

# Energy Safe Victoria Protecting the Community

Annual Report  
1 July 2009–30 June 2010



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**Energy Safe Victoria (ESV) is the independent technical regulator responsible for electricity, gas and pipeline safety in Victoria.**

**To achieve its responsibilities, ESV audits the design, construction and maintenance of electricity, gas and pipeline networks and installations. It also ensures that appliances meet stringent safety and energy efficiency standards before they are sold.**

**ESV also conducts comprehensive public awareness campaigns to educate the community and industry on the potential dangers associated with electricity, gas and pipelines.**

### The organisation

ESV was created on 10 August 2005 with the passing of the *Energy Safe Victoria Act 2005*.

ESV operates under the *Electricity Safety Act 1998*, *Gas Safety Act 1997* and *Pipelines Act 2005* which are administered by the Minister for Energy and Resources.

### Our mission

As Victoria's independent electricity, gas and pipeline safety and technical regulator, ESV strives to ensure the safe and efficient supply and use of electricity and gas, for the benefit of all Victorians.

We protect and assist the community by:

- working co-operatively and in consultation with the industry and community to facilitate safety outcomes;
- developing and communicating safety and efficiency requirements and programmes;
- monitoring, auditing and enforcing compliance with the requirements; and
- administering licensing, registration and approval systems that maintain safety standards and skills.

### Our vision—towards 2015

Victoria will be a State where the community, industry and regulators share a strong commitment to the safe and efficient supply and use of electricity and gas, and the safety of pipelines.

To ensure their safety, the community and industry will demand that work involving electricity and gas is carried out only by workers who are skilled and appropriately trained to respond to the demands of new and emerging technologies in a carbon constrained world. The industry workforce will have numbers sufficient to deliver community requirements into the future.

ESV will be nationally respected and recognised as a leader in safety regulation that facilitates safety and efficiency outcomes through strong communication and consultation, clear regulation and fair audit and enforcement activities. These activities will be carried out by a highly skilled, professional and adaptable regulatory team who are leaders in their field, and are able to explain their actions and decisions.

Safety and efficiency will be delivered within a framework that is cost effective and fair for all parties. This framework will be consistently and openly communicated to the community and industry.

We will act proactively to create a safer state for the benefit of all Victorians.

### Our values

- Respect
- Integrity
- Partnership
- Accountability

The values have been incorporated within staff performance management plans and have been incorporated in other ESV activities and decisions.

### Role and functions

ESV is responsible for the safety and technical regulation of electricity, gas and pipelines in Victoria. The role and functions of ESV are specified by the *Energy Safe Victoria Act 2005*. A summarised version of ESV objectives and functions which are conferred by legislation and must be addressed through ESV operations follows.

#### Objectives

- Ensuring the electrical safety of electricity generation, transmission and distribution systems, electrical installations and electrical equipment.
- Ensuring safe conveyance, sale, supply, measurement, control and use of gas.
- Controlling the safety standards of gas and electrical work.
- Maintaining public and industry awareness of electrical and gas safety requirements.
- Promoting awareness of energy efficiency through energy efficiency labelling and regulation of electrical equipment and gas installations, appliances and components.
- Protecting underground and underwater structures from corrosion caused by stray electrical currents.
- Protecting the public from environmental, health and safety risks resulting from the construction and operation of pipelines.

#### Functions

ESV carries out the following functions to meet these responsibilities:

- Specifying minimum safety standards—associated with electrical equipment, electrical installations, electrical work, gas appliances, gas equipment, gas components, gas installations, gas related services and the conveyance, sale, supply, measurement, control and use of gas.
- Encouraging and monitoring the use of electricity safety management schemes.
- Issuing guidelines for preparing gas safety cases.
- Assessing and auditing gas safety cases and electricity safety management schemes to determine the adequacy and effectiveness of these safety cases and schemes.
- Administering the prescribed minimum standards for energy efficiency of electrical equipment and gas installations and components.
- Investigating events, incidents or complaints which have implications for electricity and gas safety.
- Providing advisory and consultative services to industry and the community in relation to gas and electrical safety—including maintenance of public and industry awareness of safe practices.
- Assessing and auditing pipeline safety management plans and environmental management plans to determine their adequacy and effectiveness.
- Monitoring and enforcing compliance with the Act and the regulations, including:
  - inspecting and testing electrical equipment, electrical installations and electrical work for compliance with the specified safety standards;
  - compliance of gas appliances, equipment, components, installations, and related services and the conveyance, sale, supply, measurement, control and use of gas with the specified safety standards;
  - inspecting and testing electrical equipment and gas installations, appliances and components for compliance with specified minimum standards for energy efficiency; and
  - compliance of gas companies with accepted safety cases.

# **Foreword** **by the Director** **of Energy Safety**

Energy Safe Victoria  
Annual Report 2009–2010

In this, ESV's fifth and my first report as Director of Energy Safety, we reflect on a year that has been marked by enormous challenge and a demanding work programme.

Climate change, aging infrastructure, economic pressures and new technologies have, amongst other things, seen the community and government increase its expectation that its technical regulator is relevant, informed and engaged when it comes to public safety of energy infrastructure, installations and appliances.

ESV has refocused its efforts on more effective approaches to regulation, established new systems, policies and procedures and commenced an ambitious recruitment drive that will improve its technical capacity and ability to regulate the energy industries.

### **Victorian Bushfires Royal Commission**

The deliberations and hearings of the Victorian Bushfires Royal Commission dominated a great deal of ESV's attention throughout the year with considerable time and effort being spent in giving evidence, making submissions and having input into the changes to the legislative and regulatory framework that will ensure as far as practical that the devastation of the February 2009 bushfires is not repeated.

Following a request by the Minister, ESV commenced a review of the strategic options available to reduce further the risk that electricity assets will start fires during periods of extreme weather. Interim and final reports will be made in January and June 2011 respectively.

### **Energy efficiency programmes**

The insulation and solar incentive programmes demanded close and immediate regulatory action to ensure that Victorians were not at risk and that developments were being closely monitored.

Specific and targeted audits confirmed that Victoria was not at risk from the foil insulation that was being installed in other states. On the other hand, loose insulation incorrectly installed has and continues to cause fires.

ESV has worked closely with other agencies to educate the public and change the standards for light fittings to ensure that the risks are minimised.

The targeted audits of solar installations revealed a number of issues around inspection, installation and operation which although presenting a low safety risk—did nevertheless require a number of actions in relation to training, clarification of regulations and further auditing.

A committee of industry experts and stakeholders was established to assist and advise ESV on mitigating and responding to the emerging safety risks associated with the sustainable energy industry that will grow exponentially over the next decade.

### **Major incidents**

Tragically, there were 11 gas or electricity related fatalities during 2009/10. This did not include the death of a crop dusting pilot who died after hitting powerlines.

Amongst the eleven fatalities were two children at Mooroopna who died of suspected carbon monoxide poisoning and three electrocutions involving overhead powerlines.

Against a longer term and improving trend of around four electrocutions per annum (down from seven per annum) and one gas fatality every two years, this was a very disappointing outcome and underscored ESV's risk analysis that, even with reassessment of the impact of low frequency catastrophic events such as Black Saturday doubling the risks from electricity supply or distribution networks, the largest risk faced by the community was and is electrocution by electrical installations and equipment.

Exacerbating that risk, is continuing pressure for cheap efficient products to be installed at the lowest possible cost. ESV has continued to be vigilant in its enforcement to ensure the products offered comply with the relevant safety standard and are installed safely and correctly by licensed people.

Although by comparison the number of gas incidents and risk to public safety is still low compared to electricity, the jump in incidents associated with carbon monoxide poisoning and gas cylinder accidents associated with BBQs through 2009–10 reminded us all of the need to regularly service gas appliances, especially heaters and take care when connecting and disconnecting LP Gas cylinders.

Contacts with underground pipes remains a constant feature of the gas distribution network and will require increased focus by ESV to ensure the risks are being managed more effectively by the businesses.

### **Communications**

The increase in fatalities was matched by an increase in the number of incidents involving electric shocks or gas incidents. ESV responded with an increase of 9% in ESV expenditure to \$1.8m on public and industry awareness programmes throughout 2009–10 and a better targeting of messages through a range of channels.

Communications initiatives included:

- Three major public awareness campaigns featuring a variety of television and radio commercials.
- Three regional campaigns stressing the "Look Up and Live" message. ESV conducted its own campaign which included radio and television commercials and newspaper advertising. For the first time ESV arranged billboard advertising. These were displayed over three months on key roads in regional centres. Two other "Look Up and Live" campaigns were conducted jointly with distribution companies, SP AusNet and Powercor Australia.
- The production of a new gas safety commercial showing the dangers caused by badly maintained backyard BBQs was produced and broadcast during the year.
- A new electricity DVD titled "Don't Work Live" was produced by ESV to address the problem of electricians continuing to work on "live" switchboards when they are aware of the dangers. It follows the experience of a young electrician as he recovers from horrendous injuries resulting from a switchboard explosion.
- Following the Mooroopna tragedy, ESV distributed a media release and conducted radio and television interviews warning of the dangers of carbon monoxide. Initiatives for early 2010/11 include a revised television commercial focussing on carbon monoxide and a new brochure "Beware carbon monoxide—the silent killer".
- ESV also distributed media releases ahead of forecast extreme weather events—both excessive heat and damaging winds.

A review of marketing and communication was carried out to inform ESV on how its safety messages can better reach and be acted upon by the community.

### Compliance and enforcement

Throughout 2009–10, ESV also implemented a number of compliance and enforcement initiatives as well as regulatory changes that better targeted existing or emerging issues in gas and electricity safety.

For gas these included:

- the introduction of a Code of Practice for Public Events;
- an audit of the Plumbing Industry Commission inspection processes for standard installations;
- an audit process for the three gas appliance certifying bodies; and
- a new risk based inspection process for complex Installations.

During the year, ESV inspected 2440 complex gas installations and 88.4% were found to be compliant. In addition 910 Type B Gas appliances were inspected with 84.2% found to be compliant.

ESV's Gas Installations and Appliance Safety (GIAS) detected a number of non approved gas appliances which had been imported and sold in Victoria on internet trading sites. Prosecutions are pending.

Gas inspectors investigated three major incidents—two of them involving suspected carbon monoxide poisoning. The most serious being the death of two young boys at Mooroopna in late May. In the other incident, a young medical intern was seriously injured following a gas explosion in a unit in Wangaratta.

Further details of these incidents can be found in the Gas Safety section of this Annual Report.

For electricity, the initiatives and regulatory changes included:

- A greater volume and targeting of audits of electrical installations up from 5% of Certificates of Electrical Safety submitted to 8.5%.
- An increase focus on unlicensed work and non-submitting of certificates.
- A more cohesive national approach to equipment safety compliance which will lead to a national one-stop database of approved electrical equipment.
- New installation and licensing regulations that are better aligned with the wiring rules and define the responsibilities of electricians and inspectors. The licensing changes have lessened the cost of registration and introduce new categories of restricted licences. These measures will ensure ESV has the regulatory tools and systems to improve the level of safety and compliance of electrical equipment, installation, workers and the public.
- The design of a new assessment tool for assessing Electricity Safety Management Schemes.
- A greater number of targeted and routine audits of electricity infrastructure including steel conductors, the asset management records of distributors and the line clearance plans of local councils.
- New electric line clearance and electricity safety management regulations, replacing the previous regulations.
- The revocation of the Electricity Safety (Network Asset) Regulations, reflecting a shift away from prescriptive regulation to safety management schemes.

During the year, 139 information sessions were held for electrical contractors, inspectors and workers. Topics covered included the new regulations, changes to the wiring rules and inspection / installation of solar systems with more than 7,700 people attending these sessions. 1,077 point of sale audits for equipment safety compliance were conducted with a compliance rate of 97%.

More than 600,000 certificates of electrical safety were sold through wholesalers and 4% online as electronic certificates.

Of the nine electrical fatalities, five involved customers' installations, appliances or equipment. Out of the four deaths involving the electricity supply network, three related to contact with overhead conductors, highlighting the importance of ESV's publicity campaigns to increase public awareness. All nine electrical fatalities involved non-electrical workers or the general public.

The following electrocutions were investigated during 2009–10:

- a man using a portable generator to farm worms;
- a teenager using damaged electrical equipment;
- a factory worker performing mechanical repairs on live machinery;
- an excavator after digging up live cables; and
- an elderly man after making contact with aged and damaged wiring in a roof space.

None of these tragedies involved a breach of wiring rules or regulations, but show how important it is to maintain equipment, regularly inspect and test electrical installations, treat electricity with respect and to not work live. A number of similar instances resulting in injuries were investigated and it was only a matter of chance that these incidents did not result in electrocution.

ESV jointly investigated, with MFB and CFA, a number of fires caused by incorrectly installed insulation and provided information and recommendations to the Commonwealth Government.

In the infrastructure area, 45 audits of gas safety cases were carried out and nine local council electric line clearance plans were audited, together with their compliance to the Code of Practice.

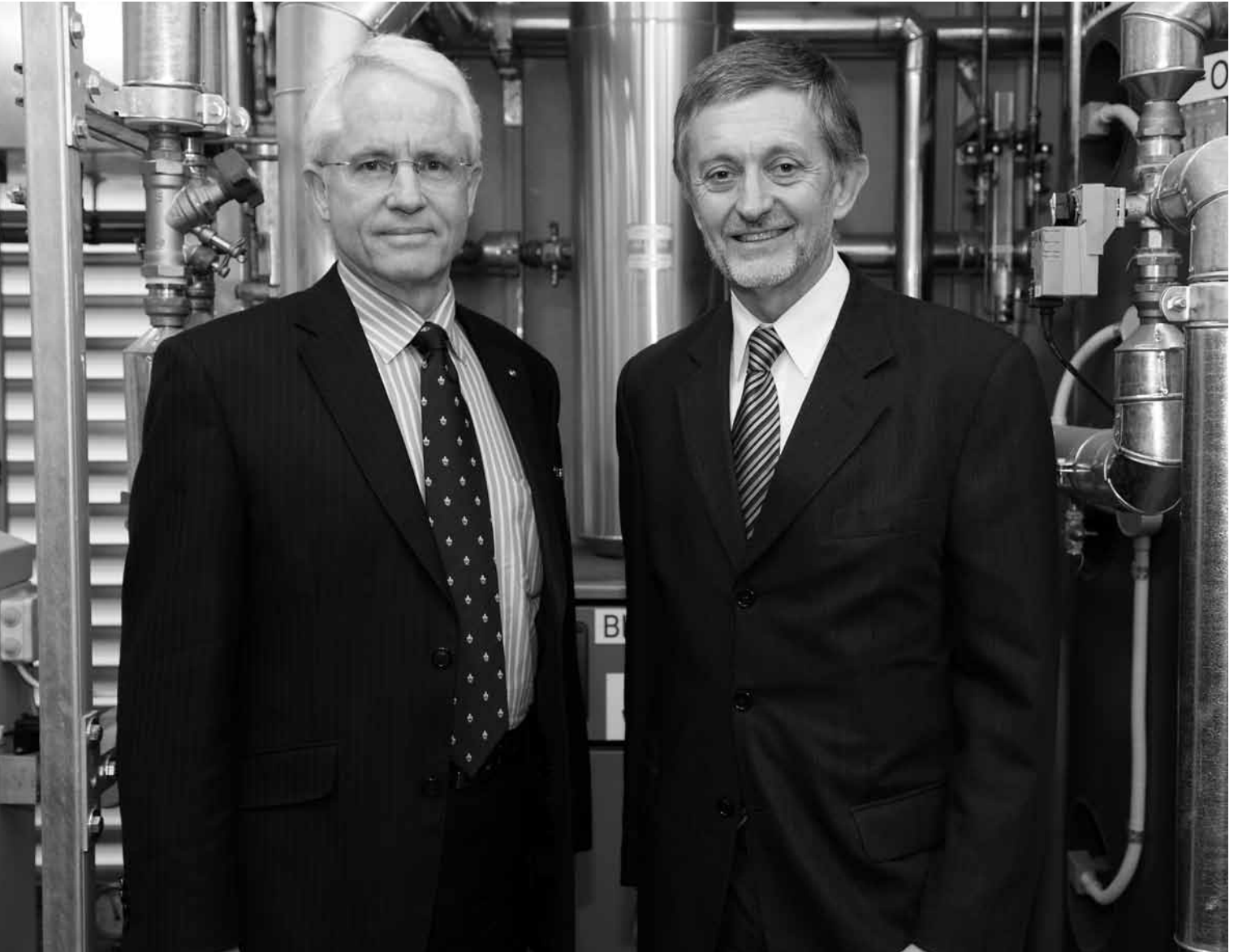
Audits of bushfire mitigation plans for all of the electrical distribution and transmission businesses were undertaken prior to the commencement of the fire declaration period.

### National regulatory issues

ESV continued to actively participate in the national regulatory reform agenda including national energy supply industry harmonisation, which seeks to provide a uniform national safety regime for transmission and distribution businesses, national occupational licensing to facilitate the mobility of workers between jurisdictions, national occupational health and safety legislation, and national arrangements for gas and electrical equipment safety and energy efficiency.



**Foreword**  
by the Director  
of Energy Safety



Director of Energy Safety, Paul Fearon  
with the Minister for Energy and Resources,  
Peter Batchelor.

### ESV organisation and training

Following a series of external management reviews of the organisation, changes were made to ESV's executive structure to better align the organisation's focus and resources to emerging priorities.

