



Tom Fortin
Electronics Engineering Technologist
Ontrak Control Systems Inc
www.ontrak.net

A Case Against the ESA Manufacturers Registration

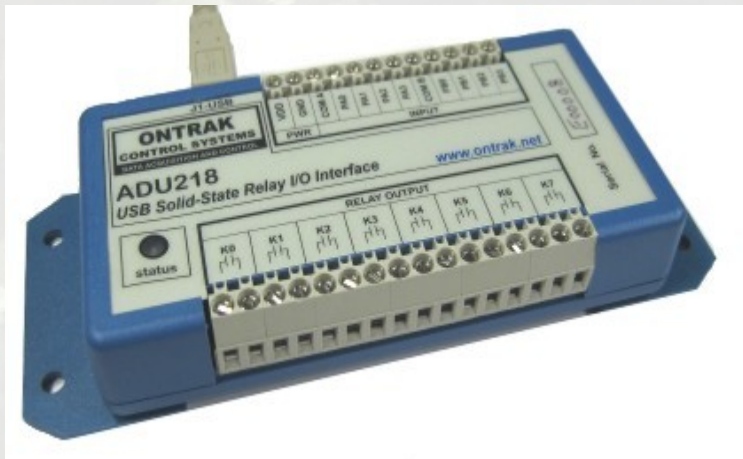
Presentation Outline

- 1. Introduction
 - About Ontrak
- 2. Electrical Product Certification Overview
 - Safety, EMC, Plant Certification, Ongoing Quality and Safety
- 3. The ESA Role in Manufactured Product Safety
 - ESA Question and Answer, How did we get here?
- 4. Why The ESA Scheme Should be Withdrawn
 - The registration fee is a TAX
 - Threat of Proliferation
 - The California Syndrome.
 - Alex and Jason
- 5. Summary

Section 1

INTRODUCTION

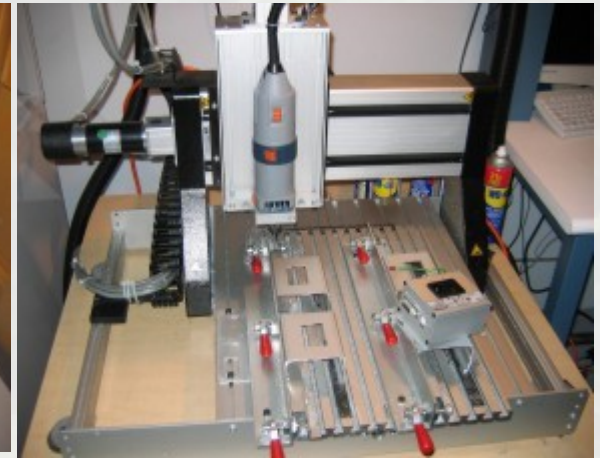
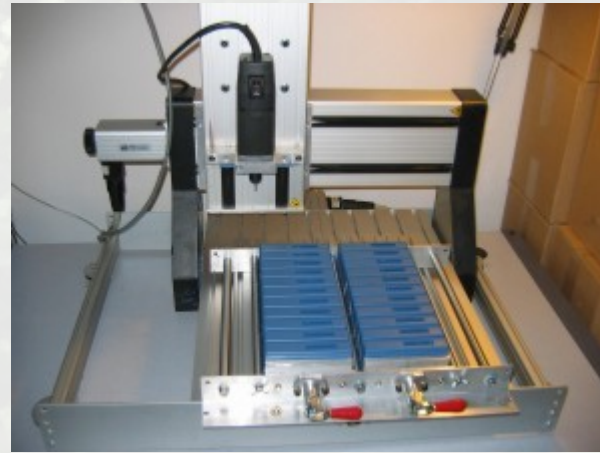
Ontrak Product Development



Ontrak designs and manufactures data acquisition interfaces for a variety of industries including, medical, industrial and retail automation.



Ontrak Manufacturing



Ontrak's manufacturing facility is well equipped with two through-hole solder lines and one SMT line. Nine CNC mills for enclosure manufacture facilitate complete product development. An in-house CE certification lab ensures a rapid product certification process.

Ontrak Model

Data Acquisition and Control Interface Manufacturer Since 1986

Over 1000 repeat customers.

