

2022 ANNUAL REPORT

TECHNOLOGY | INNOVATION | OPTIMIZATION



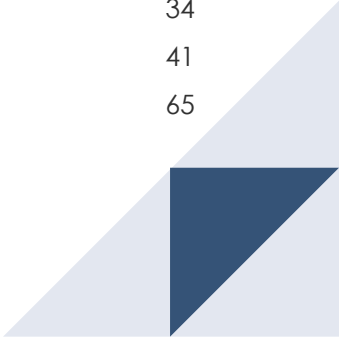
Safety
Codes
Council





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MESSAGE TO STAKEHOLDERS

We are pleased to present this annual report for the first time in our respective roles as Chair of the Safety Codes Council's (Council) Board of Directors and Acting President and Chief Executive Officer.

We want to thank all the Council members, employees, partners, and stakeholders whose commitment, expertise, and collaboration enabled key advancements towards executing the Council's 2021-2025 Strategic Plan this year.

In 2022, Alberta turned the corner on the COVID-19 pandemic but continued to face uncertainty as the business landscape transformed and new global economic pressures emerged. Our work focused on key initiatives that made strides towards our vision of an outcomes and data driven, risk-based regulator. The Council's 2022 business initiatives focused on executing our strategic plan through enhancing and modernizing our standards, ensuring effective and efficient regulatory decisions and systems, enhancing program delivery, and continuing to meaningfully engage our stakeholders to have a voice on changes to programs and services that impact them.

Utilizing the diverse expertise of safety system stakeholders and strengthening our relationships continued to be a key focus. This included engaging with over 100 new stakeholders to inform advice to the Minister of Municipal Affairs on adoption of, and Alberta-specific alterations to, the National Building Code – 2020 Edition and over 800 stakeholders to identify enhancements to the Accreditation Program. We modernized our engagement practices and developed our Stakeholder Engagement Framework, which sets out our continued commitment to meaningfully engage a broad range of stakeholders to ensure diverse perspectives are considered in the delivery of our programs and services.

To adapt to the changing landscape, the Council enhanced its governance practices. The Board refreshed its competency matrix, which ensures that the Board has the necessary skillsets and experience to work with the Council's President and CEO to provide strong strategic direction. Other initiatives include the development of a financial sustainability framework to help ensure Council's long-term financial sustainability, and the redevelopment of the Code of Conduct and Ethics policy to strengthen transparency, integrity, and accountability.

We remain focused and committed to executing our strategic plan and are proud of the notable progress made in 2022 through the support of Council members, employees, partners and stakeholders.



Jill Matthew
Chair, Board of Directors



Katie Rowe
Acting President and CEO

GUIDING PRINCIPLES

VISION

To be an outcomes and data driven, risk-based regulatory organization that helps keep Albertans safe in the built environment.

VALUES

Foster public confidence

Public confidence is established through transparency, accountability, and enhancement of public service.

Fuel innovation in the safety codes system

The Council responds to industry needs and system innovations by finding efficient and effective ways to drive meaningful change and invests in technologies to help meet the evolving needs of the safety codes system.

MISSION

Provide leadership by guiding, educating, supporting, and collaborating with all stakeholders in Alberta's safety codes system.

Utilize expertise

The Council's members and staff have deep and diverse expertise. Their talent and dedication to excellence strengthen the safety codes system.

Act with integrity

The Council demonstrates responsibility by upholding the highest ethical standards, acting with integrity, and generating trust.



**WHAT THE COUNCIL IS
WORKING TO ACHIEVE**

WHAT THE COUNCIL IS WORKING TO ACHIEVE

The Safety Codes Council (Council) is an independent, self-funded regulatory organization mandated to provide oversight of the safety codes system. The Safety Codes Act delegates authority and defines the Council's core roles and responsibilities.

Our execution of the Council's legislated functions, delivery of services and initiatives that advance our Strategic Plan is focused on three outcomes:

- Delivery, oversight, and regulatory decision-making of the Safety Codes Act is accessible, transparent, and efficient.
- Safety codes officers have the knowledge and skills to fulfill their roles and responsibilities.
- Codes, standards, guidelines, and policies are clear, consistent, and informed by expert advice and industry.

In 2022, the Council began to establish measures related to its performance towards these outcomes. Publicly reporting on performance measures keeps the Council accountable to deliver on its mandate and supports the Council in operating as an outcomes- and data-driven organization.

OUTCOME 1

Delivery, oversight, and regulatory decision-making of the Safety Codes Act is accessible, transparent, and efficient.

Core work supporting this outcome

- Performing regulatory functions through issuing decisions and holding quasi-judicial hearings on appealable decisions. The Administrator of Certification certifies safety codes officers and master electricians. The Administrator of Accreditation accredits organizations.
- Oversight of accredited municipalities, regional commissions, corporations, agencies, and Métis settlements to deliver safety codes services under the Safety Codes Act (permitting, inspections, and compliance).
- Delivering safety codes services in the province's unaccredited municipalities through the Alberta Safety Codes Authority's (ASCA) contracted inspection agencies; providing a permitting platform and technology support to all unaccredited municipalities; conducting permitting, inspection, and compliance activities for storage tank systems.
- Conducting audits of accredited organizations to ensure the administration and delivery of permitting and inspection services are compliant with the Safety Codes Act.

PERFORMANCE MEASURE 1A: REGULATORY COMPLIANCE IN ACCREDITED AREAS OF THE PROVINCE

Council is responsible for accrediting and providing oversight of all organizations that provide safety codes services.

This measure demonstrates the Council's oversight of the organizations it accredits to provide safety codes services to Albertans, in terms of the organization's quality management plan (QMP) adhering to Council policy, and annually self-reporting on their compliance. The QMP is the terms and conditions of accreditation for an organization, and describes the scope, operational requirements, and service delivery standards that are to be met. Accredited organizations must submit an Annual Internal Review of the previous year's activities to demonstrate compliance with their QMP.

In 2022, 80% of accredited organizations met these terms of their accreditation.

82% of the 301 accredited municipalities, 81% of the 96 accredited corporations, and 58% of the 38 accredited agencies met these requirements.

During the year, the Council worked with 99 accredited organizations that had QMPs from 2015 and older. Having a current QMP is important so that all accredited organizations are meeting current accepted standards to ensure consistency and standards harmonization.

During 2022, 96% of all accredited organizations submitted their Annual Internal Review.

In addition, Council cancelled accreditation of one organization for non-compliance to their QMP.

Council has set a target for this measure in 2023 of 85% and will continue to work with organizations with QMPs dated from 2016-2018 and apply enforcement actions on those who are nonresponsive.

PERFORMANCE MEASURE 1B: PERMIT COMPLIANCE IN UNACCREDITED AREAS OF THE PROVINCE

Through ASCA, Council is responsible for providing oversight of permitting and inspections services for unaccredited regions of Alberta.

This measure demonstrates compliance with permitting controls in terms of key safety and consumer protection factors, including ensuring the correct number of inspections have been done, and the permit expiry date and fees collected are as required in the ASCA's Service Reference Manual.

- The number of minimum required site inspections at specific stages of the project are planned at the permit issuance and communicated to the permit applicant to ensure compliance and safety of the built environment.
- An appropriate expiry date is assigned to the permit based on the type of project allowing the permit applicant enough time to complete the project and allowing the safety codes officer to complete the compliance monitoring and follow-ups.
- The consistent application of fees and standards is an important consumer protection measure because it ensures that appropriate fees are charged to the permit applicant in accordance with the ASCA fee schedule.

In 2022, 95% of permits were compliant with all three of these requirements under ASCA's Service Reference Manual.

Compliance rates varied slightly by discipline, with building permits at 92% and private sewage disposal system permits at 99% compliance. Electrical, plumbing and gas were all in the 95-96% compliance range. ASCA reviewed 85% of the 9179 permits that were issued during 2022.

The non-compliances found were typically administrative errors due to staff turnaround or changes in the ASCA Service Reference Manual or lack of clarity with the description of work.

To ensure this permit compliance rate continues at this high level, ASCA meets quarterly with its contractors to provide regular feedback and process training on non-compliances to ASCA service delivery standards. Annually, ASCA updates its Service Reference Manual and permit application guidelines to address key issues and gaps that have been identified. Council has set a target for this performance measure of 96% for 2023.

OUTCOME 2

Safety codes officers have the knowledge and skills to fulfill their roles and responsibilities

Core work supporting this outcome

- Administering and delivering training and education for safety codes officers.

PERFORMANCE MEASURE UNDER DEVELOPMENT

OUTCOME 3

Codes, standards, guidelines, and policies are clear, consistent, and informed by expert advice and industry

Core work supporting this outcome

- Providing expert advice and recommendations to the Minister of Municipal Affairs to help formulate safety codes and standards, and address emerging issues in the safety codes system. This is primarily done through 12 sub-councils representing each safety code discipline.

PERFORMANCE MEASURE UNDER DEVELOPMENT



STRATEGIC PLAN 2021-2025

The Council's Strategic Plan sets out our areas of focus and guides how we intend to improve upon our business – in a way that advances safety codes system outcomes, and aligns with our vision, mission, and values.

SIX STRATEGIC PILLARS

The six pillars established in the 2021-2025 Strategic Plan drive Council's priorities.



IMPROVE REGULATORY EFFECTIVENESS AND EFFICIENCY

Identifying opportunities for improvements within the Council and the system and providing transparent reporting to demonstrate accountability for the Council's regulatory oversight functions.

- Enable risk-based approaches to Safety Codes system oversight.
- Develop regulatory framework.
- Establish public reporting.



