



2004
ANNUAL
REPORT

BRITISH COLUMBIA
SAFETY AUTHORITY
MAKING OUR
COMMUNITIES SAFER

contents

Your safety is our business	01
Safe at home	03
Safe at school	05
Safe at work	07
Safe on the go	09
Safe at play	11
Letter from the Chair	12
Letter from the President & CEO	13
Report on performance	14
Governance	18
Auditors' report	21
Statement of financial position	22
Statement of operations	23
Statement of changes in net assets	24
Statement of cash flows	25
Notes to the financial statements	26
BCSA board, committees and offices	IBC

Every day, BC Safety Authority employees like Erich Broz (shown on the cover and at right) are making our communities safer.

From elevators to ski lifts, your safety is our business.

We are the British Columbia Safety Authority – a non-profit corporation providing essential services to business, industry, institutions and the general public to make our communities safer.

Created in April 2004 through the Safety Standards Act and administrative agreements with the Province, we are dedicated to:

- enhancing levels of safety
- implementing a safety system and service delivery model that responds to customer and safety system needs
- providing a dependable and sustainable level of service
- educating the public and stakeholders
- financing delivery through a cost-recovery, user-pay model
- partnering with other regulators, such as local government.

We play an essential role in helping BC's economy grow – minimizing red tape wherever possible and making it easier for our customers to do their work safely and efficiently.

We are a values-focused organization. Our 215 employees at more than 25 offices across the province are guided by the following core values:

- a duty to protect
- integrity
- fairness
- respect
- competence
- teamwork

In this, our first annual report, we celebrate our employees – whose expertise, professionalism and commitment to our shared values are helping make the BC Safety Authority Canada's leading provider of safety services.



A photograph of two men in a server room. One man, wearing a white hard hat, safety glasses, and a high-visibility vest, is kneeling and pointing at a large set of blueprints. The other man, also in a white hard hat and safety glasses, is leaning over him, looking at the blueprints. The background is filled with server racks.

pro on duty

“There’s great satisfaction that comes from helping people do the job right. Any time you’re dealing with electrical work, you need to make sure it’s done by the right people using the right processes. I know that I’ve made a difference to safety.”

safe at home

Safety begins at home. From educating the public about significant safety risks to ensuring that home renovations are done properly and according to codes, we play an essential role in keeping British Columbians safe.

Our Safety Officers are here to ensure that anyone wanting to make changes to their home's electrical or gas systems – such as replacing electrical wiring or installing a new natural gas appliance – understand the safety codes and procedures that need to be followed. We will help them determine the best way to do the job and then inspect the work to ensure it is done correctly.

We are also a vital source of public information. In 2004, we set up a new toll-free line to make it easier for customers to contact us. The number of calls we receive has increased dramatically.

Public safety campaigns can make a difference in reducing the risk of accidents, and we are partnering with other organizations to create and promote important safety awareness campaigns.



a duty to protect

My job is all about assessing risk. I do everything from ensuring that homeowners have done their wiring properly to inspecting dams, power generating stations and public institutions such as schools and hospitals.

I've been doing this for over nine years, and my job is still satisfying. I've dealt with thousands of people, and I'd say that most are very happy with our relationship. By taking the time to get to know each of my customers, and learning a little bit about them, I am able to create a personal connection when I see them again on my next inspection.

Lee Butchart
Electrical Safety Officer, Salmon Arm

A man wearing a white hard hat with the word "Safety" on it, a red and yellow high-visibility safety vest over a black shirt, and dark pants is working in a confined space. He is looking towards the camera. The space is filled with metal beams, pipes, and electrical conduits. The lighting is somewhat dim, with a bright light source visible on the right side of the frame.

fair

“I love my job because I get to manage and direct my own day. By prioritizing projects based on their risk levels, I can effectively use my time and focus on physically inspecting higher-risk installations.”

safe at school

Schools, hospitals and countless other public buildings are equipped with boilers that provide heat or hot water. Powered by gas or electricity, boilers operate at high pressure and there is significant potential for accidents if they are not properly installed or operated.

We work to ensure the safe operation of the more than 20,000 boilers throughout our province. But our services are not confined to inspections. We also test and certify individuals who work in trades such as gas fitting and power engineering to ensure they are fully aware of any changes to the safety regulations and that they continue to have the technical expertise to do their job safely and effectively.

Reviewing new technology and equipment is an integral component of our role. Last year alone, we registered more than 3000 new boiler and pressure vessel designs that met all required safety parameters.



fairness

For me, there really isn't a typical day. My work ranges from taking a call from a homeowner who wants to put in a gas fireplace or vent his furnace to doing field inspections at industrial facilities.

Many of my customers are engineers working on large construction projects. I help them lay it all out so that their boiler rooms meet code. The installation needs to work for the customer and meet public safety requirements. In all cases, it's so important to be diplomatic, to keep the customer onside so that they will continue to see us as a valuable resource and stay within the safety system.

David Conlin

Gas Safety Officer, Langley



inspect

“Educating people about the importance of regulations is a large part of my job. I’m out there every day. People in the community know who we are, and they trust us as a critical source of information. If we weren’t here, what would folks do?”

safe at work

Pulp mills. Refineries. Power generating stations. On any given day, our Safety Officers are visiting industrial facilities like these across the province to determine whether electrical, gas and elevator systems are meeting current safety codes.

Our ability to provide safety services – quickly and effectively – impacts the ability of our customers to compete both locally and abroad. By providing services in a timely manner and adopting an approach based on auditing and partnership, we can do our part to help BC businesses stay competitive and operate efficiently.

