



# ***GAINING MOMENTUM***

Annual Report  
2017/2018

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## 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.



ESA Senior Inspector Rick Muck (left) and Mark Slade of the Grand River Conservation Authority.

# BY THE NUMBERS



**1,637,805**  
**PAGE VIEWS**  
on ESAsafe.com.

**73** MASTER  
**ELECTRICIAN**  
exam sessions held.

More than  
**97,901**  
**PERMITS**  
submitted online.

**761**  
**PEOPLE**

passed the Master  
Electrician Exam.

**414** Product  
**SAFETY**  
**INVESTIGATIONS**

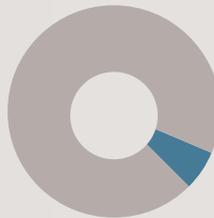
One published recall, 14 safety alerts  
issued and 3,500 recalled products.



More than  
**468,498**  
**INSPECTIONS**  
conducted by ESA Inspectors  
across Ontario.

**13** JOURNEYPERSONS

completed the Inspector Training  
Program which involved rigorous  
training and assessments of Code  
knowledge



**92%** of local distribution companies  
(LDCs) found substantially compliant  
with Regulation 22/04 on the 2017  
LDC scorecard.  
**8%** provided with areas to address  
to achieve full compliance.

**15** RISK-BASED  
**OVERSIGHT (RBO)**

workshops held in Ontario.

**\$12,140**

raised by ESA employees  
in support of Camp Bucko,  
supporting children recovering  
from burn injuries.



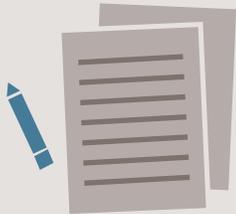


# 13% OF ONTARIANS

correctly identified ESA as the organization responsible for electrical safety oversight in Ontario; up from 9% in 2015.

# 585,749+ CALLS ANSWERED

at the Customer Service Centre (3,346 in French).



# 8,393 LICENSED ELECTRICAL CONTRACTORS (LECs) REGISTERED

# 13,178 MASTER ELECTRICIANS (MEs) REGISTERED

# \$131,000+ IN FINES

with 30 convictions involving electrical work offered or performed without an electrical contractor's licence.

**107 INVESTIGATIONS • 54 CHARGES**



More than

# 10,000 LIKES

on Facebook

AND OVER 20,000 FOLLOWERS on Facebook, Twitter and LinkedIn combined.



# 10,000 POWERLINE SAFETY PACKAGES SENT

Close to

# 300 ATTENDEES

at the 2017 Licence Holder Meetings for electrical contractors.

# 123 STAKEHOLDERS AND SAFETY PARTNERS

attended the 2017 Ontario Electrical Safety Awards.



# 600 PARTICIPANTS

from municipalities, telecom and excavation companies attended ESA powerline safety talks.



# GAINING MOMENTUM

In the third year of the Electrical Safety Authority's (ESA's) five-year Harm Reduction Strategy, the organization continued to make progress against its three core goals: improving electrical safety in Ontario, increasing compliance and demonstrating its accountability to its stakeholders and the public.

By analyzing electrical safety incident data, conducting market research, consulting with stakeholders and employees across province and field testing program concepts, ESA gained valuable insights and feedback.

Critical injuries related to electricity declined in 2017/2018, however five Ontarians died when they inadvertently came into contact with electricity: two from powerline contacts, two as a result of unauthorized access to high-voltage utility substations, and one through the misuse of an electrical product. Each of these injuries and fatalities was preventable, and while progress is being made, electrical safety challenges remain.

This report details how ESA's focus on testing, learning and refining its programs in 2017/2018 helped propel the harm reduction strategy forward, gaining momentum toward the vision of an Ontario free of electrical harm.

The continuing electrification of homes, workplaces and transportation systems presents emerging challenges in electrical safety. Pictured: Jaimee Marquez, IT.

# REPORT ON PERFORMANCE FOR 2017/2018

This year, ESA focused on gaining insights and learning. The first two years of the Harm Reduction Strategy 2.0 centered on the development of a deeper understanding of electrical safety issues and new approaches to solving them. These included identifying emerging electrical safety risks and designing new approaches and efficiencies to meet the administration of the regulations.

In 2017/2018, ESA brought these new ideas and approaches out of the lab and into the marketplace. ESA shared its ideas on risk-based oversight first with employees and then with stakeholders to gather important input before finalizing program details. A test-and-learn approach was used to gather input by piloting a simplified approach to specific low-risk electrical work to determine if it could reduce barriers to compliance. ESA also conducted market research to gauge how parents of young children would respond to messages and tips on how to avoid common electrical hazards in the home.

With learning as the goal, ESA was successful in gathering important insights to help further refine new programs, processes and activities. In parallel, ESA continued to fulfill its mandate from government to manage the province's electrical safety system for the benefit of all Ontarians.

Sharing our electrical safety expertise helps ensure Ontarians recognize electrical hazards and understand how to avoid them. Pictured: Senior Inspector Gord Kelly.



Message from the Chair

# WORKING TOGETHER TO ENHANCE OUTCOMES

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One of ESA's core values is collaboration – 'we work best when we work together.' Incorporating a broad range of perspectives to address challenges helps ensure alignment, builds trust and ultimately enhances outcomes.

ESA showcased the power of working together as a team and with its stakeholders as the organization advanced its key initiative to modernize its electrical safety oversight model to a risk-based approach. It also successfully used collaborative approaches on a number of other priorities to improve compliance with regulation, focus on prevention of electrical safety incidents and ultimately deliver value to Ontarians.

The Board is pleased to report that ESA continued to make progress on all of its five-year goals in the third year of its

Harm Reduction Strategy 2.0, having met all milestones set out in the 2017/2018 Business Plan.

While investment market performance was not as consistent as the previous year, a strong residential renovation market and prudent expense management led to a positive financial year for ESA. The organization continued to improve its net asset position in line with its goal to achieve financial sustainability.

In parallel with overseeing progress on the Harm Reduction Strategy 2.0, ESA's Board began work on the organization's next five-year strategy. The work focused on gaining strategic alignment around ESA's priorities and areas of focus in response to electrical safety challenges in an evolving marketplace. The Board welcomed John Rossiter, and benefited from his perspective and board experience at the Retirement Homes Regulatory Authority.

This year, ESA successfully transitioned from completing the foundational work set out in the current strategy, to achieving key milestones on its core, multi-year initiatives. Working together internally and with stakeholders, ESA has gained sufficient momentum toward achieving its 2020 strategic goals.

A handwritten signature in black ink, appearing to read 'Brian Bentz', written in a cursive style.

**Brian Bentz**, Chair, Electrical Safety Authority

Message from the President and CEO

# GATHERING DIVERSE PERSPECTIVES TO ENSURE SUCCESS

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As the old saying goes, many hands make light work. This was particularly true for ESA in 2017/2018 as the organization was in full flight on projects related to the modernization of our electrical safety oversight model, attacking the underground economy, and launching a new initiative aimed at preventing electrical shock and burn injuries to children, among others.

I'm particularly proud of how employees from across the organization came together in cross-functional teams to design innovative approaches to these projects, and then solicited input from our external stakeholders to understand how they might work in the field. I thank them for their commitment and dedication to safety and the spirit of collaboration that they brought to all initiatives that were underway this year.

ESA received very positive feedback from the licensed electrical contractor community on its town hall meetings to discuss proposed changes to the oversight model for electrical work in Ontario. Contractors told us they appreciated the opportunity to help shape ESA's thinking. This input is invaluable as we move forward to implement the new risk-based oversight system. But more importantly, the collaboration and sharing of ideas with the contractor community signaled a new way of working together that bodes well for the future.

Every other year, ESA engages a third party to conduct a comprehensive public accountability research study which assesses stakeholders' perception of ESA. This year's results show that stakeholders continue to have a positive view of ESA in its role as a regulator and safety advocate, and that the organization provides value to Ontario in its oversight of electrical safety.

This report details the many other initiatives undertaken in 2017/2018 including work to combat the underground economy, improvements in ESA's operational efficiency and effectiveness and our work in partnership with other organizations to identify and address areas of electrical risk.

With this year complete and a strong head of steam moving into the final two years of our Harm Reduction Strategy 2.0, I'm confident the organization will see our remaining work through to successful completion in 2020. I thank the Board for its guidance on the current strategy and their vision and insight as we begin to craft what comes next. And I extend my appreciation to all of the people and organizations who join with the ESA team to put safety first, each and every day.

A handwritten signature in black ink, appearing to read 'David Collie'. The signature is fluid and cursive, written over a white background.

