

# ANNUAL REPORT 2020



**TECHNICAL  
SAFETY BC**

Safe technical systems. Everywhere.

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# ABOUT TECHNICAL SAFETY BC

Technical Safety BC is an independent, self-funded organization that oversees the safe installation and operation of technical systems and equipment across the province. In addition to issuing permits, licences, and certificates, we work with industry to reduce safety risks through assessment, research, education and outreach, and enforcement.

We deliver safety services across the following technologies in the province within our jurisdiction:

- Electrical equipment and systems;
- Natural gas and propane appliances and systems, including hydrogen;
- Boilers, Pressure Vessels, and Refrigeration systems;
- Elevating Devices, such as elevators and escalators;
- Passenger Ropeways, such as aerial trams and ski lifts;
- Amusement rides and devices;
- Railways, including commuter rail, common carrier rail, and heritage rail; and
- Complex and integrated technical systems involving several technologies.

The safety services we deliver include:

- **Assessing** technical work and equipment, including collecting information through physical assessment, incident investigation, and registering new equipment and designs.
- **Certifying individuals and licensing contractors and operators** to perform regulated work.
- **Supporting clients** in the development of safety management approaches, and auditing their safety management plans or equivalent standard approaches.
- **Educating** and sharing technical systems safety information with our clients and the broader public to better control risks.
- **Taking enforcement actions** that promote an equitable safety system where all participants are compliant with regulations.
- **Conducting research**, including contributing to provincial and national safety code development and updating regulations for the technologies we serve.

We operate within a legislative and regulatory framework that includes the:

- *Safety Authority Act*;
- *Safety Standards Act* and Regulations;
- *Railway Safety Act* and Regulations;
- *Freedom of Information and Protection of Privacy Act*;
- *Workers Compensation Act*;
- *Ombudsperson Act*; and
- *Offence Act*.





*“The safety system itself is changed forever – many of our clients have faced economic hardship, personal loss and the challenges of adapting to an uncertain environment. So too, has Technical Safety BC needed to become a more agile and responsive organization, which has required a new way of thinking about governance and risk tolerance.”*

## MESSAGE FROM CHAIR OF THE BOARD

In a year of unprecedented uncertainty, the Board of Directors of Technical Safety BC wishes to thank all British Columbians who play a role in our province’s safety system, for persistence in the face of hardship and sacrifice, and for the resilience that was demonstrated throughout the province. Our organization, clients, stakeholders and the public all pulled together to put safety first and, while there is still some distance to go before we can say that the pandemic is over, we now know that we can prioritize safety in the face of a crisis.

The safety system itself is changed forever – many of our clients have faced economic hardship, personal loss and the challenges of adapting to an uncertain environment. So too, has Technical Safety BC needed to become a more agile and responsive organization, which has required a new way of thinking about governance and risk tolerance. As the pandemic unfolded, our Board of Directors was able to support the organization in making prudent financial decisions and implementing sound planning to not only manage safety risks during the pandemic, but better serve clients, stakeholders, and industry.

I want to recognize the efforts of Technical Safety BC’s leadership team and employees as we persevered to provide strong safety oversight to all British Columbians over the past year. I would also like to equally recognize the willingness of our clients and stakeholders to work with the organization in embracing innovations and new ways of operating without losing sight of our collective responsibility to keep British Columbia safe.

Despite uncertainty, Technical Safety BC continued to deliver on the vision of *Safe Technical Systems. Everywhere*, maintaining a steadfast focus on our 10-Year Strategy. The organization revised the goals in our business plan mid-year, with a particular focus on the integration of technology and humanity as part of the overall safety system. Whether it was improving processes to ease lengthy transaction times, removing barriers so British Columbians may better access our products, or supporting clients and industries affected by COVID-19, Technical Safety BC has made strides in our mission to help clients and other stakeholders prioritize safety in their own businesses.

To learn more about Technical Safety BC’s activities, safety incidents of note, and the organization’s ongoing efforts to make British Columbia a safer place, I invite you to view the 2020 State of Safety report.

**George Abbott**  
Chair of the Board



*“Through a guiding framework of Respond, Recover, and Thrive, our employees and leadership team worked with our clients and communities to find creative solutions and build an even stronger foundation for safety oversight while putting the health and safety of our people first.”*



## MESSAGE FROM PRESIDENT AND LEAD EXECUTIVE OFFICER

This year was a testament to our strength when we work together. To our clients, partners, and stakeholders across BC who continued to put safety first during this challenging time and set the foundation to once again thrive in the future, thank you.

Despite the rapid onset of the pandemic, we were able to respond by investing in technologies that enable us to fulfill our mandate, help our clients, and continue to serve the public. Through a guiding framework of Respond, Recover, and Thrive, our employees and leadership team worked with our clients and communities to find creative solutions and build an even stronger foundation for safety oversight while putting the health and safety of our people first. Our employees worked tirelessly to digitalize our critical services, such as remote assessments, certification exams, and design registration. Recognizing that the pandemic presented a financial impact on British Columbians, we also offered our clients variances and alternative payment options where revenue shortfalls affected critical cash flows in the near term. We acknowledge that the events of 2020 meant that literally everyone engaged in the technical safety system was affected.

As the year progressed, as an organization we began the long journey to recovery. We improved service to clients, and developed new tools to better manage

emerging safety risks. In particular, our business transformation project made headway towards empowering clients and employees with a smoother, more client-centric experience. We also continued to focus on critical public safety issues by investigating and reporting on incidents, such as those in Ruby Lake and Tulameen, and educating the public on the dangers of carbon monoxide. These tragic incidents remind us that the safety of technical equipment touches every facet of our lives, and that hiring qualified workers is an important safeguard of the people and places we love.

Technical Safety BC worked hard to show leadership in occupational health and safety, as employees and clients alike were exemplary in following Provincial Health Orders. In addition, a priority was also placed on organizational action towards fighting climate change. Our goal is setting emissions reduction targets in key areas of our business and implementing strategies to meet those targets. And importantly, we humbly continue in our journey towards reconciliation, and learning from Indigenous ways of knowing and being.

A handwritten signature in black ink, appearing to read 'CR', followed by a horizontal wavy line.

**Catherine Roome**  
President & Lead Executive Officer

Throughout this document, a reference to “Chief Executive Officer” or “CEO” shall be read to include the corresponding term “Lead Executive Officer” or “LEO”. The incumbent CEO determined for personal reasons and out of respect for cultural sensitivities the term “Chief” engenders for Indigenous persons, to replace “Chief” with “Lead” in her title. Accordingly, the present LEO for Technical Safety BC is effectively serving in the CEO role, which section 23\* of the *Safety Authority Act* mandates the Board to appoint an individual to in the following terms:

### Appointment of chief executive officer

\*23 The directors must appoint an individual as the chief executive officer of the authority to carry out the functions and duties that the board specifies and may set the remuneration of the chief executive officer.



## REPORT ON PERFORMANCE

COVID-19 pushed Technical Safety BC and our clients to rapidly adapt and operate in new ways, and our operational resilience was tested like never before. As we juggled a range of new systems priorities and challenges— business continuity risks, sudden changes in volume, real-time decision-making, employee productivity, security risks— we knew that we had to remain agile and act quickly to address operational resilience issues and lay a foundation for the future. We also needed to support our clients as they responded to the same challenges that we faced. We brought our clients and various stakeholders to the table to gain better insights and co-create solutions that helped us all achieve our mandate.

This year, we focused more than ever on putting **employees first**, along with **financial sustainability**, **operational resilience** and **digital transformation**, and **partnerships**.

# 1. EMPLOYEES FIRST

With the COVID-19 pandemic challenging the way we work, we embarked on finding creative solutions to provide safety oversight, keeping in mind the health and safety of our employees first.

This year, we set out to:

- adapt work processes and the work environment to ensure physical and mental health and safety for our employees
- implement a culture change action plan in support of the new operating environment
- build a collaborative position on future of work

By the end of the year, we achieved the following.

- Completed and implemented a Recovery & Thrive plan which includes:
  - continuance of certification exams, the delivery of incident investigations, operational services, and other client products
  - how employees would return to the workplace and training
  - procurement of personal protective equipment (PPE)
  - exposure control plans and enterprise risk analysis
- Created a cultural action plan and implemented it through the Equity, Diversity, Inclusion working group.

The roadmap on process and policy design is being updated to adapt to the impact of COVID-19. The work continues into 2021 to build a collaborative position on future work.

These measures will also continue to be revised on an as needed basis as we continue to respond and recover from the COVID-19 pandemic.



## 2. FINANCIAL SUSTAINABILITY

A deeper look into how we can help clients through a pandemic resulted in changes to policy, new payment options, and how we consulted on fee changes.

This year, we set out to:

- facilitate new regulations to support the pandemic-affected market and clients who have been impacted by COVID-19
- implement new products and revise fee structure to help clients thrive
- support delivery of value to clients through improved brand recognition
- implement a liquidity strategy to ensure prudent financial positioning and that funding continues to be available for safety oversight to support clients

By the end of the year, we achieved the following.

- Performed research and analyzed the effects of COVID-19 on our clients' businesses and technical industries across BC.
- Incorporated our research data into regulatory solutions, such as working with the Ministry of Transportation to bring into effect medical exam temporary exemptions so that rail companies may keep operating in a time where medical resources were at a premium.
- Garnered extensive client feedback during fee change consultation, including providing two options for clients to consider. This feedback partially informed the fee changes to be implemented in 2021.
- Delivered targeted safety campaigns on the topics of: carbon monoxide, DIY dangers, propane and heating, chair lifts, as well as seasonal campaigns on topics like flood and wild fire.
- Provided expert insight and opinion in publications like the Vancouver Sun, Globe and Mail.
- Reached an awareness index of 1.24 and a sentiment index of 1.068 as a part of our presence metrics, which determines overall brand health, leading to an aggregate index of 1.16, a 16% increase year over year.
- Created and implemented strategic enhancements that support the liquidity of our organization through strong accounts payable and accounts receivables management, a new liquidity monitoring and projection model, impact assessment model, and evaluating recovery indicators to evaluate the BC market conditions for the industries we serve.
- Provided new payment plans to support our clients impacted by COVID-19.

### 3. OPERATIONAL RESILIENCE AND DIGITAL TRANSFORMATION

In addition to planned improvements to client experience when interacting and transacting with us, we sought to adapt products and services to be able to continue offering support to clients during the pandemic and beyond.

This year, we set out to:

- evaluate internal auditing practices and gain a greater understanding of best practices by exploring how other jurisdictions handle safety management and audits
- increase the use of Master Data, so that we may share pertinent data with our clients and those in the safety system to inform their own decisions in the future
- enhance online services for clients by improving the My Accounts portal, our website, and delivering certification exams and design registration services online
- grow the remote assessments offering by increasing rate volumes so that the same number of remote assessments are completed compared to physical assessments before COVID-19, while keeping within quality measures

By the end of the year, we achieved the following.

- Completed an evaluation of internal safety management approaches and auditing practices.
- Delivered a report on findings of the jurisdictional scan of audit practices. Further analysis and planning of audit activities to be operationalized will be a part of the ongoing work in 2021.
- Defined and completed the build for two key Master Data sets, developed a communications and training plan in preparation for implementation.
- Removed friction points for clients during COVID-19 recovery, including:
  - significant content and organizational improvements to our website to improve user experience and user journey
  - launch of design registration services online for multiple technologies
  - newly added functionality for clients to view and report on non-compliances online
  - launch of certification exams online, offering clients a new and easy way to complete their exams as well as offering an alternative option for those already scheduled but cannot complete exams in person due to COVID-19 health and safety measures
  - conducting assessments remotely and the launch of the virtual assessments program
- Increased number of remote assessments so that the rate volumes stabilized and are comparable to pre-COVID-19 levels. Established quality and baseline measures to determine success.

## 4. PARTNERSHIPS

Expanding our participation in the safety system is important and hosts numerous mutual benefits for Technical Safety BC and its partners. This year, we made purposeful strides to further our reach.

This year, we set out to:

- research the impact of climate change in one technology partner with Indigenous communities and groups across the province on technical systems safety
- develop and grow our ability to use external data to strengthen the information sharing ecosystem
- publish and use insights collected through incident investigations to design, implement, and measure changes in behaviour

By the end of the year, we achieved the following.

- Completed reporting on known and unknown impacts of climate change in the boilers, pressure vessels, and refrigeration technology, with recommendations on action and identification of areas for further investigation.
- Completed regional snapshots to identify baseline for existing relationships with Indigenous groups and identify priorities for 2021.
- Delivered Indigenous awareness training to board members and leaders in the organization, with an Indigenous awareness hub created in our intranet so that information is centralized and easily accessible to all employees.
- Added data gleaned from BC Hydro and municipalities to our own data and shared information back to local governments. A broader communication strategy on the sharing of data will be developed in 2021.
- Completed several incident investigations, supporting key messaging incorporated into media releases and communications strategy.





# CORPORATE GOVERNANCE

The *Safety Authority Act* created BC Safety Authority (now operating as Technical Safety BC) and contains the basic rules by which the organization is governed. The *Act* is supplemented by a Board Governance Manual, Administrative Agreements with the Province of BC, and Protocol Agreements.

# THE BOARD



## GEORGE ABBOTT CHAIR OF THE BOARD

**Location:** Victoria, BC

**Director since:** January 6, 2014

**Latest date for retirement:** April 1, 2022, eligible for renewal

**Appointed by:** Board

**Positions held:** Ex officio, Finance & Audit Committee; Ex officio, Strategic Advisory Committee; Ex officio, Governance & Human Resources Committee

George Abbott is a veteran politician with a PhD in political science at the University of Victoria. First elected as an MLA for the Shuswap in 1996, George has served as Minister of Education, Minister of Aboriginal Relations and Reconciliation, Minister of Health, Minister of Community, Aboriginal and Women's Services, and Minister of Sustainable Resource Management.

George was Deputy House Leader for the Official Opposition and critic for municipal affairs and forests. He was Deputy Chair of the select standing committees on Forests, Energy, Mines and Petroleum Resources, and was a member of the select standing committee on Aboriginal Affairs. Additionally, he sat on the Official Opposition Caucus Committee on Crime.

