Electrical Safety Authority

BUILDING A STRONG FOUNDATION

ANNUAL REPORT 2015/2016

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VISION

An Ontario where people can live, work and play safe from electrical harm.

MISSION

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

MANDATE

To promote and undertake activities which enhance public electrical safety including training, inspection, authorization, investigation, registration, enforcement, audit, and other regulatory and non-regulatory public electric safety quality assurance services.
– *ESA Objects of Corporation, 1999*

VALUES

SAFETY
We can and will make Ontario a safer place for all citizens.

ACCOUNTABILITY
We hold ourselves to the highest standards of responsibility and ethical behaviour.

LEADERSHIP
We will always strive to do better, challenge assumptions, and welcome new ideas.

COLLABORATION
We work best when we work together.

INTEGRITY AND TRUST
We will take the high road.

Enhancing electrical safety in Ontario takes a collaborative approach. Pictured: Ron Busse (left) and Wes Busse (centre) of Heinz Busse Electric Ltd., and ESA Senior Inspector Tony Titus.

BUILDING A STRONG FOUNDATION

This was the first year of the Electrical Safety Authority's (ESA's) five-year **Harm Reduction Strategy 2.0**. As such, the focus was on launching initiatives and programs to support achievement of the strategy's three goals:

- increasing safety as demonstrated by a 20 per cent decrease in electrical fatalities and critical injuries;
- improving compliance to regulation; in particular, increasing the amount of renovation wiring work being done in accordance with regulation; and
- ensuring public accountability, including regularly measuring stakeholder perceptions of our performance.

This report reviews the key deliverables and achievements for the year in each of those areas.

With a firmly established foundation, we will build the future of electrical safety in Ontario.

Message from the Chair

ADVANCING SAFETY FOR THE PEOPLE OF ONTARIO

It was my pleasure to begin my term as Chair coincident with the launch of ESA's new five-year strategy – the Harm Reduction Strategy 2.0.

In this first year of that strategy, ESA made significant progress on its key priorities — targeting critical electrical safety areas for reductions in fatalities and injuries, testing new risk-based approaches to ensure compliance to regulations and capturing more of the underground economy, and assessing our public accountability performance.

On the latter, ESA developed an original research tool to collect stakeholder feedback on the organization's accountability performance. The findings not only demonstrated strong performance by ESA but also delivered valuable insights into the dynamics between regulator and stakeholders which will be useful in forward planning. We have committed to maintain the high level of accountability performance in the years ahead.

At the same time, management and staff implemented improvements in efficiencies, processes and customer experience, and managed financials well, resulting in a strong performance for the year that supports ESA's ongoing sustainability.

On behalf of the Board, I want to thank all of the staff and management of ESA for their hard work and significant achievements on these and many other fronts.

Throughout the year, the Board focused on ensuring good governance, strategic alignment, and monitoring and management of risk. This year several members concluded their terms, and on behalf of the Board, I thank Al Merlo and Erwin Krause for their many valuable contributions, and recognize Charlie Cipolla, who served two of his nine years as Chair of the Board, for his leadership and guidance.

ESA conducts a robust and rigorous process to identify new board members whose skills and backgrounds round out the expertise of ESA's Board. I'm pleased to welcome Daniel Péloquin, Christopher Hopper and Gary Oosterhof, all of whom will provide valuable input and diverse perspectives to our governance and oversight work.

A successful journey begins with a planned route, key milestones to measure progress and a keen focus on the destination. All of these are in place at ESA, and with a strong initial year in the rearview mirror, ESA is well positioned to travel the road ahead.

Brian Bentz, Chair, Electrical Safety Authority

Message from the CEO

WORKING TOGETHER TO FULFILL OUR MISSION

ESA's scope of regulatory responsibility is extensive and our mission to improve electrical safety for the well-being of the people of Ontario is significant. Fulfilling these commitments requires a focused and co-ordinated effort.

The focus comes from our five-year strategic plan and the annual business plan, which set our corporate priorities, clear goals and milestones. The co-ordinated effort comes from the collaboration among our employees, Board, stakeholders, government, and other partners. Together we move the cause of safety forward farther than ESA could ever do alone.

Among the many examples of collaborative effort noted in this report are: the strong support of the electricity distribution, construction and industrial safety sectors to reduce the frequency of powerline contact events; working with volunteer licensed electrical contractors to test an electronic logbook system which can greatly reduce regulatory burden while still ensuring appropriate oversight; and the extensive staff, stakeholder and government effort which resulted in the newest edition of the Ontario Electrical Safety Code becoming regulation.

This report details these and the many other objectives set and achieved in the past year. It's been a great year of progress and improving safety in Ontario.

I thank every member of the ESA staff for their effort and dedication to safety. I thank the Board for their guidance, vision and dedication; in particular, thank you to Charlie Cipolla for his support as Board Chair these last two years. And I extend my gratitude and appreciation to all the organizations and individuals across Ontario and beyond who commit to the cause of electrical safety.

David Collie, President and CEO, Electrical Safety Authority

Program Coordinator Dave Vaughan works with his colleagues across ESA to focus resources on areas of highest risk to increase electrical safety impact.

REPORT ON PERFORMANCE FOR 2015/2016

In fiscal year 2016 (2015/2016) ESA initiated its five-year **Harm Reduction Strategy 2.0**. It builds on the progress made in the prior five years when the rate of electrical-related fatalities in Ontario fell 37 per cent (from 1.56 to 0.98 fatalities per million population based on a rolling five-year average.)

For the next five years, ESA has set a focus on three key strategic goals that encompass further improvement in electrical safety, increased compliance to regulation, and demonstrated public accountability by ESA. These three goals are complementary; as a regulator entrusted by government with significant powers and authority, ESA must be accountable in their application, achieve real improvements in compliance where required, and ultimately enhance electrical safety.

Strong progress in each of these areas in 2015/2016 demonstrates ESA is executing its mandate and delivering value to the people of Ontario.

SAFETY

Off to a Strong Start

Establish new safety measure and benchmark

In the first year of the strategy, much of ESA's efforts were aimed at ensuring a comprehensive understanding of the challenges and opportunities in our key areas of focus. ESA established baseline measures in several areas to track progress toward the five-year goals, including establishing the new safety measure and benchmark. In parallel, ESA also demonstrated strong performance in several key safety and efficiency-related initiatives.

ESA set a new target of reducing the combined rate of electrical-related fatalities and critical injuries by 20 per cent from 87 to 70 per million population (based on the five-year rolling average) over five years.

Through ongoing analysis of electrical safety incident data, ESA continues to focus its resources on areas of highest risk where it can have the greatest safety impact. These high risk areas remained unchanged in 2015/2016: members of the public and construction trades contacting overhead powerlines, electrical workers working live while doing repair and maintenance and electrical fires in homes.

In 2015/2016 there were 936 critical injuries and fatalities, representing a 5.4 per cent decline in the five-year average rate of critical injuries and fatalities per million population.* While this is an encouraging first step toward the goal of a 20 per cent reduction in the rate of electrical-related critical injuries and fatalities, there is a need to continue efforts to reduce electrical safety risk, particularly among the public.

* Current as of publication

ESA's television advertisements targeted workers and homeowners most at risk for powerline contact as part of its "Respect the Power" campaign.

Powerline Safety

Begin implementation of multi-year powerline safety program

ESA's continued collaboration with industry and our safety partners identified a key powerline safety issue that required specific focus: powerline contacts by dump trucks on construction sites.

In June 2015, ESA organized the Community Powerline Safety Summit. More than 50 participants from local distribution companies (LDCs), the construction industry, safety organizations, ESA, Ministry of Labour (MOL), unions and others collaborated in interactive sessions to develop short-term, actionable solutions. The solutions were refined into a best practices document that will form the basis of communications, training and other initiatives that ESA and its stakeholders can use to reduce powerline contacts.

In May and June 2015, ESA aired its first set of television advertisements to raise awareness of powerline hazards with workers and homeowners most at risk for powerline contact. The two hard-hitting advertisements were the centrepiece of a campaign that reminded Ontarians to "Respect the Power" of powerlines whether at work or at home.

More than 45 LDCs participated in raising awareness of powerline safety hazards along with other safety partners including the MOL and the Infrastructure Health and Safety Association.

Worker Safety

Begin implementation of multi-year electrical worker safety program

Electricians working on energized equipment remained a leading cause of electrical-related fatalities and critical injuries, a persistent trend for more than a decade. To inform ESA's multi-year electrical worker safety strategy, we commissioned behavioural research to better understand the mental models and behavioural dynamics that influence electrical workers to work on energized systems.

