

Legislative  
Assembly  
of Ontario



Assemblée  
législative  
de l'Ontario

# STANDING COMMITTEE ON PUBLIC ACCOUNTS

## **VALUE-FOR-MONEY AUDIT: ELECTRICAL SAFETY AUTHORITY**

(2020 ANNUAL REPORT OF THE OFFICE OF THE AUDITOR GENERAL OF  
ONTARIO)

2<sup>nd</sup> Session, 42<sup>nd</sup> Parliament  
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The Honourable Ted Arnott, MPP  
Speaker of the Legislative Assembly

Sir,

Your Standing Committee on Public Accounts has the honour to present its Report and commends it to the House.

A handwritten signature in blue ink, appearing to read "Taras Natyshak".

Taras Natyshak, MPP  
Chair of the Committee

Queen's Park  
April 2022



STANDING COMMITTEE ON PUBLIC ACCOUNTS  
MEMBERSHIP LIST

2<sup>nd</sup> Session, 42<sup>nd</sup> Parliament

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ROBERT BAILEY and PETER TABUNS regularly served as substitute members of the  
Committee.

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CHRISTOPHER TYRELL  
Clerk of the Committee

DMITRY GRANOVSKY  
Research Officer



STANDING COMMITTEE ON PUBLIC ACCOUNTS  
SUPPLEMENTAL MEMBERSHIP LIST

1<sup>st</sup> and 2<sup>nd</sup> Session, 42<sup>nd</sup> Parliament

FRANCE GÉLINAS

(October 28, 2019 - October 25, 2021)

DARYL KRAMP

(September 22, 2020 - October 20, 2021)



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## **INTRODUCTION**

On October 6, 2021, the Standing Committee on Public Accounts held public hearings on the audit of the Electrical Safety Authority (*2020 Annual Report of the Auditor General of Ontario*), overseen by the Ministry of Government and Consumer Services.

The Committee endorses the Auditor's findings and recommendations, and presents its own findings, views, and recommendations in this report. The Committee requests that the Ministry of Government and Consumer Services provide the Clerk of the Committee with written responses to the recommendations within 120 calendar days of the tabling of this report with the Speaker of the Legislative Assembly, unless otherwise specified.

## **ACKNOWLEDGEMENTS**

The Committee extends its appreciation to officials from the Ministry of Government and Consumer Services and the Electrical Safety Authority. The Committee also acknowledges the assistance provided during the hearings and report writing deliberations by the Office of the Auditor General, the Clerk of the Committee, and staff in Legislative Research.

## **OVERVIEW**

The Electrical Safety Authority (ESA) was established by the Ontario government in 1999 with a mandate to improve public electrical safety. The ESA is a not-for-profit delegated authority responsible for:

- updating the Ontario Electrical Safety Code (Ontario Code);
- licensing electrical contractors and master electricians;
- inspecting installations to ensure that they comply with the Ontario Code;
- investigating and prosecuting those who perform illegal installations;
- overseeing the local distribution companies (distributors) to ensure they comply with relevant regulations; and
- overseeing the safety of electrical products sold in Ontario.

The ESA's workforce totals about 530 employees, roughly half of whom are inspectors. The ESA does not receive any funding from the government – rather, it is funded from fees that it charges for its work. The Ministry of Government and Consumer Services (Ministry) is responsible for overseeing the ESA.

## **LICENSING**

One of the functions of the ESA is the licensing of master electricians and contractors. There are two categories of electricians in Ontario: certified and master. While the ESA licenses master electricians, it does not license or regulate certified electricians. The ESA collects fees, administers exams and certifies master electricians. Under certain criteria, an individual or a business

can become a licensed electrical contractor. The ESA licenses and renews the licenses of electrical contractors, subject to a fee and certain criteria.

## **INSPECTIONS**

The majority of work done by the ESA involves the inspection of electrical installations. ESA inspectors (who are either certified or master electricians) perform three types of inspections:

- Regular inspections – performed in response to notifications of new installations received by the ESA, these inspections account for around 90% of all inspections.
- Periodic inspections – only offered to industrial facilities, these inspections are usually conducted once a year. Electricity distributors, for example, are inspected at least once a year to ensure compliance with electrical distribution safety regulations.
- General inspections – not required by the Acts, these inspections can be performed by the ESA on request, or by electrical contractors themselves. Requests for inspections can range from private homes to federal facilities like airports and mines.

