

Fiscal 2003
Annual Report

2004-2006
Business Plan

Perspective on Safety



Corporate information



Corporate Profile

The Electrical Safety Authority (ESA) is a not-for-profit corporation accountable to a Board of Directors that reflects a broad group of stakeholders. ESA is responsible for public electrical safety in Ontario as designated by Ontario Regulation 89/99. ESA operates in accordance with the *Safety and Consumer Statutes Administration Act* under an administrative agreement with the Ministry of Consumer and Business Services (MCBS). ESA's delegated responsibilities include the administration and enforcement of key sections of the *Electricity Act* and *Ontario's Electrical Safety Code*.

Our Vision

Experts in Electrical Safety
Superior Services and Solutions
A Recognized Leader

Board of Directors

Dane B. MacCarthy (Chair), President, Annedane Investments Incorporated 2,3
Robert M. Stelzer, President & CEO, Electrical Safety Authority 2
Robert G. Dowler, Director, Marketplace Standards and Services Branch, MCBS, Ontario 1,3
Wayne E. Gatien, President, Powertel 2
Michael Lio, President, Lio & Associates 1
Reginald A. MacDonald, President, Honey Electric Limited 1,3
W. Ian McDonald, President, Black & McDonald Group Limited 3
Robert J. McGavin, Corporate Director 2
Roy R. Philippe, (Retired) Deputy Ontario Fire Marshal 1,3
William J. Scott, (Retired) General Manager, York Hydro 2
Joseph L. Tersigni, Chairman of the Board, Marshall Macklin Monaghan Limited 1
Gordon Thursfield, President, Nexans Canada Inc. 1

1 Audit, Finance & Risk Management Committee members held three meetings in fiscal 2003. (Chair – M. Lio)

2 Nominating, Governance & Risk Management Committee members held four meetings in fiscal 2003. (Chair - R. McGavin)

3 Regulatory Affairs Committee members held four meetings in fiscal 2003. (Chair –R. MacDonald)

Board Appointed Officers

Robert M. Stelzer, President & CEO
Ray G. Gauthier, Chief Service Officer
W. Wayne Howard, Vice-President Finance and Chief Financial Officer
Peter A. Marcucci, Vice-President Regulatory Affairs and Corporate Services
Judith A. McTavish, Corporate Secretary and General Counsel
Scott D. Saint, Vice-President and Chief Operating Officer
Ronald J. Schertzer, Director, Programs

Auditor

Ernst & Young

Perspectives

Fiscal 2003

Annual Report

on Safety

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Message from the Chair

"ESA IS POSITIONED TO IDENTIFY HIGH RISK AREAS WHERE IT CAN ACHIEVE MAXIMUM SAFETY IMPACT"



This past year the Electrical Safety Authority clearly demonstrated its ability to meet the challenges of its important public safety mandate.

The company pursued a number of approaches to increase electrical safety that complemented the delivery of traditional inspection services. At the same time, ESA recovered from the financial challenges associated with making the transition to a customer focused stand-alone safety business. By the end of fiscal 2003, the organization was financially stable and continued to focus on expanding its influence over electrical safety, as witnessed by a continuing decrease in electrical fatalities.

The Board of Directors actively participated in ESA's strategic planning session to establish a vision and plan that will set the direction for the business over the next three years. The plan recognizes and reinforces the electrical safety expertise ESA employees contribute, the customer service benchmarks that have been incorporated into business practices, and the new programs and regulations that are expected to significantly impact public electrical safety. In addition, the Board continues to emphasize the importance of financial integrity in order to have the flexibility to meet safety objectives.

The commitment of dedicated and knowledgeable employees, coupled with a strong economy, made 2003 a year in which many significant goals were achieved. Board members with their broad base of experience and capability made a strong contribution to this improved performance.

A special note of appreciation must also go to the Ministry of Consumer and Business Services for their ongoing support and guidance as ESA continues to influence public electrical safety through consideration of new safety regulations and the provincial contractor licensing initiative.

Moving forward, ESA is well positioned to deliver electrical safety services, and to identify high-risk areas where it can achieve maximum impact.

The steps the Electrical Safety Authority took this past year strengthened its business structure and fully supported its electrical safety mandate.

A handwritten signature in dark ink, appearing to read 'Dane MacCarthy'.

Dane B. MacCarthy
Chair, Electrical Safety Authority



Report from the President & CEO

"...WE HAVE ACHIEVED OUR GOALS"

During the past two years, we at the Electrical Safety Authority have worked hard to overcome difficult challenges to ensure we remain financially self-sufficient while meeting the requirement of our public safety mandate. I am pleased to report we have surpassed our financial goals, while at the same time improving customer service and our impact on safety. These outcomes are a reflection of the effort and support from our staff and key stakeholders.

We are proud of our achievements.

We dramatically improved our financial position through a combination of expense reduction, revenue improvement and receivables collection. After combined losses of more than \$14 million over the last two years, we generated a surplus of almost \$2 million in fiscal year 2003. In addition, we ended the year with a strong cash position of over \$9 million.

We trained more than 10,000 electrical contractors and electricians on requirements of the newly released 23rd edition of the Ontario Electrical Safety Code. This exceeded our target and will lead to a safer Ontario.

We improved customer service by extending the operating hours of our Customer Service Centre. We exceeded our service objective to answer 70% of all calls within 30 seconds. We introduced a pilot program allowing large residential contractors to take out new notifications and examine the status of existing ones over the Internet.

We launched several information technology initiatives. We improved the mobile computer system used by our Inspectors, and modified invoices to respond to customer requests.

We worked closely with electrical contractors and other stakeholders to generate a comprehensive Blueprint for Fee Restructuring that outlines the future direction of our fee structure.

We worked in collaboration with the Ministry of Consumer and Business Services on possible future initiatives for Electrical Contractor Licensing and an Electrical Distribution Safety Code.

We reached a new Collective Agreement with the Power Workers' Union (PWU) that struck a fair balance between represented employee and Company needs.

We introduced a new business planning cycle and strategic plan to provide future direction for the Company.

This was a year of rebuilding for the Electrical Safety Authority. We are pleased with the outcome and look forward to continuing to improve our company in the years to come.

Robert M. Stelzer, P.Eng, MASC, MBA

President and Chief Executive Officer, Electrical Safety Authority

Regulatory Perspective

"... A PLAN TO
DEVELOP A
CONSISTENT AND
HIGH STANDARD
FOR LICENSING ..."

This past year, the Regulatory and Engineering Division worked to ensure a successful implementation of the 23rd edition of the Ontario Electrical Safety Code. We delivered training to ESA inspectors and more than 10,000 electrical contractors in Ontario, and updated the Ministry of Training, Colleges and Universities' standards for electrical apprentices.

A fully integrated version of the new Code and electrical safety bulletins was developed and are offered on CD and the Internet, resulting in record sales of the Code.

Our technical advisors handled more than 5,000 calls requesting support and clarification on Code interpretation, produced 49 electrical product incident reports, and issued 45 technical bulletins. We are active in more than 35 provincial and national codes and standards committees and hold membership in national oversight committees.

We continued to work closely with safety stakeholders, and entered into agreements with the Ontario Fire Marshal's Office and the Office of the Coroner to share information on electrical accidents, incidents and fatalities. Similar agreements are in place with the Workplace Safety and Insurance Board and Ontario's Ministry of Labour. Among many benefits, these agreements assist us in developing our annual report on Electrical Safety in Ontario, and support statistical modeling that prioritizes issues and concerns based on risk.

We worked with all product certification organizations to establish the recently issued guidelines for field evaluation of electrical products in Ontario. The Standards Council of Canada has subsequently developed a national accreditation program for organizations providing such evaluations.

Changes to the provincial electricity system have required the development of minimum electrical safety standards for the design and construction of electrical distribution systems across Ontario. Following extensive public and industry consultation, we submitted a proposed Electrical Distribution Safety Code to the Government in May, 2002.

