with insurers to ensure the collection and processing of all appropriate data. With historically few incidents in the BPV sector, reporting of “near-misses” plays an important role in identifying emerging risks. As such, our BPV and Operating Engineers Safety Program staff engaged stakeholders to achieve a common understanding of incident reporting among all.

Additionally, as serious ammonia leaks have led to fatalities in other jurisdictions, TSSA is now tracking more low-level ammonia releases. Working with the Ministry of the Environment, Conservation and Parks’ Spills Action Centre on enhanced incident reporting, the BPV program continues to monitor such environmental releases to determine if any further action is warranted.

Operating Engineers Safety Program

In April 2019, the Government of Ontario amended the Technical Standards and Safety Act, 2000, to allow the Minister of Government and Consumer Services (The Minister) authority to approve alternate rules created by TSSA. The purpose of this amendment is to simplify rules and provide flexibility for businesses to achieve compliance with the regulation.

The changes are intended to address the recommendations of the Operating Engineers Expert Panel Report and allow for adoption of a risk-based regulatory framework developed by the Operating Engineers’ Risk Task Group. The framework developed by the task group includes two alternate regulatory paths:

1. Path 1 category-based approach, where plant rating and staffing requirements for operating engineers and operators are determined based on a risk rating
2. Path 2 approach, where regulated plants develop and implement site-specific Risk and Safety Management Plans (RSMP).

Under this approach, businesses will have the option to either comply with the alternate rules or continue adhering to requirements in the current regulation. The changes are expected to reduce the regulatory burden on businesses and enhance public safety. This will allow TSSA and MGCS to implement the expert panel recommendations, including the expansion of recognition for practical OE experience, risk-based approaches to plant classification, and burden reduction on industry – all without compromising safety.

In parallel, an OE Risk Team was convened to develop models for two alternative risk-based approaches to plant classification: Path 1 is a prescriptive version similar to the current approach, while Path 2 is a site-specific version that would utilize a Risk Safety Management Plan to address the classification of each plant.

Fuels Safety Program

Addressing Abandoned Gas Stations

In fiscal year 2019, TSSA updated its standard operating procedures for addressing gas station closures. The improved process ensures all appropriate and available measures are taken to require operators to comply with their environmental obligations so as to limit the number of abandoned facilities. TSSA will work proactively with the Ministry of the Environment, Conservation and Parks to manage this issue, potentially saving the province, municipalities and future property owners from incurring significant environmental clean-up costs.

Risk and Safety Management Plans

A best practice in propane safety, Risk and Safety Management Plans (RSMPs) reflect TSSA's commitment to emergency prevention and preparedness, information sharing and data analysis. Since January 2011, RSMPs have been required for propane transfer facilities. To enhance safety, in 2019 TSSA strengthened its RSMP data collection to account for the nature of the land use in a facility's surrounding area, as the risk tolerance for non-compliance is lower for facilities near sensitive receptors or in residential areas. We also posted RSMP data on our website to help residents access information about facilities anywhere in Ontario through a simple search tool.

Partnering with the Ontario Association of Home Inspectors

Recognizing that awareness and education results in proactive risk identification and safer behaviour, this year TSSA attended and presented at the Ontario Association of Home Inspectors (OAHI) Education Conference. Through this venue, we provided attendees with details on OAHI home inspector roles and responsibilities in the regulatory environment, as well as information on typical non-compliances and indicators of potential dangers in private dwellings.

Going forward, TSSA will look to work with OAHI curriculum developers to add further safety information into their training, with some focus on carbon monoxide dangers for private residents.

Private Fuel Outlets

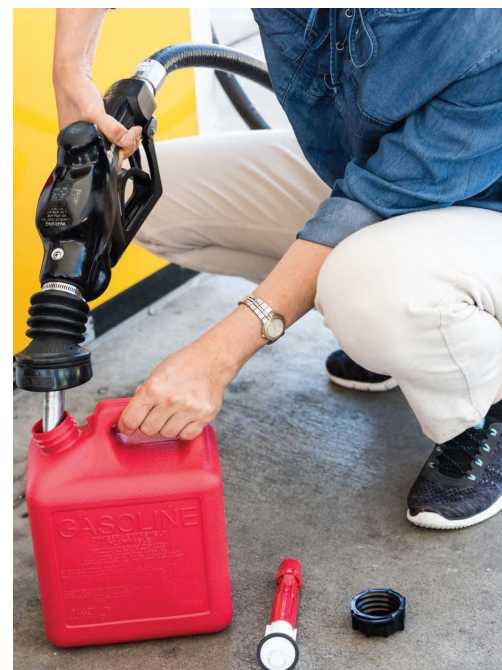
In August, the Private Fuel Outlets (PFO) webpage was launched on TSSA's website as part of an extensive safety awareness campaign that included meetings, social media engagement, email updates, and a 'Keeping Private Fuel Outlets Safe' brochure distributed to key partner organizations. The goal of this outreach was to provide safety, troubleshooting and inspection resources and information for PFO owners and operators, working with them to maintain safety and reduce burden.

Over the coming year, TSSA will work with the Source Water Protection Committees to develop an action plan to inspect fuel storage sites near source water intakes.

Carbon Monoxide Safety

As carbon monoxide (CO) poisoning is the largest risk to Ontarians in the sectors regulated by TSSA, we continued to maintain our user engagement and public education initiatives with a strong emphasis on public interaction. We leveraged our partnership with the Office of the Fire Marshal and Emergency Management, local fire services and industry partners to share important CO safety messaging and risk mitigation strategies. Please see the *Safety Awareness and Active Compliance* section, on page 10, for more information about these safety advocacy activities.

Over the past year, we also continued to assess and learn from our ongoing risk-mitigation plan for CO risks in apartments and condominiums, including multi-pronged inspections where past CO incidents have occurred and consultations with partners such as the Ontario Non-Profit Housing Association. We continue to work with owners and property managers on the importance of proper fuel installation and maintenance, as well as with school boards and cross-province maintenance organizations to highlight the importance of proper installation and maintenance of fuel-burning equipment in schools. In collaboration with its safety partners, TSSA conducted a detailed evaluation of all data regarding this matter in order to better understand the source of this risk and potential mitigating actions.



