THE POWER OF WORKING TOGETHER

Electrical Safety Authority

FY2011 Year-end Annual Report

VISION

An Ontario free of electrical fatalities and serious damage, injury, or loss.

MISSION

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

THE ELECTRICAL SAFETY AUTHORITY

The role of the Electrical Safety Authority (ESA) is to enhance public electrical safety in Ontario.

Established in 1999 as a self-sustaining, not-for-profit corporation, ESA operates as a delegated administrative authority on behalf of the government of Ontario in accordance with Part VIII, section 113 of the *Electricity Act, 1998 S.O. 1998, c. 15, Sched. A* (the "Act") and the *Safety and Consumer Statutes Administration Act, 1996, S.O. 1996, c. 19.* ESA operates under the direction and control of a Board of Directors and is accountable to the Ministry of Consumer Services in accordance with an administrative agreement.

As part of our mandate, we are responsible for administering the Act and corresponding Regulations:

- Electrical Safety Code (Regulation 164/99);
- Licensing of Electrical Contractors and Master Electricians (Regulation 570/05);
- Electricity Distribution Safety (Regulation 22/04); and
- Product Safety (Regulation 438/07).

To meet this mandate, ESA:

- increases public awareness of and enforces the Act and associated Regulations;
- conducts inspections of electrical installations to ensure compliance with the requirements of the Ontario Electrical Safety Code;
- investigates fatalities, injuries, and fire losses associated with electricity; and
- educates on the safe use of electricity and the dangers of unsafe electrical products and installations.

ESA evolved from Ontario Hydro's Electrical Inspection Division and, while maintaining the importance of electrical inspections, responds to emerging safety concerns associated with the changing electricity environment.

Our work is driven by a five-year strategy that establishes our priorities and defines how we will ensure the organization will most effectively achieve our mandate.

CONTENTS

THE POWER OF WORKING TOGETHER

ON THE COVER: Bronwyn Krog, Vice President and Chief Development Officer, Toronto Community Housing, and Armando DeLuca, Inspector, Electrical Safety Authority (ESA) at Regent Park, Toronto.

Toronto Community Housing is Canada's largest social housing landlord and home to more than 164,000 people – about 6 per cent of Toronto's population. Toronto Community Housing and its partners are transforming Regent Park into a healthy, mixed-income, mixed-use community that will house 12,500 residents in new, energy-efficient and modern units. It works with ESA to ensure electrical installations and maintenance activities meet Ontario Electrical Safety Code requirements to protect residents, workers, and the public.

INNOVATIVE

ZERO ACCIDENTS SOLUTIONS

COLLABORATIVE

EVOLVING

ZERO ELECTRICAL INJURIES

SAFETY

FOCUS

GOALS

RELATIONSHIPS

PARTNERS

0

ZERO ELECTRICAL FATALITIES

WORKING TOGETHER TO REDUCE 5 KEY HARMS

that represent the cause of 70 per cent of all electrical injuries and fatalities in

ONTARIO

FOCUSING EFFORTS TO ACHIEVE GREATEST IMPACT

In fiscal year (FY) 2010, ESA introduced a targeted Harm Reduction Strategy to improve electrical safety in Ontario. Its goal is a 30 per cent reduction in electrical contact and fire fatalities by FY2015. To achieve that goal we must focus our efforts on the areas that present the greatest risks to Ontarians.

The 2009 Ontario Electrical Safety Report data showed that over 70 per cent of incidents arise from a specific set of risks or 'harms.' This is the basis of our Harm Reduction Strategy. Each of the harms has distinct root causes and requires tailor-made solutions involving prevention, detection, and enforcement.

POWERLINE SAFETY

Reduce powerline contacts among non-utility workers and the public.

Powerline electrocutions, which occur most frequently in public places and residential areas, account for 49 per cent of all electrocutions in the past decade. These incidents typically involve non-utility workers or the public.

HIGH-RISK WORKER SAFETY

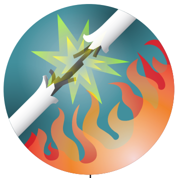
Reduce injuries and incidents related to unsafe electrical work practices.

Two thirds of all electrocutions occur in the workplace during electrical repair and maintenance, with 20 per cent of incidents involving electricians. Injuries and incidents primarily occur as a result of unsafe electrical practices and can be avoided.

ELECTRICAL PRODUCT SAFETY

Reduce fires and safety incidents related to electrical products.

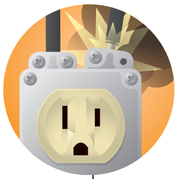
In FY2011, ESA received 921 reports of product safety issues. Product misuse was the primary cause of reported fires associated with electrical products.



AGING INFRASTRUCTURE

Reduce electrical contact and fire incidents related to street lighting and existing residential building installations.

According to most recent data, fires associated with electrical systems in older residential buildings (wiring, extension and appliance cords, terminations and panels) account for approximately 1,000 fires and five fatalities annually.



NEW WIRING

Align more ESA resources to the highest priority harm reduction initiatives.

ESA will continue to manage risk in the installation of new electrical wiring. We will align more inspection and non-inspection resources to the highest priority harm reduction initiatives in order to have the most positive impact on the safety of electrical installations.

CHAIR'S MESSAGE

ADVANCING ESA'S SAFETY VISION

ESA's mission is to improve electrical safety for all Ontarians. The Board's focus is on maintaining alignment of our activities to the mission while navigating changes in the operating environment and ensuring the sustainability of ESA's work.

This was the first year of our five-year Harm Reduction Strategy and significant progress was made in transforming the organization and, more importantly, improving safety. This Annual Report provides many examples of our achievements.

Our strategy is based on the principle of risk-based management – focusing resources on the highest risks in order to achieve the greatest safety benefits. Applying this principle has required some rethinking of established practices and I commend the ESA staff for their efforts in navigating these transitions.

Among the key changes this year was the establishment of a dedicated Stakeholder Engagement function at ESA. Stakeholder involvement is essential to our strategy; as reflected by the theme of this Report: *The Power of Working Together*. Our stakeholders are making a huge difference in how we move forward in a coordinated fashion and I want to thank each of the countless individuals who have contributed their expertise and their advice – it is critical to our success and sincerely appreciated.

While ESA pursues advances in safety, we must also have disciplined sustainable fiscal management. Reducing the rates of electrical incidents, injuries, and deaths requires significant investments of time and resources. From root cause and data analysis, through to prevention and enforcement work, ESA undertakes a broad scope of activities. Meanwhile the economic environment creates challenges for us and we must deal with increasing costs in our operations. This will remain a priority for the Board. We must continue to earn our place as a value-driven safety services provider to the Ontario public.

One key to successful corporate governance is the recruitment of top quality directors that bring unique skills to the boardroom. We were pleased to welcome Pamela Nowina to the Board this year. Pam's experience as a former Vice-Chair of the Ontario Energy Board brings additional and valuable regulatory experience to our work.

The Board continues to strive for leadership in our governance practices. Our efforts this year included:

- a two-day working session with our counterparts at the British Columbia Safety Authority which helped refine our understanding of progressive regulatory governance;
- continued Director development and developing succession strategies for Board roles; and
- ensuring robust lines of communication and effective collaboration with the Minister of Consumer Services and Ministry staff.

I express my great appreciation to my fellow ESA Board members, staff, and the management team for their hard work. It's a pleasure to be part of an organization driven by a profound dedication to safety.

Finally, I want to extend my gratitude to David Collie for his commitment to the vision of transforming ESA in its role of serving the public in Ontario.

John Wiersma,
Chair, Board of Directors

PRESIDENT AND CEO'S MESSAGE

GETTING TO ZERO THROUGH COLLABORATION

One year into our new five-year strategy, it's enormously gratifying to see how plans set out on paper have come to life across ESA.

ESA's new strategy was built on a solid foundation of achievements in improving electrical safety in Ontario over the previous decade. However, to continue to advance we needed a compelling vision of achieving zero electrical safety incidents, and we had to align the entire organization behind it. We also recognized that we could not achieve that vision by our efforts alone. We had to work with a spectrum of stakeholders.

In FY2011, we put particular emphasis on extending our stakeholder engagement activities:

- We added capacity with the establishment of a Stakeholder Engagement function and established the new role of Vice President, Communications and Stakeholder Engagement;
- We established important formal relationships; for example, our Memorandum of Understanding with Health Canada on product safety;
- We created working committees to respond to safety considerations in Local Distribution Company (LDC) asset management strategies;
- We joined forces with Workplace Safety and Prevention Services (WSPS) and the Canadian Standards Association (CSA) to provide worker safety training; and
- We became a founding member of the Canadian affiliate of the Electrical Safety Foundation International (ESFI), which will become a powerful national advocate for electrical safety.

These are just a few examples of how collaborating with stakeholders has advanced our safety efforts. In this Report you will see many more.

At the same time, we worked hard to ensure we used our own resources well to achieve the greatest impact. A key initiative for ESA is the development of the next generation of a risk assessment model. It will help to focus our work on areas that have the greatest potential to bring about beneficial change. We expect to begin to implement the new model in FY2012.

Throughout our history, ESA, its staff, and management team have been deeply committed to public safety. That commitment is found in the dedication of our inspectors as they cover the province reviewing thousands of electrical installations. It's in the hard work of our technical teams dissecting the details of new electrical equipment and applications. It's in the engagement of our customer service representatives. It's in the innovative campaigns produced by our communications team. It's in the efforts of our information technology department as it maintains the infrastructure that makes our work possible. It's in every department and level of ESA.

