


**Technical
Safety Authority**
of Saskatchewan

ANNUAL REPORT

2021

Inspiring and Shaping Excellence in Public Safety

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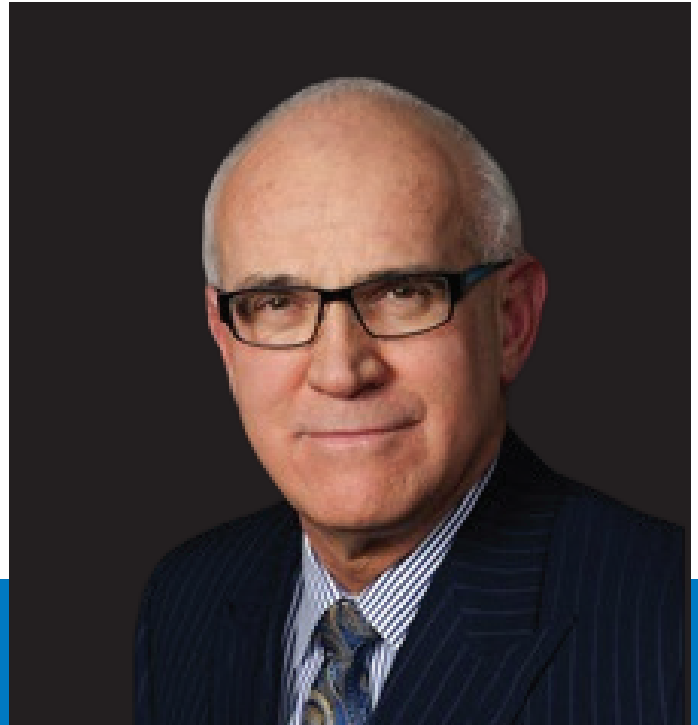
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NOTES TO THE FINANCIAL STATEMENTS

CHAIR'S MESSAGE

On behalf of the Board of Directors of the Technical Safety Authority of Saskatchewan (TSASK), it is my pleasure to introduce the Company's annual report for the 2020-21 fiscal year.

I want to express the gratitude and support of our Board of Directors for the work of the entire TSASK team as they worked toward the integration of new responsibilities for gas and electrical licensing ,



permitting, and inspections. It is a testament to the planning, insights and efforts of people across the organization that this was achieved despite additional challenges created by a global pandemic. We can say with confidence that the levels of service and safety were not only protected during a very difficult year; they advanced because of the work of our TSASK team.

As a Board, we too were required to adapt to new processes made necessary by the expansion and the pandemic. I want to thank my fellow directors for their time and service. Our directors provided strong leadership and much-needed stability as our organization and province navigated the unprecedented challenges of the past fiscal year. You can learn more about our directors on pages 25-27 of this report.

The success of TSASK is also tied to the efforts of the industry participants who make up our customer base. Once again, industry demonstrated its commitment to excellence in public safety, which makes our work meaningful and collaborative. Together, we are contributing to the economic prosperity and growth of Saskatchewan. We look forward to working on your behalf to deliver on our vision, mission and values for years to come.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Robinson'. The signature is fluid and cursive.

Tom Robinson
Chair of the Board

TSASK VISION

A leading and innovative safety authority - a Saskatchewan service provider, inspiring and shaping excellence in public safety.

TSASK MISSION

In collaboration with industry, owners, and operators, we provide professional safety, educational, and regulatory services that create a high level of confidence in public safety.

TSASK VALUES

- ✓ **SAFETY IS PARAMOUNT** - We practice uncompromised safety in and through the services we deliver.
- ✓ **RESPECT** - We treat colleagues, customers, and stakeholders with respect.
- ✓ **INTEGRITY** - We are open, honest, ethical, and transparent in our conduct.
- ✓ **TEAMWORK** - We believe in the strength of collaborative efforts, with the organization and with stakeholders.
- ✓ **ACCOUNTABILITY** - We are committed to responsible, consistent, and dependable actions.
- ✓ **PROFESSIONAL SERVICE** - We add value to our customers through excellence in everything we do.
- ✓ **RECOGNITION** - We value and acknowledge the work, ideas, initiatives, and contributions of our colleagues and customers.
- ✓ **CONTINUOUS LEARNING** - We empower our employees by supporting learning, growth, and transfer of knowledge to support continuous improvement and innovation.

Letter from THE CEO

I am pleased to provide this report on the performance of the Technical Safety Authority of Saskatchewan for the 2020-21 fiscal year.

The 12 months of this reporting period tested every person and process that is part of our operations at TSASK. Like every organization on the planet, we were required to reimagine the way we deliver our services in a global pandemic – on the fly and in real time. In addition to adapting to the challenges of operating through the pandemic, we continued our transformation and expansion with the addition of new responsibilities for gas and electrical licensing (previously under the Ministry of Government Relations) and gas and electrical permitting and inspections (previously under SaskPower). These new areas increased our employee base, created a need to expand and upgrade our infrastructure and systems, and tested our ability to adapt while maintaining our commitment to improving safety in the province.

The double whammy of COVID-19 conditions and transformation made



for a year of interesting challenges. Yet, as much of the world stood still, we took tremendous strides forward. We initiated the integration of our new services without disruption to our customers and, most importantly, without compromise on the standard of safety that is fundamental to our organization and mandate.

The successful start to this integration reflects the ethos of every person associated with

TSASK, including those who were part of our organization in the past and those who joined us through our expansion. To be an engaged and productive part of the TSASK team requires a fundamental and deep-seated commitment to safety. That is the common thread that bonds our people, our suppliers and the industries we serve.

Planning for Success

As pleased as we are with our progress in fiscal 2021, we

are acutely aware that we have only taken the first steps in our integration process. Achieving the full transformation is a long-term initiative that will require ongoing discipline and commitment.

As part of that process, we invested time and resources to bring together the best ideas from across our entire team – our Board of Directors, management and front-line inspectors and customer service representatives across the province. There is an adage that if you fail to plan, you plan to fail. Our role in Saskatchewan’s safety story is too important for us to not have a strong sense of purpose and direction.

Our planning sessions helped identify the strengths of our organization and the areas where we have room to improve. By comparing the best ideas and best practices from TSASK’s existing operations and those from the new members of our team, we can take additional steps that will improve the way we deliver services and enhance public safety in Saskatchewan.

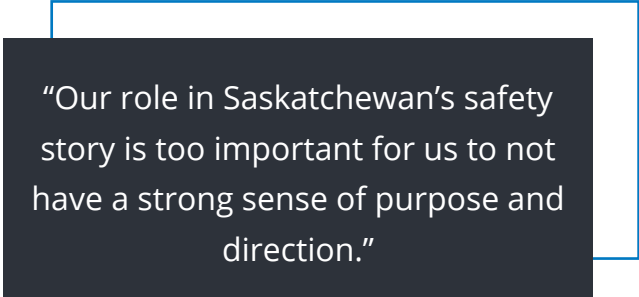
Among the first steps will be to ensure we align the thinking across our organization, always with an eye to managing risk and measuring the right things that affect public safety. By introducing new perspectives from across our expanded organization, we are redefining the metrics that can have the greatest impact on improving safety. These discussions will continue as gas and electrical become part of the fabric of TSASK, and as we take on responsibility for plumbing permits and inspections, which is planned during fiscal 2022.

Ultimately, we have one vision: to inspire and shape excellence in public safety in Saskatchewan. Every discussion and every decision ties back to that vision. We are optimistic that our approach will build on the strong foundation that has been built throughout TSASK’s history, and expand the impact of our safety culture into new areas of industry and public life.

A Focus on Details That Matter

The expansion of TSASK’s mandate and areas of operation is a big undertaking that is creating changes in our financial performance and operations. While the expansion of our revenue base created some notable numbers for fiscal 2021, our focus remains on delivering safety, regulatory and education services that create confidence in public safety. We strive to do that in a financially sustainable manner – one that allows for the necessary long-term investments in people and systems without placing an unnecessary burden on the industries that drive Saskatchewan’s economy.

Even though gas and electrical activities were part of our operations for only five months during the fiscal year, they are primarily responsible for TSASK revenues increasing 87.5 percent to \$16.6 million in fiscal 2021 from \$8.8 million in 2020. Our costs rose 71.9 percent to \$16.5 million in 2021 from \$9.6 million the prior year, largely as a result of additional salaries and benefits, transportation, technology and office space. That is a measure of the changing size and scale of TSASK on both sides of the ledger.



“Our role in Saskatchewan’s safety story is too important for us to not have a strong sense of purpose and direction.”

Our longstanding approach to financial management made the current expansion viable, as TSASK had built sufficient resources to navigate the requirements of growth even as we faced a decline in activity because of the pandemic over the past two years. We entered fiscal 2021 with a healthy asset base capable of supporting our activities, even with the prospect of short-term losses during our transformation.

Although we prepared for a deficit given the expected changes during the year, we achieved a small profit and maintained our existing cash for investments that will support the additional changes planned for fiscal 2022.

“As we look ahead, we recognize that TSASK will continue to operate in a state of change.”

Moving forward, we will be evaluating our financial models to ensure we strike the proper balance between serving industry in a cost-effective way while maintaining our ability to invest in the areas that support our long-term capabilities. In recent years, we have made significant investments in technology and infrastructure that have improved our ability to deliver services, manage licensing and permitting requirements, and communicate effectively with industry across our province. We will continue to build an organization that is focused on improving safety in a fiscally responsible way.

Historically, our revenue has been tied to licensing, which affords a degree of predictability. With our expanding scope, we anticipate permitting will have a greater influence on revenues, which may cause fluctuations based on economic activity. The past two years have reminded us to prepare for the unexpected and our performance has demonstrated our ability to adapt in changing conditions. Our future will be shaped by applying the resources we have to get the best result for safety.

The Path Forward

As we look ahead, we recognize that TSASK will continue to operate in a state of change. This

is nothing new for people at every level of our organization. We look forward to continuing the integration of our new areas of responsibility and creating a cohesive team and culture with a singular focus on public safety in Saskatchewan. From past experience, we know that transformation is an ongoing process that will unfold over a period of years, but we also know that it is achieved by making small strides forward every day.

I want to thank our people for their efforts and their commitment to tirelessly working to improve the state of public safety in the province in all the industries that we touch. They have shown perseverance in the face of a pandemic and determination in tackling the challenges of integration and growth. I know those same qualities will enable us to be successful in the face of change in the years ahead.

We are fortunate to do this with the support of the industry, the Ministry of Government Relations, and the insights and leadership of a strong Board of Directors. We look forward to serving the people of Saskatchewan and delivering on our commitment to safety across the province.

