

Energy Safe Victoria

Annual Report
2020–21



The background of the page is a semi-transparent orange overlay. In the upper portion, there is a photograph of two workers in safety gear, including hard hats and high-visibility vests, working on a large array of solar panels. The workers are bent over, focused on their task. The solar panels are arranged in a grid pattern, and the overall scene is brightly lit, suggesting an outdoor setting.

ESV will make a real difference in the safe supply and use of energy.

We will be recognised nationally as the leader in the regulation of electricity, gas and pipeline safety.

This report has been endorsed by the Victorian Energy Safety Commission

Authorised and published by the Victorian Government, Melbourne

October 2021

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2020–21 Snapshot

Licensing and Certificates of Electrical Safety (COES)



5,836 new electrical licences and registrations issued and 11,846 renewals

908,281 COES issued

76% of COES now issued digitally through ESVConnect

1,276 electrical contractor registrations

Holding industry to account

27 Bushfire Mitigation Plans evaluated and 20 accepted

5 Gas Safety Plans accepted

7 Electricity Safety Management Schemes accepted

3 Construction Safety Management Plans accepted

Compliance activities



19 vegetation management system audits – inspected vegetation on **12,849** spans identified **1,134** non-compliant spans. All non-compliances were issued a section 86(1) notice, which requires each to be made compliant.

132 point-of-sale audits and electrical safety inspections – discovered breaches at **119** sites. All were issued a section 67 notice.

50 cathodic protection system audits conducted. Four non-compliances found and rectified immediately. No enforcement action required.

1,134 pieces of electrical equipment underwent a safety audit with **55%** not registered and **41%** not certified. All uncertified equipment has either been stopped for supply by the responsible supplier or the equipment has been certified and then registered as required.

10 solar farms and **6** wind farms audited – all had non-compliances relating to the management of arc flash risk. **5** non-conformances and one opportunity for improvement were identified in the audit findings.

2,955 third-party damage to gas supply services (down from 3052 in 2019–20).

152 third-party damage to gas supply mains (down from 189 in 2019–20). Compliance action included **5** warning letters and six infringement notices.

All electricity distribution businesses audited before the 2020–21 bushfire season.

Rapid Earth Fault Current Limiters (REFCLs) protect **34** substations, 12 more than 2019–20.

Education and awareness activities



Delivered 43 Safer Canteens grants totalling \$40,000 to football/netball club canteens across Victoria

2,061

gas fitters attended online gas heater safety seminars

8,186

responses to electrical technical helpline



New Legislation for ESV to administer

Electricity Safety (Registration and Licensing) Regulations 2020 and Electricity Safety Exemptions Order 2020 made after industry and public consultation

Prosecutions and directions



11 prosecutions

199 investigations of electrical installations (new and ongoing) and **273** infringement notices

498 visits to solar installations, 42 breaches of the *Electricity Safety Act 1998* and **145** infringement notices

112 investigations into electrical equipment incidents and **8** equipment safety recalls

84% of gas applications compliant at first inspection, up from 83%

642 field inspections and **119** non-conformances of contractors and sub-contractors working on licensed pipelines

34 infringement notices issued for complex gas installations

163 third-party damage to gas supply mains incidents (down from 189 in 2019–20)

1 Section 96 direction issued to major transport operator for non-compliance with *Electricity Safety Act 1998*

4 Section **141** directions issued under the *Electricity Safety Act*, namely:

- **2** disconnections due to safety issues at residential properties
- **1** disconnection due to safety issues and bushfire risk at a residential property
- **1** direction to alter supply during total fire ban days due to bushfire risk

SECTION 1

About Energy Safe Victoria

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

The Minister for Energy, Environment and Climate Change is responsible for ESV. We are required to perform functions and exercise powers in such a manner as we consider best achieves our objectives under the *Electricity Safety Act 1998*, the *Gas Safety Act 1997* and any other Act.

Minister D'Ambrosio was the responsible Minister from 1 July 2020 to 30 June 2021.

The nature and scope of our activities are defined by our mission, objectives, functions and responsibilities which are described in the Acts, and in Regulations made under those Acts. We operate within, and monitor and enforce compliance with, this legislation.

ESV comprises three commissioners who hold statutory appointments responsible to the Minister and the Victorian Parliament for ensuring that we perform our functions and exercise our powers in such a manner as they consider best achieves the objectives of ESV as stated in the Acts. The commissioners also provide strategic direction and leadership.

Under the *Electricity Safety Act* and the *Gas Safety Act*, our Chairperson may give directions and has additional powers in the event of emergencies.

We act in line with our Corporate Plan, which includes a Statement of Corporate Intent and the annual business plans, financial plans and Charter of Consultation and Regulatory Practice, as specified in the Energy Safe Victoria Act. We also deliver on the Minister's Statement of Expectations and report our progress in this report.



Our objectives

We are established as the independent regulator to achieve the highest standards of community safety by protecting against safety risks arising from energy supply and use, pipeline safety hazards are mitigated, and energy safety and efficiency promoted. We perform our functions and exercise our powers to best achieve our statutory objectives and functions.

Gas safety

Ensure the safety of the conveyance, sale, supply, measurement, control and use of gas. Control the safety standards of gas work.

Electrical safety

Ensure the safety of electrical generation, transmission and distribution systems, electrical installations and electrical equipment. Control the safety standards of electrical work carried out by licensed electrical workers. Promote the prevention and mitigation of bushfire starts from electrical infrastructure.

Promote safety awareness

Maintain public and industry awareness of electrical and gas safety. Promote awareness of energy safety and efficiency through the labelling of electrical equipment and regulation of electrical equipment and gas installations, appliances and components.

Ensure pipeline safety

Protect underground and underwater structures from corrosion caused by stray electrical currents. Protect the public from health and safety risks resulting from the construction and operation of pipelines.

ESV's core regulatory functions

License, approve and accept

Ensure that appliances meet stringent safety and energy-efficiency standards before they are sold. Administer licensing, registration and approval systems that maintain safety standards and skills.

- We license electricians and electrical workers (including line workers). We register electrical contractors.
- We approve, register and audit cathodic protection systems for the owners and operators of major infrastructure.
- We assess, approve, accept and audit safety plans for major companies, such as electricity distribution businesses for:
 - electric line clearance
 - bushfire mitigation.
- Electricity Safety Management Schemes (ESMS).
- We administer the gas acceptance scheme for complex gas installations.
- We ensure gas and pipeline companies have safety cases, construction safety management plans and receive consent to operate.

Monitor and audit

Inspect and audit safety systems (including safety management schemes, safety cases and plans) and safety practices in relation to the design, construction and maintenance of all electricity, gas and pipeline networks and installations. Monitor, audit and enforce compliance with standards and requirements.

- We audit the training provided by registered training organisations (RTOs) and work with them to ensure apprentices receive appropriate levels of skills and knowledge.
- We assess licensed electrical inspectors.
- We audit electrical equipment available for sale to Victorians, ensuring it is safe, efficient and meet the minimum standards.
- To ensure public safety, we audit gas products at point of sale and gas appliance usage at public events.

Educate and encourage

Cooperatively engage with industry and the community to facilitate safety outcomes. We conduct comprehensive public awareness campaigns to educate the community and industry on the hazards associated with electricity, gas and pipelines.

- We partner with training organisations, industry organisations and unions to provide educational seminars and professional development opportunities.
- Our marketing campaigns and media relations functions target safety issues or behaviour that cannot be addressed by regulation or enforcement.
- We work with event organisers to ensure entities are aware of and mitigate risk relating to gas and electricity usage.

- We provide a technical helpline to support professionals in the gas and electricity industries.
- We receive complaints about unsafe or non-compliant industry activities from the public and carry out associated compliance and enforcement.
- We participate in, and chair, a range of committees:
 - Partnering with other regulators, such as the Electrical Regulatory Authorities Council (ERAC) and the Gas Technical Regulators Committee (GTRC), to continually improve safety and national consistency of standards.
 - By participation in relevant Standards Committees along with other regulators and industry, we facilitate ongoing safety improvements applicable to energy installations, equipment and appliances to protect the community.
 - Victorian Government committees concerning emergency-response and infrastructure resilience.
 - Specific technical and safety energy committees including relevant industry participants, technical experts, and union representation that address specific safety hazards.
- We work cooperatively with the Department of Environment, Land, Water and Planning (DELWP), other departments and other agencies to ensure consistency and alignment with cross-government policies and arrangements.

Enforce compliance

Take appropriate enforcement action (based on the severity of risk and harm) and, while accounting for responsible behaviour, will act if negligence was shown and others have been placed at risk.

- We facilitate the issue of certificates of electrical safety (COES) which assures the community that electrical work meets appropriate safety standards.
- Where failures occur, we provide notices to rectify or improve, warning letters and infringement notices for gas and electrical installations, equipment and infrastructure.
- We use non-compliance data to develop enforcement strategies to change behaviour.
- We conduct recalls on deficient or unsafe installations, appliances or equipment.
- We prohibit the sale and supply of dangerous products.
- Where the breach of energy safety is significant enough, we prosecute.

Mission, purpose and values

Our mission

ESV will make a real difference in the safe supply and use of energy. We will be recognised nationally as the leader in the regulation of electricity, gas and pipeline safety.

Our purpose

ESV protects and assists the community by:

- working in consultation with the industry and community to facilitate compliance, and thereby safety outcomes
- developing and communicating safety requirements and programs
- monitoring, auditing and enforcing compliance with the Safety Regulations and Acts
- administering licensing, registration and safety systems that maintain standards and skills.

Our values

At ESV the following values are embraced and expressed in our day-to-day actions, decisions and interactions with others.

Respect

Treat all staff and stakeholders with respect.

Integrity

Always act with integrity.

Partnerships

Work cooperatively with internal and external colleagues, stakeholders and customers to achieve ESV objectives.

Accountability

Accountable for all our actions.