Before his election to the Legislative Assembly, George was a political science instructor at Okanagan University College. He also owned the oldest and largest berry farm in the Interior.



## IAN BANKS

**Location:** North Vancouver, BC

**Director since:** January 6, 2014

**Retired:** January 6, 2020

**Appointed by:** Board

**Positions held:** Chair, Finance & Audit Committee

Ian Banks has 20 years' diverse business experience in operations, finance, sales, marketing and IT. Currently, Ian is Chief Information Officer at Metrie, North America's leading manufacturer and distributor of solid wood and MDF finishing products.

Prior to joining Metrie, Ian worked with Ritchie Bros. Auctioneers; was president of an Internet-based startup, and was Vice President of Global IT at PMC-Sierra. He also led the Western Canadian IT services and software solutions team at TELUS, was a management consultant at Fujitsu; was CIO at a major transportation services Crown corporation, and served as visiting professor at SFU's MBA Program.

Ian's board experience includes for-profit and not-for-profit boards including the CIO Association of Canada and The Bloom Group (formerly Saint James Community Service Society).





## KAREN BAZYLEWSKI

**Location:** Coquitlam, BC

**Director since:** April 10, 2015

**Latest date for retirement:** April 10, 2021, not eligible for renewal

**Appointed by:** Board

**Positions held:** Member, Finance & Audit Committee;  
Member, Strategic Advisory Committee

Karen Bazylewski has been active in the construction industry for over 40 years and is a member of the Mechanical Contractors Association of BC and the British Columbia Construction Association.

Karen is currently a project manager with Modern Niagara – Vancouver. She is a former board member of both the Construction Industry Training Organization (Chair, Program Standards Committee) and the Vancouver Regional Construction Association (Executive, Education, Awards of Excellence (Chair), Partnership, Manufacturers and Suppliers (Chair) and Trade Contractors Committees).

Karen is also a past member and president of the Canadian Construction Women Association (CCW). In 2002, Karen was the recipient of the VRCA/CCW Outstanding Woman in Construction Award.



## JEREMY BLACK

**Location:** Whistler, BC

**Director since:** April 2, 2017

**Latest date for retirement:** April 2, 2023, not eligible for renewal

**Appointed by:** Board

**Positions held:** Chair, Finance & Audit Committee

Jeremy Black is a Chartered Professional Accountant (CA) and business executive with nearly 30 years of varied business, financial, and leadership experience.

Jeremy is the Chief Financial Officer of Metrie, a large, privately-owned manufacturer and distributor of specialty building products. Before Metrie, he was the Senior Vice President and Chief Financial Officer of Whistler Blackcomb where he led finance, investor relations, information technology, and strategy development initiatives for the largest and most visited four-season mountain resort in North America.

Prior to joining Whistler Blackcomb in 2013, Jeremy was the Vice President, Business Development & Corporate Secretary of Ritchie Bros. Auctioneers. In addition to bringing significant financial expertise to the board, he brings an in-depth knowledge of safety and risk management, including experience as an asset owner responsible for multiple technologies overseen by Technical Safety BC.





## NEIL CUMMING

**Location:** Richmond, BC

**Director since:** March 31, 2016

**Latest date for retirement:** January 6, 2023, not eligible for renewal

**Appointed by:** Board

**Positions held:** Member, Strategic Advisory Committee;  
Member, Governance & Human Resources Committee

Neil Cumming is a civil engineer and business leader with extensive experience in civil engineering, business management and project management in BC.

He is a former President and CEO of Levelton Consultants Ltd. where he enjoyed success in a number of technical, managerial and leadership positions.

Neil has been active with numerous business practice and technical committees of the Canadian Standards Association, the American Concrete Institute, Engineers and Geoscientists BC, and the Canadian Construction Documents Committee. He was a Director of the Consulting Engineers of BC (now ACEC-BC) from 2001-05, and served as President in 2003-04. He has also served on the national board of directors of the Canadian Council of Independent Laboratories.



## BRENDA EATON

**Location:** Victoria, BC

**Director since:** January 6, 2014

**Retired:** January 6, 2020

**Appointed by:** Board

**Positions held:** Chair, Strategic Advisory Committee

Brenda Eaton is a seasoned corporate director serving as the Chair of Transelec; Vice Chair of the project board overseeing the construction of Victoria's new sewage treatment plant; and a director for BC Ferries, Westland Insurance, and LifeLabs.

Prior to becoming a corporate director, Brenda held a variety of senior finance positions in the BC Government. She also served as Deputy Minister of three government departments: Finance, Energy and Social Services. For four years, she was Deputy Minister to the Premier of British Columbia, and prior to that, was CFO at a health authority.

Brenda has been awarded the Queen's Golden Jubilee Medal, WXN's 100 Most Powerful Women in Canada, voted Consumer Choice's BC Businesswoman of the Year and the University of Victoria Distinguished Alumni award.



## IVAN LIMPRIHT

**Location:** Abbotsford, BC

**Director since:** July 3, 2019

**Latest date for retirement:** July 3, 2022, eligible for renewal

**Appointed by:** Minister

**Positions held:** Member, Finance & Audit Committee;  
Member, Governance & Human Resources Committee

Ivan Limpriht is the former President of United Food and Commercial Workers Union (UFCW), the largest private sector union in British Columbia. Previously, he held positions such as secretary/treasurer, director, and union representative with UFCW.

Active in his community, Ivan has also served as Director for BC Forum and Concert Properties Limited, Chair of the Board of Trustees for UFCW's pension plan, and as Chair of the Board of Trustees for UFCW's Health and Welfare Benefits Plan.

He studied labour relations at the Labour College of Canada and attended the Labor and Worklife Program at Harvard Law School.

He lives in Abbotsford, BC.



## DAVID GUSCOTT

**Location:** Vernon, BC

**Director since:** April 1, 2018

**Latest date for retirement:** March 31, 2024, not eligible for renewal

**Appointed by:** Board

**Positions held:** Chair, Governance & Human Resources Committee

David Guscott is an experienced and accredited board member having served on eight boards in BC and Ontario. He recently retired as president and CEO of E-Comm911 where he worked with municipalities, fire, police, and ambulance across BC to grow E-Comm to become the largest 9-1-1 emergency call centre in Canada, driven by a strong vision for service and accountability.

David came to BC in 2006 to join VANOC where he was Executive Vice-President for Celebrations and Partnerships for the 2010 Olympic and Paralympic Winter Games. He was Deputy Minister of three ministries in Ontario including Transportation, Labour, and Communications.

He brings to the board extensive experience in developing partnerships with municipalities; a strong technical background in public safety, transportation, and environmental management; as well as broad board experience.

David has a Masters of Public Administration from Queen's University.



## GEORDIE HENDERSON

**Location:** Vancouver, BC

**Director since:** January 6, 2014

**Retired:** January 6, 2020

**Appointed by:** Board

**Positions held:** Chair, Governance & Human Resources Committee

Geordie Henderson is a software industry entrepreneur, investor and business principal with extensive software product development, sales, service delivery, and management experience.

Geordie is currently GM, Cloud Messaging at AWS in Vancouver. Previous to AWS, Geordie led the software development team at Bench Accounting and prior to that, Hootsuite. He is also active in the Canadian software start-up community as an investor, advisor and board member.



## JUDY CAVANAGH

**Location:** New Westminster, BC

**Director since:** July 3, 2019

**Latest date for retirement:** July 3, 2022, eligible for renewal

**Appointed by:** Minister

**Positions held:** Member, Governance & Human Resources Committee;  
Member, Strategic Advisory Committee

Judy Cavanagh is currently a consultant with The Cavanagh Group. Previously she was an executive director for Operations and Strategic Initiatives with the Office of the Premier, former Deputy Minister of Government Priorities and Women's Equality, and Assistant Deputy Minister with Intergovernmental Relations, Human Resources and Women's Equality.

She has also served as a Director of AgSafe BC and Oxfam Canada. She holds a Bachelor of Arts in sociology and anthropology from Simon Fraser University in Vancouver.

Judy lives in New Westminster, BC.





## GAIL STEPHENS

**Location:** Victoria, BC

**Director since:** December 7, 2017

**Latest date for retirement:** December 7, 2023, not eligible for renewal

**Appointed by:** Minister

**Positions held:** Chair, Strategic Advisory Committee

Gail Stephens brings more than 20 years of experience leading large, complex organizations to the Technical Safety BC board of directors. Her past experience includes serving as CEO of the British Columbia Pension Corporation and as the Chief Administrative Officer for the City of Winnipeg and City Manager for the City of Victoria.

Most recently, Gail was the startup Chief Operating Officer, then interim President and Chief Executive Officer for the Canadian Museum of Human Rights, where she led the museum and its management departments through its first few years of operation.

Gail has sat on numerous boards, including Coast Capital Savings, the David Foster Foundation, Via Rail Canada Inc., and the BC Industry Training Authority. She is currently the President of Gail Stephens Consulting, which provides management consulting services.



## NANCY OLEWILER

**Location:** Vancouver, BC

**Director since:** April 1, 2018

**Latest date for retirement:** March 31, 2024, not eligible for renewal

**Appointed by:** Board

**Positions held:** Member, Finance & Audit Committee;  
Member, Strategic Advisory Committee

Nancy Olewiler is an economist, professor, and director of the School of Public Policy at Simon Fraser University. She holds a PhD in economics from the University of British Columbia and her areas of research focus on public policy, including energy and climate policy, regulation and risk, and transportation.

She has published in academic journals, edited books, provided reports for governments, and has written two widely used textbooks. Nancy has served on the Board of Directors of BC Hydro, Powertech, and TransLink, is on Canada's Ecofiscal Commission, a Member of the Climate Solutions Clean Growth Council for BC, and the Chair of the Macroeconomic Accounts Advisory Committee for Statistics Canada.



## JEREMY COUGHLIN

**Location:** Delta, BC

**Director since:** February 18, 2020

**Latest date for retirement:** February 17, 2023, eligible for renewal

**Appointed by:** Board

**Positions held:** Member, Strategic Advisory Committee;  
Member, Finance & Audit Committee

Jeremy Coughlin is currently the Vice President of Enterprise Analytics for Coast Capital Savings. He oversees all aspects of data management and analytics for the company. Jeremy brings with him a wealth of experience in the data analytics industry.

Prior to joining Coast Capital Savings, Jeremy held a director position at Ritchie Bros and led major strategic data initiatives to develop robust company performance markers. He holds an MBA in Technology Commercialization as well as a B.Sc. in Psychology, both from the University of Alberta.



## ANGELA WESLEY

**Location:** Terrace, BC

**Director since:** January 7, 2020

**Latest date for retirement:** January 6, 2023, eligible for renewal

**Appointed by:** Board

**Positions held:** Member, Governance & Human Resources Committee;  
Member, Strategic Advisory Committee

Angela Wesley started Wes-Can Advisory Services in 1992—a consultancy which provides advisory and facilitation services to First Nations and other governments throughout British Columbia in the areas of strategic planning, land management, community development, communications, community engagement, and capacity building.

She has extensive board experience, having been appointed to the BC Treaty Commission by the Province of BC in December 2018; serving as President/Chair of the HFN Group of Businesses since 2010; and Director of the BC Land Title and Survey Authority since September 2017.

Angela also has extensive experience working within First Nations and between First Nations and governments. She represents signatories to the Maa-nulth Treaty; served as legislative chairperson for the Huu-ay-aht First Nations; and was land claims manager for the Nuw-chah-nulth Tribal Council in Port Alberni. Angela has a certificate in aboriginal governance from the University of Arizona, and has held the Institute of Corporate Directors Director designation since 2016.



## KEN TOURAND

**Location:** Merritt, BC

**Director since:** January 7, 2020

**Latest date for retirement:** January 6, 2023, eligible for renewal

**Appointed by:** Board

**Positions held:** Member, Finance & Audit Committee;  
Member, Governance & Human Resources Committee

Ken Tourand is President and CEO of the Nicola Valley Institute of Technology (NVIT), BC's Indigenous public post-secondary institution.

Prior to taking on this role in 2010, he worked in a variety of senior management and leadership roles with NVIT, where he has worked since 1995.

Ken serves on the board of directors for the BC Association of Institutes and Universities and is past chair of the Colleges and Institutes Canada (CICAN) Indigenous Advisory Committee where he led a national committee responsible for development of a national Indigenous protocol for post-secondary Institutions. He currently sits as an Advisory member for the BC Aboriginal Business Awards.

Ken has an undergraduate degree in business administration from Simon Fraser University and a Master of Arts in leadership and training from Royal Roads University.

## THE ROLE OF THE BOARD

Technical Safety BC is governed by a Board of Directors that provides oversight and ensures that we are prudent, transparent, and collaborative in our practices. The Board has the fiduciary responsibility to oversee the conduct of our business and ensure that 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 industry, communities, and government.

## DIRECTOR SELECTION

Directors are appointed on the basis of merit; they must meet the qualifications established in the *Safety Authority Act*; and abide by a code of conduct and our governance manual.

The *Safety Authority Act* states that the Board will consist of at least nine, but no more than fifteen, members. The Minister may appoint up to three directors. The remaining directors are appointed by the sitting Directors. Non-government candidates for the Board are screened and shortlisted by a nominating committee based on the knowledge, skills, and abilities of the candidates. The directors make final selections from a list of suitable candidates provided by the nominating committee.

On February 14, 2020, the Board increased its membership from eleven to twelve members. As of December 31, 2020, the Board consists of twelve members, three of whom were appointed by the Minister.

## COMMITTEES OF THE BOARD

The work of the Board is supported by committees that provide additional focus on matters such as:

- financial affairs, audits, insurance and investments;
- governance and nominating functions, Lead Executive Officer performance evaluation and recruitment, compensation and other human resource issues;
- technical and enterprise risk oversight;
- regulatory development and compliance; and
- strategic advice and oversight.

The 2020 committee structure included the:

- Finance and Audit Committee;
- Governance and Human Resources Committee; and
- Strategic Advisory Committee.

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 FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee assists the Board in fulfilling its oversight responsibilities relating to financial reporting, accounting systems, budgets, internal controls, and audit process. The Chair of the Finance and Audit Committee is required to be a financial expert.