ESA kicked off the research study with a session to develop an "expert model" — a working hypothesis of the factors that influence electricians' decisions around safe work practices. Participants included health and safety and trade associations, the MOL, academics and workplace safety experts, trade unions, the Ontario College of Trades, ESA staff and others.

Electricians were then solicited to participate in the research and 1,576 volunteered. Sixty electricians representing a cross-section of experience and work environments were selected for in-depth interviews averaging 45 minutes each. Results of the research provided insights that will guide ESA and our partners in shaping new and existing interventions. A key finding was that while electricians know that working on energized systems – commonly called working live — is a risk, 90 per cent responded that they had worked live either intentionally or inadvertently. They see it as part of the job.

Intervention opportunities identified in the study included enhanced training of apprentices, tapping into electricians' strong internal motivation to get home safely and a desire to share this information among their peers, as well as the role of discipline and enforcement initiatives.

ESA worked with Ontario colleges to begin including electrical safety training as part of their electrical apprentice programs. ESA staff presented electrical safety course content at nine colleges across Ontario.

ESA commissioned in-depth behavioural research to better understand how electricians like Curtis Landry of Plan Group make decisions about working on energized equipment and to identify ways to help them get the job done safely.

Electrical Fires

Implement key activities to reduce rates of electrical fires in homes

ESA continued its focus on addressing electrical fires in homes caused by aging electrical wiring and electrical components through the ElecCheck service. ElecCheck, formerly called a general inspection, is a review of a home's electrical system to identify potential fire and shock hazards.

In 2015/2016, starting in western Ontario, ESA staged a roll-out of the new 105-point ElecCheck review designed for the more than one million homes in Ontario that were built prior to 1976. Research shows that the risk of fire or shock is higher in these older homes due to the age and type of electrical components used. ESA inspectors completed 954 of these reviews against a target of 500. These inspections identified an average of approximately 11 electrical deficiencies per home inspected including damaged or deteriorated wiring and electrical devices, improperly installed lighting and the absence of ground fault circuit interrupter (GFCI) outlets near water sources and outdoors. Left unaddressed, these deficiencies could lead to fire or shock.

Unattended cooking fires remain a significant cause of household fires in Ontario. ESA continued its work to seek changes to electric stove standards to prevent these fires. ESA made proposals to Underwriters Laboratories and the Canadian Standards Association that, if adopted and implemented, would result in next-generation cooking appliances that have new technology to limit the temperature of the elements. This will reduce the likelihood of cooking oil catching fire without compromising the appliance's cooking performance.

COMPLIANCE

Improve compliance in renovation activity including targeting the underground economy

The underground economy in construction and renovation is an ongoing problem that contributes to electrical safety risks when work is done poorly and by unqualified people. The challenge is considerable: Statistics Canada has estimated the scope of the national underground economy at $42.4 billion (as at April 2015) and the provincial government has estimated Ontario's at $15 billion.

Electrical wiring and installation work is one segment of all underground activity, and ESA continued to target it through a number of efforts including investigations and enforcement, testing more accessible ways to meet regulatory requirements, and assessing and growing awareness of requirements.

Investigations into Underground Commercial Work

An investigations team blitzed suspected underground electrical work in commercial facilities in western Ontario. The suspected illegal work was being found through a variety of approaches including cross-referencing building permits with ESA's electrical permit records and monitoring for signs of obvious commercial renovation work at sites where no electrical permit has been obtained.

By year-end, the investigations team found electrical work without a permit being done by unlicensed individuals and, disappointingly, also by some LECs. ESA took action in these cases through enforcement and discipline.

The pilot did have the desired effect as permit volumes increased in the areas where the blitz was held. Based on the results of the pilot, ESA will fine-tune its approach and determine how to extend similar efforts into other regions.

Alternative Compliance Pilot

Introduce compliance options for lower risk work done by highly compliant LECs

The second pilot is directed at examining different processes to facilitate increased compliance with the Ontario Electrical Safety Code (OESC). The alternative compliance pilot began in February 2016 in the western region with 14 LECs who volunteered to participate.

Participating LECs recorded their small commercial renovation work in an online logbook, specific to each site where the work was performed. ESA reviewed the logbook entries and audited the recorded work. Selection of sites for inspection was determined by safety risk and the frequency of sites visited was adjusted based on the LEC's level of compliance.

Early feedback from participating LECs indicated they saw value in the pilot approach because it improved their ability to comply with the OESC and had the added benefit of being less disruptive to the work flow to keep projects on schedule. For ESA, it provided an opportunity to audit work based on safety risk. The pilot is continuing in 2017/2018.

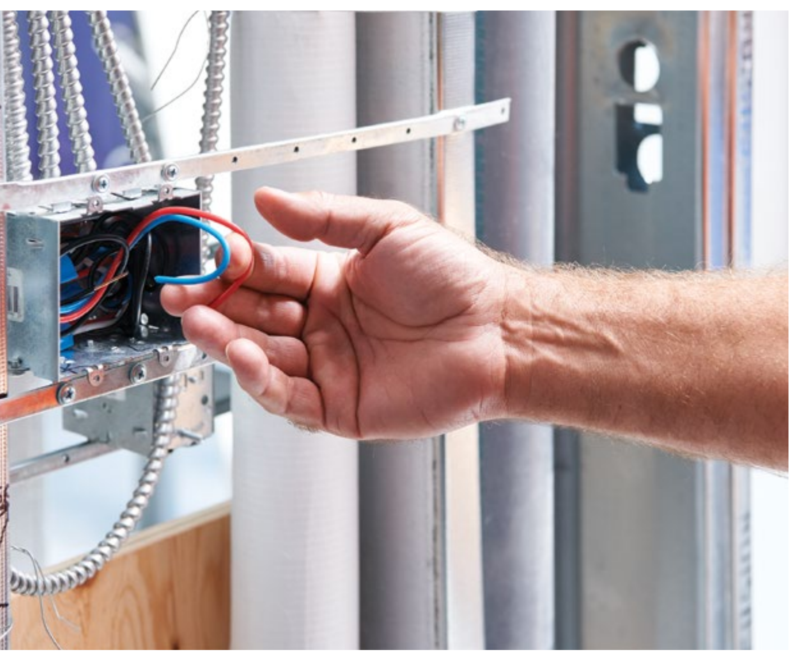
Senior Inspector Dwight Dyke helped lead two pilots in 2015/2016 aimed at increasing compliance for electrical installations and developing an alternative process for LECs to record work and arrange inspections.

Tragic Consequences of Non-compliance

In March 2016, ESA secured the conviction of an LEC whose faulty electrical work left one man dead. The contractor was fined $537,500 — the largest fine in the history of electrical contractor licensing in Ontario — after pleading guilty to three charges: leaving an unsafe electrical condition, failure to procure connection authorization before use, and failure to apply for an electrical inspection.

Successful outreach to trade and mainstream media resulted in significant coverage of the conviction which helped to educate consumers and to remind those in the trade who work outside the law — whether licensed or unlicensed — that ESA will aggressively pursue them for putting public electrical safety at risk.

ESA conducted more than 450,000 inspections in 2015/2016, and had oversight of more than 20,000 LECs and Master Electricians. For additional detail, please see page 16.



ESA focused on how to make it easier for LECs like Josh Nuhn of Harold Stecho Electric Ltd. (right) to comply with safety regulations and improve workflow through improved inspection scheduling (pictured with ESA Inspector Steve Gervais).

Reducing Complexity to Improve Compliance

> *Begin complexity assessment for the Ontario Electrical Safety Code (OESC) and licensing*

ESA also conducted a review of its licensing and permit processes in 2015/2016. In-depth interviews with stakeholders identified several opportunities to address barriers to compliance including simplifying the licence renewal process and improving how ESA notifies contractors about the status of scheduled inspections.

Additional opportunities identified for improvement included issues relating to ESA's authorized contractor program including membership, application, governance and processes; enforcement activities; stakeholder relations; the complexity of the OESC; and stakeholder awareness of their obligations under regulation and of ESA and its role.

Work began in late 2015/2016 to improve our processes to remove barriers to compliance including a new notification process for certain types of inspections, and moving to a more streamlined licence renewal process. ESA also conducted additional research related to the authorized contractor program to inform future program enhancements.

Awareness of Obligations

Establish baseline awareness for the OESC and contractor licensing

In order to achieve greater compliance, one must first be aware of the regulations themselves along with their obligations. In addition, in order to enforce compliance and also to effectively share safety messages to change behaviour, ESA recognized the importance of raising awareness of its brand in the marketplace.

