



Gaining Momentum



BRITISH COLUMBIA SAFETY AUTHORITY
2006 ANNUAL REPORT



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THE BC SAFETY AUTHORITY'S ELECTRICAL SAFETY PROGRAM OVERSEES ALL ASPECTS OF ELECTRICAL SAFETY IN BRITISH COLUMBIA. WE ENSURE WHEN ELECTRICAL WORK IS DONE—THAT IT MEETS ALL CODES AND STANDARDS.

YOUR SAFETY IS OUR BUSINESS

The British Columbia Safety Authority is an independent, self-funded corporation that provides cost-effective and essential safety services to business, industry and the general public throughout the province.

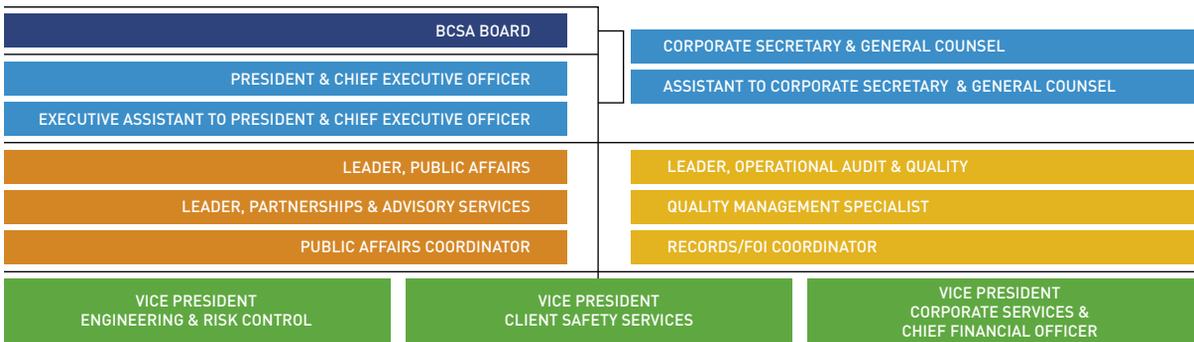
We are responsible for overseeing the safety of the following industry sectors in the province:

- amusement rides and recreational railways
- boilers, pressure vessels and refrigeration systems
- electrical equipment and systems
- elevating devices such as elevators and escalators
- gas appliances and systems, including hydrogen
- passenger ropeways such as ski lifts, and
- railways

Our prime assets are our creative, knowledgeable, highly qualified, skilled and experienced employees, who have a collective passion for safety. We have an abundance of resources and expertise to draw from in our workforce including experienced tradespeople who provide services to our clients.

Our services include:

- preventing accidents
- educating the public about safety issues
- issuing permits
- inspecting technical work and equipment
- certifying individuals and licensing contractors to meet regulatory requirements
- reviewing regulations for each industry sector we oversee
- investigating incidents
- registering new equipment designs, and
- contributing to provincial and national code development



EXECUTIVE



HARRY DIEMER
PRESIDENT &
CHIEF EXECUTIVE OFFICER



JENNIFER MARSTAELLER
EXECUTIVE ASSISTANT



SHELLEY MILNE
CORPORATE SECRETARY &
GENERAL COUNSEL



VICKY BARR-HUMPHRIES
VICE PRESIDENT,
CLIENT SAFETY SERVICES



TREVOR FEDYNA
VICE PRESIDENT,
CORPORATE SERVICES &
CHIEF FINANCIAL OFFICER



CATHERINE ROOME
VICE PRESIDENT,
ENGINEERING & RISK CONTROL

BRITISH COLUMBIA BOASTS SOME OF THE WORLD'S BEST SKI HILLS. OUR PASSENGER ROPEWAY SAFETY PROGRAM OVERSEES THE SAFETY OF CHAIRLIFTS, GONDOLAS, PASSENGER CONVEYORS, REVERSIBLE TRAMWAYS, ROPE TOWS AND T-BARS USED BY THOUSANDS OF PEOPLE THROUGHOUT THE PROVINCE.



PROJECT HORIZON: SHIFTING TO A NEW APPROACH

In 2006, we began working on an idea for a new way of doing business to ensure that British Columbia is the safest place possible to live, work and play. Called Project Horizon, this is an innovative approach to determine how to regulate safety in a manner that focuses on accident prevention.

Working with an internationally recognized risk management company and consulting with our employees and customers, we asked ourselves difficult and challenging questions about the most effective way to improve safety in the province.

Currently, our Safety Officers complete inspections with the objective of preventing accidents. But, is this approach the most effective strategy for the future? The answer, we've concluded, is not necessarily so. It is simply not feasible nor necessary – either economically nor logistically – to use only one tool, that of a code compliance inspection for all the different kinds of technical situations experienced by clients.

Our experience, knowledge and research point to a better way to prevent accidents – one that focuses on managing risk. We are now developing tools that our employees can use to identify higher risk areas. This initiative will enable us to focus our energy on inspecting installations that have been identified as a high safety risk. And it will alert us to those segments of our business where we may need to propose regulatory changes or launch a public education campaign.

This multi-layered approach – combining inspections, education and the implementation of a risk-based system that balances reasonable controls with economic benefit – is the way of the future. Our efforts in 2006 have started us down the road to building a best practices accident prevention organization.

THE PEOPLE ACHIEVING TRUST AND HARMONY COMMITTEE (PATH)

The PATH Committee was formed in August 2005 to provide a communication conduit between employees and the Executive, and to facilitate change occurring within the organization as it moves to an entrepreneurial culture. The members of the Committee – who represent all the regions and employees at the BC Safety Authority – meet monthly to explore issues and develop positive solutions. Throughout this report, we recognize their dedication and hard work.



