energysafe VICTORIA

Corporate Plan

2022 – 2025

VICTORIA State Government

This report has been endorsed by the Victorian Energy Safety Commission.

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About the *ESV Corporate Plan 2022–25*

The Victorian Energy Safety Commission is established under the *Energy Safe Victoria Act 2005* and is known as Energy Safe Victoria (ESV). ESV is Victoria's independent safety regulator for electricity, gas and pipelines. Our role is to ensure Victorian gas and electricity industries are safe and meet community expectations.

The Energy Safe Victoria Act establishes ESV's corporate plan as the key operational instrument used to hold ESV to account by the Minister for Energy, Environment and Climate Change (Minister). By law, the plan must be submitted for approval to the Minister and Treasurer by 31 May each year.

The plan:

- includes ESV's statement of corporate intent, which specifies ESV's objectives, the nature and scope of its activities (including performance targets and measures), the applicable accounting policies, and other matters agreed between the Minister and ESV
- accounts for ESV's statutory objectives and functions for regulating the safety of gas, electricity and pipelines, the Minister's Statement of Expectations, and broader government initiatives and policy.

ESV's Annual Report provides the Victorian Parliament with information about ESV's regulatory activities, outcomes and outputs, and its financial results each financial year (in accordance with the *Financial Management Act 1994)*. The annual report is produced in accordance with the Financial Management Act.

In the *Corporate Plan 2022–25*:

- **Part one** outlines our purpose, vision and values, strategic priorities, performance measures and reporting and funding delivery, as well as describing ESV's strategic environment.
- **Part two** summarises:
  - our strategic priorities for the next three years and annual compliance and enforcement activities (including our initiatives, and performance measures)
- **Part three** describes:
  - business activities supporting our core responsibilities for the next 12 months (including key regulatory and organisational activities and their performance measures).
- **Part four** outlines our funding for 2022–23.
- **Part five** details:
  - our financial strategy, statements, and the 2022–23 financial position and budget.

Message from the Victorian Energy Safety Commission

Energy Safe Victoria's *Corporate Plan 2022–2025* comes at a pivotal time. The organisation is amidst a transformation moving from an out-dated model of working with industry to achieve voluntary compliance, to a more strategic use of our regulatory powers and levers to hold industry to account for their actions. Where industry falls short of our expectations, we will take action that ensures duty holders comply with their obligations. This approach will keep Victorian communities safer from hazards caused by electrical, gas and pipeline assets, especially bushfire.

As part of this transformation in our regulatory approach, there are obligations on us as well. We will provide better support to ensure industry understand their responsibilities, while continuing to educate Victorians on key energy safety issues. We will do this by enhancing our regulatory approach, evolving our culture and improving our information technology systems.

To achieve this, the ESV Commission has set the organisational goal of becoming a *safety first, data driven and customer centric* regulator. We know this strategic direction works, in fact, it is safety regulation best practice.

Safety first, data driven, customer centric

- **Safety first** - is being proactive, and preventing an unsafe situation that could result in a fatality and injury or fire or explosion.
- **Data driven** is using data to prioritise our effort on where we can have the biggest impact. We need to take a risk based approach to where we put our resources as well as how we intervene.
- **Customer centric** puts the regulated entity or the community at the centre of everything that we do. Through stakeholder engagement we can tailor our interventions, products and services to meet their needs.

This is not change for changes sake. Far from it. There are multiple drivers, not least of all the rapid pace of change in the energy sector – disaggregated sources of supply, huge leaps in the take up of renewables, particularly solar. The old norms of supply – especially coal-fired electricity generation – are rapidly disappearing. The energy challenges we face today would be unrecognisable to the generations that came before us.

As the energy sector changes, so does the regulator. We cannot rely on old solutions to new problems. The pillars on which Victoria's energy safety framework was built – including the State Electricity Commission of Victoria and the Gas and Fuel Corporation of Victoria – cannot help us as they once did. That does not mean our old approach was wrong. It was right for the time. But the challenges we face have changed and we must change with them to remain relevant.

The Victorian Government's investment in renewable energy infrastructure will not abate any time soon. The determination of policymakers to achieve clean energy in Victoria will continue. Government looks to us to ensure it's done safely, and that risks to people or property are controlled, continuing Victoria's enviably low record of death and serious injury caused by energy-related incidents.

The community demand more of us as well. No-one accepts the word of the regulator without question as they might have done in times gone by. People are more empowered and have better access to information. Social media creates its own communities, providing forums for those who believe the application of regulations is not adequate or misdirected.

We are expected to take strong regulatory action to prevent unsafe situations arising.

This corporate plan sets out how we will become a *safety first, data driven and customer centric* regulator and how we will use our resources to get the job done.

Once implemented, regulated entities will be set up for success with information and support from the safety regulator on how to comply. But we will meet the expectations of both government and the community by using our enforcement tools to require compliance and use infringement notices and prosecutions proportionately to strategically punish the poorest performers.

Message from the Chief Executive Officer

Energy Safe Victoria is taking ambitious steps to change the way we operate. This is to ensure we can regulate energy safety in the way the community and our stakeholders expect. We continue to work towards our strategy of becoming a *safety first, data driven customer centric* regulator. This corporate plan sets out ESV's strategic operational priorities, our financial direction and our work plans for the coming year in order to realise our ambition.

This plan ushers in a new organisational vision for ESV:

We're powering towards a safer energy future that is sustainable for all Victorians and our climate.

The new vision encapsulates ESV's determination to meet the safety challenges of the future in a constantly changing energy environment.

To do that requires progressive roll-out of contemporary regulatory practices underpinned by cultural change, digital solutions and data.

We have spent the last 12 months preparing and planning for our Transformation Program. We have also commenced the delivery of the first parts of our transformation. In addition to launching ESV's new vision, we have also launched new values and behaviours, and a new customer experience strategy, which were co-designed with ESV staff, as part of commencing our cultural transformation.

To enhance and strengthen our regulatory approach we have published our compliance and enforcement policy, prosecution guidelines and trained our staff in conducting disciplinary investigations where licensed electrical workers do not meet their safety and compliance obligations. Over the next 12 months the Transformation Program will continue delivering changes to the way we operate including:

A **new digital platform** to support our people to do their work more effectively and efficiently, meeting the expectations of industry, government and community. This includes:

- the capability to issue on the spot compliance notices
- a dynamic customer records management system (CRM) that consolidates all the information we hold about a regulated entity.

A new data hub will enable us to be driven by readily available and more precise data:

- our data can help us understand where we need to put our resources to get the best energy safety outcomes
- we will be able to use our data and analytics capability to start risk rating appliances, assets, networks, duty holders and more
- a data hub will enable us to be proactive, rather than reactive to identify safety issues, and address them, before there is an incident.

Our **new organisational operating model** will ensure we are organised and structured to deal with energy safety challenges, especially the continual growth of renewable energy.

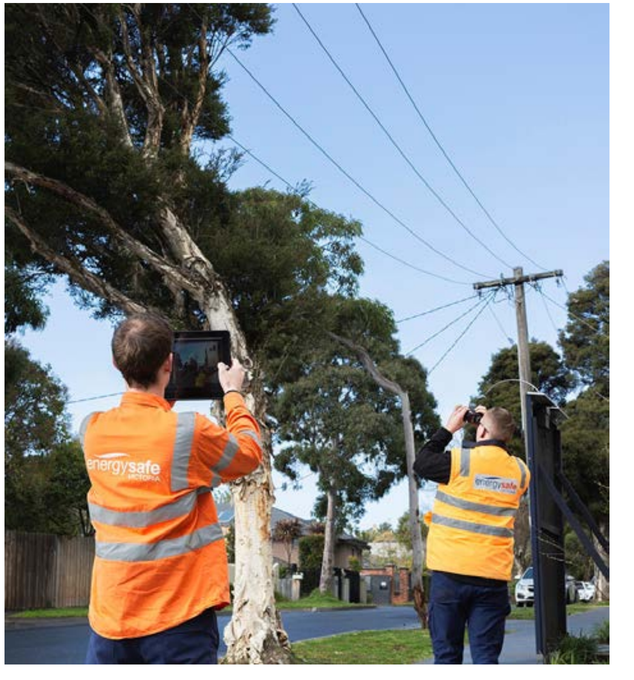
These significant changes will embed the recommendations of the *Independent Review of Victoria's Electricity and Gas Network Safety Framework* (Grimes Review), and will set us up to meet the expectations of the community, government and industry.

Changing the way we do things can be challenging but the people of ESV have the resilience and work ethic to achieve it. Empowered by the right support and resourcing, ESV people continue to embrace change while delivering on their statutory responsibilities.

This corporate plan sets out our refreshed compliance and enforcement priorities, which signal to industry where our regulatory focus will be for the next year. These include

- vegetation clearance around power lines
- electrical and gas appliance safety
- licensed electrical worker compliance
- power line maintenance
- gas and electricity network strikes and encroachment
- new energy infrastructure
- hydrogen readiness
- renewable energy generation
- battery energy storage systems.

The priorities have changed for 2022–23, adding battery energy storage systems, new energy infrastructure, renewable energy generation and hydrogen readiness – all key emerging areas as Victoria transitions to cleaner energy, but with inherent safety issues that must be managed.



Part one: ESV and energy safety

Our statutory responsibilities

We have a statutory responsibility to achieve the objectives (described below) and functions defined by the Energy Safe Victoria Act, *Electricity Safety Act 1998*, *Gas Safety Act 1997*, and *Pipelines Act 2005*.

