

ANNUAL **REPORT** **2023**



**Safety
Codes
Council**

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MESSAGE TO ALBERTANS

We are pleased to present the Council's 2023 Annual Report. As Alberta prepares for continued economic and population growth, the Safety Codes Council remains committed to supporting this growth through guidance, education, and collaboration with partners within Alberta's safety codes system.

2023 marked an unprecedented wildfire season, affecting dozens of communities and displacing thousands of Albertans. In response to the urgent needs of communities affected by wildfires, the Council collaborated with Municipal Affairs and partner agencies to provide affected communities with rapid access to safety codes officers. Safety codes officers played a vital role, expediting assessments and ensuring the safe return of evacuated Albertans to their communities. Their dedication and teamwork significantly impact lives, and we are grateful for their contributions.

In 2023, the Council engaged with accredited organizations and Municipal Affairs, to further discuss how to enhance accountability, efficiency, and flexibility to adopt risk-based approaches in the accreditation program. Additionally, our focus on adopting risk-informed oversight approaches underscores our dedication to an efficient safety codes system.

We welcome you to browse our Annual Report to learn of our progress as we continue to work together with our safety codes system partners to promote safety and innovation in Alberta's buildings and structures.

Sincerely,



Rob Bennett
President and Chief Executive Officer



Jill Matthew
Board Chair

GUIDING PRINCIPLES

VISION

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

MISSION

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

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.

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

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

The Council is focused on advancing three outcomes:

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

This annual report introduces two new performance measures that demonstrate the Council's accountability to Albertans and performance towards these outcomes.

OUTCOME 1

Delivery, oversight, and regulatory decision making under 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 Albera Safety Codes Authority's (ASCA's) 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 is compliant with the *Safety Codes Act*.

Performance Measure 1a

Regulatory compliance in accredited areas of the province

The Council is responsible to accredit and provide oversight of all organizations that provide safety codes services.

This measure demonstrates the Council's oversight of the organizations that 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 contains 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 2023, the Council exceeded its target of 85% for regulatory compliance in accredited areas. 86% of the 302 accredited municipalities, 94% of the 93 accredited Corporations, and 84% of the 38 accredited agencies met these requirements.

During the year, the Council worked with 89 accredited organizations to update QMPs that were dated prior to 2019. Having a current QMP is important so that all accredited organizations are using the current accepted standards to ensure consistency and standards harmonization. In 2023, the Council cancelled accreditation of two organizations for non-compliance to their QMP.

During 2023, 87% of all accredited organizations submitted their Annual Internal Review.

Council has set a target of 90% for this measure in 2024 and will continue to work with organizations with QMPs dated prior to 2020 and apply enforcement actions on those who are nonresponsive.

In 2023, 87% of accredited organizations met these terms of their accreditation as compared to 80% in 2022.

Performance Measure 1b

Permit compliance in unaccredited areas of the province

Through the Alberta Safety Codes Authority (ASCA), the Council provides oversight of permitting and inspections services in 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, the permit expiry date and fees collected are as required in the ASCA's Service Reference Manual.

- At the time of permit issuance, the minimum required site inspections at specific project stages are planned and communicated to the permit applicant to ensure compliance and safety in the built environment.
- An appropriate expiry date is assigned to the permit based on the project type. This provides the permit applicant adequate time to complete the project and allows the safety codes officer to complete compliance monitoring and follow-ups.
- Consistent application of fees and standards are an important consumer protection measure, as it ensures permit applicants are charged appropriate fees in accordance with the ASCA fee schedule.

ASCA permit compliance exceeded the 96% target in 2023. Compliance rates of all disciplines, including building, private sewage disposal systems, electrical, plumbing and gas, were in the range of 98 to 100% compliance. ASCA reviewed 92% of the 9,316 permits that were issued during 2023.

The non-compliances found were typically administrative errors due to the manual entry of data into eSITE.

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. The Council has established a 2024 performance target of 95% for this measure, driven by intention to adopt a risk-informed approach to compliance monitoring within ASCA's jurisdiction.

In 2023, 99% of permits were compliant with all three of these requirements under ASCA's Service Reference Manual as compared to 95% in 2022.

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 2a

Safety codes officer satisfaction with Council training

This measure demonstrates satisfaction with training provided by the Council. Safety codes officers require access to high-quality and accurate training to prepare them for their important roles and responsibilities. The Council is responsible for developing, delivering, and maintaining training courses for safety codes officers. These include base competency and technical courses, continuing education, and code update training.

In 2023, the Council exceeded its prior year result by 2%. In 2024, the Council set a target of 85% satisfaction for this performance measure.

In 2023, 88% of safety codes officers were satisfied with training offered by the Council as indicated by course evaluations, an increase from 86% in 2022

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.

Performance Measure 3a

Engagement on codes and standards

This measure monitors the Council's commitment to ensuring that its codes, standards, associated policies, and advice/recommendations to the Minister of Municipal Affairs have been appropriately informed by experts and industry. Engagement is beneficial for ensuring decisions are informed by current knowledge, incorporating diverse perspectives from those who will be impacted, and supporting the establishment of common goals to work towards together.

The Council achieved its 100% target for this measure in 2023. The Council's 2024 target for this measure is also 100%.

In 2022 and 2023, the Council engaged on 100% of recommendations on codes and standards made to the Minister.

CORE BUSINESS HIGHLIGHTS

The Council is pleased to highlight the following three core activities in 2023, due to their importance to the safety codes system.

Cyber Security and Training

To maintain our partners' confidence in our technology systems, cyber security remained a key area of focus of the Council during 2023. The Council's internal training and awareness campaigns, full security review, replacement of security infrastructure, and strong control mechanisms successfully protected the integrity, security, and availability of our data assets. The Council's continued focus on implementing program enhancements will continue to reduce cyber risk and strengthen resilience within the Council's technology systems.

Government Relations

The Safety Codes Council is accountable to the Minister of Municipal Affairs through the *Safety Codes Act*.

Key Council government relations activities include providing advice and recommendations under the *Safety Codes Act*, conducting engagements with safety codes systems' partners and end-users, participating in Government of Alberta engagements, and working to shape the *Safety Codes Act* and associated regulations, codes, and standards. In 2023, government relations activities resulted in:

- A renewed Mandate and Roles Document with Municipal Affairs that commits both parties to interact, communicate, engage, and collaboratively work together.
- Greater access to free versions of the codes and standards that the Council publishes by negotiating new agreements with the Government of Alberta's King's Printer to remove fees associated with providing electronic versions.
- Providing communities affected by wildfires rapid access to additional safety codes officers, allowing assessments of building and equipment safety. This, in turn, enabled evacuation orders to be lifted faster.
- Identifying the government's current needs for advice and recommendations, which resulted in the Council adjusting its processes to provide timely advice. This improvement resulted in the Council being able to give advice within eight days regarding whether to adopt a new edition of a code, as opposed to the months it has historically taken.

Government relations activities ensure a clear understanding of government's priorities and facilitates the Council's support for those priorities. It also enables the provision of timely recommendations and advice from the industry the Council represents, informing government decisions related to their priorities. This may result in reducing unnecessary regulatory burden.

CORE BUSINESS HIGHLIGHTS

Alberta Review of National Model Codes

The Safety Codes Council provides recommendations and advice to Municipal Affairs related to codes and standards that may be used as part of their involvement with the Canadian Board for Harmonized Construction Codes.