Sincerely,

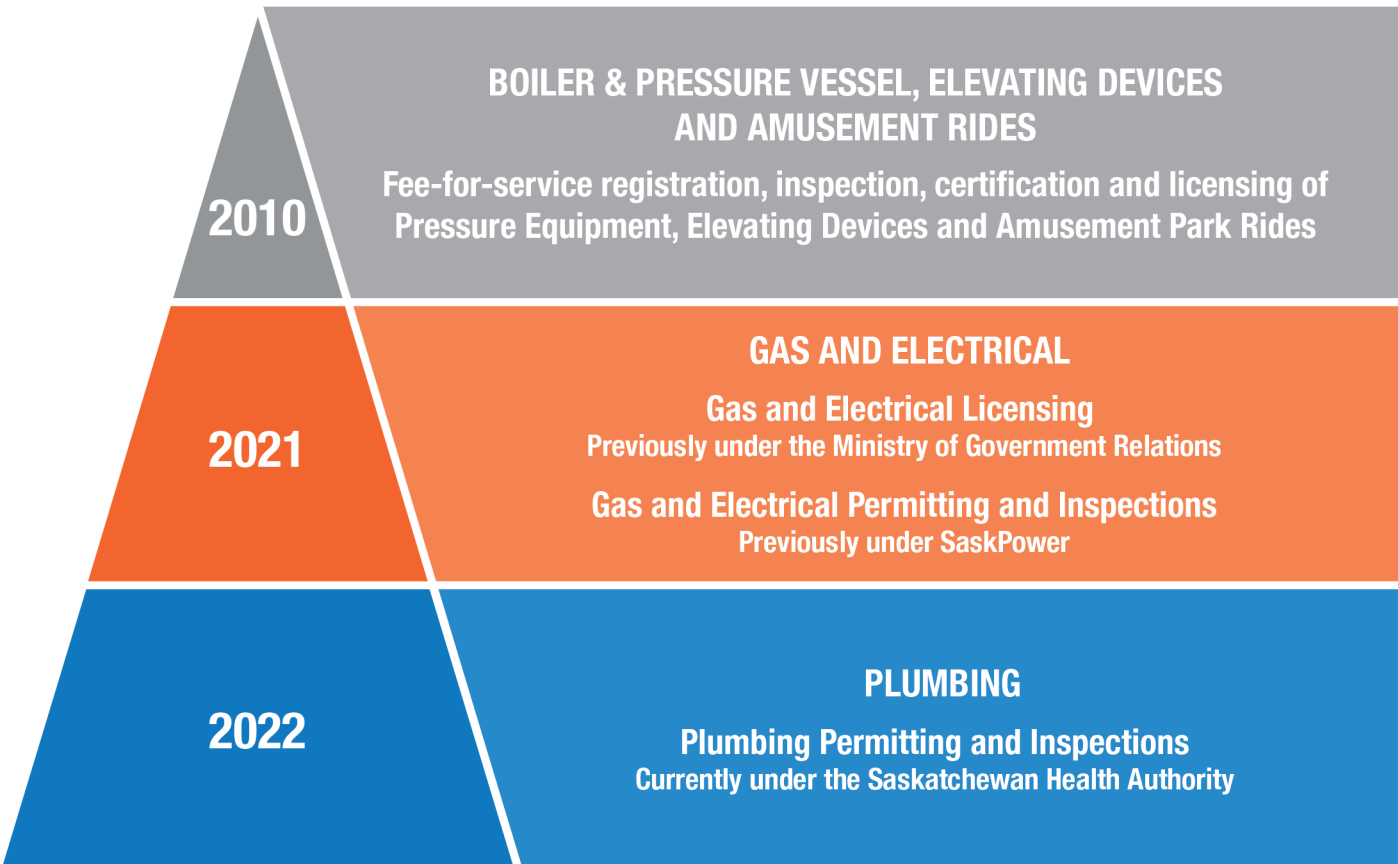


Bill Scott
Chief Executive Officer

The Transformation OF TSASK

TSASK’s ability to successfully deliver safety programs – including licensing, permitting and inspections related to pressure equipment, elevating devices and amusement park rides – led to an expansion of responsibilities, which now include gas and electrical licensing, inspections and permitting and, beginning in fiscal 2022, plumbing inspections and licensing.

Bringing these areas of responsibility under a single regulatory body is designed to improve consistency within our safety mandate and increase efficiency for industry and the people of Saskatchewan.



As TSASK incorporates new areas of responsibility, we will identify the most effective measures of safety performance and, where necessary, refine our reporting to best represent the performance in the industries covered by our mandate. This year’s annual report includes the traditional measures for our longstanding responsibilities as well as the standard measures used in the areas that are new to TSASK.

MANAGEMENT'S DISCUSSION OF FINANCIAL & OPERATIONAL PERFORMANCE

The purpose of Management's Discussion of Financial and Operational Performance is to enhance stakeholders' understanding of the industry trends that drive TSASK's priorities as an organization. It also provides financial and operational context to support the disclosures contained in the 2020-21 audited financial statements.

Organizational Overview

The Technical Safety Authority of Saskatchewan (TSASK) is a not-for-profit organization established on July 1, 2010 through *The Technical Safety Authority of Saskatchewan Act*. TSASK was created from the Licensing and Inspections Branch of the Ministry of Corrections, Public Safety and Policing with a mandate of delivering safety programs related to pressure equipment, elevating devices, and amusement rides in the province. TSASK's relationship with government now resides with the Ministry of Government Relations. In 2020, TSASK took on additional responsibilities for gas and electrical licensing and, in 2021, for gas and electrical permitting and inspections.

TSASK's registration, inspection, certification and licensing programs and services primarily operate on a fee-for-service basis. These fees are charged to the sectors that design, manufacture, install, operate, and own potentially hazardous equipment. TSASK administers and enforces the provisions of the following legislation and related regulations:

- *The Boiler and Pressure Vessel Act, 1999;*
- *The Passenger and Freight Elevator Act;*
- *The Amusement Ride Safety Act;*
- *The Electrical Inspections Act, 1993;*
- *The Electrical Licensing Act;*
- *The Gas Inspections Act, 1993;*
- *The Gas Licensing Act.*

TSASK operates at arms-length from the provincial government, under the terms of a Safety Standards Agreement (SSA).

The Government of Saskatchewan, through the Ministry of Government Relations, continues to be responsible for the legislative and regulatory requirements governing the safe operation of boilers, pressure vessels, elevators, and amusement rides. Government Relations is also responsible for legislative and regulatory requirements related to gas and electrical licensing and inspections. The Government continues to be responsible for establishing safety standards and policies, as well as legislative and regulatory requirements related to public safety.

Corporate Mandate

The Technical Safety Authority of Saskatchewan is responsible for the administration and enforcement of legislation and regulations on behalf of government.

Our professional team provides a full range of programs and services including:

- licensing and permitting;
- assessing regulated equipment design;
- overseeing the fabrication and installation of regulated equipment;
- assessing and certifying knowledge and quality practices within registered organizations;
- testing, certifying, and licensing of industry personnel;
- inspecting regulated equipment;
- educating and informing industry;
- contributing to the advancement of safety standards;
- enforcing standards and legislative compliance; and
- investigating reported accidents.

These services are provided to individuals and organizations that design, manufacture, install, operate, or own any equipment that falls within our area of responsibility.

In late 2018, the provincial government announced a plan to extend TSASK's areas of responsibility to create a more comprehensive single technical safety services agency for the province. Since that announcement, TSASK has successfully assumed responsibility for gas and electrical licensing and inspections, both of which were previously administered by the Ministry of Government Relations and SaskPower respectively. TSASK also expects to assume responsibility for plumbing permits and inspections, currently under the Saskatchewan Health Authority.

These areas of expanded responsibility required amendments to the TSASK Act that were passed by the Government of Saskatchewan in June 2020. TSASK took over responsibility for electrical licensing in August 2020 and for gas and electrical inspections and permitting in February 2021. Plumbing inspections and permitting will transition during fiscal 2021-22.

Fiscal 2020-21 Review of Financial Performance

TSASK's ability to operate as a financially sustainable enterprise is the foundation of our ability to provide the oversight and licensing required by industry and the Province of Saskatchewan. TSASK strives to deliver these services in a cost-effective way for industry, while ensuring that we recover expenses and generate sufficient earnings to fund the future needs of our entity.

Gas and electrical permitting and inspections are now the largest revenue stream for TSASK. Although these activities were delivered by TSASK for only five months during the fiscal year, they exceeded the total annual revenue generated by boiler and pressure vessel activities, which historically have been TSASK's largest revenue generator. Economic conditions in Saskatchewan can materially affect gas and electrical permitting and inspections, which means TSASK is now exposed to greater fluctuations in revenue.

Revenues

TSASK revenues for fiscal 2020-21 were \$16.591 million, approximately 87.5 percent higher than the \$8.849 million of the previous year. The increase was primarily a result of the addition of \$6.743 million in new revenue generated by gas and electrical technologies from February 1-June 30, 2021. This revenue is related to economic activity and can fluctuate from year to year. Revenue from TSASK's previous lines of business of \$8.331 million was lower than the \$8.849 of the prior year largely as a result of decreased activity during the pandemic.

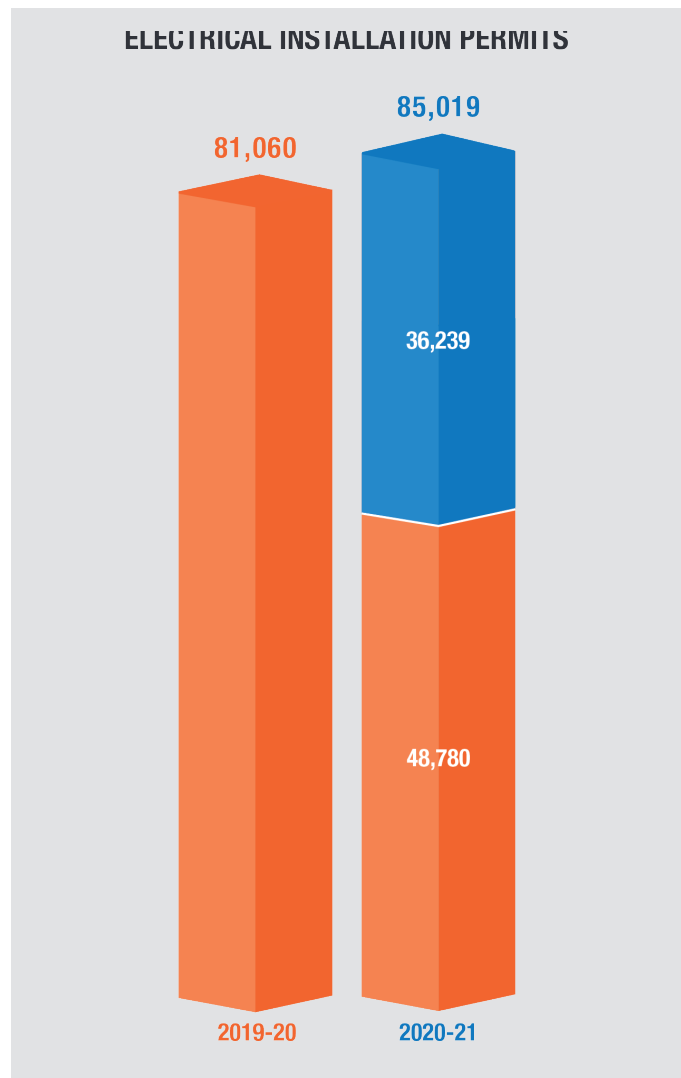
Electrical Revenue

Electrical permitting and inspections generated \$4.125 million in revenue during the five-month period from February-June 2021. TSASK’s responsibilities for electrical range from high-voltage installations and upgrades in mining, industrial and commercial facilities to lower-voltage work in commercial, farm and residential buildings. TSASK electrical inspectors ensure an adequate level of safety when electrical installations are connected to existing installations; when a facility is undergoing an annual inspection; or when residential properties require a review to ensure they meet safety requirements. Inspectors also monitor and assess electrical products that are displayed or sold in retail stores or at events like home shows, to ensure the equipment is certified and approved for use. The TSASK inspections team is involved in electrical shock incidents and fire investigations where electrical installations or equipment are the possible cause. Inspections staff are located across the province to provide maximum coverage for inspecting electrical work.