Elevating Devices Safety Program

Safety Awareness Among Seniors

Over the past year, TSSA's Elevating Device (ED) Safety Program focused on creating greater awareness among operators of retirement and long-term care homes of the risks associated with elevators in these facilities. We continued to distribute our 'Keeping Seniors Safe' brochure and communicated through social media to educate owners, operators and the elevator industry. We have also maintained our partnership with the Ontario Retirement Communities Association, which serves to educate through communication and web-based services to their members.

Compliance Education

In support of TSSA's goal to provide compliance education to our stakeholders, the ED Safety Program has begun to issue website advisories to share awareness of incident investigations and provide key information to the people who can then take appropriate action. Program members also met with, and provided education directly to, a significant number of elevator mechanics across the province. Other significant work in this area included owner and property manager training sessions for the Association of Condominium Managers of Ontario (ACMO) and the Federation of Rental-Housing Providers of Ontario (FRPO).



Amusement Device Safety Program

This year, TSSA's Amusement Device Safety Program continued to support consistent safety standards through a Code Adoption Document update that employs the American Society for Testing and Materials (ASTM) suite of amusement device standards. These regulations will help ensure a clear framework for the design, manufacture, operation, maintenance and inspection of amusement rides and devices in Canada.

Upholstered and Stuffed Articles Safety Program

On December 6, 2018, the Government of Ontario announced its decision to revoke the Upholstered and Stuffed Articles Regulation (O. Reg. 218/01). As of July 1, 2019, provincial licensing, labelling, processing, cleanliness and sterilization requirements set out in the regulation will no longer apply to manufacturers, renovators, home hobby/craft operators and other persons currently subject to the regulation in Ontario.

Following the revocation, TSSA executed a wind-down plan and concentrated its regulatory delivery on follow-up inspections for high-risk orders, which were completed by February 2019. TSSA also rescinded orders for low-risk non-compliances where the impact of compliance would not be felt until after the revocation of the regulation, imposing an unnecessary burden on business.

Strategic Plan Highlights

This year we continued to make strides to deliver upon our ambitious five-year strategic plan, which outlines our priorities for fiscal years 2018 to 2022 to ensure that we effectively reduce safety risks and provide value to our regulated parties and stakeholders. Our plan includes five pillars: three strategic goals (a modernized regulatory framework; service excellence; safety awareness and active compliance), and two foundational enablers (engaged people and effective teams; a solid operational foundation). Each of these five pillars serve as touchstones that guide us as we deliver on our mission and vision, as well as on the recommendations of the Auditor General.

Below, we are pleased to share a few of our highlights.



Modernized Regulatory Framework

TSSA's Transformation to an Outcome-Based Regulator

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, TSSA began its journey to transition from a compliance-centric regulator to an outcome-based one. We developed and implemented a framework that is built on a foundation of trust, collaboration and innovation; instills confidence that we are demonstrably focused on reducing safety risks and harm to Ontarians; and is flexible and adaptable enough to reduce unnecessary regulatory burden and facilitate Ontario's growth.

Importantly, a major focus of an outcome-based regulator will be on reducing the risk of harm. We will further use data to identify risks, focus on harm-reduction strategies, and ensure that our responses are consistent and proportional to the risks.

We established much of the foundation for our transformation to an outcome-based regulator during fiscal year 2019. Among our progress, we:

- Conducted a culture and values assessment;
- Retained external expertise and assembled an industry working group, including representation from the Ministry of Government and Consumer Services to provide input;
- Developed and approved a plan for the transition to an outcome-based regulator.

Significant Prosecutions

While working with stakeholders toward compliance is the cornerstone of safety, TSSA must resort, at times, to prosecution as an effective tool of enforcement. In fiscal year 2019, we pursued 28 prosecution files for a total of \$295,500 in fines, plus a 25 percent Victim Surcharge fee. Successful prosecutions of this nature send a powerful message that Ontario's safety laws must be respected and that any violator who puts the public at risk will face the full extent of the law.



Service Excellence

Improved Service Times to Support Elevating Device Ownership Changes

Changes in the ownership of elevating devices are processed whenever a building in Ontario with an elevating device, such as an elevator or escalator, is sold, or when there is a change in the party responsible for the device. These changes are one of the largest-volume requests processed within TSSA's Intake Department; in 2018 alone, we processed over 2,100 requests for ownership changes.

In an ongoing effort to improve our service, in 2019 TSSA undertook an improvement initiative to address the speed with which these changes of ownership are processed. The team is now able to provide this service in approximately a month, where previously it had taken up to eight months to provide ownership updates. This allows owners to maintain their compliance by receiving and posting active licences reflective of their ownership or accountability in a timely fashion.

Going forward we will maintain our focus on continuous improvement by actively identifying and pursuing opportunities to provide more efficient and responsive service to our regulated parties and communities across the province.

Open Data for Greater Transparency

As part of our commitment to transparency, openness and accountability, in 2019 TSSA made publicly available data sets related to Certificate of Authorization holders for all boiler and pressure vessel manufacturers and contractors, certified operating engineers/operators and fuels Risk and Safety Management Plans (RSMPs). Provided free of charge and available on TSSA's website, the release of this information is also consistent with the Government of Ontario's Open Data directive.



Safety Awareness and Active Compliance

Carbon Monoxide Safety

TSSA continued to bring increased awareness to the risks of carbon monoxide (CO) exposure through its innovative and engaging tactics and outreach. With more than 65 percent of CO incidents occurring in private dwellings, TSSA showcased its CO safety campaigns with the help of key safety partners such as Ontario's Office of the Fire Marshal and Emergency Management (OFMEM), local fire services and industry partners.

Through interactive augmented and virtual reality (AR/VR) technology, in addition to digital, social media, broadcast and print forums, TSSA's customized 'house-on-wheels' and its 2018 quintuple award-winning 'Silent Killer' experience brought CO safety to life in a compelling, stereoscopic way for millions of Ontarians.

Ski Lift Safety

As human factors continue to dominate the overall number of ski lift-related incidents and near-misses in Ontario, TSSA partnered with the Canadian Ski Council, Parachute (Canada's leading injury prevention charity), the Ontario Snow Resorts Association and the Canadian Ski Instructors' Alliance to deliver important ski safety messaging provincially and nationally.

Through video productions ('GRAVITY' and 'Ski Lift Safety Types and Tips'), modernized signage for Ontario ski resorts, and digital media, we brought increased safety awareness to a wide audience including ski and snowboard enthusiasts and their families.