## **OVERSIGHT OF PRODUCT SAFETY**

All electrical products used or sold in Ontario must be tested for safety and certified by one of 35 accredited certification agencies overseen by the Standards Council of Canada. The ESA is responsible for ensuring the certification of the products. In case a manufacturer or seller is distributing uncertified electrical products in Ontario, the ESA can issue a letter outlining the steps necessary to comply with product safety regulations (non-compliance with the regulation can be prosecuted in a provincial court). The ESA can issue a product recall for commercial and industrial electrical products and has an agreement with Health Canada to report incidents involving consumer electrical products. A nationwide product recall for consumer electrical products can be coordinated by Health Canada when necessary.

## **INCIDENT DATA REPORTING**

According to the Ontario Code, all serious electrical safety incidents (potentially resulting in a fatality, critical injury, or substantial damage to property) must be reported to the ESA within 48 hours of occurrence. The ESA then dispatches inspectors to these sites.

The ESA also gathers information on electricity-related fatalities from the Workplace Safety and Insurance Board, the Office of the Fire Marshal, and the Office of the Chief Coroner. The consolidated statistics are published in the ESA's annual Ontario Electrical Safety Report.

## AUDIT OBJECTIVE AND SCOPE

The objective of the audit was to “assess whether the Electrical Safety Authority (ESA) has effective processes and systems in place to:

- undertake safety activities, including inspections, licensing, investigation, enforcement and product approvals, in accordance with Part VIII of the *Electricity Act, 1998* (Act) and its regulations, and in a way that protects the safety of Ontarians;
- deploy its resources efficiently and effectively to carry out its electrical safety activities; and
- measure and publicly report on the effectiveness of the activities it undertakes to protect the safety of Ontarians.”

The Auditor also “assessed whether the Ministry of Government and Consumer Services (Ministry) has effective oversight processes in place to monitor and confirm that the ESA effectively delivers on its responsibilities to protect the safety of Ontarians.”

The audit focused mainly on operations between 2014 and July 2020. The audit team interviewed ESA staff responsible for inspecting installations, licensing electrical contractors and master electricians, investigating electrical incidents, and prosecuting illegal installations. The ESA’s senior management, inspectors, customer service representatives, and the Chief Public Safety Officer were interviewed as well. The Ministry’s oversight of the ESA was also examined.

## MAIN POINTS OF AUDIT

The Auditor found that, while the state of electrical safety in Ontario has improved over the last 10 years, the ESA “does not operate efficiently in carrying out its mandate to improve public electrical safety and focuses its costly resources on inspecting less complex electrical installations.” In addition, “the ESA has been unsuccessful in preventing illegal electrical installations ... and it has not dealt with the widespread availability of online uncertified electrical products.” Notably, the Auditor found that the ESA:

- conducted unnecessary inspections, and did not utilize technology to make the inspections less costly;
- did not follow up on unsafe electrical installations and did not use a standardized checklist when conducting inspections;
- collected fees and issued certificates of inspection for installations it did not inspect; and
- does not provide access to information that could improve electrical safety, such as the names of licensed contractors who have done unsafe electrical installations in the past.

With regard to ministerial oversight, the Auditor found that “the Ministry of Government and Consumer Services has not fulfilled its oversight responsibilities to ensure that the ESA is operating efficiently, including monitoring that resources are deployed efficiently without compromising public safety.”

## **ISSUES RAISED IN THE AUDIT AND BEFORE THE COMMITTEE**

A number of significant issues were raised in the audit and during the Committee's hearings. The Committee considers the following issues to be of particular importance.

### **Oversight, Accountability and Transparency**

The Ministry of Government and Consumer Services (Ministry) was asked about progress made to address the Auditor's recommendations presented in the 2020 value-for-money audit. The Committee heard that the Ministry and ESA have completed the deliverables for 25% of the recommendations, focusing on establishing additional performance targets for the ESA, electrical product safety, and the use of administrative monetary penalties as a compliance tool for the ESA. The Ministry is also currently updating its administrative agreement with the ESA to reflect the recommendations made by the Auditor. When the Committee asked the ESA to detail the most substantive change implemented in the organization following the audit, the ESA mentioned the risk-based oversight (RBO) system, a risk assessment tool launched in July 2020.

The Committee was interested in the oversight relationship between the ESA and the Ministry. The Ministry explained that the relationship is governed by the administrative agreement between the Minister and ESA's Board of Directors. Communication between the Ministry and the ESA is frequent, and involves reviewing business plans and reports, assessing data and performance measures, and ensuring compliance with guidance.

Multiple questions were raised regarding the lack of consumer representation on the ESA's Board of Directors. The ESA said that the organization has successfully made changes to its constating documents (the documents governing the internal affairs of the organization) to facilitate the appointment of a consumer interest member to the Board of Directors. The new Board member was expected to be appointed by the end of fall 2021. Currently, the ESA has a consumer advisory council.

