



DELIVERING ON OUR PROMISE



WE ARE THE ELECTRICAL SAFETY AUTHORITY.

The Electrical Safety Authority (ESA) is an 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 is derived 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, education and training on electrical safety;
- > ensuring compliance with regulations;
- > investigating fatalities, injuries and fire losses associated with electricity; and
- > engaging with stakeholders to improve safety.

In 2010, ESA launched our five-year Harm Reduction Strategy, which targeted a 30 per cent reduction in electrical fatalities and fire fatalities by 2015.



For more detailed information on ESA, visit esasafer.com

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5 YEARS AGO



we developed a strategy to focus our efforts where they would have the greatest impact. Our Harm Reduction Strategy gave us a roadmap to follow to improve electrical safety in Ontario. We did this by using our resources wisely, collaborating with others, and implementing innovative solutions that harnessed our insights and technologies to improve outcomes.

WE'VE SET THE STAGE FOR OUR NEXT PHASE OF THE JOURNEY TO CREATE AN ONTARIO WHERE PEOPLE CAN LIVE, WORK AND PLAY SAFE FROM ELECTRICAL HARM.

DELIVERING VALUE TODAY AND FOR THE FUTURE

This year marks my ninth and final year on the Board of the Electrical Safety Authority (ESA), and also the conclusion of ESA's five-year Harm Reduction Strategy.

I've had the opportunity to be part of a period of transformation for the organization. Major progress was made to combine important electrical safety achievements with the need to run an effective and financially sustainable company.

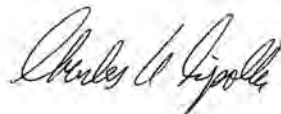
After a concerted effort that included setting long-term financial goals and implementing disciplined expense management and smart investment strategies, ESA has reached a turning point in its financial position. The organization is now on solid financial footing and has set a prudent course to continue to deliver on our safety mandate while meeting all of our current and future financial obligations.

ESA also completed the transition of the mandate for consumer product safety to Health Canada. This harmonization of regulation helps streamline reporting for industry while creating a national system to benefit all Canadians.

In addition to advancing electrical safety in the province, ESA has also made significant strides to further develop its

corporate governance. A key accomplishment this year was the Board's oversight of the development, completion and launch of ESA's new strategic plan, which will enable ESA to continue our safety leadership in Ontario over the long term.

The five-year strategy creates the necessary framework for ESA to fulfill its safety mandate from the province. But ultimately results are delivered by people. Across the entire organization and among my colleagues on the Board, I have seen a dedication and commitment to electrical safety that will continue to deliver real benefit for the people of Ontario – today, tomorrow and into the future.



Charlie Cipolla, Chair, Board of Directors



ACHIEVING ONE GOAL AND SETTING THE NEXT

ESA made significant progress this year. We successfully implemented our business plan for the year and concluded implementation of our Harm Reduction Strategy, which was launched in 2010. ESA has remained focused on our safety mandate, but also been flexible and resilient in response to economic volatility, emerging technology and even Mother Nature.

I'm pleased to report that against our principal goal of reducing electrical fatalities by 30 per cent, ESA achieved a 37 per cent reduction. We did so by maintaining a keen focus on our safety mission and taking a disciplined approach to planning and data analysis. We implemented foundational initiatives like our safety risk assessment tool and made investments in our people and systems. We reached out to our stakeholders – to listen, understand, co-create and collaborate. Above all, we focused the ESA team's collective passion for electrical safety on priority areas in order to achieve the greatest impact.

And while we have had success, there have been challenges, including unacceptable wait times at our customer service centre. Our stakeholders deserve better, and we have

taken action to resolve the issue (see page 19).

Ontarians live, work and play in a more electrically safe province today than they did five years ago. But there is more work to do. ESA's Harm Reduction Strategy 2.0 builds on our success, incorporates our learnings, and targets even better results.

I'd like to thank our outgoing Chair, Charlie Cipolla, for his guidance, commitment and professionalism on the Board, which will be missed. On behalf of the ESA team, I welcome our incoming Chair, Brian Bentz, and look forward to working with him and the entire Board as we continue our important work.



David Collie, President and Chief Executive Officer





OUR VISION

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

OUR MISSION

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

OUR VALUES

Safety
Accountability
Leadership
Collaboration
Integrity and Trust

OUR 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





DELIVERING SAFETY

37%

REDUCTION IN
FATALITIES

35+

NUMBER OF ELECTRIC
UTILITIES PROMOTING
POWERLINE SAFETY

In 2010, ESA set a target to reduce electrical-related deaths by 30 per cent by 2015. Now, five years later, electrical-related fatalities are down 37 per cent. This is a collective achievement of ESA and its many partners in both industry and the broader safety sector.

But there remains work to do. Fourteen Ontarians died from electricity last year – seven from electrical contact and seven from fires linked to an electrical source. Each fatality is a tragic reminder of the awesome power of electricity to kill, maim and damage when it becomes uncontrolled.

ESA continues to focus on finding the best, most effective solutions to address the leading causes of electrical deaths, injuries and fires. The following are some recent examples of our work.

DECREASE IN RATE OF ELECTRICAL FATALITIES

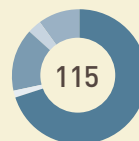
(per million population)



This chart shows the decrease in the rate of electrical deaths per million people in Ontario from 2010 to 2014.

Powerline contacts	Workers killed or critically injured	Electrical product fires	Fires caused by aging electrical infrastructure
START: 160	START: 28	START: 1,952	START: 788
END: 115	END: 13	END: 1,257	END: 638
-28%	-48%	-36%	-19%

TYPES OF SAFETY INCIDENTS – 2014



POWERLINE SAFETY

Construction	70%	Transportation	3.3%
Farm	1.9%	Utility	9.8%
Public	15%		



WORKER SAFETY

Electrical Trades	31%
Other Trades	69%



ELECTRICAL PRODUCT SAFETY

Appliances	17%	Other Electrical and Mechanical Equipment	9.4%
Cooking Equipment	62%	Processing Equipment	1.6%
Lighting Equipment	10%		



AGING INFRASTRUCTURE

Wiring	28%	Outlets, Switches and Lights	13%
Electrical Panels (Fuse or Breaker)	15%	Extension Cords	10.1%
Appliance or Electrical Product Cord	15%	Powerlines	5.8%
Other Electrical	11%	Transformers	3.1%

POWERLINE SAFETY WEEK PACKS A POWERFUL PUNCH

ESA took an innovative approach to raising awareness of powerline safety hazards among consumers through an online game. The Powerline Deadly Dozen challenged amateur detectives to solve powerline contact cases based on actual events by reviewing mock evidence, including police reports and eyewitness accounts.

More than 35 local electric utilities representing over 75 per cent of Ontario's electricity consumers helped promote the Powerline Deadly Dozen. Ontarians quickly got on the case, with nearly 7,000 people participating over the six-week campaign that kicked off during Powerline Safety Week in May.

The Powerline Deadly Dozen also attracted significant media attention, generating news stories across Ontario, and raising the participants' awareness and understanding of the hazards.

ESA also focused powerline awareness efforts on reaching at-risk workers in heavy construction and those working with ladders, including roofers and arborists. A trades-focused advertising campaign offered companies free powerline safety kits to remind workers to be aware of powerline hazards, which resulted in orders for more than 125 kits.

28%
REDUCTION IN
POWERLINE CONTACT
INCIDENTS



"Look Up! Look Out!" signage reminds at-risk workers in the heavy construction industry to be aware of the location of overhead powerlines on job sites and the importance of safe limits of approach.

TAKING ACTION TO ADDRESS EMERGING RISKS

While most of ESA's regulatory actions centre around known electrical safety risks, ESA also monitors and acts on emerging safety issues.

Such was the case in August 2014, when reports from Saskatchewan indicated a potential electrical safety hazard related to a specific meter model. ESA initiated a due diligence safety review to determine if there were any safety implications for Ontario. ESA's expert team concluded that the *Sensus 3.2 with remote disconnect* meter in use in Ontario shared the same design as the meter in Saskatchewan and was susceptible to a specific type of failure: the electrical current would jump or 'arc' between components if water/moisture and other contaminants got into the meter.

ESA took the prudent, preventative step of ordering all Ontario local distribution companies (LDCs) to remove these *Sensus 3.2 with remote disconnect* meters from service by March 31, 2015 in the interest of public safety. At the time, there were 5,110 in use by Ontario LDCs. All meters were removed from service.

This was an important demonstration of the electrical safety system at work: a risk identified, confirmed, and

13

LDCs USED SENSUS 3.2 METERS WITH REMOTE DISCONNECT

5,110

SENSUS 3.2 METERS WITH REMOTE DISCONNECT WERE IN USE IN 2014

0

SENSUS 3.2 METERS WITH REMOTE DISCONNECT ARE IN USE TODAY

preventative action taken. The effort required significant activity by Ontario's LDCs, which demonstrated their responsiveness and commitment to electrical safety.

NEW SAFETY INSIGHTS FOR OLDER HOMES

Fires caused by deteriorated or improperly maintained electrical systems are more prevalent in homes built prior to 1975. This year, an ESA team conducted an in-depth review of our general electrical inspection service to see if it could be even more effective at identifying this risk. A key focus was aligning ESA's process with the voluntary Canadian Standards Association (CSA) standard C22.6 for this type of electrical inspection.

The team undertook a detailed field research study that involved a robust audit of the electrical systems in 30 homes. This study provided ESA with greater insights into the latent risks inherent in wiring and other electrical components in older homes.

The team developed a comprehensive and standardized checklist for inspectors to complete and provide



to the homeowner, conducted a market study to determine the potential receptivity for the improved program (more detail can be found on page 17), held stakeholder interviews to identify

potential collaborations, and assessed the operational impact on ESA.