Many companies in BC operate within rigorous national and international safety and quality management programs. In 2004, we signed our first Equivalent Standards Agreement with Chevron Canada that recognizes their investment in safety. Agreements of this type acknowledge excellence in safety practice and enable us to focus our resources on higher-risk areas elsewhere.



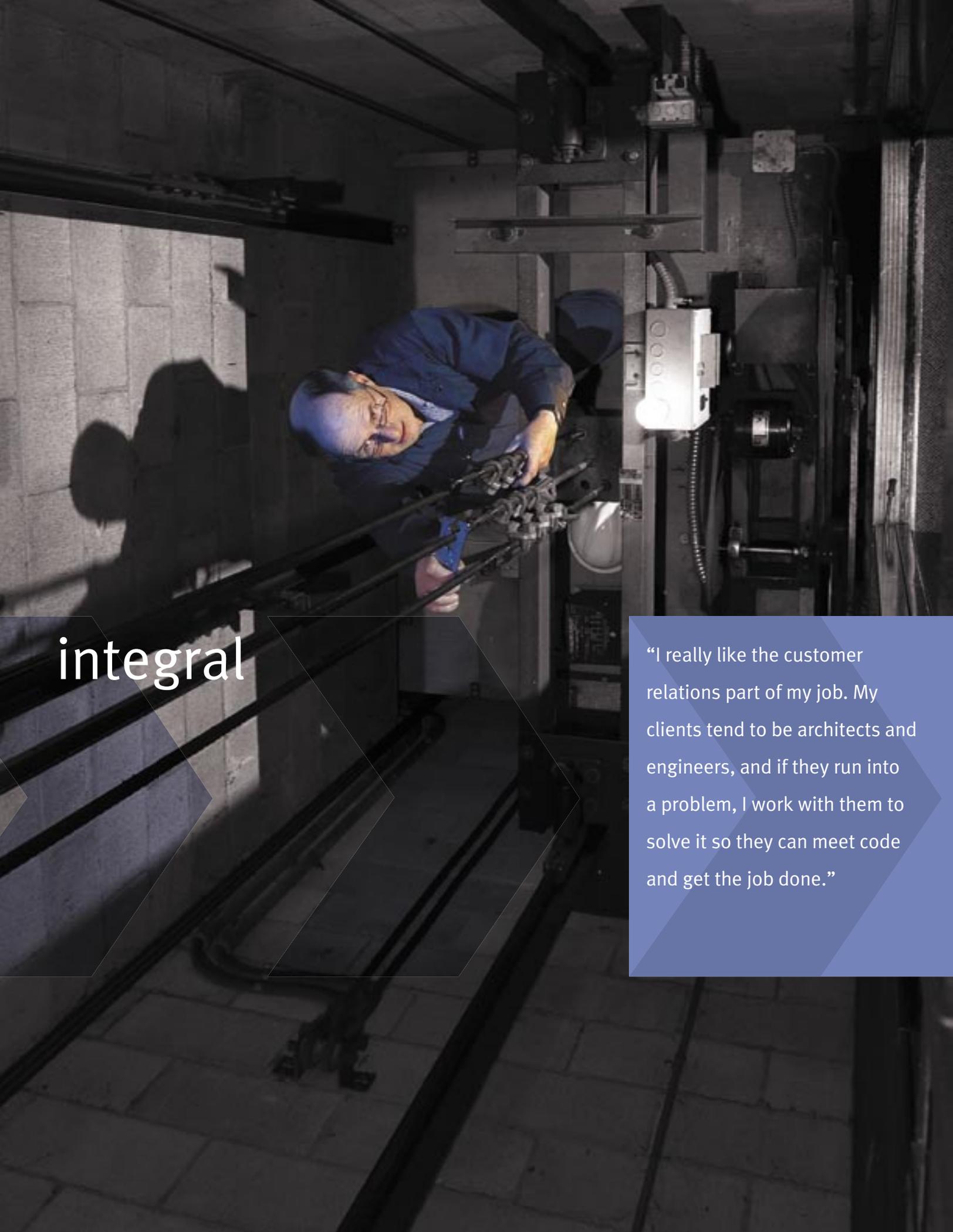
respect

How you project your authority as a Safety Officer is very important. You've got to work with people to make them feel comfortable. This approach makes it a lot easier to ensure someone complies with code, and is much better than saying 'you've got to do this or that' and coming across as heavy handed. I've always found that if you treat people fairly and with respect, they will comply with regulations.

The work is steady year-round. I inspect homeowner jobs and I also meet with contractors and will often pop in to see them if I haven't had a permit from them in a while. There's also a lot of industrial activity up here – Duke Energy's oil and gas operations, a big Canfor mill and a new OSB mill being built by Slocan.

Mike Dwojak

Electrical Safety Officer, Fort St. John

A man with glasses and a blue jacket is working on a large industrial machine in a factory. He is using a tool to adjust or inspect a part of the machine. The machine is complex with various pipes, valves, and electrical components. The background shows a concrete wall and a large window. The lighting is dramatic, with strong shadows.

integral

“I really like the customer relations part of my job. My clients tend to be architects and engineers, and if they run into a problem, I work with them to solve it so they can meet code and get the job done.”

safe on the go

There are more than 20,000 elevators and escalators in our province. Our Safety Officers ensure they operate safely.

As part of our commitment to increasing public awareness of safety issues, we are partnering with the Elevator Escalator Safety Foundation of Canada in the Safe-T Rider program. This program presents escalator safety information to grade two schoolchildren.

The BC Safety Authority is also responsible for the safe operation of the province's extensive railway system, from the integrity of the track to the reliability of controlled railway crossings.