The ESA was asked about steps taken to reduce its fiscal impact. The ESA said it is engaging in joint procurement efforts through a coordination group working with other administrative authorities to reduce costs. Additionally, the ESA aims to achieve a 10% productivity improvement by 2025 through the RBO system and the automation of certain processes and services. The Ministry added that it is looking into including a requirement for an annual burden reduction plan in the administrative agreement with the ESA, with the goal of promoting efficiencies and cost savings.

The issue of monetary penalties was of particular interest. The ESA explained its current costly process of escalation when dealing with illegal installations, which can result in prosecution. The ESA considers the ability to impose monetary penalties an adequate alternative to its current approach. The Ministry discussed its proposal to allow for the ESA's use of administrative monetary penalties. When asked about the proposed scale and expected efficacy of those penalties, the ESA said that the Ministry is working on the details of the administrative monetary penalty regime.

The ESA was asked why it does not publish the names of electrical contractors who have a history of illegal or unsafe work. The Committee heard that, under the *Regulatory Modernization Act*, the ESA required a delegation of the Minister's authority to release information about licensees. Having recently received that delegation of authority, the ESA is consulting stakeholders and working on a report to the Ministry to determine the disclosure regime.

### **Committee Recommendations**

The Standing Committee on Public Accounts recommends that

- 1. The Ministry of Government and Consumer Services**
  - a. establish outcome measures and performance targets for the Electrical Safety Authority that focus on cost efficiency and safety improvement in the electricity sector;**
  - b. assess the Electrical Safety Authority's performance against these targets on a regular basis; and**
  - c. take corrective actions when the Electrical Safety Authority does not achieve the targets.**
  
- 2. The Electrical Safety Authority**
  - a. complete the replacement of the CEO Board position with a general member position representing the interest of consumers;**
  - b. establish a documentation and recordkeeping process for the appointment of new Board members; and**
  - c. establish a process to ensure Board members are independent from the ESA's management.**
  
- 3. The Ministry of Government and Consumer Services enable the Electrical Safety Authority to directly issue monetary fines.**

### **Inspections**

Committee members were interested in the risk-based oversight (RBO) system. The ESA explained that the system uses a set of programmed guidelines and rules to calculate and assign a risk level (low, medium, or high) to every notification of electrical work that is submitted to the ESA. The ESA then focuses on allocating its resources to visiting sites with a medium or high-risk designation.

The ESA was asked whether it has developed publicly available inspection standards and checklists, as recommended in the Auditor's value-for-money audit. The Committee heard that the organization has compiled a list of items to assist people with preparation for electrical inspections. The list was expected to be approved and published by late fall 2021.

The Committee inquired as to whether the ESA, having ramped up the practice of remote inspections due to the COVID pandemic, plans to continue with them in the future. The ESA responded that the process for remote inspections is well

established now, and the goal is to increase the number of them going forward, regardless of the pandemic.

There was a discussion on the ESA's inspection fee model, with Committee members raising concerns that the fees discourage homeowners from having inspections done. The ESA said that it has kept the inspection fees constant since 2016, while reducing some charges in specific areas. The fee for submitting a notification to the ESA for a bathroom renovation, for example, was reduced from \$79 to \$40.

When asked about an issue flagged by the Auditor regarding untimely follow-up on unsafe installations, the ESA stressed that the issue, caused by an IT program, was fixed. The ESA followed up on all of the installations, and 90% of the defects had been addressed at the time of the hearing.

### ***Committee Recommendations***

The Standing Committee on Public Accounts recommends that

#### **4. The Electrical Safety Authority**

- a. refine and further develop its new risk-based inspection approach so that it will result in fewer inspections of low-risk installations and more inspections of higher-risk installations;**
- b. set a target for the reduction of low-risk inspections and publicly report on its performance against this target; and**
- c. wherever possible without jeopardizing public electrical safety, conduct its inspections remotely.**

#### **5. The Electrical Safety Authority (ESA)**

- a. review the fees the ESA charges for homeowner installation inspections with an aim to maintain public compliance with electrical safety laws;**
- b. revisit the fee structure as a whole to identify where fees can be reduced; and**
- c. identify and implement changes to streamline its operations and reduce operational costs.**

### **Public Education and Illegal Installations**

The Committee asked about the extent of the ESA's public education campaigns. The ESA said that it has increased its use of social media to reach out to consumers, while also engaging in education campaigns through home renovation television shows and journals. As for public education through the ESA's call centre, the ESA concurred that its call centre agents are not trained to answer technical questions on the electrical code. However, the organization is currently working on collecting all publicly available technical information and publishing it on a webpage where customers can be referred.

