

SCHEDULE “H” - FEE SETTING PROCESS AND CRITERIA

Technical Standards and Safety Authority

Application

This Schedule applies exclusively to fees, costs or other charges (“fees”) set in accordance with clause 3.18(1)(b) of the Act by the Corporation. This Schedule does not apply to administrative penalties.

Scope

This policy applies to the Corporation’s regulatory business.

Cost Recovery Approach

Collectively fees established under the Act should:

- 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, authorizations 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).

Objectives

In setting fees, the Corporation has the following objectives:

- To comply with clause 3.18(1)(b) of the Act to set and collect fees relating to the administration of the Act;
- To ensure the development of fees that are consistent with the Corporation’s operating principles and obligations under the Act and this MOU, including the obligation to ensure that the Corporation has adequate resources to comply with the MOU and the Act;
- To achieve full recovery of all delivery costs, consistent with the ongoing viability

of the Corporation as a not-for-profit corporation and at the same time provide service delivery value for stakeholders;

- To ensure that the Board considers the impact of a new fee or a fee change on consumers; and
- To ensure that, in the case of new fees or fee changes greater than of the cost of inflation, stakeholders have the opportunity to provide input into the fee setting process.

No new fee, or fee change, shall come into effect unless it has been approved by the Board and the relevant steps outlined in this Schedule have been completed. The Minister may waive the process, steps in the process, or the required notice timeframes if the Board provides evidence satisfactory to the Minister that the requirement to undertake any or all of these steps would result in the Corporation not having the resources needed to comply with the MOU and the Act.

Process for fee change reduction

Where the Board has approved a fee change that would temporarily or permanently reduce the amount of, or eliminate, a fee, the Corporation shall provide the Minister with at least 30 days advance written notice of the proposed fee change, following which at least 60 days written notice shall be provided to the regulated sector. In this circumstance, the Fee Review Analysis including the Consultation and Criteria described below is not required. However, in the notice to the Minister, the Corporation must provide an effective date for the reduced or eliminated fee, the timeframe over which the change would be in effect, and a summary of the Corporation's forecasted revenue and expenditures during this effective period to ensure that the reduced revenue does not adversely impact its operations and financial sustainability.

Process for fee increases no greater than the cost of inflation

Where the Board has approved a fee increase that is no greater than the cost of inflation, the Corporation shall provide the Minister with at least 30 days advance written notice of the proposed fee change, following which at least 60 days written notice shall be provided to the regulated sector. In this circumstance, the Fee Review Analysis including the processes set out in the Consultation and Notice and Criteria sections below are not required.

Process for new fees or fee increases greater than the cost of inflation

Every proposal to establish a new fee, or a fee increase greater than the cost of inflation, shall be subject to a Fee Review Analysis and consultation conducted by the Corporation in accordance with the Fee Review Analysis, Consultation and Notice, and Criteria sections set out below.

Fee Review Analysis

The Corporation shall prepare a Fee Review Analysis that shall be in the form of a business case consisting of a written analysis for the new fee or fee increase greater than the cost of inflation that shall include:

- a scan of trends that may be occurring in the regulated sector or otherwise that could impact the Corporation;
- estimated costs for new, existing or expanded programs as outlined in the Corporation's strategic plan or business plan;
- estimated costs of implementing new or amended legislation;
- a rationale based on the Corporation's historical, actual and projected revenues and expenses as well as impact on standards of service;
- a summary of stakeholder comments solicited in accordance with the Consultation and Notice process set out below; and
- a statement of compliance with the Criteria set out below.

The Corporation shall provide the Minister with advance written notice of the new fee or fee change proposal and await the earlier of receiving written acknowledgment from the Minister to proceed, or 45 days, before soliciting comments from the regulated sector and sector stakeholder groups, or the fee proposal otherwise becoming public. The Fee Review Analysis (not including the summary of stakeholder comments) shall be submitted to the Minister at this time.