These included changing the Deputy Director's role to include responsibility for Policy, Strategy and Legal and making a separate appointment to the position of Executive Manager, Infrastructure Safety to increase senior executive focus on electricity and gas networks.

The electrical licensing function was moved within the accountabilities of the existing Executive Manager, Electrical Installations and Equipment Safety to achieve a closer alignment between education, compliance and enforcement with the administrative functions of licence applications and renewals.

Finally, formal Chief Financial Officer and Executive Manager, Human Resources and Administration roles were established within the organisation to increase the focus on governance, financial control and culture change.

Following an own motion review of Energy Safe Victoria by the Ombudsman and a subsequent management review, a number of recommendations were implemented.

These included the creation of an Investigations and Enforcement Manual establishing consistent policies and practices across gas and electricity, and the establishment of a Review Panel with an external member to review the procedures and decisions made with respect to investigations, prosecution and other regulatory actions.

These and other initiatives have led to more consistent decision making, a higher standard of documentation and record keeping and tighter control over investigations.

ESV continues to be challenged by an ageing workforce, a reflection of the broader issue with the energy industry generally. More flexible policies with respect to part-time employment and other initiatives to keep older workers in the workplace longer, and a deliberate focus on attracting complementary skills such as operational and system auditing from non-energy industry backgrounds are some of the initiatives ESV has pursued to maintain sufficient people to undertake the essential tasks of regulation.

ESV's commitment to training in the industry was marked by a number of initiatives throughout the year. These included assisting and supporting the establishment of the Plumbing Industry Climate Action Centre, as well as the establishment of specialist renewable energy training courses for the installation and inspection of solar and wind generation systems in conjunction with training providers.

At ESV, 2009–10 has been a watershed year that has seen considerable change occurring in terms of the way work is planned, managed and resourced. However, ESV's work cannot be done without the commitment and engagement of its people.

Each year ESV staff participate in the Victorian Government's People Matter Survey. Whilst it was pleasing to see that employee commitment remained very high and that more employees agreed in 2010 that working for ESV was a good career choice, overall job satisfaction declined. Only 29% of employees agreed that change was well managed in ESV.

A greater emphasis on strategic planning, performance management and leadership development will seek to address this poor rating.

The results of externally conducted surveys of our stakeholders provided additional insight into the way ESV manages its business. High scores were achieved for professionalism, technical competence and quality of service but the content and usability of our website and consultation were also identified as needing improvement.

### In conclusion

I am proud of the efforts and outcomes achieved by ESV during 2009–10 and I sincerely thank my executive team and the staff of ESV for demonstrating their passion and commitment to Victoria's energy safety.



**Paul Fearon**  
Director of Energy Safety

# Corporate Structure and Management Responsibilities

Energy Safe Victoria consists of the Director of Energy Safety who is appointed pursuant to the *Energy Safe Victoria Act 2005* (The Act) which is administered by the Minister for Energy and Resources.

ESV's mission and objectives are achieved through the commitment and collaborative efforts of its management and staff.

## Director of Energy Safety

### Paul Fearon

- Executive direction and leadership of Energy Safe Victoria
- Exercise of all powers under The Act

## Deputy Director

### Mike Ebdon

- Emergency Management
- Legal / Legislation
- Prosecutions
- ESV Risk Management
- National Harmonisation

## Executive Manager, Infrastructure Safety

### Robert Skene

- Electricity Infrastructure
- Gas Infrastructure
- Traction Infrastructure
- Electrolysis Mitigation
- Licensed Pipelines
- Infrastructure Standards

## Chief Financial Officer

### Anthony DeJong

- Finance and Administration
- Information Technology

## Executive Manager, Gas Installations & Appliance Safety

### Paul Bonsak

- Gas Installations
- Gas Installation Standards
- Major Events
- Type B Gas Appliances
- Energy Efficiency of Gas Appliances, Approvals and Inspections
- Gas Appliance Retailer Audits
- Investigations

## Executive Manager, Electrical Installations, Licensing & Equipment Safety

### Neil Fraser

- Electrical Installation and Equipment Standards
- Electrical Equipment Approvals
- Electrical Equipment Point of Sale Audits
- Energy Efficiency of Electrical Equipment, Approvals and Point of Sale Audits
- Electrical Installation Inspections
- Licensed Electrical Worker Audits
- Certificates of Electrical Safety Administration
- Investigations
- Training
- Competency
- Licensing
- Registration

## Executive Advisor, Communications & Public Relations

### David Guthrie-Jones

- Community Education and Communications
- Media
- Publications
- Industry Communications
- Magazine

## Executive Manager, Human Resources & Administration

### Angela McGuire

- Human Resources
- Administration

This section covers the safety of Victoria's electricity and gas transmission assets and pipelines.

## Bushfire mitigation

Under the *Electricity Safety Act* (ESA), electricity suppliers are obliged to submit a Bushfire Mitigation Plan (BMP) to ESV. As in previous years, these plans have been assessed by ESV and the businesses' compliance with these plans has been subject to an ESV audit before the fire season.

In addition this year—following the “Black Saturday” bushfires of 7 February 2009—ESV has conducted follow up audits on the condition of rural power lines and the adequacy of the businesses' inspection processes.

## The Victorian Bushfires Royal Commission

In March 2010 oral and written submissions were made to the Bushfires Royal Commission by Counsel Assisting, Counsel for the State, distribution businesses and others. There was widespread reporting of the observations and recommendations in relation to ESV.

The State's submission provided a detailed set of responses to Counsel Assisting's submissions.

The Government had already committed to a number of initiatives, including legislative change—some of which was identified prior to the devastating “Black Saturday” bushfires of 7 February 2009—and greater funding that will put ESV in a stronger position to play its part.

As foreshadowed in its submission, the State has now introduced a Bill to Parliament which includes amending the *Electricity Safety Act 1998*, the *Energy Safe Victoria Act 2005* and the *National Electricity (Victoria) Act 2005*.

Amendments to the *Electricity Safety Act* significantly strengthen the Bushfire Mitigation (BFM) regime and require the electricity businesses and other persons operating similar above ground electricity lines in high bushfire risk areas to minimise bushfire risks, to submit BFM plans to ESV by 1 July each year, and to not operate those lines between 1 November and 31 March unless in accordance with a BFM plan that has been accepted by ESV.

Other items specifically affecting ESV:

- clarify ESV's powers in respect of audits;
- extend the power of ESV to enable it to direct that vegetation be removed or to stop the planting of unsuitable vegetation under or near powerlines;
- make ESV a statutory member of the Electric Line Clearance Consultative Committee; and
- enhance ESV's governance arrangements by:
  - a. requiring ESV to prepare a charter of consultation and regulatory practice, and requiring ESV to enter into memoranda of understanding with specified bodies; and
  - b. ensuring the independence of the Director of ESV by amending the provisions regarding the removal of the Director of ESV from office.

The submission continues: “The State plans to increase the powers available to ESV and enhance its capability and capacity to regulate the electricity industry by additional recruitment, additional funding and the establishment of a high-level advisory panel from which ESV can draw expert knowledge.”

As a result, ESV will have an enhanced ability to assess, monitor and enforce compliance with electricity companies' Electricity Safety Management Schemes (ESMSs) and BMPs.

The State Government submission said: “Consistent with the proposed legislative reforms and the increased powers and resources of ESV, the State accepts that ESV should and will play a greater role in ensuring that the distribution businesses have a BMP in place which is adequate to minimise bushfire risk as far as is practicable.”

## Bushfire Minimisation Committee

Although the Victorian Bushfires Royal Commission had not handed down its final report, the Minister for Energy and Resources, the Hon. Peter Batchelor MP, requested that ESV include in its forward work programme arrangements to undertake a strategic review of the short and long term options available to the industry and Government to minimise bushfire starts related to electricity system assets.

The Minister has also requested that the strategic options be developed in collaboration with electricity distribution businesses, through detailed analysis, including cost benefit analysis, and in consultation with appropriate members of the public, community, and other stakeholders including the Country Fire Authority, the Department of Sustainability and Environment, the Victorian Farmers Federation and the Municipal Association of Victoria.

The Minister has envisaged that this project will entail:

- identification of technological and operational options for substantially reducing the frequency of fire starts without significant impact on supply reliability;
- development of strategies for detailed assessment of identified options;
- the establishment of research programmes and trials of new and different technologies; and
- structured programmes of consultation with members of the public, community, and other stakeholders including specific opinion research.

Accordingly, ESV has established a bushfire minimisation advisory committee and is required to deliver to the Minister:

- a draft project plan by 31 July 2010, including key phases of work, milestones, governance and reporting arrangements;
- an interim report on measures available in the short term to reduce bushfire starts by 30 November 2010; and
- a final report on the outcomes of the review and recommendations for future research work by 1 November 2011.



### **Electric Line Clearance**

The Electricity Safety Act requires that electricity companies and other responsible persons submit annual electric line clearance plans to ESV for approval and to comply with the requirements of the Electricity Safety (Electric Line Clearance) Regulations and Code of Practice.

ESV has assessed submitted plans and conducted pre-bushfire season audits which confirmed that vegetation management by electricity businesses is adequate in high bushfire risk areas. ESV also continued its programme of improving the performance in low bushfire risk areas by undertaking nine audits of councils and shires.

The Electric Line Clearance Consultative Committee (ELCCC) is established under the ESA to provide advice to ESV on the Code of Practice for Electric Line Clearance (CoP).

The ELCCC this year completed its review of the CoP and the Electricity Safety (Electric Line Clearance) Regulations which incorporate the CoP were amended, effective 29 June 2010. The changes include submission of plans, notification timeframes, hazardous trees, the requirements for urgent pruning and definitions for special vegetation. The 2010/11 plans submitted by electricity companies and other responsible persons will be assessed against the new regulations.

### **Electricity Safety Management Schemes**

The Electricity Safety Act previously allowed electricity companies and responsible persons the opportunity to implement ESMS as an alternative to prescriptive regulations, upon demonstrating that safety outcomes were equal or greater.

The electricity distributors had approved ESMS in place that provided alternative approaches to some of those prescribed in the former Electricity Safety (Network Asset) Regulations.

In December 2009, amendments to the ESA and revised Electricity Safety (Management) Regulations commenced.

Under the new legislation, the Electricity Safety (Network Asset) Regulations are revoked and all licensed electricity transmission and distribution companies are required to have in place an ESMS that has been accepted by ESV.

The electricity companies have submitted revised ESMSs for acceptance by ESV and these schemes were being assessed at the end of the financial year.

### **Electrolysis**

The *Electricity Safety Act 1998* provides a framework for protecting underground and underwater structures from corrosion caused by stray electrical currents. It also establishes the Victorian Electrolysis Committee (VEC) and defines its composition and functions it will perform.

During 2009/10:

- The VEC completed its coordinated monitoring programme of the underground metallic structures (i.e. water, gas and oil pipelines, and telecommunication and power cables) across the Melbourne metropolitan area to ensure the aims and functions of the VEC were met.
- The VEC in conjunction with the traction stray current corrosion representative have been proactive in working with the Department of Transport in evaluating the stray current mitigation requirements for the electrification of the train line from Sydenham to Sunbury and the extension of the rail network from Epping to South Morang.
- The VEC also maintains a register of cathodic protection systems installed in Victoria to protect structures from corrosion. Work is continuing to make this registration system internet based and is expected to be in operation during 2010/11.

### **Safety Cases**

ESV continues its programme of safety case compliance audits to confirm that gas safety risks are being managed by gas companies to a level that is as low as reasonably practicable.

This is achieved by ESV using an outcomes based approach where ESV ensures through the gas company's safety case that all risks associated with the gas business are identified and incorporated with the safety management systems of that business.

Also the audits are a continued improvement process with the gas companies to increase the safety of the gas users and the public.

A safety case sets out the safety policies and business processes developed and implemented by gas companies to demonstrate how they ensure that gas is provided safely and reliably to the Victorian community.

During the reporting period there were 38 accepted safety cases overseen by ESV.

One gas businesses safety case was accepted during the year— for natural gas retailer Aurora Energy Pty Ltd.

ESV continues its programme of safety case compliance audits to confirm that gas safety risks are being managed by gas companies to a level that is as low as reasonably practicable.

ESV conducted and completed the following 45 safety case audits in 2009/10:

- 11 transmission pipeline company audits (including Australian Energy Market Operator (AEMO));
- 6 distribution pipeline company audits;
- 11 natural gas retail company audits;
- 15 LP gas company audits; and
- 2 landfill gas pipeline company audits.

One LP gas entity, Vic LP Gas was declared as a “gas company” during the year.

**SAFETY ALERT**  
**ALWAYS LOOK UP AND LIVE**

Electricity safety regulator, Energy Safe Victoria (ESV), issues this safety alert to the owners and operators of farming equipment who undertake work near overhead powerlines on rural properties.

Last week's tragic death of a father and son – and serious injuries received by a second father and son – when a windmill touched powerlines at Rainbow was probably Victoria's worst electrical accident.

Please note the following safety precautions:

- Single Wire Earth Return lines (often referred to as SWER lines) that were involved in this tragic event supply vast areas of rural Victoria.
- SWER lines are often hard to see as there is only one thin wire and the poles can be located hundreds of metres apart.
- SWER lines operate at 12,700 volts and any contact with the line may be fatal or cause serious permanent injuries. With electricity there are often no second chances.
- All overhead powerlines including SWER lines can sag up and down with temperature and electrical load and sway sideways with wind or other influences. The sideways movement of long SWER spans may be many metres.
- When working or about to work near overhead powerlines, always LOOK UP AND LIVE. Always check to ensure there are no overhead lines near where you are going to work. Always carry out a safety check before you start work.
- When working in the vicinity of a SWER line (or any other overhead powerlines) always ensure that you, and any object that is being used, is kept at least 3 metres away from the line in accordance with the NO GO ZONE RULES. Permit to Work permission is required from the powerline owner if work needs to be carried out within the three metre exclusion zone.
- Contacts with overhead electrical power lines including SWER lines, have involved tipping trucks, mobile grain silos and augers, headers, excavators, spray booms, irrigation pipes, elevating work platforms (EWP), scissor lifts and scaffolding, all of which have resulted in fatalities or serious injury and extensive hospital treatment.
- If you have overhead lines on your property clearly mark their position on the fences or on posts near or under the line to help highlight their position. As a landowner/occupier you have a duty of care to warn people working on the property of the presence of powerlines.

If an accident does occur with a high voltage powerline including SWER lines, keep at least 10 metres away from any victims and do not attempt to provide assistance or you too may become a victim.  
Call 000 and your local electricity distribution company for emergency assistance.

Information about the SWER lines and other powerlines on your property can be obtained from:  
Powercor 132 412 (Western Victoria) - SP AusNet 131 799 (Eastern Victoria) - Jemena 131 626 (Mornington Peninsula)

Energy Safe Victoria  
Phone: (03) 9203 9700  
1800 800 158  
Email: info@esv.vic.gov.au  
Web: www.esv.vic.gov.au

energy safe VICTORIA The Place To Be

Safety DVD "Look Up, Look Down - And Live" available. Contact ESV for your free copy.

Look Up and Live safety alert.

## Pipelines

There were no major pipeline issues in 2009/10. Staff completed 10 audits of pipeline companies during the year.

## Major incidents

Four electrocutions reported during the year involved contact with overhead powerlines.

In one incident, a 42-year-old man died at Grantville, South Gippsland, in late November 2009. The victim was servicing a truck outside a garage. His body was found at the rear of the vehicle after the raised tipping tray contacted a 22 kV overhead powerline.

A father and son were electrocuted in March 2010 in one of the worst incidents involving contact with an overhead powerline in the state's history. They were moving a windmill when it struck a single wire earth return (SWER) line on a property at Rainbow, 100 km north of Horsham. Two other men, also a father and son, received serious burns injuries to their legs when going to the assistance of the victims.

ESV also assisted the Police and Coroner's Office after the body of a man, aged in his 30s, was found at a sub-station in Altona North in July 2009.

The pilot of a helicopter involved in spraying herbicides within a forested area at Toora in South Gippsland was killed when the helicopter crashed after hitting a powerline. The incident occurred in May 2010.

### Communications and awareness

ESV continued during the year to promote the important “Look Up and Live” message. ESV conducted its own radio, television and newspaper advertising campaigns across regional Victoria and further campaigns in association with distribution companies, Powercor Australia and SP AusNet.

In a new initiative, ESV also arranged “Look Up and Live” billboard advertising at 12 key sites across the state. The billboard campaign ran during March, April and May to coincide with the season for bulk deliveries to farms.

Some 35,000 copies of the ESV safety DVD “Look Up, Look Down—and Live” have been distributed since its completion in early 2009. Copies have been sent to every farm in Victoria.

### Prosecutions

ESV initiated five prosecutions for five offences across the area of infrastructure safety. The outcome of the prosecutions:

- one conviction with a fine of \$750;
- four undertakings to be of good behaviour;
- defendants ordered to pay gifts of \$1,000 to the court fund or court nominated charities; and
- costs ordered in favour of ESV totalled \$56,000.



Look Up, Look Down and Live DVD.



Look Up and Live billboard at the corner of Barkly Street and Main Road, Ballarat.

This section covers the areas of electrical installation and equipment safety, together with energy efficiency and licensing.