We do this by ensuring the:

- safe operation of energy installations
- mitigation of bushfire ignition risks due to energy supply and use
- safety of energy infrastructure and pipelines during their construction, operation, and decommissioning
- undertaking of gas and electrical work by competent licensed and registered individuals and businesses following prescribed safety standards
- prevention of loss or damage to structures from electrical currents
- electrical equipment and gas appliances supplied or purchased in Victoria are safe to operate
- community and industry are aware of electricity and gas safety obligations.

Our purpose

We keep Victorians energy safe and ensure energy is used confidently.

Energy and the technology that harnesses it are essential to our quality of life. However, these technologies can be complex and powerful, and the potential for harm is significant to our customers and the environment.

Through education, regulation and enforcement we work to ensure that energy safety, supply and efficiency are a priority in Victoria and something our customers can be confident in.

Our vision

We're powering towards a safer energy future that is sustainable for all Victorians and our climate.

We need energy safety systems that are sustainable into the future so Victorians can continue to use energy for many generations.

We aim to create a future where Victorians and the environment they live and work in can flourish because of the safe, reliable delivery of sustainable energy.

Our values

We expect our people to express our values in the day-to-day actions, decisions and interactions with others.

Integrity

We act with impartiality, and uphold the importance of unbiased, equitable treatment. We do this in a way that is transparent, accountable, open, and trustworthy.

Engagement

We actively engage with our customers and each other to achieve safer outcomes. We believe in cooperation, listening and succeeding together to improve safety outcomes.

Adaptability

We are flexible and maintain effectiveness in the face of changing environments. We know that improving energy safety for Victoria means being on the forefront of change.

Respect

We treat everyone with respect and uphold the importance of diversity, experience and skills. We care about the safety of Victorians and demonstrate respect through our actions.

Excellence

We aspire to the best standards of practice by ensuring an evidence-based approach to our work. We strive to excel in our capability to deliver safety outcomes.

Our progress and reporting

Our progress against delivery (and the outcomes achieved) will be detailed through:

- routine reporting provided to the Minister for Energy, Environment and Climate Change, and the Department of Environment, Land, Water and Planning (DELWP)
- ESV's Annual Report, tabled in Parliament and published annually on our website
- industry safety performance reports and other safety and technical reports published on our website
- compliance and enforcement guidance, and safety and technical guidance for industry published on our website.

Funding delivery

Our activities are fully funded through a combination of fee-for-service income, licence fees, and levies on the electricity, gas, and pipeline industries.

We have budgeted revenue of $63.3 million for 2022–23, comprising $32.6 million in levies, $22.2 million in fees and $8.2 million in grants.

Total operating expenditure for 2022–23 is budgeted at $59.7 million while capital expenditure is projected to be $9.4 million

The projected cash deficit of $8.8 million will be funded out of existing cash reserves as we do not foresee a requirement for debt financing in the short term.

We maintain our strategy of using cash reserves built up from previous years to invest in growth and capital expenditure. As a result, the projected cash balance at the end of the 2022–23 financial year will decrease to $10.3 million from the $19.1 million forecast on 30 June 2022.

Our strategic environment

The energy sector is facing times of significant change globally, nationally and in Victoria. There is increasing use of renewable energy generation and storage alongside non-renewable energy sources and infrastructure. These changes are driven by government, community and industry response to climate change, new technologies and society's demand for affordable, safe and reliable energy supplies.

The Victorian Government has enacted net-zero emissions greenhouse gas emission targets by 2050 and has increased the Victorian Renewable Energy Target (VRET) to 50 per cent by 2030. The government has also committed to developing Renewable Energy Zones, established the Victorian Hydrogen Investment Program and is developing the Gas Substitution Roadmap, among other significant policy developments. We are supporting the Victorian Government in its move towards more sustainable energy sources.

We have an important role working with government, industry participants and other key stakeholders, to ensure energy safety is delivered from planning, to design, operation, maintenance and decommissioning of new technologies while maintaining vigilance of current safety requirements across the electricity, gas and pipeline industry sectors.

Our Transformation Program

We will continue our pursuit of a *safety first, data driven, customer centric* strategy delivering our vision. Regulated entities can expect us to use our powers more frequently and to hold them to account when we observe non-compliance with legislation we administer. We will use our data to help us inform the areas of risk where we will focus our resources. And our customers will see changes in the way we communicate with them and provide services as we make it easier to do business with us by improving access to resources, guidance and information.

Supporting the business plans

We have a business plan to support out work ensuring energy safety in Victoria. The plan is detailed in Part three of this document.

Part two: Strategic priorities and measures

Keeping Victorians safe and ensuring energy can be used confidently requires us to make sure harm from energy generation, transmission, distribution and use is minimised and mitigated including, energy-related fatalities, serious injuries, and damage to property.

Our strategy is to be a *safety first, data driven, customer centric* regulator. We strive to lift the collective and individual safety performance of the energy industry and will take action to ensure safety and compliance.

In addition to conducting core business our purpose and strategy are supported by four strategic priorities and nine compliance and enforcement priorities.

We publish the annual compliance and enforcement priorities on our website. They provide regulatory focus to areas of known and emerging risks.

We monitor the outputs of compliance and enforcement priorities now and in the longer term and develop strategies to change the behaviour of non-compliant industry participants.

1. We strengthen and adapt our compliance and enforcement approach to energy generation, transmission, distribution, and use, including emerging energy solutions and technologies

Technology is fundamentally changing the nature of the energy industry through options for consumer-based energy generation, storage and demand management.

New energy technologies, changing policy settings, changing energy sources of generation, storage and economic and social drivers are changing the way Victorians generate and use energy. The current large-scale electricity-generating infrastructure is being added to with new and less centralised technologies like solar, wind, and domestic solar photovoltaic (PV) systems.

There is a growing gap between the pace of technological change and the current regulation of emerging technologies. Understanding emerging safety issues and trends will help determine our resource needs and regulatory responses to best protect people and property.

Our key initiatives for this priority are to:

- undertake a review of our **operating model** to ensure our people and functions are aligned and sustainable for regulating future energy safety needs
- implement 2022–23 **compliance and enforcement priorities** (see Table 1)
- continue to strengthen our **regulatory practices** and decision-making to support our investigation, compliance and enforcement functions to deter non-compliance and meet community expectations of a safety first regulator
- implement a new approach and guidance for **acceptance of safety cases and electricity safety management schemes** (ESMS) to uplift expectations around the important role these safety systems play in mitigating risks
- continue prioritising **bushfire prevention and mitigation,** investigating the electricity distribution pole management regimes and monitoring implementation of the rapid earth fault current limiter (REFCL) rollout
- implement new risk-based methodology for contracted auditing services of **certificates of electrical safety** (COES) to allow us to support targeted compliance guidance for licensed electrical workers and take enforcement action to address non-compliances and poor practices
- actively engage with **government initiatives** (renewables and hydrogen), the Department of Environment, Land, Water and Planning (DELWP), other regulators, agencies and relevant Standards committees
- develop strategies for ensuring **safety for new and renewable energy** initiatives – battery energy storage systems and use of hydrogen as a fuel gas
- take **advice from the Future Trends Advisory Committee**
- implement the **Adaptive Strategic Roadmap** developed during 2021–22.

2. We listen to our stakeholders to inform our regulatory approach

By increasing our stakeholder engagement we improve energy safety outcomes and strengthen our service delivery. We interact with a diverse range of stakeholders, including communities, the gas and electrical industry, and government agencies because of the breadth of our regulatory activities;

Our key initiatives for this priority are to:

- **engage with those we regulate** to ensure our safety expectations and approach are understood
- engage with industry representatives to deliver a **continuing professional development** (CPD) scheme that will ensure licensed workers' skills and knowledge remain up-to-date to improve safety outcomes
- work with other electrical regulators and suppliers in Australia improving the **electrical equipment safety system** (EESS) by developing a new database. (This will ensure electrical appliance safety by providing a multi-jurisdictional framework for the registration and certification of suppliers and electrical equipment. The information is publicly accessible on the EESS database.)
- **engage with local community** organisations and interest groups in metropolitan, regional and rural Victoria
- implement the **stakeholder engagement framework** and strategy, including stakeholder engagement plans for key projects
- publish a **new *Charter of Consultation and Regulatory Practice*** as part of establishing clear expectations and guidance about how we will engage and listen to community and industry participants
- take **advice from the statutory advisory committees** that include diverse membership across the different committees from industry participants, employers and employees, industry associations, community representative groups and community members:
  - Technical Advisory Committee
  - Workforce Engagement Consultative Committee
  - Future Trends Advisory Committee
  - Electric Line Clearance Consultative Committee
  - Victorian Electrolysis Committee.

Continuing professional development (CPD) for electrical workers

CPD for electrical licence holders was introduced in the Electricity Safety (Registration and Licensing) Regulations 2020 becoming a requirement for licence renewal from 1 July 2023 following publication of the *Electricity Safety (Continuing Professional Development – Skills Maintenance) Notice* on 29 April 2022.

After a successful pilot in March 2022, skills maintenance courses for electricians, electrical inspectors, restricted electrical licence holders and switchgear licence holders will commence delivery across Melbourne metropolitan and regional Victorian training centres from July 2022.

We are commencing work on the skills maintenance requirements for licensed lineworkers with courses planned to be available from 2024. Work is also underway to establish the requirements for the skills development component of CPD, where licence holders will be required to undertake training in an area of interest relevant to the electrical trade. While skills development is not intended to be required for licence renewals until 2028 we anticipate licence holders will be able to commence their skills development training from mid-2023.

