

Energy Safe Victoria

Annual Report

1 July 2010 – 30 June 2011

CO a silent killer

Gas heat, set

energysafe
VICTORIA

State Government
Victoria

Energy Safe Victoria has a community campaign to highlight the dangers of this silent killer, which has claimed nine Victorian lives in the last five years, and seen countless near-misses. Our campaign is being supported by the State Government.

Authorised and published by _____

Energy Safe Victoria

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Southbank, VIC 3006

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Design _____

Aer Design

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

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

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

The organisation

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

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

Our mission

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

We protect and assist the community by:

- » Working cooperatively and in consultation with the industry and community to facilitate safety outcomes.
- » Developing and communicating safety and efficiency requirements and programs.
- » Monitoring, auditing and enforcing compliance with the requirements.
- » Administering licensing, registration and approval systems that maintain safety standards and skills.

We will act proactively to create a safer state

Our vision towards 2016

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

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

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

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

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

Our values

- » Respect
- » Integrity
- » Partnership
- » Accountability

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

Role and functions

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

Objectives

- » To promote the prevention and mitigation of bushfire danger.
- » Ensuring the electrical safety of electricity generation, transmission and distribution systems, electrical installations and electrical equipment.
- » Ensuring safe conveyance, sale, supply, measurement, control and use of gas.
- » Controlling the safety standards of gas and electrical work and equipment.
- » Maintaining public and industry awareness of electrical and gas safety requirements.

- » Promoting awareness of energy efficiency through energy efficiency labelling and regulation of electrical equipment and gas installations, appliances and components.
- » Protecting underground and underwater structures from corrosion caused by stray electrical currents.
- » Protecting the public from environmental, health and safety risks resulting from the construction and operation of pipelines.

Functions

ESV carries out the following functions to meet these responsibilities:

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

Foreword by the Director of Energy Safety

In this my second report as Director of Energy Safety I have much pleasure in reporting on the significant progress that has been made during 2010/11 to deliver on the priorities detailed in our Corporate Plan.

ESV has also responded to the daily challenges associated with regulating the energy safety of gas and electricity infrastructure, installations and appliances.

Significant public exposure surrounded four high-profile issues during the year, including bushfires and electrical assets, concern with the safety of the installation of Advanced Metering Infrastructure (AMI), vegetation and tree clearance around electric lines, and the dangers of carbon monoxide poisoning as a result of inadequate or infrequent servicing of gas heaters.

Bushfires

Substantial effort and resource was directed at implementing the recommendations of the 2009 Victorian Bushfires Royal Commission, as well as testing, challenging and exposing the performance of industry whose principal responsibility was the management and mitigation of all risks, including that of bushfire starts, through the design, maintenance and operation of their network assets.

The Powerline Bushfire Safety Taskforce (PBST) was established by ESV in October 2010 and during the year it oversaw an extensive program of research, analysis and stakeholder and community consultation. The final report of the Taskforce will be presented to the State Government in September 2011. It will outline a range of practical and affordable options that utilise new and emerging technologies, and balance the need to reduce bushfire risk and maintain acceptable reliability and security of electricity supply.

ESV issued directions to the electricity distributors to change their asset inspection standards and procedures in accordance with, and in some cases exceeding, those recommended by the 2009 Victorian Bushfires Royal Commission. Following the annual bushfire mitigation audits, conducted in the second half of 2010, ESV commenced a focused and more detailed review of the distributors' asset management practices. The results of those audits, together with data obtained using ESV's new information-gathering powers, enabled ESV to publicly report for the first time on the regulation and safety performance of Victoria's electricity distribution businesses.

Advanced Metering Infrastructure review
On 21 January 2011, a Hihett resident received an electric shock as a result of an incorrectly installed Advanced Meter. The reversed polarity incident triggered a great deal of media and political interest in the safety of the AMI program and ESV commenced a formal investigation into the incident, together with an audit of AMI programs more broadly. Following a request by the Minister for Energy and Resources, ESV also undertook a general review of the qualifications and training of installers.

Following the review, a draft report was made available for public comment. The review identified some areas for improvement by the distributors, including the requirement for distributors to issue advice cards to householders certifying that the meter had been correctly installed and tested. Subsequently, ESV observed a reduction in AMI-related inquiries and an increase in public confidence following the implementation of the advice cards.

The review did not identify any major systemic safety issues but did highlight some areas where the assessment of eligibility requirements under mutual recognition of licences required greater clarification. The final report was provided to the Minister in late April 2011 and posted on the ESV website.

2010 Electric Line Clearance Regulations
The introduction of the 2010 Electric Line Clearance (ELC) Regulations and more active monitoring, auditing and enforcement of its provisions was another major focus for ESV during the year.

This resulted in public and media interest in the implications for amenity and the environment in mostly inner-urban areas. ESV reiterated that the intent and substance of the regulations had not changed since 1999, but that distribution businesses and councils all had clear obligations to ensure public safety and supply reliability, as well as minimising bushfire risk by either meeting the strict code requirements for vegetation and tree clearance or alternative means acceptable to ESV. ESV received the full support of the Minister.

During the year ESV participated in workshops, field pilots and held meetings with the Municipal Association of Victoria (MAV) and councils to establish processes and procedures that would enable councils to comply with the regulations or obtain exemptions from strict compliance based on alternative engineering solutions and/or risk management processes. ESV reviewed a proposed framework for the management of clearances associated with amenity trees or trees of special environmental significance. This work continues and, although a number of councils submitted and had approved ELC plans, ESV had not as at 30 June granted any exemptions based on alternative schemes to achieve the same safety outcomes.

ESV's arborist remained active throughout the year in undertaking field inspections in a number of municipalities and providing advice and guidance to assist councils to achieve higher standards of compliance with the regulations and, where possible, balance the requirements of the environment and amenity. There does, however, remain an unacceptable level of non-compliance with the code, particularly with trees that do not hold any special amenity or environmental status.

Campaign alerting the community to the dangers of carbon monoxide poisoning
ESV achieved one of its largest media profiles with the launch of its most extensive public awareness campaign in March, which urged families to ensure their gas appliances were serviced by a qualified gasfitter or service technician every two years to prevent carbon monoxide (CO) poisoning.

The campaign was supported by the Plumbing Industry Commission (PIC) and officially launched by the Minister at a media event in Queen's Hall at Parliament House on 24 March. Featuring television, cinema and radio commercials and newspaper and magazine advertising, the campaign ran until June.

Vanessa and Scott Robinson, who lost their two young sons, Chase and Tyler, to CO poisoning in their home in late May 2010, attended the launch and delivered an emotional statement about life without their boys. They also spearheaded the campaign by appearing in the commercial.

The couple also feature in a gas safety DVD produced by ESV, which is designed to help qualified tradespeople ensure appliances are properly checked and serviced. The DVD will be made available free of charge in early 2011/12.

Ahead of this campaign, ESV contacted all major gas servicing organisations, gas appliance manufacturers and gasfitters in Victoria alerting them to expect a substantial increase in requests for appliance servicing.

This campaign proved successful with gasfitters across Victoria reporting a significant increase in demand for gas heater servicing. Some of them found dangerous gas heaters and disconnected them from supply.

Major incidents and issues

In spite of ESV's significant communications program and extensive regulatory compliance and enforcement there were, tragically, five electricity and gas-related deaths recorded in 2010/11. While all the fatalities were unfortunate, the toll was much reduced compared to the 11 deaths in 2009/10. This was consistent with longer-term trends that have seen the average number of deaths reduce from seven to eight fatalities per annum to four to five.

The victims included a man allegedly removing copper wiring from a vacant house; an electrical worker in an office building at Southbank who made inadvertent contact with live apparatus; an 82-year-old man using an old drill with exposed active conductors on the supply lead; a woman who contacted live wires after powerlines were brought down by a falling tree; and a man who died after an apparent gas explosion inside a mobile home at a caravan park. ESV provided assistance to the relevant authorities investigating these deaths.

These fatalities, and the many reported injuries and near misses associated with shock, explosion and poisoning, underscore the ongoing vigilance and focus required by ESV, particularly in developing more effective and efficient approaches to regulation. This includes risk-based approaches and greater focus on education and awareness.

In this regard, the key achievements during 2010/11 included:

Infrastructure Safety

- » Reviewing and approving Electrical Safety Management Schemes for the Victorian electricity distribution businesses and the state's major transmission company. A comprehensive audit program was implemented to confirm compliance with these schemes.
- » Working closely with the Australian Energy Regulator (AER) to assess the safety considerations associated with the price reset process under the National Economic Rules applying to the Victorian electricity distribution businesses.
- » Engaging with councils and asset owners to ensure that land use developments in the vicinity of licensed gas transmission pipelines did not encroach or impinge on the integrity and safety of those pipelines.
- » Reviewing integrity management plans for older transmission pipelines across the state.
- » Working with gas distribution companies and WorkSafe Victoria to prepare guidance notes for municipal councils to prevent or minimise damage to gas pipelines in stormwater drains and sewers.
- » Proactively working with the Victorian Electrolysis Committee and the Department of Transport to evaluate the stray current mitigation requirements associated with regenerative braking on trains. There is currently no clear mitigation strategy to manage the effects of any possible increase in current flows and this will remain a key focus for ESV to resolve in the coming year.

Electrical Installations, Licensing & Equipment Safety

- » Modifying the enforcement policy to target Registered Electrical Contractors (REC) and Licensed Electrical Inspectors (LEI) that may have signed off non-compliant or unsafe work, as well as exercising ESV's power to cancel or place conditions on licences and, if required, obtaining injunctions to prevent offenders continuing to work.
- » Designing a risk-based approach to audit Certificates of Electrical Safety (CoES).
- » Developing a process for electricity to be completely removed from supply in a timely manner so that building demolition can be carried out safely, in conjunction with retailers, distributors and demolition contractors.
- » Critically reviewing and auditing TAFE curriculum to identify out-of-date materials and improve standards associated with trade education.



Paul Fearon, the Director of Energy Safety, at the launch of ESV's carbon monoxide awareness campaign.

- » Working to progress development of an alternative to the current ESV-administered Licensed Electrical Assessment (LEA). This would see some elements being undertaken by registered training organisations (RTOs) while retaining independent and transparent testing of fundamental safety requirements by approved providers.
- » Being represented on a range of AS/NZS Standards committees to ensure ESV was being proactive in enhancing the safety and efficiency requirements of electrical installations and equipment in Victoria. This included attendance at international standards meetings for household appliances to ensure international consistency and that ESV was kept informed about technological advancements and trends.

Gas Installations & Appliance Safety

- » Implementing a risk-based assessment and acceptance process that will lead to improvements in the efficiency of gas inspections as well as the auditing of gas appliances at public events, and checking on the maintenance of Type B gas appliance installations and ensuring gas appliance certifications at point of sale.
- » Building a computerised work management system to support the risk-based assessment, acceptance and certification processes.
- » Increasing targeting of dangerous and counterfeited gas appliances sold online through daily audits of online sales of gas appliances for compliance with certification requirements and requiring their removal when identified.

The organisation

As foreshadowed in the Corporate Plan, meeting expectations of government and industry has required ESV to substantially increase its capacity in terms of skilled and experienced technical staff, as well as the systems and platforms to support efficient regulation.

Good progress continued to be made during the year with a number of major IT contracts let to deliver critical works and records management systems.

ESV continued its recruitment drive in all divisions but there remained a continuing difficulty in attracting and keeping experienced senior technical managers and engineers in the infrastructure and high-end gas installation areas. ESV did have success in recruiting at other levels and in other important areas of the business including gas investigations, electrical training and education, systems audit and, more significantly, compliance officers and inspectors to replace the significant number of impending retirements. ESV also recruited an arborist to the electrical infrastructure team.

New corporate executive appointments were also made in communications, HR and finance.

In April, ESV reached total staffing in excess of 100 in line with expectations following the recommendations from the 2009 Victorian Bushfires Royal Commission.

As the increasing staff numbers could not be accommodated in the current Southbank head office, a project was initiated to review ESV's future accommodation requirements and options. The recommendation to move to a full floor in the existing building was included in the approved Strategic Plan for 2011/12.

The 2011 ESV Enterprise Bargaining Agreement (EBA) was settled with the unions and forwarded to the Department of Primary Industries for review.

The new EBA completed the merging of all terms and conditions of employment to a common standard for all employees, including those new to ESV and those who transferred from legacy organisations.

The final report on the Risk Framework Quality Review (RFQR) undertaken by VMIA concluded that ESV was rated 'Effective'. This reflected a positive assessment of the organisation's risk management framework and its application to practice.

A total of 84 staff attended seminars for Good Decision Making, which focused on the administrative law principles crucial to reinforcing the enforcement and compliance policies and business process improvements being introduced with the new works management and records systems.

Sixty-two staff attended 4 Quadrant Leadership training to further reinforce the establishment of a sound culture and performance focus at ESV.

The executive team completed its 360 Degree leadership surveys with individual and team feedback sessions also being run. This will inform the performance and development plans for 2011/12.

Finally, it was pleasing to note a significant improvement in staff perceptions of ESV's culture and operations, as reported in the 2011 People Matter Survey. Particularly pleasing was the dramatic improvement in overall job satisfaction, which rose from 57 per cent to 75 per cent.

Conclusion

2010/11 has been an outstanding year in which significant project work was undertaken across all areas of the business, as well as responding in a timely way to the constant demands associated with investigating incidents, answering queries and complaints from the public at a time of significant change and growth for ESV.

I wish to acknowledge and thank the ESV executive team, managers and staff for their hard work and commitment directed towards ensuring electrical, gas and pipeline safety for all Victorians.



Paul Fearon
Director of Energy Safety

Corporate structure and management responsibilities

Director of Energy Safety

Paul Fearon

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

Finance and IT

Chief financial officer

Doug Bolam

- » Finance and administration
- » Information technology

Policy and Strategy division

Deputy Director

Mike Ebdon

- » Emergency management
- » Legal/legislation
- » Prosecutions
- » ESV Risk Management
- » National Harmonisation

Communications and Public Relations

Manager

Sharon Rainsbury

- » Community education and communications
- » Media
- » Publications including brochures
- » Industry communications
- » *energysafe* magazine

Infrastructure Safety

Executive manager

Robert Skene

- » Electricity infrastructure
- » Gas infrastructure
- » Traction infrastructure
- » Electrolysis mitigation
- » Licensed pipelines
- » Infrastructure standards

Human resources

Executive manager

Kym Van Der Harst

- » Human resources
- » Training
- » Recruitment

Electrical Installations, Licensing and Equipment Safety (EILES)

Executive manager

Neil Fraser

- » Electrical installation and equipment standards
- » Electrical equipment approvals
- » Electrical equipment point of sale audits
- » Energy efficiency of electrical equipment
- » Approvals and point of sale audits
- » Electrical installation inspections
- » Licensed electrical worker audits
- » Certificates of Electrical Safety administration
- » Investigations
- » Training
- » Competency
- » Licensing
- » Registration

Gas Installations and Appliance Safety (GIAS)

Executive manager

Paul Bonsak

- » Gas installations
 - » Gas installation standards
 - » Safety inspections and approvals for major events
 - » Safety audits of Type-B gas appliances
 - » Energy efficiency ratings of gas appliances
 - » Audits of retailers of gas appliances.
 - » Investigations
-

Infrastructure Safety

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

Electricity Safety Management Schemes

Since 2009, all major electricity companies have been required to have in place an Electrical Safety Management Scheme (ESMS) that has been accepted by ESV.