## New and updated regulations

Both the Electricity Safety (Registration and Licensing) Regulations and Electricity Safety (Installations) Regulations were proclaimed during the year before the sun setting of the current regulations. This was achieved after consultations over many months with stakeholders.

The Electricity Safety (Registration and Licensing) Regulations were generated as a separate set of regulations and no longer form part of the installation regulations.

As an introduction to the updated installation regulations, ESV in conjunction with NECA organised 25 seminars across Victoria in January and February to inform stakeholders of the changes. The seminars were attended by over 3,200 people and were well received.

Audit and enforcement activity continued to inform ESV of the level of compliance of installations.

## Electricity Safety (Installations) Regulations

Principle differences between the 1999 and 2009 regulations include:

- Reference to clauses of AS/NZS3000 2007 Annex K prior to it being removed from AS/NZS3000 2007 by Amendment 1. ESV has made this annex available online.
- Ensures independent inspection of installations.
- Mandates labelling of Part 1 solutions, wiring not in common areas of multiple occupancies and to indicate the presence of auxiliary generation systems.
- Bonding of metallic support for low voltage (LV) overhead service.
- Combines high voltage (HV) clearances from both the installation and asset regulations.
- Revision to private overhead electric line (POEL) requirements.
- Changes to testing of electrical installation work.
- Revised definitions of prescribed electrical installation work.
- Changes to inspection requirements and lodgement times.
- Certificate of Electrical Safety (COES) pricing is now fee unit based.
- Changes to requirements for reporting of incidents.

## Electricity Safety (Registration and Licensing) Regulations

Major changes include:

- The introduction of an electrical switchgear licence.
- Opportunity provided for holders of the electrical switchgear licences to register as a registered electrical contractor (REC) on certain conditions.
- Some licence classes for licensed electrical inspectors (LEIs) have been abolished.
- Some licences—the LEI class L; ES licence; and Occupier's Licence—will no longer be issued, but can be renewed by the holders of these licences before they expire.
- Two new classes of restricted workers' licences have been introduced to replace the former disconnect/reconnect licences. All current D licence holders will automatically become Restricted Workers' Licence Class 2 licensees.
- The introduction of a simple process for interstate "A" Grade electricians or their equivalents to work in Victoria.

In another change, there will be a transition to five year registrations for RECs and five year licences for LEIs. ESV is implementing the changes concurrently with the new regulations and the introduction of new fees. These changes have also been implemented as part of the Victorian Government's "Reducing the Regulatory Burden" initiative.

## Installation safety statistics

Activity	2008/09 Total	2009/10 Total
Applications granted under Regulation 416 / 401 of the Electricity Safety (Installations) Regulations	222	125
Letters of no objection	17	19
Breaches of regulatory requirements investigated	616	967
Warning letters sent	36	55
Investigations actioned within 5 days	190	221
Investigations—final action instigated within 30 days	482	610
Infringement notices issued	25	24
Site audits of licensed electrical installation workers	260	286
Audits of licensed electrical inspectors	37	30
Field audits of registered electrical contractors	228	218
Construction site audits	94	101
Information sessions	118	139
Attendees at sessions	4,740	7,789



### Emerging technologies

Both the Federal and State Governments are placing heavy emphasis on a greener future through the development of new energy saving and carbon reduction technologies. ESV's role is to ensure that these technologies meet the requirements the *Electricity Safety Act 1998* and related regulations.

ESV has established a new electrical industry consultative group titled the 'Sustainable and Emerging Technology Consultative Committee' to ensure the safe installation, operation and maintenance of emerging technologies as they are rolled out over coming years.

Because concerns have been expressed across the electricity industry about the installation of solar panels under the various Government incentive schemes, it is the first issue to be addressed by the Committee.

The Committee will provide assistance to ESV and the industry as a whole with guidance on training, regulation and best practice so that all the installations are safe. The group includes representatives of employees, employers, training providers, emergency services, manufacturers and other Victorian regulators.

Following concerns raised about solar installations, in 2009/10 ESV commissioned a selective audit of 100 installations carried out under the programme.

Issues have emerged from the audit over some panel connections. There has also been confusion, which has now been cleared up, around the scope of what is the prescribed work associated with solar installations and the inspection requirements.

The Federal Government has made it a condition of the new scheme that all solar panels must be connected by licensed electricians, with each installation inspected by a licensed electrical inspector before they can be used. In addition, a certificate of electrical safety must be lodged with ESV for each installation.

### "Green Energy" issues

ESV supports the increasing adoption of more environmentally friendly solutions to the provision of energy by industries and other stakeholders but recognises that some of the technology changes require an increased focus by the organisation, especially at the early stages of development, to ensure that proper safety outcomes are achieved.

Through the introduction of alternative energy systems into electrical installations, ESV identified a requirement to place warning notices at the installations concerned, to alert the electrical trades and emergency services to their presence and how they may be isolated. This is addressed in the updated *Electricity Safety (Installations) Regulations 2009*.

The physical roll out of smart meters across Victoria is continuing. ESV expects that the roll out of the meters will expose some issues relating to the safety of customer installations particularly through areas with older housing stock. On the other hand, smart meters might offer some potential safety benefits in terms of neutral earth testing and bushfire warning.

### Energy efficiency statistics

Activity	2008/09	2009/10
Number of days taken to approve fully compliant equipment efficiency applications	15.81	24.37
Models registered for labelling	1,218*	1,506
Total number of registrations in place	6,479**	8,212
Number of inquiries	876	2,182
Retail outlets visited	21	22
Cancellation of registrations for equipment efficiency matters (energy labelling or MEPS)	1	5

\* Denotes individual registrations, some of which are grouped as families of models.

\*\* Stocks of non-complying products that were imported or manufactured in Australia prior to the effective date of legislation affecting them can be sold for an indefinite period, but the registrations are deemed to be 'grandfathered'.

### Product recalls

ESV recorded an increase in the number of products submitted for registration from both energy efficiency and safety perspectives.

Point of sale audits were conducted to ensure equipment carried correct approval labelling. A high level of compliance was recorded. Instances of non compliance were detected and the enforcement actions included warning letters, stop sales notices and prosecution.

ESV instigated four product safety recalls.

### Equipment safety statistics

Activity	2006/07	2007/08	2008/09	2009/10
Approvals submitted	1,799	1,783	1,306	1,336
Total number of approvals in place	7,225	7,712	6,960	5,828
Number of products audited (approval)	1,157	1,245	1,142	1,077
Notices to comply issued	89	95	65	61
Safety investigations	254	342	264	264
Safety recalls initiated	6	9	7	4
Hazard alerts raised	7	8	1	3
Incident reports raised	29	27	10	7
Public safety warnings initiated	1	0	0	0
Number of days taken to approve fully compliant approvals applications	20	24.9	10	29
Number of enquiries	19,062	22,340	18,625	21,550
Infringement notices	5	4	4	4

### **Certificates of Electrical Safety**

An increased usage of certificates of electrical safety (COES) by the electrical trades was recorded during the year due to increased enforcement and education activities.

Because of the increased usage, ESV placed strong focus on ensuring an adequate supply of certificates in stock at wholesalers, with back-up supplies held at ESV and printers.

### **Stable, sustainable and skilled industry workforce**

During the year, increases were recorded in the number of licensed electricians, licensed inspectors and registered electrical contractors operating in Victoria.

Specialist courses in solar installation and inspection were developed during the year by training providers. These courses ensure the trade keeps pace with technological developments.

Work continues on the implementation of the National occupational licensing regime for electrical workers.

### **Training and skills development**

ESV is committed to working with industry and registered training organisations (RTOs) including TAFE institutions to ensure that the training provided is relevant to the requirements needed for obtaining an electrical licence.

One of the challenges will be the development of a replacement for the licensed electrical assessment (LEA) with a new final examination to be conducted within the RTOs. This new assessment will ensure that future electrical licence holders can work safely, understand relevant standards and test electrical installations for compliance.

The second challenge will be the reaccreditation of the Certificate IV in Electrical Inspection in a way that encourages LEIs to increase their knowledge and professionalism.

The introduction of the Electricity Safety (Registration and Licensing) Regulations 2010 will require adjustment to training and assessment for restricted electrical licence holders and for holders of the new switchgear workers licence.

Liaison with industry will continue through the EPIC Industry Training Board and the Electrotechnology Senate. ESV will continue to attend RTOs and speak to students on electrical safety and regulatory matters.

### **Licensing**

ESV's licensing activities continue to ensure that the skills of Victoria's electrical workers are maintained at the standards required under the *Electricity Safety Act* and Electricity Safety (Registration & Licensing) Regulations 2010.

One area which continues to require close attention is the question of the Disconnect/Reconnect Licences. ESV continues to reject applications for such licences when applicants fail to demonstrate that their work or occupation qualifies them for a licence under the suitable primary work function category.

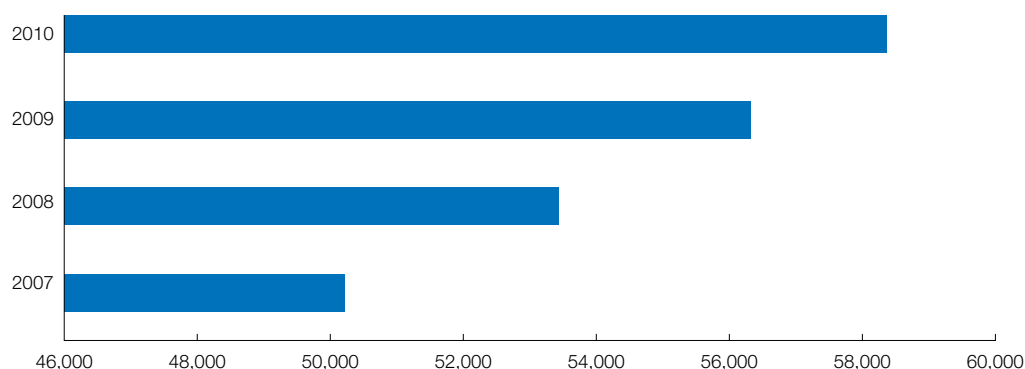
ESV reminds Disconnect/Reconnect Licence holders of the need to comply in full with the Act and Regulations, including lodging COES when required to do so.

ESV also continues to work closely with the EPIC Industry Training Board and the Northern Metropolitan Institute of TAFE to improve the Licensed Electricians Assessment in Victoria.

### Licensing statistics

	Result 2009/10	Result 2008/09	Result 2007/08	Result 2006/07
<b>Worker Standards</b>				
Electrician's Licence 'A Class' — New	1,415	1,313	1,362	931
Electrician's Licence 'A Class' — Renewed	4,198	3,313	5,356	5,053
Supervised Worker's Licence 'L' — New	229	230	314	274
Electrician (Supervised) Licence 'ES' — Renewed	66	299	527	80
Disconnect/Reconnect Worker's Licence 'D' — New	462	525	561	432
Disconnect/Reconnect Worker's Licence 'D' — Renewed	753	1,089	1,780	1,553
Total number of licences issued	2,143	2,076	6,139	8,287
Total number of licences in place	38,270	37,526	36,543	35,937
Total number of inspector's licences issued	329	320	276	276
Total number of inspector's licences in place	343	327	317	318
Registration of electrical contractor — New	862	681	661	706
Registration of electrical contractor — Renewed	8,829	8,888	8,702	8,504
Total number of registrations issued	9,691	9,569	9,363	9,210
Total number of registrations in place	9,955	9,506	9,134	9,021
Number of meetings of the Electrical Licensing Registration Advisory Committee	6	6	6	6
Total number of Electrician Licences	28,675	27,869	26,833	25,984
Total number of Supervised Worker's Licences	1,524	1,564	1,650	1,848
Total number of Disconnect/Reconnect Licences	7,698	7,735	7,711	7,754
Total number of Occupiers Licences	31	31	32	33
Total number of registered Spotters	7,867	6,697	5,393	2,712
Total number of registered Lineworkers	2,560	2,354	2,255	2,381

### Total Licensed and Registered in Victoria from 2007 to 2010



### Online services

ESV continues to review and enhance its range of online services enabling in particular, registered electrical contractors, licensed electricians and licensed electrical inspectors to renew their registrations and licences electronically. This initiative continues to be supported by the industry and the numbers of licence and registration holders renewing online continues to increase.

### Motivated, trained and committed high performing workforce

At ESV, staff training initiatives included fire investigation specialist training and investigation procedures and refresher courses for interview techniques.

Future training courses are planned to cover first aid, solar inspections, audit and compliance, along with a range of non-technical training in report writing and project management.

### Major incidents

Five installation related electrocutions were investigated by ESV during the year.

In one incident, a man died in the backyard of his Ballarat home in late October 2009. ESV assisted with the enquiries which established that, at the time of his death, the victim was using two metal probes attached to a 240 volt generator to place into the ground to entice worms to come to the surface. The worms could then be collected as fishing bait.

A 15-year-old boy died in a shed at a property in East Gippsland in late November. He was discovered clutching a damaged extension lead socket. It is understood the victim was operating a power tool in the shed when he was electrocuted. The shed had an earthen floor which was extremely wet in parts. The victim was not wearing shoes or socks. His life would have been saved if a safety switch had been installed.

This was one of three deaths which occurred in three days—the others are reported in the Infrastructure section of this report.

In February 2010, a 92-year-old man was electrocuted in the ceiling space of a property at Hamlyn Heights, near Geelong. Investigations indicated that the victim died after contacting a deteriorated split conduit. ESV investigators described the electrical wiring in the roof as a “fatality waiting to happen”. This was the fourth fatality in Victoria over the past few years involving “live” split conduits and raises serious questions about the condition of conduits in many older homes.

A 26-year old man was found dead in a factory at Bayswater North, also in February 2010. Investigations showed his death was due to his exposure to the live terminals of a hydraulic press he was working on.

In another powerline incident, a 21-year-old excavator driver received a severe electric shock while digging a trench to install new drainage pipes at the Stawell Racecourse, in late November 2009. Enquiries have revealed that the digging machine struck an underground mains cable and the victim went into the trench to investigate. He received the shock when he picked up the damaged cable. He was flown to the Royal Melbourne Hospital by Air Ambulance but died three days later.

### Communications

#### “Always use a licensed electrician”

ESV continued to promote the important message “Always Use a Licensed Electrician” to the community through radio and television commercials. The commercial featured in ESV’s spring and autumn public awareness campaigns.

#### New safety DVD “Don’t Work Live”

A new DVD was produced at the end of 2009/10 to help address the concern of ESV and the electrical trades in general over electricians continuing to work “live” on switchboards despite the risks, it is available free of charge.

#### Home Insulation Scheme

ESV issued a safety alert in late 2009 urging electricians to conduct their own risk assessment to identify possible insulation hazards when entering roof spaces to start work. The alert followed electrocutions in other states and an increase in the number of house fires due to improper practices by some installers under the federal Government’s Home Insulation Scheme.

Electricians were warned to be particularly wary of the fire hazard potentially caused by incorrectly installed bulk thermal insulation around electrical accessories, particularly downlights.

### Prosecutions

There were 43 prosecutions for 124 offences pursued by ESV across the area of electrical installation.

The outcome:

- 16 undertakings were given by defendants to be of good behaviour;
- courts ordered defendants to provide \$14,100 in gifts to nominated charities or the court fund;
- there were 13 convictions with fines totalling \$74,600;
- there were 14 fines handed down without conviction totalling \$19,350; and
- costs ordered in favour of ESV totalled \$80,057.



Don't Work Live DVD.



This section covers gas installation and equipment safety issues.

## **New process for the assessment and acceptance of complex gas installations and Type B appliances**

Victoria's gasfitters have been alerted by ESV to a major change happening within their industry with the introduction of a new process for assessing and accepting complex gas installations and Type B appliances and the introduction of a new gas application form.

Development of the project has been underway during 2009/10.

The project is a risk based inspection process which takes ESV from an organisation which inspects 100% of Type B and complex gas installations to one that inspects new installations only after the application has been assessed by a risk based assessment system.

This will allow ESV's Gas Installations and Appliance Safety (GIAS) group to place increased focus on other areas such as training, public awareness of gas safety and the auditing of appliance servicing.

The new system will streamline the assessment and acceptance process.

As part of the change, ESV has developed a gas application form to assist licensed persons with the information required by the Gas Safety (Gas Installation) Regulations 2008.

Once the Gas Application Form is received by ESV, the detail given in the form is reviewed and it is determined whether the complex gas installation or Type B appliance requires an inspection or a possible audit.

For low to medium risk ranked complex gas installations, ESV will conditionally accept the application and provide an ESV gas supply approval number without inspecting the installation. However, the installation may be audited in the future, and the gasfitter involved will be required to attend the inspection if this happens.

High risk ranked complex gas installations will continue to be inspected as per the current practice.

### **Why change?**

ESV currently inspects around 95% of all applications.

ESV has identified the need to assist the gas industry in other important areas, however, due to the level of inspections we carry out, ESV is currently unable to do so.

Once ESV has established this new process, ESV will be able to direct resources to areas such as increasing the training of gasfitters, inspecting gas service work and improving the efficiency of gas appliances.

ESV endeavours to ensure that complex gas installations and Type B appliance safety compliance levels are maintained at the highest levels. The new application process will help the licensed person better plan the complex gas installation and help ESV identify possible problems earlier than previously.

## **New code of practice for the safe use of LP gas at public events in Victoria**

An Events Code of Practice (ECOP) titled "The Safe Use of LP Gas at Public Events In Victoria" was established during the year for the use of LP Gas at events across Victoria.