The Finance and Audit Committee's major accomplishments in 2020 included the following.

- Provided oversight to management's financial risk management policies and procedures, including the review of the Investment Manager Report on Performance; approval of the revised Marketable Investments Policy; and Investment Manager review.
- Provided oversight to management's internal financial controls framework.
- Reviewed the 2019 financial statements, notes to the financial statements and Management Discussion and Analysis with management and the external auditor.
- Reviewed and approved the external auditor's plan to audit the 2020 annual financial statements.
- Reviewed and approved the revised 2020 Operating and Capital Budget; and approved the 2021 Operating and Capital Budget.
- Reviewed and approved the P4 Business Transformation Project and budget with respect to strategy, risk and regulatory activities and all applicable expenditures.
- Reviewed and approved the internal auditor's annual audit plan, audit charter, and terms of reference and reviewed regular reports by internal auditors on the audits performed while monitoring management's responses.
- Reviewed the quality of the audit, the audit team, and the audit partner.
- Reviewed the 2019 insurance claims experience and approved the 2020-2021 insurance coverage and renewal.
- Reviewed and approved fees for 2020 and 2021.
- Reviewed Technical Safety BC's investment portfolio and reserve requirements.
- Reviewed Directors' fees and expenses for 2019.
- Reviewed and evaluated the performance of the Internal Auditor.

## GOVERNANCE AND HUMAN RESOURCES COMMITTEE

The Governance and Human Resources Committee assists the Board in oversight responsibilities relating to governance, compensation, and human resource policies and strategies. This committee also serves as the nominating committee.

The Governance and Human Resources Committee's major accomplishments in 2020 included the following.

- Acted as the Nominating Committee, recommending to the Board the appointment of one new Board member.
- Provided oversight to the Board orientation process of four Board appointments.
- Approved the audited corporate results for the 2019 variable incentive plan (for excluded employees).
- Approved the 2020 variable incentive plan (for excluded employees) measures and targets and subsequent revisions posed by the challenges of the COVID-19 pandemic.
- Reviewed the annual conflict of interest declarations of directors and officers.
- Conducted the annual review of Technical Safety BC's governance practices and made recommendations to the Board to enhance committee mandates, governance structure, and the Board Chair skills matrix.

- Reviewed and recommended performance plans for the President and Lead Executive Officer and the Corporate Secretary and evaluated the performance of the President and Lead Executive Officer and the Corporate Secretary.
- Reviewed and updated the succession plan for the President and Lead Executive Officer.
- Reviewed and provided oversight on Board and executive temporary compensation reductions.
- Reviewed the performance and compliance of management concerning occupational health and safety and the program.
- Reviewed the state of the organization's culture, including support for the ongoing efforts to expand cultural competency in Indigenous awareness.
- Provided oversight, approved, and recommended to the Board the publication of enforcement actions and investigation findings and other regulatory actions including identification of involved parties.

### STRATEGIC ADVISORY COMMITTEE

The Strategic Advisory Committee assists the Board in fulfilling its oversight responsibilities by reviewing management's recommendations which relate to strategic planning, implementation of key strategic initiatives, regulatory responsibilities, stakeholder consultation, and safety oversight.

The Strategic Advisory Committee's major accomplishments in 2020 included the following.

- Guided the annual strategic planning process.
- Reviewed and approved the 2021-2023 Business Plan and subsequent 2020 revised Business Plan in response to the impact of COVID-19.
- Supported the work of Technical Safety BC's Climate Crisis Employee Resource Group in its development of a climate change action plan.
- Reviewed the Business Continuity Plan and Critical Incident Response capability and preparedness.
- Reviewed and approved the 2019 State of Safety Report.
- Reviewed corporate IT strategy, including review of Information Security Assessment findings, development, and progress.
- Reviewed the Structured Resource Allocation Program progress and value of machine learning in assessment operations.
- Reviewed Enterprise Risks and reviewed the independent review of risk control processes for each technology.
- Received reports on technical risk registries and operational activities including education and enforcement.
- Received updates on stakeholder engagement activity.
- Reviewed Compliance and Enforcement program development and unpermitted work capture progress.
- Reviewed regulatory change plans and recommendations for amendment of legislation to the Province of British Columbia to update reference standards, improve the safety system, and evolve the governing legislation and regulations in accordance to Technical Safety BC's 10-Year Strategy.

## DIRECTORS' ATTENDANCE

In 2020, there were four regularly scheduled Board meetings: a two-day strategic planning session, and an Annual Public Meeting. Two additional Board meetings were conducted in April and July 2020, necessitated by the rapidly evolving nature of the COVID-19 pandemic. The following table illustrates the number of meetings each director attended as compared to the number of meetings the particular director was eligible to attend during the 12 months that ended December 31, 2020. Some directors also attended meetings and interview sessions for new Board member recruitment, and a new director orientation session.

DIRECTORS	BOARD MEETINGS (10 MEETINGS)	FINANCE & AUDIT COMMITTEE (4 MEETINGS)	GOVERNANCE & HUMAN RESOURCES COMMITTEE (7 MEETINGS)	STRATEGIC ADVISORY COMMITTEE (4 MEETINGS)	TOTAL
George Abbott	10/10	4/4	7/7	4/4	25/25
Karen Bazylewski	9/9	4/4	-	4/4	17/17
Jeremy Black	9/9	4/4	2/2	-	15/15
Judy Cavanagh	9/9	-	4/4	4/4	17/17
Jeremy Coughlin <sup>1</sup>	10/10	1/1	-	4/4	15/15
Neil Cumming <sup>2</sup>	10/10	-	4/4	4/4	18/18
David Guscott	9/9	-	6/6	-	15/15
Ivan Limpricht	9/9	4/4	4/4	-	17/17
Nancy Olewiler	9/9	4/4	2/2	4/4	19/19
Gail Stephens	9/9	-	2/2	4/4	15/15
Ken Tourand <sup>3</sup>	10/10	4/4	1/1	-	15/15
Angela Wesley <sup>4</sup>	10/10	-	4/4	1/1	15/15

<sup>1</sup> Appointed to the Board on February 18, 2020

<sup>2</sup> Re-appointed to the Board on January 7, 2020

<sup>3</sup> Appointed to the Board on January 7, 2020

<sup>4</sup> Appointed to the Board on January 7, 2020

## DIRECTORS' COMPENSATION

The Governance and Human Resources Committee is responsible for making recommendations to the Board respecting director compensation. An independent review of Technical Safety BC's director compensation practices against comparable organizations was last conducted in 2018. Based on that review, the Board approved adjustments to the quantum of meeting fees and annual retainers payable to Board and committee members, effective April 1, 2019.

On May 21, 2020 the Board of Directors approved a 20% reduction in the Annual Retainer and Meeting Fees that were effective June 1, 2020, in support of Technical Safety BC's efforts to manage through the financial challenges posed by the COVID-19 pandemic. Subsequently, on September 24, 2020, based on the organization's financial health and the recommendation by management, the Board of Directors approved the discontinuance of the 20% reduction effective September 1, 2020.

Director compensation is set at such a level so as to:

- affirm the directors' responsibilities and the professional nature of the work that directors are expected to perform.
- attract and retain qualified individuals to serve as directors.
- partially compensate directors for their time and lost opportunity costs and be seen as "value received" for value given.
- foster high levels of engagement and commitment to best in class governance.
- recognize the different levels of time and responsibility associated with the Board Chair, Committee Chair, and director positions.
- recognize an element of public service.
- reflect Technical Safety BC's values.

The following table shows director compensation as of December 31, 2020.

FEE	2020 \$
Annual retainer – Chair	46,500
Annual retainer – Finance and Audit Committee Chair	20,000
Annual retainer – Governance and Human Resources Committee Chair	20,000
Annual retainer - Strategic Advisory Committee Chair	18,000
Annual retainer - Directors	13,400
Board/Committee meetings fee	825
Maximum daily meeting fee	1,650
Teleconference of less than one hour	400



## DIRECTORS' RETAINER AND MEETING FEES

The following table reflects the total retainers and meeting fees earned by directors in 2020 as compared to 2019.

DIRECTORS	RETAINER	MEETING FEE	TOTAL RETAINER/ FEE 2020	TOTAL RETAINER/ FEE 2019
	\$	\$	\$	\$
George Abbott (Board Chair)	44,175	19,280	63,455	64,225
Ian Banks (Committee Chair) <sup>1</sup>	-	-	-	28,480
Karen Bazylewski	12,730	13,105	25,835	25,460
Jeremy Black (Committee Chair)	19,000	11,030	30,030	25,495
Judy Cavanagh	12,730	13,105	25,835	12,475
Jeremy Coughlin	12,730	12,280	25,010	-
Neil Cumming	12,730	13,930	26,660	6,335
Brenda Eaton (Committee Chair) <sup>2</sup>	-	-	-	25,330
David Guscott (Committee Chair)	19,000	11,455	30,455	23,880
Geordie Henderson (Committee Chair) <sup>3</sup>	-	-	-	30,095
Ivan Limpright	12,730	13,105	25,835	12,475
Nancy Olewiler	12,730	14,330	27,060	25,495
Gail Stephens (Committee Chair)	17,100	11,455	28,555	25,495
Ken Tourand	12,730	11,455	24,185	-
Angela Wesley	12,730	11,455	24,185	-

<sup>1</sup> Retired from the Board on January 6, 2020

<sup>2</sup> Retired from the Board on January 6, 2020

<sup>3</sup> Retired from the Board on January 6, 2020

# THE EXECUTIVE TEAM



CATHERINE ROOME  
PRESIDENT & LEAD EXECUTIVE OFFICER

Catherine is a courageous, visionary leader who is relentlessly driven to change the world and believes that people have an extraordinary ability to bring a shared vision into reality. Her passion and commitment to growing the next generation of leaders inspires the modern, diverse people practices at Technical Safety BC.

One of BC's senior leaders in the engineering and technology sector, Catherine has consistently delivered game-changing strategies that use technology innovation for public good. A "futurist," she is building Technical Safety BC's place in the algorithmic economy using predictive insights to create long-term, sustainable social and financial value, as she steers the organization towards its vision of *Safe technical systems. Everywhere.*



PHIL GOTHE  
VICE PRESIDENT, OPERATIONS & CLIENT EXPERIENCE

Phil believes that "to live is to lead," and that the primary role of leadership is to imagine and create conditions for employees to thrive.

A thoughtful and caring leader, Phil supports teams of client service representatives and technically-minded specialists to enable the development of ground-breaking new approaches to technical safety oversight. By focusing on client experience and risk-based assessment practices, Phil invests in working relationships to advance the understanding and management of safety risks. He has a deep regard for the knowledge and capability of clients and employees, and believes that developing a system of engaged duty holders is vital to maintaining confidence in the safety system.

A graduate of Collège militaire royal de Saint-Jean, Phil began his career in naval operations in the Royal Canadian Navy. Before joining Technical Safety BC in 2009, Phil spent 10 years leading business strategy development and continuous improvement consulting engagements in the forest products, helicopter and heavy equipment industries. Phil has an MBA from the University of Western Ontario, and obtained a Chartered Director designation from The Directors College. He is inspired by lifelong learning and peoples' infinite capacity to improve and achieve results.



**KATE BAILLIE**  
**VICE PRESIDENT, MARKETING & COMMUNICATIONS**

Kate has spent her career putting clients and teammates at the centre of what she does. She is a curious and inspiring leader who looks at opportunities holistically to motivate and engage teams towards practical, multi-dimensional solutions. Comfortable in a constantly changing landscape, she listens actively and digs for the truth, using observation and data to build cases for change.

Kate joined Technical Safety BC from TELUS, where she led teams in marketing, communications and customer experience. She has a Bachelor of Applied Arts degree from Ryerson Polytechnical University and an MBA from the Richard Ivey School of Business at the University of Western Ontario.

When not obsessing over safety, Kate works to improve diversity in the workplace, mentors up-and-coming leaders and likes to spend time outside – either doing hard labour in her garden or enjoying all the amazing hiking and kayaking that Vancouver has to offer.



**KATE PARKER**  
**VICE PRESIDENT, PEOPLE**

Kate is driven by the belief that an organization will only truly excel when its people are encouraged and challenged to show up as their best selves every day. At Technical Safety BC, she uses courage, energy and curiosity to get at the heart of our challenges and opportunities, and facilitates bold conversations that question the status quo. To fulfill on our promise to model the integration of humanity and technology, Kate draws on her experience driving cultural transformation and people-focused change, building our capacity to adapt to changing environments and develop each person to their maximum potential.

Kate has a proven track record of transforming HR practices across industries including mining, heavy machinery, and healthcare. She holds a degree in Psychology and Kinesiology from Simon Fraser University and completed her graduate studies at UBC's Sauder School of Business. Kate is a recognized speaker in the areas of leadership development, diversity and employee health and wellness. Outside of the office, she is most often found on the North Shore trails, or creating new dishes in the kitchen, but rarely following a recipe!



## DEREK E. PATTERSON

### VICE PRESIDENT, REGULATORY LEADERSHIP & CORPORATE SECRETARY

Derek actively supports individuals and initiatives that improve technical safety in BC. His extensive professional experience underpins a principled, comprehensive and astute capacity for strategy and problem solving. He is courageous in his leadership of peers and reports alike, respectfully challenging and empowering individuals in their contributions to the organization.

Derek is highly experienced in the practice of regulatory law and change management, having served as chief legal, risk and compliance advisor, and corporate secretary to senior leadership teams and boards of both public companies and Crown corporations.

Prior to joining Technical Safety BC, Derek held senior positions with a number of organizations, including the Insurance Corporation of BC and the Investment Industry Regulatory Organization of Canada. Derek holds a law degree from Osgoode Hall Law School and an MBA from the Schulich School of Business at York University, as well as ICD.D and CPHR designations. He is called to the bar in both Ontario and British Columbia.



## CLAUDIO PINI

### VICE PRESIDENT, BUSINESS TRANSFORMATION & TECHNOLOGY

Claudio is a true transformer of organizations. Using his gift for facilitating proactive discussions to get to the heart of our organization's needs, he develops strategies to leverage technology in ways that support and enable people to achieve positive outcomes for Technical Safety BC, our clients, and the public.