It is inspiring to witness that drive to ensure a safer Ontario.

I want to thank ESA staff and managers for their efforts and achievements, and our Chair and Board of Directors for their guidance and leadership.

I look forward to working with our team and stakeholders as we continue the push to *get to zero*.

David Collie
President & Chief Executive Officer

MANUEL MOREIRA
Truck/Float Driver,
Brantco Construction

SAMMY GO
Safety Supervisor,
Cambridge and
North Dumfries Hydro

EDUCATING, TOGETHER.

"As a **Safety Supervisor with Cambridge and North Dumphries Hydro** I work with ESA to remind the construction industry of the importance of safe limits of approach to reduce the risk associated with overhead powerline contact."

SAMMY GO

1 POWERLINE SAFETY

FIVE-YEAR GOAL (FY2011–FY2015): Decrease the number of worker and non-worker powerline related contact incidents from 160 to 113 (based on five-year rolling average).

FY2011 PROGRESS: 156 contact incidents. (Five-year rolling average using the most recent data – ESA 2010.)

Powerline contacts accounted for half of all electrocutions in Ontario over the past 10 years. While the rate of events has been showing improvement, this remains a high-priority area for ESA.

This year, we worked to improve safety by educating consumers and businesses about the risks of working or playing near powerlines and via collaborative efforts with the Local Distribution Company (LDC) community and other stakeholders to advance best safety practices.

ESA's annual powerline safety campaign alerted the public and high-risk worker segments to *'Look Up! Look Out!'* for overhead powerlines. The campaign reached more than 3.5 million people across Ontario. Research demonstrated a 29 per cent increase in consumer awareness of powerline risk over the last five years.

Incident reports identified an emerging trend of events involving older electrical distribution systems. Through our Utility Advisory Council, a working group of LDC representatives was formed to develop approaches for elevating safety considerations in the ongoing management of utility infrastructure and assets. Its deliberations take account of public safety concerns, and their guidelines will be finalized and shared with the LDC community in FY2012.

Other initiatives included working with the Infrastructure Health & Safety Association (IHSA), arborists, the tree-trimming industry, the construction and excavation industry, and other high-risk segments to improve safe work practices around powerlines.

FY2011 HIGHLIGHTS

Research has identified improvements in homeowner risk perception and behaviour. Over the last five years:

- public perception of potential for injury from contacting overhead powerlines increased by 29 per cent.
- homeowners who indicated they check for overhead powerlines when working outdoors increased by 7 per cent.

ESA reinforced powerline safety through collaboration with:

- LDCs to develop guidelines for incorporating public safety concerns as part of LDC asset management;
- the IHSA to create guidelines for trimming and planting trees near overhead powerlines;
- the Technical Standards and Safety Authority (TSSA) to endorse April as 'Dig Safe Month.'

GARY EVE
Senior Inspector, ESA

"On the front-line we're in the position to be able to intervene to prevent electrical incidents. Our focus on prevention has resulted in more than 500 team-based safety interventions in the past year."

KRISTINA SCHWARTZ
Director of Operations and Sustainability,
Brookfield Office Properties

ROY ELWOOD
CSS Senior Inspector, ESA

PARTNERING, ON AWARENESS.

Brookfield Office Properties is committed to providing a safe and healthy work environment for their employees. A long-time ESA Continuous Safety Services customer, Brookfield has identified and responded to electrical safety opportunities. ESA worker safety and standards training has educated Brookfield Operations staff on safe work practices. The introduction of a *No Live Work Policy* has strengthened worker awareness and education by ensuring hazard level ratings and personal protective equipment requirements exist throughout their facilities.

2 WORKER SAFETY

FIVE-YEAR GOAL (FY2011–FY2015): Decrease the number of worker related electrical fatalities and critical injuries from 25 to 18 (based on five-year rolling average).

FY2011 PROGRESS: 22 incidents. (Five-year rolling average using the most recent data – Ministry of Labour 2009.)

Improving workers' electrical safety requires ensuring good workplace practices by workers themselves, their supervisors, and their managers. ESA undertakes many of its worker safety prevention activities through direct engagement at work sites where incidents occur.

By providing targeted safety training to ESA's Continuous Safety Services (CSS) customers, we have added value beyond our core services. In FY2011, ESA created four electrical safety learning modules for our CSS customers on: general electrical worker safety; near-miss panel incidents; powerline safety; and electrical safety at home. These modules are used at client health and safety meetings, and emphasize consistent safe practices and procedures. This popular initiative will be expanded in FY2012.

We also extended the reach of ESA's activities through a partnership with Workplace Safety and Prevention Services (WSPS) to deliver training on the Canadian Standards Association (CSA) Z462 Workplace Electrical Safety Standard. More than 250 people participated in training during the year.

While executing inspections, ESA staff also distributed worker safety information kits to businesses and individuals in order to increase awareness and engagement.

We employ a comprehensive approach to advancing worker safety. This includes everything from collecting more incident data and increasing our understanding of workplace incidents, to sharing messages and tactics with others who can advance overall worker safety.

FY2011 HIGHLIGHTS

A survey of more than 250 participants in Z462 Workplace Electrical Safety Training identified a high satisfaction level, exceeding WSPS' goal by 20 per cent.

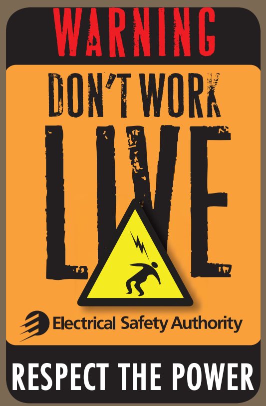
More than 150 health and safety presentations were given to CSS customer groups across Ontario.

More than 17,000 ESA worker safety information packages were distributed to businesses and their employees.

Sponsorship of the WSPS Partners in Prevention show helped ESA to distribute powerline and electrical safety messages to more than 65,000 safety influencers.

DAVE PHELAN
CSS Inspector

"In Continuous Safety Services we get many opportunities to work with customers on unique solutions that will advance employee and public safety."



ASH SAHI
President & CEO, CSA Group

COLLABORATING, ON HIGH STANDARDS.

"A collaborative relationship between the Canadian Standards Association and the Electrical Safety Authority has assisted in harmonizing electrical product standards beyond the provincial level to national and international levels. Our joint involvement as Canadian Chairs has influenced the development of a number of ISO product safety standards in the past year."

ASH SAHI

3 ELECTRICAL PRODUCT SAFETY

FIVE-YEAR GOAL (FY2011–FY2015): Decrease the number of electrical related product fires from 1,952 to 1,367 (based on five-year rolling average).

FY2011 PROGRESS: 1,853 product fires. (Five-year rolling average using the most recent data – Office of the Fire Marshal 2009.)

ESA's product safety responsibilities include collecting and assessing reports of unsafe products, and working with retailers, manufacturers, and certification bodies to ensure timely corrective action and public notification. There were 921 reports of product safety concerns in FY2011, 754 investigations completed by year-end, and 67 product recalls and 29 safety alerts.

Our analysis has identified safety concerns with the misuse of electrical products. Cooking equipment is a primary ignition source attributed to residential fires, and a frequent source attributed to fire deaths in the home. ESA continues to chair the Stove Top Fire Safety Working Group of the Ontario Fire Marshal's Public Fire Safety Council. In this capacity, we work closely with stakeholders to identify recommendations to prevent these incidents.

Most electrical products are available in more than one jurisdiction, so ESA works to advance national and international product safety efforts:

- In September 2010, ESA and Health Canada signed an agreement to streamline the reporting and management of electrical product issues. (This agreement was made prior to the passage of the *Canada Consumer Product Safety Act* which comes into effect in FY2012.)
- ESA commissioned a report on national approaches to manage electrical product safety in response to a request from the National Public Safety Advisory Committee, which includes many Canadian regulators and Health Canada.
- ESA is active in the development of an International Organization for Standardization (ISO) Product Recall Standard.

FY2011 HIGHLIGHTS

921 product safety incident reports received and 754 incident investigations completed. The remaining reports are either under ongoing investigation or were deemed invalid.

67 product recalls and 29 safety alerts issued in response to unsafe products.

ESA chaired Canada's delegation to ISO PC240 Product Recall Standard project group.

Productive discussions held with many stakeholders to advance a national approach to managing electrical product safety issues.

NORM BRETON
General Manager,
Harm Mitigation, ESA

"A comprehensive approach to electrical product safety means responding to reports of unsafe electrical products and tackling the misuse of products that cause incidents."

ANDREW BLOOMFIELD
Director of Operations, Street Lighting
(Chair, Street Lighting Asset Committee)

MARTIN AITKENHEAD
Head, Electrical Engineering Section,
Ontario Ministry of Transportation (MTO)
(Member, Street Lighting Asset Committee)

BUILDING BETTER, TOGETHER.

ESA's pursuit of a collective approach to respond to concerns associated with low-voltage electrical contact incidents and streetlights resulted in the creation of an industry-led working group and work on a best practice guideline for streetlight asset owners. The cooperative approach of all members on the Street Lighting Asset Committee has the potential to effect a significant positive safety change across the province.

4 AGING INFRASTRUCTURE

FIVE-YEAR GOAL (FY2011–FY2015): Decrease the number of electrical fires with distribution equipment as an ignition source in homes built prior to 1975 from 788 to 552 (based on five-year rolling average).

FY2011 PROGRESS: 747 fires. (Five-year rolling average using the most recent data – Office of the Fire Marshal 2009.)