At year-end, the new program was approved for a staged rollout across Ontario beginning in mid-2015.

THE ON-THE-JOB SAFETY COMPANION THAT HAS YOUR BACK, WITHOUT BREATHING DOWN YOUR NECK.

Download the step-by-step safety tool that every electrician should have.
esasafe.com/safetytool

Electrical Safety Authority

The launch of the e-WorkSAFE contractor safety tool in fall 2014 was accompanied by advertising in trade publications throughout Ontario. The ad showcased the benefits and convenience of having a 'safety partner' with you on the job, at all times.

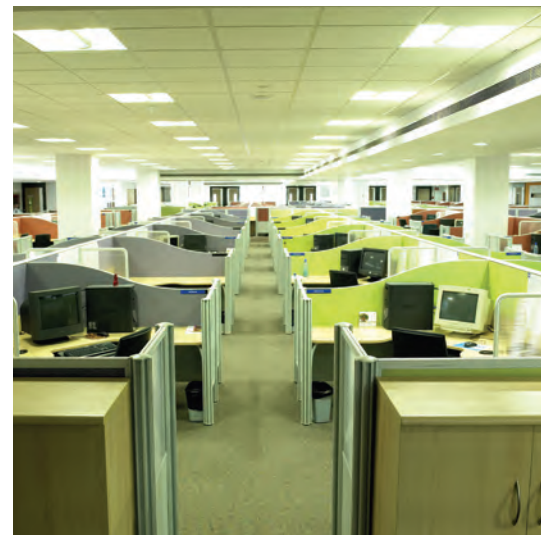
e-WorkSAFE: AN ELECTRICIAN'S SAFETY PARTNER

It's a business owner's worst nightmare: an employee injured – or worse – on the job. This kind of tragic incident has a devastating effect on an employee, their family and their employer.

ESA's e-WorkSAFE contractor safety tool, part of ESA's non-regulatory activities, offers licensed electrical contractors the option to provide a tool to help them and their employees work safely on the job. The tool works on virtually any smart phone and instantly shows electrical workers the personal protective equipment (PPE) requirements needed for specific installations. The e-WorkSAFE tool also reminds workers before they start a task about the level of risk in the work so that safety is top of mind.

The web-based e-WorkSAFE contractor safety tool also captures the requirements of common tasks from the CSA's Z462 standards for working on specific electrical equipment. Since it is web-based, the information is always up to date, eliminating the risk associated with outdated printed materials or training. There is also information on common daily activities and safe work planning tools, including a checklist of PPE requirements from the top 10 common tasks in the standard.

By year-end, sales of the e-WorkSAFE tool had topped 550.



EFFICIENCY RETROFITS: SHINING A LIGHT ON SAFETY

New energy-efficient technologies can reduce overall energy costs and help the environment, and utility-sponsored incentive programs have encouraged companies to retrofit their lighting systems to do just this.

This year, ESA worked with industry to ensure electrical safety did not take a back seat to efficiency. When an approved existing lighting system is altered by adding new components, it is no longer an approved product under the Ontario Electrical Safety Code, since the alterations could cause the product to operate in an unsafe manner.

Given the significant volume of retrofit work, ESA recognized the need to fulfill its regulatory safety mandate and to do so efficiently to avoid unnecessary delays in completing the work. ESA engaged industry and utilities to provide clarity for the approved and safe retrofit options, and to develop a process to streamline the work for contractors, their customers and ESA.



DELIVERING ON COMPLIANCE

180

CONVICTIONS IN THE
PAST FIVE YEARS

452

INVESTIGATIONS IN THE
PAST FIVE YEARS

ESA's commitment to risk-based regulation means targeting areas where non-compliance creates electrical safety hazards for the general public. A key example of this is the underground economy, where electrical work is unpermitted, uninspected, unregulated and unseen. Industry sources estimate that as much as 50 per cent of residential renovation work and 13 per cent of commercial and institutional work is done in the underground economy. This has been, and will continue to be, an area of focus for ESA.

Improving compliance to regulations requires effective enforcement. ESA investigates all reports of illegal activity, gathers evidence, and brings forward to the courts compelling, thorough cases that clearly demonstrate the safety risk illegal actions create for the public. In FY2015, this resulted in several high-profile convictions that not only punished those who broke the law, but delivered a clear message to other would-be offenders.

A TALE OF TWO CONVICTIONS

An unlicensed contractor likely never dreamed that his illegal electrical work would land him in jail. In October 2014, an Ontario court justice handed down a sentence that did just that.

FIRST-EVER JAIL SENTENCE

A sharp-eyed ESA inspector spotted a renovation in a Hamilton home that had been done without a permit and subsequently found numerous electrical hazards. The inspector determined that it was the handiwork of an individual known to ESA for previous illegal electrical work. In fact, this individual had been convicted in 2012 on 19 counts of violating electrical safety regulations at seven sites in the Windsor area and fined \$23,750.

The prosecution related to the Hamilton work resulted in the first jail sentence from an Ontario Court for violating the electrical contractor licensing and Ontario Electrical Safety Code regulations. The unlicensed contractor was sentenced to 30 days in jail and fined \$6,250.

IN BOTH CASES, THE COURT DELIVERED A STRONG, CLEAR MESSAGE THAT UNLAWFUL BEHAVIOUR THAT PUTS PUBLIC ELECTRICAL SAFETY AT RISK HAS SERIOUS CONSEQUENCES, INCLUDING HEAVY FINES AND POTENTIAL JAIL TIME.

CRIME DOESN'T PAY

Another investigation by ESA's licensing enforcement group revealed a permit-for-hire scheme that put the public at risk.

Three people were convicted and fined on a number of charges that violated Ontario's electrical contractor licensing regulation. These illegal activities took place in schools in the Ottawa area and resulted in significant electrical safety hazards and risks to people in the schools.

A general contracting company had hired an unlicensed electrical contractor to do electrical work on its behalf. A third party, who was a licensed electrical contractor (LEC), illegally took out permits on behalf of the unlicensed electrical contractor in an attempt to conceal the illegal work.



Together, the three parties were fined a total of \$85,000 for the multiple illegal actions, the largest fine of its kind to date.

In both cases, the court delivered a strong, clear message that unlawful behaviour that puts public electrical safety at risk has serious consequences, including heavy fines and potential jail time.

ESA issued news releases regarding both of these groundbreaking cases that resulted in multiple news stories in print and broadcast media. Publicizing significant convictions is part of ESA's strategy to deter others in the underground economy who work outside the law and endanger the public.



BEING ACCOUNTABLE

95

ADVISORY COUNCIL
MEETINGS, 2010–2015

5

PUBLIC CONSULTATIONS
ON AVERAGE PER YEAR

ESA has been entrusted by the government of Ontario with the responsibility of overseeing public electrical safety, and given significant powers to execute our mandate. We must use our powers responsibly and ensure we deliver public value – that is, maximizing safety outcomes through prudent use of resources and ensuring we are accessible and responsive to our stakeholders.

Public accountability is enshrined as a key corporate goal in ESA's 2015–2020 strategy.

STAKEHOLDER ENGAGEMENT

ESA operates under a set of stakeholder engagement principles established by our Board which commit us to considering stakeholder perspectives in decision-making, providing opportunities for stakeholders to share feedback and perspectives, and sharing information in a timely and effective way.

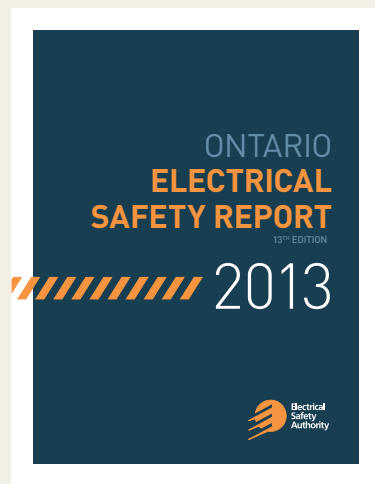
We use many tools to achieve this: standing advisory councils, public consultations, outbound newsletters, notices and updates, regional meetings for local contractors across the province, annual licence-holders' meetings, an open annual general meeting, web-posted information, a complaint response system, our annual report, including progress on goals and financial information, and a freedom of information policy, among others.

In FY2015, ESA conducted several public and industry consultations to gather feedback to inform the development of new initiatives. For example, as part of developing our next five-year strategy, ESA solicited feedback and input from the public, stakeholders and employees through a series of consultations. ESA also held a multi-stage consultation with consumer and local distribution company (LDC) representatives to develop a public electrical safety measure to be included in the Ontario LDC Scorecard administered by the Ontario Energy Board.



And as we do for every update of the Ontario Electrical Safety Code, ESA held consultations on proposed amendments to the Code.

SHARING INFORMATION



For the past 14 years, ESA has produced the Ontario Electrical Safety Report, which compiles electrical safety incident data and case studies from several sources, including ESA's own database, the Ontario Coroner's Office, the Office of the Fire Marshal and Emergency Management, the Ministry of Labour, and others. The report provides a comprehensive picture of the state of electrical safety in the province and is an important resource for ESA and its partners in identifying trends, needs and opportunities. For more information, go to esasafe.com.

STRATEGIC PLAN, BUSINESS PLAN AND ANNUAL REPORT

ESA's strategic plan, business plan and annual report are our three major public reporting documents, and they guide our business operations and use of resources.

The strategic plan defines the major corporate goals for five years and the key strategies that will be used to address them. It also includes the measures that ESA will use to track progress during the period.

The strategic plan is supported by a business plan that defines the various activities that will be implemented to support each goal.