Claudio brings over 25 years of experience and thoughtful implementation in IT infrastructure, application management, and operations. Coming to Technical Safety BC from UBC, Claudio held several senior IT roles supporting staff, faculty and students. Prior to UBC, Claudio was a consultant with Accenture for 17 years, working with clients as diverse as Best Buy Canada, BC Hydro, and Dupont.





## ABRAHAM VAN POORTVLIET

### VICE PRESIDENT, DATA ANALYTICS & DECISION SCIENCE

Exploration and discovery have been recurring themes in Ab's life. In his role of VP, Data Analytics and Decision Science, he now supports others in their discovery and innovation. By nurturing leadership in others, Ab aims to create a culture of experimentation and learning that propel safety knowledge and action. Together with his team, Ab carries responsibilities for research & analytics, business intelligence, engineering, incident investigation, and risk management.

Ab has worked in a variety of progressive roles at Technical Safety BC since he joined in 2005. Originally from the Netherlands, Ab previously worked as a project leader for safety engineering in railway infrastructure, and as a risk analyst at the Dutch Ministry of Transportation. Ab holds an MBA from Simon Fraser University, a doctorate in public administration, and an MSc in applied physics. He is a registered Professional Engineer and Chartered Professional Accountant in British Columbia.

## EXECUTIVE COMPENSATION PLAN

Technical Safety BC is a progressive employer with a 10-Year Strategy to move us towards our vision of *Safe technical systems. Everywhere.*

The objectives of Technical Safety BC's executive compensation plan are to:

- open configuration options.
- attract and retain capable individuals with diverse skill sets.
- remain internally fair and externally competitive.
- demonstrate sensitivity to our stakeholder communities.
- offer a total rewards package that balances stable elements of compensation with pay at risk.
- achieve alignment of our priorities and efforts to our 10-Year Strategy and three-year Business Plan.

Technical Safety BC's executive compensation plan elements comprises the following:

### BASE SALARY

Technical Safety BC establishes salary ranges according to a blended market position that is midway between the public not-for-profit sector and the private sector markets. The range spans from 80% to 120% of the blended market median. Placement within the salary range depends on the competence, experience, and level of contribution to the business plan and strategy. On May 21, 2020 the executive team approved a 10% reduction in the annual salaries of Vice Presidents, and a 20% reduction in the annual salary of the President and Lead Executive Officer, effective June 1, 2020, in support of Technical Safety BC's efforts to manage through the financial challenges posed by the COVID-19 pandemic. Subsequently, on September 24, 2020, based on the organization's financial health, the executive team approved the discontinuance of the reduction effective September 1, 2020. The President and Lead Executive Officer chose to maintain her 20% reduction in annual salary for the remainder of the year.

### VARIABLE INCENTIVE PLAN

This element is the at-risk portion of annual compensation and is dependent on the achievement of critical corporate and individual objectives aligned to our 10-Year Strategy. It is also intended to reinforce our value of accountability at the leadership level in the organization. Annual incentive awards are determined on a discretionary basis dependent on the achievement of strategic objectives that are established annually by the Board of Directors. The incentives paid are related to performance in the past year. For example, in 2020, incentives were paid to executives based on their performance in 2019. Corporate performance is assessed by management and audited by Internal Audit. The Board of Directors assesses the performance of the President and Lead Executive Officer and the Corporate Secretary annually. The President and Lead Executive Officer assesses the performance of the remaining executive team members.

### PENSION PLAN

Technical Safety BC supports a pension plan that will contribute to employees' financial well-being in their retirement years.

## HEALTH AND WELLNESS BENEFITS

A mix of extended health, dental, and income protection benefits are offered to support the health of employees.

## CAR ALLOWANCE

A monthly car allowance is provided to account for business travel using a personal vehicle.

## EXECUTIVE COMPENSATION

NAME & PRINCIPAL POSITION	SALARY	INCENTIVE PLAN COMPENSATION PAID*	PENSION	HEALTH & WELLNESS BENEFITS	ALL OTHER COMPENSATION PAID	TOTAL	PREVIOUS 2 YEARS' TOTALS
	\$	\$	\$	\$	\$	\$	\$
	(A)	(B)	(C)	(D)	(E)		
Catherine Roome <i>President &amp; LEO</i>	292,734.45	150,951.57	28,800.05	6,456.00	12,208.32	491,150.39	2019 = 446,822.45 2018 = 446,103.76
Kate Baillie <i>VP, Communications &amp; Marketing</i>	191,303.97	44,053.28	18,807.51	4,801.92	9,120.00	268,086.68	2019 = 227,353.08 2018 = 49,140.40
Phil Gothe <i>VP, Operations &amp; Client Experience</i>	226,617.99	50,101.44	22,321.81	6,289.68	8,608.32	313,939.24	2019 = 299,519.63 2018 = 274,333.68
Kate Parker <i>VP, People</i>	188,616.71	43,119.94	18,578.75	5,877.36	8,608.32	264,801.08	2019 = 221,472.50 2018 = 20,448.31
Derek Patterson <i>VP, Regulatory Leadership &amp; Corporate Secretary</i>	227,132.64	52,023.21	22,372.60	6,309.72	8,608.32	316,446.49	2019 = 312,708.09 2018 = 310,049.40
Claudio Pini <i>VP, Business Transformation &amp; Technology</i>	187,285.49	14,485.32	18,447.63	5,857.08	9,328.32	235,403.84	2019 = 77,886.94
Ab van Poortvliet <i>VP, Data Analytics &amp; Decision Science</i>	188,616.72	44,013.84	18,578.75	3,537.36	8,608.32	263,354.99	2019 = 257,793.60 2018 = 230,206.59

(A) Salary earned

(B) Variable Incentive Pay \*Incentive pay reflects pay for performance in 2019.

(C) Pension

(D) Extended Healthcare, Dental, Group Life, Long Term Disability, Short Term Disability, Accidental Death and Dismemberment

(E) Car Allowance, Vacation Leave Payout

# ADVISORY GROUPS AND COMMITTEES

Technical Safety BC engages panels of industry experts who volunteer their time to provide input and recommendations on topic-specific issues related to the design, implementation and evaluation of safety policy & regulation, service design, and technical safety programs.

A very special thank you to the following experts for working with us to improve safety across BC in 2020.

## AMMONIA RISK CO-CREATION WORKING GROUP

Purpose: To support continued efforts around refrigeration safety including, but not limited to, providing feedback on the guidelines for ammonia refrigeration plants, creating a two-way communication channel between Technical Safety BC and the ammonia industry, input on the development of educational and communication materials.

Ron Booth  
City of New  
Westminster

Susan deLeeuw  
WorkSafeBC

Steve Napper  
Recreation Facilities  
Association of BC

Melissa Sim  
Curl BC

Geoff Chesterton  
Recreation Facilities  
Association of BC

Benjamin Lowe  
WorkSafeBC

Dan Pagely  
Recreation Facilities  
Association of BC

Willa Thorpe  
City of Port Alberni

Kim Dennis  
Curl BC

Eamon McGinley  
City of Vancouver

Norman Scott  
Vancouver Curling Club  
& Curl BC Ice

## QUALITY CONTROL PROGRAMS ADVISORY GROUP

Purpose: To identify and mitigate challenges that class B boiler and refrigeration contractors might face when designing, installing, and constructing under the guidance of a quality control program.

Eddie Calder  
Total Energy Systems  
Ltd.

Robert Flipse  
Ainsworth Inc.

Curtis Medwid  
Technicon Industries

Kris Coutu  
Airtika Heating and  
Cooling Ltd.

Andrew Gammel  
Jones Food Store  
Equipment Ltd.

Stuart Olley  
Trane Canada West

Gary Fisher  
Competition HVAC Inc.

Mark Hampel  
Fraser Valley  
Refrigeration Ltd.

Kevin Schisler  
Generation  
Refrigeration Ltd.



## SERVICE DESIGN WORKING GROUP

Purpose: To aid the service design team in making client-centric decisions about processes and barrier removal throughout the duration of the system transition.

Doug Cordero Eagle Ridge Mechanical Contracting Ltd.	Sandra LeNoble RAM Mechanical Ltd.	Clayton Mullen BC Hydro
Carmen DeGoey Camosun College	Richard Mathews District of Squamish	Dale Risvold Canem Systems Ltd.
Jon Fairbrother Prime Engineering	Shawne McCorkell Houle Electric	
Oskar Kwieton Shape Properties Corporation	Lisa Modica-Amore Pacific National Exhibition	

## ELEVATING DEVICES ADVISORY GROUP

Purpose: To discuss the new code requirement around digital log books, including the establishment of the criteria and format of the log book.

Rob Busch Canadian Elevator Contractors Association	Chi Kit Wong West Coast Elevator Ltd.	Vlad Zachata Richmond Elevator Maintenance Ltd.
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## REFRIGERATION ADVISORY GROUP

Purpose: To provide Technical Safety BC with industry insight and recommendations on ongoing efforts to support industry with taking action on specific recommendations in the Fernie ammonia release incident investigation report, including around maintenance planning and practices, and the creation of educational and communication materials to support continued progress around refrigeration safety.

Blaire Masztalar  
Fraser Valley Refrigeration Ltd.

Ron Strong  
R.H. Strong Refrigeration Design  
Inc.

Olaf Vinje  
Burnaby Winter Club

Eamon McGinley  
City of Vancouver

Art Sutherland  
Accent Refrigeration Systems

Terry Welsh  
Recreation Facilities Association  
of BC

Trevor Shaw  
City of Richmond

## GAS B149 CODE REVIEW ADVISORY GROUP

Purpose: To review the 2020 editions of the CSA B149 series gas codes for use in BC.

Norman Asselstine  
Lake Country Heating & A/C

Robert Loenhardt  
Canadian Propane Association

Josh Pocha  
FortisBC

Luke Catto  
Canadian Natural Resources Ltd.

Miles Murray  
Murray Mechanical Sales Inc.

Anthony Recksiedler  
Inland Control & Services Inc.

Doug Cordero  
Eagle Ridge Mechanical  
Contracting Ltd.

Tyler Olinek  
Canadian Natural Resources Ltd.

Byron Rilling  
Local 170 UA Canada

Larry Ford  
L.A. Ford Contracting Ltd.

Chris Partaik  
Maestro Food Equipment  
Services Ltd.

Paul Simpson  
Thompson Rivers University

Rob Gardner  
Ausenco

Fred Peters  
Fox Plumbing, Heating and  
Electrical

Clint Hillman  
Superior Propane



## MANAGEMENT DISCUSSION AND ANALYSIS

As a not-for-profit entity, Technical Safety BC operates within a long-term financial planning strategy, balancing the investments in the safety system over a period of years. A sustainable Technical Safety BC aims to deliver its 10-Year Strategy and vision: *Safe Technical Systems. Everywhere.* Prudent investment in employees, training, tools, and capital assets support our work in assessment, education and outreach, enforcement, and research, which is essential to achieving our objectives and advancing technical safety in the province.

This Management Discussion and Analysis details Technical Safety BC's financial and operating results for the year ended December 31, 2020 and should be read in conjunction with the audited financial statements.

## TRIPLE BOTTOM LINE

Instead of merely focusing on the financial aspects of the operation, this is the first time we will provide the triple bottom line (TBL) report. The focus of the TBL is to provide information on strategies and initiatives impacting our financial, social, and environmental sustainability. Quantifying the social and environmental impact of programs and projects is complex and there is no one-size-fits-all methodology to measure all cases.

The TBL reporting model we use focuses on actions in relation to the financial, social and environmental activities. This model attempts to provide a clear picture of our sustainability-related activities in 2020, along with the impact of our work.

## FINANCIAL SUSTAINABILITY

### OVERVIEW

As a self-funded not-for-profit organization, Technical Safety BC emphasizes the importance of financial sustainability in order to deliver quality services and value for money for our clients into the future. Much of our revenue is linked to activity in the construction industry and thus would fluctuate in line with economic growth or contractions. 2020 was particularly challenging in this respect, as the COVID-19 pandemic caused revenue to fall significantly below expectations. We responded by reducing operating and capital expenditures and ended the year in a breakeven position.

### INITIATIVES

- Between 25%-30% of revenue is generated from renewals of operating permits, certifications and licences that are less subject to market fluctuations. Technical Safety BC continued with initiatives to increase these sources of revenue, with a particular emphasis on ensuring operating permits are generated for completed installations.
- A fee increase of 2% was proposed in 2020 and approved in 2021 in order to cover inflationary increases in costs. The effective date for the fee change will be May 17, 2021.
- Cash flow was carefully monitored and a \$6.0 million line of credit was arranged. The cash position at the end of 2020 was strong and the line of credit was not used during the year.
- The operating reserve increased from \$7.4 million to \$9.76 million, and represents 13% of the 2021 operating expense budget. This compares to our internal operating reserve target of 15%.



## SOCIAL SUSTAINABILITY

### OVERVIEW

Technical Safety BC is committed to the responsible use of advanced analytics and new technology. In 2017, we engaged a consultant to work with us to identify the best way to develop and introduce new technologies such as machine learning to the workplace. Since then we have developed a close collaboration between our Data Analytics and Operations teams. We value this relationship as it includes our people in shaping the way we work and because it unites the best of people and technology in achieving very high levels of safety. In 2019, we had our use of machine learning algorithms reviewed by an external party to ensure the outcomes are valid and fair. We implemented the recommendations for improvement in 2020, further strengthening our models and oversight practices.

Technical Safety BC once again supported its charity of choice, BC Children's Hospital Foundation (BCCHF), and during their fiscal year of June 2019 – June 2020 the organization and its employees donated almost \$34,000. This amount included payroll deductions, fundraisers and a corporate match donation of \$10,000. In Q4 2020, we also set the option for employees to re-direct their end of year gift, historically a \$50 allowance for a holiday dinner with colleagues, to the BCCHF. As a result of this initiative, 107 of our employees, which is approximately one quarter of our employee base, decided to donate a total sum of \$5,350.

During the early days of COVID-19 where computers were short in supply, Technical Safety BC prepared and donated 31 laptops to Providence Health Care to support the public health system.