Responsibility for licensing electrical contractors and electricians rests with local municipalities. Some choose to license, many do not. Over the last two years ESA has worked with the Electrical Contractors Association of Ontario and the Ontario Electrical League to develop a plan to establish a single, consistent high standard for licensing electrical contractors and electricians, administered by ESA. If accepted, this proposal will result in a new licensing system that will improve public safety, increase consumer protection, decrease red tape and fragmentation for businesses, and reduce government revenue loss associated with the underground economy.



Peter Marcucci,
Vice-President Regulatory Affairs and Corporate Services



"... A DIRECTORS
CODE OF CONDUCT
WAS ADOPTED."

Governance Perspective

The Board of Directors took an active role this past year in ensuring the Electrical Safety Authority remained focused on the achievement of its business objectives and furtherance of its electrical safety mandate.

The Board met four times, including a session dedicated to strategic direction, and implemented several governance initiatives. With Board committees well established, a Board Charter, which includes a Directors Code of Conduct, was adopted. A self and peer assessment process was put in place to ensure ongoing Board effectiveness, and a Director's profile was created to facilitate succession planning.

The Board of Directors shares responsibility for ESA's mandate with many stakeholders -- the public, the government, the electrical industry and employees. Engaging these stakeholders in consultation is critical to the organization's ability to identify and effectively address key safety issues. In the past year the Board was actively engaged in a number of initiatives including: Utility Regulations, Contractor Licensing and Fee Restructuring.

The Board's Regulatory Affairs Committee actively participated in the Fee Restructuring Steering Committee, which is comprised of ESA staff and a representative group of contractors. The Fee Restructuring Steering committee issued a discussion paper, A Blueprint for Fee Restructuring, in November 2002. Feedback has resulted in:

- A pilot project to evaluate a fee based on electrical labour hours;
- A streamlined fee schedule that reduces fee items by approximately 25%;
- Enhancements to the Authorized Contractor Program to reward good safety performance;
- Commitment to a province-wide licensing of electrical contractors to provide a more effective framework for monitoring safety performance in the electrical industry.

The Board's efforts over the last year have reinforced the important contribution our Directors make to the Electrical Safety Authority's business affairs and future direction.



A handwritten signature in black ink that reads "Judith McTavish".

Judith McTavish
Corporate Secretary and General Counsel

Service Perspective

"... FOCUSED ON
DELIVERING THE
HIGHEST POSSIBLE
STANDARD OF
SERVICE."

The Electrical Safety Authority's Customer Service Centre (CSC) celebrated the first anniversary of a consolidated processing centre in June 2002. Meeting the challenges inherent in a start-up operation, efforts have focused on delivering the highest possible standard of service.

Initially effort was made to ensure the best processes and technologies were in place to streamline requests for inspection services. Subsequently, ongoing training was developed and applied to educate Customer Service Representatives (CSRs) about the business, its geographic distribution and customers. Over the year, as CSRs became more knowledgeable, productivity improved approximately 22%.

The CSC was re-organized into geographic employee teams to mirror the service delivery arm of the business. This has enabled CSRs to focus on increasing their knowledge of specific geographical locations and the contractors who service the area. To encourage information and idea sharing, significant effort has been dedicated to building a cohesive relationship between CSRs and Inspectors.

CSC operations have been extended two hours with telephone service now available from 7:00 a.m. to 4:30 p.m. daily. In addition, invoices and statements have been modified and streamlined to support contractors.

In the past fiscal year the CSC received 425,000 customer calls. In addition 361,000 applications, an 11% increase over fiscal 2002, were processed.

A Customer Self-Serve pilot project was conducted with 10 electrical contractors. This initiative has supported ESA in defining specific technology and process requirements, and gaining customer feedback critical to ensuring a seamless introduction to expanding the on-line business option.

Through application of best practices, outstanding receivables were reduced by close to \$2.4 million, and days' sales outstanding for accounts receivable were reduced to 37 days from 45 days.

A Quality Assurance program was developed to monitor calls and measure data accuracy, track conformance, and provide feedback. This feedback will assist us in defining staff training needs, identifying steps to increase efficiency and accuracy of data inputting, ensuring application processing within required timelines, and maintaining telephone service level objectives.

Progress recorded over the last year has demonstrated the value of a consolidated processing centre to efficiently meet the electrical safety mandate.



Ray Gauthier
Chief Service Officer



"... OUR
INSPECTORS MET
THE CHALLENGES
ASSOCIATED WITH
THE HIGHEST
CONSTRUCTION
LEVELS ON
RECORD."

Operations Perspective

The Operations Division's 209 Electrical Inspectors are at the forefront of ensuring the Electrical Safety Authority consistently and effectively meets its safety mandate.

This past year our Inspectors met the challenges associated with the highest construction levels on record, the introduction of a new Ontario Electrical Safety Code, increased requests for information and advice from the electrical trade through more than 400,000 on-site inspections associated with applications for wiring inspection, and the fulfillment of more than 3,100 Continuous Safety Services contracts. They met an 11% increase in demand for General Inspections of facilities, representing more than 9,000 inspections to assess potential shock and fire hazards, and to ensure safe use of electrical equipment and products. They investigated 2,000 facilities for unsafe installation, 300 suspicious fire reports, and identified approximately 105,360 defects associated with electrical installations across the province.

Inspector knowledge of the Ontario Electrical Safety Code is a continuous learning process. Knowledge is increased through the support and teaching from ESA's Regulatory Division's Technical Advisors and regular team meetings. This continuous learning will now be formalized through the establishment of regular classroom training.

The Operations Division offers a plan review service to ensure Code requirements are taken into consideration prior to construction. In the past year ESA has defined specific requirements for plan approvals and prepared to meet the growing need for this service. More than 2,000 drawings were reviewed to ensure Code compliance.

The Field Evaluation group operates world-wide and focuses on conducting field evaluations and approving electrical products and product components intended for use in Ontario which resulted in the approval of 74,000 pieces of electrical equipment. To support inspections of this equipment, which is primarily one-of-a-kind and state-of-the-art, Field Evaluation Inspectors must know the Ontario Electrical Safety Code and field technical equipment standards. Last year, they responded to 75 out-of-province field evaluation inspection requests.

Performance over the past year has demonstrated that the electrical safety mandate is being well managed by the dedicated men and women in the field, and the teams that support them.



Scott Saint

Vice-President and Chief Operating Officer

Programs Perspective

"... WE HAVE
ESTABLISHED
'POINT OF
PURCHASE'
CONTACT WITH
CONSUMERS ..."

The Programs Division, a new department within the Electrical Safety Authority, came into its own this past year. The mandate is to grow public electrical safety awareness and to introduce products and services that make it easier to do business with ESA, and easier to comply with the Ontario Electrical Safety Code. Division employees bring unique communication, marketing, analytical and program/delivery management skills to the safety equation.

The Division introduced Product Councils to ensure ESA programs and processes are regularly reviewed and improved. Feedback comes from the Industry, Consumer and Fee/Contractor Advisory Councils, public consultations, as well as Product Councils for existing programs such as Continuous Safety Services and the Authorized Contractor Program. In addition, employee and customer research are regularly conducted.

This past year we gained a better understanding of the work history, demographics and training requirements for contractors participating in the Authorized Contractor Program. Findings will result in program enhancement.

As part of the proposal to restructure fees, consultation identified the need for a pricing option that takes into account inspection efforts and risk. A pilot project is under way to support the design and development of a concept where inspection fees are based on electrical hours worked by qualified electricians.

The Programs Division developed safety-reporting tools to assist business and industry owners in managing site electrical maintenance activities under the Continuous Safety Services program. With changes to electrical safety requirements for the installation and maintenance of traffic signals and street lighting, the Division introduced Continuous Safety Services process components to make it easier to meet compliance obligations.

Ongoing efforts to develop safety alliances across the electrical industry resulted in the introduction of Elecsafe, a group of 10 electrical industry stakeholders. This past year's campaign focused on growing awareness through an electrical safety portal web site, www.elecsafe.info, and the development of a power line safety campaign for the coming year. Together with ESA's corporate website, www.esasafe.com, these public electrical safety information channels generated 5.5 million hits, and close to 800 requests for electrical safety information.