Responsible body's declaration

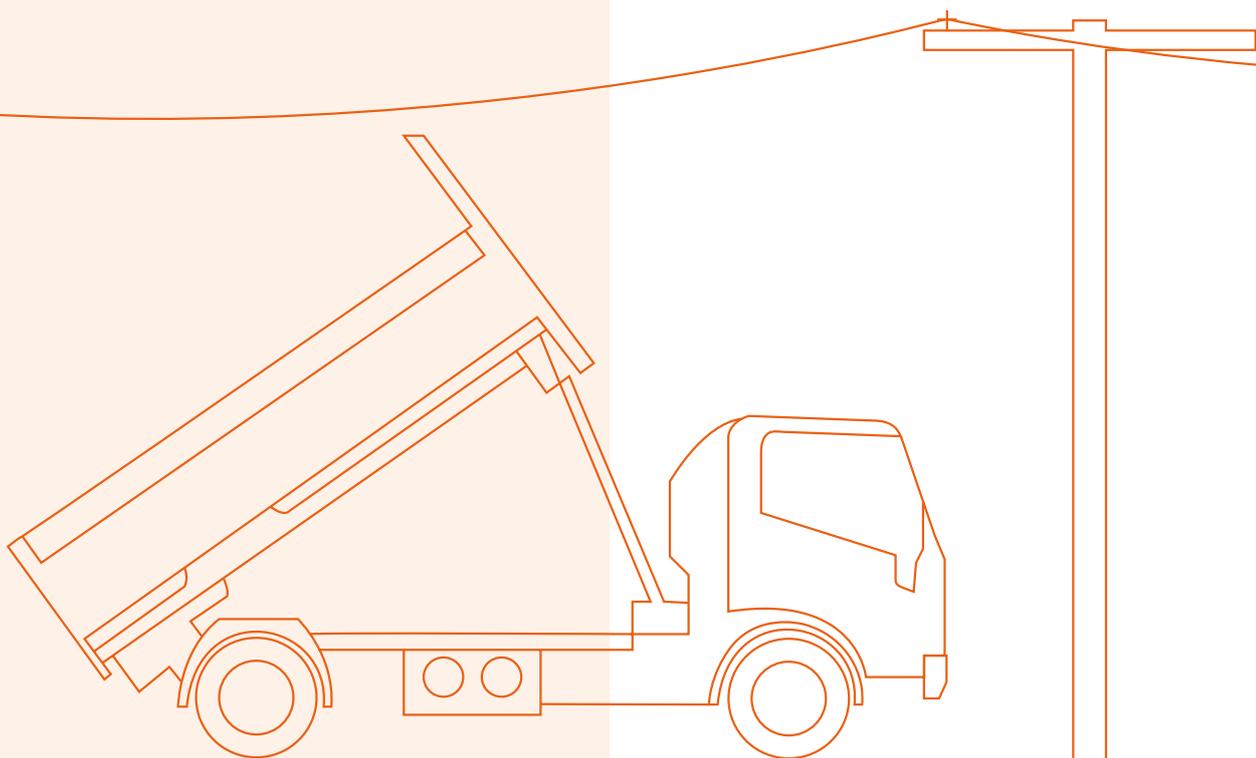
As Chief Executive Office of Energy Safety Victoria, in accordance with the *Financial Management Act 1994*, I present the Energy Safe Victoria Annual Report for the year ending 30 June 2021.



Leanne Hughson

Chief Executive Officer
Energy Safe Victoria

8 October 2021



The year in review

Foreword from Chairperson and Chief Executive Officer

Energy Safe Victoria is in the midst of change as we implement the recommendations of the Independent Review of Victoria's Electricity and Gas Network Safety Framework (the Grimes Review) while also meeting the expectations of both the Victorian Government and the community.

It is pleasing to report that nearly all of the Grimes' recommendations have been met. We have made significant progress on our journey to become a safety first, data driven, customer-centric regulator.

We have started a transformation program that, when complete, will see us become a stronger regulator, accounting for the burgeoning take up of solar and other renewable energy in Victoria, and the introduction of new sources of energy, such as hydrogen.

This financial year has been impacted by restrictions associated with ensuring we have a COVIDSafe workplace. We thank staff for their resilience and determination to continue to get the job done.

Community Safety Outcomes

It has been a difficult year for community safety outcomes with more deaths and more serious injuries during 2020–21. While the trend for deaths and injuries is generally low and stable, historical data shows, periodic rises occur occasionally.

Apprentices are the most vulnerable electrical workers, and our compliance and enforcement has continued to focus on their safety. We also continued to engage with registered training organisations, including TAFEs, to ensure energy safety messages reach apprentices.

We saw a dramatic rise in No Go Zone incidents, where death or serious injuries occurred after heavy or large machinery touched powerlines. These incidents generally happened in rural or regional areas where lines are bare and hard to see.

We engaged key stakeholders and lead cross-agency efforts to identify technological solutions to protect machinery operators in No Go Zones. Our ongoing awareness campaign *Look Up and Live* continued and was supported by WorkSafe and the major electricity companies. ESV has also engaged with stakeholders, such as the Victorian Farmers' Federation, to ensure safety messages are reaching those who are most at risk.

Bushfire mitigation

The rollout of the world-first application of Rapid Earth Fault Current Limiter (REFCL) technology to reduce the risk of powerline faults causing catastrophic bushfires has continued. Tranche two of the program was implemented during 2020–21 and 31 networks benefited from REFCL protection over the 2020–21 summer.

To ensure the efficacy of the REFCL program, which was mandated in 2013 in response to the Victorian Bushfires Royal Commission, ESV commissioned two independent reports – a cost benefit analysis and a performance report. The reports found the benefits for of the program exceeded the costs and that REFCLs were meeting expectations in relation to bushfire risk mitigation.

Vegetation Management

We continue our focus on vegetation management around power assets such as power poles and powerlines to reduce the risk of bushfires. Higher rainfall led to more vegetation growth in 2020–21 and this must be managed before the warmer weather. Vegetation causes a material threat to electricity safety and the responsibility is on duty holders to ensure it is managed.

Major electricity companies AusNet Services, Powercor, United Energy and Jemena were served notices under section 86(1) of the Act for non-compliant vegetation following our annual inspection program.

Three major electricity companies recorded higher than average non-compliance rates on their networks – AusNet Services (13 per cent), Powercor (9 per cent) and United Energy (14 per cent). Jemena had lower than average non-compliance rates at 4 per cent.

Our inspections of council-managed areas identified 949 non-compliant spans that required clearing and each responsible council was served notice under section 86(1) to clear this vegetation.

We also revisited the three poorest performing councils of the previous year and worked with them during 2020–21 to achieve better compliance.

Pole management

We completed a wooden power pole investigation into the AusNet Service distribution area, looking at the sustainability of the pole maintenance regime. The investigation found that AusNet needed to improve its inspection and replacement practices in order to remain sustainable into the future. The required changes will be included in AusNet's Bushfire Mitigation Plan.

We commenced our prosecution of Powercor for breaches of its general duties over the 2017 St Patrick's Day fires, which destroyed several properties and livestock in Victoria's south west.

Licensing lineworkers and professional development for electrical workers

On 1 January, we introduced a new licensing regime for lineworkers. The regime has increased our visibility of the industry to ensure lineworkers have the minimum qualifications and experience required to work safely on distribution, transmission and traction networks. A Victorian Government priority, the regime was formulated through comprehensive industry, stakeholder and public consultation in 2020.

The transition from a voluntary registration system to a licensing system will improve safety outcomes by providing greater transparency, oversight, accountability and regulation of the industry. Improved workforce data will also allow us to analyse potential trends and emerging safety risks affecting the workforce.

We started to develop a program of continuing professional development for electrical workers which will be delivered in 2023.

Licensed Electrical Inspectors (LEI) Review

We commissioned an independent review of the Licensed Electrical Inspector scheme. Licensed Electrical Inspectors are a key part of Victoria's electrical safety regime. All prescribed electrical installations (generally large or complex installations – such as a solar system) must be inspected by an LEI before they can be energised.

The independent review was split into two parts – an interim report that focussed on the solar industry, and the final report which looked more broadly at the electrical installation inspection regime.

Both reports provided recommendations that will improve safety even further. A series of new initiatives and timelines for implementation are outlined in ESV's response to the review: Energy Safe Victoria's review of the Electrical Inspection Regime is published on our website.

This includes implementing:

- Increased industry education, technical support for Licensed Electrical Inspectors, and new requirements for continuing professional development for all licensed electrical workers.
- Better data collection and analysis from audits and certificates of electrical safety.
- Closer collaboration with Solar Victoria and strengthening ESV's approach to compliance and enforcement.

National leadership on gas safety

Hydrogen

As part of efforts to ensure safety around the use of hydrogen, an ESV hydrogen working group was established to consider regulatory issues and a hydrogen regulatory issues list was developed including issues specific to the ARENA-approved HyP Murray Valley project. The pilot project will see up to 10 per cent hydrogen injected into the Albury/Wodonga gas network.

We are also partnering with the Future Fuels Cooperative Research Centre (CRC). ESV contributed to the development of an interim report into gasfitting practices for future fuels and specifically opportunities for training and upskilling in Victoria and South Australia. ESV also contributed to the development of a report investigating the compatibility of existing Type A appliances with a blend of 10 hydrogen and 90 natural gas based upon testing of 26 new Type A appliances of various categories. Further, we contributed to two project proposals namely:

- an assessment of Type B appliances with blends of hydrogen and natural gas
- bio-methane injection into the gas network and the impact of impurities on the performance of end-users

Open flued gas heaters

We were instrumental in two processes that will significantly reduce the risk of carbon monoxide poisoning from open flued gas heaters.

Australian Standards for open flued gas heaters will be amended following the recommendations of a Regulatory Impact Statement (RIS) by the Victorian Government. The change to Standards will ensure all new open flued gas heaters offered for sale will shut down safely when exposed to negative pressure. Negative pressure was a key cause of the carbon monoxide poisoning death of Sonia Sofianopolous in 2017.

The change was championed by industry through the Gas Appliance Manufacturers Association of Australia (GAMAA) which produced technical guidance to support a Standards based approach.

We provided input to both processes. The change to the Standard ensures the safety of open flued gas space heaters as housing stock changes and old technology becomes obsolete.

We continued to promote carbon monoxide safety through our Be Sure campaign, urging Victorians to have their open flued gas space heaters serviced by a licensed plumber or gasfitter at least once every two years.