Throughout 2020, Technical Safety BC continued to partner with Community Living BC, employing differently abled individuals, who helped support the smooth functioning of our offices. These employees were central in supporting the organization through COVID-19, expanding their tasks and helping with Occupational Health & Safety requirements, specifically in the distribution of personal protective equipment. These efforts in shipping, receiving, tracking and inventory management directly supported continued essential service functioning for our clients around the province.

Technical Safety BC maintains close ties with former employees through the Technical Safety BC Alumni Association. The association supports Technical Safety BC goals and activities across British Columbia and remains committed to furthering technical safety across the province. With the support of Technical Safety BC, one of the key activities of the Alumni Association is the creation and sponsorship of an annual education scholarship for current or former Technical Safety BC employees and their immediate family members. By leveraging our value of building confidence, the scholarship program aims to build and advance our current employees and potentially future employees in their educational endeavours. This also provides a way for our Alumni employees to share their expertise and experience with our current and future workforce.

Technical Safety BC retained an external consultant, Indigenuity Consulting Group, to develop a framework and principles for our approach to Indigenous relations. This approach used an inside-out model that builds internal capacity and cultural competency needed to support external engagement and relationship building with Indigenous communities.

The guiding framework for our Indigenous relations work is a response to the Truth and Reconciliation Commission's final report as a call to action for business and reconciliation. In addition, we have since championed a broad equity, diversity and inclusion strategy to create an organizational culture that is inclusive and safe for all employees, and reflects the diversity of the population we serve.

Our 2020-2022 business plan articulates our commitment to "increase and strengthen mutually-beneficial relationships with Indigenous communities and groups across the province to facilitate a dialogue on technical systems safety." This remains a key priority for us, but in the context of COVID-19 we were less pro-active in external outreach than we anticipated in 2020, due to the community health and safety measures and the impact of the pandemic on Indigenous communities.

## INITIATIVES – INDIGENOUS RELATIONS

- Baseline Indigenous awareness training was delivered to our Board and leadership team in October 2020 by Indigenous Corporate Training. Training will be extended to all employees in 2021.
- A voluntary Indigenous Relations Employee Resource Group was established. This group leads activities that support an organizational culture of reconciliation. Activities spearheaded by the group included the Moose Hide Campaign, an internal educational campaign to coincide with Indigenous History Month, observation of National Indigenous Peoples Day (which included a virtual bannock bake-along), Orange Shirt Day, and the ongoing sharing of resources among group members. A central “Knowledge Hub” was created to provide employees access to Indigenous relations resources and tools on our Intranet. Examples of resources include: pronunciation and terminology guides, territorial acknowledgement guides, external training, external learning resources, and internal announcements.
- The inclusion of territorial acknowledgements was added to all external events, as well as large scale internal meetings. Territorial acknowledgement templates were also implemented in employee signature blocks for all regional offices.
- Our facilities team strategized to create inclusive office spaces that acknowledge and reflect Indigenous cultures. We are currently working to decolonize meeting room names in our Renfrew offices.
- To reflect the land and the history of its people, we are exploring options for Indigenous artwork to be added when we return to work in our offices post pandemic.
- Regional field employees supported existing relationships with Indigenous clients and communities and identified opportunities for increased co-delivery of safety services.
- A pilot project for information sharing is underway. The aim of this project is to explore options for alternative safety oversight models for Indigenous communities.
- As part of our journey towards reconciliation with Indigenous Peoples, Chief Edmund Bellegarde, Tribal Chief and CEO, File Hills Qu'Appelle Tribal Council joined us at an all-employee Town Hall meeting, to discuss opportunities for collaboration.

## INITIATIVES – EQUITY, DIVERSITY AND INCLUSION (EDI)

- The EDI working group was formed comprising employees from across the organization, representing different roles, regions, and specialties.
- A cultural action plan was developed to bring Technical Safety BC's baseline measurement to the level of “Proactive” on the Global Diversity & Inclusion benchmarks, an organizational standard set by The Centre for Global Inclusion.
- As the COVID-19 pandemic evolved, Technical Safety BC remained dedicated to supporting employees' mental and physical health by:
  - Updating the Employee Family Assistance Program to ensure employees and their families had access to the support they needed.
  - Providing Medisys on-demand virtual healthcare to employees and their families so they could consult instantly with BC doctors and nurses for health concerns, referrals, and prescriptions.
  - Supporting employees through the challenges of a remote working environment. Employees were provided with learning opportunities in mental health and resiliency, fostering inclusion & psychological safety in a remote environment, respect in the workplace, and addressing unproductive conflict.
- Despite falling revenues, Technical Safety BC was able to retain all employees on full pay, avoiding the social and economic impacts of lay-offs.

## ENVIRONMENTAL SUSTAINABILITY

### OVERVIEW

Climate action and sustainability work began in January 2020 and the climate action and sustainability team was formed in September. The focus in 2020 was to lay the groundwork for Technical Safety BC's climate action plan in 2021.

### INITIATIVES

- Technical Safety BC approved the adoption of Greenhouse Gas (GHG) Protocol as a corporate carbon accounting tool, for launch in 2021.
- Our 10-Year Strategy was updated to include climate action milestones.
- Technical Safety BC hosted an internal climate change webinar, which was attended by over 60 employees.
- “Risk of inadequate action on climate crisis” was identified as an emerging organizational risk and was added to our enterprise risk registry.
- The leader of the climate action and sustainability was selected as a mentee with City of Vancouver's Women4Climate, and was paired with TransLink's Director of Enterprise Sustainability. This opportunity led to information sharing, networking, and valuable guidance on Technical Safety BC's climate action plan.
- Preliminary search into the impacts of climate change in the refrigeration technology was completed. The report included integration of climate risks into the ammonia release fault tree analysis, an assessment of the impacts of refrigerants on global warming, and recommendations.
- Technical Safety BC joined the Fraser Basin Council's Climate Risk Network, a group dedicated to sharing information and strategically filling gaps in climate adaptation in BC.
- In partnership with Simon Fraser University, our grant application to research the impacts of climate change on gas and electrical systems in BC was shortlisted, and a further application will be submitted in spring of 2021.
- Technical Safety BC is developing partnerships with BC Hydro and others to facilitate adoption of low carbon technologies in alignment with CleanBC.
- A formal submission was provided to the Building Electrification Road Map, positioning Technical Safety BC as a stakeholder in this work, with a goal to significantly reduce the greenhouse gas emissions attributed to BC's building sector.

Currently, Technical Safety BC has 172 vehicles in service, five of which are electric vehicles (EVs). Due to the pandemic, the plan to invest in more EVs will begin in 2022.

TABLE 1: VEHICLE AND FUEL USAGE 2018-2020

MEASURES/DATES - SUMMARY	2018	2019	2020
Average Months in Service	70	74	69
Quarterly Kilometers Driven	686,162	668,569	267,530
Overall Average L/100 km	8.5	11.5	11.2
Quarterly Fuel Charges	\$117,068	\$106,416	\$51,093
Quarterly Maintenance Charges	\$55,630	\$63,999	\$47,146
Quarterly Liters of Fuel	80,418	79,141	30,025

## IN DEPTH FINANCIAL REVIEW

TABLE 1: KEY FINANCIAL PERFORMANCE INDICATORS:

KEY FINANCIAL PERFORMANCE INDICATORS	2020	2019
<b>Monetary indicators (in 000's)</b>	\$	\$
Total revenue	69,206	70,684
Operating expenditures	69,166	68,762
Salaries and benefits	49,123	48,195
Excess of revenue over expenditures	40	1,922
Operating reserve	9,765	7,403
Capital budget spend	3,172	3,174
<b>Other indicators</b>		
Total volumes (in 000's)	289	295
Average fee	\$ 231	\$ 236
Contribution margin	43.3%	39.2%
Overhead ratio	43.3%	36.4%
Full Time Equivalent (FTE) employees	411	393



Total revenues were \$69.2 million, a decrease of 2%, or \$1.5 million from 2019. The pandemic triggered an interruption in growth of the construction industry. The non-residential sector was most affected, resulting in a decrease in commercial installation permits. A significant drop in the average price of a permit occurred, as clients requested permits for smaller jobs than in previous years.

Operating expenses, at \$69.2 million, grew by a modest 0.6% or \$0.4 million compared to 2019. In response to falling revenues caused by the pandemic, we revised the operating and capital budgets and employed cost control measures. These measures were led by our “employees first” principle along with revision of our business plan in May 2020 to change focus and redeploy resources towards tackling the immediate and medium-term challenges, while continuing to invest in a more limited set of key priorities. The operating expenses were effectively reduced to diminish the projected deficit and preserve the operating reserve.

The focus of our capital expenditures continued towards investment in our information systems in 2020. We developed systems to allow clients to easily manage their non-compliances, built a platform for compliance and enforcement case management and laid the groundwork for our business evolution program. In response to the cost pressures caused by COVID-19, the scheduled replacement of older vehicles was delayed from late 2020 to 2021 and 2022.

For the year ended December 31, 2020, Technical Safety BC generated a surplus of \$40,000 of revenue over expenses. Revenue was lower than expected due to the pandemic and in response, operating expenses were reduced by a similar amount.

The operating reserve increased from \$7.4 million to \$9.8 million, which represents 13% of the 2021 operating expense budget. This compares to our internal operating reserve target of 15%.

## REVENUE

As an independent, self-funded, not-for-profit organization, Technical Safety BC generates revenue through the delivery of services, such as permits and licensing.

The primary sources of revenue are installation and operating permits, licence and certificate issuance, inspections of technical work and equipment and the registration of new equipment and designs. We also generate revenues through the Alternative Safety Approach (ASA) program, which allows clients to register certain technical equipment and systems for special assessment, such as boilers and pressure vessels or electrical systems.

Our financial performance was also impacted by BC’s construction industry. Installation permits were affected by housing starts, renovations, commercial and industrial building activity, and investment in public infrastructure.

Our total revenue reached \$69.2 million in 2020, which was 2% lower than the prior year’s \$70.7 million. Services and related fees represent approximately 97% of our revenue. The remainder comprises investment income and other revenue.

TABLE 2: COMPONENTS OF TOTAL REVENUE

REVENUE (IN 000'S)	2020 \$	2019 \$
Installation permits	37,488	38,734
Operating permits	17,510	17,443
Certification and licensing	3,987	4,078
Design registration	2,490	2,449
Inspections	1,873	2,285
ASA and ESA	1,325	1,405
Equipment approvals	980	1,018
Client education and administrative	1,219	824
Miscellaneous service revenue	83	243
<b>Total service and related fee revenue</b>	<b>66,955</b>	<b>68,478</b>
Investment and other revenue	2,251	2,206
<b>Total revenue</b>	<b>\$69,206</b>	<b>\$70,684</b>

In 2020, 56% of service and related fee revenue consisted of installation permits (\$37.5 million) and 26% came from operating permits (\$17.5 million). This compares to 57% and 25% in 2019, respectively. The overall transaction volume was 288,812, which was 2% lower than 2019. Compared to 2019, both installation permit and operating permit volumes have increased by 3% and 2%, respectively; however installation permit fees fell by 6%. Certification and licensing volumes decreased by 28% compared to 2019. This was due to the introduction of FSR renewals in 2019. The lower volume of transactions and lower average permit value resulted in a \$1.5 million decrease to service and related fee revenues.

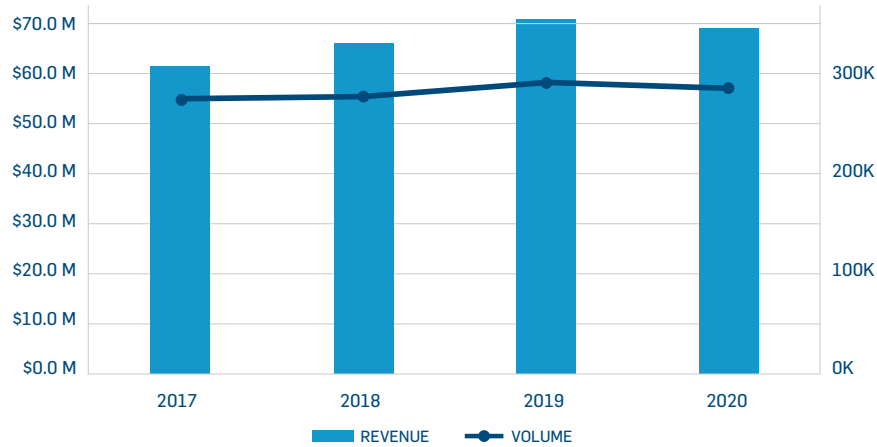
Investment and other revenue remained at 2019 levels. Gain on investments was \$0.3M lower than in 2019. This was offset by income from monetary penalties and asset disposals increasing by \$0.2 million and \$0.1 million, respectively.

We continue to focus on identifying and acting on compliance and enforcement to improve overall safety. In 2020, we estimated that this initiative resulted in the issuance of \$1.0 million in unpermitted work permits. Technical Safety BC is committed to this program as it is an integral part of the safety system.

## REVENUE BY YEAR

Revenue grew consistently from 2017 to 2019, but dropped by 2% in 2020 as a result of the pandemic. Transaction volumes fell by 2% in 2020, after several years of steady growth.

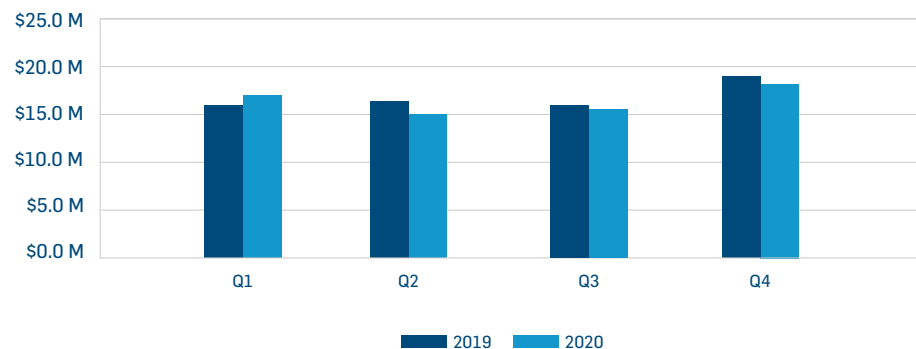
GRAPH 1: REVENUE AND VOLUME BY YEAR



## REVENUE BY QUARTER

Graph 1 shows that 2020 is a unique year as the pandemic influenced Technical Safety BC's revenue profile. The fall in revenue was most severe at the start of the pandemic in early Q2 and trends improved over Q3 and through Q4. Development of COVID-19 vaccines, low mortgage rates, restrictions on travelling, and subsequent interest in renovations along with a better economic recovery rate in BC, are some of the reasons for faster revenue recovery through Q3 and Q4.