To further promote safety awareness we have established 'point of purchase' contact with consumers of electrical equipment and components. This was accomplished through a pilot program, launched in January 2003, with a partner in the home renovation retail industry. ESA has received positive feedback on this campaign that shares important electrical safety tips with renovators and homeowners.

As its role evolves, the Programs Division expects to increase the Electrical Safety Authority's visibility and impact on electrical safety awareness in Ontario.



Ron Schertzer
Director, Programs



2003 Business Performance

Business Objective 1

PROVIDE LEADERSHIP THAT MAKES ELECTRICAL SAFETY A CORE VALUE FOR THE GENERAL PUBLIC.

Electrical Safety Authority Divisions worked diligently to meet business performance objectives in 2003 by bringing their different perspectives together to meet our safety mandate.

With the introduction and promotion of the 23rd edition of the Ontario Electrical Safety Code, more than 10,000 electrical contractors and electricians were trained on changes to requirements for safe electrical installations in Ontario, and record sales of the Code were achieved. In addition, a new alliance was formed which resulted in packaging the Code with bulletins and making it available in an electronic format to respond to changing customer needs.

To support customers in identifying compliance requirements prior to initiating construction, increased emphasis was placed on enhancing the plan approval process with the introduction of a dedicated plan approval function.

Fiscal 2003 was a year of consultation. ESA worked with provincial and national stakeholders through participation on standards committees to promote harmonization, establish new standards, and develop guidelines for product approvals. Efforts to expand electrical safety regulation to cover the distribution of electricity resulted in a detailed consultation and the submission of a proposal for an Electrical Distribution Safety Code. Ongoing work with contractors and their associations led to the introduction of a proposal to introduce a province-wide licensing standard for electrical contractors.

We maintained our commitment to introduce a regulatory framework that would support alternatives to the device-based fee schedule. A proposal was completed that outlines the future direction for a fee structure that recognizes the need to deliver inspection services to different markets with different qualifications and abilities.

To grow the electrical safety business in a manner that responds to high-risk electrical installations, we maintained our commitment to produce an annual report on Electrical Safety in Ontario, and developed statistical modeling to better identify risk points.

A concerted effort was made to continue to inform the public about electrical safety. Legal and risk management professions have been educated on the compliance requirements associated with the Ontario Electrical Safety Code. To influence worker safety, the Elecsafe alliance extended membership to include the Construction Safety Association of Ontario in addition to: CSA International, Electrical and Utility Safety Association, Electrical Contractors Association of Ontario, Electricity Distributors Association, Electro-Federation Canada, Hydro One Networks, International Brotherhood of Electrical Workers, Ontario Electrical League, and Ontario Power Generation. In addition, the alliance has formed relationships with the Farm Safety Association Incorporated and Education Safety Association of Ontario to support a May 2003 power line safety campaign.

Recognizing the impact of the 'do-it-yourself' market and the non-licensed contractor market, a pilot project is being conducted with a home renovation retail channel to test the impact of electrical safety awareness messaging.

Business Objective 2

The Electrical Safety Authority invested significant resource time and effort to ensure Inspectors were trained on updated Ontario Electrical Safety Code requirements. A recent customer satisfaction survey identified Code interpretation/information as the most important inspection service component and rated average satisfaction in this area greater than 85%.

Customer Service Centre (CSC) efforts focused on meeting performance objectives associated with streamlining customer requests for inspection services. Over the course of the year service hours were extended to 7:00 a.m. to 4:30 p.m. The CSC was re-structured into geographic teams to mirror the inspection side of the business, and wiring customer invoices and statements were modified. Call tracking indicated 77% of calls are responded to within 30 seconds exceeding our benchmark of 70%. In addition, a Quality Assurance program has been developed that will involve monitoring calls, measuring data accuracy, tracking conformance, and providing feedback to Customer Service Representatives. In response to changing customer needs ESA piloted an on-line self-serve initiative with 10 contractors.

**PROVIDE
OUTSTANDING
CUSTOMER
SERVICE.**

ESA's leadership role in introducing options to the traditional device-based fee schedule has resulted in the simplification of the standard fee program, extensions to the Authorized Contractor Program, and the introduction of a pilot to assess the potential to charge for inspection services based on electrical labour hours.

This past year the importance of stakeholder relationships was reinforced across the business. Specific efforts were made to strengthen linkages with safe work associations to support not only electrical safety messages, but to ensure accuracy in statistical review and assessment of workplace accidents. Active participation on the Fire Marshal's Public Fire Safety Council continues to strengthen the safety relationship between ESA and this important safety stakeholder and channel to the public. Contractor associations have actively participated in ESA consultations to ensure that new regulations, processes, and programs represent the needs of this key customer segment. Given the degree of their input, the decision has been made to introduce a dedicated Contractor Advisory Committee in addition to the long standing Industry and Consumer Advisory Committees.

Business Objective 3

In fiscal 2003 the organization focused on financial stability, resulting in revenues exceeding expenses by approximately \$2.0 million. In addition, Customer Service Centre and Territory staff efforts streamlined accounts receivable with day's sales outstanding down to 37 from 45.

**ENSURE BUSINESS
IS FINANCIALLY
SOUND.**

In December 2002 management and representatives from the Power Workers' Union achieved a two year collective agreement that balanced employee, customer and business needs.

Business Objective 4

Ongoing efforts to streamline the mobile access tool used by our inspectors resulted in the introduction of a "one-screen" application. This application has made it easier to navigate and review daily work reducing inspector administration time. In addition, processes were modified to enable the automatic uploading and downloading of delivery information.

**STRENGTHEN
BUSINESS
PROCESSES.**

In conjunction with ESA's ongoing efforts to prioritize inspection services based on risk, the Operations Division initiated efforts to define a resource plan that will balance delivery and support functions to achieve optimum service levels.

"... (ESA)
HAS ACHIEVED
ITS FINANCIAL
PLAN..."

Financial Perspective

Efforts in the past year were focused on improving the Electrical Safety Authority's financial position to ensure financial stability and the provision of electrical safety services in Ontario. We were committed to executing a plan that included increasing revenue, reducing costs, achieving further operating efficiencies and minimizing capital spending. These objectives were achieved.

Revenue increased to \$53.2 million in fiscal 2003, an increase of 18% from fiscal 2002, and reflected increases across the business. Revenue increased due to strong economic activity in Ontario and higher wiring billing rates. Wiring revenue (both residential and commercial) increased by over 18% while revenue from Continuous Safety Services contracts increased by over 8%. More than 30% of wiring revenue was related to new residential construction that reached the highest reported levels since the late 1980s. The contribution from this segment could present a future risk in the event of declines in housing starts. Introduction of the 23rd edition of the Ontario Electrical Safety Code resulted in \$1.6 million in revenues from training and the sale of Code books. This will not recur in fiscal 2004.

Despite the increase in revenue, operating expenses (before depreciation and other costs) were contained to \$47.0 million compared to \$46.2 million in fiscal 2002 – only a 2.0% increase. Reductions to operating expenses are offset by some increases, the most significant being in the benefits area including pension costs. Funding continuing increases in benefit costs could pose a challenge to the business.

As a result of the revenue increase and cost containment the net excess for the year was \$2.0 million compared to a deficiency in fiscal 2002 of \$5.3 million that was impacted by reorganization costs in that year.

Cash flow was positive in fiscal 2003 at \$9.2 million compared to only \$0.7 million in fiscal 2002. Increase in cash flow was due to limited capital spending, an improved operating margin and continued improvement in the collection of accounts receivable. The days' sales outstanding in accounts receivable has been reduced to 37 days with the net account receivable balance down by close to \$2.4 million despite an increase in revenue. This has been achieved through applying best practices and making customer requested changes to invoices and statements.

The fiscal 2003 balance sheet is much stronger than it was at the end of last year. Current assets less current liabilities was approximately \$7.9 million, representing an increase of close to \$6.8 million. This figure includes cash and cash equivalents of close to \$15 million.

The Electrical Safety Authority has achieved its financial plan in fiscal 2003 but will continue to be diligent to contain costs and identify additional sources of revenue. Financial risks exist, but are known, included in our strategic plans, and will be addressed.



