

MARINE SAFETY AND SECURITY MANAGEMENT SYSTEM**TIER II – PROCEDURE****EXEMPTION PROCESS FROM THE DELEGATED STATUTORY
INSPECTION PROGRAM**

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Initial Approval	March 13, 2017
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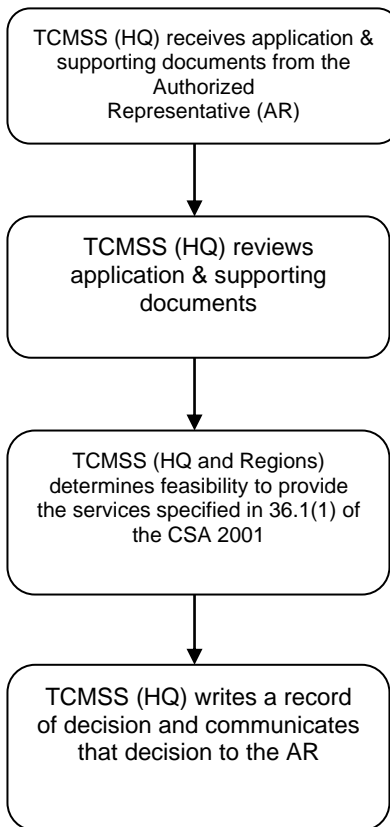
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MARINE SAFETY AND SECURITY MANAGEMENT SYSTEM

TIER II – PROCEDURE

EXEMPTION PROCESS FROM THE DELEGATED STATUTORY INSPECTION PROGRAM

1 Process Flowchart



2 Purpose

- 2.1 The purpose of this procedure is to specify the process considered by Transport Canada (TC) to exempt commercial vessels of 24 metres and fishing vessels of 24.4 metres in length and above from the required participation in the Delegated Statutory Inspection Program (DSIP).
- 2.2 Furthermore, TCMSS consult internally on the feasibility to provide the services specified in 36.1(1) of the *Canada Shipping Act, 2001* (CSA 2001).

3 Authority

- 3.1 This procedure is authorized by the Marine Safety and Security Executive Committee (MSSE) and is in accordance with the objectives of the CSA 2001.
- 3.2 This procedure comes under the overall administrative authority of the Director General, Marine Safety and Security.

4 Background

- 4.1 In early 2001, TCMSS introduced, on a voluntary basis, the Alternate Service Delivery (ASD) initiative authorizing Recognized Organizations (ROs), acting on behalf of the Minister, to provide services specified in subsection 36.1(1) of the CSA 2001 to commercial vessels of 24 metres and fishing vessels of 24.4 metres and above.
- 4.2 In 2001, the MSSE approved the TIER I Policy - *Delegated Statutory Inspection Program (DSIP)*, at the same time introducing the element of the ASD initiative with ROs.
- 4.3 Since January 2014, TCMSS required from ARs of Canadian registered vessels of 24 metres in length and above to obtain their CMDs from a RO.
- 4.4 Not all vessels subject to the TIER I Policy - *DSIP* were able to obtain services from ROs. Consequently, on March 13, 2017, the MSSE committee has approved this TIER II Procedure "*Exemption from the Delegated Statutory Inspection Program*"
- 4.5 On August 1, 2021, the MSSE reviewed the TIER I Policy - *Delegated Statutory Inspection Program (DSIP)* together with the TIER II Procedure "*Exemption from the Delegated Statutory Inspection Program*" to update the requirements with current vessel's business operation.

5 Scope

- 5.1 This procedure applies to Authorized Representative (AR) requesting an exemption from the required participation in the DSIP.
- 5.2 Furthermore, this procedure applies to TCMSS employees responsible for the evaluation of, and determination on, an application for an exemption from the required participation in the DSIP.

6 Responsibility

- 6.1 The Director General, Marine Safety and Security, is accountable for the overall implementation of this procedure.
- 6.2 The Executive Director, Domestic Vessel Regulatory Oversight, is the functional authority for the development, implementation, maintenance, and continuous improvement of this procedure.
- 6.3 Regional Directors are responsible for identifying the feasibility of providing the services specified in 36.1(1) of the CSA 2001 to vessel for which an application is made and ensuring the delivery of these services, the implementation, oversight and monitoring of this procedure.
- 6.4 Comments or queries related to this procedure and its application should be addressed to:

Manager, National Marine Safety Program
Safety Management Systems and Authorizations (AMSDA)
dsip-pdio@tc.gc.ca

7 Procedure

Application Process

- 7.1 AR, requesting an exemption from the required participation in the DSIP, are required to complete a DSIP Exemption Application Form (Form# 85-0494) and submit it together with the supporting documentation from the vessel's (AR)
- 7.2 The DSIP Exemption Application Form shall be signed by the AR or, pursuant to Sections 14(2) of the CSA 2001, by any Officer or Director of the corporation who has the authority to bind the corporation.

Timeline restriction

7.3 The below timelines are related to the application for exemption:

7.3.1 a request for exemption cannot be presented earlier than six (6) months from the expiry date of a valid exemption.

7.3.2 evidence of refusal from a RO is valid for a maximum of six (6) months after issuance to AR.

Review Process

7.4 TCMSS review an application and supporting documentation taking into consideration one (1) of the following four (4) circumstances:

1. Financial Hardship:

Despite taking all reasonable steps to comply with the Tier I – Policy – *Certification of Vessels of 24 Metres in Length and Above*, the burden of compliance costs would create a serious economic hardship for the company.

The applicant must submit at least one quote received from the ROs, a Reviewed Financial Statements¹ and any additional documentation that may be requested to support the financial statement or to describe the operation.