Elevating Devices Safety

TSSA's 'Be Safe – Not Sorry' elevator and escalator safety awareness videos, which feature some of the more common user-related issues, continued to gain traction as a result of ongoing features throughout the year in the Toronto Transit Commission's (TTC's) subway system. Through this partnership, the videos garnered further interest and were shared with the Centre for Transport Studies in Imperial College London, England.



Engaged People and Effective Teams

Building a Culture for the Future

Our people are our most valuable resource, and they are essential in our pursuit to become an outcome-based regulator delivering safety for all Ontarians. This year, TSSA invested in a cultural transformation that began with employee surveys, focus groups and interviews that have collectively defined the “shifts” we need to make over the coming years to deliver on our strategic plan.

To maintain and elevate our leadership, service, and technical skills for today and for the future, we are actively working to improve staff engagement and development opportunities. Recognizing that TSSA leadership plays a key role in fostering positive employee engagement, as well as setting the tone for our culture shifts, we also made leadership changes this year that support us in enabling our strategic plan commitments. These included welcoming a new President and CEO, Chief Financial Officer, Chief Information Officer, and a Vice President, Human Resources. In partnership with the other members of our executive leadership team, these new faces share a passion for building our desired culture and commitment to enhancing safety where Ontarians work, live and play.



Solid Operational Foundation

As part of our commitment to ongoing improvement through efficient and innovative operating models, we have continued to strengthen and rebuild operational and financial systems, enhance data reliability and accessibility, and establish the necessary foundation to support our transformation into an outcome-based regulator. Essential to TSSA's modernization is the capacity to advance our processes and technologies through better access to timely, reliable data and increased transparency to government, industry and the public.

Fee Review

As a not-for-profit public safety regulator, TSSA charges fees on a cost-recovery basis. Recognizing that we had not introduced a fee increase across all program areas since 2013, in fiscal year 2019 we conducted a thorough review of our customer fee schedules to determine what, if any, adjustments were required to effectively fulfil our safety mandate and address the Auditor General's recommendations without placing excessive burden on business. The review led to recommendations to be presented to our Board for approval.

Technology Overview

TSSA's information systems are key to its business strategy. Data accuracy and accessibility, flexible and user-friendly solutions, and reliable infrastructure all underpin the organization's safety activities.

This year, TSSA launched the Operational Data Improvement (ODI) initiative, with the goal of strengthening data accuracy. As fiscal year 2020 begins, we are already seeing early signs of field operations improvement because of cleaner ODI data. TSSA has also established a Data Council comprised of cross-functional senior executives who meet monthly to provide guidance on data quality and governance across the organization. Both ODI and the Council will continue into the coming year and beyond, complemented by investments in data analytics and reporting.

In the final quarter of this fiscal, TSSA established a team of internal and external experts to re-engage on the planned replacement of our enterprise resource planning (ERP) system, intended to enhance our public safety mission by providing a flexible, standardized and supportable platform with self-service capabilities and embedded risk-informed decision-making across its programs.

To improve uptime and leverage new capabilities, TSSA also modernized some of its IT infrastructure this year. Examples include adopting Microsoft cloud services, the establishment of a disaster recovery mechanism for core systems, and continued strengthening of systems and processes for TSSA's cyber security posture.

Enterprise Risk Management Overview

Enterprise Risk Management (ERM) forms a key part of TSSA's strategic, business and internal audit planning cycles. We have established and implemented an ERM system to assess and respond to risks and opportunities that may impact achievement of our strategic objectives. The goal of TSSA's ERM program is to identify, manage and mitigate risk and uncertainty, while enabling an appropriate response to changes in the external and internal business environment.

During fiscal year 2019, TSSA completed an enterprise-wide update of its risk profile, which included an assessment of risks based on their potential impact and probability of occurrence. Internal risk vulnerabilities have been identified and strategies have been developed to mitigate potential impacts. Our risk profile is reported annually to the Board of Directors and quarterly to each Board committee.

The most significant risks facing TSSA in the 2019 fiscal year were related to data, technology and change management. Many of these risks are being actively addressed through the major TSSA 20/20 transformation program, which has a robust project management and governance framework, including ongoing oversight by a program Steering Committee and the Board.

TSSA Safety Awards 2019



SAFETY
AWARDS
2019

Now in its fifth year, TSSA's Safety Awards Program was created to celebrate the exceptional safety efforts of individuals and organizations that work within its regulated sectors.

TSSA is proud to recognize this year's winners and affirm the shared responsibility for safety that underlies our regulatory framework, and the concept that we all have a role to play in safety.

Ontario's enviable safety record is the result of the actions and the considerable teamwork between TSSA, industry partners, safety advocates, technical experts and the broader public.

The recipients of this year's awards promote safety-driven acts that resonate with the community they proudly serve.

See how they made safety matter this year.



Andrew Stone

Health, Safety and Environmental Manager
D'Orazio Infrastructure Group.

A Passion for Safety

When Andrew Stone was injured on the job while working as a carpenter early in his career, it ignited a lifelong passion for workplace safety advocacy.

"I've always had a great admiration for safety and took it to heart," says Stone. "And recognizing how injury affects your family, how it affects you as a person - it grew from there. We all want to come home to our own families."

Stone, now overseeing 70 employees as Health, Safety and Environmental Manager at the D'Orazio Infrastructure Group, has built his impressive professional resume around ensuring the safety of not just his company, but also the greater community.

In his current position, he has created and developed quality, health and safety management systems, as well as training courses covering topics such as hazard and risk assessment and management.

"I love being here, being able to support good employers and helping them use knowledge to improve," he says.

Beyond his own organization, Stone offers up his expertise and instruction to associations throughout the province, including the Ontario Sewer and Watermain Construction Association (OSWCA), the Toronto Regional Labour Management Committee, and the Greater Toronto Sewer and Watermain Contractors Association.

As a Board member of the Ontario Regional Common Ground Alliance (ORCGA), Stone is also currently playing an instrumental role in developing a provincial plan to improve the safety education and training of excavators when working around buried infrastructure.

"It's a consistent problem in the industry," Stone says. "We are highly exposed to underground utilities and there is no form of proper education for workers or employers. We want to have safety awareness training for workers and operators of heavy equipment right up to the executives, from people on the ground to the people in control."

Through his continual work to draw attention to and improve safety issues across Ontario, Stone has additionally made an impact by bringing together employers and workers from various regulated fields through his engagement.