**David Collie**, President and Chief Executive Officer (CEO), Electrical Safety Authority

# SAFETY

## STRATEGIC GOAL

to improve the state of electrical safety in Ontario by accelerating the reduction in the combined rate of electrical fatalities and critical injuries over five years.

## TARGET

to achieve a 20 per cent decrease (87 to 70) in the combined rate of electrical fatalities and critical injuries (based on the five-year rolling average) between 2015 and 2020.

## PROGRESS IN 2017/2018

ESA focused its efforts on those placed most at-risk, as identified using an evidence-based approach through insights from the Ontario Electrical Safety Report (OESR), incidents tracking and testing. The average rate of critical injuries and fatalities per million population in 2017/2018 was 12.6, representing a 76 per cent decline in the five-year average rate compared to the baseline measure.

## Enhancing powerline safety through education

Contact with overhead powerlines remains a persistent electrical safety issue in Ontario. Tragically, two Ontario men died in 2017 after contacting a powerline: one on the job and another while trimming trees in his yard. These preventable incidents underscore the need for ESA's continued efforts to raise awareness of powerline hazards through targeted campaigns and outreach programs in collaboration with its partners.

While previous campaigns were successful in raising awareness of electrical safety hazards related to powerlines, research showed that there was room to improve the public and workers' understanding of how to avoid these hazards. The 2017/2018 campaign placed a greater emphasis on education, designed to provide Ontarians with tips and strategies to stay safe around powerlines at work and at home.

ESA compiled a comprehensive powerline safety toolkit that included a best practices guide, posters, information graphics, stickers, as well as a script for an on-site safety briefing developed by the Infrastructure Health and Safety Association (IHSA). This kit was mailed to more than 109 construction and haulage companies, which have the highest rate of powerline contacts.

Ontario's local electricity distribution companies (LDCs) led the effort in communicating powerline safety messages to the public, supported by ESA. Utilities held powerline safety events, included powerline safety education messages in videos, websites and other direct-to-customer communications and media outreach.

Education efforts were complemented by a province-wide television and online advertising and public relations campaign in April and May, in the lead up to the most active period in the construction season. ESA's powerline safety campaign has been nominated for several industry awards and was licensed for use by the government in Queensland, Australia to help address powerline safety issues in that country.

Results show that in 2017/2018, awareness of powerline hazards among at-risk workers was 62 per cent. Public powerline safety awareness is now measured by local utilities and reported to the Ontario Energy Board (OEB) as part of the safety metric ESA helped the OEB develop in 2015. This collaborative and streamlined regulatory approach between ESA and the OEB has been a key driver of Ontario utilities' increased efforts in raising powerline safety awareness in their communities.



## Advancing workplace electrical safety

ESA continued to work collaboratively with stakeholders to enhance workplace electrical safety in 2017/2018. Efforts were divided into three areas of focus with regards to stakeholder participation: regulator, public- and private-sector partnerships.

ESA collaborated with the workplace safety regulator, the Ministry of Labour (MOL) on several fronts and contributed to the development of the MOL Chief Prevention Officer's safe workplace standard that seeks to increase the acceptance and understanding of accountability for compliance with regulatory obligations by workplace parties. ESA also worked with newly hired MOL inspectors to clarify ESA's role in advancing electrical safety in the workplace and provide insights on how MOL and ESA inspectors can work together successfully to address electrical safety issues in the workplace.



Inspector Matthew Munroe reviews a new electrical installation with Cosimo Pantaleo of Deerfield Electric to ensure it complies with the Ontario Electrical Safety Code.

Active in several consultations, ESA provided input to the MOL's Safe at Work Ontario initiative, making submissions in partnership with the Office of the Coroner to the Canadian Electrical Code to improve worker safety in the use of manual motor controls, and providing input to the Ontario College of Trades to help improve safety for apprentices.

Public-sector partnership initiatives included participating in conferences and committee meetings related to curriculum development at Ontario

colleges. ESA's input centered on the need to emphasize safe-work practice awareness and the importance of compliance with technical codes and standards into the curriculum. On the private-partnership front, ESA continued to engage the Heating Refrigeration and Air Conditioning Institute of Canada (HRAI) at chapter meetings and HRAI-sponsored trade shows to raise electrical safety awareness among contractors in this industry.

## Electrical fire and shock prevention in high risk homes

ESA performed against its ElecCheck goals in 2017/2018 launching the enhanced ElecCheck service on July 3 province-wide, in alignment with non-regulatory business requirements. ESA continued to refine this home electrical wiring and devices inspection service that identifies potential electrical hazards that could lead to a fire or shock. The service was tailored to high risk homes that meet criteria, such as homes built prior to 1976, homes with aluminum wiring, or a home that has been an illegal cannabis grow-operation. Fires caused by deteriorated or improperly maintained electrical systems are more prevalent in these homes.



Research shows that homes built prior to 1976 are at greater risk of electrical fire and shock hazards.

ElecCheck captured the safety value of a checklist based approach that found more deficiencies than the General Inspection approach. Based on this, ESA discontinued what was referred to as General Inspections (or standard ElecChecks) as of April 30, 2018.

ESA also focused on the acceptance of this modified service by its employees and stakeholders with the implementation of a comprehensive ElecCheck internal and external communications strategy and training program. Using the service, ESA will continue to work towards the target of a reduction of fire and shock risk in homes deemed high risk.

## Protecting kids from electrical hazards at home

In 2016, ESA created a strategy to address what electrical safety incident data analysis identified as an emerging electrical safety risk: approximately 110 kids under age 15 end up in the emergency department each year in Ontario because of electrical injury; more than half are under age five. The strategy included the immediate launch of a multi-year awareness and education campaign and partnerships with fire services and other community groups to advance awareness of the electrical hazards in homes. An effort to include electrical safety awareness in the Ontario curriculum is scheduled for future years.

Implementation of the strategy began in 2017/2018 with the launch of the public awareness campaign. The first step was to share emerging research with ESA staff, stakeholders and the public on the danger of low-voltage shocks. ESA created a short, educational video to explain why even a low-voltage shock can have long-term, potentially serious health effects.

The second prong of the public relations campaign launched in October 2017 aimed to educate the public on how to avoid shocks through simple home fixes, such as replacing broken or missing outlet covers, frayed or damaged cords, and to install tamper resistant receptacles. ESA reached out to media, engaged bloggers and shared messages using #nosafeshock through its social media channels as a first stage in a province-wide campaign. Planning, creative development and testing of the second stage of the campaign, which included a comprehensive

advertising campaign targeted at parents and care-givers of children under age five, was completed by year end.

ESA also shared shock-prevention information with fire services as part of its sponsorship of the Ontario Fire Marshal's Public Fire Safety Council and reached an agreement with St. John's Ambulance to include electrical safety content into its life-saving courses.



More than 110 kids under the age of 15 end up in the emergency department each year in Ontario because of electrical injury.

## Reaching out and raising electrical safety awareness

ESA provided funding to Parachute, a leading child-safety organization, to test a community outreach approach as part of ESA's shock-prevention campaign. Parachute worked with ESA to develop a toolkit of materials about preventing electrical injuries in the home that community groups in Parachute's network used to engage the public at the grassroots level. The pilot program revealed important insights including strategies to engage hard-to-reach audiences including lower-income parents and newcomers that were incorporated into campaign plans for the coming year.





ESA worked together with industry, colleges and the Ministry of Labour to help electrical workers return home safely at the end of each day. Pictured: Corey Leadbetter, Birnie Electric.

# COMPLIANCE

## STRATEGIC GOAL

*to improve the rate of compliance with electrical safety regulations over the next five years, where required.*

## TARGET

*to increase the amount of renovation wiring work being captured by ESA's compliance processes by 7.5 per cent (0.52 to 0.56 million work items) over five years.*

## PROGRESS IN 2017/2018

*0.554 million work items were logged, representing a 6.5 per cent increase in the amount of wiring work being captured compared to the baseline measure of 0.52 million work items. In addition, all milestones in Phase One of Risk-based Oversight were achieved.*

## Gaining momentum with risk-based oversight



ESA's risk-based oversight project team (from front left) Farrah Bourre, Bohdan Baluta, Jenn Vautour, Joel Moody, Mark Taylor (back, from left) Serge Laflamme, Eric Kingston, Tracy Xavier, Esau Habibulla, Dave Rinaldo, Bob Ebbinghaus, Kevin Greer, Mike Claerhout, Jennifer Beardmore and Paul Shames. Not pictured: David McConnell.