The Council takes a holistic and integrated approach to reviewing the proposed changes to the National Model Codes so that Alberta end-users' interests and industry perspectives on the proposed changes to the codes are reflected in the advice provided to Municipal Affairs. In 2023, the Council responded to a request from Municipal Affairs by providing advice related to the public review of and proposed changes to the 2020 editions of the National Building Code of Canada and the National Plumbing Code of Canada.

Alberta's participation in these processes supports further harmonization of codes between jurisdictions, and greater awareness amongst safety codes system participants of potential future changes – enabling better planning and change management. Harmonizing codes ensures there are consistent rules for the construction industry across Canada. Reducing barriers for workers and businesses coming to Alberta can encourage investment and job creation.

Overall Satisfaction with the Council's programs and services

On average in 2023, 80% of users of Council's programs and services reported overall satisfaction with those programs and services.

The Council's 2023 programs and services survey of clients with email addresses found that of the 1,320 respondents, 1,178 used the Council's programs and services in the last year. Of the 1,178 respondents who used the Council's programs and services, 80% were satisfied or very satisfied overall when taking an average of each type of client group's responses.

The 2023 survey client groups included: safety codes officer certificate applicants/ holders; accredited organizations; permit issuers; master electricians certificate applicants/ holders; members; member nominating organizations; Alberta Safety Codes Authority permit applicants/holders, and approved petroleum tank contractors.



RESULTS OF THE COUNCIL'S 2023 STRATEGIC INITIATIVES

Guided by the goals and objectives of our strategic plan, in 2023 the Council delivered on a series of change initiatives intended to improve our overall performance.

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.

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.



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.

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.



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.

- Automation of administrative processes.
- Accelerate the adoption of technology within the safety codes system.
- Enable risk-based approaches to compliance monitoring.

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.

PILLAR: IMPROVE REGULATORY EFFECTIVENESS AND EFFICIENCY

ENGAGING ON ACCREDITATION PROGRAM ENHANCEMENTS

Enabling Risk-Based Approaches to Safety Codes System Oversight

The Council is continuing to undertake a multi-year transformational initiative to enhance the accreditation model. The goal is to improve efficiency of the safety code system, enable flexibility for accredited organizations to adopt risk-based approaches, and strengthen accountability within the program.

The Council engaged with over 80 accredited organizations and Municipal Affairs in 2023. The primary objective was to collect feedback on the desired outcomes of the program, establish effective measures for success, improve program accountability, and to confirm key opportunities to enhance the accreditation program. The engagement process began with a meeting involving Municipal Affairs, followed by three focus group sessions representing 22 accredited organizations. These sessions aimed at identifying and designing program outcomes and measures of success. Following this, a survey was distributed to all accredited organizations to identify support for the desired outcomes, measures of success, and to identify the potential types of data to inform risk-based decisions.

A What We Heard Report for the 2023 engagement will be published in spring 2024. In addition, the Council plans to communicate options and requirements for risk-based approaches to accredited organizations in 2024.

The cost of work on accreditation program enhancements in 2023 was approximately \$90,000.

ADOPTING RISK-INFORMED OVERSIGHT APPROACHES

In 2023, the Council committed to two initiatives to implement risk-informed approaches in its regulatory oversight and decision-making activities. The focus was to develop and publish a progressive enforcement ladder to guide compliance oversight of master electricians and to develop a risk-informed approach for storage tank inspections within ASCA's jurisdiction.

Master Electrician Oversight

The Council is responsible for certification of master electricians under the *Safety Codes Act*. External engagement on issues, risks, and gaps of the Master Electrician Program in 2021 informed the Council on potential solutions to identified policy and regulatory gaps to compliance under the *Safety Codes Act*.

In 2023, the Council communicated a roles and responsibilities guide with master electricians. The purpose of the guide was to clarify and reinforce responsibilities of master electricians under the *Safety Codes Act*, as related to work completed under permits obtained in the province of Alberta.

In addition, the Council developed a Master Electrician progressive enforcement ladder, compliance standard operating procedure, and updated the Master Electrician Certification Policy. This initiative was undertaken to provide clear rules and accountability for master electricians, enhancing trust in a fair and transparent process.

By adopting risk-informed approaches to oversight and compliance enforcement, the Council can efficiently allocate resources towards managing the highest-risk activities. Additionally, ensuring that safety codes system participants understand the responsibilities of master electricians and the Council's complaint management process will support compliance within the Master Electrician program.

Adopting a risk-informed approach to inspecting storage tanks within ASCA's jurisdiction

The Council is responsible for providing permitting and inspection services of flammable and combustible liquid storage tank systems in unaccredited areas of the province under the Storage Tank System program.

In 2023, the Council developed a risk-informed approach to prioritize inspections of storage tank sites within ASCA's jurisdiction. The model uses data from previous inspection deficiencies, storage tank properties, and the time since the site was last inspected. Using this information, a risk score is generated and a list of sites is prioritized for inspection. Council's safety codes officer field inspectors validate the risk rating output based on their knowledge of the sites and plan inspection routes accordingly.

The cost of developing this in 2023 was approximately \$51,000.

Adopting a risk-informed approach for oversight and compliance enforcement of the Council's storage tank program protects Albertans and supports the Council in efficiently allocating its resources towards managing the highest-risk activities.

PILLAR: SUPPORT HARMONIZATION AND PROMOTE THE CONSISTENT APPLICATION OF CODES

HARMONIZED STANDARD FOR POWER ENGINEERING PLANT STAFFING AND PLANT RATING

Supporting Code Harmonization and Adoption

Variations in how Canadian jurisdictions determine equipment and supervision requirements have resulted in different experience requirements and scopes of practice for power engineers across Canada. In 2022, the Council coordinated nine provinces and provincial regulatory bodies, and the Standards Council of Canada to support development of a national standard for power engineering. This standard aims for the safe management and operation of boilers, refrigeration, and compressor plants across Canada.

On behalf of Council's partners in this project, the Standards Council of Canada released a Request for Proposal in 2023 and successfully contracted a Standards Developing Organization to develop the standard, work which will continue through 2024.

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. Establishing harmonized standards for plant rating and certification standards will benefit plant owners and operators, regulatory bodies that regulate plants and/or certify and regulate power engineers, and industry at large. This initiative also aligns with the Canadian Free Trade Agreement and other inter-provincial trade and labor mobility agreements.

CONTINUE TO MODERNIZE THE SAFETY CODES OFFICER CURRICULUM

Evolve Safety Codes Officer Training to Build Competency in the Interpretation of Codes and Standards to Improve Consistent Application and Enable Innovation.

The Council is continuing to undertake its multi-year transformational initiative to focus educational programming on safety system participants' roles and responsibilities and develop core competencies. Programming is being re-designed to align with adult learning best practices – including integrating practical and scenario-based learning components into the curriculum.

In 2023, the Council engaged external partners to co-develop learning objectives and course content for two core certification courses in the Electrical and Plumbing disciplines. These courses were designed to test the innovative methodologies and enhance the engagement of learners during code training. Additionally, the Council successfully completed a multi-year initiative to convert 21 paper-based textbooks into online eLearning courses. As a result, all Council courses are now accessible to learners across the province, providing on-demand learning opportunities.

