

SCHEDULE "I" - FEE SETTING PROCESS AND CRITERIA

OBJECTIVES

Fees, costs or other charges (referred to as "fees") established under the Technical Standards and Safety Act, 2000 (the "Act") will be conducted consistent with the cost recovery approach, fee design principles and fee review process outlined below.

SCOPE

This policy applies to the Corporation's regulatory business.

COST RECOVERY APPROACH

Collectively fees established under the Act should:

- recover all direct and indirect service delivery costs associated with the delegated mandate;
- reflect a revenue margin not to exceed 5%; and
- reflect 3-year cost trends.

PRINCIPLES

Fees should:

- reduce cross subsidization by program through a reasonable transition period;
- reasonably reflect sector and service activity, such as Engineering and Inspection, within each program; and
- in addition to their direct and indirect costs, Licensing, Registration and Certification fees should recover safety infrastructure costs (including, standards and codes work, investigation, prosecutions, and re-investments in public safety).

FEE REQUIREMENTS

Fees should be designed to achieve the following:

- All parties regulated under the Act participate in cost recovery;
- Uniform application regardless of geographic location;
- Meet the customer needs;
- Premium fees may be charged for premium services;
- Encourage incentives / disincentives for high / low levels of compliance; and
- Accepted billing and collection business practices.

FEE REVIEW PROCESS

- No new fees or fee changes will come into effect until they have been subject to a fee review by TSSA.
- No fee change will be implemented until it has been approved by the Board and reviewed by the Minister.
- When informing the Minister of the results of a fee review or the intent to change fees, TSSA will forward the Minister a business case detailing the

- rationale for the change including the position of the industry and status, an analysis comparing the proposed fees with costs and set out percentile increase over the existing fee structure.
- In reviewing the business case for a proposed fee increase, the Minister's focus is on ensuring:
 - TSSA collects fees for services it renders on a cost recovery basis; and
 - No subsidization of fees from regulatory business to non-regulatory business.
 - No new or revised fee will be effective until 60 days notice has been given to the Minister and stakeholders.
 - TSSA will maintain a financial system that allows for the identification of direct and indirect costs attributable to each service for which a fee is intended to be established.
 - The fee review process will be simple and the TSSA will foster transparency by consulting: applicable Industry Advisory Council(s) and seeking the input of Consumer Advisory Council members before approving any fee changes or instituting new fees.
 - TSSA will demonstrate its diligence in seeking to increase the efficiency of its operations, while maintaining and enhancing public safety.

As originally signed by George Irwin

Chair of the Board
Technical Standards and Safety Authority

April 27, 2010

Date

As originally signed by Sophia Aggelonitis

The Honourable Minister Sophia Aggelonitis
Ministry of Consumer Services

April 28, 2010

Date