The number of permits issued during the fiscal year (July 2020-June 2021) increased to 85,019 (including 36,239 completed during the five months TSASK was responsible for permits), from 81,060 the previous year. During this same period, the number of inspections completed fell to 37,467, which compared to the previous year’s 12-month total of 44,992. The reduction of completed inspections was mainly a result of staffing changes during this time period. The pandemic had little impact on the demand for inspections, but did require alternate approaches – including photo and video reviews to ensure work was completed at times when property access was restricted.

Gas Revenue

Gas permitting and inspections generated \$2.618 million in revenue during the five months they were



part of TSASK. Gas inspectors enforce installation codes and standards related to gas-fuelled equipment such as furnaces, boilers, water heaters, grain dryers and industrial gas equipment. These inspectors also conduct inspections when a safety concern is raised or when local bylaws related to services like daycares or food trucks require inspection. Activity in this area can be affected by factors such as weather, as harsh conditions can lead to additional installations of equipment like furnaces or boilers, and by economic conditions, which can drive installations of garage heaters, barbeques or decorative appliances.

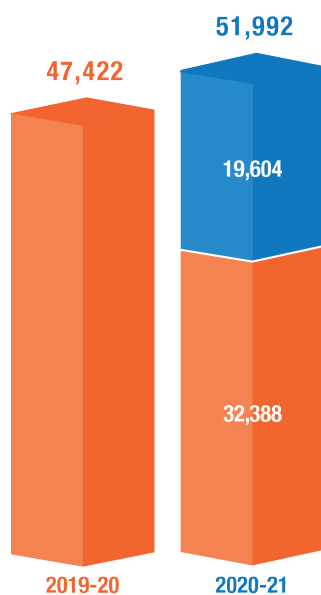


The number of permits issued during the full year (July 2020-June 2021) increased to 51,992 from 47,422 the previous year. This included 19,604 permits issued during the five-month period of February-June 2021. The pandemic had a significant impact on the completion of inspections, as 80 percent of gas inspections take place in residential homes. The number of completed inspections fell to 35,988 for the full year from 37,546 the previous year. In the five-months under TSASK, 16,435 inspections were completed.

Boiler and Pressure Vessel Revenue

Activity related to boiler and pressure vessels generated \$6.671 million for the year, which was \$313 thousand less than the previous year's

GAS INSTALLATION PERMITS



total of \$6.984 million. A general decline in activity is largely attributed to the pandemic, which slowed industry across the province.

Design registration for boilers and pressure vessels generated \$595 thousand, which is 17 percent (\$104 thousand) lower than the previous year. The decrease is due to the decline in pressure piping and pressure vessel registrations as there were no major construction projects, and less activity in the oil and gas sector. This decline was partially offset by an increase in revenue related to the Canadian Registration Number (CRN) harmonization.

Inspection revenue declined \$201 thousand, from \$664 thousand in 2019-20 to \$463 thousand in 2020-21. This decline reflects an overall downturn in activity and restricted access due to the pandemic. Revenue from shop inspections declined by \$76 thousand; revenue from installation inspections fell \$30 thousand, and in-service inspections fell by \$17 thousand. In addition,



TSASK stopped charging for routine inspections on January 1, 2020, resulting in a \$90 thousand decline in revenue compared to the previous year.

Licensing for boiler and pressure vessel equipment remained the largest revenue category and contributed \$3.798 million to total revenues. This is \$33 thousand lower than the previous year and consistent with activity levels across the province.

Exams, certification and licensing for welders, power engineers, and equipment inspectors remained an important part of TSASK's mandate, and generated \$1.096 million in revenue, which is \$15 thousand less than the previous year. The issuance of multi-year licences for pressure welders and other categories resulted in a \$42 thousand decline in revenue recognized during fiscal 2020-21, although an increase in activity will be reflected in future years. This decline was offset by a \$30 thousand increase in revenue from exams, as more people wrote exams following a decline in activity at the outset of the pandemic the previous year.

Elevating Device Revenue

Elevating device revenue declined to \$1.568 million

for 2020-21, which is \$76 thousand lower than the previous year's amount of \$1.644 million. This change is due to a \$64 thousand decrease in equipment inspections and a \$36 thousand decrease in design registration revenue, which is largely attributed to a decline in construction activity because of COVID-19. Licensing revenue was \$22 thousand higher as a result of the increase in active equipment over the previous year.

Amusement Rides Revenue

For the second consecutive year, amusement rides revenue declined as the pandemic limited the number of exhibitions and events hosted across the province. Revenue in this area of \$12 thousand was down from \$32 thousand the previous year, as the number of licence requests fell to 83 from 119 the prior year and design submissions dropped to 8 from 16.

Expenses

As industries across Saskatchewan are operating in a highly competitive market environment, TSASK has made it a priority to monitor expenses to ensure the ability to provide the required service without compromising safety practices or leadership. TSASK's budgets and plans are developed with a long-term

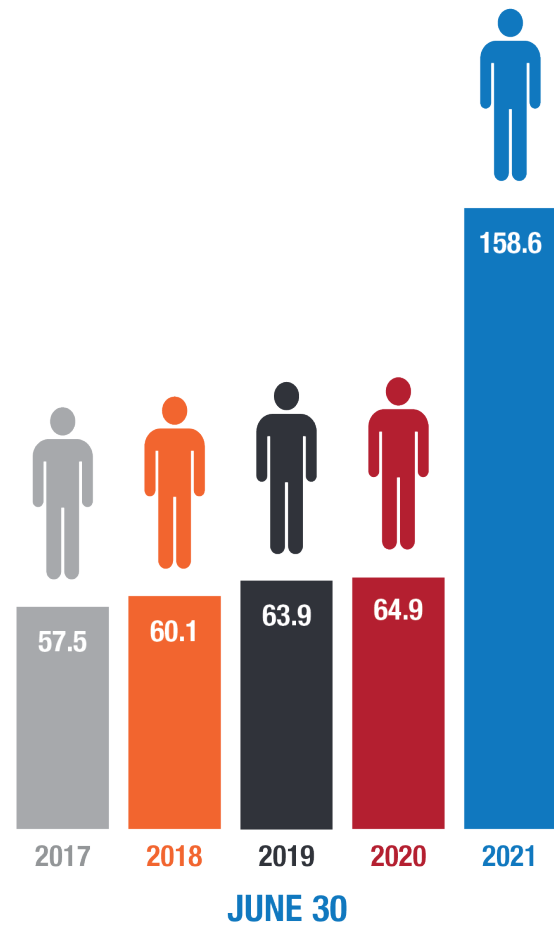
view, as the aim is to reduce the long-term cost of delivering our services while investing in the people and technology required to advance excellence in public safety.

TSASK had proactively planned for additional costs related to new responsibilities for gas and electrical licensing, permitting and inspections in 2020-21, as well as for the planned addition of plumbing permitting and inspections in 2021-22. By making the necessary investments in people, planning, and infrastructure, we are working to ensure an efficient and effective transition that minimizes any risk to public safety or disruptions to industry.

As a result, total expenses for fiscal 2020-21 were \$16.515 million, which compared to \$9.558 million the prior year and \$8.954 million two years ago. The largest component of the \$6.957 million increase in expenses was a \$5.005 million rise in salaries and benefits, reflecting the cost of personnel needed to deliver TSASK's new activities. Salaries and benefits are TSASK's largest expense at \$11.826 million, up from \$6.821 million the previous year. At June 30, 2021, TSASK had 158.6 full-time employees, an increase of 93.7 positions from 64.9 people the prior year, and we will continue to assess the staffing needs of our evolving enterprise.

With a growing complement of people and responsibilities, TSASK expended a greater amount on almost all cost areas required to accommodate staff and deliver services. The largest increase was for rent, space and equipment, which rose by \$751 thousand to \$1.642 million from \$891 thousand the previous year. Rent costs rose \$239 thousand, largely due to rent for our additional Regina office (\$156 thousand higher) and a new Saskatoon office (\$51 thousand). To meet the infrastructure requirements of growth, TSASK spent an additional \$419 thousand on information technology systems and services. This investment,

FTE COUNT



including a \$357 thousand service contract with a third party, was important to the transition plan and allowed for the merging of information related to gas and electrical inspections and the preparation of the system to accommodate future plumbing permitting and inspections.

The expansion of responsibilities increased TSASK's travel requirements to \$1.227 million from \$501 thousand, an increase of \$726 thousand. The largest portion of this increase (\$632 thousand) related to two new technologies needed to support the delivery of services across Saskatchewan. As expected, costs were higher in other areas, including legal, accounting and other services (\$547 thousand compared to \$406 thousand); amortization (\$481 thousand compared

to \$278 thousand); and administrative items (\$322 thousand compared to \$222 thousand). Costs related to board and committees were relatively flat at \$88 thousand this year versus \$86 thousand the previous year.

Net Earnings

TSASK generated net earnings of \$76 thousand in fiscal 2020-21, which compared to a loss of \$709 thousand the previous year. The increases in revenue and profitability generated by gas and electrical activities more than offset higher costs related to the expansion. By diligently planning and preparing for the expansion and managing our resources through the pandemic, TSASK completed the initial stages of the integration process in a strong financial position. This will enable ongoing investment in people and systems to support new responsibilities and refine our cost structure to efficiently serve industries and customers across Saskatchewan.

Capital Expenditures

Total capital expenditures for the year were \$162 thousand, which compared to \$442 thousand in 2019-20. TSASK made significant investments in the prior year and expended an additional \$88 thousand for leasehold improvements and \$74 thousand to meet new software requirements in 2020-21.

The assets transferred from SaskPower are not included in capital expenditures because those assets were received at nil consideration.

Net Assets

TSASK's total net asset position as of fiscal 2021 was \$4.665 million compared to \$4.588 million as of June 30, 2020, an increase of 2 percent. The net asset position is comprised of an investment in capital assets, an unrestricted reserve, as well as an externally restricted operating reserve. The Safety Standards Agreement (SSA) provides that TSASK must achieve and maintain a surplus or reserve that is not less than the operating costs of TSASK for a period of four months. The surplus may be comprised of a net asset

account containing a minimum of \$600 thousand and the remainder of the reserve is to be funded through short-term and long-term deferred revenues. As of June 30, 2021, TSASK was in compliance.