"He has been a source for countless members in our association, providing advice and support," says Giovanni Cautillo, Executive Director of OSWCA. "He also shares his vast network of industry contacts and resources freely for the betterment of our members. In short, he understands leadership is not about being in the front, but at the back, pushing others forward to achieve greatness."

Reflecting on the positive feedback he has received over the years from individuals and groups he's previously worked with on safety issues, Stone says he believes education is the most powerful tool when it comes to improving industry and community standards.

"There can be lots of misconceptions when it comes to regulations," he says, "but when you can lay it down on paper and present the real facts, real truth, real evidence to people, you can change their mentality, and then it spreads on its own."

As someone who walks the walk, and talks the talk when it comes to safety, in the future Stone says he hopes that once the ORCGA project is successfully in place, the tools and knowledge can be shared to help other people and communities beyond its original scope.

"Andrew Stone is a dedicated safety advocate," says John Marshall, TSSA's Director of Fuels Safety. "His commitment to education and innovation is an excellent example of the type of leadership we are proud to highlight with our annual Impact Safety Award."



W.O. Stinson & Son Ltd.

Setting a New Standard for Safety

For more than 80 years, W.O. Stinson & Son Ltd. has been serving customers in Eastern Ontario and Western Quebec as residential and commercial fuel and lubricant distributors. As a family-run company led by third-generation Stinsons, David and Eric; they credit their enduring success to a strong foundation of safety, quality and customer service.

Now expanded to multiple offices, warehouses and gas bars, along with a fleet of delivery vehicles, 95 percent of the company's work is completed by in-house staff to give management firm control over field work and safety standards. Any third-party contracts are only awarded after thorough vetting to ensure compliance with Ontario regulations.

With a desire to go above and beyond established industry safety protocols, in 2017 the company launched its Quality Assurance Program to enhance its internal culture and become a leader in customer and worker safety. The program is based on the idea that safety is a shared responsibility from top to bottom, and that all employees should be aware of the requirements and regulations related to their jobs.

"[We] decided to start working with our consultant, Alex Beatty, President and CEO of Beatty Petroleum Consulting Inc.," says Chris Eades, W.O. Stinson & Son Ltd. Service Manager. "He has been extremely helpful working with our Operations Manager, Adam Stinson, in creating a Quality Assurance Program that lets us stand apart and above the minimum safety standards."

Implementing the program involved several stages. First, the company made certain that all employees from field personnel to administrative staff held applicable fuel industry certificates or Records of Training for the work they would perform. Follow-up included reinforcing expectations and providing training where required. Next, they had new and existing employees review and acknowledge the program framework, including specific responsibilities highlighted in the Technical Standards and Safety Act, relevant regulations and codes, and the

obligation to report and handle high-risk situations like potential carbon monoxide incidents, non-compliances, accidents and unacceptable conditions.

Once they had accomplished the initial steps of education and information sharing, the company created a rigorous monitoring system to assess future employee compliance with reviews in the first six months, and every three years thereafter. They also now require new employees to read and sign off on an operation manual outlining company methodology and philosophy. Additionally, there are ongoing peer-to-peer evaluations, along with continual data analysis, an annual third-party safety and compliance audit at office and field level, and data collection done on a mobile platform to ensure that critical points have been met by field-level staff. Non-compliance is dealt with through a strict risk-rating and demerit system to maintain ongoing service standards.

"The Quality Assurance Program has greatly improved the overall morale of the company," says Eades. "When employees see from the owners to the managers how important it is to implement safety, they feel that they are a part of the company and organization - it creates positivity, loyalty and commitment."

In future, Eades says the company will continue to focus on the tradition of exceptional customer-oriented care it was founded on, keeping existing clients happy while expanding the business.

"W.O. Stinson & Son Ltd. shows true leadership in their dedication to safety," says John Marshall, TSSA's Director of Fuels Safety. "Their willingness to go above and beyond established standards makes them a clear success story when it comes to increasing safety where Ontarians live, work and play."

Management's Discussion and Analysis (MD&A)

The Management's Discussion and Analysis (MD&A) provides insight and understanding into TSSA's financial results and outlines the Organization's financial performance against its objectives for the fiscal year ended April 30, 2019. 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 are subject to certain risks and uncertainties which may cause results or events to differ from current expectations. Such statements reflect TSSA's current expectations, estimates and projections based on certain material factors and assumptions.

Financial Highlights

TSSA's total revenue of \$75.5million was higher than prior year by 6%. TSSA's revenue mix comprises Regulatory revenue from Inspection (\$35.6million), Licensing/Registration/Certifications (LRC) and Exams (\$23.3million), Engineering (\$8.5million), and Investment Income (\$0.6million). 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, Elevating & Amusement Devices (ED/AD), Fuels Safety, Boilers, Pressure Vessels & Operating Engineers (BPV/OE) and Upholstered & Stuffed Articles (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 \$25.8million, achieving 5% growth. The increase was primarily driven by higher volume of scheduled priority safety inspections to deliver TSSA's regulatory mandate and focused effort to eliminate backlog. When practical, periodic inspections are consolidated with outstanding low risk follow-ups within a single site visit; this has a positive customer experience, increases efficiency and reduces customer costs.

Fuels Program revenue of \$22.2million was higher than prior year by 2%. Increased Engineering activities resulting from higher demand for field approval and variances were partially offset by lower customer demand for Natural Gas pipeline hits, ad-hoc inspections and pre-license inspections.

BPV/OE regulatory revenue of \$16.1million, was favourable to prior year by 2%, due to an increase in Engineering, Licensing, Regulatory and Certification activities, including the new BPV Certificate of Inspection (COI) initiative. Higher shop inspections in BPV was partially offset by lower customer demand for BPV piping in addition to work force issues resulting from turnover/delayed hiring.

The USA Safety Program generated revenue of \$4.7million, a growth of 13%, due to accelerated recognition of deferred revenue, resulting from the revocation of the USA regulation by the Government of Ontario, effective July 1, 2019.

Non-regulatory business revenue of \$6.7million has grown by 30%, due to additional demand from the nuclear sector to support inspections and the refurbishment of the Bruce Power facility, which commenced in January 2018.