Coverage under this code extends to but is not restricted to, major sporting and entertainment events, festivals, school fetes, churches, local markets and non-profit groups or organisations.

The following organisations LPG Australia, Country Fire Authority, ESV, LP Gas Companies, Metropolitan Fire Brigade and WorkSafe Victoria were involved in formulating the Code of Practice.

The Code is a guide to those who are responsible for the location and use of LP Gas cylinders and appliances. The authorities involved will work to the Code.

Details included in the ECOP: Responsibilities of the Event Organisers, Appliance Hirers, Catering Vendors and LP Gas Suppliers.

1. Documentation that is required to be retained and available to authorities including:
  - Documentation of procedures.
  - Training records of personnel.
  - Inspection by organisers and regulatory authorities.
  - Risk documentation.
  - Appliance maintenance records.
2. Requirements for the use of gas appliances:
  - Only certified appliances are permitted for use (it is not uncommon to see home-made appliances being used at events).
  - Application for certification of these appliances must be made in writing.
  - All appliances at events shall have a certification badge fixed to the appliance.
  - Hot water units shall be installed by an authorised person.
  - Use of ring/portable wok burners shall only be allowed where they are installed into a stable, sturdy stand.
  - Cartridge operated appliances usually used in domestic situations and fuelled by a butane gas cartridge, are not accepted for use in this ECOP.
  - The maximum operating pressure of any appliance shall not exceed 3 KPa (except where special application is made to ESV prior to an event).

### Standards development

ESV is committed to ensuring the standards for gas appliances and their installations continue to improve. There is also a commitment to ensure the organisation is represented on each appropriate gas regulatory and standards committee.

### Training and skills development

ESV staff from its GIAS group are committed to continuing to develop strong relationships with registered training organisations (RTOs), TAFE colleges, industry membership groups and individual gasfitters through attending RTO training meetings, divisional meetings of industry organisations and through articles on gas safety and best practices published in ESV's quarterly **energysafe** magazine.

GIAS inspectors visited each RTO on a regular basis sharing the knowledge and experience that they have built up over many years.

As part of ESV's commitment to skills development and training within the gasfitting trade, the organisation has forged a cooperative relationship with the Plumbing Industry Commission (PIC), appliance certifying bodies and appliance manufacturers among others. As a result there is regular discussions between the organisations to develop policies, procedures, standards and innovative processes for improving training within the industry.

The process of improving the skills and knowledge of gasfitters will be enhanced with the introduction in 2010/11 of the new process for assessing and accepting complex gas installations and Type B appliances as referred to earlier. The process will enable ESV gas inspectors to devote more time to liaising with training organisations on developing the skills of both existing and future gasfitters.

Another initiative has been the growth of green plumber initiatives, including the establishment of the Plumbing Industry Climate Action Centre, which ESV is supporting.

### Major incidents

#### ESV investigates suspected carbon monoxide deaths

At the end of the year, ESV was continuing to assist police investigating the deaths of two young boys from suspected carbon monoxide poisoning at Moorroopna near Shepparton.

Extensive testing has been underway under ESV's supervision. The focus of the tests is a gas heater. The testing, which is likely to continue for some time, will also cover other gas appliances at the property.

The cause of the deaths and the serious illness suffered by the boys' mother at the same time is unlikely to be confirmed until after the testing has been completed.

Following the tragic deaths, ESV issued a media release containing important safety advice on the use and care of gas heaters.

#### ESV refers major carbon monoxide incident for investigation

ESV also investigated an incident at a property in Toorak in which a man suffered serious carbon monoxide poisoning. After the initial investigations the matter was referred to the PIC for further investigation and possible enforcement action. The victim was taken to hospital, but released a few days later.

Investigations showed that a plumber/gasfitter had been engaged to remove an existing gas central heating unit at the property concerned and replace it with a new one.

While the gasfitter had obtained a replacement central heater of the same brand, megajoule input and size, the original installation was carried out years ago and the installation requirements of that day have long been superseded.

Ventilation to fresh air is one of the most important requirements when operating a gas appliance—any flame producing product requires oxygen.



Gas safety commercial.



Gas unit, Lansell Road, Toorak.

In this installation, no consideration was taken into account as to the correct amount of ventilation required for the new appliance.

There was also no consideration given to the greater operational velocity of the fan in the new appliance and the fact that the existing ventilation to the cupboard housing the central heater was not enough.

Also, there was no return air duct in place.

The new central heater in this situation acted like a vacuum when the fan operated and drew air from outside the property and down the flue, which in turn caused incomplete combustion of the heater's burners. Carbon monoxide then existed throughout the property via the return air duct location of the appliance.

#### **Gas escape blamed for a medical intern receiving critical burns**

In February 2010, a 23-year-old medical intern received critical burns in an explosion in a unit in Green Street, Wangaratta. The victim was placed in an induced coma at The Alfred hospital after the incident and made a good recovery.

The intern was employed at the Wangaratta Hospital. The unit and others in the block are managed by the Wangaratta Hospital for its staff.

After extensive investigations in conjunction with the network owner, ESV determined that a leaking natural gas service line was the most likely cause of the explosion.

The leak from an 18 mm polyethylene service pipe below the road close to the unit probably made its way inside the unit, the investigation concluded. The unit was extensively damaged in the explosion.

The network owner conducted excavation works around the unit but did not find any visible means by which the natural gas escaping from the service line could have made its way through the ground and into the unit. The report of the incident and investigations was in the process of being concluded at the end of the year.



Gas safety at outdoor events brochure.

#### **Communications**

##### **New television commercial**

ESV produced one new television commercial during the year illustrating graphically what can happen if a backyard BBQ is faulty.

The commercial addresses the concerns of fire authorities and ESV at increased reports of fires and injuries mostly resulting from connections between appliances and gas cylinders being damaged or not tight enough. The message was broadcast during ESV's spring and autumn campaigns.

##### **Carbon monoxide poisoning**

Following the deaths of two young boys from suspected carbon monoxide poisoning at Mooroopna near Shepparton in early June, ESV issued safety advice in a media release.

A prominent link to the advice was also placed on the front page of the ESV website.

Major points of the release were:

- Owners of properties with gas heaters must be aware of the possibility of the presence of carbon monoxide (CO), and the risks it poses.
- Faulty, unserviced gas heaters can cause carbon monoxide to be produced.
- Appliances must be serviced, checked and regularly maintained by a licensed or registered gasfitter every two years at least—and before winter.

Following the deaths, work started to amend ESV's existing "gas appliance safety commercial" to increase its focus on carbon monoxide and the dangers posed. The production will be completed in early 2010/11.

#### **New brochures**

##### **Beware carbon monoxide—it's a silent killer**

Preparation of this brochure commenced following the deaths of two young boys from suspected carbon monoxide poisoning. The brochure will be available in early 2010/11.

##### **Gas safety at outdoor events**

This brochure was produced for the benefit of caterers and operators of food outlets at major outdoor events—sporting and entertainment events, festivals, local markets, school and church fetes and events of all other descriptions. The brochure supports the new event code of practice "The Safe Use of LP Gas at Public Events in Victoria" which was finalised during the year.

#### **Prosecutions**

There were five prosecutions undertaken by ESV for five gas related offences. The outcomes were:

- the five defendants gave undertakings to courts to be of good behaviour;
- courts ordered a total of \$5,000 to be donated by defendants to court funds or court nominated charities; and
- costs ordered in favour of ESV totalled \$4,125.

This section covers a number of ESV's internal issues and activities.

## Global financial crisis

While it appears that Australia has escaped the worst impacts of the Global Financial Crisis (GFC), the financial and economic climate remains uncertain.

ESV's 2008/09 Annual Report stated that a loss of income from lower sales of COES, and reduced licensing and registration applications and renewals could be among the many and varied impacts of the then emerging GFC.

Other possible impacts identified included an increased incidence of illegal electrical and gasfitting work, increased availability of unapproved products, and financial pressures on utilities leading to a lack of network maintenance and expansion.

Generally these impacts have not been experienced. Sales of COES increased in 2009/10 while there has been no evidence of any particular increase in illegal electrical or gas work, or any increase in the supply to Victoria from overseas of unapproved products.

## Climate change and a greener future for Victoria and Australia

While excessive heat waves, catastrophic bushfires and extreme wind events were not recorded in Victoria in 2009/10, the significant weather events experienced in 2008/09 do point to a changing and more volatile climate. Nevertheless, ESV's risk management strategies for handling these possible outcomes remains in place.

ESV risk analysis has identified the likelihood of an increased frequency of extreme temperature and storm events driving load growth beyond available generation capacity, resulting in increased and lengthy power outages.

## Jobs for the future economy

ESV is also supporting the Victorian Government's \$175 million Jobs for the Future Economy Action Plan. The 18-point plan outlining Victoria's next steps to develop industries for the future, secure jobs and foster new skills was announced by the Premier earlier this year.

Jobs for the Future Economy focuses on five key areas:

- securing more jobs in construction by promoting high standards in design and construction in commercial buildings and new homes;
- securing more green jobs in energy by supporting the development and uptake of renewable energy that will reduce carbon emissions and secure green jobs;
- driving low emissions industry growth by removing barriers to investment, fostering new markets and cutting "green" tape through smarter regulation;
- developing sustainability skills by supporting training in sustainable skills for tradespeople; and
- promoting innovation through new research and industry science projects and investment in electric vehicle trials.

## Stakeholder satisfaction surveys

Two stakeholder satisfaction surveys were conducted for ESV in early 2010.

One survey conducted by Buchan's covered CEOs or managing directors, regulatory and operational managers and people holding similar positions from a wide range of organisations involved in the electrical, gas and pipeline industries. State Government departments and other regulators also took part in the survey.

The second survey conducted by Quantum, involved interviewing 400 respondents from the electrical trades and 300 from the gas trades.

The results of both surveys are encouraging for ESV. Generally respondents from both surveys acknowledged ESV's professionalism, analytical/intellectual capacity, technical competence, high quality service and governance. High scores were also recorded for ESV being helpful, effective, reliable, credible, a leader, impartial, cooperative and independent. ESV will continue to strive to improve these outcomes further.

The surveys provided ESV with some very important feedback on where it can improve and the challenges it has to face. ESV is analysing the results very closely to identify what needs to be done to regain and enhance the respect we need from the State Government, the industries which we regulate and serve and the community in general.

Responsees to the Buchan survey, when asked where ESV can improve listed the following:

- More consultation with stakeholders, particularly key players.
- Wider consultation before decisions are made.
- More public awareness advertising.
- An improvement to the website.
- ESV needs to be forward thinking and strategic in its approach.

One important question asked of responsees to the Buchan survey was: "Is ESV fulfilling its statutory role?" and 90% of them said yes.

Questions asked on performance ratings resulted in high scores between "excellent" and "good" being recorded for ESV's professionalism, analytical/intellectual capacity, technical competence, and governance. Scores between "good" and "satisfactory" were recorded across other areas.

As far as ESV's reputation is concerned with these stakeholders, scores in excess of 80% were recorded for being helpful, effective, reliable, credible, a leader, impartial, cooperative and independent.

The Quantum survey recorded that both gas and electrical stakeholders would like to see more television advertising of energy safety messages.

Electrical stakeholders taking part in the survey also identified three areas where ESV is underperforming in their view:

- Quick response to queries.
- Accessing the correct people.
- Informing customers of changes that impact customer operations.



Responsees to the Buchan survey also identified future challenges for ESV:

- The impact of findings from the Bushfires Royal Commission.
- The national regulation of occupational health and safety procedures and licensing.
- The impact of technology and how it influences approaches to safety.
- The impact of climate change policies such as the Emissions Trading Scheme. The survey was held before the Federal Government decided to defer the scheme.
- Integration of information systems and control devices (Smart Grids).

**Information Technology**

ESV implemented a new IP telephony system for all ESV offices with menu based capabilities. This system has helped ESV in introducing efficiency in responding to incoming telephone calls from our customers.

An offsite disaster recovery facility was successfully implemented and two business continuity exercises tested successfully as part of the business continuity plan.

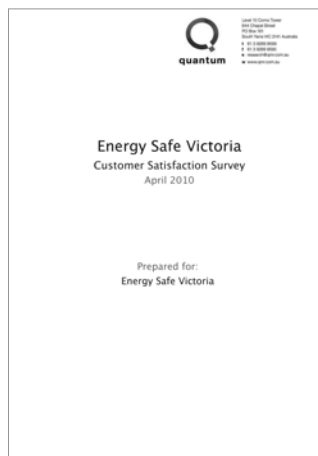
ESV implemented a new mobility platform to enable remote workers to access ESV Information Technology systems, increasing performance and productivity for ESV staff.

ESV has implemented a Green Technology Policy to reduce the carbon footprint of IT facilities and equipment. We have consolidated the use of printers to multifunction devices and implemented low power consumption PCs clients and virtualized servers.

New IT and telecommunications facilities were successfully implemented at the Glen Waverley office and remote offices, providing faster interoffice communications resulting in improved access to IT systems and IT systems availability.



ESV stakeholder survey report, by Buchan, April 2010.



ESV customer satisfaction survey report, by Quantum, April 2010.

**Financial review of operations**

	2009/10	2008/09	2007/08	2006/07	2005/06
Total expenses	21,412	19,512	19,536	18,832	16,745
Total revenue	22,169	20,867	19,929	19,099	16,605
Operating surplus (deficit)	757	1,355	393	267	-140
Total assets	9,564	9,301	7,407	7,675	8,181
Total liabilities	3,635	4,129	3,590	4,251	5,024
Net assets	5,929	5,172	3,817	3,424	3,157
Total equity	5,929	5,172	3,817	3,424	3,157

**Finance summary**

ESV generated an operating surplus of \$757,000 for the year, a position above budget.

This resulted from a higher level of activity associated with certificates of electrical safety and the volume of applications relating to electrical equipment appliance safety and equipment efficiency.

Total equity increased during the year from \$5.1M to \$5.9M.

2009/10 is the fourth consecutive year in which ESV has recorded an operating surplus.

In 2010/11 it is expected the operating expenditure will increase by 22% and revenue by 15% resulting in a forecast operating deficit for 2010/11 of \$711,000. This is expected to be a “one off” with the budget expected to return to operating surplus for each of the following four years.

The forecast deficit for 2010/11 will be funded from within ESV’s accumulated surpluses.

The net asset position at 30 June 2011 is not expected to materially change.

As part of a restructuring of operational responsibilities, ESV has established a new Policy and Strategic division led by the Deputy Director.

The new division includes ESV's existing legal functions plus an enhanced policy capacity and will be responsible for:

- supporting the strategic review of options for reducing the risks of electricity related bushfires on high risk days;
- input to the amendment of and development of energy safety and efficiency legislation;
- provision of legal support to ESV's enforcement activities including prosecutions for breaches of energy safety legislation;
- input to Australia's national regulatory reform agenda for the energy industry, particularly the harmonisation of safety and technical regulation for the energy supply industry; and
- maintenance and enhancement of ESV's emergency response capability.

#### Changes to risk analysis

- ESV uses a number of processes to ensure that ESV's internal risks and that safety risks to the community are appropriately managed. Outputs from these processes are reported to ESV's audit committee via its risk subcommittee.
- Operational risk reviews are conducted annually as part of ESV's business planning process. This year's review was externally facilitated by GHD and focussed on the adequacy of risk control measures and on a reassessment of risk relating to bushfires.
- The review found a number of opportunities for improving risk controls. It also found that ESV had previously underestimated the contribution of rare but catastrophic events such as "Black Saturday".
- While inherent bushfire risks had not changed in fact, ESV's assessment of the magnitude of electricity supply risks roughly doubled.
- Notwithstanding this re-ranking of electricity supply risks, the risk associated with electricity use is still ESV's largest single risk category.

#### New investigations and enforcement

Following a review by Ombudsman Victoria, ESV engaged external consultants to provide advice on improving the adequacy and consistency of its investigation and enforcement processes.

As a result of the review, ESV has developed clear, uniform, organisation-wide processes for incident investigation and, where appropriate, follow-up enforcement.

These processes have been captured in a revised manual, an oversight panel has been established, and training in the new processes is being provided to ESV staff.

# Human Resources

## Appointments

There were a number of staff changes at ESV during the year and in particular, the appointment of Paul Fearon as Director of Energy Safety in October 2009. Prior to joining ESV he was Chief Executive Officer of the Essential Services Commission for six years.

Mr Fearon's energy industry experience totals 30 years. He joined the SECV in the Latrobe Valley in 1981 and worked there until 1985 when he moved to the Treasury and Corporate Planning Departments in Melbourne. His experience in the industry has covered regulation and strategy, business development and commercial operations.

He was heavily involved in the reform of the Victorian energy sector at the SECV, as an adviser to Government and in senior executive roles with Electricity Services Victoria, following the disaggregation of the SECV, and then CitiPower.

In 2001 Mr Fearon was awarded a Centenary Medal by the Australian Government for services to the industry through major structural reform. He has degrees in public and business administration from the University of Melbourne and is a FCPA and FAICD.

## Functional reviews

Several functional reviews were undertaken to bring about organisational improvements including: investigations; strategic planning; administration; marketing; executive structure; and information and communications technology (ICT).

In addition regular 'all-in' staff meetings were introduced where the Director and executive team presented progress against corporate plan objectives and information on current and proposed projects.