Review of Operational Performance

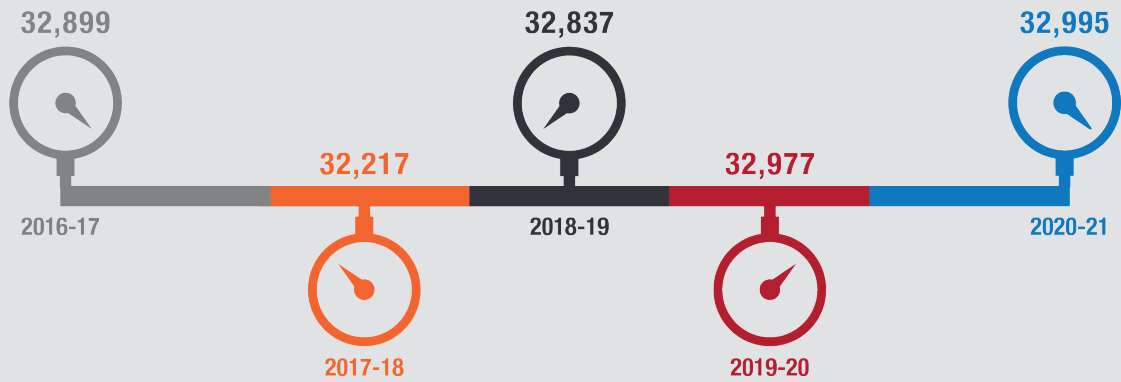
Since 2010, TSASK has been delegated by government to administer and enforce public safety provisions of legislation and regulations related to boilers and pressure vessels, elevating devices, and amusement rides. The organization took on similar responsibilities for gas and electrical licensing in August 2020 and gas and electrical inspections in February 2021. Operations and administration staff provide a full range of programs and services to individuals and organizations that design, manufacture, install, operate, or own any equipment that falls under the legislation in any of these areas. These responsibilities will expand to include plumbing in the 2021-22 fiscal year.

The impact of the global pandemic continued to affect TSASK's operational performance – both in the office environment and for inspectors in the field. Throughout the pandemic, we continued to operate as an essential service, following all provincial guidelines related to enhanced sanitization, installation of physical barriers, mandatory masking and physical distancing. These steps enabled us to meet the needs of customers and support people requiring certification and licensing. In addition, we rented larger spaces that allowed us to increase the frequency of power engineering examinations while ensuring physical separation that met COVID-19 guidelines. TSASK will continue to adhere to protocols that protect the health and safety of our staff, customers and public.

Equipment Inventory

TSASK is responsible for inspecting and licensing pressure vessel equipment, elevating devices, and amusement rides. In 2020-21, we took on responsibilities for gas and electrical inspections and licensing as well.

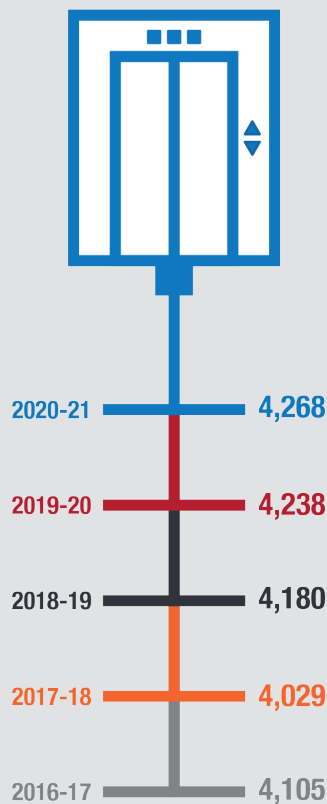
LICENSED PRESSURE EQUIPMENT



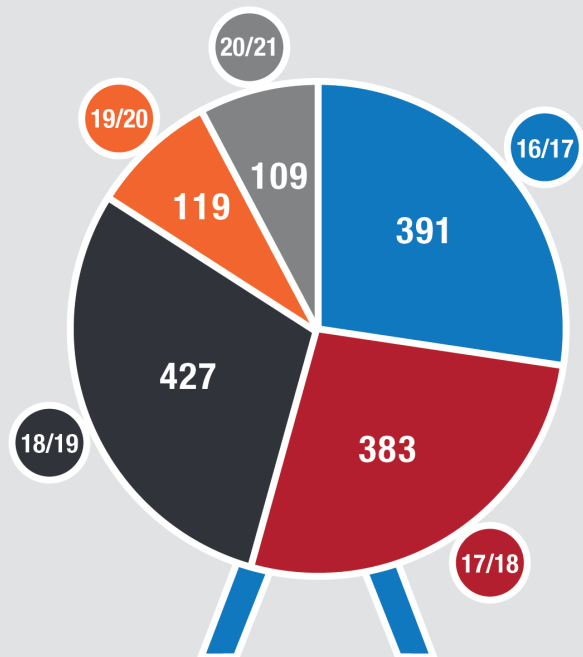
The number of licensed pressure equipment items in Saskatchewan increased to 32,995 in 2020-21, which compared to 32,977 in 2019-20 and reflected stability in industry across the province, despite few major capital projects and concerns related to COVID-19. We anticipate this number will increase in 2021-22, and are preparing accordingly in response to a number of major capital projects that have been announced in Saskatchewan.

Licensed elevating device inventory includes passenger and freight elevators, dumbwaiters, lifts for the physically disabled, construction personnel lifts, and ski lifts. The number of licensed elevating devices increased to 4,268 in 2020-21, slightly higher than the 4,238 devices licensed in 2019-20. The number of devices typically grows as new elevators become active in new buildings, while a decline reflects buildings being demolished or lifts for the physically disabled no longer being required.

LICENSED ELEVATING DEVICES



AMUSEMENT RIDES



Licensing related to amusement park rides remained at historically low levels as travelling fairs and exhibitions were cancelled in response to COVID-19 protocols. The total number of amusement ride licences issued in 2020-21 dropped to 109, which is down from 119 the previous year and 427 in 2019. With the lifting of restrictions announced as part of the Re-Open Saskatchewan Plan on July 11, 2021, we anticipate an increase in amusement ride licences during the next fiscal year.

Quality Management Systems

Quality Management Systems (QMS) are available to companies that can illustrate their commitment to safety and demonstrate increased internal accountability and quality control. Owners or insurers of pressure equipment establish a documented inspection program. The owners, who are primarily larger customers, employ qualified inspection personnel who are required to perform recognized, periodic inspections on equipment they own or insure. TSASK approves and audits those programs to ensure compliance.

The number of companies operating under a QMS increased to 16, compared to 15 the previous year and 14 two years ago. The continued growth of this program is material as the new companies operating under a QMS system are among the top 25 equipment owners in the province. As a result, approximately 36.0 percent of licensed inventory is now operated by companies committed to a QMS.

Significantly, eight inspection companies have earned their QMS designation in Saskatchewan. Inspection companies function as third-party contract inspectors and undergo reviews of their quality systems, employ licensed inspectors, and provide technical support and inspection resources. This makes it possible for companies not large enough to independently operate a QMS program to participate in this process. Smaller

companies still require their own QMS program that ensures their commitment and accountability. Access to QMS-designated third-party inspection companies enables the expansion of this program.

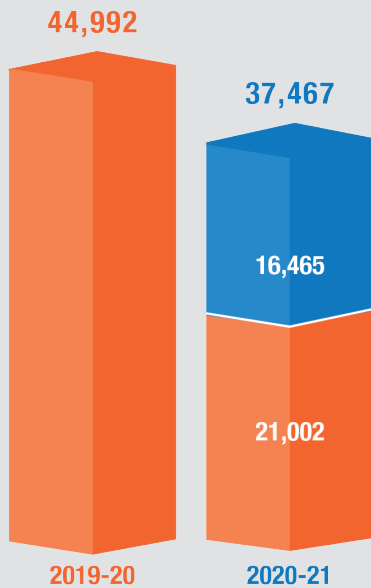
The total number of inspector licenses, which are valid for a five-year period, increased to 354 from 228 over the course of the year. The biggest driver was an increase in the number of Class 3 licences, allowing individuals with the technical qualifications to perform inspections under the direction of Class 1 or Class 2 inspectors with the demonstrated knowledge of provincial legislation and adopted codes. TSASK introduced licence extensions during the previous year as COVID-19 limited our ability to deliver re-certification exams. We continued that extension program until late in 2020-21 and have now introduced a take-home renewal exam. We also restarted the delivery of Pressure Equipment Safety Legislation (PESL) seminars that promote knowledge of safety legislation and adopted codes. We held four seminars that covered key information areas in greater detail than is typically available through self-study, and attracted 41 participants.

Inspection Services

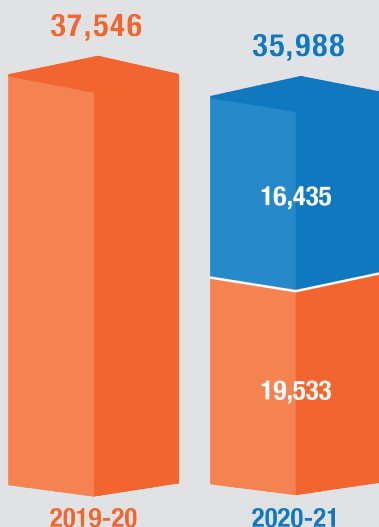
Inspection services are integral to TSASK's mandate. They ensure that effective and efficient safety programs are in place to support the growth of the provincial economy. They also confirm continued compliance by various Saskatchewan industry participants who are contributing to the province. With the addition of gas and electrical inspections to TSASK's responsibilities, we initiated discussions to compare best practices across industries and determine the most effective measures to improve public safety in the most efficient manner.

During the five-month period TSASK had responsibility for electrical inspections, a total of 16,465 inspections were completed, including 15,257 tied to electrical

ELECTRICAL INSPECTIONS



GAS INSPECTIONS



permits, 509 annual permits, 492 homeowner permits and 207 special and unreported inspections. As this is the first reporting period for electrical inspections under TSASK, there is no comparative number. A total of 630 defects were issued and 536 defects cleared. For the full year, including the time when electrical inspections were conducted by SaskPower, a total of 37,467 inspections were completed compared to 44,992 the prior year.

