

WORKING FOR A SAFER TOMORROW

Annual Report 2019/20

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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.



COVID-19 Response – Inspection of Joseph Brant Temporary Hospital

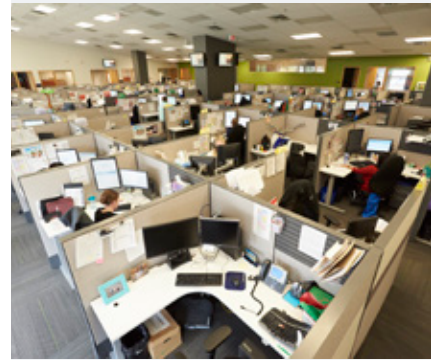
BY THE NUMBERS 2019/20



458,030
INSPECTIONS

\$50,000

Corporate Donation to Electrical Injury Endowment Fund and Chair in Burn Research at Sunnybrook Foundation – helping electricians and victims of electrical burns



603,575
INBOUND CALLS

CAMP BUCKO

\$5,000

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



105,561
ONLINE PERMITS

25

REGIONAL CONTRACTOR MEETING

LICENSES ISSUED

726 LECs

795 MEs

519 PRODUCT SAFETY CASES

reviewed, 2 published recalls and 15 safety alerts issued.



85 INVESTIGATIONS
30 CHARGES
5 CONVICTIONS



Almost
150
Attendees
at Licence
Holder
Meetings

14

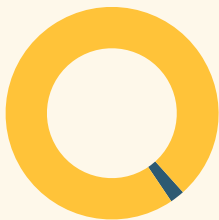
INSPECTOR TRAINING PROGRAM GRADUATES

93

AWARDS ATTENDEES



14 Master Electrician Exam sessions held



- 98% LDCs compliant with 22/04
- 2% were provided with areas to address to achieve full compliance



1,833,184 Page views on ESA website



768 INDIVIDUALS who passed the Master Electrician Exam

14,664 Master Electrician Licences

8,973 Licensed Electrical Contractors

HIRE AN LEC CAMPAIGN RESULTS

48% of Ontario homeowners are aware of licensing requirements for an LEC.

ONTARIANS THAT WILL HIRE AN LEC

16% Ontario homeowners would hire an LEC if they had to do electrical work tomorrow.



11,253 Likes Achieved on Facebook

10% ESA UNAIDED AWARENESS 3% decrease from last year

MESSAGE FROM THE CHAIR



2020 will be known as a year of unprecedented challenges globally, but also a year of coming together to meet those challenges. In March 2020, Canada began to feel the effects of the global pandemic, and for many businesses including ESA this required rapid adaptation to an entirely new environment.

While it may not be over yet, I have tremendous gratitude for the executive management team and employees at ESA who rose to the many challenges presented in order to ensure the uninterrupted delivery of services that mitigate electrical-related harms and improve safety for Ontarians.

This past year was my first as Chair. In addition to the significant progress made against our objectives, my predominant observation has been that ESA is very well-positioned to tackle what the future holds. I've seen first-hand the tremendous expertise across the organization, a future-forward mindset and a proactive approach to anticipated new risks.

In March, we completed our five-year Harm Reduction Strategy 2.0 and met the key milestones set out in the 2019/2020 Business Plan. On April 1, ESA launched its next five-year strategy, Safely Powering Tomorrow: The Journey towards the Modern Regulator, 2020–2025. We also published our Business Plan for 2020/2021, which outlines our objectives and goals for the first year.

In overseeing the development of our new five-year strategy, the Board considered the changing landscape of Ontario, the emergence of new technologies and our aging infrastructure as important factors influencing the work of ESA. Overcoming all of these challenges, and any

emerging issues ESA may face over the next five years will be made easier under our new approach that improves customer service and leverages risk tools to help to identify and address both opportunities and challenges.

As we continue to move toward a risk-based regulatory approach, our focus remains on an efficient and effective electrical safety system. ESA is dedicated to achieving our strategic objectives and becoming known as the foremost authority on electrical safety.

It has been a great pleasure to lead such a dedicated group of people this past year and I would like to thank my fellow Board members for their numerous contributions. As we move into what may be a new post-pandemic era around the world, I am more confident than ever that ESA will be ready and able to serve the electrical-safety needs of all Ontarians – no matter what the future holds.



Peter Gregg, Chair, Electrical Safety Authority

MESSAGE FROM THE PRESIDENT AND CEO



The past year has been one like no other. For most of 2020, our collective focus has been on the global COVID-19 pandemic. This singular issue has tested ESA's expertise, adaptability and resolve. I'm so proud that our dedicated and passionate employees met the challenge, demonstrating remarkable resilience during these difficult times.

We quickly adapted to new ways of working and continue to deliver our services to help ensure electricity is delivered safely. ESA inspectors have worked with local governments and healthcare providers to help set up temporary hospitals, ensure continuous services and mitigate electrical risks during the pandemic. As the situation continues to evolve, I want to recognize and thank each and every ESA employee for showing Ontario just how strong our commitment is to public safety and service excellence.

In addition to our strong pandemic response, ESA had a very successful year. We completed our five-year corporate strategy [Harm Reduction 2.0](#). In the past year, ESA Inspectors conducted more than 458,030 site visits, continuing services throughout the pandemic in addition to other challenging circumstances including fires, windstorms and floods. Our Customer Service Centre received 603,575 customer calls. This year ESA made several enhancements to make it easier to use our services. A new online system was launched to improve the customer experience for notifications of electrical installations and our website was refreshed for easier navigation and location of information.

Throughout, ESA has continued to demonstrate fiscal responsibility. ESA saw modest revenue growth consistent with the growth in the Ontario economy. Additional investments were made this year leading up to the planned launch of our Risk-based Oversight model in the summer of 2020. ESA's net financial performance was impacted by the COVID-19 pandemic as our corporate and pension investments were negatively impacted by declines in the equity markets. ESA has improved its net asset position year over year driven by positive re-measurements on our registered pension plan as a result of a higher discount rate.

In April we embarked on a new chapter for ESA with the launch of our next five-year [strategy, Safely Powering Tomorrow: The Journey towards the](#)

[Modern Regulator, 2020–2025](#). This will see ESA developing a new digital roadmap and strategy; further enhancing our customer experience; developing our culture and capabilities; reducing the burden on business through [Risk-Based Oversight \(RBO\)](#); and developing new product safety and licensing plans and initiatives.

ESA plans to build on the principles of RBO, which were introduced in our previous strategy. The risk-based approach to wiring inspections, for example, will allow us to focus on higher-risk work and to target the underground economy.

As a modern safety regulator, we are also assessing the skillsets required of our staff to improve safety across the electrical landscape. We have established new goals for organizational excellence as well as launching a new initiative on Diversity and Inclusion. I am very proud that 50 per cent of the executive management team at ESA are women and know that we will continue to do more for diversity.