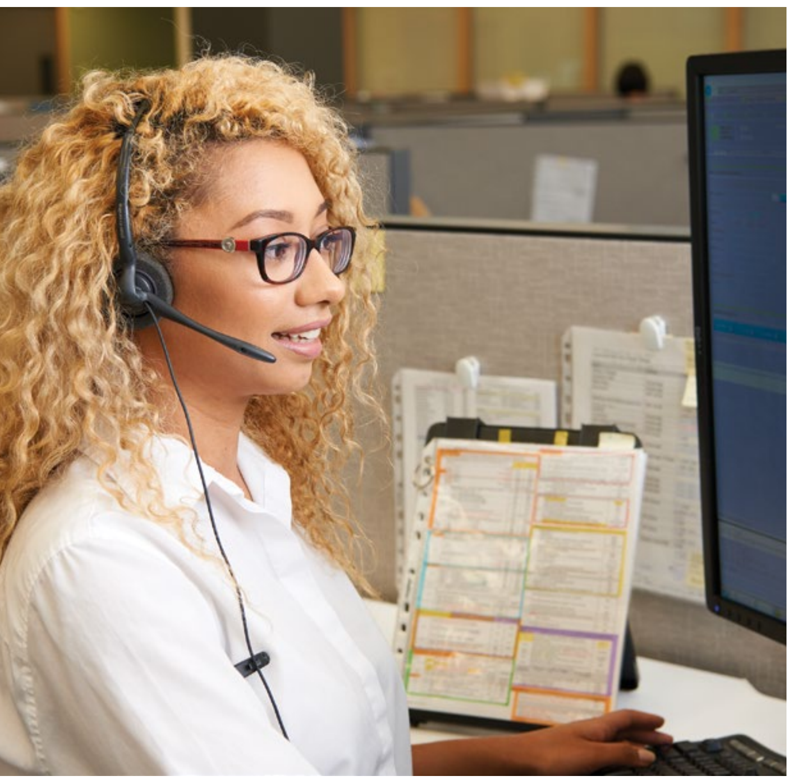
ESA conducted a survey of the public and of businesses to set the baseline for awareness of contractor licensing regulation and the OESC. This information will help ESA target the groups with the lowest level of awareness to help them understand their obligations and make choices that enhance electrical safety, including hiring only LECs and ensuring the work is subject to review by ESA.

Another aspect of improved compliance is to increase awareness of ESA and its role so people and organizations know where to turn for information. Over the year, we made progress toward achieving our goal to raise unaided brand awareness to 12 per cent by 2020. In 2014/2015, only seven per cent of Ontarians could name ESA as the organization that has responsibility for ensuring public electrical safety in the province. In 2015/2016, nine per cent correctly named ESA when there was no advertising activity, with that number rising to 15 per cent when ESA had communications campaigns in-market.

PUBLIC ACCOUNTABILITY

Establish new baseline multi-stakeholder measure of ESA's accountability performance; identify and target areas for improvement.

One of ESA's five-year strategic goals is public accountability: ESA must use its powers responsibly and be accountable to the public for the execution of its mandate. To monitor performance in this area, ESA conducted research in 2015/2016 of stakeholder perceptions.



Customer Service Representatives like Kelly Amhaouch helped ESA achieve a strong, positive view among its stakeholders – demonstrating our commitment to delivering value to people and businesses in Ontario.

ESA worked with a research company to conduct a multi-stakeholder study to determine the baseline perception of ESA's accountability. The study examined 12 dimensions of stakeholder perception including access to ESA, its practices, and outcomes of their interactions with ESA (see opposite page).

The research found a strong, positive view of ESA across multiple stakeholder audiences and in multiple dimensions of accountability. The overall mean accountability score/index averaged across all stakeholder groups and all 12 dimensions was 7.9 out of 10. This is the average of responses in all categories by all the stakeholder groups. The results found that there were no critical weaknesses (low performance, high importance dimension) or latent weaknesses (low performance, low importance) assessed by any stakeholder group.

Stakeholder groups surveyed included regulated stakeholders such as LECs, Master Electricians (MEs), managers and executives at local distribution companies, members of the public who had obtained an electrical permit from ESA, and non-regulated stakeholders including other safety organizations with which ESA collaborates.

CATEGORIES AND DIMENSIONS OF ESA ACCOUNTABILITY MEASURED

ACCESS

- Ensuring stakeholders are aware of rules and regulations
- Sharing of expertise in electrical safety
- Ease of finding relevant information on electrical safety
- Ease of connecting with ESA staff with questions or inquiries
- Staff listening and responding to concerns

PRACTICE

- Fair treatment
- Respect
- Electrical safety leadership
- Asking for stakeholder input on issues and decisions
- Ethical conduct
- Trustworthiness
- Innovation

OUTCOMES

- Experience with last direct interaction
- Contribution to improved electrical safety
- Value for services
- Importance of having an organization overseeing electrical safety

Ensuring a Strong Voice for Stakeholders

ESA follows a set of principles (available at esasafe.com/aboutESA that guides our commitment to earning the respect, trust and cooperation of all stakeholders. ESA appreciates that changes to its policies and procedures have consequences on its stakeholders. When changes are proposed, ESA strives to ensure that the views of all stakeholder sectors with interest in an issue are captured.

Five-Year Licence for LECs and MEs

This year, ESA developed a change to the processes for electrical contractor licence renewal in order to reduce the paperwork burden on licensees, and decrease the administrative workload within ESA. Instead of submitting complete paperwork packages every year, licensees will submit full packages every five years and a declaration of compliance every year. The new system was developed after considering many thoughtful submissions from the contractor community. ESA heard that fee structures and implementation details needed to be clearly communicated. All contractors and industry associations were made aware of the proposed change and the support of industry was a significant driver of this initiative.

ESA consulted formally and informally with its stakeholders in a variety of formats throughout 2015/2016. ESA's Regulatory and Licensing Groups including staff members Nisha Craighead, Said Ismail and Ray Yousef (above) and Cynthia Magill (below left) have access to stakeholder feedback to inform policy and process changes.

Ontario Electrical Safety Code (OESC)

ESA collaborated with its safety partners to produce the 15th edition of the OESC. The multi-stakeholder Ontario Provincial Code Committee (OPCC) met over two years to propose and analyze amendments that enhance electrical safety for Ontarians. All stakeholders were invited to comment on these changes over a number of months through two public online consultations and the new OESC was approved by government in November 2015.

Public Electrical Safety Measure/Public Awareness of Electrical Safety Survey

The Ontario Energy Board requested that ESA, as Ontario's electrical safety regulator and expert, develop the public electrical safety measure to add to the OEB's Local Distribution Companies (LDC) Scorecard, which measures how well LDCs are performing each year on various dimensions. Almost 20 LDCs, the Electricity Distributors Association, the OEB and consumer representatives participated in a number of working groups to provide ESA with critical feedback and advice on a scorecard proposal to the OEB. More LDCs provided comments on the proposal during subsequent online consultations, resulting in a final scorecard measure that has now been implemented in the LDC industry.

Improving the Customer Experience

To operate efficiently and effectively, public sector organizations must meet customer experience expectations, not just execute policy and regulations. In 2015/2016, ESA developed a customer experience strategy designed to manage customer experience in a holistic way. Customer experience initiatives planned and in progress are now guided by the principles set out in the strategy: responsible, valuable, fair and proportionate.

In 2015/2016, ESA continued its efforts to make it easier for stakeholders to conduct their business with us. ESA added additional functionality to its online permit application system, allowing LECs to pay their accounts online using a credit card, as well as viewing and making changes to permits and adding other account-related self-service options. ESA also delivered on its commitment to reduce call wait times. Even in the busiest season, ESA's customer service centre answered 70 per cent of calls in 30 seconds or less on average, in line with industry benchmarks.

Addressing inspection scheduling issues was also a key focus for ESA in 2015/2016. ESA did significant work to understand the contributing factors to missed or rescheduled inspection appointments and identified areas where this was most prevalent. A detailed action plan was developed, including enhanced communication with contractors and customers, which was ready for implementation at fiscal year-end. Medium- and long-term solutions were also identified and will roll out in 2016/2017 and beyond to improve our service to customers.

EMPLOYEE ENGAGEMENT SURVEY RESULTS

January 2016

LEADERSHIP	+15%
ORGANIZATIONAL VISION	+12%
TEAMWORK	+9%

Alignment to Achieve Goals

ESA has set ambitious strategic goals in the areas of safety, compliance and public accountability. An engaged and aligned workforce is essential to successfully executing our activities in 2015/2016, and ESA undertook several initiatives to enhance employee engagement.

ESA launched a leadership development program for its senior and executive management teams, and continued its leadership development program for supervisors in 2015/2016. In addition, large group training and information sessions for inspectors and customer service representatives were also held in December and January. In all cases, ESA emphasized two-way communication and highlighted how processes, technical changes and other information linked to the strategic and business plans.