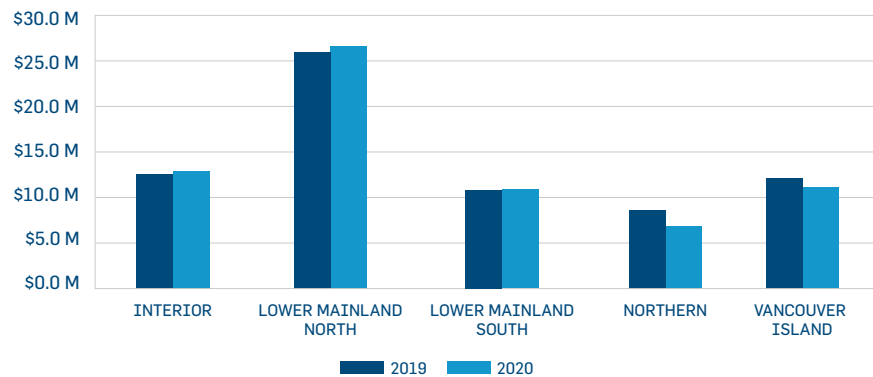
GRAPH 2: REVENUE BY QUARTER



## REVENUE BY REGION

Compared to 2019, there was growth in service and related fee revenues in the Lower Mainland North region (2%) and the Interior region (1%) of BC. Revenue dropped in the Northern BC region (18%), and in the Vancouver Island region (4%) due to a weaker commercial market and higher residential construction activity.

GRAPH 3: REVENUE BY REGION

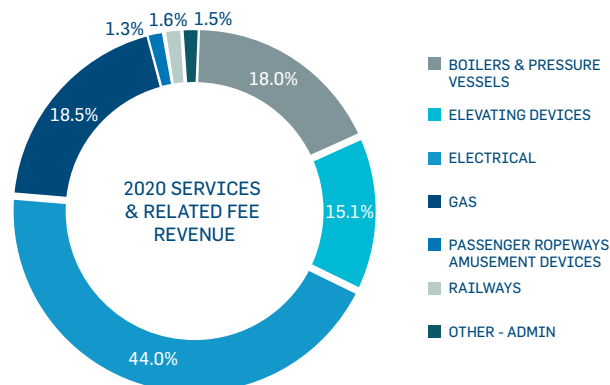


## REVENUE BY TECHNOLOGY

Service and related fee revenues are derived from the oversight of seven different technologies: electrical; gas; boilers, pressure vessels and refrigeration; elevating devices; railways; passenger ropeways; and amusement devices.

The electrical technology contributes the largest portion (44%) of service and related fee revenue. The next three largest revenue sources are gas; boilers, pressure vessels and refrigeration; and elevating devices. The percentage of each revenue category is fairly consistent year-over-year.

GRAPH 4: TOTAL SERVICE AND RELATED FEE REVENUES BY TECHNOLOGY

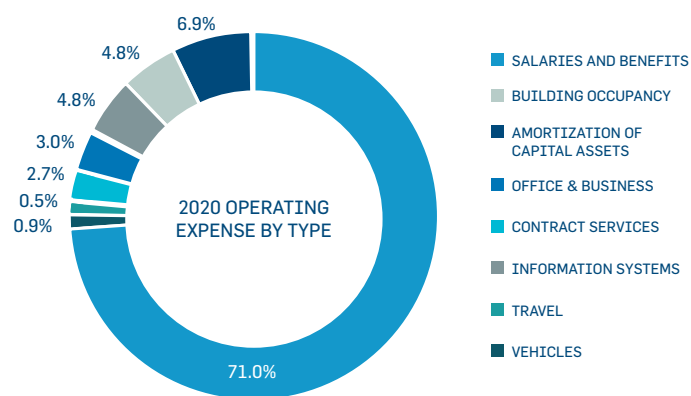


## EXPENSES

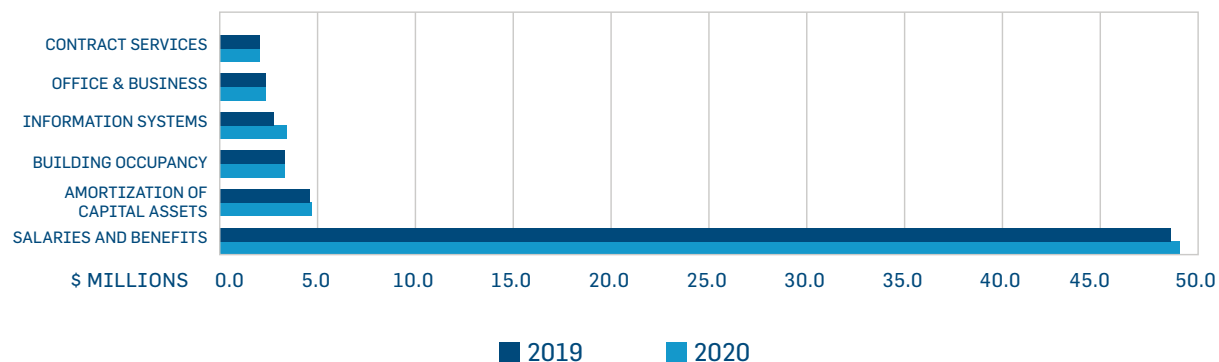
In 2020, Technical Safety BC quickly responded to the COVID-19 pandemic by reducing the budgeted expenditure at the beginning of Q2. Expenses were refocused towards core activities required to support ongoing operations and business priorities.

Salaries and benefits continued to grow as the largest proportion of costs at 71% compared to 70% in 2019. As planned, information system spending increased significantly as we contracted services to make platform security upgrades and improve technology to support remote working. Travel, training and vehicle expenses dropped substantially as a result of public health restrictions related to COVID-19.

**GRAPH 5: COMPOSITION OF 2020 OPERATING EXPENSES**



**GRAPH 6: ANNUAL OPERATING EXPENSE COMPARISON**





**Salaries and benefits** expenses exceeded the prior year by \$0.9 million (2%), as a result of inflationary increases to salaries. The number of safety officers and technical trainers was increased in order to directly support our clients. We continued investing in our business transformation and technology team for our new production system to improve client experience and online participation. We expanded our technical programs and legal team to provide safety oversight across technologies. In order to control costs, the variable incentive pay for excluded employees was reduced and executive and board member compensation was temporarily reduced.

**Information system** expenses increased by \$0.7 million (28%) compared to the prior year mainly due to security platform enhancements and measures to support the unexpected transition to a remote work environment.

**Amortization of capital assets** were \$0.2 million (3%) higher than last year. This relates to vehicles purchased in 2019, and computer hardware in 2020 to facilitate employees working from home.

**Material and supplies** expenses grew by \$0.3 million (152%) compared to 2019. This was due to the requirement for personal protective equipment in response to COVID-19.

**Travel expenses** dropped by \$1.1 million (78%) from last year as a result of reduced travels across all regions and technologies.

**Training expenses** decreased by \$0.4 million (48%) compared to the prior year. During the pandemic, all training sessions switched to an online format and corporate employee and safety officer training was cancelled.

**Vehicle expenses** were reduced by \$0.3 million (34%) from 2019. In response to the pandemic restrictions, many assessments were performed remotely, resulting in a reduction in both fuel and maintenance costs. Insurance premiums also decreased.

## CAPITAL SPENDING

During 2020, Technical Safety BC spent \$3.1 million in capital expenditures. \$1.4 million was related to enhancing the client online experience through information systems investment. This investment aimed to improve client knowledge and encourage more participation in the safety system, while streamlining business processes. Another \$0.9 million was spent on computer hardware replacement and upgrades.

Fleet vehicle purchases that were delayed in 2019 came in 2020 at \$0.8 million.

## RESERVES AND UNRESTRICTED NET ASSETS

Technical Safety BC's net assets consist of property, equipment, and intangibles, as well as operating, capital, and education reserves. Since 2011, the Board has targeted a reserve level equal to 15% of the operating expenses for the following year. In 2020, the operating reserve increased to \$9.8 million, or 13% of the projected 2021 operating expense due to the breakeven of revenues and expenses and postponed capital expenditure in 2020.

The capital reserve increased due to an allocation from the operating reserve to fund long-term capital investment projects, such as the modernization of facilities and information technology (IT) systems. The balance in any given year represents the estimated capital expenditures over a period of years depending on the needs of the organization at the time. Technical Safety BC has allocated \$6.2 million for planned capital expenditures in 2021. We will continue to focus on IT solutions that support our strategic priorities.

The education reserve was established in accordance with the *Safety Standards Act* to reserve monetary penalties collected to pay for safety education programs. In 2020, we collected \$0.1 million from monetary penalties, which will be used for future educational activities.

**TABLE 3: COMPARISON OF RESERVES AND NET ASSETS**

RESERVES AND NET ASSETS	2020 \$ (000's)	2019 \$ (000's)
Investment in property, equipment, and intangible assets	12,525	14,087
Education reserve	357	388
Capital reserve	6,201	7,050
Operating reserve	9,765	7,403
<b>Total Net Assets</b>	<b>28,848</b>	<b>28,928</b>

## RISK AND UNCERTAINTY

Technical Safety BC has adopted a proactive and systematic approach for identifying, evaluating, and responding to risks that arise from its activities by establishing its Enterprise Risk Management (ERM) framework.

The ERM framework uses industry standards and best practices, and includes the requirement for bi-annual reporting to the Board and Executive team, to enable members to fulfill their fiduciary responsibilities.

With the onset of the global pandemic, our ERM framework was put to the test and it proved to be an important building block of our recovery process.

Our ERM framework focuses on the following categories of risks for reporting purposes:

### SAFETY SYSTEM RISK

Technical Safety BC has a disciplined focus on its regulatory oversight of the safety system to fulfill its mandate of enhancing public safety in accordance with our administrative agreement with the Province of British Columbia. This requires participants to understand technical safety hazards caused by the unsafe installation and operation of regulated technical equipment and systems. Unsafe installations and operation of such equipment and systems lead to safety system events that can significantly impact the health and safety of British Columbians.

Risk treatment is a combination of prevention and mitigation strategies deployed under the Accident Prevention Model. The model applies a multi-faceted approach to managing technical system safety risks through the four pillars of assessment, education and outreach, research and enforcement. This model focuses on reducing the risk of harm to the public and supports safety system participants in understanding their role and responsibilities, and that they are accountable for the work they perform or declare.

We continuously enhance our regulatory oversight practices striking a balance between focusing on safety performance and risk-based physical and remote assessments while using the data collected to refine strategies. As we proceed into 2021 and beyond, we will continue to improve the way we provide oversight to aging equipment as well as investing in mechanisms to detect emerging technical safety risks in the Province.

### STRATEGIC RISK

Strategic risk is the potential for loss arising from business decisions, improper implementation of business plan strategies, or a lack of responsiveness to changes in the external environment within which Technical Safety BC operates.

We manage strategic risk through robust planning processes, one of which led to our 10-Year Strategy. This strategy was updated in 2019 with input from clients, stakeholders, government, employees, and Technical Safety BC's Board of Directors. Our strategic objectives are further supported and refined by our three-year business plan developed annually, detailing the measures and tactics being used to achieve our strategic goals. Our planning process identified the need to revise our 2021-23 business plan to help our business model respond to the pandemic. The early but necessary revision to our business plan helped us better anticipate the safety system needs of British Columbians and effectively chart our COVID-19 recovery.

## COMPLIANCE RISK

Similar to other organizations, Technical Safety BC must comply with legislation and regulations, particularly the *Safety Authority Act* (SSA) under which Technical Safety BC was established; the *Safety Standards Act* and regulations thereto which set out the powers and obligations we have as an organization to give effect to our mandate as set out in the SSA; the *Income Tax Act*; and the terms of Technical Safety BC's administrative agreements with the Province of British Columbia. Despite being constituted as an organization independent of government, we are subject to the requirements of the *Freedom of Information and Protection of Privacy Act* and we are obligated to comply with the Payment Card Industry Data Security Standards Regulations. Technical Safety BC adheres to all acts and regulations to which we are subject.

To fulfill our safety mandate we collect personal information such as names, addresses, and contact details. Access to personal information is subject to British Columbia's *Freedom of Information and Protection of Privacy Act*. Our data governance and our information security program include practices to prevent and detect unauthorized access, misuse or loss. We regularly educate and train our employees, conduct vulnerability assessments, and implement industry-standard security practices.

## OPERATIONS RISK

As a regulator, we are faced with potential exposures associated with the delivery and quality of our products and services, including the effective administration of both the *Safety Standards Act* and regulations, and the *Railway Safety Act*. Continuous training of our employees, structured resource allocation, proactive collaboration with our stakeholders, clients and members of the public, and the establishment of policies and procedures are just some of the practices that enable Technical Safety BC to reduce its exposures.

We are also exposed to challenges from changing demographics that may prevent us from attracting and retaining qualified employees for key roles. We minimize the impact of this risk by engaging in proactive workforce planning with all stakeholders.

To support our employees' physical and mental health, sufficient supply of personal protective equipment were distributed to employees performing essential in-person services. Employees were also provided a multitude of resources to help manage their mental health as we made our way through the pandemic.

## FINANCIAL AND REPORTING RISK

Financial risk includes concerns about threats to revenue and the possibility that prime sources of income could shrink. Global economies continue to face challenges arising from weak oil and gas prices and international trade disputes. Economic cycles impact our clients, particularly those in the construction industry. Declining permit volumes, particularly installation permits, negatively impact our revenues. We mitigate the impact of this uncertainty through financial resiliency practices, such as cost reduction measures and the use of our reserve funds. Activities aimed at increasing participation in the safety system, such as education, enforcement, and innovations will also offset negative economic trends.