ESA's key priority for this 2017/2018 was to advance the development of the risk-based oversight project (RBO). RBO is an initiative to improve one of its core regulatory processes – the administration of the Ontario Electrical Safety Code. ESA is moving to a risk management approach for Code-side electrical wiring by 2020. Guided by data analysis and informed by the electrical safety expertise of our Inspectors, ESA will spend more effort on higher risk Code-side electrical wiring work, and less on lower risk work, while not compromising safety.

The RBO project team members finalized a framework design in early 2017. Since employee adoption was identified as a critical project success factor, the team met with ESA Inspectors and call agents in late January to gather input and feedback. These highly successful internal working sessions helped achieve alignment among employees about the project's purpose and direction. It also shaped the content and structure of the 15 town hall meetings with licensed electrical contractors which were held across Ontario in February and March.

ESA took a new approach to designing the RBO framework to enhance stakeholder engagement and acceptance: while some of the program design elements had been finalized, there was a significant opportunity for contractors to provide input to shape those decisions that had not yet been made. In addition, ESA gained important insights from contractors on how the proposed changes to the oversight model would affect their business and customers overall, which will be considered as the project matures.

In all, more than 490 contractors attended the town hall meetings. Of those who participated, 94 per cent indicated they were satisfied with the sessions and 89 per cent of participants said that they felt they had a chance to contribute to ESA's thinking about how to design RBO.

While the implementation of the commercial renovation logbook pilot during phase one of the RBO project freed up resources to inspect additional installations, it fell short of its expected capacity goal. However, the overall RBO project met all of its key development milestones, including the preliminary design of the oversight model, pilot learnings and employee and stakeholder outreach and engagement.

## Capturing work with the Commercial Renovation Logbook Pilot

ESA's Commercial Renovations pilot targeted select LECs in an effort to monitor and track low-risk commercial renovation electrical work in Kitchener, Hamilton, Greater Toronto Area and Ottawa. To qualify, these permits had to represent electrical work that would have been 100 per cent inspected before the pilot, but when assessed through the RBO model, would be inspected based on audit ratios such as one of every five permits.

Eighty LECs signed up to use the commercial renovation logbook and about 60 regularly used the logbook process regularly, representing 400 to 500 permits each month. The pilot results demonstrated that an audit-based inspection approach of low risk work did not compromise safety and increased compliance. In addition, participating contractors shared positive feedback on their experience. The audit approach allowed them to work more efficiently, moving their crews to other jobs without having to wait for an inspection. The commercial renovation reaffirmed that price, schedule and ease of intake were all significant factors in the compliance behaviour for low risk work. Some challenges may have existed in relation to change management within the participating contractor firms, in particular to adopting the new logbook entry approach.

## Addressing the underground economy in the commercial sector

The underground economy, especially in construction and renovation activities, is an ongoing problem that can put public safety at risk. In 2016/2017, ESA piloted a strategic, data-driven approach to uncovering illegal electrical work in the commercial renovation sector. This program, which rotates through the province, officially launched in the Durham Region in October 2017 followed by the Ottawa area beginning in January.

Results have been encouraging; of the 445 investigations completed in Durham and Ottawa regions by year end, 260 sites were found to have no permits. Of these, 143 involved LECs who did not obtain permits, and 30 related to unlicensed electrical contractors. There were 87 sites where property owners did not obtain the appropriate permits from ESA. ESA issued 190 warning notices of Violation of Licensing Requirements and permit audits were conducted of some LECs based on the program's findings. Further, charges were filed against one contractor who was operating without a valid electrical contractor's licence.

## Leveraging convictions as deterrents via the media

ESA strategically publicized specific convictions under the licensing regulation to showcase the consequences of not working within the law, whether licensed or unlicensed, serving as a reminder that there are serious consequences for putting public electrical safety at risk.

ESA was encouraged to see the courts send a strong message in two high-profile cases this year. David John was found guilty on two counts of working without an electrical contractor's licence and two counts of failing to apply for an electrical inspection. Charges included jail time and \$40,000 in fines and \$10,000 in victim surcharge for illegal electrical work done in homes in Milton.

Mississauga career college owner Jamal Shihadeh was the first commercial business owner to be convicted and fined under the licensing regulation for hiring an unlicensed contractor. Tragically, the worker died of electrocution. Shihadeh received a \$15,000 fine and was ordered to pay a \$3,750 victim surcharge.

Both convictions received significant print, broadcast and online media coverage across the province. Publicizing convictions like these raised public awareness on how to identify and avoid hiring illegitimate operators and also provided a deterrent to those who might consider operating outside the law.



# PUBLIC ACCOUNTABILITY

## STRATEGIC GOAL

*to ensure stakeholders recognize ESA as an effective, publicly accountable organization.*

## TARGET

*to maintain positive stakeholder perceptions of ESA's accountability performance consistent with the baseline state of 2015 as ESA executes its five-year strategy.*

## PROGRESS IN 2017/2018

*ESA achieved a score of 8.2 out of 10 on its bi-annual multi-stakeholder survey, consistent with the baseline established in 2015.*

## Learning from the customer



Terry Flynn, ESA Continuous Safety Services Inspector looks over plans with Don Matthews of Halton Hills Hydro as part of a due diligence inspection.

As a delegated administrative authority, ESA must use its powers responsibly and be accountable to the public for the execution of its mandate. To monitor performance in this area, ESA conducted research of how our stakeholders perceive ESA.

ESA first conducted the study in 2015, reaching out to LECs and MEs, LDC staff and CEOs, members of the public who have taken out a permit, product manufacturers and other members of the broader safety system. The survey was repeated in 2017, and the corporate goal for this year was to maintain similar results to the 2015 survey. The study examined 12 different aspects of how ESA demonstrates public accountability including: how easy it is for stakeholders to interact with ESA, find information, how responsive ESA is, whether ESA acts with fairness and integrity, and the level of service and how much stakeholders value ESA's safety oversight overall.

The results show the continuation of a strong, positive view of ESA across multiple stakeholder audiences and dimensions of accountability. The overall accountability index (averaged across all stakeholder groups and all 12 dimensions) was 8.2 out of 10, up 0.3 from 7.9 out of 10 in 2015. This progress is a reflection of significant effort across the organization including initiatives to address call wait times, scheduling and working more collaboratively with ESA's LDC stakeholders.

In the baseline research in 2015, ESA found that most stakeholders held a similar view of ESA. Results also showed that there was no particular area that lagged in terms of performance around which particular focus for improvement was required. The 2017 results demonstrate an improvement in scores across all stakeholder groups except homeowners, which held steady.

The assessment demonstrates that at this moment in time ESA is in a healthy position with stakeholders in regards to perceptions of accountability. As change and transformation begin to increase – in particular, as the risk-based oversight project starts to become more familiar to LECs and MEs – maintaining a strong focus on stakeholder management and engagement during these initiatives is critical.

## Wired for customer feedback

In April 2017, ESA began monitoring licensed electrical contractors' ongoing satisfaction with ESA's wiring permit-taking and inspection processes as part of its customer experience strategy. Each week, a third-party research firm conducted randomized surveys of 25 contractors who recently completed the inspection process. Contractor responses indicated a high-level of satisfaction with both permit-taking, which scored 8.4 out of 10, and with the inspection process, which scored 8.1 out of 10. Overall, contractors scored ESA 8.4 out of 10 in terms of their satisfaction with their interaction with ESA as a whole.

The feedback system is a valuable tool to enable ESA to monitor customer feedback on an ongoing basis, enabling ESA to proactively identify and address service-related issues.



ESA recognized excellence in electrical safety at its 5th annual Ontario Electrical Safety Awards. This year, Honda Canada received the Chief Public Safety Officer's Special Recognition Award for successfully creating a culture of safety in its Alliston, Ontario facility. Pictured: (from left) Jamie McCutcheon, Wayne Kennedy, Ivan Newell, Ron Cook, and Paul Thompson.

## Improving operational efficiency and effectiveness

ESA is committed to continuous improvement in our business processes to achieve efficiency and effectiveness gains. While the risk-based oversight initiative will generate improvements over time, ESA implemented a key effectiveness measure to gauge improvements in how well we identify wiring safety defects and ensure they are corrected in a timely manner.

In 2017-2018, ESA found approximately 192,994 technical defects on a total volume of about 468,498 inspections. In addition, the work volume increased by 0.2 per cent over the previous year. ESA set a goal of improving the average technical defect correction (the percentage of defects closed by 60 days from issuance), by one per cent over 2016/2017. ESA achieved a 3.06 per cent improvement, which means that 88.59 per cent of technical defects are corrected within 60 days.