In addition, we are working with organizations that are developing emerging technologies, such as hydrogen fuel cells. Along with Fuel Cells Canada and Natural Resources Canada, we are developing the national safety standards that will enable the safe and timely introduction of fuel cell vehicles and fuelling systems to meet the requirements of BC's "Hydrogen Highway" planned for the 2010 Olympic Games, connecting West Vancouver and Whistler.



integrity

My first priority is to investigate any elevator or escalator incidents. I also do acceptance tests on new units – checking weights, safety devices, operating speeds and fire service alarms to ensure the unit conforms to the applicable codes. And then, over a three-year cycle, I check on the thousand elevators in my area to make sure they are working safely.

Since the changeover to the BC Safety Authority, I've noticed that people are more upbeat. Customers are pleased that we're working a longer day. Contractors used to wait for us in the morning, but now that we're on an eight-hour day, we can be there when they need us.

Tony Quinn
Elevator Safety Officer, Nanaimo



team

“The best part of my job is interacting with people. Nothing pleases me more than when a contractor says they appreciate working with us because we know what we’re doing.”

safe at play

Whether you're taking a chairlift to the top of your favourite mountain or enjoying a day at the fair, you can be confident that our Safety Officers have been there first.

We inspect ski lifts and gondolas at ski resorts in BC to ensure they are professionally maintained and operating properly. Our Safety Officers inspect amusement rides at exhibitions and fairs – from the annual Prince George Exhibition to Vancouver's PNE, which attracts about one million visitors each summer. We are also active in many communities ensuring the safe operation of indoor ice rink refrigeration units.

In 2004, we conducted a Public Awareness Survey. The results told us that safety is a high priority for the people of BC, who are aware of potential safety hazards and agree there's a need for an independent authority to oversee safety in the province. At the BC Safety Authority, we are playing a leading role in making our communities safer.



teamwork

I receive 85 to 100 calls each day from homeowners and contractors. They often tell me that things are easier with our new structure. With each of our Safety Officers now having a laptop in the field, I can enter a permit application here and send them an electronic copy. They're then up to speed when the customer calls.

Our customers also tell me that they feel their concerns were heard during the changeover to the Safety Authority. Electrical contractors I work with say that several of their industry association's suggestions were incorporated into the Authority's new way of doing business. They value being treated as partners.

Anita Poonawala

Customer Service Representative, New Westminster

letter from the chair

2004 was an eventful year for the British Columbia Safety Authority. Since taking over the duties of the Safety Engineering Services Division from the Province of British Columbia on April 1, 2004, we have succeeded in establishing a new organization without compromising the level of service needed to keep the citizens of our province safe.

Our employees have faced major challenges in moving from a government operation to an independent, not-for-profit corporation. Many of them are doing different jobs, some have moved their homes, and all have experienced the stress that comes with change. I believe that most of this is finally behind us, and that we are now really beginning to see the benefits of having both our revenues and expenses within our own control.

The Board of Directors is unanimous in its belief that our first mandate is to provide complete assurance that the many engineered systems and devices in our province are as safe as humanly possible in their design, construction and operation. That is the core reason for our existence.

We know that the skills contained within our workforce are in high demand, and that there are opportunities for growth – both regionally and in the scope of services – but any growth in these areas will not be at the expense of this mandate.

The extensive planning and consultation to establish effective forums with the many industry groups we represent is now nearing completion. We look forward to taking action on this planning so there is effective feedback to government in the continuing development and enhancement of the provincial safety regulatory regime.

On behalf of the Board of Directors, I wish to thank all of our employees and clients for working together to make our first year of operation a source of pride.

Sincerely,



*John F. Watson
Chair of the Board
March 10, 2005*



letter from the president & CEO

In just nine months – from April through December 2004 – the BC Safety Authority has achieved remarkable success. Working together, we have laid the groundwork and made significant progress towards becoming a streamlined and effective safety services organization.

This has involved a great deal of change, including the operational and cultural move away from government, the administration of new legislation (the *BC Safety Standards Act*, the *BC Safety Authority Act* and the *BC Railway Act*) and accompanying regulations, and the introduction of a new information technology system. Yet throughout all this change, we have continued to uphold the



highest quality work, fostering safety for everyone – at home, at work, at school and at play. Much credit goes to the commitment and resilience of our employees.

Seldom has any organization successfully undergone such a complete metamorphosis in such a short period of time.

This year has been largely preparatory in nature. We conducted several surveys to develop strategies, action plans and baselines to measure future progress in customer service and public safety awareness. We established performance measures for the Authority and – with the Ministry of Community, Aboriginal and Women’s Services – we began the complex job of setting performance measures for the public safety system. We also developed new operational and business processes to establish dynamic, responsive and robust safety services.

I am pleased to report that a Collective Agreement between management and employees was achieved in 2004 and ratified in 2005. This sets the stage for an ongoing positive working relationship. With all the change experienced over the past year, employees spent a great deal of time in training and orientation sessions. These were precursors for information sessions provided to customers throughout the province.

For a number of reasons discussed in this report, our financial performance in 2004 was better than originally predicted in our Business Plan. Looking ahead, we are on track to meeting our five-year financial

objectives, although some revenue adjustments will be required. In 2004 – following considerable research – a new framework for service fees was developed. This will be discussed in consultation with our stakeholders in 2005.

We are a young organization with a wealth of experience and expertise. And we are looking forward to the future as we continue to build on the firm foundation established in 2004 that resulted in improved safety and service quality levels.

I would like to take this opportunity to acknowledge the important contributions of the members of our Board. Their experience and guidance has been integral to the success of our operations over the past year. We are looking forward to working with the Board in the years to come.

And finally, I would like to thank the 215 employees of the BC Safety Authority for making our first year such a success. I applaud their many accomplishments and their outstanding commitment to making the BC Safety Authority a leader in the delivery of safety services.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Harry Diemer'. The signature is stylized and fluid, with a large loop at the beginning and a long horizontal stroke extending to the right.