The factors listed below are considered when determining serious economic hardship:

- Compliance with the Policy would require an unreasonable change in the business activities of the company as to compromise the economic or commercial viability of the trade or business in which the vessel operates or the service it provides; or
- TCMSS finds it reasonable to expect that the trade, business, or service provided can only continue if the vessel obtains the services specified in 36.1(1) of the CSA 2001 from TCMSS.

¹Reviewed financial statements (also known as Reviewed engagements) or Audited Financial Statements (also known as Audit engagements) will be acceptable to meet this requirement. The use of Compiled Financial Statements (better known as “Notice to Reader” or “Compilation engagements”) will not be considered as equivalent to reviewed financial statements under any circumstances.

2. Impact on Services Provided to the Public:

The burden of compliance costs would create serious impacts on the provisions of the services² provided directly to the public of that area.

The applicant must submit a document outlining the impact toward the services provided to the public, at least one quote received from the ROs, a Reviewed financial statements¹ and any additional documentation that may be requested to support the financial statement or to describe the operation.

The factors listed below will be considered when determining the impact on services provided to the public:

- Compliance with the Policy would require an unreasonable change in the mandate or operations which may seriously compromise the provision of the services provided directly to the public.
- TCMSS finds it reasonable to expect that the operation of the organization and the services provided by the same organization to the public, may have to be reduced or discontinued, unless TCMSS issues the CMDs and provides inspection services.

3. Inability to receive services from ROs:

All ROs except for one (1) have clearly indicated their refusal to enter into an agreement to provide the services specified in 36.1(1) of the CSA 2001 for the vessel in question.

The applicant must submit all refusal emails/letters indicating refusal of service.

² Services to the public, include the service provided by the vessel (e.g. ferry service) but may also include other public service under the responsibility of the AR and delivered using common financial resources.

4. Remote locations

Vessels operating solely within one of the following areas:

- Alberta, Manitoba, Saskatchewan, Yukon, Northwest Territories and Nunavut; or
- North of 52 degrees for: Ontario, Quebec and Newfoundland and Labrador north, including coast of James Bay; or
- North of 52 degrees in British Columbia and more than 150km from Prince Rupert.

The applicant must indicate, on the DSIP Exemption Application Form (Form 85-0494), the area of operation for the vessel subject of the application.

Solely within an area of operation means the vessel does not have a port of call or dry-docking location outside of the identified locations.

Decision Process

- 7.5 Based on the documentation provided and any regional input, TCMSS determines whether the vessel should enroll in DSIP or have the services specified in 36.1(1) of the CSA 2001 delivered by TCMSS.
- 7.6 TCMSS produce a record indicating the decision granted or denied and communicates the decision to the AR.
- 7.7 A granted exemption from the required participation in the DSIP is valid for a period up to five years from the signature of the letter **or** until the AR changes.
- 7.7.1 The exemption period may be less than five years base on the specific information evaluated.

8 Service Standard

- 8.1 The service standard is set at 30 business days between receiving an application, together with all supporting documentation, and sending the record of decision to the AR.

9 Quality Control

- 9.1 On request by the Executive Director DVRO, the process describe in this procedure is measure and analyze, with the aims to improve the delivery of this procedure.
- 9.2 On regular basis, each Regional Director ensures that DSIP exempted vessels have a valid DSIP exemption letter prior to deliver the services specified in 36.1(1) of the CSA 2001.
- 9.3 The quality control for the services specified in 36.1(1) of the CSA 2001, to vessels exempted under this procedure, is not consider in this procedure.
- 9.4 The measurement, analysis, and improvement process concise of, at the minimum, the verification of 10% of the received of the DSIP Exemption's file process during that year will be reviewed for completeness by an independent person.
- 9.5 In conducting the measurement, analysis, and improvement process, the following shall be taken into consideration:
 - 9.5.1 The periods to obtain approval from the various levels was acceptable and falls within the predetermined **Service standard** for the delivery of the decision.
 - 9.5.2 Follow up on proper communications were followed with the applicant.
 - 9.5.3 Date of expiry date is properly indicated on the decision letter and entry are properly made in SIRS system.

10 Related Documents

- 10.1 Tier I – Policy – *Certification of Vessels of 24 Metres in Length and Above* (RDIMS 8388535)
- 10.2 Tier I – Policy – *Delegation Statutory Inspection Program* (RDIM 4791297)
- 10.3 Tier III – Work Instructions – *Exemption Process from the Delegated Statutory Inspection Program* (RDIMS 9069041)
- 10.4 DSIP Exemption Application Form (Form #85-0494)
- 10.5 DSIP Exemption Letter (RDIMS 11839255)

11 Definitions

- 11.1 Authorized Representative (AR) is the person meeting the requirements of section 14 of the CSA 2001.
- 11.2 Canadian Maritime Document (CMD) has the same meaning as in s. 2 of the CSA 2001.
- 11.3 Length is calculated in accordance with the formula in the *Vessel Registration and Tonnage Regulations* and the *International Convention on Tonnage Measurement of Ships, 1969*. Existing fishing vessels will apply the 24.4m cut-off that currently exists between small and large fishing vessels.
- 11.4 Recognized Organization (RO) is a classification society that has entered into an agreement with the Minister to perform certain functions on his or her behalf, such as issuing CMDs or type approval of equipment.

12 Date of Application

- 12.1 This procedure comes into force on March 13, 2017.
- 12.2 This procedure was reviewed on December 15, 2023.

13 RDIMS Reference

- 13.1 The English version of this document is saved in RDIMS under reference number 12785849.
- 13.2 La version française du présent document est dans le SGDDI et porte le numéro de référence 11876921.

14 Keywords

- DSIP Exemption
- Recognized Organization
- Canadian maritime documents
- Alternative Service Delivery (ASD)