All of these initiatives are intended to further modernize our approach and help make Ontario a beacon of progressive electrical safety and innovation. Of course, we don't do it alone. I'm grateful for so many — from the outstanding leadership of our ESA Board Chair Peter Gregg; to the helpful guidance of our Board of Directors; to our employees, customers, partners and stakeholders.

We all work together to make Ontario safe from electrical harm and I look forward to continuing this important work throughout the coming year.



David Collie, President and Chief Executive Officer, Electrical Safety Authority



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 2019/2020

ESA focused its efforts on people and those places most at-risk, as identified using an evidence-based approach through insights from the Ontario Electrical Safety Report (OESR), incidents tracking and incident surveillance. The average rate of critical injuries and fatalities per million population in 2019/2020 was 71, representing a 18.4 per cent decline in the five-year average rate compared to the baseline measure.

Powerline Safety Education Reaches New Audiences

ESA is driven by our belief that Ontario should be a province where people can live safe from electrical harm. Unfortunately, in the past decade, 19 people have lost their lives from overhead powerline contact according to the [2018 Ontario Electrical Safety Report \(OESR\)](#). Though the numbers have been trending down, even one injury is too many.

September 19, 2019 was a tragic day in Ontario. In just 24 hours, four individuals working on Ontario worksites made contact with overhead powerlines. Unfortunately, there were two reported fatalities and two critical injuries. These preventable incidents underscore the need for ESA's continued efforts to expand its safety messages to key audiences working near powerlines.

As Ontario's electrical safety regulator, we leverage data to gather insights on emerging harms. While the construction sector, specifically dump truck drivers, continue to be a focus during our powerline safety campaign, we've also seen that there have been 27 reported powerline contacts over the past decade by arborists. These powerline incidents tend to spike during the month of September through November.



In the past decade, there have been 27 reported contacts with a powerline in Ontario by arborists.

Powerlines are an everyday object that can kill you with or without direct contact, and we know that arborists are at an especially high risk. This year, ESA executed a new safety campaign tied to two seasons to address both audience groups:

- Spring – the start of the construction season to reach dump truck drivers and construction workers, as well as Powerline Safety Week in May.
- Fall – peak in tree pruning season to reach arborists – a new at-risk group identified through data trends.

ESA provided key powerline safety materials in French and Portuguese, two languages important to Ontario and the construction sector to be more inclusive with different languages. Materials were distributed through direct mail to dump truck and haulage companies and made available for download online.

ESA aired translated powerline safety advertisements during the Punjabi edition of Hockey Night in Canada aired on OMNI TV. In addition to distributing powerline safety materials to relevant stakeholder associations, landscaping and arborist

organizations, Patrick Falzon, ESA's Powerline Safety Specialist, engaged an Ontario College and is working with other Colleges to educate students on the dangers of powerlines.



Staying Ahead of a Dangerous Social Media Challenge

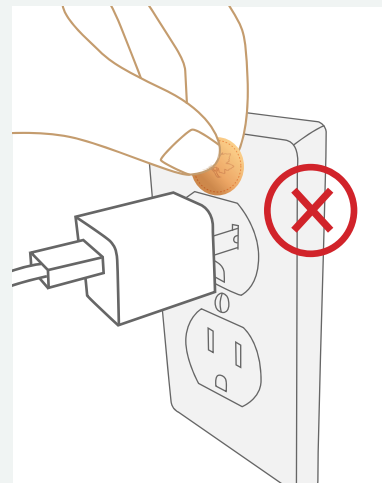
ESA monitors activities in Canada and other countries to detect emerging risks and trends, and quickly responds to help prevent risk of electrical harm in Ontario. At the beginning of 2020, a concerning new “challenge” began to emerge from an increasingly popular online social media platform – TikTok.

The challenge, named “the outlet challenge” encouraged TikTok users to drop a coin onto the exposed prongs of a phone charger while it was still inserted into a receptacle. The results involved smoke and often sparks, and the potential for an electrical fire. This challenge posed a clear and serious risk for injuries, fire and even death.

ESA tracked this challenge's rising popularity and quickly mobilized to raise awareness of the safety concerns and risks posed by the challenge to parents and caregivers of young children across Ontario. Through the OESR, we know

that every year in Ontario, 110 kids under the age of 15 visit the emergency room because of an electrical injury.

A media relations campaign was executed in 24 hours which had tremendous success – more than 150 pieces of media coverage across the province on media outlets like CP24 and Global News. The campaign resulted in more than 15 million media views and helped raise awareness of the risks, and most importantly resulted in zero reported injuries and fatalities from this challenge in the province of Ontario.





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 2019/2020

0.56 million work items were logged, representing a 7.5 per cent increase in the amount of wiring work being captured compared to the baseline of 0.52 million work items.

Risk-Based Oversight Implementation July 6, 2020

On July 6, 2020, ESA will start using a risk-based oversight (RBO) approach for inspections of electrical wiring notifications. The RBO Team has worked diligently over the last three years to achieve this goal, which included a major update to the online application and inspection system. The launch of RBO was a major milestone in ESA's modernization and customer service journey.

From September to December 2019, ESA held over 25 training sessions throughout Ontario for contractors providing information about risk-based oversight and details about how the new tool will work. The RBO team received great feedback from the sessions and the majority of contractors were positive about the shift. Communications continued through articles, newsletters, LEC email updates and a dedicated email on ESA website. ESA's consistent two-way communication has helped to ensure the transition will be smooth.

RBO trials began in May of 2018, starting with low-risk notifications only and eventually adding medium-risk notifications to the daily report using the risk tool. The first teams added in medium-risk notifications in May of 2019. ESA continued to collect data from the trial groups to further improve the tools and training before the official launch in July 2020. Our trials were very successful, and we have encouraged feedback from contractors taking part throughout the process.

From January through March 2020, the RBO Team conducted 18 province-wide inspector training sessions for the new risk-based approach and online system. In March, the Customer Service Centre began training sessions in preparation for the launch. In addition, the RBO Team prepared five online webinars for external stakeholders to provide additional information and training. The webinars are available to view online at any time and new webinars will be added after the launch.

To rapidly adapt to the effects of Covid-19 on the workforce, ESA implemented online training for customer service centre employees to permit training to continue. ESA also reached out to its stakeholders to help ensure they were still prepared for the launch of RBO. The quick response to the pandemic allowed ESA to continue executing the RBO strategy and the program will launch in July.

The rollout of the risk-based tool and oversight of electrical installations in July 2020, will provide significant benefits to wiring inspections and allow ESA to focus our resources on higher risk work, underground economy, provide better service to our customers and help ensure public safety.

ESA Partners with Michael Holmes Jr. to Educate Ontarians on Hiring a Licensed Electrical Contractor

To increase compliance with electrical safety regulations, ESA continues to work to educate the public on the importance of following the Ontario Electrical Safety Code and the requirements of hiring a Licensed Electrical Contractor.

This year, the data indicated the need to reach younger homeowners and those working on smaller renovations (<\$10,000). This meant identifying a voice in the market who reaches these audiences: Michael Holmes Jr., professional contractor and tv host of Holmes 911.