# 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	2017/2018	2016/2017
Customer service calls answered	585,749	583,238*
Inspections conducted	468,498	485,848
Continuous Safety Services customers	4,238 customers with 27,601 sites	4,235 with 28,078 sites
Investigations conducted	824	1,069
Charges laid	32	63
Court convictions secured	62	27
Appeals	14	15
Complaints	45	55

\* Restated due to a change in reporting methodology

## 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 provides 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	2017/2018	2016/2017
Electrical distribution-related safety incidents reported	238	235
Electrical distribution-related fatalities	1	0
Due diligence inspections	481	360
Public safety concerns received	154	168

## 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.

## PRODUCT SAFETY, O. REG. 438/07

Product Safety, O. Reg. 438/07 provides protection of the public from unsafe electrical products and equipment sold and used in Ontario. ESA is responsible to seek compliance with this regulation that includes requirements for approvals for all electrical equipment and products, including consumer, commercial and industrial electrical products advertised, displayed, used, sold or offered for sale in the Ontario marketplace. ESA is also accountable for safety oversight of commercial/ industrial electrical products. While Health Canada is accountable for safety oversight of consumer electrical products, ESA continues to support the national product safety system by 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 and National Public Safety Advisory Committee (NPSAC).

Licensing	2017/2018	2016/2017
Electrical Contractor licenses issued	697	700
Master Electrician licenses issued	751	787
Licenses renewed	21,952	16,319
Individuals who wrote the Master Electrician exam	847	852
Master Electrician exam pass rate	89.8%	88.3%
Discipline notifications issued	1,072	746
Licenses suspended	75	79
Licenses revoked	0	0
Complaints handled	2,057	1,918
Notices of violations issued	769	1,065
Licensing investigations conducted	107	133
Charges laid	54	29
Court convictions secured	30	20
Appeals	11	19

Product Safety	2017/2018	2016/2017
Total product safety incident reports received by ESA	399	432
Reports deemed high risk	4	1
Reports deemed medium risk	324	341
Reports deemed low risk	38	32
Non-reportable	33	58
Safety alerts issued	13	22
Investigations conducted	0	2
Recalled product notifications	0	6
Charges laid	0	0
Convictions	0	0

# GOVERNANCE

## ROLE OF THE BOARD

ESA's Board of Directors is responsible for corporate governance, regulatory oversight, and guiding the development and achievement of the organizational strategy. The Board and management are focused on employing progressive, corporate governance and regulatory oversight practices at ESA.

Among its key responsibilities, the Board:

- approves ESA's strategic plan, business plan, and budget, and ensures the integrity of the organization's reporting of financial performance;
- oversees the appointment, development, monitoring, succession planning and compensation of senior management;
- monitors the strategic environment and ensures appropriate enterprise risk management;

- monitors external communications and stakeholder relationships; and
- monitors the integrity of the organization's internal control and management information systems.

Directors on the Board are selected based on an election/appointment process and according to a set of established qualifications available at [esasafe.com](http://esasafe.com). The Board comprises 12 members reflecting: the public, electricity distribution, electrical contractors, engineering, manufacturing and others. Board members may serve a maximum of three consecutive terms of three years each. Each member of the Board has signed and agrees to abide by a Directors' Code of Conduct.

The Board has a robust training and development plan that includes an orientation to directors' duties, as well as ongoing training and education throughout the year on topics relevant to the Board, the electricity sector and good governance.

During the year, ESA welcomed John Rossiter to the Board, and Gary Oosterhof, Annette Bergeron and Robert Mace were re-elected or re-appointed as Directors. The Board also adjusted its committee structure in December so that each Board Director now sits on two committees. This was done to help enhance oversight and better enable Board succession planning.

# BOARD COMMITTEES

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## Audit Committee

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

The committee manages the relationship with external auditors on behalf of ESA 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.

**Chair:** P. Gregg

**Members:** B. Bentz; C. Hopper; P. Nowina; from March 2018 also A. Bergeron; G. Oosterhof; A. Malo; J. Rossiter

## Human Resources and Investment Committee

The Human Resources and Investment Committee provides oversight responsibilities and risk management regarding investment, pension administration and policy, human resources and compensation. The committee oversees the human resources strategy, a prudent investment management approach for corporate assets, and the pension plan on behalf of ESA. Its role is to ensure the adequacy and effectiveness of systems implemented to ensure compliance with, among other things, established corporate governance, the Pension Benefits Act, Income Tax Act, and human resources legislation, policies and procedures. Members review succession planning, performance assessment, development requirements and compensation philosophy and structure.

**Chair:** D. Péroquin

**Members:** B. Bentz; A. Bergeron (to March 2018); P. Gregg; D. MacDonald; from March 2018 also R. Mace, A. Malo; C. Hopper

## Regulatory Affairs and Governance Committee

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

The committee ensures ESA is effectively meeting its regulatory obligations, responsibilities and public safety mandate. This includes ensuring alignment with ESA's regulatory governance principles, harm reduction objectives and external relations. To enhance the oversight role of the Board, this committee is also responsible for monitoring and making recommendations regarding corporate governance, succession planning and Board evaluation.

**Chair:** P. Nowina (to February 2018); A. Bergeron (from March 2018)

**Members:** B. Bentz, R. Mace, G. Oosterhof; A. Malo; from March 2018 also D. Péroquin; D. MacDonald; J. Rossiter

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## Meetings – April 2017 to March 2018

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<b>Audit Committee</b>	5 meetings
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<b>Human Resources and Investment Committee</b>	4 meetings
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<b>Regulatory Affairs and Governance Committee</b>	4 meetings
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<b>Board Meetings and Strategic Planning Sessions</b>	5 meetings
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# BOARD MEMBERS

AS OF MARCH 31, 2018

**BRIAN BENTZ, MBA, CA, CET**  
*(YEAR 2 OF TERM 3)*

Chair, Electrical Safety Authority; President and CEO, Alectra Inc.; Chair, Independent Electricity System Operator (IESO) Stakeholder Advisory Committee; Director, Ontario Energy Association; Director, Collus PowerStream Corporation; Member of the OEB Advisory Committee on Innovation

**Previously:** President and CEO, PowerStream Inc.; Chair, Ontario Energy Association; Chair, Electricity Distributors Association; Chair, The MEARIE Group; Director, Canadian Electricity Association

**ANNETTE BERGERON, MBA, P.ENG., FEC**  
*(YEAR 1 OF TERM 2)*

Principal, Bergeron Consulting; President-elect, Engineers Canada; Director, South East Local Health Integration Network

**Previously:** President, Professional Engineers Ontario; Director, Kingston General Hospital

**DAVID COLLIE, FCPA, FCMA, MBA, C.DIR.**

President and CEO, Electrical Safety Authority; Ex-Officio of the Board; Chair, Plug'n Drive Ontario; Vice Chair, Energy Council of Canada; Board Member, Hamilton Health Sciences

**Previously:** President and CEO, Burlington Hydro; Chair, Electricity Distributors Association

**PETER GREGG, MBA, ICD.D**  
*(YEAR 2 OF TERM 2)*

President and CEO, Independent Electricity System Operator, Director, Greater Toronto Airports Authority (GTAA), Chair, Ontario Energy Network, Director, Canadian Electricity Association

**Previously:** President, Alectra Energy Solutions Inc., President and CEO, Enersource Corporation; Chief Operating Officer, Hydro One Networks

**CHRISTOPHER HOPPER**  
*(YEAR 3 OF TERM 1)*

President and CEO, Complete Electrical Services Inc.; Governor, CI Investments Inc.; Director, VentureLink Fund; Vice Chair, Holland Bloorview Kids Rehabilitation Hospital Foundation; Chair, Post 21 Foundation

**Previously:** President and CEO, Northern Home Services Ltd.

**DALE MACDONALD, RSE, ME**  
*(YEAR 2 OF TERM 1)*

General Manager, Honey Electric Ltd.; Chair, Ontario Electrical League (OEL); Trade Board Member for Construction and Maintenance Electricians, Ontario College of Trades; Member, Advisory Committee for Electrical Techniques Program, St. Clair College; Member and Personal Advisory Group Participant, Member of the Ontario Chapter of the IMSA (International Municipal Signal Association); Family Business Xchange, formerly the Canadian Association of Family Enterprise

**Previously:** President, OEL Kent Chapter

**ROBERT MACE, B. ADMIN, MBA**  
*(YEAR 2 OF TERM 2)*

President and CEO, Thunder Bay Hydro; Director and Past Chair, Electricity Distributors Association; Chair, The MEARIE Group