The Council developed an approach for how code-related training will be provided in the future. The team built internal instructional design and project management capacity, and initiated ways to significantly scale up curriculum modernization through contractors and strategic partnerships. The Council invested in a procurement strategy that allows for prequalification of educational development firms to undertake course development projects planned for 2024 and 2025, starting with analysis and design of the safety codes officers base-competency courses. As well, the Council established strategic partnerships with provincial and national certification and training organizations. These partnerships provide students and safety codes officers with access to up-to-date training materials related to new codes and standards.

The cost of curriculum modernization activities in 2023 was approximately \$87,000.

The Council's efforts to evolve its educational programming will better equip safety codes officers to fulfill their responsibilities, and effectively interpret and apply the code in a complex and evolving regulatory and technological context.

PILLAR: EVOLVE EDUCATIONAL PROGRAMMING

HOSTING THE FIRST SAFETY CODES COUNCIL SUMMIT

Ensure training keeps up with technology.

In October 2023, the Council delivered the Safety Codes Council Summit, a new format of educational sessions, information seminars and engaging workshops led by safety codes experts, innovators and industry leaders. The Minister of Municipal Affairs delivered remarks, emphasizing the important role safety codes professionals play in the future of Alberta's economy.

Over 300 safety codes officers and industry professionals attended the 26 sessions offered across multiple disciplines and benefited from valuable networking opportunities. 85% of attendees agreed they gained knowledge to help them in applying safety codes and standards. Presentations included evolving topics such as energy efficiency, universal design, carbon capture, and the future of solar and storage. Municipal Affairs staff supported the Summit by delivering discipline-specific technical presentations and providing advice on timely and relevant educational session topics. 84% of attendees agreed they established valuable new connections and 90% agreed they strengthened connections with colleagues.

The Summit builds on the Council's commitment to providing safety codes officers access to educational programming that addresses evolving technology and code changes.

The cost of the 2023 Summit was approximately \$174,000.

Summit 2024 will take place in Nisku, Alberta from October 2-4.

PILLAR: ENHANCE TECHNOLOGY TO DRIVE INNOVATION

CREATING A ROADMAP FOR INVESTING IN TECHNOLOGY

Automation of Administrative Processes

The Council acknowledges the importance of modernizing our digital systems and enhancing technology to drive innovation in the safety codes system.

In 2023, the Council made significant progress in defining the organizational capabilities that need to be enhanced or matured through the investment of technologies, and to develop a roadmap that prioritizes the investment and sequencing of digital transformation. The technology strategy and road map are nearing completion and will be finalized in the spring of 2024. Due to business conditions and capacity of the work force, the Council elected to prioritize other strategies in 2023 and delay investment in our multi-year technology transformation initiative into 2024.

This work will serve as the foundation for informing investment decisions, bolstering our technological capabilities, and optimizing the effectiveness of our technology and data assets. As of the end of 2023, the cost for this initiative was \$57,000.



REPORTS FROM THE COUNCIL MEMBERS



MEMBERS

The Council consists of persons appointed by the Minister of Municipal Affairs and the Board of Directors. Persons appointed as members by the Board of Directors, must include persons who are experts in fire protection, buildings, barrier-free building design, electrical systems, elevating devices, gas systems, plumbing systems, private sewage disposal systems or pressure equipment and that these experts are representatives of municipalities, business, labour and persons with disabilities. Persons appointed by the Minister of Municipal Affairs are to represent the public.

To ensure the Council is diverse and inclusive of those working in the safety codes system, the Board of Directors requires membership from over 80 industries. These individuals represent diverse technical specialties and lived experiences, including engineering, architecture, building developers, manufacturing, safety codes officers, unions, municipalities, persons with disabilities, and educators.

In 2023, there were 172 members and these members collectively volunteered over 2,500 hours. Volunteer hours were dedicated to activities such as voting at the Annual General Meeting, being administrative tribunal members that hear appeals under the *Safety Codes Act*, participating on sub-councils, and giving feedback during engagements.

SUB-COUNCILS

The *Safety Codes Act* indicates that the Board of Directors may establish sub-councils relating to any thing, process, or activity which the *Safety Codes Act* applies, which include members appointed by the Board of Directors and the Minister of Municipal Affairs.

In 2023, there were twelve sub-councils:

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

They were directed by the Board of Directors to carry out the following activities:

- Make recommendations to the Board of Directors on the types of industry representation the Council needs to have in its membership to ensure it inclusively represents the expertise and diversity of the safety codes system. Three recommendations were made on how to change the membership of the Council.
- Make recommendations to the Board of Directors on the suitability of nominees for Council membership. 48 member recommendations were made.
- Review and make recommendations to the President and CEO on whether Alberta, national, and international codes and standards in their discipline should be altered or adopted for Alberta. 24 recommendations to adopt or alter a code or standard were made with respect to 11 different codes or standards.
- Provide technical advice to the President and CEO on classifications of certificates of competency and qualification for certification and standards for accreditation. Advice was provided twice.

BOARD OF DIRECTORS

In 2023, the Council welcomed four new board members: Leigh Mulholland, Paul McLaughlin, Sharilee Fossum and Rob McAdam.

Leigh Mulholland assumed her position on the Board in April 2023 and currently serves as the Vice Chair of the Audit and Risk Committee. Formerly, Leigh held the role of Chief Compliance Officer within the Energy and Utilities Industry, leveraging her expertise in energy sector law, regulatory compliance, and cyber risk management. With a wealth of board experience, Leigh contributes to effective governance and strategic decision-making processes.

Paul McLaughlin joined the Board in April 2023 and is an active member of the Audit and Risk Committee. He was nominated for the Board's consideration by the Rural Municipalities of Alberta, where he serves as President and Chair of insurance, benefits, and procurement businesses. Paul brings a unique blend of business and political acumen as the Reeve of Ponoka County, coupled with expertise as a biologist and environmental scientist. Additionally, his extensive board governance experience ensures effective oversight and strategic decision-making.

Sharilee Fossum assumed her position on the Board in April 2023 and currently serves as the Chair of the Human Resources and Governance Committee. Sharilee has held executive leadership roles as Chief Financial Officer and Chief Operations Officer, where she garnered extensive experience as a strategic and operational leader within complex organizations. With a proven track record of board engagement, Sharilee brings a wealth of expertise gained through her active involvement on numerous boards over the years.

Rob McAdam joined the Board in September 2023, following nomination by the City of Edmonton. He currently serves as an engaged member of the Human Resources and Governance Committee. In his capacity as the Director of Safety Codes Permits and Inspection in Development Services at the City of Edmonton, Rob offers extensive expertise in the safety codes domain, coupled with robust business acumen and collaborative skills.

This past year also saw the retirement and resignation of three long standing board members: Owen Edmondson (appointed in 2015), Juan Monterrosa (appointed in 2015), and Marcie Kiziak (appointed in 2017). We thank these board members for their many contributions over the years supporting the Council as it delivered on its mandate and strategic plan.