ESA partnered with Michael Holmes Jr. to gain greater attention to the requirement to hire a Licensed Electrical Contractor and ensure that notifications of work are being filed with ESA.

With over a decade in the home renovation industry, Michael Holmes Jr. has seen first-hand the dangerous work that unlicensed electrical contractors have done and understands the importance of working within the Code.



Michael Holmes Jr. has seen first-hand the dangers of unlicensed electrical work and understands the importance of working within the Ontario Electrical Safety Code

Leveraging Michael Holmes Jr.'s connection with our target audience, ESA was able to share these important messages through digital, broadcast and print content on Holmes 911 on CTV, Cityline on Citytv, makeitright.ca and ESA's website, and House & Home Magazine.

In addition, our partnership with Michael Holmes Jr. extended into Fraud Prevention Month as we educated Ontarians about the dangers of unlicensed electrical

contractors and the signs to look for. The campaign drove the public to educate themselves and to the ESA Find a Contractor tool online.

Overall, ESA's campaign secured 487 pieces of coverage and an impressive 54,978,869 media views.



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 2019/2020

Satisfaction with the permit creation process remained steady with a score of 8.6 out of 10. Inspection process satisfaction scored increased to 8.1 out of 10 and when asked about ESA as a whole, contractors scored ESA 8.4 out of 10.

MULTI-STAKEHOLDER STORY

ESA Multi-Stakeholder Public Accountability Survey Results

In 2015, the ESA designed and executed a bi-annual, multi-stakeholder survey to gauge perceptions of the organization. To measure accountability across stakeholder groups, three dimensions, access, practice and outcomes, were identified to collect meaningful, actionable feedback on stakeholder perceptions of the ESA's accountability performance.

Beyond measuring improvement within these key dimensions over time, another objective was and remains to ensure feedback will not only be meaningful to the ESA, but that stakeholders see their perceptions and priorities reflected in the results.

In 2015, a standardized questionnaire was designed to be used using both online and telephone methodologies,

with comparability between stakeholder groups being the most important aspect of development. The stakeholder groups include LECs & MEs, homeowners, LDC Managers, LDC CEOs or C-suite, safety stakeholders and product safety stakeholders. The same standardized questionnaire was used in 2017 and again in the third wave which took place in November 2019.

The 2019 multi-stakeholder survey was launched on November 5, 2019 and completed on December 2, 2019. The results were based on 1,597 completed surveys.

ESA achieved its 2019 Public Accountability Goal. The ESA's 2019 Public Accountability Index Score is 8.2 which is an increase from the 2015/2017 combined average of 8.1.



ESA Builds Strategic Partnership by Signing New Memorandum of Understanding with Korea Electrical Safety Corporation

ESA's priority is to promote electrical safety in Ontario to deliver on our commitment to provide modernized, better and faster customer services, and reducing the burden on businesses in Ontario. We can achieve this through participation in opportunities to promote shared knowledge and best practices to help reduce electrical-related harms and encourage electrical safety.

ESA continues to build strategic partnerships with leading experts in the field of electrical safety to broaden our knowledge and bring different perspectives. In December 2019, ESA hosted the Korea Electrical Safety Corporation (KESCO) delegation. On December 9, 2019, ESA and Korea Electrical Safety Corporation (KESCO) signed a new Memorandum of Understanding (MOU) to strengthen cooperation in the area of electrical safety.

During the three-day visit, each organization shared presentations on strategies, operations, training and education, standards development, technical information, customer service experience and visited two sites inspected by ESA.



Memorandum of Understanding Signing between Electrical Safety Authority & Korea Electrical Safety Corporation – December 9, 2019. (Left, David Collie, CEO & President, Electrical Safety Authority, (Right) Sung Wan Cho, President & CEO, Korea Electrical Safety Corporation.

The ESA and KESCO mandates, missions and visions are very similar and through the presentations, areas for joint-cooperation were identified and areas where each organization uses different approaches presented learning opportunities for both organizations.

ESA will continue to work with the KESCO delegation and each organization will continue to work on the implementation of the MOU. ESA and KESCO will work together to improve electrical safety in several areas including the exchange of electrical safety

Acts, regulations, policies and standards, exchange of information regarding electrical accident statistics, technical developments and training, including new technologies such as renewable energy and energy storage, consulting on electrical safety inspection methodology, such as ESA's new Risk-based Oversight program, and participating in training and seminars, such as continuing education programs and technical training for internal and external audiences.

MANAGING COMPLIANCE AND ENFORCEMENT

FY2020

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	2019/2020	2018/2019
Customer service calls answered	603,575	603,899
Inspections conducted	458,030	470,991
Continuous Safety Services customers	4,440 customers with 30,176 sites	4,846 customers with 28,961 sites
Investigations conducted	403	872
Charges laid	34	36
Court convictions secured	34	34
Appeals	2	5
Complaints	27	26

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	2019/2020	2018/2019
Electrical distribution-related safety incidents reported	203	156
Electrical distribution-related fatalities	4	2
Due diligence inspections	382	392
Public safety concerns received	162	124

*The volume of reported Electrical Distribution-related safety incidents for 2018/2019 has been revised from 164 incidents to 156 incidents

LICENSING OF ELECTRICAL CONTRACTORS AND MASTER ELECTRICIANS, O. REG. 570/05

Licensing of Electrical Contractors and Master Electricians, O. Reg. 570/05 defines provincial licensing and administration requirements for Electrical Contractors and Master Electricians

and is intended to protect the public from unqualified contractors offering electrical services. ESA activities include managing and enforcing licensing requirements.

Licensing	2019/2020	2018/2019
Electrical Contractor licences issued	726	712
Master Electrician licences issued	793	803
Licenses renewed	23,136	22,898
Individuals who wrote the Master Electrician exam	945	963
Master Electrician exam pass rate	81.3%	85.2%
Discipline notifications handled	1,021	1,057
Licenses suspended	89	92
Licenses revoked	0	0
Complaints handled*	2,218	2,013
Notices of violations issued	716	659
Licensing investigations conducted	85	153
Charges laid	30	36
Court convictions secured	32	36
Appeals	5	3

*These complaints are reports regarding individuals and companies offering electrical services, not complaints under the Complaints Policy

PRODUCT SAFETY, O. REG. 438/07

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

industrial electrical products. While Health Canada is accountable for post-market safety oversight of consumer electrical products, ESA continues to support the national product safety system by 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).

Product Safety	2019/2020	2018/2019
Total product safety incident reports received by ESA	519	520
Reports deemed high risk	3	2
Reports deemed medium risk	435	438
Reports deemed low risk	53	52
Non-Related Reports	28	28
Safety alerts issued	15	6
Investigations conducted	0	1
Recalled product notifications	2	4
Charges laid	0	0
Convictions	0	0
Appeals	1	3

*Name change: Non-reportable is now listed as Non-Related Reports – these are reports received by ESA but not considered to be a reviewable product safety issue.

GOVERNANCE

BOARD GOVERNANCE

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 focus on 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.