ESV reviewed and approved all of the ESMSs prepared by the electricity distribution businesses against the new regulatory requirements. Victoria's major transmission company, which did not previously have a voluntary scheme, submitted a scheme against the new regulations. This was assessed and approved during this period by ESV.

Subsequent to the approval of these schemes, ESV commenced a comprehensive audit program to confirm compliance with the scheme.

ESV also recruited additional specialist engineers to increase its capability to monitor the implementation of the new ESMSs, and to work with the distribution businesses in finding new, more effective ways to deliver on community expectations for improved electricity safety.

The 2009 Victorian Bushfires Royal Commission

Following the 2009 Victorian Bushfires Royal Commission, amendments were made to the Electricity Safety Act 1998, the Energy Safe Victoria Act 2005 and the National Electricity (Victoria) Act 2005.

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

Changes were also introduced to the Bushfire Mitigation Regulations to require major electricity companies (MEC) to more frequently inspect their electrical assets in hazardous bushfire risk areas at intervals of no more than 37 months. Previously these intervals were typically five years.

Asset inspectors undertaking this work were also required to have completed a course approved by ESV. ESV worked with industry to develop the Certificate II in Asset Inspection course, which all inspectors are required to complete.

ESV also directed electrical distribution businesses to implement certain design standards associated with vibration mitigation and spacing of electric lines. These were both direct responses to recommendations from the 2009 Victorian Bushfires Royal Commission.

For the first time this financial year, ESV started reporting separately on the safety performance of the Victorian electricity distribution businesses. These annual reports provide more information to the community, the Parliament and the industry generally than has previously been available on how well the businesses are meeting their safety objectives. ESV also provided information on how it regulates the safety of electricity infrastructure in Victoria.

The 2010 report focused on key safety indicators reported by the distribution businesses and the outcomes of the 2009 Victorian Bushfires Royal Commission and the work undertaken by ESV in response.

In it, ESV reports additional data which, while not complete, provides a good basis for monitoring the safety performance of the individual distribution businesses and the industry over time. These indicators measure:

- » The number of fires started by distribution assets in high bushfire risk areas.
- » The extent to which the distribution businesses managed their powerline maintenance to prevent failures, particularly in bushfire-prone areas.
- » The extent to which safety was impacted by persons infringing the "No Go Zone" limits or gaining unauthorised access to distribution assets.
- » The number of electric shocks attributable to electricity distribution assets.

Bushfire mitigation

Under the *Electricity Safety Act (ESA)*, electricity suppliers are obliged to submit a bushfire mitigation plan to ESV. As in previous years, these plans have been assessed by ESV and the businesses' compliance with these plans audited before the fire season.

During 2010/11, ESV conducted the audit in two parts. The first being a focus on asset inspection for the rural networks. This audit was conducted as a result of the findings of the 2009 Victorian Bushfires Royal Commission. This audit was conducted midyear, earlier than the complete pre-summer audit. A separate report was issued that detailed the way in which the two largely rural electricity distribution businesses managed their assets in hazardous bushfire areas.

The second component, as in previous years, focused on the bushfire mitigation strategies adopted by the electricity distribution businesses.

Electric line clearance

The *Electricity Safety Act* requires that electricity companies and other responsible persons have an annual Electric Line Clearance Plan. The major electricity companies are required to submit their plan to ESV to comply with the requirements of the *Electricity Safety (Electric Line Clearance) Regulations and Code of Practice*.

All of the major electricity companies' (MEC) plans were revised to address changes to the regulations and code, which came into effect in 2009/10.

While ESV's focus has traditionally been in the hazardous bushfire risk areas, in the past year ESV turned its attention to electric line clearance compliance in low-risk areas of the state. Compliance in urban areas is required as any vegetation impacting on electric lines presents a safety risk. ESV engaged with the Municipal Association of Victoria and local councils to address non-compliance in urban areas. As part of this engagement, ESV commenced working with councils to implement risk-management strategies that balance amenity with safety.

The Electric Line Clearance Consultative Committee (ELCCC) provided advice and guidance to ESV on the Code of Practice for Electric Line Clearance (CoP) and its application in low-risk areas.

Fire start data

Electrical infrastructure assets are known to initiate fires and major electrical companies are required to report fires to ESV as part of their ESMS.

Other agencies including Victoria Police, MFB and CFA also collect and report on fire start data. During this year ESV reviewed the data collected by these agencies and the MECs to ensure there was no gap in the reporting. ESV committed to promoting the further cooperation between the organisations on the investigation of fires, as well as the sharing and interpretation of fire ignition data.

Electrolysis

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

During 2010/11:

- » The VEC completed its coordinated monitoring program of the underground metallic structures (i.e. water, gas and oil pipelines, telecommunication and power cables) across the Melbourne metropolitan area to ensure the aims and functions of the VEC were met.
- » ESV, in conjunction with the VEC, continued to be proactive in working with the Department of Transport in evaluating the stray current mitigation requirements associated with regenerative braking on trains.
- » The VEC also maintains a register of cathodic protection systems installed in Victoria to protect structures from corrosion. With the reissuing of certificates, this database was updated in the past year with records transferred to electronic files for enhanced security.

Gas infrastructure safety cases

ESV continued its program of safety case compliance audits to confirm that gas safety risks were being managed by gas companies to a level that was as low as reasonably practicable.

This was achieved by ESV using an outcomes-based approach where ESV ensured, through the gas company's safety case, that all risks associated with the gas business were identified and incorporated with the safety management systems of that business.

The audits ensure compliance with their gas safety case to improve safety for gas users and the public.

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

Licensed pipeline safety

ESV continued its work in assessing and auditing pipeline safety management plans and environmental management plans to determine their adequacy and effectiveness.

In the past year, ESV became aware of an increasing number of land use developments in the vicinity of licensed gas transmission pipelines. ESV engaged with councils and the asset owners to ensure that encroachment did not impinge on the integrity and safety of these pipelines.

ESV's investigation focused on what caused the service line supports to fail

Current pipeline design is such that they can be internally inspected by "intelligent pigs" to confirm their integrity. As the older pipelines do not always have this capability, ESV commenced dialogue with licencees and operators of pipelines licensed under the *Pipelines Act 2005* regarding the integrity management of those pipelines.

To increase the supply of gas through the current infrastructure, the licencee of the Wollert to Wodonga licensed pipeline applied to ESV to increase the maximum allowable operating pressure. Following a rigorous assessment for compliance with Australian Pipelines Standard (AS2885), ESV endorsed the proposal. This was the first pipeline in Australia where the maximum allowable operating pressure was upgraded.

To increase the supply of gas in response to both the increase in gas demand from residential and commercial developments and the relocation of pipelines due to freeway and railway construction there has been an increase in construction of loops on gas transmission pipelines. ESV assessed each of these design and construction projects for compliance with Acts and Standards and they were subsequently approved.

Major incidents

ESV investigated a small number of incidents involving electrical and gas infrastructure.

In March, a fatality was reported in Drouin, where a tree fell across a road and onto powerlines on the opposite side of the road. A local resident contacted the live wires and received a fatal electric shock. The tree was outside the regulated 'clearance space', and was not required to be cleared under the provisions of the Electric Line Clearance Regulations. Revisions last year to the *Electricity Safety Act* require Municipal Fire Prevention Plans to specify the procedures and criteria for the identification and notification of these hazard trees. On this occasion ESV was satisfied that it was unlikely that this tree could have been identified as a hazard tree prior to its failure.

Several incidents that were investigated involved incorrect electrical connections where the wires were reversed.

In one reverse polarity incident in Highett, reported previously, a member of the public received an electric shock following an AMI installation. Following this report, ESV focused on the safety associated with the AMI installation program and became aware of two separate instances where AMI meters were incorrectly connected. These instances did not pose a direct safety concern but related to matters of customer service. Another involved a line crew employed by a distribution business incorrectly connecting one of their service lines to a customer's premises. While none of these caused electrocution or significant property damage, these incidents had the potential to cause a serious electrical incident and were comprehensively investigated by ESV.

ESV was also notified of an incident where a worker undertaking the removal of vegetation near an electric line received an electric shock when the tree he was cutting contacted a high voltage line. Following this incident ESV focused its attention on the arrangements adopted by the electricity businesses and municipal councils when undertaking vegetation management in the vicinity of electric lines.

ESV was also notified of an incident in which a child received electrical burns when he came into contact with a fallen live service line. ESV's investigation focused on what caused the service line supports to fail.

As part of its electrolysis mitigation activities, ESV became aware of a serious incident where an underground conductor supplying a significant electrolysis mitigation device in the Middle Brighton and Hampton area was severed. Immediate remedial action was taken to restore mitigation to the WAG (Westernport Altona Geelong) pipeline while a permanent repair was completed. The loss of mitigation to the WAG pipelines in this area had the potential to cause a serious pipeline loss of containment.

During 2010/11 an investigation was undertaken into a natural gas fire in the stormwater system of a domestic property. The cause was determined to be the rupture of a gas supply line inadvertently located in the stormwater system in the street. The rupture occurred following the mechanical blockage clearing of the stormwater pipe. Following the incident, ESV actively worked with the gas distribution companies and WorkSafe Victoria to prepare and distribute guidance notes to all councils to prevent or minimise damage to gas pipelines in stormwater drains and sewers.

Joint gas and electricity emergency exercise — In May 2011, a joint gas and electricity emergency exercise was coordinated by AEMO to test decision-making and communications during an emergency.

The focus for ESV was on procedural matters relating to its rights and obligations to ensure safety and security of gas and electricity. A number of learnings were attained as a result of the exercise.

Electricity Safety

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

Power abnormalities at Prospect Rd, Bendigo East

During 2010/11 investigations were completed and a report published into the cause of power abnormalities reported over a number of years at a number of small factories in Prospect Rd, Bendigo East.

In March 2010, ESV appointed a consultancy, Eureka VI (E6), to undertake the investigation. Ray Eide together with Professor Lars Gertmar, of Lund University, Sweden, a respected international scientist and academic with expertise in electrical circuits, mathematical modeling and test methods, also formed a group in Sweden comprising eminent engineers and retired professors to review and investigate the issues being reported at the factories. Although some valuable lines of inquiry were identified and the nature of the problem better understood, the source and explanation of the problem was not determined.

The focus of the investigations and the status report was on the safety of the occupants and workers at these factories and ensuring that, as far as practical, the source of the abnormalities was fully investigated and that risk mitigating measures were identified. A status report, final technical report and ESV report provided a number of recommendations which, if adopted, would improve safety at the factories.

ESV worked closely with WorkSafe and the Australian Energy Regulator (AER) on the issue. The final technical report by Eureka VI (E6) consultants confirmed that the source of the electrical abnormalities, thought to be DC on the earth and supply network, could not be identified. The report detailed the exhaustive testing that had been carried out, discussed theories related to these tests and provided examples of the results. It concluded that the DC present at Prospect Rd was probably a combination of several different sources and may never be found. It concluded that mitigation of the effects was the best available solution. The geology of Prospect Rd appeared to enable the ground-borne DC to enter the installations and low voltage network. Although this type of electrical abnormality had not been reported anywhere else in Victoria, there are some emerging issues in relation to earthing and DC that industry, AER and policymakers will need to consider further in coming years, possibly through the development of international standards. The AER advised ESV that on the basis of the information provided by E6, Powercor Australia (PCA) was not in breach of the Victorian Electricity Distribution Code.

Safety of solar systems in Victoria

In June 2010, ESV released a report detailing the results of a random audit of solar systems in Victoria.

This report detailed the level of compliance, non-compliances found and outlined steps ESV was taking to ensure the compliance of solar system installations improved and that other sustainable and emerging technologies were adequately regulated.

During the year, the Sustainable and Emerging Energy Technology Consultative Committee was formed and it provided ESV with information and knowledge on industry trends and developments, guidance and advice on training and the regulatory arrangements to ensure the safe installation, operation and maintenance of new and emerging technologies, with the current focus being solar installations.

Representatives were chosen to ensure expert advice was available from employers, employees, emergency services, other regulatory agencies and suppliers. Representation may change as new issues emerge to ensure relevant expertise is available to the committee.

The committee met 10 times and was instrumental in changing AS/NZS5033 (Installation of Solar Systems) to mandate Single Double insulated DC cable between the solar array and the inverter.

While the committee's main focus has been grid-connected solar systems, the current and future safety and compliance of electric cars, wind turbines, gas fuel cells and other emerging technologies has also been considered.

Solar panel installer
Luke Adams is a licensed electrician accredited with the Clean Energy Council.



Ageing electrical installations

– split metal conduits

ESV worked to increase industry awareness of the safety risks involved with ageing and old electrical installations and fittings following a Coroner's inquest into the death of a man who was electrocuted in the roof of his home at Hamlyn Heights, near Geelong, in February 2010. The 92-year-old died after he came into contact with a live split metal conduit.

ESV modified the content of its presentations to electrical apprentices at trade schools to better educate them about the potential dangers of split metal conduit and Vulcanised India Rubber (VIR) wiring.

The dangers of deteriorated split conduit were also discussed in the *energysafe* magazine and on the ESV website.

Redesigned Certificates of Electrical Safety

ESV redesigned the Certificate of Electrical Safety to reflect the requirements of the 2009 Electricity Safety (Installations) Regulations and to make the certificates easier to use and more secure.

Changes included:

- » Additional tickboxes for the new prescribed work types including part 1 solutions.
- » Removal of User ID to improve security of personal details.
- » More room for the description of work undertaken.
- » Revised categories for the type of premises.

Electric car trials in Victoria

ESV provided technical expertise and clarification of legislation to assist the Department of Transport with the Victorian electric vehicle trial.