The Council's Board of Directors includes:



Jill Matthew

Board Chair



Eóin Cooke

Vice-Chair, Board of Directors and Chair, Audit and Risk Committee



Leigh Mulholland

Vice-Chair, Audit and Risk Committee



Paul McLauchlin

Member, Audit and Risk Committee



Sharilee Fossum

Chair, Human Resources and Governance Committee



Janet Jabush

Vice-Chair, Human Resources and Governance Committee



Brenda Desjardins

Member, Human Resources and Governance Committee



Rob McAdam

Member, Human Resources and Governance Committee

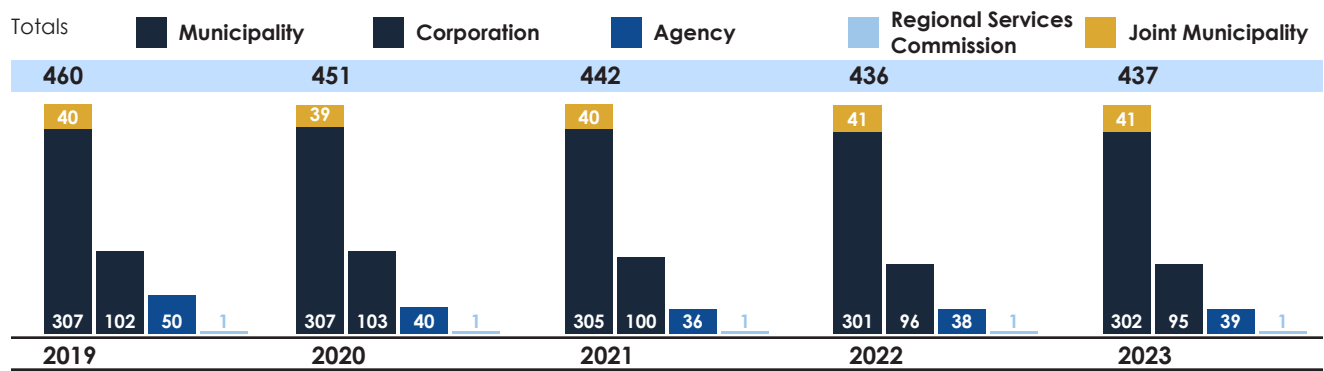
Overall attendance for Board and Committee meetings was 91% during 2023.



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 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 unique scope that defines the type and delivery of safety codes services that they are authorized to provide.



In 2023, 437 organizations were accredited, including 302 municipalities, 95 corporations, 39 agencies, 1 regional services commission, and 41 joint municipalities. The number of accredited organizations have trended downward over the last five years due to municipal amalgamations, corporate mergers, and voluntary cancellation of agencies that have been dormant or ceased operations.

ACCREDITED ORGANIZATIONS

The Council tracks the permitting and inspection activities of 263 accredited municipalities through their annual internal reviews.

		2019	2020	2021	2022	2023
Building	Permits	52,910	58,256	73,466	71,732	74,475
	Inspections	176,399	175,527	179,621	280,984	227,467
Electrical	Permits	62,676	67,052	87,416	88,493	91,829
	Inspections	128,648	131,182	146,930	159,190	182,613
Gas	Permits	44,464	48,248	56,695	54,770	56,400
	Inspections	102,200	91,198	92,972	93,146	107,329
Plumbing	Permits	31,804	23,130	33,972	26,193	27,672
	Inspections	54,620	68,540	84,495	82,834	93,295
Private Sewage	Permits	1,577	1,771	2,199	2,174	2,759
	Inspections	1,666	1,496	2,203	2,100	2,261
Total Permits		193,431	198,457	253,748	243,362	253,126
Total Inspections		463,473	467,943	506,221	618,254	612,965

Permitting activities in accredited municipalities increased by 4.0% from 2022 to 2023, while inspection activities decreased by 0.9%, after a spike in building inspections in 2022. Together Edmonton and Calgary accounted for 57% of all permits and 64% of all inspections in accredited jurisdictions.

The number of inspections required on the permit is determined based on the type and complexity of the projects. The required inspections are not always completed within the permit issue year, and inspection timelines are also dependent on the type and complexity of the project. This can cause the number of completed inspections to fluctuate.

ALBERTA SAFETY CODES AUTHORITY (ASCA)

In some areas of the province, there are no accredited organizations 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.

		2019	2020	2021	2022	2023
Building	Permits	1,242	1,169	1,237	1,294	1,241
	Inspections	2,439	2,260	2,374	2,425	3,127
Electrical	Permits	3,494	3,230	3,714	3,702	3,907
	Inspections	5,105	4,150	4,813	4,725	5,050
Gas	Permits	2,546	2,414	2,541	2,509	2,537
	Inspections	3,194	2,654	3,012	3,023	3,306
Plumbing	Permits	980	788	924	933	984
	Inspections	1,636	1,353	1,512	1,588	2,143
Private Sewage	Permits	756	585	723	741	647
	Inspections	818	597	703	772	666
Total Permits		9,018	8,186	9,139	9,179	9,316
Total Inspections		13,192	11,014	12,414	12,533	14,292

Permitting activities in unaccredited jurisdictions increased by 1.5% from 2022 to 2023, while inspection activities increased by 14.0%. 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.

The number of inspections required on the permit is determined based on the type and complexity of the projects. The required inspections are not always completed within the permit issue year, and inspection timelines are also dependent on the type and complexity of the project. This can cause the number of completed inspections to fluctuate.

STORAGE TANK SYSTEMS

Since June 2020, the Safety Codes Council has been responsible for the permit-related services of 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	2023
Applications for work permits received	176	119	193
Inspections completed	497	966	866
% of sites with a valid operating permit	93%	95%	96%

Inspections are required for new permits, as well as ongoing routine inspections of all tanks in the program. Routine inspections are prioritized by a risk analysis, which is based on age, size, complexity as well as previous inspection results. The number of inspections conducted for the Storage Tank System program decreased from 2022 to 2023 primarily due to internal staffing shortage, and to the extreme fire season that Alberta experienced in 2023. This made several communities inaccessible due to evacuations or stand-by to evacuate, road closures, and led to shortages in accommodations that were prioritized for fire support services.

Annual operating permits are required for sites with one or more tanks that are 2,500 litres or more and contain a flammable or combustible liquid. These permits ensure that the Council effectively oversees all petroleum storage tank systems in unaccredited areas of the province. The number of sites with valid operating permits saw a slight increase from 2022 due to the Council's regulatory efforts, including steady communications, follow-up campaigns, and reliable automated processes.

ORDERS

A safety codes officer may issue an order to gain compliance where the Act has been contravened or deficiencies are identified during an inspection. These orders are crucial to prevent serious injury or property damage. The Council maintains a registry of these orders.

	2019	2020	2021	2022	2023
Amusement Rides	0	0	0	0	1
Building	270	312	207	228	733
Electrical	7	2	5	9	13
Elevators	0	19	9	34	21
Fire	32	25	37	34	20
Gas	5	3	2	4	2
Plumbing	9	8	11	13	8
Total Certifications	323	369	271	322	798

In 2023, a total of 798 orders were issued, more than double the average for the past 3 years. 92% of these were issued in the building discipline, nearly 3 times the average over the previous 4 years. Authorities having jurisdiction are required to submit a copy of the Order within 10 days of being issued, although some 2023 orders have not yet been captured and will be reported retroactively in 2024.

The City of Calgary issued 76% of all orders in 2023; a significant number of these were due to unpermitted work in the building discipline. The City of Edmonton issued 21% and the remaining 3% were issued by jurisdictions in the rest of Alberta.