Sales in over 50 countries.
(50% US, 20% EU, 10% Asia, 5% Canada)

Design for Production - Product Development

Off-the-shelf and 200+ OEM custom products.



Sample Customer 1

Sample Customer 2

More Sample Customers

Ontrak Highlights

Only FREE CE product certification center in Canada available to all Canadian Manufacturers

100% Private for Profit Corporation

Voted The Most Innovative Company of the year (2003) by Microchip Technology Inc. (US)

Section 2

Electrical Product Certification Overview

Section 2

Electrical/Electronic Safety and EMC Standards are developed by worldwide engineering groups (IEEE, IEC) and certification bodies(CSA, UL, TUV) and are constantly being revised.

The standards (Ex. EN60950) are harmonized and are adopted worldwide enabling manufacturers to produce safe products for a global marketplace.

Product Certification includes...

1. Safety Testing(CSA,UL,TUV)
2. EMC Testing (CE, FCC)
3. Plant Certification and Monitoring

Section 2

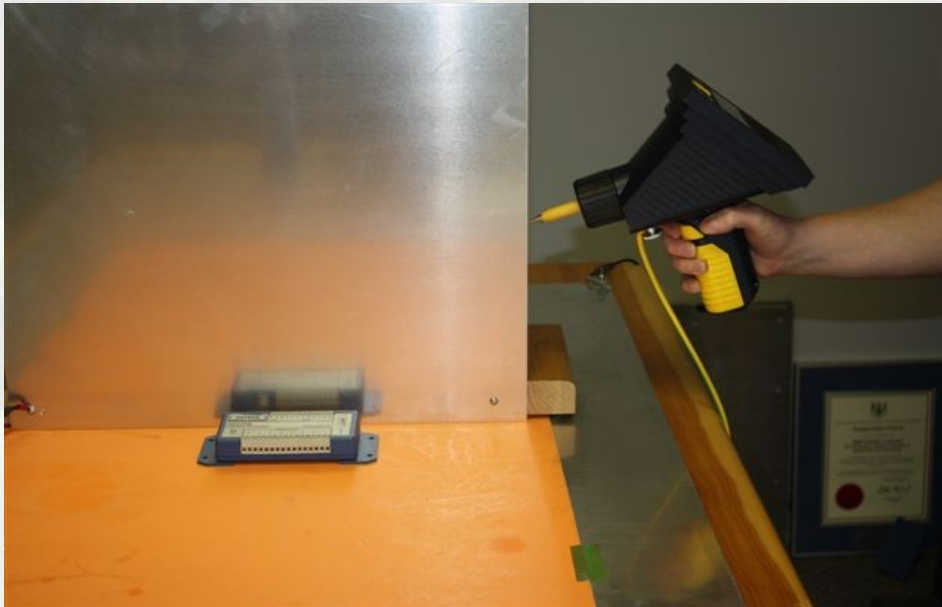


Safety

- 1.Design Review
- 2.Critical Component Review
- 3.Creepage and Clearance (PCB)
- 4.Fusing
5. Failure Modes
6. Ground Bonding
7. Flammability
8. Label and User Manual Req.

Evaluation performed by third party CB (CSA)
CB Report and Safety certificate issued

Section 2



2. EMC

1. Electrostatic Discharge
2. RF Emissions
3. RF Immunity
4. Electrical Fast Transient

CE Mark Applied and FCC Declaration Made

Section 2



3. Plant Certification

1. Equipment Calibration

2. Test Procedures (HiPOT-Ground bond)

3. Record Keeping

4. Incident/Recall Reporting Procedures

Plant certified....start shipping!!!!

NOTE: Four unannounced inspections/year
by host CB



Section 3

The ESA Role in Manufactured Product Safety

Section 3

We asked Mr. Norm Breton three direct questions about the ESA in respect to Product Manufacturers.

What role will the ESA have in the design of our certified products?

Reply: NONE

What role will the ESA have in ongoing Manufacturing and Test of our certified products?

Reply: NONE

Given that your Business Case compares your proposed scheme to similar schemes in the US, EU and Australia, which are all publicly funded and have NO registration requirements, why do you need one?