PROMOTE THE CONSISTENT APPLICATION OF CODES AND STANDARDS

Developing tools to enable and increase regulatory consistency in the delivery of safety codes and standards to support Alberta's economic competitiveness and improve public safety.

- Support code harmonization and adoption.
- Develop standard processes and procedures within the Council.
- Evolve Safety codes officer training to build competency in the interpretation of codes and standards to improve consistent application and enable innovation.



EVOLVE EDUCATIONAL PROGRAMMING

Delivering educational programs and initiatives that provide our clients with the knowledge and competencies that the system requires, now and into the future.

- Provide public education.
- Develop performance-based standards.
- Ensure training keeps up with technology.



ENHANCE TECHNOLOGY TO DRIVE INNOVATION

Ensuring the administration of Alberta's safety codes system is conducted efficiently and effectively, enabling the advancement of new technologies within the Council and Alberta's safety codes system.

- Reduce red tape through automation of administrative processes.
- Accelerate the adoption of technology within the safety codes system.
- Enable risk-based approaches to compliance monitoring.



STRENGTHEN PARTNERSHIPS WITH OUR STAKEHOLDERS

Building relationships and collaborating with all stakeholders to ensure Council programming continues to add value to those the Council serves, finding synergies, and working together to achieve common goals.

- Build strategic partnerships.
- Engage with stakeholders.
- Build on common objectives with Alberta system partners.



HARNESS DATA AND ANALYTICS

Building capacity to collect and analyze data to drive decision-making and enable risk-based approaches to safety service delivery.

- Build internal data management and analytical capacity.
- Develop corporate key performance indicators and data-collection requirements.
- Enable evidence-based decisions.



A STRONG FOUNDATION: SUPPORTING OUR PEOPLE AND CREATING SERVICE EXCELLENCE THROUGH INNOVATION

Our strategic pillars are built on a strong organizational foundation. The Council's operational excellence is a composite of its people, processes, and technology. In 2022, we continued with a number of activities to build on our two foundational enablers.

SUPPORT OUR PEOPLE

This foundational enabler recognizes that employees are the backbone of the Council and must be continually developed to support new strategic priorities in an ever-evolving safety codes system. To achieve this objective, the Council is focused on building internal regulatory and technical expertise, facilitating employees' education, empowering employees to champion the Council's mission, and enhancing the culture of openness, adaptability, and innovation. The operational objectives of this enabler include the continuous transformation of the organization into a learning organization and identifying top talent to lead strategic initiatives. By investing in employees' development and creating a culture of innovation, the Council can continue to build a strong foundation that will help it succeed in an increasingly complex regulatory environment.

Enhanced Cyber Security

- Cyber security remains a steadfast focus of the Council. With increased training, policies, procedures, and awareness campaigns, we have reduced our click threat to 10% lower than the industry standard. Improvements have been made to our cyber security program, and continued emphasis will be placed on increasing cyber awareness and implementing program enhancement to reduce cyber risk within the Council.

Company Culture

- The Council recognizes the foundation for achieving our strategic objectives is our people. In the past year, a concentrated effort has been made to build the Council teams' identity through focus groups, team building initiatives, and new methods of communication.
- To support the transformation of the Council into a learning organization that embraces openness and innovation, we have implemented cross-departmental working groups to remove departmental barriers and increase learning opportunities for Council employees.
- The Council has redesigned its recruitment approach to ensure it has top talent. This approach supports alignment of culture, values, and nurtures opportunities for growth of current Council employees.

CREATE SERVICE EXCELLENCE THROUGH INNOVATION

The Council is committed to evaluating our processes to ensure that we are responsible stewards of resources. A focus on innovation in our programs will ensure continued operational sustainability, including timely investments to support safety codes system needs. The operational objectives of the Council include reducing administrative red tape through automation, encouraging innovation and advancement of new technologies, promoting continuous improvement, and maintaining fiscal transparency and long-term financial sustainability. By achieving these objectives, the Council aims to create service excellence in the safety codes system.

Automating Processes for Storage Tanks Systems Clients

- During 2022, the Council launched eServices, an online platform for storage tank system clients serving unaccredited areas. eServices will reduce administrative burdens by automating processes and reducing paperwork. Storage tank system clients are now able to submit both operating and work permit applications and access their site information more quickly and easily, reducing delays and increasing efficiency.

Reducing Workloads of Accredited Organizations

- **Streamlined the audit process by reducing administration steps for accredited organizations:** Audit team now collects electronic version of selected permit files on behalf of the accredited organization. This process improves oversight as it also allows the audit team to measure the completeness of the permit files directly in eSITE.
- **Revised and reduced the number of permits required for an audit:** Through a risk-based standard of selection, the Council has reduced the size of the audit samples required during an audit by at least 30%.

Reducing Red Tape for Safety Codes Officers and Master Electricians

- **Master Electrician Application Efficiencies:** Council eliminated the requirement for out-of-province applicants to provide copies of journey person certification upon application, streamlining the application process.
- **Master Electrician Examination Availability:** Master Electrician exams can now be written on any day rather than set scheduled dates.
- **Removed Deadlines for Indigenous Bursary Application:** Applicants can now apply for the bursary until all funds have been expended. Applicants can now receive a decision faster as decisions are made on a monthly basis for any applications received during that month.
- **Code Change Notifications:** When a new code is published, SCOs within the applicable discipline are notified of the projected in-force date, code-update training requirements and are provided with available three-column documents outlining the changes.



RESULTS OF THE COUNCIL'S 2022 STRATEGIC INITIATIVES

Guided by the goals and objectives of our strategic plan, in 2022 the Council delivered on a series of change initiatives intended to improve our overall performance. Each initiative closely aligns with at least one particular strategic pillar and in many cases advances other pillars.

PILLAR: IMPROVE REGULATORY EFFECTIVENESS AND EFFICIENCY

ACCREDITATION PROGRAM REVIEW

Enabling Risk-Based Approaches to Safety Codes System Oversight

The Council has undertaken a multi-year project to review the current accreditation model to enhance the safety code system's efficiency, enable flexibility for accredited organizations to adopt risk-based approaches, and strengthen oversight and compliance in the system. The accreditation review provides stakeholders an opportunity to participate, engage, and provide input into the direction and delivery of the Council's accreditation program.

As part of the first phase of its review, the Council engaged with a wide range of stakeholders to gather their perspectives on the current accreditation model, opportunities for improvement in the system in line with Municipal Affairs' objectives, and the challenges in achieving those improvements.

In 2022, the Council engaged over 800 stakeholders to collect feedback on potential program improvements and enhancements of the accreditation system. These stakeholders included safety codes officers, quality management plan managers, representatives from accredited inspection agencies, sub-council nominating organizations, and Municipal Affairs' staff.

In addition, the Council conducted focus group sessions with municipalities, agencies, accredited corporations, and Municipal Affairs to collect input on ways to implement risk-based approaches to the delivery of safety-codes services, mechanisms that strengthen the accountability of accredited organizations, and opportunities for continuous improvement.

In 2023, the Council will release a What We Heard document and begin engaging stakeholders in the next steps of the accreditation review.

REGULATORY MODERNIZATION INITIATIVES

In 2022, the Council committed to four initiatives to modernize its regulatory processes. The focus was on strengthening and modernizing processes for investigating complaints and making regulatory decisions and on ensuring the consistent application of rules and regulations.

SUPPORT APPEALS ON VARIANCES REFUSED BY SCOS

Developing our Regulatory Framework

Variances allow SCOs to accept alternative solutions to the technical requirements of the code as long as safety performance is equal or greater. Variances enable the deployment of new and emerging systems, materials, technologies, and designs that might not have been considered when codes were adopted.

In July 2021, the Government of Alberta proclaimed sections 19 and 25 of the Safety Codes Amendment Act, 2015, with an effective date of December 1, 2021. This change required safety codes officers to issue variance refusals in writing, and gave persons the ability to appeal these refusals to the Safety Codes Council. Before December 20, 2021, there was no right of appeal if an SCO refused to issue a variance.

The Council developed systems and processes to support this legislative change to the variance appeal process. The Council provided webinar training for SCOs on how to issue variance refusals and the new ability to appeal refusals, and created templates to support SCOs in issuing variance refusals. It also provided an FAQ document for SCOs and the general public, and updated its website to reflect the new grounds for appeal, including updating the Notice of Appeal Form. The Council updated training for administrative-tribunal members to include the new grounds for appeal and the ability of the tribunal to confirm, vary, or revoke the variance refusal. In addition, the Council ensured its internal forms and processes reflected the new grounds for appeal for a fair and efficient appeal process.

In 2022, SCOs issued 9 variance refusals across the province. None of these were appealed to the Council.

By supporting this legislative change to create a right to appeal, the Council is supporting safety codes system's participants to advocate for innovative approaches to construction without sacrificing safety, and is providing administrative fairness for decisions that impact permit holders.

MASTER ELECTRICIAN PROGRAM REVIEW

Developing our Regulatory Framework

The Council is responsible for the certification of master electricians.

The Council conducted engagements on the Master Electrician Program during 2021 to gather stakeholders' perspectives on the value and purpose of the program, as well as to identify issues, risks, and gaps. This review informed the Council on policy and regulatory gaps for the Master Electrician Program, and potential solutions in order to develop a phased approach to strengthening compliance under the Safety Codes Act.

During 2022, the Council published the findings of these engagements in a summary What We Heard report. This report was shared with stakeholders and on our website to inform stakeholders of the issues identified, and actions the Council intends to take to strengthen the program.