“Our role is to increase communication and implement positive change at the BCSA by talking to our colleagues to identify their concerns and ideas. We’re enhancing communication between employees and the Executive so that employees can make suggestions about the policies and practices that affect our daily work life.”

BETH WATLING
CUSTOMER SERVICE REPRESENTATIVE
KAMLOOPS



THE GAS SAFETY PROGRAM OVERSEES THE SAFETY OF THE NATURAL GAS DISTRIBUTION SYSTEM, AND REGULATES GAS INSTALLATIONS IN COMMERCIAL ESTABLISHMENTS, INDUSTRIAL FACILITIES AND RESIDENCES.

MOVING FORWARD THROUGH EDUCATION

Ask people what we do at the BC Safety Authority, and they'll tell you that we inspect equipment to make sure it's properly installed and maintained. But this is just one aspect of the value we provide our clients.

We're in the business of preventing accidents. And we believe that one of the best ways to achieve this is through education. After all, if people understand the safety risks, they are more likely to do the right thing – whether that's taking out a permit when installing a hot water tank in their home or ensuring that a hospital's boiler system is operating safely.

Education is key to what we do. Our Safety Officers provide information to clients about how to apply safety codes to minimize risk. To keep our clients up to date on the latest

safety regulations, our staff hosted 50 information sessions for more than 2,400 contractors across the province. At the Vancouver Home and Interior Design Show, our employees provided information to 1,700 visitors. Highlights included providing information about hiring contractors licensed by the BC Safety Authority for home renovations and distributing a brochure about escalator and elevator safety for school-age children.

Technical services such as reviews of code compliance and site visits will continue to be an important component of the services we provide. But they will always be complemented by a program of educating and informing our stakeholders about ways to prevent accidents and reduce safety risks.



"We're a complex organization that brings together a very diverse group of employees – urban, rural, technical, administrative, tradespeople, engineers and policy analysts – who are all working for the same goal. While our diversity is certainly an asset, it can contribute to a number of communication issues. This is why the PATH Committee is an important bridge for this organization."

FRANK DO
STRATEGIC DEVELOPMENT & CORPORATE SCIENCE ANALYST
NEW WESTMINSTER

AS ALTERNATE FUELS EMERGE, THE BC SAFETY AUTHORITY WORKS WITH INDUSTRY TO DEVELOP NEW SAFETY CODES AND STANDARDS. WE ARE PART OF A NATIONAL EFFORT TO ESTABLISH SAFETY STANDARDS FOR USING HYDROGEN AS A FUEL SOURCE FOR VEHICLES.



CLEAR, OPEN AND TRANSPARENT

One of our key values is transparency. An example is our consultation program, where we work with our stakeholders to discuss and recommend where improvements can be made to regulatory policies.

The initiative is integral to our success. Since opening our doors for business on April 1, 2004, we've created six technology committees comprised of industry representatives from each sector we oversee. The committees focus on technical safety issues, regulated work and service delivery.

The volunteers on these committees performed a significant amount of work in 2006. Among many initiatives, they reviewed the new *Canadian Electrical Code*, conducted a large-scale gas safety public education campaign in partnership with other organizations, explored harmonization

issues with Alberta, and worked in partnership with the ski industry to set a new level of safety through development of safety management plans.

Consultation is an essential component of Project Horizon. We held workshops with our employees and close to 100 industry stakeholders to gather input on our new direction.

In 2006, we also met with gas and electrical safety managers from cities and municipalities throughout the province to discuss current initiatives. Collaboration with our community partners is essential on many levels, enabling us to share data, develop effective partnerships, deliver public education campaigns and recommend policy changes to promote safety.



"From my perspective as a Safety Officer, I think one of the biggest successes of the PATH Committee over the past year was improving the vehicle selection process. As Safety Officers, we encounter difficult terrain, and the vehicles that were initially proposed may not have been suitable for all situations. PATH raised this issue, and through our input, we were able to get the vehicles we needed to get our jobs done."

RANDY CORMIER
ELECTRICAL SAFETY OFFICER
NANAIMO



LETTER FROM THE CHAIR

The Board members of the BC Safety Authority are very proud of the organization's many accomplishments over the past year.

One key area of focus in 2006 was Project Horizon. This is a significant initiative that will move the BC Safety Authority from being solely an inspection agency to one that improves safety by assessing risks and focusing on prevention. Our Board fully supports this shift to a more sustainable, scientific and risk-based approach to safety.

We were very pleased with the success of the negotiations of the first collective agreement with the employees' union since the formation of the BC Safety Authority. The cooperation between the two parties was exemplary and the levels of communication were excellent. The members of the Board are very optimistic about the foundation this has put in place for moving our organization forward and addressing issues in a constructive and positive manner.

In 2006, Danny Cox resigned as a director of our Board to pursue other opportunities. We would like to thank him for his contributions over the past two years. Lorna Pawluk, a lawyer who has focused on issues of workplace safety, has replaced Danny, and we welcome her to the Board.

I have said it before, but it is worth repeating. The only true asset that the BC Safety Authority has is its employees. On behalf of the Board, I'd like to thank all employees across our organization for their many contributions to ensuring the safety of the residents of British Columbia.

Sincerely,

A handwritten signature in black ink, appearing to read 'John F. Watson'. The signature is fluid and cursive, with a long horizontal stroke at the end.