The business plan also outlines the essential corporate capabilities that are needed to fulfill everyday business needs as well as the goals of the strategic plan. It includes a five-year plan and a forecast for the year ahead. The business plan is updated annually to reflect progress made and new insights generated.

ESA's annual report describes progress made against the commitments of the strategic plan and business plan.



These reports can be found at **esasafe.com** in the About ESA section under Reports.

HARM REDUCTION STRATEGY 2010–2015

OUR MISSION

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

OUR VISION

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

OUR 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.

We regulate in **4 KEY AREAS**

Ontario Electrical
Safety Code

Licensing of
Electrical
Contractors and
Master Electricians

Electrical
Product Safety

Electrical
Distribution Safety

HERE'S HOW WE DO IT:



5-YEAR GOAL 2010–2015:

30% reduction in electrical fatalities and fire fatalities

To do this, we used risk-based management to focus on **5 HARMS**



POWERLINE
SAFETY



HIGH-RISK
WORKER SAFETY



ELECTRICAL
PRODUCT SAFETY



AGING
INFRASTRUCTURE



NEW WIRING
SAFETY

BEST PRACTICES

OUR WORK WAS ACCOMPLISHED THROUGH



COMPLIANCE &
ENFORCEMENT



BUSINESS
PROCESSES



COMMUNICATION
& STAKEHOLDER
COLLABORATION



HUMAN
RESOURCES
MANAGEMENT



RISK
MANAGEMENT



SOUND
FINANCIAL
PRACTICES

WE MEASURED OUTCOMES AND MILESTONES:

We collected and assessed data to identify best practices



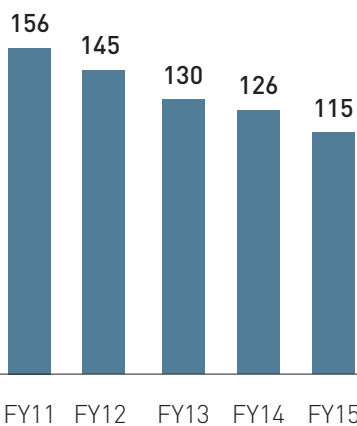
REPORT CARD: POWERLINE SAFETY

FY2011–FY2015 GOAL

Decrease the number of worker and non-worker powerline contact incidents from 160 to 113 (based on five-year rolling average).

THE RESULT

28% REDUCTION



ESA focuses on reducing powerline contact incidents involving third parties and advancing the safety practices of local electricity distribution companies (LDCs). ESA focuses on the sectors that experience the most contacts to raise awareness of the risks and improve their safety practices.

PARTNERING TO REDUCE THE RISK

This year, a multi-stakeholder Community Power Safety Alliance focused on the implementation of the annual Powerline Safety Week and the Powerline Deadly Dozen campaign. Advertising toolkits were offered to all LDCs, and more than 35 LDCs that serve over 75 per cent of Ontario electricity customers promoted Powerline Safety Week activities through traditional and social media. ESA's digital presence has been established through online and social media powerline awareness-building initiatives – a natural progression from the inaugural print “Look Up, Look Out!” campaign.

MOVING FORWARD

An internal powerline safety working group was established to provide advice to senior management on areas where ESA should focus resources to inform our next five-year strategy. ESA continued to work with our Utility Advisory Council to develop approaches for elevating safety considerations in the ongoing management of utility assets. In addition, strengthening relationships with partners such as the Infrastructure Health and Safety Association and the construction and excavation industries to improve safe work practices around powerlines was a priority area.

FY2011

- “Look Up, Look Out!” campaign
- LDC asset management safety guidelines

FY2012

- Launched Community Powerline Safety Alliance
- Collaborated with LDCs to advance safety practices

FY2013

- Established Powerline Safety Week
- Held 158 powerline safety events across the province

FY2014

- Powerline awareness targeting consumers and at-risk workers
- Powerline safety messaging during ice storm

FY2015

- More than 35 LDCs participated in Powerline Safety Week
- Established powerline safety working group



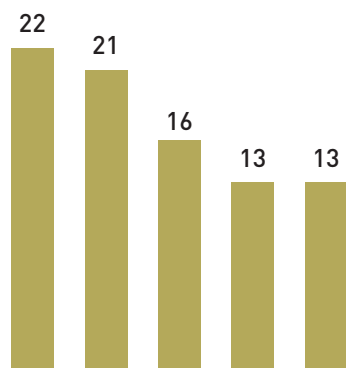
REPORT CARD: HIGH-RISK WORKER SAFETY

FY2011–FY2015 GOAL

Decrease the number of worker-related electrical fatalities and critical injuries from 25 to 18 (based on five-year rolling average).

THE RESULT

48% REDUCTION



FY11 FY12 FY13 FY14 FY15

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

FORGING A NEW PLAN

During the year a cross-functional staff team collaborated to develop a revised electrical high-risk worker safety plan that will guide ESA's efforts in the years ahead. Planned initiatives include enhanced partnering with the Ministry of Labour, working with Ontario colleges to advance safety education, and using behavioural research to gain a deeper understanding of why some workers make unsafe choices.

TOOLS TO KEEP WORKERS SAFE

Also in FY2015, ESA launched the e-WorkSAFE electrical contractor safety tool. The web-based tool is smart-phone friendly, and assists skilled electrical workers by making important safety information like safe work plans and checklists for required personal protective equipment easily accessible right where they're working. Workers can also view details of a particular task and its associated level of risk to help them work safely. More than 550 electrical contractors in Ontario had purchased e-WorkSAFE by year-end.

FY2011

- Created four electrical safety learning modules for CSS customers
- Partnered with WSPS to deliver CSA Z462 training

FY2012

- Conducted blitzes targeting unsafe work practices
- Partnered with WSPS to market ESA's Electrical Safety Plan

FY2013

- Launched worker safety taskforce with experts in safety, industry practices, behavioural change and utility sectors

FY2014

- Developed e-WorkSAFE, an enterprise digital contractor safety tool for electrical workers in industry

FY2015

- Launched the contractor version of the e-WorkSAFE tool



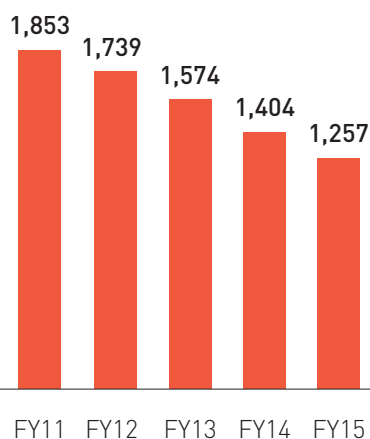
REPORT CARD: ELECTRICAL PRODUCT SAFETY

FY2011–FY2015 GOAL

Decrease the number of electrical-related product fires from 1,952 to 1,367 (based on five-year rolling average).

THE RESULT

36% REDUCTION



ESA works with other agencies and stakeholders to reduce fires and safety incidents related to electrical products. ESA particularly targets stovetop cooking fires, a leading cause of electrical-related fires, through collaborating with industry on changes to stovetop element design.

ADDRESSING STOVETOP FIRES

ESA and Health Canada were successful with a number of proposed changes to the Canadian Standards Association's (CSA) safety standard for stoves and ranges. Revisions contributing to increased stovetop safety include limiting the maximum temperature of elements, and the implementation of safety tests for glass door panels and the sharpness of metal edges. ESA continued our partnership with the Office of the Ontario Fire Marshal and Emergency Management (OFMEM), researching the effectiveness of temperature-limiting stovetop element technology.

ELIMINATING REGULATORY DUPLICATION

ESA continues to oversee pre-market approval requirements for all electrical products offered for sale in the Ontario marketplace, and post-market safety for industrial products. In June 2013, the Ontario government amended Regulation 438/07 (Electrical Product Safety), eliminating mandatory reporting obligations to ESA and clarifying that ESA will no longer manage post-market issues for consumer electrical products. The transition of these responsibilities to Health Canada is now complete, providing clarity for consumers and reducing the regulatory burden for industry.

FY2011

- 67 product recalls
- 754 incident investigations completed

FY2012

- Formed committee to improve safety standards for stoves

FY2013

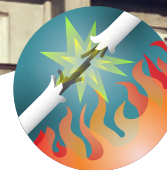
- Three-year study with OFMEM on stovetop safety begins

FY2014

- National Consumer Product Safety regime completed
- Participated in Fire Prevention Week

FY2015

- Final year of three-year research project with OFMEM



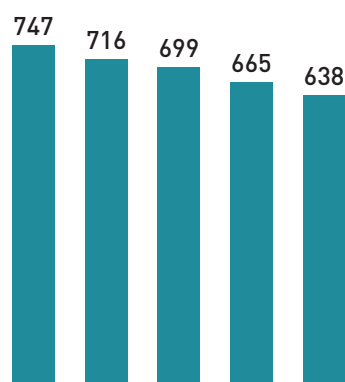
REPORT CARD: AGING INFRASTRUCTURE

FY2011–FY2015 GOAL

Decrease the number of electrical fires with distribution equipment as the ignition source in homes built prior to 1975 from 788 to 552 (based on five-year rolling average).

THE RESULT

19% REDUCTION



FY11 FY12 FY13 FY14 FY15

ESA focuses on reducing the number of electrical fires in older homes through a variety of strategies, including increasing the impact of general electrical inspections.

There are more than one million homes in Ontario built prior to 1975. If their electrical wiring has not been updated, these homes are at greater risk of electrical fire. One effective way to identify risk is to conduct a thorough general electrical inspection; particularly one that meets the Canadian Standards Association's standard C22.6. ESA developed a more robust general inspection service based on this standard. Research and development are complete and the program was successfully piloted in FY2015. ESA will begin to offer it province-wide in FY2016.