ESA continues to focus on potential electrical hazards associated with aging buildings and infrastructure.

The number of appliances and electronics in Ontario households can create overloading in older homes if wiring has not been properly updated. Improper installation, modification, or maintenance of wiring systems can increase the risk of electrical fires.

In response, ESA sponsored the development of a new Canadian Standards Association (CSA) standard for the review and identification of electrical safety considerations for existing dwellings. This voluntary guideline can be used by anyone undertaking electrical inspections including home inspectors, electrical contractors, and insurance inspectors. A review of the impact of electrical system upgrades benchmarked against this standard found that 66 per cent of electrical system fires (2002 to 2010) could have been prevented.

ESA continued to respond to events associated with municipal street lighting systems. We formed a Street Lighting Asset Committee to engage asset owners and others in the development of guidelines for the safe design, installation, operation, and maintenance of these systems. The goal is to reduce potential electrical hazards to the public.

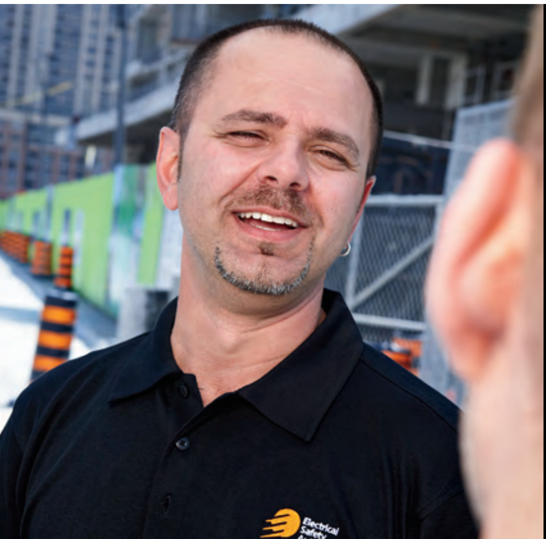
Recognizing the broad scope of electrical safety issues, ESA became a founding member of the Canadian affiliate of the Electrical Safety Foundation International (ESFI). ESFI Canada will facilitate sharing of information, research, and safety materials and will become an important new advocate for advancing electrical safety awareness.

FY2011 HIGHLIGHTS

ESA supported the development of the CSA C22.6 standard for Electrical Inspection of Existing Residential Occupancies.

Significant progress was made on the development of guidelines to establish safety benchmarks for the safe operation, maintenance, and construction of street lighting systems.

As a founding member of the Canadian affiliate of ESFI, ESA will work with other stakeholders to advance electrical safety awareness and research that can assist in addressing aging infrastructure concerns.



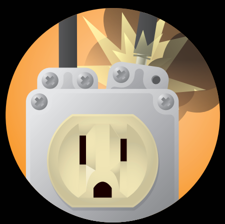
PATRICK FALZON
Code Specialist, ESA

"ESA is advancing public electrical safety by engaging industry and supporting the development of guidelines to support safe electrical installations and work practices."

FRANK MARTINO
Solo Electric

SANDY RAGNO
President, Solo Electric

JOINING FORCES, REDUCING RISK.



"I've worked with ESA to support provincial licensing and inspection programs. As a member of the Contractor Advisory Council I believe we all benefit by joining forces to contribute to enhancing public electrical safety."

SANDY RAGNO

5 NEW WIRING

FIVE-YEAR GOAL (FY2011–FY2015): Increase the electrical safety impact for wiring notifications by 30 per cent.

FY2011 PROGRESS: 6 per cent increase in electrical safety impact for wiring notifications.

The inspection of new wiring installations has long been a primary focus of ESA and an example of how a concerted effort can bring an area of potential risk under control. Our focus now is on ensuring we are aligning our resources to target the highest priority activities in order to maintain that control.

ESA's Electrical Safety Index (ESI) tool was developed to assess the safety impact associated with particular types of interventions. This index is used by ESA Inspectors to help manage work to achieve the highest safety impact. In FY2011, we sought to improve that safety impact and achieved an almost 6 per cent improvement as a result of the application of the tool.

At the same time, we are working to develop a more sophisticated approach to safety risk assessment and workload prioritization. This year we conducted reviews of the processes used by other jurisdictions, and launched a project to develop an expanded risk assessment model based on safety risk attributes. Work will continue on developing this model in FY2012, including consultations with external stakeholders.

In FY2011, we sustained and increased our safety oversight by incorporating enterprise risk assessment criteria in strategic and operational planning exercises and business decision-making.

FY2011 HIGHLIGHTS

ESA conducted more than 497,000 wiring inspections.

Inspectors delivered more than 500 electrical safety training or awareness events to promote worker safety in their local communities.

Using the ESI tool ESA achieved an almost 6 per cent improvement in safety impact from inspection activities.

KEN LEE
Inspector, ESA

"Every day I work with licensed electrical contractors and homeowners to ensure electrical installations comply with Ontario Electrical Safety Code requirements."

DAVE BUSATO
Senior Inspector, ESA

TONY TITUS
Senior Inspector, ESA

A CLEAR PLAN, A STRONG TEAM.

"The best game plan is only as strong as the team that implements it. By building our organizational capacity in key areas, we are building the bench strength to achieve our goals."

SCOTT SAINT
Vice President and Chief Operating Officer

BUILDING THE ORGANIZATION TO DELIVER THE STRATEGY

ESA'S FIVE-YEAR STRATEGY NOT ONLY IDENTIFIES THE ELECTRICAL SAFETY AREAS TO BE PRIORITIZED, BUT DEFINES FOUR AREAS OF ORGANIZATIONAL CAPACITY THAT ARE CRITICAL TO ACHIEVING OUR MISSION.

In *People and Growth*, we need to ensure employees are aligned with the mission, and that we foster the next generation of ESA leaders. This year ESA engaged all staff in discussions of ESA's Harm Reduction Strategy and approaches to reducing these harms. We also launched a senior leadership development program, held staff workshops, and conducted focus groups to advance employee engagement.

We are adjusting our *Operations and Business Processes* to increase harm prevention activities by 20 per cent over five years. In FY2011 we surpassed our target of a 5 per cent increase in prevention activity. We also restructured our Operations division to create a prevention-focused team. In addition, we are evolving our safety management framework to better manage workload and improve productivity by reducing administrative burden on staff.

Effective Stakeholder Engagement, Communications, and the ability to Leverage Partnerships are critical requirements for our success. This year, we established a Stakeholder Engagement function and named a Vice President, Communications and Stakeholder Engagement, established multi-year stakeholder and communications strategies, undertook our first-ever research of Local Distribution Companies (LDC) stakeholders, and executed multiple external awareness campaigns.

To ensure we can fulfill our regulatory mandate over the longer-term, we need a robust and flexible *Financial Model and Framework*. We initiated a formal review of this area and will continue this work in FY2012. The goal is long-term strategies to best ensure sustainability.

ESA began implementation of recommendations from an external enterprise risk management assessment. The intent is to ensure ESA's risk strategies remain robust and progressive.

FY2011 HIGHLIGHTS

Established the ESA Senior Leadership Academy; 28 Inspectors and Senior Inspectors completed the 12-module program.

Restructured the Operations division into three units focused on distinct harm management approaches – suppression, prevention, and mitigation – and two units that, between them, provide strategic planning, program management, coordination, and customer service.

Used the Electrical Safety Index (ESI) to prioritize inspector workload in order to target high safety impact areas.

Initiated a project to develop a long-term sustainable resource model for ESA.

JODI SOLOMON
Customer Service Representative, ESA

SERGE LAFLAMME
Senior Inspector, ESA

PAUL HAMMOND
Director of Human Resources, ESA

SCOPE OF SERVICES

TO FULFILL OUR MANDATE OF ENHANCING PUBLIC ELECTRICAL SAFETY IN ONTARIO, ESA USES A RANGE OF STRATEGIES AND TOOLS INCLUDING:

- issuing permits for electrical installations;
- reviewing plans for electrical installations;
- inspecting new electrical installations to ensure adherence to the Ontario Electrical Safety Code (OESC);
- conducting General Inspections of existing electrical installations;
- investigating electrical safety incidents;
- operating the Authorized Contractor Program;
- offering the Continuous Safety Services program for businesses and industry;
- training and educating on electrical safety;
- enforcing compliance to regulations;
- conducting record searches;
- collecting and analyzing electrical safety incident data;
- updating the OESC every three years;
- issuing bulletins and guidelines to aid in the interpretation of the OESC and regulations and to address new electrical applications and contexts;
- licensing electrical contractors;
- reviewing audits of Local Distribution Companies (LDC) electrical distribution system installations;
- reviewing and certifying LDC installations;
- responding to public concerns about electrical safety;
- responding to electrical product safety incident reports; and
- executing safety awareness and communications programs.