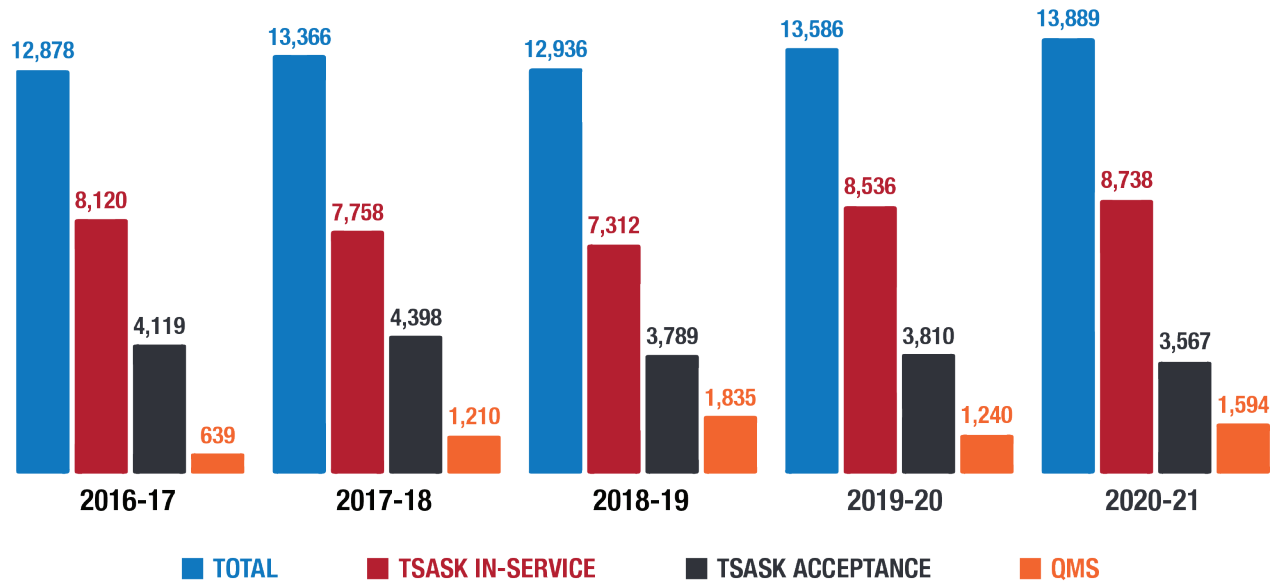
Gas inspections were also a new area of responsibility for TSASK, beginning February 2021. During the five months leading to year end, inspectors completed 16,435 inspections, identified 1,567 defects and saw 1,411 defects corrected. In addition, 867 red tags were submitted, which are related to deficiencies or design flaws. The red tag program allows TSASK gas inspectors to ensure that legitimate hazardous or potentially hazardous conditions are resolved in a timely fashion and to address design flaws through appropriate certification agencies. For the full year, gas inspectors completed 35,988 inspections compared to 37,546 the previous year.

For pressure equipment, the 3,567 equipment installation acceptances were 5.8 percent lower than the 3,785 of the previous year, while the number of in-service inspections rose 10.5 percent to 8,738 from 7,911. At the beginning of the fiscal year, inspections were limited or postponed because of COVID-19 restrictions but returned to normal practice as restrictions eased across the province and at specific sites.

In addition, a total of 1,594 QMS inspections were completed, compared to 1,240 during the same period last year. QMS reporting is provided to TSASK by QMS partners in April and October so the actual full-year total is greater than the April reporting number. An additional 610 QMS inspections were reported in October, bringing the total number for 2020-21 to 1,850. The full total for 2020-21 will be available in our next annual report.

The number of outstanding inspections of non-QMS equipment fell to 1.6 percent compared to 3.0 percent the previous year. The decrease is an expected fluctuation that reflects inspection intervals that vary from one, two or five years depending on equipment type but was further affected by the limited access to some equipment and facilities because of COVID-19.

TSASK & QMS BOILER & PRESSURE VESSEL INSPECTIONS



TSASK conducted 2,770 in-service inspections of elevating devices (including inspections of escalators and sheave jammers) compared to 2,593 the previous year, when COVID-19 protocols slowed the inspection process and limited access to some buildings. Significantly, TSASK inspected 66.9 percent of elevating devices, up from 61.2 the previous year and above the 66.7 percent standard set out in TSASK’s inspection interval policy. The increase in inspection percentage was achieved even as enhanced personal safety protocols were followed, as the decline in amusement ride inspections allowed an increased focus on elevating devices that have high public accessibility.

The number of acceptance inspections related to modification, modernization, or installation increased to 265 from 177 the previous year. The increase reflects a more intensive approach to tracking acceptance inspections, which often require multiple inspections before approvals for licensing and use are issued. In prior years, multiple contacts between inspectors and contractors during the installation, modernization or modification of an elevating device would be reported as a single

acceptance inspection. Inspectors now complete multiple acceptance inspection reports to better communicate and document deficiencies and orders, as well as to provide more timely invoicing. A total of 47 elevating devices were taken out of service during the year because of unacceptable risk related to the condition of equipment, which will require repair or improvement by its owners. This compared to 30 the previous year.

Risk management is central to our ongoing commitment to improving processes related to public safety. TSASK has continued to gather risk data related to pressure equipment and elevating devices. This information led to a new risk-informed inspection plan for elevating devices that was implemented in June 2020 that will amend inspection intervals to more efficiently work with industry to improve public safety.

COVID-19 had a material impact on inspections for amusement rides, which are required to undergo an annual inspection. With a sharp decline in licences issued, the number of inspections fell to 81, which compared to 242 the previous year and approximately

350 in a typical year. While travelling exhibitions and events were cancelled, inspections were completed on year-round facilities, go-kart tracks and inflatable rides.

Gas and Electrical Licensing

Gas and electrical licensing became the responsibility of TSASK in August 2020. During the year, TSASK approved 2,684 journeyman electrical licences and 905 electrical contractor licences. These licences can be renewed for one- or three-year terms and raised the total number of journeyman licences in Saskatchewan to 8,096 and the number of electrical contractor licences to 1,887. During the August-June time period, TSASK approved 1,045 active gas-fitter licences and 746 contractor licences. These licences also have one- and three-year terms and raised the number of gas-fitter licences to 3,183 and contractor licences to 1,760.

Pressure Equipment Competency Certifications

Public safety is a shared responsibility, and TSASK provides programs to ensure companies and people responsible for pressure equipment meet a defined standard of competency. In 2020-21, TSASK issued 108 Certificates of Authorization to companies having demonstrated quality control systems for the installation, repair, alteration, and/or manufacture of pressure equipment, which is slightly lower than the 113 certificates issued the previous year.

Certificates are valid for three-year periods before mandatory review and re-certification and there are 347 Certificates of Authorization currently issued. TSASK administered 587 physical demonstration tests of welders during 2020-21 and authorized contractors completed an additional 415 tests. In addition, 649 welder licences were transferred from other provinces.

Design Survey

TSASK reviews designs for pressure equipment and elevating devices that are to be operated in

Saskatchewan to determine that the design complies with provincial legislation as well as relevant codes and standards.

TSASK registered 1,339 pressure equipment designs in fiscal 2021, down from 1,419 the prior year. Due to the absence of major construction projects and a decline in activity in the oil and gas sector, pressure piping registrations fell 30 percent compared to the previous year and pressure vessel registrations decreased 21 percent. TSASK did see an increase in pressure fitting registrations, as the Canadian Registration Number (CRN) harmonization initiative took hold and eliminated the need to have the Canadian Standards Association (CSA) provide registration services. TSASK helped lead this national initiative as part of the Regulatory Reconciliation and Co-operation Table (RCT), which improves efficiency for industry and, through that, public safety.

The number of elevating device plans registered declined to 72 during 2020-21, down from 124 in fiscal 2020 as COVID-19 curtailed construction activity across the province.

Power Engineering

The number of valid power engineering licences for boilers and refrigeration plants operating in the province decreased to 8,927, which is down from 9,090 the previous year and 11,088 two years ago. Renewals also declined, falling to 2,320 from 2,565 in fiscal 2020 and 3,020 in fiscal 2019. Power engineering licences have one- and five-year validation options, so changes in renewal numbers reflect the cyclicity of the renewal process rather than the number of active power engineers licensed in the province. COVID-19 also had an impact on licence renewals over the past two years, with some past licence holders opting to minimize expenses in light of changes to process operations, construction plans, or their personal employment situation.

Certification levels are an important step to improving public safety and TSASK prioritized a return to testing and the administration of exams, which were halted between March-May 2020. The frequency of power engineering exams was increased to clear a backlog created while exams were suspended and that increased frequency was maintained throughout the year. Larger spaces were rented to ensure physical separation in testing areas, which enabled safety professionals to pursue new or upgraded certificate levels, resulting in a total of 2,403 exams administered in 2020-21, a substantial increase over the 1,698 exams completed the prior year.

Accidents

TSASK's commitment to eliminate accidents, fatalities, and injuries is paramount and remains a priority. During fiscal 2021, no fatalities associated with equipment failure related to pressure vessels, elevating devices or amusement rides and only one accident was reported, which involved pressure piping and a fire. In addition, TSASK followed up on 29 reported incidents or complaints. A determination was then made with respect to the need for targeted or general industry awareness or corrective actions. TSASK continues to issue directives for escalator maintenance and testing, including processes for reporting maintenance and testing information by industry.

In addition, TSASK investigated four incidents involving suspected failures of gas systems and no fatalities were recorded. Among these incidents, one was a result of poor maintenance, which led inspectors to order two furnaces be removed from service. The remaining three were found to be unrelated to failures in the gas systems, with two specifically a result of human intervention. Four incidents related to electrical investigations were also reported.

Appeals

The Boiler and Pressure Vessel Safety Board, an initiative established within The Boiler and Pressure Vessel Act, 1999, hears appeals against the decisions of the Chief Inspector. The Board has the authority to review decisions related to the cancellation or suspension of a licence, the refusal to register or de-register a design, and the cancellation or suspension of an Inspection Certificate, a Certificate of Authorization, or a Certificate of Qualification.

No appeals were submitted to the Boiler and Pressure Vessel Safety Board during 2020-21.

Status of Acts and Regulations

Safety is a process of continuous improvement, and TSASK worked closely with the Government of Saskatchewan on a number of fronts to ensure proper legislation, processes, and oversight are applied in all areas of responsibility. While TSASK operates at arm's length from the provincial government, the Ministry of Government Relations retains responsibility for establishing public policy and amendment of all associated acts and regulations.



This shared commitment to public safety led the Government of Saskatchewan to pursue the transfer of responsibility for gas and electrical permitting, licensing and inspections to TSASK. With the passage of Bill 180 in the Saskatchewan legislature in June 2020, formal approval was granted for this transition and TSASK assumed responsibility for gas and electrical licensing in August 2020 and for permitting and inspections in February 2021. The intent of this change is to create a single safety authority in the province to ensure a consistent approach to standards and delivery of services. Ultimately, the goal is to improve public safety and efficiently regulate safety to support the growth of industry in Saskatchewan. The changes required amendments to *The Gas Inspections Act (1993)*, and *The Gas Licencing Act*, as well as *The Electrical Inspections Act (1993)*, and *The Electrical Licencing Act*.

In all areas of responsibility – previous and new – TSASK continually reviews and updates its approach to reflect changing national and interprovincial industry standards and codes.