The primary risk identified by stakeholders was related to oversight of permitted work. To address this, the Council developed and published a Roles and Responsibilities Guide for master electricians. This guide enables effective regulatory oversight by providing clarity to the roles and responsibilities of master electricians as permit holders under the Safety Codes Act.

In 2023, the Council intends to undertake an educational campaign to ensure master electricians are aware of this document and understand their responsibilities. The educational campaign will also include targeted communications to active Electrical Group A SCOs and organizations accredited in the electrical discipline. This is to ensure that these stakeholders understand master electrician's responsibilities and the Council's complaint management process in the event that they become aware of master electricians violating their responsibilities under the Act.

COMPLIANCE AND ENFORCEMENT MANUAL

Developing our Regulatory Framework

A review of ASCA's processes identified a gap in direction for enforcement of safety-codes compliance orders issued within ASCA's jurisdiction. To address this gap, in 2022, ASCA documented a progressive enforcement model on how it will approach, proceed, and ultimately enforce compliance with regulatory requirements in its jurisdiction. ASCA's agencies conducted reviews and provided valued feedback during development of this model.

A Compliance and Enforcement Manual was published on the Council's website and stakeholders were notified.

This manual establishes progressive safety codes compliance and enforcement through communication, education, warning, and enforcement proceedings. It establishes safety codes' and risk analysis, decision-making, and authority to escalate to achieve acceptable outcomes based on progressive ladder of enforcement principles.

The manual details how compliance activities are conducted within ASCA's jurisdictional area, providing clarity to owners, contracted agencies and their staff, and ASCA. It clarifies processes for compliance, enforcement, and direction, as well as provides the Council with reasonable methods to address safety and compliance through risk-based analysis within the legislative framework.

INFORMATION BULLETINS

Developing our Regulatory Framework

Information bulletins are a common tool used by regulators, including our partners in the safety codes system, to notify stakeholders of changes to operating procedures, programs, or services. This tool helps to provide timely and relevant notice to stakeholders about new programs or changes to existing programs and services; proposed changes to regulations or operating procedures; code publications and relevant training and certification announcements; and industry participation in stakeholder engagement initiatives.

In 2022, Council developed an information bulletin template document and guide to support Council employees in understanding how and when to use information bulletins to connect with Council stakeholders. In addition, Council created a dedicated webpage for information bulletins on its Council website to create a single point for stakeholders to access the most critical new information related to their activities.

Council posted its first information bulletin to its website in January 2023 and anticipates releasing up to two information bulletins per month.

Information bulletins support the consistent and transparent application of safety codes in the province. Using an information bulletin format will help ensure a consistent tone, level of detail, and method of communication and will improve stakeholder's access to important safety system information.

PILLAR: EVOLVE EDUCATIONAL PROGRAMMING

CURRICULUM MODERNIZATION

Develop Performance Based Standards

The curriculum modernization project is the Council's first comprehensive safety codes officers' curriculum review and redesign. This multi-year transformational project will ensure that safety codes officers have the knowledge and competencies the system requires, now and into the future.

An earlier phase of this work clarified the competencies an SCO must have to effectively perform their duties. This review identified an opportunity in our current curriculum to integrate practical and applied learning components in some disciplines and address topics in the base curriculum that all SCOs must understand. The topics to be addressed include plan review, alternative solutions, best practices for enforcing compliance, and investigations.

In 2022, the Council conducted focus groups and interviews with stakeholders and sub-councils to gather feedback on its vision and the proposed approach to the curriculum redesign. Feedback received from stakeholders during these engagements is published in a What We Heard document on the Council website. In addition, the Council prioritized specific courses for future development.

In 2023, the Council will engage stakeholders to co-develop learning objectives and course content for SCOs' core-competency training and to develop guidance documents for how code-related training will be provided in the future.

A modernized SCOs' curriculum ensures that the Council's education system is efficient, effective, and can be readily adapted to code changes and trends in the industry. SCOs will be better prepared for success and accredited organizations will continue to have access to SCOs who possess skills to meet an evolving safety codes system.

PILLAR: ENHANCE TECHNOLOGY TO DRIVE INNOVATION

TECHNOLOGY MODERNIZATION INITIATIVES

In 2022, the Council committed to two technology modernization initiatives to help ensure the administration of Alberta's safety codes system is conducted efficiently and effectively: a review of its technology platforms, and the integration of a digital platform for storage tank system clients.

TECHNOLOGY PLATFORMS REVIEW

Reducing Red Tape through Automation of Administrative Processes

Over the years, the Council has identified areas for improvements and efficiencies in its technology infrastructure and legacy systems. To ensure that the most important information technology projects are undertaken first, the Council committed to conducting a review of technology platforms to prioritize capital investment over the next five years.

In 2022, the Council developed a five-year information technology infrastructure and modernization capital plan as part of an integrated master budget framework to support information technology projects. This capital plan is a critical milestone to lead the Council to be an outcomes and data driven, risk-based regulatory organization, enabling greater oversight of the safety codes system and reducing the cost of compliance.

The Council also worked to establish a business transformation team led by the Council President and CEO to continue this research. The goal was to evaluate and develop mechanisms to mitigate potential risk to the Council's information technology systems and infrastructure. Due to a competitive information technology labour market, Council encountered challenges during 2022 in recruiting skilled personnel to complete this review, which has hindered the project from moving forward as planned.

In 2023, focus will be on the development of a roadmap of the Council's information technology investment and business transformation. This road map will drive the implementation of technology over next five years.

INTEGRATION OF A STORAGE TANK SYSTEM PLATFORM

Reducing Red Tape through Automation of Administrative Processes

Responsibility for petroleum storage tank management in unaccredited areas was transitioned to the Council in 2020. Since then, Council identified some inefficiencies with the information technology application and procedures for processing annual operating permits, work permits, invoicing, and search requests.

In 2022, the Council launched eServices, an online platform that integrated the existing petroleum tank management storage tank system platform with the Council's internal accounting system. This integration enabled online reporting and payments, system invoicing, and automatic issue of permits for petroleum tank clients.

eServices has reduced administrative burdens by automating processes and reducing paperwork. Storage tank system clients can now submit both operating and work-permit applications and access their site information more quickly and easily, reducing delays and increasing efficiency. Processes that used to take a few weeks are now completed online within the same transaction. Uptake of e-Services has been swift with most clients using these self-serve functions since launch.

Stakeholders now have more control over the permitting and inspection process, thus increasing oversight and improving compliance with regulations.

The cost of developing and implementing eServices was approximately \$115,000.

PILLAR: STRENGTHEN PARTNERSHIPS WITH STAKEHOLDERS

STAKEHOLDER ENGAGEMENT FRAMEWORK

Engaging with stakeholders

In 2022, the Council developed a stakeholder engagement framework to clarify and highlight our commitment to engage our partners as we work together to understand shared risks and establish common goals within the safety system. The framework transparently describes Council's engagement approach and methods that we undertake in support of our mission, mandate, and strategic plan.

The framework was created using International Association of Public Participation best practices and was reviewed by internal and external partners. This framework document was published on the Council website and shared with stakeholders.

Stakeholder-engagement activities conducted in alignment with the framework will help Council ensure that stakeholders' perspectives inform our policies and programs. This framework will guide all engagements in line with best practices and principles, and will help the Council ensure that stakeholders' perspectives inform our policies and programs.

PILLAR: SUPPORT HARMONIZATION AND PROMOTE THE CONSISTENT APPLICATION OF CODES

POWER ENGINEERING STANDARD

Supporting Code Harmonization and Adoption

The Council is playing a crucial role in promoting a national standard for power engineering that will harmonize the requirements for the safe management and operation of boilers, refrigeration, and compressor plants across Canada. Currently, there are variations in how Canadian jurisdictions determine equipment and supervision requirements. This results in different experience requirements and scopes of practice for power engineers.

To address this issue, the Council, along with eight other signatories representing Canadian provinces and territories and provincial regulatory bodies, is pursuing the development of uniform, coordinated, and consistent standards governing the classification and supervision requirements for power engineering.

In 2022, nine provinces and provincial regulatory bodies signed a Memorandum of Understanding (MOU) and committed funds to create a National Standard of Canada for power plant staffing and rating. The Council coordinated the MOU and entered into an agreement with the Standards Council of Canada to issue a Request for Procurement for a contract with a standards developing organization to develop a standard. National Public Safety Advisory Committee members recognize that adoption of a national standard for power engineering will need to be incorporated in provincial and territorial regulatory frameworks to achieve the intended outcome.

The standardization of these requirements will increase the level of confidence for regulators in the quality of work performed when power engineers move from one jurisdiction to another. Moreover, it will provide harmonized standards for plant rating and certification standards that will benefit owners and operators of plants, regulatory bodies that regulate plants and/or certify and regulate power engineers, and industry. This initiative will also support alignment with the Canadian Free Trade Agreement and other inter-provincial trade and labor mobility agreements.

The Council's sustained effort and focus over many years in finalizing the MOU and coordinating with nine provinces and provincial regulatory bodies through personnel and mandate changes have been crucial in achieving this outcome.

The Safety Codes Council is working closely with the Alberta Boilers Safety Association on this initiative. In 2023 the Council will continue this work by supporting the selection and contracting of a standards developing organization.



REPORT FROM THE SUB-COUNCILS

REPORT FROM THE SUB-COUNCILS

With the support of sub-councils, the Safety Codes Council supports the Minister of Municipal Affairs' public policy objectives for the safety codes system through activities such as:

- Reviewing and formulating, with the Minister's consent, codes and standards.
- Supporting the development and publication of Alberta-specific codes and standards.
- Reviewing proposed changes to the regulations established under the Safety Codes Act.
- Reviewing and formulating classifications of certificates of competency and qualifications of persons required to hold a certificate of competency.
- Reviewing and formulating standards regarding accreditation of organizations providing safety code services.