Meanwhile ESA has been deepening its understanding of the pattern of electrical fires in Ontario. With OFMEM, ESA identified at-risk communities through geospatial mapping. Using OFMEM data on fire incidents, ESA was able to map the 'hot spots' of structural fires where electricity was the ignition fuel. The mapping allows ESA to identify the underlying factors in these fires, including population demographics.

FY2011

- Sponsored development of CSA standard for electrical inspections

FY2012

- Worked with OFMEM to gather data on old wiring fires
- Held industry symposium to launch guideline for safe streetlight installation

FY2013

- Identified specific residential communities at risk using fire data

FY2014

- Conducted safety blitzes on older apartment buildings

FY2015

- Completed geospatial mapping project
- Piloted new ESA general inspection service



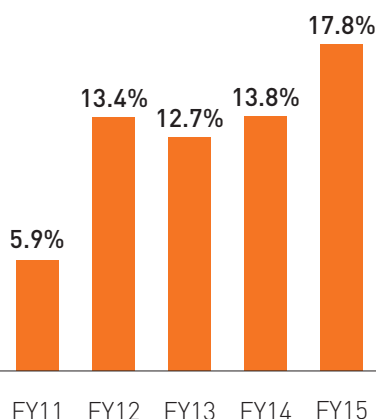
REPORT CARD: NEW WIRING SAFETY

FY2011–FY2015 GOAL

Increase the Electrical Safety Impact (ESI) for wiring notifications by 30 per cent. ESA's ESI measurement tool calculates the safety contribution of different categories of inspection activity.

THE RESULT

18% INCREASE



ESA works to prioritize the allocation of inspection resources according to the level of safety risk, and to increase the effort spent on prevention activities.

Each year, ESA Inspectors conduct more than 425,000 inspections of electrical wiring work across the province. This effort was supported by work management systems, tools and resources to allocate effort to the areas of greatest need and highest safety risk.

ESA continues to make progress in the application of alternative compliance options for lower-risk installations. For example, in FY2015 ESA identified an issue related to new lighting retrofits and responded quickly with an audit-based solution that allows the work to continue but intercepts potential safety issues.

ESA holds regional contractor meetings to provide information and gather feedback from licensed electrical contractors across Ontario on topics including common defects, worker safety incidents, changes to processes, and others. More than 650 contractors attended 31 meetings held by ESA in FY2015.

FY2011

- Delivered more than 500 electrical safety training and worker safety events

FY2012

- Introduced Safety Risk Assessment Tool
- Distributed 57,000 safety information packages

FY2013

- Trained 9,000 participants on 2012 Ontario Electrical Safety Code
- Launched the e-WorkSAFE tool (see page 7)

FY2014

- Risk-based inspections launched to increase focus on high-risk work

FY2015

- Held 31 regional contractor meetings attended by more than 650 licensed electrical contractors



REPORT CARD: **BUSINESS PROCESSES**

ESA works to ensure its business processes are designed and optimally allocated to improve safety.

PROGRESS AGAINST OUR GOALS

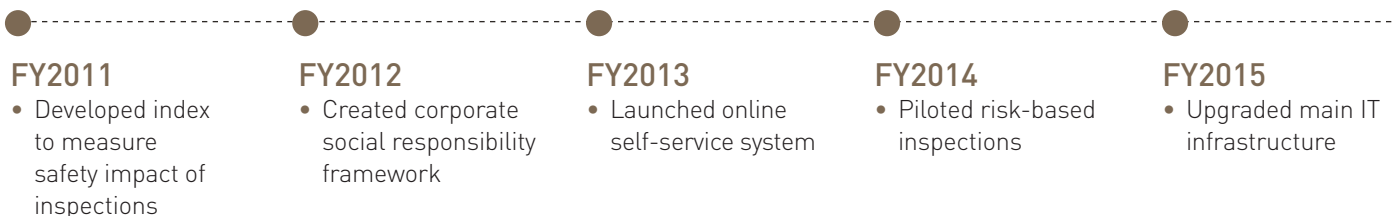
ESA is implementing a multi-year information technology strategy to update legacy systems and ensure our people have the tools they need. A major upgrade of the SAP system was completed on time and on budget in October 2014 in order to improve efficiency and business effectiveness by enabling future information technology enhancements. Other improvements include the launch and ongoing evolution of the online permit system, which gives licensed electrical contractors and local utilities the ability to self-serve for a number of key tasks. The new system was successfully implemented in March 2014 with a 133 per cent increase in active users. Efforts are ongoing to add more functionality and encourage more users.

In FY2015, ESA implemented a multi-prong initiative to address significant service issues with our customer call centre. Major changes were undertaken during the year, including adding phone lines, adding customer service staff, more efficient call handling, new on-hold messaging that tells callers where they are in the queue and the estimated wait time, adjusted scheduling to handle peak volumes, and better performance data capture and analytics.

All of these measures have contributed to a significantly improved customer experience: no blocked calls, and much shorter wait times. Process and service improvements will continue in FY2016.

CRISIS RESPONSE

ESA continued to improve its crisis response capacity as a result of handling major weather-related events and improving engagement with the broader provincial emergency management system. ESA has a corporate crisis response team that develops updates for and field-tests a crisis response toolkit.





ESA aims to be an effective, trusted source for electrical safety information and works to mobilize stakeholders to address key safety harms.

SMARTER, TARGETED COMMUNICATIONS

This year, ESA exceeded the targeted reach of our awareness campaigns by 80 per cent. Using insights from comprehensive market research, ESA created messages that better targeted specific consumer segments. We leveraged digital and social media platforms including Twitter, Facebook and YouTube and used paid and earned media to increase the reach and effectiveness of these messages. This year's Hire a Licensed Electrical Contractor campaigns targeted the consumer segments most in need of and receptive to information with specific content developed to align with their attitudes and behaviours.

ESA also exceeded the target for increasing the size of our social media communities by more than 55 per cent. A successful online holiday safety campaign was supported by many stakeholders and generated media coverage on television and radio, in print and online.

Creative programs such as ESA's Powerline Deadly Dozen awareness campaign drove significant consumer engagement on the web and in social media, and garnered praise from both the safety and marketing industries.

ESA is also working to improve its internal communications tools. Readership of a new intranet news site has increased over the course of the year. Staff contributors from across the company post stories on such topics as safety breakthroughs, training, employee recognition, and events and conferences.

ENGAGING OUR STAKEHOLDERS

Engagement of ESA's regulated stakeholders remains a key focus. One engagement channel is the standing advisory councils. Annual surveys of council members report greater than 90 per cent satisfaction for each of the councils. Robust and engaged councils have allowed ESA and licensed electrical contractors, consumer advocates, utility and safety partners to maintain the important two-way flow of communication that is vital for a modern regulator and its community.

FY2011

- Established stakeholder relations function and multi-year communications and stakeholder relations plans
- Completed survey of local distribution companies

FY2012

- Completed research study on consumer risk perception
- Conducted public consultation on Safety Risk Assessment Tool

FY2013

- Launched social media presence and redesigned ESA website
- Created *Summary Report for Contractors*

FY2014

- Completed stakeholder perception survey of licensed electrical contractors
- Launched cottage electrical safety campaign

FY2015

- Launched two innovative consumer engagement campaigns
- Created stakeholder advertising toolkits for cooperative marketing efforts



REPORT CARD:
**HUMAN
RESOURCES
MANAGEMENT**

Our goal is to ensure employees are engaged and aligned with our mission, vision and Harm Reduction Strategy and that the organization has the capacity and the capabilities to thrive in a changing environment.

PROGRESS AGAINST OUR GOALS

ESA created a plan to ensure that employee perspectives were included in the new Harm Reduction Strategy. ESA provided a number of opportunities for employee feedback, including a strategic planning conference attended by 120 senior staff members. The planning conference focused on promoting alignment with the current strategy and also generated feedback for the next five-year strategy. A follow-up survey reported that there was strong support for the direction of the new strategy. ESA also held all-staff meetings across the province with a strong focus on the Harm Reduction Strategy.

ESA's biannual employee engagement survey revealed a 17 per cent increase in employee engagement, indicating increased employee support for the next phases of the Harm Reduction Strategy.

ESA continues to make great strides in the area of organizational capability through the development of a succession plan for critical positions within the organization. Our internal leadership development program, the Leadership Academy, is the hallmark of this initiative. This focus contributed to the internal appointment of three new general managers in the past year. ESA is continuing to implement the multi-year change management plan by developing additional change management capabilities through increased training and broad employee participation in advisory and working groups.

In addition, ESA senior management attended a training session to gain increased knowledge of change management concepts and models.

FY2011

- Aligned Operations groups with the Harm Reduction Strategy

FY2012

- Established benchmark employee engagement survey

FY2013

- Created succession plan for critical roles

FY2014

- Developed change management plan to support the Harm Reduction Strategy

FY2015

- First Leadership Academy class graduated; two Inspector Training programs completed
- 17% increase in employee engagement



REPORT CARD: RISK MANAGEMENT

To ensure the organization can effectively manage risk, enterprise risk management (ERM) is well integrated into the fabric of the organization and its operation.

PROGRESS AGAINST OUR GOALS

ESA management fully implemented the new enterprise risk management system this year. Senior leaders met to collectively review, assess and rank risks based on their likelihood and magnitude. Members of management now use an online risk management system to monitor the defined risk areas and flag developments that affect the likelihood or magnitude of a risk event occurring. The risk assessments were also incorporated into the Harm Reduction Strategy 2.0 and annual business plan. The new system has begun to drive awareness of risk across ESA, and will be expanded in the year ahead.