## Move to Brandon Office Park

A long awaited move to more suitable premises at Brandon Office Park, Glen Waverley, for non CBD based Melbourne staff was implemented during the year. Staff were consulted at each stage of the process—resulting in a smooth transition to the new premises which was finalised in November 2009. ESV's city premises at Southbank was also reorganised to provide more meeting space.

## Policies

A number of new and revised policies were introduced during the year including a revised Diversity Policy and a new policy on part time work. Training in Diversity and Conflict of Interest Policies (the latter developed in the first half of 2009) for all ESV staff was provided in December 2009 to ensure staff fully understood their responsibilities in relation to legislation and requirements of these two important policies.

## External evaluation of technical positions

A major project involving the external evaluation of all ESV technical positions was finalised. This project included a review of internal and external relativities amongst ESV technical positions and then appropriate external remuneration benchmarking. All technical staff were provided with written advice of the process used and an outline of the new grade ranges for their positions, many of which were similar to existing conditions.

## The People Matter Survey

The People Matter Survey was again completed by ESV staff with a response rate of 61% and an overall satisfaction score of 57%, which is lower than the previous year's 69%. Although disappointing, ESV remains committed to a change agenda to align compliance and regulatory requirements.

The Director of Energy Safety and executive staff remain committed to introducing initiatives to ensure improvements in areas where ESV has scored relatively low scores against comparable organisations. In particular, there has been more focus on the Performance Management System and completion of the evaluation and external remuneration benchmarking of all ESV technical positions.

Incentives were also introduced to ensure quality and timeliness of performance management sessions and managers are now required to undertake formal one-on-one meetings with their staff throughout the year to ensure a two way flow of communication. These sessions are known as 'Quality Time' or 'Q-Time'.

## 360 degree process

A 360 degree review and feedback process was introduced for all executives and will be gradually rolled out to all managers and supervisors in ESV.

## Staff training

ESV spent a total of \$142,395 on staff training this year. This included technical, ICT and personal skills training. In addition all ESV executives and managers once again undertook training in performance management before this year's annual performance review.

## Occupational Health and Safety

ESV continued to closely monitor its safety performance and took the opportunity to substantially improve manual handling facilities at its new Brandon Office Park, Glen Waverley site.

The ESV Occupational Health and Safety (OH&S) Committee met four times during the year to ensure appropriate management of safety and also undertook a review of designated work groups to ensure appropriate OH&S representation at the new site. An independent OH&S review of the newly developed offices at Glen Waverley and the changes in the city offices was undertaken to ensure compliance with OH&S legislation and requirements.

Swine flu and seasonal flu inoculations were made available to those ESV staff who wanted them and there were no WorkCover claims during the year.

## Principles of merit and equity

ESV promotes the principles of merit and equity in all its recruitment, promotion and placement activities. Vacant positions are advertised both internally and externally to ensure a reasonable pool of applicants. Candidates are assessed by a panel using behavioural interviews and are selected on the basis of their responses relating to predetermined selection criteria. The best person for the position is always appointed and any unsuccessful internal candidates are provided with personal feedback and development plans. All appointments are based on merit.

## Workforce data

10 staff left ESV during the year which equates to a staff turnover of 10%. These figures included one dismissal.

Headcount summary—year on year comparison

	Ongoing employees				Fixed term and casual	
	Number (headcount)	Vacant (positions)	Full time (headcount)	Part time (headcount)	FTE	FTE
June 2010	93	17	90	3	92.2	3.0
June 2009	88	5	84	4	86.9	2.2

Headcount breakdown by gender, age and classification

	30 June 2010			30 June 2009		
	Ongoing		Fixed term and casual	Ongoing		Fixed term and casual
	Number (headcount)	FTE	FTE	Number (headcount)	FTE	FTE
<b>Gender</b>						
Male	76	75.6	1.0	68	67.4	1.2
Female	17	16.6	2.0	20	19.5	1
<b>Age</b>						
Under 25	3	3	1.0	1	1.0	0.4
25–34	14	13.6	1.0	11	10.9	1
35–44	13	13	0	12	11.6	0.6
45–54	22	22	1.0	22	22.0	0
55–64	31	30.8	0	34	33.4	0
Over 64	10	9.8	0	8	8.0	0.2

**Human  
Resources**

**Headcount at 30 June 2010 by work group, gender and FTE**

	<b>Male</b>		<b>Female</b>		Current vacancies	Total establishment
	Headcount	FTE	Headcount	FTE		
Director's Office	1	1	0	0	0	1
Infrastructure Safety Group	18	18	2	1.6	7	27
Gas Installations & Appliances	22	21.6	1	1	3	26
Electricity Installations, Licensing & Equipment Safety	21	21	7	7	4	32
Corporate Services	8	8	5	5	1	14
Communications & Public Relations	1	1	0	0	0	1
Human Resources & Administration	1	1	2	2	1	4
Policy & Strategic	4	4	0	0	1	5
<b>Total</b>	<b>76</b>	<b>75.6</b>	<b>17</b>	<b>16.6</b>	<b>17</b>	<b>110</b>



# Communications and Public Relations

Energy Safe Victoria  
Annual Report 2009–2010

ESV was busy in 2009/10 promoting to the community and the relevant industries and trades the important electricity, gas and pipeline safety messages. In particular, ESV's communications activities addressed safety issues arising from the electricity and gas related fatalities recorded during the year. Warnings continued to be issued by ESV ahead of extreme weather events including instances of excessive heat and damaging winds.

## ESV marketing review

In late 2009/10, ESV engaged an independent expert to conduct an ESV marketing review. Initially the scope was to review communications activities and consider what changes should be made. Later the scope was broadened to identify existing and emerging issues, and how communications should be adapted to address them.

The review was completed at the end of 2009/10. The contents and recommendations will be assessed to ensure ESV communications activities are relevant and effective in driving home important safety messages.

## Major public awareness campaigns

ESV conducted three major public awareness campaigns across the State in 2009/10 during early spring, autumn and winter.

Messages broadcast on both television and radio were:

- Always use a licensed electrician.
- Backyard BBQ safety.
- Restrict the use of powerboards and extension leads.
- Take care when cooking.
- Ensure gas appliances are serviced at least every two years.

ESV continued to broadcast radio equivalents of the television productions during the campaigns

Specialist ten second electricity and gas safety commercials were also broadcast to accompany road traffic reports on Melbourne's commercial stations.

ESV proposes to review the timing of its campaigns in 2010/11.

## Regional campaigns

ESV continued to promote the important "Look Up And Live" safety message across regional Victoria during the year with radio and television commercials, newspaper advertising and a new initiative—billboards on important roads in key centres. Similar campaigns were also run jointly with distribution companies, Powercor Australia and SP AusNet.

Campaigns were run to coincide with the season for bulk deliveries of materials to farms and to address the three powerline contact fatalities which occurred during the year.

## New commercials

ESV produced one new television commercial during the year. With an apparent increase reported by fire authorities in the number of injuries resulting from faulty backyard BBQs, a new commercial was developed to address the problem and was televised during ESV's spring and autumn campaigns.

Following the deaths of two young boys at Mooroopna, near Shepparton, from suspected carbon monoxide poisoning late in the year, work started to amend ESV's existing "gas appliance safety commercial" to increase its focus on carbon monoxide and the dangers posed. The production will be completed in early 2010/11.

## Community service announcements

ESV continued to supplement its paid television and radio campaigns by successfully applying to the State Government for Community Service Announcement (CSA) allocations to continue campaigns.

## Ethnic audiences

As required, an element of the budgets for ESV's major public awareness campaigns were directed towards broadcasting electricity and gas safety messages on SBS radio and television.

Opportunities to further promote its messages to ethnic audiences are continually sought by ESV.

## Reach and recall of ESV awareness campaigns

Quantum surveyed some 300 people across metropolitan and regional Victoria in early 2009/10 to measure the reach and recall by the community of ESV's awareness campaigns and the messages emanating from the individual television and radio commercials.

While the results were encouraging, ESV will be seeking ways to improve campaign advertising and awareness in 2010/11.

Another "reach and recall" survey will be conducted in early 2010/11.

## Media releases

ESV issued a number of media releases and safety alerts during the year. Warnings relating to the safety consequences of power blackouts resulting from extreme heat and damaging winds were issued ahead of the events.

Other media releases and warnings were issued following the electricity and gas related fatalities.

## New safety DVD "Don't Work Live"

The production was completed at the end of 2009/10 and addresses the issue of "live" work performed by electricians young and old. The DVD follows the experiences of a young electrician, "Damien", as he recovers from an horrendous and life changing incident after dropping a screw driver when working on a "live" switchboard.

The DVD helps address the concern of ESV and the electrical trades in general that electricians continue to work "live" on switchboards despite the risks.

The DVD points out graphically that electricians do not have to work "live" whatever the circumstances and should refuse to do so with no ramifications for their careers.

The production has been widely acclaimed and endorsed by both the ETU and NECA.

Copies are available at free of charge.

**“Look Up, Look Down—and Live” DVD**

ESV's earlier instructional DVD aimed at preventing incidents and injuries involving contact with overhead and underground powerlines and gas pipes on rural properties was released by ESV in 2008/09. Copies are still available free of charge.

Since its launch some 35,000 copies of the DVD have been distributed—including to every farm in Victoria.

**New brochures**

**“Your Guide to Power Outages”**

This brochure which aims to assist the community to help prevent power outages and prepare for when they do occur was produced jointly by ESV and the Victorian Government's Department of Primary Industries. The State Emergency Service (SES) committed to distributing 70,000 copies of the brochure during StormSafe weeks, and shows and events.

**“Gas Safety at Outdoor Events”**

This brochure was produced for the benefit of caterers and operators of food outlets at major outdoor events—sporting and entertainment events, festivals, local markets, school and church fetes, and events of all other descriptions. The brochure supports the new event code of practice “The Safe Use of LP Gas at Public Events in Victoria” which was finalised during the year.

**“Beware Carbon Monoxide—It's A Silent Killer”**

Preparation of this brochure commenced following the deaths of two young boys from suspected carbon monoxide poisoning. The brochure will be available in early 2010/11.

**energysafe magazine**

During the year, ESV produced another four issues of its **energysafe** magazine which continues to be recognised as a good communications channel for the electricity and gasfitting trades, and others. In one of the customer satisfaction surveys, 74% of respondents rated the magazine as either good or excellent.

Currently the magazine is received by more than 50,000 individuals and organisations.

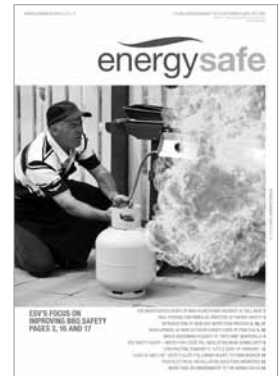
During 2010/11, ESV will continue to promote the e-version of the magazine to reduce mailing costs. It will also encourage additional advertising support to offset the overall production costs of the magazine.

**ESV website—www.esv.vic.gov.au**

A project to refresh the ESV website commenced in 2010 with the bulk of the work to be completed in 2010/11. Before work started, focus groups were held to seek input and feedback from users. Specific questions about the site were included in the customer satisfaction surveys conducted in 2010. Once the project is completed, users will find it much easier to access the information they are seeking. The number of unique visitors to the ESV website in 2009/10 totalled 180,798 against a target of 100,000.



ESV magazine, issue 17.



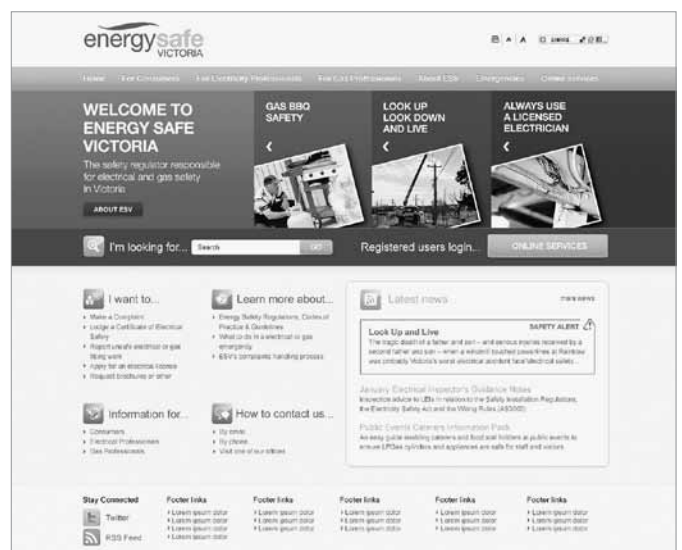
ESV magazine, issue 18.



ESV magazine, issue 19.



ESV magazine, issue 20.



ESV website refresh project.

## Corporate performance measures

### Standards and best practice

Outcome and measures	2007/08	2008/09	2009/10 Target	2009/10 Actual
<b>Electricity—supply and use</b>				
Electricity caused deaths (number)	1	1	0	9
Electricity involved deaths (number)	0	0	0	1
Electricity suicides (number)	0	4	0	1
Electricity involved serious injuries (number)	75	56	0	45
Electricity involved non-serious injuries (number)	753	614	0	627
Electricity involved serious incidents without injury (number)	85	198	0	182
Electricity involved non-serious incidents without injury (number)	410	426	0	578
Electricity-related fires (number)	3,738	3,261	0	2,851*

Notes:

The total of the figures for incidents and injuries for Safe Networks and Safe Installations and Appliances may be greater than the total figures for ESV because some incidents relate to both areas.

\* The electricity-related fires do not include MFB statistics for May and June 2010.

Outcome and measures	2007/08	2008/09	2009/10 Target	2009/10 Actual
<b>Gas—supply and use</b>				
Gas caused deaths	0	1	0	2
Gas involved deaths	0	0	0	0
Gas involved suicides	0	0	0	0
Gas involved injuries	47	32	0	34
Gas related fires (number)	207	74	0	104

**Performance  
Measures**

**Safe materials, components and appliances**

<b>Outcome and measures</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10 Target</b>	<b>2009/10 Actual</b>
<i>Electricity</i>				
Recalls (number)	9	7	N/A	4
Compliant equipment submitted for safety approval (percentage)	100	100	100	100
Compliant equipment check tested for safety (percentage)	97	99	N/A	N/A
Electrical appliances on display in retail outlets with an accurate approvals marking (percentage)	97	95	96	98
Compliant equipment submitted for energy efficiency approval (percentage)	100	100	100	100
Compliant equipment check tested for energy efficiency (percentage)	97		98	N/A <sup>1</sup>
Electrical appliances on display in retail outlets with an accurate energy rating label (percentage)	96	99	98	99

Note: 1—Federal agency has taken over this function.

**Safe and efficient appliances and safe installations**

<b>Outcome and Measures</b>	<b>2008/09</b>	<b>2009/10 Target</b>	<b>2009/10 Actual</b>
Gas fatalities—caused (per million population)	1	< 3 year average	2
Compliance of Type B appliances inspected and audited (%)	84	85	79.6
Compliance of other complex gas installations inspected and audited (%)	85	78	84.6
Compliance of standard gas installations audited by PIC (%)	88	90	90.6

Note: Fatalities are shown as actual numbers not per million population.

**Skilled workforce**

<b>Outcome and measures</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10 Target</b>	<b>2009/10 Actual</b>
<i>Electricity</i>				
<i>Workers Working on the Installations</i>				
Compliant licensed electrical inspectors (percentage)	63	62	81	73
Compliant registered electrical contractors (percentage)	75	79	81	80
Compliant licensed electrical installation workers (percentage)	75	72	81	71
Compliant inspection companies (percentage)	100	100	95	100
Compliant prescribed electrical work (percentage)	97	79	92	99
Compliant non-prescribed electrical work (percentage)	89	87	92	88

**Safe, secure and efficient networks, facilities and installations**

<b>Outcome and measures</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10 Target</b>	<b>2009/10 Actual</b>
<i>Electricity</i>				
<i>Safe Networks</i>				
Electricity caused deaths (number)	1	1	0	4
Electricity involved deaths (number)	0	0	0	1
Electricity suicides (number)	0	0	0	0
Electricity involved serious injuries (number)	9	8	0	8
Electricity involved non-serious injuries (number)	352	330	0	305
Electricity involved serious incidents without injury (number)	13	100	0	103
Electricity involved non-serious incidents without injury (number)	242	317	0	483
Electricity-related fires (number)	850	948	0	829 <sup>#</sup>
Priority 1 incidents responded to within 24 hours (percentage)	100	100	100	100
<i>Safe Installations and Appliances</i>				
Electricity caused deaths (number)	0	0	0	5
Electricity involved deaths (number)	0	0	0	0
Electricity suicides (number)	0	4 <sup>*</sup>	0	1
Electricity involved serious injuries (number)	66	47	0	37
Electricity involved non-serious injuries (number)	401	282	0	322
Electricity involved serious incidents without injury (number)	72	98	0	79
Electricity involved non-serious incidents without injury (number)	168	109	0	94
Electricity-related fires (number)	2,888	2,313	0	2,022 <sup>#</sup>

Notes:

\* The total of the figures for incidents and injuries for Safe Networks and Safe Installations and Appliances may be greater than the total figures for ESV because some incidents relate to both areas.

<sup>#</sup> The electricity-related fires do not include MFB statistics for May and June.