Board Directors are selected based on an election/ appointment process according to a set of established qualifications available at esasafe.com. The Board comprises of 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. As well, each Board Director serves on two committees in order to strengthen oversight and succession planning.

In May 2019, ESA welcomed Ysni Semsedini to the Board.

BOARD COMMITTEES

In 2019, the Board restructured the responsibilities of the Committees, maintaining three Committees. As a result, in December 2019 oversight of investment responsibilities moved to the Audit & Investment Committee (formerly the Audit Committee). In January 2020, responsibility for governance moved from the Regulatory Affairs Committee (formerly the Regulatory Affairs and Governance Committee) to the People, Culture & Governance Committee (formerly Human Resources & Investment Committee). Each Board Member continues to serve on two Committees.

Audit & Investment Committee

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

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

Chair: C. Hopper (effective April 2019)

Members: P. Gregg; A. Bergeron; G. Oosterhof; A. Malo (to December 2019); A. Arenja (from June 2019 to December 2019); W. Pamic (from June 2019); D. Péloquin (from January 2020); Y. Semsedini (from December 2019); R. Mace (from January 2020)

People, Culture & Governance Committee

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

This committee oversees the human resources strategy on behalf of ESA, and Members review succession planning (corporate and Board), performance assessment, development requirements and compensation philosophy and structure. The Committee also is responsible for

monitoring and making recommendations regarding corporate governance, board practices, succession planning and board evaluations. Its role is to ensure the adequacy and effectiveness of systems implemented to ensure compliance with established corporate governance, and human resources legislation, policies and procedures.

Chair: A. Bergeron (effective Jan 1, 2020) D. Péloquin (to Dec. 31, 2019)

Members: P. Gregg; D. MacDonald; G. Oosterhof (from June 2019); A. Malo; A. Arenja (from June 2019); Y. Semsedini (from December 2019); R. Mace (to December 2019); C. Hopper (to June 2019)

Regulatory Affairs Committee

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

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

Chair: A. Malo (effective Jan 1, 2020); A. Bergeron (to Dec 31, 2019)

Members: P. Gregg (from June 2019); R. Mace; G. Oosterhof (to June 2019); D. Péloquin; D. MacDonald; C. Hopper (from June 2019); W. Pamic (from June 2019); A. Arenja (from January 2020)

MEETINGS APRIL 2019 TO MARCH 2020

Audit & Investment Committee	5 meetings
People, Culture and Governance Committee	4 meetings
Regulatory Affairs Committee	4 meetings
Board Meetings	5 meetings
Strategic Planning Sessions	1/2 day session

BOARD MEMBERS

AS OF MARCH 31, 2020

PETER GREGG, MBA, ICD.D
(YEAR 1 OF TERM 3)

Chair, Electrical Safety Authority; President, & CEO, Independent Electricity Systems Operator

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

ARJAN ARENJA, P.ENG., MBA
(YEAR 1 TERM 1)

President, Spectrum Business Development Inc.; Vice Chair, Government Liaison Committee, Professional Engineers Ontario

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

ANNETTE BERGERON, MBA, P.ENG., FEC
(YEAR 3 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

CHRISTOPHER HOPPER, BA, MBA
(YEAR 2 OF TERM 2)

President & 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 & CEO, Northern Home Services Ltd.

BOARD MEMBERS CONTINUED

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

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 1 OF TERM 3)

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

ADÈLE MALO, BA, LL.B., LL.M, ICD.D
(YEAR 3 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

GARY OOSTERHOF, ME
(YEAR 3 OF TERM 2)

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

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

WALTER PAMIC, GSC
(YEAR 1 OF TERM 1)

Co-owner of Power-Tek Electrical Services Inc.

Previously: Ontario College of Trades Board of Governors, Merit Ontario Board of Directors, Merit Canada Board of Directors, Past Board member Ontario Electrical League

DANIEL PÉLOQUIN, B.ENG.
(YEAR 2 OF TERM 2)

Founder and Managing Partner, Daniel Péloquin Consultant; Board Director, Spark Power; Board Director, Vizimax; Board Director; Systemex Energies

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

YSNI SEMSEDINI, P. ENG., MBA
(YEAR 1 OF TERM 1)

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

Previously: Director Metering Services and Business Planning, London Hydro; Sr. Acting Director Customer Service and Strategic Planning, London Hydro; Distribution Engineer, London Hydro



Board Directors are selected based on an election/appointment process according to a set of established qualifications available at **esasafe.com**.

ORGANIZATIONAL STRUCTURE

AS OF MARCH 31, 2020

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.
Governance Committee Chair,
Hamilton Health Sciences.

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

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

Chief Regulatory Officer
and General Counsel,
Electrical Safety Authority.

Previously: Vice-President,
Corporate Business Development,
Ontario Power Generation Inc.
Director, Nanticoke Solar. Director,
Peter Sutherland Sr. Generating
Station (a Joint Venture of OPG and
Taykwa Tagamou First Nation).
Energy Advisor, Ontario Centres of
Excellence. Director, John Wanless
Childcare Program.

KEVIN GREER, B.A., CPA, CA

Chief Financial Officer, Electrical
Safety Authority.

Previously: Sr. Director, Finance
and Project Management Office,
Electrical Safety Authority.
Director, Conagra Foods
Retail Products. Vice-President,
Finance/Sales/Marketing, Danone.

**DAVID RINALDO, BASC. (MECH.
ENG.), LLB**

Corporate Secretary, Electrical
Safety Authority.

Previously: Director, Legal
Services, Hatch Ltd.

EXECUTIVE MANAGEMENT TEAM »