This trial provided 40 cars and charging infrastructure on loan to fleet users, councils, businesses and individuals to promote the use of electric vehicles for everyday driving and to provide guidance for the expected expansion of electric vehicle usage in Victoria.

ESV will continue to assist and monitor the progress of the trial and implementation of future infrastructure to ensure safety and compliance.

Installation safety statistics

Activity	2008/09 Total	2009/10 Total	2010/11 Total
Applications granted under Regulation 416 / 401 of the Electricity Safety (Installations) Regulations	222	125	104
Letters of acceptance	17	19	18
Breaches of regulatory requirements investigated	616	967	868
Warning letters sent	36	55	30
Investigations actioned within five days	190	221	308
Investigations—final action instigated within 30 days	482	610	235
Infringement notices issued	25	24	22
Site audits of licensed electrical installation workers	260	286	198
Audits of licensed electrical inspectors	37	30	64
Field audits of registered electrical contractors	228	218	192
Construction site audits	94	101	81
Information sessions	118	139	81
Attendees at sessions	4,740	7,789	4,140

National licensing – COAG reform

The 2010/11 financial year saw an increase in COAG reform activities, with ESV involved with the Interim Advisory Committee (IAC) and Regulatory Working Group (RWG). These groups have been working on the transition to national licensing of electrical trades.

The future of assessments for the licensing of electricians in Victoria

During 2010/11, ESV consulted with the electrical trades, registered training organisations (RTOs) and other bodies over changes to the way electricians are assessed.

ESV considered a number of proposals to provide a seamless change to new arrangements that will require RTOs to take more responsibility for final assessments but retaining independent oversight and moderation.

The new assessments, to be implemented in the 2011/12 financial year, will consist of three parts – Licensed Electricians' Theory Assessment, Safe Working Practices and Licensed Electricians' Practical Assessment.



Driving into
the future: An
electric car.

All three assessments will be audited by ESV to ensure a high level of competency is achieved. Various conditions will be placed on RTOs as part of the audit process. Examiners shall be approved by ESV and will generally hold an A-grade Electrician's Licence and hold a minimum of a Certificate IV in work place assessment.

General licensing

ESV's licensing activities continued to ensure that the skills of Victoria's electrical workers were maintained at the standards required under the *Electricity Safety Act 1998* and *Electricity Safety (Registration & Licensing) Regulations 2010*.

One area that required close attention was Disconnect/Reconnect Licences. ESV rejected applications for such licences where applicants failed to demonstrate that their work or occupation qualified them for a licence under the suitable primary work function category.

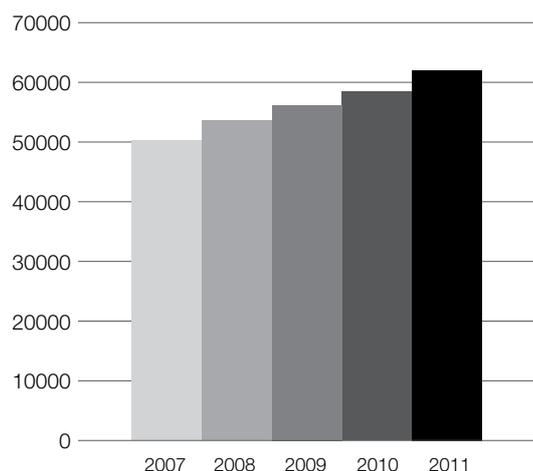
ESV has also reminded Disconnect/Reconnect Licence holders of the need to comply in full with the Act and Regulations, including lodging Certificates of Electrical Safety.

Licensing statistics

	Result 2006/2007	Result 2007/2008	Result 2008/2009	Result 2009/2010	Result 2010/2011
Worker standards					
Electrician's Licence 'A Class' – New	931	1,362	1,313	1,415	1,621
Electrician's Licence 'A Class' – Renewed	5,053	5,356	3,313	4,198	6,443
Supervised Worker's Licence 'L' – New	274	314	230	229	192
Electrician (Supervised) Licence 'ES' – Renewed	80	527	299	66	70
Disconnect/Reconnect Worker's Licence 'D' – New	432	561	525	462	393
Disconnect/Reconnect Worker's Licence 'D' – Renewed	1,553	1,780	1,089	753	1,060
Total number of licences issued	8,287	6,139	2,076	2,143	2,206
Total number of licences in place	35,937	36,543	37,526	38,270	39,522
Total number of inspector's licences issued	276	276	320	329	360
Total number of inspector's licences in place	318	317	327	343	364
Registration of electrical contractor – New	706	661	681	862	853
Registration of electrical contractor – Renewed	8,504	8,702	8,888	8,829	9,662
Total number of registrations issued	9,210	9,363	9,569	9,691	10,515
Total number of registrations in place	9,021	9,134	9,506	9,955	10,522
No. of meetings of the Electrical Licensing Registration Advisory Committee	6	6	6	6	6
Total number of Electrician Licences	25,984	26,833	27,869	28,675	30,072
Total number of Supervised Worker's Licences	1,848	1,650	1,564	1,524	1,417
Total number of Disconnect/Reconnect Licences	7,754	7,711	7,735	7,698	7,638
Total number of Occupiers Licences	33	32	31	31	31
Total number of registered Spotters	2,712	5,393	6,697	7,867	9,257
Total number of registered Lineworkers	2,381	2,255	2,354	2,560	2,702

Three installation-related electrocutions were investigated by ESV during the year

Total Licensed & Registered in Victoria from 2007 to 2011



Major incidents 2010/11

Three installation-related electrocutions were investigated by ESV during the year.

- » In early August 2010, a man was electrocuted at Hastings as he allegedly removed copper wiring from a vacant house. The 38-year-old victim was attempting to remove a section of the mains that was live. Police prepared a report for the Coroner.
- » On 13 November 2010 an electrical worker was electrocuted at the Hanover House office building at Southbank. The electrician made inadvertent contact with live apparatus within the Current Transformer (CT) chamber of a customer's main switchboard while installing an earth cable. The unmetered section of the customer's installation had been isolated at the request of the company carrying out the work but the CT chamber was not.
- » An 82-year-old man died at Whittlesea in January 2011 while attempting to install bracing to a boundary fence. He was performing the work with an old power drill and died when he contacted live parts of the drill. The earth conductor connection at the plug was not connected, exposed active conductors were identified on the supply lead of the drill and the switch had a damaged housing that allowed an arcing fault to the drill case. There was also no safety switch on the installation, which may have saved his life.

Energy efficiency statistics

Activity	2008/09	2009/10	2010/11
Number of days taken to approve fully compliant equipment efficiency applications	15.81	24.37	23.95
Models registered for labelling*	1,218	1,506	1,404
Total number of registrations in place**	6,479	8,212	9,619
Number of inquiries	876	2,182	1,324
Retail outlets visited	21	22	28
Cancellation of registrations for equipment efficiency matters (energy labelling or MEPS)	1	5	10

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

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

Equipment safety statistics

Activity	2006/07	2007/08	2008/09	2009/10	2010/11
Approvals submitted	1,799	1,783	1,306	1,336	994
Total number of approvals in place	7,225	7,712	6,960	5,828	4,361
Number of products audited (approval)	1,157	1,245	1,142	1,077	981
Notices to comply issued	89	95	65	61	41
Safety investigations	254	342	264	264	120
Safety recalls initiated	6	9	7	4	11
Hazard alerts raised	7	8	1	3	1
Incident reports raised	29	27	10	7	16
Public safety warnings initiated	1	0	0	0	0
Number of days taken to approve fully compliant approvals applications	20	24.9	10	29	23.8
Number of inquiries	19,062	22,340	18,625	21,550	16,240
Infringement notices	5	4	4	4	0

Gas Safety

This section covers gas installation and appliance safety issues.

Gas safety outcomes

ESV's effort to ensure that all gas installations are safe was well received by stakeholders. On a monthly basis ESV monitors gas-related fatalities and at 0.18 fatalities per million population is well below the previous three-year average of 0.53. Seventeen serious injuries caused by gas were recorded for the year, a 50 per cent reduction on 2009/10.

ESV also assesses and accepts all Type B and complex gas installations, conducts safety inspections at point of sale (of gas appliances) and at public events, and promotes gas safety by lecturing at registered training organisations.

Carbon monoxide campaign

Energy Safe Victoria conducted a television, cinema and radio campaign from March to June 2011 to raise awareness about carbon monoxide poisoning attributed to domestic gas appliances. Over the past 11 years there have been nine fatalities from carbon monoxide poisoning.

Victorian families were urged to have their gas appliances serviced every two years by a qualified gasfitter or service technician. Those people in rental accommodation, both in private and public housing, were also urged to organise servicing of their gas appliances through their landlord.

Parents Vanessa and Scott Robinson as they appeared in the television commercial.



In May 2010, Scott and Vanessa Robinson lost their two young sons to carbon monoxide poisoning from a faulty gas heater in a rented property at Mooroopna. They were determined that such a tragedy should not happen to other families and became the face of our campaign.

The Robinsons also feature in a gas safety DVD, produced by ESV, which will be made available to gasfitters and appliance service personnel free of charge early in 2011/12. This program will assist qualified tradespeople to ensure appliances are properly checked and serviced.

Ahead of the campaign, ESV contacted all major gas servicing organisations, gas appliance manufacturers and gasfitters in Victoria alerting them to expect an increase in requests for appliance servicing.

The perception that insufficient numbers of skilled tradespeople were available to undertake gas appliance inspections was dispelled after a review of major service organisations by ESV. The conclusion drawn made it clear that sufficient tradespeople were available and that training for future service technicians was well established.

This campaign proved very successful with gasfitters across Victoria reporting a significant increase in demand for gas heater servicing.

In addition to the media campaign, ESV produced a gas information sheet advising medical practitioners, paramedics, nursing staff and emergency services personnel to look out for signs of carbon monoxide poisoning when treating patients. This was also available from the ESV website. Gas information sheets containing information about carbon monoxide measuring equipment and guidelines for their use have also been developed for gasfitters.

The Gas Technical Regulators Committee (GTRC) is pursuing the issue of potential carbon monoxide poisoning caused by the operation of air exhaust fans where conventionally flued space heaters are used. The GTRC has prepared a Gas Appliance (carbon monoxide) Safety Strategy, to which ESV contributed.

Further to the carbon monoxide campaign, ESV has also been investigating carbon monoxide poisoning issues in the world arena. ESV has invested time investigating domestic carbon monoxide alarms and is organising testing of these alarms by the CSIRO to determine their operating parameters and effectiveness.



Chase and Tyler
Robinson.

Gas installations standards

Gas installations standards AS/NZS 5601.1:2010 and AS/NZS 5601.2:2010 were released late in December 2010 and, after close examination, a number of issues became apparent, including inconsistencies between the new standard and the preceding one, AS5601-2004.

ESV, along with the Plumbing Industry Commission (PIC) and the Master Plumbers, has submitted a list of proposed amendments to Standards Australia and has asked for the project to be re-opened to take into account these suggested changes.

ESV has also identified that the Gas Safety (Gas Installation) Regulations 2008 do not reference AS/NZS 5601.

ESV's Legal Department is investigating an amendment to these regulations so that the new AS/NZS gas installations standard will be able to be administered.

Risk-based assessment and acceptance process

A risk-based assessment and acceptance process has been developed to improve the work efficiency of gas inspectors.

When a gasfitter submits a submission for a gas installation, ESV uses this information to undertake a risk assessment to place the job into one of three safety risk categories – low, medium or high – to determine whether it is inspected or placed into an audit pool.

Information evenings were held for industry personnel all over Victoria to educate them about the system, which was implemented in April 2011.

Computer Work Management System

A computer Work Management System was developed to improve the management of gas assessment work and provide a shorter turnaround time for approvals.

The Work Management System (WMS) reduced the amount of inspections by accepting that installations defined by the software as medium and low safety risk would not need to be inspected. Pegasystems (a business process management organisation) has developed the software for this project and gas inspectors have been trained in its use.

Technical information line

ESV's 1800 technical information line was reviewed during the year and found to be efficient, effective and convenient for communicating gas information.

The information line receives an average of 30 calls per day, with the majority from plumbers asking a range of questions including interpretation of codes and legislation or following up gas inspection applications. It also handles inquiries from the broader industry and public.

The review determined that the information line continued to warrant a full-time position.

Training

A comparative review of all Registered Training Organisations (RTO) involved in gasfitting was undertaken by ESV.

A skills review of GIAS staff was undertaken to establish a matrix of training requirements and determine opportunities for staff development.

Regular training for inspectors and GIAS staff went ahead during the year including 4 Quadrant Leadership training.

GIAS assisted the Plumbing Industry Climate Action Centre (PICAC) and Gipps TAFE to establish courses for Type A and Type B gasfitting.

Brochure distribution

A standard operating procedure was developed for the distribution of ESV's gas-related brochures at public events and RTOs.

This procedure ensure ESV's gas safety information brochures are distributed to as many people as possible. Those who benefit from this information include students and trainers at RTOs, householders, landlords, caravan owners and occupiers, gasfitters service providers and excavator operators.

Investigations

GIAS employed an Investigations Manager in the 2010/11 financial year to improve the organisation's response to incident investigation.

This position leads and manages all areas of gas incident investigations, including attending court hearings, providing expert advice and acts as an expert witness at courts, tribunal hearings, commissions and inquests.

An Investigations and Enforcement Manual was developed to provide a single point of reference for all ESV staff involved in investigations and enforcement actions.

Major incidents

Euroa caravan explosion resulting in a death. An explosion occurred in a mobile home at the Euroa Caravan Park in March 2011, seriously injuring the occupant. The occupant was taken to hospital and later died of a suspected heart attack.

ESV was requested to assist the Arson and Explosives Squad to investigate the possible cause of the explosion and tested a number of LP Gas cylinders. The investigation found an ullage screw on one of the cylinders was open by one quarter of a turn, which would have allowed gas to escape.

ESV provided Victoria Police with an investigation report, which was forwarded to the Coroner.

ESV's investigation determined these cookers did not have essential safety components installed

Portarlinton Caravan Park

The death of a man in a Portarlinton caravan park in September 2010 was originally thought to be gas-related.

The Coroner's findings, however, stated the man received extensive burns from the fire and the cause of death was most likely a combination of burns, smoke inhalation and the toxic effects of carbon monoxide and hydrogen cyanide.

House fire

A large fire occurred in a residence in Toorak in February 2011 that had undergone major renovations. The residence was occupied at the time, but everyone escaped safely.