BBQ gas bottle safety

BBQ gas bottles will be safer in Victoria with the introduction of the LCC27 LP gas valve. ESV led national communications for the rollout of the new valves which prevent gas from escaping the cylinder even if the valve is left in the 'on' position. Working with the Gas Technical Regulators Committee (GTRC), we developed an animation and other communication tools to explain the changes.

Achieving gender balance

The last financial year has seen a significant improvement to our gender balance. Women now make up 41 per cent of our employees. During 2020–21, there was a 23 per cent increase in female employees compared to 2019–20. This includes the all-female Commission, Chief Executive Officer (CEO) and a 17 per cent increase women in the Senior Leadership Team.

Conclusion

During 2020–21, our achievements as Victoria’s independent energy safety regulator were significant but tempered by deaths and serious injuries. Our work has ensured our energy safety framework remains robust across gas and electricity and pipelines.

We have been innovative in order to meet energy safety risks and bring duty holders to account. As our transformation continues, we will become a more responsive regulator. We will signal our compliance and enforcement priorities to industry. In addition, we will improve our use of data to target energy safety risks.

We will continue to deliver on our primary objective – keeping the Victorian community safe.



Marnie Williams

Marnie Williams
Commissioner and Chairperson
Energy Safe Victoria



Leanne Hughson

Leanne Hughson
CEO
Energy Safe Victoria

Responding to government priorities – Statement of Expectations

The Statement of Expectations, which applied until 30 June 2021, issued by the Minister for Energy, Environment and Climate Change established clear expectations of ESV's performance and improvements. ESV reports on the Statement of Expectations in its annual report.

Safety regulation/ administration and enforcement of regulation

Legislative changes

Electricity Safety (Registration and Licensing) Regulations 2020

The *Electricity Safety (Registration and Licensing) Regulations 2020* commenced on 1 January 2021. The new regulations introduced licensing requirements for line workers working on electricity transmission, distribution and traction supply networks working on distribution networks. The regulations also provide the legal framework for ESV to introduce continuing professional development requirements for electrical workers.

Electricity Safety Exemptions Order 2020

The *Electricity Safety Exemptions Order 2020* commenced on 1 January 2021. The new exemptions order consolidates and updates various exemption orders made between 1999 and 2013. The new exemption order has removed redundant provisions and has made changes to some exemptions to remove ambiguity and improve their operation. Exemptions permitting line workers to carry out limited types of electrical installation work were also revised and modified for consistency with the new licensing regime for line workers.

Automatic Mutual Recognition

The Victorian Parliament passed the *Mutual Recognition (Victoria) Amendment Act 2021* which adopted the amendments made to the Commonwealth's *Mutual Recognition (Victoria) Act 1998* by the Commonwealth's *Mutual Recognition Amendment Act 2021*. Automatic Mutual Recognition (AMR) for electrical occupations commenced in Victoria on 1 July 2021.

This legislation introduced AMR of interstate occupational licences in Victoria which includes AMR of interstate electrical licences. This change allows electrical workers holding an interstate electrical licence to use that licence to carry out electrical work in Victoria provided that the worker first notifies ESV of their intention to work in Victoria and provides details of the interstate licence they hold.

The AMR scheme is subject to other conditions including a requirement that the interstate licence holder's primary place of work or residence be located in the state or territory that issued them with their licence.

Independent Review of Victoria's Electricity and Gas Network Safety Framework (Grimes Review)

Transition to a commission

The *Independent Review of Victoria's Electricity and Gas Network Safety Framework* recommended significant reforms focused on strengthening the capabilities and regulatory approach of ESV. The Victorian Government's response to the review in August 2018 supported 42 of the 43 recommendations which required ESV to become more transparent and accountable in its use of regulatory powers and increases engagement with industry and the community.

On 1 January 2021, amendments to the *Energy Safe Victoria Act 2005* came into effect that significantly changed our governance structure. The office of the Director of Energy Safety was abolished, and we were re-established as the Victorian Energy Safety Commission comprising three Commissioners appointed by the Governor in Council on recommendation of the Minister. All existing powers, functions and duties of ESV were transferred to the new Commission, which continues to be known and referred to as ESV. The Commission has a full-time Chairperson (with reserve powers in the event of emergency) and two part-time Commissioners (one of whom acts as Deputy Chairperson). Decisions of the Commission are made by consensus or by simple majority if consensus cannot be achieved.

At the same time, the office of CEO of ESV was created under the *Energy Safe Victoria Act 2005* with responsibility for the day-to-day management and administration of the affairs of ESV. An Acting CEO commenced on 1 January 2021 with an ongoing appointment made from April 2021. A governance team was also established, and we appointed our first General Counsel and Commission Secretary.

We have also established our Workforce Engagement Consultative Committee to promote workforce engagement. The WECC is a forum to actively engage the workforce in the electricity and gas networks to promote improved safety outcomes for workers and the broader community. It convened twice during 2020–21.

During the next financial year, further work will be done to strengthen the governance of ESV, including the establishment of a Technical Advisory Committee to be appointed by the Minister and a Future Trends Advisory Committee. This work will position ESV to act as a strong, independent regulator well-placed to regulate existing and new energy sources.

Case study: Better data analytics

The Grimes Review identified the need for ESV to strengthen our analytical capabilities and develop a mature data analytics capability to effectively target its efforts to those at highest risk to the community. Strong analytics, backed by evidence from a variety of sources, has started giving us confidence in our decisions.

A strong analytics capability needs to be supported by robust data governance, access to reliable data sources and efficient data processing tools. We have been working to develop an **enterprise architecture** (including business capabilities model, systems and data architectures) that will support our long-term IT and data analytics investment plans, and transform our culture to be more business centric.

We continued to plan and implement the **Future Energy Strategy**, which was developed in response to recommendation 33 of the Grimes' Review. A working group identified actions that will be implemented in response to the potential threats identified in the Phase 1 study. It also prioritised the responses and many of these strategic responses will be implemented in our Corporate Plan.

We are also finalising the Terms of Reference and appointees to the **Future Trends Advisory Committee** that will provide independent advice to the CEO and Commissioners on emerging risks and provide a critical review of our strategic response to such risks.

The Data and Analytics team has been trialling, in collaboration with Monash University, the use of **machine learning techniques** to identify non-compliant electrical goods being offered for sale on-line. This work is helping us understand how to position ourselves to regulate the sale of unsafe equipment in the digital marketplace. The preliminary results demonstrate significant efficiency gains. Current work is focusing on operationalising of the developed and tested algorithms to assist qualified professionals in their work.

We have also continued to refine our understanding of the **correlation between weather conditions and fire start events** on the Victorian electricity network. While largely undertaken in-house, we are also collaborating with CSIRO Data61 in a proof-of-concept project to verify a potential development of a predictive model.

Data collection from the electricity networks improved in 2020–21 with the **extension to the OSIRIS reporting system**. To meet the requirement of the new regulations, we adjusted the system to collect the required data and enable better trend-analysis and insights.

Monitoring and auditing of bushfire safety and performance

The Statement of Expectations conveys the expectation that ESV will undertake a comprehensive monitoring and inspection program on practices and activities of Victorian electricity distribution businesses before and during the bushfire season.

In 2020–21 we observed and assessed all compliance-testing of rapid earth fault current limiters (REFCLs) put into service during the year. This was done to confirm they were operating to the standards required to assist with the prevention of fires.

The REFCL rollout continued in compliance with the prescribed schedule; with the exception of four AusNet Services networks¹ where an extension was granted due to technical issues and third-party delays. Over the 2020–21 summer, there were 31 networks protected by REFCLs for part or whole of the bushfire season, including some installations that were not mandated.

Throughout the year we ensured all submitted Safety Cases, Electrical Safety Management Schemes, Bushfire Mitigation Plans and Bushfire Mitigation Program Reports were assessed and acceptable.² In addition, we evaluated and then approved the Electric Line Clearance Management Plans submitted by the major electricity companies³

Leading into and during the bushfire season, we conducted various risk based hazardous bushfire risk area audit and inspection programs designed to test the performance of the nine major electricity companies against the requirements of the Electricity Safety (Bushfire Mitigation) Regulations and Electricity Safety (Electric Line Clearance) Regulations.

The audits focused on the effectiveness and accuracy of the major electricity companies' asset and vegetation management processes and systems. In the past year, we inspected more than 5,500 electrical assets for condition and 12,849 spans for vegetation clearance; physically confirming application of the major electricity companies' processes and systems is producing the necessary safety outcomes.

Extending on the work started in 2019–20, during 2020–21 we focused on assessing the electricity distribution businesses' asset management practices with a focus on ensuring they are capable of delivering sustainable wood pole safety outcomes in the medium and long term.

In 2020, we released a report on Powercor's sustainable wood pole safety management practices. The report made 13 recommendations. We monitored and assessed Powercor's implementation of the management reforms it proposed in response to the report's recommendations.

In 2020–21, we started a review of the AusNet Services Distribution sustainable wood pole safety management practices. We have since finalised the report and published a [draft for consultation](#) in August 2021.

1 A network is defined as all feeders originating from a single zone substation.

2 All major electricity companies and 'specified operators' must submit Bushfire Mitigation Plans to ESV for acceptance. A 'specified operator' is a high voltage customer who operates overhead high voltage electric lines in a hazardous bushfire risk area.

