Targeting safety. Saving lives.

Electrical Safety Authority

2012 FISCAL YEAR-END ANNUAL REPORT

ABOUT ESA

The Electrical Safety Authority (ESA) is a delegated administrative authority acting on behalf of the Government of Ontario with specific responsibilities under the Electricity Act and the Safety and Consumer Statutes Administration Act. As part of our mandate, we are responsible for administering regulation in four key areas:

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

ESA operates as a private, not-for-profit corporation. Our funding derives from fees for safety oversight, safety services, and licensing of electrical contractors and master electricians.

Our activities include:

> identifying and targeting leading causes of electrical risk;
> promoting awareness of, education and training in electrical safety;
> ensuring compliance with regulations;
> investigating fatalities, injuries and fire losses associated with electricity;
> engaging with stakeholders to improve safety.

In 2010, ESA launched its five-year Harm Reduction Strategy, which targets a 30 percent reduction in electrical fatalities and fire fatalities by 2015.

Mandate
To enhance public electrical safety in Ontario.

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

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

Inside

A safer Ontario.

We are committed to reducing electrical incidents and fatalities in Ontario until we get to zero. To do so, we work hard to use our resources for the greatest impact and collaborate with others to achieve our goals. Through innovation, insight and smart strategies we can ensure a safer Ontario for all.

The evolving science of risk reduction.

As ESA works to reduce electrical safety risks, we also seek to improve our understanding of those risks. We are continually collecting and assessing safety data, and sharing findings with others. We seek to bring together industry leaders to share knowledge and identify best practices.

It is vital that the Electrical Safety Authority manages its efforts to reduce risk and improve safety with a solid foundation based on facts and progressive risk-informed strategies.

BEST PRACTICE GUIDELINES

To assist stakeholders in advancing their own safety practices, ESA advocates the creation of best practice guidelines:

> A collaboration with stakeholders resulted in the December 2011 launch of a comprehensive technical guideline for the safe installation, repair and maintenance of streetlights. It is available free from ESA to any operator of streetlight systems as a means to help reduce the likelihood of shock incidents;

> ESA launched a guideline for trimming trees around powerlines, and another on planting near powerlines and electrical equipment. Both are intended to help protect arborists, landscapers, municipal workers and others when working near powerlines and are available from ESA.

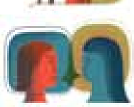
Advancing risk-informed approaches: the Safety Risk Assessment Tool

An example of our commitment to applying risk-informed approaches to our work was the development over the past year of our Safety Risk Assessment Tool for wiring installations. Its purpose is to provide a sophisticated yet practical way to gauge the relative safety risks of new electrical installations. It will be added to our decision-making process to determine how best to deploy our inspection resources.

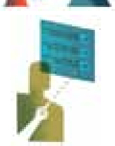
ESA's Safety Risk Assessment Tool was built on industry best practices, extensively reviewed and revised with input from internal and external stakeholders, peer reviewed by other regulators and taken through an academic review. Integration of this tool into ESA business processes will begin in 2012.

IDENTIFY OPPORTUNITIES
Define opportunities to apply risk-informed approaches to advance safety and compliance

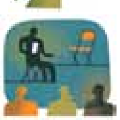
CONSULT INTERNAL STAKEHOLDERS
Conduct meetings and focus groups with employees



CONSULT EXTERNAL STAKEHOLDERS
Focus groups with key stakeholders (ESA's advisory councils, public, government and contractors)



SENSITIVITY ANALYSIS
Reflect research and feedback findings



PEER AND ACADEMIC REVIEW
Seek comments from peers conducting risk management in public sector and academia

FINALIZE TOOL
Reflect research and feedback findings

Joel Moody, ESA's Strategic Safety Analyst, pictured at The Credit Valley Hospital and Trillium Health Centre

INCIDENT DATA COLLECTION & ANALYSIS

For the past ten years ESA has been collecting electrical incident data from multiple sources and compiling it in our annual Ontario Electrical Safety Reports (available at www.esasafe.com). It was analysis of this data that led ESA to identify the five areas that represent 70 percent of all electrical safety incidents in the province. This insight formed the basis of our Harm Reduction Strategy.

We continually seek additional information sources, such as emergency room admission data, and work to improve our analysis capability. The addition of an epidemiologist to our team is allowing ESA to not only access new data sources, but to look at the data in new ways to identify specific at-risk groups and unique approaches to addressing risks. ESA also does in-depth investigations of specific incidents. These root cause investigations provide additional insight into the real underlying drivers of events.

We share our data and analysis with interested stakeholders in the hope that it will help us all become more effective in improving safety.

Advancing the safety system.

ESA works to inspire safety excellence through engaging stakeholders to support and advance our public electrical safety mandate. We operate as a member of a broader safety framework that includes other regulators, safety organizations, associations, businesses, individuals and government. Through collaboration ESA has established and leveraged partnerships as critical components to advancing our Harm Reduction Strategy.

"Participation in ESA's Continuous Safety Service Program ensures we receive the advice and guidance to comply with Ontario regulation and supports us in advancing the City of Barrie's Health & Safety Program by providing electrical safety training modules for employees."
Carl Darby, City of Barrie Wastewater Operations Department

HEALTH & SAFETY MODULES FOR CSS CUSTOMERS

ESA developed electrical safety education modules for customers participating in our Continuous Safety Service (CSS) program. The modules range from general electrical safety to targeted safety information for farmers, electrical workers, and those who work near overhead powerlines. They were designed to support the integration of ESA's safety offerings into the internal responsibility system in clients' facilities and support ESA's participation in health and safety meetings.

Pictured above, left to right: Carl Darby, Maintenance Supervisor, City of Barrie Wastewater Operations Department; Kyle Mullen, Electrical Lead Hand, City of Barrie Wastewater Operations Department; and Kevin Richards, Senior Electrical Inspector Harm Prevention, ESA.

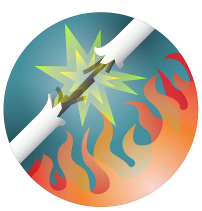
BUILDING A PARTNERSHIP WITH THE HOUSING SERVICES CORPORATION

Responding to the need to ensure compliance to the Ontario Electrical Safety Code in the social housing sector, ESA and the Housing Services Corporation (HSC) have collaborated to offer ESA Continuous Safety Services to HSC members. Participation in the CSS program will assist smaller social housing providers in protecting tenants, employees and visitors from potential electrical hazards in addition to ensuring compliance to the Code.

"The introduction of a streamlined process to achieve electrical safety compliance and awareness has helped social housing providers and service managers to ensure safe people-centered homes and communities across the province."
Gerry Lichty, Director, Technical Services, Housing Services Corporation

Applauding leaders

ESA celebrates people and organizations that make important contributions to electrical safety with its Ontario Electrical Safety Awards. The 2011 recipients were:



CONSUMER AND HOME ELECTRICAL SAFETY

Mike Holmes for outstanding contribution to advancing public electrical safety through his uncompromising work ethic to 'make it right', which raises safety awareness, makes home safety a top priority, and reinforces the importance of using skilled building trades to increase consumer and worker safety.

POWERLINE SAFETY

Cambridge North Dumfries Hydro, Guelph Hydro, Kitchener-Wilmot Hydro and Waterloo North Hydro for joining forces to improve safety awareness by educating workers and the public of the potential hazards associated with electrical equipment and systems with specific attention on those who are most at risk.

PRODUCT SAFETY

Whirlpool Corporation for their industry-recognized efforts to benchmark product safety through business and manufacturing processes that reinforce electrical product safety at the highest possible standards, and a state-of-the-art field monitoring and investigation system to ensure early identification and response to potential hazards.

WORKER SAFETY

Entertainment Electrical Safety Committee of Ontario (EESCO) for spearheading the definition and promotion of standards and guidelines to address electrical safety concerns associated with Ontario's entertainment industry, and influencing training and certification requirements for Entertainment Industry Power Technicians.

Raising awareness.

Raising awareness, educating and training are critical to improving electrical safety. ESA executes its own programs and also collaborates with others in the safety system. Targeted campaigns focus on protecting the general public and consumers from potential electrical risks, and ensuring that safe practices are understood and followed in the workplace to reduce occupational electrocutions and shock.

RESEARCH INDICATES WE ARE IMPROVING ELECTRICAL SAFETY

Research by ESA in 2011 found that public awareness of electrical safety has increased over the past five years. Appreciation of high-risk electrical concerns has increased by 95 percent. More than 60 percent of consumers surveyed said they would use a licensed electrical contractor to do electrical work. When asked about overhead powerlines 72 percent were aware of the associated risks.

ESA holds public safety campaigns to remind the public to 'Look Up! Look Out!' for overhead powerlines. We also target high-risk occupational trades including construction and haulage industries, landscape trades and farmers. Over the past ten years, the five-year rolling average for powerline electrocutions has decreased by 61 percent.

Sustained efforts to create worker safety awareness in the high-risk repair and maintenance area has supported a 44 percent decrease in electrocutions from 2001–2010 (based on rolling averages).

MORE THAN 60% of consumers would use a licensed electrical contractor to do electrical work

72% of consumers are aware of the risks of overhead powerlines

44% DECREASE in electrocutions over 10 years

61% DECREASE in powerline electrocutions over 10 years

Ensuring access to electrical safety information

ESA works to ensure access to important electrical safety information and continues to reach high-risk audiences with new approaches to raising awareness. In the past year ESA:

> Distributed an electrical worker safety information supplement to more than 57,000 workers, supervisors and health & safety representatives;
> Targeted high-risk worker groups with a direct mail campaign and promotions reminding them to 'Look Up! Look Out!' for overhead powerlines;
> Targeted ads reminding six million homeowners to 'Look Up! Look Out!' for high-risk points of contact with overhead powerlines around the home;
> Reached more than 1.4 million homeowners with electrical safety information through a partnership with the Office of the Fire Marshal's Risk Watch campaign;
> Generated media coverage that shared holiday season safety tips with more than 12 million people;
> Reached more than nine million people via radio and newsprint ads and a province-wide public relations effort on the risks of home electrical work and the importance of hiring licensed electrical contractors; and
> Saw more than 780,000 visits to its web site, www.esasafe.com, with 35 percent from homeowners seeking electrical safety information.

Shaping the future.

While ESA and its stakeholders work to improve electrical safety, the electrical system itself continues to evolve with new technologies, applications, standards and systems. It is vital that ESA evolves with these changes and helps to keep industry and consumers protected from emerging safety risks.

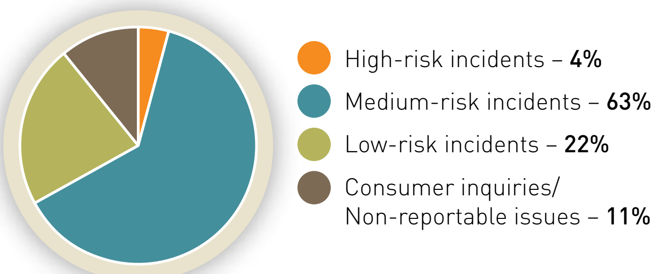
A broad view of product safety

While ESA's electrical product safety responsibilities are specific to Ontario, we work within national and international frameworks.

In June 2011, the federal Canada Consumer Product Safety Act came into effect and has led to increasing collaboration between ESA and Health Canada to streamline approaches to product incident reporting, investigation and recalls.

ESA also works with the International Organization for Standardization (ISO) in advancing electrical product safety in a global context.

ANNUAL PRODUCT SAFETY REPORTS RECEIVED – DISTRIBUTION OF RISK



IMPROVING GENERAL ELECTRICAL INSPECTIONS

A key element in reducing fires in older homes is raising the standard of general electrical inspections that can identify potential risks in these homes. General electrical inspections are often commissioned by homeowners when securing insurance or buying or selling a home in order to provide a review of the condition of the home's electrical system, components and products. ESA supported the creation of a Canadian Standards Association voluntary standard for general electrical inspection to help improve the quality of these inspections. Now that the standard exists, ESA will support its adoption by working with others to advance this standard in the marketplace.

2012 ONTARIO ELECTRICAL SAFETY CODE

A significant effort for the year was the completion of the 25th Edition of the Ontario Electrical Safety Code, which was effective May 1, 2012. The Code incorporates the 2012 Canadian Electrical Code and adds Ontario-specific amendments. The 2012 Ontario amendments reflect ESA's risk-informed approach, create greater harmonization with other jurisdictions, and reduce the burden on homeowners and business owners for low-risk work. The advancement of green energy alternatives required the introduction of a new Code section and rules to address higher-risk electrical installation associated with renewable energy generation and electric vehicle charging stations.