ESA's investment in leadership training and an emphasis on strategic alignment among all staff was reflected in the results of an employee engagement survey in January 2016. Employee assessment of the key drivers of engagement – leadership, organizational vision and teamwork – rose considerably since the last survey in 2014.

MANAGING COMPLIANCE AND ENFORCEMENT

ONTARIO ELECTRICAL SAFETY CODE (OESC), O. REG. 164/99

Ontario Electrical Safety Code (OESC), O. Reg. 164/99 establishes requirements and standards for electrical wiring installations, the safe use of electrical equipment in Ontario, and the appointment of electrical inspectors. To advance electrical safety, ESA also reviews plans for electrical installations, conducts general inspections of existing electrical installations and investigates electrical safety incidents. ESA works to ensure compliance to Ontario's safety requirements and the timely resolution of defects. Where required, ESA will escalate enforcement to the courts.

Ontario Electrical Safety Code	2015-2016	2014-2015
Customer service calls answered	542,867	492, 542
Inspections conducted	451,878	442,643
Continuous Safety Services customers	4,179 with 27,609 sites	4,107 with 26,375 sites
Warnings issued	26,974	21,008
Defects identified	238,947	232,454
Investigations conducted	1,047	1,093
Charges laid	45	26
Convictions	36	24
Appeals	12	14
Freedom of Information requests	2,805	1,950
Complaints	88	98

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

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

Licensing of Electrical Contractors and Master Electricians	2015-2016	2014-2015
Electrical Contractor licenses issued	642	587
Master Electrician licenses issued	791	685
Licenses renewed	14,711	10,656
Individuals who wrote the Master Electrician exam	841	841
Master Electrician exam pass rate	86.6%	89.9%
Discipline notifications issued	604	777
Licenses suspended	64	73
Licenses revoked	0	0
Complaints handled	1,365	1,821
Notices of violations issued	472	487
Licensing investigations conducted	94	74
Charges laid	36	48
Convictions	40	56
Appeals	9	0

ELECTRICAL DISTRIBUTION SAFETY REGULATION, O. REG. 22/04

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

Electrical Distribution System Regulation	2015-2016	2014-2015
Electrical distribution – related incidents	164	137
Electrical distribution – related fatalities	1	2
Due diligence inspections	418	445
Public safety concerns received	137	119

PRODUCT SAFETY, O. REG. 438/07

Product Safety, O. Reg. 438/07 mandates ESA to protect the public from unsafe electrical products and equipment sold and used in Ontario. ESA is responsible for pre-market approvals for all electrical equipment and products, including consumer electrical products, offered for sale in the Ontario marketplace. ESA is also accountable for post-market safety oversight of industrial products. ESA continues to support the national product safety system.

Product Safety	2015-2016	2014-2015
Total product safety incident reports received by ESA	364	350
Reports deemed high risk	1%	2%
Reports deemed medium risk	82%	85%
Reports deemed low risk	9%	14%
Non-reportable	8%	6%
Safety alerts issued	18	20
Investigations conducted	3	1
Recalled product notifications	2	3
Charges laid	1	0
Convictions	1	1

GOVERNANCE

ROLE OF THE BOARD

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

Among its key responsibilities, the Board:

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

Directors on the Board are selected based on an election/appointment process and according to a set of established qualifications available at esasafe.com. The Board comprises 12 members reflecting: the public; electricity distribution; electrical contractors; engineering; manufacturing; and others. Board members may serve up to three consecutive terms of three years each. In 2015/2016, the Board welcomed several new members to replace those who had completed their terms. The successful transition was achieved through a strong succession plan and robust selection and orientation process.

The Board monitored the progress of the first year of the new Harm Reduction Strategy 2.0, which came into effect on April 1, 2015. The Board also oversaw the continued evolution of ESA's enterprise risk management system, most notably its integration into Board decision-making around strategic direction.

Finally, the Board participated in several seminars as part of their commitment to continuous learning including an in-depth session on long-term organizational sustainability that considered financial, environmental, technological and human capital factors.

BOARD COMMITTEES

Audit Committee

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

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

Chair: P. Nowina

Members: B. Bentz; C. Cipolla (to May 2015); P. Gregg (from January 2016); C. Hopper (from January 2016); E. Krause (to September 2015); R. Mace (to December 2015); D. Trouten

Human Resources and Investment Committee

The Human Resources and Investment Committee provides oversight responsibilities and risk management regarding investment, pension administration and policy, human resources and compensation.

The committee oversees a prudent investment management approach for corporate assets, the pension plan and the 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: D. Trouten

Members: B. Bentz; A. Bergeron; C. Cipolla (to May 2015); P. Gregg; A. Merlo (to September 2015); D. Péloquin; J. Raepple

Regulatory Affairs and Governance Committee

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

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

Chair: J. Raepple

Members: C. Cipolla (to May 2015); P. Gregg (to December 2015); E. Krause (to September 2015); G. Oosterhof (from February 2016); A. Malo; A. Merlo (to September 2015); P. Nowina

Meetings – April 2015 to March 2016

Audit Committee	5 meetings
Human Resources and Investment Committee	7 meetings
Regulatory Affairs and Governance Committee	4 meetings
Board Meetings and Strategic Planning Sessions	5 meetings

BOARD MEMBERS

AS OF MARCH 31, 2016

BRIAN BENTZ, MBA, CA, CET *(Term 2, Year 3)*
Chair, Electrical Safety Authority
President and CEO, PowerStream Inc.
Chair, Ontario Energy Association; Director, Electricity Distributors Association
Previously: Chair, Electricity Distributors Association; Chair, The MEARIE Group; Chair, Independent Electricity System Operator (IESO) Stakeholder Advisory Committee

ANNETTE BERGERON, MBA, P.ENG., FEC *(Term 1, Year 2)*
Principal, Bergeron Consulting; Member, Executive Committee, Engineers Canada
Previously: President, Professional Engineers Ontario; Director, Engineers Canada; Director, Kingston General Hospital

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

PETER GREGG, MBA, ICD.D *(Term 1, Year 3)*
President & CEO, Enersource Corporation
Previously: Chief Operating Officer, Hydro One Networks; Director, Workplace Safety & Prevention Services

CHRISTOPHER HOPPER *(Term 1, Year 1)*
President & CEO, Complete Electrical Services Inc.; Governor, CI Investments Inc.; Director, VentureLink Fund; Vice Chair and Campaign Co-Chair, Holland Bloorview Kids Rehabilitation Hospital Foundation; Trustee, Holland Bloorview Kids Rehabilitation Hospital;
Previously: President & CEO, Northern Home Services Ltd.

ROBERT MACE, BA, MBA *(Term 1, Year 3)*
President & CEO, Thunder Bay Hydro; Chair, The MEARIE Group
Previously: Director and Past Chair, Electricity Distributors Association; Director and Past Chair, The MEARIE Group; Ontario Power Authority Stakeholder Advisory Committee

ADÈLE MALO, BA, LL.B., LL.M, ICD.D *(Term 1, Year 2)*
Consultant; Director, Member of Audit Committee, Chair of the Governance and Compensation Committee, Capstone Infrastructure Corporation
Previously: EVP Regulatory and Government Affairs and General Counsel, Direct Energy; General Counsel and VP Sustainable Development, Ontario Power Generation

PAMELA NOWINA, MBA, ICD.D, A.C.C. *(Term 2, Year 3)*
Currently: Director, Technical Standards and Safety Authority; Director, St. Catharines Hydro
Previously: Vice-Chair, Ontario Energy Board; Executive Lead, Energy, Mowat Centre, School of Public Policy, University of Toronto; Advisory Board, Sky Energy Consulting; Director, St. Joseph's Health Centre; Director, Saint Elizabeth Healthcare Foundation

GARY OOSTERHOF, ME *(Term 1, Year 1)*
Owner, President and CEO, Oosterhof Electrical Services Ltd.; Chapter President, Kingston Electrical Association
Previously: Electrical Contractor Registration Agency (ECRA) Advisory Council; Board of Directors, Ontario Electrical League and Contractor Committee

DANIEL PÉLOQUIN, P.ENG. *(Term 1, Year 1)*
Managing Partner, Daniel Péloquin Consultant; Director and member of the Finance & Audit Committee, Canadian Manufacturers and Exporters; Executive-in-Residence Smart Grids, Mohawk College; Vice President, Canada's National Committee to the International Electrotechnical Commission (CANC/IEC) Council of the Standards Council of Canada
Previously: President, Schneider Electric Canada; CEO, Global Coil Business Segment, Trench Canada / Siemens; Director, ElectroFederation Canada (EFC)