FY2011 BY THE NUMBERS

CUSTOMER AND INSPECTION SERVICES

497,465 wiring inspections

469,869 customer service calls

3,767 Continuous Safety Services (CSS) customers with 23,941 sites in the commercial, institutional and industrial segments (including customers in both regulated and unregulated sectors)

150+ safety presentations delivered to CSS customers

LICENSING

10,277 master electrician licenses administered

7,047 electrical contractor licenses administered

810 licensing enforcement complaints handled

660 licensing Notices of Violation issued

135 licensing enforcement investigations

30 charges laid

40 appeals related to the Ontario Electrical Safety Code

8 appeals related to licensing

PRODUCT SAFETY

921 product safety incident reports processed

754 investigations completed

67 unsafe product recalls issued

29 safety alerts issued

LOCAL DISTRIBUTION COMPANY (LDC) OVERSIGHT

477 distribution safety due diligence inspections conducted

82 LDC installation audits reviewed

TRAINING AND AWARENESS

21.5 million combined reach across Ontario with powerline safety, work safety, and licensed electrical contractor campaigns

3,174 training workshop participants

500+ community training and awareness events executed

259 participants in ESA's training on the Canadian Standards Association Z462 standard in partnership with Workplace Safety and Prevention Services

5 HARMS FY2011 PERFORMANCE REPORT

When ESA established our Harm Reduction Strategy, we set an overall five-year goal: to reduce rates of electrical deaths by 30 per cent. To achieve that goal, we identified five areas of priority for harm reduction and established detailed, multi-year plans to improve safety in those areas. We also identified four areas of ESA capability that would require development and planned strategies to address them. Each year, we establish specific commitments in the nine areas. Those commitments serve our plans and advance us towards our ultimate goal.

In these Performance Charts, we report on the FY2011 commitments and achievements. Wherever possible, we provide indicators of progress, reach and/or impact and we continue to develop additional tools to track progress.

At the same time, we monitor rates of electrical death, injury, damage and loss in Ontario through the collection and analysis of multiple sources of data; our own and that of others. We analyze and report that data in our annual Ontario Electrical Safety Report. Since incident data tends to be reported in the months following the end of a year, this Report is issued by ESA each fall.

HARM ONE: POWERLINE SAFETY

FIVE-YEAR (FY2011–2015) GOAL: Decrease the number of worker and non-worker powerline related contact incidents from 160 to 113 (based on five-year rolling average).

FY2011 PROGRESS: 156 contact incidents. (Five-year rolling average using the most recent data – ESA 2010.)

FY2011 COMMITMENTS	FY2011 ACHIEVEMENTS
Engage leading Local Distribution Companies (LDCs) to establish a community safety champions strategic alliance.	An inaugural alliance has been formed to increase the use of community safety guidelines and best practices across the LDC sector. The alliance will be formally launched in FY2012.
Engage utilities and other stakeholders to develop plans that address aging infrastructure safety concerns.	Through a 25-member volunteer working group of ESA's Utility Advisory Council, a plan was developed to ensure public safety risk concerns are addressed as part of asset management assessments. This plan will be launched in FY2012.
Work with industry to develop best practice trade guidelines targeting tree trimming and planting.	ESA partnered with the Infrastructure Health and Safety Association, and consulted with LDCs and arborists, to produce tree trimming and planting guidelines that reinforce safe work practices to avoid contact with overhead powerlines in the landscape trades.
Implement a 2011 powerline safety awareness campaign.	ESA continued its annual powerline safety campaign. This year it reached more than 3.4 million Ontario residents to remind them to *'Look Up! Look Out!'* for high-risk points of contact with overhead powerlines. Research demonstrated a 29 per cent increase in the level of powerline risk awareness over the past five years.
Conduct research on warning sensors for high-reach equipment.	Market research has identified the availability of warning sensors for high-reach equipment and the associated pros and cons for consideration in targeted segments. Specific consideration of the application of sensors will focus on cranes and boom trucks to reduce powerline contact incidents.

HARM TWO: HIGH-RISK WORKER SAFETY

FIVE-YEAR (FY2011–2015) GOAL: Decrease the number of worker related electrical fatalities and critical injuries from 25 to 18 (based on five-year rolling average).

FY2011 PROGRESS: 22 incidents. (Five-year rolling average using the most recent data – Ministry of Labour 2009.)

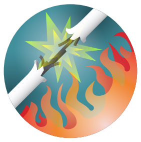
FY2011 COMMITMENTS	FY2011 ACHIEVEMENTS
Engage stakeholders to develop strategic alliances to improve worker safety.	ESA became a founding member with an alliance of stakeholders in the Electrical Safety Foundation International (ESFI) Canada. It will establish a platform for safety advocacy and advance public and worker safety through sharing research, information and safety materials.
Develop electrical accident awareness training programs.	Four targeted health and safety meeting presentations were developed in FY2011 and have been presented to more than 150 worker groups. These are aimed at increasing electrical safety awareness in the workplace, around powerlines, and in family dwellings.
Support the launch of training on the Canadian Standards Association (CSA) Z462 standard in partnership with Workplace Safety and Prevention Services (WSPS).	A Memorandum of Understanding between ESA and WSPS supports the promotion of training services. In FY2011, 17 sessions were held with 259 participants and an additional 10 presentations were delivered at WSPS regional conferences.
Increase training for electrical apprentices.	ESA completed development of education modules and initiated an outreach program to Ontario colleges. Work will continue in FY2012.
Extend ESA's worker safety awareness and education campaigns.	ESA continued the promotion of electrical safety awareness campaigns targeted at workers who could be impacted by electrical maintenance and powerline incidents. Sponsorship at Ontario's premier worker safety conference and trade show, Partners in Prevention, allowed us to reach safety decision-makers and influencers with the distribution of 65,000 information packages.
Launch Electrical Safety Plan in the mining sector and prepare for broader industrial sector application.	ESA launched the Electrical Safety Plan to support the implementation of CSA Z462 standard requirements in the mining sector. This plan is being assessed for application in other market segments.

HARM THREE: ELECTRICAL PRODUCT SAFETY

FIVE-YEAR (FY2011–2015) GOAL: Decrease the number of electrical related product fires from 1,952 to 1,367 (based on five-year rolling average).

FY2011 PROGRESS: 1,853 product fires. (Five-year rolling average using the most recent data – Office of the Fire Marshal 2009.)

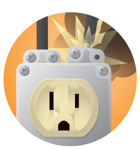
FY2011 COMMITMENTS	FY2011 ACHIEVEMENTS
Chair Fire Marshal's Stove Top Fire Safety Working Group.	ESA chaired the Fire Marshal's Stove Top Fire Safety Working Group. A proposal to support communication awareness of stove top fires in targeted areas was completed, and the group is continuing to work to gain support and involvement from Ontario's insurance industry.
Support development of a national system for managing electrical product safety issues.	ESA managed a project to create an options paper on managing product safety issues at the national level. The options will be reviewed with other regulators in FY2012. To advance responses to product safety issues ESA signed a Memorandum of Understanding with Health Canada.
Chair Canada's delegation to the International Organization for Standardization (ISO) PC240 – Product Recall Standard.	ESA continued to chair Canada's delegation to ISO PC240, attending two international standards development meetings at which knowledge and experience from Ontario were shared.
Investigate and resolve approximately 800 product safety incident reports.	921 product safety reports were received and processed. 754 product safety investigations were completed by year-end. Sixty-seven recalls were undertaken and 29 safety alerts were issued. Product incidents reports are assessed and prioritized as they are received, and ESA focuses investigations in order of risk priority.



HARM FOUR: AGING INFRASTRUCTURE

FIVE-YEAR (FY2011–2015) GOAL: Decrease the number of electrical fires with distribution equipment as an ignition source in homes built prior to 1975 from 788 to 552 (based on five-year rolling average).
FY2011 PROGRESS: 747 fires. (Five-year rolling average using the most recent data – Office of the Fire Marshal 2009.)

FY2011 COMMITMENTS	FY2011 ACHIEVEMENTS
Consult on guidelines for the safe operation, maintenance and construction of street lighting systems.	ESA worked with a 32-member working group of street lighting asset owners, consulting firms and electrical contractors to develop best practice guidelines for the electrical design, installation, operation, and maintenance of street lighting systems. These guidelines, which were developed to mitigate electrical hazards, will be rolled out in FY2012.
Sponsor development of a Canadian Standards Association (CSA) standard for the inspection of existing dwellings.	ESA, with support of other provincial regulators, engaged CSA to create a standard for electrical safety inspections of existing dwellings that could be used by regulators, home inspectors, electrical contractors, and insurance inspectors. The CSA C22.6 Existing Dwelling Inspection Standard was finalized in FY2011.
Undertake a Residential Housing Overload Study.	ESA conducted a Residential Fire Study using fire investigation reports and identified that 66 per cent of home fires from 2002 to 2010 could have likely been prevented if impacted homes had met the new CSA C22.6 Existing Dwelling Inspection Standard.
Implement an improved General Inspection process.	ESA initiated a review of the General Inspection process to identify how the organization should respond to the introduction of CSA C22.6 Existing Dwelling Inspection Standard. Conclusions from this review will be addressed in FY2012.
Support the establishment of a Canadian affiliate of Electrical Safety Foundation International (ESFI).	In FY2011 ESA became a founding member with an alliance of stakeholders of ESFI Canada. ESFI Canada will facilitate the sharing of information, research, and safety materials and will become an important new advocate for advancing electrical safety awareness.



HARM FIVE: NEW WIRING

FIVE-YEAR (FY2011–2015) GOAL: Increase the electrical safety impact for wiring notifications by 30 per cent.
FY2011 PROGRESS: 6 per cent increase in electrical safety impact for wiring notifications.