**Performance  
Measures**

**Safe, secure and efficient networks, facilities and installations (continued)**

<b>Outcome and measures</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10 Target</b>	<b>2009/10 Actual</b>
<b>Gas</b>				
<i>Gas Networks</i>				
Gas involved deaths	0	0	0	0
Gas involved suicides	0	0	0	0
Gas involved injury	6	2	0	2
Damage to assets <1,050 kPa	3,789	3,828	3,780	3,769
Damage to assets >1,050 kPa	0	1	0	4
Emergencies > Level 2	14	10	0	5
Loss of supply affecting > 5 customers	58	58	0	51
Loss of supply affecting > 100 customers	0	0	0	0
Loss of supply affecting > 1,000 customers	0	0	0	0
Number of accepted safety cases	37	38	38	38
Number of safety case audits per company per annum—				
—Natural Gas Transmission & Distribution	1.38	1.38		1.23
—Other	1.00	1.00		1.00
—Retail	1.00	1.10		0.95
—LPG	1.30	1.36		1.36
Emergency management exercises per company per year	0.65	1.30		3.39
% of priority 'A' emergency calls responded to within 60 minutes—				
—Metropolitan BH	96	97		97
—Metropolitan AH	92	94		94
—Country (all hours)	96	98		98

### Educated community and safety partners

Outcome and measures	2009/10 Target	2009/10 Actual
<i>Community</i>		
Reach of public awareness campaign (percentage)	90	86
Recall of electricity safety messages (percentage)	80	51
Satisfaction with public awareness campaign (percentage)	90	85

### Professional organisation

Outcome and measures	2008/09	2009/10 Target	2009/10 Actual
<i>Financial</i>			
Months of cash reserves	3.6	3.0	2.6
<i>Human Resources</i>			
Employee satisfaction* (percentage)	62	65	57
Employees retained (percentage)	86.7	85	91
Lost time injuries	3	0	0

\*As determined by the people matter survey

### Modern safety regulation

Outcome and measures	2008/09	2009/10 Target	2009/10 Actual
Remake the following regulations—			
*Electricity Safety (Management) Regulations	N/A	Jan '10	Dec '09
*Electricity Safety (Installations) Regulations	N/A	Jan '10	Dec '09
*Electricity Safety (Electric Line Clearance) Regulations	N/A	Jun '10	Jun '10

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**Comprehensive operating statement  
for the financial year ended 30 June 2010**

(\$ thousand)

	Notes	2010	2009
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Sales of goods and services:			
Fee income	2(a)	12,079	10,410
Levy income	2(a)	9,245	9,299
Interest	2(b)	263	267
Other income	2(c)	582	891
<b>Total income from transactions</b>		<b>22,169</b>	<b>20,867</b>
<b>Expenses from transactions</b>			
Employee benefits	3(a)	(9,805)	(9,580)
Compliance audit expenses	3(c)	(2,407)	(1,993)
Advertising		(1,817)	(1,672)
Motor vehicles		(1,132)	(1,125)
Consulting fees		(895)	(293)
Depreciation and amortisation	3(b)	(547)	(535)
Other operating expenses	3(c)	(4,625)	(4,216)
<b>Total expenses from transactions</b>		<b>(21,228)</b>	<b>(19,414)</b>
<b>Net result from transactions (net operating balance)</b>		<b>941</b>	<b>1,453</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	4(a)	(92)	(14)
Net gain/(loss) on financial instruments	4(b)	(92)	(84)
<b>Total other economic flows included in net result</b>		<b>(184)</b>	<b>(98)</b>
<b>Net result from continuing operations</b>		<b>757</b>	<b>1,355</b>
<b>Net result</b>		<b>757</b>	<b>1,355</b>
<b>Comprehensive result</b>		<b>757</b>	<b>1,355</b>

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 40–57.

**Financial  
Statements**

**Balance sheet  
as at 30 June 2010**

(\$ thousand)

	Notes	2010	2009
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	13(a)	4,663	5,911
Receivables	5	2,551	1,500
<b>Total financial assets</b>		<b>7,214</b>	<b>7,411</b>
<b>Non-financial assets</b>			
Plant and equipment	6	1,019	564
Intangible assets	7	1,173	1,212
Prepaid expenditure		158	114
<b>Total non-financial assets</b>		<b>2,350</b>	<b>1,890</b>
<b>Total assets</b>		<b>9,564</b>	<b>9,301</b>
<b>Liabilities</b>			
Payables	8	892	1,385
Provisions	9	2,607	2,608
Fees in advance		136	136
<b>Total liabilities</b>		<b>3,635</b>	<b>4,129</b>
<b>Net assets</b>		<b>5,929</b>	<b>5,172</b>
<b>Equity</b>			
Accumulated surplus		2,319	1,562
Contributed capital		3,610	3,610
<b>Net worth</b>		<b>5,929</b>	<b>5,172</b>
Commitments for expenditure	10	4,787	4,776
Contingent liabilities and contingent assets	11	–	–

The above balance sheet should be read in conjunction with the accompanying notes included on pages 40–57.



Statement of changes in equity  
for the financial year ended 30 June 2010

(\$ thousand)

2010	Notes	Equity at 1 July 2009	Total Comprehensive Result	Transactions with Owners in their Capacity as Owners	Equity at 30 June 2010
Accumulated surplus/(deficit)		1,562	757	–	2,319
		1,562	757	–	2,319
Contribution by owners		3,610	–	–	3,610
		3,610	–	–	–
<b>Total equity at end of financial year</b>		<b>5,172</b>	<b>757</b>	<b>–</b>	<b>5,929</b>

2009	Notes	Equity at 1 July 2008	Total Comprehensive Result	Transactions with Owners in their Capacity as Owners	Equity at 30 June 2009
Accumulated surplus/(deficit)		207	1,355	–	1,562
		207	1,355	–	1,562
Contribution by owners		3,610	–	–	3,610
		3,610	–	–	–
<b>Total equity at end of financial year</b>		<b>3,817</b>	<b>1,355</b>	<b>–</b>	<b>5,172</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes included on pages 40–57.

**Financial  
Statements**

**Cash flow statement  
for the financial year ended 30 June 2010**

(\$ thousand)

	Notes	2010	2009
<b>Cash flows from operating activities</b>			
<i>Receipts</i>			
Receipts from other entities		21,040	21,283
Goods and Services Tax recovered from the ATO		986	698
Interest received		263	267
<b>Total receipts</b>		<b>22,289</b>	<b>22,248</b>
<i>Payments</i>			
Payments to suppliers and employees		(22,482)	(19,426)
Goods and Services Tax paid to the ATO		-	(37)
<b>Total payments</b>		<b>(22,482)</b>	<b>(19,463)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>13(b)</b>	<b>(193)</b>	<b>2,785</b>
<b>Cash flows from investing activities</b>			
Payments for non-financial assets		(1,055)	(919)
<b>Net cash flows from/(used in) investing activities</b>		<b>(1,055)</b>	<b>(919)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from/(used in) financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,248)</b>	<b>1,866</b>
Cash and cash equivalents at the beginning of the financial year		5,911	4,045
<b>Cash and cash equivalents at the end of the financial year</b>	<b>13(a)</b>	<b>4,663</b>	<b>5,911</b>
Non-cash transactions		547	535

The above cash flow statement should be read in conjunction with the accompanying notes included on pages 40–57.

# Notes to the financial statements for the financial year ended 30 June 2010

## Note 1:

### Summary of significant accounting policies

#### A Statement of compliance

The financial statements have been prepared on an accrual basis of accounting and are in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards (AAS), which includes the Australian accounting standards issued by the Australian Accounting Standards Board (AASB), and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report also complies with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SD) authorised by the Minister for Finance.

#### B Basis of preparation

The accounts have been prepared under the historical cost convention and except where stated do not take into account current valuations of non-current assets.

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented for the year ended 30 June 2009.

These financial statements have been authorised for issue by Anthony DeJong, Chief Financial Officer, on 19 August 2010.

#### C Scope and presentation of financial statements

As a result of a state wide policy to improve consistency in public sector reporting, Energy Safe Victoria has revised the presentation of its complete set of financial statements to align with the AASB 1049 presentation format, used in the Financial Report for the State and the general government sector. In addition, it has also adopted the September 2007 version of AASB 101.

In keeping with AASB 101 (September 2007) this complete set of financial statements includes the following changes:

- a. the notion of:
  - 'a complete set of financial statements' rather than using 'financial report';
  - 'changes in equity' rather than 'movements in equity'; and
  - 'transactions with owners in their capacity as owners' rather than 'transactions with owners as owners'.
- b. references to equity holders as owner.

Some of the changes applied to the financial statements and notes as a result of alignment to AASB 1049 that are allowable under the AASB 101 (September 2007) include the following:

  - extended operating statement incorporating non-owner changes in equity, which is now referred to as comprehensive operating statement;
  - items being presented by liquidity order in the balance sheet;
  - the inclusion of a limited number of Government Finance Statistics (GFS) classifications, such as income or expenses from transactions, and other economic flows.

#### Comprehensive operating statement

The comprehensive operating statement includes items previously included in the statement of changes in equity.

Income and expenses in the comprehensive operating statement are separated into either 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of financial statements*.

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

The net result is equivalent to profit or loss derived in accordance with AASs.

### **Balance sheet**

Items of assets and liabilities in the balance sheet are:

- ranked in liquidity order;
- aggregated into financial and non-financial assets;
- classified according to GFS terminology, but retain measurement and disclosure rules under existing accounting standards applicable to ESV; and
- current versus non-current assets and liabilities are disclosed in the notes where relevant.

### **Statement of changes in equity**

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the year to the closing balance at the end of the year, showing separately movements due to amounts recognised in the comprehensive result and amounts recognised in equity related to transactions with owners in their capacity as owners.

### **Cash flow statement**

The cash flow statement classifies flows by operating, investing and financing activities in accordance with AASB 107 Statement of Cash Flows. There were no significant changes due to alignment of the entity's financial statements presentation formats to AASB 1049.

## **D Reporting entity**

Energy Safe Victoria (ESV) is given the authority to operate by way of the *Electricity Safety Act 1998*, the *Gas Safety Act 1997*, *Pipelines Act 2005* and the *Energy Safe Victoria Act 2005*.

The financial statements include all the controlled activities of Energy Safe Victoria. A description of the nature of the organisation's operations and its principal activities is included in the Report of Operations on page 3, which does not form part of these financial statements.

## **E Events after reporting date**

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between ESV and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to condition which arose after the reporting date and which may have a material impact on the results of subsequent years.

## **F Goods and services tax (GST)**

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Commitments and contingent assets or liabilities are presented on a gross basis.

## **G Income from transactions**

### **Sales of goods and services**

Revenue resulting from sale of goods and services and regulatory fees is, where possible, recognised when the transaction or event giving rise to the revenue occurs.

Specifically, material revenues arise from the following:

- Registration and Licence fees paid by electrical workers—recognised upon receipt by ESV.
- Sales of certificates of electrical safety—recognised upon invoicing.
- Fees paid by manufacturers and importers of electrical equipment for certificate of safety approval prior to the goods being made available for sale—recognised upon receipt.
- Fees paid by manufacturers to cover hazardous location investigations—recognised upon invoicing.
- Levy charged on the Electricity Industry to ensure compliance with the *Electricity Safety Act 1998* and associated Regulations—recognised upon invoicing.
- Levies charged on the Gas Industry to ensure compliance with the *Gas Safety Act 1997* and associated regulations—recognised upon invoicing.
- Levy charged on the Pipelines Industry to ensure compliance with the *Pipelines Act 2005* and associated regulations—recognised upon invoicing.
- Fees paid by members of the Victorian Electrolysis Committee to cover mitigation costs in accordance with the *Electricity Safety Act 1998*—recognised upon invoicing.

### **Interest income**

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported as part of income from other economic flows in the net result or as unrealised gains and losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

## H Expenses from transactions

### Employee benefits

Expenses for employee benefits are recognised when incurred, except for contributions in respect of defined benefit plans.

### Depreciation and amortisation

Depreciation is provided on plant and equipment. Depreciation is generally calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. Note 1 (J) provides details on the estimated useful lives that are used in the calculation of depreciation on plant and equipment.

Intangible assets with finite useful lives are amortised on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

### Compliance Audits

Compliance audit expenditure relates to payments paid to private inspection companies engaged by Energy Safe Victoria to conduct audits, on behalf of Energy Safe Victoria, on non-prescribed electrical installation work carried out by registered electrical contractors and licensed electrical workers.

## I Financial assets

### Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For purposes of the cash flow statement, cash includes deposits at call and other highly liquid investments with short terms to maturity, which are readily convertible to cash on hand, normally within 90 days, and that are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

Cash and short term deposits are stated at their nominated amount. Interest is recognised in the Comprehensive operating statement when earned. The short term deposit has a weighted maturity of 60 days and effective interest rate of 4.83%.

### Receivables

All debtors are recognised at the amounts receivable as they are due for settlement at no more than 30 days from the date of recognition.

Collectability of debtors is reviewed on an on-going basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

Receivables (Note 5) are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. The collectability of debts is reviewed regularly, and at balance date, to assess the need for specific provision of any doubtful debts.

### Leases

Energy Safe Victoria only utilises operating leases in its activities as it believes that the risks and rewards for the leased items reside with the lessor. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the comprehensive operating statement in the periods in which they are incurred.

## J Non-financial assets

### Plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

All assets are capitalised if the purchase price exceeds \$1,000. Plant and equipment is depreciated over the estimated useful economic life of the asset to Energy Safe Victoria. Plant & Equipment is recorded at fair value and management's assessment is that the depreciated cost recorded approximates fair value.

The following categories of Plant & Equipment are utilised by Energy Safe Victoria for accounting purposes (with their effective life):

	2009/10	2008/09
· Furniture and Fixtures	2–3 years	2–3 years
· Office Machines	2–3 years	2–3 years
· Office Computers	2–3 years	2–3 years
· Leasehold Improvements	5–6 years	2–3 years

The estimated effective life for leasehold improvements has been revalued in 2009/2010 consistent with the new leasing arrangements for the premises at Southbank and Glen Waverley.

An assessment is made at each reporting date to determine whether there are indicators that the Plant and Equipment concerned is impaired. When indication of impairment exists, assets concerned are tested as to whether their carrying value exceeds their recoverable amount, and if so the carrying amounts are decrease to their recoverable amount and an impairment loss is recognised in the Comprehensive operating statement.



### **Intangible assets**

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, goodwill, computer software and development costs (where applicable).

Intangible assets are recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Energy Safe Victoria.

Software is amortised over its useful life to Energy Safe Victoria and is calculated on the asset's estimated useful economic life from the date that it is ready for use. This ranges from 14% to 30%.

Energy Safe Victoria only recognises software, ready-made or purpose-built, in its categorisation of intangible assets and the useful life of each such item is dependent on its actual usage.

## **K Liabilities**

### **Payables**

Payables (Note 8) are recognised for amounts to be paid in the future for goods and services received. Trade payables are normally settled within 30-day terms.

These amounts represent liabilities for goods and services provided to Energy Safe Victoria prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Employee benefits**

#### *i Wages and salaries*

Liabilities for wages and salaries are recognised, and are measured as the amount unpaid at the reporting date at rates at which the liability is expected to be settled including on-costs, in respect of employees' services up to that date.

#### *ii Employee benefits provision*

AASB 119 requires the calculation of employee provisions to be reflective of the expected future wage and salary levels of current employees, inclusive of on-costs. During the year, Energy Safe Victoria has calculated employee provisions in accordance with the requirements set out in AASB 119.

#### *iii Long service leave*

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

*Current liability—unconditional LSL* is disclosed in the notes to the financial statements as a current liability even where the Energy Safe Victoria does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value—component that Energy Safe Victoria expects to settle within 12 months; and
- present value—component that Energy Safe Victoria does not expect to settle within 12 months.

*Non-current liability—conditional LSL* is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

#### *iv Superannuation*

The amount charged to the Comprehensive operating statement in respect of superannuation represents the contributions made by Energy Safe Victoria to the EquipSuper Pty Ltd Fund as Energy Safe Victoria's default fund, and to other funds as elected by employees under Super Choices legislation. These contributions are based on the requirements of the Superannuation Guarantee Levy and the salary sacrifice provisions of its enterprise bargaining agreement.

## **L Functional and presentation currency**

All amounts specified in these statements are presented in Australian Dollars (AUD).

## **M Rounding of amounts**

Amounts in the financial report have been rounded to the nearest thousand dollars or in other cases to the nearest dollar.

## **N New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

As at 30 June 2010, the following standards and interpretations had been issued and were not mandatory for financial year ending 30 June 2010. ESV had not adopted these standards early.

Standard Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on ESV financial statements
AASB 2009–5 Further amendments to Australian Accounting Standards arising from the annual improvements project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009–8 Amendments to Australian Accounting Standards—group cash-settled share-based payment transactions [AASB 2]	The amendments clarify the scope of AASB 2.	Beginning 1 Jan 2010	Not applicable to ESV.
AASB 2009–9 Amendments to Australian Accounting Standards—additional exemptions for first-time adopters [AASB 1]	Applies to entities adopting Australian Accounting Standards for the first time, to ensure entities will not face undue cost or effort in the transition process in particular situations.	Beginning 1 Jan 2010	No impact on ESV. Relates only to first time adopters of Australian Accounting Standards.
Erratum <i>General Terminology</i> changes	Editorial amendments to a range of Australian Accounting Standards and Interpretations	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009–10 Amendments to Australian Accounting Standards—classification of rights issues [AASB 132]	The Standard makes amendments to AASB 132, stating that rights issues must now be classed as equity rather than derivative liabilities.	Beginning 1 Feb 2010	Not applicable to ESV, consequently the amendment does not impact on the statements.
AASB 2009–13 Amendments to Australian Accounting Standards arising from interpretation 19 [AASB 1]	Consequential amendment to AASB 1 arising from publication of Interpretation 19.	Beginning 1 Jul 2010	Not applicable to ESV.
AASB 124 Related party disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Not applicable to ESV.