JOHN RAEPPLE, G.S.C., MASTER ELECTRICIAN *(Term 3, Year 3)*
President, John Raepple Electric Limited; Director, Electrical Contractors Association of Ontario
Previously: Director, Electrical Contractors Association of Central Ontario

DEBORAH TROUTEN, MA, APR, FCPRS, ICD.D *(Term 3, Year 2)*
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

ORGANIZATIONAL STRUCTURE

ESA OFFICERS

David Collie, FCPA, MBA, C.DIR.
President and Chief Executive Officer,
Electrical Safety Authority; **Ex-Officio of the Board**
Chair, Plug'n Drive Ontario
Previously: President and Chief Executive Officer, Burlington Hydro; Chair, Electricity Distributors Association

Lesley Gallinger, BA, MBA, CPA, C.DIR., A.C.C.
Vice President, Corporate Services and
Chief Financial Officer, Electrical Safety Authority
Director, Plexxus Pension Committee
Director, Water TAP Ontario
Previously: Vice President, Corporate Services and Chief Financial Officer, Oakville Hydro

Christopher M. Jodhan, BA, LL.B, C.DIR.
Vice President, General Counsel and Corporate Secretary, Electrical Safety Authority
Vice Chair, Retirement Homes Regulatory Authority
Previously: Associate, Blake Cassels and Graydon; Crown Attorney, Office of the Attorney General

Scott Saint, P.ENG., MBA, C.DIR.
Vice President, Regulatory and Safety Programs and Chief Public Safety Officer, Electrical Safety Authority
Board Director, Lansdowne Children's Centre
Chair, Brantford Energy Corporation
Previously: Chief Operating Officer, Electrical Safety Authority

ESA EXECUTIVE TEAM

David Collie, President and Chief Executive Officer

Earl Davison, Vice President, Operations

Nancy Evans, Vice President, Communications and Stakeholder Relations

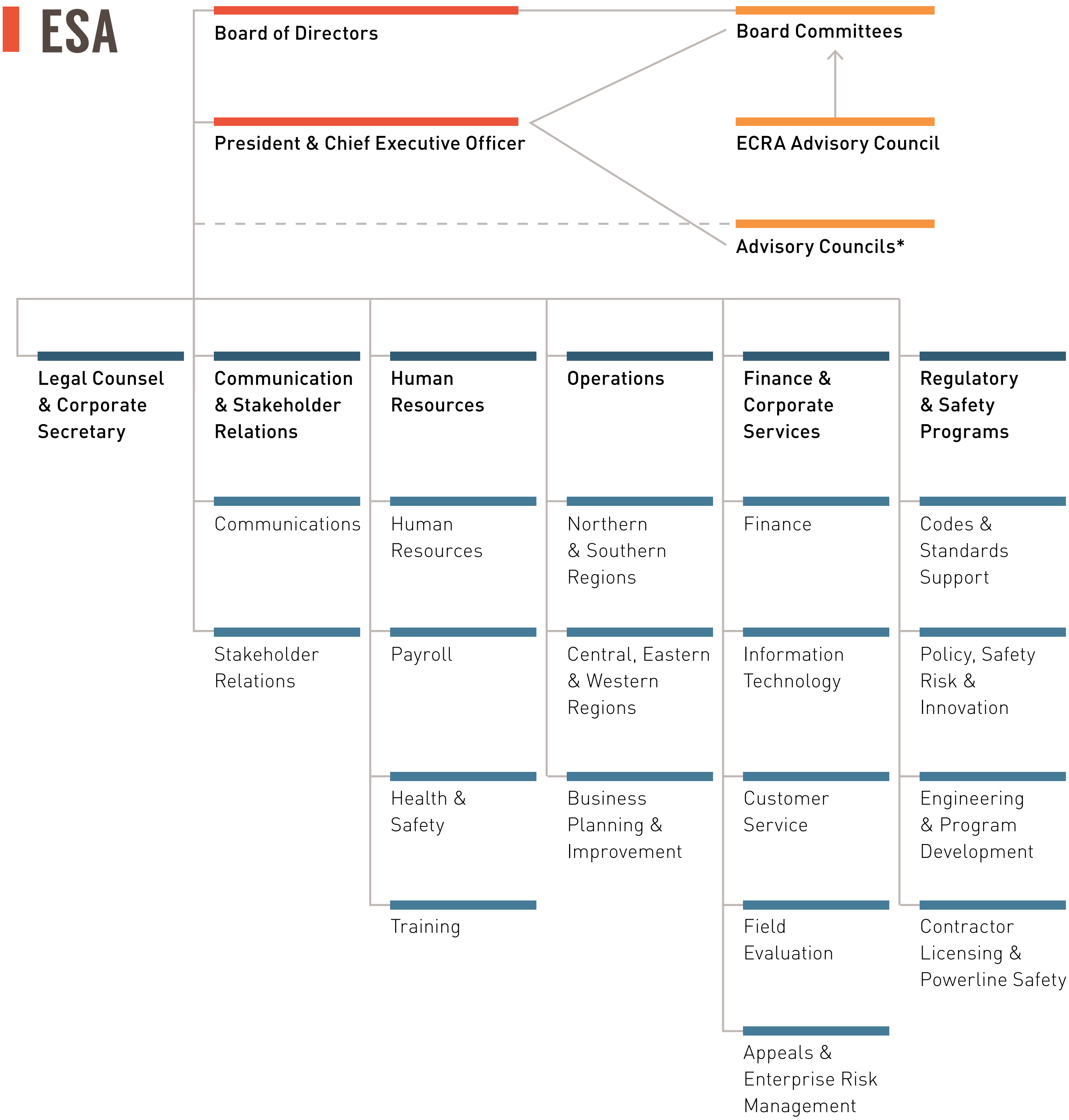
Lesley Gallinger, Vice President, Corporate Services and Chief Financial Officer

Paul Hammond, Vice President, Human Resources

Christopher M. Jodhan, Vice President and General Counsel

Dave Kirkconnell, Vice President, Organizational Development and ESA Training Solutions

Scott Saint, Vice President, Regulatory and Safety Programs and Chief Public Safety Officer



* Advisory Councils

- **Cross-Sector Advisory Council**
- **Consumer Advisory Council**
- **Contractor Advisory Council**
- **Ontario Provincial Code Committee**
- **Utility Advisory Council**

FINANCIAL PERFORMANCE

INTRODUCTION

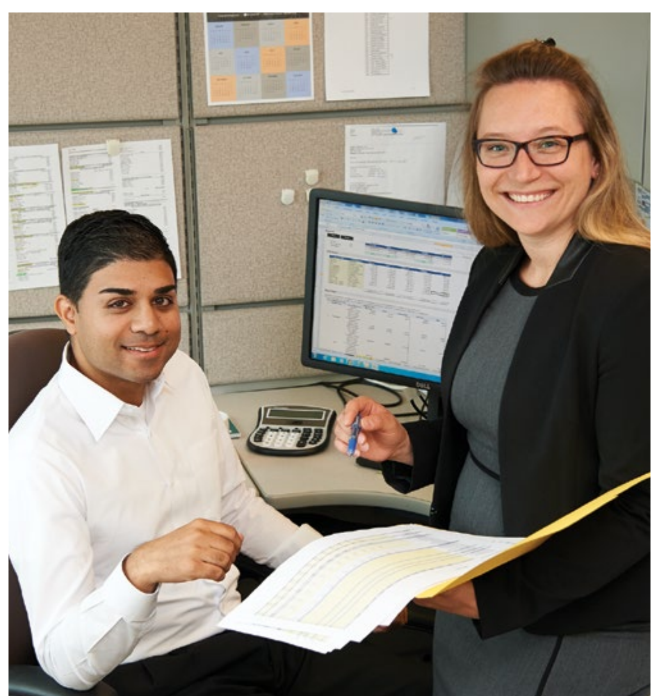
ESA is a not-for-profit corporation. Its revenues come from: levies and fees for compliance requirements such as the issuing of permits and licenses, and Local Distribution Company safety oversight; Continuous Safety Services (CSS) contracts; delivery of programs and services such as electrical plan review and training; non-regulatory safety services; and investments. ESA receives no revenue, including tax revenue, from government.

To fulfill its mandate and regulatory responsibilities, ESA requires a range of expert staff including inspectors, investigators, technical specialists, call centre staff, and corporate support functions such as finance, information technology (IT), communications and human resources. As a result, its expenses are dominated by people-related costs: salaries, wages, benefits and pensions. Its other primary expense categories are IT infrastructure, communications and awareness programs, human resource management and development, and operational business processes.

As a not-for-profit corporation ESA seeks to balance revenues and expenses each year. In particular, ESA wants to achieve operational break-even; that is, revenues meeting expenses before the contribution of investment income.

