

ANNUAL REPORT 2022/23



POWERING UP SAFETY TOGETHER



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Indigenous Reconciliation

ESA serves the whole Province of Ontario and acknowledges that its operations occur on traditional Indigenous territories throughout Ontario. We recognize that Indigenous peoples have inhabited and cared for this land for thousands of years, and we commit to taking steps to listen and to learn, to better understand our role as neighbours and partners, today and into the future.

Vision

An Ontario where people can live, work and play safe from electrical harm.

Mission

To improve electrical safety for the well-being of the people of Ontario.

Mandate

To promote and undertake activities which enhance public electrical safety including training, inspection, authorization, investigation, registration, enforcement, audit, and other regulatory and non-regulatory public electric safety quality assurance services.
- ESA Objects of Corporation, 1999

Values



SAFETY

We can and will make Ontario a safer place for all citizens.



ACCOUNTABILITY

We hold ourselves to the highest standards of responsibility and ethical behaviour.



LEADERSHIP

We will always strive to do better, challenge assumptions, and welcome new ideas.



COLLABORATION

We work best when we work together.



INTEGRITY AND TRUST

We will take the high road.

By the Numbers



Inspections
461,683

↑ 3% increase over 2021



Product Safety Cases
492

↑ 7% increase over 2021

Sunnybrook
Ross Tilley
Burn Centre
Donation
Update

Representing the
4th installment of

\$50K

towards the \$250K commitment over 5 years
that will contribute to medical research and
helping electricians and victims of electrical burns.



Inbound calls
544,001

↑ An increase of almost 7,000



Online Notifications
148,375



4.3%
increase in Online
Permits received



Milestone: ESA issues
20,000th
Master Electrician Licence

LICENSES ISSUED

797 # of Licensed
Electrical Contractors

815 # of Master
Electricians

LICENSING ENFORCEMENT

91 Investigations

↓ 11% decrease over 2021

150 Charges

↑ 114% increase over 2021

77 Convictions

↑ 60% increase over 2021

By the Numbers



Licence Holder Meeting attendees
679



By calendar year, Ontario has had the lowest number of electrical deaths in 2022 since 2016.

TOTAL NUMBER OF LICENCE HOLDERS

Licensed Electrical Contractors and Master Electricians



25,502

881



of individuals who passed the exam

1,284



of Individuals who wrote the ME exam



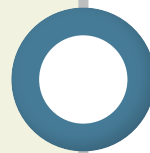
14,691

of Facebook Followers



Over 2.1M

esasafer.com pageviews



of LDCs compliant with O.Reg. 22/04

100%



2% increase over 2021



6 podcasts



Message from the Chair

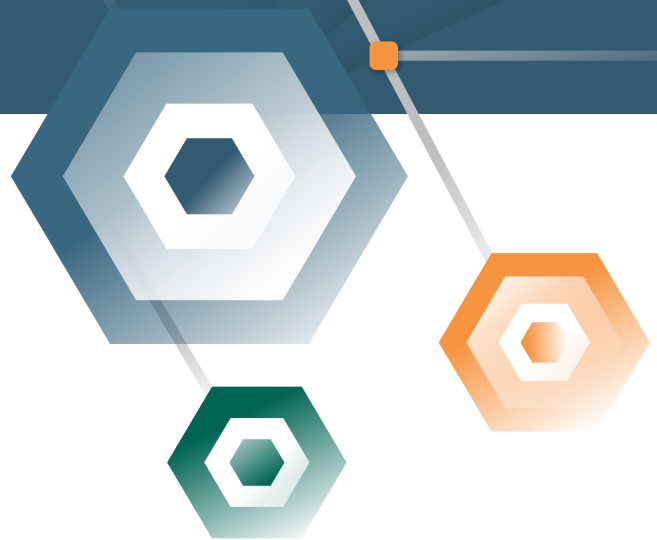
After a few difficult years for everyone, we can finally say that we are on the other side of the pandemic and all of the challenges that it brought, however, the Electrical Safety Authority's commitment to electrical safety remained steadfast.

In the last fiscal year, ESA continued to demonstrate teamwork and resiliency and created additional capacity with the use of new technologies, expanded public awareness campaigns and customer service enhancements. We could not have done this without working in close collaboration with the Ministry of Public and Business Service Delivery (MPBSD) and our many stakeholder groups across the province.

We were successful in delivering on many of our priority projects that are outlined in this Annual Report that were only possible with the collaboration between the various divisions within the organization – no one person or department can deliver on these projects.

We couldn't have done this without the renewed focus on building upon the already solid foundations of a strong culture of safety. Focusing on culture – not just for now but for the long term – will ensure everyone, board and staff, exhibit the cultural attributes that will help our organization thrive.

ESA CEO, Josie Erzetic, and the Executive Management Team are leading the charge for this cultural renaissance at every level in the organization. This is a journey that we know needs to be very closely aligned to how we transform and adapt to the electrification of our society where keeping people safe from electrical harms will take on even greater urgency.



It is bittersweet that with such an exciting future for ESA, this is my last year as ESA's Chair. During my tenure leading the board of directors, we have put in place good governance policies and protocols. I am confident that our board has and will continue to have a broad skill set and diverse backgrounds in order to better serve Ontarians and always act in the public interest.

On behalf of the entire Board, we would like to thank ESA staff for their commitment to electrical safety and for embracing cultural and sectoral changes in order to be well-positioned to take on the challenges ahead while ensuring we have a province where we can live, work, and play safe from harm.

Sincerely,

A handwritten signature in black ink that reads "Annette Bergeron".

Annette Bergeron,
Chair



Message from the CEO

As we take on new challenges for Fiscal Year 2024, I would like to take this opportunity to reflect on my first year as President and CEO.

When I was appointed last year, I was absolutely thrilled to be taking over the helm and leading ESA, an organization with a long history of dedication to electrical safety and consumer protection in Ontario.

This past year, we continued to implement the remaining recommendations from the Auditor General's Audit Report and delivered on a number of outstanding projects. I'm happy to report that 90% of our deliverables are now complete with the rest on track for resolution..

Our organization collectively met or exceeded all of the objectives on our balanced corporate scorecard, including our financial, safety and public accountability objectives. We also met our organizational excellence objective while continuing to look for new ways to become more efficient as well as reduce burden for our regulated communities and customers.

We have worked very hard across the organization to educate and plan for Ontario's electrification transformation in order to ensure that ESA remains a value-add partner in the electrical ecosystem which will assure a successful and safe transformation.

To that end, we have spent considerable time over the past year building a strong corporate culture that will provide a solid foundation for the company's corporate strategy going forward. To me, our strength lies in our One Team approach which emphasizes our culture of accountability; people focus; inclusivity; adaptability and courage.

Given the importance and magnitude of our electrical safety mandate, we also rely on partner organizations that support this mandate of ensuring Ontarians are kept safe from electrical harms. Whether it is through working groups, information/ data exchanges or consultations, we work with a number of like-minded parties.

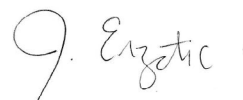
We hold our regulated communities, Licensed Electrical Contractors and Local Distribution Companies, in very high regard. We are grateful for the cooperation of many other safety partners including, but not limited to, those in the electricity sector, those in the healthcare sector, educators, first responders, municipalities, consumer protection organizations, labour unions and other regulators. We could not deliver on our mandate without our partners and we sincerely appreciate your passion for safety.

Personally, I am grateful for the support of the Board of Directors, as well as the executive and senior management teams. Most importantly, I am grateful to all the ESA employees who give their best each and every day in order to further our shared safety goals. I am proud of our One Team approach!

Our colleagues from the Ministry of Public Business and Service Delivery and certainly our Minister, Hon. Kaleed Rasheed, have been unwavering in their support of our organization over the past year and I thank them.

The past year was an exceptional and foundational year for me as CEO and I am very much looking forward to another exciting year ahead!

Thank you,



Josie Erzetic,
President and CEO



Safety



STRATEGIC GOALS

To improve the state of electrical safety in Ontario by further reducing in the combined rate of electrical fatalities and critical injuries over five years.



TARGET:

ESA will work to see a reduction of 10% in the combined rate of electrical fatalities and critical injuries (based on the five-year rolling average).



PROGRESS IN 2022/2023

ESA focused its efforts on people and those places most at-risk, as identified using an evidencebased approach through insights from the Ontario Electrical Safety Report (OESR), incidents tracking and incident surveillance. The average rate of critical injuries and fatalities per million population in 2022/2023 was 71.3, representing a 4.9% decline in the five-year average rate compared to the baseline measure of 75 in 2019/2020.

Reaching New Audiences with Powerline Safety Messages

ESA's powerline safety campaign has continued to raise awareness of the dangers associated with powerline incidents. It's important to recognize that powerline safety contact incidents are not limited to the electricity sector, and we are looking to extend the reach of these important safety messages beyond occupational safety.

Such an opportunity presented itself when an incident involving a schoolbus; carrying 18 students that veered off the road and collided with a hydro pole. The incident caused a downed high voltage powerline to land on top of the bus.

When the Local Distribution Company arrived on the scene, 16 students had already exited the bus and first responders were standing in close proximity to the bus. This potentially created an immediate shock hazard as it was unknown if the high voltage powerlines were energized.

Given the high-risk nature of this incident and discussions with the industry it was identified that there is a lack of knowledge amongst school bus drivers about the hazards associated with downed powerlines. It was important to take this opportunity to educate this group about the hazards of downed powerlines.

ESA attended the school bus association safety meetings to share powerline safety messages and educate their staff on what to do when there is a downed powerline on their vehicles. This initiative was supported with the creation of a sticker with a safety message (image A) that can be placed on a bus dashboard and exit doors.

This was a very successful outreach to extend powerline safety messages to a new audience and that includes an opportunity to educate this audience in other regions. ESA presented nine safety sessions in the school bus association service territory to 540 school bus drivers. Next steps include ongoing discussions with the School Bus Association of Ontario to promote and provide powerline safety awareness on their website.



(Image A)



Safety-First Campaign Targets Young Electrical Workers

ESA launched a new digital safety campaign targeting the next generation of young electrical tradespeople to adopt a safety-first mindset. Young electrical workers are the future of the electrical trade and safety should always be the number one priority.

This digital campaign targets young people studying the electrical trade as an apprentice or in college and reinforces the fact that they must adopt a safety mindset to have a career in the electrical trade.

The campaign message, "Safety Isn't Sometimes" resonated with both young and seasoned workers. The digital campaign will run throughout the fall utilizing online videos, static ads and banner ads on platforms such as Google, YouTube, and Facebook.



Know the Facts, Share the Knowledge Employee Safety Campaign

In 2022, three fatalities related to electricity occurred. The number of electrical related fatalities has not been this low since 2016.