FY2011

- Adopted third-party recommendations to formalize risk management practice

FY2012

- Reviewed the top five enterprise risks and integrated them into the business plan

FY2013

- Mapped and assessed risks based on auditable universe

FY2014

- Senior managers begin active risk monitoring

FY2015

- New online ERM system launched



REPORT CARD: **SOUND FINANCIAL PRACTICES**

ESA must manage our finances to support the achievement of our safety mandate, including ensuring the viability and stability of the organization. This includes covering the cost of services, improving efficiency, and managing exposure to liabilities. ESA has a five-year financial outlook that aligns with the new Harm Reduction Strategy 2.0 (see page 33).

FY2015 saw strong financial performance due to several one-time factors, including good revenue growth, robust investment performance, and changes in mortality rate assumptions that reduced annual post-employment benefits costs. As a result, the year finished ahead of plan (see page 31). The strong financial performance helped improve ESA's overall financial position by reducing future liabilities in the areas of pension and other post-employment benefits.

The organization achieved break-even in its operations this year, reflecting a concerted effort to manage expenses despite upward pressure from collective agreements and external costs. We continued to seek cost-saving opportunities, including renegotiating vendor contracts for cell phones and information technology support contracts, and recovery of HST by successfully filing a status change with the Canada Revenue Agency.

In addition to closely monitoring and managing internal costs, ESA also kept abreast of external economic and market conditions to determine their impact on resource requirements. In fiscal 2015, ESA benefited from external factors such as a robust Ontario construction sector, strong equity markets and the favourable impact on U.S. investments of a strengthening U.S. dollar.

The organization was able to absorb unanticipated costs, including hiring new service representatives and making other investments in our customer service centre to improve service levels.

ESA's FY2015 financial results reflect the transition to the new post-employment benefit accounting standard, which is described in more detail on page 31.

FY2011

- Developed and consulted with stakeholders on new sustainable resource framework

FY2012

- Launched 15-point sustainable resource plan
- Introduced cost allocation model

FY2013

- Eliminated duplication in federal/provincial product safety regulation

FY2014

- Integrated five-year financial outlook into business plan

FY2015

- Achieved operational break-even
- Implemented new accounting standard for post-employment benefits

MANAGING COMPLIANCE AND ENFORCEMENT

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	FY2015	FY2014
Customer service calls answered	492,542	490,799
Inspections conducted	442,643	427,046
Continuous Safety Services customers	4,107 with 26,375 sites	4,047 with 26,733 sites
Warnings issued	21,008	17,851
Defects identified	232,454	217,174
Investigations conducted	1,093	786
Charges laid	26	37
Convictions	24	7
Appeals	14	47
Electrical Safety Impact (as measured by ESI tool)	4.00%	1.06%
Freedom of Information requests	1,950	1,539
Complaints	98	89

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	FY2015	FY2014
Electrical Contractor licences issued	587	389
Master Electrician licences issued	685	416
Licences renewed	10,656	9,027
Individuals who wrote the Master Electrician Exam	841	674
Master Electrician Exam pass rate	89.9%	87.1%
Discipline notifications issued	777	673
Licences suspended	73	55
Licences revoked	0	0
Complaints handled	1,821	1,655
Notices of violations issued	487	479
Licensing investigations conducted	74	53
Charges laid	48	42
Convictions	56	26
Appeals	0	13

Electrical Distribution Safety Regulation (EDSR), 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 and specifications and the inspection of construction before

systems are put into service, and provides local distribution companies 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 Safety Regulation	FY2015	FY2014
Electrical distribution-related incidents	137	182
Electrical distribution-related fatalities	2	2
Due diligence inspections	445	510
Public safety concerns received	119	122

Electrical 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.

Electrical Product Safety	FY2015	FY2014
Total product safety incident reports received by ESA	350	280
Reports deemed high risk	2%	3%
medium risk	85%	71%
low risk	14%	21%
non-reportable	6%	5%
Safety alerts issued	20	32
Investigations conducted	1	0
Recalled product notifications	3	21
Charges laid	0	0
Convictions	1	0

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 and succession planning 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.

The ESA Board of Directors is selected based on a set of established qualifications, available at esasafe.com. The Board is comprised of 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 FY2015, 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 process.

The Board was successful in monitoring the progress and the conclusion of the Harm Reduction Strategy to ensure that the business was able to meet the goals of the five-year strategy. It approved the new Harm Reduction Strategy 2.0, which came into effect on April 1, 2015. The Board also oversaw the implementation of a comprehensive Enterprise Risk Management (ERM) system.

Finally, Board members demonstrated a strong commitment to increasing their knowledge through education and participated in seminars on topics including ERM, cyber security and alternative investment strategies.

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; C. Cipolla; E. Krause; R. Mace; O. Sigvaldason (to November 2014); D. Trouten

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 (from February 2015); C. Cipolla; P. Gregg; A. Knight (to July 2014); A. Merlo; J. Raepple; O. Sigvaldason (to November 2014)

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; P. Gregg; A. Knight (to July 2014); E. Krause; A. Malo (from June 2015); A. Merlo; P. Nowina

FY2015 Meetings – April 2014 to March 2015

Audit Committee	5 meetings
Human Resources and Investment Committee	4 meetings
Regulatory Affairs and Governance Committee	4 meetings
Board Meetings and Strategic Planning Sessions	6 meetings

BOARD MEMBERS

As of March 31, 2015

CHARLES CIPOLLA, CA, CPA, ICD.D (Term 3, Year 3)

Chair, Electrical Safety Authority

Chair, Cambridge & North Dumfries Hydro; Chair, Gore Mutual Insurance

Previously: President and CEO, Rockwell Automation Canada Inc.

Former Chair: Electro Federation Canada

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

BRIAN BENTZ, MBA, CA, CET (Term 2, Year 2)

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 1)

Principal, Bergeron Consulting

Previously: President, Professional Engineers Ontario; Director, Engineers Canada; Director, Kingston General Hospital

PETER GREGG, MBA, ICD.D (Term 1, Year 2)

President & CEO, Enersource Corporation

Previously: Chief Operating Officer, Hydro One Networks;

Director, Workplace Safety & Prevention Services

ERWIN KRAUSE, MASTER ELECTRICIAN (Term 3, Year 3)

Previously: President, Ecco Electric; Director, Niagara

Peninsula Electrical Contracting Association; Director,

Meridian Credit Union

ROBERT MACE, BA, MBA (Term 1, Year 2)

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 1)

Consultant

Previously: EVP Regulatory and Government Affairs and General

Counsel, Direct Energy; General Counsel and VP Sustainable

Development, Ontario Power Generation

AL MERLO, MASTER ELECTRICIAN (Term 3, Year 3)

President, Merlo Electric

Director, Ontario Electrical League; Director, Hamilton,

Halton & Toronto Construction Association; Director,

Hamilton & District Electrical Contractors Association

Previously: President, Canadian Mushroom Association

PAMELA NOWINA, MBA, ICD.D, A.C.C. (Term 2, Year 2)

Advisory Board, Sky Energy Consulting; Fellow, Mowat Centre,

School of Public Policy, University of Toronto

Previously: Vice Chair, Ontario Energy Board; Director,

Saint Elizabeth Healthcare Foundation

JOHN RAEPPLE, G.S.C., MASTER ELECTRICIAN (Term 3, Year 2)

President, John Raepple Electric Limited

Director, Electrical Contractors Association of Ontario;

Director, Electrical Contractors Association of Central Ontario

DEBORAH TROUTEN, MA, APR, ICD.D (Term 3, Year 1)

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 CEO, Electrical Safety Authority;
Ex-Officio of the Board
 Chair, Plug'n Drive Ontario
 Previously: President and CEO, Burlington Hydro;
 Chair, Electricity Distributors Association

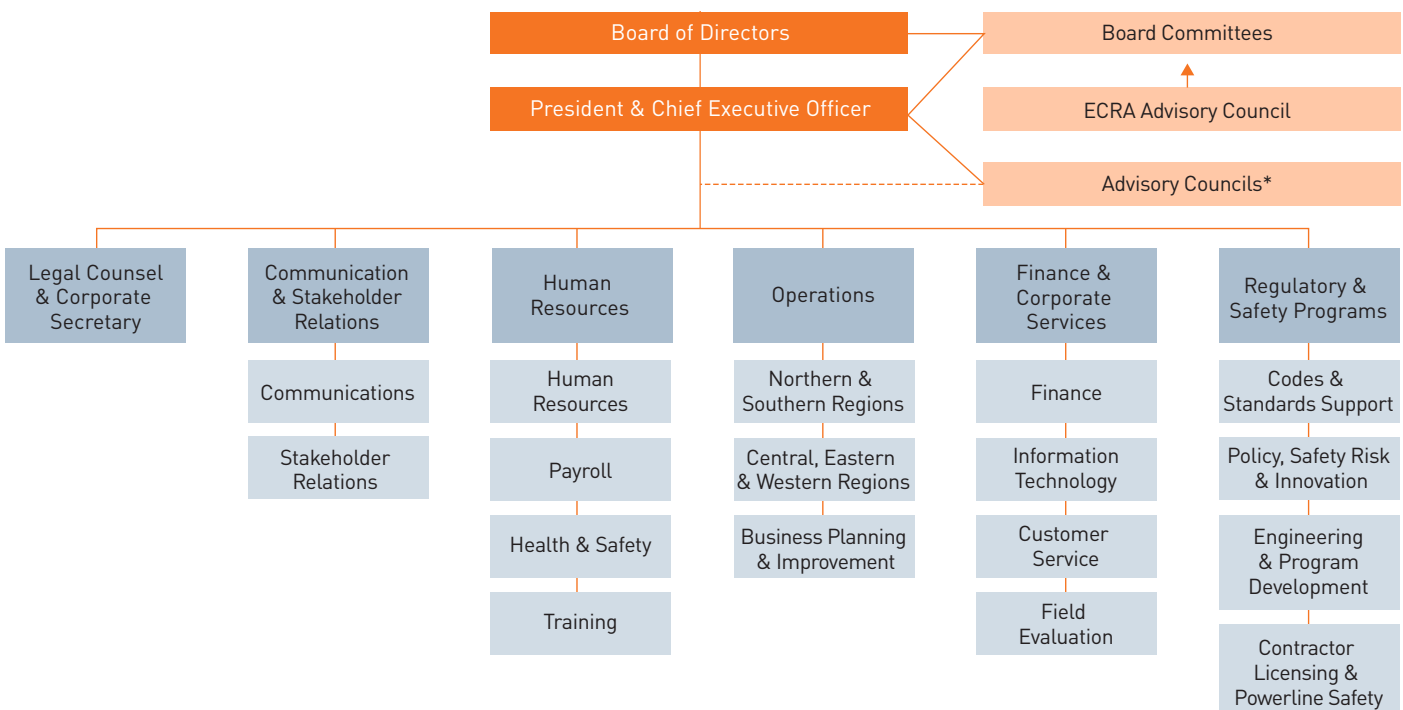
LESLEY GALLINGER, BA, MBA, CPA, C.DIR., A.C.C.
Vice President, Corporate Services and
Chief Financial Officer, Electrical Safety Authority
 Director, Plexxus Pension Committee
 Director, Water TAP Ontario
 Previously: Vice President Corporate Services and CFO,
 Oakville Hydro