Consultation and Notice

The Corporation shall solicit comments from the regulated sector and sector stakeholder groups on the proposed new fee or fee change greater than inflation for a period of at least 30 days, in advance of the written notice described below. A summary of the comments, once received, shall be forwarded to the Minister for information, and shall complete the Fee Review Analysis. The Corporation shall also provide the Minister with a copy of the draft notice, informing the regulated sector and sector stakeholders that a new fee or fee change greater than inflation will take effect, at this time.

Concurrent written notice shall be given to the Minister and the regulated sector licensees and sector stakeholders at least 60 days prior to the new fee or fee change greater than the cost of inflation taking effect.

Criteria

In developing a proposed new fee or fee change greater than the cost of inflation, the Corporation shall give appropriate consideration to the Corporation's strategic plan and business plan and to the potential impact of the fee or fee change on regulated sectors

and consumers. In addition, the following criteria shall be considered and addressed:

- Fees shall be set on a cost recovery basis and designed to cover all of the Corporation's costs including those which cannot be directly attributable to the payees, including complaint handling, inspection, investigation, prosecution, public awareness campaigns, website development and maintenance, governance programs, government oversight and reporting, and general administration.
- The relative fees charged for different services and authorization types shall:
 - include costs to the Corporation for processing authorization or providing related services;
 - reflect the period during which an authorization is effective; and
 - be uniform regardless of geographic location in Ontario.
- All fees shall be payable when an application is made or when a service is requested or provided. Any refunds for cancelled authorization or requests for service must adhere to principles of cost recovery. No refund shall be issued for cancellations received after an authorization has been processed or a service has been delivered.
- Reasonable late fees may be charged for amounts due to the Corporation that are paid late. Where applicable, standard business practices shall be followed (e.g. interest charged on overdue accounts, etc.).
- In establishing or revising a fee, appropriate consideration shall be given to deterring breaches of the Act.

**Technical Standards and Safety
Authority**



Chair of the Board

Date: April 25, 2022

**Her Majesty the Queen in right of
Ontario**

Minister of Government and Consumer
Services

Date: April 28, 2022

SCHEDULE “I” – PAYMENTS

Technical Standards and Safety Authority

The Corporation agrees to pay an oversight fee to the Minister for each Provincial fiscal year (April 1 to March 31), unless otherwise specified by the Minister, on the following terms:

1. An annual amount (“the payment”) as determined by the Minister. The purpose of the oversight fee the Minister charges to the Corporation is to recoup the government’s costs of the regulatory regime in its entirety. This includes the cost to government of oversight of the Corporation, the development of legislation and regulations administered by the Corporation, and advice to the Minister in the execution of his or her duties in respect of the public safety regulatory regime within his or her mandate. The Minister will share with the Corporation the detailed information regarding the calculation of the cost of regulatory oversight upon request.
2. For the 2019-20 to 2022-23 fiscal years, the Corporation agrees to pay the Minister the following amounts:

2019/20	2020/21	2021/22	2022/23
\$984,721.00	\$984,721.00	\$984,721.00	\$984,721.00

For 2023/24 and subsequent fiscal years, the Minister shall determine the payment for each year and will notify the Corporation at least 18 months in advance of the payment being due. If, during the fiscal year, the costs of regulatory oversight as determined by the Minister exceed the payment amount, the Minister may, after reasonable notice and prior consultation with the Corporation, increase the payment amount accordingly.

3. The payment for each fiscal year ending March 31 will be remitted to the Minister by way of cheque payable to the Minister of Finance, or an electronic funds transfer (EFT) payment, within 30 days of the date of the invoice sent by the Minister each year.
4. Late payments will be subject to interest charged at the interest rate for unpaid debts to the Crown as fixed from time to time by the Lieutenant Governor in Council in accordance with subsection 10(4) of the *Financial Administration Act*.

**Technical Standards and Safety
Authority**

As originally signed by RJ Falconi

**Her Majesty the Queen in right of
Ontario**

**As originally signed by The Honourable
Minister Ross Romano**

Chair of the Board

Date: April 25, 2022

Minister of Government and
Consumer Services

Date: April 28, 2022