Harry Diemer
President & Chief Executive Officer
March 10, 2005

report on performance

Achieving Our Targets – BCSA Report Card

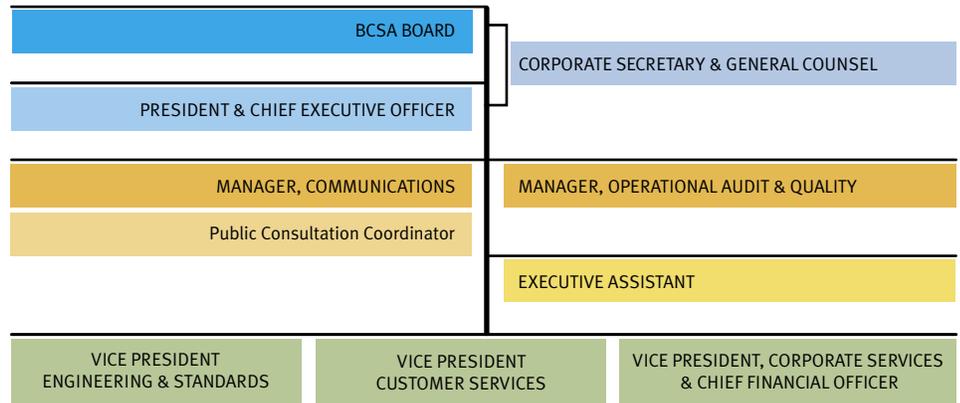
We are extremely proud of our accomplishments in 2004. In this, our first year of operations, we faced the challenges of new legislation and regulations, a significantly new operating environment and culture, and a completely new information system. Yet, with one exception – and some timing variances – we met an ambitious series of targets, all while maintaining the quality of our day-to-day operations. The following table summarizes our achievements in meeting our 2004 targets. We are looking forward to achieving similar successes in 2005.

GOAL 1 ENHANCED LEVELS OF SAFETY	
TARGETS	ACTUAL
Develop appropriate base-line compliance measures with codes and standards by December 31, 2004	✓ Measures established. Baselines to be established in 2005
Conduct a public survey to establish benchmarks for future analysis by December 31, 2004	✓
Provide recommendations for an ongoing process for regulatory review to the Province by December 31, 2004	✓
Report to Province (Minister of Community, Aboriginal and Women's Services) on regulatory review activities in 2004	✓

GOAL 2 EXCELLENCE IN SERVICE DELIVERY	
TARGETS	ACTUAL
Complete initial Customer Satisfaction survey by July 31, 2004 to establish benchmarks	✓
Analyse survey results and develop targets	✓
Implement action plans developed in 2004 aimed at increasing customer satisfaction	✓ In 2005/07 Business Plan
Develop customer services response period benchmarks and set in policy by September 30, 2004	✓ 1st quarter, 2005
Offer credit card and debit card option for payment and implement a 1-800 advisory service by June 30, 2004	✓ 3rd quarter, 2004

Organizational Structure

We have structured ourselves to maximize our ability to provide technical expertise and leadership, exemplary customer service, and business and operational excellence through our Engineering & Standards, Customer Services and Corporate Services departments, respectively.



Engineering & Standards

Engineering & Standards is home to the Authority's senior technical expertise on the safety system, including the Safety Managers who oversee specific technical areas. The department is responsible for developing, maintaining and improving safety policies and processes that establish best practices related to:

- Licensing and certification
- Risk management
- Codes and standards
- Engineering and design
- Public education

The Department also provides technical direction to Safety Officers to ensure that inspection and auditing activities comply with best business practices.

Achievements in 2004

In 2004, Engineering & Standards undertook many initiatives to create a more efficient, productive and inclusive organization.

In its nine months of operations in 2004, the Authority's regulatory agenda has focused primarily on finalizing new technical regulations and completing the transition to an independent Authority. We consulted extensively with stakeholders – including industry associations and institutions – on regulatory changes to obtain their input on issues of compliance and economic impact. The new streamlined legislation has consolidated five Acts into one.

report on performance

BCSA Report Card continued

GOAL 3 EFFECTIVE AND EFFICIENT ORGANIZATION	
TARGETS	ACTUAL
Train all field and administrative employees in change management in business values by September 30, 2004	 Ongoing
Identify further change management and business value training needs and prepare an action plan by December 31, 2004	
Develop an incentive program focussed on encouraging entrepreneurial behaviour	 Development initiated in 2004
Report on output measures for performance effectiveness and efficiency by the CEO to the Board by September 30, 2004	 Board Report – 1st quarter, 2005
Identify and set efficiency baselines by October 31, 2004	 Baselines set in 4th quarter, 2004
Complete action plan and targets for achieving efficiency measures	 Targets set in 2005
Establish baselines in cost-recovery, cross industry subsidization and contingency reserve	
Submit strategy for cost recovery, industry cost recovery and a contingency reserve to the Board by October 31, 2004	 Board Report – 1st quarter, 2005
Complete action plan and targets by December 31, 2004	 Board Report – 1st quarter, 2005
Develop an Enterprise Wide Risk Management Plan by Dec. 31, 2004	

Created process for regulatory review

Regulatory review is an ongoing requirement designed to continually improve safety performance and outcomes. The BC Safety Authority and the Ministry of Community, Aboriginal and Women's Services have developed a formal working protocol that outlines the roles and responsibilities of the parties for reviewing regulatory issues.

Formalizing this relationship is important for clarity and certainty in the regulation development process, and to demonstrate the safety system's ability to respond to the changing needs of the public and our clients.