Reply: “ *it is part of the funding model* “

Section 3

The ESA role in manufactured product safety consists of a web site used announce product recalls/notices etc. and to solicit “ Product Safety Complaints “ . These complaints have been used to make declarations that product safety is an epidemic problem. This, while the REAL DATA shows that product safety incidents relating to fires and electrocution have been in steady decline for over 20 years mainly due to the efforts of certified manufacturers and the harmonized safety standards.

The ESA role in investigating fires caused by electrical products is redundant and could be done through co-operation between the fire marshals office and the certification bodies. Certification bodies have the power of product recall over manufacturers by threat of removal of the safety marks and/or plant certification.

Section 3

How did we get here?

The stakeholder consultation process used to devise the ESA scheme was severely flawed. While wholesalers, retailers, importers, police and fire officials, CB's were consulted, virtually NO small manufacturers were consulted. Is there any reason to be “shocked” that small manufacturers were left with the tab for 80% of the scheme?

In the Product Safety Business Case Consultation Feedback Summary and Response document outlining feedback received about the proposed scheme, the vast majority of supportive comments were from the CCB's namely the CSA. Of the 60 pages, only two contained comments from manufacturers, specifically, NEMA. NEMA clearly stated the ESA scheme should be publicly funded as other social programs are in virtually every other part of the world. The ESA stated they disagreed with the comments and so they were removed from the record.

The CSA benefits most from the ESA as regulation 438/07 and the requirement for certification will greatly increase their book of business. Further, the ESA will now act as the CSA's private police force in regards to counterfeit marks.

Section 4

Why the ESA Scheme Should Be Withdrawn

Section 4

The ESA Registration Fee is a Tax

1. The ESA has no identifiable role in manufacturers on-going product safety efforts.
2. The ESA claim of a requirement for the manufacturers database is redundant as the manufacturer of any properly labeled device can be found in on-line data bases provided by the CB's.

If the ESA did not exist, would the Ontario Government even consider applying a special tax to worldwide manufacturers of electrical/electronic products to pay for a social service such as product safety recall notices when procedures for recalls already exist through the manufacturers plant certification requirements?

Threat of Proliferation

If the scheme is adopted by other jurisdictions, yearly fees will easily reach in the thousands or tens of thousands of dollars/year.

With world government receipts on a steady decline, this is a real and likely outcome of the adoption of the ESA scheme.

Over 90% of the 10,000 companies the ESA expects to enroll are small businesses (less than 25 employees) and it is these businesses and new ventures that will suffer most.

Section 4

The California Syndrome

As a manufacturer, the last place I would consider to move my business is California. California has a reputation as the most over-regulated/ taxed environment for manufacturers.

Between 1998 and 2006, manufacturing jobs in California declined from 1.8 to 1.4 million as over 12% of manufacturers simply left the state. (US Census data)

Over this same period, Ontario manufacturing employment increased by 20% (ontario.ca)

By giving the powers of taxation to the ESA, a private corporation, the Ontario Government is acting even more boldly than California in increasing the regulatory burden on manufacturers.

This fact will not be lost on the 20,000 recipients of the ESA notification letter. These people are the decision makers that will largely effect the migration of manufacturers in or out of Ontario.

ONTARIO

CLOSED

for Business

Communities

[Residents](#)[Businesses](#)[Employers](#)[Entrepreneurs](#)[Visitors](#)

Topics

[Services](#)[Explore Government](#)

Resources

[Forms](#)[Publications](#)[Laws](#)

ONTARIO

CLOSED

Open for Business

Welcome.

Open for Business is the Ontario Government's ambitious three-year initiative to create faster, smarter and streamlined government-to-business services that make Ontario more attractive for business development while protecting the public interest.