VARIANCES

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

	2019	2020	2021	2022	2023
Building	1,553	637	1,698	1,713	837
Electrical	98	21	34	25	21
Elevators	0	1	4	0	1
Fire	11	13	19	11	16
Gas	13	7	4	4	6
Plumbing	85	61	23	19	21
Pressure Equipment	5	7	9	4	7
Total	1,767	748	1,791	1,777	909

As of the end of March 2024, 909 variances were registered for 2023. Generally, the number of variances issued fluctuates from year to year based on construction activity and volume of permits. Authorities having jurisdiction are required to submit a copy of the variance within 10 days of being issued, although some 2023 variances have not yet been captured.

The City of Edmonton accounted for 67% of all variances in the province during 2023. The City of Calgary accounted for 9%, and the other jurisdictions accounted for the remaining 25% of variances in the province.

Jurisdiction-wide variances may decrease the number of variances being issued. This is because a municipality may issue a single variance on a code that is commonly varied within its jurisdiction.

CERTIFICATION

Safety codes officers are certified by the Council in nine disciplines. The Council also certifies master electricians, the only professionals who can obtain electrical permits in Alberta.

Safety codes officers are authorized to work for a specific accredited organization under a Designation of Powers. Safety codes officers cannot carry out their responsibilities under the Act without a Designation of Powers.

In 2023, 2,571 safety codes officer certificates of competency were held in the nine disciplines. There were 1,770 active designations of powers.

The number of safety codes officers increased in 2023 by 9% to a total of 2,321 certified individuals after the sharp decrease in 2022, which was caused by a realignment of the renewal cycle that coincided with the enforcement of new continuing education requirements.

Some safety codes officers hold certificates of competency in several disciplines. This results in more certificates than there are certified individuals. Similarly, many safety codes officers hold designation of powers in several disciplines and some with more than one accredited organization.

At the end of 2023 there were 4,531 master electricians, which was an increase of 2% over 2022.

		2020	2021	2022	2023
Amusement Rides	Certifications	14	15	11	12
	Designations	11	10	9	8
Building	Certifications	487	507	444	493
	Designations	345	361	364	385
Electrical	Certifications	582	629	453	498
	Designations	207	203	199	203
Elevators	Certifications	34	36	34	34
	Designations	30	29	30	30
Fire	Certifications	1,324	1,386	1,071	1,124
	Designations	971	993	814	856
Gas	Certifications	137	124	126	132
	Designations	113	110	106	103
Passenger Ropeways	Certifications	6	6	5	5
	Designations	5	4	4	4
Plumbing	Certifications	144	152	135	141
	Designations	114	113	107	107
Pressure Equipment	Certifications	110	113	123	132
	Designations	76	77	75	75
Total Certifications		2838	2968	2432	2571
Total Designations		1872	1900	1708	1770

	2022	2023
Certified safety code officers	2,136	2,321
Safety codes officers with Designation of Powers	1,512	1,597
Master Electricians	4,426	4,531

TRAINING

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

	2019	2020	2021	2022	2023
Base Competency	623	473	475	447	533
Permit Issuers	21	11	75	55	64
Fire	1,066	758	789	550	478
Building	337	282	427	609	632
Plumbing	43	19	26	20	16
Gas	35	26	7	19	26
Electrical	80	90	76	61	78
Workshops	0	0	287	196	331
Other	2	6	29	34	48
Total Certifications	2,207	1,665	2,191	1,991	2,206

After a 9% decrease in total course registrations in 2022, 2023 saw a 10% increase, meaning 2023 registrations increased past 2021 registration levels.

Registrations in the building discipline are now growing at a much slower pace – 4% compared to 40% in the previous year. The largest increase occurred in uptake in our continuing education workshops where registration increased by 70% over 2022 levels.

AUDITS

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

	2019	2020	2021	2022	2023
Total Audits	47	45	64	41	49

In 2023, the Council performed 49 audits covering 78 accredited organizations (including 36 municipalities, 6 corporations, and 7 joint municipalities covering 35 municipalities). The number of audits conducted in 2023 reflected a balanced approach between remote and onsite audits.

INVESTIGATIONS

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

The Complaints Investigations function also handles general inquiries from members of the public, providing an accessible contact point to help individuals navigate the safety codes system.

	2019	2020	2021	2022	2023
Inquiries	24	35	27	25	22
Complaints	8	7	10	9	7
Investigations	1	6	5	3	0

Complaint and inquiry submissions are often the result of a breakdown in communication between a private citizen and neighbor or contractor, or the safety codes services provider such as a safety codes officer and/or the accredited organization they work with.

The number of complaints and inquiries remained relatively the same over the years, however the number of investigations has declined. This is due to the nature of complaints involving issues that are out of scope of the Council's mandate, and/or the complainant abandoning the complaint.

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 by 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.

	2019	2020	2021	2022	2023
Notice of Appeals Recieved	7	5	9	7	16
Hearings	6	2	6	3	8

The number of appeals and hearings have significantly increased from previous years.

Of the appeals heard: three appeals were regarding orders issued under the fire code, two were regarding orders issued under the building code, one was an appeal of an order issued under the building and fire code, one was an appeal of a refusal to issue a permit under the building code, and one was regarding a refusal to issue a variance under the plumbing code. Details about appeals processes and decisions can be found on the [Council's website](#).

Starting December 1, 2021, safety codes officers' variance refusals became appealable. One appeal was initiated on this ground in 2023.



FINANCIALS

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis describes key insights into the Council's financial performance for the fiscal year ended December 31, 2023, the current financial standing, and offering management's outlook for future sustainability. The Management Discussion and Analysis should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL SUSTAINABILITY

The Council's capacity to function as a financially sustainable entity is foundational to its mandate to deliver oversight and high-quality services as mandated by the *Safety Codes Act*. In 2023, the Council initiated implementation of a Financial Sustainability Framework aimed at evaluating and gauging the organization's long-term financial viability. This initiative is founded upon four pillars:

1st Pillar: Financial and Strategic Planning

The Council has instituted a financial planning process that prioritizes alignment and the interplay between strategy, enterprise risks, and financial results. In 2023, the Council crafted a comprehensive Master Budgeting Framework alongside a mandate-driven operating budgeting model, tailored to the Council's key mandates and service delivery functions. This framework empowers the Council to prioritize projects in alignment with strategic objectives and gain deeper insights into the funding needed to fulfill its mandate effectively.

2nd Pillar: Income Diversification

Over the past decade, the Council's mandate has broadened, thereby enhancing the diversity of its funding channels—a crucial element in sustaining financial stability and mitigating the risk associated with revenue concentration. In fiscal year 2023, roughly 20% of revenue was derived from sources such as accreditation, course fees, and annual operating permits, which exhibit lower sensitivity to market fluctuations and construction activities. Although levy fees and permit fees remain the primary sources of funding for the Council, management is committed to exploring alternative revenue streams to further diminish concentration risk.

3rd Pillar: Sound Accounting and Finance Administration

Resource management is key to achieving the Council's financial sustainability objectives. A series of strategic initiatives have been implemented to enhance financial management practices:

- Development of master budget framework.
- Implementation of central contract management and internal controls.
- Developing effective working capital management procedures to improve cash flows.
- Continuous exploration of cost reduction options and alternatives, particularly in areas where the Council could maximize the utilization of internal resources and capacity.

Management has prioritized the enhancement of financial reporting concerning the Council's fiscal data and performance, ensuring clarity and precision in communications to senior management and the Board. This has included refining processes such as budget (actual) variance analysis and conducting thorough performance measurement and analysis.