FY2011 COMMITMENTS	FY2011 ACHIEVEMENTS
Through consultation, develop a risk assessment model to define inspection priorities.	Significant progress was made including: internal consultations with employees and collective bargaining units; a jurisdiction review; development of a consultation project plan; and initial work on the framework for a model. Work will continue in FY2012.
Through consultation, define low-risk work for exemption considerations in the inspection model.	Efforts to reduce the burden for requiring the inspection of low-risk electrical work were evaluated with input from ESA advisory councils and employees. A proposal will be incorporated in the 2012 Ontario Electrical Safety Code review process.
Establish a benchmark to assist ESA in developing a risk assessment priority model and preventive inspection program.	ESA established a benchmark and increased electrical safety inspection impact by almost 6 per cent in FY2011.
Engage employees in developing an inspection model with expanded prevention activities.	ESA reorganized and introduced a dedicated prevention focus across the business and supported the delivery of more than 500 community-based harm prevention awareness and training events.

CORPORATE ALIGNMENT GOALS

PEOPLE AND GROWTH

FIVE-YEAR (FY2011–2015) GOAL: Ensure organizational alignment to the mission, vision, and Harm Reduction Strategy. Establish clear succession plans for 100 per cent of critical roles and 75 per cent of leadership roles.

FY2011 GOAL: Engage Electrical Safety Authority (ESA) employees and foster education, discussion and understanding of harm reduction strategies.

FY2011 PROGRESS: Engagement of all ESA staff at least twice in a discussion of ESA's Harm Reduction Strategy and approaches to reducing these harms.

FY2011 COMMITMENTS	FY2011 ACHIEVEMENTS
Align the organization with the strategy.	To improve alignment with ESA's Harm Reduction Strategy, our Operations division was organized into three units focused on distinct harm management approaches – suppression, prevention, and mitigation. These units are supported by a business group that coordinates and manages customer service, and a group that provides strategic and business planning. The Operations team was engaged throughout the realignment of the Operations division through leadership conferences, team meetings, and ongoing communication updates.
Conduct staff meetings, workshops, focus groups, and other employee engagement activities to enhance Harm Reduction Strategy understanding, gather input on tactics, and build capacity.	Staff meetings, senior leadership conferences, all-staff meetings, and interactive learning helped employees establish the link between ESA's new strategy and day-to-day operations. An Inspector Training program for 240 staff used interactive exercises to demonstrate the links between ESA's Harm Reduction Strategy and employees' daily activities. The Senior Leadership Academy was established to address succession needs in the Inspector workforce. Twenty-eight inspectors were trained in key leadership capabilities and skills.

OPERATIONS AND BUSINESS PROCESSES

FIVE-YEAR (FY2011–2015) GOAL: Ensure resources and processes are focused on harm reduction strategies and the integrated safety management framework. Increase the ratio of prevention activities by 20 per cent. Fully implement and integrate a safety management framework.

FY2011 GOAL: Increase ratio of prevention activities by 5 per cent related to worker safety and construction site powerline safety.

FY2011 PROGRESS: Benchmarked level of prevention activity related to worker safety and construction site powerline safety. Increased prevention activities by more than 5 per cent as measured by full-time equivalent (FTE).

FY2011 COMMITMENTS	FY2011 ACHIEVEMENTS
Increase prevention activities by 5 per cent.	ESA staff delivered more than 500 community-based events focused on creating awareness of and providing information on safety and safe work practices, exceeding our target of 400 by over 25 per cent.
Reduce Inspectors' administrative burdens.	Twenty pilot projects were undertaken to improve administrative efficiencies, including a new approach to prioritizing investigations, a call-ahead inspection confirmation process, and testing of new scheduling protocols.
Shift to harm reduction initiatives.	To better align with ESA's Harm Reduction Strategy, we reorganized our Operations division into five functions: Harm Mitigation; Harm Prevention; Harm Suppression; Harm Reduction Services; and Business Planning and Improvement. The Operations team was engaged throughout the reorganization process through leadership conferences, team meetings, and multiple rounds of communications.

EFFECTIVE STAKEHOLDER ENGAGEMENT, COMMUNICATIONS, AND LEVERAGE OF PARTNERSHIPS

FIVE-YEAR (FY2011–2015) GOAL: Ensure ESA is a trusted source for electrical safety information and advice. Engage stakeholders to mobilize action related to the key safety harms.

FY2011 GOAL: Develop corporate communications strategy to support the Harm Reduction Strategy.

FY2011 PROGRESS: Undertook appropriate research and stakeholder consultation, identified ESA's desired positioning with its stakeholders, and developed a communications strategy that supports achieving that positioning.

FY2011 COMMITMENTS	FY2011 ACHIEVEMENTS
Enhance understanding of stakeholder perspectives.	ESA's first stakeholder survey of Local Distribution Companies (LDC) was undertaken, receiving a positive response from the LDC community and providing good insights for ESA. A multi-year stakeholder research plan has been established to ensure ongoing feedback on electrical safety from ESA's key stakeholder segments.
Develop corporate communications strategy to support ESA's Harm Reduction Strategy.	A three-year communications strategy was developed and finalized. Multiple proactive campaigns were executed to advance homeowner awareness of powerline safety and residential electrical safety awareness across Ontario. Worker safety campaigns targeted business operators, workplace safety influencers, and workers to encourage safe work practices to reduce electrical and powerline incidents and accidents. Total estimated reach of proactive campaigns: 30 million.
Leverage partnerships to support ESA's Harm Reduction Strategy.	ESA collaborated on programs and projects with, among others, the Infrastructure Health and Safety Association, Workplace Safety and Prevention Services, Canadian Standards Association, the British Columbia Safety Authority, and Health Canada. ESA developed and launched the first Ontario Electrical Safety Awards, honouring those who have had an impact on electrical safety. The Minister of Energy integrated safety considerations in the government's directive to LDCs for smart grid planning. ESA staff delivered speeches and remarks at key industry and association events reaching stakeholders. ESA held quarterly meetings with the Ministry of Labour in order to ensure effective coordination. ESA enhanced the Advisory Councils' activities by introducing annual work plans, orientation packages, additional reporting to ESA Board, Cross-Sector Advisory Council meetings, and member surveys.

FINANCIAL MODEL AND FRAMEWORK

FIVE-YEAR (FY2011–2015) GOAL: Establish a robust and flexible financial framework to support the Harm Reduction Strategy. Ensure enterprise risk management is well-integrated into the fabric of ESA operations.

FY2011 GOAL: Complete the consultation on a sustainable resource model and cost structure to support harm reduction strategies.

FY2011 PROGRESS: A consultation document was developed. A process was established and implemented to seek stakeholder feedback. Consultation document will be amended as required and prepared for final Board approval.

FY2011 COMMITMENTS	FY2011 ACHIEVEMENTS
Deeply integrate Enterprise Risk Management (ERM) into fabric of ESA operations.	ESA adopted recommendations from a third-party risk management analysis. ERM current practices ensure that risks are tracked and addressed in strategic and operational decision-making.
Develop robust and flexible financial framework to support harm reduction strategies.	ESA commissioned a third-party analysis of ESA's current resource model to identify options and next steps associated with developing a sustainable resource model. This included discussions with internal and external stakeholders to solicit feedback. Work will continue in FY2012.

ONTARIO ELECTRICAL SAFETY AWARDS

ESA created the Ontario Electrical Safety Awards this year to recognize and honour those people and organizations that have made outstanding contributions to improving safety. The Awards were given in four areas that are directly related to the electrical harms that have the greatest impact on Ontarians.

2010 Ontario Electrical Safety Award Recipients with ESA President and CEO David Collie and Chair John Wiersma.

The 2010 Award recipients were:

POWERLINE SAFETY

Orillia Power Corporation – This organization is a leader in developing and delivering high-impact education and awareness programs to its community, including the creation of North America's first Portable Children's Safety Village, which is used to teach more than 6,000 elementary students a year about safety.

PRODUCT SAFETY

Brian Savaria of Eaton Electrical Group – Brian was recognized for his long-term efforts to address the safety risks associated with counterfeit electrical products, and his ongoing support of the Canadian Anti-Counterfeiting Network.

WORKER SAFETY

Dave Graham – During his term as President of the Greater Toronto Electrical Contractors Association, Dave created the Working Live Task Force (Electrical Safety Coalition) to heighten awareness amongst trades people of safe work practices and the risks associated with working on live electrical equipment.

HOME AND COMMUNITY SAFETY

Cooper Industries, Hubbell Canada, Legrand Canada, and Leviton Canada – This coalition of electrical equipment manufacturers cooperated to establish the requirement to use tamper-resistant receptacles (child-safety outlets) in new homes as part of the Canadian Electrical Code.

ADVISORY COUNCILS

ESA HAS SEVEN STAKEHOLDER ADVISORY COUNCILS: SIX PROVIDE ADVICE AND COUNSEL TO ESA MANAGEMENT AND ONE (THE ELECTRICAL CONTRACTOR REGISTRATION AGENCY) PROVIDES ADVICE AND COUNSEL TO ESA'S BOARD OF DIRECTORS.

ESA greatly appreciates advisory council members' time and effort. Members' insights and perspectives are extremely valuable to the progress of ESA's work. Each advisory council is guided by terms of reference and most are chaired by an individual voted to the role by his/her respective council members, with the exceptions of the Ontario Provincial Code Committee and the Cross-Sector Advisory Council, which are chaired by members of ESA management.

When appropriate, ESA also forms working groups or ad hoc committees to focus on specific projects or issues.

Advisory council meeting minutes and membership lists are available at www.esasafe.com.