Striving for continuous improvement.

As ESA strives towards our vision of an Ontario free of electrical fatalities, serious damage, injury or loss, we continue to advance our management and governance practices.

ESA has been given significant authority to act on behalf of the Government of Ontario to enhance public electrical safety. To fulfill those responsibilities effectively, we undertake robust business planning and governance.

Our 2010 Harm Reduction Strategy committed ESA to achieve a 30 percent decrease in electrical fatalities by 2015 in line with our vision of 'getting to zero.' These efforts have already contributed to reductions in serious electrical incidents in Ontario, as noted in this Report.

The introduction this year of a new three-year business plan will maintain our focus on harm reduction while ensuring business sustainability.

Our ongoing pursuit of regulatory best practices has included the use of root cause analysis, risk-informed management and leverage of partners. ESA employees and these partners have worked together on key areas of electrical harm, and developed new tools and strategies to promote safety. The Board appreciates and applauds the efforts of our stakeholders to contribute to our goal of eliminating electrical incidents.

Key among these safety partners is the Ministry of Consumer Services, for which we act as a trusted advisor on electrical safety policy. We appreciate the strong and productive relationship between ESA and the Ministry as we work together to improve electrical safety for the benefit of all Ontarians.

In our efforts to continually advance our governance practices, we ensure regular and fulsome Board evaluations to ensure appropriate skills are present on the Board and that additional skills for Board members are developed where desirable. This year we also reformed the structure of the Board from four to three committees – regulatory affairs and governance; audit; and human resources and investment management – to provide greater clarity and improve effectiveness.

I would like to thank my fellow ESA Board members, staff and the management team for their continued hard work and commitment. I am pleased to be part of an organization as professional as ESA and as dedicated to the common cause of advancing public electrical safety.

Finally, I would like to extend my sincere appreciation and gratitude to ESA President and CEO David Collie for his ongoing leadership.

John Wiersma,
Chair, Board of Directors

Heading on the right path.

As we continue to execute our Harm Reduction Strategy, we are encouraged by improving trends in safety incidents, strong support and collaboration from stakeholders, and outstanding effort by ESA staff. Although we face challenges on the road ahead, we are on the right path and will achieve our goals.

With the introduction of our Harm Reduction Strategy in 2010 we focused ESA around a compelling vision: an Ontario free of electrical fatalities and serious damage, injury or loss – 'getting to zero.' FY2012 was a year of significant achievement. First and foremost, we saw a continuing decline in the number of electrical incidents. We must stay vigilant to ensure that trend continues, but the progress is encouraging.

Also this year, we worked to advance risk-informed approaches by working with stakeholders to develop a Safety Risk Assessment Tool to assist in managing our oversight of new wiring installations. We completed the update of the Ontario Electrical Safety Code, making important changes including addressing green technologies. We brought to conclusion a five-year transitional period in electrical contractor licensing. We grew our Continuous Safety Services (CSS) program, expanded the reach of our public safety awareness programs and much more.

Within our own operations, we developed a cost allocation tool to improve our ability to identify and manage the true costs of the electrical safety system. We maintained our commitment to ensuring organizational alignment and employee engagement, including advancing our Senior Leadership Academy program.

All these achievements have been made while sustaining our oversight of compliance and enforcement activities, including: wiring inspections, plan review, product safety investigations, safety oversight of electricity distribution, electrical contractor and master electrician licensing, warning and prosecutions.

Underlying these efforts has been our need to manage a challenging financial context. This year, ESA ran a budget deficit; something we will not repeat. We've created a multi-year Sustainable Resource Strategy to ensure long-term financial sustainability and we exercised tight fiscal management, reduced costs and improved efficiencies.

Like many others, ESA has been buffeted by the impact of escalating pension and other post-employment benefit obligations triggered by record-low bond rates and increasing post-retirement costs. We have had to absorb a doubling of those expenses over the past three years. We did so while remaining focused on our priority: improving electrical safety.

I continue to be impressed with the commitment of employees, the support of our stakeholders and the combined drive to ensure a safer Ontario.

I want to thank ESA staff and managers for their efforts and achievements, our Chair and Board of Directors for their leadership, and the Ministry of Consumer Services for its support as we continue to work to get to zero.

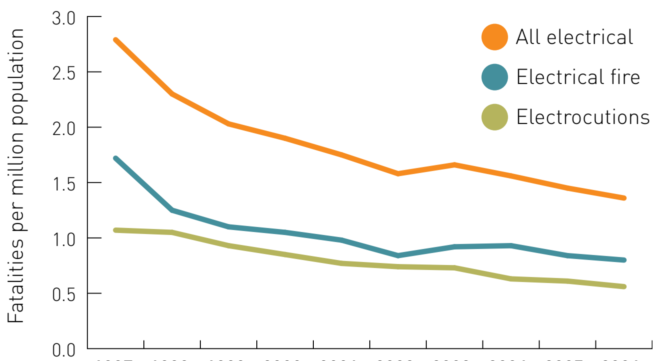
David Collie,
President & Chief Executive Officer

From insight to action.

ESA's annual Ontario Electrical Safety Report has evolved as a source of objective data and analysis that continues to capture stakeholder attention and commitment to electrical safety. New data sources and analytic capacity, and our root cause investigations of incidents provide additional insights critical to advancing our safety goals and objectives.

COMPARISON OF ELECTROCUTIONS TO FIRE FATALATIES, PER MILLION POPULATION, 2001–2010

Overall Five-year Rolling Average Fatalities in Ontario



	1997-2001	1998-2002	1999-2003	2000-2004	2001-2005	2002-2006	2003-2007	2004-2008	2005-2009	2006-2010
All electrical	2.79	2.30	2.03	1.90	1.75	1.58	1.66	1.56	1.45	1.36
Electrical fire	1.72	1.25	1.10	1.05	0.98	0.84	0.92	0.93	0.84	0.80
Electrocutions	1.07	1.05	0.93	0.85	0.77	0.74	0.73	0.63	0.61	0.56

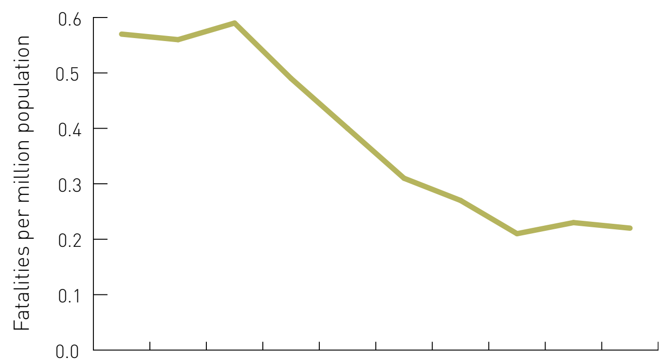
Conclusion: The five-year rolling average fatality rate has decreased 38% over the past five years.

The data in the Ontario Electrical Safety Report continues to provide the basis for the 'five harm' focus ESA has adopted in our Harm Reduction Strategy. Increased knowledge and insight are allowing ESA to identify unique segments and approaches to reduce electrical incidents associated with the key harms. In addition, improved data sources and assessment approaches are critical to identifying emerging trends that need to be addressed to assist in achieving our goal of getting to zero.

Over the past ten years there has been a decline in the rates of electrocutions, fire fatalities (where the ignition source was identified as electrical) and electrical injuries in Ontario. While significant progress has been made, the causes and context of serious incidents remain the same and concerted efforts are needed for rates to continue to decrease. The 2010 Report identified the following priority issues that need to be addressed:

Powerline contact has accounted for almost half of all electrocutions in the past ten years. Ongoing efforts to raise awareness have supported a 61 percent decrease in the five-year rolling average rate for

FIVE-YEAR ROLLING AVERAGE RATE FOR POWERLINE ELECTROCUTION IN ONTARIO 2001–2010

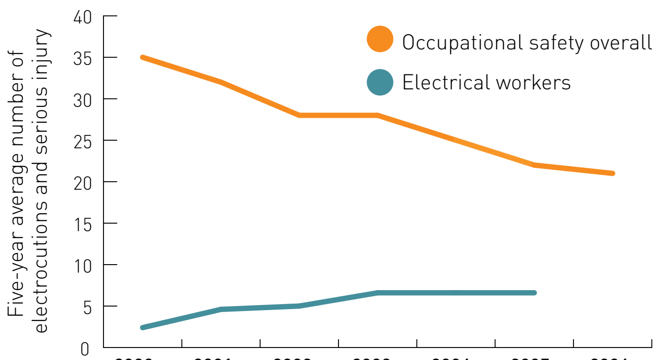


1997-2001	1998-2002	1999-2003	2000-2004	2001-2005	2002-2006	2003-2007	2004-2008	2005-2009	2006-2010
0.57	0.56	0.59	0.49	0.4	0.31	0.27	0.21	0.23	0.22

Conclusion: Over the past 10 years, the five-year rolling average rate for powerline electrocution has decreased by 61%

powerline electrocution. However, there has still been an annual average of three fatalities in the past five years. Investigations reinforce the need to ensure hazard assessments are conducted and safe work guidelines and practices followed when working around overhead powerlines.

OCCUPATIONAL SAFETY FIVE-YEAR AVERAGE IN ONTARIO 2001–2010



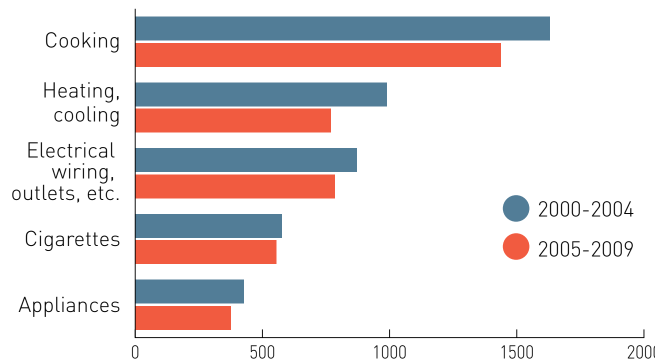
	2000-2004	2001-2005	2002-2006	2003-2007	2004-2008	2005-2009	2006-2010
	35	32	28	28	25	22	21
	2.4	4.6	5.0	6.6	6.6	6.6	

Conclusion: 34% decrease in the five-year rolling average; 2001-2005 to 2006-2010

Electrical worker incidents are primarily associated with unsafe work practices and procedures when conducting electrical repair and maintenance work. Overall occupational electrocutions and serious electrical injuries in Ontario have decreased by more than half from 2000 to 2009; however, during the same time, incidents involving electricians increased sixfold. ESA has established a task force of industry, behavioural and safety experts to identify approaches to improve electrical worker safety.

Misuse of electrical products, and unapproved or counterfeit products result in more than 1,000 fires and an average of five fatalities each year in Ontario. These fires are mainly caused by the use of electrical stovetop equipment where unattended cooking has resulted in fire fatalities. In addition, every year ESA receives and assesses hundreds of electrical product safety reports associated with mandatory reporting requirements to ensure timely notification and corrective action to address unsafe electrical products. ESA continues to work to support the national product safety system and the development of an international standard to recall unsafe electrical products.

AVERAGE NUMBER OF STRUCTURE LOSS FIRES BY IGNITION SOURCE



Cooking	Heating, cooling	Electrical wiring, outlets, etc.	Cigarettes	Appliances
1630	989	871	576	428
1437	770	785	556	376

Conclusion: 12% decrease for cooking, 22% decrease for heating and cooling, 10% decrease for electrical wiring, 3% decrease for cigarettes, 12% decrease for appliances

Older buildings and electrical infrastructure Fires in older buildings account for approximately 1,000 fires and five fatalities a year. Electrical fires have decreased 11 percent from 2000 to 2009; however, the primary causes continue to be associated with wiring and electrical distribution equipment. ESA continues to work with the Ontario Fire Marshal's Public Fire Safety Council to reinforce awareness and change, and supports the CSA-C22.6 Electrical Inspection Code for Existing Residential Occupancies as a means to ensure identification and remediation of potential electrical hazards.

As we introduce new data sources and develop new insights we will refine and target safety strategies to address those harms that result in the greatest number of electrical incidents in Ontario. As we gain increased understanding of causal factors we will engage our safety stakeholders to identify steps we can take together to strengthen Ontario's safety framework. In order to achieve our long range vision and goals we must strive to develop a better understanding of risk areas, raise the awareness of those most at risk and develop intervention strategies that approach the problems from all sides, with coordinated, multi-pronged, multi-sector collaborations.