The financial impact of COVID-19 was experienced through a decline in revenue, which was caused by the economic slowdown experienced in BC. To ensure minimal impact of the financial challenges caused by the pandemic on our ability to serve British Columbians, we reduced costs by finding efficiencies within our operations and increased investments in operations critical to the maintenance of the province's safety system.

Financial risk is also mitigated through our financial investments, capital reserves, and our liquidity. A conservative portfolio of our financial investments is managed by our investment advisors and is invested in short term bonds and Canadian dividend producing equities in accordance with our investment policy.

## OUTLOOK

After slowdown and dramatic instability in the BC economy in 2020, we plan to continue the implementation of our new 10-Year Strategy in 2021, building our three strategic priorities of safety leadership, product and processes, and people and innovation.

In accordance with our 2021 business plan, we will improve how we support clients' and employees' health, safety and work culture. We will help clients to recover from the impacts of the pandemic as well as improve how they can participate in the safety system easily and effectively. Moreover, we will continue our business transformation in order to better our processes of issuing permits, licences and certifications better for both our clients and employees with the replacement of our core technology systems.

Revenues in 2021 are expected to be significantly higher than 2020. Continued recovery and growth is forecasted for the BC economy, with strong household investment after dramatic drops in 2020. The residential property market has been performing well since mid-summer of 2020, supported by low interest rates. This will support future construction activity and growth is expected in residential and public infrastructure construction. However, it remains difficult to foresee what the public health and economic conditions will be like in 2021. Initiatives to increase the level of participation in the safety system through outreach, process streamlining and compliance and enforcement will further support revenues.

The operating and capital expenditure plans for 2021 are aligned to support progress along the 10-Year Strategy and long-term financial sustainability.

Table 4 below illustrates 2021-2023 projections.

There are numerous factors, some beyond our control, that could cause results to vary from expectations. A key risk to the projected results is the continued impact of the COVID-19 pandemic.

**TABLE 4: PROJECTED RESULTS 2021-2023**

2021 - 2023 PROJECTIONS (\$000s)	2021	2022	2023
Service and related fees	73,187	75,382	76,890
Investment and other income	2,083	2,393	2,440
Total revenue	75,270	77,776	79,330
Expenses	(75,270)	(76,776)	(78,330)
Excess of revenue over expenses	-	1,000	1,000



## MANAGING REVENUES

For 2021, we anticipate revenues of \$75.2 million. This builds on our 2020 revenue considering pandemic implications and with a projected increase in safety system participation and modest revenue growth from new initiatives. The projection includes planned 2021 fee increases of 2% from mid-May for all the technologies we oversee, excepting amusement devices for which no fee increase is planned in 2021.

## MANAGING OPERATING EXPENSES

Technical Safety BC makes every effort to deliver necessary safety programs as efficiently and cost effectively as possible. We have categorized planned operating expenses for 2021 into two phases identified as Recovery and Thrive. Our balanced 2021 Recovery budget will provide Technical Safety BC with the necessary resources to perform our mandated services. If revenues exceed expectations, we can support further initiatives with the Thrive budget. We anticipate that our revenues will outpace operating expenses to generate surpluses of \$1 million in 2022 and 2023.

## INVESTING IN INFRASTRUCTURE

Capital spending in 2021 is focused on completing new core systems and processes that will support the 10-Year Strategy. We have budgeted \$6.2 million for capital expenditures of which \$3.8 million relates to systems and process innovation, \$0.3 million relates to information technology upgrades, \$1.3 million relates to the replacement of vehicles and mobile safety equipment, and \$0.8 million relates to facilities in the regions.



# FINANCIAL STATEMENTS

Financial Statements of British Columbia Safety Authority  
(dba Technical Safety BC) and Independent Auditors' Report thereon  
Year ended December 31, 2020



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of British Columbia Safety Authority

### Opinion

We have audited the financial statements of British Columbia Safety Authority (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and auditors' report thereon, included in the 2020 Annual Report.

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

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

We obtained the information, other than the financial statements and auditors' report thereon, included in the 2020 Annual Report as at the date of this auditors' report.



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

We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a single horizontal line that starts under the "K" and ends under the "P", with a small upward tick at the end.

Chartered Professional Accountants  
Vancouver, Canada  
March 11, 2021



**BRITISH COLUMBIA SAFETY AUTHORITY (DBA TECHNICAL SAFETY BC)**  
**STATEMENT OF FINANCIAL POSITION**

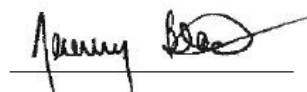
December 31, 2020, with comparative information for 2019

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash	\$ 8,907,005	\$ 5,648,820
Accounts receivable (note 3)	1,875,930	2,218,326
Prepaid expenses	1,389,077	1,506,143
Investments (note 4)	6,200,731	7,050,428
	\$ 18,372,743	\$ 16,423,717
Investments (note 4)	26,704,019	27,684,734
Intangible assets (note 5)	3,941,948	4,523,682
Tangible capital assets (note 6)	8,696,771	9,744,236
	<b>\$ 57,715,481</b>	<b>\$ 58,376,369</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 6,520,251	\$ 7,096,578
Deferred revenue	17,811,049	17,485,122
Current portion of capital lease obligation (note 8)	70,722	67,960
Current portion of deferred leasehold inducements (note 9)	327,202	327,202
	24,729,224	24,976,862
Capital lease obligation (note 8)	42,575	113,296
Deferred leasehold inducements (note 9)	3,111,020	3,423,507
Accrued employee future benefits (note 10(b))	897,542	849,256
Asset retirement obligation (note 11)	86,632	84,918
	28,866,993	29,447,839
<b>Net Assets:</b>		
Investment in tangible capital assets and intangible assets	12,525,422	14,086,662
Internally restricted:		
Education reserve	357,496	388,119
Capital reserve	6,200,731	7,050,428
Unrestricted operating reserve	9,764,839	7,403,321
	28,848,488	28,928,530
Commitments (note 15)		
Contingencies (note 16)		
	<b>\$57,715,481</b>	<b>\$58,376,369</b>

See accompanying notes to financial statements.

Approved on behalf of the Board:

 DIRECTOR

 DIRECTOR

**BRITISH COLUMBIA SAFETY AUTHORITY (DBA TECHNICAL SAFETY BC)**  
**STATEMENT OF OPERATIONS**

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
<b>REVENUE</b>		
Services and related fees (note 12)	\$ 66,955,215	\$ 68,478,408
Investment and other income (note 13)	2,250,829	2,205,939
	69,206,044	70,684,347
<b>EXPENSES</b>		
Salaries and benefits	49,123,092	48,195,055
General, operating and administration	6,134,253	5,943,902
Amortization and writedown of tangible capital assets and intangible assets	4,800,902	4,643,057
Building occupancy	3,309,475	3,257,989
Communications and information services	4,436,216	3,920,301
Transportation	943,217	2,362,561
Corporate governance	418,543	438,840
	69,165,698	68,761,705
<b>Excess of revenue over expenses</b>	<b>\$ 40,346</b>	<b>\$ 1,922,642</b>

See accompanying notes to financial statements.

**BRITISH COLUMBIA SAFETY AUTHORITY (DBA TECHNICAL SAFETY BC)**  
**STATEMENT OF CHANGES IN NET ASSETS**

Year ended December 31, 2020, with comparative information for 2019

					2020	2019
	INVESTMENT IN TANGIBLE CAPITAL ASSETS AND INTANGIBLE ASSETS	EDUCATION RESERVE	CAPITAL RESERVE	OPERATING RESERVE	TOTAL	TOTAL
Net assets, beginning of year	\$14,086,662	\$ 388,119	\$ 7,050,428	\$ 7,403,321	\$ 28,928,530	\$ 27,223,975
Excess (deficiency) of revenue over expenses	(4,703,088)	(84,945)	-	4,828,379	40,346	1,922,642
Remeasurement loss on accrued employee future benefits (note 10(b))	-	-	-	(120,388)	(120,388)	(218,087)
Net investment in tangible capital assets & intangible assets	3,141,848	-	(3,171,703)	29,855	-	-
Interfund transfer (note 14)	-	54,322	2,322,006	(2,376,328)	-	-
<b>Net assets, end of year</b>	<b>\$ 12,525,422</b>	<b>\$ 357,496</b>	<b>\$ 6,200,731</b>	<b>\$ 9,764,839</b>	<b>\$ 28,848,488</b>	<b>\$ 28,928,530</b>

See accompanying notes to financial statements.

**BRITISH COLUMBIA SAFETY AUTHORITY (DBA TECHNICAL SAFETY BC)**  
**STATEMENT OF CASH FLOWS**

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
<b>Cash provided by (used in):</b>		
<b>Operating</b>		
Excess of revenue over expenses	\$ 40,346	\$ 1,922,642
Items not involving cash:		
Amortization of deferred leasehold inducements	(312,487)	(315,218)
Amortization of tangible capital assets and intangible assets	4,800,902	4,643,057
Gain on disposal of tangible capital assets	(97,814)	(16,277)
Accretion of asset retirement obligation	1,714	1,680
Change in fair value of investments	(592,296)	(846,703)
Change in accrued employee future benefits	(72,102)	1,847
Net changes in non-cash working capital items (note 17)	209,062	1,754,014
	3,977,325	7,145,042
<b>Financing</b>		
Deferred leasehold inducement	-	50,395
Principal payments on capital lease obligation	(67,959)	(65,307)
	(67,959)	(14,912)
<b>Investments</b>		
Purchase of tangible capital assets	(1,806,338)	(994,666)
Proceeds from disposal of tangible capital assets	97,814	16,277
Purchase and development of intangible assets	(1,365,365)	(2,179,478)
Interest on investments re-invested	(77,292)	(1,013,236)
Purchase of investments	-	(3,000,000)
Withdrawal of investments	\$ 2,500,000	-
	(651,181)	(7,171,103)
Increase (decrease) in cash	3,258,185	(40,973)
Cash, beginning of year	5,648,820	5,689,793
Cash, end of year	\$ 8,907,005	\$ 5,648,820

See accompanying notes to financial statements.

## BRITISH COLUMBIA SAFETY AUTHORITY (dba TECHNICAL SAFETY BC) NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2020

### 1. OPERATIONS:

British Columbia Safety Authority ("BCSA") (dba Technical Safety BC) 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 is exempt from income taxes.

BCSA delivers services in British Columbia by partnering with business, industry and the general public to enhance the safety of technical systems, products, equipment and work. BCSA is responsible for overseeing the safety of electrical equipment and systems, boilers, pressure vessels and refrigeration systems, natural gas and propane appliances and systems, elevating devices, railways, passenger ropeways and amusement devices.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian federal and provincial governments enacting emergency measures to combat the spread of the virus. The economic conditions had a short-term impact on BCSA's operating results and financial position in 2020. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy in the future is not known at this time.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### (a) Basis of presentation:

These financial statements have been

prepared by management in accordance with Canadian accounting standards for not-for-profit organizations as recommended by the Chartered Professional Accountants Canada.

#### (b) Revenue recognition:

Fees that cover a specific period are recognized as revenue evenly over that period. Fees that do not cover a specific period and are earned over a period of time are recognized as revenue over an estimated period that is based on past history. In both cases, unearned fees are recorded as deferred revenue.

All other revenue is recognized when the services are performed and the amount is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### (c) Net assets:

##### (i) Investment in tangible capital assets and intangible assets:

These net assets represent the investment that BCSA has made in tangible capital assets and intangible assets.

##### (ii) Education reserve:

In accordance with the Safety Standards Act, BCSA established the education reserve to reserve monetary penalties collected by BCSA to be expended on accident prevention and safety education programs.

##### (iii) Capital reserve:

The capital reserve was established to fund long-term capital investment projects, such as the modernization of



facilities and information technology systems.

(iv) Operating reserve:

The operating reserve represents the accumulated unrestricted surplus of BCSA.

**(d) Investments:**

Investments are carried at fair value based on published quoted prices at year-end. All investments are held in pooled funds. Investment income and changes in fair value are recognized in the statement of operations.

Short-term investments include those investments which BCSA intends to hold for capital projects in the next fiscal year. Investments that are expected to be realized beyond the next fiscal year are classified as long-term.

**(e) Intangible assets:**

BCSA customizes third-party software for internal use. All intangible assets are recorded at cost. Direct costs attributable to new customizations or significant modifications to previous customizations are capitalized after the technological feasibility has been established. Direct costs attributable to major safety program development are capitalized. Direct costs attributable to minor modifications of previous customization, and costs to support or service internally customized third-party software are expensed in the period incurred.

Intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the associated future economic benefits or service potential have been reduced. If such conditions exist, an impairment loss is measured at the amount by which the

carrying amount of the asset exceeds its fair value or replacement cost and is recognized as an expense in the statement of operation.

Amortization commences when the software is brought into service. The software is amortized using the straight-line method over the estimated useful lives of the assets at the following annual rates:

ASSET	BASIS
Software systems	4 to 8 years
Safety program software development costs	5 years

**(f) Tangible capital assets:**

Tangible capital assets are recorded at cost, which includes all costs directly attributable to the acquisition, installation of the asset and costs incurred to bring the asset to the condition necessary for its intended use. Repairs and maintenance costs are recorded as expenses. Betterments which extend the life of an asset are capitalized.

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the associated future economic benefits or service potential have been reduced. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost and is recognized as an expense in the statement of operation.

Amortization of tangible capital assets commences when it is brought into service. The assets are amortized using the straight-line method over the estimated useful lives of the assets at the following annual rates:

BRITISH COLUMBIA SAFETY AUTHORITY (DBA TECHNICAL SAFETY BC)  
NOTES TO FINANCIAL STATEMENTS CONTINUED

Year ended December 31, 2020

ASSET	BASIS
Computer hardware	3 to 5 years
Vehicles	5 years
Furniture and equipment	5 years
Leasehold improvements	term of the lease
Leased tangible capital assets	term of the lease

Leases, which transfer substantially all of the benefits and risks incidental to ownership of property, are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

**(g) Deferred leasehold inducements:**

Deferred leasehold inducements include amounts received in lease agreements related to leasehold improvements. Amortization of deferred leasehold inducements is recognized over the initial term of the lease, including any rent-free periods, on a straight-line basis against building occupancy expense.