Consumer Advisory Council (CAC)
3 meetings in FY2011
Dick Vosburgh (Chair)
Dean Anderson (Vice Chair)
Denise Boxell
John Buchanan
Ed Gulbinas
Hollis Hopkins
Mohammed Karim
Kari Manninen
Joan A. Pajunen
Bob Wing

Contractor Advisory Council (CoAC)
5 meetings in FY2011
Rick Charron (Chair)
Sandy Ragno (Vice Chair)
Dave Ackison
Luke Bogdanovic
Mary Ingram
Joe Kurpe
Michael Lettner
Barry Moss
Eryl Roberts
Scott Saint
John Salmon
Dan Toppazzini

Cross-Sector Advisory Council (CSAC)
2 meetings in FY2011
Dean Anderson
Rick Charron
Ted Olechna
Sandy Ragno
John Salmon
Neil Sanford
Dick Vosburgh
Ken Walsh

Electrical Contractor Registration Agency Advisory Council (ECRA)
3 meetings in FY2011
John Salmon (Chair)
Rick Charron (Vice Chair)
Larry Allison
Fred Black
John Buchanan
Mark Garner
Deb Mattina
Paul Rawlings
Louis Viola
Namby Vithiananthan

Industry Advisory Council (IAC)
No meetings in FY2011
Joseph Neu (Chair)*
Brad Bell
Brian Curran
Nick Maalouf
Scott McKay
Wayne Proulx
Gary Rygus
Ron Saporta
Brian Savaria
Dave Sinclair
Tim Woods

Ontario Provincial Code Committee (OPCC)
3 meetings in FY2011
Ted Olechna (Chair)
Tony Poirier
(Interim Vice Chair)
Sam Bell
Ken Brightwell
Greg Galbraith
John Gryffyn
Armen Kassabian
Chris Magnusson
Gabriel Mansour
Michael Nusenbaum
Peter Olders
Eerik Randsalu
John Salmon
Brian Savaria
Ross Sutherland
Maurice Tucci
Jeremy Walker

Utility Advisory Council (UAC)
4 meetings in FY2011
Neil Sandford (Chair)
Ken Walsh (Vice Chair)
Alan Beattie
Stephen Brown
Mary Byrne
Wayne Corrigan
Jim Douglas
Doug Fairchild
Ajay Garg
Herb Haller
Russ Houldin
Rick Johnson
Paul Krupicz
Pierre Lemay
Kirsten Mania
Gabriel Mansour
John Mattinson
Brian McMillan
Arlen Molyneaux
Doug Morrison
George Mychailenko
Joan A. Pajunen
Andre Perron
Peter Petriw
John Savage
William Schwarz
Jerry Van Ooteghem
Jac Vanderbaan
Gaye-Donna Young
Frank Zechner

AD-HOC COMMITTEES AND WORKING GROUPS

Appeal Review Committee

Asset Management Working Group (UAC)

Master Examination Board (ECRA)

Product Safety Working Group

Street Lighting Asset Committee (OPCC)

* Sadly, Joseph Neu passed away in fall 2010. Joseph was a dedicated Chair of the Industry Advisory Council and an advocate of electrical safety. He will be fondly remembered by his friends and colleagues at ESA.

BOARD MEMBERS

FISCAL YEAR 2011

JOHN WIERSMA
P.Eng.
Ex-Officio Officer, Corporate Director, and Chair
1,2,3,4,5

DAVID COLLIE
FCMA, MBA
Corporate Director, Ex-Officio of the Board, President, and Chief Executive Officer
1,2,3,4,5

BRIAN BENTZ
MBA, CA, CET
President and Chief Executive Officer, PowerStream Incorporated
1,5

CHARLES CIPOLLA
CA, ICD.D
2,4,5

MARGARET KELCH
ICD.D
Corporate Director
2,3,5

ALISON J. KNIGHT
FCA
Corporate Director
1,3,5

ERWIN KRAUSE
President, Ecco Electric Limited
1,3,5

AL MERLO
President, Merlo Electric
2,3,5

PAMELA NOWINA
MBA, ICD.D
Corporate Director
1,3,5

JOHN RAEPPLE
G.S.C., M.E.
President, John Raepple Electric Limited
3,4,5

OSKAR T. SIGVALDASON
Ph.D, P.Eng.
Corporate Director
1,4,5

DEBORAH TROUTEN
MA, APR
President, Dakota Communications Inc.
2,4,5

Refer to page 27 for detailed information on the Board Committees.

EXECUTIVE TEAM

1. DAVID KIRKCONNELL, MIR
Vice President, Human Resources

2. LESLEY GALLINGER, MBA, CMA, CPA, C.Dir.
Vice President, Corporate Services, and Chief Financial Officer

3. SCOTT SAINT, MBA, P.Eng.
Vice President and Chief Operating Officer

4. DAVID COLLIE, FCMA, MBA
Corporate Director, President, and Chief Executive Officer

5. PETER MARCUCCI, P.Eng.
Vice President and Chief Public Safety Officer

6. CHRISTOPHER M. JODHAN, BA, LLB
Vice President, General Counsel, Corporate Secretary, and Chief Privacy Officer

7. NANCY EVANS
Vice President, Communications and Stakeholder Engagement

AUDITORS

PricewaterhouseCoopers LLP

CORPORATE GOVERNANCE

ESA'S BOARD OF DIRECTORS IS RESPONSIBLE FOR CORPORATE GOVERNANCE AND REGULATORY OVERSIGHT ON BEHALF OF THE GOVERNMENT OF ONTARIO. IN ITS PURSUIT OF GETTING TO ZERO, THE BOARD HAS UNDERTAKEN A COMMITMENT TO BEST PRACTICES IN TERMS OF CORPORATE GOVERNANCE AND REGULATORY PRACTICES.

Over the past year, the Board met four times and participated in a one-day Board strategy session. Board members undertook the following:

- Corporate due diligence reporting;
- Director training and development of an education policy tailored to specific programs.

BOARD COMMITTEES

Audit Committee (1)

This committee assists the Board in fulfilling its oversight responsibility regarding audit, finance, and financial risk management. The committee manages on behalf of ESA the relationship with external auditors and also reviews management's discussion and analysis of ESA's financial condition and the results of its operations. This committee also oversees ESA's internal financial structure and financial risk management systems.

Governance and Human Resources Committee (2)

This committee oversees the implementation of corporate governance and human resources strategy on behalf of ESA. 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. Members examine Board representation, succession planning, performance assessment, training, and opportunities to enhance the Board's oversight role.

Regulatory Affairs Committee (3)

Providing oversight responsibility for regulatory matters, this committee ensures ESA is effectively meeting its regulatory obligations and responsibilities. The committee ensures that ESA has the systems and processes in place to manage compliance and enforcement and to respond to electrical risks.

Pension Committee (4)

This committee assists the Board to fulfill its oversight responsibilities regarding the ESA Pension Plan and the Supplementary Employee Retirement Plan (SERP). It has the authority to govern, manage, and operate on behalf of ESA all investment aspects of the organization's Pension Plan and SERP, as well as any of its associated assets.

FY2011 BOARD COMMITTEE MEETINGS

1 The Audit Committee, chaired by Alison Knight, held five meetings.
2 The Governance and Human Resources Committee, chaired by Charlie Cipolla, held four meetings.
3 The Regulatory Affairs Committee, chaired by Margaret Kelch, held four meetings.
4 The Pension Committee, chaired by John Raepple, held four meetings.
5 The Board of Directors held four meetings as well as a one-day strategy session with Board-appointed officers.*

* Board-appointed officers attend Board and committee meetings as required.

FINANCIAL SUMMARY

IN FISCAL YEAR (FY) 2011 ESA CONTINUED TO FOCUS ON THE PRUDENT MANAGEMENT OF ITS FINANCIAL RESOURCES TO ENSURE APPROPRIATE FUNDING FOR ELECTRICAL SAFETY INITIATIVES AND SERVICES.

The financial year was challenging on several fronts. While revenues grew, expenses did as well. The business experienced negative cost impacts associated with legal appeals and organizational restructuring. The volatile capital markets have impacted the cost of pensions and health benefits. The impact of these costs must be managed in order for ESA to continue to deliver on its safety mandate. To that end, the organization adopted a longer term financial approach to managing this situation. This included an increase to ESA's planning and budgeting horizon, and the adoption of an accounting method that helps to mitigate the wide swings in pension and benefits, which ESA had been experiencing because of the volatile financial markets. ESA is also reviewing its financial and operating models to ensure future sustainability of its work to reduce harms.

Revenue increased to $85.3 million (excluding revenue from leasing) in FY2011, an increase of 4.5 per cent from FY2010. Revenue is derived from safety services offered in both regulated and unregulated sectors, and from investment income. Revenue is summarized by sources in the following table:

(in thousands of dollars)	FY2011	FY2010
Regulated services	$ 73,805	$ 72,012
Unregulated services	9,941	8,435
Investment income	1,564	1,196
	$ 85,310	$ 81,643

FINANCIAL SUMMARY (CONTINUED)

ESA experienced increases in revenues in its primary lines of business. A decrease in other revenues comprises mainly the impact of a decrease in the 2009 Ontario Electrical Safety Code Book sales and related training revenue.

Revenue from unregulated business services, including Product Approvals and Mining Safety Services, totaled $9.9 million in FY2011 (FY2010 – $8.4 million). These two lines of business have been positively impacted by the economy.

The following table summarizes revenues by line of business for FY2011 and FY2010.