Doug Crawford,
Chief Public Safety Officer

Improving safety for Ontarians.

In FY2012 ESA's Operations team continued to align its activities to maximize our positive impact on safety. Operations includes more than 240 electrical inspectors across the province, inspection support and management roles, Continuous Safety Services (CSS) and our customer service function.

ESA Inspectors ensure compliance to the Ontario Electrical Safety Code, conduct investigations, respond to public safety concerns reported to ESA, review plans for electrical installations, and work with customers to strengthen electrical safety knowledge and safe work practices. In FY2012 Inspectors also promoted safe electrical work practices as part of ESA's initiative to grow prevention-based activities.

We track the electrical safety impact of inspection activities and monitor compliance defect rates in order to measure and report safety impact.

CSS works with industrial and commercial clients to provide customized services to maximize electrical safety in their facilities and to ensure ongoing compliance to the Ontario Electrical Safety Code.

ESA customer service is provided by the Harm Reduction Services team, which books inspections, supports customers in determining inspection requirements and administers electrical contractor and master electrician licenses.

ESA continues to develop automated and online options for customers to access electrical safety and electrical inspection information 24/7.

WIRING INSPECTION

Our inspection efforts focus on ensuring safe electrical installations, and we assess the impact of that activity using an Electrical Safety Impact measurement tool that calculates the safety contribution for different categories of inspection activities. According to the tool, inspections in this past year generated a 7.5 percent increase in electrical safety impact over 2011.

In FY2012 ESA improved inspection efficiency through pre-scheduling an average of 3,000 appointments per month to reduce the need for repeat visits.

ELECTRICAL CONTRACTOR LICENSING ACTIVITIES

With over 7,000 licensed electrical contractors in Ontario, ESA introduced an online search tool on www.esasafe.com to assist the public in finding a contractor by name, location or type of work offered.

Efforts continued to increase consumer awareness of the importance of ensuring anyone hired to do electrical work in an Ontario home or business is licensed. This year's awareness campaign incorporated advertising, public relations and social media outreach, and targeted consumers considering home renovation work.

Another major achievement was managing a smooth transition when the five-year term for provisional licensing ended in December 2011.

UTILITY SAFETY OVERSIGHT

A 2011 survey of Local Distribution Company (LDC) staff confirmed industry support for working with ESA to increase public safety awareness. It also provided important feedback on ESA programs and services. Although feedback was generally positive, ESA took the opportunity to enhance inspector training for inspections of utility installations and develop a risk-informed approach to focus due diligence inspection resources.

Findings from annual compliance audits continue to demonstrate industry commitment to meet safety obligations.

PRODUCT SAFETY RESPONSIBILITY

Reports of product safety concerns have increased in the last fiscal year due to growth in awareness of ESA's incident reporting requirements, and from Health Canada referrals as it assumed a national role for consumer electrical product safety in June 2011.

ESA continues to review reports from other jurisdictions to identify potential product safety concerns that could impact Ontarians. Our product safety department reviews and categorizes reports into low, medium and high-risk categories and determines whether public notification and/or corrective action are required.

INVESTING IN OUR RESOURCES

ESA's commitment to developing future leaders in Operations continued with 33 Inspectors participating in our Senior Leadership Academy Program. Also, with the introduction of the 2012 Code, all front-line staff received new Code training and 57 were trained to deliver training to customers and stakeholders.

EVOLVING THE SAFETY RISK ASSESSMENT TOOL

A central theme for ESA is the continued development of risk-informed approaches to executing our regulatory and oversight responsibilities. In the past year, a key effort in this area has been the development of a tool that will allow us to gauge the relative safety risks of new electrical installations. With input from stakeholders, we have developed the Safety Risk Assessment Tool to help us prioritize inspection activities based on the relative level of risk. ESA is now beginning a multi-stage implementation process that includes defining new inspection approaches, identifying and focusing on higher-risk installations, and building a wider set of compliance verification tools.

Scott Saint,
Chief Operating Officer

7.5% INCREASE
in electrical safety impact since 2011

33 INSPECTORS
participated in our Senior Leadership Academy Program

240
electrical inspectors across the province

24/7 ACCESS
to electrical safety and inspection information online

Business Plan

Goal of ESA's Harm Reduction Strategy: Reduce electrical fatalities by 30 percent from 2010 to 2015.

ESA's FY2013–2015 Business Plan is firmly anchored in ESA's Harm Reduction Strategy. The Plan will take us through the final three years of the Strategy to the goal of a 30 percent reduction in electrical fatalities from 2010 to 2015. The Plan also reflects financial realities, and the decisions made by ESA in the past year to establish a Sustainable Resource Strategy to ensure a stable financial foundation for the long-term work of the organization.

HIGHLIGHTS OF THE PLAN:

- **Continued progress on harm reduction –** the five harms identified in the Harm Reduction Strategy: powerline safety, worker safety, product safety, aging infrastructure, and new wiring. Progress towards stated goals for each (see page 19);
- **Continued development of four critical corporate capabilities –** people and growth, business processes, stakeholder engagement and communications, and sustainable resourcing (see page 24);
- **Fulfillment of a Sustainable Resource Strategy –** our plan to ensure a sustainable long-term financial foundation for ESA;
- **Focus on five major projects –** integral to achieving our goals (see page 18);
- **Continued commitment to risk-informed approaches –** seeking opportunities to apply approaches that help us to allocate the greatest effort to the areas of greatest risk to achieve the highest impact on public safety;
- **Cost containment and efficiency –** through better use of technology, procurement practices, business analysis tools and more;
- **Revenue growth –** from strategic areas that will support safety improvements and provide revenue, including training, Continuous Safety Services and Field Evaluation Services;
- **Multi-year planning –** introducing a three-year approach to business and financial planning;
- **Continued integration of Enterprise Risk Management (ERM) –** into business planning and management.

At the end of this three-year plan ESA will have achieved the goals of the Harm Reduction Strategy, restored the organization to financial sustainability and secured a firm financial footing for the years ahead.

BUSINESS PLANNING ASSUMPTIONS

The goals and objectives defined were developed according to basic business assumptions that ESA will:

- fulfill our regulatory obligations related to the administration and enforcement of the Ontario Electrical Safety Code, Licensing of Electrical Contractors and Master Electricians, Electrical Distribution Safety, and Electrical Product Safety;
- sustain revenues in line with key economic indicators to ensure delivery of electrical safety and prevention initiatives;
- receive ongoing support from stakeholders for pursuing innovative and collaborative approaches to advancing electrical safety goals and objectives;
- focus on good governance, transparency, and organizational effectiveness and efficiency.

PROGRESS ON HARM REDUCTION

ESA's harm reduction efforts will continue to engage those who create harm, those who are impacted by harm, others who benefit from harm reduction, and those who share safety goals with ESA.

ESA's annual Ontario Electrical Safety Report provides the data to monitor changes in rates of electrical injuries, fatalities and fires. The latest report finds that the rolling average of electrical contact fatalities in the past two years has decreased overall and is on target for a 30 percent reduction over a five-year period.

However, the Report also shows that while overall occupational electrical fatalities and serious injury rates are decreasing, that pattern does not hold for electrical workers and electricians. Fatalities and serious injuries in these trades have increased over the past decade. As a result, ESA has made improving safety for electrical workers a key priority for the years ahead.

In addition, the trend in electrically-related fire fatalities, although improving, is doing so only gradually – about two percent per year – and could fall behind the rate required to achieve the five-year goal of a 30 percent reduction. Additional effort will be applied here.

RISK-INFORMED APPROACH TO WIRING INSTALLATIONS: DEVELOPMENT OF SAFETY RISK ASSESSMENT TOOL (SRAT)

The FY2012 development of a tool to gauge the relative safety risks of various types of installations will assist ESA in focusing inspection on high-risk installations, and exploring other approaches to manage compliance for low-risk installations such as self-declaration and monitoring quality management systems through audits.

ESA will introduce a multi-staged approach to implementation that begins in FY2013 and continues to FY2015.

ESTABLISHMENT OF SUSTAINABLE RESOURCE STRATEGY

In FY2012 ESA established a multi-year Sustainable Resource Strategy to ensure we are resourced appropriately for the long term. This strategy focuses on five areas:

- building revenue from Continuous Safety Services, Field Evaluation and training programs;
- containing costs and improving efficiencies;
- growing strategic areas that are key to achieving our goals, such as awareness building and education;
- increasing fixed revenue streams that are less subject to economic fluctuations;
- improving ESA's financial administrative and analytical tools.

As labour costs dominate ESA's cost structure, we have a plan to decrease workforce size by 2015 to what it was in 2008, a difference of approximately 32 full-time equivalents. This will be achieved over time by attrition and other means as required. This will require concerted effort, prioritizing of work and overall increases in productivity.

MANAGING ENTERPRISE RISK

Ongoing enterprise risk monitoring and management is a critical part of the business plan. ESA monitors enterprise risk and incorporates risk management strategies and processes into its business plans.

FY2013–FY2015 MAJOR PROJECTS

ESA has identified five major projects that will require focus and priority over the next three years:

Implementing the Safety Risk Assessment Tool

As has been noted above, ESA is committed to applying risk-informed approaches to its process for managing compliance and achieving safety. ESA will use the Safety Risk Assessment Tool developed in FY2012 to pilot and implement risk-informed approaches in the area of new wiring. This tool uses quality data and controls to ensure reliability and accuracy in risk prioritization. An implementation strategy will allow ESA to identify areas of higher safety risk and target increased compliance activities, and identify opportunities with low-risk areas to apply alternate approaches, such as self-declaration, audited quality management systems, etc.

Develop and implement Electrical Worker Safety Program

While overall occupational electrical safety incident rates are declining, events involving electricians persist and are trending upwards. ESA has placed a priority on tackling this challenge.

A dedicated electrical worker safety program will provide a vehicle for ESA staff and other stakeholders to influence the high-risk behaviour of electrical workers. The end goal is to implement a program or tool that can be used by workers to inform and remind them of appropriate safety practices in different situations.

Success will be gauged through decreases in electrical worker accidents, with benchmarks and targets established in FY2013.

Support a national approach to product safety

ESA will work to reconcile the current provincial and federal product safety requirements and eliminate duplication, which will reduce the regulatory burden on industry, ensure clarity and improve efficiency.

Build ESA's training program

ESA will grow its training business to positively impact electrical safety and contribute to financial sustainability. Efforts will focus on targeting high-risk groups and industries, engaging partners and exploring new training opportunities. The success of the program will be measured by the increase in participation and contribution to margin.

Support advancements for general inspections of older homes

The goal of this project is to help reduce electrical harms associated with aging infrastructure in older homes by improving the effectiveness of general electrical inspections provided in the marketplace. ESA supported the creation of a Canadian Standards Association voluntary standard for general electrical inspection to help improve the quality of these inspections. Now that the standard exists, ESA will support its adoption by working with others to garner support for the adoption of the standard.

1 POWERLINE SAFETY

ESA is focused on reducing powerline contact incidents involving third parties and advancing the safety practices of Local Distribution Companies (LDCs), which includes addressing emerging issues of aging electrical distribution infrastructure.

FY2011–2015 Goal: decrease the number of worker and non-worker powerline contact incidents from 160 to 133 (based on five-year rolling average.)

Status as of FY2012: comparisons of five-year rolling averages for powerline contact incidents identify a decrease to 147.

FY2012 ACHIEVEMENTS

STRATEGIES	COMMITMENTS	ACHIEVEMENTS
Advance safety practices of LDCs.	Expand the Community Powerline Safety Alliance and share best practices.	Alliance of 11 members has agreed to a priority list of areas for collaboration, including shared awareness-raising efforts and focused outreach to the construction trade.
	Establish asset management guidelines and best practices for existing at-risk installations.	Collaborated with stakeholders to define a risk-informed approach for managing existing utility assets. Participated with an external working group to implement a risk-informed approach to align Due Diligence Inspections to high-risk areas and sustain Electrical Distribution Safety Regulation compliance.
Reduce incidents involving high-risk third parties.	Sustain targeted communication with at-risk businesses.	Targeted outreach of the 'Look Up! Look Out!' campaign to landscape trades, farmers and the construction trades; achieved reach of 8.5 million.
	Develop best practice guideline for boom trucks.	Assessed the potential for an engineered device to detect the presence of live powerlines to support best practices and guidelines for boom truck operators.
	Engage municipalities to address at-risk activities.	Developed a municipal strategy and targeted Chief Building Officials at 400 municipalities with information packages to raise awareness of powerline clearance requirements and dimensions of powerline safety and worker safety issues. Initiated meetings to review powerline and worker safety concerns.