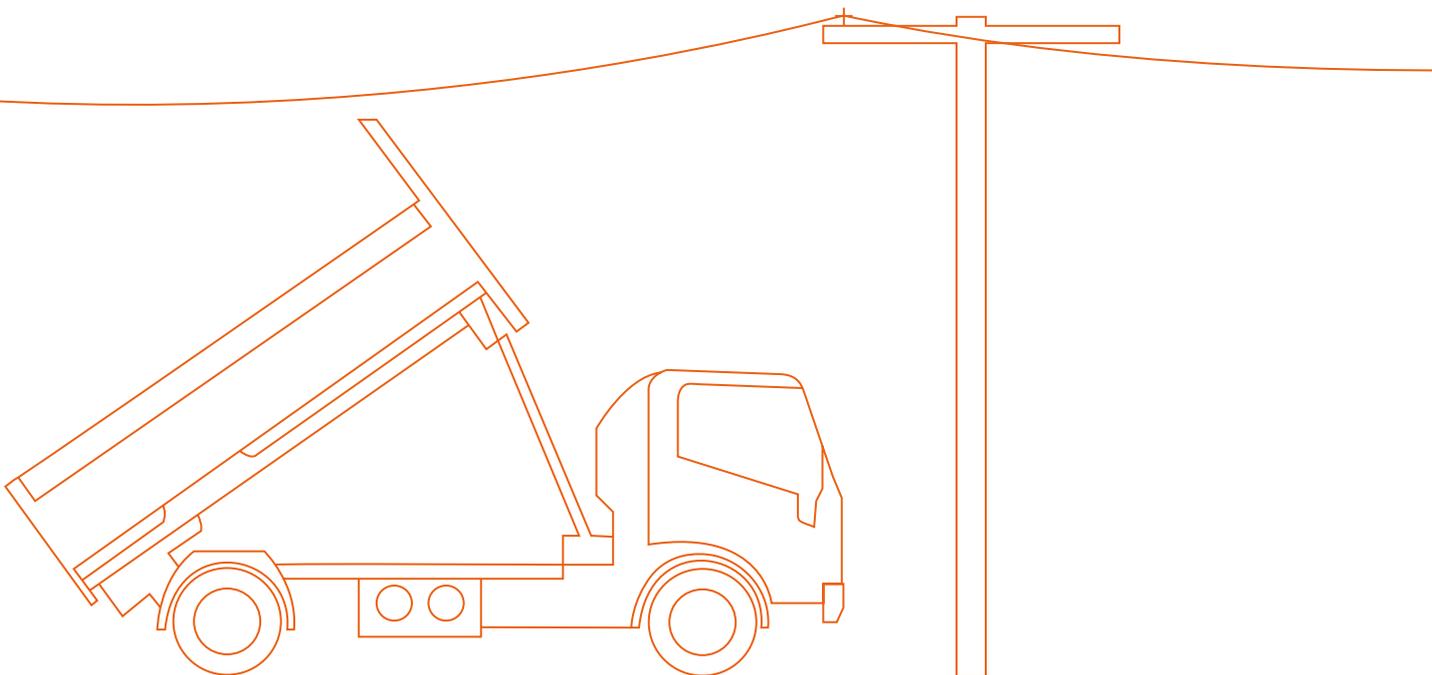
3 The major electricity companies are required to prepare an electric line clearance management plan that applies to the period from 1 July 2021 to 30 June 2026; the plan was to be submitted by 31 March 2021 to ESV for approval.

We continued to facilitate a review program of Victoria's Hazardous and Low Bushfire Risk Areas (HBRA and LBRA). The review is to confirm the boundaries accurately represent the state's bushfire risk profiles, where they are relevant to the network maintenance standards prescribed by electricity safety legislation.

The process has included involvement of the Country Fire Authority as the primary agency responsible for assigning bushfire risk boundaries and the electricity distribution businesses. It has also included a consultation process with municipal councils as the public land managers with electric line clearance responsibilities. Reviews were completed for the Powercor, Jemena and United Energy network areas; with the AusNet Services Distribution network area to be completed in 2021–22.

In October 2019, we formally laid six charges against Powercor for breaches of its general duties against sections 98(a), 98(b) and 98(c) of the *Electricity Safety Act*, concerning failures associated with its supply network that resulted in two fires in 2018, the Terang and Garvoc (Sisters) fires. During 2020–21, we continued to pursue this legal action against Powercor through the courts. An initial strike out application from Powercor was rejected by the Court. The case will be heard during 2021.

We continued to focus on and refine our use of data to make better, risk informed decisions. Data sources include information submitted by the major electricity companies and that we gathered during our audits, inspections and investigations. We continued to refine and develop our incident and performance reporting systems and associated dashboard reports using this data. This provided a capacity for greater insights and allowed better targeting of our regulatory operations.



Case study: Bushfire data and analytics

Understanding the influence of weather allows ESV to engage with the network businesses about their preparation for managing their assets under changing weather and climatic conditions. We continue to explore the use of machine-learning algorithms to analyse the influence of weather on ground fires in hazardous bushfire risk areas (HBRA), with the focus being on those at-risk days when conditions pose the greatest risk of a network-related fire.

Last year we mapped all incidents to 20 weather stations across the state. This year, we have further refined our models to expand the number of weather stations to 37. Better matching the incident locations to the nearest weather station has improved the accuracy of our models.

The number of at-risk days annually for asset failure fires across the entire network has been decreasing slightly since 2016–17, while the numbers of fires on at-risk days in HBRA has also been decreasing slightly since 2018–19. The at-risk days for vegetation contact fires (including from trees and branches blown in from outside the mandated clearance space) has been increasing since 2016–17, although this does appear to be cyclic. The rate of fires occurring on those days in HBRA has been in decline over the same period.

Further details on these trends and the formulation of the models (including their improvement since last year) can be found in the [2020 Safety performance report on Victorian electricity networks](#) publication which is available on our website.

Ground fires in hazardous bushfire risk areas due to asset failures



Ground fires in hazardous bushfire risk areas due to vegetation contact



Safety of gas heaters in residential settings

Product recalls and deeds of undertaking

A product recall may be needed when suppliers become aware a product may pose a safety risk or suppliers are identified as having unsafe consumer products. Recalls we monitor fall into two groups: mandatory recalls and voluntary recalls. Additionally, we have previously entered into deeds of undertaking with various manufacturers and suppliers of certain open-flued gas space heaters. A deed of undertaking is a signed formal agreement between ESV and the manufacturer, seller or distributor.

During the 2020–21 financial year there was one new additional voluntary recall and there were seven deeds of undertaking relating to space heaters.

We continued to monitor manufacturers that have entered into deeds of undertaking to ensure their obligations were being discharged. Certain models of open-flued gas space heaters are subject to a safety alert to mitigate the risk of carbon monoxide poisoning.

Heaters subject to deeds of undertaking and progress to 30 June 2021

Model	Manufacturer	Estimated total units involved	Number of units rectified or replaced in 2020–21	Percentage of all units rectified or replaced at 30 June 2021*
Vulcan/Pyrox Heritage	Climate Technologies	4,000	705	17%
Cannon Fitzroy/Canterbury	Sampford IXL	12,000	2,076	18%
Regency i31	Fireplace Products Australia	869	188	22%
Regency F38/FG38	Fireplace Products Australia	1,136	287	25%
Nectre 2000	Glen Dimplex Australia	338	139	41%
Real Flame Pyrotech	Glen Dimplex Australia	815	406	50%
Energysaver	Rinnai	4500	123 (84**)	1.86%

* Includes those rectified or replaced since the deed of undertaking commenced. It includes numbers from previous financial years as well as 2020–21.

** Energysaver room sealed heaters that were suitable for the retrofitting of a safety interlock switch

An augmented audit program delivered through a deed of undertaking with Rinnai Australia for the Rinnai Energy Saver room-sealed gas heater progressed with 123 flue installations inspected.

Product recalls and rectification rarely, if ever, achieve complete rectification or removal of all affected products from the market. Generally, there is a rapid response in the first five months and then response drops off as engagement drops.

About 20 per cent of all open-flued gas space heaters subject to current deeds of undertaking have been inspected or rectified. However, this does not include heaters that are not in use or have been decommissioned or replaced and the owner has not contacted the manufacturer. We also published safety alerts on social media, in newspapers and on our website.

We continue to work with the Department of Environment, Land, Water and Planning (DELWP), the Australian Competition and Consumer Commission (ACCC) and manufacturers to improve the current recall return rates. In addition, safety alerts have been promoted as part of the Be Sure carbon monoxide awareness campaign, see page 24 for more detail.

Regulatory impact statement on open-flued gas space heaters

We supported DELWP to develop a regulatory impact statement (RIS) to examine options for reducing safety risks associated with open-flued gas space heaters. DELWP released a Statement of Reason on 13 July 2021 regarding implementation of the preferred approach, and other issues raised in the submission. The RIS determined that a change to Australian Standards in relation to open-flued gas space heaters was appropriate.

The change to Standards will ensure all new open-flued gas heaters offered for sale will shut down safely when exposed to negative pressure. Negative pressure was a key cause of the carbon monoxide poisoning death of Sonia Sofianopolous in 2017.

Standards

We have been working with DELWP and the Victorian Building Authority (VBA) to mandate the Type A servicing standard AS4575 in the Gas Safety (Gas Installation) Regulations 2018. This work will continue into 2021–22.

The combustion product spillage test in the gas installation standard AS/NZS5601.1 was further enhanced with the publication of amendment 4, including information on products of combustion to detect spillage.

Revisions have been completed and published with the Gas Technical Regulators Committee releasing Technical Guidance Bulletin (18) on 19 May 2021, which requires open flued gas space heaters to conform with new safety requirements by 1 January 2022.

We also provided technical input into the revision of the gas space heater standard AS/NZS5263.1.3 and the decorative effect appliance standard AS/NZS5263.1.8 to introduce new requirements that would require both open flued gas space heaters and Type 2 decorative effect appliances to shut down safely in a negative pressure environment.

Gasfitter training

In collaboration with the Victorian Building Authority and Master Plumbers, we provided training to gas fitters on where to find information on gas heater safety on our website. Due to coronavirus restrictions, the training was delivered through a series of web-based seminars. Some 2,061 people attended the eight seminars held in May and June 2021. The webinars were well attended, compared to the face-to-face seminars held in previous years. Webinars have enabled greater participation by rural and metropolitan plumbers.

Electrical equipment safety scheme

ESV started to develop the future platform for the Electrical Equipment Safety Scheme (EESS) in 2019–20. The scheme radically changes the way new, largely imported, equipment is certified, registered and sold by responsible suppliers.

We host and maintain the EESS website and associated systems for all jurisdictions across Australia and New Zealand. When the EESS was adopted in Victoria, we assessed the technology systems that underpin the scheme to ensure they are adequate now and for the future.

The current databases are more than 10 years old and cannot support future growth. They are not intuitive or user-friendly. These databases provide an inconsistent quality of data which means that reporting is not standardised and cannot be uniformly shared. In addition, the reconciliation of payments and refunds is labour intensive.