JOHN F. WATSON, P.ENG
CHAIR OF THE BOARD



LETTER FROM THE PRESIDENT & CHIEF EXECUTIVE OFFICER

This past year was a pivotal one in the history of the BC Safety Authority. In our first few years of operation, we focused on creating the administrative, legal and operational infrastructure for our new organization. Thanks to the extremely hard work and dedication of our staff, we have substantially accomplished this goal.

And we now have the momentum to move to the next level. Our goal is to modernize the way we prevent accidents so that we can provide our clients with greater levels of value and better enhance the safety of the residents of British Columbia.

The way forward is Project Horizon – a new approach to managing risk and preventing accidents. In 2006, we hired internationally respected risk management consultants Det Norske Veritas (DNV) to help us identify the best practices of regulatory agencies worldwide. DNV facilitated meetings with our Board, our Executive, our employees and our stakeholders, deepening our understanding of the need to build an organization focused on accident prevention.

We now have a vision of where we want to be as an organization as well as a road map showing us how to get there. In 2007, we will consult with employees and stakeholders about this vision before beginning the implementation process. In 2007, we will move toward our goal of being an internationally recognized authority in the delivery of safety services.

I have no doubt we'll attain our goal. As you'll see from the "Report on Performance" section in this report, we've proven our ability to set ambitious targets and achieve them.

In 2006, we launched numerous initiatives to improve safety in the province, provide better customer service and operate a cost-effective and efficient organization. You'll read about these initiatives in the pages that follow, but I want to thank our 236 employees for making these initiatives such a success.

At this stage in the evolution of the BC Safety Authority, the elements are now in place to enable our transformation to a new way of doing business. We have the momentum and energy we need to move forward and create an even better public safety system for the residents of British Columbia.

Sincerely,

HARRY DIEMER
PRESIDENT & CHIEF EXECUTIVE OFFICER



PHOTO BY TIM SWANKY

BY LICENSING CONTRACTORS, ISSUING PERMITS AND COMPLETING INSPECTIONS,
WE ENSURE THE SAFE OPERATION OF REFRIGERATION UNITS USED IN ICE RINKS.

REPORT ON PERFORMANCE

REPORT CARD

Each year, we prepare a business plan for the upcoming three-year cycle, identifying our key corporate goals and the performance outcomes associated with those goals. Targets for each year are linked to our goals as a way of setting priorities and guiding our efforts. The tables below

summarize our achievements against the 2006 targets; a more complete discussion of our progress can be found in the narrative section that follows beginning on the next page.

GOAL ONE: IMPROVE LEVELS OF SAFETY		
PERFORMANCE OUTCOMES 2006	TARGETS 2006	ACHIEVED
Improve levels of compliance by stakeholders.	Establish baseline compliance levels for each technology.	Partially completed. We established baseline compliance levels for six of the eight technologies we oversee. We have not yet established baselines for railways or recreational railways.
Increase level of public and industry awareness of technical safety systems.	Implement the 2005 Public Safety Awareness Strategy.	✓
Prevent incidents.	Operation of safety services for 12 months to establish a baseline for incidents.	✓
Develop a fully modernized Compliance Program.	Develop a Compliance Program implementation plan for each industry sector.	Partially completed. Completed seven program manuals to document our operational policies and standards for the technologies we oversee. We are setting up implementation teams for each technology sector.
GOAL TWO: PROVIDE THE HIGHEST QUALITY OF SERVICE TO CUSTOMERS		
PERFORMANCE OUTCOMES 2006	TARGETS 2006	ACHIEVED
Meet the service and accessibility needs of customers.	76% of customers rate our services as good or very good.	✓
Create a corporate culture strongly committed to providing excellent customer service.	Undertake an operational review, validate findings through employee and customer satisfaction surveys and develop an action plan.	Partially completed. No operational review was conducted. An implementation plan was developed to address concerns identified in the customer satisfaction survey.
GOAL THREE: BUILD A HIGH-QUALITY WORKFORCE		
PERFORMANCE OUTCOMES 2006	TARGETS 2006	ACHIEVED
Build a workforce that provides excellence in the delivery of safety services.	Establish average recruitment cycle time and retention rate baselines for key positions.	✓
	Conduct an employee satisfaction survey and achieve a 75% employee satisfaction rating.	✗
GOAL FOUR: CREATE AN EFFECTIVE AND EFFICIENT ORGANIZATION		
PERFORMANCE OUTCOMES 2006	TARGETS 2006	ACHIEVED
Meet the financial objectives of the BCSCA.	Post an excess of revenue over expenditures.	✓
Manage corporate risk.	Have a certification plan in place by Q2 2006.	✓
GOAL FIVE: DELIVER EXPANDED SAFETY SERVICES		
PERFORMANCE OUTCOMES 2006	TARGETS 2006	ACHIEVED
Fully meet our mandate and take advantage of growth opportunities for existing services.	Implement one business case defined initiative in existing services.	✓
Increase revenues from expanded safety services.	Identify key business opportunities.	✓

ACHIEVING OUR TARGETS

GOAL ONE: IMPROVE LEVELS OF SAFETY

The performance outcomes linked to our overall goal of improving safety were:

- improve levels of compliance by stakeholders
- increase level of public and industry awareness of technical safety systems
- prevent incidents, and
- develop a fully modernized Compliance Program

Improve levels of compliance by stakeholders

Our target for 2006 was to establish a baseline for compliance by each technology and measure the number of moderate-to-serious non-compliances per permit inspected.