ESA must also manage its future financial obligations primarily related to employee pensions and other post-employment benefits (OPEB). In addition to annual pension contributions, ESA maintains long-term investments to cover future OPEB obligations.

ESA's finance team including Kishan Vipul (left) and Paulina Jurczyk (right) closely monitored financial performance to help ESA meet its goal of balanced revenue and expenses as a not-for-profit corporation.



FY2016 PERFORMANCE

Overview

This year (April 1, 2015 to March 31, 2016) was the first of ESA's five-year Harm Reduction Strategy 2.0. Consequently, there was a heavy focus on initiating projects and programs designed to meet the goals of the strategy, and significant progress was made. In addition, ESA continued to execute its base regulatory and operational programs and supporting corporate functions.

Overall ESA had a good financial year generating a surplus of $1.7 million. ESA seeks to generate modest surpluses whenever possible in order to direct those funds to restricted reserves to offset OPEB liabilities. By doing so ESA seeks to ensure its long-term financial stability and meet all its financial obligations.

This year revenues grew overall, reflecting the pace of economic and commercial activity in the province. Revenue grew 3.4 per cent. While ESA seeks to restrain spending as much as possible, expenses did increase primarily due to collective agreement wage increases, increasing legal costs and spending required to address service issues. Despite these cost pressures, revenues exceeded expenses for the year by $1.0 million before investment income.

Outside of operations, ESA's investment income was $0.7 million, an 86.8 per cent decrease from the year before, reflecting significant market performance variations from quarter to quarter.

Revenues

Operating revenues were $104.3 million, an increase of 3.4 per cent from the previous year. Residential wiring revenue increased by 9.3 per cent. Industrial, commercial and institutional wiring revenue decreased by 6.7 per cent. Revenues associated with Feed-In Tariff (FIT) and microFIT renewable energy installations were $3.3 million. FIT and microFIT revenue are both included in residential and industrial, commercial and institutional wiring revenue on page 27.

ESA's CSS revenue increased by 4.1 per cent.

ESA also undertakes some non-regulatory activity where we see an opportunity to positively impact electrical safety. Non-regulatory services include Field Evaluation services and services provided to sectors not covered under provincial regulation, such as the mining industry and airports. Non-regulatory revenue grew 8.5 per cent to $17.8 million.

Investment income was $ 0.7 million – a return of approximately 1.5 per cent.

Expenses

Operational expenses were $103.2 million (including amortization), an increase of 5.0 per cent from the year prior.

The majority of ESA's salary and wage adjustments are defined by two collective agreements. Total labour-related costs (salaries, wages and benefits, pension and OPEB) were $77.9 million, an increase from $74.6 million in the prior year, and representing 75.4 per cent of total expenses. ESA and The Society of Energy Professionals concluded a two-year renewal of their collective agreement.

In FY2016 ESA also invested in increasing staff at its customer service centre in order to deliver better levels of service, particularly to reduce call wait times. By year end, the service levels were significantly improved.

The major categories of ESA's other expenses were: purchased services at $4.2 million; fleet costs, travel and accommodation, and meals (which include expenses for stakeholder meetings and events as well as staff-related costs) at $6.3 million; office administration at $1.7 million; facilities at $1.8 million; computer support at $2.0 million; and other costs, including legal expenses, at $6.6 million.

Included in non-labour expenses is $685,000 in fees paid by ESA to the Ministry of Government and Consumer Services for its oversight of ESA.

Capital spending was $2.8 million (versus the prior year at $2.6 million), primarily related to ongoing improvements in IT infrastructure and capacity.

With the aid of an independent compensation consultant, ESA benchmarks its compensation levels against a comparator group for public and private sector organizations of similar scope, size and complexity.

In FY2016 senior management compensation (including all salaries, incentives and severance) totaled $5.5 million for 25 individuals compared to $5.1 million for 24 people in the prior year.

Compensation for Executive and Senior Management

As an organization entrusted with enhancing public safety, ESA requires people with significant experience and expertise in areas including safety strategy, electrical systems and engineering, among others. An appropriate compensation package is required to attract and retain this talent. At the same time, in order to ensure delivery of goals and objectives, compensation needs to be tied to defined short- and long-term deliverables.

ESA's approach to management compensation is based on the following principles:

1. Ensuring efficient use of resources and delivery of public value
2. Supporting ESA's values and culture
3. Pay-at-risk linking compensation to individual and corporate delivery on publicly stated corporate targets and goals over set periods of time
4. Alignment with sound risk management
5. The Board of Directors undertaking regular reviews of compensation governance through the Human Resources and Investment Committee

Surplus/Deficiency

This year ESA generated an operating surplus – excess of revenues over expenses before investment income – of $1.0 million. Investment income was $0.7 million. The result is a bottom line surplus of $1.7 million. As part of its financial framework, ESA's goal is to generate modest surpluses to eliminate the cumulative negative net asset position and ensure funds are available to meet future OPEB obligations.

This compares to a surplus of $7.8 million in FY2015, which was driven by some extraordinary items including a change in accounting standard, which moved the amortization of actuarial gains and losses from the statement of operations to the statement of financial position, and very strong investment market performance.

REVENUE BY SOURCE* (in thousands of dollars)	**FY2016**	**FY2015**
Regulated services	$ 86,030	$ 84,018
Non-regulated services	17,831	16,428
Sub-total	103,861	100,446
Investments and other	1,503	6,008
TOTAL REVENUE	**$ 105,364**	**$ 106,454**

FULLY ALLOCATED EXPENSES* (in thousands of dollars)	**FY2016**	**FY2015**
Regulated services	$ 85,573	$ 82,145
Non-regulated services	16,971	15,545
Sub-total	102,544	97,690
Investments and other	1,099	1,036
TOTAL EXPENSES	**$ 103,643**	**$ 98,726**

REVENUES BY LINE OF BUSINESS* (in thousands of dollars)	**FY2016**	**FY2015**
Wiring – Residential	$ 33,553	$ 30,699
Wiring – Industrial/Commercial/ Institutional	25,839	27,706
Continuous Safety Services (CSS)	22,317	21,430
Field Evaluation	10,155	9,315
Utility Regulation	2,660	2,616
Contractor Licensing	4,119	3,957
Plan Approvals	1,947	2,023
Other revenues**	3,677	3,110
TOTAL REVENUE BEFORE INVESTMENT INCOME	**$ 104,267**	**$ 100,856**

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

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

INDEPENDENT AUDITORS' REPORT

To the Directors of Electrical Safety Authority

We have audited the accompanying financial statements of Electrical Safety Authority (''the Entity''), which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net deficit, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Electrical Safety Authority as at March 31, 2016, and its results of operations and its cash flows for the year then ended in accordance Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants,
Licensed Public Accountants

June 9, 2016

Hamilton, Canada

STATEMENT OF FINANCIAL POSITION

March 31, 2016, with comparative information for 2015 (in thousands of dollars)	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,580	$ 1,867
Accounts Receivable	10,581	8,935
Current portion of long-term investments (note 3)	-	519
Other assets	739	642
	12,900	11,963
Long-term investments (note 3 and 7)	72,374	69,703
Property, plant and equipment (note 4)	11, 324	10,555
Intangible assets (note 5)	4,398	5,110
Other non-current assets	97	108
	$ 101,093	$ 97,439
LIABILITIES AND NET DEFICIT		
Current Liabilities		
Accounts payable and accrued liabilities (note 13)	$ 14,445	$ 13,115
Deferred revenue	19,517	18,968
	33,962	32,083
Pension benefit obligation (note 6)	21,963	10,632
Employee future benefit obligation (note 6)	67,668	63,722
	123,593	106,437
Net deficit	(22,500)	(8,998)
	$ 101,093	$ 97,439

Contingencies and Commitments (note 10 and 11)

See accompanying notes to financial statements.