Wayne Howard

Vice-President and Chief Financial Officer

Auditors' Report

**To the Board of Directors of
Electrical Safety Authority**

We have audited the balance sheet of Electrical Safety Authority as at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by Corporations Act (Ontario), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Toronto, Canada
April 25, 2003

Ernst & Young LLP

Chartered Accountants

Balance Sheet

Electrical Safety Authority
As at March 31

	2003 \$	2002 \$
	[000's]	
ASSETS		
Current		
Cash and cash equivalents	9,926	746
Trade accounts receivable	4,353	6,744
Other current assets	765	397
Portfolio investments (note 3)	4,977	6,156
Total current assets	20,021	14,043
Capital assets, net (note 4)	4,543	7,630
Deferred pension asset (note 5)	5,840	7,941
	30,404	29,614
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued charges (note 5)	7,819	8,225
Deferred revenue	4,283	4,697
Total current liabilities	12,102	12,922
OPEB obligations (note 5)	20,461	20,357
Other long-term liabilities	704	1,160
Total liabilities	33,267	34,439
Contingencies (note 10)		
Net assets		
Invested in capital assets	4,543	7,630
Internally restricted	6,956	6,000
Unrestricted	(14,362)	(18,455)
Total net assets	(2,863)	(4,825)
	30,404	29,614

See accompanying notes

Approved on behalf of the Board:

Director



Dane B. MacCarthy
Chair, Electrical Safety Authority

Director



Robert M. Stelzer, P.Eng, MASC, MBA
President and Chief Executive Officer, Electrical Safety Authority

Statement of Operations

Electrical Safety Authority
Year ended March 31

	2003 \$	2002 \$
	[000's]	
Revenue	53,176	45,109
Expenses		
Salary, wages and benefits	35,340	32,423
Operating	11,681	13,764
Depreciation and amortization [note 4]	3,144	2,113
Other costs [note 8]	1,049	(116)
	51,214	48,184
Excess (deficiency) of revenue over expenses before the following	1,962	(3,075)
Reorganization costs (note 7)	—	(2,232)
Excess (deficiency) of revenue over expenses for the year	1,962	(5,307)

Statement of Changes in Net Assets

Year ended March 31

	2003			2002	
	Unrestricted	Internally restricted	Invested in capital assets	Total	Total
	\$	\$	\$	\$	\$
	[000's]			[000's]	
Balance, beginning of year	(18,455)	6,000	7,630	(4,825)	(1,162)
Excess (deficiency) of revenue over expenses for the year	5,106	—	(3,144)	1,962	(5,307)
Board transfers for future expenditures	(956)	956	—	—	—
Investment in capital assets, net	(57)	—	57	—	1,644
Balance, end of year	(14,362)	6,956	4,543	(2,863)	(4,825)

See accompanying notes

Statement of Cash Flows

Electrical Safety Authority
Year ended March 31

	2003 \$ [000's]	2002 \$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	1,962	(5,307)
Add (deduct) items not involving cash		
Depreciation and amortization	3,144	2,113
Change in deferred pension asset	2,101	1,500
Loss on sale of portfolio investments	128	534
Unrealized loss (gain) on portfolio investments	1,027	(468)
Increase (decrease) in long-term liabilities	(352)	750
	8,010	(878)
Net change in non-cash working capital balances related to operations (note 9)	1,203	3,312
Cash provided by (used in) operating activities	9,213	2,434
INVESTING ACTIVITIES		
Purchase of capital assets	(57)	(1,644)
Proceeds on sale of portfolio investments	1,518	5,028
Purchase of portfolio investments	(1,494)	(3,167)
Cash provided by (used in) investing activities	(33)	217
Net increase in cash and cash equivalents during the year	9,180	2,651
Cash and cash equivalents (bank indebtedness), beginning of year	746	(1,905)
Cash and cash equivalents, end of year	9,926	746
Supplemental cash flow information		
Interest paid	15	87

See accompanying notes

Notes to Financial Statements

Electrical Safety Authority
March 31, 2003

1. BASIS OF PRESENTATION

The Electrical Safety Authority [the "Company" or "ESA"] is a not-for-profit corporation without share capital, incorporated under the Corporations Act (Ontario) and operating as an Administrative Authority under an Administrative Agreement with the Ministry of Consumer & Business Services ["MCBS"]. ESA is not taxable under Section 149 of the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of ESA have been prepared in accordance with Canadian generally accepted accounting principles, applied on a basis consistent with that of the preceding year. The following is a summary of the significant accounting policies followed by ESA:

Rate-setting

ESA, subject to the approval of the MCBS, established the fees to be paid for inspection, test and approval of all such works and matters as described in Section 113(1) of the Electricity Act, 1998. Effective April 1, 2003, ESA was granted the authority to establish its own fees for services that in the past required the approval of the MCBS.

Revenue recognition

Revenue is recognized 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 services are billed as this corresponds with services completed.

Capital assets

Capital assets are recorded at cost. Depreciation is recorded on a straight-line basis over the following periods:

Computer software	5 years
Electronic equipment	3 years
Telephone and projection system equipment	5 years
Office furniture and inspection equipment	10 years

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Cash and cash equivalents

Cash and cash equivalents consist of unrestricted cash and short-term deposits, with original terms to maturity of less than 180 days.

Financial instruments

The fair values of the Company's current financial assets which include cash and cash equivalents and trade accounts receivable and financial liabilities which include accounts payable and accrued charges and deferred revenue approximate their carrying values due to the short-term nature of these financial instruments. Portfolio investments are recorded at market value as described in note 3.

Post-employment benefits

The 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. Pension costs for accounting purposes are actuarially determined using the projected benefit method prorated on services and based on assumptions that reflect management's best estimate of the future events on the actuarial present value of accrued pension benefits. Pension plan adjustments are amortized on a straight-line basis over the expected average remaining period of service of the employees covered by the pension plan.

Notes to Financial Statements

Electrical Safety Authority
March 31, 2003

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

In addition to pension benefits, ESA's other post-employment benefits ["OPEB"] and other post-retirement benefit programs include group life insurance, health care, long-term disability, retirement bonuses and supplementary retirement plans. These costs are also determined using the actuarial benefit method prorated on services and based on management's best estimates.

ESA accrues its obligations under pension and OPEB plans and the related costs, net of plan assets. Pension and OPEB expenses consist of current service costs, interest and adjustments arising from plan amendments, changes in assumptions, and actuarial gains or losses, which are amortized on a straight-line basis over the expected average remaining service life of the employees covered by the plan. Pension and OPEB expenses are recorded during the period in which employees render services.

Use of estimates

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. Since a precise determination of many assets and liabilities depends on future events, the preparation of financial statements for a period necessarily involves the use of estimates and approximations and, accordingly, actual results may differ from such estimates and approximations.

Internally restricted net assets

Certain net assets are restricted for specific purposes relating to future expenditures on capital assets, working capital requirements and support services. When the expenditures are incurred the related costs are charged to operations [capital or operating] and reflected in internally restricted net assets. Based on budgets and Board approval, a required balance is determined at the year-end date and the necessary transfers are made from or to unrestricted net assets.

3. PORTFOLIO INVESTMENTS

Portfolio investments of ESA include marketable securities, pooled funds, treasury bills, corporate, provincial and federal bonds. Marketable securities are recognized at their quoted market value. Unrealized gains and losses are recognized in other income (loss) in excess of costs. Marketable securities comprise various domestic and foreign securities. The market values of the investments as at March 31 are as follows:

	2003	2002
	\$ [000's]	\$
Domestic securities with a cost base of \$1,396 [2002 - \$867]	1,252	965
Foreign securities with a cost base of \$1,694 [2002 - \$1,675]	1,257	1,524
Foreign pooled fund with a cost base of \$2,277 [2002 - \$2,262]	1,246	1,750
Fixed income investments with a cost base of \$1,180 [2002 - \$1,768]	1,222	1,917
	4,977	6,156

Total payments made by ESA for purchases of investments were \$1,494 [2002 - \$3,200] during the year. This included the reinvestment of interest and dividend income of \$135 [2002 - \$139] and proceeds on sale of investments amounting to \$1,519 [2002 - \$5,028]. ESA realized a loss on sale of investments of \$128 [2002 - \$532]. The unrealized gain (loss) on the portfolio investments for the year was approximately \$(1,027) [2002 - \$468].