In FY23, ESA introduced an internal safety awareness campaign for its employees. The campaign, "Know the Facts, Share the Knowledge", will continue to run each year so that ESA's employees are all aware of essential electrical safety and related facts. Each ESA employee is an ambassador at home and in their community for safety messaging and this will equip them with correct and helpful tidbits to share whenever the occasion arises. Throughout the year, we engaged employees with contests to test their knowledge and the application of the ten safety messages, in order to ensure the messages were tangible and helpful for real life experiences.

For external stakeholders, ESA expanded its Ontario Electrical Safety Report this year by offering focused products to specific stakeholder groups (i.e. LECs and MEs)). These brochures were provided to different stakeholders as the Report was updated and distributed so that industry groups had the most current and focused information on the areas that were most relevant to them. The information was presented at several council meetings and the licence holder meetings in the fall. The electronic brochures are always available on [ESA's website](#) for anyone who wishes to view them. We encourage LECs and LDCs to include them in their communications to employees for health and safety awareness and to industry partners they work with.

All of us have the opportunity to share important safety information with those around us and anyone new we meet. We will continue to strive to implement more ways to make information relevant and helpful to those who can share it.



Compliance



STRATEGIC GOAL

To efficiently achieve its mandate of helping Ontarians to remain free from electrical harms by being able to operate with organizational agility in its approach to managing harms.



TARGET

Undertake an analysis of the state of compliance in the renovation sector, understand the challenge, set a long-term goal and identify and execute targeted strategies.



PROGRESS IN 2022/2023

This fiscal year, ESA worked closely with stakeholders and the Ministry of Public and Business Service Delivery to build the regulatory and procedural framework for an Administrative Penalty regime. This new power supplements the tools available to ESA to address the underground economy. This was achieved successfully with the coming into force of the Administrative Penalties Regulation (O.Reg 2/23) on April 1, 2023.

Electric Vehicle Safe Charging Campaign

As electrification of our transportation system expands, ESA performed a safety blitz in the Toronto area in late FY22. In response to the high number of non-compliant installations, ESA launched a province-wide electric vehicle (EV) charger campaign in January 2023. Key messages around hiring an LEC, safe charging installation, and obtaining an ESA permit were part of a new integrated campaign. It featured a mix of digital advertising such as online videos, google and social media ads, along with a media relations component that includes interviews with outlets such as Toronto Star's Wheels publication, CP24, Breakfast Television, Metroland (Toronto Star) as well as local community newspapers across the province such as the Brampton Guardian to Inside Ottawa Valley. The campaign also featured an influencer component through media personality and former CP24 reporter Brandon Gonez, who promoted EV charger campaign messages on social channels such as YouTube, and Instagram, aligning timing with the 2023 International Auto Show.

The 2023 International Auto Show featured a larger-than-ever presence of EVs, including the EV Test Drive exhibit with more than 15 electric models available for test drives and more than 40 models on display on the showroom floor. ESA partnered with Plug 'n Drive and the Ontario Motor Vehicle Industry Council to circulate its EV charging brochures to interested attendees. Moreover, ESA "geo-fenced" mobile phones entering the convention centre during the timeframe of the Auto Show, to push EV charger ads on websites individuals visit online for 30 days following the show.

Given the massive growth of EV vehicle purchases and the importance of safe installations, ESA will continue this campaign in FY24.



Master Electrician Competency Profile Update

In collaboration with ESA staff, the ECRA Advisory Council, and the Master Examining Committee as well as the 1,576 licenced Master Electricians who responded to an online survey, the new Competency Profile for Master Electricians (MEs) was developed this year. The ME Competency Profile sets 65 competencies organized under nine distinct categories that set out the professional competencies and best practices of an individual applying for a Master Electrician licence with the ESA as well as throughout their licensing journey. These competencies and best practices support compliance with the regulatory requirements of MEs.

This Competency Profile has been developed by the industry for the industry using robust methodology, evidence based approaches and drawing on the knowledge of subject matter experts. A Working Group consisting of nine professionals from across the province was established to develop the Profile. Input was gathered through a series of interviews with key stakeholders and a draft set of competencies was then validated through an online survey of Master Electricians currently licenced with ESA.

Development of the Competency Profile is a step towards strengthening professionalism, knowledge and skills of the profession and improving public safety and consumer protection. We appreciate and acknowledge that the process of building and expanding of these competencies will take time. ESA will work together with its key stakeholders to ensure that the new and existing Master Electricians receive support in learning, building and improving these competencies.

We, at ESA, strongly believe that Lifelong Learning Equals Lifelong Safety. As a result, we have started the process of planning and developing tools to assist MEs in their professional journey.

For information related to the new ME Competency Profile visit esasafer.com/me-competency.

Master Electrician: Competency Profile

1 Health and Safety
(5 competencies)

2 Ontario Electrical Safety Code
(5 competencies)

3 Legal
(5 competencies)

Master Electrician

COMPETENCY PROFILE

This Competency Profile for Master Electricians (ME) has been developed by the industry for the industry. It describes the knowledge, skills and judgment required to carry the licence of the ME safely and ethically.

Competency Profile Structure
The Competency Profile consists of sixty-five competencies organized under 9 domains (categories). Below are the names of the categories.

1 Health and Safety (5 competencies)	2 Ontario Electrical Safety Code (5 competencies)	3 Legal (5 competencies)
4 Financial (5 competencies)	5 Management and Administration (12 competencies)	6 Technical Knowledge and Skills (9 competencies)
7 Advocacy (6 competencies)	8 Professionalism and Ethics (13 competencies)	9 Continuing Education (4 competencies)

For the full Competency Profile for Master Electricians, please visit: esasafer.com/me-competency

EXAMPLE
Ensure Compliance with Ontario Electrical Safety Code

Master Electrician: Competency Profile | Summary

The Competent Designated Master Electrician

Duties and Responsibilities



The Competent Designated Master Electrician Competency Introduced

Designated Master Electricians (DMEs) play a crucial role in ensuring the safety and compliance of Licensed Electrical Contractor (LEC) businesses. Each DME is responsible for planning and supervising electrical work carried out on behalf of the LEC.

To assist Designated Master Electricians (DMEs) and Licensed Electrical Contractors (LECs) in navigating their duties and responsibilities, particularly regarding safety and compliance issues, we are pleased to announce the launch of The Competent Designated Master Electrician module, developed by the Electrical Safety Authority (ESA).

During the interactive 25-minute module, individuals are presented with real-life situations where DMEs must make decisions to comply with Ontario Regulation 570/05: Licensing of Electrical Contractors and Master Electricians, the Ontario Electrical Safety Code, consumer protection legislation, health and safety laws, employment standards laws, and business practices.

By the end of the module, DMEs and LECs will be able to recognize the responsibilities of Designated Master Electricians in terms of DME Oversight, Licence Holder Standards of Conduct, and Prohibitions for DMEs.

The Competent Designated Master Electrician module, is available here: www.esasafe.com/contractors/the-competent-dme.

We encourage all DMEs and LECs to review the module to have a better understanding of compliance, safety and ethical issues that may arise in managing an electrical business. In addition to providing a valuable business and ethical guidance, this module can be used as an educational tool to understand, learn or improve on a few of the competencies from the Master Electrician (ME) Competency Profile.

Organizational Excellence



STRATEGIC GOAL:

To provide Ontarians with an effective electrical safety system.



TARGET:

A 10 per cent increase in the Corporate Excellence Index over the five-year strategic plan.



PROGRESS IN 2022/2023

ESA has seen a five per cent (5%) increase in the Corporate Excellence Index compared to the base line year of 2018-19.

Electrical Safety Authority Honoured Nationally for Digital Transformation Efforts

ESA was proud to be selected as the inaugural [CIO award](#) winner by [International Data Corporation Canada](#) and Foundry's [CIO](#), for the implementation of an inspector mapping tool. The CIO Awards celebrate Canadian organizations and the teams within them that are using IT in innovative ways to deliver business value, whether by creating competitive advantage, optimizing business processes, enabling growth or improving relationships with customers.

ESA's inspector mapping tool is an important element of its digital strategy. This new digital tool allows ESA's 270 inspectors to optimize their schedules and routes in the field to better manage emergencies to help ensure electrical and public safety in Ontario. It includes communication options for client text and email updates, reducing regulatory burden and improving the customer experience. This is a step change for ESA services as we communicate with permit holders intra-day to boost productivity.

A world-class panel of judges, including renowned former CIOs, selected this year's winning projects. Those recognised set a new standard for the use of enterprise technology in achieving organizational excellence. Honorees will be recognized at the Future of Digital Innovation Summit & Awards Canada in November.



ESA ON Mobile app and Remote Inspections

With the goal of finding opportunities to streamline the customer experience and reducing administrative burden, in the June 2022, ESA conducted a survey among electrical contractors who have had experience with submitting photos and/or videos to ESA Inspectors for their review of an electrical installation. The survey results showed that a mobile application or an online portal was the desired approach among contractors towards implementing a remote inspections system.

As part of our continued efforts to add services that help reduce administrative burden, ESA developed and launched a new app, ESA ON Mobile, in March 2023 and it is now available in the Apple App Store and the Google Play Store.

The app offers a tool to submit photo and video evidence for consideration of a remote inspection, which is a discretionary alternative to a physical on-site inspection. In support of this process, contractors provide evidence through the app (i.e. photographs/videos) demonstrating the full scope of the installation and its compliance with the Ontario Electrical Safety Code (OESC). This approach is part of our continued efforts to add services that help reduce administrative burden.

ESA reserves the right to make the final determination on whether an installation qualifies for a remote inspection and Inspectors hold the discretion of acceptable photo submissions. Guidance and support material is available to contractors on the [ESA website](#) as well as a list of commonly asked questions.

The many benefits and opportunities of this technology is recognized within ESA and our stakeholder community and initial feedback from the first few users has already been positive. Throughout calendar year 2023, we will continue to invite contractors to register for the ESA ON Mobile app as part of our roll out plan.

i-Sight Litigation Case Management System Now Live

ESA's Legal Department is now utilizing the i-Sight Case Management System. This system has transitioned from the current paper system to an online tool that streamlines the process of tracking and managing litigation cases.

This tool supports the management of current and new Provincial Offences Act (POA) prosecutions, civil matters, and any appeals, including with respect to a POA prosecution, civil matter, order, proposal, or even administrative penalties. In turn, the tool will provide the departments with better tracking and report generation.

Key Enhancements to the Continuous Safety Services (CSS) Program

ESA has executed on two projects for the Continuous Safety Services program that support the operational excellence goal and help maximize the electrical safety impact for Ontarians. For facility owners and operators, CSS offers a safety solution customized for their businesses.