**(h) Employee future benefits:**

BCSA accrues its obligations under defined benefit plans as the employees render the services necessary to earn the benefits. Actuarial gains (losses) on the accrued benefit obligation arising from differences between actual and expected experience are recognized immediately. Actuarial assumption changes resulting in remeasurement are recognized directly in net assets in the period they occur.

BCSA is a participating employer of the Public Service Pension Plan, a jointly trusteed pension plan. The pension plan is a

multiemployer plan and as a result, required contributions are expensed as incurred. The plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

**(i) Asset retirement obligation:**

BCSA recognizes a future asset retirement obligation as a liability in the year in which it has a legal obligation associated with the retirement of a tangible long-lived asset that results from the acquisition, construction, development, and/or normal use of the asset based on management's best estimate of the expenditure required to settle the obligation. BCSA concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset.

The amount of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a risk-free interest rate based on management's best estimate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each year to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized as an expense using the effective interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset.

**(j) Use of estimates:**

The preparation 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 expenses during the year. In particular, management makes estimates to determine the period over which deferred revenue is recognized as revenue. Actual results could differ from those estimates.

**(k) Financial instruments:**

BCSA's financial instruments consist of cash, accounts receivable, investments, and payables and accruals. Cash, accounts receivable, and payables and accruals are initially recorded at fair value and subsequently recorded at cost or amortized cost. Investments are initially measured at fair value, and also subsequently carried at fair value, with changes in fair value recognized in the statement of operations.

The carrying value of accounts receivable, and payables and accruals approximates fair value as at December 31, 2020 and 2019.

BCSA classifies financial instruments measured at fair value into one of three levels of a fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values:

Level 1 – quoted prices in active markets;

Level 2 – measurements determined using valuation models that employ observable inputs; and

Level 3 – measurements determined using valuation models that employ unobservable inputs.

All investments held by BCSA at December 31, 2020 are considered Level 2 (2019 – Level 2).

**3. ACCOUNTS RECEIVABLE:**

	2020	2019
Trade and other receivables	\$ 2,631,975	\$ 2,770,024
Allowance for doubtful accounts	(756,045)	(551,698)
	\$ 1,875,930	\$ 2,218,326

**BRITISH COLUMBIA SAFETY AUTHORITY (DBA TECHNICAL SAFETY BC)**  
**NOTES TO FINANCIAL STATEMENTS CONTINUED**

Year ended December 31, 2020

	2020		2019	
	COST	FAIR VALUE	COST	FAIR VALUE
Short-term bond fund	\$ 25,669,104	\$ 26,676,003	\$ 27,920,525	\$ 28,129,815
Canadian dividend fund	5,681,527	6,228,747	5,852,813	6,605,347
	\$ 31,350,631	\$ 32,904,750	\$ 33,773,338	\$ 34,735,162

**4. INVESTMENTS:**

	2020	2019
Current portion	\$ 6,200,731	\$ 7,050,428
Long-term portion	26,704,019	27,684,734
	\$ 32,904,750	\$ 34,735,162

BCSA manages its investment portfolio through a third party investment manager, who invests according to BCSA's investment policy. Investments are held in short-term bond and Canadian dividend funds. BCSA is required to hold an investment portfolio of at least \$15,000,000 with the financial institution until June 30, 2021 as security for its line of credit (note 15(b)).

**5. INTANGIBLE ASSETS:**

			2020	2019
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Software systems	\$ 20,567,769	\$ 18,562,157	\$ 2,005,612	\$ 3,559,117
Software systems under development	1,936,336	-	1,936,336	964,565
	\$ 22,504,105	\$ 18,562,157	\$ 3,941,948	\$ 4,523,682

Software systems include online transaction and reporting tools, the core production system and Human Resources Management System.

## 6. TANGIBLE CAPITAL ASSETS:

			2020	2019
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Computer hardware	\$ 6,483,795	\$ 4,931,595	\$ 1,552,200	\$ 1,456,342
Software systems integral to hardware operations	1,303,676	1,130,995	172,681	191,926
Vehicles	5,488,361	3,967,528	1,520,833	1,272,986
Furniture and equipment	4,986,743	3,727,707	1,259,036	1,833,062
Leasehold improvements	9,163,371	5,071,497	4,091,874	4,822,825
Leased tangible capital assets	334,740	234,593	100,147	167,095
	\$ 27,760,686	\$ 19,063,915	\$ 8,696,771	\$ 9,744,236

In 2020, there was no work in progress included in tangible capital assets (2019 - \$76,001).

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	2020	2019
Trade payables and accruals	\$ 1,208,706	\$ 1,034,090
Government taxes and remittances	1,024,241	659,990
Wages and related costs payable	4,287,304	5,402,498
	\$ 6,520,251	\$ 7,096,578

Government remittances consist of amounts such as, sales taxes, Board of Directors' and employee payroll withholdings, employee benefit costs and worker's compensation premiums.

**BRITISH COLUMBIA SAFETY AUTHORITY (DBA TECHNICAL SAFETY BC)**  
**NOTES TO FINANCIAL STATEMENTS CONTINUED**

Year ended December 31, 2020

**8. CAPITAL LEASE OBLIGATION:**

BCSA has capital leases for vehicles with future minimum annual payments as follow

2021	\$ 73,959
2022	43,141
Total minimum lease payments	117,100
Less amount representing interest at 3.99%	3,803
Present value of minimum capital lease payments	113,297
Less current portion	70,722
Long-term portion	\$ 42,575

**9. DEFERRED LEASEHOLD INDUCEMENTS:**

	2020	2019
Deferred leasehold inducements, beginning of year	\$ 3,750,709	\$ 4,015,532
Leasehold inducements	-	50,395
Less amortization recorded net of building occupancy expense	(312,487)	(315,218)
Deferred leasehold inducements, end of year	3,438,222	3,750,709
Current portion	327,202	327,202
Long-term portion	\$ 3,111,020	\$ 3,423,507

Deferred leasehold inducements relate to leasehold improvements in the currently occupied Vancouver office and Comox office, with estimated remaining lease terms of 94 months and 30 months, respectively.



## 10. ACCRUED EMPLOYEE FUTURE BENEFITS:

### (a) Public Service Pension Plan:

BCSA and its permanent employees contribute to the Public Service Pension Plan, a jointly trustees pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including asset investment and plan administration. The pension plan is a multi-employer contributory defined benefit pension plan with 67,000 active members and 51,000 retired members as at March 31, 2020. BCSA had 429 active employees in the plan as at December 31, 2020.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the longterm rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The latest valuation as at March 31, 2020 indicated a \$2.7 million surplus for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2023.

Employer contributions paid by BCSA to the Public Service Pension Plan during the year were \$3,849,151 (2019 - \$3,641,375).

### (b) Defined Supplemental Retirement Benefit Plan:

Under the collective agreement and terms of employment, BCSA accrues a provision for a Defined Supplemental Retirement Benefit Plan as employees render the services required to earn that benefit. Employees eligible to receive a benefit from the Public Service Pension Plan upon retirement and who have completed 20 years of service with BCSA are entitled to an additional benefit from the Defined Supplemental Retirement Benefit Plan. The additional benefit is calculated as one to three month's salary, based on the number of years of service between the employee's 20th and 30th year with BCSA (maximum).

BCSA accrues the cost of these employee future benefits over the periods in which the employees earn the benefit. The cost of employee future benefits is actuarially determined using the projected benefit method pro-rated on service and includes, but is not limited to, management estimate of future salary increases, the retirement age and date of employees and the discount rate. The discount rate used is based on market rates as at the measurement date. Actuarial gains (losses) arise from changes in actuarial assumptions used to determine the accrued benefit obligation. Past service costs from plan amendments and net actuarial gains or losses are recognized in the statement of changes in net assets in the period they occur.

The latest full actuarial valuation was at December 31, 2019. A full actuarial valuation is performed every three years. Extrapolations of the last valuation are performed by the actuary in years where a full valuation is not performed.

**BRITISH COLUMBIA SAFETY AUTHORITY (DBA TECHNICAL SAFETY BC)**  
**NOTES TO FINANCIAL STATEMENTS CONTINUED**

Year ended December 31, 2020

The following is the reconciliation of the accrued employee future benefits liability:

	2020	2019
Accrued employee future benefits, beginning of year	\$ 849,256	\$ 629,322
Current service cost	89,732	60,965
Interest cost	26,327	23,914
Benefits paid	(188,161)	(83,032)
Remeasurement loss	120,388	218,087
Accrued employee future benefits, end of year	\$ 897,542	\$ 849,256

The expense for the plan is comprised of the following:

	2020	2019
Current service cost	\$ 89,732	\$ 60,965
Interest cost	26,327	23,914
Retirement benefit plan expense	\$ 116,059	\$ 84,879

The significant actuarial assumptions adopted in measuring the accrued benefit obligation are as follows:

	2020	2019
Discount rate	2.40%	3.10%
Rate of compensation increase	3.10%	3.10%

The accrued benefit obligation is not funded as funding is provided when benefits are paid. Accordingly, there are no plan assets.

#### 11. ASSET RETIREMENT OBLIGATION:

In accordance with the lease agreement, BCSA is required to restore the leased space for its Vancouver office to its original condition at the end of the lease term. BCSA has recorded an asset retirement obligation amount of \$86,632 as at December 31, 2020 (2019 - \$84,918).

## 12. SERVICES AND RELATED FEES REVENUE:

	2020	2019
Installation permits	\$ 37,488,135	\$ 38,733,687
Operating permits	17,509,728	17,442,690
Certification and licensing	3,987,367	4,077,952
Design registration	2,490,249	2,449,259
Inspections	1,873,478	2,284,977
ASA and ESA	1,325,277	1,404,621
Equipment approvals	980,477	1,018,129
Client education and administrative services	1,218,885	823,904
Miscellaneous	81,619	243,189
	\$ 66,955,215	\$ 68,478,408

## 13. INVESTMENT AND OTHER INCOME:

	2020	2019
Investment income	\$ 1,081,358	\$ 1,033,210
Change in fair value on investments	592,296	846,703
	1,673,654	1,879,913
Rental income	285,794	262,762
Interest income on cash balances	51,499	100,739
Gain on disposal of tangible capital assets	97,814	16,277
Monetary penalties issued (cancelled)	142,068	(53,752)
	\$ 2,250,829	\$ 2,205,939

## 14. INTERNAL FUND TRANSFERS:

Internal fund transfers is comprised of the following:

### (a) Education reserve:

Transfer of \$54,322 from the operating reserve to the education reserve related to monetary penalties collected that will be expended on accident prevention and safety education programs.

### (b) Capital reserve:

Transfer of \$2,322,006 from the operating reserve to the capital reserve to fund long-term capital investment projects.

**BRITISH COLUMBIA SAFETY AUTHORITY (DBA TECHNICAL SAFETY BC)**  
**NOTES TO FINANCIAL STATEMENTS CONTINUED**

Year ended December 31, 2020

**15. COMMITMENTS:**

**(a) Operating leases:**

BCSA leases office space with future minimum annual payments as follows:

2021	\$ 1,997,272
2022	1,780,672
2023	1,581,750
2024	1,570,350
2025	1,587,798
Thereafter	4,745,947
	<u>\$ 13,263,789</u>

**(b) Line of credit:**

BCSA has two undrawn credit facilities. The first credit facility has a maximum borrowing capacity of \$6,000,000 until June 30, 2021 and \$2,000,000 thereafter. This credit facility can be drawn at the prime lending rate and requires BCSA to maintain an investment portfolio of \$15,000,000 with the financial institution until June 30, 2021. The second credit facility has a maximum borrowing capacity of \$2,000,000 and can be drawn at the greater of the prime lending rate and the 30 day Bankers' Acceptance CDOR rate plus 0.625%. There were no amounts drawn on the lines of credit as at December 31, 2020 (2019 - nil).

**16. CONTINGENCIES:**

In the ordinary course of operations, BCSA may be contingently liable for litigation and claims with customers, suppliers and employees. Specific claims have been brought against BCSA, the outcome of which is indeterminable at this time. Liabilities on any litigation are recognized in the financial statements when the loss is likely and can be reasonably estimated. In management's judgment, no material exposure exists on the eventual settlement of any existing litigation.

**17. CHANGE IN NON-CASH WORKING CAPITAL ACCOUNTS:**

	2020	2019
Accounts receivable	\$ 342,396	\$ 728,009
Prepaid expenses	117,066	(261,848)
Accounts payable and accrued liabilities	(576,327)	36,766
Deferred revenue	325,927	1,251,087
	<u>\$ 209,062</u>	<u>\$ 1,754,014</u>

## 18. FINANCIAL INSTRUMENTS RISK, EXPOSURE AND MANAGEMENT:

BCSA has exposure to the following risks from its financial instruments:

### (a) Credit risk:

Credit risk is the risk of loss resulting from the failure of a customer or other debtor to honour its financial obligations. BCSA is exposed to credit risk with respect to the accounts receivable. Trade accounts receivable over 120 days are reviewed quarterly. All amounts over \$1,500 are reviewed for collectability and specific provisions are made accordingly. For remaining accounts, management applies a general provision based on past experience of collection.

### (b) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. BCSA is exposed to fair value risk on its investments. BCSA is not significantly exposed to foreign currency risk or other price risk.

### (c) Interest rate risk:

Interest rate risk is the risk that BCSA's investments will change in fair value due to future fluctuations in market interest rates. The risk arises primarily on interest-bearing financial instruments held in the short term bond fund.

### (d) Liquidity risk:

Liquidity risk is the risk that BCSA will not be able to meet its financial obligations as they fall due. BCSA's approach to managing liquidity risk is to ensure that it will have a sufficient net monetary position and cash flow generated from operations to fund the operations and settle debt and liabilities when due. BCSA also maintains an operating reserve to mitigate this risk.

There has been no change to the risk exposure in 2020.



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