Developing the system will better protect Australians and New Zealanders from fire, electric shock or access to mechanical harms caused by electrical equipment as the EESS establishes a national approach to electrical equipment safety. Enhancing the IT platform is critical to the aim of the EESS to increase the safety of electrical equipment for consumers.

A broad range of industry stakeholders, including representatives from the regulators, contributed to the gathering of the business requirements for the EESS.

EESS regulators have made a significant investment in the new platform, and it will deliver:

- a certification system
- supplier registration
- equipment registration
- audit functionality
- incident reporting system
- a decision register
- an integrated risk engine.

The new system will also be used for audit and compliance purposes as the quality of data captured will be improved, further enabling sharing of information and data with regulators and industry. In addition, ESV and other regulators will identify issues in the market earlier and take proactive actions in relation to compliance. The new system will also reduce the risk of counterfeiting and parallel importing.

The new EESS platform will be easier to use, improving access and usability for the general public to identify safe, certified and registered electrical equipment.

We have engaged a systems development and operations partner – Pegasystems. The project will be delivered in phased releases to provide tangible and meaningful business outcomes faster. These will be:

- First release – equipment certification for applicants and consultants who make equipment applications to the regulatory authorities. Representatives from the regulators and industry will continue to be engaged in design and user-testing
- Second release – registration, including third-party certifiers and their clients
- Third release – final functionality.

Our priorities

Victoria continues to have low numbers of deaths and injuries. Five people died during 2020–21 as a result of electricity-related incidents. Tragically, all five incidents were avoidable. More information about these fatalities is on page 48.

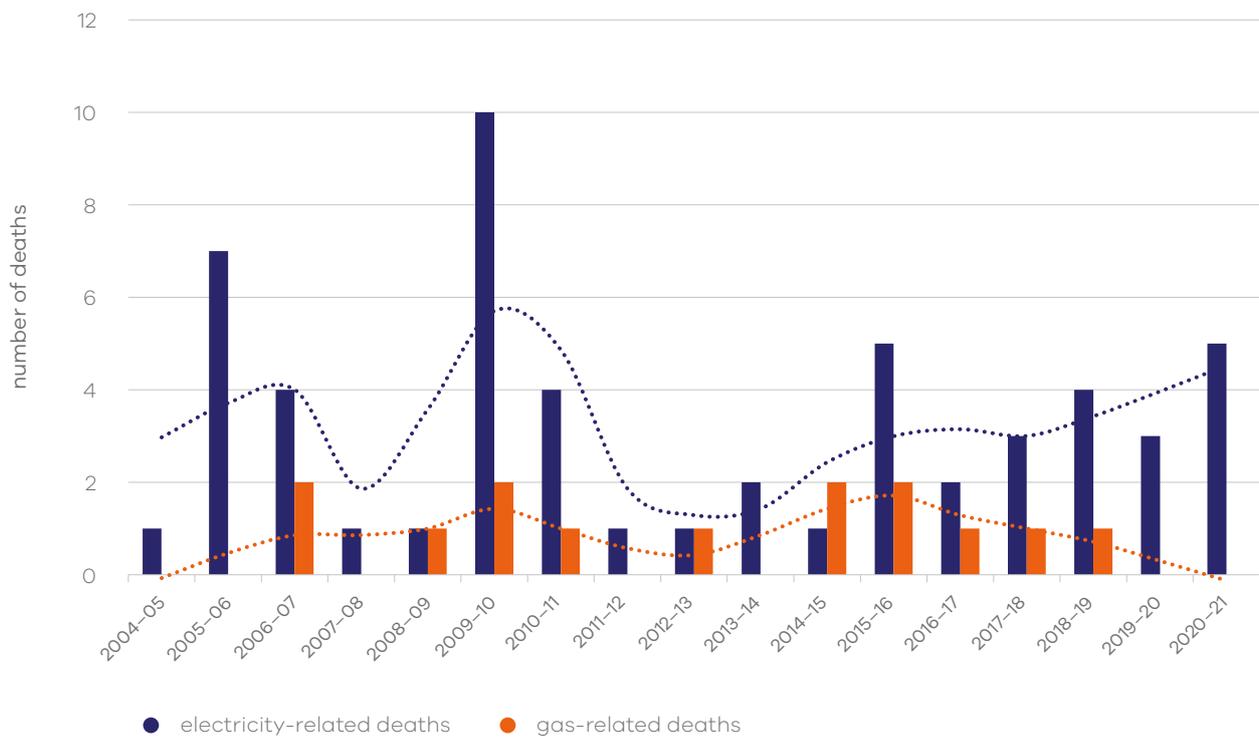
The general upward trend in electricity-related fatalities, including 22 deaths since 2015–16, is unacceptable. This long-term trend is shown in the graph below.

Since 2015, five apprentices and four electricians have died while working live, four householders have died from do-it-yourself electrical works and three farmers and truck operators have died when the vehicle or equipment they were operating made contact with overhead powerlines. During the same period, serious injuries have been trending down.

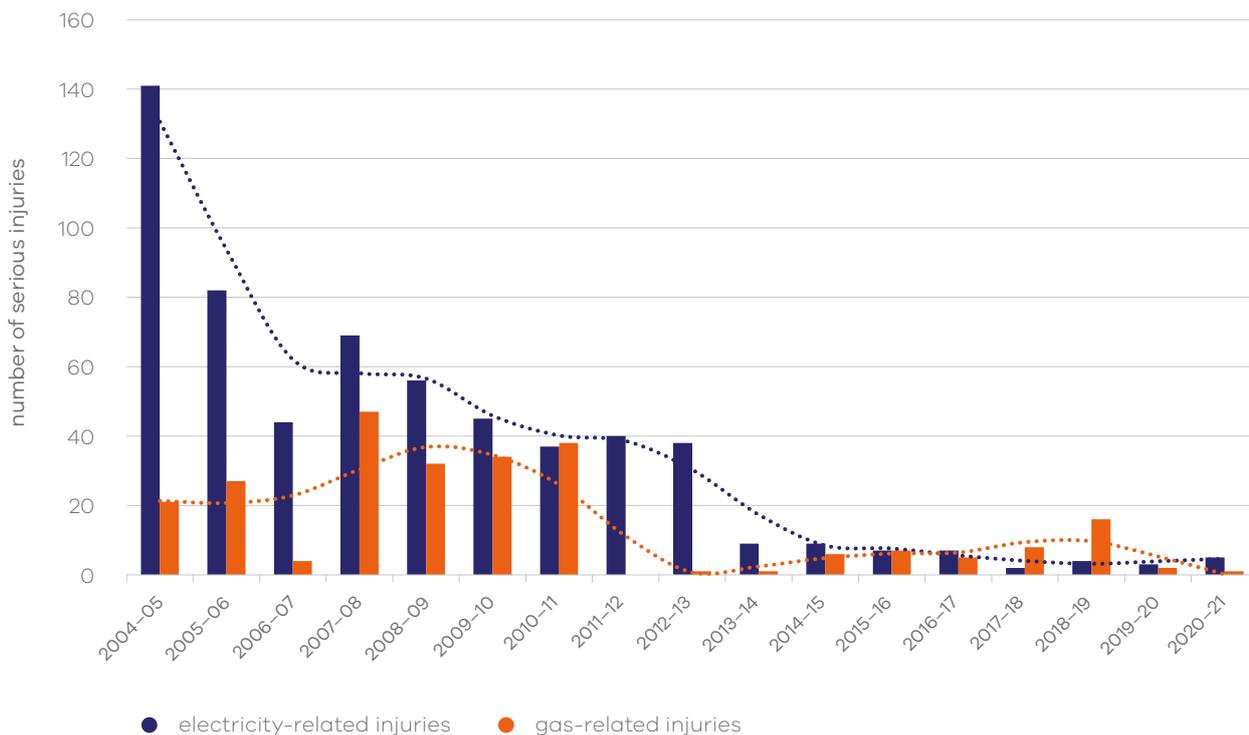
This year we recorded a second year without any gas-related fatalities and continued to see a decline in gas-related injuries. Our awareness campaign, Be Sure, contributed to no reported carbon monoxide related fatalities since October 2018. However, there were three serious injuries resulting from carbon monoxide poisoning this year, including one incident where the inappropriate use of a gas barbecue indoors resulted in two people being taken to hospital.

We continue to target awareness campaigns at vulnerable groups and supplement these campaigns with initiatives such as encouraging the installation of sensors on trucks and cranes to provide an audible alert when close to powerlines. Through these activities we aim to halt this increase in fatalities and drive these numbers down.

Deaths caused by or involving electricity and gas



Serious injuries caused by or involving electricity and gas



Encouraging action on the dangers of carbon monoxide

Outputs

The financial year 2020–21 marked the third year of ESV's Be Sure campaign about the dangers of carbon monoxide poisoning. The campaign continues to meet its objectives of prompting people to take action in order to stay safe from the risk of carbon monoxide poisoning caused by open-flued gas space heaters.

The campaign ran between June and August 2020 and started again in June 2021. This included television and radio advertisements, digital videos, social media and display advertising.

A particular focus was towards culturally and linguistically diverse communities, given the previous year's evaluation which showed low numbers of engagement with the program. During 2020–21, 28 Victorian culturally and linguistically diverse publications were targeted with advertising and media releases. We worked with the Victorian Multicultural Commissioner to increase the reach of the safety message.

Outcomes

- Be Sure resonated with the target audience: 58 per cent of surveyed Victorians with gas heating recalled seeing advertising or communications about safe use of gas heating.
- 52 per cent had their open flued gas space heaters serviced in the last two years with 90 per cent engaging a registered gasfitter.
- 94 per cent felt positive towards ESV and 87 per cent were satisfied with our message delivery.

Solar safety

Outputs

We continued to work closely with Solar Victoria, which is part of DELWP, to establish an efficient government response to unsafe solar installations. We expanded our specialist renewable energy compliance team, which was established in 2019–20, to ensure the Solar Homes program is delivered safely and to a high level of compliance and quality. This team targets residential, commercial and battery installations. In addition to unsafe solar installations identified by Solar Victoria, the team also focuses on the broader solar industry.