Improvements to the CSS Online Logbook (CSSL)

The CSS Online Logbook is a tool that promotes the transition for ESA and our CSS clients onto a digital platform. It supports OESC rule 2-003 to ensure all work can be logged for review by an Inspector. These improvements will enable CSS clients to mark defects as corrected, which allows much more timely alert to the Inspector that hazards have been made safe. These enhancements also allows the client unprecedented access to all of the records of electrical work being conducted at their facilities with a direct connection to their dedicated Inspector.

Improvements to Our CSS Agreement System

ESA renews several thousand CSS agreements on an annual basis. To do this more efficiently we have developed more advanced digital tools and systems. This will help us deliver a better experience with more accurate site contact and site location information for CSS clients. It will also eliminate lots of unnecessary administrative burden, which will allow us to focus on other high-risk safety concerns. It will also enable us to put a higher focus on the needs of our current and potential CSS clients. This new system is much more user friendly and accessible for our CSS clients, engaging them to be more involved in their electrical safety program.

Public Accountability



STRATEGIC GOAL

To be a publicly accountable regulator that provides Ontarians with a valuable electrical safety system.



TARGET

Maintain or improve the stakeholder accountability index score of 8.2 as measured through ESA's multi-stakeholder survey over the next five years.



PROGRESS TO DATE 2022/2023

Year-over-year, the ESA's Accountability Index score has remained steady, increasing directionally from 8.3 in 2019 to 8.4 in 2021. Amongst both homeowners and electricians, most individual measures are up directionally since 2019. Responsiveness (ESA staff listening to and responding to stakeholder concerns) saw the largest directional increase amongst both homeowners and electricians since 2019.

2022 Wiring Survey Feedback

As part of ESA's customer experience strategy, ESA continues to proactively survey licensed electrical contractors regarding their satisfaction with ESA's wiring processes and ESA overall.

For the past seven years, ESA has utilized a third party research firm to conduct randomized surveys of contractors who recently completed the notification process. Participants are invited to provide a score and share open feedback regarding the process of obtaining a notification, completing their inspection, as well as their general perception towards ESA overall.

ESA's customer satisfaction target is to achieve a score of 8 out of 10. This strong goal continues to demonstrate the importance to ESA of ensuring they are an effective, publicly accountable organization.

It is important to note that ESA has exceeded its target in the last two surveys with a score of 8.6 out of 10 in the 2019 survey.

This ongoing feedback mechanism continues to be a valuable tool for ESA to collect, interpret and adapt to customer needs. The organization uses this feedback to identify both areas of improvement as well as strength, and to rapidly address service-related issues as they emerge. ESA will be conducting a multi-stakeholder survey this year as well.

8.6/10



Satisfaction with
ESA AS A WHOLE

IDEA Strategy update



In 2022, ESA continued to advance the IDEA Strategy. There was a strong focus on deepening leadership capacity and accountability & fostering an inclusive work environment. ESA expanded learning, development and engagement opportunities for both employees and leaders; enhanced training for hiring and recruitment panels;

provided frontline employees knowledge and tools for navigating cultural differences within the communities we serve; and expanded mental health programs for employees. ESA continues to enhance partnerships in the sector in order to have a broad and meaningful impact for our stakeholders.

Managing Compliance and Enforcement

Ontario Electrical Safety Code, O.Reg 164/99

Ontario Electrical Safety Code, O. Reg. 164/99 establishes requirements and standards for electrical wiring installations, the safe use of electrical equipment in Ontario, and the appointment of electrical inspectors. To advance electrical safety, ESA also reviews plans for electrical installations,

conducts general inspections of existing electrical installations and investigates electrical safety incidents. ESA works to ensure compliance with Ontario's safety requirements and the timely resolution of defects. Where required, ESA will escalate enforcement to the courts.

ONTARIO ELECTRICAL SAFETY CODE	2022/2023	2021/2022
Customer service calls answered	544,001	537,209
Notifications created	474,854	476,503
Inspections completed	461,683	444,879
• Wiring (e.g. residential, commercial, industrial etc.)	399,968	396,310
• Continuous Safety Services	31,085	30,680
• Fire Marshal Orders	278	272
• Hazards	16,284	17,617
Pass rate of Inspections	85%	85%
Total technical defects created	138,344	126,318
Top technical defects	<ul style="list-style-type: none"> a. AFCI required for branch circuits b. Complete panel directory required c. GFCI protection required for receptacles that are within 1.5 m of sinks 	<ul style="list-style-type: none"> a. AFCI required for branch circuits b. Complete panel directory required c. Minimum support spacing, non-metallic sheathed cable
Total warnings created	20,692	20,551
Continuous Safety Services	4597 customers with 30,919 sites	4577 customers with 30,949 sites
Investigations conducted	26	47
Charges laid	32	39
Court convictions secured	26	28
Appeals	11	11
Complaints	19	25

Licensing of Electrical Contractors and Master Electricians, O.Reg. 570/05

Licensing of Electrical Contractors and Master Electricians, O. Reg. 570/05 defines provincial licensing and administration requirements for Electrical Contractors and Master Electricians and is intended to protect the public from unqualified contractors offering electrical services. ESA activities include managing and enforcing licensing requirements.

LICENSING	2022/2023	2021/2022
Electrical Contractor licences issued	767	754
Master Electrician licences issued	815	886
Licences renewed	24,018	22,759
Individuals who wrote the Master Electrician exam	1,284	1,247
Master Electrician exam pass rate	69%	81%
Discipline notifications handled	1,135	594
Licences suspended	1,341 (compliance and admin)	90
Licences revoked	96 (admin) 43 (compliance)	0
Complaints handled	1,944	2,189
Notices of violations issued	512	1,396
Licensing investigations conducted	91	103
Charges laid	150	70
Court convictions secured	77	48
Appeals	26	18

Electrical Distribution Safety Regulation, O.Reg. 22/04

Electrical Distribution Safety Regulation, O. Reg. 22/04 requires objective-based electrical safety requirements for the design, construction and maintenance of electrical distribution systems owned by licensed distributors. The regulation requires the approval of equipment, plans, specifications and inspection of construction before systems are put into service, but 570/05 Licensing of Electrical Contractors and Master Electricians, O. Reg. 570/05

defines provincial licensing and administration requirements for Electrical Contractors and Master Electricians. It is intended to provide LDCs with a number of options to obtain these approvals. ESA conducts audits to ensure compliance to safety standards. In addition, ESA undertakes due diligence inspections to confirm compliance with the regulation.

ELECTRICAL DISTRIBUTION SAFETY REGULATION	2022/2023	2021/2022
Electrical distribution-related safety incidents reported	341	330
Electrical distribution-related fatalities	2	2
Due diligence inspections	326	315
Public safety concerns received	193	199

Product Safety, O.Reg. 438/07

Product Safety, O. Reg. 438/07 goal is to provide protection to the public from unsafe electrical products and equipment sold and used in Ontario. ESA is responsible to provide oversight of this regulation that includes requirements for pre-market approvals for all electrical equipment and products, including consumer electrical products advertised, displayed, used, sold or offered for sale in Ontario. ESA is also accountable for safety oversight of commercial/ industrial electrical products. While

Health Canada is accountable for post-market safety oversight of consumer electrical products, ESA continues to support the national product safety system by investigating Ontario incidents related to electrical products and publicizing electrical product safety notices (including recalls and flash notices) and through its ongoing engagement in national committees, including the Canadian Advisory Council for Electrical Safety (CACES) and National Public Safety Advisory Committee (NPSAC).

PRODUCT SAFETY, O. REG. 438/07	2022/2023	2021/2022
Total product safety incident reports received by ESA	492	456
Reports deemed high risk	2	2
Reports deemed medium risk	320	365
Reports deemed low risk	151	72
Non-Related Reports	14	17
Safety alerts issued	5	10
Investigations conducted	3	0
Recalled product notifications	2	0
Charges laid	0	3
Convictions	1	1
Appeals	0	0

Reports are deemed high, medium or low risk by a risk assessment tool based on specific parameters. Some of these parameters include but are not limited to:

- assessing the likelihood of the product being or becoming defective by evaluating factors such as; product certification, use environment, history of compliance or previous product issues, ability to detect defect prior to product use and pattern of incidents;
- assessing the likelihood of the serious negative effect materializing by evaluating factors such as exposure characteristics, human device interaction, undetected overheating and impact of warnings; and
- assessing severity of the potential impact by evaluating the Loss Severity – major, moderate, minor, or insignificant.

Administrative Monetary Penalties Ontario Regulation 12/23

In May of 2022, Ontario Regulation 164/99 was updated to support the adoption of a new Ontario Electrical Safety Code composed of the Canadian Electrical Code Part I, C22.1:21 with Ontario Amendments.

As of April 1, 2023, ESA has the authority to issue administrative penalties for defined contraventions. The Electricity Act, 1998 was amended to provide for administrative penalties and the new Ontario Regulation 12/23, Administrative Penalties, came into effect. Additionally, Ontario Regulation 187/09 was amended to streamline the appeals process and allow for the appeal of an administrative penalty order. The changes in respect of administrative penalties were the result of a recommendation from the Ontario Auditor General's 2020 audit; it will provide ESA with additional enforcement measures to address the underground economy and compliance with the legislation. ESA has developed procedures and infrastructure to support an administrative penalty regime and will be reporting on administrative penalties annually.

Prosecutions Update

CASE STUDY 1:

ESA v Ontario Corporation 2208846, o/a Otter Energy Inc., and ESA v Tyler Blower, Director

On October 10, 2020, a 22 year old employee of Ontario Corporation 2208846 (Otter Energy Inc.) was fatally injured at a workplace while performing tasks associated with the installation of solar panels at the workplace. A joint prosecution between the Ministry of Labour and ESA charged Otter Energy Inc. under both the Occupational Health and Safety Act, R.S.O. 1990, c.0.1 and the Electricity Act, 1998 with six counts. In July 2022, Otter Energy Inc. plead guilty to two counts and was convicted of failing as an employer, to ensure that every reasonable precaution was taken to prevent hazards to workers

from energized electrical equipment, installations and conductors. The court fined Otter Energy Inc. \$50,000 plus a 25% victim surcharge per count.

Otter Energy Inc. was charged and convicted under the Electricity Act, 1998 with: permitting or employing a person to carry out an activity referred to in the Regulations as requiring an authorization without first obtaining an authorisation, namely an electrical contractor's licence, contrary to ss. 113.2(1) and ss.113.20(1)(d) of the Electricity Act; and, installing a cable in such a manner that the insulation was pinched, causing a short circuit or grounding of the cable, contrary to provisions of Rule 2-136 of the OESC, adopted by reference in O.Reg. 164/99, as amended and did thereby commit an offence contrary to ss.113(12)(b) and ss.113.20(1)(a) of the Electricity Act.