Developed a new consultation process

We are responsible for stakeholder consultation on issues specific to our role as a regulatory authority, including technical safety matters (such as codes and standards), safety operations (such as permitting, licensing and certification), and service delivery issues (customer satisfaction). The consultation structure to solicit stakeholder input consists of individual technical committees for each regulated technology, as well as ad hoc groups for issues requiring broader stakeholder input.

Developing risk management plans

Our goal is to develop risk management plans for each of the technologies that fall under the Safety Authority's mandate. These plans will enable us to identify the highest risk areas where our Safety Officers need to address issues of non-compliance. In 2004, we expanded our capacity in this area by hiring a Risk Management Engineer.

Negotiated an Equivalent Standards Agreement

In 2004, we negotiated and entered into our first Equivalent Standards Agreement. This type of agreement acknowledges the value of the safety management systems in place at a specific company, making their operations low risk. We signed an agreement with Chevron Canada and are now working on developing similar agreements with other organizations that have strong quality management and risk management programs.

Promoted public safety awareness

Enhancing public awareness of safety is an essential part of our role. We distributed numerous publications to our public stakeholders, informing them of safety issues, updating them on Safety Orders and assisting with the interpretation of regulations.

report on performance

BCSA Report Card continued

GOAL 4 FINANCIAL SELF-SUFFICIENCY	
TARGETS	ACTUAL
Draft fee structure proposal for discussion with industry by December 31, 2004 (Note: Discussion to be held in 2005)	 <small>To be refined for consultation in 2nd Quarter, 2005</small>
Propose cost and revenue strategies to the Board by the CEO by December 31, 2004	 <small>1st Quarter, 2005</small>
Deliver audited financial statements March 31, 2005	

GOAL 5 TRANSPARENCY AND ACCOUNTABILITY	
TARGETS	ACTUAL
Post 2004-06 Business Plan on website, May 31, 2004	
Post interim Board Report to the Minister on website, June 30, 2004	
Post newsletter to stakeholders on website at the end of each quarter in 2004	
Prepare format for State of Safety Report by September 30, 2004	 <small>4th quarter, 2004</small>
Present an Annual Meeting Plan to the Board on September 30, 2004	 <small>4th quarter, 2004</small>
Complete the design of the Annual Report by October 31, 2004	 <small>4th quarter, 2004</small>

Customer Services

Customer Services provides the highest quality of service to our customers by developing procedures, operating standards and skills to enhance the safety of technical products, equipment, systems and programs. The Department works closely with the Engineering & Standards Department to introduce best practices for effectively implementing inspection and auditing activities.

This past year was one of significant achievements for Customer Services.

Improved accessibility

We established a 1-866 toll-free line that has resulted in a significant increase in calls, from 30 to 800 per month. Credit card purchases of permits, licenses and examinations are available over this line, and credit cards and debit cards are now accepted over-the-counter at all of our offices around the province. With recent upgrades to our online permit purchasing capabilities, 50 percent of our Installation Permits are now sold over the Internet.

Responded to issues identified in customer survey

In 2004, we completed our first Client Satisfaction Survey. The results of the survey showed that approximately two-thirds of our customers knew of our change from Safety Engineering Services to the BC Safety Authority, with 72 percent rating our services as either good or excellent.

As a direct result of the survey, we have made changes to our processes to take into account our customers' needs. Our most significant change has been to enhance the availability of our Safety Officers by increasing their working week to 40 hours. This increases their accessibility to our clients by 12 percent, or the equivalent of 12 new Safety Officers across the province.

As part of our ongoing commitment to excellence in customer service, we are providing upgrading training to our Safety Officers and Customer Service Representatives on customer relations.

Kept in touch with our customers

We held information sessions with clients throughout the province to educate them about our new organization and new regulations. In collaboration with Engineering & Standards, we coordinated 40 information sessions and met with more than 1400 clients.

To ensure that we are best able to respond to our customers' needs, we established four regions within the province. Regional Managers in each of the four areas are now able to anticipate and respond to customer concerns from regional offices in Prince George, Kelowna, Victoria and Langley.

report on performance

Corporate Services

Corporate Services supports a broad range of management and operational services that contribute to the efficient operation, management and administration of the BC Safety Authority. Over the past year, the main focus of the Corporate Services Department has been to put the resources in place to facilitate our transition from a government agency to an independent, not-for-profit authority.

The BCSA's Executive Team is (from left to right) Harry Diemer, President & Chief Executive Officer; Shelley Milne, Corporate Secretary & General Counsel; Trevor Fedyna, Vice President, Corporate Services & Chief Financial Officer; Alina Urloiu, Acting Manager, Operational Audit & Quality; John Murphy, Vice President, Engineering & Standards; Jennifer Marstaeller, Executive Assistant; Vicky Barr-Humphries, Vice President, Customer Services; and Roger Young, Manager, Communications.

Finance & Administration

We created a full-service Accounting Department and implemented a financial system. All employees have been trained on our accounting software. We have also developed a Finance and Administration Policy Guidebook that has been approved by our Board of Directors.

Information Technology

In 2004, we upgraded our main software application, Posse, to enhance functionality and increase the speed at which it can process transactions. To ensure that our IT services are aligned with user needs, we established a User Steering Committee.



Human Resources

We held information meetings with employees throughout the province to share information about the new BC Safety Authority. Job descriptions for all positions within the organization were completed, and we successfully negotiated a new collective agreement that resulted in many staff moving to a 40-hour workweek effective February 1, 2005.

governance

The Role of the Board

Our Directors of our Board are the stewards of the BC Safety Authority. They have the responsibility to oversee the conduct of the business, and to ensure that all major issues affecting the business and affairs of our organization are given proper consideration. In performing its functions, the Board also considers the legitimate interests of communities and government.