The fire appeared to have been caused by renovations carried out near a gas log fire. Architectural specifications were not followed, which resulted in combustible materials being installed in close proximity to the burner. This was in breach of the manufacturer's instructions and AS 5601 (Gas Installations) standard.

Prosecution action was taken.

Explosion resulting in serious injuries

ESV attended a gas explosion at a Collingwood restaurant undergoing renovations in March 2011.

A worker ignited a build-up of natural gas while cutting plaster with a power tool. He received serious burns and was admitted to hospital. Two other workers received minor injuries.

ESV inspected the scene and the investigation revealed a redundant 50mm copper pipe, which was concealed in a wall cavity, had not been correctly sealed. A valve in the kitchen was opened by a plumber causing gas to leak.

Counterfeit 'Eurolec' cookers

In 2010, ESV was advised a number of counterfeit 'Eurolec' branded cookers were available for sale in Victoria.

ESV's investigation determined these cookers did not have essential safety components installed, making them dangerous to use. ESV recalled these appliances and the distributor was directed to quarantine the counterfeit stock.

In February 2011, the distributor submitted an insurance claim indicating these appliances were water damaged as a result of a storm. These same counterfeit appliances then emerged for sale on an online auction site.

The ESV investigation identified the distributor failed to declare to the insurance company the status of these cookers, nor did they advise the auction site. Possible prosecution action is pending.



The mobile home at Euroa in which a 69-year-old man was injured.

Policy and Strategy

This division was established in 2009/10 and is responsible for:

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

Powerline Bushfire Safety Taskforce **Following the release of the report of the 2009 Victorian Bushfires Royal Commission, the Brumby Government established the Powerline Bushfire Safety Taskforce with original terms of reference that required an interim report by the end of January 2011 and a final report by the end of June 2011.**

Subsequently, the Baillieu Government extended the Taskforce's work and the terms of reference were revised to require a final report by the end of September 2011.

In 2010/11, the Taskforce focused on the costs and benefits of various options for substantially reducing the risk of fires starting from powerlines in rural areas.

As part of its work, the Taskforce commissioned engineering research, conducted field trials of alternative electricity supply options, commissioned consumer/market research, issued a public consultation paper, and conducted a series of seven community consultation meetings.

Commissioned work included:

- » Consumer survey across a representative sample of Victorians.
- » Survey of trial participants.
- » Network engineering designs and costs.
- » Ignition of vegetation by electrical faults and spatial mapping of terrain, fire risk and network attributes.

Results of engineering and consumer research have been progressively posted on ESV's website as have public submissions made to the Taskforce in response to the consultation paper.

ESV prosecutions

There were 53 prosecutions after consolidations of cases by the Court into single rather than multiple cases.

There were 102 offences prosecuted, of which two were prosecutions relating to gas infrastructure and four were in relation to gas installations. The remainder were proceedings relating to electrical installations.

The outcomes were:

- » There were 22 fines imposed with convictions recorded, totalling \$156,500.
- » There were nine fines imposed with no conviction recorded, totalling \$19,300.
- » There were 17 occasions where persons were placed on undertakings to be of good behaviour, and gifts to the Court Fund or charities of \$9400 ordered.
- » There was one prosecution where the person was placed on a Community Based Order and ordered to perform 150 hours of unpaid community work.
- » There were two occasions where matters were proven but no result entered.
- » There were two applications made by the accused to set aside judgment and those applications were refused by the Court.
- » Courts made cost orders of \$78,023 in favour of ESV.

Court actions, inquests

Inquest at Horsham

On 21 November 2010, the Coroner began an inquest into the deaths of John and Michael Helyar. The father and son died on 16 March 2010 when a windmill was being moved on a rural property at Rainbow in western Victoria.

Evidence before the inquiry was that John Helyar was driving a tractor/forklift with the windmill lifted vertically to maximum extension on the tynes of the vehicle. Michael Helyar and Nathan Wheeler were at the front of the tractor holding the windmill steady and away from the wheels of the tractor/forklift.

The windmill hit a 12,700 volt SWER line and Michael Helyar was killed. Nathan Wheeler received an electric shock and consequent serious injury. John Helyar left the driver's seat and went to help his son. He was also killed when he either touched him or got too close.

The initial hearing was adjourned and resumed on 20 April 2011. In total, the inquest took six days and ESV was represented throughout the proceeding. The Coroner's finding was pending at the end of the financial year.

Inquest into the electrocution of an elderly man Early in 2011, Geelong Coroner Mr Ronald Saines recommended that ESV should take every opportunity to increase emphasis on the safety risks associated with ageing electrical connections and fittings, particularly metallic split conduits.

The Coroner made a number of recommendations when delivering his finding following the inquest into the electrocution of 92-year-old David Spence in the roof space of his house at Hamlyn Heights, near Geelong, in February 2010.

A written response from ESV to the finding and recommendations was required to be sent to the Coroner's Court by late June. A working group was established and the response provided.

Inquest into three deaths in 2006

In 2006, two drivers and a farmer were electrocuted when tipper trucks touched high voltage powerlines on rural properties. The incidents occurred at Bena in Gippsland, Worrack near Nhill and Mudgegonga in north-east Victoria.

The Coroner investigated all three deaths as a "grouped inquest" with the aim of discovering how such deaths could be avoided in the future. The inquest took six days and was held in Melbourne. ESV was represented throughout the proceedings.

The Coroner indicated that her findings would be delivered in about six months.

Inquest into deaths of Chase and Tyler Robinson In May 2010, Chase Robinson then aged eight and his brother Tyler, six, died from carbon monoxide poisoning at their home at Mooroopna, near Shepparton.

The inquest into their deaths commenced with a directions hearing on 13 May 2011. Five days have been set down for the full inquest into the circumstances surrounding the deaths, commencing on 17 October 2011.

Victorian Supreme Court upholds the integrity of the ESV licensing provisions During the year ESV refused an application for an electrical supervised worker's licence submitted by a mechanical engineer who also held a BSc and other qualifications. The applicant then sought a review of the decision in VCAT.

In VCAT, the applicant claimed his occupier's licence, extensive design and teaching experience in extra low voltage and his university degrees supported his claim that he had equivalent experience to a four-year contract of training and 12 months electrical installation work.

VCAT found that none of his experience was equivalent but varied the requirement in regulation 303(1)(b)(i) of the Electricity Safety (Installations) Regulations 1999 to allow the applicant to have a supervised worker's licence after a two-year contract of training, including 12 months electrical installation work.

ESV appealed that decision to the Supreme Court of Victoria.

The appeal point was that once VCAT had found there was no equivalent experience VCAT had no power to change the legislation.

In mid-October the Supreme Court allowed ESV's appeal and set aside the order of VCAT and then formally dismissed the VCAT application made by the applicant. The Court made a costs order in favour of ESV.

In ESV's view, the result upheld the integrity of the licensing provisions that are now found in regulation 21 of the Electricity Safety (Registration and Licensing) Regulations 2010.

It is ESV's contention that at the core of public safety is the licensing of properly trained people. That principle is paramount whether the licence sought is for electrical workers, plumbers, builders or any other vocation where members of the public rely upon the skill and knowledge of those whom they engage.

ESV gains injunction against a licensed electrician ESV was granted an injunction in the Supreme Court of Victoria to stop a licensed electrician from advertising himself as a registered electrical contractor. The restraining order stopped him from advertising "until such time as he becomes a registered electrical contractor".

It is ESV's view that the granting of the injunction was a significant step in upholding the registration provisions of the *Electricity Safety Act 1998* and the regulations made under the Act.

In this case the licensed electrician had been registered as an REC until mid-2009 when he sent in an application for renewal that had not been signed. The application was returned to him and it was not returned to ESV. The effect was that the registration lapsed.

Between June 2009 and early February 2011, the electrician was prosecuted on three occasions in the Magistrates' Court for breaches of the Act and the regulations, including 17 occasions when he held himself out to be an REC by means of advertising in newspapers.

ESV is determined that the provisions of all the Acts for which it has responsibility will be upheld and, if it cannot deter people from frequent breaches, it will go to the highest court in Victoria to stop that conduct.

New and updated legislation and regulations

Energy & Resources Legislation Amendment Act 2010

This Act made amendments to the *Electricity Safety Act 1998* principally in the area of bushfire mitigation.

The provisions commenced on 14 October 2010 so that Bushfire Mitigation Plans could be administered in a manner similar to Electricity Safety Management Schemes. It also provided that MECs and operators of HV overhead electric lines in hazardous bushfire risk areas must comply with a Bushfire Mitigation Plan approved by ESV and must design, construct, operate and maintain their electrical assets so as to minimise as far as practicable the bushfire danger arising from those assets.

Electricity Safety (Bushfire Mitigation) Amendment Interim Regulations 2010

These regulations commenced on 21 October 2010 and made several consequential amendments that were required due to the enactment of the *Energy & Resources Legislation Amendment Act 2010*.

These amendments also implemented recommendations 28 and 29 of the 2009 Victorian Bushfires Royal Commission Report requiring that electric lines in high bushfire risk areas be inspected at regular intervals of no more than 37 months and ensuring that those people carrying out these inspections have satisfactorily completed a course of training approved by ESV.

Electricity Safety (Equipment Efficiency) Amendment Regulations 2010

These regulations commenced on 1 September 2010 and made minor consequential changes that were required due to the enactment of the *Energy & Resources Legislation Amendment Act 2009*.

Energy Supply Industry Safety Committee

The Energy Supply Industry Safety Committee (ESISC) was established following the report of the Energy Technical and Safety Leaders Group to the Ministerial Council on Energy (MCE).

ESV has provided the Victorian jurisdictional representative on ESISC, which first met in November 2010 under draft terms of reference pending finalisation of an Intergovernmental Agreement by COAG. ESISC has since obtained the agreement of Standards Australia to a project for the development of a national standard for Energy Network Safety Schemes (ENSS) and the standards committee is expected to commence work early in the 2011/12 financial year. In preparation for this, ESV has provided input to the development of the structure for the proposed standard.

Emergency management

ESV has emergency powers that may be exercised under the *Gas Safety Act* and the *Electricity Safety Act*.

ESV chairs the Gas Emergency Management Consultative Forum, is a member of the Victorian Electricity Emergency Committee, and maintains on-call rosters for emergency managers, electricity enforcement officers and gas inspectors. In May, AEMO and ESV jointly ran Exercise Alianza, a combined gas, electricity, and critical infrastructure emergency exercise. This involved managing the physical interdependency between gas and electricity supplies, the interrelationship of gas and electricity emergency management structures and the response to a cyber attack on gas and electricity network control systems.

Finance and IT

Financial review of operations

Financial summary

	2010/11	2009/10	2008/09	2007/08	2006/07
Total revenue	27,437	22,169	20,867	19,929	19,099
Total expenses	29,349	21,412	19,512	19,536	18,832
Operating surplus/ (deficit)	-1,912	757	1,355	393	267
Total assets	9,440	9,564	9,301	7,407	7,675
Total liabilities	5,423	3,635	4,129	3,590	4,251
Net assets	4,017	5,929	5,172	3,817	3,424
Total equity	4,017	5,929	5,172	3,817	3,424

Finance summary

ESV operates on the basis of fully recovering its costs from industry rather than through government appropriation.

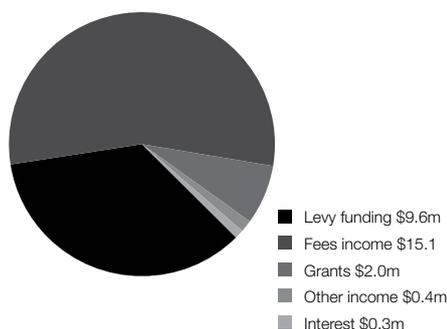
The overall result for 2010/11 was a deficit of \$1.912m. The result reflects the costs associated with increasing staff to meet greater regulatory responsibilities in the areas of bushfire mitigation and inspection and review of safety cases across the electricity and gas industries.

A capital works program was also undertaken to support this expanded regulatory responsibility. The overall result reflects a large depreciation cost in respect of the PBST of \$1.549m, and other capital costs largely associated with critical IT upgrades in records, incident and case management systems. There has also been costs associated with new accommodation to cater for increased staff numbers, which was recommended by the 2009 Victorian Bushfires Royal Commission and accepted by both the previous and current governments.

In 2010/11 the government also provided \$2 million to support the Powerline Bushfire Safety Taskforce trials and research.

Discussion and analysis – Comprehensive operating statement – Income

Total income \$27.4m

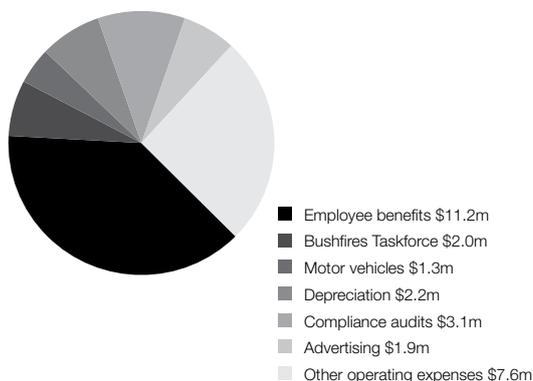


Total income for the 2010/11 year was \$27.4m, which is an increase of \$5.2m over the previous year's total of \$22.2m.

The major reasons for this variation are a contribution from the government of \$2.0m for Bushfire Taskforce activities and an increase of \$3.2m in fees income. The comprehensive operating statement and Note 2 disclose the individual movements over the financial period.

Expenses

Total expenses \$29.3m



Total expenses for the 2010/11 year were \$29.2m compared to \$21.2m for 2009/10.

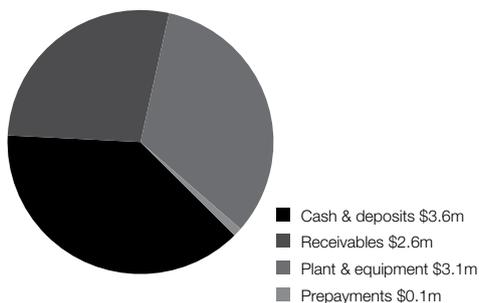
The increase of \$8.0m can be attributed mainly to increased employee benefit payments of \$1.3m, depreciation of \$1.6m, Bushfire Taskforce \$2.0m, audits \$0.7m and other operating expenses \$2.4m. The comprehensive Operating Statement and Note 3 disclose the individual movements over the financial period.

Discussion and analysis –

Balance sheet

Assets

Total assets \$9.4m



Total assets

Total assets at 30 June 2011 were \$9.4m compared to the 2009/10 total of \$9.6m. The major elements of the variation (\$0.2m) were a decrease in financial assets (\$1.1m) and an increase in the value of plant and equipment and prepayments totaling \$0.9m.