Sub-councils help represent industry perspectives related to development of codes, standards, classifications, qualifications, and regulations. They make recommendations to the Safety Codes Council related to codes and standards and provide technical advice on topics within their area of expertise.

Sub-council members are volunteers nominated by organizations that represent Alberta's industries and regions and the public. Approximately 100 industry segments are represented. These individuals represent diverse specialties from these segments, including engineering, architecture, contracting, manufacturing, corporations, safety codes officers, labour, municipalities, and education.

In 2022, 165 members volunteered 2,118 hours during 48 sub-council meetings. This only represents a portion of the support provided by industry, given that industry also engages with their membership to inform sub-councils' discussions and participates in working groups to investigate topics to inform sub-council advice and recommendations.

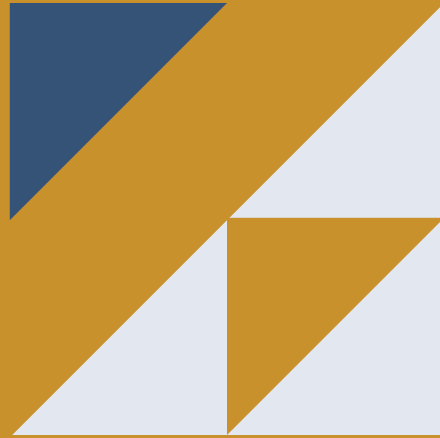
In 2022, the Safety Codes Council improved the process for nominating new sub-council members by giving more, standardized opportunities for organizations to submit nominees. This shift increased the opportunities for the over 85 nominating organizations to have a member from their organization represent their industry segment.

THERE ARE TWELVE SUB-COUNCILS:

- Amusement Rides
- Barrier Free
- Building
- Electrical
- Electrical Utilities
- Elevators
- Fire
- Gas
- Passenger Ropeways
- Plumbing
- Pressure Equipment
- Private Sewage Disposal Systems

HIGHLIGHTS OF THE SUB-COUNCILS' 2022 ACTIVITIES

- Reviewed national and international codes and standards to identify issues with new editions, including the new editions of the National Plumbing Code of Canada 2020 (2022) and ASME Boilers and Pressure Vessels Code's Sections I and IV (2021).
- Supported the development and publication of Alberta-specific codes and standards by recommending alterations to: the National Building Code – 2019 Alberta Edition in light of the National Building Code 2020; National Fire Code – 2019 Alberta Edition in light of the National Fire Code 2020; formulated the 2022 edition of the Alberta Electrical Utilities Code; and reviewed the Alberta Private Sewage Systems Standard of Practice 2021 to identify issues and areas of opportunity to inform future editions.
- Reviewed potential changes to the regulations under consideration by Municipal Affairs.
- Provided technical advice that supported the development of the Safety Code Council's Curriculum Modernization Framework for improving SCOs' training.
- Made recommendations to the Board of Directors on the types of industry representation sub-councils need to ensure they inclusively represent the various industry segments involved in discipline. Over 50 recommendations were made on the suitability of nominees for sub-council appointments, which the Board of Directors accepted.
- Provided technical advice to Municipal Affairs on areas where the code and standards need further interpretation, including on proposed STANDATAs, e.g., when building and fire codes apply to shipping containers.



BOARD OF DIRECTORS 2022 SUMMARY

BOARD OF DIRECTORS SUMMARY

In 2022, the Council welcomed new board member Janet Jabush. Currently serving her second term as Mayor of the Town of Mayerthorpe, Janet brings diverse business knowledge and strong stakeholder-relations skills to the Board.

In July, Jill Matthew, Chair of the Human Resources and Governance Committee and five-year member of the Board of Directors, was appointed Chair of the Board of Directors by the Minister of Municipal Affairs. Jill's passion for business excellence and governance, her dedication, and over 30 years of senior public and private sector experience will continue to be an asset to the Safety Codes Council.

This past year also saw the resignation of four board members: Kevin Griffiths (Chair), Tom Burton, Charlene Smylie, and Ulrik Seward. Their contributions over the years have enabled the Council to thrive during the pandemic and have supported the Council as it continues to deliver on its five-year strategic plan.

AT DECEMBER 31, 2022, THE COUNCIL'S BOARD OF DIRECTORS INCLUDED:

Jill Matthew	Chair, Board of Directors and Member, Human Resources Governance Committee
Owen Edmondson	Vice-Chair, Board of Directors and Vice-Chair, Audit and Risk Committee
Eóin Cooke	Chair, Audit and Risk Committee
Marcie Kiziak	Chair, Human Resources Governance Committee
Juan Monterrosa	Member, Audit and Risk Committee
Brenda Desjardins	Member, Human Resources Governance Committee
Janet Jabush	Vice-Chair, Human Resources Governance Committee
Tom Burton	Member, Audit and Risk Committee

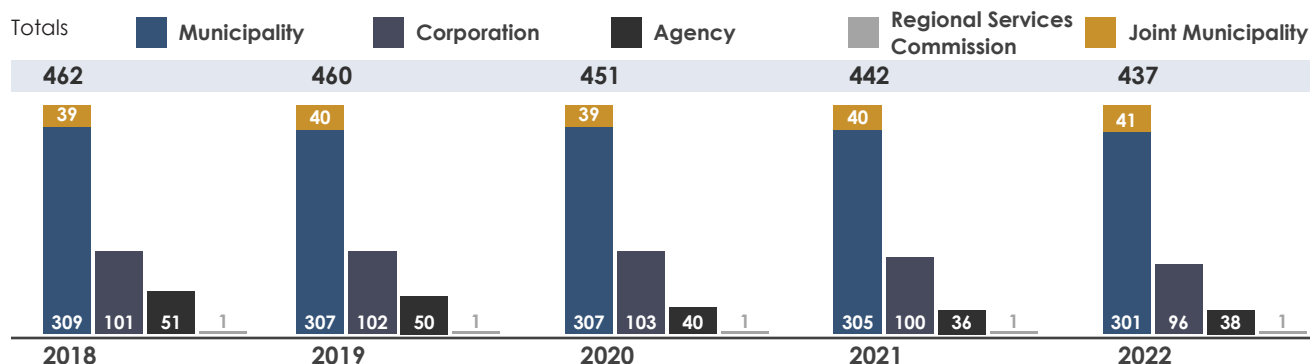
Attendance for Board and Committee meetings was 94% during 2022.



FACTS AND FIGURES

ACCREDITED ORGANIZATIONS

Accredited organizations, such as municipalities, regional services commissions, and corporations are designated by the Council to administer the Safety Codes Act (Act) in areas of Alberta that fall under their jurisdiction. Agencies may be designated to deliver safety-codes services on behalf of these accredited organizations. Some municipalities have chosen to administer the Act jointly with other municipalities. Each organization has a scope that defines the type and delivery of safety-codes services that they are authorized to provide.



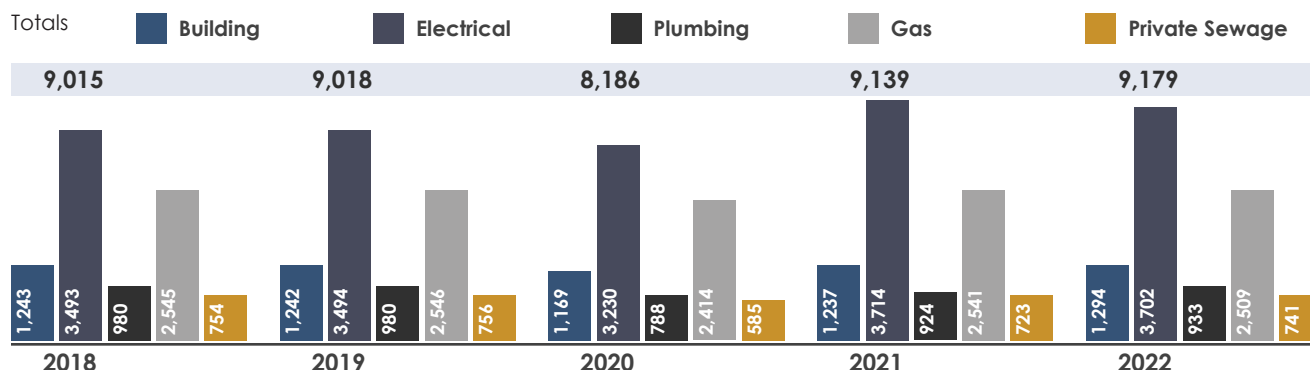
Accreditation by Organization Type

In 2022, 437 organizations were accredited, including 301 municipalities, 96 corporations, 38 agencies, 1 regional services commission, and 41 joint municipalities.

The number of accredited organizations have continued to slowly decline over the last five years due to municipal amalgamations, corporate mergers, and voluntary cancellation of agencies that have been dormant or ceased operations.

ALBERTA SAFETY CODES AUTHORITY (ASCA)

In some areas of the province, there are no accredited municipalities or corporations to provide safety-codes services. In these areas, ASCA oversees the delivery of permits and inspections on behalf of the Minister. ASCA enters into agreements with accredited agencies to provide frontline services.



Permits issued by Discipline in Unaccredited Areas

Permitting activity in 2022 was similar to 2021 after recovering from decreased activity during the early part of the pandemic.

The electrical and gas disciplines typically experience higher permit volumes because service connections, temporary heat and/or service, and minor improvements are common projects that require permits.