We will also start an audit program of the skills maintenance course delivery, as well as ensuring the courses are monitored and regularly updated. Reporting and data analysis will enable us to monitor the program and its impact on safety outcomes.

3. We make it easier for our customers to interact with us

The quality and availability of our services impacts our customers and how our safety message is received. Our experience and research shows a gap between their needs and wants and what they actually experience. In response, we have developed a customer experience strategy to guide us in the continual improvement of the experience we deliver.

Our customer experience strategy articulates our current understanding of customers and outlines the roadmap to an enhanced customer experience. The customer experience strategy presents a high-level aspiration statement and principles for us and describes the goals and outcomes which support the aspiration.

The roadmap sets out the ideas fostered by our customer facing teams and the actions that will be taken to achieve our goals and outcomes. The strategy also establishes a set of metrics against which we will measure our success.

Our key initiatives for this priority are to:

- **build a new website** to improve accessibility and information for use by ESV's customers
- develop a **new brand strategy** that demonstrates what we stand for, are about, what we do and our story to build trust with the community we serve
- **build capability of our people** to improve customer experience skills and knowledge
- establish **a voice of the customer** program to listen to customer feedback.

4. We support our people to deliver public value

Our people are essential for us to be able to achieve our objectives. We cannot deliver on our priorities without skilled, capable and dedicated employees.

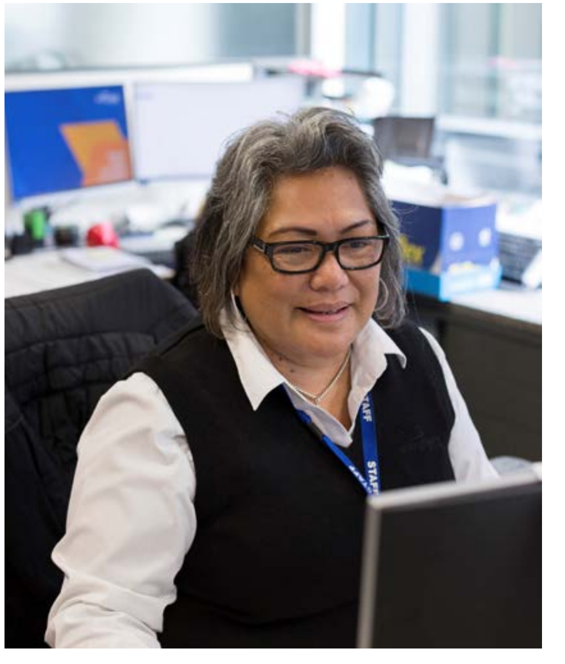
Our key initiatives for this priority are to:

- implement the updated **purpose, vision, values and behaviours** that will support our enhanced regulatory approach
- implement our **customer experience strategy**
- strengthen internal processes and develop **guidance for authorised officers** to support compliance audits and inspections, use of powers and enforcement, and investigations
- **invest** in our people's skills and capabilities through education and development.
- **implement upgraded information technology systems**, including a new finance system and continue delivery of data hub as a key enabler for improving data management and informed decision making.

Performance measures

We assess performance through the community safety outcome measures (fatalities, serious injuries and fires). We expect the current incident numbers to be further reduced or maintained where intervention by industry, community and the regulator has had impact. See Table 1 for details.

Establishing performance and activity targets and measures is essential for driving safety improvements for the community. We have targets and measures for monitoring the effectiveness of the priorities supporting our purpose and strategy. See Table 1 and 2 for details.



Our headline performance measures

We monitor our headline performance measures and the key indicators over time for trends and changes to ensure the effectiveness of our organisation in delivering its purpose and strategy and to improve safety outcomes.

Table 1: Headline performance measures 2022–23

Strategic priority	Why this is important?	Targets	Measures
We strengthen and adapt our compliance and enforcement approach to energy generation, transmission, distribution, and use, including emerging energy solutions and technologies.	Changes occurring in the energy industry may increase safety risks to the community in both renewable and non-renewable energy sectors. Strengthened compliance and enforcement approaches by ESV improves compliance, and thereby safety outcomes.	Community safety outcome targets: • zero deaths and serious injuries (including carbon monoxide (CO)) • Number of ground fire incidents (bushfire prevention) less than seasonally adjusted forecasts (based on historical data)	Investigate and monitor incidents (fatalities, injuries and fires (ground fires and installation and equipment fires) reported to us each month
We listen to our stakeholders to inform our regulatory approach.	It is important to hear from our stakeholders and understand their perceptions about interactions with us to enable us to improve and target our approach. We assess our performance through an independent stakeholder insights survey building on baseline data previously collected.	Survey of regulated entities targets include: • increasing overall effectiveness as a regulator, from a 2021–22 baseline of 71.6% to target 75.2% • increasing customer experience satisfaction from a 2021–22 baseline of 73.2% to target 76.86%	Independent stakeholder insights survey
We make it easier for our customers to interact with us.	We know we need to lift our customer experience to support and improve safety understanding and compliance. We will assess our performance through an independent stakeholder insights survey of community members to develop baseline data.	Survey of community members to assess and measure baseline understanding of the: • level of community familiarity with ESV's role in energy safety • community perceptions of ESV's performance in fulfilling its statutory duties and addressing community concerns	Independent stakeholder insight survey of community members

Strategic priority	Why this is important?	Targets	Measures
We support our people to deliver public value.	Engaged, committed and capable employees are essential for us to be able to deliver public value through implementing our strategies and business plan. ESV participates in the annual People Matter Survey run across government entities by the Victorian Public Sector Commission. This allows us to benchmark our performance with other agencies. Prudent and effective use of monies is essential to enable us to deliver public value to the community.	Key measures for employee engagement include: • improving on employee participation of the People Matter Survey from a 2021–22 score of 77% to target 81% • improving on People Matter Survey engagement score, from a 2021–22 score of 71% to target 75% • zero serious injuries, illnesses or fatalities of ESV employees. Maintain key financial viability ratios: • current ratio is >=1.0 • assets to liability ratio is >=1.0	• People Matter Survey • Monitor health and wellbeing of our people • Monitor financial health and sustainability of ESV

Our compliance and enforcement priorities

We prepare annual compliance and enforcement priorities for areas of risk that require specific focus by the regulated and the regulator in ongoing effort to reduce harm. There are priorities that focus on education and guidance to support and enable compliance while others focus on the enforcement actions we will take in response to unsafe or non-compliant findings, and these priorities are more likely to have identified targets. The priorities have been developed following consultation with the relevant advisory committees. The table below provides details about each priority.

Table 2: Compliance and enforcement priorities 2022–23 and measures

Initiative	Why this is a priority?	Targets	Measures
Vegetation clearance around power lines	Vegetation that comes into contact with power lines can start fires, cause power outages and could result in electrocutions. It is considered a state-significant risk as it has the potential to start devastating bushfires. Analysis of ESV inspection data of vegetation clearance in hazardous bushfire risk areas during the declared fire danger period 2021–22 found deficiencies in MEC performance that requires ongoing attention by ESV and action by the MECs and other responsible persons to ensure safety.	• 10% reduction of 2021–22 baseline rates of non-compliance (includes safety-critical noncompliance) by the end of 2022–23 • Review and approve electrical line clearance management plans for: – 10 MECs (reviewed only – 5 year approval cycle) – 10 Councils – 4 other responsible persons • Perform system audits on: – 5 MECs – 10 councils – 4 other responsible persons • Inspect: – 6,000 HBRA spans – 6,000 LBRA spans	Monitor and report: • electric line clearance management plans reviewed and approved • system audits performed • inspections complete • non-compliances identified • enforcement action taken to resolve non-compliances identified

Initiative	Why this is a priority?	Targets	Measures
Power line maintenance	Power lines and associated asset failures in high winds or hot weather can lead to fires or bushfires with significant consequences for people and property. Poorly maintained power lines may result in interruptions or outages to electricity supply. ESV recently introduced asset inspections to provide assurance that power lines are effectively maintained, to develop insight about safety-related asset defects, and how these may be proactively identified before asset failure. The focus on this activity needs to continue into 2022–23	Undertake: • 9 pre-bushfire period audits of MEC BMP • 2 audits of specified operator BMP • Inspect 5,000 network assets	Monitor and report: • audits performed • non-compliances identified • proportionate enforcement action taken to resolve identified non-compliances • timely implementation of MEC asset management remedial actions and relevant updates to ESMS and BMP
Renewable energy generation (utility scale)	The evolution and increasing introduction of electricity renewable energy solutions, including complex installations and network connections, give rise to new and unforeseen risks which if not managed may result in an increase in harms to people and/or property. ESV investigated several incidents of fire that occurred on utility scale solar and battery energy storage, as well as incidents involving windfarm infrastructure. The investigations and subsequent action by ESV have highlighted the need for greater regulatory focus to ensure energy safety is addressed by the owners and operators of these complex installations.	Undertake: • 3 wind farm audits • 3 commercial solar installation audits • audit other utility scale generation as proposed/constructed • produce guidance for utility scale installations – June 2023	Monitor and report: • audits performed • non-compliances identified • enforcement action taken