Financial assets

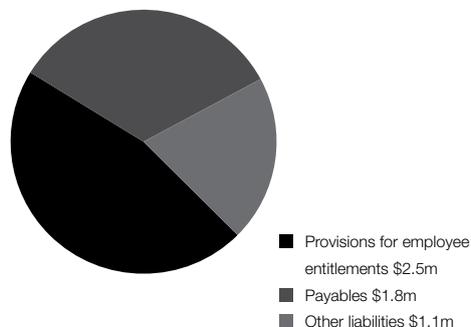
Financial assets totalled \$6.1m (2009/10 \$7.2m), with the major decrease being in cash at bank and deposits (\$1.1m).

Non-financial assets

Non-financial assets totalled \$3.3m (2009/10 \$2.3m), with the major increases being intangible assets (\$0.6m) and plant and equipment (\$0.4m).

Liabilities

Total liabilities \$5.4m



Total liabilities

Total liabilities at 30 June 2011 amounted to \$5.4m compared to the previous year's total of \$3.6m.

The variation of \$1.8m was caused by increased amounts accrued in relation to payables.

Employee entitlements

A total of \$2.6m (2010 \$2.6m) is accrued for annual leave and long service leave payments to staff. Most of this will become payable at a future date.

Goods or services not yet paid for

At the end of the year a total of \$1.7m was owed for goods or services already provided but not yet paid for.

This was an increase of \$0.8m over the corresponding figure last year.

Information Technology (IT)

ESV completed the virtualisation of servers at both the Southbank and Glen Waverley offices, with consequent operating and cost efficiency.

A new process management system was selected and implemented for complex and Type B gas installation processes. All GIAS inspection staff have been fully trained in the new system. Further deployments will enable ESV to decommission a range of legacy systems that are complex to maintain and update.

ESV deployed a records management system (TRIM) and is in the process of transferring all divisions to the new environment. It offers benefits in document retention, retrieval, security and management. TRIM has enabled ESV to revise its records management system, which has significantly reduced paper-based storage and document handling.

A desktop and laptop upgrade program has been completed to deploy Windows 7 across the business, establishing a single operating environment.

Human Resources

Resourcing

ESV continued to increase resourcing capacity and capability throughout the year with the appointment of 22 new employees. These employees were recruited to fill both vacancies created by attrition and newly established positions following the acceptance of the recommendations made by the 2009 Victorian Bushfires Royal Commission.

Attracting and retaining specialist technical and engineering expertise in a tight labour market has created a number of challenges for ESV. One of the difficulties faced by ESV is the requirement to recruit highly experienced and well-credentialed experts in order to perform the role of a regulator. This directly impacts on the remuneration expected by candidates when the majority of ESV's labour is drawn from a competitive private industry.

During the year a number of senior appointments were made to the executive team including the Chief Financial Officer, the Executive Manager Human Resources and the Manager Communications & Public Relations.

Enterprise Agreement (EA)

ESV Employee terms and conditions are covered by the Energy Safe Victoria Agreement 2006. This agreement nominally expired on 1 March 2011 but it remains in force until a new EA is certified by Fair Work Australia.

ESV and the industrial representative bodies (AWU, ASU, APESMA) worked tirelessly over a six-month period of negotiations to reach agreement in principle on a new EA. During the negotiations discussions were open, collegial and extremely productive, resulting not only in a comprehensive agreement that no longer refers to legacy organisations but has also reinvigorated a strong relationship with all three unions.

The proposed EA is a four-year agreement that provides a sound basis from which to drive cultural change and build the capacity to undertake the enhanced regulatory role ESV has been charged with.

At the time of writing, the EA was awaiting approval by the Industrial Relations Minister, and will then be formally voted on by all employees covered by the agreement, prior to finalisation with Fair Work Australia.

Policies and procedures

A review of Human Resource (HR) policies and procedures commenced in conjunction with the new Enterprise Agreement.

Currently all HR policies and procedures are contained within the Human Resources Manual. A number of procedures and references to terms and conditions in the HR Manual were relocated to the proposed Enterprise Agreement.

A new HR Manual will be launched in conjunction with the certification of the EA.

Complaint handling

The complaint handling function was transferred to the Human Resources Division during the second half of the year and covers all complaints (excluding Whistleblowers and FOI).

A total of 558 complaints were received for the year and 76 per cent of those complaints were addressed and closed.

A comprehensive review of the Complaint Handling Policy commenced including the development of additional procedures for internal processes. All correspondence was reviewed and updated to ensure the process was conducted professionally and in a timely manner.

People Matter Survey results

ESV participated in the People Matter Survey in 2010/11 and the results indicated a significant improvement in a number of key areas, even though the number of responses was lower than in previous years.

Of particular note was the improvement in the categories of Accountability, Respect, Leadership and Fair and Reasonable Treatment. These results show that the initiatives and improvements implemented throughout the year had a positive impact and influence on ESV's culture.

People Matter Survey 2011 – Notable increases from the 2010 survey results

	2009 %	2010 %	2011 %
I am confident that I would be protected from reprisal for reporting improper conduct	73	55	78
My organisation always tries to improve its performance	76	73	96
Senior managers provide clear strategy and direction	55	48	71
My manager appropriately deals with employees who perform poorly	47	42	75
Senior managers listen to employees	63	45	78
Senior managers keep employees informed about what's going on	52	48	74
Senior managers model the values	67	55	78
My organisation involves employees in decisions about their work	56	50	69
My organisation is committed to developing its employees	62	54	74
My manager ensures fair access to development opportunities for people in my workgroup	69	58	78
My manager is sufficiently skilled to resolve grievances	62	57	76
I am confident that if I lodge a grievance I would not suffer any negative consequences	63	42	71
There is a good team spirit in my workgroup	63	57	93

Q-Time forms an important part of regular feedback

Learning and development

ESV spent a total of \$279,763 on employee training this year, including technical, skills maintenance, professional development and compliance training.

ESV implemented a leadership program for all employees (4 Quadrant Leadership). This program will significantly improve the leadership culture across ESV and will lay the foundation for future leadership development.

In another significant development program, all employees were required to participate in Good Decision Making in Government. This program provided employees with a fundamental understanding of the governance and administrative law considerations that are critical in making decisions within a government framework.

Performance planning

All employees participated in a formal performance planning and review program in 2010/2011. In addition, all employees were required to meet with managers in a one-to-one session for one hour each month. This program is known as Q-Time and forms an important component of regular feedback.

A formal 360 Degree feedback process was continued this year for all executive managers and incorporated into their performance plans for the year. The program will be rolled out to the next level of management in the first quarter of 2011/12.

Occupational health and safety

The ESV Occupational Health & Safety (OH&S) Committee met four times during the year and continued to monitor and review the appropriateness of systems of work, operational execution of activities and management, and follow up on health and safety matters.

Throughout the year a number of formal ergonomic assessments were conducted on workstations where employees had raised concerns regarding the set up of their work space. None of the reviews reported any issues of non-compliance with standards but provided the user with options to improve the layout of equipment required for tasks being completed.

Overall incidents and injuries remain low at ESV. Two formal Workcover Claims were lodged both relating to musculoskeletal disorders. One claim was accepted and one claim was rejected by ESV's insurers.

Workforce data

Fourteen employees separated from ESV during the year.

The reasons included resignation, retirement and redundancy. Twenty-two employees commenced with ESV.

Headcount summary

Ongoing employees June 2011				
Number (headcount)	Vacant (positions)	Full-time (headcount)	Part-time (headcount)	FTE
100	13	97	3	99.0

Fixed-term and casual June 2011

FTE = 1.0

Headcount breakdown by gender, age, classification

	Ongoing Number (headcount)	Ongoing FTE	Fixed term and casual FTE
Gender			
Male	77	76.4	-
Female	23	22.6	1.0
Age			
Under 25	-	-	1.0
25 - 34	19	19.0	-
35 - 44	17	16.6	-
45 - 54	23	22.6	-
55 - 64	31	31.0	-
Over 64	10	9.8	-

Communications and Public Relations

One of the key objectives of the Communications and Public Relations division in 2010/11 was to increase awareness of electricity, gas and pipeline safety across Victoria.

The significant priorities for the year were to complete a major upgrade of ESV's website and to implement required changes following completion of ESV's marketing and communications review, which was conducted by an external consultant at the end of 2009/10.

In accordance with its KPIs, the division also instigated three major public awareness campaigns, including a media and advertising blitz to raise awareness of the dangers of carbon monoxide poisoning from faulty or unserviced gas heaters. This campaign, which was the single largest ever run by ESV, followed the deaths of Chase and Tyler Robinson in Mooroopna in May 2010.

New-look website – esv.vic.gov.au
ESV launched its new-look website in April to provide users with a refreshed and enhanced browsing experience.

Site enhancements include the ability to watch ESV's TV commercials, download brochures and order DVDs. The site continues to offer pre-existing business features such as the ability to check equipment approvals, updating licence details, purchasing Certificates of Electrical Safety and other online services.

Carbon monoxide awareness campaign
In March 2011, ESV embarked on its biggest public awareness campaign – to alert Victorians to the dangers of carbon monoxide poisoning from faulty or unserviced gas heaters.

The campaign followed the deaths of Chase and Tyler Robinson in their Mooroopna home in May 2010.

Enthusiastically supported by the plumbing and gasfitting industries, which reported a surge in requests for appliance servicing during its run, the advertising campaign has proven to be one of the most successful ever undertaken by ESV.

Television and print ads featured Scott and Vanessa Robinson, the parents of Chase and Tyler, who urged other Victorians to be aware of "the silent killer" and to "not let this happen to you". The campaign ran on television and radio, in print and in cinemas from March until the end of June.

Doctors were reminded of the symptoms of CO poisoning during the awareness campaign.

ENERGY SAFE VICTORIA WISHES TO ALERT MEDICAL PROFESSIONALS TO THE DANGERS OF CARBON MONOXIDE POISONING

Do you know how to diagnose this silent killer?

Nine Victorians have died and dozens more have been treated for CO poisoning in the past decade.

Medical practitioners need to be thorough and observant when examining patients, not only asking about their condition but also their surroundings so vital information is not overlooked.

If carbon monoxide poisoning is suspected, consider asking the following:

- Do you feel ill in your home?
- Are you operating a gas appliance or heater at the time you feel ill?
- Do you feel better if you go outside into fresh air?

Patients should be checked for motor and balance disturbances and cognitive difficulties. These checks may indicate carbon monoxide poisoning.

For more information on ESV's carbon monoxide community education campaign (see ad below) go to www.esv.vic.gov.au

BEWARE CARBON MONOXIDE – it's a silent killer

Is your family at risk?

You can't see it and you can't smell it, but if you have a gas heater then your family could be at risk from carbon monoxide poisoning. It's caused by faulty, unserviced gas heaters but it's easy to protect your loved ones.

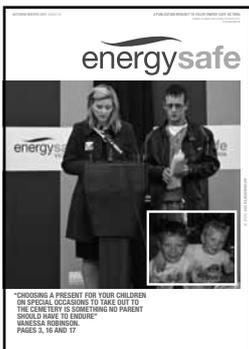
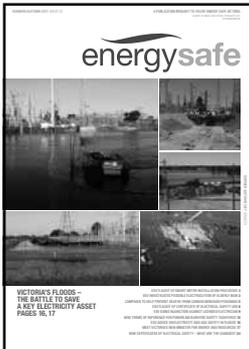
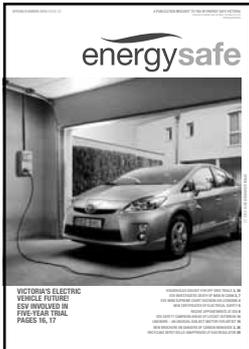
Get your gas heater serviced every two years

"Carbon monoxide is a silent killer. It killed our boys. So get your gas heater serviced so this won't happen to you."
A message from Vanessa and Scott Robinson, parents of Chase and Tyler Robinson who died from carbon monoxide poisoning in May 2010.

Book a service today with your local plumber/gasfitter

For more information visit www.esv.vic.gov.au or phone 1800 800 158

Victoria **energysafe** VICTORIA



ESV's *energysafe* magazine was distributed to more than 60,000 readers.

It is the first time ESV has used cinema advertising as part of its public awareness activities, and the ad screened more than 27,000 times at the movies during the 10-week campaign.

While it is impossible to quantify the success of this campaign in relation to lives actually saved, anecdotal reports from industry and media stories indicate that a significant number of dangerous gas heaters were identified and either disabled or repaired since the campaign started.

ESV has no doubt this campaign has saved lives as illustrated through a number of positive media stories.

The Portland Observer ran a story on its front page in which a daughter got her mother's heater inspected after seeing the campaign and becoming increasingly concerned about her mother's declining health. The heater was found to be spilling CO. In another media report, an elderly Shepparton woman attributed her increasing headaches and declining health to old age but her heater was also found to be spilling CO. Her symptoms vanished after the heater was fixed.

In addition to raising public awareness, ESV worked to educate the plumbing and gasfitting industries about the dangers of carbon monoxide. A DVD on the correct way to conduct a safety inspection of gas heaters was produced for distribution in early 2011/12, while ESV brochures were refined to better target key audiences.

Look Up And Live

Outdoor billboards were used to communicate the stark Look Up And Live message across regional Victoria during ESV's annual public awareness campaign.

The campaign, which also featured television, radio and newspaper ads, reminded truck drivers, farmers and workers that people die when machinery, vehicles or equipment accidentally touch powerlines or come too close to them.

The mobile billboards were in place on major routes in the west of the state for seven weeks in February and March.

Other safety campaigns

In addition to the two major campaigns highlighted above, ESV ran a number of smaller campaigns throughout the year including reminders about the dangers of gas barbecues and the importance of always using a licensed electrician.

ESV also placed warnings in Melbourne's Chinese language newspapers expressing its concern that unsafe electrical equipment imported from Asia was being offered for supply in Australia.

The advertisements, which ran in Mandarin, warned that ESV was increasing audits and surveillance to identify non-compliant and unsafe electrical equipment.

Locust plague warnings

The worst locust plague in regional Victoria for many decades, and a spate of incidents involving powerlines and crop dusting aircraft, resulted in ESV issuing warnings to farmers to watch out for powerlines while spraying for locusts.

The alert was distributed to every farm in Victoria through the Victorian Farmers Federation FarmGuide, and ESV also joined with electricity distribution company Powercor Australia to launch a joint advertising campaign warning of the potential threat from powerlines.