David Collie, President and
Chief Executive Officer

Carol Calvert, VP, People
& Culture

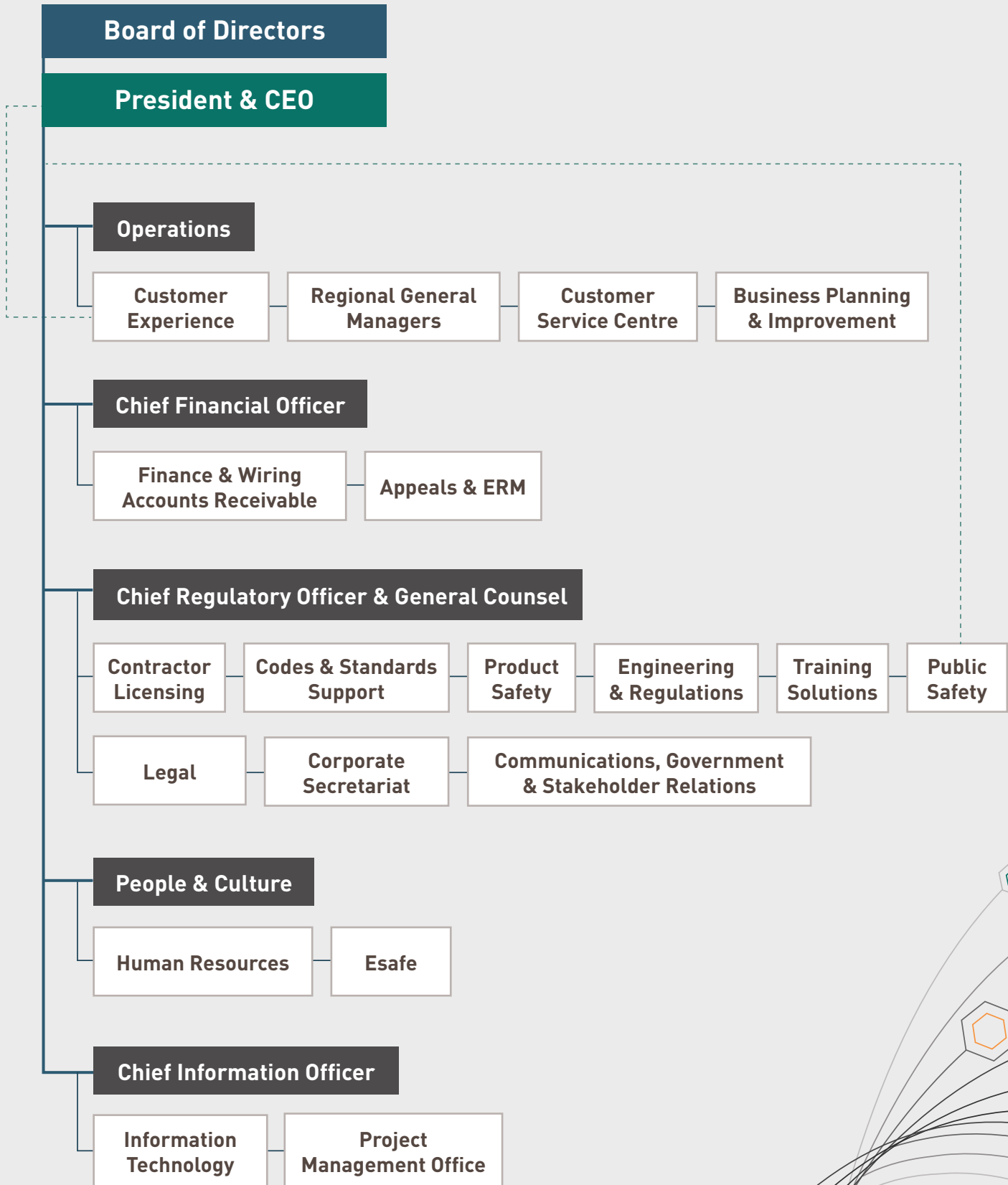
Earl Davison, VP, Operations

Josie Erzetic, VP, Chief Regulatory
Officer, General Counsel

Kevin Greer, VP, Finance
and Chief Financial Officer

Kelley Irwin, Chief
Information Officer

ORGANIZATIONAL STRUCTURE >>





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 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 to 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 30) ensuring the company can meet its future obligations for pensions and other post-employment benefits (OPEB) both of which accumulate over time. Any cash generated by an annual surplus is invested in long-term investments held in a restricted reserve (see page 35) to address the future OPEB liability.

FY2020 PERFORMANCE

FY2020 PERFORMANCE

The year (April 1, 2019 to March 31, 2020) saw modest growth in wiring activity, led by new apartment and new commercial work. ESA did notice a significant decline in wiring activity during the last few weeks of the fiscal year as the Ontario economy went into a state of emergency due to the COVID-19 pandemic where many non-essential businesses were shutdown. Corporate investment assets were performing well until late February and early March of the fiscal year when countries around the world began to shut their economies down due to the spread of the virus. The investment asset declines were significant as Canadian, U.S. and International equity markets were all down at the end of the year. ESA did not increase wiring fees for calendar year 2020.

For the year, the organization posted an operating deficit of \$2.1 million compared to \$1.0 million the prior year, and a bottom line deficit of \$3.14 million after the contribution of investment losses of \$1.0 million.

ESA experienced an increase in its net asset position by \$7.2 million to \$10.4 million as of March 31, 2020 primarily as a result of a positive re-measurement of \$10.3 million due to pension and other Post-Employment benefits (OPEB).

REVENUES

Total operating revenues were \$114.4 million, an increase of 1.4 per cent from the prior year. This included: residential wiring revenue of \$37.5 million, an increase of 1.2 per cent; industrial/commercial/institutional wiring revenue of \$27.1 million up by 1.6 per cent; FIT and MicroFIT revenue of \$0.5 million, down 66.6 per cent; and CSS revenue of \$24.3 million, up 2.9 per cent.

Non-regulatory revenue was \$20.5 million, an increase of 5.6 per cent from the prior year. These services include field evaluation services, training programs, and safety oversight services provided to sectors not covered under provincial regulation such as airports, First Nations reserves and the mining sector.

EXPENSES

Operational expenses were \$116.5 million including amortization, an increase of 2.4 per cent from the prior year.

Total labour-related costs – salaries, wages and benefits, pension and OPEB – were \$89.1 million or 76.5 per cent of total expenses, an increase of 1.6 per cent over the prior year. Included in this is the OPEB interest expense for the year of \$4.4 million. Total operating costs were \$24.5 million, an increase of 5.9%. During the year, ESA added additional temporary resources in preparation for the launch of RBO.

ESA worked to restrain increases in these expense categories which include: purchased services of \$6.3 million; inspection travel and related costs of \$7.4 million; office administration of \$1.2 million; facilities costs of \$1.8 million; computer support of \$2.5 million; other costs of \$5.4 million, which includes the Ministry of Government and Consumer Services oversight fee of \$685,000.

Capital spending was \$2.9 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. However due to the reduction in plan assets at year-end, driven by the equity market downturn caused by countries shutting down their economies as a result of COVID-19, the pension surplus on a going concern basis as of March 31, 2020 has been reduced to \$1.9 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 FY2020 senior management compensation (including all salaries, incentives and severance) totaled \$6.3 million for 32 individuals compared to \$6.3 million for 30 people the previous year.

REVENUE BY SOURCE*

(in thousands of dollars)

	FY2020	FY2019
Regulated services	\$ 93,476	\$ 92,958
Non-regulated services	20,481	19,399
Sub-total**	113,957	112,357
Investments and other***	(65)	4,556
TOTAL REVENUE	\$ 113,892	\$ 116,913

FULLY ALLOCATED EXPENSES*

(in thousands of dollars)

	FY2020	FY2019
Regulated services	\$ 96,217	\$ 94,613
Non-regulated services	19,251	18,319
Sub-total**	115,468	112,932
Investments and other	1,560	1,328
TOTAL EXPENSES	\$ 117,028	\$ 114,260

REVENUES BY LINE OF BUSINESS*

(in thousands of dollars)

	FY2020	FY2019
Wiring – Residential	\$ 37,682	\$ 37,590
Wiring – Industrial/Commercial/ Institutional	27,420	27,590
Continuous Safety Services (CSS)	24,333	23,653
Field Evaluation	12,112	12,159
Utility Regulation	2,692	2,680
Contractor Licensing	4,731	4,584
Plan Approvals	1,922	1,848
Other revenues****	3,485	2,657
TOTAL REVENUE BEFORE INVESTMENT INCOME	\$ 114,377	\$ 112,761

* Any differences due to rounding; prior year classifications restated for consistency

** Does not include allocation of investment income as an offset to OPEB interest expense

*** Investment asset declines were significant due to shut down of economies globally as a result of COVID-19.

See FY2020 Performance section for more details

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

INDEPENDENT AUDITORS' REPORT

To the Directors of Electrical Safety Authority;

OPINION

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

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

(Hereinafter referred to as the “financial statements”).