Initiative	Why this is a priority?	Targets	Measures
Hydrogen readiness	In support of the Victorian Government Climate Change Strategy and the National Hydrogen Strategy, ESV will be implementing measures and undertaking activities to ensure the decarbonisation of the Victorian gas network is achieved without compromise to public safety. Projects currently underway include: • The Hyp Murray Valley project was awarded funding by the Australian Renewable Energy Agency (ARENA) in 2021 for gas blending at Australian Gas Networks (AGN, which are part of AGIG) Murray Valley Hydrogen Park in Wodonga. The project will supply hydrogen to be blended into the gas distribution network at up to 10% by volume. • Safety risks with emerging technologies such as the LAVO system, hydrogen fuel cells and catalytic hydrogen oxidisers need to be understood and guidance on mitigation of identified risks needs to be provided to the community.	As an emerging technology, no targets are in place for this priority but we want to learn about the impact that hydrogen can have on the following: • existing and new dedicated transmission pipelines • existing distribution networks • gas quality • end use appliances • existing legislation fitness of purpose	As an emerging technology, no measures are in place for this priority but we will: • liaise with Australian Gas Industry Group (AGIG) and the Australian Hydrogen Council through working groups to identify and mitigate risks across the supply chain • approve safety cases, safety management plans and construction safety management plans to legislative requirements
Battery energy storage systems (utility scale)	There have been recent instances of fire caused by battery energy storage systems in Victoria, and in other jurisdictions. ESV has investigated the Victorian incidents and ensured the safety of the batteries is rectified and improved. The increased uptake of battery energy storage systems means developing further safety insights and ongoing regulatory vigilance is required.	Target to: • audit 2 utility scale battery storage facilities • produce guidance how to comply and ESV's expectations	Monitor and report: • number of audits performed • non-compliances identified • number of enforcement actions

Initiative	Why this is a priority?	Targets	Measures
Energy network strikes and encroachment	**Gas and pipeline networks** Third party asset strikes are the most common cause of pipeline and gas network damage and loss of containment, which can lead to serious injury. Ongoing attention to third party strikes is essential to maintain industry focus to continue to drive down third-party encroachments that have decreased over the past 12 months (this was a new priority for 2021–22) **Electricity networks** Third party clearance breaches and electricity asset strikes are the most common cause of damage to the electricity network, which can lead to damage to property and equipment, serious injury and death. The number of No Go Zone incidents during 2021–22 indicate concerted action by ESV and other regulators is required to raise community awareness about the hazards of overhead power lines and to ensure that risk controls are adopted.	**Gas and pipeline networks** • 10% reduction in gas main strikes on gas mains by third parties to 2021–22 baseline • 10% reduction in gas service strikes on gas main by third parties to 2021–22 baseline • 5% reduction in pipeline encroachments on pipelines to 2021–22 baseline **Electricity networks** • 10% reduction in electricity network asset clearance breaches to 2021–22 baseline • 10% reduction in electricity network asset contact incidents to 2021–22 baseline	**Gas and pipeline networks:** • Number of gas main strikes and root cause of incident • Number of service strikes and root cause of incident • Number of pipeline encroachments and root cause of incident **Electricity networks:** • Number of asset clearance (No Go Zone) breaches and root cause of incident • Number of contact incidents and root cause of incident

Initiative	Why this is a priority?	Targets	Measures
Licensed electrical worker compliance	Electrical work that is not carried out safely in line with applicable Australian Standards can cause injury, death or fires. Maintaining compliance among licensed electrical workers and licensed electrical inspectors ensures the safety of the Victorian community and electrical workers. In early 2022 ESV upgraded its approach to the COES audits of electrical installation works in order to increase assurance of safe electrical work and compliance, and to increase data collection and analysis to be able to identify areas to support industry compliance.	• 12,000 certificate of electrical safety (COES) audits • 450 field-based licence checks including solar installations • 20 LEI licence audits • 1,000 general compliance spot inspections	Number of audits performed including: • Number of non-compliant audits • Number of rectification notices (section 45AB) • Number of incidences of ineffective supervision of electrical workers (including apprentices) and related enforcement action • Number of unlicensed and unregistered workers identified and related enforcement action

Initiative	Why this is a priority?	Targets	Measures
Gas (Type A) and Electrical Appliance Safety	There are few harmful incidents arising from gas and electrical appliance and equipment use in the context of the large numbers bought and used in the community. However, increasing online sales and sources of products, the ongoing changes in design and manufacturing and need to ensure maintenance for gas appliances (CO prevention) warrant continuing focus for the coming financial year.	**Gas Appliances** • Audit all certifying bodies (in accordance with JAS-ANZ audit schedule) • Conduct 200 online point of sale audits	**Gas Appliances** • Total number of audits • Number of audits with non-compliances • Number of fatalities (target = zero) and injuries requiring medical attention (target = zero) from household and commercial gas appliances • Number of referrals to the Victorian Building Authority (VBA) for non-compliant gasfitting work • Number and status of mandatory recalls
		Electrical Appliances • Audit 10 online stores/suppliers/retailers	**Electrical Appliances** • Total number of audits and: – Number of audits with non-compliances – Number of suppliers who stopped selling non-compliant equipment, made equipment compliant or number of enforcement actions taken (infringement notices/prosecutions) – Number of section 67 notices issued • Total number of equipment check tested and: – Number of check tests with non-compliances

			– Number of suppliers who stopped selling non-compliant equipment, made equipment compliant or number of enforcement actions taken (infringement notices/prosecutions, prohibitions and recalls) – Number of section 67 notices issued • Number and status of recalls on unsafe equipment • Number of 'prohibit the supply' notices issued for unsafe equipment
New energy infrastructure	The Victorian Government is investing in electricity network infrastructure to support the development of six Renewable Energy Zones (REZs), with $540 million allocated over four years in the 2020-21 Victorian State Budget. There are seven Stage One projects to support greater electricity transmission on the existing networks and projects to strengthen the energy system. Decisions on whether to proceed with the projects are expected in mid–2022. More information can be found at Renewable energy zones. The Victorian Renewable Energy Target Auction (VRET2) aims to bring online at least 600 megawatts of new renewable energy capacity in Victoria. The VRET2 Auction process closed in December 2021 and the successful projects are expected to be announced in late 2022.	• Require MECs to design and construct all new transmission lines in accordance with an accepted ESMS and to demonstrate that compliance with the ESMS will minimise risks to people, property and bushfire danger as far as practicable. • Review applications for VESMS from successful VRET Auction submissions	• New transmission line ESMS reviewed and accepted • New complex electrical installations proposed from the VRET2 Auctions have an accepted VESMS • Incidents arising from transmission networks

Part three: Business plan activities supporting energy safety

The business plan describes the key regulatory functions and enabling organisational functions, the value of the function and key measures including targets, outputs or activity reports across ESV.

Note: Activities described in Part two (Strategic priorities and measures) and the Compliance and enforcement priority activities (Table 2) are not duplicated below in Table 3.

Table 3: Business Plan Activities 2022–23

Activity	Why this is important?	Targets / outputs (performance measures)
Key permission functions – acceptance/approvals – electricity/gas and pipeline infrastructure		
Assess submitted bushfire mitigation plans (BMP) from MECs and specified operators (annual submission) for acceptance.	Accepted BMPs address key risks and explain how specified operators and major electricity companies (MECs) fulfil their duties to minimise bushfire risks.	• MEC BMP initially assessed within 180 days of submission • 20 specified operators BMP accepted
Assess submitted (mandatory and voluntary) electricity safety management schemes (ESMS) for acceptance.	Accepted ESMS address key risks and explain how the organisation fulfils its duties to minimise risks associated with networks, installation, and/or operations.	• Assess mandatory ESMS revisions within 9 months from submission • Assess nine VESMS revisions within 180 days from submission
Assess submitted gas safety cases (SC) and pipeline safety management plans (SMP) for acceptance.	The accepted SC and SMP address key risks and explain how the organisation fulfils its duties to minimise risks arising from its facilities.	• 9 SC assessed • 6 SMP assessed • SC and SMPs assessed within 90 days of submission
Implement new industry wide processes, including ESV as a referral authority for land development around pipelines.	Effective engagement between developers, councils and pipeline licensees for ongoing safety of community activity around pipelines.	To be completed by December 2022
Register cathodic protection (CP) systems.	All CP system systems are registered and their conditions of operation to avoid interference to nearby metallic structures are clearly understood.	Issue 100% of certificates of registration within 5 days of approval

Key permission functions –license/accept/ register – gas and electrical appliances and installations, and electrical workers		
Assess applications submitted for complex gas installations and Type B appliances for acceptance.	Increased compliance rate from gas installation application acceptance reduces safety risks to the community.	85% of complex installations and Type B appliances accepted (that is compliant) on initial inspection
Process applications and issue licences for electrical workers.	Licensed industry participants keep the community safe by being able to undertake electrical work safely.	Process new and renewed applications within 10 days of receipt of all relevant information for: • registered electrical contractors (average 1,100 new/ 2,300 renewals) • licensed electrical inspectors (10 new / 40 renewals) • licensed electricians (2,400 new / 8,000 renewals) • licensed lineworkers (70 new lineworkers annually)
Regulatory monitoring – auditing and inspecting for gas, electricity and pipeline infrastructure safety		
Audit accepted electricity safety management schemes (ESMS)/voluntary ESMS.	Provide assurance ESMS are implemented and risks are managed.	• 12 audits of MEC ESMS • Publish an Annual Electrical Infrastructure Safety Performance Report about industry performance informed by audits and inspections, incidents, and data analysis • Audit 12 voluntary ESMS out of 18 ESMS
Work with industry to implement the eight recommendations of the REFCL functional performance review.	REFCLs are installed and operate as intended reducing bushfire risks during high fire risk weather.	• 2 recommendations have been fully implemented • The 6 remaining recommendations will be implemented by the 30 June 2023
Audit gas safety cases (SC) and pipeline safety management plans (SMP).	Provides assurance for gas SC and SMP are implemented and risks are managed.	• Perform 60 SC/SMP audits for acceptance and compliance
Inspect gas company pipelines including new installations, replacements, and repair works	All work complies with standards and workers are competent for the tasks being undertaken	• Inspect 5% of known works
Monitor electrolysis mitigation systems to: • assess adequacy of stray current minimisation measures	Rail operators minimise stray current from operations to protect metallic structures from corrosion.	Conduct: • 900 drainage bond inspections (each inspected 10 times/year)