Pilots were reminded that aircraft should not come within 45m of powerlines and that a job safety assessment should be carried out before starting operations.

Magazine

Four issues of the ESV magazine, *energysafe*, were produced throughout the year. Distributed to more than 60,000 readers, the magazine provides vital information to the electrical and gasfitting trades.

The magazine can also be downloaded from the new-look ESV website and an e-version is also available for those who prefer to do their reading online.

Weather-related campaigns

ESV continued to take a leading role in warning the community of the dangers related to storms and floods during 2010/11.

ESV partnered with the Victorian State Emergency Service and electricity distributors to urge all communities to take precautions to minimise the risk of damage to property or injury resulting from storms.

The Better Stormsafe Than Sorry campaign ran in metropolitan, regional and suburban newspapers and coincided with the first anniversary of the massive hailstorm that hit Melbourne and Bendigo in March 2010.

One year on, the campaign urged Victorians to be prepared for storm conditions during autumn and to take simple precautions around their home or business to minimise the risk of damage or injury.

This included ensuring all households had a torch, charged phone such as a mobile that does not rely on electricity to operate and access to important contact numbers including the faults number for the local power distributor.

ESV also provided important electricity and gas safety advice during January's floods. This included information on what to do if electricity was disconnected and advice for residents returning to homes that had been inundated.



ESV's joint safety alert with Powercor for pilots of crop dusting aircraft.

Community service announcements

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

Reach and recall of ESV awareness campaigns — Quantum surveyed 300 people across metropolitan and regional Victoria in July 2010 to measure the reach and recall by the community of ESV's five community awareness campaigns and the messages emanating from the individual television and radio commercials.

Eight-six per cent of Victorians claimed to have seen at least one of the five television commercials that were tested, which was a strong result for a public information campaign.

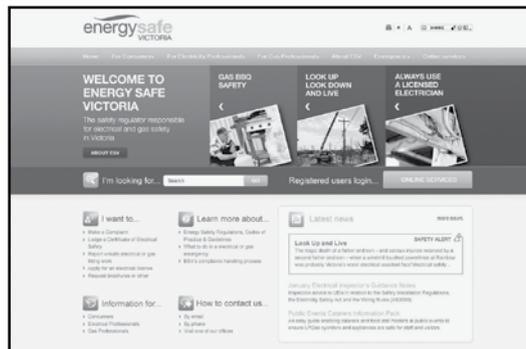
The proportion of Victorians satisfied with the messages being communicated by ESV continues to be high at 85 per cent, while 61 per cent of respondents could name ESV as the organisation responsible for the television commercials. This was a slight improvement on the previous year.

ESV will be working to further raise community awareness of its important role during 2011/12.

Media releases

A number of media releases were issued throughout the year to highlight safety concerns or to seek media support for ESV's community education campaigns.

The carbon monoxide awareness campaign was very well supported by media right across the state, while other issues to receive print and electronic coverage included storm warnings, safety alerts, the Advanced Metering Infrastructure safety audit, electricity supply abnormalities at factories in Bendigo and the work of the Powerline Bushfire Safety Taskforce.



ESV's new-look website was launched in April.

Performance measures

Corporate performance measures

Standards and best practice

Outcome and measures	2008/09	2009/10	2010/11 Target	2010/11 Actual
Electricity – supply and use				
Electricity caused deaths (number)	1	9	0	4
Electricity involved deaths (number)	0	1	0	0
Electricity suicides (number)	4	1	0	3
Electricity involved serious injuries (number)	56	45	0	37
Electricity involved non-serious injuries (number)	614	627	0	591
Electricity involved serious incidents without injury (number)	198	182	0	96
Electricity involved non-serious incidents without injury (number)	426	578	0	606
Electricity-related fires (number)	3,261	2,851*	0	263**

Notes:

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

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

**Electricity-related fires reporting basis has changed from previous years. Reporting is now based on data from ESV's Incident Management System. This aligns with ESV's monthly reporting basis.

Outcomes and measures	2008/09	2009/10	2010/11 Target	2010/11 Actual
Gas – supply and use				
Gas caused deaths	1	2	0	1
Gas involved deaths	0	0	0	0
Gas involved suicides	0	0	0	0
Gas involved injuries	32	34	0	38
Gas-related fires (number)	74	104	0	102

Safe materials, components and appliances

Outcome and measures	2008/09	2009/10	2010/11 Target	2010/11 Actual
Electricity				
Recalls (number)	7	4	N/A	11
Compliant equipment submitted for safety approval (percentage)	100	100	100	100
Compliant equipment check tested for safety (percentage)	99	N/A	N/A	10
Electrical appliances on display in retail outlets with an accurate approvals marking (percentage)	95	98	96	97
Compliant equipment submitted for energy efficiency approval (percentage)	100	100	100	100
Compliant equipment check tested for energy efficiency (percentage)		N/A ¹	N/A ¹	N/A ¹
Electrical appliances on display in retail outlets with an accurate energy rating label (percentage)	99	99	98	98

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

Corporate performance measures

Safe and efficient appliances and safe installations

Outcomes and measures	2008/09	2009/10	2010/11 Target	2010/11 Actual
Gas fatalities—(number)	1	2 < 3 year average		1
Compliance of Type B appliances inspected and audited (percentage)	84	79.6	85	84.5
Compliance of other complex gas installations inspected and audited (percentage)	85	84.6	85	84.1
Compliance of standard gas installations audited by PIC (percentage)	88	90.6	90	91.1

Skilled workforce

Outcome and measures	2008/09	2009/10	2010/11 Target	2010/11 Actual
Electricity				
Workers working on the installations				
Compliant licensed electrical inspectors (percentage)	62	73	81	72
Compliant registered electrical contractors (percentage)	79	80	81	70
Compliant licensed electrical installation workers (percentage)	72	71	81	79
Compliant inspection companies (percentage)	100	100	95	96
Compliant prescribed electrical work (percentage)	79	99	92	85
Compliant non-prescribed electrical work (percentage)	87	88	92	90

Safe, secure and efficient networks, facilities and installations

Outcome and measures	2008/09	2009/10	2010/11 Target	2010/11 Actual
Electricity				
Safe networks				
Electricity caused deaths (number)	1	4	0	1
Electricity involved deaths (number)	0	1	0	0
Electricity suicides (number)	0	0	0	0
Electricity involved serious injuries (number)	8	8	0	7
Electricity involved non-serious injuries (number)	330	305	0	241
Electricity involved serious incidents without injury (number)	100	103	0	47
Electricity involved non-serious incidents without injury (number)	317	483	0	470
Electricity-related fires (number)	948	829 [#]	0	82 ^{**}
Priority 1 incidents responded to within 24 hours (percentage)	100	100	100	100
Safe installations and appliances				
Electricity caused deaths (number)	0	5	0	3
Electricity involved deaths (number)	0	0	0	0
Electricity suicides (number)	4 [*]	1	0	3
Electricity involved serious injuries (number)	47	37	0	30
Electricity involved non-serious injuries (number)	282	322	0	350
Electricity involved serious incidents without injury (number)	98	79	0	49
Electricity involved non-serious incidents without injury (number)	109	94	0	136
Electricity-related fires (number)	2,313	2,022 [#]	0	181 ^{**}

Notes:

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

[#]The electricity-related fires do not include MFB statistics for May and June.

^{**}Electricity-related fires reporting basis has changed from previous years. Reporting is now based on data from ESV's Incident Management System. This aligns with ESV's monthly reporting basis.

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

Outcome and measures	2008/09	2009/10	2010/11 Target	2010/11 Actual
Gas				
Gas networks				
Gas involved deaths	0	0	0	0
Gas involved suicides	0	0	0	0
Gas involved injury	2	2	0	4
Damage to assets <1,050 kPa	3,828	3,769	3,780	3,207
Damage to assets >1,050 kPa	1	4	0	0
Emergencies > Level 2	10	5	0	12
Loss of supply affecting > 5 customers	58	51	0	86
Loss of supply affecting > 100 customers	0	0	0	0
Loss of supply affecting > 1,000 customers	0	0	0	0
Number of accepted safety cases	38	38	38	38
Number of safety case audits per company per annum –				
– Natural Gas Transmission & Distribution	1.38	1.23		0.69
– Other	1.00	1.00		1.00
– Retail	1.10	0.95		0.91
– LPG	1.36	1.36		1.21
Emergency management exercises per company per year	1.30	3.39		2.46
% of priority 'A' emergency calls responded to within 60 minutes –				
– Metropolitan BH	97	97		96
– Metropolitan AH	94	94		92
– Country (all hours)	98	98		97

Financial statements

Accountable officer's and chief finance and accounting officer's declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and financial position of Energy Safe Victoria as at 30 June 2011.

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



P Fearon
Director of
Energy Safety
26 August 2011



D Bolam
Chief Financial
Officer
26 August 2011

Comprehensive operating statement for the financial year ended 30 June 2011

(\$ thousand)

	Notes	2011	2010
Continuing operations			
Income from transactions			
Sales of goods and services:			
Fee income	2(a)	15,162	12,079
Levy income	2(a)	9,598	9,245
Bushfire Taskforce Grant	1(B)(i)	2,000	0
Interest	2(b)	272	263
Other income	2(c)	415	582
Total income from transactions		27,437	22,169
Expenses from transactions			
Employee benefits	3(a)	11,279	9,805
Compliance audit expenses		3,056	2,407
Advertising		1,890	1,817
Motor vehicles		1,300	1,132
Bushfire Taskforce Expenditure	1(B)(i)	2,039	0
Consulting fees		1,779	895
Depreciation and amortisation	3(b)	2,168	547
Other operating expenses	3(c)	5,691	4,625
Total expenses from transactions		29,202	21,228
Net result from transactions (net operating balance)		(1,765)	941
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	0	(92)
Net gain/(loss) on financial instruments	4(b)	(147)	(92)
Total other economic flows included in net result		(147)	(184)
Net result from continuing operations		(1,912)	757
Net result		(1,912)	757
Comprehensive result		(1,912)	757

The comprehensive operating statement should be read in conjunction with the accompanying notes.

Balance sheet as at 30 June 2011

(\$ thousand)			
	Notes	2011	2010
Assets			
Financial assets			
Cash and deposits	13(a)	3,554	4,663
Receivables	5	2,589	2,551
Total financial assets		6,143	7,214
Non-financial assets			
Plant and equipment	6	1,450	1,019
Intangible assets	7	1,776	1,173
Prepaid expenditure		71	158
Total non-financial assets		3,297	2,350
Total assets		9,440	9,564
Liabilities			
Payables	8a	1,776	892
Provisions	9	2,578	2,607
Other liabilities	8b	870	0
Fees in advance		199	136
Total liabilities		5,423	3,635
Net assets		4,017	5,929
Equity			
Accumulated surplus		407	2,319
Contributed capital		3,610	3,610
Net worth		4,017	5,929
Commitments for expenditure	10	3,195	4,787
Contingent liabilities and contingent assets	11	584	246

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity for the financial year ended 30 June 2011

(\$ thousand)

	Notes	Accumulated surplus	Contributions by owner	Total
Balance at 1 July 2009		1,562	3,610	5,172
Net result for the year		757		757
Other comprehensive income for the year				0
Transfer to accumulated surplus				0
Capital appropriations				0
Balance at 30 June 2010		2,319	3,610	5,929
Net result for the year		(1,912)		(1,912)
Other comprehensive income for the year				0
Transfer to accumulated surplus				0
Transfer to contributed capital				0
Balance at 30 June 2011		407	3,610	4,017

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement for the financial year ended 30 June 2011

(\$ thousand)

	Notes	2011	2010
Cash flows from operating activities			
Receipts			
Receipts from other entities		27,585	21,040
Goods and services tax recovered from the ATO		1,275	986
Interest received		272	263
Total receipts		29,132	22,289
Payments			
Payments to suppliers and employees		(27,040)	(22,482)
Goods and services tax paid to the ATO		-	-
Total payments		(27,040)	(22,482)
Net cash flows from/(used in) operating activities	13(b)	2,092	(193)
Cash flows from investing activities			
Payments for non-financial assets		(3,201)	(1,055)
Net cash flows from/(used in) investing activities		(3,201)	(1,055)
Cash flows from financing activities			
Net cash flows from/(used in) financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		(1,109)	(1,248)
Cash and cash equivalents at the beginning of the financial year		4,663	5,911
Cash and cash equivalents at the end of the financial year	13(a)	3,554	4,663

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements for the financial year ended 30 June 2011

Note 1

Summary of significant accounting policies

(A) Statement of compliance

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

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

(B) Basis of preparation

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

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

These financial statements have been authorised for issue by Doug Bolam, Chief Financial Officer, on 26 August 2011.

(i) *Powerline Bushfire Safety Taskforce*

In 2010/11 a grant of \$2,000,000 was made to ESV by the Department of Primary Industries towards the activities of the Powerline Bushfire Safety Taskforce in response to recommendations from the Victorian Bushfires Royal Commission.

Operating expenditure was \$2,039,853 and the trial's capital assets were fully depreciated during the period. The depreciation on capital items totalled \$1,549,216.

(C) Financial statement presentation

The entity has applied the revised AASB 101 Presentation of Financial Statements, which became effective for reporting periods beginning on or after 1 January 2009. The revised standard requires the separate presentation of a comprehensive operating statement and a statement of changes in equity. All non-owner changes in equity must now be presented in the comprehensive operating statement. As a consequence, the entity had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(D) Reporting entity

Energy Safe Victoria (ESV) is given the authority to operate by way of the *Electricity Safety Act 1998*, the *Gas Safety Act 1997*, *Pipelines Act 2005* and the *Energy Safe Victoria Act 2005*. Its principal address is: L3, 4 Riverside Quay, Southbank Victoria, 3006.

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

(E) Events after reporting date

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

(F) Goods and services tax (GST)

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

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

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

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

(G) Income from transactions

Sales of goods and services

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

Specifically, material revenues arise from the following:

- » Registration and Licence fees paid by electrical workers – recognised upon receipt by ESV.
- » Sales of Certificates of Electrical Safety – recognised upon invoicing.
- » Fees paid by manufacturers and importers of electrical equipment for Certificate of Safety approval prior to the goods being made available for sale – recognised upon receipt.
- » Levy charged on the Electricity Industry to ensure compliance with the *Electricity Safety Act 1998* and associated Regulations – recognised upon invoicing.
- » Levies charged on the Gas Industry to ensure compliance with the *Gas Safety Act 1997* and associated regulations – recognised upon invoicing.
- » Levy charged on the Pipelines Industry to ensure compliance with the *Pipelines Act 2005* and associated regulations – recognised upon invoicing.
- » Fees paid by members of the Victorian Electrolysis Committee to cover mitigation costs in accordance with the *Electricity Safety Act 1998* – recognised upon invoicing.
- » Interest income is recognised as it accrues and is based upon interest rates and tenor applicable to the invested funds – recognised upon receipt by ESV.