Throughout the year, the data collected established baseline compliance levels for six of the industry sectors we oversee. A similar approach will be used to establish the baseline compliance levels for recreational railways and railways. Going forward, we will compare compliance against the baseline levels with each sector, identify safety trends, and take action if we identify an emerging issue.

Increase level of public and industry awareness of technical safety systems

We believe that increasing awareness of the safety system and safety risks is one of the best ways to improve levels of safety. In 2006, we completed the Public Safety Awareness Strategy developed in 2005. This broad-ranging strategy focuses on educating the public and industry about important safety issues. Some of our initiatives in 2006 included:

- launching a multi-faceted media relations program, including interviews with our President & CEO, and distributing monthly “safety tips” news releases to media across the province
- publishing an 11-page feature supplement about the BC Safety Authority in the September 2006 issue of *BC Business* magazine, which has a circulation of 26,000
- attending the Vancouver Home and Interior Design Show and meeting more than 1,700 visitors who stopped by our booth to learn about elevator and escalator safety, permitting requirements and the importance of hiring BCSA licensed contractors
- hosting our second annual Lieutenant Governor’s Award for Public Safety and recognizing the achievements of Douglas Sweeney (Manager, Health & Safety for Thompson Rivers University) and the BC operations of Alcan Primary Metals
- preparing a public safety campaign to educate homeowners on the need to hire BC Safety Authority licensed contractors with the necessary permits (the campaign will be launched in the Okanagan Valley in March 2007 and rolled out across the province over the next year)
- publishing the *State of Safety Report 2005* and *Annual Report on Safety Regulations 2005*
- publishing and widely distributing quarterly issues of *Above the Fold*, our newsletter for external stakeholders



“In 2006, PATH focused on the process used to develop the Standard Operating Procedures (SOPs). With our input, employees were invited to review them in draft form before they were finalized to ensure they reflected the needs of people in the field. I think PATH has helped us understand our commonalities as employees and bring attention to those things that will spur our forward movement as an organization.”

VIC LIGHTFOOT
ELECTRICAL SAFETY OFFICER
CRANBROOK

- conducting more than 50 workshops with more than 2,400 contractors across the province to update them about new codes and safety issues
- disseminating information about:
 - dialing before digging
 - handling propane tanks safely
 - maintaining compressed air receiver tanks safely
 - certifying recreational vehicles for gas safety, and
- issuing a series of directives, information bulletins and safety orders to inform our customers about safety risks and best practices

In 2006, we also conducted a public safety awareness survey, hiring an independent research firm to ask 800 residents across the province about their awareness of the BC Safety Authority and their knowledge of various safety issues. What we learned was that the public is more aware of our organization than they were just two years ago when we conducted our benchmark survey. We also identified some gaps in the public's understanding of various safety risks, and we are using this information to guide our current and future public education efforts.

Prevent incidents

In 2004, a boiler exploded on the main campus of the British Columbia Institute of Technology (BCIT) in Burnaby, B.C. Our analysis of the incident uncovered a number of key indicators that enabled us to improve our inspection program and identify units more susceptible to failure. The safety improvements we gained from this knowledge came quickly.

One case that stands out in 2006 is the inspection of a boiler at St. Mary's Hospital in Sechelt, B.C. The unit was targeted by our safety officers because it was a similar make, model and age as the one involved in the BCIT incident. Upon inspection, our safety officer saw a number of key indicators that led him to believe the boiler would fail much like the BCIT unit. Further testing confirmed our safety officer's analysis and, as a result, we prevented a major incident from occurring.

Develop a fully modernized Compliance Program

We made significant progress on Project Horizon during the year. Our 2006 target was to develop an implementation plan for the project, with fully documented operational policies and standards for each technology. We completed seven program manuals, and expect to have an implementation plan in place early next year.



"Mark Twain said 'If you think you can or think you can't, you're probably right.' I think we can get things done and help make positive changes. As a member of the PATH Committee, I talk to my fellow employees to find out what issues they want brought forward in the organization. Some key accomplishments have emerged from this process – including additional IT training and shifting some of our staffing resources to ease the pressure on our Safety Officers."

PAT EDBOM
CUSTOMER SERVICE REPRESENTATIVE
VERNON

GOAL TWO: PROVIDE THE HIGHEST QUALITY OF SERVICE TO CUSTOMERS

The performance outcomes linked to our goal of providing the highest quality of service to customers were:

- meet the service and accessibility needs of customers, and
- create a corporate culture strongly committed to providing excellent customer service

Meet the service and accessibility needs of customers

How can we better meet the specific service and accessibility needs of our customers? In 2006, we improved our customer service capabilities through a number of initiatives, including:

- hiring eight additional Safety Officers and replacing those who retired
- extending the hours of our Toll Free line so customers can now reach us from 7:00 a.m. to 6:00 p.m., Monday to Friday
- hosting numerous information sessions about safety issues and regulations across the province that were attended by more than 2,400 contractors – four times as many sessions as in 2005
- redesigning our website to make it easier for our customers to find the information they need
- streamlining the exam schedule process and reducing exam turnaround or marking times by more than two weeks, and
- launching Project Horizon, which will enable us to identify best practices for preventing accidents

Create a corporate culture strongly committed to providing excellent customer service

We want to create a work environment that is focused on providing excellent customer service. Our target in 2006 was to conduct a review of our operations and develop plans to address specific areas for improvement. Although we did not conduct an operational review, we did create a set of employee initiatives based on concerns that emerged in the Customer Satisfaction Survey.