• identify repair requirements • coordinate area testing.		• 92 (all) thyristor drainage unit inspections (each inspected 10 times) • 30 substation area tests
Audit registered cathodic protection (CP) systems.	CP systems operate safely without affecting the integrity of nearby underground and underwater metallic structures	• Fewer occurrences of corrosion damage to buried pipelines caused by CP system owners compared to 2021–22 figures • Audit 240 high risk registered cathodic protection systems (>= 2 amperes) for compliance with duties and registration conditions
Solar Victoria audit response. ESV solar installation inspections (residential and utility scale).	Maintaining the current low level of unsafe findings from solar installation site inspections provides improved community safety outcomes. Continue conducting solar installation site inspections to ensure owners, operators and electricians are meeting their legislative obligations and are carry out electrical work safely.	• Investigate 100% of Solar Victoria's notifications of identified installers that have created an unsafe solar installation • 450 solar installation site inspections • 5% reduction in non-compliances identified from the total number of solar installation inspections performed (compared to 2021–22 baseline). • Develop two technical articles for the solar industry based on ESV findings into unsafe investigations and site inspection findings
Investigate unsafe split-cycle air conditioning installations.	Maintaining the current low level of unsafe findings from Solar Victoria audits provides improved community safety outcomes. To ensure electricians are meeting their legislative obligations and are carrying out electrical work safely.	• Investigate 100% of Solar Victoria's notifications of identified installers that have created an unsafe air- conditioning system
Monitor the new regulatory framework for high risk gas equipment subject to Safety Critical Testing.	High risk gas equipment includes equipment where surveillance testing is required to ensure safe operation.	Desktop audit of safety critical testing for 5 certification files of high-risk equipment by 30 June 2023

Activity	Why this is important?	Targets / outputs (performance measures)
Monitor the safe transition of LPG cylinder valves (Type 27 valve) for leisure cylinders.	Reduced number of incidents and injuries resulting from failed LPG cylinder connections by ensuring appliance certifications have been updated to the Type 27 appliance connection.	Complete desktop review of certification files for appliances that require the LCC27 appliance connection by December 2022
Monitor compliance of open flued gas space heaters (OFGSH) supplied to market to ensure new safety requirements for negative pressure environments met.	Increased safety operation of new OFGHS and decorative effect appliances.	Perform desktop audit of new certifications that meet the new requirements
Audit high energy electrical installations.	Improved high energy electrical installation safety management, and increased awareness of owner/operator responsibilities.	• Conduct 4 audits for compliance with Division 2 of the *Electricity Safety Act 1998.* • Produce and issue audit reports within 28 days of site attendance.
Education and supporting compliance		
Run public awareness campaigns, such as: • Be Sure • Know the Drill Before You Grill • Don’t Do It Yourself (DDIY) electrical • Household Wiring • Solar Safety • Never Work Live • Look and Live.	Build community awareness and promote behaviour change in relation to energy safety.	Evaluate campaign effectiveness through qualitative and quantitative research: • 40% of the television advertising target audience reached. • 10% or more of the target audience responding to the call to action • 1% click-through rate from digital assets
Engage with community through partnerships with community organisations in metropolitan, regional and rural Victoria.	Industry and community are more aware of key safety issues, and increased brand awareness.	• Monitor ESV attendance at rural and regional field days • Monitor industry award programs
Educate gas and electrical industry via the Energy Safe Magazine.	Industry participants informed and aware of current safety requirements and concerns.	• 4 issues per year (gas/electricity/pipelines). • 6 articles specifically addressing common electrical safety non-compliances and COES audit findings

		• Minimum 6 articles addressing common gas safety non-compliance issues for appliance and installations
Educate electrical industry participants via training events and industry forums.	Industry participants are aware of current requirements and safety concerns	• 12 electricity installation training sessions • 7 industry forums
Educate gas industry participants via training events and industry forums.	New entry gasfitters (apprentices) are aware of ESV gas safety regime.	• Attend minimum of 7 RTO/TAFE once a year and present to gasfitting apprentices • Attend and present at the annual Plumbing RTO conference • Conduct 6 webinars for industry on Type A appliance safety
Develop electrical apprentice strategy and action plan.	Increased safety outcomes for apprentice safety, evident from incident reporting and monitoring.	Documented strategy and plan completed by January 2023
Provide safety and technical input to the making of the Electricity Safety (Bushfire Mitigation) Regulations 2013, and other legislative instruments working collaboratively with DELWP.	Fit-for-purpose regulations support compliance leading to safer outcomes.	Provide timely response to support development of regulatory impact statement (RIS) and making of regulations before sunset of current regulations
Incident response and investigations		
Respond to energy safety incidents and reports of safety concerns by undertaking investigations.	Establish root causes from incident investigations to inform regulatory strategies and activities to prevent recurrence and take enforcement action for identified breaches of legislation for deterrence.	• Respond to all vegetation related safety incident within 30 days of notification • Complete investigation of all vegetation related safety incidents within 60 days of notification • Safety incident reports to be completed within 28 days (Gas)
Investigate reports of corrosion on underground and underwater metallic structures.	Determine whether stray current is the cause and recommend mitigation action to ensure safety and take enforcement action for identified breaches of legislation for deterrence.	• Commence investigation within one month of notification

Activity	Why this is important?	Targets / outputs (performance measures)
Key enabling corporate functions		
Corporate functions in addition to general services required by ESV as an agency (that is IT, People Services, Finance, Strategy, Data and business improvement)		
Provide leadership and portfolio management and support for ESV's Transformation Program: • Regulatory Practice Program • Digital and Data Driven Service • Ways of Working	Transformation is essential for ESV to be able to deliver the strategy, identified strategic priorities and respond to the changing energy landscape ensuring ongoing community energy safety.	• Monitoring progress of the accepted business case / Roadmap for transformation – deliverables, scope and budget. • Monthly reporting via the CEO Monthly Report
Support Minister in making levy determination.	ESV has sustainable financial future attributing costs equitably across industry participants	• June 2023
Legal services in addition to general legal services required by ESV as an agency (that is corporate legal)		
Develop legislative change framework including identified improvements to current Acts and Regulations	Ensures the energy safety legislative framework is fit-for-purpose	• Framework approved by June 2023
Coordinate and manage memoranda of understanding (MOUs)	Documented relationships between ESV and other agencies	• Published MOUs
Provide secretariat services to the Commission and statutory Advisory Committees	Stronger governance of corporate and regulatory functions	

Part four: Our funding

Funding for 2022–25

Since our formation in 2005, our activities have been fully funded by a combination of fee-for-service income, licence fees, and levies on the electricity, gas and pipeline industries. More recently we have been called on to provide services relating to the growing and diverse renewables sector.

Safety regulation costs are ultimately included in the prices paid by consumers of electricity and gas.

Our responsible Minister, the Minister for Energy, Environment and Climate Change, reviews and determines levies for industry every two years. Regulated fees and charges are reviewed and reset when they expire.

Our strategic financial objectives are to maintain:

- key financial viability ratios by ensuring we can pay our debts when they are due
- liquidity and cash viability to account for short-term uncertainties.

Budget 2022–23

We have budgeted revenue of $63.3 million for 2022–23, comprising $32.6 million in levies, $22.2 million in fees and $8.2 million in grants.

Total operating expenditure for 2022–23 is budgeted at $59.7 million while capital expenditure is projected to be $9.4 million.

The projected cash deficit of $8.8 million will be funded out of existing cash reserves as we do not foresee a requirement for debt financing in the short term. We maintain our strategy of using cash reserves built up from previous years to invest in growth and capital expenditure. As a result, the projected cash balance at the end of the 2022-23 financial year will decrease to $10.3 million from the $19.1 million forecast on 30 June 2022.

Part five: Our financial strategy

Strategic business and financial overview

Our operations are funded through fully recovering capital and operational costs from industry. Costs are recovered through a range of fees and charges on individuals and levies on companies operating in the pipelines, gas and electricity industries. Safety regulation costs are ultimately included in the prices paid by consumers of electricity and gas.

The Minister reviews and determines levies for industry biennially with the levies for 2022–23 having been determined by the Minister in July 2021. The next review will be in 2023 for the financial year 2023–24 and 2024–25.

Strategic business and financial overview

Our strategic financial objectives are to maintain:

- key financial viability ratios:
  - Current ratio is greater than or equal to 1.0
  - Assets to Liabilities ratio is greater than or equal to 1.0
- liquidity and cash viability to account for short-term uncertainties caused by any of the following unforeseen circumstances:
  - levy determination approval delays
  - major incidents or natural disasters
  - possible legal proceedings
  - variability of certificates of electrical safety (COES) income reflecting market conditions.

Asset management strategy

Our asset management strategy is reviewed annually to ensure its validity and alignment with our organisational strategy.

Our main assets are:

- a leased motor vehicle fleet
- office leases at Southbank and Brandon Office Park (Glen Waverley)
- furniture, fittings and office equipment
- intangible assets, mainly ESVConnect and other software applications.

Our vehicle fleet is leased through the Victorian Government endorsed fleet management partner. Our strategy is to ensure the vehicles, as a necessary tool of trade, are provided to continually enable the organisation to perform its role as a regulator effectively.