**Notes to the  
financial statements  
for the financial year  
ended 30 June 2010**

<b>Standard Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning or ending on</b>	<b>Impact on ESV financial statements</b>
AASB 2009–12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures.  This standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	AASB 8 does not apply to ESV therefore no impact expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact.  Impacts of editorial amendments are not expected to be significant.
AASB 2009–14 Amendments to Australian Interpretation—Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of Prepayments of a minimum funding requirement	Beginning 1 Jan 2011	Not applicable to ESV.
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: recognition and measurement (AASB 139 financial Instruments: recognition and measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed by ESV.
AASB 2009–11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed by ESV.
AASB 1053—Application of Different Tiers of Australian Accounting Standards	Establishes a differential financial reporting framework consisting of two tiers or reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	Impact is being evaluated. Expected to have no impact.
AASB 2010–2—Amendment to Australian Accounting Standards arising from Reduced Disclosure Requirements	Amends relevant Australian Accounting Standards to introduce reduced disclosures requirements to certain types of entities in accordance with AASB 1053.	Beginning 1 July 2013	Impact is being evaluated. Expected to have no impact.

<b>Note 2</b>			<b>Note 3</b>		
<b>Income from transactions</b>			<b>Expenses from transactions</b>		
	(\$ thousand)			(\$ thousand)	
	2010	2009		2010	2009
<b>(a) Sales of goods and services</b>			<b>(a) Employee benefits</b>		
<i>Fee income:</i>			Defined contribution superannuation plans		
Certificates of Electrical Safety	6,848	5,284		587	301
Licence Fees	2,786	2,800	Defined benefit superannuation plans		
Electrolysis	1,175	1,118		89	273
Approval Fees	789	526	Salary on-costs		
Other sales and services	481	682		631	660
	<b>12,079</b>	<b>10,410</b>	Salaries, wages and long service leave		
				8,498	8,346
			<b>Total employee benefits</b>	<b>9,805</b>	<b>9,580</b>
<i>Levy income:</i>			<b>(b) Depreciation and amortisation</b>		
Industry Levy—Gas	5,238	5,360	Depreciation of plant and equipment		
Industry Levy—Electricity	3,730	3,639		323	289
Industry Levy—Gas Pipelines	277	300	Amortisation of intangible assets		
	<b>9,245</b>	<b>9,299</b>		224	246
<b>Total revenue from sale of goods and services</b>	<b>21,324</b>	<b>19,709</b>	<b>Total depreciation and amortisation</b>	<b>547</b>	<b>535</b>
<b>(b) Interest</b>			<b>(c) Other operating expenses</b>		
<i>Interest from financial assets not at fair value through profit or loss:</i>			<i>Supplies and services:</i>		
Interest on bank deposits	263	267	Rent	909	894
<b>Total interest</b>	<b>263</b>	<b>267</b>	Printing and stationery	436	600
<b>(c) Other income</b>			Telecommunications	353	280
Other income	582	891	Legal Fees	64	409
<b>Total other income</b>	<b>582</b>	<b>891</b>	Admin Fees—Certificates of Electrical Safety	330	252
<p>Other income comprises income from sub-tenancy agreements, workers compensation reimbursements, staff contributions to motor vehicle expenses and sundry advertising co-contributions.</p>			Insurance	478	278
			Computer Expenses	637	492
			Travel Expenses	145	134
			Compliance & Audit Services (including Bushfire Mitigation)	202	208
			Other expenses	1,073	669
			<b>Total other operating expenses</b>	<b>4,625</b>	<b>4,509</b>

**Notes to the  
financial statements  
for the financial year  
ended 30 June 2010**

<b>Note 4</b>		
<b>Other economic flows included in net result</b>		
(\$ thousand)		
	<b>2010</b>	<b>2009</b>
<b>(a) Net gain/(loss) on non-financial assets</b>		
Net gain (loss) on disposal of physical assets	(92)	(14)
<b>Total net gain/(loss) on non-financial assets and liabilities</b>	<b>(92)</b>	<b>(14)</b>
<b>(b) Net gain/(loss) on financial instruments</b>		
<i>Impairment of:</i>		
—Loans and receivables through provision for doubtful debts	(49)	–
—Loans and receivables through Receivables	(43)	(84)
<b>Total net gain/(loss) on financial instruments</b>	<b>(92)</b>	<b>(84)</b>

<b>Note 5</b>		
<b>Receivables</b>		
(\$ thousand)		
	<b>2010</b>	<b>2009</b>
<b>Current receivables</b>		
<b>Contractual:</b>		
Distribution Businesses	1,509	722
Agent—Certificate of Electrical Safety	689	636
BAS refund due	127	–
Electrolysis fees	122	86
Other receivables	60	46
	<b>2,507</b>	<b>1,490</b>
<b>Statutory</b>		
Fines and regulatory fees	93	110
GST input tax credit recoverable	–	–
Provision for doubtful statutory receivables	(49)	(100)
	<b>(44)</b>	<b>10</b>
<b>Total current receivables</b>	<b>2,551</b>	<b>1,500</b>
<b>Non-current receivables</b>		
	–	–
<b>Total non-current receivables</b>	<b>–</b>	<b>–</b>
<b>Total receivables</b>	<b>2,551</b>	<b>1,500</b>

**Note 6**

**Plant and equipment—Non-current**

**Table 6:1**

**Classification by ‘purpose groups’—carrying amounts**

(\$ thousand)

Public Safety and Environment	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2010	2009	2010	2009	2010	2009
<i>Nature-based classification</i>						
Plant, equipment, vehicles and infrastructure systems						
—Plant, equipment and vehicles at fair value	2,051	1,833	1,032	1,269	1,019	564
<b>Net carrying amount of property, plant and equipment</b>	<b>2,051</b>	<b>1,833</b>	<b>1,032</b>	<b>1,269</b>	<b>1,019</b>	<b>564</b>

**Table 6:2**

**Movements in carrying amounts for all purpose groups**

(\$ thousand)

Public Safety and Environment	Total	
	2010	2009
<b>Opening balance</b>	<b>564</b>	<b>737</b>
Additions	870	145
Disposals	(92)	(14)
Transfers between asset classes	–	(15)
Depreciation expense	(323)	(289)
<b>Closing balance at fair value</b>	<b>1,019</b>	<b>564</b>

**Table 6:3**

**Aggregate depreciation recognised as an expense during the year**

(\$ thousand)

	2010	2009
Furniture and fixtures	28	21
Office machines	221	210
Office equipment	0	0
Leasehold improvements	74	58
	<b>323</b>	<b>289</b>



**Notes to the  
financial statements  
for the financial year  
ended 30 June 2010**

**Note 7  
Intangible assets – Non-current**

(\$ thousand)

	Capitalised Software Development		Work in progress software		Total	
	2010	2009	2010	2009	2010	2009
<b>Gross carrying amount</b>						
<b>Opening balance</b>	<b>1,347</b>	<b>774</b>	<b>531</b>	<b>233</b>	<b>1,878</b>	<b>1,007</b>
Additions	137	558	49	298	186	856
Other – Transfers between asset classes	–	15	–	–	–	15
<b>Closing balance</b>	<b>1,484</b>	<b>1,347</b>	<b>580</b>	<b>531</b>	<b>2,064</b>	<b>1,878</b>
<b>Accumulated amortisation and impairment</b>						
<b>Opening balance</b>	<b>(666)</b>	<b>(338)</b>	<b>–</b>	<b>–</b>	<b>(666)</b>	<b>(338)</b>
Amortisation expense	(225)	(246)	–	–	(225)	(246)
Disposals or classified as held for sale	–	(82)	–	–	–	(82)
<b>Closing balance</b>	<b>(891)</b>	<b>(666)</b>	<b>–</b>	<b>–</b>	<b>(891)</b>	<b>(666)</b>
<b>Net book value at the end of the financial year</b>	<b>593</b>	<b>681</b>	<b>580</b>	<b>531</b>	<b>1,173</b>	<b>1,212</b>

**Note 8  
Payables**

(\$ thousand)

	2010	2009
<b>Current payables</b>		
<b>Contractual</b>		
Amounts payable to other government agencies	–	–
Supplies and services	892	1,385
	892	1,385
<b>Statutory</b>	<b>–</b>	<b>–</b>
<b>Total current payables</b>	<b>865</b>	<b>1,385</b>
<b>Non-current payables</b>		
<b>Contractual</b>	<b>–</b>	<b>–</b>
<b>Statutory</b>	<b>–</b>	<b>–</b>
<b>Total non-current payables</b>	<b>–</b>	<b>–</b>
<b>Total payables</b>	<b>892</b>	<b>1,385</b>

**Note 9  
Provisions**

(\$ thousand)

	2010	2009
<b>Current provisions</b>		
Employee benefits:		
– Unconditional and expected to be settled within 12 months (annual leave)	762	754
– Unconditional and expected to be settled after 12 months (annual leave)	374	371
– Unconditional and expected to be settled within 12 months (long service leave)	1,410	1,409
	<b>2,546</b>	<b>2,534</b>
Provisions related to employee benefit oncosts:		
– Unconditional and expected to be settled within 12 months	61	74
	<b>61</b>	<b>74</b>
<b>Total current provisions</b>	<b>2,607</b>	<b>2,608</b>
<b>Non-current provisions</b>	<b>–</b>	<b>–</b>
<b>Total non-current provisions</b>	<b>–</b>	<b>–</b>
<b>Total provisions</b>	<b>2,607</b>	<b>2,608</b>

## Note 10

### Commitments for expenditure

The following commitments have not been recognised as liabilities in the financial statements:

	2010	2009
(\$ thousand)		
<b>(a) Lease commitments</b>		
i. Motor vehicle operating leases		
Payable:		
Not longer one year	753	716
Longer than one year and not longer than five years	635	396
Longer than five years	–	–
ii. Office accommodation leases		
Payable:		
Not longer one year	716	765
Longer than one year and not longer than five years	2,602	2,800
Longer than five years	69	–
iii. Office equipment leases		
Payable:		
Not longer one year	7	99
Longer than one year and not longer than five years	5	–
Longer than five years	–	–
<b>Total lease commitments</b>	<b>4,787</b>	<b>4,776</b>
Other		
<b>Total other expenditure commitments</b>	<b>–</b>	<b>–</b>
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>4,787</b>	<b>4,776</b>

The 2009/10 gross office accommodation commitment includes the lease on premises and outgoings for 4 Riverside Quay, Southbank, 540 Springvale Road Glen Waverley & 78 Moorabool Street, Geelong.

The above commitments are inclusive of GST.

## Note 11

### Contingent assets and contingent liabilities

	2010	2009
(\$ thousand)		
Court proceedings	–	–
<b>Total</b>	<b>–</b>	<b>–</b>

Energy Safe Victoria has in place a bank guarantee facility with the Commonwealth Bank of Australia, totalling \$646,000, of which only the amount of \$245,607 is currently being utilised as security for the lease on 4 Riverside Quay, Southbank.

As a regulator, Energy Safe Victoria has the responsibility to prosecute for breaches of the Electricity, Gas Safety and Pipelines Acts and associated regulations.

As a result of the February 2009 Victorian bushfires, common law actions against some electricity distribution businesses have commenced. ESV is the Victorian technical safety regulator for electricity, gas and pipelines, but ESV has not been joined to any of these actions. If ESV were to be joined to a common law action or actions arising from the February 2009 Victorian Bushfires, and if ESV were found to have contributed to any loss, ESV's exposure would relate to amounts outside the coverage of ESV's insurance policies.

**Note 12**

**Financial instruments**

**(a) Financial risk management objectives and policies**

*Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

**Table 12.1: Categorisation  
of financial instruments**

(\$ thousand)

	2010	2009
<b>Financial assets</b>		
Cash and deposits	4,663	5,911
Loans and receivables at amortised cost	2,507	1,490
<b>Total financial assets</b>	<b>7,170</b>	<b>7,401</b>
<b>Financial liabilities</b>		
At amortised cost	892	1,385
<b>Total financial liabilities</b>	<b>892</b>	<b>1,385</b>

**(b) Credit risk**

Credit risk arises from the financial assets of Energy Safe Victoria, which comprise cash and cash equivalents, and trade and other receivables. Energy Safe Victoria's exposure to credit risk arises from the potential default of counter party on their contractual obligations resulting in financial loss to the organisation. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the agency's financial assets at balance date in relation to each class of recognised financial asset is generally the maximum carrying amount, net of any provision for doubtful receivables.

In addition, Energy Safe Victoria does not engage in hedging for its financial assets and mainly obtains financial assets that are on fixed interest.

Currently Energy Safe Victoria does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

The following table discloses the ageing only of financial assets that are past due but not impaired:

**Table 12.2:  
Maximum exposure  
to credit risk**

(\$ thousand)

Financial assets and other credit exposures	Maximum credit risk	
	2010	2009
Other	-	-

**Table 12.3:**  
**Ageing analysis of financial assets**

(\$ thousand)

	Carrying amount	Not past due and not impaired	Past due but not impaired			Impaired financial assets
			Less than 1 month	1–3 months	3 months–1 year	
<b>2010</b>						
<b>Receivables:</b>						
– Cash and deposits	4,663	4,663	–	–	–	–
– Other receivables	2,507	2,150	296	59	2	49
	<b>7,170</b>	<b>6,813</b>	<b>296</b>	<b>59</b>	<b>2</b>	<b>49</b>
<b>2009</b>						
<b>Receivables:</b>						
– Cash and deposits	5,911	5,911	–	–	–	–
– Other receivables	1,490	426	763	96	205	100
	<b>7,401</b>	<b>6,337</b>	<b>763</b>	<b>96</b>	<b>205</b>	<b>100</b>

**(c) Liquidity risk**

Liquidity risk arises when Energy Safe Victoria is unable to meet its financial obligations as they fall due. The agency operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, makes payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The agency's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available financial investments.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

**Table 12.4:**  
**Maturity analysis of financial liabilities**

(\$ thousand)

	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1–3 months	3 months–1 year	
<b>2010</b>						
<b>Payables:</b>						
– Other payables	892	892	860	32	–	–
	<b>892</b>	<b>892</b>	<b>860</b>	<b>32</b>	<b>–</b>	<b>–</b>
<b>2009</b>						
<b>Payables:</b>						
– Other payables	1,385	1,385	977	408	–	–
	<b>1,385</b>	<b>1,385</b>	<b>977</b>	<b>408</b>	<b>–</b>	<b>–</b>

**(d) Market risk**

Energy Safe Victoria's exposure to market risk is primarily through interest rate risk and it does not have, nor intend to have, any exposure to foreign currency risk, or other price risk.

Sensitivity disclosure analysis:

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Energy Safe Victoria believes that it has virtually no exposure to market movements.

This analysis represents an analysis of the risk on the return from ESV's cash and cash equivalent assets only and also excludes any financial liabilities as ESV considers its only financial liability to be its payables, which are not subject to market risk.

**Table 12.5: Interest rate exposure of financial instruments**

	Weighted average effective interest rate %	Interest rate exposure			
		Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
<b>2010</b>					
<b>Cash and deposits</b>					
– Bank deposits	4.83%	4,663	4,000	663	–
<b>Receivables:</b>					
– Other receivables	0.00%	2,507	–	–	2,507
		<b>7,170</b>	<b>4,000</b>	<b>663</b>	<b>2,507</b>
<b>Payables</b>					
– Other payables	0.00%	892	–	–	892
		<b>892</b>	<b>–</b>	<b>–</b>	<b>892</b>
<b>2009</b>					
<b>Cash and deposits</b>					
– Bank deposits	3.12%	5,911	5,013	898	–
<b>Receivables:</b>					
– Other receivables	0.00%	1,490	–	–	1,490
		<b>7,401</b>	<b>5,013</b>	<b>898</b>	<b>1,490</b>
<b>Payables</b>					
– Other payables	0.00%	1,385	–	–	1,385
		<b>1,385</b>	<b>–</b>	<b>–</b>	<b>1,385</b>

**Table 12.6: Market risk exposure**

(\$ thousand)

	<i>Interest rate risk</i>				
	<i>Carrying amount</i>	<i>-50 basis points</i>		<i>+200 basis points</i>	
		<i>Net Result</i>	<i>Available-for-sale Reserve</i>	<i>Net Result</i>	<i>Available-for-sale Reserve</i>
<b>2010</b>					
<b>Financial assets:</b>					
Cash and deposits	4,663	(47)	72		
<b>Total increase/ (decrease)</b>	<b>4,663</b>	<b>(47)</b>	<b>72</b>		
	<i>Carrying amount</i>	<i>-200 basis points</i>		<i>+200 basis points</i>	
		<i>Net Result</i>	<i>Available-for-sale Reserve</i>	<i>Net Result</i>	<i>Available-for-sale Reserve</i>
<b>2009</b>					
<b>Financial assets:</b>					
Cash and deposits	5,911	(110)	110		
<b>Total increase/ (decrease)</b>	<b>5,911</b>	<b>(110)</b>	<b>110</b>		

As Energy Safe Victoria does not, nor intends to, have exposure to Foreign Exchange and Other Price risk, no sensitivity analysis about these items has been made.