Overall, we were very pleased with the results of the Customer Satisfaction Survey. We hired an independent research firm to survey close to 600 contractors from the full range of industry sectors we oversee. Some 85 percent of our customers rated our services as good, very good or excellent, compared to 72 percent in the 2004 benchmark survey.



“For any organization to be successful, you need to have open communication between people with honest, candid and informed discussion about the issues. The PATH Committee shows the commitment of the Executive and employees to these principles.”

PETE DANIELS
GAS SAFETY OFFICER
KAMLOOPS

GOAL THREE: BUILD A HIGH-QUALITY WORKFORCE

The performance outcome linked to our overall goal of building a high-quality workforce was to:

- build a workforce that provides excellence in the delivery of safety services

Build a workforce that provides excellence in the delivery of safety services

Our targets for 2006 were to attract and retain qualified people and to achieve a 75 percent satisfaction rating from employees as measured by an employee survey.

We tracked recruitment cycle time and retention rates to establish a baseline for future years, with the ultimate goal of reducing the cycle time and increasing employee retention. Our average recruitment cycle time in 2006 was 62 days while our turnover rate was extremely low (at four percent). It was largely comprised of retirements.

A particular challenge being experienced by the BC Safety Authority as well as the private sector is the difficulty in attracting Elevating Safety Officers. The current economic boom has created a pent-up demand for these highly skilled individuals that is hard to meet due to the limited supply of experienced candidates.

In the spring of 2006, we conducted an employee satisfaction survey. Although satisfaction levels were extremely high for many groups of employees, our overall satisfaction rate was only 65 percent. We are committed to improving overall employee satisfaction, and are developing and implementing specific action plans to meet some of the issues outlined in the survey.

Other initiatives during the year also contributed to creating a workplace culture that encourages employees to reach their full potential. These included:

- negotiating a new collective agreement
- fostering a performance-based culture by completing planning reviews with each employee
- offering extensive training opportunities, including leadership training
- holding our first annual employee rewards and recognition event to acknowledge the significant accomplishments of individuals and teams
- improving employee communication by publishing four issues of *The Megaphone*, an electronic newsletter for our employees and, after many months of work, launching a new intranet
- making it easier for our employees to be more computer efficient by replacing 50 percent of our laptops and 100 percent of our desktops
- hiring 65 new employees to fill positions created through retirements and to meet the growing needs of our organization, and
- supporting the ongoing efforts of the employee-driven PATH Committee, which acts as a conduit for communication between employees and the Executive



"What I like most about the PATH Committee is hearing the different perspectives of BCSA employees across the province and learning about their jobs. PATH is a great space for dialogue, and it really pulls together people who are interested in making our workplace better."

LINDA HO
SENIOR ACCOUNTANT, FINANCE TEAM
NEW WESTMINSTER

GOAL FOUR: CREATE AN EFFECTIVE AND EFFICIENT ORGANIZATION

The performance outcomes linked to our overall goal of creating an effective and efficient organization were:

- meet the financial objectives of the BCSA, and
- manage corporate risk

Meet the financial objectives of the BCSA

A complete discussion of our financial performance can be found in the Management's Discussion & Analysis on page 22. Our target is to ensure by 2009 that we have an operating reserve equal to approximately 25 percent of our annual expenditures. With prudent financial management, we are well on track to meeting this target.

Manage corporate risk

Managing risk for all areas of our operations is important. Our strategy is to ensure we have fully documented risk and quality management systems in place throughout the organization. At the corporate level, we have developed a business continuity plan and succession plan.

In 2006, we developed our Occupational Health & Safety Program, which is made up of 38 safety standards to help ensure our employees are safe on the job. It is based on risk prioritization. Given the diverse and unique nature of our work, these standards cover a wide range of circumstances – from prohibiting cellphone use while driving to guidelines

on working safely in confined spaces. In 2007, we will be finalizing the standards and providing training sessions for our employees.

Our risk registry is an important tool to ensure risks to an organization are managed effectively. For each risk, a risk owner is responsible for ensuring that adequate measures for managing the risk are in place. Risk-owner performance is regularly reviewed.

For each industry sector, our Safety Officers, stakeholders and clients identify risks followed by the BC Safety Authority ranking the risk on a scale from low to critical. We then developed risk control plans. This is a focused and data-driven approach to sharing knowledge across the organization that directs our resources to reducing the likelihood of high-impact incidents.

The same approach applies to organizational risks such as financial and reputation risks. In addition to controlling our risk at the organization level, individual risks are compiled into a corporate risk register. The register uses key risk indicators and enables management to be aware of the success of our risk control efforts. The information can then be used in strategic planning.



"The PATH Committee is a way of addressing issues that affect employees across our organization, and it's been a great forum for generating positive ideas about what sort of changes are possible. Next year, we'll be implementing a suggestion box to make it easier for employees to voice their concerns."

KAREN PATTERSON
1-866 OPERATOR
NEW WESTMINSTER

GOAL FIVE: DELIVER EXPANDED SAFETY SERVICES

The performance outcomes linked to delivering expanded safety services were to:

- fully meet our mandate and take advantage of growth opportunities for existing services, and
- increase revenues from expanded safety services

Fully meet our mandate and take advantage of growth opportunities for existing services

We began work on a public safety campaign to educate the public about the importance of hiring contractors who have been licensed by the BC Safety Authority. The pilot campaign will be launched in the Okanagan Valley in March 2007. This initiative is strengthening our delivery of safety services in our mandated area of responsibility.

Increase revenues from expanded safety services

Our target for 2006 was to identify key business opportunities for increasing our net revenues from expanded safety services. In support of this target, we hired a new Business Development Leader. In 2007, we will expand our services in British Columbia in response to industry demands.