(H) Expenses from transactions

Employee benefits

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

Depreciation and amortisation

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

Leasehold improvements

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

Intangible assets

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

In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Compliance audits

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

(I) Financial assets

Cash and deposits

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

Cash and short-term deposits are stated at their nominated amount. Interest is recognised in the comprehensive operating statement when earned. The short-term deposit has a weighted maturity of 60 days and effective interest rate of 4.60%.

Receivables

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

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

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

The aggregate net fair values of recognised financial assets and liabilities, at balance date, are equal to their carrying amount as per the balance sheet.

Leases

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

(J) Non-financial assets

Plant and equipment

All items of plant and equipment are recorded in the accounts at historical cost. All assets are capitalised if the purchase price exceeds \$1,000. Plant and equipment is depreciated over the estimated useful economic life of the asset to ESV. Plant and equipment is recorded at historical cost and management's assessment is that the depreciated cost recorded approximates fair value.

The following categories of plant and equipment are utilised by ESV for accounting purposes (with their effective life):

	2010/11	2009/10
Furniture and fixtures	2-3 years	2-3 years
Office machines	2-3 years	2-3 years
Office computers	2-3 years	2-3 years
Leasehold improvements	5-6 years	5-6 years
Powerline Bushfire Safety Taskforce	1 year	Not applicable

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

Intangible assets

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

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

Amortisation is allocated to intangible assets with finite useful lives on a systematic basis over the asset's estimated useful economic life. Amortisation begins when the asset is available for use, that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

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

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

(K) Liabilities

Payables

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

Employee benefits

(i) Wages and salaries

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

(ii) Employee benefits provision

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

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(iii) Long service leave

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

(iv) Superannuation

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

(L) Commitments

ESV has the following commitments – a) motor vehicle operating leases, b) office equipment leases and c) property occupancy leases for its offices at 4 Riverside Quay, Southbank, 540 Springvale Rd, Glen Waverley and 78 Moorabool St, Geelong.

The above commitments, which are at their nominal amounts, are inclusive of GST.

(M) Contingent assets and contingent liabilities

As a regulator, ESV has the responsibility to prosecute for breaches of the Electricity, Gas Safety and Pipelines Acts and associated regulations. As at 30 June 2011 there are no items that are required to be considered as contingent assets.

(N) Functional and presentation currency

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

(O) Rounding of amounts

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

(P) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

As at 30 June 2011, the following standards and interpretations had been issued and were not mandatory for financial year ending 30 June 2011. ESV had not adopted these standards early.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	Beginning 1 January 2013	Details of its impact are still being assessed.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 January 2013	Details of its impact are still being assessed.
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements. ESV has decided not to early adopt.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i> [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	These amendments are in relation to the introduction of AASB 9.	Beginning 1 January 2013	This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards. Details of its impact are still being assessed.
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements</i> [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented to Victorian Public Sector.

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Note 2
Income from transactions

	(\$ thousand)	
	2011	2010
(a) Sales of goods and services		
Fee income:		
Certificates of Electrical Safety	9,051	6,848
Licence fees	3,916	2,786
Electrolysis	1,226	1,175
Approval fees	418	789
Other sales and services	541	481
	15,152	12,079
Levy income:		
Industry Levy – Gas	5,487	5,238
Industry Levy – Electricity	3,834	3,730
Industry Levy – Gas Pipelines	277	277
	9,598	9,245
Total revenue from sale of goods and services	24,750	21,324
(b) Interest		
Interest on bank deposits	272	263
Total interest	272	263
(c) Other income		
Other income	415	582
Total other income	415	582

Other income comprises income from sub-tenancy agreements, workers' compensation reimbursements, staff contributions to motor vehicle expenses and sundry advertising co-contributions.

Note 3
Expenses from transactions

	(\$ thousand)	
	2011	2010
(a) Employee benefits		
Defined contribution superannuation plans	679	587
Defined benefit superannuation plans	0	89
Salary on-costs	726	631
Salaries, wages and long service leave	9,874	8,498
Total employee benefits	11,279	9,805
(b) Depreciation and amortisation		
Depreciation of plant and equipment	1,988	323
Amortisation of intangible assets	180	224
Total depreciation and amortisation	2,168	547
(c) Other operating expenses		
Supplies and services:		
Rent	852	908
Printing and stationery	747	436
Telecommunications	236	352
Legal fees	288	64
Admin fees – Certificates of Electrical Safety	422	330
Insurance	846	478
Computer expenses	705	637
Travel expenses	121	145
Compliance & Audit Services (including Bushfire Mitigation)	323	202
Other expenses	1,151	1,073
Total other operating expenses	5,691	4,625

Note 4
Other economic flows included in net result

	(\$ thousand)	
	2011	2010
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of physical assets	0	(92)
Total net gain/(loss) on non-financial assets	0	(92)
(b) Net gain/(loss) on financial instruments		
Impairment of:		
Loans and receivables through provision for doubtful debts	(147)	(49)
Loans and receivables through receivables	0	(43)
Total net gain/(loss) on financial instruments	(147)	(92)
Total other economic flows included in net result	(147)	(184)

Note 5
Receivables

	(\$ thousand)	
	2011	2010
Current receivables		
Contractual:		
Distribution Businesses	734	1,509
Agent – Certificate of Electrical Safety	1,147	689
Electrolysis fees	19	122
BAS refund due	0	127
Other receivables	351	60
Provision for doubtful statutory receivables	(196)	(49)
	2,055	2,458
Statutory:		
Fines and regulatory fees	11	93
GST input tax credit recoverable	523	0
	534	93
Total current receivables	2,589	2,551
Total non-current receivables	0	0
Total receivables	2,589	2,551

Notes to the
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Note 6
Plant and equipment – Non-current assets

Table 6:1 Classification by ‘purpose groups’ – carrying amounts

<i>(\$ thousand)</i>						
Public Safety and Environment	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2011	2010	2011	2010	2011	2010
Nature-based classification						
Plant, equipment, vehicles and infrastructure systems						
Plant, equipment and vehicles at fair value	4,468	2,051	3,018	1,032	1,450	1,019
Net carrying amount of property, plant and equipment	4,468	2,051	3,018	1,032	1,450	1,019

Table 6:2 Movements in carrying amounts for all purpose groups

<i>(\$ thousand)</i>		
Public Safety and Environment	Total	
	2011	2010
Opening balance	1,019	564
Additions	1,854	870
Disposals	0	(92)
Transfers between asset classes	565	0
Depreciation expense	(1,988)	(323)
Closing balance at fair value	1,450	1,019

Table 6:3 Aggregate depreciation recognised as an expense during the year

<i>(\$ thousand)</i>		
	2011	2010
Furniture and fixtures	38	28
Office machines	325	221
Office equipment	0	0
Leasehold improvements	76	74
Bushfires Taskforce equipment	1,549	0
Aggregate depreciation recognised	1,988	323

Note 7
Intangible assets – Non-current

<i>(\$ thousand)</i>						
Public Safety and Environment	Capitalised software development		Work in progress		Total	
	2011	2010	2011	2010	2011	2010
Gross carrying amount						
Opening balance	1,484	1,347	580	531	2,064	1,878
Additions	120	137	1,229	49	1,349	186
Other – Transfers between asset classes	0	0	(565)	0	(565)	0
Closing balance	1,604	1,484	1,244	580	2,848	2,064
Accumulated amortisation and impairment						
Opening balance	892	666	0	0	892	666
Amortisation expense	180	225	0	0	180	225
Disposals or classified as held for sale	0	0	0	0	0	0
Closing balance	1,072	891	0	0	1,072	891
Net book value at the end of the financial year	532	593	1,244	580	1,776	1,173

Note 8a
Payables

<i>(\$ thousand)</i>		
	2011	2010
Current payables		
Contractual		
Amounts payable to other government agencies	0	0
Supplies and services	1,776	892
	1,776	892
Statutory		
Total current payables	1,776	892
Non-current payables		
Contractual		
	0	0
Statutory		
	0	0
Total non-current payables	0	0
Total payables	1,776	892

Note 8b
Other liabilities

<i>(\$ thousand)</i>		
	2011	2010
Other liabilities		
Contractual		
Supplies and services	870	0
	870	0
Statutory		
	0	0
Total current payables	870	0
Non-current liabilities		
Contractual		
	0	0
Statutory		
	0	0
Total non-current liabilities	0	0
Total liabilities	870	0

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Note 9
Provisions

<i>(\$ thousand)</i>		
	2011	2010
Current provisions		
Employee benefits:		
Unconditional and expected to be settled within 12 months (annual leave)	800	762
Unconditional and expected to be settled after 12 months (annual leave)	395	374
Unconditional and expected to be settled within 12 months (long service leave)	866	945
Unconditional and expected to be settled after 12 months (long service leave)	427	465
	2,488	2,546
Provisions related to employee benefit oncosts:		
Unconditional and expected to be settled within 12 months	90	61
	90	61
Total current provisions	2,578	2,607
Non-current provisions	0	0
Total non-current provisions	0	0
Total provisions	2,578	2,607

Note 10
Commitments for expenditure

(\$ thousand)		
	2011	2010
(a) Lease commitments		
(i) Motor vehicle operating leases		
Payable:		
Not longer than one year	390	753
Longer than one year and not longer than five years	133	635
Longer than five years	0	0
(ii) Office accommodation leases		
Payable:		
Not longer than one year	730	716
Longer than one year and not longer than five years	1,942	2,602
Longer than five years	0	69
(iii) Office equipment leases		
Payable:		
Not longer than one year	0	7
Longer than one year and not longer than five years	0	5
Longer than five years	0	0
Total lease commitments	3,195	4,787
Other	0	0
Total other expenditure commitments	0	0
Total commitments for expenditure (inclusive of GST)	3,195	4,787

The 2010/11 gross office accommodation commitment includes the lease on premises and outgoings for Level 3, 4 Riverside Quay, Southbank, 540 Springvale Rd, Glen Waverley and 78 Moorabool St, Geelong. The lease at 4 Riverside Quay, Southbank, expires in 2014 and is subject to annual increases of 5 per cent with a rental market review in October 2011.

There is also a sub-lease at 4 Riverside Quay, Southbank, Victoria, 3006 to AGEEST, at \$8,706 plus outgoings per month, which has not been offset against the lease commitment. The above commitments are inclusive of GST.

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Note 11

Contingent assets and contingent liabilities

(\$ thousand)

	2011	2010
Contingent liabilities		
Bank guarantee in favour of the Mirvac Property Group related to L3, 4 Riverside Quay, Southbank, Victoria 3006	246	246
Bank guarantee in favour of the Mirvac Property Group related to L5, 4 Riverside Quay, Southbank, Victoria 3006	338	-
	584	246

Note 12

Financial instruments

(a) Financial risk management objectives and policies

Significant accounting policies

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

Table 12.1: Categorisation of financial instruments

(\$ thousand)

	2011	2010
Financial assets		
Cash and deposits	3,554	4,663
Loans and receivables at amortised cost	2,589	2,551
Total financial assets	6,143	7,214
Financial liabilities		
At amortised cost	1,776	892
Total financial liabilities	1,776	892

(b) Credit risk

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

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

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

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

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

The following table discloses the maximum exposure to credit risk and the ageing of financial assets that are past due but not impaired.

Table 12.2: Ageing analysis of financial assets

	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			(\$ thousand)				
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years	
2011							
Receivables							
Cash and deposits	3,554	3,554	-	-	-	-	-
Other receivables	2,589	2,470	7	14	98	-	196
	6,143	6,024	7	14	98	-	196
2010							
Receivables							
Cash and deposits	4,663	4,663	-	-	-	-	-
Other receivables	2,551	2,194	296	59	2	-	49
	7,214	6,857	296	59	2	-	49

(c) Liquidity risk

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

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

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

Table 12.3: Maturity analysis of financial liabilities

	Carrying amount	Nominal amount	Maturity dates			
			(\$ thousand)			
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years
2011						
Payables:						
Other payables	1,776	1,776	1,706	10	60	-
	1,776	1,776	1,706	10	60	-
2010						
Payables:						
Other payables	892	892	860	32	-	-
	892	892	860	32	-	-

Notes to the
financial statements
for the financial year
ended 30 June 2011

(d) Market risk

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

Sensitivity disclosure analysis

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

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

Table 12.4: Interest rate exposure of financial instruments

	Weighted average effective interest rate %	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2011					
Cash and deposits:					
Bank deposits	4.60%	3,554	2,000	1,554	–
Receivables:					
Other receivables	0.00%	2,589	–	–	2,589
		6,143	2,000	1,554	2,589
Payables:					
Other payables	0.00%	1,776	–	–	1,776
		1,776	–	–	1,776
2010					
Cash and deposits:					
Bank deposits	4.83%	4,663	4,000	663	–
Receivables:					
Other receivables	0.00%	2,551	–	–	2,551
		7,214	4,000	663	2,551
Payables:					
Other payables	0.00%	892	–	–	892
		892	–	–	892

Table 12.5: Market risk exposure

(\$ thousand)					
Interest rate risk					
	Carrying amount	-150 basis points		+200 basis points	
		Net result	Available-for-sale reserve	Net result	Available-for-sale reserve
2011					
Financial assets:					
Cash and deposits	3,554	(41)	–	54	–
Total increase/ (decrease)	3,554	(41)	0	54	0
	Carrying amount	-50 basis points		+200 basis points	
		Net result	Available-for-sale reserve	Net result	Available-for-sale reserve
2010					
Financial assets:					
Cash and deposits	4,663	(47)	–	72	–
Total increase/ (decrease)	4,663	(47)	0	72	0

As ESV does not, nor intends to, have exposure to foreign exchange and other price risk, no sensitivity analysis about these items has been made.