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 Power
 Previously: Chief Operating Officer, Electrical Safety Authority

EXECUTIVE MANAGEMENT TEAM

David Collie, President and CEO
 Earl Davison, Vice President, Operations
 Nancy Evans, Vice President, Communications and
 Stakeholder Relations
 Lesley Gallinger, Vice President, Corporate Services and
 Chief Financial Officer
 Christopher M. Jodhan, Vice President and General Counsel
 Dave Kirkconnell, Vice President, Human Resources
 Scott Saint, Vice President, Regulatory and Safety Programs
 and Chief Public Safety Officer

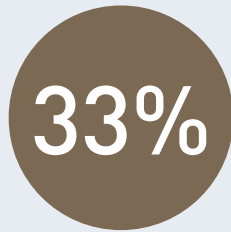


*ADVISORY COUNCILS

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

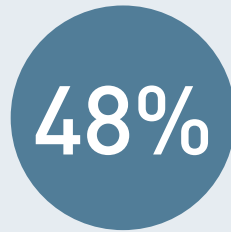
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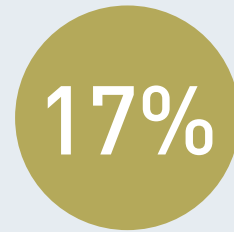
REDUCTION IN
ELECTROCUTION
RATE*



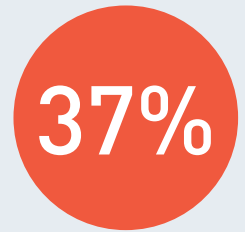
DROP IN POWERLINE
ELECTROCUTION
RATE*



DECREASE IN
WORKER-RELATED
ELECTRICAL
FATALITIES AND
CRITICAL INJURIES*



REDUCTION IN
FIRES FROM
ELECTRICAL WIRING*



DECREASE IN FIRES
WHERE ELECTRICITY
IS THE FUEL
SOURCE (2004-2013)

*Based on five-year rolling average.

REGULATIONS AND COMPLIANCE

ESA works to ensure
compliance to the
regulations we administer.
In FY2015, ESA:

- > Conducted 445 due diligence inspections of local electricity distribution companies
- > Increased the electrical safety impact of wiring inspection activity by four per cent
- > Issued 21,008 Ontario Electrical Safety Code non-compliance warnings compared to 17,851 in the previous year; conducted 1,093 investigations resulting in 26 charges laid and 24 convictions
- > Responded to 350 product safety incident reports
- > Licensed 7,468 Electrical Contractors and 12,369 Master Electricians, and suspended 73 licences, compared with 55 in the previous year; conducted 74 investigations resulting in 48 charges laid and 56 convictions, including the first-ever conviction with jail time

FY2015 FINANCIAL PERFORMANCE

INTRODUCTION

The Electrical Safety Authority (ESA) is a not-for-profit corporation and a delegated administrative authority. ESA receives no revenue from government and must generate it from the communities it regulates and the marketplace. ESA levies fees for compliance activities such as the issuing of permits, licences, Continuous Safety Services contracts, LDC safety oversight, and from the delivery of programs and services such as electrical plan review, training and non-regulatory safety offerings. In addition, ESA earns income from investments.

ESA's activities require inspectors, investigators, technical specialists, call centre staff and corporate support functions and so its expenses are dominated by people-related costs. It also spends on 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 strives to achieve operational break-even; that is, revenues meeting expenses before the contribution of investment income.

ESA must manage its future financial obligations related to employee pensions and other post-employment benefits (OPEB). In addition to annual pension contributions, ESA maintains long-term investments restricted to covering future benefits obligations. This financial framework was set by the Board of Directors to ensure ESA makes provisions to fund its own future liabilities so they do not become a burden on the Province or any other entity in the event of a change in ESA's status.

FY2015 PERFORMANCE

OVERVIEW

Fiscal year 2015 (April 1, 2014 to March 31, 2015) was an important one. Not only did ESA successfully conclude the execution of its 2010–2015 Harm Reduction Strategy, it was also a strong year for financial performance. This was primarily due to healthy revenue growth, very robust investment performance, key cost savings, and a change in assumptions in mortality rates on post-employment benefits. As a result, headway was made towards improved financial stability, despite having to accommodate some challenges during the year.

Operational break-even was achieved in FY2015 due to good revenue performance and effective management of expenses. Volume of work grew at 3.9 per cent (vs. 2.3 per

cent for FY2014), which outpaced Ontario economic growth, contributing to revenue improvement. ESA has put concerted effort into restraining expenses despite pressures from collective agreements and external costs. In addition, this year ESA took needed action to improve customer service, including hiring new service representatives. The organization was able to absorb the cost of this year's actions into its operating budget.

A change in an accounting standard resulted in a higher discount rate, and actuarial gains and losses no longer being amortized on the statement of operations. Instead they now flow through net assets on the statement of financial position. The result is a favourable impact on the statement of operations. It also means volatile discount rates or large swings in asset performance will no longer affect the statement of operations. Prior to this, ESA experienced significant impacts on operational costs due to this volatility.

Outside of operations, ESA's investment income was \$5.3 million, a 10.1 per cent increase from the year before. Strong returns were driven by overall equity market performance as well as the decline in the Canadian dollar, which improved returns on U.S. investments. Investment income played a major role in contributing to an overall bottom-line surplus, which is directed to internally restricted reserves to offset future financial liabilities, as noted earlier. However, it should be noted that above normal returns are not expected to continue in the long run and are susceptible to market swings.

REVENUES

Operating revenues were \$100.9 million, an increase of 6.4 per cent from the previous year. Residential wiring revenue increased by 4.2 per cent. Industrial, commercial and institutional wiring revenue increased by 16.6 per cent. Revenues associated with Feed-In Tariff (FIT) renewable energy installations were \$3.7 million due to renewed activity in response to the provincial incentive program. ESA's Continuous Safety Services revenue increased by 1.5 per cent.

ESA also generates revenue from non-regulatory services: Field Evaluation Services and services provided to sectors not covered under provincial regulation such as the mining industry, airports, etc. Non-regulatory revenue grew by 5.8 per cent to \$15.4 million.

Investment income was \$5.3 million, a return of approximately 9 per cent, and marked the second year of strong investment performance.

EXPENSES

Operational expenses were well-managed at \$98.3 million (including amortization), an increase of 4.7 per cent from the prior year.

One of ESA's goals is to manage increased work volumes without requiring significant fee increases. To achieve this requires holding costs steady and finding savings. Good headway was made this year in several areas, including commodity tax reductions, reduced cell phone costs, and rationalized and renegotiated IT and infrastructure costs.

The majority of salary and wage adjustments are defined by collective agreements. Total labour-related costs (salaries, wages and benefits, pension and OPEB) were \$74.6 million, an increase from \$71.2 million in FY2014.

The major categories of other expenses were purchased services at \$4.0 million; fleet costs, travel and accommodation, along with meals (which include expenses for stakeholder meetings and events as well as staff-related costs) at \$6.2 million; office administration at \$2.0 million; facilities at \$1.7 million; computer support at \$2.1 million; and other costs at \$5.2 million.

Included in non-labour expenses was approximately \$685,000 in fees paid to the Ontario government for oversight of ESA.

Capital spending was \$2.6 million, the same as in FY2014, and primarily related to ongoing improvements in IT infrastructure and capacity.

COMPENSATION FOR EXECUTIVES 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; and
5. The Board of Directors undertaking regular reviews of compensation governance through the Human Resources and Investment Committee.

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

In FY2015, senior management compensation (including all salaries, incentives and severance) totalled \$5.1 million for 24 individuals compared to \$5 million for 24 individuals in FY2014.

SURPLUS/DEFICIENCY

There was a surplus of revenues over expenses before investment income of \$2.5 million. This compares to a surplus of \$1.0 million in FY2014. Investment income was \$5.3 million, resulting in a total surplus of revenues over expenses of \$7.8 million.

STATEMENT OF FINANCIAL POSITION

The change in accounting standards that came into effect this year means that ESA's statement of financial position now reflects unfunded plan deficits. Measured on an actuarial basis, the net liability of ESA's pension plans is \$10.6 million (vs. \$33.7 million in FY2014) and the OPEB deficit is \$63.0 million (compared to \$59.4 million in FY2014).