**ADÈLE MALO, BA, LL.B., LL.M, ICD.D**  
*(YEAR 1 OF TERM 2)*

Consultant; Director, Member of Audit Committee, Chair of the Governance and Compensation Committee, Capstone Infrastructure Corporation; Director, Plug'n Drive

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

**PAMELA NOWINA, MBA, ICD.D, A.C.C.**  
*(YEAR 2 OF TERM 3)*

**Previously:** Director, Technical Standards and Safety Authority; Vice-Chair, Ontario Energy Board; Executive Lead, Energy, Mowat Centre, School of Public Policy, University of Toronto; Advisory Board, Sky Energy Consulting; Director, Chair of Audit Committee, St. Joseph's Health Centre; Director, Saint Elizabeth Healthcare Foundation, Director, Chair of Governance Committee, St. Catharines Hydro

**GARY OOSTERHOF, ME (YEAR 1 OF TERM 2)**

Owner, President and CEO, Oosterhof Electrical Services Ltd.; Chapter President, Kingston Electrical Association

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

**DANIEL PÉLOQUIN, B.ENG.**  
*(YEAR 3 OF TERM 1)*

Managing Partner, Daniel Péloquin Consultant; Advisory Board, Canada's National Committee to the International Electrotechnical Commission (CANC/IEC) of the Standards Council of Canada; Member of the Advisory Board, Spark Power Co., Member of the Board of Directors, Systemex Energies

**Previously:** President, Schneider Electric Canada; CEO, Global Coil Business Segment, Trench Canada / Siemens; Director, Electro Federation Canada (EFC); Director, Finance and Audit Committee member, Canadian Manufacturers and Exporters

**JOHN J. ROSSITER, B.COM.**  
*(YEAR 1 OF TERM 1)*

CEO, SEM-ENG INTERNATIONAL LIMITED; Chair, Board of Directors, Retirement Homes Regulatory Authority; Member, Algonquin College Program Advisory Committee.

# ORGANIZATIONAL STRUCTURE

## OFFICERS

### **DAVID COLLIE, FCPA, FCMA, MBA, C.DIR.**

**President and CEO, Electrical Safety Authority; Ex-Officio of the Board;** Chair, Plug'n Drive Ontario, Vice-Chair, Energy Council of Canada, Board Member, Hamilton Health Sciences

**Previously:** President and CEO, Burlington Hydro; Chair, Electricity Distributors Association

### **LESLEY GALLINGER, BA, MBA, CPA, CMA, CPA (ILLINOIS) C.DIR., A.C.C.**

**VP, Corporate Services and CFO, Electrical Safety Authority;** Director, Plexxus; Director, Municipal Property Assessment Corporation (MPAC); Director, Nuclear Waste Management Organization (NWMO); Director, Hamilton Utilities Corporation (HUC)

**Previously:** VP, Corporate Services and CFO, Oakville Hydro; Director, Dillon Consulting

### **JOSIE ERZETIC, B.J. (HONS), LL.B, ICD.D**

**VP Legal, General Counsel and Corporate Secretary, Electrical Safety Authority**

**Previously:** VP, Corporate Business Development, Ontario Power Generation Inc.; Board Director, Nanticoke Solar; Board Director, Peter Sutherland Sr. Generating Station (a Joint Venture of OPG and Taykwa Tagamou First Nation); Energy Advisor, Ontario Centres of Excellence

### **SCOTT SAINT, P.ENG., MBA, C.DIR.**

**VP, Regulatory and Safety Programs and Chief Public Safety Officer, Electrical Safety Authority;** Board Director, Lansdowne Children's Centre; Board Chair, Brantford Energy, Board Director, Fire Marshall's Public Fire Safety Council

**Previously:** COO, Electrical Safety Authority

## EXECUTIVE TEAM

David Collie, President and CEO

Earl Davison, VP, Operations

Josie Erzetic, VP, Legal, General Counsel and Corporate Secretary

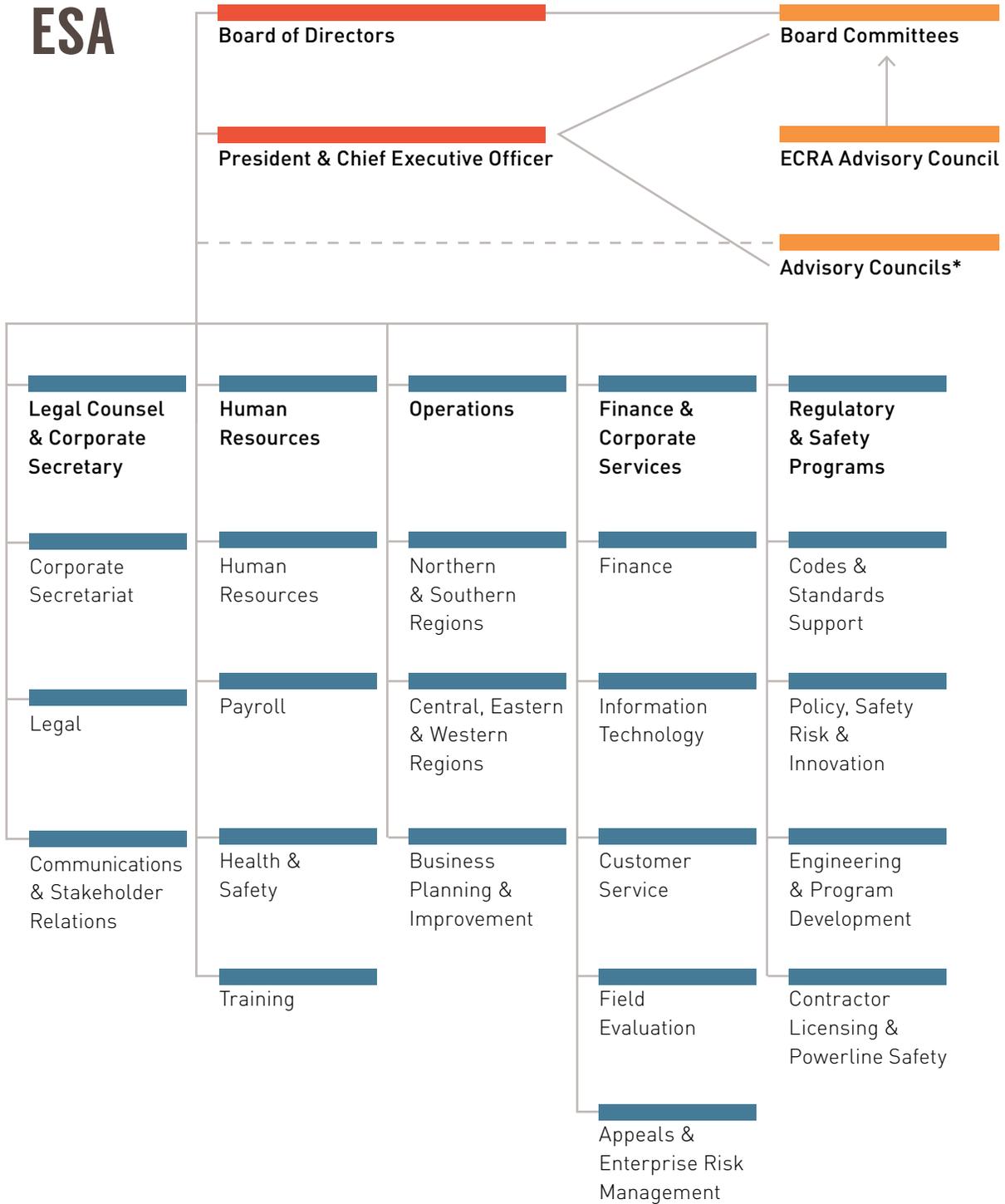
Lesley Gallinger, VP, Corporate Services and CFO

Paul Hammond, VP, Human Resources

Dave Kirkconnell, VP, Organizational Development and ESA Training Solutions

Scott Saint, VP, Regulatory and Safety Programs and Chief Public Safety Officer

# ORGANIZATIONAL STRUCTURE



\* Advisory Councils

**Cross-sector Advisory Council**

**Consumer Advisory Council**

**Contractor Advisory Council**

**Ontario Provincial Code Committee**

**Utility Advisory Council**

# FINANCIAL PERFORMANCE

## INTRODUCTION

The Electrical Safety Authority 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 LECs and MEs, and safety oversight fees charged to 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 with labour unions.

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

In managing its annual financial performance ESA seeks to achieve

operational break-even – revenues cover expenses. ESA has established a restricted net asset target (see page 41) 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.