(in thousands of dollars)	FY2011	FY2010
Wiring – Residential	$ 27,167	$ 26,020
Wiring – Industrial/Commercial/Institutional	19,514	18,223
Continuous Safety Services (CSS) – Industrial/Commercial/Institutional	19,292	18,840
Product Approvals	7,409	6,625
Utility Regulation (Local Distribution Companies)	2,347	2,321
Contractor Licensing – Electrical Contractors and Master Electricians	3,305	3,109
Plan Approvals	1,556	1,154
Other Revenues	3,156	4,155
	$ 83,746	$ 80,447

Residential wiring revenue increased by 4.4 per cent and industrial, commercial and institutional (ICI) revenue increased 7.1 per cent. Company efforts to diversify revenue sources have resulted in a 2.4 per cent increase in Continuous Safety Services (CSS) revenue.

Total wiring services represented 55.7 per cent of revenue in FY2011 (FY2010 – 55.0 per cent); CSS services represented 23.0 per cent of FY2011 revenue (FY2010 – 23.4 per cent); and other services represented 21.2 per cent of FY2011 revenue (FY2010 – 21.6 per cent).

Increased expenses including administrative service activities, contracted labour, and benefit costs (including pension costs) resulted in a 9.8 per cent increase in operating expenses (including amortization), as expenditures increased to $85.2 million (FY2010 – $77.6 million). Non-labour related expenses decreased by 3.9 per cent, and labour related expenses increased by 12.5 per cent. Management compensation (salary and incentive compensation) totaled $4.5 million for 23 individuals in FY2011, which represents no change from FY2010.

FINANCIAL SUMMARY (CONTINUED)

Benefits expenses, including costs associated with retiree plans, increased from $11.5 million in FY2010 to $16.2 million in FY2011, an increase of 40.9 per cent. Pension and OPEB (other post employment benefits) expense increased $5.6 million mainly as a result of changes in demographics and a decrease in the discount rate; this was offset by $2.1 million resulting from a change in accounting policy for actuarial gains and losses.

Capital spending was $1.8 million (FY2010 – $6.9 million), primarily relating to the purchase of IT equipment related to the continuous improvement of ESA's IT infrastructure.

In FY2011 there was a deficiency of revenues over expenses before investment income of ($1.4 million). This compares to an excess of revenue over expenses before investment income of $2.9 million in FY2010.

Investment income increased to $1.6 million (FY2010 – $1.2 million), resulting in an excess of revenues over expenses for FY2011 of $0.1 million (FY2010 – $4.1 million). Without the change in accounting policy, the FY2011 result would have been a deficiency of revenues over expenses of $1.3 million (FY2010 – $4.6 million).

The balance sheet remained stable after taking into consideration the beneficial impact of the change in accounting policy in FY2011 with assets exceeding liabilities by $26.2 million, of which $12.9 million is represented by capital assets. However, the balance sheet does not fully reflect unfunded plan deficits measured on an actuarial basis, in the ESA Pension Plan and OPEB plan of $44.3 million and $51.7 million respectively (FY2010 – $29.2 million and $43.5 million). The Board of Directors has internally restricted $36.6 million in financial assets to address this obligation. The funding of these plans is a concern and is a key consideration in ESA's business plans.

ESA maintained an adequate financial base to support the many safety initiatives and programs required to protect the citizens of Ontario in the past fiscal year. ESA has developed strong financial processes to ensure that spending is prudent and productivity is addressed. It is proactively working on an operational and funding model which can continue to support the achievement of the longer-term harm reduction goals.

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF ELECTRICAL SAFETY AUTHORITY

We have audited the accompanying financial statements of Electrical Safety Authority, which comprise the balance sheet as at March 31, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Electrical Safety Authority as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

We draw attention to note 3 to the financial statements which describes the effect of a change in the accounting policy with respect to the recognition of actuarial gains and losses relating to the Company's pension plans, and the resulting restatement of prior period financial statements. Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Mississauga, Ontario
June 24, 2011

BALANCE SHEET

As at March 31, 2011 (in thousands of dollars)	2011	2010
		(note 3)
ASSETS		
Current assets		
Cash and cash equivalents (note 7)	$ 5,621	$ 9,814
Accounts receivable	8,376	7,265
Short-term investments (notes 4 and 7)	15,991	15,430
Other assets	677	560
	30,665	33,069
Long-term investments (notes 4 and 7)	27,668	28,602
Property, plant and equipment (note 5)	12,856	12,948
Deferred pension asset (note 6)	19,242	9,840
Other non-current assets	246	209
	$ 90,677	$ 84,668
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	12,551	10,682
Deferred revenue	15,294	15,038
	27,845	25,720
Employee future benefit obligations (notes 3 and 6)	36,612	32,876
	64,457	58,596
Net assets		
Invested in property, plant and equipment and net unrestricted surplus	26,220	26,072
	$ 90,677	$ 84,668
Contingencies and commitments (notes 9 and 10)		

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors

Director Director

STATEMENT OF OPERATIONS

For the year ended March 31, 2011 (in thousands of dollars)	2011	2010
		(note 3)
Revenue	$ 83,746	$ 80,447
Expenses		
Salaries, wages and benefits	63,397	56,343
Operating	19,884	19,132
Amortization	1,881	2,107
	$ 85,162	$ 77,582
Excess (deficiency) of revenue over expenses		
before investment income	(1,416)	2,865
Investment income	1,564	1,196
Excess of revenue over expenses for the year	$ 148	$ 4,061

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2011 (in thousands of dollars)	2011	2010
		(note 3)
Balance – Beginning of year	$ 26,072	$ 17,560
Effect of change in accounting policy (note 3)	–	4,451
	26,072	22,011
Excess of revenue over expenses for the year	148	4,061
Balance – End of year	$ 26,220	$ 26,072

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended March 31, 2011 (in thousands of dollars)	2011	2010
		(note 3)
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess of revenue over expenses for the year	$ 148	$ 4,061
Item not affecting cash		
Amortization	1,881	2,107
Increase in deferred pension asset	(9,402)	(6,211)
Increase in other non-current assets	(37)	(17)
Loss on disposal of fixed assets	1	–
Increase in employee future benefit obligation	3,736	960
	(3,673)	900
Net change in non-cash working capital balances related to operations (note 8)	897	1,578
	(2,776)	2,478
Investing activities		
Net decrease in investments	373	842
Purchase of property, plant and equipment	(1,790)	(6,923)
	(1,417)	(6,081)
Net decrease in cash and cash equivalents during the year	(4,193)	(3,603)
Change in accounting policy (note 3)	–	4,451
Cash and cash equivalents – Beginning of year	9,814	8,966
Cash and cash equivalents – End of year	$ 5,621	$ 9,814
Cash and cash equivalents is comprised of the following:		
Cash (bank indebtedness)	(579)	608
Short-term investments	6,200	9,206
	$ 5,621	$ 9,814

The accompanying notes are an integral part of these financial statements.

March 31, 2011
(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 operating as an Administrative Authority under an Administrative Agreement with the Ministry of Consumer Services ("MCS"). ESA is not taxable under Section 149 of the Income Tax Act (Canada).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits, with original terms to maturity of 90 days or less.

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, which consists of interest, dividends, and realized and unrealized gains and losses, is recorded as investment income in the statement of operations.

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:

Buildings	25 years
Computer software and licenses	5 years
Electronic equipment	3 years
Telephone and projection system equipment	5 years
Office furniture and equipment	10 years
Inspection equipment	5 years

Leasehold improvements are amortized on the straight-line basis over the term of the lease. Repairs and maintenance costs are charged to the statement of operations as incurred.

Asset retirement obligations

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

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 asset and its carrying value.

Employee future benefits (note 3)

The costs of pensions and other post-employment and post-retirement benefits earned by employees are actuarially determined using the projected benefits method prorated on services and management's best estimates of expected investment performance, salary escalation, retirement ages and expected health care costs. The long-term disability plan is actuarially determined using the accrued benefit method. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of the plan assets is amortized on a straight-line basis over the expected average remaining service life of active employees. Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service life of active employees.

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.

Assets of the pension fund are valued using the year-end market values.

Employee future benefit liabilities are discounted using current interest rates on high quality long-term corporate bonds.

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

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 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.

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. The fair value of investments is disclosed in note 4.

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

Financial instruments – Recognition and Measurement

Financial assets and liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the ESA's designation of such instruments. All financial instruments are classified as held-for-trading, held-to-maturity, available-for-sale, loans and receivables, liabilities or derivatives and are measured at amortized cost or fair value depending on the type of instrument.

The following table presents the classification of financial instruments as at March 31, 2011:

	Classification
Cash and cash equivalents	Held for trading
Accounts receivable	Loans and receivables
Investments	Held for trading
Accounts payable and accrued liabilities	Other liabilities

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions 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. 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.

3 RESTATEMENT OF PRIOR PERIOD

During the current year, management changed the accounting policy with respect to the recognition of actuarial gains and losses relating to the Company's pension plans. Previously, actuarial gains and losses were amortized on a straight-line basis over the expected average remaining service life of active employees. The new policy recognizes amortization of actuarial gains/losses in a period in which as of the beginning of the period, the unamortized net actuarial gain/loss exceeds 10% of the greater of the accrued benefit obligation at the beginning of the year and the fair value or market related value of plan assets at the beginning of the year.

This change in accounting policy has been applied retroactively, and consequently the comparative figures for the year ended March 31, 2010 have been restated.

The restatement in 2010 had the effect of increasing the deferred pension asset by $2,617, reducing the accrued benefit obligation by $1,241, increasing pension expense by $593 and increasing unrestricted surplus at April 1, 2009 by $4,451. Excess of revenue over expenses for 2010 was reduced from $4,654 to $4,061 as a result of the restatement.