CASE STUDY 2:

ESA v 2414202 ON Inc. o/a North American Energy Network & ESA v Jian Wei Yin

In March 2020, 2414202 ON Inc. (North American Energy Network) and Mr. Jian Wei Yin, a Licensed Electrical Contractor, were charged with the offence of uttering a false certificate of inspection, by knowingly holding out as genuine, an ESA Certificate of Inspection (Certificate of Acceptance). On April 8, 2022, both North American Energy Network and Mr. Yin were convicted. In November 2022, the court handed down fines of \$2,000 against North American Energy Network and \$3,000 against Mr. Yin the LEC. Both fines are subject to a 25% victim surcharge.

The charges in this case stemmed from a complaint by a homeowner to ESA. The homeowner hired North American Energy Network to install an electric vehicle charging station (EVCS) at their residence. Mr. Yin, a licensed LEC installed the EVCS and provided the homeowner with a Certificate of Acceptance. The homeowner submitted the Certificate of Acceptance to the Ministry of Finance as part of their application for the EVCS incentive rebate. The Ministry of Finance identified the document as false and returned it to the homeowner. Upon examination of the document, ESA confirmed that Mr. Yin did not submit a notification request to

ESA for the EVCS installation and drafted a falsified Certificate of Acceptance and presented it to the homeowner as an authentic ESA document.

CASE STUDY 3:

ESA v Richard Gillet

In June 2022, Mr. Richard Gillet, who is not a licensed electrical contractor, was hired to replace the main electrical distribution panel at a residential property, work he completed without filing a Notification of Work with ESA. Mr. Gillet was charged with operating an electrical contracting business without a valid electrical contractor license and failing to file an application for inspection of work on an electrical installation as required by the OESC. In February 2023, Mr. Gillet was convicted on count 1 and fined \$3,000 plus a 25% victim surcharge and placed on probation for two years. As part of his Probation Order, Mr. Gillet was ordered by the Court to [prepare a letter](#) to Ontarians for publication by ESA acknowledging his conviction and explaining the importance of electrical safety. This is the first time that a Probation Order has included a public letter of acknowledgement for wrongdoing as part of an ESA conviction.

Organizational Structure

Officers as of March 31, 2023

JOSIE ERZETIC, BJ (HONS). LL.B, ICD.D

President and CEO, Electrical Safety Authority,
Director Plug'n Drive

Previously: Chief Regulatory Officer and General Counsel, ESA; Vice President Corporate Business Development, Ontario Power Generation; Director, Wasaga Resource Services Inc.; Director, Nanticoke Solar; Director, Peter Sutherland Sr. Generating Station

EMILY LAROSE, BA (H), JD

VP, Regulatory & General Counsel, Electrical Safety Authority; Member, Research Ethics Board, Hospital for Sick Children.

Previously: Partner, Cassels Brock LLP; Board Member, Parkdale Project Read

SANDRA MONTAGUE, CPA, CGA

Chief Financial Officer, Electrical Safety Authority

Previously: Chief Financial and Administration Officer, Resource Productivity and Recovery Authority. Chief Transformation Officer & Chief Financial & Administration Officer, Alzheimer Society of Ontario. Financial Controller/ Director of Finance, Kinetic Concepts, Inc. (KCI Medical Canada, Inc.)

DAVID RINALDO, BA SC. (MECH. ENG.), LLB

Corporate Secretary, Electrical Safety Authority

Previously: Director Legal Services, Hatch Ltd. In-house Counsel - Corporate Commercial Large Projects Group, Ontario Power Generation Inc. Associate, McMillan LLP

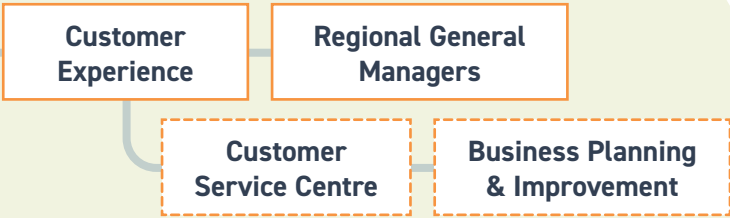
Executive Management Team

- Josie Erzetic, President and Chief Executive Officer
- Carol Calvert VP, People & Culture
- Eric Kingston VP, Operations
- Emily Larose VP, Regulatory & General Counsel
- Sandra Montague, Chief Financial Officer
- Kelley Irwin, Chief Information Officer
- Kalyan Chakravarthy (KC), Chief Information Officer (March-end 2023 – present)
- Karen Ras, VP, Communications, Strategy and Innovation

BOARD OF DIRECTORS

PRESIDENT & CEO

VICE PRESIDENT, OPERATIONS



CHIEF FINANCIAL OFFICER



VICE PRESIDENT, REGULATORY AND GENERAL COUNSEL



VICE PRESIDENT, PEOPLE & CULTURE



CHIEF INFORMATION OFFICER



VICE PRESIDENT, COMMUNICATIONS, STRATEGY & INNOVATION



Board Governance

AUDIT & INVESTMENT COMMITTEE

The Audit and Investment Committee supports oversight responsibilities regarding audit, finance, investment, information technology and financial risk management.

The committee manages on behalf of ESA, the relationship with external auditors and also reviews discussion and analysis of ESA's annual corporate and pension audited financial statements. This committee also oversees ESA's internal financial structure, reporting and financial risk management systems and cyber security. The committee is responsible for oversight of assets, establishing and overseeing a prudent investment management approach, review of investment policies, Pension Plan liabilities and ensures compliance with the Pension Benefits Act and the Income Tax Act.

Chair: C. Hopper

Members: A. Bergeron; A. Arenja; D. Péroquin; Y. Semsedini; V. White (from June 2022); F. D'Andrea (from December 2022); I. Butany-DeSouza (from March 2023); P. Gregg (to Sept 2022); R. Barnet (from May 2022 to March 2023)

PEOPLE, CULTURE & GOVERNANCE COMMITTEE

People, Culture and Governance Committee provides oversight responsibilities and risk management regarding human resources, compensation, pension strategy and corporate governance.

This committee oversees the human resources strategy on behalf of ESA, and Members review succession planning (corporate and Board), performance assessment, development requirements and compensation philosophy and structure. The committee also is responsible for monitoring and making recommendations regarding corporate governance, board practices, succession planning and board evaluations. Its role is to ensure the adequacy and effectiveness of systems implemented to ensure compliance with established corporate governance, and human resources legislation, policies and procedures.

Chair: A. Arenja (from March 2023); R. Mace (to December 2022)

Members: A. Bergeron; D. MacDonald; G. Oosterhof; A. Malo; Y. Semsedini; R. Barnet (from March 2023)

REGULATORY AFFAIRS COMMITTEE

The Regulatory Affairs Committee supports oversight responsibilities and risk management regarding all four of ESA's regulations including a particular focus on public safety and external relations.

The committee ensures ESA is effectively meeting its regulatory obligations, responsibilities and public safety mandate. This includes ensuring alignment with ESA's administration of designated legislation and associated regulations, harm reduction objectives, monitoring development and use of policies, procedures and guidance documents, external relations and stakeholder relationship management.

Chair: A. Malo

Members: A. Bergeron; D. Péroquin; D. MacDonald; C. Hopper; G. Oosterhof; V. White (from June 2022); F. D'Andrea (from December 2022); R. Barnet (from March 2023); P. Gregg (to September 2022); R. Mace (to December 2022);

Meetings

April 2022 to March 2023

Audit and Investment Committee	5 Meetings
People & Culture and Governance Committee	4 meetings
Regulatory Affairs Committee	4 meetings
Board Meetings	4 meetings

Board Members as of March 31, 2023

Twelve members make up the ESA Board of Directors, based on a [set of established qualifications](#). Board members reflect the public; electricity distributors; electrical contractors; and engineering, manufacturing and other industries. Board members may serve up to three consecutive terms.

ANNETTE BERGERON, MBA, P.ENG., FEC FCAE

Year 3 of Term 3

Chair, ESA Board of Directors, Principal, Bergeron Consulting;

Previously: President, Engineers Canada; Director, South East Local Health Integration Network; President, Professional Engineers Ontario; President, Ontario Society of Professional Engineers; Director, Kingston General Hospital.

ARJAN ARENJA, P.ENG., MBA

Year 1 of Term 2

President, Spectrum Business Development Inc.; Councillor, Professional Engineers Ontario (PEO), Chair of PEO's Governance and Nomination Committee; Director, Engineers Canada (EC), Chair of EC's Finance, Audit, and Risk Committee; Director, Palette Skills, member of Audit and Finance Committee

Previously: Senior Manager, Bruce Power; Sr. Manager, Royal Group Technologies Inc.; Manager, Trow Consulting Engineers (in 2011 renamed to EXP)

RHONDA BARNET, B.SC., C.DIR.

Year 2 of Term 1

CEO Palette Skills, Executive Chair AVIT Manufacturing, Director NGen Canada; Chair Advanced Manufacturing Economic Strategy Table (Government of Canada)

Previously: President, AVIT Manufacturing; Chair/Director of Canadian Manufacturers & Exporters, Director Industry Strategy Council (Government of Canada), Founder CME Women in Manufacturing.

INDRANI BUTANY- DESOUZA, MBA

Year 1 of Term 1

President and CEO Elexicon Energy Inc., Vice Chair Electricity Distributors Association, Board Member, Electricity Canada, Board Member, Ontario Energy Association, Board Member and Vice President, Mainstage Theatre Company

Previously: Vice President, Regulatory Affairs and Privacy Officer, Alectra Inc., Vice President Regulatory Affairs and Privacy Officer, Horizon Utilities Corporation; Board Member, Hamilton Health Sciences

FRANK D'ANDREA, CPA, CA, AOP

Year 1 of Term 1

Vice-President, Regulatory Affairs, Hydro One; Member, Electricity Distributors Association (EDA) Regulatory Council; Member, Ontario Energy Association (OEA) Regulatory Committee

Previously: Director, Centre for Outsourcing Research and Education (CORE) Board of Directors; Member, Electricity Canada's National Emerging Issues Committee.

CHRISTOPHER HOPPER, BA, MBA

Year 2 of Term 3

President and CEO, Complete Electrical Services Inc. and KLQ Mechanical Ltd.; Vice Chair, Holland Bloorview Kids Rehabilitation Hospital Foundation; Trustee, Holland Bloorview Kids Rehabilitation Hospital

Previously: President and CEO, Northern Home Services Ltd.; Governor, CI Investments Inc., Director, VentureLink Fund

Organizational Structure

DALE MACDONALD, RSE, ME, LEC

Year 1 of Term 3

General Manager of Honey Electric Limited; Board member, Ontario Electrical League (former chair); former member of the College of Trades Construction and Maintenance electricians advisory committee; member of the advisory committee for St. Clair College Electrical Techniques program; member and personal advisory group participant of the Family Business Xchange; past president of the Kent Chapter of OEL.