Appointment Process to the Board

The Board of Directors of the BC Safety Authority must consist of between nine and fifteen members, of which up to three may be appointed by government. Non-government candidates for the Board are screened and short-listed by the Nominating Committee of the Board based on the knowledge, skills and abilities of the candidates. The Board makes the final selection from a list of suitable candidates provided by the Nominating Committee.

Basic Qualifications

Members of the Board of the BC Safety Authority must meet the basic requirements established in the *Safety Authority Act*. As well, all appointments to the Board of the BC Safety Authority must comply with the provisions related to qualifications for Directors and conflicts contained in the *Safety Authority Act* and the Code of Conduct for Directors and Senior Officers.

Committees of the Board

Each Committee operates according to a Board-approved mandate outlining its duties and responsibilities. When required, these Committees make recommendations to the Board for approval.

The current Committee structure includes:

- Audit and Finance Committee
- Governance and Compensation Committee (also serves as the Nominating Committee)
- Regulatory Review Committee

The Audit and Finance Committee assists the Board in fulfilling its oversight responsibilities relating to the Authority's financial reporting, accounting systems, risk management, management plans, budgets and internal controls and audit process.

The Governance and Compensation Committee assists the Board in oversight responsibilities relating to the Authority's governance, and compensation for the Board and President & CEO. The Committee also serves as the Nominating Committee.

The Regulatory Review Committee assists the Board in advising the government about legislation and regulations affecting safety services delivered by the Authority.

In addition, the Board has created a Strategic Planning Task Force to assist it in fulfilling its responsibilities related to strategic planning.

Code of Conduct for Directors

Each Director must sign a disclosure statement and Code of Conduct document. The Authority's mandate requires that its policies and practices be driven by safety, and as such, the Authority's decision-makers must not be affected (or perceived to be affected) by conflicting interests or conflicting loyalties.

The Authority requires its directors and senior officers to comply with applicable statutory standards and with high ethical standards of business conduct.

Stakeholder Consultation

We have developed a stakeholder Consultation Plan to ensure that the BC Safety Authority receives a broad range of information and advice from its stakeholders. The plan seeks input from stakeholders with knowledge about industry sectors regulated by the BC Safety Authority.

Board Compensation

Fees for the Chair are \$7,500 per annum and \$500 per Board meeting or Board Committee meeting. Fees for Chairs of committees are \$5,000 per annum and \$500 per Board meeting or Board Committee meeting. Fees for Directors are \$2500 per annum and \$500 per Board meeting or Board Committee meeting. The fee for any meeting less than four hours is \$250.

The BCSA's Board of Directors is (from left to right): Peter Cook, Dorothy Beckett, Peter Meekison, Tom Fletcher, Robert Lashin, Danny Cox, Martha Warren, John Watson, George Morfitt, Axel Gringmuth, Lorne Seitz, and Ray Whitehead.





competitive

“I take great pride in organizing my day, prioritizing my tasks and getting things done. And I’m always looking for ways to be more efficient – to make things easier for our customers and save them time.”

auditors' report

To the Board of the British Columbia Safety Authority

We have audited the statement of the financial position of British Columbia Safety Authority ("BCSA") as at December 31, 2004 and the statements of operations, changes in net assets and cash flows for the nine-month period ended December 31, 2004. These financial statements are the responsibility of the BCSA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of BCSA as at December 31, 2004 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.



Grant Thornton LLP

Grant Thornton LLP, Chartered Accountants

New Westminster, Canada

February 25, 2005

competence

I run the office in Kamloops, where we have two Electrical Safety Officers, two Gas Safety Officers and a Boiler Safety Officer. I'm responsible for processing all electrical, gas and boiler applications; preparing public information packages; entering inspection requests; organizing all documentation required for contractors obtaining licenses or renewing their certificates; processing exam applications; and overseeing dozens of other general office administration, accounting and reception tasks.

The government agents in smaller communities that don't have a BC Safety Authority office also send me their daily batch control sheets with copies of the permits and inspection requests for reviewing and auditing. It makes for a very fast-paced day.

Beth Watling

Customer Service Representative, Kamloops

statement of financial position

	December 31, 2004	March 31, 2004
		<i>(Unaudited)</i>
Assets		
Current		
Cash	\$ 10,852,075	\$ 1,146,818
Accounts receivable	959,395	—
Prepaid expenses	373,944	—
	<u>12,185,414</u>	<u>1,146,818</u>
Property and equipment <i>(Note 3)</i>	5,871,643	—
	<u>\$ 18,057,057</u>	<u>\$ 1,146,818</u>
Liabilities		
Current		
Payables and accruals	\$ 3,303,725	\$ 110,082
Deferred revenue	5,319,029	—
	<u>8,622,754</u>	<u>110,082</u>
Deferred contributions <i>(Note 4)</i>	5,868,555	1,080,000
	<u>14,491,309</u>	<u>1,190,082</u>
Net assets (deficiency)		
Investment in property and equipment	83,088	—
Internally restricted <i>(Note 6)</i>	4,526,000	—
Unrestricted	(1,043,340)	(43,264)
	<u>3,565,748</u>	<u>(43,264)</u>
	<u>\$ 18,057,057</u>	<u>\$ 1,146,818</u>

See accompanying notes to the financial statements

Operations *(Note 1)*

Commitments *(Note 7)*

Approved on behalf of the Board



Director



Director

statement of operations

Nine-month period ended December 31, 2004
(with comparative figures for the eleven-month
period ended March 31, 2004)