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

BASIS FOR OPINION

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for KPMG LLP, featuring the letters 'KPMG' in a bold, sans-serif font, followed by 'LLP' in a smaller, similar font. A horizontal line is drawn underneath the text.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 4, 2020

STATEMENT OF FINANCIAL POSITION

March 31, 2020 with comparative information for 2019
(in thousands of dollars)

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 504	\$ 3,258
Accounts receivable	12,081	11,061
Other assets	1,184	1,178
	13,769	15,497
Investments (note 3 and 7)	97,391	95,518
Property, plant and equipment (note 4)	13,430	12,787
Intangible assets (note 5)	1,296	1,960
Other non-current assets	63	71
	\$ 125,949	\$ 125,833
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 13)	\$ 15,846	\$ 16,230
Deferred revenue	22,009	20,616
	37,855	36,846
Employee future benefit obligation (note 6)	74,924	85,037
Pension liability (note 6)	2,783	722
	115,562	122,605
Net assets:		
Invested in capital assets and intangible assets	14,726	14,747
Unrestricted reserve	(4,339)	(11,519)
Total net assets (note 14)	10,387	3,228
Contingencies and Commitments (notes 10 and 11)		
	\$ 125,949	\$ 125,833

See accompanying notes to financial statements.

On behalf of the Board:



David Collie



Peter Gregg

STATEMENT OF OPERATIONS

Year ended March 31, 2020, with comparative information for 2019
(in thousands of dollars)

	2020	2019
Revenues (note 8)	\$ 114,377	\$ 112,761
Expenses		
Salaries and benefits	84,741	83,691
OPEB – interest expense (note 6)	4,374	4,011
Operating	24,461	23,108
Amortization	2,903	2,977
	116,479	113,787
(Deficiency) of revenues over expenses before the undernoted	(2,102)	(1,026)
Change in fair value of investments	(4,599)	801
Other investment income	3,565	2,878
Investment income (note 7)	(1,034)	3,679
(Deficiency)/Excess of revenue over expenses for the year	\$ (3,136)	\$ 2,653

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2020, with comparative
information for 2019
(in thousands of dollars)

	Invested in capital assets and intangible assets	Unrestricted Reserve	Total 2020 (note 14)	Total 2019 (note 14)
Net assets (deficit), beginning of year	\$ 14,747	\$ (11,519)	\$ 3,228	\$ 15,258
(Deficiency)/Excess of revenues over expenses	-	(3,136)	(3,136)	2,653
Investment in capital assets	(21)	21	-	-
Re-measurements due to pension benefit and OPEB actuarial gains (losses) and plan amendments	-	10,295	10,295	(14,683)
Net assets, end of year	\$ 14,726	\$ (4,339)	\$ 10,387	\$ 3,228

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Year ended March 31, 2020, with comparative information for 2019
(in thousands of dollars)

	2020	2019
CASH PROVIDED BY (USED IN):		
Operation activities:		
(Deficiency)/Excess of revenues over expenses	\$ (3,136)	\$ 2,653
Items not involving cash:		
Amortization	2,903	2,977
Change in other non-current assets	8	3
OPEB obligation expense	6,727	6,739
Pension benefit plan expense	5,764	7,258
Change in fair value of investments	4,599	(801)
	\$ 16,865	\$ 18,829
Net change in non-cash working capital balances related to operations (note 9)	(17)	1,656
OPEB obligation contributions	(2,220)	(1,711)
Pension benefit plan contributions	(8,028)	(8,410)
	\$ 6,600	\$ 10,364
Investing activities:		
Net purchase of investments	(6,472)	(6,845)
Purchase of property, plant and equipment and intangible assets	(2,882)	(3,336)
	\$ (9,354)	\$ (10,181)
Net (decrease) increase in cash and cash equivalents	(2,754)	183
Cash and cash equivalents, beginning of year	3,258	3,075
Cash and cash equivalents, end of year	\$ 504	\$ 3,258
Cash and cash equivalents is comprised of the following:		
Cash	\$ 504	\$ 3,258
	\$ 504	\$ 3,258

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2020 (in thousands of dollars)

1 BASIS OF PRESENTATION:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

(a) Cash and cash equivalents:

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

(b) Investments and investment income:

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

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

(c) Property, plant and equipment:

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

Asset	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:

	2020	2019
Fixed Income Canadian:		
Federal bonds	\$ -	\$ 334
Provincial bonds	-	-
Corporate bonds/GIC's	60,468	56,820
Fixed Income U.S.	-	1,741
Fixed Income Foreign (non-U.S.)	-	1,071
Total fixed income	60,468	59,966
Equities:		
Canadian	16,317	8,605
U.S.	17,611	12,781
Foreign (non-U.S.)	2,995	14,166
Total equities	36,923	35,552
Total investments	\$ 97,391	\$ 95,518

Investments are internally restricted for future expenditures for post-employment benefits (note 7). The bonds have a weighted average term to maturity of 92.7 months, a weighted average interest rate of 3.10% and a weighted average yield to maturity of 3.30%.

4 PROPERTY, PLANT AND EQUIPMENT:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 2,314	\$ –	\$ 2,314	\$ 2,314
Buildings	8,341	3,963	4,378	4,712
Building improvements	1,915	628	1,287	1,216
Electronic equipment	7,591	5,790	1,801	2,746
Telephone and projection system equipment	2,573	2,513	60	108
Office furniture and equipment	2,373	1,903	470	540
Inspection equipment	19	19	–	–
Leasehold improvements	1,791	1,791	–	–
Capital work in process	3,120	–	3,120	1,151
	\$ 30,037	\$ 16,607	\$ 13,430	\$ 12,787

5 INTANGIBLE ASSETS:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer software and licenses	\$ 20,389	\$ 19,093	\$ 1,296	\$ 1,960

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, 2020 based on projections from the January 1, 2019 actuarial funding report. The obligations for OPEB and long-term disability are measured as at March 31, 2020 based on projections from data as at January 1, 2019 and March 31, 2020 respectively. The fair value of assets for all plans is determined using the March 31, 2020 asset values.

The actuarial present value of the accrued pension benefits for funding purposes is estimated as at March 31, 2020 based on a projection of the actuarial valuation as of January 1, 2019. The effective date of the next required actuarial valuation report for funding purposes for the pension plans is January 1, 2022.