PERMITS AND INSPECTIONS

The Council tracks the permitting and inspection activities of 261 municipalities through a web-based application, eSite. Calgary and Edmonton's permitting and inspection numbers are tracked through the municipalities and are combined with eSite numbers to attain the numbers reported by the Council.

2018	Permits	145,044
	Inspections	410,421
2019	Permits	132,577
	Inspections	314,637
2020	Permits	134,433
	Inspections	262,810
2021	Permits	161,864
	Inspections	362,506
2022	Permits	147,019
	Inspections	481,415

Permit and Inspection Activity in Alberta

BUILDING	Permits	53,106
	Inspections	229,686
ELECTRICAL	Permits	35,795
	Inspections	118,200
GAS	Permits	38,901
	Inspections	69,846
PLUMBING	Permits	17,247
	Inspections	61,735
PRIVATE SEWAGE	Permits	1,970
	Inspections	1,948

Permit and Inspection Activity by Discipline in 2022

Permitting activities decreased by 9% from a peak in 2021 to a more typical level in 2022.

Inspection activities increased by 33% from 2021 to 2022. The significant level of permits in 2021 and lifting of COVID restrictions are the drivers for the increase in inspections during 2022.

STORAGE TANK SYSTEMS

Since June 2020, the Safety Codes Council is responsible for the permit-related services for flammable and combustible liquid storage tank systems program in unaccredited areas of the province. Permitting and inspection services are provided under the Council's Storage Tank System Program.

	From June 2020 to end of December 2021	2022
Applications for work permits received	176	119
Inspections completed	497	966
% of sites with a valid operating permit	93%	95%

The number of inspections conducted under the Storage Tank System Program almost doubled from 2021 to 2022 due to COVID restrictions being lifted. Inspections are required for new permits as well as for ongoing routine inspections of all tanks in the program. Routine inspections are prioritized by a risk analysis, which is based on age, size and complexity and previous inspection results.

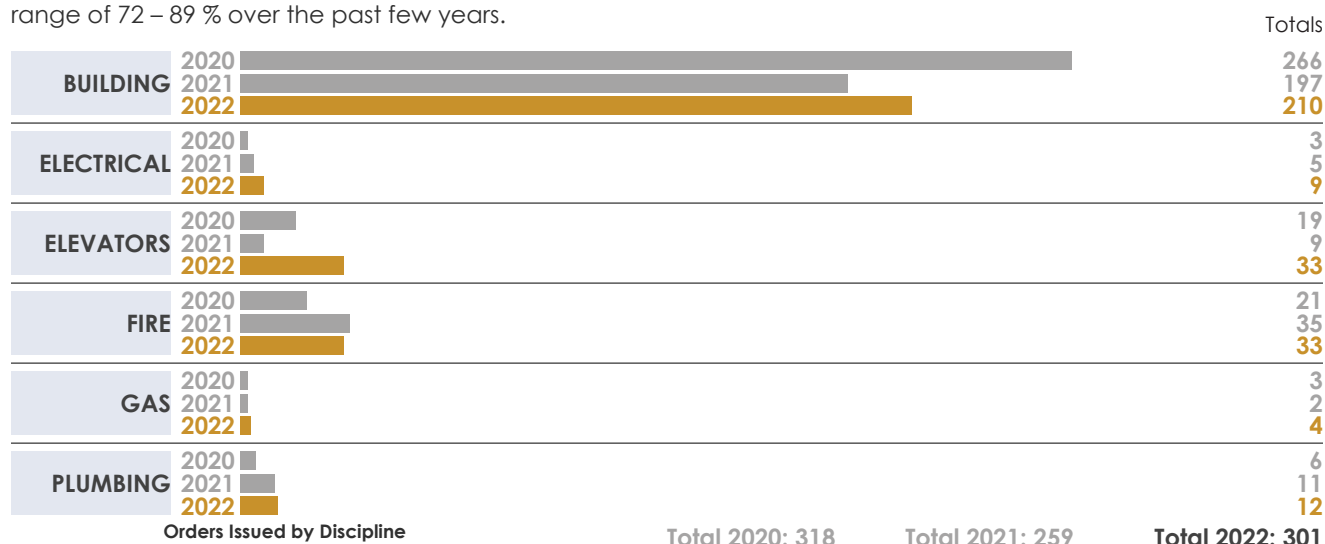
Annual operating permits are required for sites with one or more tank(s) that are 2,500 L or over in capacity and contain a flammable or combustible liquid. The number of sites with a valid operating permit increased from 93 to 95% from 2021 to 2022. This is due to the Council's steady contact and continuous follow-up campaigns with clients. Annual operating permits are important to ensure the Council has appropriate oversight of all petroleum storage tank systems in unaccredited areas of the province. In 2022, the Council implemented eServices, which makes updating operating permits easier for clients.

ORDERS

A safety codes officer issues an order to gain compliance where the Act has been contravened or deficiencies are identified during an inspection that could result in danger of serious injury or damage to a person or property. The Council maintains a registry for orders.

In 2022, 301 orders were issued, which is about average for the past three years. Accredited organizations are required to submit a copy of the order within 10 days of being issued, but it is possible that some 2022 orders have not yet been captured.

The City of Edmonton and the City of Calgary accounted for 67% of all orders in 2022. This is slightly below the range of 72 – 89 % over the past few years.



VARIANCES

Occasionally, a proposed alternative solution provides equal or greater safety than do the requirements in a code or standard. In those cases, an SCO may issue a variance, which is then registered with the Council.

		Totals
BUILDING	2020	637
	2021	1,694
	2022	766
ELECTRICAL	2020	21
	2021	33
	2022	22
ELEVATORS	2020	1
	2021	4
	2022	0
FIRE	2020	13
	2021	19
	2022	12
GAS	2020	7
	2021	4
	2022	4
PLUMBING	2020	61
	2021	20
	2022	15
PRESSURE EQUIPMENT	2020	7
	2021	9
	2022	4
Variances Issued by Discipline		Total 2020: 747 Total 2021: 1,781 Total 2022: 823

As of the end of February 2023, 823 variances have been registered for 2022, which is a decrease from 2021 of 54%. Generally, the number of variances issued fluctuates from year to year based on construction activity and volume of permits. Accredited organizations are required to submit a copy of the order within 10 days of being issued, but it is possible that some 2022 orders have not yet been captured.

The City of Edmonton and the City of Calgary approximately account for 83% of all variances in 2022, which is slightly above the average of 71% over the past few years.

Jurisdiction-wide variances may decrease the number of variances being issued. This is because a municipality may issue one variance on a code that is commonly varied, such as building code's 9.10.15.3.(1) which refers to houses located outside the 10-minute response time boundary.

TRAINING

The Council tracks registrations for the base- and technical-competency courses that SCOs must complete to obtain certification as well as code-update training delivered by the Council.

The number of course registrations has been reasonably stable with a 9% decrease from 2021 to 2022. Registrations in the building discipline has increased over 40% with the increase in post-COVID construction activity and demand.

COURSE REGISTRATIONS BY YEAR

	2018	2019	2020	2021	2022
Base Competency	553	623	473	475	447
Permit Issuers	45	21	11	75	55
Fire	848	1,066	758	789	550
Building	567	337	282	427	609
Plumbing	45	43	19	26	20
Gas	39	35	26	7	19
Electrical	86	80	90	76	61
Workshops				287	196
Other	8	2	6	29	34
Total	2,191	2,207	1,665	2,191	1,991

CERTIFICATION

Safety codes officers are certified by the Council in any of nine disciplines. The Council is also responsible for certifying master electricians (ME), the only professionals who can obtain electrical permits in Alberta.

SCOs are authorized to work for a specific accredited organization under a designation of powers (DOP). SCOs cannot carry out their responsibilities under the Act without a DOP.

CERTIFICATIONS AND DESIGNATIONS BY DISCIPLINE

		2020	2021	2022
Amusement Rides	Certifications	14	15	11
	Designations	11	10	9
Building	Certifications	487	507	444
	Designations	345	361	364
Electrical	Certifications	582	629	453
	Designations	207	203	199
Elevators	Certifications	34	36	34
	Designations	30	29	30
Fire	Certifications	1,324	1,386	1,071
	Designations	971	993	814
Gas	Certifications	137	124	126
	Designations	113	110	106
Passenger Ropeways	Certifications	6	6	5
	Designations	5	4	4
Plumbing	Certifications	144	152	135
	Designations	114	113	107
Pressure Equipment	Certifications	110	113	123
	Designations	76	77	75
Total Certifications		2,838	2,968	2,432
Total Designations		1,872	1,900	1,708



In 2022, 2,432 SCO certificates of competency were issued in the nine disciplines. There were 1,708 active designations of powers.

Some SCOs hold certificates of competency in several disciplines. This results in more certificates than there are certified individuals. Similarly, many SCOs hold DOPs in several disciplines and some with more than one accredited organization.

At the end of 2022, there were 4,426 MEs.

The total number of certified SCOs decreased sharply throughout 2022 as all certifications were aligned to renew in 2022 to coincide with the first continuing education cycle. As a result, this number included three years' worth of regular SCO exits due to retirement or leaving the profession, as well as additional exits by those who chose not to renew because of new requirements to complete continuing education credits.

AUDITS

The Council ensures that accredited organizations are appropriately administering the Act in their jurisdiction, in part through comprehensive audits which are carried out regularly.

In 2022, the Council performed 41 audits representing 51 accredited organizations (including 47 municipalities, 4 corporations, and 3 joint municipalities covering 9 municipalities). The number of audits in 2022 reflected a more balanced approach between remote and onsite audits than during 2021 when most audits were done remotely due to the pandemic.