Effective April 11, 2003, the portfolio investments of ESA were fully converted into money market funds.

Notes to Financial Statements

Electrical Safety Authority
March 31, 2003

4. CAPITAL ASSETS

Capital assets consist of the following:

	2003		Net book value
	Cost	Accumulated depreciation & amortization	
	\$	\$	\$
	[000's]		
Computer software and licenses	6,585	3,880	2,705
Electronic equipment	1,544	1,464	80
Telephone and projection system equipment	407	126	281
Office furniture and inspection equipment	1,071	350	721
Leasehold improvements	1,549	793	756
	11,156	6,613	4,543
	[000's]		
	2002		
	Cost	Accumulated depreciation & amortization	Net book value
	\$	\$	\$
	[000's]		
Computer software and licenses	6,557	1,538	5,019
Electronic equipment	1,698	1,441	257
Telephone and projection system equipment	407	22	385
Office furniture and inspection equipment	1,120	252	868
Leasehold improvements	1,527	426	1,101
	11,309	3,679	7,630

Included in the 2003 figures is \$28 for a capital project in process, which will be transferred to completed projects [computer software] during 2004. There was no amortization recorded for this project in process in 2003.

During the year, management's estimate regarding the life of certain software licenses changed due to a change in circumstance which resulted in an increase in depreciation and amortization in the amount of \$1,018.

Notes to Financial Statements

Electrical Safety Authority
March 31, 2003

5. BENEFIT PLANS

ESA's employee benefit programs include the pension plan, the group life insurance plan, the long-term disability plan and the group health care plan. Pension plan assets and obligations, other post-employment and other post-retirement obligations and related expenses are impacted by factors including interest rates, adjustments arising from plan amendments, changes in assumptions and actuarial gains or losses. During the year, pension and other post-employment and post-retirement costs of \$3,584 [2002 - \$2,852] were charged to operations.

Pension plan

The actuarial present value at March 31, 2003 of the accrued pension benefit obligation is \$127,120 [2002 - \$121,286]. The fair value of the plan assets available for these benefits at March 31, 2003 is \$112,854 [2002 - \$129,375] resulting in a deficit of \$14,266 [2002 - surplus of \$8,089].

The amount of \$5,840 reported on the balance sheet as a deferred pension asset represents the excess of the net assets over the actuarial value of accrued pension benefits and consists of a balance of \$6,362 in the pension plan and a liability of \$522 in the Supplementary Retirement Account. Legislation gives ESA the right to take a contribution holiday on pension payments until such time as the asset is depleted or subject to future labour negotiations.

Other post-employment benefit obligations [OPEB obligations]

ESA has a number of unfunded benefit plans providing other retirement and post-employment benefits [excluding pension] to most of its employees. The Company pays certain medical, dental and life insurance benefits, under unfunded defined benefit plans, on behalf of its retired employees.

Notes to Financial Statements

Electrical Safety Authority
March 31, 2003

Information about ESA's defined pension benefit plan and OPEB plans for the year ended March 31, 2003 is as follows:

	2003	
	Pension benefit plan	OPEB plans
	\$ [000's]	\$
Calculation of net benefit plan expense		
Current service cost	3,539	473
Interest on accrued benefits	8,581	1,261
Expected return on plan assets	(9,341)	—
Amortization of transitional obligation	716	(34)
Amortization of past service costs	(822)	45
Amortization of net actuarial gain	(556)	(278)
Net benefit plan expense	2,117	1,467
Change in benefit obligation		
Accrued benefit obligation, beginning of year	121,286	17,490
Current service cost	4,670	433
Interest on accrued benefits	8,581	1,261
Benefits paid	(7,925)	(1,033)
Actuarial loss	509	1,412
Accrued benefit obligation, end of year	127,121	19,563
Change in plan assets		
Fair value of plan assets, beginning of year	129,375	—
Actual return on plan assets	(9,913)	—
Employer contributions	—	1,023
Employee contributions	1,316	(1,023)
Benefits paid	(7,924)	—
Fair value of plan assets, end of year	112,854	—
Funded status - plan deficit	(14,267)	(19,563)
Unamortized net actuarial gain	(2,230)	(1,971)
Deferred asset loss	22,387	—
Unamortized past service costs	3,831	215
Unamortized transitional obligation	(3,889)	(242)
Employer contributions	8	—
Accrued benefit asset (liability)	5,840	(21,561)

The OPEB accrued liability of \$21,561 is reflected on the balance sheet with the short-term portion included in accounts payable and accrued charges in the amount of \$1,100, and the long-term portion included in OPEB obligations in the amount of \$20,461.

Notes to Financial Statements

Electrical Safety Authority
March 31, 2003

Information about ESA's defined pension benefit plan and OPEB plans for the year ended March 31, 2002 are as follows:

	2002	
	Pension benefit plan	OPEB plans
	\$ [000's]	\$
Calculation of net benefit plan expense		
Current service cost	3,723	425
Interest on accrued benefits	8,150	1,222
Expected return on plan assets	(9,288)	—
Amortization of transitional obligation	(556)	(35)
Amortization of past service costs	716	45
Amortization of net actuarial gain	(1,243)	(307)
Net benefit plan expense	1,502	1,350
Change in benefit obligation		
Accrued benefit obligation, beginning of year	117,661	16,864
Current service cost	4,870	425
Interest on accrued benefits	8,150	1,222
Benefits paid	(4,600)	(810)
Actuarial gain	(4,795)	(211)
Accrued benefit obligation, end of year	121,286	17,490
Change in plan assets		
Fair value of plan assets, beginning of year	131,250	—
Actual return on plan assets	2,537	—
Employer contributions	—	803
Employee contributions	1,180	—
Benefits paid	(5,592)	(803)
Fair value of plan assets, end of year	129,375	—
Funded status - plan surplus (deficit)	8,089	(17,490)
Unamortized net actuarial gain	(249)	(3,650)
Unamortized past service costs	4,547	260
Unamortized transitional obligation	(4,446)	(277)
Accrued benefit asset (liability)	7,941	(21,157)

The OPEB accrued liability of \$21,157 is reflected on the balance sheet with the short-term portion included in accounts payable and accrued charges in the amount of \$800, and the long-term portion included in OPEB obligations in the amount of \$20,357.

Notes to Financial Statements

Electrical Safety Authority
March 31, 2003

The significant actuarial assumptions adopted in measuring the Company's accrued pension benefit and OPEB obligations for the year ended March 31, 2003 are as follows:

	Pension benefit plan %	OPEB plans %
Discount rate	7.25	7.25
Expected long-term rate of return on plan assets	6.90	n/a
Rate of compensation		
Increase [before merit]	3.50	3.50
Increase in Consumer Price Index	3.00	2.50

6. LINE OF CREDIT

ESA has arranged a short-term bank line of credit in the amount of \$3,000 of which \$534 [2002 - nil] in favour of the Workplace Safety & Insurance Board was utilized at year-end. This line of credit is secured by business assets of ESA, excluding portfolio investments, and bears interest at the lender's prime rate plus 0.75%. During the year, interest expense totalled \$15 [2002 - \$87].

7. REORGANIZATION COSTS

During 2002, ESA developed a plan to reduce staff, office space, and other operating costs considered no longer required. This plan was expected to result in a one-time cost of \$2,232. This plan was completed in 2002.

8. OTHER COSTS

Other costs represent the gain or loss on the equity portion of portfolio investments.

9. STATEMENT OF CASH FLOWS

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

	2003 \$ [000's]	2002 \$
Trade accounts receivable and other current assets	2,023	2,642
Accounts payable and accrued charges and deferred revenue	(820)	670
	1,203	3,312

Notes to Financial Statements

Electrical Safety Authority
March 31, 2003

10. CONTINGENCIES

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers and former employees. On an ongoing basis, the Company assesses the likelihood of any adverse judgments or outcomes to matters as well as potential ranges of probable costs and losses. A determination of the provision required, if any, for these contingencies is made after analysis of each individual issue. Management believes but can provide no assurance that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Company.