"In 2006, the PATH Committee sent a questionnaire to employees asking for their input into the kind of recognition and rewards program they wanted. The results of the survey were then used to modify our current program. In the spring of 2007, all employees from across BC will gather together to celebrate the accomplishments and service of their colleagues."

JEAN SHAAK
CUSTOMER SERVICE REPRESENTATIVE
ABBOTSFORD

BOARD OF DIRECTORS



DOROTHY BECKETT



PETER COOK



TOM FLETCHER



AXEL GRINGMUTH



ROBERT LASHIN



PETER MEEKISON



GEORGE MORFITT



LORNA PAWLUK



LORNE SEITZ



MARTHA WARREN



JOHN WATSON



RAY WHITEHEAD



“PATH’s overarching goal is to encourage all employees to contribute to and participate in positive change. One initiative that came out of our work this year was developing a manual for Customer Service Representatives. There’s so much detail you need to know to do this job effectively – we really needed an updated manual that’s regularly maintained. We also put forth a series of training suggestions. These and other initiatives, affecting Safety Officers and staff across the company, emerged from conversations held across the province between PATH Committee members and our colleagues.”

LESLEY LAMONT
CUSTOMER SERVICE REPRESENTATIVE
NANAIMO

CORPORATE GOVERNANCE

THE ROLE OF THE BOARD

The members of the Board of Directors are the stewards of the BC Safety Authority. They have the fiduciary responsibility of overseeing the conduct of the business, and ensuring all major issues affecting the business and affairs of the 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 must consist of between nine and fifteen members, of which three may be appointed by the Government of British Columbia. 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 the:

- Finance and Audit Committee
- Governance and Compensation Committee (also serves as the Nominating Committee)
- Regulatory Review Committee
- Project Horizon Task Force, and
- Strategic Planning Committee

The Finance and Audit 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 in determining compensation for the Board and the 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 BC Safety Authority.

The Project Horizon Task Force provides oversight to facilitate the development and implementation of the initiative. The project is focused on modernizing and enhancing the existing regulatory approach.

The Strategic Planning Committee assists the Board in fulfilling its planning responsibilities, including identifying key issues to be addressed at the BC Safety Authority's annual Board of Directors' strategic planning session.

CODE OF CONDUCT

Each Director must sign a disclosure statement and Code of Conduct document. The BC Safety Authority's mandate requires that its policies and practices be driven by safety. Directors must not be affected (or perceived to be affected) by conflicting interests or conflicting loyalties. The BC Safety Authority requires that its Directors and senior officers comply with applicable statutory standards and practice high ethical standards of business conduct.

COMPENSATION

Fees for the Chair are \$32,500 per annum and \$600 per Board meeting or Board committee meeting. Fees for Chairs of committees are \$13,000 per annum and \$600 per Board meeting or Board committee meeting. Fees for Directors are \$8,000 per annum and \$600 per Board meeting or Board committee meeting.

MANAGEMENT'S DISCUSSION & ANALYSIS

This section discusses the financial performance of the BC Safety Authority for the year ended December 31, 2006. It is intended to help the reader understand the material financial changes in our operations over the past year, and it should be read alongside our financial statements and accompanying notes.

We are committed to openness and transparency. This management's discussion & analysis and the independent auditor's report are an important component of our public accountability.

STRONG FINANCIAL PERFORMANCE IN 2006

The BC Safety Authority had a successful year financially. A vibrant BC economy resulted in increased demand for our services which translated into higher revenues. Expenses were managed carefully and responsibly as budget targets were met, and we continued to focus on improving the efficiency of our operations. Our higher-than-expected excess of revenue over expenditures in 2006 puts us ahead in our plan to establish a three-month operating reserve by 2009.

HIGHER REVENUES

Revenues in 2006 were \$33.7 million compared to \$23.4 million in 2005. The increase in revenues was as a result of higher demand for our services due to a strong BC economy, as well as an increase in the fees we charge our clients. Participation in the safety system has continued to be at levels as high as they have ever been since the forming of the BC Safety Authority.

EXPENSES ON BUDGET

As expected, our expenses increased in 2006 as a result of growing demand for our services. Operating expenses were responsibly managed and came in under budget at \$28.7 million in 2006 compared to \$24.2 million in 2005. Costs related to salaries and benefits were higher than 2005, primarily as a result of the collective agreement

reached with staff in 2006 that aligned salaries with market comparable rates. We also added new Safety Officers to our team – along with other technical, support and managerial staff – to better meet the needs of our clients around the province. The increase in general operating and administration costs reflects expenses associated with the Horizon Project as well as the additional consultation connected with this initiative. The Horizon Project is an investment that will move us towards a new and better way of doing business. Our travel costs also increased in 2006 as part of a new focus on enhancing our presence in the field and encouraging managers to travel throughout the province. In line with this philosophy, a board meeting was held during the year in Prince George.

INVESTING IN OUR OPERATIONS

Over the year, we continued to invest in our operations. This included refreshing the fleet of vehicles used by Safety Officers to travel and meet with our clients, replacing laptop and desktop computers, and re-engineering our IT system to enable us to better identify high-risk areas.

ON TRACK TO MEETING OPERATING RESERVE GOAL

The BC Safety Authority is building a sound financial position with net assets of \$7.9 million, of which \$2.2 million are capital assets and the remainder cash or liquid investments. With a positive balance sheet and a prudent approach to managing our expenses, we are well on track to meeting our goal of establishing a three-month operating reserve of approximately \$9 million by 2009. This reserve will enable us to continue offering our essential services in the event of an economic downturn or unforeseen economic shock.