We have two long-term office leases at Southbank and Glen Waverley. Leases are reviewed periodically to ensure alignment with the future size and requirements of our workforce.

We recognise software, ready-made or purpose-built, in its categorisation of intangible assets as well as furniture, fittings and office equipment that support our objectives and activities.

2022–23 budget

Cash budget 2022–23

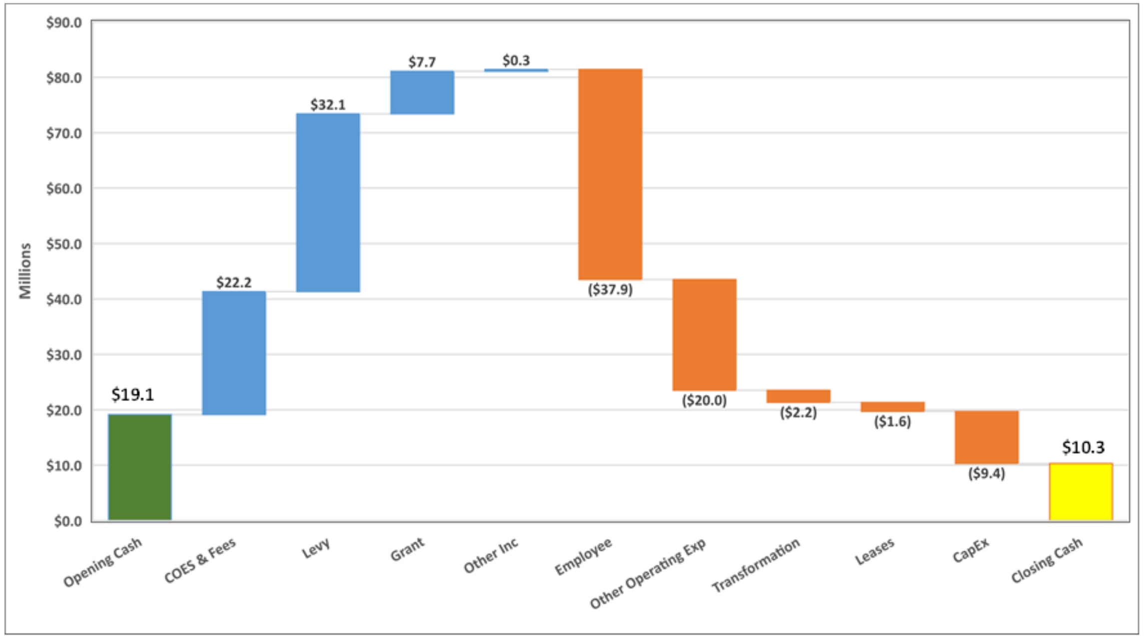
ESV's overall budget for the 2022–23 financial year is a net cash outflow of $8.8 million. This includes significant investments in the Transformation Program and implementation and support of continuing professional development (CPD) for electrical workers and for line worker licensing.

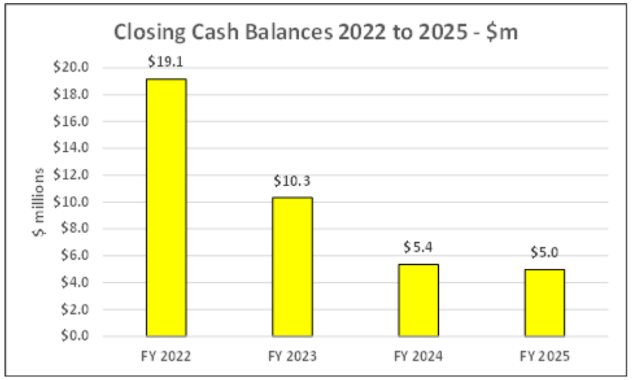
The 2022– 23 financial year is the second year of the Minister's two year levy determination. This includes further investment in ESVConnect development, the Transformation Roadmap (including recommendations from the Enterprise Architecture Future State Project), implementing the CPD program for electrical workers, and additional resources for asset management, renewable energy, and the hydrogen industry development plan.

These investments are being undertaken to ensure we meet our increased organisational requirements and our enhanced regulatory role.

Levy income is based on cost recovery principles informed by aggregate resourcing levels determined in this plan and approved by the Minister. This will increase rates by 3.3 per cent for electricity and 2.8 per cent for gas and pipelines from 2021–22 to 2022–23.

2022–23 cash balance movement (inflow and outflow)





Financing 2022–23

We will maintain our strategy of using cash reserves built up from historical efficiencies to invest in growth and capital expenditure. Accordingly, we will fund our 2022–23 cash deficit from existing cash reserves.

As a result, our June 2023 cash balance is expected to decrease to $8.8 million to $10.3 million from the June 2022 cash balance forecast of $19.1 million.

We do not foresee a requirement for debt financing in the short term.

Assumptions for 2022–23

Looking beyond 2022–23, our financial forecasts are based on the following assumptions:

- a fully funded enterprise agreement with a 2 per cent annual salary increase in line with the current Victorian Government wages policy
- rent increases of 3.75 per cent per year as reflected in the lease agreement
- other operational costs to increase by 1.73 per cent per the Consumer Price Index
- includes funding of $8.0 million for electrical CPD training as per the May 2022 State Budget.

Cash Balances Forecasts to June 2025

ESV modelling indicates a dwindling of its closing cash balances based on its current funding model.

Financial implications of coronavirus (COVID)

We have extensively modelled the various cash flow scenarios that may result from the ongoing coronavirus (COVID) impact on the wider economy. We retain enough flexibility in our cash flow and expense management systems to mitigate all but the most extreme economic impacts at this time.

Approved fees and levies for 2022–23

The *Monetary Units Act 2004* permits fees to be expressed in regulations in ‘fee units’. Fee units are indexed on 1 July each year, which ensures they can be updated without the need for continual updates to regulations.

Electrical fees

Fees payable under the Electricity Safety (Registration and Licensing) Regulations 2020

Type	Fee 2022–23 ($)
Electrical contractor application (42.52 fee units)	650.13
Electrical contractor renewal (20.42 fee units)	312.22
Licence application – Electrical worker (27.3 fee units)	417.42
Licence application – Electrical inspector and restricted electrical worker (42.52 fee units)	650.13
Licence application – Supervised worker licence (issued up to 3 years) (27.3 fee units)	250.45
Licence renewal – Electrical worker (13.65 fee units)	208.70
Licence renewal – Electrical contractor (20.42 fee units)	312.22
Licence renewal – Electrical inspector and restricted electrical worker (20.42 fee units)	312.22
Licence application – Switchgear worker (27.3 fee units)	417.42
Licence renewal – Switchgear worker (13.65 fee units)	208.70

Fees payable under the Electricity Safety (General) Regulations 2019

Type	Fee 2022–23 ($)
Electronic Certificate of Electrical Safety form for prescribed electrical work (2.2 fee units)	33.64
Paper Certificate of Electrical Safety form for prescribed electrical work (2.4 fee units)	36.70
Periodic Certificate of Electrical Safety for relating to non-prescribed electrical work (55.6 fee units)	850.12
Any other electronic Certificate of Electrical Safety	8.10*
Any other paper Certificate of Electrical Safety	8.90*
Application for exemption under Installation Safety Regulation 401 (5.99 fee units)[#]	91.59

* Prescribed fees that are less than the value of one fee unit are not tied to the indexing formula set out under the Monetary Units Act 2004 but may still be increased on 1 July each year up to the value of the indexation formula.

Exemptions charges are based on current fee units that apply for the financial year.

Fees payable under the Electricity Safety (Equipment Safety Scheme) Regulations 2019

Type	Fee 2022–23 ($)
Application for a new certificate of suitability (60.0 fee units)	917.40
Application for a new certificate of suitability for equipment previously certified by Energy Safe Victoria (40.0 fee units)	611.60
Application for a variation of a certificate of suitability – change of name or model (17.0 fee units)	259.93
Application for renewal of certificate of suitability (17.0 fee units)	259.93
Application for renewal of certificate or Application for transfer of certificate of suitability (17.0 fee units)	259.93
Application for new certificate of conformity for electrical devices and luminaires (34.0 fee units)	519.86
Application for new certificate of conformity for electrical equipment (other than an electrical devices or luminaires) (51.0 fee units)	779.79
Application for a new certificate of conformity for electrical devices and luminaires previously certified by Energy Safe Victoria (23.0 fee units)	351.67
Application for a new certificate of conformity for electrical equipment previously certified by Energy Safe Victoria (other than an electrical devices or luminaires) (34.0 fee units)	519.86
Application for a variation of a certificate of conformity – change of name or model (17.0 fee units)	259.93

Type	Fee 2022–23 ($)
Application for renewal of certificate of conformity (17.0 fee units)	259.93
Application for transfer of certificate of conformity (17.0 fee units)	259.93

Annual fees payable under the Electricity Safety (Cathodic Protection) Regulations 2019

Type	Fee 2022–23 ($)
Registration fee for an impressed current cathodic protection system with a total output up to and including 250 milliamperes (8.77 fee units)	134.09
Registration fee for an impressed current or galvanic anode cathodic protection system with a total output over 250 milliamperes and up to and including 2 amperes (21.95 fee units)	335.62
Registration fee for an impressed current or galvanic anode cathodic protection system with a total output over 2 amperes (49.57 fee units)	757.93

Annual fees payable under the Electricity Safety (Management) Regulations 2019

Type	Fee 2022–23 ($)
Voluntary electricity safety management scheme (965 fee units per annum)	14,754.85

Gas fees

Annual fees payable for safety case applications made under sections 52, 53, and 54 of the Gas Safety Act are set out in the Gas Safety (Safety Case) Regulations 2018

Type	Fee 2022–23 ($)
Voluntary safety case (ss52, 53, 54 *Gas Safety Act 1997*) (1007 fee units per annum)	15,397.03

Fees payable under the Gas Safety (Gas Installation) Regulations 2018, which relate to the acceptance of appliances and applications for exemptions from prescribed standards

Type	Fee 2022–23 ($)
Acceptance of appliance (s69 *Gas Safety Act 1997*) (51.0 fee units)	779.79
Application for exemption from standards (s72(3) Gas Safety Act 1997) (8.03 fee units)	122.78

Levies

Electricity levies

Determinations made by the Minister for Energy, Environment and Climate Change under section 8 of the Electricity Safety Act require electricity distribution companies to pay specified amounts to us to cover the reasonable costs and expenses we incur fulfilling our regulatory functions. The following table sets out the levies, which are based on the number of customers in each electricity distribution area.