In 2020–21, ESV's focus for solar safety was small-scale solar and battery systems. Through a joint installer safety program with Solar Victoria, ESV visited 498 solar installations which were targeted on a risk basis. During these site inspections we identified 42 separate breaches of the Electricity Safety Act, with enforcement action taken as appropriate. During 2020–21, as a result of all enforcement action related to solar installation work (including complaints, Solar Victoria audit report findings and site visits), ESV issued 145 infringements.

Site inspections were expanded to include weekends and were also carried out in a number of regional towns. In addition, the team took compliance action against 18 of the 20 installers rated as the highest risk by Solar Victoria's auditing process.

An education and information campaign was also delivered to improve solar safety outcomes. We:

- published four articles in the EnergySafe magazine
- sent out four direct email communications
- published five technical bulletins
- held two industry presentations.

Outcomes

During 2020–21, we continued to see a steady reduction in the rate of unsafe installations and non-compliance rates of Solar Victoria audits. In 2018–19, the unsafe rate was 3.3 per cent and the

non-compliance rate was 42.9 per cent. In 2020–21, this had fallen to an unsafe rate of 1.06 per cent and a non-compliance rate of 17.3 per cent.

ESVConnect

Outputs

ESVConnect is the online system used to regulate Victoria's electrical industry. It includes licensing, contractor registrations, certificates of electrical safety (COES) and registration of cathodic protection systems. As old paper-based systems are moved online, we are streamlining processes for industry participants and aligning them to current regulatory requirements.

ESVConnect is designed to help electrical practitioners and ESV to ensure:

- only trained and experienced people are licensed
- they install compliant electrical equipment in accordance with the required standards, and
- they certify and test the installation and record compliance through COES.

As our key system for licensing of electrical workers it was recently enhanced to introduce licensing of line workers, improving and broadening the support of electrical workers in Victoria.

Outcomes

The certificate of electrical safety (COES) system has continued to expand its feature capabilities and continues to improve the customer experience and usability. During 2020–21, 76 per cent of all certificates lodged were completed electronically and this trend is expected to reach 93 per cent within 12 months.

Significantly, ESV has developed and implemented a Disaster Recovery solution for ESVConnect that leverages Microsoft's cloud technologies. This means, for the first time, our critical systems have access to a high-availability solution that mitigates service interruptions of our technology infrastructure. It was also upgraded to facilitate line worker licencing.

Future Energy strategy

This program of work was developed in response to the Grimes Review and will inform ESV and the Future Trends Advisory Committee that will be set up in the near future.

We worked on a detailed project to consider the emerging technical, socio-economic, demographic and environmental risks that will impact the industries we regulate. A scenario-planning approach allowed us to consider the range of future scenarios that may emerge and to begin developing responses to the emerging risks.

The project looked at what role we will need to play going forward, and what capability we will need to develop to effectively address the energy-safety risks of the future Victorian energy landscape.

Outputs

The Future Energy strategy strategic options were reviewed, updated and reduced from an initial 58 down to 41 options across eight themes.

Stage 3 work is underway and was presented to the program steering committee in August 2021. Based on organisational risk appetite, the initial set of 10 strategic options was assessed and prioritised for inclusion in divisional plans and in a report to the incoming advisory committee.

This initiative enables us to better prepare for future energy safety regulatory challenges and minimise the risk of energy regulation stifling innovations.

An adaptive road map will be updated as Stage 4 of this program of work in 2021–22.

Outcomes

This program of work enables us to develop a longer-term (5–15 years) scenario-planning capability to contend with uncertainty in the future energy market.

Community engagement, awareness and sponsorships

Marketing campaign results

Our campaigns were impacted by coronavirus restrictions during 2020–21 but were still effective. *Look Up and Live* is a small campaign (\$100,000 advertising spend) that raises awareness of powerlines for those operating heavy machinery, particularly in rural and regional areas. The campaign was given greater prominence after a No Go Zone death in November 2020 and a spike of four subsequent incidents in three weeks the following April and May.

A further fatality, after a man came into contact with live wires while working in his garden, also brought our *Don't Do It Yourself (DDIY)* safety messages into focus. Of the four major campaigns we evaluate, three scored over 60 per cent for community recall of the particular safety message.

Recall of ESV campaigns during 2020–21

Measure	Campaign			
	Be Sure	DDIY	Know the Drill	Household wiring
Recalled campaign message	72%	63%	74%	26%

Social media engagement

Social media reach continued to grow during 2020–21 with significant engagement on a range of energy safety messaging to both industry and the community.

Highlights included our advice to industry on COVIDSafe settings and safety advice on the operation of generators after the June 2021 storms left thousands of people in regional Victoria without power. On 9 June a Facebook post about generator safety gained the most organic reach of any of our posts, reaching more than 52,800.⁴ People also engaged strongly with the commencement of the Commission and the appointment of our CEO.

There was also significant engagement around No Go Zones and our Look Up and Live safety messages after the four serious injury incidents in three weeks resulting from large machinery hitting powerlines.

Our paid social media also performed well across our suite of marketing campaigns, particularly the Be Sure campaign, warning people of the dangers of carbon monoxide poisoning from open flued gas heaters.

Social media reach – organic vs paid



⁴ Organic social media is content, such as posts, video and photographs, that has not been paid to share on feeds. Paid social media is advertising. It is where we paid for content to be shared.

Industry sponsorships

During 2020–21 we invested \$26,000 in industry sponsorships as part of our ongoing support of registered training associations and industry representative associations. The amount spent was significantly down on 2019–20 expenditure due to many events not going ahead as a result of coronavirus restrictions. Nevertheless, video conferencing ensured our presence at industry awards nights and virtual conferences.

Sponsored groups included:

- Municipal Works Australia
- South West TAFE
- Swinburne University
- National Electric and Communications Association (NECA)
- Bendigo Kangan Institute
- Electric Energy Society of Australia
- International Women’s Day Event – NECA Victoria
- Holmesglen Institute of TAFE – Electrotechnology Senate Teachers conference
- Master Plumbers – Plumbing and Fire Industry Awards 2021.

Safer Canteens (AFL Victoria)

Despite the cancellation of most sport during 2020, we continued our Safer Canteens program, investing in new safe equipment for local football and netball canteens and ensuring our ongoing support of community sports clubs. We received 95 applications for an initial 30 grants of \$1,000. The number of available grants was increased to 40 due to an underspend in other sponsorship areas.

Clubs could apply for a grant to replace old, faulty or inefficient equipment in their canteen. This was the third year of the Safer Canteens grants program.

With canteens closed, we decided that Safer Canteens should continue given the financial impact coronavirus restrictions had on community sport. A supporting social media campaign to promote our safety messages resulted in 137,939 impressions and a total reach of 93,672.

In total, we distributed \$43,133 in Safer Canteens grants to 43 Victorian clubs (as some clubs requested less than the full \$1,000).

Safer Canteens submissions and grants for 2020–21

Submissions received

Total submissions	95
Projects totalling	\$311,542
Club Contribution	\$177,459
Requested ESV Grants	\$121,286

Grants awarded

Successful clubs	43
Projects totalling	\$109,167
Club Contribution	\$70,221
ESV Grants	\$43,133

Safer Canteen Grant recipients in 2020–21

Benalla All Blacks Football and Netball Club
 Berwick Football Club
 Bundoora Senior Football Netball Club
 Bunyip Football Club
 Campbells Creek Football Club
 Coburg Districts Football Club
 Coleraine Football Netball Club
 Doveton Football Netball Club
 Endeavour Hills Junior Football Club
 Gormandale Football Netball Club
 Garfield Football Netball Club
 Imperial Football Netball Club
 Irymple Football Netball Club
 Lorne Football and Netball Club
 Lyndale Football Netball Club
 Mooroopna Football Netball Club

North Warrnambool Eagles Football Netball Club
 Paynesville Football Netball Club
 Poowong Loch Junior Football Netball Club
 Rokewood Corinhap Football Netball Club
 Sale Football Netball Club
 South Bendigo Football and Netball Club
 St Michael's Football Netball Club
 Strathfieldsaye Football Netball Club
 Strathmerton Football Netball Club
 Sunshine Football Club
 Talbot Football Netball Club
 Traralgon Football Netball Club
 Wandella Football Netball Club
 Westerns Football Netball Club
 Whorouly Football & Netball Club
 Williamstown Seagulls FIDA Football Club
 Woorndoo Mortlake Football Netball Club

Location of Safer Canteen Grant recipients in 2020–21



Clown Doctors

As a social responsibility initiative, we spend \$66,000 to sponsor the Clown Doctors, supporting patients at the Royal Children’s Hospital burns clinic with visits twice a week for 50 weeks a year. The Clown Doctors provide relief to young burns victims – some just babies – by entertaining them and making them laugh during painful procedures. During 2020–21, the Clown Doctors saw over 2,000 patients despite COVID-19 settings.

Licensing of line workers

Outputs

The licensing scheme for line workers was a Victorian Government priority and will help the industry maintain a safe and suitably qualified workforce. The requirement to be licensed to perform ‘line work’ was incorporated in the *Electricity Safety Act* which took effect from 1 January 2021.

We worked with unions, employers and practitioners to develop the *Electricity Safety (Registration and Licensing) Regulations 2020* which included detailing rules around the licensing of line workers. The new regulations also took effect on 1 January 2021.

In readiness for licensing, we registered existing line workers through an electronic form. We also provided a mass registration option for the major electricity companies.

From 1 January 2021, distribution, transmission and traction line workers were not authorised to work without a licence.

Outcomes

The new regulations came into effect on 1 January 2021. Both new and existing line workers were required to register with ESV before 14 December 2020 to receive their first five-year licence – at no cost to the licensee – before the January 2021 deadline.

We published policies around the licensing of line workers. The policies provide transparent rationale for the issue and renewal of restricted class “C” and supervised class “R” licence types.

Line workers are obliged to report serious electrical incidents or risks to public safety to us. We have the ability, after appropriate processes, to remove or suspend a licence for disciplinary reasons or unsafe work, as for other licensed electrical workers.