ADÈLE MALO, BA, LL.B., LL.M, ICD.D

Year 3 of Term 3

Chair of the Governance and Compensation Committee, Capstone Infrastructure Corporation

Previously: EVP Regulatory and Government Affairs and General Counsel, Direct Energy; General Counsel and VP Sustainable Development, Ontario Power Generation

GARY OOSTERHOF, ME

Year 3 of Term 3

Owner, President and CEO, Oosterhof Electrical Services Ltd.; Councillor, City of Kingston; Past President, Kingston Electrical Association

Previously: Electrical Contractor Registration Agency (ECRA) Advisory Council; Director, Past Member of Contractor Committee, OEL

DANIEL PÉLOQUIN, B. ENG.

Year 2 of Term 3

CEO, Daniel Péloquin

Consultant. Director, Spark Power. Director, Vizimax.

Previously: President, Schneider Electric Canada. CEO, Global Coil Business Segment, Trench Canada / Siemens. Director, ElectroFederation Canada (EFC).

YSNI SEMSEDINI, P. ENG., MBA

Year 1 of Term 2

President & CEO, Newmarket – Tay Power Distribution Ltd.; Past Chair, Electricity Distributors Association; Director, The MEARIE Group; Director, Ontario One Call; Director, Saturn Power

Previously: CEO Festival Hydro Inc, President & CEO, Rhyzome Networks

VIVI WHITE, HONS. BA

Year 1 of Term 1

Regional Vice President, RBC; York University, Markham Campus External Advisory Committee

Previously: Chair Mississauga Board of Trade; Director College of Nurses of Ontario; Executive Co-Chair Employee Giving Campaign, RBC; Brampton Outstanding Business Achievement Awards

Financial Summary

Introduction

ESA is a not-for-profit corporation established as an administrative authority of the Government of Ontario. ESA executes a variety of compliance, operational, enforcement, research, education, training, and other programs throughout the year. At the same time, ESA must ensure its long-term sustainability so it can continue to meet its mandate in years to come. This balancing of near-term and long-term needs is reflected in the approach to financial management.

ESA's revenues come from a variety of sources including fees assigned to regulatory processes such as permits for doing electrical work, licences for Licensed Electrical Contractor's (LECs) and Master Electrician (MEs), and safety oversight fees charged to Local Distribution Companies (LDCs). There is also revenue from programs including electrical plan review and Continuous Safety Services (CSS) contracts.

ESA is also permitted to operate non-regulatory services but only within the conditions of its Administrative Agreement with government and consistent with the objects of the corporation. There are limitations in the agreement as to how ESA can pursue non-regulatory activities and it must report non-regulatory revenues and expenses separately.

ESA receives no revenue from government. ESA expenses are primarily people-related costs – salaries, wages, benefits and pensions. The company employs Inspectors, technical advisors, call centre representatives, along with finance, information technology, communications, human resource, administrative and other staff. The majority of ESA's salary and wage expenses are defined by collective agreements within the two labour unions (The Society of United Professionals and the Power Workers Union).

ESA's major non-labour expenses include travel costs for Inspectors, IT operations, safety awareness programs, legal expenses, and oversight fees paid to government.

In managing its annual financial performance ESA seeks to achieve a break-even bottom line. ESA has established a restricted net asset target (see page 45) to ensure that it maintains adequate net asset reserves and financial liquid assets in the event of unforeseen adverse financial events, or to fund specific strategic initiatives as recommended by ESA management and approved by the Board of Directors.

In order to ensure long-term sustainability, ESA has a multi-year financial framework that includes improving its net asset position (see page 34) ensuring the company can meet its future obligations for pensions and other post-employment benefits (OPEB) both of which accumulate over time. Any cash generated by an annual surplus is invested in long-term investments held in a restricted reserve (see page 39) to address the future OPEB liability and the reserve requirements described above.

FY2023 Performance

FY2023 Performance

The year (April 1, 2022 to March 31, 2023) saw strong growth in wiring activity, led by residential renovations and new commercial activity. The Wiring growth from the prior year impacted both revenue and expenses as ESA responded to the incremental work. Operational expenses increased year over year at a higher rate than the increase in operating revenue and this was attributed to increased headcount in support of our digital strategy, increased pension and travel costs. Corporate investment assets grew below expectations as rising interest rates and inflation adversely affected the asset markets.

For the year, the organization posted an operating deficit of \$5.5 million compared to an operating surplus of \$1.1 million the prior year, and a bottom line deficit of \$4.4 million after the contribution of investment income of \$1.2 million compared to a bottom line of \$190 thousand in the prior year.

ESA experienced a decrease in its net asset position by \$83.2 million to a \$1.0 million deficit as of March 31, 2023 primarily as a result of a combination of revised opening net asset balance and negative pension re-measurement totaling \$78.8 million due to pension and OPEB.

Revenues

Total operating revenues were \$123.6 million, an increase of 6.0 per cent from the prior year. This included: residential wiring revenue of \$48.0 million, an increase of 7.0 per cent; industrial/commercial/ institutional wiring revenue of \$24.9 million up by 3.7 per cent; and CSS revenue of \$26.0 million, an increase of 5.0 per cent.

Non-regulatory revenue was \$18.7 million, an increase of 13 per cent from the prior year. These services include field evaluation services, training programs, and safety oversight services provided to sectors not covered under provincial regulation such as airports, First Nations reserves and the mining sector.

Expenses

Operational expenses were \$129.1 million including amortization, an increase of 11.7 per cent from the prior year.

Total labour-related costs – salaries, wages and benefits, pension and OPEB – were \$100.0 million or 77.4 per cent of total expenses, an increase of 11.2 per cent over the prior year. It should be noted that the main cause for this increase was pension expense rising by \$5.0 million over the prior year. Included in this total is the OPEB interest expense for the year of \$4.1 million.

ESA worked to restrain increases in its other expense categories which include: purchased services of \$8.2 million; inspection travel and related costs of \$7.2 million; office administration of \$1.0 million; facilities costs of \$1.6 million; computer support of \$3.1 million; other costs of \$5.8 million, which includes the Ministry of Government and Consumer Services oversight fee of \$667,000.

Capital spending was \$4.0 million and primarily focused on IT infrastructure and ESA's efforts to continue executing on its digital strategy.

Pension

ESA's registered pension plan is a defined benefit plan. As part of its financial framework for sustainability, ESA has been seeking to improve the funded status of the pension. Due to the increase in the actuarially determined present value of accrued pension benefits, the pension surplus has now become a pension liability on a going concern basis as of March 31, 2023 of \$10.0 million. (see page 40).

With the aid of an independent compensation consultant, ESA benchmarks its compensation levels against a comparator group for public and private sector organizations of similar scope, size and complexity.

In FY2024 senior management compensation (including all salaries, incentives and severance) totaled \$6.3 million for 30 employees compared to \$6.9 million for 32 people the previous year.

Compensation for Executive and Senior Management

As an organization entrusted with enhancing public electrical safety, ESA requires people with significant experience and expertise in areas including safety strategy, electrical systems and engineering, among others. An appropriate compensation package is required to attract and retain this talent. At the same time, in order to ensure delivery of goals and objectives, compensation needs to be tied to defined short- and long-term deliverables.

ESA's approach to management compensation is based on the following principles:

- 1 Ensuring efficient use of resources and delivery of public value;
- 2 Supporting ESA's values and culture;
- 3 Pay-at-risk linking compensation to individual and corporate delivery on publicly stated corporate targets and goals over set periods of time;
- 4 Alignment with sound risk management; and
- 5 The Board of Directors undertaking regular reviews of compensation governance through the People, Culture and Governance Committee.

Financial Summary

REVENUE BY SOURCE*

(IN THOUSANDS OF DOLLARS)

	FY2023	FY2022
Regulated services	\$ 104,489	\$ 99,740
Non-regulated services	18,668	16,461
Sub-total	123,157	116,201
Investments and other	1,739	241
TOTAL REVENUE	\$ 124,896	\$ 116,442

FULLY ALLOCATED EXPENSES*

(IN THOUSANDS OF DOLLARS)

	FY2023	FY2022
Regulated services	\$ 110,338	\$ 98,079
Non-regulated services	17,243	16,158
Sub-total	127,581	114,264
Investments and other	1,678	1,988
TOTAL EXPENSES	\$ 129,259	\$ 116,252

REVENUES BY LINE OF BUSINESS*

(IN THOUSANDS OF DOLLARS)

	FY2023	FY2022
Wiring - Residential	\$ 47,992	\$ 44,849
Wiring - Industrial/Commercial/Institutional	24,895	24,008
Continuous Safety Services (CSS)	25,991	24,760
Field Evaluation	12,271	11,641
Utility Regulation	2,942	2,919
Contractor Licensing	5,189	4,942
Plan Approvals	1,847	1,676
Other revenues**	2,482	1,822
TOTAL EXPENSES	\$ 123,609	\$ 116,617

* Any differences due to rounding; prior year classifications (if any) restated for consistency

** Includes revenue from training services, Ontario Electrical Safety Code book sales, and real estate rental income

Independent Auditor's Report

To the Directors of Electrical Safety Authority;

Opinion

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

- the statement of financial position as at March 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 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 March 31, 2023, and its results of operations, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "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 accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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.



Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 8, 2023

Statement of Financial Position

March 31, 2023 with comparative information for 2022
(in thousands of dollars)

ASSETS	2023	2022
Current assets:		
Cash and cash equivalents	\$ 4,688	\$ 4,073
Accounts receivable	12,986	12,892
Other assets	2,058	1,532
	19,732	18,497
Investments (note 3 and 7)	116,603	117,887
Property, plant and equipment (note 4)	8,923	9,412
Intangible assets (note 5)	5,862	3,608
Deferred pension asset (note 6)	-	60,617
Other non-current assets	59	60
	\$ 151,179	\$ 210,081

LIABILITIES AND NET ASSETS	2023	2022
Current liabilities:		
Accounts payable and accrued liabilities (note 13)	\$ 19,984	\$ 18,056
Deferred revenue	25,469	24,969
	45,453	43,025
Employee future benefit obligation (note 6)	89,251	84,835
Pension liability	17,460	-
	152,164	127,860
Net assets:		
Invested in capital assets and intangible assets	14,785	13,020
Unrestricted reserve	(15,770)	69,201
Total net assets (note 14)	(985)	82,221
Contingencies and commitments (notes 10 and 11)		
	\$ 151,179	\$ 210,081

See accompanying notes to financial statements.