In addition, the audit team conducted two site visits to Métis settlements to build relationships and provide information on compliance processes and safety-codes operations for accredited organizations.

2022	41
TOTAL AUDITS	
2021	64
TOTAL AUDITS	
2020	45
TOTAL AUDITS	
2019	47
TOTAL AUDITS	
2018	36
TOTAL AUDITS	

INVESTIGATIONS

The Council investigates complaints or concerns about the conduct, performance, and/or competency of accredited organizations, SCOs, permit issuers, or MEs. Complaint investigations are independent and objective and provide the system with an additional tool for oversight.

The complaints and investigations team additionally handles general enquiries from the public, providing an accessible contact point to help individuals navigate the safety-codes system.

	2018	2019	2020	2021	2022
Enquiries	<i>no data</i>	24	35	27	25
Complaints	15	8	7	10	9
Investigations	7	1	6	5	3

Complaint and enquiry submissions are often the result of a breakdown in communication between a private citizen and neighbour or contractor, or the safety-codes services provider such as an SCO and/or the accredited organization they work with.

When the Council receives a formal complaint, it is assessed to establish if the complaint is in scope and if an investigation can be completed. Complaints may not be investigated if they are out of scope, currently engaged in the Council appeal process, or under judicial review for other reasons.

APPEALS

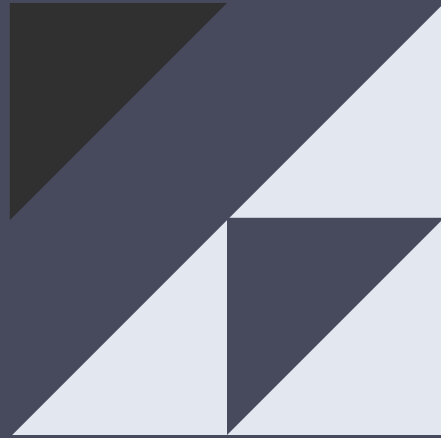
If an individual or organization wishes to contest an order from a safety codes officer or a written notice issued under the Act, they can appeal. The Council administers an appeal process that is run according to the principles of natural justice and is fair, objective, and accessible.

The number of appeals and hearings are relatively consistent with previous years. This is to be expected, as none of the factors that impact results have significantly changed.

Of the three appeals heard: one was related to a refusal to issue a permit in the electrical discipline, one was related to a refusal to issue a permit in the building discipline, and one related to a refusal of a certificate of competency.

Starting December 1, 2021, safety codes officers' variance refusals became appealable. No appeals were initiated on these grounds in 2022.

	2018	2019	2020	2021	2022
Notice of Appeals Received	6	7	5	9	7
Hearings	2	6	2	6	3



FINANCIALS

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) provides key information regarding the Council's financial performance for the fiscal year ending December 31, 2022, current financial standing and management's outlook for future performance. The MD&A should be read in conjunction with the audited financial statements and accompanying notes.

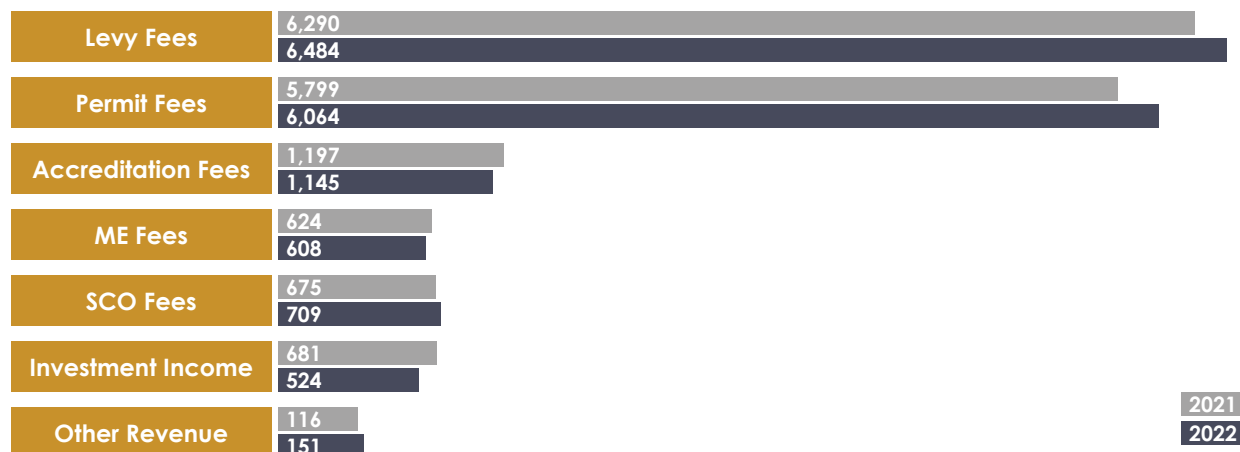
KEY FINANCIAL PERFORMANCE INDICATORS

Monetary Indicators (\$000s)	2021	2022
Total revenue	15,383	15,685
Operating expenses	13,582	13,666
Salaries and benefits	6,539	6,312
Excess (Deficiency) of revenue over expenses	1,801	2,018
Operating Reserve	8,702	10,997
Other Financial Indicators		
Overhead ratio	38.6%	39.2%
Operating reserve ratio	83.0%	66.6%
Efficiency ratio	1.3	1.2

REVENUE

The Council's total revenues during 2022 amounted to \$15.7 million, representing 2.0% increase from 2021 revenue levels, which is a second consecutive year of revenue growth. The Alberta economy has continued to grow in 2022, particularly energy and construction sectors, which contributed to the increase of the Council's revenue, primarily through permit levy fees and permit fees. During the same period, Alberta's total value of building permits issued increased by 6.2%¹.

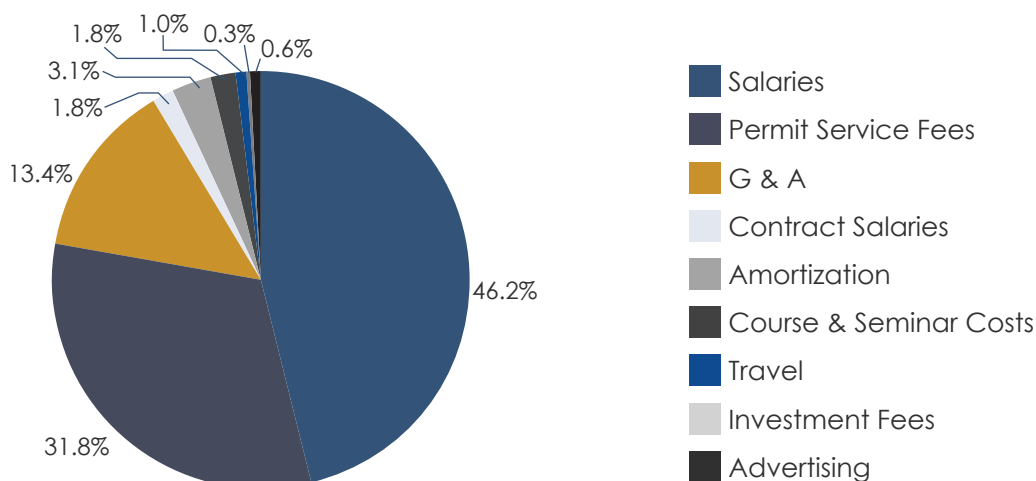
Safety codes permit levy fees and permit fees represented approximately 80.0% of total revenue. The remaining revenues are from accreditation, course fees, investment income and miscellaneous income.



¹ Alberta Government's Economic Dashboard (<https://economicdashboard.alberta.ca/>)

EXPENSES

In 2022, the Council's expenditures were \$13.7 million, a marginal increase of 0.6% from 2021. General administrative expenses and travel have increased, mainly attributable to increased level of in-person meetings and activities relating to sub-councils, onsite inspections, and audits. The Council's cost-reduction initiatives were adapted to ensure expenses were targeted towards the Council's core functions in delivering its mandate, while managing the costs in areas such as general overhead and contract expenses in spite of the unprecedented pressure from pervasive inflation.

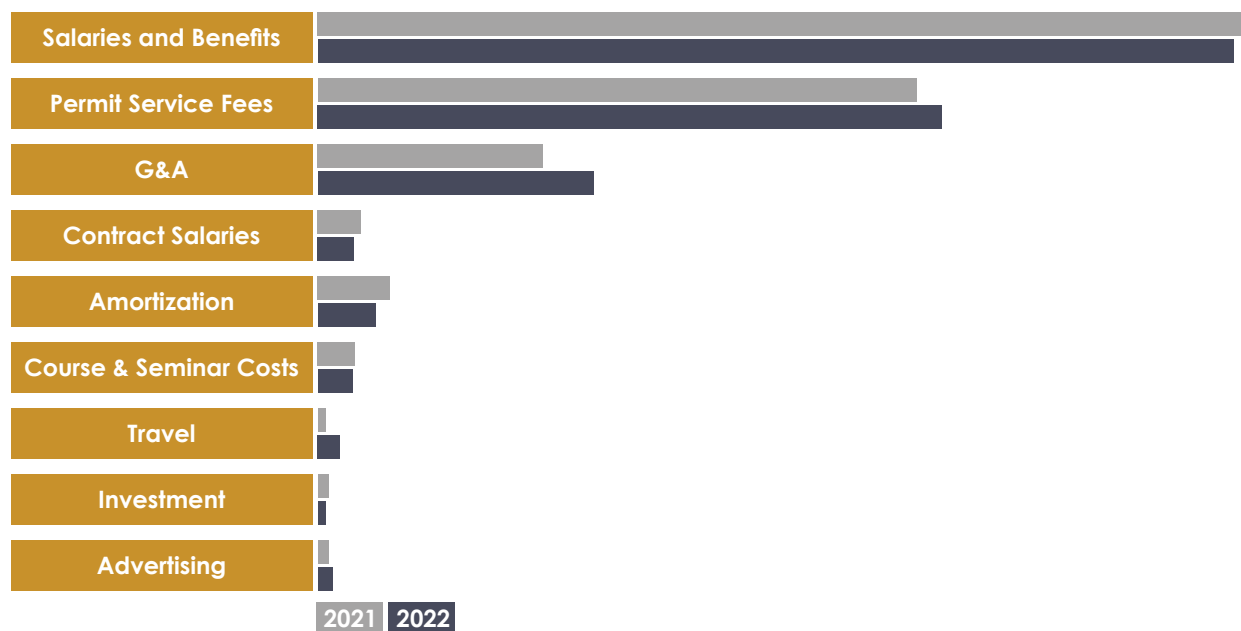


Salaries and Benefits continued to contribute the largest proportion of operating expenses at 46.2%, albeit slightly decreasing compared to 48.1% in 2021.