Industry Associations

TSASK was integral in the creation, and continues to support, the ongoing operation of the Saskatchewan Integrity Association (SIA). SIA is an owner association of pressure equipment inspectors and company integrity management inspectors who are focused on continuously improving and optimizing safety, reliability, and integrity of pressure equipment within Saskatchewan facilities. During fiscal 2020-21, there were 17 member companies that represent 38.3 percent of the equipment in the province.

TSASK enjoys strategic and collaborative relationships and shares complementary objectives with a number of industry groups that are connected to safety. Our industry partners include SIA, the Chief Power Engineers Association (CPEA), and the Canadian

Propane Association (Saskatchewan Chapter). Together with industry partners, TSASK works to assess and develop policies in areas including pressure piping design registration, QMS reporting, incident reporting definitions, power engineer operating policies, and propane relief device recertification.

The addition of responsibility for gas and electrical activities led to new industry partnerships. TSASK is now involved with the Electrical Contractors Association of Saskatchewan (ECAS), as ECAS members are a key stakeholder in the permitting and licensing process. TSASK maintained existing programs with ECAS, including a registered contractor program and held regular meetings to review industry standards and practices. TSASK's electrical inspections personnel also maintain connections to the oil and gas, mining and sign industries to share updates related to electrical codes and receive feedback on programs and services. TSASK also leads a recently established industry group in the mining sector to review issues with local and national implications. Gas inspections has also maintained its engagement with multiple industry stakeholders, including the Mechanical Contractors Association of Saskatchewan, the Canadian Propane Association, City of Regina Fire and Protective Services and Saskatoon Fire Department, Saskatchewan Apprenticeship and Trade Certification Commission, Saskatchewan Polytechnic, and SaskEnergy.

Our history of working with industry associations and peers was vitally important to our response to COVID-19. TSASK will continue to monitor re-opening practices and communicate with industry members, customers, and inspectors to create the safest possible environment for all stakeholders.

Participation in the Standard Development Process and Liaison with Industry and Other Regulators

TSASK continues to contribute to, and participate in,

national and international standards development. As members of the Canadian Standards Association (CSA), the National Board of Boiler and Pressure Vessel Inspectors (NBBI), the American Society of Mechanical Engineers (ASME) and the Interprovincial/Territorial Gas Advisory Council, TSASK personnel continue to participate on the following technical committees related to codes and standards adopted under provincial legislation:

- CSA B51 - Boiler, Pressure Vessel and Pressure Piping Code;
- CSA B52 - Mechanical Refrigeration Code;
- CSA B44 - Elevating Devices;
- CSA B149.1 – Natural Gas and Propane Installation Code;
- CSA B149.2 – Propane Storage and Handling Code;
- CSA B149.3 – Code for the Field Approval of Fuel-burning Appliances and Equipment;
- CSA B149.5 – Installation Code for Propane Fuel Systems and Containers on Motor Vehicles;
- CSA B149.6 – Code for Digester Gas, Landfill Gas and Biogas Generation and Utilization;
- CSA B108 – Natural Gas Refueling Stations Installation Code;
- CSA Appliances and Equipment Committee (jointly with American National Standards Institute);
- ASME Boiler and Pressure Vessel Code;
- Association of Chief Boiler and Pressure Vessel Inspectors (ACI);
- Association of Provincial Chief Elevator Inspectors (APCEI);
- Standardization of Power Engineers Examinations Committee (SOPEEC);
- CSA C22.1, Canadian Electrical Code, Part 1;
- CSA C22.2, Multiple Electrical Equipment Standards;
- CSA M421 Use of Electricity in Mines;
- Canadian Advisory Council on Electrical Safety (CACES);

- Underwriters Laboratory of Canada Advisory Council; and
- Committee for the Code for Electrical Installations at Oil and Gas Facilities published by TSASK.

TSASK is committed to ensuring that it maintains effective liaisons with other regulators and industry by attending and participating in the following associations and committees:

- Saskatchewan Integrity Association (SIA);
- Upstream Chief Inspectors Association (UCIA);
- International Pressure Equipment Integrity Association (IPEIA);
- Saskatchewan Power Engineers Technology Program Advisory Committee;
- The National Public Safety Advisory Committee (a Federal/Provincial/Territorial Advisory Committee);
- Electrical Liaison Council;
- Saskatchewan Chief Power Engineers Association;
- Canadian Propane Association – Saskatchewan Chapter;
- International Association of Electrical Inspectors – Prairie Chapter;
- Electrical Contractors Association of Saskatchewan (Liaison Committee and Associated Sub-committees); and
- Saskatchewan Sign Association.

Public Education and Information Sessions

As a means to identify and meet the needs of those who have an interest in Saskatchewan's public safety systems, TSASK continues to develop and deliver public education and information sessions. While these activities were limited as a result of COVID-19, TSASK did provide some services in a virtual format as well as limited in-person sessions that met all public health guidelines.

BOARD of DIRECTORS

The Technical Safety Authority of Saskatchewan's Board is comprised of five to 10 members, with representation from industry and business. Two positions are appointed through Order-in-Council by the Government of Saskatchewan. Mr. Ken Acton and Ms. Madeleine Robertson were the government appointees for fiscal 2020-21.



Tom Robinson
Chair

Ex-Officio: Governance and HR Committee; Audit and Finance Committee; Technical Committee

Tom Robinson was a Regional Managing Partner for KPMG LLP as well as the Managing Partner for the Regina office for a number of years. He provided audit, business advisory and consulting services to large and medium sized organizations in the private and public sectors for 39 years.

Tom has been committed to active community service for many years. Some of these roles included: President of the Saskatchewan Roughrider Football Club, President of SaskSport, Chairman and President of the 1987 Western Canada Summer Games, Vice President of Sponsorship for the 1995 Grey Cup, and Chairman and Governor of the Board of Governors of the Canadian Football League.

Tom has received several awards and recognition for his various roles including being awarded a Fellow Chartered Professional Accountant designation (FCPA, FCA); being inducted into the Saskatchewan Roughrider Plaza of Honour; receiving the CFL's Commissioner's Award; receiving the Institute of Chartered Accountants of Saskatchewan's Distinguished Community Service Award and receiving the University of Regina's Distinguished Alumnus Award.

Tom joined the Board of Directors in November 2015 and became Chair of the Board in February of 2017. He lives in Regina.



Norm Beug
Vice-Chair

Chair: Technical Committee

Member: Audit and Finance Committee

Norm Beug is the former Sr. Vice President, Potash Operations for Mosaic Company, having retired in 2013. Norm was a member of the Mosaic senior leadership team. He had overall responsibility for Mosaic's six potash mining operations in Canada and the USA.

A native of Saskatchewan, Norm earned his Bachelor's degree in Mechanical Engineering from the University of Saskatchewan in 1974. He is the former Chairperson of the Canadian Fertilizer Institute and is currently the Chair of the Board of Tourism Saskatchewan. He is a former member of the SaskEnergy Board, the Regina Symphony Orchestra Board, the Board for the Hospitals of Regina Foundation and the past honorary chair of the Saskatchewan Roughriders Centennial Advisory Committee. Norm is Past President of the Saskatchewan Mining Association and the Past Chair of the Saskatchewan Potash Producers Association.

In 2002, Norm was named as one of the 10 most influential businessmen in Saskatchewan for his work as a Business Ambassador.

In 2005, Norm was honoured with a Centennial Medal from the Government of Saskatchewan. Norm joined the TSASK Board in May, 2016. He lives in Regina.



Ken Acton
Director

Member: Governance and HR Committee; Technical Committee

Ken Acton has been a Director since 2016, appointed by the Saskatchewan Lieutenant Governor in Council.

Ken spent over 28 years in the Saskatchewan Public Service before retiring at the end of September 2016. He held numerous senior leadership roles including Assistant Deputy Minister of Courts and Civil Justice with the Ministry of Justice and Attorney General, Deputy Minister of Social Services, and completed his career with the Public Service as Special Advisor to the Deputy Minister of Social Services. Ken joined the Johnson Shoyama Graduate School of Public Policy at the University of Regina as an Executive-in-Residence in October 2016.

Ken served as Chair of the Public and Private Rights Board of Saskatchewan from 1990 to 2011, a member of the Saskatchewan Legal Aid Commission from 2008 to 2013 and was a Director of the Saskatchewan Housing Corporation serving on the Board from 2012 to 2017. He joined the Board in December, 2016. He lives in Moose Jaw.



Shelley Lipon
Director

Member: Audit and Finance Committee; Governance and HR Committee

Shelley Lipon is a Fellowship Chartered Accountant who has served in various senior executive roles both in the public and non-profit sectors over the last 30 years including operating as a CEO of a Saskatchewan Treasury Board Crown Corporation. She is currently working with an International company leading their global customer services area.

Shelley has also been involved with a local executive search company recruiting and mentoring our future leaders.

Shelley was the President of the Saskatchewan Association of Chartered Accountants, Chaired the Finance and Audit Committee for the Saskatchewan Research Council and is currently also serving as Director on the Hospitals of Regina Foundation Board. She joined the Board in March, 2019. She lives in Regina.



Greg Mrazek
Director

Chair: Audit and Finance Committee;

Member: Technical Committee

Greg Mrazek obtained his Chartered Accountant designation in 1977 and has 34 years of work experience in Alberta and Saskatchewan. Greg spent six years in public accounting in Calgary providing audit assurance and financial consulting services to clients in industries such as oil and gas, real estate development, manufacturing, and agriculture. In 1981, he moved to Regina as the Controller for Crown Investments Corporation, the holding company for Saskatchewan's commercial Crown Corporations. Greg was the Controller for SaskEnergy Incorporated, Saskatchewan's natural gas utility, from 1991 to 1997 and Vice President Finance from 1997 to 2009. As Vice President Finance he was responsible for strategic planning, financial planning, financial reporting, treasury and administrative functions.

Greg was SaskEnergy's representative on the Canadian Gas Association's Corporate Affairs Committee from 1992 to 2005. He was also a speaker at Crown Corporation Governance conferences organized by the Federated Press and The Canadian Institute. He joined the Board in November, 2015. He lives in Regina.



Madeleine Robertson

Director

Member: Audit and Finance Committee; Governance and HR Committee

Madeleine Robertson has been a Director since 2019, appointed by the Saskatchewan Lieutenant Governor in Council.

Madeleine Robertson, Q.C., is a retired lawyer. She practiced in a small firm for a short time, and subsequently, with the Ministry of Justice for Saskatchewan, where she practised law for over 25 years. Madeleine worked in the Legislative Services Branch and had responsibility for law reform initiatives, from the idea phase to implementation, of a wide range of legal topics, including condominium property, limitations, corrections, summary offences and human rights. She retired in 2010. Madeleine was a seminar teacher for the Legislative Processes course for public servants at the Johnson Shoyama Graduate School of Public Policy from 2012 to 2017. She currently serves as a public representative on the Insurance Council of Saskatchewan, and has served as a public representative on the Life Insurance Council since 2012.

Madeleine is active in community associations and volunteer work and is a recipient of the Sovereign's Medal for Volunteers. She joined the Board in December, 2019. She lives in Regina.