4th Pillar: Investment Management

Investment portfolios and returns are overseen through a sound investment strategy and structured asset allocation. In 2022, the Council undertook a comprehensive revision of its Investment Policy, aimed at recalibrating the allocation within asset classes of each fund to align with investment objectives and to provide liquidity against potential downside risks. The transition of this policy has been successfully executed, with the asset mix fully aligning with policy requirements by the end of 2023.

COMPREHENSIVE FINANCIAL REVIEW

KEY FINANCIAL PERFORMANCE INDICATORS

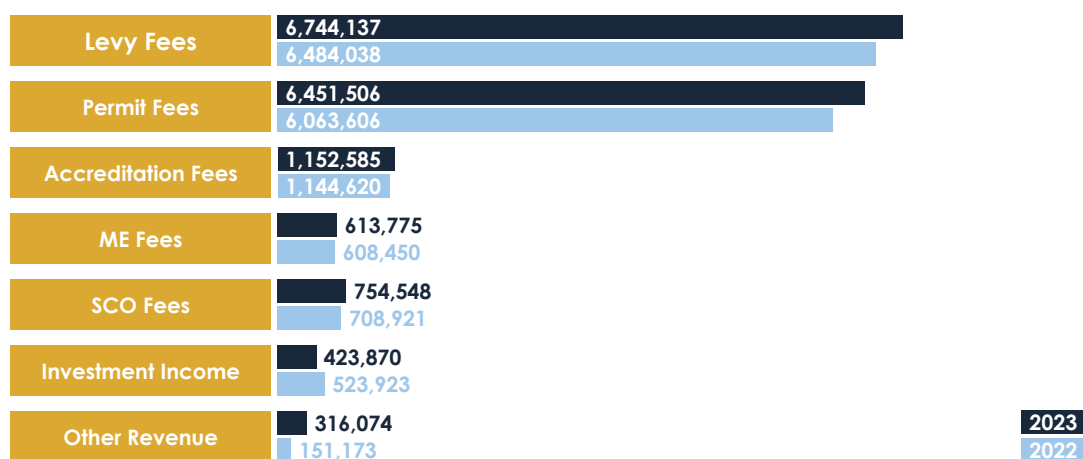
Monetary Indicators (\$000s)	2023	Budget	2022
Total revenue	16,457	15,574	15,685
Operating expenses	15,697	15,933	13,666
Salaries and benefits	7,453	7,683	6,311
Excess (Deficiency) of revenue over expenses	760	(359)	2,018
Other Financial Indicators	2023	2022	2021
Overhead ratio	39.8%	38.6%	39.2%
Operating reserve ratio	72.5%	83.0%	66.6%
Working capital ratio	1.5	1.4	1.3

REVENUE

Total revenue in 2023 amounted to \$16.5 million, marking a moderate increase of \$772 thousand (4.9%) compared to the corresponding period in 2022, and over the budget by \$883 thousand (5.7%).

Levy fees and permit fees represent approximately 80% of the total revenue, with the remaining revenue streams stemming from accreditation, course fees, investment income, and other sources.

Both levy fees and permit fees experienced growth compared to the corresponding period in the previous year, exceeding budgetary expectations. The Alberta construction industry demonstrated resilience, shrugging off concerns surrounding economic uncertainty and elevated borrowing costs in the latter half of the year. This resilience was propelled by the positive economic outlook in Alberta and strong population growth across the province. Permitting activities in both accredited and unaccredited regions surpassed the previous year, largely fueled by increases in the value of commercial building permits, notably including multi-family projects.



EXPENSES

Total expenses for 2023 amounted to \$15.7 million, representing a notable increase of \$2.0 million (14.9%) compared to the same period in 2022. However, expenses remained \$236 thousand (1.5%) lower than the budgeted allocation of \$15.9 million. Throughout 2023, the Council faced increasing pressure from inflation, which necessitated careful management of operating expenses. Despite these inflationary challenges, the Council achieved an overhead ratio of 39.8%, reflecting a marginal increase from the previous year's ratio of 38.6%.

Salaries and Benefits continued to contribute the largest proportion of total expenses at 47.5% compared to 46.2% in 2022, which was under the budget

by \$231 thousand (3.0%) but \$1.1 million (18.1%) higher than 2022. Salary costs aligned well with the budget as the Council was successful in recruiting several key budgeted positions to deliver the strategic and mandate related projects, such as for the accreditation review.

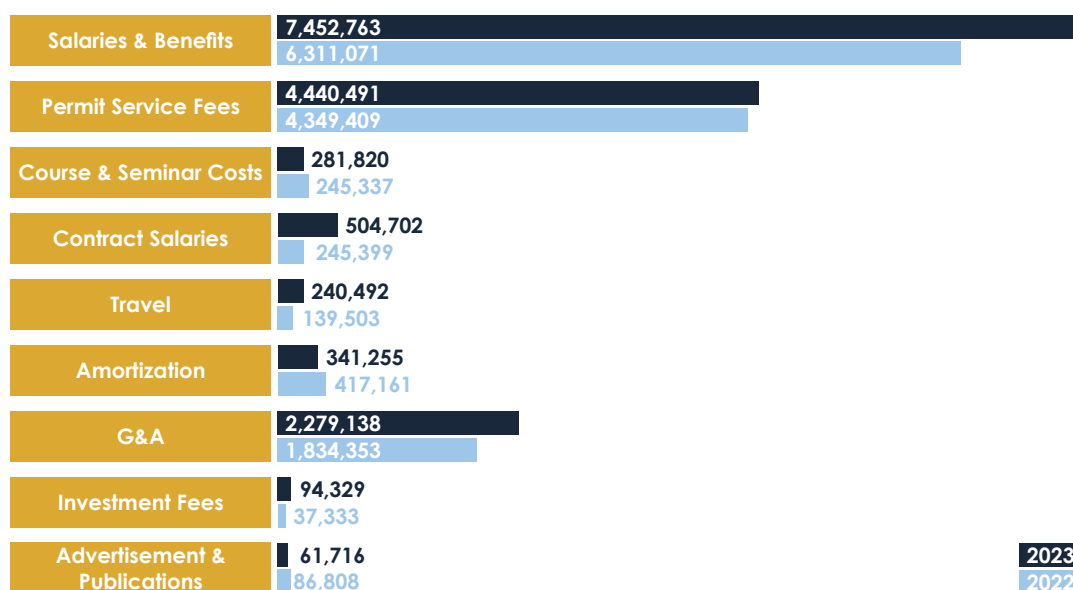
Permit Service Fees strongly correlate with the permit fees revenue; therefore, the higher service fees correspond to the higher permit fee revenue.

General & Administrative expenses increased by \$445 thousand (24.2%) compared to 2022 but were in line with the budget with an increase of \$98 thousand (4.5%). The main contributor to the increase from the previous year was due to meeting and conference expenses such as the Annual General Meeting, Summit and Sub-council meetings, which were held in person. In addition, the high inflation impacted the Council's general and administrative expenses.

Contract Salaries and Remuneration increased by \$259 thousand (105.7%) from 2022 but was \$119 thousand (19.1%) lower than the budgeted expense. The Council moved forward with the key projects established in the Council's Business Plan 2023-2025 during the current financial year, therefore, the contractor costs were well on track against the budget.