The past year demonstrates that the BC Safety Authority has developed strong financial processes to ensure spending is prudent, responsible and in line with increasing safety and client service.

AUDITOR'S REPORT

To the Board of British Columbia Safety Authority

We have audited the statement of financial position of British Columbia Safety Authority ("BCSA") as at December 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of 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 statements presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of BCSA as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

GRANT THORNTON LLP, CHARTERED ACCOUNTANTS
NEW WESTMINSTER, CANADA
MARCH 2, 2007

STATEMENT OF FINANCIAL POSITION

December 31 2006 2005

ASSETS

Current

Cash	\$ 17,898,143	\$ 7,014,563
Accounts receivable	1,513,613	1,875,321
Prepaid expenses	270,199	340,861
	<u>19,681,955</u>	<u>9,230,745</u>
Long-term investments (Note 3)	5,562,169	3,204,133
Property and equipment (Note 4)	5,035,646	5,477,391
	<u>\$ 30,279,770</u>	<u>\$ 17,912,269</u>

LIABILITIES

Current

Payables and accruals	\$ 9,861,194	\$ 3,762,657
Deferred revenue	9,003,032	6,512,319
	<u>18,864,226</u>	<u>10,274,976</u>
Accrued employee benefits (Note 5)	496,873	189,878
Deferred contributions (Note 6)	3,024,431	4,629,146
	<u>\$ 22,385,530</u>	<u>\$ 15,094,000</u>

NET ASSETS

Investment in property and equipment	2,188,721	979,565
Internally restricted (Note 7)	4,526,000	4,526,000
Unrestricted	1,179,519	(2,687,296)
	<u>7,894,240</u>	<u>2,818,269</u>
	<u>\$ 30,279,770</u>	<u>\$ 17,912,269</u>

Commitments (Note 8)

On behalf of the Board



John F. Watson
DIRECTOR



George Morfitt
DIRECTOR

See accompanying notes to the financial statements.

STATEMENT OF OPERATIONS

Year ended December 31	2006	2005
REVENUE		
Services and related fees	\$ 31,554,743	\$ 21,468,098
Amortization of deferred contributions	1,507,452	1,598,269
Interest income	721,752	348,204
	<u>33,783,947</u>	<u>23,414,571</u>
EXPENDITURE		
Salaries and benefits	18,491,416	15,448,027
General operating and administration	3,891,003	3,092,353
Amortization of property and equipment	1,948,512	1,703,426
Transportation	1,690,602	1,324,956
Communications and information services	1,381,804	1,211,450
Building occupancy	1,032,313	1,119,093
Corporate governance	272,326	262,745
	<u>28,707,976</u>	<u>24,162,050</u>
Excess (deficiency) of revenue over expenditure	<u>\$ 5,075,971</u>	<u>\$ (747,479)</u>

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31	2006			2005	
	Investment in property and equipment	Internally restricted	Unrestricted	Total	Total
Net assets (deficiency), beginning of year	\$ 979,565	\$ 4,526,000	\$ (2,687,296)	\$ 2,818,269	\$ 3,565,748
Excess (deficiency) of revenue over expenditure	-	-	5,075,971	5,075,971	(747,479)
Amortization of deferred contributions	1,604,715	-	(1,604,715)	-	-
Amortization of property and equipment	(1,948,512)	-	1,948,512	-	-
Investment in property and equipment	1,552,953	-	(1,552,953)	-	-
Net assets, end of year	<u>\$ 2,188,721</u>	<u>\$ 4,526,000</u>	<u>\$ 1,179,519</u>	<u>\$ 7,894,240</u>	<u>\$ 2,818,269</u>

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

Year ended December 31	2006	2005
Cash flows provided by (used in)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditure	\$ 5,075,971	\$ (747,479)
Adjustments to determine cash flows:		
Amortization of deferred contributions	(1,604,715)	(1,686,269)
Amortization of property and equipment	1,948,512	1,703,426
Employee future benefits deferred	306,995	189,878
Changes in non-cash operating working capital (Note 10)	9,021,620	769,379
	14,748,383	228,935
FINANCING ACTIVITIES		
Contributions	-	446,860
INVESTING ACTIVITIES		
Purchase of property and equipment (net)	(1,506,767)	(1,309,174)
Investments	(2,358,036)	(3,204,133)
	(3,864,803)	(4,513,307)
Increase (decrease) in cash	10,883,580	(3,837,512)
Cash, beginning of year	7,014,563	10,852,075
Cash, end of year	\$ 17,898,143	\$ 7,014,563

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

1. OPERATIONS

British Columbia Safety Authority (BCSA) is a not-for-profit organization incorporated 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. 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.

BCSA delivers services which apply to work places 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.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

(b) Property and equipment

Purchased property and equipment is recorded at cost. Leases that transfer substantially all the benefits and risks of ownership are capitalized. 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 at the following annual rates:

Computer hardware	3 to 5 years
Software systems	3 to 5 years
Vehicles	5 years
Furniture and equipment	5 years
Leasehold improvements	Estimated useful life

(c) Long-term investments

Interest bearing long-term investments to be held to maturity are carried at cost. Interest is recognized on the effective yield basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) 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.