Colleen Vancha

Director

Chair: Governance and HR Committee

Member: Technical Committee

Colleen Vancha, President of Creative Advantage Consulting Ltd., is a strategic communications, investor relations and capital markets specialist serving clients throughout Canada. In 2011, Colleen retired from her global role as Viterra's Senior Vice-President of Investor Relations and Corporate Affairs where she provided executive leadership in capital market strategies, corporate communications and investor relations, public affairs, continuous disclosure, stakeholder relationships, brand and risk management, governance and social responsibility. She managed teams in Regina and Calgary, Canada and in Adelaide, Australia and oversaw public affairs, branding and shareholder relations globally.

Colleen currently serves on the Certification Governance Committee with the Canadian Investor Relation Institute, the national association for investor relations professionals in Canada. She previously served as Board Chair and co-chaired the Resource and Education and Membership Committees. She has served on the Board and the Executive Committee of the Saskatchewan Chamber of Commerce as Second Vice President and co-chaired their Finance Committee for many years. She is a Canadian Investor Relations Institute Fellow and received the CIRI Lifetime Achievement and Award of Excellence for Investor Relations in 2013. She joined the TSASK Board of Directors in September 2017. She lives in Regina.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

To the Board of Directors:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit & Finance Committee are composed entirely of Directors who are neither management nor employees of Technical Safety Authority of Saskatchewan. The Audit & Finance Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for recommending approval of the financial statements to the Board. The Audit & Finance Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit & Finance Committee is also responsible for recommending the appointment of the Authority's external auditors to the Board.

KPMG LLP, is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the committee and management to discuss their audit findings.

September 7, 2021



William J Scott
Chief Executive Officer



Kim Dumelie
Vice President, Corporate Services

INDEPENDENT AUDITORS' REPORT

To the Directors of the Technical Safety Authority of Saskatchewan:

Opinion

We have audited the financial statements of Technical Safety Authority of Saskatchewan (the Entity), which comprise:

- the statement of financial position as at June 30, 2021
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2021, and its results of 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Report document as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity's 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.
- 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.

Chartered Professional Accountants

KPMG LLP

Regina, Canada

September 7, 2021

FINANCIAL STATEMENTS

TECHNICAL SAFETY AUTHORITY OF SASKATCHEWAN STATEMENT OF FINANCIAL POSITION As of June 30, 2021

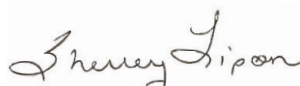
	2021	2020
ASSETS		
Current Assets		
Cash	\$ 2,615,059	\$ 1,196,179
Accounts receivable (note 3)	1,024,670	305,537
Prepaid expenses	253,929	154,205
Short-term investments (note 4)	8,096,930	7,598,724
	11,990,588	9,254,645
Tangible capital assets (note 5)	859,362	698,070
Intangible capital assets (note 6)	1,107,765	175,616
	\$ 13,957,715	\$ 10,128,331
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 1,805,024	\$ 711,652
Deferred revenue (note 9)	5,112,578	4,113,182
Deferred contribution related to capital assets (note 10)	365,500	-
Deferred contribution related to plumbing (note 11)	112,397	-
Deferred tenant allowance (note 12)	31,383	31,383
	7,426,882	4,856,217
Deferred revenue (note 9)	1,016,589	625,602
Deferred contribution related to capital assets (note 10)	822,916	-
Deferred tenant allowance (note 12)	26,153	57,537
	9,292,540	5,539,356
Net Assets (note 13)		
Invested in capital assets	1,967,127	873,686
Externally restricted reserve - safety standards agreement	600,000	600,000
Unrestricted reserve	2,098,048	3,115,289
	4,665,175	4,588,975
	\$ 13,957,715	\$ 10,128,331

Commitments (note 15)
See accompanying notes to the financial statements.

Approved by the Board:



Director



Director

TECHNICAL SAFETY AUTHORITY OF SASKATCHEWAN
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the year ended June 30, 2021

	2021	2020
REVENUES		
Boiler and pressure vessel safety	\$ 6,670,707	\$ 6,984,115
Electrical safety	4,125,334	-
Gas safety	2,617,858	-
Elevator safety	1,567,626	1,644,031
Amusement ride safety	11,516	32,287
Amortization of deferred contribution related to capital assets (note 10)	1,328,119	-
Gain on sale of capital assets	120,949	-
Interest and other	81,606	188,776
Amortization of deferred contribution related to plumbing (note 11)	67,603	-
	16,591,318	8,849,209
EXPENSES		
Salaries and benefits	\$ 11,825,741	\$ 6,820,921
Rent, space and equipment	1,641,839	890,998
Travel	1,227,234	501,341
Legal, accounting and other services	546,874	406,138
Amortization	480,605	278,038
Other business expenses	382,238	352,575
Administrative	322,137	221,949
Board and committees	88,450	86,001
	16,515,118	9,557,961
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 76,200	\$ (708,752)
Net Assets, beginning of year	4,588,975	5,297,727
NET ASSETS, END OF YEAR	\$ 4,665,175	\$ 4,588,975

See accompanying notes to the financial statements.

TECHNICAL SAFETY AUTHORITY OF SASKATCHEWAN
STATEMENT OF CASH FLOWS
For the year ended June 30, 2021

	2021	2020
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 76,200	\$ (708,752)
Items not affecting cash		
Amortization of tangible capital assets	338,589	213,306
Amortization of intangible capital assets	142,016	64,732
Amortization of tenant allowance (note 12)	(31,384)	(34,050)
Amortization of deferred contribution related to capital assets (note 10)	(1,328,119)	-
Gain on sale of capital assets	(120,949)	-
	(923,647)	(464,764)
Net change in non-cash working capital		
Accounts receivable	(719,133)	(15,506)
Prepaid expenses	(99,724)	(16,858)
Short-term investments	(498,206)	1,584,479
Accounts payable and accrued liabilities	1,093,372	251,454
Deferred contribution related to plumbing	112,397	-
Deferred revenue	1,390,383	(404,204)
	355,442	934,601
INVESTING ACTIVITIES		
Additions to tangible and intangible capital assets	(161,761)	(442,044)
Proceeds from the sale of tangible and intangible capital assets	1,225,199	-
	1,063,438	(442,044)
INCREASE IN CASH	1,418,880	492,557
CASH, BEGINNING OF YEAR	1,196,179	703,622
CASH, END OF YEAR	\$ 2,615,059	\$ 1,196,179

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF BUSINESS

The Technical Safety Authority of Saskatchewan (TSASK) is a not-for-profit organization which was established effective July 1, 2010 through the passing of *The Technical Safety Authority of Saskatchewan Act* (TSASK Act). TSASK was created from the Licensing and Inspections Branch of the Ministry of Corrections, Public Safety and Policing, with a mandate of delivering safety programs related to pressure equipment, elevating devices and amusement rides. TSASK's relationship with government now resides with the Ministry of Government Relations.

On August 4, 2020, TSASK was transferred gas and electrical licensing operations from the Ministry of Government Relations. Upon the transfer, TSASK received cash for deferred revenues collected. TSASK will continue to administer the licensing for these two new technologies. (See note 14)

On February 1, 2021, TSASK was transferred gas and electrical inspections operations from Saskatchewan Power Corporation (SaskPower). Upon the transfer, TSASK received the following:

- Cash related to the deferred portion of annual electrical permit revenue and employee liabilities; and
- Vehicles, computer equipment, furniture, and the Gas and Electrical Inspections System "GEIS" related to performing the gas and electrical inspections operations. (See note 14)

On March 30, 2021, TSASK received a one-time grant from the Saskatchewan Health Authority (SHA) to be used toward project management for the transfer of plumbing permitting and inspection services. During 2021-2022, the organization will assume additional responsibility for plumbing permitting and inspections, currently the responsibility of the SHA. (See note 14)

Under its initial mandate, TSASK's registration, inspection, certification and licensing programs and services operate on a fee-for-service basis. These fees are charged to the sectors that design, manufacture, install, operate, and own potentially hazardous equipment in the industries TSASK regulates.

TSASK presently administers and enforces the provisions of the following legislation and related regulations:

- *The Boiler and Pressure Vessel Act, 1999;*
- *The Passenger and Freight Elevator Act;*
- *The Amusement Ride Safety Act;*
- *The Electrical Inspections Act, 1993;*
- *The Electrical Licensing Act;*
- *The Gas Inspections Act, 1993;*
- *The Gas Licensing Act.*

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

TSASK's financial statements are prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant estimates include the carrying value of the accounts receivable, the estimated useful life of tangible and intangible capital assets, and the percentage of completion estimates related to revenue. Estimates are based on management's knowledge of current events and actions TSASK may undertake in the future. These estimates and assumptions are reviewed periodically and adjusted for as required.

(c) Revenue Recognition

TSASK follows the deferral method of accounting for contributions. When a fee covers a specific period, revenues are recognized evenly over that period. Where the fee does not cover a specific period and is earned over a period of time, estimates are used to determine the period over which revenue is recognized, based on past history. Fees collected in advance are classified with deferred revenue. All other revenues are recorded when services are performed and are recorded on the accrual basis, if the amount to be received can be reasonably estimated and collection reasonably assured.

(d) Corporate Income Taxes

TSASK is incorporated as a not-for-profit organization and is exempt from federal and provincial income taxes.

(e) Cash

Cash is comprised of balances with the bank and is recognized at fair value.

(f) Investments

Investments consist of term deposits and are carried at fair market value.

(g) Tangible Capital Assets

Tangible capital assets are recorded at cost (except for those assets transferred from SaskPower at nil consideration on February 1, 2021 which have been recorded at fair value). Amortization of property and equipment commences when it is brought into service and is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and equipment	7 years
Computer hardware	3 - 5 years
Leasehold improvements	term of the lease

For any used tangible capital assets which are acquired or contributed, TSASK will assess the appropriate remaining useful life of the asset.

(h) Intangible Capital Assets

Direct costs attributed to the purchase and customization of third party software are capitalized and are recorded at cost (except for those assets transferred from SaskPower at nil consideration on February 1, 2021 which have been recorded at fair value). Costs to support or service software are expensed in the period incurred. Amortization of software commences when it is brought into service and is provided on a straight-line basis over the estimated useful life of the asset (3 - 8 years). For any internally developed or used intangible capital assets which are acquired or contributed, TSASK will assess the appropriate remaining useful life of the asset.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Asset Impairment

TSASK assesses impairment of all its financial assets measured at cost or amortized cost. TSASK groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty and/or whether there has been a breach in contract, in determining whether objective evidence of impairment exists. Where there is an indication of impairment, TSASK determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, TSASK reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; and the amount that could be realized by selling the assets. Any impairment, which is not considered temporary, is included in current year earnings.

TSASK reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of operations.

(j) Deferred Tenant Allowance

Deferred tenant allowance includes amounts received in lease agreements related to leasehold improvements. Amortization of the deferred tenant allowance is recognized over the length of the lease on a straight-line basis.

(k) Financial Instruments

Financial instruments are recognized when TSASK becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value. Financial assets and liabilities originated and issued in related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Part II, Section 3840 Related Party Transactions.