Travel expenses increased by \$101 thousand (72.4%) compared with 2022 but were \$127 thousand (34.6%) lower than budgeted expenses. In person business has increased substantially from 2022 but has not returned to the pre-pandemic level due to the established hybrid models.

As a result of revenues surpassing the budgeted operating expenses, the Council achieved a surplus of \$760 thousand for the fiscal year ended on December 31, 2023. While this exceeded the budget by \$1.1 million, it fell short of the surplus recorded in the previous year by \$2.0 million.



NET ASSETS AND RESERVES

The Council's net assets comprise the Sustainment and Growth Fund (operating reserve), internally restricted reserves, and investment in capital assets. As of December 31, 2023, the balance of the Council's net assets stood at \$16.8 million, resulting in an operating reserve ratio of 72.5%, equivalent to 8.7 months of operating expenses. This underscores a strong capability to sustain operations even in the face of unforeseen increases in expenses.

Net Assets and Reserves (000s)	2023	2022
Sustainment and Growth Fund	11,762	10,997
ASCA restricted	1,032	1,042
The Council restricted	3,000	3,000
Investment in capital assets	994	989
Total Net Assets	16,788	16,028

FORWARD PLANNING

The Alberta economy has maintained its resilience, leading the growth rate among other provinces in Canada. Driven by an optimistic energy sector, strong population growth and job creation rate, Alberta's real GDP is projected to expand by 2.3% and 2.7% in 2024 and 2025, respectively.

The Council is dedicated to completing its five-year strategic plan, which is underpinned by six strategic pillars. The successful execution of this plan relies upon a comprehensive budget framework and long-term financial planning, reflecting management's commitment to delivering value to our clients and stakeholders. Nevertheless, management remains aware of risks and uncertainties that could cause significant deviation from these projections. One notable risk pertains to the ongoing challenge posed by high inflation rates. Consequently, the Council will prioritize the following dimensions in its financial planning efforts:

OPERATING EXPENSE MANAGEMENT

The Council foresees incremental growth in operating expenses over the upcoming five years, reflecting projected year-over-year inflation rates. Close oversight of operating expenses will continue to ensure efficient use of the Council's financial resources.

WORKING CAPITAL MANAGEMENT

The Council anticipates maintaining a solid financial position, with strong liquidity due to continuing working capital and cash management practices. This will be achieved through regular reviews of the working capital funding gap and the implementation of a rolling cash flow forecast. Close monitoring of liquidity and efficiency ratios will be paramount, especially as substantial investments in technology are undertaken to meet short-term financial obligations and provide adequate funds for ongoing operating expenses.

INVESTMENT MANAGEMENT

In 2023, the Council's Sustainment and Growth Fund outperformed the underlying benchmarks. This fund is comprised of short-term fixed income securities and equities, and will serve as the primary funding source for the Council's technology capital expenditures over the next three years. Management will conduct regular reviews of the investment policy, ensuring alignment with the desired strategy by balancing risk and return through careful consideration of asset class mix and allocation.

CAPITAL SPENDING MANAGEMENT

The Council established a five-year information technology capital plan, budgeted at \$2.5 million, to enhance service delivery. As part of the annual budgeting process, the Council will develop an annual capital expenditure budget to monitor and identify any potential risks that may lead to significant deviations from planned expenditures.



FINANCIAL STATEMENTS

Financial Statements of

SAFETY CODES COUNCIL

Year ended December 31, 2023



KPMG LLP
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Canada
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Fax 780-429-7379

INDEPENDENT AUDITOR'S REPORT

To the Members of Safety Codes Council

Opinion

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

- the statement of financial position as at December 31, 2023
- 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 Entity as at December 31, 2023, 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 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.



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 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.

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 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 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 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 and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Edmonton, Canada

May 24, 2024

SAFETY CODES COUNCIL

Financial Statements

Year ended December 31, 2023

Financial Statements

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SAFETY CODES COUNCIL

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,617,810	\$ 4,078,605
Accounts receivable	821,037	788,500
Prepaid expenses and deposits	249,415	274,417
	5,688,262	5,141,522
Investments (note 2)	13,996,261	12,701,575
Capital assets (note 3)	1,670,052	1,821,023
	\$ 21,354,575	\$ 19,664,120

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued liabilities	\$ 828,340	\$ 620,707
Deferred revenue (note 4)	2,995,381	3,030,809
Current portion of deferred lease inducements (note 5)	206,723	206,723
	4,030,444	3,858,239
Deferred lease inducements (note 5)	689,077	895,799
Net assets:		
Sustainment and growth fund	11,762,154	10,997,455
Internally restricted (note 6)	4,032,262	4,042,218
Invested in capital assets	993,819	988,737
	16,788,235	16,028,410
Accumulated remeasurement losses	(153,181)	(1,118,328)
	16,635,054	14,910,082
Commitments (note 7)		
	\$ 21,354,575	\$ 19,664,120

See accompanying notes to financial statements.

On behalf of the Council:

Jill Matthew

Director *Eóin J. Cooke*
Eóin J. Cooke (May 24, 2024 17:14 MDT)

Director

SAFETY CODES COUNCIL

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenues:		
Levy fees	\$ 6,744,137	\$ 6,484,038
Permit and registration fees (note 4)	6,451,506	6,063,606
Accreditation fees (note 4)	1,152,585	1,144,620
Master Electricians Program certification fees	613,775	608,450
Safety Codes Officer program fees (note 4)	754,584	708,921
Investment income	423,870	523,923
Other revenue (note 4)	316,074	151,173
	16,456,531	15,684,731
Expenses:		
Salaries and benefits	7,452,763	6,311,071
Permit service fees	4,440,491	4,349,409
General and administrative (note 8)	2,279,138	1,834,353
Contract salaries and remuneration	504,702	245,399
Amortization and loss on disposal of capital assets	341,255	417,161
Course and seminar costs	281,820	245,337
Travel (note 8)	240,492	139,503
Investment management fees	94,329	37,333
Advertising and publications	61,716	86,808
	15,696,706	13,666,374
Excess of revenues over expenses	\$ 759,825	\$ 2,018,357

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2023 with comparative information for 2022

	Sustainment and growth fund	Internally restricted (note 6)	Invested in capital assets	2023 Total	2022 Total
Balance, beginning of year	\$ 10,997,455	\$ 4,042,218	\$ 988,737	\$ 16,028,410	\$ 14,010,053
Excess (deficiency) of revenues over expenses	1,101,080	-	(341,255)	759,825	2,018,357
Purchase of capital assets, net	(346,337)	-	346,337	-	-
Transfers	9,956	(9,956)	-	-	-
Balance, end of year	\$ 11,762,154	\$ 4,032,262	\$ 993,819	\$ 16,788,235	\$ 16,028,410

Statement of Remeasurement Gains and Losses

Year ended December 31, 2023 with comparative information for 2022

	2023	2022
Accumulated remeasurement gains (losses), beginning of year	\$ (1,118,328)	\$ 986,093
Unrealized gains (losses) on investments	840,796	(2,024,015)
Realized amounts reclassified to the statement of operations on investments	124,351	(80,406)
Accumulated remeasurement loss, end of year	\$ (153,181)	\$ (1,118,328)