In order to ensure long-term sustainability, ESA has a multi-year financial framework that includes improving its net asset position (see page 31) ensuring the company can meet its future obligations for pensions and other post-employment benefits (OPEB) both of which accumulate over time. Excess cash generated by an annual surplus is invested in long-term investments held in a restricted reserve (see page 38) to address the future OPEB liability.

# FY2018 PERFORMANCE

## FY2018 Performance

The year (April 1, 2017 to March 31, 2018) saw strong growth in residential wiring activity, in particular residential renovation work, which has an impact on both revenue and expenses because ESA must respond to the incremental work. ESA added customer service agents during the year to maintain its published standard of customer service in the context of higher call volumes. Feed-in-Tariff (FIT) installation permits continued to decline as the government winds down the program. There was particularly healthy investment performance driven by North American equity markets. ESA did not increase wiring fees for calendar year 2018.

For the year, revenues exceeded expenses by \$1.5 million before investment income. Investment income was \$3.4 million, compared to \$5.6 million in the prior year.

As a result of ESA achieving full cost recovery in its operations, the organization posted an operating surplus of \$1.5 million compared to an operating surplus of \$0.3 million in the prior year, and a bottom line surplus of \$4.95 million after the contribution of other income – primarily investments – of \$3.4 million.

Despite more modest investment performance relative to the previous year, ESA continued to improve its net asset position by \$8.2 million to \$15.3 million as of March 31, 2018.

## Revenues

Total operating revenues were \$110.3 million, an increase of 2.3 per cent from the prior year. This included: residential wiring revenue of \$36.8 million, an increase of 2.5 per cent; industrial/commercial/institutional wiring revenue of \$25.7 million up by 4.7 per cent; FIT and MicroFIT revenue of \$1.7 million, down 10.1 per cent; and CSS revenue of \$22.7 million, up 2.2 per cent.

Non-regulatory revenue was \$19 million, an increase of 2.9 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.

Investment income was \$3.4 million which although not as strong as prior year was still quite healthy due to the performance of equity markets during the year.

## Expenses

Operational expenses were \$108.8 million including amortization, an increase of 1.1 per cent from the prior year.

Total labour-related costs – salaries, wages and benefits, pension and OPEB – were \$83.4 million or 76.6 per cent of total expenses, an increase of 1.8 per cent over the prior year. During the year, ESA added customer service agents to maintain service levels in response to higher call volumes, and added legal staff to achieve cost savings on external legal fees over time. Included in this is the OPEB interest expense for the year of \$4.0 million.

ESA worked to restrain increases in its other expense categories which include: purchased services of \$4.9 million; inspection travel and related costs of \$7.3 million; office administration of \$1.2 million; facilities costs of \$1.8 million; computer support of \$2.2 million; other costs of \$5.2 million, including legal expenses where litigation and appeals costs have increased. \$0.685 million was paid to the Ministry of Government and Consumer Services in oversight fees.

Capital spending was \$3 million and primarily focused on IT infrastructure.

## 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. Significant progress has been made in recent years and as of March 31, 2018, the pension surplus on a going concern basis was \$14.0 million (see page 36).

## 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 Human Resources and Investment Committee.

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 FY2018 senior management compensation (including all salaries, incentives and severance) totaled \$5.9 million for 29 individuals compared to \$5.6 million for 28 people the previous year.

**REVENUE BY SOURCE\***

(in thousands of dollars)

	<b>FY2018</b>	<b>FY2017</b>
Regulated services	\$ 90,929	\$ 88,979
Non-regulated services	19,017	18,484
Sub-total	109,946	107,463
Investments and other	4,310	6,465
<b>TOTAL REVENUE</b>	<b>\$ 114,256</b>	<b>\$ 113,928</b>

**FULLY ALLOCATED EXPENSES\***

(in thousands of dollars)

	<b>FY2018</b>	<b>FY2017</b>
Regulated services	\$ 90,362	\$ 89,050
Non-regulated services	17,675	17,769
Sub-total	108,037	106,819
Investments and other	1,270	1,200
<b>TOTAL EXPENSES</b>	<b>\$ 109,307</b>	<b>\$ 108,019</b>

**REVENUES BY LINE OF BUSINESS\***

(in thousands of dollars)

	<b>FY2018</b>	<b>FY2017</b>
Wiring – Residential	\$ 38,017	\$ 36,472
Wiring – Industrial/Commercial/ Institutional	26,189	25,877
Continuous Safety Services (CSS)	22,725	22,226
Field Evaluation	11,876	10,795
Utility Regulation	2,727	2,687
Contractor Licensing	4,433	4,284
Plan Approvals	1,942	2,098
Other revenues**	2,432	3,455
<b>TOTAL REVENUE BEFORE INVESTMENT INCOME</b>	<b>\$ 110,341</b>	<b>\$ 107,894</b>

\* Any differences due to rounding.

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

# INDEPENDENT AUDITORS' REPORT

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To the Directors of Electrical Safety Authority

We have audited the accompanying financial statements of Electrical Safety Authority ("the Entity"), which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Electrical Safety Authority as at March 31, 2018, and its results of operations and its cash flows for the year then ended in accordance Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants,  
Licensed Public Accountants

June 6, 2018

Hamilton, Canada

# STATEMENT OF FINANCIAL POSITION

March 31, 2018, with comparative information for 2017  
(in thousands of dollars)

	2018	2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,075	\$ 3,514
Accounts Receivable	11,667	9,574
Other assets	1,025	1,307
	15,767	14,395
Investments (note 3 and 7)	87,873	80,453
Property, plant and equipment (note 4)	11,287	10,390
Intangible assets (note 5)	3,101	3,744
Deferred pension asset (note 6)	8,680	5,240
Other non-current assets	74	85
	\$ 126,782	\$ 114,307
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities (note 13)	\$ 15,777	\$ 15,277
Deferred revenue	19,866	20,500
	35,643	35,777
Employee future benefit obligation (note 6)	75,881	71,441
	111,524	107,218
Net assets:		
Invested in capital assets and intangible assets	14,388	14,134
Unrestricted reserve	870	(7,045)
	15,258	7,089
Contingencies and Commitments (notes 10 and 11)		
	\$ 126,782	\$ 114,307

See accompanying notes to financial statements.



Brian Bentz



David Collie

## STATEMENT OF OPERATIONS

Year ended March 31, 2018, with comparative information for 2017  
(in thousands of dollars)

	<b>2018</b>	<b>2017</b>
<b>Revenues</b> (note 8)	\$ 110,341	\$ 107,894
<b>Expenses</b>		
Salaries and benefits	79,340	78,137
OPEB – interest expense (note 7)	4,024	3,784
Operating	22,687	22,871
Amortization	2,747	2,797
	108,798	107,589
<b>Excess of revenues over expenses before the undernoted</b>	1,543	305
Change in fair value of investments	18	2,951
Other investment income	3,388	2,653
Investment income (note 7)	3,406	5,604
<b>Excess of revenue over expenses for the year</b>	\$ 4,949	\$ 5,909

See accompanying notes to financial statements.

## STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2018, with comparative  
information for 2017 (in thousands of dollars)

	<b>Invested in capital assets and intangible assets</b>	<b>Unrestricted Reserve</b>	<b>Total 2018 (note 14)</b>	<b>Total 2017 (note 14)</b>
<b>Net assets (deficit), beginning of year</b>	\$ 14,134	\$ (7,045)	\$ 7,089	\$ (22,500)
Excess or revenues over expenses	-	4,949	4,949	5,909
Investment in capital assets	254	(254)	-	-
Re-measurements due to pension benefit and OPEB actuarial gains (losses) and plan amendments	-	3,220	3,220	23,680
<b>Net assets (deficit), end of year</b>	\$ 14,388	\$ 870	\$ 15,258	\$ 7,089

See accompanying notes to financial statements.

## STATEMENT OF CASH FLOWS

Year ended March 31, 2018, with comparative information for 2017  
(in thousands of dollars)

	2018	2017
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Operation activities:</b>		
Excess of revenues over expenses	\$ 4,949	\$ 5,909
Items not involving cash:		
Amortization	2,747	2,797
Change in other non-current assets	11	12
OPEB obligation expense	6,419	6,090
Pension benefit plan expense	7,305	9,487
Change in fair value of investments	(18)	(2,951)
	\$ 21,413	\$ 21,344
Net change in non-cash working capital balances related to operations (note 9)	(1,945)	2,254
OPEB obligation contributions	(1,688)	(2,260)
Pension benefit plan contributions	(7,816)	(13,067)
	\$ 9,964	\$ 8,271
<b>Investing activities:</b>		
Net purchase of investments	(7,402)	(5,128)
Purchase of property, plant and equipment and intangible assets	(3,001)	(1,209)
	\$ (10,403)	\$ (6,337)
<b>Net (decrease) increase in cash and cash equivalents</b>	(439)	1,934
<b>Cash and cash equivalents, beginning of year</b>	3,514	1,580
<b>Cash and cash equivalents, end of year</b>	\$ 3,075	\$ 3,514
<b>Cash and cash equivalents is comprised of the following:</b>		
Cash	\$ 3,075	\$ 2,203
Cash equivalents	-	1,311
	\$ 3,075	\$ 3,514

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2018 (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.