6 EMPLOYEE FUTURE BENEFIT PLANS (CONTINUED):

Information about ESA's defined pension benefit plans and OPEB plans for the year ended March 31, 2020 is as follows:

	2020 Pension benefit plans	2020 OPEB plans	2019 Pension benefit plans	2019 OPEB plans
Accrued benefit obligation, end of year	\$ (365,043)	\$ (74,123)	\$ (382,746)	\$ (84,298)
Fair value of plan assets, end of year	362,260	-	382,024	-
Funded status, plan deficit	(2,783)	(74,123)	(722)	(84,298)
Add: Workplace Safety Insurance Board of Ontario liability and other benefit liabilities	-	(801)	-	(739)
Total employee future benefit obligation	\$ (2,783)	\$ (74,924)	\$ (722)	\$ (85,037)

The amount of \$2,783 (2019 – \$722) reported on the statement of financial position as pension benefit funded status represents the excess of the actuarial value of accrued pension benefits obligation over pension assets and consists of a net pension asset balance of \$1,940 (2019 – \$5,110) in the pension plan and a liability of \$4,723 (2019 – \$5,832) in the Supplementary Retirement Plan.

The breakdown of the total benefit cost is as follows:

	2020 Pension benefit plans	2020 OPEB plans	2019 Pension benefit plans	2019 OPEB plans
Employer current service cost	\$ (7,466)	\$ (2,353)	\$ (8,154)	\$ (2,730)
Finance cost	1,702	(4,374)	896	(4,009)
Total defined benefit cost	\$ (5,764)	\$ (6,727)	\$ (7,258)	\$ (6,739)

6 EMPLOYEE FUTURE BENEFIT PLANS (CONTINUED):

The significant actuarial assumptions adopted in measuring ESA's accrued pension benefits and OPEB obligations for the year ended March 31, 2020 are as follows:

	Pension benefit plans		OPEB plans	
	2020	2019	2020	2019
Discount rate	6.30%	5.70%	6.30%	5.70%
Rate of compensation increase (before merit)	2.50%	2.50% Ultimate	2.50% Ultimate	2.50%
Increase in Consumer Price Index	2.00%	2.00%	-	-

The significant actuarial assumptions adopted in measuring ESA's expenses for pension benefits and OPEB obligations for the year ended March 31, 2020 are as follows:

	Pension benefit plans		OPEB plans	
	2020	2019	2020	2019
Discount rate	6.30%	5.40%	6.30%	5.40%
Rate of compensation increase (before merit)	2.50%	2.50%	2.50%	2.50%
Increase in Consumer Price Index	2.00%	2.00%	-	-
Expected long-term rate of Return on plan assets	6.30%	5.40%	-	-

ESA's rate of growth for health care costs in 2020 is estimated as follows:

Drugs – 6.75% in 2020 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:

	2020	2019
Cash	2%	3%
Short-term investments	–	1%
Fixed income securities	30%	30%
Canadian equities	33%	31%
U.S. equities	18%	18%
Non-North American equities	17%	17%
	100%	100%

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

	2020	2019
Employer's contributions	\$ 6,386	\$ 8,118
Employee's contributions	5,667	5,472
Benefits paid	21,651	13,830
Re-measurements due to pension benefit actuarial gains (losses) and plan amendments	28,897	(5,814)

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

The reconciliation of the Defined Benefit Obligation as at March 31, 2020 is presented below:

Reconciliation of the Defined Benefit Obligation (DBO)	Pension	OPEB
Defined benefit obligations – opening	\$ 382,746	\$ 84,298
Employer current service cost	7,466	2,353
Employee contributions	5,667	–
Net transfers	–	–
Benefits paid	(23,293)	(2,282)
Administrative expenses	(851)	–
Interest on defined benefit obligation	22,248	4,374
Actuarial (gains)/losses	(30,648)	(14,214)
Actuarial (gains)/losses – PfAD	1,708	(406)
	\$ 365,043	\$ 74,123

7 INTERNALLY RESTRICTED LONG-TERM INVESTMENTS:

Long-term investments in the amount of \$97,391 (2019 – \$95,518) 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 loss for the year totals \$1,034 (2019 – \$3,679 income) with an OPEB interest expense of \$4,374 (2019 – \$4,011).

8 REVENUE:

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

	2020	2019
Wiring	\$ 65,101	\$ 65,180
Continuous safety services	24,333	23,653
Other	24,943	23,928
	\$ 114,377	\$ 112,761

9 STATEMENT OF CASH FLOWS:

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

	2020	2019
Accounts receivable	\$ (1,020)	\$ 606
Other assets	(6)	(153)
Accounts payable and accrued liabilities	(384)	453
Deferred revenue	1,393	750
	\$ (17)	\$ 1,656

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, 2020.

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:

2021	\$	3,204
2022		3,206
2023		3,113
2024		3,121
2025		3,076
Thereafter		3,026
	\$	18,746

b) As at March 31, 2020, a letter of credit in the amount of \$351 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. The Company has access to a \$10,000 credit facility and believes that its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

13 GOVERNMENT REMITTANCES OUTSTANDING:

Government remittances consist of amounts (such as property taxes, sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when amounts become due. In respect of government remittances \$1,953 (2019 – \$2,133) 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.

15 IMPACT OF CORONAVIRUS COVID-19 PANDEMIC

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

IMPACT OF COVID-19 ON FINANCIAL RISKS:

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

i) Credit risk:

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

ii) Market risk:

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

a) Currency risk:

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

b) Other price risk:

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

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

15 IMPACT OF CORONAVIRUS COVID-19 PANDEMIC (CONTINUED)

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Company's operations and financial position is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic on the Company is not practicable at this time.

16 COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.





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 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. 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.

CROSS-SECTOR ADVISORY COUNCIL MEMBERS

Joe Kurpe

Ysni Semsedini

Rod Skinkle

Edward Donkersteeg – Hydro Ottawa Limited.

Dean Dunn – Infrastructure Health and Safety Association.

John Flagello – ATAJA Electric, Ltd.

Ajay Garg – Hydro One Networks, Inc – transmission.

Jeff Graham – Festival Hydro, Inc.

Serge Laflamme – Electrical Safety Authority.

Douglas Lapp – Ontario Regional Common Ground Alliance.

Eric Lucier – Orillia Power Distribution Corporation.

Sandy Manners – *(retired)* Guelph Hydro, Inc.

Tony Pereira – Bell/Hydro Liaison, Bell Canada.

Falguni Shah – Elexicon Energy, Inc.

Greg Sheil (*Chair*) – London Hydro, Inc.

Hani Taki – Toronto Hydro-Electric System Limited.

Michael Wilson – CSA Group

Michael Wittemund – Guelph Hydro – Alectra Utilities Corporation.

Gaye-Donna Young – Newmarket-Tay Power Distribution, Ltd.

Dan Guatto – Burlington Hydro.

UTILITY ADVISORY COUNCIL

Jim Butler – Horizon Utilities, Alectra Utilities Corporation.