Permit Service Fees correlate positively with the permit fees revenue. The permit service fees increased by 4.5% (\$189,000) compared to 2021, which is offset by the increased permit-fees revenue of 4.6% (\$264,000) for the same period.

General and Administrative Expenses increased by 11.8% (\$193,000) compared to 2021. The main contributor to the increase relates to meeting and conference expenses. With the public health restriction being fully lifted, the level of in-person business activities increased. These include the Council's AGM, which was held in person for the first time since the pandemic, and a number of sessions of sub-council meetings. In addition, the high inflation impacted the Council's general and administrative expenses.

Travel Expenses grew compared to 2021, which is expected due to the increase of onsite audits and storage-tank inspections to close legacy permits.



As a result of increased revenues outperforming the operating expenses, the Council's financial performance through December 31 2022 yielded surplus of \$2 million, exceeding 2021 by 12%.

NET ASSETS AND RESERVES

The Council's net assets consist of its Sustainment and Growth Fund (operating reserve), internally restricted reserves and investment in capital assets. The Council's net assets balance is \$16 million, providing an operating reserve ratio of 83%, or 10 months of operating expenses in 2022. This demonstrates a strong capacity to maintain operations if unanticipated increased expenses occur.

Net Assets and Reserves (000s)	2021	2022
Sustainment and Growth Fund	8,702	10,997
ASCA restricted	1,014	1,042
The Council restricted	3,000	3,000
Investment in capital assets	1,204	989
Total Net Assets	14,010	16,028

FORWARD LOOKING

Provincial economies have been facing challenges from high inflation and rising interest rates. Alberta fared comparatively well economically as a result of the momentum from an optimistic energy sector and growing population. With strong real GDP growth for the second year in a row, a modest real GDP growth of 2.8% is anticipated in 2023².

The Council's revenue in 2023 is forecasted to remain at a similar level to 2022, where both levy fees and permit fees are expected to grow at a nominal rate. Elevated inflation and interest rates will continue to weigh on economy and business activities, which affects the Council's operating expenses.

In 2023, the Council will continue executing its 2021-2025 Strategic Plan and in alignment with its operational priorities. Management recognizes the key to success lies in building a robust budgeting and forecasting framework, managing the operation effectively with a focus on long-term financial sustainability, and investing in core areas to deliver values to our clients and stakeholders.

INVESTING IN PEOPLE

The Council's success in providing high-quality services and achieving the strategic goals hinges on the knowledge and expertise of our people. The Council will continue to prioritize our employees and develop a long-term human resource strategic plan, focusing on increasing the number of employees in operational lines of services and attracting talent to directly support clients and provide safety oversight.

INVESTING IN BUSINESS TRANSFORMATION AND TECHNOLOGY

The Council's capital budget of \$5.1 million over the next five years aligns with its strategic initiatives to invest in business transformation and technology modernization.

² Budget 2023-Government of Alberta (<https://www.alberta.ca/economic-outlook.aspx>)

Financial Statements of

SAFETY CODES COUNCIL

Year ended December 31, 2022



KPMG LLP
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Edmonton AB T5J 0H3
Canada
Tel 780-429-7300
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INDEPENDENT AUDITOR'S REPORT

To the Members of Safety Codes Council

Opinion

We have audited the financial statements of Safety Codes Council (the "Council"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of remeasurement gains and losses 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 Council as at December 31, 2022, its results of operations, its changes in net assets, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Council 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.



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 public sector accounting standards 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 Council'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 Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Council 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 long, horizontal, slightly wavy line.

Chartered Professional Accountants

Edmonton, Canada

April 14, 2023

SAFETY CODES COUNCIL

Financial Statements

Year ended December 31, 2022

Financial Statements

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Statement of Remeasurement Gains and Losses	3
Statement of Cash Flows	4
Notes to Financial Statements	5

SAFETY CODES COUNCIL

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,078,605	\$ 3,260,325
Accounts receivable	788,500	960,353
Prepaid expenses and deposits	274,417	281,507
	5,141,522	4,502,185
Investments (note 2)	12,701,575	12,819,406
Capital assets (note 3)	1,821,023	2,282,002
	\$ 19,664,120	\$ 19,603,593

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued liabilities	\$ 620,707	\$ 706,503
Deferred revenue (note 4)	3,030,809	2,591,699
Current portion of deferred lease inducements (note 5)	206,723	206,723
	3,858,239	3,504,925
Deferred lease inducements (note 5)	895,799	1,102,522
Net assets:		
Sustainment and growth fund	10,997,455	8,702,006
Internally restricted (note 6)	4,042,218	4,014,384
Invested in capital assets	988,737	1,293,663
	16,028,410	14,010,053
Accumulated remeasurement gains (losses)	(1,118,328)	986,093
	14,910,082	14,996,146
Commitments (note 7)		
	\$ 19,664,120	\$ 19,603,593

See accompanying notes to financial statements.

On behalf of the Council:

Jill Matthew

Director

Eóin J. Cooke
Eóin J. Cooke (Apr 21, 2023 15:58 MDT)

Director

SAFETY CODES COUNCIL

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Revenues:		
Levy fees	\$ 6,484,038	\$ 6,290,456
Permit and registration fees (note 4)	6,063,606	5,799,220
Accreditation fees (note 4)	1,144,620	1,197,450
Master Electricians Program certification fees	608,450	623,755
Safety Codes Officer program fees (note 4)	708,921	674,896
Investment income	523,923	681,237
Other revenue (note 4)	151,173	115,872
	15,684,731	15,382,886
Expenses:		
Salaries and benefits	6,311,071	6,539,370
Permit service fees	4,349,409	4,160,456
General and administrative (note 8)	1,834,353	1,641,149
Contract salaries and remuneration	245,399	309,619
Amortization and loss on disposal of capital assets	417,161	513,847
Course and seminar costs	245,337	264,719
Travel (note 8)	139,503	38,704
Investment management fees	37,333	64,921
Advertising and publications	86,808	48,718
	13,666,374	13,581,503
Excess of revenues over expenses	\$ 2,018,357	\$ 1,801,383

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2022 with comparative information for 2021

	Sustainment and growth fund	Internally restricted (note 6)	Invested in capital assets	2022 Total	2021 Total
Balance, beginning of year	\$ 8,702,006	\$ 4,014,384	\$ 1,293,663	\$ 14,010,053	\$ 12,208,670
Excess (deficiency) of revenues over expenses	2,435,518	-	(417,161)	2,018,357	1,801,383
Purchase of capital assets, net	(112,235)	-	112,235	-	-
Transfers	(27,834)	27,834	-	-	-
Balance, end of year	\$ 10,997,455	\$ 4,042,218	\$ 988,737	\$ 16,028,410	\$ 14,010,053

Statement of Remeasurement Gains and Losses

Year ended December 31, 2022 with comparative information for 2021

	2022	2021
Accumulated remeasurement gains, beginning of year	\$ 986,093	\$ 718,537
Unrealized change in fair value of investments	(2,104,421)	267,556
Accumulated remeasurement gains (losses), end of year	\$ (1,118,328)	\$ 986,093

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Cash Flows

Year ended December 31, 2022 with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ 2,018,357	\$ 1,801,383
Item not involving cash:		
Amortization of straight-line rent	(50,669)	(50,669)
Amortization and loss on disposal of capital assets, net of amortization of tenant inducements	417,161	513,847
Changes in non-cash operating working capital:		
Accounts receivable	171,853	17,678
Prepaid expenses and deposits	7,090	(10,637)
Accounts payable and accrued liabilities	(85,796)	89,207
Deferred revenue	439,110	654,211
	2,917,106	3,015,020
Investing activities:		
Purchase of investments, including reinvested investment income	(1,986,591)	(616,316)
Capital and financing activities:		
Purchase of capital assets	(114,435)	(135,622)
Proceeds from disposal of capital assets	2,200	5,750
	(112,235)	(129,872)
Increase in cash and cash equivalents	818,280	2,268,832
Cash and cash equivalents, beginning of year	3,260,325	991,493
Cash and cash equivalents, end of year	\$ 4,078,605	\$ 3,260,325

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements

Year ended December 31, 2022 with comparative information for 2021

The Safety Codes Council (the "Council") is a corporation established under the Safety Codes Act of the Province of Alberta (Revised Statutes of Alberta 2000, Chapter S-1). The industry-based Council is comprised of a Council Chair, a Board of Directors, and Sub-councils in the following areas: amusement rides, boilers and pressure vessels, buildings, electrical, elevators, fire, gas, plumbing, barrier free and passenger ropeways.