On behalf of the Board:



Annette Bergeron
Director



Christopher Hopper
Director

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022
(in thousands of dollars)

	2023	2022
Revenues (note 8)	\$ 123,609	\$ 116,617
Expenses:		
Salaries and benefits	95,902	84,970
OPEB – interest expense (note 6)	4,087	4,985
Operating	26,909	23,029
Amortization	2,234	2,578
	129,132	115,562
Excess (deficiency) of revenues over expenses before the undernoted	(5,523)	1,055
Change in fair value of investments	(5,255)	(7,541)
Other investment income	6,415	6,676
Investment income (loss) (note 7)	1,160	(865)
Excess (deficiency) of revenue over expenses for the year	\$ (4,363)	\$ 190

See accompanying notes to financial statements.

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022
(in thousands of dollars)

REVENUE	INVESTED IN CAPITAL ASSETS AND TOTAL TOTAL INTANGIBLE ASSETS	UNRESTRICTED	TOTAL 2023 (NOTE 14)	TOTAL 2022 (NOTE 14)
Net assets, beginning of year, as previously reported	\$ 13,020	\$ 69,201	\$ 82,221	\$ 88,418
Change in accounting policy (note 2)	–	(27,115)	(27,115)	–
Net assets, beginning of year, restated	13,020	42,086	55,106	88,418
Excess (deficiency) of revenues over expenses	–	4,363	(4,363)	190
Investment in capital assets	1,765	(1,765)	–	–
Re-measurements due to pension benefit and OPEB actuarial losses and plan amendments	–	(51,728)	(51,728)	(6,387)
Net assets, end of year	\$ 14,785	\$ (15,770)	\$ (985)	\$ 82,221

See accompanying notes to financial statements.

Statement of Cash Flows

March 31, 2023 with comparative information for 2022

(in thousands of dollars)

	2023	2022
CASH PROVIDED BY (USED IN):		
Operation activities:		
Excess (deficiency) of revenues over expenses	\$ (4,363)	\$ 190
Items not involving cash:		
Amortization	2,234	2,578
Change in other non-current assets	1	3
OPEB obligation expense	7,789	7,597
Pension benefit plan expense	8,840	3,800
Change in fair value of investments	5,255	7,541
	19,756	21,709
Net change in non-cash working capital balances related to operations (note 9)	1,808	773
OPEB obligation contributions	(2,344)	(2,266)
Pension benefit plan contributions	(10,635)	(7,980)
	(11,171)	(9,473)
Investing activities:		
Net purchase of investments	(3,971)	(9,807)
Purchase of property, plant and equipment and intangible assets	(3,999)	(2,431)
	(7,970)	(12,238)
Net increase (decrease) in cash and cash equivalents	615	(2)
Cash and cash equivalents, beginning of year	4,073	4,075
Cash and cash equivalents, end of year	\$ 4,688	\$ 4,073
Cash and cash equivalents is comprised of the following:		
Cash	\$ 4,688	\$ 4,073
	\$ 4,688	\$ 4,073

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended March 31, 2023

(in thousands of dollars)

1 Basis of presentation:

Electrical Safety Authority (the "Company" or "ESA") is a corporation without share capital incorporated under the Corporations Act (Ontario) and operates as an Administrative Authority under an Administrative Agreement with the Ministry of Government and Consumer Services ("MGCS"). ESA is not taxable under Section 149 of the Income Tax Act (Canada).

2 Summary of significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations in Part III of the CPA Canada Handbook.

(a) Cash and cash equivalents:

Cash and cash equivalents include cash and short-term deposits with original term to maturities of 90 days or less.

(b) Investments and investment income:

Publicly traded securities are valued based on the latest bid prices. Short-term securities are valued based on cost plus accrued income, which approximates fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Investment income consists of interest and dividends and are recognized when earned or declared.

(c) Property, plant and equipment:

Property, plant and equipment are recorded at cost less accumulated amortization. Amortization is calculated on the straight-line basis in amounts sufficient to amortize the cost of the assets over their useful lives as follows:

Asset	Years
Buildings	25
Building improvements	5 to 10
Electronic equipment	3
Telephone and projection system equipment	5
Office furniture and equipment	10
Inspection equipment	10
Leasehold improvements	over term of lease

Capital work in process is not amortized until the project is complete and in service.

(d) Intangible assets:

Internally generated intangible assets in the development phase are recognized as an asset provided they meet the capitalization criteria, which include ESA's ability to demonstrate: technical feasibility of completing the intangible asset so that it will be available for use; ESA's intention to complete the asset for use; ESA's ability to use the asset; the adequacy of ESA's resources to complete the development; ESA's ability to measure reliably the expenditures during the development and ESA's ability to demonstrate that the asset will generate future economic benefits. The assets are amortized on a straight-line basis over their useful lives of 5 years unless the life is determined to be indefinite. Research activities are expensed as incurred.

Asset	Years
Computer software and licenses	5

Notes to Financial Statements

Year ended March 31, 2023

(in thousands of dollars)

(e) Asset retirement obligations:

On an annual basis, ESA reviews its assets and lease commitments to determine if there are any asset retirement costs to accrue. Management has determined that no such accruals are required.

(f) Impairment of long-lived assets:

An impairment charge is recognized for long-lived assets, including intangible assets with definite lives, when an event or change in circumstances causes the assets' carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated as the difference between the estimated fair value of the assets and its carrying value. Management has determined that there are no impairment losses.

(g) Employee future benefits:

The costs of pensions and other post-employment and post-retirement benefits earned by employees are determined based on an actuarial valuation prepared for funding purposes in accordance with pension legislation and regulations.

The costs of termination benefits and compensated absences are recognized when the event that obligates ESA occurs; costs include projected future compensation payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

ESA accrues its obligations under pension and other post-employment benefits ("OPEB") plans and the related costs, net of plan assets.

(h) Revenue recognition:

Revenue recognition is based on the attributes of the service line. Revenue is recognized monthly on a pro-rata basis for long-term contracts, which generally span 12 months.

Short-term contract revenue is recognized when the initial inspection service is completed. Licensing and registration fees are recognized evenly over the period covered by the fee. Revenue billed but not earned is carried forward as deferred revenue.

(i) Financial instruments:

Financial instruments are financial assets or liabilities of ESA which, in general, provide ESA the right to receive cash or another financial asset from another party or require ESA to pay another party cash or other financial assets.

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

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and significant matters of judgment. Changes in assumptions could significantly affect the estimates.

Cash and cash equivalents are measured at fair value at the year end date, accounts receivable and accounts payable and accrued liabilities are recorded at amortized cost.

(j) Measurement uncertainty:

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the assets and obligations related to employee future benefits. Actual results

Notes to Financial Statements

Year ended March 31, 2023

(in thousands of dollars)

may vary from the current estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the periods in which they become known in accordance with the accounting standards.

(k) Changes and amendments to accounting policies:

On November 2, 2020, Canada's Accounting Standards Board (AcSB) announced final amendments to Section 3462, Employee Future Benefits of Part II of the CPA handbook. As ESA follows Section 3463, Reporting Employee Future Benefits by Not-For-Profit Organizations which in turn follows Section 3462 of Part III of the CPA handbook related to certain measurement and presentation principles, the amendments have an impact on the accounting policies used by ESA. The amendments clarify the measurement of the defined benefit obligation (DBO) for retirement and

post-employment benefit plans with a requirement to prepare a funding valuation. Effective for fiscal years beginning on or after January 1, 2022, these amendments stipulate that plans without a funding valuation requirement can no longer use funding valuation assumptions for the purposes of accounting disclosures. As a result of the amendments, ESA's is required to determine the accounting disclosures/expenses using an accounting discount rate (without PfADs) rather than the discount rate used in the registered pension plan (RPP) valuation, as only the RPP is a funded plan. For ESA's OPEB, LTD and SERP plans, the changes first apply from April 1, 2022 and the cumulative effect of applying the amendments is recorded in opening net assets at the date that the amendments are first applied. Accordingly, ESA recognized an adjustment to decrease opening net assets of \$27,115 and the financial statements of prior periods presented for comparative purposes are not restated under transitional relief provisions.

3 Investments:

Investments consist of the following:

	2023	2022
Canadian Fixed Income Investments	\$ 62,830	\$ 65,646
Canadian Equities	10,312	20,840
Global Equities	43,461	31,401
Total investments	\$ 116,603	\$ 117,887

Investments are internally restricted for future expenditures for post-employment benefits (note 7). The bonds have a weighted average term to maturity of 99.5 months, a weighted average interest rate of 4.0% and a weighted average yield to maturity of 5.3%.

Notes to Financial Statements

Year ended March 31, 2023

(in thousands of dollars)

4 Property, plant and equipment:

	COST	ACCUMULATED AMORTIZATION	2023 NET BOOK VALUE	2022 NET BOOK VALUE
Land	\$ 2,314	\$ -	\$ 2,314	\$ 2,314
Buildings	8,341	4,965	3,376	3,710
Building improvements	1,937	1,142	795	965
Electronic equipment	8,035	7,756	279	297
Telephone and projection system equipment	2,749	2,661	88	125
Office furniture and equipment	2,414	2,163	251	281
Inspection equipment	19	19	-	-
Leasehold improvements	1,791	1,791	-	-
Capital work in process	1,820	-	1,820	1,720
	\$ 29,420	\$ 20,497	\$ 8,923	\$ 9,412

5 Intangible assets:

	COST	ACCUMULATED AMORTIZATION	2023 NET BOOK VALUE	2022 NET BOOK VALUE
Computer software and licenses	\$ 29,020	\$ 23,158	\$ 5,862	\$ 3,608

6 Employee future benefit plans:

ESA's employee benefit plans include defined benefit plans that provide pension and OPEB such as medical, dental and life insurance benefits to most of its employees. The registered pension plan, contributions to which are governed by the Pension Benefits Act of Ontario, is a contributory defined benefit plan covering all regular employees of ESA. Defined benefit plan assets, obligations and related expenses are impacted by factors including interest rates, adjustments arising from plan amendments and changes in assumptions.

The accrued benefit obligations for the pension plan and supplemental employee retirement plan are measured as at March 31, 2023 based on projections from the January 1, 2022 actuarial funding report. The obligations for OPEB and long-term disability are measured as at March 31, 2023 based on projections from data as at January 1, 2022 and March 31, 2023 respectively. The fair value of assets for all plans is determined using the March 31, 2023 asset values.

The actuarial present value of the accrued pension benefits for funding purposes is estimated as at March 31, 2023 based on a projection of the actuarial valuation as of January 1, 2022. The effective date of the next required actuarial valuation report for funding purposes for the pension plans is January 1, 2025.