11. LEASE COMMITMENTS

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 consist of the following at March 31, 2003:

	\$
	[000's]
2003	2,445
2004	1,921
2005	1,457
2006	1,401
2007 and thereafter	1,398
	8,622

12. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2003 financial statements.

Perspectives

2004 - 2006

Business Plan

on Safety

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Letter from the President & CEO



The Electrical Safety Authority has improved almost every dimension of its business over the last year. As good as progress has been, we must do better.

Toward this objective, a new strategic plan has been developed. Central to the plan is the decision that improvement in internal processes will take precedence over the pursuit of business growth opportunities. As a result, efforts for the coming year will focus on improving operating processes across the organization.

The strategic plan maintains ESA's four key objectives: Provide leadership in electrical safety; provide excellent service; ensure the business is financially sound; and strengthen business processes. Progress against these objectives will be evaluated by 12 performance measures directly linked to 25 action plans.

The following initiatives are of particular importance:

FEE RESTRUCTURING: Past efforts have supported the development of proposed recommendations that will be implemented in the next fiscal year.

SAFETY/BRAND IDENTITY: Initiatives will continue to raise ESA's profile as a safety organization; to heighten awareness of the rules for electrical inspection; and to increase public electrical safety awareness.

SAFETY MANAGEMENT: A framework to align resources to 'highest risk' areas will be implemented.

RESOURCE PLANNING: A planning process will be implemented to enable ESA to determine resource requirements based on estimated work.

INFORMATION SYSTEM: Computing and system requirements will be assessed and a path forward defined to achieve our business goals.

ON-LINE SERVICES: Plans to provide on-line access for requesting inspection services will be extended to a broader group of customers.

ESA's strategic plan and direction have been communicated to employees and stakeholders. The Electrical Safety Authority has committed, talented employees with diverse skills. This, together with an experienced Board, excellent advisory committees, and an increasingly close relationship with key stakeholders will ensure our objectives are achieved.

The successful execution of this strategic plan will make ESA better than it is today, and we look forward to working together in partnership to continuously improve.

A handwritten signature in black ink, appearing to read 'R. Stelzer'.

Robert M. Stelzer P.Eng, MASc, MBA
President and Chief Executive Officer

Safety Direction

THE GOVERNMENT OF ONTARIO RAISED THE PROFILE OF ELECTRICAL SAFETY IN 1999 WHEN IT CREATED *THE ELECTRICAL SAFETY AUTHORITY*. THE NEW ORGANIZATION WAS CHARGED WITH RESPONSIBILITY FOR REGULATING THE SAFE USE OF ELECTRICITY AND EQUIPMENT IN ONTARIO, ENFORCING THE ONTARIO ELECTRICAL SAFETY CODE, AND APPOINTING INSPECTORS. THE MANDATE FOR PUBLIC ELECTRICAL SAFETY HAS CLEARLY BEEN THE DRIVING FORCE IN SETTING THE BUSINESS DIRECTION AND OBJECTIVES.

Our Mandate

Ontario's Electricity Act and the Safety and Consumer Statutes Administration Act and regulations establish the Electrical Safety Authority's (ESA) responsibility for regulating the safe use of electricity and equipment in Ontario, enforcing the Ontario Electrical Safety Code, and appointing Inspectors. This mandate takes the company beyond the traditional role of a regulator as rule maker and enforcer. While ESA is responsible and accountable for public electrical safety, the mandate is a responsibility it shares with the public, customers and stakeholders.

To achieve this mandate, ESA has, and will continue to ensure:

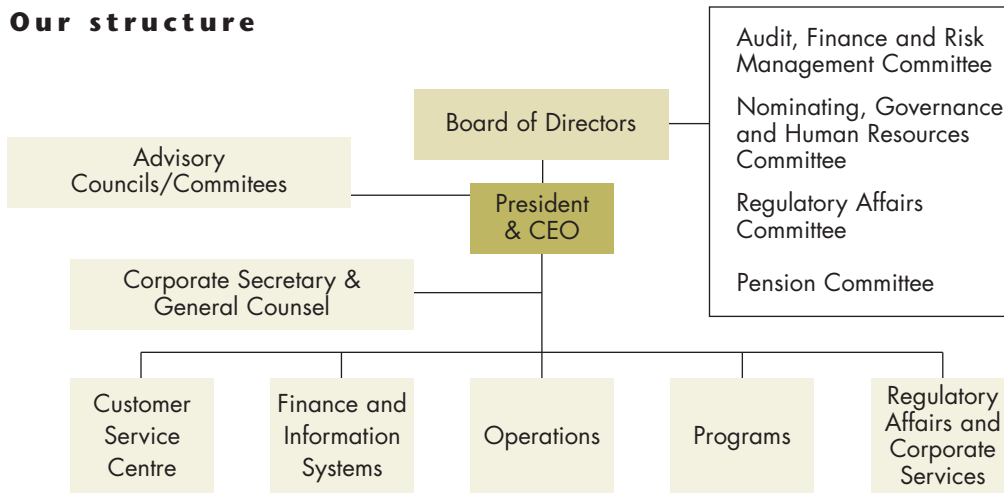
- Employees have the highest level of technical and service knowledge available.
- The best technical expertise is accessed to define and modify electrical standards to ensure they reflect the highest possible safety requirements for Ontario.
- Programs and services are clearly defined, respond to customer needs, and are delivered in an effective and efficient manner.
- Systems and processes are constantly updated to respond to technological changes.
- Information sources are clearly defined to assist in assessing public safety needs and setting safety priorities for Ontario.
- Consultation with employees, customers, and the public on key business initiatives is ongoing.
- New opportunities to increase electrical safety are vigorously pursued.
- Safety partnerships are developed to support ESA in extending the reach of its important safety messages.

Safety Foundation

Our Business Foundation

The Electrical Safety Authority has developed a business foundation that can deliver high standards of electrical safety. This foundation recognizes the different safety perspectives and their impact. Resources have been aligned across the organization to process customer orders, deliver on customer requests, provide technical advice and guidance, define standards and regulations, introduce programs and services, and manage customer and public consultations.

Our structure



The Electrical Safety Authority is responsive to customer concerns and special needs:

COMPLAINTS POLICY:

ESA views complaints as an opportunity to strengthen relations with customers, stakeholders and the public. By providing information and encouraging two-way communication, ESA is able to continually improve service quality. Complaints that are not dealt with to the satisfaction of the complainant can be referred to the President and Chief Executive Officer.

The Complaint Policy and contact information are posted on ESA's web site at www.esa-safe.com. In the past fiscal year ESA received 46 written complaints, and approximately 90% were resolved within ten business days of receipt. A total of seven written complaints were referred to the Chief Executive Officer.

FRENCH LANGUAGE POLICY:

ESA responds to all inquiries received in the French language. An appropriate level of service is provided in the French language whenever and wherever public safety and customer service warrant.

Safety Assumptions

The following assumptions must be realized in order to meet the measures for success presented in the Electrical Safety Authority's fiscal 2004-2006 business planning cycle:

- Electrical installations and maintenance will continue to be regulated and inspected by ESA during this period.
- ESA will continue to receive Government support to develop and approve new safety regulations or legislation that could impact public electrical safety.
- Employees, customers and stakeholders will continue to provide feedback to support ESA initiatives and increase satisfaction.
- ESA will continue to receive cooperation from safety stakeholders in the collection and data sharing on electrical incidents that define high-risk areas.
- The Ontario economy will be strong and new construction, especially in the residential sector, will continue.
- ESA will continue to meet the objectives of the financial management plans (stable operating costs and forecasted revenue flow).
- Continuous Safety Services customers will continue to renew contracts valuing the safety service.