At initial recognition, TSASK may irrevocably elect to subsequently measure any financial instrument at fair value. TSASK has elected to subsequently measure investments at fair value. TSASK subsequently measures all other financial instruments at cost or amortized cost.

3. ACCOUNTS RECEIVABLE

	2021		2020	
Trade	\$	454,343	\$	341,465
Other receivables		593,127		4,876
Allowance for doubtful accounts		(22,800)		(40,804)
	\$	1,024,670	\$	305,537

Included in other receivables is \$575,874 which TSASK expects to receive from a third party for the sale of vehicles.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of term deposits of \$8,096,930 (2020 – \$7,598,724) with yields between 0.43% and 0.48%, maturing prior to March 29, 2022. (2020 - yields between 0.56% and 1.80%, maturing prior to February 25, 2021).

NOTES TO THE FINANCIAL STATEMENTS

5. TANGIBLE CAPITAL ASSETS

	Asset Amount 2021	Accumulated Amortization 2021	Asset Amount 2020	Accumulated Amortization 2020
Furniture and equipment	\$ 1,475,483	\$ 1,194,693	\$ 1,063,197	\$ 982,226
Leasehold improvements	1,378,510	799,938	1,290,915	673,816
	2,853,993	\$ 1,994,631	2,354,112	\$ 1,656,042
Accumulated amortization	(1,994,631)		(1,656,042)	
Net book value	\$ 859,362		\$ 698,070	

6. INTANGIBLE CAPITAL ASSETS

	Asset Amount 2021	Accumulated Amortization 2021	Asset Amount 2020	Accumulated Amortization 2020
Software	\$ 2,184,649	\$ 1,076,884	\$ 1,110,484	\$ 934,868
Accumulated amortization	(1,076,884)		(934,868)	
Net book value	\$ 1,107,765		\$ 175,616	

7. DEMAND OPERATING FACILITY AGREEMENT

TSASK has a Demand Operating Facility Agreement providing for a revolving line of credit for loans and overdrafts not to exceed \$250,000. The interest rate is set at prime rate + 0.5% per annum. Bank Security under the agreement consists of a first charge on acquired personal property and guarantee. During the year, TSASK continually had a positive cash balance and at no point was the line of credit accessed (2020 - \$nil).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade payables	\$ 62,526	\$ 196,202
Accrued liabilities	100,002	148,369
Employment insurance payable	23,190	2,872
Canada pension plan payable	57,020	6,715
Employee income tax payable	167,604	37,755
Payroll employer liabilities	1,385,714	314,331
Provincial sales tax and goods and services tax payable	8,968	5,408
	\$ 1,805,024	\$ 711,652

Payroll employer liabilities include amounts owed to employees for vacation time, earned days off, and time in lieu not yet paid.

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED REVENUE

	2021		2020	
Deferred elevator licensing	\$	644,058	\$	627,177
Deferred boiler and pressure vessel licensing		4,168,740		4,111,607
Deferred gas and electrical licensing and annual electrical permits		1,316,369		-
Total deferred revenue	\$	6,129,167	\$	4,738,784
Current portion	\$	5,112,578	\$	4,113,182
Long-term	\$	1,016,589	\$	625,602

10. DEFERRED CONTRIBUTION RELATED TO CAPITAL ASSETS

	2021		2020	
Deferred contributions, beginning of year	\$	-	\$	-
Asset contributions received from SaskPower		2,516,535		-
Recognized as revenue during the period		(1,328,119)		-
Deferred contributions, end of year	\$	1,188,416	\$	-
Current portion	\$	365,500	\$	-
Long-term	\$	822,916	\$	-

Deferred contributions related to capital assets represent the unamortized amount of contributions for vehicles, computer equipment, computer software, and furniture received from SaskPower upon the transfer of gas and electrical operations.

Assets were recorded at their fair market values totaling \$2,516,535 as SaskPower is not a related party. These contributions were recognized into revenue over the same basis as they are amortized, with the exception of the vehicles. Upon receipt of the vehicles, TSASK immediately sold these to a third party. As the vehicles were sold, they were disposed of as a tangible capital asset and the full deferred contribution revenue was recognized.

Asset	Fair Market Value	Recognized	Deferred
Vehicles	\$ 1,104,250	\$ 1,104,250	\$ -
Gas and electrical inspections system (GEIS)	1,000,000	52,083	947,917
Furniture	250,000	104,167	145,833
Computer equipment	162,285	67,619	94,666
	\$ 2,516,535	\$ 1,328,119	\$ 1,188,416

11. DEFERRED CONTRIBUTION RELATED TO PLUMBING

	2021		2020	
Deferred contribution related to plumbing, beginning of year	\$	-	\$	-
Funding received from SHA		180,000		-
Recognized as revenue during the period		(67,603)		-
Deferred contribution related to plumbing, end of year	\$	112,397	\$	-

NOTES TO THE FINANCIAL STATEMENTS

11. DEFERRED CONTRIBUTION RELATED TO PLUMBING (CONTINUED)

On March 30, 2021, the SHA contributed \$180,000 to TSASK in order to fund the future transfer of plumbing permitting and inspections services. As of June 30, 2021, TSASK has spent \$67,603 on project management costs towards plumbing operations and has recognized this as revenue.

12. DEFERRED TENANT ALLOWANCE

	2021		2020	
Deferred tenant allowance, beginning of year	\$	88,920	\$	122,970
Amortization of tenant allowance in rent, space and equipment		(31,384)		(34,050)
Deferred tenant allowance, end of year	\$	57,536	\$	88,920
Current portion	\$	31,383	\$	31,383
Long-term	\$	26,153	\$	57,537

13. NET ASSETS

(a) Invested in capital assets

Net assets invested in capital assets of \$1,967,127 (2020 - \$873,686) represent the amount of net assets that are not available for other purposes due to their investment in long-term assets.

(b) Externally restricted reserve - safety standards agreement (SSA)

The Safety Standards Agreement requires TSASK to maintain adequate reserve to protect the organization from unforeseen circumstances that would affect the viability of TSASK. The amount of the reserve must cover operating costs of four months and be comprised of a restricted net asset of \$600,000 and the remainder be funded through deferred revenue. The Board of Directors had restricted \$600,000 for this purpose and deferred revenues total \$6,129,167 (2020 - \$4,738,784) meeting the funding requirements.

(c) Unrestricted reserve

The reserve represents all accumulated reserves from boiler and pressure vessel operations, elevator and amusement ride operations, and gas and electrical operations. This amount can be used to fund future operating initiatives and is unrestricted.

	Invested in capital assets	Externally restricted reserve - SSA	Unrestricted reserve	Total 2021	Total 2020
Net assets, beginning of the year	\$ 873,686	\$ 600,000	\$ 3,115,289	\$ 4,588,975	\$ 5,297,727
Excess (deficiency) of revenues over expenses	-		76,200	76,200	(708,752)
Purchase and contribution of tangible and intangible assets	2,678,296		(2,678,296)	-	-
Proceeds on the sale of tangible and intangible assets	(1,225,199)		1,225,199	-	-
Gain on sale of tangible and intangible assets	120,949		(120,949)		
Amortization of tangible and intangible assets	(480,605)		480,605	-	-
Net assets, end of the year	\$ 1,967,127	\$ 600,000	\$ 2,098,048	\$ 4,665,175	\$ 4,588,975

NOTES TO THE FINANCIAL STATEMENTS

14. TRANSFER OF ASSETS AND LIABILITIES

The following assets and liabilities were transferred to TSASK during the year:

(a) Ministry of Government Relations

TSASK received cash in the amount of \$496,156 for deferred revenues collected for gas and electrical licensing. TSASK will continue to administer the licensing for these two new technologies.

(b) SaskPower

TSASK received cash in the amount of \$1,283,401 of which, \$617,446 related to the deferred portion of annual permit revenues. The remaining related to employee liability balances for gas and electrical inspection employees transferred to TSASK.

TSASK also received capital assets with a fair market value of \$2,516,535. This included vehicles, computer equipment, furniture and GEIS software.

(c) Saskatchewan Health Authority

TSASK received cash in the amount of \$180,000 with a restricted use for project management expenses related to plumbing permitting and inspections services.

15. COMMITMENTS

TSASK has entered into various lease agreements with minimum annual payments as follows:

2022	\$	1,735,716
2023		1,554,712
2024		1,245,804
2025		717,218
2026		141,461
Thereafter		565,843
	\$	5,960,754

TSASK added significant commitments related to vehicle lease payments in the year. Lease terms range from 12 to 48 months.

16. FINANCIAL INSTRUMENTS

(a) Fair value

TSASK's financial instruments consist of cash, accounts receivable, short-term investments and accounts payable, and accrued liabilities. The carrying amount of TSASK's financial instruments approximates fair value, due to relatively short-term maturities.

(b) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss. TSASK is exposed to credit risk with respect to cash, accounts receivable and short-term investments. The cash and short-term investments are maintained with a large federally regulated institution in Canada. TSASK assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible. There has been no change to the risk exposures from 2020.

(c) Liquidity risk

Liquidity risk is the risk that TSASK will not be able to meet its financial obligations as they fall due. TSASK's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow generated from operations to fund the operations and settle debt and liabilities when due. Contractual obligations and payments related to financial liabilities as of June 30, 2021 are all expected to be paid by June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS

17. PENSION PLAN

TSASK participates in the Public Employees Pension Plan (PEPP), a defined contribution pension plan. TSASK's obligations to PEPP are limited to 8.6% for out of scope and SGEU employees, 7.25% for IBEW employees, and 6.25% for Unifor employees. During the year, TSASK contributed \$773,879 (2020 - \$453,243) to PEPP, which is recorded in salaries and benefits.

18. TRANSACTIONS WITH GOVERNMENT

TSASK has routine operating transactions with the Government of Saskatchewan which are conducted in the normal course of operations and are recorded at the exchange amount of consideration established and agreed to by the related parties. Included in expenses are transactions with the Government of Saskatchewan amounting to \$95,082 (2020 - \$367,230) of which \$3,599 (2020 - \$59,448) was payable at June 30, 2021.

19. COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

On March 18, 2020, the Province of Saskatchewan ordered a closure of non-essential businesses. TSASK was deemed an essential service, and therefore exempt from the closure order. In response to the COVID-19 pandemic, TSASK has continued to fulfill its responsibilities for the administration of the TSASK Mandate, and management has implemented various cost-containment strategies to manage resources and cash flows.

As the declaration of COVID-19 as a global pandemic and Canada's response occurred prior to June 30, 2021, TSASK has accounted for the impact of the pandemic and related government measures on these financial statements as at June 30, 2021. Management also recognizes that COVID-19 will impact future operations, but as the duration and impact of the pandemic as well as the response and effectiveness of government and central bank programs remains unclear at this time, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of TSASK for future periods. As TSASK continues to provide required services under the TSASK Mandate, management believes there is no material uncertainty regarding TSASK's ability to operate as a going concern.

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