TSSA is committed to managing expenses, optimizing efficiency and creating an environment in which there are sustainable low costs. Total expenses were \$74.8million, a 3% expense reduction over the prior year. Total expenses for TSSA's 20/20 program were \$4.7million, 45% lower than last year, as the program was placed on hold, undergoing a replanning phase. Focused on investing in technology and process improvements to increase productivity, TSSA's 20/20 program is a multi-year business transformation to replace the Organizations ERP system and enable TSSA to become an outcome-based safety regulator. TSSA will continue to support the 20/20 program in fiscal 2020 and beyond, with the investments required to complete this strategic project. Excluding the TSSA 20/20 program, core business expenses increased by \$1.9million or 3% over prior year. The increase in revenue and the decrease in total expenses year-over-year resulted in a positive operating leverage of 3%.

Salaries and benefits are TSSA's largest expenditure due to the nature of its business as a service organization. Spend was up by 5% 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.

Non-salary operating expenses decreased by \$4.4million, 18% over the prior year, mainly driven by the hold status of the TSSA 20/20 program (re-plan phase). 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. Reduced professional services, lower communications & advocacy spend, and cost savings achieved in vehicle expenses all contributed to the expense reduction.

TSSA generated an excess of revenue over expenses of \$0.7million, an improvement over the prior year of \$6.3million. This was primarily due to incremental revenue of \$4.4million and delayed TSSA 20/20 program spending of \$3.9million.

Capital Expenditures

The capital expenditures of \$1.3million were significantly lower than prior year, a reduction of 68%, due to the TSSA 20/20 program pause for re-planning. Excluding the impact of TSSA 20/20 program, fiscal 2019 capital expenditures was \$0.1million, a reduction of 92% over prior year. Several capital expenditure activities including network infrastructure and enhancements were foregone this year to focus on the replanning of the TSSA 20/20 program.

Net Assets

TSSA's financial position remains strong with net assets of \$34.6million. TSSA continues to operate with no unfunded liabilities and maintains a solid working capital position (excluding deferred revenue) of \$25.3million (\$20.2million at April 30, 2018). Accounts receivable related to customer accounts were higher at the end of fiscal 2019 driven by the increase in revenue. The current ratio (excluding deferred revenue) of 3.0:1 is stronger than fiscal 2018 which was 2.5:1, indicating a continued healthy liquidity position. TSSA's investments in short and long-term financial instruments totalling \$38.1million (\$39.4million at April 30, 2018), are held to maturity in high quality, very low-risk financial instruments, adhering to the investment policy as approved by the Board of Directors.

At fiscal 2019 year-end, TSSA's total reserve level was \$27.3million, 39% of total operating expenses excluding TSSA 20/20 program. Within the reserve, the internally restricted reserve of \$13.9million represents 20% of total operating expenses. The balance of the unrestricted reserve of \$13.4million is sufficient to support fiscal 2020 operating and capital funding requirements, including planned investments in the business process redesign and systems replacement activities in the TSSA 20/20 program for FY20.

Fiscal Year 2020 Outlook

The Fiscal 2020 budget represents management's commitment to stakeholders to develop and implement a practical financial plan aligned with the vision and strategic priorities of TSSA. The emphasis is on delivering efficient, customer focused processes that support TSSA's regulated mandate while funding investment to ensure a solid business foundation and modernize for the future. TSSA has not increased fees since the implementation of the new fee schedule on May 1, 2013 despite multi-year inflationary pressures on costs. One of TSSA's responsibilities under the Memorandum of Understanding (MOU) with the Ministry of Government and Consumer Services, is to ensure there is adequate financial resources to deliver TSSA's safety mandate and comply with the *Technical Standards and Safety Act, 2000* (the "Act"). The MOU requires that fees established under the Act recover all direct and indirect program costs. In addition, if the reserve falls below the 25% target level, TSSA's Reserve Policy requires an action plan to replenish reserves to target levels. Based on the fiscal 2019 Fee Review, it was determined that a fee increase is necessary to comply with the recommendations of the MOU and the Reserve Policy. The Board of Directors has approved a three-year fee increase for fiscal years 2020 to 2022, to take effect August 1, 2019. The fee changes will allow for a more equitable reflection of the true cost of public safety services, and will be used to implement the Auditor General's recommendations and launch initiatives that will lead to burden reduction.

Total budgeted revenue is \$72.7million, anticipated to decline by 4% over prior year, largely due to the wind-down of the USA Safety program, an expected decrease of \$3.6million. Partial offsets are projected, resulting from the fee increase across all three programs, effective August 1, 2019, in addition to volume increases related to piping/shop inspections and LRC increases in BPV from COI volume ramp-up. EDAD expects increases in LRC revenue driven by device growth trends and Fuels anticipates growth from a change in inspection volume mix.

Total budgeted expenses of \$78.8million are anticipated to grow by 5% 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 refocus on delivering the 20/20 program, based on the re-plan during fiscal 2019. Core business expense growth, excluding the 20/20 program, is expected to be 4%, consistent with supporting the core mandate and the business initiatives in the 5-year strategic plan. Taking into account the Auditor General's recommendations, TSSA strives to become an outcome-based regulator. Investment to support the implementation of a new, evidence-based regulatory model that more effectively regulates industry and reduces unnecessary regulatory burden is required. Planned initiatives include a no-fee compliance coaching and education initiative to better support our regulated communities and further promote compliance and safety. Cost controls remain in place to ensure focused spend, 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.

TSSA's capital budget for fiscal 2020 is projected at \$2.5million. Spend is driven by a combination of the TSSA 20/20 program, other IT projects and leasehold improvements required to ensure adequate work space and address security risks identified by an external security advisor. While there will be continued capital spending to upgrade and maintain IT infrastructure to ensure effectiveness, security, performance and reliability, investment 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 2019 is adequate to support fiscal 2020 investment in the TSSA 20/20 program and all initiatives to deliver the strategic plan, including advocacy initiatives. However, the internally restricted reserve balance at the end of fiscal 2019 is 20% of total operating expenses excluding TSSA 20/20 program and is projected to further decline due to the budgeted fiscal 2020 deficit and strategic investments previously mentioned. The reserve policy targets a restricted reserve level of 25% of budgeted operating expenses. It is expected that reserves will recover through the approved fee increase to 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 TSSA's regulatory mandate and overall business plan. In fiscal 2020, TSSA will continue to focus on its transformation into an outcome-based regulator, with the ability to clearly demonstrate improved safety outcomes for Ontarians. TSSA is committed to be a trusted partner and educator, to assist the regulated in achieving compliance and safety outcomes, while reducing unnecessary burden on the industry and fostering economic growth.



