



Fee Review 2019 Questions and Answers

Q1. Why has TSSA increased its fees?

As a not-for-profit public safety regulator, TSSA charges fees on a cost-recovery basis. Changes to TSSA fees are an effort to equitably reflect the true cost of public safety services.

While fees are typically reviewed every three years, TSSA has not introduced a fee increase across all program areas since May 1, 2013. At this time, TSSA must adjust fees in a manner that more equitably reflects the costs of providing public safety services, incents good safety performance, and allows for investments in new and existing safety resources. In addition, TSSA must focus new resources to implement the recommendations of the Auditor General's 2018 value-for-money audit.

Q2. What fees have not increased?

There have been no increases to the following:

- examination fees for individuals in any of the safety programs
- fees for public information requests
- fees for periodic certificate of inspection, insurer audit and new manufacturing inspections (shop inspections) in the Boilers and Pressure Vessels safety program

Q3. How are fees established by TSSA?

TSSA thoroughly analyzes the revenue required to deliver its safety services and further investment in its safety system. Through our advisory councils, industry stakeholders were consulted to obtain their feedback on the analysis underpinning the fee change rationale and the decision to increase fees. Based on agreed-upon principles with the government of Ontario, TSSA's fee-setting principles should:

- recover all direct and indirect service delivery costs associated with the delegated authority mandate;
- generate a net revenue margin not to exceed 5%;
- reflect three-year cost trends;
- eliminate cross-subsidization between safety programs through a reasonable transition period;
- reasonably reflect sector and service activity, such as engineering and inspection, within each program; and
- ensure that, in addition to their direct and indirect costs, licensing, registration and certification fees recover safety infrastructure costs such as standards and codes work, investigations, prosecutions, regulatory enhancements, and re-investments in public safety.

In addition, TSSA is committed to the following fee design principles:

- all beneficiaries of TSSA's public safety services should participate in their cost recovery;
- fees should be uniformly applied regardless of geographic location;
- fees may be packaged to meet the customers' needs;
- incentives/disincentives for high/low levels of compliance; and
- accepted billing and collection business practices are followed.

Q4. Has TSSA considered the impact of this increase on businesses?

Yes. TSSA prides itself on strong relationships with its industry partners and has made every effort to keep fee increases to a minimum. Over the last six years, TSSA has successfully maintained a fee freeze by focussing on cost controls while ensuring the appropriate level of resourcing to meet our safety mandate. However, such a



freeze is not sustainable indefinitely and TSSA must now implement a minimal fee increase to support its key responsibilities.

While TSSA recognizes that any fee increase imposes additional financial obligation on industry, the overall fee change impact has been limited to an approximate average of 2.4% over the three-year time horizon. Overall, the increases are below the cost of inflation.

Q5. Was industry consulted before TSSA changed the fees?

Yes. TSSA is committed to and has consistently provided appropriate notice to its industry stakeholders through its advisory councils, where industry input was sought on various fee proposals. Each council was presented with the current financial position of each sector, as well as the rationale for proposed increases.

TSSA's fees are reviewed and approved by its Board of Directors as well as subject to review by the Ministry of Government and Consumer Services (MGCS), as per its fee-setting principles. Throughout the fee review process, TSSA has remained open to industry input and shared its findings and progress with the MGCS.

Q6. What was the response of TSSA's advisory councils?

TSSA's advisory councils were involved early in the process, and have been consulted regularly throughout. While the reaction of each council varied, and industry is not eager to see fee increases, stakeholders understood TSSA's rationale for the fee changes.

Q7. What will surplus revenue be used for?

Surplus revenue over expenses is dedicated to new public safety initiatives and reinvested in the development and administration of existing safety programs.

As TSSA strives to become an outcomes-based regulator, this fee increase will also support the implementation of a new, evidence-based regulatory model that more effectively regulates industry and reduces unnecessary regulatory burden. Planned initiatives include a no-fee compliance coaching and education initiative to better support our regulated communities and further promote compliance and safety.

Q8. How does TSSA demonstrate that its operating costs are being contained and reasonable efficiencies being achieved?

TSSA is accountable to both its Board of Directors and the Ministry of Government and Consumer Services to demonstrate that it is most effectively and efficiently using resources. We are committed to regularly reviewing our compliance strategies to ensure that we concentrate our efforts on safety priorities and use our resources to effectively address those priorities. To maintain the fee freeze that has been in effect since 2013, TSSA has focused on internal cost controls while ensuring the appropriate level of resourcing to deliver our safety mandate. These controls have resulted in numerous efficiencies, including lower leasing costs and reductions in other head office expenditures achieved through our stringent procurement processes.

Going forward, TSSA will continue to focus on responsible stewardship of resources in the delivery of our safety mandate.

Q9. What has TSSA implemented to reduce fees for compliant customers with good safety records?

TSSA employs a risk-based scheduling model, which calculates a number of risk factors and in turn determines the inspection intervals for each site we visit. At present, this model is in place in two major program areas; the net result for customers that demonstrate a good safety record has been a decrease in inspection frequency and a resultant reduction in fees.



For example, since the last fee review TSSA has extended risk-based scheduling in its elevating devices program from three years to five years for compliant businesses. As part of its evolution to becoming a modern regulator, TSSA will expand risk-based scheduling to other programs and sectors. We will intensify our efforts to ensure a level playing field in the industries we regulate through a number of actions, including working closely with tradespersons or companies that are non-compliant.

Q10. What can I do to minimize my fees?

The nature of our regulated industries is such that both opportunity and performance is dependant, amongst other things, on a good safety record. Your fees reflect not only the cost of the direct services you receive but also your contribution to the overall safety system for your industry. Businesses can take the following steps to help minimize fees:

- Increase compliance with safety regulations and codes
- Focus on safety and quality systems
- Take advantage of alternatives to follow-up inspections, such as Declarations of Compliance, where applicable
- Provide the necessary support to facilitate the completion of field inspections
- Plan in advance to avoid additional fees for rush services

Q11. Why is the fee increase for the fuels sector more than other industries?

Fees in the fuels safety program historically have not increased at the same rate as the expenses needed to operate the program. In fact, the fuels program has been experiencing net deficits since fiscal year 2013.

While the fuels fee increase is not sufficient to eliminate its regulatory net margin deficit, it will significantly reduce reliance on other safety programs for cross-subsidization.

Q12. The TSSA Boilers and Pressure Vessels Program just added fees last year. Why am I paying more?

Last year two new fees were introduced as a result of changes to the Boilers and Pressure Vessels Regulation (O. Reg. 222/01):

- A certificate of inspection (COI) fee for BPV devices; and
- An audit fee for insurers licensed to underwrite boilers and pressure vessel equipment

The above is unrelated to comprehensive fee increases.

Q. 13 I have a question not addressed above. Where can I get more information?

Please direct any further questions to us via email at FeeChange@TSSA.org or call us at #1-877-682-8772.