**(e) Fair value**

Due to the nature of cash deposits, the short-term nature of the current receivables and payables, the carrying value is assumed to approximate their fair value and therefore a fair value hierarchy disclosure by levels is not required.

The carrying amounts of financial assets and financial liabilities approximate their net fair value.

(\$ thousand)

	<i>Carrying amount</i>		<i>Fair value</i>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Financial assets</b>				
Cash and deposits	4,663	5,911	4,663	5,911
Receivables	2,507	1,490	2,507	1,490
	<b>7,170</b>	<b>7,401</b>	<b>7,170</b>	<b>7,401</b>
<b>Financial liabilities</b>				
Payables	892	1,385	892	1,385
	<b>6,322</b>	<b>6,026</b>	<b>6,322</b>	<b>6,026</b>

**Notes to the  
financial statements  
for the financial year  
ended 30 June 2010**

**Note 13**

**Cash flow information**

**(a) Reconciliation of cash and cash equivalents**

(\$ thousand)

	2010	2009
Total cash and deposits disclosed in the balance sheet	4,663	5,911
<b>Balance as per cash flow statement</b>	<b>4,663</b>	<b>5,911</b>

**(b) Reconciliation of net result for the period to net cash flows from operating activities**

(\$ thousand)

	2010	2009
<b>Net result for the period</b>	757	1,355
<b>Non-cash movements:</b>		
—(Gain)/loss on sale or disposal of plant and equipment	92	14
— Depreciation and amortisation of plant and equipment and intangible assets	547	535
—(Increase)/decrease in provision for bad and doubtful debts	49	100
<b>Movements in assets and liabilities:</b>		
—(Increase)/decrease in current receivables	(1,100)	356
—(Increase)/decrease in other current assets	(44)	(114)
—(Decrease)/increase in payables	(493)	555
—(Decrease)/increase in other current liabilities	(1)	(16)
<b>Net cash flows from/(used in) operating activities</b>	<b>(193)</b>	<b>2,785</b>

**Note 14**

**Responsible persons**

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding the responsible persons for the reporting period.

**Names**

The persons who held the positions of Ministers and Accountable Officers at any one time during the financial year are:

Responsible Minister:	The Honourable Peter Batchelor MP Minister for Energy and Resources
Accountable Officers:	Mr P Fearon Director of Energy Safety

Mr K. Gardner was Director of Energy Safety until 9 August 2009. Mr P. Fearon was appointed as Acting Director of Energy Safety from 10 August 2009 and the appointment was confirmed from 10 November 2009.

**Remuneration—Accountable Officer**

Total remuneration received or receivable by the accountable officers in connection with the management of Energy Safe Victoria during the reporting period was in the range:

\$210,000–\$219,999 (2008/09 \$210,000–\$219,999)  
\$230,000–\$239,999 (2008/09 \$210,000–\$219,999)

The Accountable Officer's remuneration for the year 1 July 2009 to 30 June 2010 includes payment of annual leave. The outgoing accountable officer, Mr K. Gardner received his unused leave entitlements on his departure.

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

**Other Transactions**

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.



**Note 15:  
Remuneration of  
executives**

Income Band	Total Remuneration		Base Remuneration	
	2010	2009	2010	2009
	No.	No.	No.	No.
\$110 000–119 999	0	2	0	3
\$120 000–129 999	1	1	1	1
\$130 000–139 999	1	0	1	0
\$140 000–149 999	2	1	2	1
\$150 000–159 999	0	0	0	0
\$160 000–169 999	1	0	1	0
\$180 000–189 999	0	1	0	0
<b>Total numbers</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Total amount</b>	<b>\$738,228</b>	<b>\$685,933</b>	<b>\$699,717</b>	<b>\$614,479</b>

The Office did not engage in any transactions with the above stated persons or their related parties during the year from 1 July 2009 to 30 June 2010 or for the year from 1 July 2008 to 30 June 2009.

The above table does not include the remuneration for the Accountable Officer, which has been declared in Note 14.

The changes in the income bandings between 2009 and 2010 have occurred as a result of an executive remuneration review.

**Note 16  
Remuneration of auditors**

(\$ thousand)

	2010	2009
<b>Victorian Auditor- General's Office</b>		
Audit or review of the financial statements	28	23
	<b>28</b>	<b>23</b>

Note: This amount is inclusive of GST.  
No other services were provided by the  
Victorian Auditor-General's office.

**Note 17:  
Subsequent events**

The recommendations handed down in the Victorian Bushfires Royal Commission final report are being discussed with Government. At the time of this report no determinations of allocated responsibilities has been made and therefore, there is no impact on the financial statements.

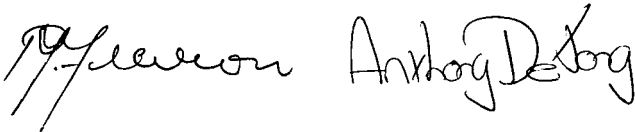
Energy Safe Victoria has no other material or significant events occurring after the reporting date.

**Accountable Officer's and Chief Finance and Accounting  
Officer's Declaration**

We certify that the attached financial statements for Energy Safe Victoria have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2010 and financial position of Energy Safe Victoria as at 30 June 2010.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.



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**P Fearon**  
**Director of Energy Safety**  
19 August 2010

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**A DeJong**  
**Chief Financial Officer**  
19 August 2010

## INDEPENDENT AUDITOR'S REPORT

### To the Director, Energy Safe Victoria

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2010 of Energy Safe Victoria which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

#### *The Director's Responsibility for the Financial Report*

The Director is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 the accounting policies used, and the reasonableness of accounting estimates made by the Director, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

### *Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report relates to the financial report published in both the annual report and on the website of Energy Safe Victoria for the year ended 30 June 2010. The Director is responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Energy Safe Victoria website.

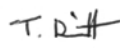
### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Auditor's Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of Energy Safe Victoria as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
19 August 2010

  
For  
D D R Pearson  
Auditor-General

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Level 24, 35 Collins Street, Melbourne Vic. 3000  
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

## Accounting policies

Refer to Note 1(a) Summary of Significant Accounting Policies in the Finance section on page 40.

## Audit Committee

During 2009/10, the ESV Audit Committee consisted of the following members:

- Mr Peter Buck (Chairperson)
- Mr Ian Cuthbertson
- Mr Geoff Tory
- Dr Geoff White

The Audit Committee's purpose is to overview:

- financial performance and the financial reporting process, including the annual financial statements;
- recommending to the Director the engagement and, if required, the dismissal of any internal auditor;
- the scope of work, performance and independence of the internal auditor;
- the scope of work, independence and performance of the external auditor;
- the operation and implementation of ESV's risk management framework;
- matters of accountability and internal control affecting ESV's operations;
- the effectiveness of ESV's management information systems and other systems of internal control;
- the acceptability of and correct accounting treatment for and disclosure of significant transactions which are not part of ESV's normal course of business;
- the approval and sign-off of accounting policies and changes in those policies; and
- ESV's process for monitoring compliance with laws and regulations including the Code of Conduct for the Victorian Public Sector and ESV's own Code of Financial Practice.

## Statutory information

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by ESV and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers of ESV;
- details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by ESV about the activities of ESV and where they can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by ESV for its services, including services that are administered;
- details of any major external reviews carried out in respect of the operation of ESV;
- details of any other research and development activities undertaken by ESV that are not otherwise covered either in the report of operations or in a document which contains the financial statement and report of operations;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by ESV to develop community awareness of the services provided by the Department;
- details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the report of operations;
- a general statement on industrial relations within ESV and details of time lost through industrial accidents and disputes, which are not otherwise detailed in the report of operations; and
- a list of major committees sponsored by the Department, the purposes of each committee and the extent to which the purposes have been achieved.

## Consultancies

### Details of consultancies over \$100,000

(\$ thousand)

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2009–10 (excluding GST)	Future expenditure (excluding GST)
Eureka-VI	To identify the source of electrical disturbance at a property in Bendigo East	18 March 2010	30 June 2011*	\$105	\$105	Nil*

\* Note: Expenditure for 2010/2011 is still to be committed. If committed, it is likely to be approximately \$95,000 and continue throughout 2010/2011.

### Details of consultancies under \$100,000

In 2009–2010, the total for the 52 consultancies engaged during the year, where the total fees payable to the consultants was less than \$100,000, was \$789,755. All figures are excluding GST.

### Disclosure of major contracts

ESV has not entered into any contracts over \$10 million.

### Pecuniary interests

A declaration of pecuniary interests was completed by all relevant staff for this reporting period.

### Customers

#### Primary Customers

Customers who are provided with a regular service by ESV:

- Minister responsible for the electricity and gas industries
- General public
- Electrical workers (licensed electrical inspectors, registered electrical contractors and licensed electrical installation workers)
- Gas workers (licensed / registered gasfitters, inspectors)
- Generation, transmission and distribution businesses, the traction industry and other network operators
- Manufacturers, importers, wholesalers and retailers of electrical and gas equipment
- Electrolysis stakeholders

#### Secondary Customers

Customers who periodically interact or require a service from ESV:

- Government departments and agencies
- Local municipal authorities
- Those with a responsibility for tree clearing
- Those who dig near underground assets
- Utilities and the petroleum industry
- Tertiary and other education providers
- Electricity and gas retailers and wholesalers
- Energy and Water Ombudsman (Victoria)
- Unions and staff associations

### Whistleblowers Protection Act 2001

Energy Safe Victoria is committed to the aims and objectives of the Whistleblowers Protection Act 2001. In keeping with the requirements of Section 104 of the Act ESV reports the following:

	2009/10 No.
Disclosures made to ESV during the year	Nil
Disclosures referred to the Ombudsman (to determine whether they are public interest disclosures)	Nil
Disclosures referred to ESV by the Ombudsman to investigate	Nil
Disclosures referred by ESV to the Ombudsman to investigate	Nil
Investigations of disclosures taken over by the Ombudsman from ESV	Nil
Requests by whistleblower to have their disclosure investigated by the Ombudsman due to their dissatisfaction with the way ESV is investigating the matter	Nil
Disclosures that ESV has declined to investigate	Nil
Disclosed matters that were substantiated on investigation and the action taken on completion of the investigation	Nil
Recommendations made by the Ombudsman that relate to ESV	Nil

Copies of ESV's Whistleblowers Protection Act Procedures can be obtained by contacting ESV's Protected Disclosure Officer.



Disclosures of improper conduct or detrimental action by ESV or its employees may be made to the following officers:

**The Protected Disclosure Coordinator:**

*Andrew Padanyi*  
Legal Officer  
Level 3, Building 2, 4 Riverside Quay  
Southbank Vic 3006  
Ph: 9203 9772  
Fax: 9686 2197  
Email: apadanyi@esv.vic.gov.au

**The Protected Disclosure Officer:**

*Anthony Bottegal*  
Legal Officer  
Level 3, Building 2, 4 Riverside Quay  
Southbank Vic 3006  
Ph: 9203 9749  
Fax: 9686 2197  
Email: abottegal@esv.vic.gov.au

**Disclosures may also be made directly to the Ombudsman:**

*The Ombudsman Victoria*  
Level 3 South Tower  
459 Collins Street  
Melbourne Vic 3000  
Internet: [www.ombudsman.vic.gov.au](http://www.ombudsman.vic.gov.au)  
Email: [ombudvic@ombudsman.vic.gov.au](mailto:ombudvic@ombudsman.vic.gov.au)  
Tel: 9613 6222  
Toll Free: 1800 806 314

**Information Privacy Act 2000**

In keeping with the *Information Privacy Act 2000*, ESV has developed and implemented a Privacy Policy.

ESV's Privacy Policy can be obtained from ESV or viewed on the website at [www.esv.vic.gov.au](http://www.esv.vic.gov.au).

All staff are progressively being trained in the information privacy principles contained in the *Information Privacy Act 2000* and in ESV's policy.

**Freedom of Information**

ESV received 39 freedom of information requests from 1 July 2009 to 30 June 2010. All requests were dealt with in accordance with the *Freedom of Information Act 1982*. Application fees and access charges received during this reporting period totaled \$1,003.80.

Freedom of information requests must be made in writing, accompanied by a \$23.90 application fee and be addressed to:

**Mr Andrew Padanyi**

*Freedom of Information Officer*  
Energy Safe Victoria  
PO Box 262  
Collins Street West Vic 8007

Energy Safe Victoria produces statements which are available on its website ([www.esv.vic.gov.au](http://www.esv.vic.gov.au)) containing details as required under the *Freedom of Information Act 1982*. Further information can be obtained from the Freedom of Information Officer.

**Committees**

The following Committees have been established under Section 8 of the *Energy Safe Victoria Act 2005*:

**Bushfire Minimisation Advisory Committee**

Established following a request from the Minister to provide advice to ESV on options for reducing the number of bushfires started by electricity assets on days of extreme weather conditions.

**Renewable and Emerging Technologies Committee**

Provide advice to ESV on safety issues and possible regulatory responses arising from the adoption of new technologies such as solar panels.

**Incident Review and Prevention Committee**

Established to review electrical incidents involving electricity supply networks, equipment and installations and to provide advice on means for the prevention of re-occurrences.

**Electrical Safety Committee**

Development and maintenance of the Victorian Code of Practice for Work on or Near High Voltage Electrical Apparatus (The Blue Book).

Other

**Victorian Customer Electricity Safety Committee**

This is not a section 8 committee but a meeting of high voltage electricity users and contractors that ESV facilitates. It originated as a sub-committee of the Electrical Safety Committee.

The following Committees have been established under the Electricity Safety Act 1998:

**Electric Line Clearance Consultative Committee**

Provide advice to the ESV or the Minister on matters relating to the clearance of electric lines, inclusive of the preparation and maintenance of the Code of Practice for Electric Line Clearance (Vegetation) 1999 (established under Section 87).

**Equipment Advisory Committee**

Provide advice to the ESV on safety standards for electrical equipment and the procedures for monitoring compliance with such standards (established under Section 50).

**Victorian Electrolysis Committee**

Provide advice to the ESV on any matter related to electrolysis and the regulations relating to cathodic protection and the mitigation of stray current corrosion. This includes the establishment and maintenance of standards for systems for cathodic protection and for the mitigation of stray current corrosion (established under Part 9).



**Compliance with the Building Act 1993**

ESV does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

**Victorian Industry Participation Policy**

ESV has not entered into any contracts over \$3 million in metropolitan Melbourne or \$1 million in regional Victoria. Therefore, the Victorian Industry Participation Policy (VIPP) does not apply.

**National Competition Policy**

The regulations made during the year were reviewed for compliance with national competition policy. These regulations are consistent with the national competition policy principles.

**Risk Attestation**

I, Paul Fearon, certify that Energy Safe Victoria has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Audit Committee verifies this assurance and that the risk profile of Energy Safe Victoria has been critically reviewed within the last 12 months.



**Paul Fearon**  
**Director of Energy Safety**  
19 August 2010

The annual report of Energy Safe Victoria is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of ESV's compliance with statutory disclosure requirements.

Legislation	Requirement	Page No
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<b>Charter and purpose</b>		
FRD 22B	Manner of establishment and the relevant Ministers	3
FRD 22B	Objectives, functions, powers and duties	3
FRD 22B	Nature and range of services provided	3
<b>Management and structure</b>		
FRD 22B	Organisational structure	9
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FRD 8B	Budget portfolio outcomes	NA
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FRD 22B	Statement on National Competition Policy	63
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FRD 22B	Details of consultancies over \$100 000	61
FRD 22B	Details of consultancies under \$100 000	61
FRD 22B	Statement of availability of other information	60
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## Financial statements

### Financial statements required under Part 7 of the FMA

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### Other requirements under Standing Direction 4.2

SD4.2(a)	Compliance with Australian accounting standards and other authoritative pronouncements	40
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### Other disclosures as required by FRDs in notes to the financial statements

FRD 9A	Departmental disclosure of administered assets and liabilities	NA
FRD 11	Disclosure of exgratia payments	NA
FRD 13	Disclosure of parliamentary appropriations	NA
FRD 21A	Responsible person and executive officer disclosures	55
FRD 102	Inventories	NA
FRD 103D	Non-current physical assets	48
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FRD 106	Impairment of assets	42
FRD 109	Intangible assets	43
FRD 107	Investment properties	NA
FRD 110	Cash flow statements	55
FRD 112A	Defined benefit superannuation obligations	NA
FRD 113	Investments in subsidiaries, jointly controlled entities and associates	NA
FRD 114A	Financial Instruments—General government entities and public non-financial corporations	51–54
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## Legislation

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# Abbreviations

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## Notes

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BMP	Bushfire Mitigation Plan
CFA	Country Fire Authority
CO	Carbon Monoxide
COES	Certificate of Electrical Safety
COP	Code of Practice
ECOP	Events Code of Practice
ELCCC	Electric Line Clearance Consultative Committee
ESMSs	Electricity Safety Management Schemes
ESV	Energy Safe Victoria
HV	High Voltage
LEI	Licensed Electrical Inspector
LV	Low Voltage
MEPS	Minimum Energy Performance Standards
MFB	Metropolitan Fire and Emergency Services Board
NA	Not Applicable
PIC	Plumbing Industry Commission
POEL	Private Overhead Electric Line
REC	Registered Electrical Contractor
RTO	Registered Training Organisation

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