Company	Levy 2022–23 ($)
Jemena	1,662,518.38
Citipower Pty	1,570,188.23
Powercor Australia	3,912,953.22
SPI Electricity Pty Ltd/ AusNet Services	3,520,691.68
United Energy Distribution Pty Ltd/ Alinta	3,186,525.67
Total	13,852,877.18

Gas levies – natural gas pipeline companies

Determinations made by the Minister for Energy, Environment and Climate Change under section 11 of the Gas Safety Act require gas companies to pay specified amounts to us to cover the reasonable costs and expenses we incur fulfilling our regulatory functions.

Company type	Type	Name	Levy 2022–23 ($)
Natural gas distribution companies	Fixed fee		12,110.66
	Natural gas distribution pipeline owned in Victoria		52.28 per kilometre
	Natural gas distribution pipeline domestic customers in Victoria	Australian Gas Networks Ltd AusNet Gas Services Pty Ltd Gas Networks Victoria Pty Ltd Multinet Gas Distribution Partnership	6.51 per customer
Natural gas transmission companies	Fixed fee		12,110.66
	Natural gas transmission pipeline owned in Victoria	APA SEA Gas (Mortlake) Pty Ltd & REST MPS Pty Ltd APA VTS Australia (Operations) Pty Ltd APT Management Services Pty Ltd (APA) / Australian Gas Networks (Vic) Pty Limited APT Pipelines (SA) Pty Ltd (SESA Pipeline) Beach Energy (Bass Gas) Gas Pipelines Victoria Pty Ltd Jemena Gas Pipelines Holdings Pty Ltd (EGP and Vic Hub) LYB Operations and Maintenance Pty Ltd (Loy Yang B) Multinet Gas Distribution Partnership South East Australia Gas Pty Ltd SPI Networks (Gas)/ AusNet services Tasmanian Gas Pipeline Pty Ltd (TPG)	246.41 per kilometre

Gas levies - other gas entities

Determinations made by the Minister for Energy, Environment and Climate Change under section 11 of the Gas Safety Act require other gas companies, including those supplying LP Gas, to pay specified amounts to us.

Company	Type	Name	Levy 2022–23 ($)
LP or landfill company with direct or indirect customers of unreticulated LP Gas	2 to 1,000		3,772.41
	1,001 to 5,000.		7,519.14
	5,001 to 10,000		18,834.60
	10,001 to 20,000	Origin Energy LPG	37,645.66
	20,001 to 50,000	Supagas	75,265.71
	Over 50,000	Elgas Pty Ltd	188,152.11
LP or landfill gas company that operates a reticulated LP gas system or systems	Service fee	Energy Developments Ltd	7,153.89
Other declared gas companies (reticulated LPG)	Service fee		7,153.89
	2 to 1,000	Indigo Shire Council (Mt Buller) Mt Hotham Alpine Resort Westernport Water Elgas Ltd	3,772.41
	1,001 to 5,000	Elgas Ltd (Victorian LP Gas Reticulation Systems)	7,519.14
	5,001 to 10,000		18,834.60
	10,001 to 20,000		37,645.66
	20,001 to 50,000		75,265.71
	Over 50,000		188,152.11

Gas levies - non-gas pipelines

Determinations made by the Minister for Energy, Environment and Climate Change under section 132A of the Pipelines Act 2005 require licensed pipeline companies to pay specified amounts to us.

Company	Type	Name	Levy 2022–23 ($)
Licensed pipeline companies	Fixed fee		12,110.66
	Licensed pipeline owned in Victoria	Air Liquide Australia Ltd Australasian Solvents & Chemicals Beach Energy Beach Energy (Bass Gas) BOC Ltd BP Australia Pty Ltd Cooper Energy Pty Ltd Cooper Energy Pty Ltd (Minerva gas plant) Elgas Reticulation Esso Australia Pty Ltd Incitec Pivot Ltd Ixom Operations Pty Ltd Mobil Refinery Australia Qenos Pty Ltd Somerton Pipeline Joint Venture United Petroleum (Trafigura) Viva Energy Australia Ltd Viva Energy Australia Ltd (PLs 58, 59 and 60)	716.10 per kilometre

Financial management and accounting policies

Accounting policies

Reporting entity

Energy Safe Victoria is given the authority to operate by way of the Energy Safe Victoria Act, and is a statutory authority acting on behalf of the Crown. Its principal address is Level 5, 4 Riverside Quay, Southbank Victoria, 3006.

Basis of preparation

These financial statements are presented in Australian dollars, and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measure on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about financial information being presented. Estimates and associated assumptions are based on professional judgments derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. Amounts in the financial statements have been rounded to the nearest $1,000 unless otherwise stated.

Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS), which includes interpretations issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Where appropriate, those AASB paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.

How funds are raised

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

To enable ESV to fulfil its objective and service delivery, ESV’s primary source of income is from fees and levies. Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

Fee income

Sales of Certificates of Electrical Safety (COES) are recognised upon invoicing. Registration and licence fees paid by electrical workers are recognised upon receipt of income by ESV. Fees paid by members of the electrolysis industry to cover mitigation costs, in accordance with the Electricity Safety Act 1998, are recognised upon invoicing.

Fees paid by manufacturers and importers of electrical equipment for approval prior to the goods being made available for sale are recognised upon receipt of income. Appliance efficiency income is recognised upon invoicing. Other sales and services are recognised upon receipt of income.

Levy income

Levy income charged on the electricity industry to ensure compliance with the Electricity Safety Act 1998 and subordinate regulations are recognised upon invoicing.

Levies charged on the gas industry to ensure compliance with the Gas Safety Act and subordinate regulations are recognised upon invoicing. Levy income charged on the pipelines industry to ensure compliance with the Pipelines Act and subordinate regulations are recognised upon invoicing. Each levy covers a 12-month period and ESV carries out regulatory activities in line with that timeline.

Based on AASB 15, ESV recognises the revenue over the 12-month timeframe.

Interest income

Interest income comprises interest received on bank term deposits. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

Grant income

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to ESV without receiving approximately equal value in return.

While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers).

ESV received specific purpose grants from Departments and uses these funds as specified in the relevant agreement. ESV recognises revenue when ESV satisfies a performance obligation by transferring a promised good and service (an asset) to a customer as per AASB 15.

Other income

Other income comprises income from installation exemptions, reimbursements, court determinations, sundry advertising co-contributions and bad debt reversals.

How funds are spent

This section provides an account of the expenses incurred by ESV in its service delivery. The funds that enable the provision of services were disclosed above and in this note the cost associated with provision of services are recorded.

Employee benefits

Employee benefits – comprehensive operating statement

Employee benefits include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, and termination payments.

The amount recognised in the comprehensive operating statement is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. ESV recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits, annual leave, and on-costs) are recognised as part of the employee benefit provision as current liabilities, because ESV does not have an unconditional right to defer settlements of these liabilities.

Unconditional LSL is disclosed as a current liability even where ESV 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:

- undiscounted value – if ESV expects to wholly settle within 12 months, or
- present value – if ESV does not expect to wholly settle within 12 months.

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 noncurrent LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of the 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' in the net result.

Superannuation expense

ESV employees are entitled to receive superannuation benefits and ESV contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debt expenses from transactions that are mutually agreed. Supplies and services are recognised as an expense in the reporting period in which they are incurred.

Major assets

ESV controls infrastructure utilised to fulfil its objectives and conduct its activities, and represents key resources entrusted to ESV to be utilised as part of its service delivery.

Total plant and equipment

Items of plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The fair value of plant and equipment is normally determined by reference to the asset's depreciated replacement cost. ESV's asset policy sets the minimum asset capitalisation threshold of individual units at greater than $5,000.

ESV recognises a group of assets as a unit when the following conditions are met:

- Multiple units of the same item are purchased in a single transaction.
- Individual value of the asset does not meet the capitalisation threshold of $5,000, but as a group the total purchase value exceeds $50,000 (GST exclusion).
- It is commercially viable to purchase multiple units of the same item under a single transaction.

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

Depreciation and amortisation

All plant and equipment and other non-financial physical assets that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are:

- Furniture and fittings - 10 to 15 years.
- Equipment - 3 to 15 years.
- Leasehold improvements - 4 to 7 years.
- Vehicle (mobile site office) - 2 to 20 years.

The estimated useful lives, residual values, and depreciation method are reviewed at the end of each annual reporting period and adjustments made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

In the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced (unless a specific decision to the contrary has been made).