2004-2006 Business Objectives

Business Objectives	Key Focus Area	Success and Performance Measures
Provide leadership in electrical safety	<i>Fee Restructuring</i>	• Introduce a modified standard fee program that streamlines fee categories. • Pilot a Certified Contractor Program concept where fees for inspection services are based on electrical labour hours worked.
	<i>Safety/Brand Awareness</i>	• Increase public safety awareness by 25% in the home renovation retailer pilot. • Participate in the Elecsafe Alliance Campaign on power line safety. • Issue safety alerts as required.
	<i>New Customer Offerings</i>	• Fully implement the Municipal Street Lighting and Traffic Signals initiative. • Launch an Electrical Distribution Safety Code. • Establish a Provincial Contractor and Electrician licensing program. • Establish a Contractor Advisory Committee in addition to the Industrial Advisory Council and Consumer Advisory Committee. • Evaluate a like-for-like basic exemption for qualified contractors.
	<i>Safety Management Framework</i>	• Implement a statistical model to support ESA in prioritizing program and delivery activities based on risk.
	<i>Establish Higher Standards for Program Participants</i>	• Reduce by 20% Authorized Contractor Program participants with defect ratings greater than 2%. • Define a generic appeals process that can apply to all service offerings.

Business Objectives	Key Focus Area	Success and Performance Measures
Provide Excellent Service	<i>Inspection</i>	• Reduce inspection backlog to 4% or less by monitoring inspector workflow. • Introduce guidelines for prioritizing inspection service delivery. • Implement an Inspection resource planning tool.
	<i>Customer Service Centre</i>	• Ensure calls are answered in 30 seconds or less (on average). • Improve Customer Service Centre data quality by 20%. • Ensure Customer Service Centre fax backlog does not exceed 5% of weekly work. • Arrange field visits for all Customer Service Representatives as part of the Customer Service Centre training/ customer relationship initiative. • Raise wiring customer service satisfaction by 2%. • Expand the self-service platform for ESA customers. • Institute a call mapping system that will automatically transfer incoming calls to the appropriate geographic team.

2004-2006 Business Objectives

Business Objectives	Key Focus Area	Success and Performance Measures
Ensure Business is Financially Sound	<i>Financial Resources</i>	• Achieve a surplus of 1% of sales. • Maintain accounts receivable within 40 days sales. • Diversify revenue sources by generating over \$800,000 in increased revenue from the Continuous Safety Services program.
	<i>Improve Business Productivity</i>	• Reduce Inspector administrative time by 20% through system enhancements and work practices. • Reduce by 5% Customer Service Centre costs to process an application for inspection.
	<i>Enhance Information Systems</i>	• Introduce detailed Continuous Safety Services customer reporting. • Develop a comprehensive 'Information System' plan to address business needs and challenges. • Streamline information systems to increase efficiency to support reductions in Inspector and Customer Service Centre administrative time.
	<i>Employee Training</i>	• Provide Inspector training. • Provide Customer Service Representative training.
Strengthen Business Processes	<i>Employee Communication</i>	• Establish regional communication meetings to keep staff informed of corporate initiatives. • Hold quarterly Joint Management/Union meetings. • Produce Quarterly Employee Newsletters.

In summary, the Electrical Safety Authority operates with four key objectives: Provide leadership in electrical safety; provide outstanding customer services; ensure financial viability; and strengthen business processes.

To achieve these objectives, we will focus on:

- Accelerating brand and safety awareness
- Raising customer satisfaction
- Re-positioning programs to recognize quality performance
- Providing options to make it easier to comply with the Ontario Electrical Safety Code
- Diversifying our customer base
- Prioritizing inspection activities
- Maintaining financial viability.

In the past year ESA has grown and strengthened its infrastructure. We continue to pursue opportunities to further streamline operations, increase efficiencies, and introduce programs that focus on risk and make Code compliance easier. Consultation with employees, stakeholders, customers, and the public will continue. New channels to strengthen the consultative processes will be explored. New stakeholder relationships that have the potential to become channels for disseminating electrical safety requirements and messages to different segments of the Ontario market will be actively pursued.

ESA'S FINANCIAL PROJECTIONS AND TRENDS

After two financially challenging years, the Electrical Safety Authority achieved financial stability in fiscal 2003. Revenue exceeded expenses by \$2.0 million and, due to positive cash flow, ESA has approximately \$15 million in cash and cash equivalents. Fiscal 2004 projections indicate the coming year will not be as financially successful for a number of reasons.

This past year, new home construction was at its highest level since the late 1980s, and a new Ontario Electrical Safety Code was introduced. We do not expect this level of activity to continue in fiscal 2004. Revenue is planned to decrease due to an expected 5% decline in new home construction and new Code activities (training and the sale of Code books) that will not be repeated. This will be offset to some extent by planned growth of 7% in the Continuous Safety Services line of business.

Operating expenses, other than salaries, wages and benefits, are planned to decrease a further 5%, representing a decrease for the fourth consecutive year. Total expenses will decrease next year despite an increase in salaries, wages and benefits related to contractual commitments, and certain new funds allocated to achieve the strategic objectives outlined in this document.

As a result, ESA's plan assumes a modest excess (revenue exceeding expenses) of \$0.5 million in fiscal 2004.

The cash position improved in fiscal 2003 as a result of the positive operating margin, limited capital spending and continued strict working capital management. Cash flow is again planned to be positive next year, but will decrease because of capital commitments approaching \$1.8 million that will further impact efficiencies and achieve strategic goals. There was limited capital spending in fiscal 2003. Risks to this financial plan relate mainly to the impact of housing and commercial construction starts.

The execution of this financial plan will continue to position the company in a stable environment and assist in achieving strategic objectives. Below are actual financial results for fiscal years ended March 31 2001, 2002, 2003, and projections for fiscal 2004.

Revenue & Expenses (Base Business)

		2001	2002	2003		2004	
		(M\$) (actual)	(actual)	(actual)	% change	(projection)	% change
Revenues	Total	41.6	45.1	53.2	18.0	49.5	(7.0)
Expenses	Salaries, Wages & Benefits	31.1	32.4	35.3	9.0	36.2	2.6
	Operating Expenses	15.7	13.8	11.7	(14.6)	11.1	(5.1)
	Depreciation	1.4	2.1	3.2	52.4	2.0	(37.5)
	Total	48.2	48.3	50.2	4.1	49.3	(1.8)
Margin		(6.6)	(3.2)	3.0		0.2	
Reorganization & Other Costs		(2.3)	(2.1)	(1.0)		0.3	
Net excess (deficiency)		(8.9)	(5.3)	2.0		0.5	
Cash Flow		(8.9)	0.7	9.2		0.1	

N.B. This table represents base business only for fiscal 2004 and does not include the potential impact of certain regulatory initiatives.

Customer Safety Perspectives

The Electrical Safety Authority's efforts to respond to the different public perspectives associated with electrical safety are supported by Consumer Advisory and Industry Advisory Committees. Both Committees report to the President and CEO and have provided valuable feedback on, and support for, safety initiatives.

Consumer Advisory Committee

The Consumer Advisory Committee provides observations, advice and recommendations on matters relating to the safe use of electricity and electrical products to support ESA in meeting its public safety and safety education mandates. The Committee meets quarterly and includes representation from a wide spectrum of public interests focused on ensuring consumer safety.

Members include:

Steve Bober (St. Marys)	Paramedic, Ontario Paramedic Association
John Buchanan (Ottawa)	Retired, Federal Department of Consumer & Corporate Affairs
Mel Fruitman (Maple)	President, Ontario Consumers Association of Canada
Lynn Girty (Blenheim)	Farmer, Chair (Hydro Committee) Ontario Federation of Agriculture
Pamela Hardie (Toronto)	Former Member, Ontario Energy Board
Valerie Lee (Kitchener)	President, Infant & Toddlers Safety Association
Keith Maracle (London)	Southern First Nations Secretariat
Dick Vosburgh (Guelph)	Professor Emeritus, University of Guelph (Board Member Consumer Council of Canada)
Bob Wing (Pickering)	Retired, School Principal (Former Chair, Ontario Teachers' Federation)
Derek Zulesky (Toronto)	Education Safety Association of Ontario

Industry Advisory Council

The Industry Advisory Council supports the development of public safety policy and strategy by providing feedback from associated industry segments. The Council provides a forum for electrical safety experiences and insights to be shared for discussion and resolution. The Council meets quarterly and includes representation from a number of industries that can identify and bring forward electrical safety issues.