### (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	Rate
Buildings	25 years
Building improvements	5 to 10 years
Electronic equipment	3 years
Telephone and projection system equipment	5 years
Office furniture and equipment	10 years
Inspection equipment	10 years
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	Rate
Computer software and licenses	5 years

### (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 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.

### 3 Investments:

Investments consist of the following:

	2018	2017
<b>Fixed Income Canadian:</b>		
Federal bonds	\$ 1,292	\$ 1,061
Provincial bonds	3,351	3,136
Corporate bonds/GIC's	42,443	39,969
Fixed Income U.S.	4,660	2,341
Fixed Income Foreign (non-U.S.)	1,307	4,229
Total fixed income	53,053	50,736
<b>Equities:</b>		
Canadian	9,117	9,069
U.S.	12,341	10,123
Foreign (non-U.S.)	13,362	10,525
Total equities	34,820	29,717
Total investments	<b>\$ 87,873</b>	<b>\$ 80,453</b>

Investments are internally restricted for future expenditures for post-employment benefits (note 7). The bonds have a weighted average term to maturity of 60.4 months, a weighted average interest rate of 2.70% and a weighted average yield to maturity of 2.40%.

### 4 Property, plant and equipment:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 2,314	\$ -	\$ 2,314	\$ 2,314
Buildings	8,341	3,295	5,046	5,380
Building improvements	1,414	332	1,082	1,150
Electronic equipment	5,763	4,191	1,572	463
Telephone and projection system equipment	2,573	2,378	195	234
Office furniture and equipment	2,310	1,684	626	702
Inspection equipment	19	19	-	-
Leasehold improvements	1,791	1,791	-	-
Capital work in process	452	-	452	147
	<b>\$ 24,977</b>	<b>\$ 13,690</b>	<b>\$ 11,287</b>	<b>\$ 10,390</b>

## 5 Intangible assets:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer software and licenses	\$ 20,143	\$ 17,042	\$ 3,101	\$ 3,744

## 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, 2018 based on projections from the January 1, 2017 actuarial funding report. The obligations for OPEB and long-term disability are measured as at March 31, 2018 based on projections from data as at January 1, 2017 and March 31, 2018 respectively. The fair value of assets for all plans is determined using the March 31, 2018 asset values.

The actuarial present value of the accrued pension benefits for funding purposes is estimated as at March 31, 2018 based on a projection of the actuarial valuation as of January 1, 2017. The effective date of the next required actuarial valuation report for funding purposes for the pension plans is January 1, 2020.

Information about ESA's defined pension benefit plans and OPEB plans for the year ended March 31, 2018 is as follows:

	2018 Pension benefit plans	2018 OPEB plans	2017 Pension benefit plans	2017 OPEB plans
Accrued benefit obligation, end of year	\$ (358,192)	\$ (75,414)	\$ (339,400)	\$ (71,080)
Fair value of plan assets, end of year	366,872	-	344,640	-
Funded status, plan asset (deficit)	8,680	(75,414)	5,240	(71,080)
Add: Workplace Safety Insurance Board of Ontario liability	-	(467)	-	(361)
Total employee future benefit asset (obligation)	\$ 8,680	\$ (75,881)	\$ 5,240	\$ (71,441)

The amount of \$8,680 (2017 - \$5,240) reported on the statement of financial position as a deferred pension asset represents the excess of the net assets over the actuarially determined present value of accrued pension benefits and consists of a balance of \$14,033 (2017 - \$10,244) in the pension plan and a liability of \$5,353 (2017 - \$5,004) in the Supplementary Retirement Plan.

The breakdown of the total benefit cost (expense) is as follows:

	2018		2017	
	Pension benefit plans		OPEB plans	
Employer current service cost	\$	(7,893)	\$	(2,395)
Finance cost		588		(4,024)
Total defined benefit cost	\$	<b>(7,305)</b>	\$	<b>(6,419)</b>

The significant actuarial assumptions adopted in measuring ESA's accrued pension benefits and OPEB obligations for the year ended March 31, 2018 are as follows:

	Pension benefit plans		OPEB plans	
	2018	2017	2018	2017
Discount rate	5.40%	5.75%	5.40%	5.75%
Rate of compensation increase (before merit)	2.50%	3.00%	2.50% Ultimate	3.00% Ultimate
Increase in Consumer Price Index	2.00%	2.25%	-	-

The significant actuarial assumptions adopted in measuring ESA's expenses for pension benefits and OPEB obligations for the year ended March 31, 2018 are as follows:

	Pension benefit plans		OPEB plans	
	2018	2017	2018	2017
Discount rate	5.75%	5.75%	5.75%	5.75%
Rate of compensation increase (before merit)	3.00%	3.00%	2.50%	3.00%
Increase in Consumer Price Index	2.25%	2.25%	-	-
Expected long-term rate of Return on plan assets	5.75%	5.75%	-	-

ESA's rate of growth for health care costs in 2018 is estimated as follows:

- Drugs – 7.00% in 2018 grading down to 4.25% per year in 2029
- Other medical costs – 4.25% per year
- Dental – 3.75% 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.

## 6 Employee future benefit plans (continued):

The pension plan assets are invested as follows:

	2018	2017
Cash	5%	2%
Short-term investments	0%	1%
Fixed income securities	30%	35%
Canadian equities	29%	26%
U.S. equities	18%	19%
Non-North American equities	18%	17%
	100%	100%

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

	2018	2017
Employer's contributions	\$ 8,620	\$ 11,493
Employer's contributions in respect of gain sharing plan	-	1,469
Employee's contributions	5,293	3,909
Benefits paid	12,749	12,136
Re-measurements due to pension benefit actuarial gains (losses) and plan amendments	2,450	(3,817)

## 7 Internally restricted long-term investments:

Long-term investments in the amount of \$87,873 (2017 - \$80,453) 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 \$3,406 (2017 - \$5,604) with an OPEB interest expense of \$4,024 (2017 - \$3,784).

## 8 Revenue:

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

	2018	2017
Wiring	\$ 64,206	\$ 62,349
Continuous safety services	22,725	22,226
Other	23,410	23,319
	<b>\$ 110,341</b>	<b>\$ 107,894</b>

## 9 Statement of cash flows:

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

	2018	2017
Accounts receivable	\$ (2,093)	\$ 1,007
Other assets	282	(568)
Accounts payable and accrued liabilities	500	832
Deferred revenue	(634)	983
	<b>\$ (1,945)</b>	<b>\$ (2,254)</b>

## 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, 2018.

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 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:

2019	\$	2,921
2020		2,885
2021		2,836
2022		2,779
2023		2,699
Thereafter		2,695
	\$	16,815

b) As at March 31, 2018, a letter of credit in the amount of \$282 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.

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. 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. ESA believes that its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

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### **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 \$2,679 (2017 - \$2,451) is included within accounts payable and accrued liabilities.

### **14 Restricted Reserve**

ESA has an approved 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.

# ADVISORY COUNCILS

ESA currently has six stakeholder advisory councils: five 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 and Governance 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 and the Cross-Sector Advisory Council, which are 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.

Advisory council terms of reference, meeting minutes and information on working groups and consultations are posted on [esasafe.com](https://esasafe.com).

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.