Continuing professional development for electrical workers

As part of the process of remaking the *Electricity Safety (Registration and Licensing) Regulations 2020*, we started a project to create continuing professional development for licensed electricians which will be delivered in 2022. We held public consultation sessions in September 2020 which were held online and had more than 120 registrations. We set up a Continuing Professional Development Steering Committee in October 2020 to provide consultation and input into the scheme, which will be required for electrical licence renewals for 2023. High-level content was developed for the different licence types and was endorsed by the steering committee.

Achieving our energy safety objectives

Gas supply networks and pipelines

Gas supply networks are damaged by third-party interference

Output

We continued our objective of reducing third-party damages on gas supply networks by focusing on:

- controls implemented by gas distribution businesses to prevent third-party damage
- administering an enforcement strategy which deters undesirable behaviour.

We issued 12 warning letters and nine infringement notices.

We also sponsored the Future Fuels Cooperative Research Centre (FFCRC) research project to understand the reasons for damage to distribution assets, which started in late 2020. The project will have four main stages:

- analysis of gas company data regarding past damage to distribution assets
- interviews and focus group discussions with key stakeholders identified as having the greatest role in damage incidents to better understand why assets are damaged
- benchmarking of damage rates, likely reasons and damage management practices against other buried services such as communications and water
- development of risk reduction options with input from industry partners and feedback from stakeholders.

Outcomes

Our efforts have led to increased compliance and performance of gas distribution businesses. Our enforcement action reduced third-party damage on gas supply networks. Third-party damaged to networks decreased by 19 per cent, from 189 in 2019–20 to 163 in 2020–21.

The first stage of the research project has been completed and the final report is pending approval.

Residential developments are occurring near pipelines without full consideration of the risks

Outputs

We delivered a targeted awareness program to all Victorian councils and their planners about the risk of residential developments being built near pipelines in July 2020. Despite the scheduled program being completed, we continued to deliver stakeholder awareness presentations with councils to raise awareness of licensed pipelines as needed.

We continued our advocacy to DELWP regarding the state-wide recognition of pipelines in the planning system, including support for the implementation of the Buffer Area Overlay which was approved March 2021.

We also continued to support the implementation of the Latrobe City Council DDO1 Review Project and finalised the *Proposed Planning Controls for Major Pipeline Infrastructure* report in October 2020. The report sets out a potential methodology and framework for a strong and consistent approach for a planning control around licensed pipelines.

Outcomes

Our program has increased local council awareness of this critical infrastructure, which ensures that pipelines are being considered when planning applications are reviewed. Finalising the Latrobe Review Project and the *Planning Controls for Major Pipeline Infrastructure report* will help define the methodology for planning controls and how they should be applied to licensed pipelines. This will then ensure risks to pipeline infrastructure are considered by councils and planners.

We have started work to determine the requirements for the application of newly developed Buffer Area Overlay (BAO) for use around pipelines. This will include:

- publishing guidance material and schedules to ensure the successful implementation and use of the buffer area overlay
- developing processes and procedures to assess and respond to planning applications referred to us by responsible authorities (generally councils), including providing conditions and comments, to ensure that risks to licensed pipelines are managed.

Poor contractor work practices make gas supply networks unsafe

Outputs

The 2020–21 field inspection program continued to focus on contractors and sub-contractors in the following areas:

- mains insertion
- new works in subdivisions and construction maintenance
- inspection activities on licensed pipelines.

The number of non-conformances issued following field inspections decreased significantly this year. There were 119 non-conformances from 642 field inspections in 2020–21, compared to 372 non-conformances from 709 field inspections in 2019–20.

Outcomes

Our targeted and comprehensive field inspections have decreased the number of non-compliant installations, leading to a safer, more reliable, and more compliant network. The inspections are also eliminating poor work practices.

Non-compliance decreased by 30 per cent.

We did not alter our inspection program, despite some movement restrictions in place as a result of coronavirus, and field work continued.

Electricity supply networks

Fires caused by non-compliant vegetation in hazardous bushfire-risk areas

Outputs

Vegetation that gets too close to electric lines is a safety risk. It can cause electrocution, fires, bushfires and can affect the reliability of electricity supply. In 2020–21, we delivered a range of electricity safety programs to ensure vegetation was adequately managed and kept clear of the electricity networks.

The programs targeted responsible persons, including nine major electricity companies, 67 local councils and a variety of other owner-operators of electric lines. The programs included:

- evaluation and approval of 28 electric line clearance management plans
- 19 vegetation management system audits
- inspection of vegetation for 12,849 electricity line spans.

The programs are designed to test that ‘responsible persons’⁵ have suitable plans and systems in place to manage trees to keep them clear of electric lines. By completing the programs, we ensure Victoria is protected against bushfire threats, network failures and other risk scenarios caused by trees getting too close to electric lines.

5 A ‘responsible person’ is a person or organisation who has the duty under the Electricity Safety Act for maintaining trees clear of electricity lines.

ESV electric line clearance safety program outputs

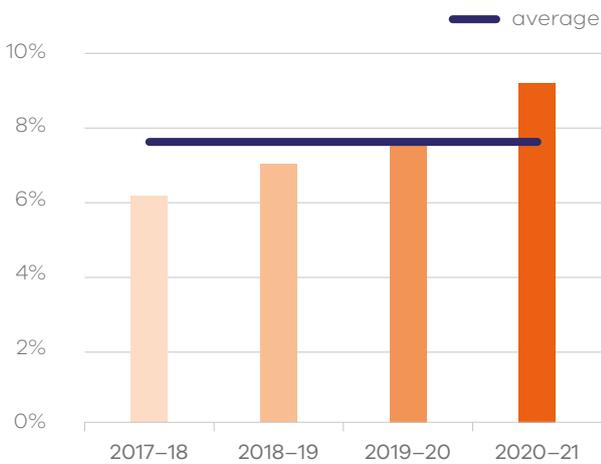
Measure	Target	Completed
Electric Line Clearance Management plan approval		
Council plans approved	14	13
Major electricity company plans approved	9	10
Other plans approved	5	5
Electric line clearance management systems audits		
Major electricity companies	5	9
Council	10	5
Other responsible persons	5	5
Electric line clearance compliance inspections		
Major electricity company inspection projects	10	6
Council inspection projects	20	21
Spans inspected		
Hazardous-bushfire-risk areas	6,000	6,342
Low-bushfire-risk areas	10,000	6,507
Total	16,000	12,849

Outcomes

When we identify unsafe and non-compliant vegetation, it requires the responsible person to urgently clear the vegetation to make it compliant.

Each of the major electricity companies reported significant challenges in meeting their electric line clearance responsibilities during the year predominantly due to an extraordinary year for tree-growth rates. These effects were compounded due to coronavirus restrictions placed on interstate workers entering Victoria. The major electricity companies rely on interstate workers to supplement their resource base during period of peak tree clearing activity.

Electricity networks vegetation non-compliance rates – all areas

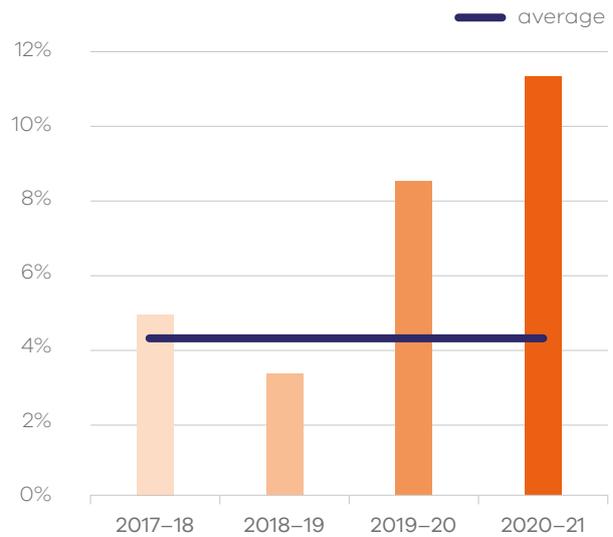


Across all 2020–21 inspection programs, we identified 1,134 non-compliant spans that required clearing by the electricity distribution businesses. During the year there was an increase in the rates of non-compliant vegetation noted across the electricity distribution networks when compared to the previous three years.

Most of the non-compliant vegetation we observed occurred on the outer fringe of the legislated clearance space and was not in immediate danger of contacting powerlines. However, 92 of the non-compliant spans required immediate remediation.

The performance of Jemena and Powercor improved when compared to the previous year; however, the performance of AusNet Services, CitiPower and United Energy declined.

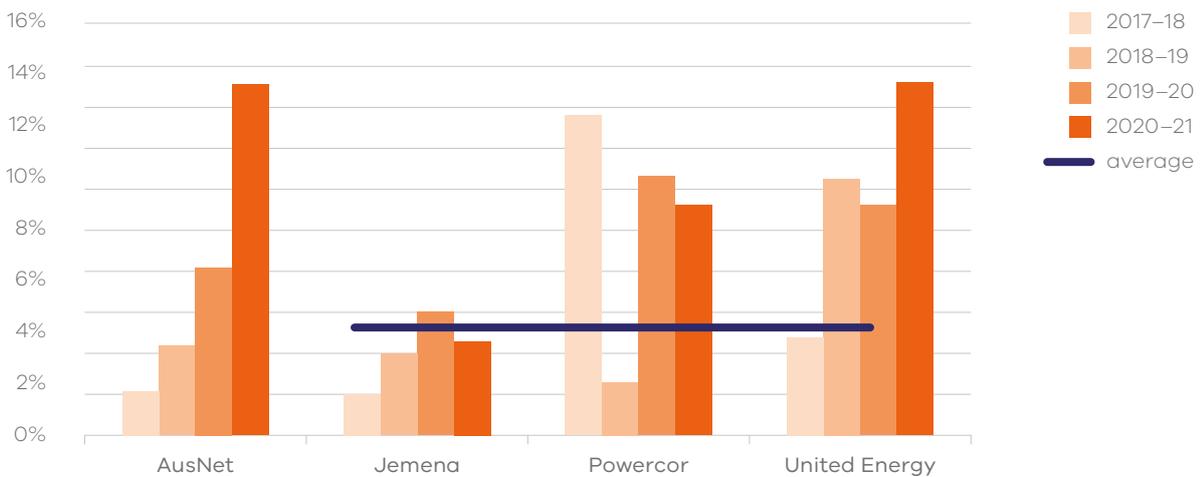
Electricity networks vegetation non-compliance rates – hazardous bushfire risk areas (HBRA)



During the 2020–21 inspection programs for high bushfire risk areas, we identified 658 non-compliant spans that required clearing by the electricity distribution businesses. Of these, 65 required immediate remediation. During the year, there was an increase in the rates of non-compliant vegetation noted across the hazardous bushfire risk areas of the electricity distribution networks when compared to the previous three years.