(e) Employee benefit plans***Public Service Pension Plan***

BCSA and its employees contribute to the Public Service Pension Plan, a jointly trustee defined benefit pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is fully responsible for managing the pension plan, including asset investment and plan administration. The pension plan is a multi-employer contributory defined benefit pension plan with over 50,000 active plan members and approximately 30,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest valuation as at March 31, 2005, indicated a \$767 million unfunded liability. The actuary does not attribute portions of the liability to individual employers.

The cost of these employee future benefits is recognized as an expense in the year that contributions are paid.

Defined Retirement Benefit Plan

Under the collective agreement and terms of employment, BCSA accrues a provision for a defined retirement benefit plan as employees render the services required to earn that benefit.

The actuarial determination of the accrued retirement benefit obligation uses the projected benefit method prorated on service and includes, but is not limited to, management estimates of salary increases, the retirement age of employees, and other actuarial factors. BCSA's total obligation is amortized over the average expected remaining service life of the employee group.

The cost of these future employee benefits is accrued and expensed each year.

(f) Income taxes

BCSA is exempt from federal and provincial income taxes.

(g) Comparative financial statements

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2006 financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

3. LONG-TERM INVESTMENTS

	2006	2005
	Cost	Market value
	Cost	Cost
Bond fund	\$ 5,562,169	\$ 5,538,249
		\$ 3,194,325

The long-term investments are held in a short-term, pooled bond fund that includes holdings issued and guaranteed by the federal and provincial governments.

4. PROPERTY AND EQUIPMENT

	2006	2005
	Net	Net
	book value	book value
	Cost	Accumulated amortization
Software systems	\$ 5,947,329	\$ 2,953,838
Vehicles	1,912,630	923,475
Furniture and equipment, including computer equipment	1,383,153	690,806
Leasehold improvements	491,970	131,317
	<u>\$ 9,735,082</u>	<u>\$ 4,699,436</u>
	<u>\$ 5,035,646</u>	<u>\$ 5,477,391</u>

5. EMPLOYEE BENEFIT PLANS

	2006	2005
Defined retirement benefit plan		
Accrued employee future benefits	\$ 586,782	\$ 189,878
Current portion – estimated	<u>89,909</u>	<u>–</u>
Long-term portion	<u>\$ 496,873</u>	<u>\$ 189,878</u>
Contributions to the defined benefit pension plan and the defined retirement benefit plan expense accrual	<u>\$ 1,338,000</u>	<u>\$ 1,035,000</u>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent the unamortized amount of contributions received of property and equipment. Amortization of deferred contributions is recorded as either revenue or an offset to expense, depending on the contribution type, while amortization of the contributed property and equipment is recorded as an expense.

	2006	2005
Balance, beginning of year	\$ 4,629,146	\$ 5,868,555
Contributions	-	446,860
Amortization to revenue	(1,507,452)	(1,598,269)
Amortization to rent expense	(97,263)	(88,000)
Balance, end of year	<u>\$ 3,024,431</u>	<u>\$ 4,629,146</u>

7. INTERNALLY RESTRICTED NET ASSETS

Internal restrictions of net assets are reviewed on an annual basis. The purpose of this internal restriction is to create, over time, an operating reserve to ensure the sustenance of BCSA.

8. COMMITMENTS

Lease obligations

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

2007	\$ 1,033,000
2008	971,000
2009	625,000
2010	152,000
2011	45,000
	<u>\$ 2,826,000</u>

9. FINANCIAL INSTRUMENTS

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

10. SUPPLEMENTAL CASH FLOW INFORMATION

	2006	2005
Changes in non-cash operating working capital		
Accounts receivable	\$ 361,708	\$ (915,926)
Prepaid expenditures	70,662	33,083
Payables and accruals	6,098,537	458,932
Deferred revenue	2,490,713	1,193,290
	<u>\$ 9,021,620</u>	<u>\$ 769,379</u>

BOARD OF DIRECTORS

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Peter Cook
Tom Fletcher
Axel Gringmuth
Robert Lashin P.ENG.
Peter Meekison O.C., PH.D.
George Morfitt FCA
Lorna Pawluk LLB
Lorne Seitz
Martha Warren
Ray Whitehead

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Lorne Seitz
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Harry Diemer (EX-OFFICIO)

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Ray Whitehead
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BCSA OFFICERS

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Catherine Roome

BCSA CONSULTATION PROGRAM 2006 TECHNOLOGY COMMITTEES

ELECTRICAL TECHNOLOGY COMMITTEE

AD HOC ISSUE GROUPS:
Canadian Electrical Code
Communication Utilities
Incident Data
Operating Permit
Overhead Power Lines

GAS TECHNOLOGY COMMITTEE

AD HOC ISSUE GROUPS:
Harmonization
Incident Data
Public Education
RV Safety

BOILER TECHNOLOGY COMMITTEE

AD HOC ISSUE GROUPS:
Harmonization
Incident Data
Refrigeration Permit Requirements

ELEVATING TECHNOLOGY COMMITTEE

AD HOC ISSUE GROUPS:
Emergency Operations
Incident Data
Remote Elevator Rescue Procedures

PASSENGER ROPEWAY, AMUSEMENT RIDES AND RECREATIONAL RAIL TECHNOLOGY COMMITTEE

AD HOC ISSUE GROUPS:
Incident Data
Safety Management Plan

RAILWAY TECHNOLOGY COMMITTEE

NO AD HOC ISSUE GROUPS

ANNUAL PUBLIC MEETING

The British Columbia Safety Authority will hold its Annual Public Meeting on June 6, 2007 at 3 p.m. at the Harbour Room, Vancouver Rowing Club, Vancouver, BC.

FOR INFORMATION, PLEASE CONTACT:

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