Greig Cameron – Kitchener – Wilmot Hydro, Inc.

Stephen Cain – Ontario Energy Board.

Darren Desrosier (*Vice Chair*) – Hydro One Networks, Inc – distribution.

CONSUMER ADVISORY COUNCIL

Larry Allison
Julia Budahazy
Sandy Manners (*Vice Chair*)
Sunaina Menezes
Tammie Orifa
Rod Skinkle (*Chair*)

CONTRACTOR ADVISORY COUNCIL

Dave Ackison
Clint Attard
Shawn Blacklock
Ryan Delisle
Mark Hopkins
Joe Kurpe (*Chair*)
Tony Minna
Larry Pearson
Rob Sloan
Larry Shaver
Rob Smith
Dan Williams

ELECTRICAL CONTRACTOR REGISTRATION AGENCY ADVISORY COUNCIL

Larry Allison
Sean Bell (*Vice Chair*)
Steve DelGuidice
Leo Grellette
Cameron Hann
Joe Kurpe (*Chair*)
Debra Mattina
Larry Shaver
Brian Smith
Catherine Taylor

ONTARIO PROVINCIAL CODE COMMITTEE

Malcolm Brown –
Electrical Safety Authority.
Barry Buchanan
George Chelvanayagam
Gurvinder Chopra
Pierre Desilets
Kathi Farmer
Mel Fruitman
Vladimir Gagachev
Phil Lasek
Martin Lem
Chris Magnusson
Peter Olders
Ted Olechna (*Chair*) –
Electrical Safety Authority.
Tim Pope
Andrew Pottier
Eerik Randsalu
Dave Sinclair –
Electrical Safety Authority.
Rob Smith

CORPORATE POLICIES

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

Workplace Harassment, Violence and Discrimination

The Harassment, Discrimination and Violence in the Workplace Policy is a key part of ESA's program to prevent and address inappropriate and unacceptable conduct in the workplace. The Harassment, Discrimination and Violence in the Workplace Policy and related 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. The Whistleblower Policy establishes a comprehensive framework for the making and handling of internal reports of a whistle-blowing nature.

Under the Whistleblower Policy ESA employees, officers and Board members are responsible for reporting acts or omissions that are (or are suspected to be) illegal, unethical or contrary to ESA policies, including the Code of Conduct. Individuals reporting concerns in good faith will not suffer retaliation or reprisal. Any external reports of this nature about ESA continue to be handled pursuant to the Complaints Policy.

The Chief Ethics Officer is responsible for ensuring that whistleblower reports are appropriately handled and investigated, as necessary, in accordance with the procedures and that the Audit Committee is provided quarterly updates.

ESA's Code of Conduct

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

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](https://www.esasafe.com).

In 2019/2020 ESA received and resolved 27 formal complaints pursuant to the Complaints Policy compared to 26 in the previous year. ESA continues to work to resolve outstanding complaints.

Appeals Process

ESA is committed to providing individuals with the opportunity to request a review of an ESA order, a hearing of a licensing decision, or an appeal of the Director's decision before the Review Panel. In this regard, ESA established a fair and transparent reviews and appeals process to facilitate the right to request a review or an appeal. The reviews and appeals process, which can be reviewed at [esasafe.com](https://www.esasafe.com), defines specific steps and timelines to respond to a request for review or an appeal pertaining to the Ontario Electrical Safety Code, electrical utility distribution, product safety or Notices of Proposal and Notices made on licenses or licensing applications.

In 2019/2020, ESA received 2 appeals associated with the Ontario Electrical Safety Code (Regulations 164/99) compared to 5 the previous year. ESA received 5 appeals associated with Contractor Licensing (Regulation 570/05), compared to 3 in the previous year. ESA received 1 appeal associated with the Product Safety (Regulation 438/07).

French Language Service

ESA responds to requests for French services as they arise throughout the year. In 2019/2020, ESA's Customer Service Centre received 3,210 calls in French, compared to 3,540 the previous year.

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, which was updated in 2019. 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 2019/2020, ESA received 3,063 Requests for Information and conducted 3,611 Record Searches.

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

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, including the updated website. ESA has also established policies and processes to assist persons with disabilities, including the [Integrated Accessibility Standards Policy](#), updated in February 2020. ESA's Multi-Year Accessibility Plan will be reviewed and updated at least once every five years.

The Integrated Accessibility Standards Policy and Multi-Year Accessibility Plan can be found at [esasafe.com](https://www.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 and associated procedures, the business expense procedures, the Code of Conduct and other related policies for guidance.

All ESA employees involved in a procurement evaluation are required to safeguard confidential information, and be aware of, and abide by, any restrictions related to confidential information shared through this process. The Procurement Policy can be found at esasafe.com.

Management of Non-Regulatory Business

Per Schedule "F" of ESA's Administrative Agreement with the Ministry of Government and Consumer Services, ESA may engage in non-regulatory business ventures. Non-regulatory business falls outside government regulation but within ESA's mandate of electrical safety. ESA will only engage in non-regulatory business ventures that promote and enhance electrical safety and are consistent with the Objects in its Letters Patent unless prior approval by government has been obtained in accordance with our Administrative Agreement.

The Administrative Agreement (Schedule 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 developed internal policies and procedures that it must follow when engaging in existing or new non-regulatory business ventures. These policies and procedures ensure that ESA continues to meet the obligations and compliance reporting requirements outlined in its Administrative Agreement. Current internal policies and procedures include:

- Existing Non-Regulatory Business Venture Policy and accompanying Procedure,
- New Non-regulatory Business Ventures Policy and accompanying Procedure,
- Monitoring of Non-regulatory Business Procedure,
- Non-Regulatory Business – Conflict of Interest Policy and accompanying Procedure.

Per the Administrative Agreement, ESA is required to periodically engage a third party to conduct a review of its non-regulatory business ventures' compliance with the Schedule "F" (Non-Regulatory Business). This year, ESA engaged Deloitte to undertake a review of its non-regulatory business activities conducted between April 1, 2018 and March 31, 2019. Following this review, ESA was found to be in compliance, in all material respects, with the policy principles set forth in Schedule F. One minor opportunity for improvement was identified. This included a recommendation to expand ESA's policy portal access to all employees, as well as updating the Non-Regulatory Business Ventures Conflict of Interest Policy training to include examples of noncompliance.

A copy of Deloitte's summary report is available on the "Non-Regulatory Business" section of ESA's website.



Jaime Marquez, IT Developer



Kishan Vipul, Senior Financial Services & Budget Analyst – Business Practices and Paulina Jurczyk, Financial Analyst



CONTACT US

HEAD OFFICE

155A Matheson Blvd West
Mississauga, ON L5R 3L5

CUSTOMER SERVICE CENTRE

1-877-ESA-SAFE (372-7233)
esa.cambridge@electricalsafety.on.ca

esasafe.com



@homeandsafety



facebook.com/ElectricalSafetyAuthority



linkedin.com/company/electrical-safety-authority



youtube.com/ElectricalSafetyESA