The Committee then asked the ESA to clarify the different designations of electricians in Ontario. The ESA explained that licensed electrical contractors (LECs) are businesses licensed by the ESA, and are required to carry workplace and liability insurance. The LECs employ master electricians, who are responsible for supervising the work of other certified electricians employed by the business. In order to attain the status of master electrician, an electrician has to be certified for at least three years, have relevant industry experience, and pass an exam administered by the ESA. Unlike master electricians, certified electricians are not licensed by the ESA, and are under the jurisdiction of the Ontario College of Trades (transitioning to Skilled Trades Ontario). Becoming a certified electrician involves an apprenticeship program and passing an exam. Neither master nor certified electricians are required to carry workplace or liability insurance. The ESA stressed that consumers should only hire LECs when doing electrical work, and make sure the contractor has a qualification number.

In Ontario, only ESA-licensed electrical contractors can offer electrical services to the public. It is also illegal to perform any kind of electrical installation without notifying the ESA. The Committee raised the issue of reducing illegal installations. The ESA said that when an infraction is identified, the organization employs a hierarchy of compliance which could lead to prosecution. The ESA reiterated its interest in the ability to administer monetary penalties as a deterrence tool. In addition, the Ministry is currently working with the Ministry of Labour, Training and Skills Development to explore opportunities to allow a broader group of electrical workers to perform electrical installations, especially those involving lower-risk work.

When asked about the fact that homeowners are allowed to perform electrical installations in their own home, the ESA clarified that all homeowners doing electrical work must notify the ESA and that those installations are always inspected, as they are considered high-risk. In order to reduce the occurrence of contractors offering a discount for not notifying the ESA of the installation, the ESA is working with a popular classified advertising website to remove ads posted by individuals offering the discount.

When Committee members brought up the issue of certain municipalities not requiring proof of ESA inspection when issuing permits for renovation work, the Ministry said that it is working in collaboration with the Ministry of Municipal Affairs and Housing to address the situation.

### ***Committee Recommendations***

The Standing Committee on Public Accounts recommends that

#### **6. The Electrical Safety Authority:**

- a. train staff to respond accurately and completely to all calls with technical questions and assign a sufficient number of employees to this responsibility;**
- b. review its policy to increase disclosure of information to callers about licensed electrical contractors' past performance and licence status; and**
- c. review the disclosure provided with respect to licensed entities by Technical Safety BC, and work with stakeholders**

**to identify categories of additional information to be publicly disclosed on licensed electrical contractors.**

- 7. The Ministry of Government and Consumer Services together with the Electrical Safety Authority and industry stakeholders:**
  - a. reassess the current restriction in Ontario where electrical work for the public can only be conducted by licensed electrical contractors to determine if other arrangements are possible for certified electricians and master electricians; and**
  - b. determine whether certified electricians or master electricians can be allowed to perform lower-risk installation work.**
  
- 8. The Ministry of Government and Consumer Services together with the Electrical Safety Authority work with municipalities to determine whether the ESA inspections can be incorporated into the building permit assessment process.**
  
- 9. The Electrical Safety Authority:**
  - a. re-evaluate its approach to public awareness campaigns to better inform the public of the risks of hiring an unlicensed contractor; and**
  - b. educate the public on the differences between a certified electrician, a master electrician, and a licensed electrical contractor.**
  
- 10. The Electrical Safety authority dedicate sufficient resources to review and follow up on all reported cases of illegal electrical installations.**

## **Licensing and Product Safety**

The ESA administers the exam that certified electricians must take to become master electricians. The Master Electrician Exam is comprised of 80 multiple choice questions pulled randomly from three question banks. The Auditor found that “the ESA does not have a sufficient number of questions in its question banks to produce enough unique exam offerings.”

The Committee was interested in the ESA’s Master Electrician Exam, and how often the exam questions are being updated. The ESA said that 208 new questions are in the process of being finalized and added to the exam question bank. As for continuing education for master electricians, the ESA has undertaken a jurisdictional review to assess the education regimes available, and will report back to the Ministry.

Committee members asked multiple questions about online product safety and the ESA’s role in ensuring that electrical products sold online in Ontario are safe

to use. The ESA said that online product safety is a global challenge and that the ESA has a shared accountability with Health Canada over consumer product safety. The ESA has a working group including intergovernmental and industry partners, which provides advice to the government on this issue. When asked about the accountability of retailers selling electrical products, and whether all electrical products sold in brick-and-mortar retail stores are certified, the ESA said that it ensures that the retailers know about the legal requirement to sell only certified and approved electrical products. Further, the ESA stressed that all reports of uncertified electrical products sold in brick-and-mortar stores or online are actively investigated, with products taken off shelves and online vendors removed when necessary. The ESA mentioned that there are significantly fewer cases of uncertified products sold in established brick-and-mortar stores than online.