FY2013–FY2015 PLANS

STRATEGIES	PLANS	FY2013 COMMITMENTS
Advance safety practices of LDCs.	Support Community Powerline Safety Alliance.	Facilitate meetings and provide technical support, interpretation and documentation to address priorities established by group.
	Co-ordinate with LDC community on shared powerline safety awareness efforts.	Increase the use by stakeholders of ESA safety materials and campaigns.
	Development of an Asset Management Public Safety Guideline.	Test this guideline in collaboration with stakeholders to advance risk-informed approaches as they relate to existing utility equipment
Reduce incidents involving high-risk third parties.	Hold community based powerline safety events.	Hold 10 events across the province.

2 HIGH-RISK WORKER SAFETY

ESA works with electrical trades, workers, industry, safety stakeholders, and other safety regulators and organizations to decrease the number of worker-related electrical fatalities and critical injuries.

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

Status as of FY2012: comparisons of five-year rolling averages for worker-related electrical fatalities and critical injuries identify a decrease to 21.

FY2012 ACHIEVEMENTS

STRATEGIES	COMMITMENTS	ACHIEVEMENTS
Influence and support collaborative approaches.	Conduct high-impact prevention blitzes targeting users with unsafe work practices.	994 worker interventions targeted unsafe work practices by electrical workers and persons working near powerlines. Participation at the Partners in Prevention Conference shared information on safe work practices near overhead powerlines and when doing repair and maintenance work with over 5,000 business owners, operators and health & safety representatives.
	Develop terms of reference to support the launch of a Worker Safety Taskforce.	Worker Safety Taskforce terms of reference drafted, and a list of potential participants completed.
Encourage safe work practices and behaviour.	Increase safety footprint with facilities with unsafe work practices.	Continued to develop Senior Inspectors' capacity to help Continuous Safety Services customers improve safety in their facilities through enhanced training to strengthen internal responsibility systems. Ongoing participation with Workplace Safety and Prevention Services through Partners in Prevention Conferences raised awareness of electrical safety in the workplace. Distributed 57,000 electrical worker safety supplements with industry publications to key decision makers to heighten awareness that over 60% of electrical worker incidents are associated with improper procedures. A partnership with the Housing Services Corp. increased safe work practices and Ontario Electrical Safety Code compliance in smaller social housing complexes.
	Market the Electrical Safety Plan (ESP) to target specific at-risk sectors.	Continued to enhance the ESP software. In FY2012 19 customers across Ontario were using this tool to assess and implement safe work practices in their facilities and we started to target municipalities with the ESP and worker training. Partnered with Workplace Safety and Prevention Services to market the ESP to automotive manufacturers and heavy industry.

FY2013–FY2015 PLANS

STRATEGIES	PLANS	FY2013 COMMITMENTS
Influence and support collaborative approaches.	**Major project: Develop electrical worker safety program.**	Define specific measurable improvement in electrical work accidents and fatalities.
	Hold community-based worker safety events.	Participate in six worker safety events across the province, including the Workplace Safety and Prevention Services conference.
Encourage safe work practices and behaviour.	Launch Worker Safety Taskforce.	Roll out Worker Safety Taskforce, with participants including experts in safety, industry practices, behaviour change and utility sector representatives.

3 ELECTRICAL PRODUCT SAFETY

ESA works with other agencies to advance awareness and processes to reduce fires and safety incidents related to electrical products. Working with the Office of the Fire Marshal and the Housing Services Corporation ESA is assessing the effectiveness of new stovetop element technology.

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

Status as of FY2012: comparisons of five-year rolling averages for electrical-related product fires identify a decrease to 1,739.

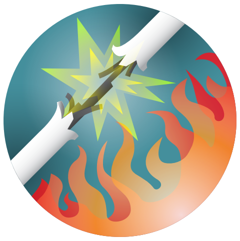
FY2012 ACHIEVEMENTS

STRATEGIES	COMMITMENTS	ACHIEVEMENTS
Influence and support collaborative approaches.	In partnership with the Office of the Fire Marshal, implement recommendations from the Stove Top Fire Report.	ESA and the Office of the Fire Marshal worked with the Housing Services Corporation in a joint initiative to support the installation and assessment of stove top fire mitigation technology. ESA participated on a CSA Task Force to review the recommendations in the Stove Top Fire Report.
Influence national and international product safety standards and processes.	Complete the final draft of the International Organization for Standardization (ISO) PC240 Product Recall Standard.	ESA participated in the development of an ISO Product Recall Standard (ISO 10393) that is now under review by voting member countries.
	Partner with others to explore the development of a national product safety tracking and response system.	With the introduction of the federal Consumer Product Safety Act, ESA continued to work with other jurisdictions to streamline processes to advance product safety.
Assess, respond to, and monitor incidents.	Investigate and resolve electrical product safety-related incident reports.	In FY2012 ESA investigated 1,735 incident reports and resolved 1,227 by year-end. There were 65 recalls and 40 safety alerts issued.

FY2013–FY2015 PLANS

STRATEGIES	PLANS	FY2013 COMMITMENTS
Enhance understanding of cooking fires.	Initiate a prospective cohort study of effectiveness of new stovetop element technology with the Office of the Fire Marshal and the Housing Services Corporation.	Produce a five year study plan and design, and report on findings from new stovetop element technology.
Assess, respond to and monitor incidents.	Review, assess and successfully resolve incoming product safety incident reports.	Effectively manage the volume of electrical product incident reports.

4 AGING INFRASTRUCTURE



ESA will focus on increasing the impact of general inspections to decrease the number of electrical fires in existing residential dwellings associated with electrical wiring, panels and other distribution equipment.

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.

Status as of FY2012: comparisons of five-year rolling averages for electrical fires with distribution equipment as an ignition source in homes built prior to 1975 identify a decrease to 716.

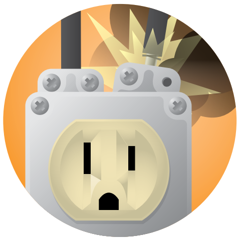
FY2012 ACHIEVEMENTS

STRATEGIES	COMMITMENTS	ACHIEVEMENTS
Influence and support collaborative approaches.	Promote guidelines for the design, installation, construction and maintenance of street lighting systems with stakeholders.	ESA and the Streetlight Asset Committee released Streetlight Guideline to municipalities, LDCs, consultants and contractors to reinforce asset owner responsibility for system maintenance to address concerns associated with aging infrastructure. Guidelines were also shared with the Business Improvement Association and their members. A Streetlight Symposium was attended by approximately 80 industry stakeholders as the Streetlight Guideline was launched.
	Support the launch of the first Electrical Safety Foundation International (ESFi) Canada public awareness campaign.	ESFi Canada was launched in September 2011. A Canadian Business Plan was completed to sustain and advance safety initiatives including campaigns planned for 2012.
Enhanced national standards and safety practices.	Assess Canadian Standards Association (CSA) Standard for Inspection of Existing Dwellings and develop an approach to ensure alignment.	ESA assessed the new CSA standard against the existing general inspection program and prepared a position paper that recommends a multi-year plan to support a new approach for the general electrical inspection of existing dwellings.
Enhance understanding of residential wiring fires.	Conduct root cause investigations of residential wiring fires to gather additional information and insights.	Two incident investigations involving fires in aging multi-dwelling buildings were conducted. Initiated work with the OFM to gather survey data on old wiring fires.

FY2013–FY2015 PLANS

STRATEGIES	PLANS	FY2013 COMMITMENTS
Market-based approach leveraging third parties.	**Major project: Evolve general electrical inspections of older homes.**	Identify at-risk communities, potential qualified third parties, and develop alternative models for consultation.
	Continue active support of ESFi Canada to raise awareness of safety issues.	ESFi Canada hosting first National Electrical Safety Month in May 2012.
Enhance understanding of electrical fires.	With Office of the Fire Marshal, identify and better understand at-risk communities.	Identify and profile at-risk communities.

5 NEW WIRING



Align inspection and non-inspection resources to well-defined high-priority harm reduction initiatives to improve safety by increasing Ontario Electrical Safety Code compliance and reducing defects in higher-risk installations.

FY2011–2015 Goal: increase the electrical safety impact for wiring notifications by 30 percent. ESA's Electrical Safety Impact measurement tool calculates the safety contribution for different categories of inspection activities.

Status as of FY2012: the electrical safety impact of electrical inspections from 2011 to 2012 increased by 7.5 percent.

FY2012 ACHIEVEMENTS

STRATEGIES	COMMITMENTS	ACHIEVEMENTS
Advance safety management framework.	Consult on a risk-informed inspection model and develop an implementation plan.	A Safety Risk Assessment Tool was developed in consultation with stakeholders, including input from: > four internal focus group sessions > five external focus group consultations > three regulatory peers > two academic risk experts The tool defines variable risk levels to support a risk-informed approach for oversight of wiring installations. A multi-staged implementation plan was developed for introduction in FY2013.
	Consult, revise and launch the 2012 Ontario Electrical Safety Code, including an expanded basic exemption.	Impact assessments and stakeholder consultations were conducted on proposed amendments to support the development of the 2012 Ontario Electrical Safety Code. Communication and training plans supported the transition to the new Code, coming into effect May 1, 2012. ESA inspector training completed and external training sessions initiated, including online training of 3,500 attendees.
Benchmark using the Electrical Safety Impact Measures.	Increase time spent conducting high-impact safety activities.	ESA initiated work in the Continuous Safety Services and training areas to identify the approach to assess the application of an Electrical Safety Impact measure to track the safety impact of prevention-based activities.
	Increase inspection process efficiency.	ESA introduced a new efficiency process that instituted site visit appointment windows, established a point person to arrange site access for 90 inspectors and reduced phone traffic to decrease the administrative burden on inspectors.

FY2013–FY2015 PLANS

STRATEGIES	PLANS	FY2013 COMMITMENTS
Advance safety management framework.	**Major project: Implement risk-informed approach for Code compliance.**	Execute the risk-informed inspection approach to increase wiring installation compliance in three high-risk target areas.
	Complete 2012 Code training.	Complete training with positive feedback from participants.
Enhance understanding of electrical fires.	With Office of the Fire Marshal, identify and better understand at-risk communities.	Identify and profile at-risk communities.

PEOPLE AND GROWTH

ESA will continue to build and ensure employee engagement in the Harm Reduction strategy, align human resource and business strategies, and will increase the organization's capability to thrive in a changing environment.

FY2011–2015 Goal: to establish clear succession plans for 100 percent of critical roles and 75 percent of leadership roles.

FY2012 ACHIEVEMENTS

STRATEGIES	COMMITMENTS	ACHIEVEMENTS
Align people and processes to support the Harm Reduction strategy.	Ensure at least 10 percent of ESA employees are directly engaged in the development and assessment of a Safety Risk Assessment Tool.	In FY2012 61 ESA employees (13 percent) were involved in focus groups to assess and refine the Safety Risk Assessment Tool to support the development of a risk-informed approach for wiring installations. Regular updates on the development of the Safety Risk Assessment Tool have been provided to employees and stakeholders.
	Research employee understanding and support for ESA's Harm Reduction Strategy and establish benchmarks and targets for improvement by second quarter FY2012.	A May 2011 ESA's employee survey established a 55 percent benchmark for good or very good employee understanding of the mission and business plan. ESA will work to increase this to 60 percent in FY2013.
Renew and articulate corporate values that better align with today's ESA.	Revise and renew ESA's corporate values. Engage employees in new values.	ESA gathered employee feedback to support the review of corporate values in May 2011. In the third quarter the Board approved recommended values and employee feedback is being gathered to finalize new values.

FY2013–FY2015 PLANS

STRATEGIES	PLANS	FY2013 COMMITMENTS
Alignment and culture	Develop employee capabilities and skills for culture shaping, project management and financial awareness.	Design implementation plan including student selection, course outline and modification of modules to audiences.
Organizational capabilities	Ensure availability and leadership continuity in critical positions.	Critical positions validated, successors identified and development plans completed.
Cost management	Address ESA Pension and Other Post Employment Benefit challenges.	Identify best options for cost management.

BUSINESS PROCESSES

In addition to implementing a risk-informed compliance model for new wiring, ESA will expand the use of business analytic tools and risk-informed approaches to advance the Harm Reduction Strategy and improve operating efficiency. **FY2011–2015 Goal:** to increase the ratio of prevention activities by 20 percent and fully integrate a safety management framework.