	December 31, 2004	March 31, 2004
	<i>(9 months)</i>	<i>(11 months)</i>
		<i>(Unaudited)</i>
Revenue		
Services and related fees	\$ 18,372,387	\$ –
Amortization of deferred contributions	1,223,331	–
Interest income	209,437	3,791
Contributions	–	375,000
	<u>19,805,155</u>	<u>378,791</u>
Expenditure		
Salaries and benefits	9,855,606	–
Amortization of property and equipment	1,228,239	–
Building occupancy	984,688	–
Travel	941,723	9,545
Contract services	890,405	247,808
Telecommunications and information services	877,959	–
Office and business	587,409	76,753
Audit, legal and insurance	580,249	–
Corporate governance	145,977	87,949
Bad debts	103,888	–
	<u>16,196,143</u>	<u>422,055</u>
Excess (deficiency) of revenue over expenditure	\$ 3,609,012	\$ (43,264)

See accompanying notes to the financial statements

statement of changes in net assets

Nine-month period ended December 31, 2004
(with comparative figures for the eleven-month
period ended March 31, 2004)

	December 31, 2004			March 31, 2004	
	(9 months)			(11 months)	
				(Unaudited)	
	Investment in property and equipment	Internally restricted	Unrestricted	Total	Total
Net assets (deficiency), beginning of period	\$ -	\$ -	\$ (43,264)	\$ (43,264)	\$ -
Excess (deficiency) of revenue over expenditure	(4,908)	-	3,613,920	3,609,012	(43,264)
Investment in property and equipment	87,996	-	(87,996)	-	-
Internally imposed restrictions	-	4,526,000	(4,526,000)	-	-
Net assets (deficiency), end of period	<u>\$ 83,088</u>	<u>\$ 4,526,000</u>	<u>\$ (1,043,340)</u>	<u>\$ 3,565,748</u>	<u>\$ (43,264)</u>

See accompanying notes to the financial statements

statement of cash flows

Nine-month period ended December 31, 2004
(with comparative figures for the eleven-month
period ended March 31, 2004)

	December 31, 2004	March 31, 2004
	<i>(9 months)</i>	<i>(11 months)</i>
Cash flows provided by (used in)		<i>(Unaudited)</i>
Operating activities		
Excess (deficiency) of revenue over expenditure	\$ 3,609,012	\$ (43,264)
Adjustments to determine cash flows:		
Amortization of deferred contributions	(1,223,331)	—
Amortization of property and equipment	1,228,239	—
Changes in non-cash operating working capital	7,179,333	110,082
	<u>10,793,253</u>	<u>66,818</u>
Financing activities		
Contributions	<u>6,011,886</u>	<u>1,080,000</u>
Investing activities		
Transfer of safety operation property and equipment <i>(Note 1)</i>	(6,011,886)	—
Purchase of property and equipment	(1,087,996)	—
	<u>(7,099,882)</u>	<u>—</u>
Increase in cash	9,705,257	1,146,818
Cash, beginning of period	<u>1,146,818</u>	<u>—</u>
Cash, end of period	\$ <u>10,852,075</u>	\$ <u>1,146,818</u>
Change in non-cash operating working capital		
Accounts receivable	\$ (959,395)	\$ —
Prepaid expenses	(373,944)	—
Payables and accruals	3,193,643	110,082
Deferred revenue	5,319,029	—
	\$ <u>7,179,333</u>	\$ <u>110,082</u>

See accompanying notes to the financial statements

notes to the financial statements

1. Operations

British Columbia Safety Authority ("BCSA") is a not-for-profit corporation that was incorporated on May 8, 2003 through the Safety Authority Act. BCSA administers the service delivery components of the Safety Standards Act delegated to it by the Province of British Columbia, commencing April 1, 2004. The delegation of authority is based on an Administrative Agreement between the Province of British Columbia and BCSA. The Administrative Agreement establishes the rights and responsibilities and terms and conditions of both parties in the delegation. BCSA delivers services which apply to work and products related to amusement rides, boilers and boiler systems, electrical systems and equipment, elevating devices and passenger conveyors, gas systems and equipment, passenger ropeways, pressure vessels and piping, railways, and refrigeration systems and equipment.

Activities prior to April 1, 2004

The activities of BCSA in the period May 8, 2003 to March 31, 2004, consisted of establishing organizational, administrative, financial, legal, and human resources systems; developing business plans and policies; preparing for accepting delegated authority for the Safety Standards Act; and negotiating the Administrative Agreement with the Province of British Columbia. The Province of British Columbia provided BCSA with contributions of \$375,000 for the purpose of establishing BCSA and \$1,080,000 to upgrade the information systems for business services.

Transfer of safety operation components

On April 1, 2004, net assets totaling \$707,233 were acquired from the Province of British Columbia in exchange for amounts payable of \$707,233. The transfer of net assets included the following components:

Cash	\$	8,682,267
Receivables		697,576
Prepaid expenses		4,797
Property and equipment		6,011,886
		<hr/>
		15,396,526
		<hr/>
Leave liability		677,407
Deferred revenue		8,000,000
Deferred contributions		6,011,886
		<hr/>
		14,689,293
		<hr/>
Net assets	\$	<hr/> <u>707,233</u>

2. Significant Accounting Policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the year. Actual results could differ from those estimates.

Property and equipment

Purchased furniture, fixtures and equipment are recorded at cost. Leases that transfer substantially all the benefits and risks of ownership are capitalized. Replacements are expensed in the year of replacement. Amortization is provided on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Computer hardware	3 to 5 years
Computer software	5 years
Vehicles	5 years
Furniture and fixtures	5 years
Office equipment	5 years
Leasehold improvements	Lesser of 5 years or term of lease

Amortization of property and equipment commences when it is brought into service.

notes to the financial statements

Revenue recognition

Where a specific period is covered by the fee, revenues are recognized evenly over that period. Where the period covered by the fee is not determinable, estimates are used to determine percentage of completion. In both cases, unearned fees are recorded as deferred revenue. All other revenues are recorded when services are performed.