### ***Committee Recommendations***

The Standing Committee on Public Accounts recommends that

- 11. The Electrical Safety Authority work together with the Ministry of Government and Consumer Services to:**
  - a. implement a continuing-education requirement as a condition of master electrician licensing; and**
  - b. work with the body that oversees the certification of electricians to discuss implementing a requirement for continuing education.**
  
- 12. The Ministry of Government and Consumer Services, together with the Electrical Safety Authority and industry stakeholders, should review the current electrical product safety regulation and adapt it to the current online market environment.**
  
- 13. The Electrical Safety Authority:**
  - a. conduct a review, and develop and implement a plan to target the sale and use of unsafe electrical products being sold in Ontario; and**
  - b. dedicate sufficient resources to review and follow up on all reported cases of unsafe electrical products being sold in Ontario.**

## **CONSOLIDATED LIST OF COMMITTEE RECOMMENDATIONS**

The Standing Committee on Public Accounts recommends that

- 1. The Ministry of Government and Consumer Services**
  - a. establish outcome measures and performance targets for the Electrical Safety Authority that focus on cost efficiency and safety improvement in the electricity sector;**
  - b. assess the Electrical Safety Authority's performance against these targets on a regular basis; and**
  - c. take corrective actions when the Electrical Safety Authority does not achieve the targets.**
  
- 2. The Electrical Safety Authority (ESA)**
  - a. complete the replacement of the CEO Board position with a general member position representing the interest of consumers;**
  - b. establish a documentation and recordkeeping process for the appointment of new Board members; and**
  - c. establish a process to ensure Board members are independent from the ESA's management.**
  
- 3. The Ministry of Government and Consumer Services enable the Electrical Safety Authority to directly issue monetary fines.**
  
- 4. The Electrical Safety Authority**
  - a. refine and further develop its new risk-based inspection approach so that it will result in fewer inspections of low-risk installations and more inspections of higher-risk installations;**
  - b. set a target for the reduction of low-risk inspections and publicly report on its performance against this target; and**
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  - a. review the fees the ESA charges for homeowner installation inspections with an aim to maintain public compliance with electrical safety laws;**
  - b. revisit the fee structure as a whole to identify where fees can be reduced; and**
  - c. identify and implement changes to streamline its operations and reduce operational costs.**

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    - a. train staff to respond accurately and completely to all calls with technical questions and assign a sufficient number of employees to this responsibility;**
    - b. review its policy to increase disclosure of information to callers about licensed electrical contractors' past performance and licence status; and**
    - c. review the disclosure provided with respect to licensed entities by Technical Safety BC, and work with stakeholders to identify categories of additional information to be publicly disclosed on licensed electrical contractors.**
  
  - 7. The Ministry of Government and Consumer Services together with the Electrical Safety Authority and industry stakeholders:**
    - a. reassess the current restriction in Ontario where electrical work for the public can only be conducted by licensed electrical contractors to determine if other arrangements are possible for certified electricians and master electricians; and**
    - b. determine whether certified electricians or master electricians can be allowed to perform lower-risk installation work.**
  
  - 8. The Ministry of Government and Consumer Services together with the Electrical Safety Authority work with municipalities to determine whether the ESA inspections can be incorporated into the building permit assessment process.**
  
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    - b. educate the public on the differences between a certified electrician, a master electrician, and a licensed electrical contractor.**
  
  - 10. The Electrical Safety Authority dedicate sufficient resources to review and follow up on all reported cases of illegal electrical installations.**
  
  - 11. The Electrical Safety Authority work together with the Ministry of Government and Consumer Services to:**
    - a. implement a continuing-education requirement as a condition of master electrician licensing; and**

- b. work with the body that oversees the certification of electricians to discuss implementing a requirement for continuing education.**

**12. The Ministry of Government and Consumer Services, together with the Electrical Safety Authority and industry stakeholders, should review the current electrical product safety regulation and adapt it to the current online market environment.**

**13. The Electrical Safety Authority:**

- a. conduct a review, and develop and implement a plan to target the sale and use of unsafe electrical products being sold in Ontario; and**
- b. dedicate sufficient resources to review and follow up on all reported cases of unsafe electrical products being sold in Ontario.**