(e) Fair value

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

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

(\$ thousand)				
	Carrying amount		Fair value	
	2011	2010	2011	2010
Financial assets				
Cash and deposits	3,554	4,663	3,554	4,663
Receivables	2,785	2,600	2,589	2,551
	6,339	7,263	6,143	7,214
Financial liabilities				
Payables	1,776	892	1,776	892
	4,563	6,371	4,367	6,322

Notes to the
financial statements
for the financial year
ended 30 June 2011

Note 13

Cash flow information

(a) Reconciliation of cash and cash equivalents

(\$ thousand)		
	2011	2010
Total cash and deposits disclosed in the balance sheet	3,554	4,663
Balance as per cash flow statement	3,554	4,663

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

(\$ thousand)		
	2011	2010
Net result for the period	(1,912)	757
Non-cash movements:		
(Gain)/loss on sale or disposal of plant and equipment	0	92
Depreciation and amortisation of plant and equipment and intangible assets	2,168	547
Increase/(decrease) in provision for bad and doubtful debts	147	49
Movements in assets and liabilities:		
(Increase)/decrease in current receivables	(185)	(1,100)
(Increase)/decrease in other current assets	87	(44)
(Decrease)/increase in payables	884	(493)
(Decrease)/increase in other current liabilities	903	(1)
Net cash flows from/(used in) operating activities	2,092	(193)

Note 14

Responsible persons

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

Names

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

Responsible Minister:	The Honourable Peter Batchelor MP Minister for Energy and Resources 1 July 2010 – 1 December 2010
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	The Honourable Michael O'Brien MP Minister for Energy and Resources 2 December 2010 – 30 June 2011
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Accountable Officer:	Mr Paul Fearon Director of Energy Safety
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Remuneration – Accountable Officer

Total remuneration received or receivable by the accountable officers in connection with the management of ESV during the reporting period was in the range: \$240,000 – \$249,999 (2009/10 \$230,000 – \$239,999)

The Accountable Officer's remuneration for the year 1 July 2010 to 30 June 2011 includes payment of annual leave.

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

Other transactions

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

Note 15
Remuneration of executives

Income band	Total remuneration		Base remuneration	
	2011	2010	2011	2010
	No.	No.	No.	No.
\$120,000 – \$129,999	0	1	1	1
\$130,000 – \$139,999	1	1	0	1
\$140,000 – \$149,999	0	2	1	2
\$150,000 – \$159,999	1	0	0	0
\$160,000 – \$169,999	2	1	2	1
\$170,000 – \$179,999	0	0	1	0
\$180,000 – \$189,999	1	0	0	0
Total numbers	5	5	5	5
Total amount	\$811,761	\$738,228	\$772,745	\$699,717

The Office did not engage in any transactions with the above stated persons or their related parties during the year from 1 July 2010 to 30 June 2011 or for the year from 1 July 2009 to 30 June 2010.

Base remuneration is exclusive of long service leave payments, redundancy payments and retirement benefits. Total remuneration includes salary, superannuation and annual leave payments, as per the executives' package.

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

Note 16
Remuneration of auditors

	(\$ thousand)	
	2011	2010
Audit or review of the financial statements – VAGO	34	28
	34	28

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

Note 17
Subsequent events

There has been a single significant event that has occurred post reporting date. ESV has entered into a new lease agreement for a seven-year period commencing at \$448,000 per annum.

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Director, Energy Safe Victoria

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of Energy Safe Victoria which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Director's Responsibility for the Financial Report

The Director of Energy Safe Victoria is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Director determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director, as well as evaluating the overall presentation of the financial report.

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

Independence

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

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

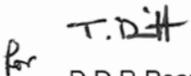
Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Energy Safe Victoria as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Energy Safe Victoria for the year ended 30 June 2011 included both in Energy Safe Victoria's annual report and on the website. The Director of Energy Safe Victoria is responsible for the integrity of Energy Safe Victoria's website. I have not been engaged to report on the integrity of Energy Safe Victoria's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
29 August 2011


D D R Pearson
Auditor-General

Corporate information

Accounting policies

Refer to Note 1(a) Summary of Significant Accounting Policies in the Finance section on page 41.

Audit & Risk Committee

During 2010/11, the ESV Audit & Risk Committee consisted of the following independent members:

- » Mr Peter Buck (Chair until resignation on 16 August 2010)
- » Mr Ian Cuthbertson (member and Chair from 16 August 2010)
- » Mr Geoff Tory
- » Dr Geoff White
- » Dr Anne Astin (joined 24 February 2011)

The Audit & Risk Committee's purpose is to overview:

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

Statutory information

Information on the following matters is available from ESV on request.

- » A statement of declarations of pecuniary interests that have been duly completed by the accountable officer.
- » Details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary.
- » Details of publications produced and how these may be obtained.
- » Details of changes in prices, fees, charges, rates and levies.
- » Details of any major external reviews carried out in respect of the operation of ESV.
- » Details of any other research and development activities undertaken by ESV that are not otherwise covered either in the report of operations or in a document that contains the financial statement and report of operations.
- » Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- » Details of major promotional, public relations and marketing activities undertaken.
- » Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- » A general statement of industrial relations and details of time lost through industrial accidents and disputes.
- » A list of major committees sponsored, the purposes of each committee and the extent to which the purposes have been achieved.

Consultancies

Details of consultancies over \$100,000

(\$ thousand)

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl GST)	Expenditure 2010/11 (excl GST)	Future expenditure (excl GST)
Laser Electrical Bendigo	Technical specialist electrical disturbance Bendigo East	12 November 2010	31 December 2010	168	168	Nil
ACIL Tasman Pty Ltd	Technical specialist bushfire minimisation	1 July 2010	30 June 2011	114	114	Nil
HRL Technologies Pty Ltd	Technical specialist bushfire minimisation	1 July 2010	30 June 2011	281	332	Nil
Chant Link Associates	Technical specialist bushfire minimisation	1 July 2010	30 June 2011	301	284	Nil
Eureka-VI	Technical specialist electrical disturbance Bendigo East	12 November 2010	31 December 2010	296	296	Nil
DB Results	Project management	4 November 2010	30 June 2011	163	163	Nil
Battiston Consulting	Project and transformation management	23 August 2010	29 February 2012	487	327	160

Details of consultancies under \$100,000

In 2010/11, the total for the 52 consultancies engaged during the year, where the total fees payable to the consultants was less than \$100,000, was \$984,726. All figures are exclusive of GST.

Disclosure of major contracts

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

Pecuniary interests

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

Customers

Primary customers

Customers who are provided with a regular service by ESV:

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

Secondary customers

Customers who periodically interact or require a service from ESV:

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

Whistleblowers Protection Act 2001

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

	2010/11
Disclosures made to ESV during the year	Nil
Disclosures referred to the Ombudsman (to determine whether they are public interest disclosures)	Nil
Disclosures referred to ESV by the Ombudsman to investigate	1*
Disclosures referred by ESV to the Ombudsman to investigate	Nil
Investigations of disclosures taken over by the Ombudsman from ESV	Nil
Requests by whistleblower to have their disclosure investigated by the Ombudsman due to their dissatisfaction with the way ESV is investigating the matter	Nil
Disclosures that ESV declined to investigate	Nil
Disclosed matters that were substantiated on investigation and the action taken on completion of the investigation	Nil
Recommendations made by the Ombudsman that relate to ESV	Nil

*Matter subsequently taken to VCAT and dismissed.

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

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

The Protected Disclosure Coordinator:

Paul Fearon
Director of Energy Safety
Level 3, Building 2
4 Riverside Quay
Southbank 3006
Ph: 9203 9000
Fax: 9686 2197
Email: info@esv.vic.gov.au

The Protected Disclosure Officer:

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

Disclosures may also be made directly to the Ombudsman:

The Ombudsman Victoria
Level 3 South Tower
459 Collins St
Melbourne, Victoria 3000
www.ombudsman.vic.gov.au
Email: ombudvic@ombudsman.vic.gov.au
Ph: 9613 6222
Toll Free: 1800 806 314

Information Privacy Act 2000

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

ESV's Privacy Policy can be obtained from ESV or viewed on the website at www.esv.vic.gov.au.

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

Freedom of Information

ESV received 44 freedom of information requests from 1 July 2010 to 30 June 2011. All requests were dealt with in accordance with the *Freedom of Information Act 1982*. Application fees and access charges received during this reporting period totalled \$1002.45.

Freedom of information requests must be made in writing, accompanied by a \$24.40 application fee payable to Energy Safe Victoria and be addressed to: Freedom of Information Officer
Energy Safe Victoria
PO Box 262
Collins Street West Vic 8007

Committees

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

Electrical Safety Committee

Provides advice to ESV on the setting of safety standards for work on or near high voltage electrical installations and to the electricity industry on high voltage electrical safety.

Industry Sector Based Committee

Develops and implements a system where appropriately qualified and trained lineworkers are registered with ESV. This Committee has achieved its objective and will no longer be constituted.

Safe Working on Electrical Installations Committee

Provides advice to ESV on safe working methods for electrical installations. Note: This is now part of the Victorian Foundations for Safety Committee.

Powerline Bushfire Safety Taskforce

Provides advice to ESV on a wide range of issues including project planning the bushfire mitigation review, identifying elements it will contain and determining the objectives, resourcing and timeframe for each of these elements.

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

Electric Line Clearance Consultative Committee

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

Equipment Advisory Committee

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

Sustainable and Emerging Energy Technology Consultative Committee

ESV has established the Sustainable and Emerging Energy Technology Consultative Committee. The purpose of the committee is to provide ESV with information and knowledge on industry trends and developments, to provide guidance and advice on training and the regulatory arrangements that will ensure the safe installation, operation and maintenance of new and emerging technologies. Representatives have been chosen to ensure expert advice is available from employers, employees, emergency services and other regulatory agencies and suppliers. Representation may change as new issues emerge to ensure relevant expertise is available to the committee.

Victorian Electrolysis Committee

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

Compliance with the Building Act 1993

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

Victorian Industry Participation Policy

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

National Competition Policy

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

Risk attestation

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



Paul Fearon
Director of Energy Safety
26 August 2011

Disclosure index

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

Legislation requirement	Page No	Financial statements	
Ministerial Directions		Financial statements required under Part 7 of the FMA	
Report of operations – FRD Guidance		SD4.2(a)	Statement of changes in equity 39
Charter and purpose		SD4.2(b)	Operating statement 37
FRD 22B	Manner of establishment and the relevant Ministers 3	SD4.2(b)	Balance sheet 38
FRD 22B	Objectives, functions, powers and duties 3	SD4.2(b)	Cash flow statement 40
FRD 22B	Nature and range of services provided 3	Other requirements under Standing Direction 4.2	
Management and structure		SD4.2(a)	Compliance with Australian accounting standards and other authoritative pronouncements 41
FRD 22B	Organisational structure 9	SD4.2(a)	Statement of Compliance 41
Financial and other information		SD4.2(d)	Rounding of amounts 44
FRD 8B	Budget portfolio outcomes NA	SD4.2(c)	Accountable officer's declaration 36
FRD 10	Disclosure index 64	Other disclosures as required by FRDs in notes to the financial statements	
FRD 12A	Disclosure of major contracts 61	FRD 9A	Departmental disclosure of administered assets and liabilities NA
FRD 15B	Executive officer disclosures NA	FRD 11	Disclosure of exgratia payments NA
FRD 22B, SD 4.2(k)	Operational and budgetary objectives and performance against objectives 32–35	FRD 13	Disclosure of parliamentary appropriations NA
FRD 22B	Employment and conduct principles 27–28	FRD 21A	Responsible person and executive officer disclosures 36
FRD 22B	Occupational health and safety policy 28	FRD 102	Inventories NA
FRD 22B	Summary of the financial results for the year 22	FRD 103D	Non-current physical assets 48
FRD 22B	Significant changes in financial position during the year 22–23	FRD 104	Foreign currency NA
FRD 22B	Major changes or factors affecting performance 22–23	FRD 106	Impairment of assets 42
FRD 22B	Subsequent events 57	FRD 109	Intangible assets 43
FRD 22B	Application and operation of <i>Freedom of Information Act 1982</i> 62	FRD 107	Investment properties NA
FRD 22B	Compliance with building and maintenance provisions of <i>Building Act 1993</i> NA	FRD 110	Cash flow statements 40
FRD 22B	Statement on National Competition Policy 63	FRD 112A	Defined benefit superannuation obligations NA
FRD 22B	Application and operation of the <i>Whistleblowers Protection Act 2001</i> 62	FRD 113	Investments in subsidiaries, jointly controlled entities and associates NA
FRD 22B	Details of consultancies over \$100,000 61	FRD 114A	Financial Instruments—General government entities and public non-financial corporations 52
FRD 22B	Details of consultancies under \$100,000 61	FRD 119	Contributions by owners NA
FRD 22B	Statement of availability of other information 60	Legislation	
FRD 24C	Reporting of office-based environmental impacts NA	<i>Freedom of Information Act 1982</i> 62	
FRD 25	Victorian Industry Participation Policy disclosures 63	<i>Building Act 1983</i> 63	
FRD 29	Workforce Data disclosures 28	<i>Whistleblowers Protection Act 2001</i> 62	
SD 4.5.5	Risk management compliance attestation 63	<i>Victorian Industry Participation Policy Act 2003</i> 63	
SD 4.2(g)	General information requirements 10–31	<i>Financial Management Act 1994</i> 41	
SD 4.2(j)	Sign-off requirements 8	<i>Multicultural Victoria Act 2004</i> 30	

Abbreviations

Notes

AMI	Advanced Metering Infrastructure
AER	Australian Energy Regulator
BMP	Bushfire Mitigation Plan
CFA	Country Fire Authority
CO	Carbon monoxide
CoES	Certificate of Electrical Safety
COP	Code of Practice
CSA	Community service announcement
CT	Current Transformer
EILES	Electrical Installations, Licensing and Equipment Safety
ECOP	Events Code of Practice
ELCCC	Electric Line Clearance Consultative Committee
ELC	Electric Line Clearance Regulations
ESMSs	Electricity Safety Management Schemes
ENSS	Energy Network Safety Schemes
ESV	Energy Safe Victoria
GIAS	Gas Installations and Appliance Safety
GTRC	Gas Technical Regulators Committee
HR	Human resources
IAC	Interim Advisory Committee
LEI	Licensed Electrical Inspector
LV	Low voltage
MEC	Major electricity companies
MAV	Municipal Association of Victoria
MEPS	Minimum Energy Performance Standards
MFB	Metropolitan Fire and Emergency Services Board
NA	Not applicable
PIC	Plumbing Industry Commission
PCA	Powercor Australia
PBST	Powerline Bushfire Safety Taskforce
POEL	Private Overhead Electric Line
REC	Registered Electrical Contractor
RTO	Registered training organisation
RWG	Regulatory Working Group
RFQR	Risk Framework Quality Review
VIR	Vulcanised India Rubber
WAG	Westernport, Altona, Geelong pipeline
WMS	Work Management System