Members include:

Rick Archdekin, President, Midland Power Utility Corporation
Brad Bell, Vice-President, Carcini Burt Rogers Incorporated
Ed Braithwaite, President, C & C Construction Limited
Glenn Carr, President, Campbell and Kennedy Electric Limited
Dale Chaplow, Supervisor, General Motors of Canada
Frank Hull, Manager of Technical Services, Ontario Good Roads Association
Nick Malouf, Vice-President, Entela Canada Incorporated
Joseph Neu, Chairman of the Board, Electro Federation Canada
Ken Quesnelle, Vice-President and Assistant General Manager, Woodstock Hydro Services Incorporated
Brian Savaria, Manager, Product & Pricing Standards, Eaton Yale Limited Cutler-Hammer
Dave Sinclair, General Manager, Kenora Hydro

Employee Safety Perspectives

Each employee across the Electrical Safety Authority has the potential to influence public electrical safety. We make a difference through the information we provide, the services we deliver, the technical expertise we offer, the regulatory influence we have, and the commitment we share. Through our combined efforts, our families, children and grandchildren will be safer at home, in school, and at work. Through our efforts they, and the public in general, will increasingly learn how to keep themselves safe from potential electrical hazards. This is our contribution to public electrical safety.

Acton, K.	Burton, C.	Davis, K.	Galanis, G.	Johnston B.
Aldred, R.	Busato, D.	Davis, R.	Garrett, P.	Johnston, T.
Allemang, D.	Busch, R.	Dawson, A.	Gauthier, R.	Jorgenson, M.
Allen, R.	Bustraen, J.	De Luca, A.	Gerow, J.	Joyce, P.
Antongiovanni, C.	Butts, J.	De Simone, M.	Gheller, R.	Kaluzny, T.
Atkinson, D.	Cain, T.	Degen, L.	Gilbert, G.	Kaye, V.
Baguley, C.	Calabrese, J.	Desabrais, W.	Gilbertson, J.	Kearns, J.
Baker, T.	Campbell, S.	Deutsch, J.	Gillick, K.	Kendall, J.
Bakker, K.	Campos, J.	DiBattista, M.	Girdler, L.	Kerr, K.
Banks, M.	Carbis, C.	Donaldson, S.	Gougeon, D.	Kestenberg, M.
Barclay, S.	Card, C.	Doneff, R.	Griffin, J.	Kiffman, W.
Barnes, A. K.	Carlson, R.	Doran, R.	Gullins, D.	Kimmett, M.
Bateman, J.	Carmichael, J. E.	Douglas, S.	Hammer, W.	Kjaersgaard, T.
Beardmore, J.	Carnegie, K.	Dreyer, A.	Hardy, F.	Kluke, G.
Belair, G.	Carpenter, D.	Drimbe, D.	Harrison, D.	Koehler, N.
Benka, J.	Chartrand, R.	Drinkwater, M.	Hartwick, F.	Kosatschenko, A.
Bentley, M.	Chatten, B.	Drohan, B.	Hercules, D.	Kreviazuk, L.
Bjorndahl, N.	Chernysh, C.	Duncan, S.	Hermetz, F.	Kriese, K.
Black, J.	Chevrier, P.	Durant, T.	Heron, D.	Krohn, K.
Boadway, A.	Claerhout, M.	Dyke, D.	Hester, J.	Krose, D.
Bolton, B.	Clairmont, D.	Eaton, T.	Hogg, J.	Kuehn, F.
Bond, C.	Clish, J.	Elwood, R.	Holmes, B.	Lackman, B.
Borrelli, A.	Clutterbuck, D.	English, S.	Hopkins, J.	Laflamme, S.
Boudreau, B.	Cocuzzi, S.	Esplen, B.	Horner, W.	Lambert, P.
Boudreau, J.	Coe, R.	Eve, G.	Howard, W.	Landsborough, S.
Brace, K.	Coelho, V.	Ezard, Y.	Hubie, D.	Larkin, P.
Brightwell, K.	Conlin, T.	Fickling, S.	Hughes, T.	Larocque, G.
Brodie, A.	Connell, J.	Finlay, J.	Imeson, T.	Lawrence, B.
Bromley, B.	Cook, M.	Fitzpatrick, M.	Impera, L.	Lawrence, N.
Bromley, B.E.	Cooper, G.	Forbes, B.	Jack, D.	Lay, J.
Brown, G.	Copps, T.	Ford, D.	Jack, J.	Leblanc, E.
Bruce, C.	Corrado, A.	Forstner, A.	Jackson, A.	Leduc, C.
Bruder, S.	Cowell, D.	Fortin, R.	Jackson, J.	Lemay, H.
Buchanan, B.	Cowley, B.	Francis, J.	Jacobson, W.	LeSage, K.
Buck, G.	Cox, K.	Fraser, J.	Jadoo, P.	LeSage, M.
Budau, K.	Craighead, K.	Fraser, K.	James, G.	Lewis, P.
Bullock, R.	Creighton, J.	Fritz, C.	Jerrett, G.	Line, G. R.
Burns, J.	Dargie, D.	Furtney, L.	Johnson, R.	Lipsius, B.

Employee Safety Perspectives



Lis, A.	Olechna, T.	Sloane, B.	Virani, S.
Lue Quee, J.	Palao, Y.	Smith, A.	Walker, K.
Macan, C.	Paszkowiak, K.	Smith, B.	Walker, S.
Marcucci, P.	Patterson, L.	Smith, D.	Warner, R.
Margerison, P.	Patterson, M.	Smith, Jack	Watson, L.
Marshall, F.	Pauk, M.	Smith, Judy	Weber, K.
Martin, R.	Peragine, J.	Smith, L.	Webster, O.
Masters, G.	Pickle, D.	Smith, M.O.	Weeks, B.
Matthews, P.	Pollock, D.	Smith, M.	Wegner, S.
McCarthy, D.	Porcheron, P.	Smith, P.	Welker, G.
McConnell, D.	Post, M.	Smith, R.	Wickware, J.
McCormick, K.	Prosser, M.	Smith, S.	Wilkinson, J.
McHardie, D.	Purcell, B.	Smith, S.W.	Williams, B.
McLaren, D.	Quackenbush, T.	Snow, M.	Wilson, B.
McLelland, B.	Rawlins, J.	Sparkes, T.	Wilson, D.
McManus, C.	Reeves, L.	St. Onge, R.	Wilson, J.
McMullen, J.	Reid, W.	Stelzer, R.	Wilson, R.
McQuay, L.	Rhodes, C.	Stephens, S.	Wismer, R.
McTavish, J.	Ridding, M.	Stevens, W.	Witt, A.
Mercier, L.	Robertson, R.	Stewart, B.	Witt, D.
Merkel, D.	Robertson, D.	Stillo, Q.	Wolfe, D.
Migneault, R.	Robertson, L.	Stratychuk, B.	Yaremy, D.
Millen, D.	Roche, D.	Sutherland, R.	Young, B.
Millstein, M.	Rochon, G.	Sutton, B.	Zavitz, G.
Milton, J.	Rogers, J.	Szabo, M.	
Moore, J.	Ruscio, C.	Taylor, M.	
Moore, L.	Saint, S.	Tharmaseelan, P.	
Moore, M.	Sands, B.	Thomas, L.	
Morissette, S.	Schertzer, R.	Thompson, D.	
Moroz, R.	Scott, C.	Thompson, R.	
Morrow, B.	Scott, T.	Thomsen, J.	
Moscioni, T.	Scott, T.	Thomson, J.	
Murphy, B.	Seguin, C.	Tracey, J.	
Neal, P.	Seguin, M.	Trott, G.	
Needham, B.	Shamess, P.	Van Den Broeck, D.	
Newbigging, K.	Shchepanik, R.	Van Enckevort, H.	
Nuttall, L.	Sherwood, J.	Van Haeren, R.	
Oddi, M.	Shouldice, G.	Vandertuin, T.	
Ogilvie, R.	Simpson, J.	Vaughan, D.	



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