FY2012 ACHIEVEMENTS

STRATEGIES	COMMITMENTS	ACHIEVEMENTS
Begin implementation of a risk-informed approach for inspection.	Consult on the risk-informed inspection and complete the model.	The Safety Risk Assessment Tool has been developed and validated through consultations with internal and external stakeholders. Almost 100 people were involved in consultations, including peer and academic reviews, to validate the prototype tool.
	Develop an implementation plan and initiate implementation steps by January 2012.	A multiyear transitional implementation plan was developed.
Develop Corporate Social Responsibility strategy.	Develop Corporate Social Responsibility strategy and plan.	A framework for a Corporate Social Responsibility strategy was established with a plan to support development in FY2013. A corporate donation policy was approved for launch in FY2013.

FY2013–FY2015 PLANS

STRATEGIES	PLANS	FY2013 COMMITMENTS
Customer service effectiveness	Launch new online access system for customer access to arrange electrical inspection or check inspection status.	Offer contractors the option of robust online self-serve access.
	Maintain stability and reliability of microcomputers.	Replace at end of life.

EFFECTIVE COMMUNICATION AND STAKEHOLDER ENGAGEMENT

Ensure ESA is a trusted source for electrical safety information and advice. Continue to build stakeholder awareness and support for risk-informed approaches, and establish formats that support shared messaging through social media, increased use of public relations and strategic engagement with stakeholders.

FY2011–2015 Goal: to leverage stakeholder partnerships to mobilize action related to the key safety harms.

FY2012 ACHIEVEMENTS

STRATEGIES	COMMITMENTS	ACHIEVEMENTS
Enhance understanding of ESA as an electrical safety authority.	Successfully implement first year of three-year communications strategy, including: manage ESA's corporate profile and reputation; advocate for electrical safety issues; support marketing strategies to advance business units and programs; and support internal alignment.	> FY2012 strategy completed, exceeding annual target of 40 million impressions while at the same time reducing expenditures. > Strengthened stakeholder awareness of ESA's goals, objectives and accomplishments, advancing ESA's corporate profile and position as an electrical safety advocate. > Strengthened ESA's leadership role through participating in ESFi Canada, managing the Ontario Electrical Safety Awards and initiating co-branding to share powerline and licensing safety materials. > Strengthened marketing strategies with communication plans to reinforce safety messaging. > Established plans to increase internal alignment on crisis and issues management communication.
	Establish consumer, contractor and LDC stakeholder perception benchmarks related to the understanding of ESA and electrical safety priorities, and establish strategic plans and measures for improvement.	Local Distribution Company Satisfaction and Consumer Risk research studies were completed and benchmarks established to track progress in moving collaborative initiatives and safety priorities forward.
	Achieve broad reach to consumers across the province with electrical safety messages.	Campaign reach exceeded 40 million target > Advanced LEC awareness campaign reach by 17 percent > Doubled powerline safety awareness campaign reach > Advanced Holiday Safety awareness campaign reach twofold Introduced a model to support cooperative advertising. Launched quick response awareness efforts responding to a powerline fatality and enforcement convictions.
Develop key stakeholder support of the risk-informed approach for inspection.	Ensure ESA's Safety Risk Assessment tool and risk-informed approach to wiring installations reflects feedback from stakeholder consultations, peer and academic reviews.	Completed consultations and gathered feedback from internal and external stakeholders, peers and academics to support the creation of the risk-informed inspection model and Safety Risk Assessment Tool.
Develop stakeholder engagement to support implementation of harm reduction approaches.	Expand ESFi Canada membership and launch first information/ public awareness campaign.	All founding members are in place. ESFi Canada will introduce its first public awareness campaign May 1, 2012, and will launch the inaugural National Electrical Safety Summit May 3, 2012. Community Powerline Safety Alliance of 11 members has agreed to a priority list of areas for collaboration, including shared awareness-raising efforts and focused outreach to the construction trades.

FY2013–FY2015 PLANS

STRATEGIES	PLANS	FY2013 COMMITMENTS
Enhance understanding by stakeholders of ESA's role, mandate and activities.	Expand reach of safety awareness programs, including through greater third-party use of materials.	Grow overall impressions to 50 million.
	Undertake website content rationalization.	Enhance higher traffic content and eliminate dated or low traffic content.
	Enhance strategic use of social media through campaigns and content management.	Establish content strategy and first phase of social media strategy.
	Implement improved internal communication program.	Develop in collaboration with staff.
Develop stakeholder understanding and support.	Build stakeholder support for risk-informed approaches. Improve reporting to regulated stakeholders.	Gather feedback from consultation and surveys from contractors to improve stakeholder understanding and support.

SUSTAINABLE RESOURCE FRAMEWORK

Establish robust and flexible financial framework to support the Harm Reduction Strategy. Ensure Enterprise Risk Management is well-integrated into the fabric of ESA operations.

FY2012 ACHIEVEMENTS

STRATEGIES	COMMITMENTS	ACHIEVEMENTS
Understand outcomes from 2011 resource model review.	Develop an implementation strategy by December 31, 2011 for roll-out in FY2012.	A new cost allocation model was introduced and a 15 point plan was integrated into ESA's three-year business plan to support the sustainable resource strategy.
Implement priority items identified in the Enterprise Risk Management (ERM) review.	Complete ERM review of recommendations, including: linking ERM to strategic and annual plans; establish corporate ERM vision and appetite statements; improve reporting; enhance risk identification processes; and propagate ERM throughout ESA. Improve ESA's ERM capabilities and organizational readiness.	ESA reviewed the top five risk areas and has integrated an approach to manage these risks in the three-year business plan.
Ensure sustainable financial performance by implementing three-year financial response plan.	Achieve bottom line financial targets and regular report tracking in line with FY2012 budget parameters.	Revenue was $87.8 million or 99.5 percent of plan. ESA incurred a deficit of $1.4 million, which was $300 thousand better than plan.

FY2013–FY2015 PLANS

STRATEGIES	PLANS	FY2013 COMMITMENTS
Financial performance	Achieve financial response plan target.	Achieve net income of $165 thousand.
	Implement new accounting standard beginning April 1, 2012.	Auditor confirmation of successful application of Accounting Standard for Not for Profit Organizations.
	Develop five-year financial forecast.	Identify key drivers and source forecasting tools to support the development of longer-term insights.
	Apply cost allocation model.	Use to better understand safety system cost and to assist in communicating to stakeholders.
Enterprise Risk Management (ERM)	Maintain robust ERM assessment and response capability.	Sustained ERM capability.
Sustainable resource	**Major project: National product safety system development**	Establish a basis for elimination of duplication between provincial and federal jurisdictions in order to ensure product safety is achieved with greater efficiency.
	Major project: Grow ESA training program	Generate additional safety benefits and revenues.
	Transition Field Evaluation Business to the FieldWorker mobile information technology management system.	Complete transition.
	Implement workforce management plan.	Manage labour costs.
	Grow and improve Continuous Safety Services Program.	Develop an integrated plan to extend CSS to across the broader ICI market.

Managing compliance and enforcement

The Electrical Safety Authority has programs, processes and procedures in place to ensure the efficient administration of our regulatory responsibilities as defined by Part VIII of the Electricity Act. As part of these responsibilities ESA administers a number of regulations.

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

ESA works to ensure compliance to Ontario's safety requirements and the timely resolution of defects. Where required, ESA will escalate enforcement to the courts.

In FY2012 ESA worked to update the Ontario Electrical Safety Code to include changes made to the Canadian Electrical Code as well as specific Ontario amendments. ESA worked with its Ontario Provincial Code Advisory Council and conducted stakeholder consultations on proposed amendments. Feedback was incorporated into the final version of the updated Code. The 25th Edition of the Ontario Electrical Safety Code becomes effective May 1, 2012, and is supported by detailed communication and training plans.

	FY2012	FY2011
Customer service calls answered	513,495	469,869
Inspections conducted	451,782	497,465
Continuous Safety Services customers	3,740 with 25,371 sites	3,767 with 23,941 sites
Warnings issued	21,660	23,275
Defects identified	236,899	256,125
Investigations conducted	2,607	3,662
Charges laid	99	39
Convictions	56	19
Appeals	22	40
Improvement in electrical safety impact, as measured by ESI tool	7.5%	6%
Freedom of Information requests	1,284	841

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

In FY2012 ESA successfully closed a five-year transition period for provisional license holders, with the vast majority becoming fully licensed.

	FY2012	FY2011
Electrical Contractor Licenses issued	676	559
Master Electrician Licenses issued	1,189	1,249
Licenses renewed	12,604	12,554
Individuals who wrote the Master Electrician Exam	1,133	1,466
Master Exam pass rate	89.8%	83.1%
Discipline notifications issued	405	180
Licenses suspended	61	17
Licenses revoked	0	0
Complaints handled	1,419	1,238
Notices of violation issued	556	660
Licensing investigations conducted	135	135
Charges laid	72	30
Convictions	49	32
Appeals	6	8

Electrical Distribution Safety Regulation, O.Reg. 22/04 requires objective-based electrical safety requirements for the design, construction and maintenance of electrical distribution systems owned by licensed distributors. The regulation requires the approval of equipment, plans, specifications and inspection of construction before they are put into service, but provides Local Distribution Companies (LDCs) with a number of options to obtain these approvals. ESA conducts audits to ensure compliance to safety standards. In addition, ESA undertakes due diligence inspections to confirm compliance to the regulation.

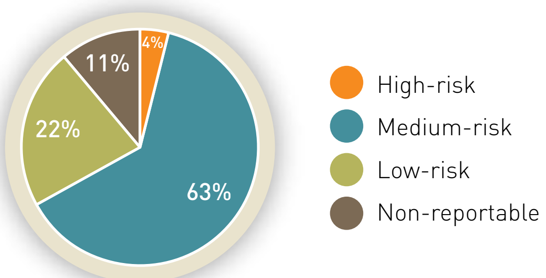
	FY2012	FY2011
Electrical distribution-related incidents	201	183
Electrical distribution-related fatalities	3	3
Due Diligence Inspections	489	477
Public safety concerns received	131	239

Product Safety, O.Reg. 438/07 mandates ESA to protect the public from unsafe electrical products and equipment sold and used in Ontario. Industry members are required to report safety incidents involving electrical products to ESA, and others can voluntary report events to us. ESA conducts investigations and where necessary ensures there is public notification and corrective action, such as recalls, for unsafe products.

ESA continues to support the development of a consistent national product safety system. The introduction of the federal Consumer Product Safety Act in June 2011 provided additional support for consumer protection, and ESA is working with Health Canada to reconcile the federal and provincial systems.

FY2012

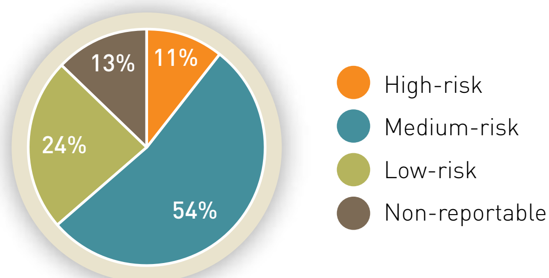
1,735 product safety incident reports received



40 safety alerts issued
7 investigations conducted
3 convictions
65 recalled product notifications
3 charges laid

FY2011

856 product safety reports received



29 safety alerts issued
11 investigations conducted
1 conviction
67 recalled product notifications
2 charges laid

Responding to customers' needs

CUSTOMER SURVEY RESULTS

ESA surveys key stakeholder groups on a regular basis. In FY2012 ESA surveyed close to 400 Local Distribution Company (LDC) representatives to gather feedback on their perceptions of ESA service, safety impact and leadership. Those surveyed provided a 7.5 mean average (on a 10 point scale) when asked about their experience dealing with ESA in nine service/function areas, and reported that ESA has an important role to play in collaborating with LDCs on safety issues and in creating public awareness of safety around LDC assets. While the results were generally positive, ESA's utility regulations team undertook specific continuous improvement initiatives that included enhanced staff training and the evolution of the Due Diligence Inspection process. ESA will report back to the LDCs in FY2013.

ESA also surveyed homeowners to benchmark electrical safety risk perception against research done in 2006 and found that consumers' perception of major electrical risks increased by 95 percent. In addition, 33 percent indicated they would like more information on how they can improve electrical safety in their homes.