The new accounting policy resulted in a reduction in the 2011 pension expense of $1,500. Had the new accounting policy not been adopted, the 2011 statement of operations would have presented a deficiency of revenue over expenses in the amount of $1,352.

4 INVESTMENTS

Investments consist of the following:

	2011	2010
Federal bonds	$ 3,569	$ 3,219
Provincial bonds	12,377	14,147
Corporate bonds	27,713	26,666
	43,659	44,032
Less: Investments recorded as current	15,991	15,430
	$ 27,668	$ 28,602

Investments are internally restricted for future expenditures for post-retirement benefits (note 6). The bonds have a weighted average term to maturity of 49 months, a weighted average interest rate of 4.45% and a weighted average yield to maturity of 2.25%.

5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

			2011
	Cost	Accumulated amortization	Net
Land	$ 2,313	$ –	$ 2,313
Buildings	7,294	960	6,334
Computer software and licenses	9,695	8,196	1,499
Electronic equipment	2,832	2,431	401
Telephone and projection system equipment	1,783	1,266	517
Office furniture and equipment	1,373	1,059	314
Inspection equipment	19	19	–
Leasehold improvements	1,895	1,834	61
Capital work in process	1,417	–	1,417
	$ 28,621	$ 15,765	$ 12,856

			2010
	Cost	Accumulated amortization	Net
Land	$ 2,313	$ –	$ 2,313
Building	7,273	668	6,605
Computer software and licenses	9,323	7,493	1,830
Electronic equipment	2,794	1,918	876
Telephone and projection system equipment	1,757	1,022	735
Office furniture and equipment	1,256	980	276
Inspection equipment	19	15	4
Leasehold improvements	1,895	1,796	99
Capital work in process	210	–	210
	$ 26,840	$ 13,892	$ 12,948

6 EMPLOYEE FUTURE BENEFIT PLANS

ESA's employee benefit plans include defined benefit plans that provide pension and other post-employment benefits ("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 and 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 of December 31, 2010 and OPEB and long-term disability are measured as at March 31, 2011. The fair value of assets is determined using the December 31, 2010 asset values.

The actuarial present value of the accrued pension benefits for accounting purposes is estimated as at March 31, 2011 based on a projection of the actuarial valuation as of January 1, 2010. The effective date of the next required actuarial valuation report for funding purposes for the pension plans is January 1, 2013.

Information about ESA's defined pension benefit plans and OPEB plans for the year ended March 31, 2011 is as follows:

		2011
	Pension benefit plans	**OPEB plans**
Accrued benefit obligation, end of year	**$ 238,863**	**$ 51,665**
Fair value of plan assets, end of year	**194,613**	**–**
Funded status – plan deficit	**(44,250)**	**(51,665)**
Unamortized net actuarial loss	**47,406**	**16,084**
Deferred asset loss	**12,958**	**–**
Employer contributions from January 1, 2011 to March 31, 2011	**2,453**	**–**
Unrecognized prior service cost	**675**	**–**
Accrued benefit asset (liability)	**19,242**	**(35,581)**
Add: Workplace Safety Insurance Board of Ontario liability	**–**	**(1,031)**
Total employee future benefit asset (obligation)	**$ 19,242**	**$ (36,612)**

		2010 (note 3)
	Pension benefit plans	OPEB plans
Accrued benefit obligation, end of year	$ 203,447	$ 43,469
Fair value of plan assets, end of year	174,255	–
Funded status – plan deficit	(29,192)	(43,469)
Unamortized net actuarial loss	17,840	11,579
Deferred asset loss	19,418	–
Unamortized transitional asset	–	(1)
Employer contributions from January to March 31, 2010	1,385	–
Unrecognized prior service cost	389	–
Accrued benefit asset (liability)	9,840	(31,891)
Add: Workplace Safety Insurance Board of Ontario liability	–	(985)
Total employee future benefit asset (obligation)	$ 9,840	$ (32,876)

The amount of $19,242 (2010 – $9,840) 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 $20,175 (2010 – $10,578) in the pension plan and a liability of $933 (2010 – $738) in the Supplementary Retirement Plan.

The net benefit plan expense for the year ended March 31, 2011 for the pension benefit plans is $4,648 (2010 – $2,710) and for OPEB plans is $5,076 (2010 – $3,469).

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

	Pension benefit plans		OPEB plans	
	2011	2010	2011	2010
Discount rate	5.50%	6.40%	5.70%	6.40%
Rate of compensation				
Increase (before merit)	3.00%	3.00%	–	–
Increase in Consumer Price Index	2.25%	2.40%	2.25%	2.40%

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

	Pension benefit plans		OPEB plans	
	2011	2010	2011	2010
Discount rate	6.40%	7.40%	6.40%	7.40%
Expected long-term rate of return on plan assets	7.10%	7.10%	–	–
Rate of compensation				
Increase (before merit)	3.00%	3.00%	–	–
Increase in Consumer Price Index	2.40%	2.40%	2.40%	2.40%

ESA's rate of growth for health care costs is estimated at 8.5% in 2011 and 2010 and is assumed to decrease gradually to 5% over six years and remain at that level thereafter.

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

The pension plan assets are invested as follows:

	2011	2010
Cash	1%	1%
Fixed income securities	33%	33%
Canadian equities	23%	22%
U.S. equities	21%	20%
Non-North American equities	22%	24%
	100%	100%

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

	2011	2010
Employer's contributions	$ 14,167	$ 6,742
Employer's contributions in respect of Gainsharing Plan	948	–
Employees' contributions	2,440	2,414
Benefits paid	9,443	9,898

7 INTERNALLY RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and short-term investments in the amount of $8,944 (2010 – $4,274) and long-term investments in the amount of $27,668 (2010 – $28,602) for a total of $36,612 (2010 – $32,876) are restricted for specific purposes relating to future expenditures for post-retirement benefits. The total amount restricted is based on budgets and the Board of Directors' approval.

8 STATEMENT OF CASH FLOWS

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

	2011	2010
Accounts receivable	$ (1,111)	$ (176)
Other assets	(117)	1,664
Accounts payable and accrued liabilities	1,869	86
Deferred revenue	256	4
	$ 897	$ 1,578

9 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, 2011.

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 additional losses occur, they would be charged to operations in the year the amounts become determinable.

10 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:

2012	$ 2,102
2013	2,020
2014	2,016
2015	1,936
2016	1,881
Thereafter	1,881
	$ 11,836

b) As at March 31, 2011, a letter of credit in the amount of $1,033 has been issued to the Workplace Safety Insurance Board of Ontario to support an accrued liability of $1,031. This letter of credit is collateralized by cash and cash equivalents.

11 FINANCIAL INSTRUMENTS

Risks arising from financial instruments and risk management

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

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.

Liquidity risk

Liquidity risk results from the ESA's potential inability to meet its obligations associated with the financial liabilities as they become due. ESA monitors its operations and cash flows to ensure that current and future obligations will be met. ESA believes that its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

12 CAPITAL MANAGEMENT

ESA defines its capital as the amounts included in its net asset balance.

ESA's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its stakeholders.

ESA sets the amount of the net asset balance in proportion to risk, manages the net asset structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

13 COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified to conform to the current year's financial statement presentation.

RESPONDING TO CUSTOMERS

OUR PRIVACY GUIDELINES

In accordance with the terms of our Administrative Agreement, ESA maintains a customer privacy policy and has a Chief Privacy Officer to oversee policy and activity in this area.

Due to the importance of information exchange in maintaining public electrical safety, ESA routinely discloses and disseminates records that support our safety mandate. We do not disclose personal information if such disclosure would violate an individual's right to privacy. We do not disclose commercial information if it has been provided to us with an expectation of reasonable commercial protection.

ESA received and responded to 841 Freedom of Information requests in FY2011.

OUR COMPLAINTS POLICY

ESA responds to complaints received from customers, stakeholders, and the public. We provide information and encourage two-way communication at all levels to ensure we are continually improving service quality.

Where possible, complaints are dealt with at the source and in a timely manner. Complaints that are not resolved to the satisfaction of the complainant can be referred to the President and Chief Executive Officer. ESA's complaints policy can be accessed at www.esasafe.com.

In FY2011, ESA received 87 complaints and resolved 79 in accordance with ESA's complaints policy. At year-end ESA was continuing to work to resolve the outstanding complaints.

OUR APPEALS POLICY

ESA is committed to providing individuals with the opportunity to request a review of Orders or licensing decisions as they arise. ESA has worked to establish a fair and transparent appeals process to facilitate the right to appeal any decision rendered by the ESA. In FY2011 ESA received 40 appeals associated with the Ontario Electrical Safety Code (Regulation 164/99) and eight appeals associated with Provincial Contractor Licensing (Regulation 570/05).

OUR FRENCH LANGUAGE SERVICES

ESA responds in French to all inquiries received in French. The nature and level of services we provide in French are determined on an as-required basis to ensure ESA fulfills its public safety mandate. In FY2011, ESA's Harm Reduction Services Centre responded to 2,569 calls in languages other than English.

Electrical Safety Authority

The Electrical Safety Authority is a mission driven organization committed to getting to zero electrical accidents, injuries and fatalities across Ontario. In FY2011, ESA continued its evolution with the implementation of our Harm Reduction Strategy. We seek to build strong, collaborative partnerships that will help us succeed in improving electrical safety for the people of Ontario.

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Regional Offices

Central Region
Mississauga

Continuous Safety Services Region
Mississauga

Eastern Region
Ottawa

Metro Region
Mississauga

Western Region
Cambridge

Northern Region
Sudbury

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