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Cash Flows

Year ended December 31, 2023 with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 759,825	\$ 2,018,357
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	341,255	417,161
Changes in non-cash operating working capital:		
Accounts receivable	(32,537)	171,853
Prepaid expenses and deposits	25,002	7,090
Accounts payable and accrued liabilities	207,635	(85,796)
Deferred revenue	(35,428)	439,110
	1,215,083	2,917,106
Investing activities:		
Purchase of investments, including reinvested investment income	(329,541)	(1,986,591)
Capital and financing activities:		
Purchase of capital assets	(346,387)	(114,435)
Proceeds from disposal of capital assets	50	2,200
	(346,337)	(112,235)
Increase in cash and cash equivalents	539,205	818,280
Cash and cash equivalents, beginning of year	4,078,605	3,260,325
Cash and cash equivalents, end of year	\$ 4,617,810	\$ 4,078,605

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements

Year ended December 31, 2023 with comparative information for 2022

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, 2023 with comparative information for 2022

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	3-5 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, 2023 with comparative information for 2022

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 and derivative financial instruments are recorded at their fair values. All other financial instruments are subsequently recorded at cost or amortized cost unless the Council has elected to record the instruments at fair value. The Council has elected to record its investments in pooled funds at fair value as they are managed and evaluated on a fair value basis.

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

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial instruments.

Transaction costs are incremental costs directly attributable to the acquisition or issuance of a financial asset or a financial liability. Transactions costs are added to the carrying value of financial instruments recorded at cost or amortized cost when they are initially recognized. Transaction costs associated with financial instruments recorded at fair value are expensed upon initial recognition.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

All financial instruments recorded at cost or amortized cost are assessed for impairment on an annual basis. When financial assets are impaired, impairment losses are recorded in the statement of operations.

The standards require the Council to classify fair value measurements using a fair value hierarchy, which includes three levels (the “Level”) 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.

The Council's investments in pooled funds are classified as Level 2 investments and are valued at the unit values supplied by the pooled fund administrators, which represents the Council's proportionate share of the fair value of the underlying net assets of the funds.

(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. 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, 2023 with comparative information for 2022

1. Significant accounting policies (continued):

(i) Adoption of new accounting standards:

Under Canadian public sector accounting standards, a number of new accounting standards became effective for fiscal periods beginning on or after April 1, 2022. Of these new standards, those of most relevance to the Council are: PS1201 *Financial Statement Presentation*, PS3041 *Portfolio Investments* and PS3450 *Financial Instruments*. These standards were adopted as of January 1, 2023, and resulted in no significant changes to the Council's accounting policies. The additional required disclosures resulting from adoption of these new standards have been incorporated into the notes to the financial statements.

(j) Future accounting changes:

The following summarizes upcoming changes to Canadian public sector accounting standards that may impact the Council's financial reporting for the year ending December 31, 2024: PS3400 *Revenue*, PSG-8 *Purchased Intangibles*, and PS3160 *Public Private Partnerships*. The Council is currently assessing the impact of these new accounting standards on its future financial statements.

2. Investments:

	Level	2023	2022
Cash and cash equivalents	1	\$ 1,199,021	\$ 2,521,390
Pooled funds:			
Bond Fund	2	8,643,392	6,303,175
Canadian Equity Fund	2	1,817,996	2,207,772
Global Equity Fund	2	2,195,727	1,407,695
Emerging Market Equity Fund	2	140,125	261,543
		\$ 13,996,261	\$ 12,701,575

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

3. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 727,107	\$ 633,672	\$ 93,435	\$ 151,396
Equipment	91,890	62,630	29,260	28,848
Computer hardware	1,101,730	820,462	281,268	111,802
Computer software	1,779,717	1,294,765	484,952	607,221
Leasehold improvements	1,563,258	823,888	739,370	909,989
Copyrights	41,767	-	41,767	11,767
	\$ 5,305,469	\$ 3,635,417	\$ 1,670,052	\$ 1,821,023

4. Deferred revenue:

	Balance, December 31, 2022	Amounts received	Revenue recognized	Balance, December 31, 2023
Permit fees	\$ 2,861,565	\$ 6,420,974	\$ (6,438,360)	\$ 2,844,179
Safety Codes Officer program fees	154,026	64,917	(81,952)	136,991
Accreditation fees	12,718	1,123,951	(1,122,458)	14,211
Other revenue	2,500	-	(2,500)	-
	\$ 3,030,809	\$ 7,609,842	\$ (7,645,270)	\$ 2,995,381

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

5. Deferred lease inducements:

	2023	2022
Straight-line rent	\$ 219,568	\$ 270,236
Tenant inducements	676,232	832,286
	895,800	1,102,522
Current portion of deferred lease inducements	206,723	206,723
	\$ 689,077	\$ 895,799

The Council recognized \$50,669 (2022 - \$50,669) of amortization of deferred straight-line rent as a reduction in rent expense and \$156,054 (2022 - \$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
2024	\$ 374,663
2025	389,356
2026	396,702
2027	411,395
2028	139,580
	\$ 1,711,696

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

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 \$38,985 (2022 - \$24,911) and is included in general and administrative expense in the statement of operations. Other costs consist of travel related to meeting attendance of \$9,759 (2022 - \$3,097) which is included in travel expense in the statement of operations.

9. Financial instrument risks:

(a) Risk management:

The Council is exposed to a number of different financial risks arising from its use of financial instruments, including market price risk, credit risk, interest rate risk and liquidity risk. The Council's overall risk management processes are designed to identify, manage, and mitigate risks associated with its financial instruments. The Council has a formal investment policy, which is reviewed and approved by the Board of Directors annually, which establishes the nature of acceptable investments for its investment portfolio. As a result of this investment policy, the Council's investments are currently all in pooled funds.

(b) 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, including fluctuations in foreign exchange rates. As the Council's investments are in pooled funds and recorded at fair value with fair value changes recognized in the statement of operations and statement of remeasurement gains and losses as appropriate, changes in market conditions will directly result in an increase (decrease) in net assets. Although the pooled funds may ultimately hold publicly traded investments, the pooled fund units themselves, which are denominated in Canadian dollars, are not listed in an active market and their values are impacted by the fair values and the indirect market impacts on the underlying investments in those funds. Market price risk is managed by the Council through its investment guidelines and policies, as monitored by the management of the Council and its investment manager and by maintaining diversity in its investment portfolio (see note 2).

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

9. Financial instrument risks (continued):

(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 with the Council. In relation to the Council's 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, the Council is indirectly exposed to credit risk of the underlying investments of those funds. The Council manages credit risk by investing in diversified pooled funds. The Council believes that its cash and cash equivalents are held with reputable financial institutions and accounts receivable are owing from credit worthy and reputable entities. The maximum amount of credit risk is represented by the carrying amounts of financial assets recorded in the statement of financial position. The Council does not have a history of experiencing significant losses as a result of credit risk.

(d) Interest rate risk:

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

(e) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities under both normal and stressed conditions. Market events could lead to certain investments within the pooled funds becoming illiquid, however the diversity and quality of the Council's investments are 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 settle its financial liabilities, which are generally short-term in nature.

VOLUNTARY DISCLOSURE

The Council has elected to voluntarily report disclosures, investigations, and wrongdoings, in alignment with *Public Interest Disclosure (Whistleblower Protection) Act* section 32.

In 2023, the Council received one anonymous disclosure which did not result in an investigation; the matter was closed.



**Safety
Codes
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