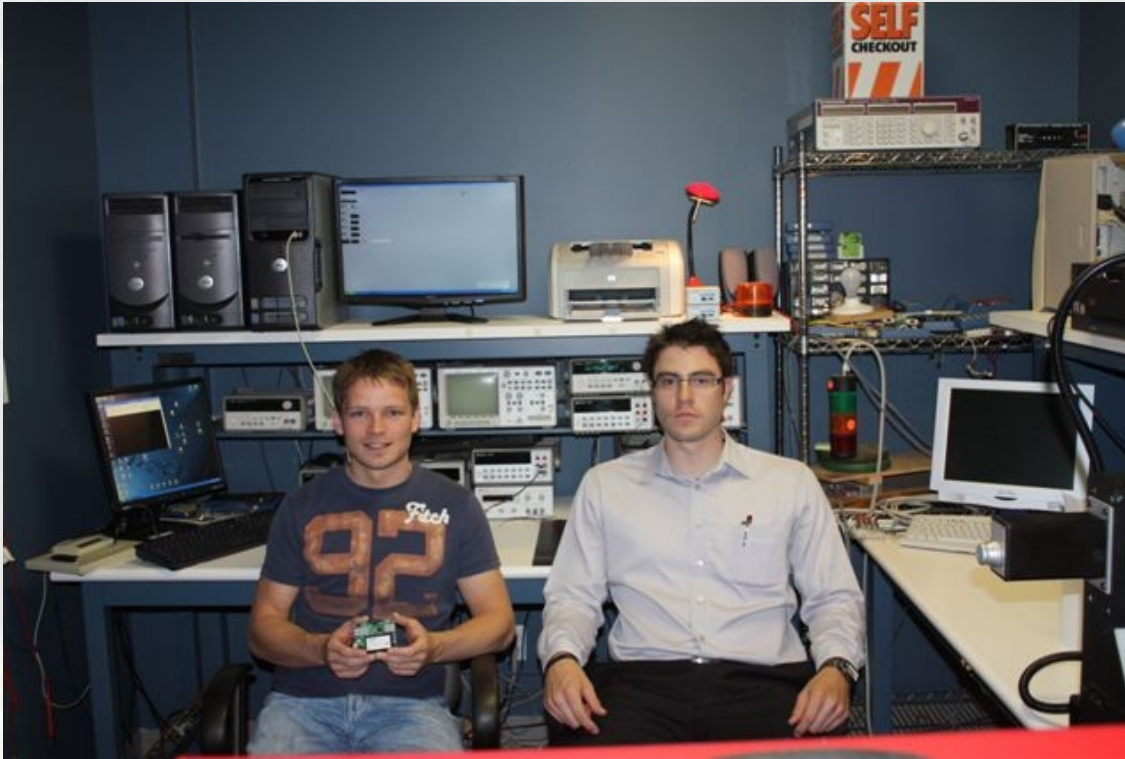
It also seeks to transform the Ontario government-to-business relationship.

Led by Minister Bryant, Minister for Economic Development, Open for Business serves as a foundation to the government's Five-Point Economic Plan to create a stronger and more prosperous Ontario.

We will:

- **Create open and responsive collaboration** between government and business,
- **Reduce the burden** of government regulation on business,
- **Implement enhanced, single-access point services and products**, coupled with service guarantees, and
- **Create a modern regulatory environment** that fosters competitiveness and welcomes new business.

Section 4 - Alex and Jason



Alex and Jason, developers of a new medical product, were the latest of many entrepreneurs to visit and use Ontraks counseling services at no charge. It is efforts like theirs that will be discouraged most by the ESA scheme and its eventual proliferation. They already have to deal with CSA/UL, TUV, CE, RoHs, WEEE etc in regards to their products eventual manufacture and now we can add the ESA and soon many others, to that long list.

Is this the kind of effort we want to discourage in Ontario?

Section 5 - Summary

Ontario regulation 438/07 presently makes certification mandatory for all electrical products sold in the Province of Ontario. This requirement is far and above other provinces and that of the US where no requirement of certification exists. This alone will greatly increase product safety for the people of Ontario at no cost to anyone except those companies who have not made the effort to have their products and factories certified to the harmonized safety standards.

The ESA has no role in on-going manufacturer product safety efforts.

The ESA effort is in essence a social service.

The ESA Manufacturers Registration Fee is a TAX.

Ontario is the ONLY jurisdiction in the world to tax foreign companies for domestic social programs.

The ESA scheme will severely damage Ontario's reputation as being "OPEN For Business"

The ESA scheme will not increase certified manufactures product safety. This can only be done through the harmonized standards.

The ESA Manufacturers Registration should be withdrawn.