For contributions, BCSA follows the deferral method of accounting. Restricted contributions are recognized as revenue in the year in which the related expense is incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

The carrying values of cash, accounts receivable and payable and accruals approximate their fair values due to the relatively short periods to maturity of the instruments.

Comparative figures

The comparative amounts for the prior period were subject to a review engagement and represent unaudited figures.

3. Property and Equipment

			December 31, 2004	March 31, 2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Hardware	\$ 647,686	\$ 138,424	\$ 509,262	\$ —
Computer Software	5,213,944	707,086	4,506,858	—
Vehicles	1,138,071	369,745	768,326	—
Furniture and Fixtures	69,400	10,429	58,971	—
Office Equipment	30,781	2,555	28,226	—
	<u>\$ 7,099,882</u>	<u>\$ 1,228,239</u>	<u>\$ 5,871,643</u>	<u>\$ —</u>

4. Deferred Contributions

Deferred contributions represent the unamortized amount of contributions received for the purchase of property and equipment. Amortization of deferred contributions is recorded as revenue while amortization of property and equipment is recorded as an expense.

	December 31, 2004	March 31, 2004
Balance, beginning of period	\$ 1,080,000	\$ —
Contributions or transfer from government	6,011,886	1,080,000
Amortization to revenue	(1,223,331)	—
Balance, end of period	<u>\$ 5,868,555</u>	<u>\$ 1,080,000</u>

notes to the financial statements

5. Line of Credit Facility

Under the terms of its banking agreement, BCSA has available a line of credit facility of up to \$1 million, bearing interest that approximates prime. As at December 31, 2004, the balance outstanding was \$Nil.

6. Internally Restricted Net Assets

Internal restrictions of net assets are determined on an annual basis. The purpose of the internal restriction is to create, over time, an operating reserve that will be equal to 25% of annual expenditures. The internally imposed restriction for the current year is based on the difference between the preliminary assumptions used to calculate deferred revenue and the actual deferred revenue results at December 31, 2004.

7. Commitments

Lease obligations

BCSA leases office space, vehicles and equipment with future minimum annual payments of:

2005	\$	1,099,000
2006		894,000
2007		855,000
2008		814,000
2009		576,000
Thereafter		167,000
	\$	<u>4,405,000</u>

Pension plan

BCSA and its employees contribute to the Public Service Pension Plan, a jointly trustee pension plan. The British Columbia Pension Corporation administers the plan and is responsible for the management of the pension plan including investment of the assets.

The plan is a multi-employer contributory defined benefits pension plan. As at December 31, 2004, BCSA has approximately 200 employees contributing to the plan which has approximately 51,000 active plan members and 28,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation for the Public Service Pension Plan as at March 31, 2002, indicated a funding surplus of \$546 million. The actuary does not attribute portions of the surplus to individual employers. Each employer expenses contributions to the plan in the year in which payments are made.

Contributions by the BCSA to the plan for current service pension costs amounted to \$562,316.

BCSA board

John Watson P.Eng. (CHAIR)

Dorothy Beckett CRSP

Peter Cook

Danny Cox P.Eng.

Tom Fletcher

Axel Gringmuth

Robert Lashin P.Eng.

Peter Meekison O.C., Ph.D.

George Morfitt FCA

Lorne Seitz

Martha Warren

Ray Whitehead

Annual Report Production Team

Design: Ion Design Inc.

Photography: Craig Hodge, Darla Hodge, Tim Swanky

Writing/Editing: Inscript Language & Writing Inc.

Project Management: Roger Young



At the British Columbia Safety Authority, we have made a commitment to use sustainable and environmentally conscious printing practices. This report uses paper containing 20% recycled fibres made from at least 10% post-consumer waste. The paper is also elemental chlorine free, acid free and archival. By using this paper we have reduced air and water pollution, energy use, and chemical waste.

committees

Finance and Audit Committee

Directors

George Morfitt (Chair), Peter Cook,

Danny Cox, John Watson (Ex-Officio)

Staff

Harry Diemer, President & Chief Executive Officer

Trevor Fedyna, Vice President,

Corporate Services & Chief Financial Officer

Tracy Gibbons, Manager, Finance & Admin.

Governance and Compensation Committee

Directors

Peter Meekison (Chair), Peter Cook,

Tom Fletcher, Martha Warren, John Watson,

Ray Whitehead

Staff

Harry Diemer, President & Chief Executive Officer

Shelley Milne, Corporate Secretary & General Counsel

Regulatory Review Committee

Directors

Lorne Seitz (Chair), Dorothy Beckett, Axel Gringmuth,

Robert Lashin, Martha Warren, John Watson (Ex-Officio)

Staff

Harry Diemer, President & Chief Executive Officer

John Murphy, Vice President, Engineering & Standards

Sheena Ram, Recorder

offices

Corporate Office

New Westminster

100 Mile House

Abbotsford

Campbell River

Chilliwack

Coquitlam

Courtenay

Cranbrook

Dawson Creek

Duncan

Fort St. John

Kamloops

Kelowna

Langley

Nanaimo

Nelson

Penticton

Prince George

Quesnel

Richmond

Salmon Arm

Sechelt

Squamish

Terrace

Vernon

Victoria

Williams Lake



400-88 6th Street
New Westminster BC
Canada V3L 5B3
toll free 1 866 566 SAFE (7233)
fax 604 660 6215
www.safetyauthority.ca

BRITISH COLUMBIA
SAFETY AUTHORITY
MAKING OUR
COMMUNITIES SAFER