PRIVACY GUIDELINES

ESA is committed to maintaining the accuracy, security and privacy of personal information in accordance with the terms of our Administrative Agreement and privacy laws. ESA maintains a customer privacy policy and has a Chief Privacy Officer who oversees policy and activity in this area. ESA collects personal information to support the delivery of services, understand individual needs, manage business operations, develop and enhance services, and meet legal or regulatory requirements.

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

In FY2012 ESA received and responded to 1,284 Freedom of Information requests.

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. Information on ESA's complaints policy can be accessed at www.esasafe.com.

In FY2012 ESA received 73 wiring-related complaints and resolved 53 in accordance with ESA's complaints policy. At year-end ESA continued to work to resolve the outstanding complaints.

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 ESA. The appeals process, which can be reviewed at www.esasafe.com, defines specific steps and timelines to respond to an appeal pertaining to the Ontario Electrical Safety Code or the Licensing of Electrical Contractors or Master Electricians. Appeals must be supported with required information as outlined in the process for the appeal to proceed.

The majority of appeals are addressed through the first stage of review: the Director's Review. However, an appeal can be escalated to an independent cross-sector review panel and ultimately can be taken to Divisional Court.

In FY2012 ESA received 22 appeals associated with the Ontario Electrical Safety Code (Regulation 164/99) and six appeals associated with Provincial Contractor Licensing (Regulation 570/05) (see page 30). During FY2012 seven appeals could not be processed given that they did not meet the submission information requirements. ESA continues to ensure that all appeals are addressed through our established process, with five appeals before the Review Panel and Divisional Courts.

FRENCH LANGUAGE SERVICES

ESA responds to all requests for French services as they arise throughout the year. The nature and level of services we provide in French are determined on an as-required basis to ensure ESA fulfils its public safety mandate. In FY2012, ESA's Harm Reduction Services Centre responded to 3,134 calls in French. ESA monitors requests for service in French to ensure the appropriate level of service to meet public safety and customer service needs.

Organizational structure

EXECUTIVE TEAM

DAVID COLLIE
FCMA, MBA, C.Dir.
President and Chief Executive Officer

DOUG CRAWFORD
M.Eng., P.Eng.
Chief Public Safety Officer and Vice President

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

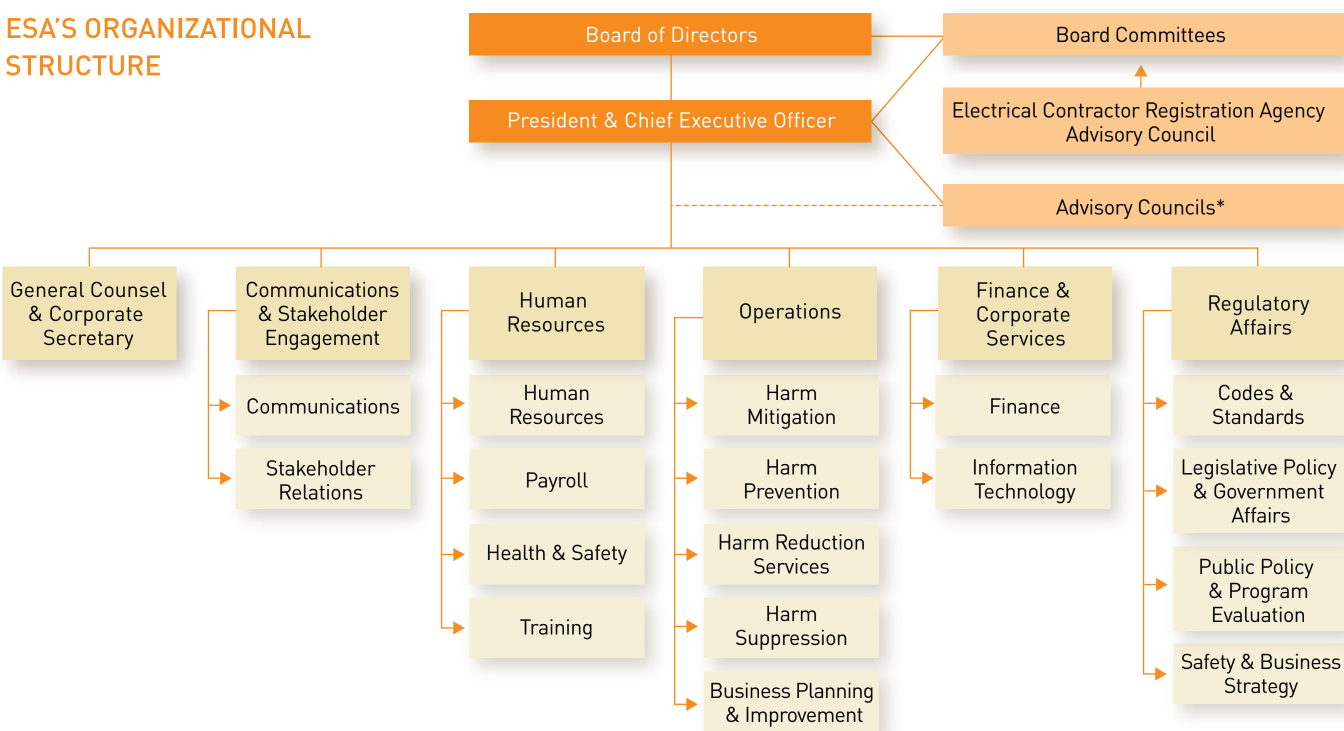
SCOTT SAINT
P.Eng.
Vice President and Chief Operating Officer

NANCY EVANS, BA
Vice President, Communications and Stakeholder Engagement

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

DAVID KIRKCONNELL MIR
Vice President, Human Resources

ESA'S ORGANIZATIONAL STRUCTURE



*ADVISORY COUNCILS

- Consumer Advisory Council
- Contractor Advisory Council
- Industry Advisory Council
- Ontario Provincial Code Committee
- Utility Advisory Council

Governance

ESA's Board of Directors is responsible for corporate governance, regulatory oversight and leading the development of the organization's strategy. The Board and management remain committed to best practices in corporate governance and regulatory oversight.

Among its key responsibilities, the Board:

- approves the strategic plan, business plan and budget, and ensures the integrity of the organization's reported financial performance;
- oversees the appointment, development, monitoring and succession planning for senior management;
- monitors the strategic environment and ensures appropriate enterprise risk management;
- monitors external communications and stakeholder relationships; and
- monitors the integrity of the organization's internal control and management information systems.

The ESA Board of Directors is comprised of 12 members reflecting the public, electricity distribution, electrical contractors, engineering, manufacturing, and others.

Over the past year, the ESA Board has met four times, participated in a one-day workshop and held a two-day Board strategy session with management.

The Board has established a program for the continuous development and education of Directors, including corporate due diligence reporting, Director responsibilities, Board best practices, and investment and pension management.

In FY2012 the Board of Directors streamlined its committee structure to better serve ESA's business direction. In the fourth quarter the Board introduced three committees: Audit; Human Resources and Investment; and Regulatory Affairs and Governance. These three committees replaced Audit; Governance and Human Resources; Regulatory Affairs; and Pension.

COMMITTEES

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

The committee manages on behalf of ESA the relationship with external auditors and also reviews discussion and analysis of ESA's annual corporate and pension audited financial statements. This committee also oversees ESA's internal financial structure, reporting and financial risk management systems.

Chair: P. Nowina **Members:** B. Bentz; M. Kelch; E. Krause; O. Sigvaldason; D. Trouten; J. Wiersma

Human Resources and Investment Committee – provides oversight responsibilities and risk management regarding investment, human resources and compensation.

This committee oversees a prudent investment management approach for corporate assets, the pension plan 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, the Pension Benefits Act, Income Tax Act, and human resources legislation, policies and procedures. Members review succession planning, performance assessment, development requirements, and compensation philosophy and structure.

Chair: C. Cipolla **Members:** B. Bentz; A. Knight; A. Merlo; J. Raepple; O. Sigvaldason; D. Trouten; J. Wiersma

Regulatory Affairs & Governance Committee – supports oversight responsibilities and risk management regarding public safety, external relations and corporate governance.

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

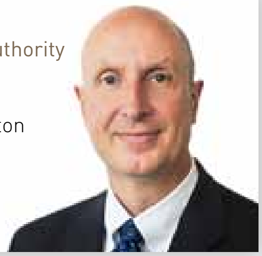
Chair: M. Kelch **Members:** C. Cipolla; A. Knight; E. Krause; A. Merlo; P. Nowina; J. Raepple; J. Wiersma

FY2012 COMMITTEE MEETINGS

April 2011 to September 2011		October 2011 to March 2012	
Audit Committee	2 meetings	Audit Committee	2 meetings
Regulatory Affairs	2 meetings	Regulatory Affairs and Governance	2 meetings
Governance and Human Resources	2 meetings	Human Resources and Investment	2 meetings
Pension Committee	2 meetings		

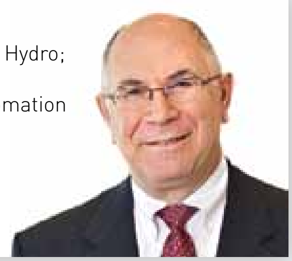
ESA Board members

JOHN WIERSMA, B.Eng., P.Eng.
Chair, Electrical Safety Authority
Director, Independent Electricity System Operator; Life Member Ontario Energy Association
Previously: President and CEO, Chair, Veridian Corporation; President, Municipal Electric Association; Director, Electric and Utility Safety Association; President, Ajax Pickering Board of Trade

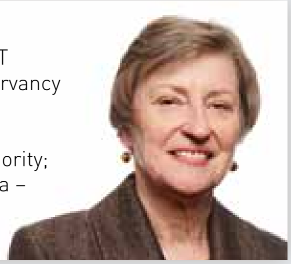


DAVID COLLIE, FCMA, MBA, C.Dir.
President and CEO, Electrical Safety Authority
Ex-Officio of the Board
Director, Plug n Drive Ontario
Previously: President and CEO, Burlington Hydro; Chair, Electricity Distributors Association

BRIAN BENTZ, MBA, CA, CET
President and CEO, PowerStream Inc.
Acting Chair, Ontario Energy Association; Director, Electricity Distributors Association
Previously: Chair, Electricity Distributors Association; Chair, MEARIE Group; Chair, Independent Electricity System Operator (IESO) Stakeholder Advisory Committee



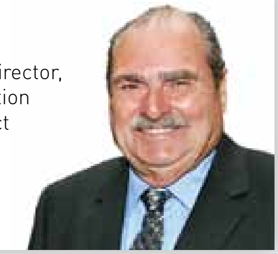
CHARLES CIPOLLA, CA, ICD.D
Chair, Cambridge & North Dumfries Hydro; Director, Gore Mutual Insurance
Previously: President, Rockwell Automation



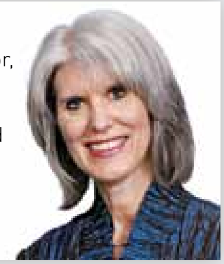
MARGARET KELCH, ICD.D
Director, Guelph Hydro; Director, DST Engineering; Director, Nature Conservancy of Canada
Previously: President and CEO, Technical Standards and Safety Authority; Chair, Nature Conservancy of Canada – Ontario

ALISON J. KNIGHT, FCA
Director, Certified Public Accountants Association of Ontario; Director, Pay Day Lending Education Fund Corporation; Trustee, Toronto Salvation Army Grace Health Centre; Director, Waste Diversion Ontario
Previously: CAO, Anglican Diocese of Toronto; Director, Consumers Council of Canada; Chair, Ontario Board of Funeral Services

ERWIN KRAUSE, Master Electrician
Previously: President, Ecco Electric; Director, Niagara Peninsula Electrical Contracting Association; Director, Meridian Credit Union



AL MERLO, Master Electrician
President, Merlo Electric
Director, Ontario Electrical League; Director, Hamilton, Halton & Toronto Construction Association; Director, Halton & District Electrical Contractors Association
Previously: President, Canadian Mushroom Association



PAMELA NOWINA, MBA, ICD.D, A.C.C.
Director, St. Joseph's Health Centre; Director, Saint Elizabeth Healthcare Foundation; Advisory Board, Sky Energy Consulting
Previously: Vice Chair, Ontario Energy Board

JOHN RAEPPLE, G.S.C., Master Electrician
President, John Raepple Electric Limited
Director, Electrical Contractors Association of Ontario; Director, Electrical Contractors Association of Central Ontario

OSKAR T. SIGVALDASON, PH.D., P.Eng.
Director, Energy Council of Canada; Member, Studies Committee, World Energy Council; Strategic Advisor, Hatch Group
Previously: President and CEO, Acres Group of Companies; Director, Advisory Board, Hatch Group; Director, Toronto Board of Trade; Director, Fortis Ontario; Director, Countryside Power

DEBORAH TROUTEN, MA, APR, ICD.D
President, Dakota Communications Inc.
Member, Institute of Corporate Directors; Member, Canadian Public Relations Society
Previously: Director, Habitat for Humanity (Toronto); Director, College of Nurses of Ontario

Financial review

Financial summary FY2012

OVERVIEW

Fiscal year 2012 (April 1, 2011 to March 31, 2012) was a challenging one for the Electrical Safety Authority (ESA) as it was our first budget deficit year since 2001. We made the difficult but necessary decision to run a deficit because of some extraordinary pressures on our finances. Staying on budget required very careful fiscal monitoring and adjustment throughout the year. Thanks to commitment and hard work across the organization, we achieved the budget while still meeting our obligations and making important advances in safety, as have been noted earlier in this Annual Report.