On behalf of the Board:

Brian Bentz

David Collie

STATEMENT OF OPERATIONS

Year ended March 31, 2016, with comparative information for 2015 (in thousands of dollars)	2016	2015
Revenues (note 8)	$ 104,267	$ 100,856
Expenses		
Salaries and benefits	77,876	74,626
Operating	22,617	21,180
Amortization	2,747	2,505
	103,240	98,311
Excess of revenues over expenses before the undernoted	1,027	2,545
Change in fair value of investments	(3,587)	1,873
Other investment income	4,281	3,380
Investment income	694	5,253
Excess of revenue over expenses for the year	$ 1,721	$ 7,798

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN NET DEFICIT

Year ended March 31, 2016, with comparative information for 2015 (in thousands of dollars)	2016	2015
Net deficit, beginning of year	$ (8,998)	$ (36,898)
	(8,998)	(36,898)
Remeasurements	(15,223)	20,102
Excess of revenues over expenses	1,721	7,798
Net deficit, end of year	$ (22,500)	$ (8,998)

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Year ended March 31, 2016, with comparative information for 2015 (in thousands of dollars)	2016	2015
CASH PROVIDED BY (USED IN):		
Operating activities		
Excess of revenues over expenses	$ 1,721	$ 7,798
Items not involving cash:		
Amortization	2,747	2,505
Change in other non-current assets	11	(9)
OPEB obligation expense	5,780	5,490
Pension benefit plan expense	8,633	9,661
Change in fair value of investments	3,587	(1,873)
	$ 22,479	$ 23,572
Net change in non-cash working capital balance related to operations (note 9)	136	1,705
OPEB obligation contributions	1,710	(1,662)
Pension benefit plan contributions	(12,649)	(12,927)
	$ 8,256	$ 10,688
Investing activities		
Net purchase of investments	(5,739)	(9,816)
Purchase of property, plant and equipment and intangible assets	(2,804)	(2,614)
	$ (8,543)	$ (12,430)
Net decrease in cash and cash equivalents	(287)	(1,742)
Cash and cash equivalents, beginning of year	1,867	3,609
Cash and cash equivalents, end of year	$ 1,580	$ 1,867
Cash and cash equivalents is compromised of the following:		
Cash	$ 1,580	$ 739
Cash equivalents	-	1,128
	$ 1,580	$ 1,867

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2016 (in thousands of dollars)

1 Basis of presentation:

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

2 Summary of significant accounting policies:

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

(a) Cash and cash equivalents:

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

(b) Investments and investment income:

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

Investment income consists of interest and dividends.

(c) Property, plant and equipment:

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

Asset	Rate
Buildings	25 years
Building improvement	5 to 10 years
Electronic equipment	3 years
Telephone and projection system equipment	5 years
Office furniture and equipment	10 years
Inspection equipment	10 years
Leasehold improvements	over term of lease

Capital work in process is not amortized until the project is complete and in service.

(d) Intangible assets:

Internally generated intangible assets in the development phase are recognized as an asset provided they meet the capitalization criteria, which include ESA's ability to demonstrate: technical feasibility of completing the intangible asset so that it will be available for use; ESA's intention to complete the asset for use; ESA's ability to use the asset; the adequacy of ESA's resources to complete the development; ESA's ability to measure reliably the expenditures during the development and ESA's ability to demonstrate that the asset will generate future economic benefits. The assets are amortized on a straight-line basis over their useful lives of five years unless the life is determined to be indefinite. Research activities are expensed as incurred.

Asset	Rate
Computer software and licenses	5 years

(e) Asset retirement obligations:

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

(f) Impairment of long-lived assets:

An impairment charge is recognized for long-lived assets, including intangible assets with definite lives, when an event or change in circumstances causes the assets' carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated as the difference between the estimated fair value of the assets and its carrying value. Management has determined that there are no impairment losses.

(g) Employee future benefits:

The costs of pensions and other post-employment and post-retirement benefits earned by employees are determined based on an actuarial valuation prepared for funding purposes in accordance with pension legislation and regulations.

The costs of termination benefits and compensated absences are recognized when the event that obligates ESA occurs; costs include projected future compensation payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

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

(h) Revenue recognition:

Revenue recognition is based on the attributes of the service line. Revenue is recognized monthly on a pro-rata basis for long-term contracts, which generally span 12 months. Short-term contract revenue is recognized when the initial inspection service is completed. Licensing and registration fees are recognized evenly over the period covered by the fee. Revenue billed but not earned is carried forward as deferred revenue.

(i) Financial instruments:

Financial instruments are financial assets or liabilities of ESA which, in general, provide ESA the right to receive cash or another financial asset from another party or require ESA to pay another party cash or other financial assets.

The fair value of ESA's cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these financial instruments. 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 instruments. These estimates are subjective in nature and involve uncertainties and significant matters of judgment. Changes in assumptions could significantly affect the estimates.

Cash and cash equivalents are measured at fair value at the year end date, accounts receivable and accounts payable and accrued liabilities are recorded at amortized cost.

(j) Measurement uncertainty:

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the assets and obligations related to employee future benefits. Actual results may vary from the current estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the periods in which they become known in accordance with the accounting standards.

3 Investments:

Investments consist of the following:

	2016	2015
Fixed Income Canadian:		
Federal bonds	$ 906	$ 1,001
Provincial bonds	3,485	3,223
Corporate bonds/GIC's	37,546	34,401
Fixed Income U.S.	2,024	2,456
Fixed Income Foreign (non-U.S.)	5,000	5,326
	48,961	**46,407**
Equities:		
Canadian	11,849	8,033
U.S.	6,796	6,464
Foreign (non-U.S.)	4,768	9,318
Total investments	72,374	70,222
Less amounts recorded as current	-	519
	$ 72,374	**$ 69,703**

Investments are internally restricted for future expenditures for post-employment benefits (note 7). The bonds have a weighted average term to maturity of 64.2 months, a weighted average interest rate of 2.80% and a weighted average yield to maturity of 2.00%.

4 Property, plant and equipment:

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	$ 2,314	$ -	$ 2,314	$ 2,314
Buildings	8,341	2,627	5,714	6,048
Building improvements	970	110	860	664
Electronic equipment	4,803	4,093	710	735
Telephone and projection system equipment	2,430	2,091	339	402
Office furniture and equipment	2,000	1,447	553	390
Inspection equipment	19	19	-	-
Leasehold improvements	1,791	1,791	-	-
Capital work in process	834	-	834	2
	$ 23,502	**$ 12,178**	**$ 11,324**	**$ 10,555**

5 Intangibles:

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer software and licenses	$ 18,336	$ 13,938	$ 4,398	$ 5,110

6 Employee future benefit plans:

ESA's employee benefit plans include defined benefit plans that provide pension and other post-employment benefits ("OPEB") such as medical, dental and life insurance benefits to most of its employees. The registered pension plan, contributions to which are governed by the Pension Benefits Act of Ontario, is a contributory defined benefit plan covering all regular employees of ESA. Defined benefit plan assets, obligations and related expenses are impacted by factors including interest rates, adjustments arising from plan amendments and changes in assumptions.

The accrued benefit obligations for the pension plan and supplemental employee retirement plan are measured as at March 31, 2016 based on projections from the Jan. 1, 2014 actuarial funding report. The obligations for OPEB and long-term disability are measured as at March 31, 2016 based on projections from data as at Jan. 1, 2014 and March 31, 2016 respectively. The fair value of assets for all plans is determined using the March 31, 2016 asset values.

The actuarial present value of the accrued pension benefits for accounting purposes is estimated as at March 31, 2016 based on a projection of the actuarial valuation as of Jan. 1, 2014. The effective date of the next required actuarial valuation report for funding purposes for the pension plans is Jan. 1, 2017.

Information about ESA's defined pension benefit plans and OPEB plans for the year ended March 31, 2016 is as follows:

	2016 Pension benefit plans	2016 OPEB Plans	2015 Pension benefit plans	2015 OPEB plans
Accrued benefit obligation, end of year	$ (326,391)	$ (66,848)	$ (312,194)	$ (62,952)
Fair value of plan assets, end of year	304,428	-	301,562	-
Funded status, plan deficit	(21,963)	(66,848)	(10,632)	(62,952)
Add: Workplace Safety Insurance Board of Ontario liability	-	(820)	-	(770)
Total employee future benefit funded status	**$ (21,963)**	**$ (67,668)**	**$ (10,632)**	**$ (63,722)**

The amount of $21,963 (2015 - $10,632) reported on the statement of financial position as pension benefit funded status represents the excess of the actuarial value of accrued pension benefits obligation over pension assets and consists of a balance of $16,660 (2015 - $5,882) in the pension plan liability and a liability of $5,303 (2015 - $4,750) in the Supplementary Retirement Plan.

The net benefit plan expense for the year ended March 31, 2016 for the pension benefit plans is $8,633 (2015 - $9,661) and for OPEB plans is $5,780 (2015 - $5,490).