Independent Auditor's Report

To the Members of
Technical Standards and Safety Authority

Opinion

We have audited the financial statements of Technical Standards and Safety Authority (the "Organization"), which comprise the statement of financial position as at April 30, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Technical Standards and Safety Authority as at April 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We also:

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

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

Toronto, Canada
June 27, 2019

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Technical Standards and Safety Authority

Statement of Financial Position

(In thousands of dollars)

April 30	2019	2018
Assets		
Current		
Cash	\$ 3,208	\$ 3,405
Short-term investments (Note 3)	24,455	20,843
Accounts receivable (Note 4)	8,663	8,475
Prepaid expenses	<u>1,426</u>	<u>917</u>
	37,752	33,640
Long-term investments (Note 3)	13,693	18,588
Capital assets (Note 5)	3,899	5,075
Intangible assets (Note 6)	<u>4,824</u>	<u>3,846</u>
	<u>\$ 60,168</u>	<u>\$ 61,149</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 12,436	\$ 13,409
Deferred revenue	<u>13,126</u>	<u>13,834</u>
	<u>25,562</u>	<u>27,243</u>
Net assets		
Invested in capital and intangible assets	7,258	7,263
Internally restricted (Note 12)	13,947	13,947
Unrestricted (Note 12)	<u>13,401</u>	<u>12,696</u>
	<u>34,606</u>	<u>33,906</u>
	<u>\$ 60,168</u>	<u>\$ 61,149</u>

Commitments and contingencies (Note 14)

On behalf of the Board



Robert J. Falconi
Board Chair



Michael Lees
Chair of Audit, Finance and Risk Committee

Technical Standards and Safety Authority

Statement of Operations

(In thousands of dollars)

Year ended April 30	2019	2018
Regulatory business revenue		
Elevating and amusement devices	\$ 25,829	\$ 24,483
Fuels	22,177	21,700
Boilers, pressure vessels and operating engineers	16,186	15,722
Upholstered and stuffed articles	<u>4,700</u>	<u>4,157</u>
	68,892	66,062
Non-regulatory business revenue	<u>6,653</u>	<u>5,131</u>
	<u>75,545</u>	<u>71,193</u>
Regulatory business expenses		
Salaries, wages and benefits	51,688	49,847
Operating	16,932	21,531
Amortization	<u>1,460</u>	<u>1,502</u>
	70,080	72,880
Non-regulatory business expenses	<u>4,765</u>	<u>3,911</u>
	<u>74,845</u>	<u>76,791</u>
Deficiency of regulatory business revenue over regulatory business expenses	(1,188)	(6,818)
Excess of non-regulatory business revenue over non-regulatory business expenses	<u>1,888</u>	<u>1,220</u>
Excess (deficiency) of revenue over expenses	\$ 700	\$ (5,598)

Technical Standards and Safety Authority

Statement of Changes in Net Assets

(In thousands of dollars)

Year ended April 30

	Invested in capital and intangible assets	Internally restricted (Note 12)	Unrestricted (Note 12)	Total 2019	Total 2018
Net assets, beginning of year	\$ 7,263	\$ 13,947	\$ 12,696	\$ 33,906	\$ 39,504
Excess (deficiency) of revenue over expenses	(1,267)	-	1,967	700	(5,598)
Investment in capital assets	28	-	(28)	-	-
Investment in intangible assets	<u>1,234</u>	<u>-</u>	<u>(1,234)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>7,258</u>	\$ <u>13,947</u>	\$ <u>13,401</u>	\$ <u>34,606</u>	\$ <u>33,906</u>

Technical Standards and Safety Authority

Statement of Cash Flows

(In thousands of dollars)

Year ended April 30	2019	2018
Increase (decrease) in cash		
Operating		
Excess (deficiency) of revenue over expenses	\$ 700	\$ (5,598)
Items not affecting cash:		
Amortization of capital assets	1,204	1,148
Amortization of intangible assets	256	354
Amortization of deferred lease inducements	(193)	(195)
Unrealized (gain) loss on short-term investments	(72)	64
Unrealized (gain) loss on long-term investments	(37)	92
	<u>1,858</u>	<u>(4,135)</u>
Change in non-cash working capital items (Note 9)	<u>(2,185)</u>	<u>(348)</u>
	<u>(327)</u>	<u>(4,483)</u>
Investing		
Proceeds on maturity of short-term investments	17,308	16,945
Purchase of short-term investments	(20,848)	(17,113)
Proceeds on maturity of long-term investments	11,292	11,421
Purchase of long-term investments	(6,360)	(2,605)
Acquisition of capital assets	(28)	(1,008)
Acquisition of intangible assets	(1,234)	(2,921)
Deferred lease inducements recorded in accounts payable	-	153
	<u>130</u>	<u>4,872</u>
(Decrease) increase in cash	(197)	389
Cash		
Beginning of year	<u>3,405</u>	<u>3,016</u>
End of year	<u>\$ 3,208</u>	<u>\$ 3,405</u>

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2019

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 TSSA, including certain procedures to facilitate compliance with the revised requirements. These revised objects reflect more clearly the non-regulatory business activities of TSSA.

TSSA's objectives, as outlined in the TSS Act and MOU, allow TSSA to continue to administer the TSS Act and its regulations to promote and undertake public safety activities in relation to matters assigned to it, including training, certification, licensing, registration, audit, quality assurance, inspection, investigation and enforcement, subject to certain additional powers of the 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, pressure vessels and operating engineers comprises inspection, engineering and licensing, registration and certification fees. Revenue from upholstered and stuffed articles comprises 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.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2019

2. Significant accounting policies (*continued*)

Financial instruments

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

- Cash
- Accounts receivable
- Investments
- Accounts payable

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. TSSA has not elected to carry any 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 each fiscal year, if there are indicators of impairment. If there is an indicator of impairment, TSSA determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset, or the amount TSSA expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Accounts receivable

At year-end, TSSA assesses whether there are any indications that the carrying value of accounts receivable may be impaired. For purposes of impairment testing, each significant account is assessed individually; the balance of the accounts are 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.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2019

2. Significant accounting policies (*continued*)

Capital assets

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

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

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

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

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

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 assets in progress and are not amortized until the asset is substantially complete and available for use.