## **CONSUMER ADVISORY COUNCIL**

Rod Skinkle (Chair)  
Carol Gravelle (Vice-Chair to June 2017)  
Sandy Manners (Vice-Chair effective November 2017)  
Larry Allison  
Michele Aplin (to September 2017)  
Andre Bachand  
Tim Krause  
Kari Manninen (to November 2017)  
Tammie Orifa

## **ELECTRICAL CONTRACTOR REGISTRATION AGENCY (ECRA) ADVISORY COUNCIL**

Sean Bell (Co-Vice-Chair)  
Joe Kurpe (Co-Vice-Chair)  
Larry Allison  
Ron Bergeron (to September 2017)  
Cameron Hann  
Debra Mattina  
Larry Shaver  
Brian Smith  
Catherine A. Taylor

## **UTILITY ADVISORY COUNCIL**

Festival Hydro Inc. – Ysni Semsedini (Chair)  
London Hydro Inc. – Greg Sheil (Vice-Chair)  
Orillia Power Distribution Corporation – Chris Burrell  
Alectra Utilities – Jim Butler  
Ontario Energy Board – Stephen Cain  
Kitchener-Wilmot Hydro Inc. – Greig Cameron  
Hydro One Networks Incorporated – Darren Desrosiers  
Hydro Ottawa Limited – Ed Donkersteeg  
Infrastructure Health and Safety Association – Dean Dunn

Ontario Association of Certified Engineering Technicians and Technologists (OACETT) – John Flagello  
Hydro One Networks Inc. – Ajay Garg  
Ontario Electrical League (OEL) – Paul Krupicz  
Power Workers Union – Serge Laflamme  
Ontario Sewer & Watermain Construction Association – Patrick McManus  
Ontario Regional Common Ground Alliance (ORCGA) – Douglas Lapp  
Consumer Representative – Joan A. Pajunen  
Bell Canada – Tony Pereira  
Veridian Connections Inc. – Peter Petriw  
Burlington Hydro – Joe Saunders  
Toronto Hydro-Electric Systems Limited – Hani Taki  
Canadian Standards Association – Michael Wilson  
Guelph Hydro Electric Systems Inc. – Michael Wittemund  
Newmarket-Tay Power Distribution Limited – Gaye-Donna Young  
Ministry of Energy – Ryan Zade

## **CONTRACTOR ADVISORY COUNCIL**

Joe Kurpe (Chair)  
Scott Kelly (Vice-Chair)  
Dave Ackison  
Clint Attard  
Luke Bogdanovic  
Mark Hopkins  
Tony Minna  
Larry Shaver  
Rob Smith  
Rob Sloan  
Dan Williams

## **ONTARIO PROVINCIAL CODE COMMITTEE**

Ted Olechna, ESA (Chair)  
Malcolm Brown, ESA  
Barry Buchanan  
George Chelvanayagam  
Kathi Farmer  
Mel Fruitman  
Vladimir Gagachev  
Phil Lasek  
Chris Magnusson  
Pierre McDonald  
Peter Olders  
Shawn Paulsen  
Tony Poirier  
Tim Pope  
Eerik Randsalu  
Dave Sinclair  
Rob Smith

## **CROSS-SECTOR ADVISORY COUNCIL**

Nancy Evans, ESA (Chair to September 2017)  
Sean Bell  
Joe Kurpe  
Ted Olechna, ESA  
Ysni Semsedini  
Rod Skinkle

# CORPORATE POLICIES

ESA continually reviews and renews its internal corporate policies to comply with all legislative requirements. All policies can be found at [esasafe.com](http://esasafe.com).

## ESA's Code of Conduct

ESA's Code of Conduct (Code) provides a framework within which all day-to-day activity takes place and in alignment with ESA's mandate and values. The Code also provides ESA's Board of Directors and stakeholder with a concrete statement of standards of conduct against which ESA actions can be measured.

Several important updates were made to the Code of Conduct in 2017/2018, including: adding ESA's Corporate Values, a new reference to ESA's ESAFE Electrical Safety Authority – Field Evaluation impartiality commitment and incorporation of terminology reflecting Bill 168 "Violence in the Workplace" is incorporated.

ESA's Code of Conduct Policy can be found at [esasafe.com](http://esasafe.com).



## Workplace Harassment, Violence and Discrimination

The Workplace Sexual Harassment Policy is a key part of the renewal of ESA's program to prevent and address harassment, discrimination and violence in the workplace. ESA has reviewed and renewed its policy to reflect relevant legislative change as well as the important social dialogue being undertaken on these issues. ESA reviewed relevant legal and regulatory requirements, assessed best practices and reviewed comparator policies from government, other designated administrative authorities and organizations in the energy sector. The enhanced Workplace Harassment, Violence and Discrimination Policy and related program provides for:

- Zero tolerance of harassment, discrimination and violence in the workplace, with updated definitions of those terms;
- Providing multiple avenues for the reporting of harassment, discrimination and violence;
- Mandatory investigation of all such reports;
- Organization-wide training; and
- Regular review of the program.

## 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. In respect of the Whistle-blowing provision set out in the Code, the Whistleblower Policy was developed in the past year. This Policy establishes a comprehensive framework for the making and handling of internal reports of a whistle-blowing nature.

The Whistleblower Policy establishes a responsibility for ESA employees, officers and Board members to report 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 reports of concerns are appropriately handled and investigated in accordance with the procedures and that the Audit Committee is provided quarterly updates.

## 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 in a review and final response from the Chief Ethics Officer. Information on ESA's complaints policy can be found at [esasafe.com](http://esasafe.com).

In 2017/2018, ESA received and resolved 45 wiring-related complaints compared to 59 in the previous year. ESA received 2,263 licensing-related complaints compared to 2,136 the previous year, and resolved 2,057 in accordance with its complaints policy. ESA continues to work to resolve the outstanding complaints.

## French Language Service

ESA responds to requests for French services as they arise throughout the year. In 2017/2018, ESA's Customer Service Centre received 3,346 calls in French.

## 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 under the Administrative Agreement with the Government of Ontario and applicable privacy laws. ESA maintains a Customer Privacy Policy and has a Chief Privacy Officer who oversees policy and activity in this area. 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 2017/2018, ESA received 2,884 Requests for Information and conducted 4,085 Record Searches.

The Access and Privacy Code and the Customer Privacy Policy can be found at [esasafe.com](http://esasafe.com).

## Appeals Process

ESA is committed to providing individuals with the opportunity to request a review of orders or licensing decisions as they arise. In this regard, ESA established a fair and transparent appeals process to facilitate the right to appeal any orders or Directors' decisions. The appeals process, which can be reviewed at [esasafe.com](http://esasafe.com), defines specific steps and timelines to respond to an appeal pertaining to the Ontario Electrical Safety Code, licensing matters, electrical utility distribution and product safety.

In 2017/2018, ESA received seven appeals associated with the Ontario Electrical Safety Code (Regulation 164/99) compared to 15 the previous year. ESA received seven appeals associated with Contractor Licensing (Regulation 570/05), compared to 19 the previous year.

## Accessibility Policy

ESA is committed to fulfilling its obligations to meet the accessibility needs of persons with disabilities in a timely manner in accordance with the Accessibility for Ontarians with Disabilities Act, 2005 (AODA), and the related Standards, namely, the Integrated Accessibility Standards Regulation (Regulation 191/11)(IASR) and the Accessibility Standards for Customer Service (Regulation 429/07) (ASCS).

As part of ESA's commitment to meeting its obligations under the AODA, ESA has developed a Multi-Year Accessibility Plan that outlines ESA's strategy to prevent and remove barriers to accessibility. ESA has also established policies and processes to assist persons with disabilities, including the Accessible Customer

Service Policy and the Integrated Accessibility Standards Policy. ESA's Multi-Year Accessibility Plan will be reviewed and updated at least once every five years.

The Accessibility Policy and Multi-Year Accessibility Plan can be found at [esasafe.com](http://esasafe.com).

## Procurement Policy

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 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](http://esasafe.com).

## Management of Non-Regulatory Business

ESA can engage in other activities in accordance with its Objects of its Administrative Agreement. Specifically, ESA has the ability to undertake non-regulatory business which is business in addition to its statutory mandate. ESA will only engage in non-regulatory business ventures that promote and enhance electrical safety within Canada and are consistent with its Objects of its Letters Patent unless prior approval by government has been obtained in accordance with our Administrative Agreement.

The Administrative Agreement (Schedule F) 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.

In addition, ESA has internal policies and processes it follows when engaging in non-regulatory business ventures in order to meet its obligations and compliance reporting requirements as established under the Administrative Agreement. Internal policies and procedures include: Non-regulatory Business Venture Policy, Non-regulatory Business – Conflict of Interest Policy, and New Non-regulatory Business Ventures Procedure.



Steve Smith, ESA's Central Region General Manager, worked with celebrity design expert Kimberley Seldon and Cityline's Tracey Moore to help homeowners understand the importance of considering electrical work early in their home renovation planning.



Electrical  
Safety  
Authority

## CONTACT US

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[esasafe.com](http://esasafe.com)

 [@homeandsafety](https://twitter.com/homeandsafety)

 [facebook.com/ElectricalSafetyAuthority](https://facebook.com/ElectricalSafetyAuthority)

 [youtube.com/ElectricalSafetyESA](https://youtube.com/ElectricalSafetyESA)

 [Electrical Safety Authority](https://www.linkedin.com/company/electrical-safety-authority)