REVENUES BY SOURCE*		
(in thousands of dollars)	FY2015	FY2014****
Regulated services	85,088	79,870
Non-regulated services	15,358	14,518
Sub-total	100,446	94,388
Investments and other**	6,008	5,504
TOTAL REVENUES	106,454	99,892

FULLY ALLOCATED EXPENSES*		
(in thousands of dollars)	FY2015	FY2014****
Regulated services	83,208	79,593
Non-regulated services	14,412	13,553
Sub-total	97,620	93,146
Investments and other**	1,036	1,001
TOTAL EXPENSES	98,656	94,147

REVENUES BY LINE OF BUSINESS*		
(in thousands of dollars)	FY2015	FY2014****
Wiring – Residential	30,699	29,449
Wiring – Industrial/Commercial/Institutional	27,706	23,768
Continuous Safety Services (CSS)	21,430	21,108
Field Evaluation	9,315	9,079
Utility Regulation	2,616	2,565
Contractor Licensing	3,957	3,727
Plan Approvals	2,023	1,677
Other revenues***	3,110	3,459
TOTAL REVENUES BEFORE INVESTMENT INCOME	100,856	94,833

* Any differences are due to rounding.

** Investments and other includes real estate rental income.

*** Other revenues include revenue from training services and Ontario Electrical Safety Code book sales.

**** FY2014 figures have been restated to conform with the adoption of the CPA Canada Handbook Accounting Part III, Section 3463, *Reporting Employee Future Benefits by Not-for-Profit Organizations*, which incorporates Section 3462, *Employee Future Benefits*. ESA has implemented the new standard retrospectively.

FINANCIAL OUTLOOK, PROJECTIONS AND TRENDS FY2016–FY2020

OVERVIEW

ESA has a five-year strategic plan – the Harm Reduction Strategy 2.0 – that launched in April, 2015. It defines the organization's strategic goals and the supporting plans needed to achieve them and ensure the effective operation of the organization, including financial performance.

ESA's key financial objectives are to:

- Achieve recovery of all direct and indirect costs associated with each line of business;
- Achieve break-even overall; and
- Address long-term future financial obligations.

The five-year financial outlook takes into account the need to achieve these objectives, fulfill ESA's commitments and obligations defined by its mandate and regulatory responsibilities, and the impact of the economic environment in Ontario.

ECONOMIC ASSUMPTIONS

ESA's five-year plan is based on current assumptions of 2 to 2.2 per cent growth in Ontario GDP and inflation remaining stable at 2 per cent. This relatively soft economic performance means that ESA must be prudent in its financial planning and continue to closely monitor external economic movements.

REVENUE OUTLOOK

The revenue projection of \$103.1 million for FY2016 (April 1, 2015 to March 31, 2016) reflects expected modest growth in the new residential, residential renovation, and commercial and industrial sectors in Ontario, all of which directly impact the demand for ESA's services.

Housing starts, condominium building and home renovation rates are estimated to begin to soften in the later years and are reflected in the revenue projections (see table on page 34). Commercial activity typically mirrors economic growth in the province so ESA expects stable volumes over the next five years.

EXPENSES

Total operating expenses for FY2016 are projected at \$104.0 million, an increase of 5.8 per cent over the prior year. Expenses are further projected at \$106.8 million for FY2017, \$108.9 million for FY2018, \$113.3 million for FY2019 and \$115.8 million for FY2020 (which goes to March 2020).

Salaries, wages and benefits, and pension and OPEB represent the largest portions of ESA's operating expenses. These comprise 74.6 per cent of all expenses in the FY2016 budget. The majority of ESA's salaries and wages are set according to collective agreements.

ESA also has a defined benefit retiree pension plan which was derived from Ontario Hydro. In recent years, falling long-term bond yields (which impact actuarial calculations of future pension and retiree benefit expenses) and changing demographics (a population living longer in retirement) have put significant pressure on the pension plan. The result is significantly increased annual costs to ensure ESA is keeping pace with our growing obligations.

ESA has absorbed the financial impact on its annual budgets of the past five years. But as seen in the table on page 34, ESA is anticipating pension and OPEB annual expenses to stabilize in the years ahead at \$15.1 million in FY2016, \$15.5 million in FY2017, \$16.0 million in FY2018, \$16.5 million in FY2019 and \$17.4 million in FY2020.

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

Capital spending for FY2016 to FY2020 will focus primarily on investments in technology and other infrastructure required for ensuring effective operations and improved efficiencies.

CONCLUSION

ESA has established a financial plan that balances meeting its obligations effectively with the impact of economic realities. As noted, the organization is focused on progressing to full and sustained operational break-even as well as ensuring sufficient surpluses are generated to cover future obligations.

The primary risks to this projection are significant changes to the province's economic performance, and future adjustments to actuarial assumptions of future benefit obligations.

REVENUES AND EXPENSES FY2015–FY2020*											
(\$ millions)	FY2015	FY2016		FY2017		FY2018		FY2019		FY2020	
	(actual)	(budget)	% change	(projection)	% change	(projection)	% change	(projection)	% change	(projection)	% change
Revenues											
Total	100.8	103.1	2.3	105.8	2.6	107.9	2.0	112.4	4.2	115.0	2.3
Expenses											
Salaries, wages and benefits	59.5	62.5	5.0	64.0	2.4	65.7	2.7	68.5	4.3	69.8	1.9
Pension and OPEB	15.1	15.1	0.0	15.5	2.6	16.0	3.2	16.5	3.1	17.4	5.5
Operating expenses	21.2	23.6	11.3	24.3	3.0	24.0	–1.2	24.9	3.8	25.0	0.4
Amortization	2.5	2.8	12.0	3.0	7.1	3.2	6.7	3.4	6.2	3.6	5.9
Total	98.3	104.0	5.8	106.8	2.7	108.9	2.0	113.3	4.0	115.8	2.2
Excess (deficiency) of revenue over expenses before investment income	2.5	(0.9)	–136.0	(1.0)	–11.1	(1.0)	0.0	(0.9)	10.0	(0.8)	11.1
Investment income	5.3	2.5	–52.8	2.8	12.0	3.0	7.1	3.2	6.7	3.5	9.4
Net surplus (deficiency)	7.8	1.6	–79.5	1.8	12.5	2.0	11.1	2.3	15.0	2.7	17.4

* Any differences are due to rounding.

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, 2015 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, 2015 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants,
Licensed Public Accountants
June 3, 2015
Hamilton, Canada

STATEMENT OF FINANCIAL POSITION

March 31, 2015 with comparative information for 2014 (in thousands of dollars)	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,867	\$ 3,609
Accounts receivable	8,935	9,974
Current portion of long-term investments (note 3)	519	527
Other assets	642	897
	11,963	15,007
Long-term investments (notes 3 and 7)	69,703	58,006
Property, plant and equipment (note 4)	10,555	11,030
Intangible assets (note 5)	5,110	4,526
Other non-current assets	108	99
	\$ 97,439	\$ 88,668
LIABILITIES AND NET DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities (note 13)	\$ 13,115	\$ 12,886
Deferred revenue	18,968	18,786
	32,083	31,672
Pension benefit obligation (note 6)	10,632	33,729
Employee future benefit obligation (note 6)	63,722	60,165
	106,437	125,566
Net deficit	(8,998)	(36,898)
	\$ 97,439	\$ 88,668
Contingencies and commitments (notes 10 and 11)		

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

STATEMENT OF OPERATIONS

Year ended March 31, 2015 with comparative information for 2014 (in thousands of dollars)	2015	2014
Revenues (note 8)	\$ 100,856	\$ 94,833
Expenses		
Salaries and benefits	74,626	71,158
Operating	21,180	20,449
Amortization	2,505	2,251
	98,311	93,858
Excess of revenues over expenses before the undernoted	2,545	975
Change in fair value of investments	1,873	3,566
Other investment income	3,380	1,204
Investment income	5,253	4,770
Excess of revenues over expenses for the year	\$ 7,798	\$ 5,745

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN NET DEFICIT

Year ended March 31, 2015 with comparative information for 2014 (in thousands of dollars)	2015	2014
Net assets (deficit), beginning of year, as previously reported	\$ 28,431	\$ 27,027
Restatement	(65,329)	(73,543)
	(36,898)	(46,516)
Remeasurements	20,102	3,873
Excess of revenues over expenses	7,798	5,745
Net deficit, end of year	\$ (8,998)	\$ (36,898)

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Year ended March 31, 2015 with comparative information for 2014 (in thousands of dollars)	2015	2014
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess of revenues over expenses	\$ 7,798	\$ 5,745
Items not involving cash:		
Amortization	2,505	2,251
Change in other non-current assets	(9)	24
OPEB obligation expense	5,490	4,454
Pension benefit plan expense	9,661	9,835
Change in fair value of investments	(1,873)	(3,566)
	23,572	18,743
Net change in non-cash working capital balances related to operations (note 9)	1,705	1,732
OPEB obligation contributions	(1,662)	(1,533)
Pension benefit plan contributions	(12,927)	(11,572)
	10,688	7,370
Investing activities		
Net purchase of investments	(9,816)	(3,665)
Purchase of property, plant and equipment and intangible assets	(2,614)	(2,619)
	(12,430)	(6,284)
Net increase (decrease) in cash and cash equivalents	(1,742)	1,086
Cash and cash equivalents, beginning of year	3,609	2,523
Cash and cash equivalents, end of year	1,867	3,609
Cash and cash equivalents is comprised of the following:		
Cash	739	497
Cash equivalents	1,128	3,112
	\$ 1,867	\$ 3,609

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2015
(in thousands of dollars)

1 NOTE 1

BASIS OF PRESENTATION

Electrical Safety Authority (the "Company" or "ESA") is a corporation without share capital incorporated under the Corporations Act (Ontario), which 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 NOTE 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 terms to maturity 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 improvements	5 to 10 years
Electronic equipment	3 years
Telephone and projection system equipment	5 years
Office furniture and equipment	10 years
Inspection equipment	10 years
Leasehold improvements	over term of lease

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

NOTE 2 CONTINUED

(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 reliably measure 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 licences	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 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.