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

Intangible assets

ESV only recognises software, ready-made or purpose-built, in its categorisation of intangible assets. Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets are met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation begins when the asset is available for use: when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale or an intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- The intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to reliably measure the expenditure attributable to the intangible asset during its development.

The costs of discovery or research phase of internally-generated intangible assets are expensed.

Intangible assets with finite useful lives are depreciated as an 'expense from transactions' on a systematic (typically straight-line) basis over the asset's useful life. Intangible assets have useful lives of between two and seven years.

Impairment of intangible assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever an indication of impairment is identified.

Other assets and liabilities

This section sets out those assets and liabilities that arose from ESV's controlled operations.

Receivables

Contractual receivables are classified as financial instruments and categorised as 'loans and receivables'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments.

Doubtful debts

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Payables

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost, and accounts payable represent liabilities for goods and services provided to ESV prior to the end of the financial year that are unpaid
- statutory payables that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Lease agreements

ESV has lease agreements in relation to its office premises and motor vehicle fleet. Previously, these were reported as operating leases, hence the expenditure was reflected in the profit and loss statement with no asset and liability recognition.

With the introduction of AASB 16, all material leases will be brought onto the balance sheet from the 2019–20 financial year. The net present value of the lease obligation over the contract period is included as right-of-use asset and current and non-current liability in the balance sheet. The lease payments include interest expense and depreciation.

Other non-financial assets

Other non-financial assets include prepayments, which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering the term extending beyond that period.

Financing ESV's operations

ESV's continuing operations are financed from cash flows from operating activities (see the consolidated cash flow statement). Asset investment operations are generally financed from surplus cash flows from operating activities.

Cash flow information and balances

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.

Due to the Government's investment policy and funding arrangements, ESV does not hold large cash reserves in its bank accounts.

Risk, contingencies and valuation judgements

Financial instruments specific disclosures

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of ESV's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines, and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. Guarantees issued on behalf of ESV are financial instruments because, although authorised under statute, terms and conditions for each financial guarantee may vary and are subject to an agreement.

Categories of financial instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest rate method (and for assets, less any impairment). ESV recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)
- term deposits.

Financial assets and liabilities at fair value through net result are categories as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition.

Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the entity concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through net result are initially measured at fair value. Attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. Financial liabilities at amortised costs are initially recognised on the date they originate. They are initially measured at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. ESV recognises payables (excluding statutory payables) in this category.

Impairment of financial assets

At the end of each reporting period, ESV assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Fair value determination

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating results
- plant and equipment.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised by three levels, also known as the fair value hierarchy:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

ESV determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial statements and position - Income Statement

ENERGY SAFE VICTORIA

FINANCIAL FORECAST MODEL - 2023 TO 2025

	Budget FY23 Jun-23	Forecast FY24 Jun-24	Forecast FY25 Jun-25
Income			
Sale of safety certificates	14,018,079	14,185,508	14,374,540
Electrical licensing fees	5,041,591	4,789,199	4,890,544
Electrolysis/ CP systems	1,955,183	1,955,183	1,955,183
Electrical appliance testing fees	300,000	306,000	312,885
Appliance efficiency fees	901,884	919,922	940,620
Fee Income	$22,216,736	$22,155,811	$22,473,772
Electricity industry levy	13,852,877	14,296,169	14,753,647
Gas industry levy	17,476,219	17,985,816	18,498,009
Pipelines levy	1,275,726	1,312,722	1,350,791
Levy Income	$32,604,822	$33,594,707	$34,602,447
Interest	27,328	19,913	17,169
Grant income	8,179,231	1,922,000	1,922,000
Other income	308,250	316,727	325,437
Total Income	**$63,336,367**	**$58,009,158**	**$59,340,825**
Expenses			
Employee	37,899,440	37,316,149	37,705,395
Compliance audit	3,162,816	3,167,992	2,904,000
Marketing	2,165,300	2,208,606	2,258,300
Motor vehicle	1,202,802	1,226,858	1,254,462
Consultants and contractors	4,098,942	4,180,921	4,274,992
Occupancy	320,412	326,820	334,174
Information services	3,919,763	3,998,158	4,088,117
Insurance	862,332	879,579	899,369
Training & workshops	666,212	679,536	694,826
Travel	369,720	377,114	385,600
Professional fees	1,690,596	1,724,408	1,763,207
Memberships & subscriptions	282,656	288,309	294,796
General administration	746,554	761,485	778,618
Transformation Costs	2,312,925	1,500,000	-
Total Expenses	**$59,700,469**	**$58,635,936**	**$57,635,855**
EBITDA	**$3,635,899**	**($626,778)**	**$1,704,970**
Interest expense - Lease	184,771	151,447	251,442
Depreciation & amortisation	5,028,022	6,134,539	6,611,250
Net Profit/ (Loss)	**($1,576,894)**	**($6,912,764)**	**($5,157,722)**

Financial statements and position - Balance Sheet

ENERGY SAFE VICTORIA

FINANCIAL FORECAST MODEL - 2023 TO 2025

	Budget FY23 Jun-23	Forecast FY24 Jun-24	Forecast FY25 Jun-25
Cash	10,325,433	5,351,022	4,978,256
Receivables	688,282	704,716	721,883
Plant and equipment	635,264	506,052	406,197
Intangible assets	14,827,489	12,747,313	8,047,137
Prepaid expenses	1,509,249	1,509,249	1,509,249
Leased assets - Extend and New Ppty	331,906	47,415	5,126,832
Leased assets - Existing	3,255,083	2,014,423	1,275,986
TOTAL ASSETS	**31,572,706**	**22,880,190**	**22,065,541**
Unearned income	613,632	613,632	613,632
Payables	1,167,108	1,137,009	1,065,502
Provisions	6,828,881	6,828,881	6,828,881
Leased liabilities - Extend and New Ppty	332,505	48,019	5,262,010
Leased liabilities	3,638,429	2,173,262	1,373,851
TOTAL LIABILITIES	**12,580,555**	**10,800,803**	**15,143,876**
NET ASSETS	**$18,992,151**	**$12,079,387**	**$6,921,665**
Current Period Profit/ (Loss)	(1,576,894)	(6,912,764)	(5,157,722)
Retained earnings	16,783,503	15,206,608	8,293,844
Asset revaluation surplus/ (deficit)	175,543	175,543	175,543
Contributions by owners	3,610,000	3,610,000	3,610,000
EQUITY	**$18,992,151**	**$12,079,387**	**$6,921,665**

Financial statements and position - Statement of Cash Flows

ENERGY SAFE VICTORIA

FINANCIAL FORECAST MODEL - 2022 TO 2026

	Budget FY23 Jun-23	Forecast FY24 Jun-24	Forecast FY25 Jun-25
Cash Flow from Operating Activities			
Profit After Tax	(1,576,894)	(6,912,764)	(5,157,722)
Non Cash Flow Adjustments			
Depreciation & Amortization	5,028,022	6,134,539	6,611,250
(Increase) / Decrease in Assets			
Accounts Receivable	(588,282)	(16,434)	(17,167)
Prepaid Expenses	0	0	0
Leased Assets	(3,237,310)	0	(6,152,199)
(Decrease) / Increase in Liabilities			
Accounts Payable	(207,892)	(30,099)	(71,507)
Unearned Income	(488,000)	(0)	0
Provisions - Current & Non-Current	0	0	0
Lease Liabilities - Current & Non-Current	1,612,923	(1,749,653)	4,414,580
Net Working Capital & Adjustments	**(2,908,561)**	**(1,796,186)**	**(1,826,293)**
Cash Flows from Operating Activities	**542,567**	**(2,574,411)**	**(372,766)**
Cash Flows from Investing Activities			
Capital Expenditure - P & E and Intangibles	(9,365,880)	(2,200,000)	0
Cash Flows from Investing Activities	**(9,365,880)**	**(2,200,000)**	**0**
Cash Flows from Financing Activities			
Net Proceeds (Payments) of Borrowings	0	0	0
Cash Flows from Financing Activities	**0**	**0**	**0**
Net Change in Cash	**(8,823,313)**	**(4,774,411)**	**(372,766)**
Beginning Cash	19,148,747	10,325,433	5,551,022
Ending Cash	10,325,433	5,551,022	5,178,256
Net Change in Cash	(8,823,313)	(4,774,411)	(372,766)

Glossary

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AGIG	Australian Gas Industry Group
AGN	Australian Gas Network
ARENA	Australian Renewable Energy Agency
BMP	Bushfire management plan
CAB	Certification assessment body
CO	Carbon monoxide
COES	Certificate of electrical safety
CP	Cathodic protection
CPD	Continuing professional development
CRM	Customer records management
DELWP	Department of Environment, Land, Water and Planning
DDIY	Don’t Do It Yourself
EESS	Electrical Equipment Safety Scheme
ELCMP	Electric line clearance management plan
ESMS	Electricity safety management scheme
ESV	Energy Safe Victoria
FMA	Financial Management Act
HBRA	Hazardous bushfire risk area
JAS-ANZ	Joint Accreditation System of Australia and New Zealand
LBRA	Low bushfire risk area
LEI	Licensed electrical inspector
MEC	Major electricity company
NGZ	No Go Zone
OFGSH	Open flued gas space heater
PV	Photovoltaic
REC	Registered electrical contractor
REFCL	Rapid earth fault current limiter
REZ	Renewable energy zone
SC	Safety case
SLA	Service level agreement
SMP	Safety management plan
VBA	Victorian Building Authority
VESMS	Voluntary electricity safety management scheme
VRET	Victorian Renewable Energy Target