6 Employee future benefit plans (continued):

The significant actuarial assumptions adopted in measuring ESA's accrued pension benefits and OPEB obligations for the year ended March 31, 2016 are as follows:

	Pension benefits plans		OPEB plans	
	2016	2015	2016	2015
Discount rate	5.75%	5.75%	5.75%	5.75%
Rate of compensation increase (before merit)	3.00%	3.00%	2.90% Ultimate	2.90% Ultimate
Increase in Consumer Price Index	2.25%	2.25%	-	-

The significant actuarial assumptions adopted in measuring ESA's expenses for pension benefits and OPEB obligations for the year ended March 31, 2016 are as follows:

	Pension benefits plans		OPEB plans	
	2016	2015	2016	2015
Discount rate	5.75%	5.75%	5.75%	5.75%
Rate of compensation increase (before merit)	3.00%	3.00%	2.90%	2.90%
Increase in Consumer Price Index	2.25%	2.25%	-	-
Expected long-term rate of return on plan assets	5.75%	5.75%	-	-

ESA's rate of growth for health care costs in 2016 is estimated as follows:

Drugs – 8.0% in 2014 grading down to 4.5% per year in 2029
Other medical costs – 4.5% per year
Dental – 4.0% 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.

	2016	2015
Cash	4%	4%
Fixed income securities	36%	38%
Canadian equities	27%	19%
U.S. equities	18%	17%
Non-North American equities	15%	22%
	100%	100%

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

	2016	2015
Employer's contributions	$ 11,468	$ 11,359
Employer's contributions in respect of gain sharing plan	1,146	1,268
Employee's contributions	3,571	3,167
Benefits paid	11,445	10,647

7 Internally restricted long-term investments:

Long-term investments in the amount of $72,374 (2015 - $69,703) are restricted for specific purposes relating to future expenditures for post-employment benefits.

8 Revenue:

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

	2016	2015
Wiring	$ 59,392	$ 58,405
Continuous safety services	22,317	21,430
Other	22,558	21,021
	$ 104,267	**$ 100,856**

9 Statement of cash flows:

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

	2016	2015
Accounts receivable	$ (1,646)	$ 1,039
Other assets	(97)	255
Accounts payable and accrued liabilities	1,330	229
Deferred revenue	549	182
	$ 136	**$ 1,705**

10 Contingencies:

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and employees. Specific claims have been brought against the Company, the outcome of which is indeterminable at this time. Management believes that adequate provisions have been recorded in the accounts where required and that there are no excess determinable liabilities that have not been recorded at March 31, 2016.

Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such claims would not have a material adverse effect on the financial position of the Company. Should any losses occur, they would be charged to operations in the year the amounts become determinable.

11 Commitments:

a) The Company is committed to premises and equipment leases with terms expiring at various dates during the next five years and thereafter. Future minimum annual payments under non-cancellable operating leases are as follows:

2017	$ 2,587
2018	2,468
2019	2,465
2020	2,407
2021	2,407
Thereafter	2,342
	$ 14,676

b) As at March 31, 2016, a letter of credit in the amount of $543 has been issued to the Workplace Safety Insurance Board of Ontario to guarantee funding of future liabilities.

12 Financial risks and concentration of credit risk:

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

(a) Credit risk and customer concentration:

Credit risk arises from cash and cash equivalents held with financial institutions, and credit exposures to customers on outstanding accounts receivable balances. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. Cash is held at a major financial institution that has a high credit rating assigned to it by international credit-rating agencies minimizing any potential exposure to credit risk. ESA assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Management also monitors payment performance and the utilization of credit limits of customers.

Concentration of credit risk arises when a group of customers has similar characteristics, such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. Management has assessed the risk of concentration of credit risk and has concluded that this is not a significant risk based on the make up of the accounts receivable balance. ESA has policies in place to ensure that sales are made to customers with an appropriate credit history.

(b) Liquidity risk:

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

13 Government remittances outstanding:

Government remittances consist of amounts (such as property taxes, sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when amounts become due. In respect of government remittances $2,307 (2015 – $1,876) is included within accounts payable and accrued liabilities.

ADVISORY COUNCILS

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

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

Advisory councils play a valuable role in helping to shape electrical safety initiatives. Their input and advice helps inform ESA's strategy and advance our safety goals and objectives.

CONSUMER ADVISORY COUNCIL

Joan A. Pajunen (Chair)
Dean Anderson (Vice-Chair)
Larry Allison
Andre Bachand
John Buchanan
Karen Girling
Carol Gravelle
Hollis Hopkins
Tim Krause
Sandy Manners
Kari Manninen
Rod Skinkle
Sarah Thompson

CONTRACTOR ADVISORY COUNCIL

Joe Kurpe (Chair)
Scott Kelly (Vice-Chair)
Dave Ackison
Clint Attard
Luke Bogdanovic
Scott Kelly
Michael Lettner
Tony Minna
Larry Shaver
Rob Sloan
Dan Toppazzini

UTILITY ADVISORY COUNCIL

Ysni Semsedini (Chair)
Greg Sheil (Vice-Chair)
Ray Bou
Stephen Cain
Ed Donkersteeg
Dean Dunn
Doug Fairchild
Ajay Garg
Lyla Garzouzi
Rick Johnson
Paul Krupicz
Glen McCurdy
Sheikh Nahyaan
Joan A. Pajunen
Tony Pereira
Peter Petriw
Ontario Regional Common Ground Alliance
Joe Saunders
William Schwarz
Hani Taki
Jerry Van Ooteghem
Michael Wilson
Michael Wittemund
Gaye-Donna Young

ONTARIO PROVINCIAL CODE COMMITTEE

Ted Olechna, ESA (Chair)
Malcolm Brown
Barry Buchanan
Mel Fruitman
Vladimir Gagachev
John Gryffyn
Chris Magnusson
Pierre McDonald
Peter Olders
Shawn Paulsen
Tony Poirier
Eerik Randsalu
Dave Sinclair
George Chelvanayagam
Rob Smith
Maurice Tucci

ELECTRICAL CONTRACTOR REGISTRATION AGENCY (ECRA) ADVISORY COUNCIL

Louis Violo (Chair)
Fred Black (Vice Chair)
Larry Allison
Sean Bell
John Buchanan
Joe Kurpe
Debra Mattina
Diana C. Miles
Gary Oosterhof (to November 2015)
Brian Smith

CROSS-SECTOR ADVISORY COUNCIL

Nancy Evans, ESA (Chair)
Ted Olechna (ESA)
Joan A. Pajunen
Joe Kurpe
Louis Violo
Ysni Semsedini

CORPORATE POLICIES

Privacy

ESA is committed to maintaining the accuracy, security and privacy of personal information in accordance with the terms of its Administrative Agreement with the Government of Ontario 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 and regulatory requirements.

Due to the importance of information exchange in maintaining public electrical safety, ESA routinely discloses and disseminates records that support its 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 FY2016, ESA received 2,805 Freedom of Information requests compared to 1,950 in the previous year, driven primarily by an increase in requests related to residential real estate transactions.

Complaints

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 found at esasafe.com.

In FY2016, ESA received 88 wiring-related complaints compared to 98 in the previous year. By year-end, ESA had resolved 47 wiring-related complaints in accordance with its complaints policy. ESA received 1,679 licensing-related complaints and resolved 1,365 in accordance with its complaints policy. ESA continues to work to resolve the outstanding complaints.

French Language Service

ESA responds to all requests for French services as they arise throughout the year. In FY2016, ESA's Customer Service Centre responded to 2,123 calls in French, up from 1,919 the previous year.

In 2015/2016 ESA Call Centre Representatives including Johanna Dabrowski answered more than half a million calls, including more than 2,000 in French.

Appeals Process

ESA is committed to providing individuals with the opportunity to request a review of orders or licensing decisions as they arise. ESA has established 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 esasafe.com, defines specific steps and timelines to respond to an appeal pertaining to the Ontario Electrical Safety Code or licensing matters.

In FY2016, ESA received 12 appeals associated with the Ontario Electrical Safety Code (Regulation 164/99), down from 14 in the previous year. ESA received nine appeals associated with Provincial Contractor Licensing (Regulation 570/05), compared to zero in the previous year. One could not be processed because it did not meet the submission information requirements.

Accessibility Policy

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

As part of ESA's commitment to meeting its obligations under the AODA, ESA has developed a Multi-Year Accessibility Plan that outlines ESA's strategy to prevent and remove barriers to accessibility. ESA has also established various policies and processes to assist persons with disabilities, including the Accessible Customer Service Policy and the Integrated Accessibility Standards Policy. ESA's Multi-Year Accessibility Plan will be reviewed and updated by ESA at least once every five years.

The Accessibility Policy and Multi-Year Accessibility Plan can be found at esasafe.com.

CONTACT US

The Electrical Safety Authority is a mission-driven organization committed to enabling Ontarians to live, work and play free from electrical harm. We analyze safety data and trends, develop innovative tools, work directly with the public and industry, and build strong partnerships to address the areas where there is the greatest need. Every day, we work to improve electrical safety for the people of Ontario.

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Electrical Safety Authority

ESA inspector Tony Di Fonzo reviews a new electrical installation with Josh Brown of Plan Group to ensure it complies with the Ontario Electrical Safety Code.

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