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 \$40 (2018; \$17) is included in the statement of operations.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2019

2. Significant accounting policies (*continued*)

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.

3. Investments

Short-term investments consist of cash, bankers' acceptances, guaranteed investment certificates and bonds, with yields between 0.75% and 2.50% (2018; 0.75% and 2.50%), maturing prior to April 30, 2020 (2018; April 30, 2019).

Long-term investments consist of the following:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>
Corporate and Government bonds	\$ 13,683	\$ 13,693	\$ 18,428	\$ 18,588

The long-term investments have effective rates between 1.35% and 3.01% (2018; 0.75% and 2.46%), maturing from July 2020 to March 2022 (2018; June 2019 to July 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.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2019

4. Accounts receivable

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ 9,307	\$ 9,154
Allowance for doubtful accounts	<u>(644)</u>	<u>(679)</u>
	<u>\$ 8,663</u>	<u>\$ 8,475</u>

5. Capital assets

	<u>2019</u>	<u>2018</u>
	<u>Net Book</u>	<u>Net Book</u>
	<u>Value</u>	<u>Value</u>
	<u>Cost</u>	<u>Accumulated</u>
	<u>Amortization</u>	
Equipment	\$ 1,636	\$ 1,366
Furniture and fixtures	906	512
Computer hardware	2,944	2,447
Leasehold improvements	<u>3,761</u>	<u>1,023</u>
	<u>\$ 9,247</u>	<u>\$ 5,348</u>
	<u>\$ 3,899</u>	<u>\$ 5,075</u>

6. Intangible assets

	<u>2019</u>	<u>2018</u>
	<u>Net Book</u>	<u>Net Book</u>
	<u>Value</u>	<u>Value</u>
	<u>Cost</u>	<u>Accumulated</u>
	<u>Amortization</u>	
Business systems	\$ 11,223	\$ 6,449
Computer software	<u>1,564</u>	<u>1,514</u>
	<u>\$ 12,787</u>	<u>\$ 7,963</u>
	<u>\$ 4,824</u>	<u>\$ 3,846</u>

Additions to business systems of \$4,532 (2018; \$3,299) have not yet been amortized as they are not substantially complete or available for use at April 30, 2019.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2019

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$1,782 (2018; \$1,503), 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. As of April 30, 2019 the remaining balance of the inducement is \$2,079 (2018; \$2,272). The lease inducements and rent free period are amortized over the term of the lease.

			<u>2019</u>	<u>2018</u>
	<u>Inducement Received</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Rent free period	\$ 615	\$ 2	\$ 613	\$ 614
Leasehold improvement allowance	<u>2,014</u>	<u>548</u>	<u>1,466</u>	<u>1,658</u>
Lease inducements	<u>\$ 2,629</u>	<u>\$ 550</u>	<u>\$ 2,079</u>	<u>\$ 2,272</u>

8. Allocation of expenses

Direct labour and benefits expenses of \$2,472 (2018; \$1,841) have been allocated to non-regulatory business expenses.

Corporate support expenses of \$30,287 (2018; \$33,966) have been allocated as follows:

	<u>2019</u>	<u>2018</u>
Regulatory business expenses	\$ 28,383	\$ 32,236
Non-regulatory business expenses	<u>1,904</u>	<u>1,730</u>
	<u>\$ 30,287</u>	<u>\$ 33,966</u>

9. Supplemental cash flow information

Change in non-cash working capital items:

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ (188)	\$ (154)
Prepaid expenses	(509)	(66)
Accounts payable and accrued liabilities, net of deferred lease inducements	(780)	55
Deferred revenue	<u>(708)</u>	<u>(183)</u>
	<u>\$ (2,185)</u>	<u>\$ (348)</u>

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2019

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 \$2,206 (2018; \$2,135).

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.

12. Internally restricted and unrestricted net assets

TSSA has an approved internally restricted reserve to ensure sufficient capital is maintained for continued services and to allow for significant unforeseen economic events. This policy, approved by the Board, sets a threshold target internally restricted reserve level of 25% of budgeted regulatory and non-regulatory operating expenses. The Board considers the sum of the internally restricted reserve and unrestricted net assets to be the total reserve. As at April 30, 2019, the total reserve was \$27,348 (2018; \$26,643). The balance of \$13,401 (2018; \$12,696) in unrestricted net assets 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 internally 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.

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2019

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, 2019, \$Nil (2018; \$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:

2020	\$	1,718
2021		1,560
2022		1,293
2023		988
2024		655
Thereafter		<u>1,742</u>
	\$	<u>7,956</u>

Litigations

TSSA has been named as defendant in certain litigations alleging actual and punitive damages. The outcome of the litigations have 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.

15. Revenues and expenses by program

TSSA operates on a fee-for-service basis under the TSS Act. The revenues and expenses of each of the four programs operated by TSSA under the Act, and the revenues and expenses arising from non-regulatory operations, are as follows:

	Elevating and amusement devices	Fuels	Boilers, pressure vessels and operating engineers	Upholstered and stuffed articles	Non-regulatory business	2019
Revenue	\$ 25,829	\$ 22,177	\$ 16,187	\$ 4,700	\$ 6,653	\$ 75,545
Expense	<u>24,637</u>	<u>24,782</u>	<u>18,482</u>	<u>2,180</u>	<u>4,765</u>	<u>74,846</u>
Excess(deficiency) of revenues over expenses	\$ 1,192	\$ (2,605)	\$ (2,295)	\$ 2,520	\$ 1,888	\$ 700

Technical Standards and Safety Authority

Notes to Financial Statements

(In thousands of dollars)

April 30, 2019

16. Revenues and expenses by program (continued)

	Elevating and amusement devices	Fuels	Boilers, pressure vessels and operating engineers	Upholstered and stuffed articles	Non-regulatory business	2018
Revenue	\$ 24,483	\$ 21,700	\$ 15,722	\$ 4,157	\$ 5,131	\$ 71,193
Expense	<u>25,627</u>	<u>26,168</u>	<u>18,705</u>	<u>2,380</u>	<u>3,911</u>	<u>76,791</u>

Excess(deficiency)
of revenues over

expenses \$ (1,144) \$ (4,468) \$ (2,984) \$ 1,777 \$ 1,221 \$ (5,598)

17. Subsequent events

The Government of Ontario revoked the Upholstered and Stuffed Articles regulation under the TSS Act effective July 1, 2019. As a result, management expects this program's operations will be discontinued as at that date. During the year ended April 30, 2019, the Upholstered and stuffed articles program resulted in revenues of \$4,700 (2018 – 4,157) and expenses of \$2,180 (2018 - \$2,380).