Notes to Financial Statements

Year ended March 31, 2023

(in thousands of dollars)

6 Employee future benefit plans (continued):

Information about ESA's defined pension benefit plans and OPEB plans for the year ended March 31, 2023 is as follows:

	2023 PENSION BENEFIT PLANS	2023 OPEB PLANS	2022 PENSION BENEFIT PLANS	2022 OPEB PLANS
Accrued benefit obligation, end of year	\$ (473,664)	\$ (88,053)	\$ (396,002)	\$ (83,781)
Fair value of plan assets, end of year	456,204	-	456,619	-
Funded status, plan surplus (deficit)	(17,460)	(88,053)	60,617	(83,781)
Add: Workplace Safety Insurance Board of Ontario liability and other benefit liabilities	-	(1,198)	-	(1,054)
Total employee future benefit asset (obligation)	\$ (17,460)	\$ (89,251)	\$ 60,617	\$ (84,835)

The amount of \$17,460 (2022 - \$60,617 deferred pension asset) reported on the statement of financial position as pension benefit funded status represents the excess of the actuarially determined present value of accrued pension benefits over plan assets and consists of a deficit balance of \$9,967 (2022 - \$66,225 surplus) in the pension plan and a liability of \$7,493 (2022 - \$5,608) in the Supplementary Retirement Plan.

The breakdown of the total benefit cost is as follows:

	2023 PENSION BENEFIT PLANS	2023 OPEB PLANS	2022 PENSION BENEFIT PLANS	2022 OPEB PLANS
Employer current service cost	\$ (10,031)	\$ (3,702)	\$ (7,820)	\$ (2,612)
Finance income (cost)	1,191	(4,087)	4,020	(4,985)
Total defined benefit (cost)	\$ (8,840)	\$ (7,789)	\$ (3,800)	\$ (7,597)

The significant actuarial assumptions adopted in measuring ESA's accrued pension benefits and OPEB obligations for the year ended March 31, 2023 are as follows:

	Pension benefit plans		OPEB plans	
	2023	2022	2023	2022
Discount rate	6.00%	6.30%	5.10%	6.30%
Rate of compensation increase (before merit)	2.50%	2.50%	2.50%	2.50%
Increase in Consumer Price Index	2.00%	2.00%	-	-

Notes to Financial Statements

Year ended March 31, 2023

(in thousands of dollars)

6 Employee future benefit plans (continued):

The significant actuarial assumptions adopted in measuring ESA's expenses for pension benefits and OPEB obligations for the year ended March 31, 2023 are as follows:

	Pension benefit plans		OPEB plans	
	2023	2022	2023	2022
Discount rate	6.00%	6.30%	5.10%	6.30%
Rate of compensation increase (before merit)	2.50%	2.50%	2.50%	2.50%
Increase in Consumer Price Index	2.00%	2.00%	-	-
Expected long-term rate of return on plan assets	6.00%	6.30%	-	-

ESA's rate of growth for health care costs in 2023 is estimated as follows:

- Drugs – 6.00% in 2022 grading down to 4.00% per year in 2041
- Other medical costs – 4.00% per year
- Dental – 4.00% per year

The pension plan assets principally include equities and corporate and government debt securities, which are selected by professional investment managers. Pension plan assets are valued using current market values.

The pension plan assets are invested as follows:

	2023
Cash	0%
Canadian fixed income investments and income oriented	27%
Canadian equities	7%
Global equities	37%
Alternative investments	29%
	100%

	2022
Cash	1%
Canadian fixed income investments and income oriented	32%
Canadian equities	15%
Global developed market equities	33%
Emerging market equities	3%
Alternative investments	16%
	100%

Notes to Financial Statements

Year ended March 31, 2023

(in thousands of dollars)

6 Employee future benefit plans (continued):

Other information about ESA's defined benefit pension plan is as follows:

	2023	2022
Employer's contributions	\$ 10,408	\$ 7,857
Employees' contributions	6,272	6,166
Net transfers	405	34
Benefits paid	18,457	21,658
Re-measurements due to pension benefit actuarial gains and plan amendments	(52,985)	1,633

Provision for Adverse Deviations (PfAD) – effective for funding valuations filed in or after 2018, the Ontario Pension Benefits Act and Regulation 909 thereunder require a Provision for Adverse Deviations (PfAD) be applied to pension obligations. The Accounting Standards Board have indicated they expect plan sponsors to apply that PfAD to accounting obligations for all post retirement programs sponsored by entities that have elected to use the pension funding valuation for accounting purposes, with a pension plan registered in Ontario, starting at December 31, 2018.

The reconciliation of the Defined Benefit Obligation as at March 31, 2023 is presented below:

RECONCILIATION OF THE DEFINED BENEFIT OBLIGATION (DBO)	PENSION	OPEB
Defined benefit obligations – opening	\$ 396,002	\$ 83,781
Employer current service cost	10,031	3,703
Employee contributions	6,272	–
Transfers in	405	–
Benefits paid	(18,683)	(2,489)
Administrative expenses	(1,064)	–
Interest on defined benefit obligation	26,187	4,087
Adjustment to retained earnings	2,294	24,822
Actuarial gains	31,958	–
Actuarial (gains)/losses – PfAD	20,262	(25,851)
Defined benefit obligations – closing	\$ 473,664	\$ 88,053

Notes to Financial Statements

Year ended March 31, 2023

(in thousands of dollars)

7 Internally restricted long-term investments:

Long-term investments in the amount of \$116,603 (2022 - \$117,887) are internally restricted for specific purposes relating to liquidity of future expenditures for post-employment benefits. Furthermore, investment income earned through long-term investments is also used to offset OPEB interest expense. Investment income for the year totals \$1,160 (2022 - \$865 loss) with an OPEB interest expense of \$4,087 (2022 - \$4,985).

8 Revenue:

Major categories of revenue recognized during the year are as follows:

	2023	2022
Wiring	\$ 72,887	\$ 68,857
Continuous safety services	25,991	24,759
Other	24,731	23,001
	\$ 123,609	\$ 116,617

9 Statement of cash flows:

The net change to non-cash working capital balances related to operations consists of the following:

	2023	2022
Accounts receivable	\$ (94)	\$ 204
Other assets	(526)	(117)
Accounts payable and accrued liabilities	1,928	(764)
Deferred revenue	500	1,450
	\$ 1,808	\$ 773

Notes to Financial Statements

Year ended March 31, 2023

(in thousands of dollars)

10 Contingencies

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and employees. Specific claims have been brought against the Company, the outcome of which is indeterminable at this time. Management believes that adequate provisions have been recorded in the accounts where required and that there are no excess determinable liabilities that have not been recorded at March 31, 2023.

Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such claims would not have a material adverse effect on the financial position of the Company. Should any uninsured losses occur, they would be charged to operations in the year the amounts become determinable.

11 Commitments:

- a) The Company is committed to premises and equipment leases with terms expiring at various dates during the next five years and thereafter. Future minimum annual payments under non-cancellable operating leases are as follows:

2024	\$	3,252
2025		3,208
2026		3,157
2027		3,109
2028		3,035
Thereafter		2,996
	\$	18,757

- b) As at March 31, 2023, a letter of credit in the amount of \$920 has been issued to the Workplace Safety Insurance Board of Ontario to guarantee funding of future liabilities.

12 Financial risks and concentration of credit risk:

ESA is exposed to a variety of financial risks including market risk and credit risk. ESA's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effect on ESA's financial performance. ESA is exposed to interest rate risk with regards to its short and long-term investments, which are regularly monitored.

- (a) Credit risk and customer concentration:

Credit risk arises from cash and cash equivalents held with financial institutions, and credit exposures to customers on outstanding accounts receivable balances. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. Cash is held at a major financial institution that has a high credit rating assigned to it by international credit-rating agencies minimizing any potential exposure to credit risk. ESA assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Management also monitors payment performance and the utilization of credit limits of customers.

Notes to Financial Statements

Year ended March 31, 2023

(in thousands of dollars)

Concentration of credit risk arises when a group of customers has similar characteristics, such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. Management has assessed the risk of concentration of credit risk and has concluded that this is not a significant risk based on the make up of the accounts receivable balance. The allowance for doubtful accounts is \$2,833 at March 31, 2023 (2022 – \$2,717). ESA has policies in place to ensure that sales are made to customers with an appropriate credit history.

(b) Liquidity risk:

Liquidity risk results from the ESA's potential inability to meet its obligations associated with the financial liabilities as they become due. ESA monitors its operations and cash flows to ensure that current and future obligations will be met. The Company has access to a \$5,000 credit facility which is undrawn at March 31, 2023 and believes that its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

13 Government remittances outstanding:

Government remittances consist of amounts (such as property taxes, sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when amounts become due. In respect of government remittances \$2,204 (2022 – \$2,133) is included within accounts payable and accrued liabilities.

14 Internally restricted reserve:

ESA has an approved internally restricted reserve to ensure sufficient capital is available to maintain long-term sustainability in the event of unforeseen adverse financial events, or to fund specific strategic initiatives as recommended by ESA management. This policy, approved by the Board of Directors, sets a target restricted reserve level based on budgeted operating expenses.

15 Impact of Coronavirus COVID-19 Pandemic:

On March 11, 2020 the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

a) Impact of COVID-19 on financial risks:

The COVID-19 pandemic has impacted the financial risks of the Company as follows:

i) Credit risk:

Credit risk has increased due to the greater uncertainty surrounding the collectability of accounts receivable from individuals and businesses because of the economic slowdown and changes in operations caused by COVID-19. ESA is mitigating this risk by closely monitoring these receivables and by entering transactions with credit-worthy counterparties. The Company has updated its allowance for doubtful accounts to include considerations related to COVID-19.

ii) Market risk:

Market risk has increased due to significant volatility in financial markets as discussed below:

Notes to Financial Statements

Year ended March 31, 2023

(in thousands of dollars)

b) Currency risk:

The Company's investments in foreign currency instruments have heightened risk due to significant fluctuations in currency markets and the uncertainty in market valuations for currencies due to the pandemic.

c) Other price risk:

Other price risk has increased due to greater uncertainty in the valuation of financial assets arising from volatility in equity markets.

The Company is continually monitoring the impact of market volatility on its financial instruments and will make adjustments to investment strategies as required to reduce the risk on the Company's operations and financial position.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Company's operations and financial position is not expected to be significant in the foreseeable future.