The Council is responsible for reviewing, formulating and managing significant components of the administration of Alberta's safety system. The Council's mandate is to:

- develop and recommend safety codes and standards;
- promote uniform safety standards and practices;
- develop and administer a program to certify and designate Safety Codes Officers;
- develop and administer a program to accredit safety system partners;
- administer appeals for certification, accreditation and orders issued under the Safety Codes Act;
- administer the Master Electricians' program;
- establish and operate safety information and training programs;
- develop and administer a province wide electronic permitting system for use by accredited entities administering the Safety Codes Act;
- engage in any other activities as directed by the Minister responsible for the Safety Codes Act; and
- oversee the delivery of permits and inspections for Albertans who live in unaccredited areas of the province through the Alberta Safety Codes Authority (ASCA), including performing all compliance monitoring services for storage tank systems.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2022 with comparative information for 2021

1. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations (the "standards").

(a) Revenue recognition:

The Council follows the deferral method of accounting for contributions which include government grants. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues are recognized when earned or when the related services are provided.

(b) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and short-term deposits which are highly liquid with original maturities of less than three months which are held for the purpose of meeting short-term cash commitments.

(c) Capital assets:

Capital assets are recorded at cost. Amortization is provided using the following method and annual rates:

Asset	Basis	Useful Life
Furniture and fixtures	Straight line	5 years
Equipment	Straight line	5 years
Computer hardware	Straight line	3 years
Computer software	Straight line	3-10 years
Leasehold improvements	Straight line	Over lease term

Copyrights are not amortized.

Capital assets that are not in use at year-end are not amortized.

When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset shall be written down to the asset's fair value or replacement cost. A write-down is not reversed in a future period.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2022 with comparative information for 2021

1. Significant accounting policies (continued):

(d) Leases:

Leases are classified as capital or operating leases. A lease that transfer substantially the entire benefits and risks incidental to ownership is classified as a capital lease. All other leases are accounted for as operating leases, wherein rental payments and related lease inducements, including "free-rent" periods or significant "step-up" provisions, are amortized on a straight-line basis and recognized as reductions of rent expense over the term of the lease. Lease inducements received for the purchase of capital assets are recognized as reductions in amortization expense on a straight-line basis over the term of the related lease.

Deferred lease inducements represents the unamortized value of tenant inducements and straight-line rent.

(e) Contributed services:

Contributed supplies and services that would otherwise have been purchased are recorded as contributions and expenses. Such transactions are measured at the fair value at the date of contribution, when a fair value can be reasonably determined.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2022 with comparative information for 2021

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

All financial instruments are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gains and losses are reversed and recognized in the statement of operations.

The standards require the Council to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Significant amounts subject to such estimates and assumptions include the valuation of investments and the carrying amount of capital assets. Actual results could differ from those estimates.

(h) Related party transactions:

The Council enters into transactions with related parties in the normal course of operations and on normal trade terms. These transactions are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2022 with comparative information for 2021

1. Significant accounting policies (continued):

(i) Future accounting changes:

The following summarizes upcoming changes to Canadian public sector accounting standards that may impact the Council's financial reporting: PS1201 *Financial Statement Presentation* (effective April 1, 2022), PS3041 *Portfolio Investments* (effective April 1, 2022), PS3280 *Asset Retirement Obligations* (effective April 1, 2022), PS3450 *Financial Instruments* (effective April 1, 2022), PS3400 *Revenue* (effective April 1, 2023); PSG-8 *Purchased Intangibles* (effective April 1, 2023) and PS3160 *Public Private Partnerships* (effective April 1, 2023). The Council's management is currently assessing the impact of these new accounting standards on its financial statements.

2. Investments:

2022	Level	Cost	Fair value
Cash and cash equivalents		\$ 2,521,390	\$ 2,521,390
Pooled funds:			
Bond Fund	2	7,352,925	6,303,175
Canadian Equity Fund	2	2,544,305	2,207,772
Global Equity Fund	2	1,116,768	1,407,695
Emerging Market Equity Fund	2	284,229	261,543
		\$ 13,819,617	\$ 12,701,575
2021	Level	Cost	Fair value
Cash and cash equivalents		\$ 738	\$ 738
Pooled funds:			
Bond Fund	2	7,018,785	6,949,275
Canadian Equity Fund	2	3,092,540	3,291,490
Global Equity Fund	2	1,540,794	2,370,547
Emerging Market Equity Fund	2	180,456	207,356
		\$ 11,833,313	\$ 12,819,406

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2022 with comparative information for 2021

3. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 707,280	\$ 555,884	\$ 151,396	\$ 283,267
Equipment	78,025	49,177	28,848	42,982
Computer hardware	831,159	719,357	111,802	184,167
Computer software	1,779,717	1,172,496	607,221	679,210
Leasehold improvements	1,563,258	653,269	909,989	1,080,609
Copyrights	11,767	-	11,767	11,767
	\$ 4,971,206	\$ 3,150,183	\$ 1,821,023	\$ 2,282,002

4. Deferred revenue:

	Balance, December 31, 2021	Amounts received	Revenue recognized	Balance, December 31, 2022
Permit fees	\$ 2,449,935	\$ 6,472,568	\$ (6,060,938)	\$ 2,861,565
Safety Codes Officer program fees	125,380	114,542	(85,896)	154,026
Accreditation fees	13,884	1,132,500	(1,133,666)	12,718
Other revenue	2,500	-	-	2,500
	\$ 2,591,699	\$ 7,719,610	\$ (7,280,500)	\$ 3,030,809

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2022 with comparative information for 2021

5. Deferred lease inducements:

	2022	2021
Straight-line rent	\$ 270,236	\$ 320,906
Tenant inducements	832,286	988,339
	1,102,522	1,309,245
Current portion of deferred lease inducements	206,723	206,723
	\$ 895,799	\$ 1,102,522

The Council recognized \$50,669 (2021 - \$50,669) of amortization of deferred straight-line rent as a reduction in rent expense and \$156,054 (2021 - \$156,054) of amortization of deferred tenant inducements as a reduction in amortization expense.

6. Internally restricted net assets:

The Council maintains internally restricted net assets in the amount of \$3,000,000 to manage sustainability risk over the medium term and \$900,000 as a contingency to manage risk associated with ASCA. Access to these and any other internally restricted net assets is granted by resolution of the Board of Directors. The transfer in the current year relates to the realized investment income earned on the underlying investment portfolio.

7. Commitments:

	Office lease
2023	\$ 374,663
2024	374,663
2025	389,356
2026	396,702
2027	411,395
2028	139,580
	\$ 2,086,359

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2022 with comparative information for 2021

8. Related party transactions:

The Province of Alberta provides certain services to the Council, including monitoring services of accredited entities as part of the Municipal Support Program, at no cost. The costs for these services are not recognized in the financial statements.

Related parties include key management personnel and members of the Board of Directors of the Council. Transactions with key management personnel primarily consist of compensation related payments. Members of the Board of Directors are remunerated by the schedules as set out by Order in Council 466/2007. Board of Directors remuneration aggregates to \$24,911 (2021 - \$21,710) and is included in general and administrative expense in the statement of operations. Other costs consist of travel related to meeting attendance of \$3,097 (2021 - \$nil) which is included in travel expense in the statement of operations.

9. Financial risks and concentration of credit risk:

The Council is exposed to a number of different financial risks arising from its use of financial instruments, including market price risk, liquidity risk, credit risk and interest rate risk. The Council's overall risk management processes are designed to identify, manage and mitigate risks associated with its financial instruments.

(a) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the Council's investments are in pooled funds and carried at fair value with fair value changes recognized in the statement of operations and statement of remeasurement gains and losses as appropriate, all changes in market conditions will directly result in an increase (decrease) in net assets. Market price risk is managed by the Council through their investment guidelines and policies, as monitored by the management of the Council and its investment manager.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2022 with comparative information for 2021

9. Financial risks and concentration of credit risk (continued):

(b) Liquidity risk:

Liquidity risk is both the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities under both normal and stressed conditions. The Council's Investment Policy, which is reviewed and approved by the Board of Directors annually, establishes the nature of acceptable investments for its portfolio. As a result, 100% of the Council's investments are in pooled funds. Although market events could lead to some investments within the pooled funds becoming illiquid, the diversity and quality of the Council's investments is designed to help ensure that liquidity is available to pay liabilities as they come due. The Council also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities.

(c) Credit risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Council. In relation to the Council activities, credit risk arises from the issuance of permits by accredited third-parties and subsequent remittance of levies to the Council. This risk is mitigated through the Council's ongoing due diligence of accredited organizations, and the number of accredited organizations issuing permits. In relation to the Council's investment portfolio, credit risk arises from the bond or equity issuer defaulting on its obligations.

The Council manages credit risk by investing in diversified pooled funds. Cash is held with reputable financial institutions and accounts receivable are with counterparties that the Council believes to be reputable entities. No individual financial asset is significant to the Council's operations.

(d) Interest rate risk:

The Council is exposed to interest rate risk associated with the underlying interest-bearing instruments. To properly manage the Council's interest rate risk, appropriate guidelines and investment policies are set and monitored by management of the Council and its investment manager.

VOLUNTARY DISCLOSURE

The Council has elected to voluntarily report disclosures, investigations, and wrongdoings, in alignment with Public Interest Disclosure (Whistleblower Protection) Act section 32 and our Code of Conduct and Ethics, as part of our public annual report.

There were no disclosures of wrongdoing filed with the Council's confidential Ethics Reporting hotline between January 1 and December 31, 2022.

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