One key challenge for ESA has been the significant increase in our pension and other post employment benefits (OPEB) annual expenses. From 2010 to 2012 those expenses more than doubled to $13.8 million per year. ESA is not alone in experiencing such increases, that arise due to historically low interest rates for bonds and increasing estimates of future pension and benefit obligations. Nonetheless we must account for the impact in our budgets and planning. ESA management and the Board have developed a long-term pension strategy that will mitigate the impact of such significant swings in obligations in the future but in the meantime it remains a significant factor in our financial management.

In addition, a significant portion of ESA's revenues are subject to variability as a result of external factors. For example, the poor spring weather this past year meant a late start to the construction and renovation season. This depressed ESA's first quarter revenues from some lines of business. The organization was able to make appropriate adjustments in order to keep the budget on track. However, it is a goal of ESA to develop more sources of fixed revenue that are less likely to experience variability.

To address these and other financial needs, this year ESA established a Sustainable Resource Strategy. Its purpose is to plan for long-term financial sustainability for ESA and it focuses in five key areas:

> building revenue and focusing on specific areas of business growth, including Continuous Safety Services, training and Field Evaluation Services;
> containing operating costs and improving efficiencies;
> investing in strategic areas to advance awareness and education efforts;
> developing more fixed revenue streams to offset the challenges of variable revenue, as noted above; and
> improving our financial administrative and analytical tools.

Within each of the five areas are many individual projects and initiatives that ESA will execute over the years ahead.

In addition, this year ESA developed an improved cost allocation model. This internal tool gives the organization a better assessment of the true costs of each area of safety oversight by more accurately estimating the indirect costs incurred, and enabling full cost recovery.

REVENUE

FY2012 revenue from operations was $87.8 million, an increase of 4.9 percent from the previous year. ESA's revenues are generated by safety services and licensing fees offered in both regulated and non-regulated sectors, as well as from investment income.

ESA's non-regulated services include: Field Evaluation Services, training services, real estate rental income, and services provided to the mining industry.

REVENUE BY SOURCE		
(in thousands of dollars)	**FY2012**	FY2011
Regulated services	**75,722**	72,355
Non-regulated services	**12,110**	11,391
Sub-Total	**87,832**	83,746
Investment income	**1,403**	1,564
Total	**89,236**	85,310

Note: FY2011 Non-regulated services is restated to include training related revenue for comparative purposes

ESA achieved revenue increases across all primary lines of business:

REVENUE BY LINES OF BUSINESS		
(in thousands of dollars)	**FY2012**	FY2011
Wiring – Residential	**28,295**	27,167
Wiring – Industrial/Commercial/Institutional	**20,893**	19,514
Continuous Safety Services (CSS) – Industrial/Commercial/Institutional	**19,551**	19,292
Field Evaluation – Product Approvals	**8,259**	7,409
Utility Regulation (Local Distribution Companies)	**2,396**	2,347
Contractor Licensing – Electrical Contractors and Master Electricians	**3,457**	3,305
Plan Approvals	**1,580**	1,556
Other Revenues	**3,401**	3,156
Total	**87,832**	83,746

Note: Other revenue includes revenue from training services, Ontario Electrical Safety Code Book sales, and real estate rental income.

Residential wiring revenue increased by 4.2 percent and industrial, commercial and institutional (ICI) revenue increased 7.1 percent. Continuous Safety Services (CSS) revenue increased 1.3 percent.

EXPENSES

ESA's expenses in 2012 were $90.6 million (including amortization), an increase of 6.3 percent over the previous year.

The year-over-year increase in expenses was driven primarily by salary, wages and benefits, and pension and OPEB obligations. These dominated ESA's costs representing 77.1 percent of all expenses, and increased 7.9 percent from the prior year. Senior management total compensation (including all salaries, incentives, and severance) totalled $5.1 million for 25 individuals in 2012, a change from $4.5 million for 23 individuals in 2011.

Benefits expense, including costs associated with retiree plans, increased from $13.3 million in 2011 to $17.8 million in 2012, an increase of 33.8 percent. Pension and OPEB expense increased $4.4 million mainly as a result of changes in demographics and a decrease in the discount rate.

Non-labour related expenses were $20.3 million, an increase of 2.0 percent year-over-year. The major categories were: purchased services at $3.7 million or 18.0 percent of all expenses; fleet costs, travel and accommodation, and meals (which includes expenses for Advisory Councils, and major events such as the Annual General Meeting, as well as staff-related costs) were $6.1 million or 30.3 percent; office administration was $2.7 million or 13.2 percent; facilities were $1.9 million or 9.1 percent; computer support was $1.5 million or 7.4 percent; and other costs were $4.5 million or 22.1 percent.

Included in non-labour expenses was $324 thousand in fees paid to the Government of Ontario for oversight of ESA.

Capital spending in 2012 was $3.0 million (vs. 2011 at $1.8 million) and primarily related to the online project to assist in increasing efficiencies and service levels at our customer service centre, and the consolidation of ESA's Metro region office into the provincial head office building, which required renovation of the office space to accommodate the staff. ESA gave up its lease on the former Metro office location.

SURPLUS/DEFICIENCY

For 2012 there was a deficiency of revenues over expenses before investment income of $2.8 million. This compares to a deficiency of revenue over expenses before investment income of $1.4 million in 2011.

Investment income was $1.4 million vs. $1.6 million the year prior, resulting in a deficiency of revenues over expenses for 2012 of $1.4 million compared to an excess of $0.1 million the year prior.

BALANCE SHEET

The balance sheet remained stable with assets exceeding liabilities by $24.8 million of which $13.9 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 $62.0 million and $55.9 million, respectively (2011: $44.3 million and $51.7 million). The Board of Directors has internally restricted $40.7 million in financial assets to address the OPEB future obligation.

The ongoing funding of these plans is a concern and is a key consideration in the Company's business plans.

CONCLUSION

Despite the challenges, ESA maintained an adequate financial base in 2012 to support the safety programs required to protect the citizens of Ontario. ESA has developed strong financial processes to ensure that spending is prudent and productivity is addressed. The following projections outline the measures and our plan to avoid future deficits.

Financial outlook, projections and trends FY2013–2015

OVERVIEW

In 2012, ESA completed a three-year Business Plan which sets its business priorities and establishes its financial outlook through to 2015.

The financial outlook takes into account ESA's commitments and obligations as defined by its mandate and regulatory responsibilities, the need to recover from the budget deficit of 2012, the implementation of a Sustainable Resource Strategy, which seeks to establish a long-term sustainable footing for ESA, and the economic environment in Ontario.

ESA's revenues and expenses are both impacted by a variety of economic factors, which the Company monitors on an ongoing basis. The financial plan takes into consideration a challenging economic environment and significant pressures driven by high pension and post retirement expenses (see Financial Summary 2012). These factors require ESA to take a prudent approach to expense commitments and cost forecasts.

REVENUES & EXPENSES FY2012–2015

($ millions rounded)	2012	2013		2014		2015	
	(actual)	(budget)	% change	(projection)	% change	(projection)	% change
Revenues							
Total	87.8	91.1	3.8%	93.2	2.3%	97.5	4.6%
Expenses							
Salaries, Wages & Benefits	54.6	54.5	–0.2%	54.6	0.2%	56.3	3.1%
Pension and OPEB	13.8	15.9	15.2%	18.0	13.2%	18.1	0.6%
Operating Expenses	20.3	20.2	–0.5%	19.6	–3.0%	20.7	5.6%
Amortization	1.9	2.1	10.5%	2.3	9.5%	2.2	–4.3%
Total	90.6	92.7	2.3%	94.5	1.9%	97.3	3.0%
Excess (deficiency) of revenue over expenses before investment income	(2.8)	(1.6)	42.9%	(1.3)	18.8%	0.2	n/a
Investment income	1.4	1.8	28.6%	1.8	0%	1.8	0%
Net Surplus (Deficiency)	(1.4)	0.2	n/a	0.5	150%	2.0	300%

ECONOMIC ASSUMPTIONS

The revenue projection for fiscal year FY2013 (April 1, 2012 to March 31, 2013) reflects anticipated declines in the new housing market and modest growth in commercial and industrial sectors in Ontario, both of which directly impact the demand for ESA services. For 2014 and 2015, housing starts are estimated to recover to higher levels but industrial and commercial growth will remain modest.

REVENUE

ESA is projecting 2013 revenue of $91.1 million, an increase of 3.8 percent over 2012. The increase is in part due to the introduction of the 2012 Ontario Electrical Safety Code and the associated sale of Code books and training programs.

Revenue is projected to increase 2.3 percent to $93.2 million in 2014, and by 4.6 percent to $97.5 million in 2015. These revenue increases are expected based on a combination of targeted revenue growth efforts, and fee increases.

EXPENSES

Total operating expenses for 2013 are projected at $90.6 million, an increase of 2.1 percent over the prior year. Expenses are projected at $92.2 million for 2014 and $95.1 million for 2015.

As seen in the chart on page 40, salaries, wages and benefits, and pension and OPEB represent the largest areas of ESA's operating expenses. These comprise 78 percent of all expenses in the 2013 budget, 79 percent for 2014 and 78 percent for 2015.

As noted earlier, ESA, like many other organizations with defined benefit retiree plans, has seen pension and retiree benefit expenses rise significantly in recent years as a result of falling long-term bond yields, lower returns from pension fund assets and changing demographics. Long-term bond yields are used by actuaries to set the discount rate, which in turn is used to calculate pension and retiree benefit expenses. The drop in the discount rate over the past five years has been a significant contributing cause of ESA's increased benefit costs.

As seen in the three-year financial projections, ESA is anticipating pension and OPEB annual expenses of about $18.0 million in 2014 and $18.1 million in 2015.

Other operating expenses are flat or managed to moderate increases through purchasing and efficiency gains, and in-line with the expected revenue service increases.

One of ESA's key business priorities is to resolve duplication in electrical product safety oversight and reporting requirements created in the past year with Health Canada's assumption of responsibility for electrical products nationally. ESA's effort in this area has been established as one of the five major projects of the Three-Year Business Plan.

Capital spending for 2013 to 2015 is planned to focus primarily in investments in technology and other infrastructure that is critical to achieving efficiencies in business processes and continual improvement in delivering our safety mandate.

CONCLUSION

Through the establishment of the Three-Year Business Plan, ESA expects to achieve greater predictability in its financial performance and mitigate the impact of significant factors including pension and OPEB obligations.

ESA plans to generate a modest surplus in 2013 and sustain and grow that surplus in the following two years. However, projected surpluses in 2013 and 2014 are thin and will require careful monitoring and adjustment to ensure their achievement.

The primary risks to this three-year projection relate mainly to the accuracy of economic forecasts of housing and commercial construction starts and of actuarial assumptions used to project the cost of employee and retiree benefits.