(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.

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NOTE 3

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, and 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.

INVESTMENTS

Investments consist of the following:

	2015	2014
Fixed income Canadian		
Federal bonds	\$ 1,001	\$ 565
Provincial bonds	3,223	1,815
Corporate bonds/GICs	34,401	25,988
Fixed income U.S.	2,456	3,558
Fixed income foreign (non-U.S.)	5,326	5,764
	46,407	37,690
Equities		
Canadian	8,033	7,718
U.S.	6,464	5,878
Foreign (non-U.S.)	9,318	7,247
Total investments	70,222	58,533
Less: amounts recorded as current	519	527
	\$ 69,703	\$ 58,006

Investments are internally restricted for future expenditures for post-employment benefits (note 7). The bonds have a weighted average term to maturity of 75.6 months, a weighted average interest rate of 3.20% and a weighted average yield to maturity of 1.80%.

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NOTE 4

PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 2,314	\$ –	\$ 2,314	\$ 2,314
Buildings	8,341	2,293	6,048	6,382
Building improvements	707	43	664	134
Electronic equipment	4,625	3,890	735	717
Telephone and projection system equipment	2,366	1,964	402	470
Office furniture and equipment	1,755	1,365	390	431
Inspection equipment	18	18	–	–
Leasehold improvements	1,791	1,791	–	–
Capital work in process	2	–	2	582
	\$ 21,919	\$ 11,364	\$ 10,555	\$ 11,030

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NOTE 5

INTANGIBLES

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Computer software and licences	\$ 17,422	\$ 12,312	\$ 5,110	\$ 4,526

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NOTE 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, 2015 based on projections from the January 1, 2014 actuarial funding report. The obligations for OPEB and long-term disability are measured as at March 31, 2015 based on projections from data as at January 1, 2014 and March 31, 2015, respectively. The fair value of assets for all plans is determined using the March 31, 2015 asset values.

Effective April 1, 2014, the Company adopted CPA Canada Handbook Accounting Part III, Section 3463, *Reporting Employee Future Benefits by Not-for-Profit Organizations*, which incorporates Section 3462, *Employee Future Benefits*.

Under the new standard, the actuarial gains and losses and past service costs are no longer deferred and amortized over future periods. The full actuarial liability net of plan assets is recorded in the statement of financial position, the annual benefit cost is recorded in the statement of operations and the change in unamortized gains and losses is recognized on the statement of changes in net assets. In addition, interest cost and expected rate of return on plan assets are replaced with a net interest amount that is calculated by applying the same discount rate used to determine the net benefit obligation.

The standard also requires that the Company change its measurement date from December 31 to the fiscal year-end date of March 31. To facilitate this change, the Company has applied the transition provisions, under which a 15-month measurement was determined that covered the period from December 31, 2013 to March 31, 2015. Twelve of 15 months of that measurement were allocated to fiscal 2015. As a result, an adjustment representing three of 15 months was recorded to opening net assets in fiscal 2015.

For defined benefit plans for which an actuarial valuation for funding purposes exists, an accounting policy choice between using the funding valuation or an accounting valuation is available. The Company has elected to use the funding valuation.

The Company implemented the new standard retrospectively. The impact is as follows:

Statement of Financial Position – March 31, 2014	As previously presented	Restatements	As restated
Pension benefit obligation (deferred pension assets)	\$ (21,817)	\$ 55,546	\$ 33,729
Employee future benefit obligation	49,486	10,679	60,165
Statement of Operations – For the year ended March 31, 2014			
Salaries and benefits	\$ 75,188	\$ (4,030)	\$ 71,158
Statement of Changes in Net Assets – For the year ended March 31, 2014			
Remeasurement and other items	\$ 28,431	\$ (65,329)	\$ (36,898)

The actuarial present value of the accrued pension benefits for accounting purposes is estimated as at March 31, 2015 based on a projection of the actuarial valuation as of January 1, 2014. The effective date of the next required actuarial valuation report for funding purposes for the pension plans is January 1, 2015.

NOTE 6
CONTINUED

Information about ESA's defined pension benefit plans and OPEB plans for the year ended March 31, 2015 is as follows:

	2015 Pension benefit plans	2015 OPEB plans	2014 Pension benefit plans	2014 OPEB plans
Accrued benefit obligation, end of year	\$ (312,194)	\$ (62,952)	\$ (290,529)	\$ (59,385)
Fair value of plan assets, end of year	301,562	–	256,800	–
Funded status, plan deficit	(10,632)	(62,952)	(33,729)	(59,385)
Add: Workplace Safety Insurance Board of Ontario liability	–	(770)	–	(780)
Total employee future benefit funded status	\$ (10,632)	\$ (63,722)	\$ (33,729)	\$ (60,165)

The amount of \$10,632 (2014 – \$33,729) reported on the statement of financial position as pension benefit funded status represents the excess of the actuarial value of the accrued pension benefits obligation over pension assets and consists of a balance of \$5,882 (2014 – \$29,109) in the pension plan liability and a liability of \$4,750 (2014 – \$4,620) in the Supplementary Retirement Plan.

The net benefit plan expense for the year ended March 31, 2015 for the pension benefit plans is \$9,661 (2014 – \$9,835) and for OPEB plans is \$5,490 (2014 – \$4,454).

The significant actuarial assumptions adopted in measuring ESA's accrued pension benefits and OPEB obligations for the year ended March 31, 2015 are as follows:

	Pension benefit plans		OPEB plans	
	2015	2014	2015	2014
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, 2015 are as follows:

	Pension benefit plans		OPEB plans	
	2015	2014	2015	2014
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 2015 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.

The pension plan assets are invested as follows:

	2015	2014
Cash	4%	5%
Fixed income securities	38%	33%
Canadian equities	19%	22%
U.S. equities	17%	17%
Non-North American equities	22%	23%
	100%	100%

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

	2015	2014
Employer's contributions	\$ 11,359	\$ 10,275
Employer's contributions in respect of Gainsharing Plan	1,268	1,297
Employees' contributions	3,167	2,972
Benefits paid	10,647	9,716

NOTE 7

INTERNALLY RESTRICTED LONG-TERM INVESTMENTS

Long-term investments in the amount of \$69,703 (2014 – \$58,006) are restricted for specific purposes relating to future expenditures for post-retirement benefits.

NOTE 8

REVENUE

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

	2015	2014
Wiring	\$ 58,405	\$ 53,217
Continuous safety services	21,430	21,108
Other	21,021	20,508
	\$ 100,856	\$ 94,833

NOTE 9

STATEMENT OF CASH FLOWS

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

	2015	2014
Accounts receivable	\$ 1,039	\$ (644)
Other assets	255	361
Accounts payable and accrued liabilities	229	587
Deferred revenue	182	1,428
	\$ 1,705	\$ 1,732

NOTE 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, 2015.

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.

NOTE 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:

2016	\$ 2,340
2017	2,294
2018	2,295
2019	2,295
2020	2,237
Thereafter	2,136
	\$ 13,597

- b) As at March 31, 2015, 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.

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NOTE 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 effects 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 makeup 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 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.

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NOTE 13

GOVERNMENT REMITTANCES OUTSTANDING

Government remittances consist of amounts (such as property taxes, sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when amounts become due. In respect of government remittances, \$1,876 (2014 – \$1,706) is included within accounts payable and accrued liabilities.

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NOTE 14

COMPARATIVE FIGURES

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

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 esasafer.com.

ESA recognizes the important contributions made by advisory council members. The guidance and direction provided by these councils assist ESA in advancing our safety goals and objectives.

One example is the development of the *Guideline to the Duties and Responsibilities of Licensed Electrical Contractors (LECs) and Designated Master Electricians (DMEs)* – a plain language guide to the obligations of LECs and DMEs as defined in the licensing regulation. It is the result of significant effort and collaboration between ESA and ECRA.

In another example, ESA worked closely with the Consumer Advisory Council to identify key consumer trends relevant to ESA's mandate and activities. The report has been shared within ESA and among other advisory councils. Recognition of emerging issues in consumer culture and demographics provides ESA with opportunities to deliver safety messaging that will have a real impact on consumer behaviour.

FY2015 ESA ADVISORY COUNCIL MEMBERS

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Richard Charron
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John Salmon
Ysni Semsedini

CORPORATE POLICIES

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 FY2015, ESA received 1,950 Freedom of Information requests compared to 1,539 in the previous year.

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 FY2015, ESA received 98 wiring-related complaints compared to 89 in the previous year. By year-end, ESA had resolved 74 wiring-related complaints in accordance with our complaints policy. In FY2015, ESA received 1,821 licensing-related complaints and resolved 1,593 in accordance with our 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 FY2015, ESA's Customer Service Centre responded to 1,919 calls in French, in line with previous years.

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 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 the licensing of electrical contractors or Master Electricians.

For the appeal to proceed, it must be supported with required information, as outlined in the appeals process. 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 FY2015, ESA received 14 appeals associated with the Ontario Electrical Safety Code (Regulation 164/99), down from 47 in the previous year. ESA received no appeals associated with Provincial Contractor Licensing (Regulation 570/05), down from 13 in the previous year. Two could not be processed because they did not meet the submission information requirements.

ESA continues to ensure that all appeals are addressed through our established process.

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 safe 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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