Advisory Councils

ESA currently has five stakeholder advisory councils: four provide advice and counsel to ESA management and one, the Electrical Contractor Registration Agency Advisory Council, provides advice and counsel to ESA's Regulatory Affairs Committee. Advisory councils are guided by terms of reference and chaired by individuals voted to the role by their respective council members, with the exception of the Ontario Provincial Code Committee that is chaired by ESA management. Specific projects and issues are addressed by working groups or ad hoc committees when appropriate, and consultations are used to gather broad stakeholder feedback on key safety initiatives. Ensuring accountability and transparency is one of ESA's priorities in maintaining public trust and accountability. As part of this commitment, advisory council terms of reference, meeting minutes and information on council membership are available to the public [here](#). Advisory councils play a valuable role in helping to shape electrical safety initiatives. Their input and advice helps inform ESA's strategy and advance its safety goals and objectives. ESA thanks all Advisory Council members for their time, effort, and dedication.

CONTRACTOR ADVISORY COUNCIL

Dave Ackison, Chair	James McKellar
Shawn Blacklock	Chris Ruber
Ron Bergeron	Rob Smith
Steve Green	Ryan Delisle
Mark Hopkins	Dan Williams
Joe Kurpe	Scott Yemen
Doug McGinley	

CONSUMER ADVISORY COUNCIL

Sandy Manners, Chair	Gurvinder Chopra
Larry Allison	Lucy Becker
Sunaina Menezes	Jennifer Reynolds

ELECTRICAL CONTRACTOR REGISTRATION AGENCY ADVISORY COUNCIL

Cameron Hann, Chair	Cathy Taylor
Larry Shaver, Vice Chair	Steve Del Guidice
Joe Kurpe	Leo Grellette
Larry Allison	Vince De Gasperis

ONTARIO PROVINCIAL CODE COMMITTEE

Nansy Hanna, ESA, Chair	Chri Magnusson
Brittany Ashby	Peter Olders
Malcolm Brown	Tim Pope
George Chelvanayagam	Andrew Pottier
Mel Fruitman	Eerik Randsalu
Vladimir Gagachev	Dave Sinclair
Phil Lasek	Robert Smith
Rick Leduc	Adam Zubczyk
Martin Lem	

UTILITY ADVISORY COUNCIL

Peter Petriw, Vice Chair	Greig Cameron
Ajay Garg	Joseph Ciucho
Alex Braletic	Patrick Fee
Alain Leger	Rohit Nehru
Authur Berdichevsky	Sandy Manners
Bryon Hartung	Sushma Narisetty
Edward Donkersteeg	Tony Pereira
Faisal Habibullah	

Corporate Policies

Accessibility

ESA continually reviews and renews its internal corporate policies to comply with all legislative requirements. Some policies are publicly available.

ESA is committed to meeting the accessibility needs of people with disabilities. This meets laws such as:

- The Accessibility for Ontarians with Disabilities Act, 2005 (AODA)
- The Integrated Accessibility Standards Regulation 191/11 (IASR)
- The Accessibility Standards for Customer Service, Regulation 429/07 (ASCS).

As part of ESA's commitment to AODA, ESA has developed a [Multi-Year Accessibility Plan](#). This outlines our strategy to prevent and remove barriers and meet AODA requirements.

From April 1, 2022 to March 31, 2023 ESA did not receive any requests for accommodation.

We fully commit to meeting our obligations under the AODA. We also established various policies and processes to assist persons with disabilities, including the [Integrated Accessibility Standards Policy](#).

Appeals

ESA is committed to providing individuals with the opportunity to request a review of an ESA order, a hearing of a licensing Notice of Proposal, or an appeal before the Review Panel of a decision of the Director of Reviews and Appeals. In this regard, ESA established a fair and transparent reviews and appeals process to facilitate the right to request a review or an appeal. The reviews and appeals process, which can be reviewed at [here](#), has specific Rules of Procedure that define the process steps to respond to a request for Director's Review, Director's Hearing or Review Panel Hearing. Level one of the process, Director's Reviews and Hearings, apply to Orders pertaining to the Ontario Electrical Safety Code, electrical utility distribution, product safety,

and to Notices of Proposal and Notices made on licences or licensing applications. Level two of the process, Review Panel Appeals, applies to appeals of the Director's decision issued in Level One. In 2022/2023, ESA received 11 Requests for Director's Review to dispute Orders associated with the Ontario Electrical Safety Code (Regulations 164/99) compared to 11 the previous year. ESA received 26 Requests for Director's Hearing to dispute Notices of Proposal associated with Contractor Licensing (Regulation 570/05), compared to 18 in the previous year. ESA did not receive any requests for Director's Review associated with the Product Safety (Regulation 438/07) or the Electrical Distribution Safety Regulation (Regulation 22/04). ESA received 2 Notice of Appeals before the Review Panel compared to 1 in the previous year.

Code of Conduct

ESA's Code of Conduct (Code) provides a framework within which all day-to-day activity takes place, in alignment with ESA's mandate and values. The Code also provides ESA's Board of Directors and stakeholders with a concrete statement of standards of conduct against which ESA actions can be measured. ESA's Code of Conduct can be found at esasafe.com/esa-employee-policies-and-procedures.

Complaints

ESA responds to complaints received from customers, stakeholders and the public. Complaints are viewed as valuable opportunities to strengthen customer relationships. ESA provides information and encourages two-way communication at all levels to ensure it is continually improving service quality. Where possible, complaints are dealt with at the source. If a complainant is not satisfied at the initial stage, their complaint can be formalized and processed through two additional stages of resolution, ultimately resulting where required in a review and final response from the Chief Ethics Officer.

Information on ESA's Complaints Policy can be found at [here](#). In 2022/2023 ESA received 19 complaints and resolved 12 pursuant to the Complaints Policy compared to 25 received and 23 resolved in the previous year. ESA continues to work to resolve outstanding complaints.

French Language Service

ESA responds to requests for French services as they arise throughout the year. In 2022/2023, ESA's Customer Service Centre received 2934 calls in French, compared to 3042 the previous year.

Non-Regulatory Business

Per Schedule "I" of ESA's Administrative Agreement with the Ministry of Public and Business Services Delivery, ESA may engage in non-regulatory business ventures. Non-regulatory business falls outside government regulation but within ESA's mandate of electrical safety. ESA will only engage in non-regulatory business ventures that promote and enhance electrical safety and are consistent with the Objects in its Letters Patent unless prior approval by government has been obtained in accordance with our Administrative Agreement. The Administrative Agreement (Schedule "I") defines specific requirements and non-regulatory policy principles, such as commitment to core responsibilities and regulatory integrity, fair business practice, fair competition, and financial independence. The Non-Regulatory Business Policy (Schedule "I") and additional information regarding ESA's non-regulatory business activities can be found at esasafe.com/non-regulatory-business/.

Privacy

ESA is committed to maintaining the accuracy, security and privacy of personal information in accordance with the terms of its Access and Privacy Code. The Access and Privacy Code was reviewed and updated in 2022 as part of the Administrative Agreement with the Government of Ontario and applicable privacy laws. In 2022, ESA reviewed and updated its Customer Privacy Policy, which outlines how ESA collects personal information to support the delivery of services, understand individual needs, manage corporate operations, develop

and enhance services, and meet legal and regulatory requirements. Due to the importance of information exchange in maintaining public electrical safety, ESA discloses and disseminates records in accordance with the request for information process set out in its Access and Privacy Code. The Access and Privacy Code provides a right of access to records in ESA's custody and control unless one of the specific exemptions identified in the Code applies. In 2022/2023, ESA received 3,700 Requests for Information and conducted 2,831 Record Searches. The Access and Privacy Code and the updated Customer Privacy Policy can be found at esasafe.com/complaints/. Both are overseen by ESA's Chief Privacy Officer.

Procurement

ESA follows a Procurement Policy to ensure receipt of the best value for the goods and services required for its operations and that these goods and services are purchased through open, fair, transparent, accessible, clear, and consistent procurement practices. This Policy and its associated policies and procedures are mandatory and apply in their entirety to all ESA employees, and anyone with the authority to act on behalf of ESA. It is important that ESA employees involved in procurement activities act with integrity and professionalism in accordance with the requirements set out in ESA's Code of Conduct. Where conflicts of interest, both real and perceived, exist during the procurement process and the ensuing contract, ESA employees are to refer to the Procurement Policy and associated procedures, the business expense procedures, the Code of Conduct and other related policies for guidance. All ESA employees involved in a procurement evaluation are required to safeguard confidential information, and be aware of, and abide by, any restrictions related to confidential information shared through this process. The Procurement Policy can be found at esasafe.com.

Whistleblower

ESA considers the standards prescribed in the Code of Conduct to be paramount to the integrity and credibility of the organization and its staff. The Whistleblower Policy establishes a comprehensive framework for the making and handling of internal reports of a whistle-blowing nature. Under the Whistleblower Policy, ESA employees, officers and Board members are responsible for reporting acts or omissions that are (or are suspected to be) illegal, unethical or contrary to ESA policies, including the Code of Conduct. Individuals reporting concerns in good faith will not suffer retaliation or reprisal. Any external reports of this nature about ESA continue to be handled pursuant to the Complaints Policy. The Chief Ethics Officer is responsible for ensuring that whistleblower reports are appropriately handled and investigated, as necessary, in accordance with the procedures and that the Audit & Investment Committee is provided quarterly updates.

Workplace Harassment, Discrimination and Violence

The Harassment, Discrimination and Violence in the Workplace Policy is a key part of ESA's program to prevent and address inappropriate and unacceptable conduct in the workplace. The Harassment, Discrimination and Violence in the Workplace Policy and related procedures provide for:

- Zero tolerance of harassment, discrimination and violence in the workplace
- Multiple avenues for the reporting of harassment, discrimination and violence;
- Mandatory investigation of all such reports;
- Organization-wide training; and
- Regular review to ensure compliance with legislation and objectives.

Enterprise Risk Management – (ERM)

ESA has a comprehensive ERM program to identify, assess, monitor and mitigate enterprise-wide risks which could impact the achievement of the organization's objectives. ESA's ERM processes are structured on best practice frameworks, including the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and ISO 31000. Our risk appetite has been defined to align with our vision and purpose with a focus on the ability to be a modern regulator while keeping safety our top priority.

ERM assessments are completed quarterly using a rigorous and meticulous approach and the results presented to the Board and its Committees. The responsibility to oversee the design and implementation of the ERM program has been delegated to the Audit & Investment Committee.

During the financial year, all of ESA's enterprise-wide risks were within tolerance. Risks assessed as "Moderate" were closely monitored.

Management implemented cost effective controls and mitigation activities to manage all risks, as a result of which ESA's key objectives and goals were not adversely impacted.

ESA's ERM system features real-time reporting through a risk intelligence system which clearly defines monitoring and reporting responsibilities throughout the entire organization. Risks that exceed ESA's established risk appetite are escalated to ensure additional monitoring controls and risk mitigation measures are implemented. Continuous improvement mechanisms have been built into the ERM framework.

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