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, 2012 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes which comprise a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 is sufficient and appropriate to provide a basis for our 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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Mississauga, Ontario
June 7, 2012

Balance sheet

As at March 31, 2012 (in thousands of dollars)	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents (note 6)	$ 3,510	$ 5,621
Accounts receivable	9,968	8,376
Short-term investments (notes 3 and 6)	5,383	15,991
Other assets	1,802	677
	20,663	30,665
Long-term investments (notes 3 and 6)	36,926	27,668
Property, plant and equipment (note 4)	13,922	12,856
Deferred pension asset (note 5)	21,762	19,242
Other non-current assets	138	246
	$ 93,411	$ 90,677
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	11,205	12,551
Deferred revenue	16,684	15,294
	27,889	27,845
Employee future benefit obligations (notes 2 and 5)	40,721	36,612
	68,610	64,457
Net assets		
Invested in property, plant and equipment and net unrestricted surplus	24,801	26,220
	$ 93,411	$ 90,677
Contingencies and commitments (notes 8 and 9)		

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, 2012 (in thousands of dollars)	2012	2011
Revenue	$ 87,832	$ 83,746
Expenses		
Salaries, wages and benefits	68,461	63,397
Operating	20,284	19,884
Amortization	1,910	1,881
	90,655	85,162
Deficiency of revenue over expenses before investment income	(2,823)	(1,416)
Investment income	1,404	1,564
Excess of revenue over expenses (expenses over revenue) for the year	$ (1,419)	$ 148

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

Statement of changes in net assets

For the year ended March 31, 2012 (in thousands of dollars)	2012	2011
Balance – Beginning of year	$ 26,220	$ 26,072
Excess of revenue over expenses (expenses over revenue) for the year	(1,419)	148
Balance – End of year	$ 24,801	$ 26,220

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

Statement of cash flows

For the year ended March 31, 2012 (in thousands of dollars)	2012	2011
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess of revenue over expenses (expenses over revenue) for the year	$ (1,419)	$ 148
Item not affecting cash		
Amortization	1,910	1,881
Increase in deferred pension asset	(2,520)	(9,402)
(Increase) decrease in other non-current assets	108	(37)
Loss on disposal of property, plant and equipment	30	1
Increase in employee future benefit obligation	4,109	3,736
	2,218	(3,673)
Net change in non-cash working capital balances related to operations (note 7)	(2,673)	897
	(455)	(2,776)
Investing activities		
Net decrease in investments	1,350	373
Purchase of property, plant and equipment	(3,006)	(1,790)
	(1,656)	(1,417)
Net decrease in cash and cash equivalents during the year	(2,111)	(4,193)
Cash and cash equivalents – Beginning of year	5,621	9,814
Cash and cash equivalents – End of year	3,510	5,621
Cash and cash equivalents is comprised of the following:		
Cash (bank indebtedness)	1,837	(579)
Short-term investments	1,673	6,200
	$ 3,510	$ 5,621

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

Notes to financial statements

March 31, 2012
(in thousands of dollars)

1 BASIS OF PRESENTATION

Electrical Safety Authority (the "Company" or "ESA") is a corporation without share capital incorporated under the Corporations Act (Ontario) and operates as an Administrative Authority under an Administrative Agreement with the Ministry of 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 a 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	10 years

Leasehold improvements are amortized on a 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 asset's 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. Management has determined that there are no impairment losses.

Employee future benefits

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 3.

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.

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, 2012:

	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.

Recently issued accounting pronouncement

The Canadian Accounting Standards Board issued new accounting standards for not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, non-government not-for-profit organizations will have a choice between adoption of International Financial Reporting Standards ("IFRS") and Part III of the CICA Handbook – Accounting Standards for Not-for-Profit Organizations. ESA has decided to adopt Part III of the CICA Handbook effective April 1, 2012.

3 INVESTMENTS

Investments consist of the following:

	2012	2011
Fixed Income Canadian		
Federal bonds	$ 1,377	$ 3,569
Provincial bonds	2,138	12,377
Corporate bonds/GICs	21,870	27,713
U.S.	2,485	–
Foreign (non-U.S.)	1,315	–
	29,185	43,659
Equities		
Canadian	4,360	–
U.S.	4,777	–
Foreign (non-U.S.)	3,987	–
Total investments	42,309	43,659
Less: Investments recorded as current	5,383	15,991
	$ 36,926	$ 27,668

Investments are internally restricted for future expenditures for post-retirement benefits (note 6). The bonds have a weighted average term to maturity of 55 months, a weighted average interest rate of 3.55% and a weighted average yield to maturity of 2.83%.

4

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

			2012
	Cost	Accumulated amortization	Net
Land	$ 2,313	$ –	$ 2,313
Buildings	8,271	1,290	6,981
Computer software and licenses	10,153	8,824	1,329
Electronic equipment	3,768	3,036	732
Telephone and projection system equipment	1,795	1,505	290
Office furniture and equipment	1,689	1,130	559
Inspection equipment	19	19	–
Leasehold improvements	1,791	1,781	10
Capital work in process	1,708	–	1,708
	$ 31,507	$ 17,585	$ 13,922

			2011
	Cost	Accumulated amortization	Net
Land	$ 2,313	$ –	$ 2,313
Building	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

5

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, 2011 and OPEB and long-term disability are measured as at March 31, 2012. The fair value of assets is determined using the December 31, 2011 asset values.

The actuarial present value of the accrued pension benefits for accounting purposes is estimated as at March 31, 2012 based on a projection of the actuarial valuation as of January 1, 2011. 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, 2012 is as follows:

		2012
	Pension benefit plans	**OPEB plans**
Accrued benefit obligation, end of year	**$ 257,732**	**$ 55,949**
Fair value of plan assets, end of year	**195,659**	**–**
Funded status – plan deficit	**(62,073)**	**(55,949)**
Unamortized net actuarial loss	**61,301**	**16,051**
Deferred asset loss	**19,481**	**–**
Employer contributions from January 1, 2012 to March 31, 2012	**2,456**	**–**
Unrecognized prior service cost	**597**	**–**
Accrued benefit asset (liability)	**21,762**	**(39,898)**
Add: Workplace Safety Insurance Board of Ontario liability	**–**	**(823)**
Total employee future benefit asset (obligation)	**$ 21,762**	**$ (40,721)**

		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)

The amount of $21,762 (2011 – $19,242) 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 $23,358 (2011 – $20,175) in the pension plan and a liability of $1,596 (2011 – $933) in the Supplementary Retirement Plan.

The net benefit plan expense for the year ended March 31, 2012 for the pension benefit plans is $7,925 (2011 – $4,328) and for OPEB plans is $5,883 (2011 – $5,076).

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	
	2012	2011	**2012**	2011
Discount rate	**5.10%**	5.50%	**4.90%**	5.70%
Rate of compensation				
Increase (before merit)	**3.00%**	3.00%	**3.00%**	3.00%
Increase in Consumer Price Index	**2.00%**	2.25%	**2.00%**	2.25%

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

	Pension benefit plans		OPEB plans	
	2012	2011	**2012**	2011
Discount rate	**5.50%**	6.40%	**5.70%**	6.40%
Expected long-term rate				
of return on plan assets	**6.90%**	7.10%	**–**	–
Rate of compensation				
Increase (before merit)	**3.00%**	3.00%	**3.00%**	3.00%
Increase in Consumer Price Index	**2.25%**	2.40%	**2.25%**	2.40%

ESA's rate of growth for health care costs in 2012 is estimated as follows:

Drugs – 8.00% in 2012, then grading down to 5.00% per year in 2018

Other medical costs – 4.50% per year

Dental – 3.50% per year

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

The pension plan assets are invested as follows:

	2012	2011
Cash	**1%**	1%
Fixed income securities	**38%**	33%
Canadian equities	**20%**	23%
U.S. equities	**21%**	21%
Non-North American equities	**20%**	22%
	100%	100%

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

	2012	2011
Employer's contributions	**$ 10,446**	$ 14,167
Employer's contributions in respect of Gainsharing Plan	**602**	948
Employees' contributions	**2,808**	2,440
Benefits paid	**8,570**	9,443

6 INTERNALLY RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and short-term investments in the amount of $3,795 (2011 – $8,944) and long-term investments in the amount of $36,926 (2011 – $27,668) for a total of $40,721 (2011 – $36,612) 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.

7 STATEMENT OF CASH FLOWS

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

	2012	2011
Accounts receivable	$ (1,592)	$ (1,111)
Other assets	(1,125)	(117)
Accounts payable and accrued liabilities	(1,346)	1,869
Deferred revenue	1,390	256
	$ (2,673)	$ 897

8 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, 2012.

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.

9 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:

2013	$ 2,178
2014	2,108
2015	2,048
2016	2,032
2017	2,014
Thereafter	2,013
	$ 12,393

b) As at March 31, 2012, a letter of credit in the amount of $1,034 has been issued to the Workplace Safety Insurance Board of Ontario to support an accrued liability of $823. This letter of credit is collateralized by cash and cash equivalents.

10 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 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.

11 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.

12 COMPARATIVE FIGURES

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

Advisory councils

ESA operates with seven stakeholder advisory councils: six provide advice and counsel to ESA management and one (the Electrical Contractor Registration Agency Advisory Council) provides advice and counsel to ESA's Regulatory Affairs and Governance Committee.

ESA greatly appreciates the contributions made by advisory council members. The unique insights and perspectives offered by these councils are integral to ensuring the progress of our safety goals and objectives.

Advisory councils are guided by terms of reference and chaired by individuals voted to the role by his/her respective council members, with the exception of the Ontario Provincial Code Committee and the Cross-Sector Advisory Council, which are chaired by ESA management. Specific projects and issues are addressed by working groups or ad hoc committees when appropriate, and consultations are used to gather broad stakeholder feedback on key safety initiatives. Advisory council terms of reference, meeting minutes and information on working groups and consultations are posted at www.esasafe.com.

CONSUMER ADVISORY COUNCIL

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Joan Pajunen (Vice-Chair)
John Buchanan
Karen Girling
Hollis Hopkins
Kari Manninen
Bernie Silvestri
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Dan Toppazzini

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John LaChapelle
Pierre Lemay
Paul Krupicz
Kirsten Mania
Gabriel Mansour
Glen McCurdy
Brian McMillan
Arlen Molyneaux
Doug Morrison
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Andre Perron
Joan A. Pajunen
Peter Petriw
William Schwarz
Glen Sturdy
Jac Vanderbaan
Jerry Van Ooteghem
Usman Syed
Gaye-Donna Young
Frank Zechner

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George Chelvanayagam
Mel Fruitman
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John Gryffyn
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Gabriel Mansour
Pierre McDonald
Jeff Miller
Peter Olders
Shawn Paulsen
Eerik Randsalu
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Richard Charron (Vice Chair)
Larry Allison
Sean Bell
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Debra Mattina
Paul Rawlings
Louis Violo

CROSS-SECTOR ADVISORY COUNCIL (CSAC)

Dean Anderson
Richard Charron
John Salmon
Neil Sanford

Contact us

The Electrical Safety Authority is a mission-driven organization committed to getting to zero electrical accidents, injuries and fatalities across Ontario. FY2010 was a year of strategic evolution for ESA with the creation of our Five Harm Reduction Strategy. We continue to build strong, collaborative partnerships that will help us succeed in improving electrical safety for the people of Ontario.

Customer service centre
P.O. Box 24143
Pinebush Postal Outlet
Cambridge ON N1R 6E6

Head office
155A Matheson Blvd West
Mississauga, ON L5R 3L5

Regional offices

Central Region
Mississauga

Continuous Safety Services
Mississauga

Eastern Region
Ottawa

Metro Region
Mississauga

Western Region
Cambridge

Northern Region
Sudbury

www.esasafe.com

Performance snapshot

IMPACT

We continue to see good progress on the major indicators of electrical safety:

> 38 percent decrease in overall electrocutions
> 61 percent decrease in the powerline electrocution rate
> 34 percent decrease in worker-related electrical fatalities and critical injuries
> 11 percent decrease in fires where electricity is the fuel source
> 10 percent decrease in fires from electrical wiring (based on rolling averages from 2001 to 2010).

In addition, consumer awareness research has tracked a 95 percent increase over five years in public perception of major electrical risks.

REGULATION AND COMPLIANCE

Regulatory oversight requires ESA to ensure compliance to the regulations we administer. In FY2012 ESA:

> completed the updating of the Ontario Electrical Safety Code to the 2012 edition, which includes rules for green technologies;
> responded to 1,735 product safety incident reports;
> increased electrical safety impact of inspection activity by 7.5 percent over last year;
> issued 21,660 Ontario Electrical Safety Code non-compliance warnings compared to 23,275 in the previous year, with an associated threefold increase in the number of convictions;
> managed a 20 percent increase in notices of violations over the previous year, generating a 140 percent increase in charges and a 53 percent increase in convictions associated with Electrical Contractor and Master Electrician licensing.

38% DECREASE
in overall electrocutions

61% DECREASE
in powerline electrocution rate

34% DECREASE
in worker-related electrical fatalities and critical injuries

11% DECREASE
in fires where electricity is the fuel source

10% DECREASE
in fires from electrical wiring

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