Corporate Information

TSSA's Board of Directors

Don Aronson (to October 2018)
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

Robert J. Falconi, Chair (as of May 2019, Member as of January 2019)
Managing Director, RayleeValleyGroup LLC, Former Executive Vice President, Chief Legal and Government Affairs Officer, General Counsel and Corporate Secretary, CSA Group

Douglas Harrison, Vice Chair (to May 2019)
Former President and CEO, VersaCold

Debbie Heiser
Vice President Finance, Aramark Canada

Aman Hundal (to October 2018)
Former Business Continuity Analyst, Canada Revenue Agency

Norm Inkster, Chair (to May 2019)
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

Robert Sicard
Former President and CEO, UPI Energy LP and UPI Holdings Inc.

Wendy Tilford
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 four committees: Audit, Finance and Risk Committee; Governance and Human Resources Committee; Safety and Regulatory Affairs Committee; and TSSA 20/20 Program 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 (to May 2019)

Robert J. Falconi, Ex-Officio Voting Member (as of May 2019)

Deborah Heiser, Member

Aman Hundal (to October 2018), Member

Connie Roveto, Member

Robert J. Falconi (as of January 2019), Member

Governance and Human Resources Committee

JoAnne Butler, Chair

Norm Inkster, Ex-Officio Voting Member (to May 2019)

Robert J. Falconi, Ex-Officio Voting Member (as of May 2019)

Lynda Bowles, Member

Douglas Harrison, Member

Helle Tosine, Member

Robert Sicard, Member

Safety and Regulatory Affairs Committee

Elaine Pitcher, Chair

Norm Inkster, Ex-Officio Voting Member (to May 2019)

Robert J. Falconi, Ex-Officio Voting Member (as of May 2019)

Brian Chu, Member

Don Aronson (to October 2018), Member

Wendy Tilford, Member

TSSA 20/20 Program Committee

Douglas Harrison, Chair

Norm Inkster, Ex-Officio Voting Member (to May 2019)

Robert J. Falconi, Ex-Officio Voting Member (as of May 2019)

Debbie Heiser, Member

Mike Lees, 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.

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 at which they are raised. Complaints requiring greater attention are escalated to senior personnel, up to and including statutory directors or the President and CEO. TSSA's Ombudsman provides additional support, engaging both staff and industry members to effectively resolve issues and develop ideas for improving the ways in which TSSA delivers its services. In addition, any employee, regulated party or member of the public who suspects unethical, inappropriate or unlawful behaviour can communicate anonymously to a third-party whistle blowing service.

French Language Services

TSSA 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.

Executive Leadership Team

Tom Ayres

Vice President and General Counsel

Brenda Buchanan (to April 30, 2018)

Laura Desjardins (as of Jan 7, 2019)

Vice President, Human Resources and Training

Kyoko Kobayashi (to Feb 11, 2019)

Celso Mello (as of April 22, 2019)

Chief Information Officer

Georgina Kossivas (to May 30, 2018)

Dan Brazier (as of December 1, 2018)

Chief Financial Officer

David Scriven (to Feb 1, 2019)

Vice President, Safety Strategy and Corporate Secretary

Nancy Webb (to March 29, 2019)

Vice President, Communications and Stakeholder Relations

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 on TSSA's safety strategies, initiatives and service delivery is essential to the continued safety of Ontarians. Since TSSA's creation, the organization has pursued this effective form of collaboration through its 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

Ahmad Hussein, Member

G. Rea Dulmage, Member

Elizabeth Nielsen, Member

Kathryn Woodcock, Member

Ronald Morrison, Member

Jay Jackson, Member

For more information on advisory councils, including minutes of meetings, please visit www.tssa.org.

Corporate Scorecard

FY19

Objective	Measure	Fiscal Year 2018 Performance Results	Fiscal Year 2019 Target	Year End Results	Comments
Safety Awareness, Active Compliance					
Reduced Health Impacts	Risk of Injury or Fatality ¹	0.99 FE/Mpy	0.79 FE/Mpy	0.86 FE/Mpy	Significantly improved performance from 2018, but not yet at target
Active Regulatory Compliance	Percentage of low risk inventory ²	89.4%	90%	89.7%	Year-over-year improvement, approaching target
Engaged People and Effective Teams					
Corporate Culture	Participation in Culture Survey ³	N/A	80%	91.7%	Significantly exceeded target
Employee Health and Safety	Occupational health and safety dashboard leading indicators ⁴	Green on leading indicators	Green on leading indicators	Green on leading indicators	Met target
Service Excellence					
BPV customer service after a major regulatory change	Perceived Value Index score ⁵	Not comparable	5.7 PVI	Not comparable	FY19: implemented a continuous survey to respond to feedback in real time. Future years: Perceived Value Index (PVI) will measure overall customer experience.
Solid Operational Foundation					
Efficiency of safety service delivery	Cost per core safety service hour ⁶	\$307	\$332	\$288	CCSSH driven by strong cost management
Operational Sustainability	Net margin ⁷	\$2.97 Million	\$0.00 Million	\$5.39 Million	Results driven by revenue overperformance in addition to strong cost management

¹ The predicted severity of risk of injury or fatality to someone interacting with TSSA-regulated devices or technologies in Ontario; expressed in fatality-equivalents(FE) per million persons per year (Mpy)

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

³ Survey planned for FY19 of TSSA employees

⁴ Leading indicators include training, quality audits completed and average quality audit score

⁵ PVI score for BPV customers in customer values survey. PVI is a composite index score out of 10

⁶ Total operating costs less TSSA 20/20 Program and less strategic initiatives and one-time items divided by total core safety service hours

⁷ Net Margin excluding TSSA 20/20 Program and one-time items

NOTE

TSSA's balanced scorecard is aligned with our Strategic Plan and enables us to identify goals, monitor and manage performance, and report on outcomes with respect to the needs of our various stakeholders.

For more information, including our Strategic Plan, Business Plan, and Annual State of Public Safety Reports, please visit www.tssa.org.



Technical Standards and Safety Authority

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