The performance of Jemena and Powercor had improved when compared to the previous year. However, the performance of AusNet Services Distribution and United Energy declined. The CitiPower network does not enter high bushfire risk areas.

Performance of major electricity companies over time

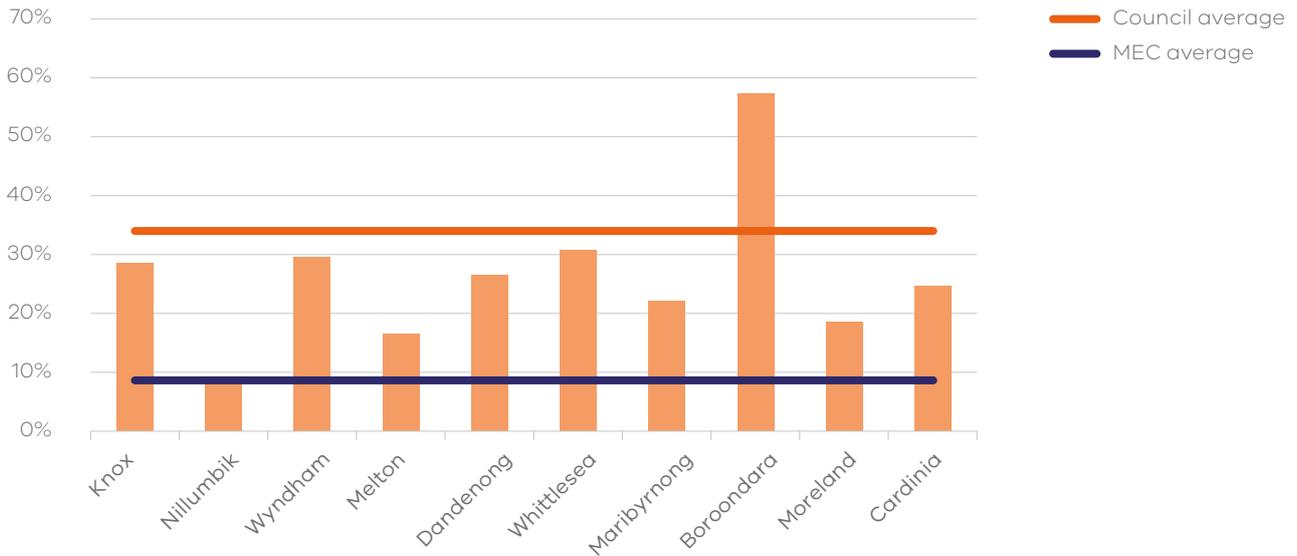


A progressive decline in the performance of AusNet Services Distribution has been observed since 2017-18 with a significant further deterioration noted this year.

This is of particular concern as the network covers most of the east of Victoria. We required AusNet Services Distribution to explain what it is doing to arrest this trend. It has responded by informing us it is completing an end-to-end review of its vegetation management systems and will implement reforms designed to address the increasing non-compliance rates.

We are closely monitoring this situation through our safety regulation programs and will meet regularly with AusNet Services Distribution throughout the coming year to discuss its progress and to inform possible future enforcement outcomes.

Local council vegetation non-compliance rates



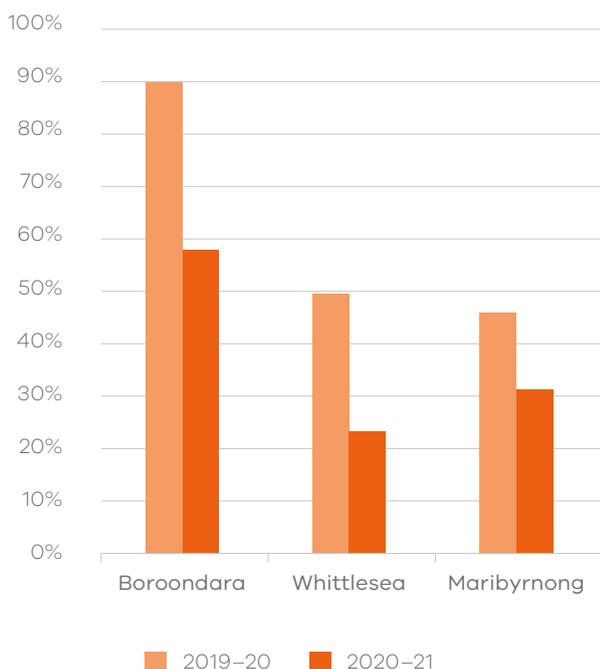
As the responsibilities of councils predominantly fall in low bushfire-risk areas, the extent of non-compliance presents a lower risk for Victoria when compared to the bushfire risk borne by the major electricity companies. However, council non-compliance creates a significant threat to the reliability of electricity supply for metropolitan Melbourne and regional cities and townships.

Our inspection of councils with electric line clearance responsibilities throughout the year again found significant opportunities where performance standards can be improved. Through our inspections, we identified 949 non-compliant spans that required clearing by the council, including 166 which needed immediate remediation.

If a council's failure to comply results in unacceptable electricity safety risks, we require vegetation management systems and functions to be reformed through management plans. The plans allow the council to work towards achieving acceptable standards of compliance within a defined period of time. We closely monitor the implementation of the reforms until we are satisfied the council is appropriately managing its electricity safety risks.

In 2020–21, we revisited the three poorest performing councils from the previous year's inspection program and found their performance had improved. Although further improvements are still required, we attribute the improved performance to our intervention, prompting each of these councils to commit to achieving better compliance standards.

Performance of the three poorest performing councils



In 2021-22, we will revisit the three poorest performing councils from 2020-21 to ensure they continue to improve their electric line clearance performance and have reduced the electricity safety risks in those local government areas. Failing to demonstrate improved performance may result in enforcement action.

Improving the systematic management of electricity supply infrastructure assets to reduce risks to people and property

Publicly available reports on asset-management performance focusing on safety

Outputs

ESV monitors electricity businesses to ensure they manage the condition of their networks and assets. Each year, we make reports available on our website that focus on network asset performance including:

- Electrical safety performance reports
- Bushfire Mitigation Program reports
- Electrical incident and technical investigation reports.

We released our final report into the sustainability of Powercor’s wood pole management approach in May 2020. The report made 13 recommendations to deliver sustainable safety outcomes, 10 for Powercor and three for ESV.

During 2020-21, we monitored, assessed and publicly reported on Powercor’s implementation of its pole management improvement plan.

We also completed an audit and investigation of AusNet Services’ wood pole management practices and released a draft report on our findings for public consultation in August 2021.

We worked collaboratively with the Australian Energy Regulator to review the safety-related initiatives proposed in the 2021-2026 regulatory price review submissions.

In addition, we continued developing our asset management audit and inspection practices.

Outcomes

During 2020–21, we ensured all major electricity companies had ESV accepted Bushfire Mitigation Plans (BMP) and Electricity Safety Management Schemes (ESMS) in place. It also ensured all findings from the BMP and ESMS audits were actioned.

We are pursuing updated major electricity companies ESMSs and BMPs, as applicable, to secure commitment for the delivery of all safety-related initiatives funded by the 2021-26 major electricity companies' regulatory price review.

Rapid Earth Fault Current Limiter Program

Rapid Earth Fault Current Limiters (REFCLs) are a technology that reduces the risk of powerline faults causing catastrophic bushfires. REFCLs detect faults in powerlines and greatly limit the energy at the fault location without interrupting supply, to reduce the risk of a spark causing a fire. However, if the fault is ongoing, such as a fallen or broken powerline, the REFCL instructs the circuit breaker to switch off power to the entire powerline until it can be repaired.

Output

ESV commissioned two independent reports on REFCLs – a cost benefit analysis and a performance report in late 2020. Although the technology is proven, we are monitoring and assessing its performance as it is implemented across Victoria because it is complex and specialised technology.

We commissioned the reports to gain independent assurance that this world-first application of REFCLs benefits the Victorian community, works as well as it should, and ensures all technical issues are being managed.

The cost-benefit analysis report noted that, while calculating the benefits of any bushfire mitigation program was difficult, the REFCL program was a prudent investment in mitigating future catastrophic fire damage caused by powerline failures in extreme conditions. The report found the benefits of REFCLs were much higher when community costs were included in the overall cost of catastrophic bushfire.

The REFCL functional performance review found REFCLs were effective at keeping Victorians safe from catastrophic bushfires. They also reduced the risk of electrocution and burns from contact with high-voltage powerlines.

The REFCL program is on schedule with delivery of the final sites now underway. During 2020–21, we set up a webpage to report on the status of the [REFCL program](#).

During 2020–21, the major electricity companies reported that REFCLs had activated for 740 transient faults and 111 permanent faults throughout the summer fire season. A total of 25 fires occurred on REFCL-protected networks during the 2020–21 fire season, however, none were significant, and all were due to faults that a REFCL is not designed to prevent.

During 2020–21, we:

- observed REFCL compliance testing on 36 occasions at prescribed substations
- accepted 13 new REFCL-protected substations as compliant
- established REFCL fire season operational reporting at the beginning of the 2020–21 fire season.
- granted two REFCL exemptions and a one-time extension.

Outcomes

As of 30 June 2021, 29 substations had been accepted as compliant, which is an increase of 13 from 30 June 2020. In addition, there were 34 substations where the REFCL protection was available as of 30 June 2021, including three non-prescribed sites. This was an increase of 12 from the previous year.

Case study: A world-first application to reduce bushfire risk

Rapid Earth Fault Current Limiters (REFCLs) act as a large safety switch by rapidly limiting electrical current in the event of a fault.

The most common fault is a single phase to ground, for example, when one out of the three wires that make up a typical high voltage powerline breaks or has a branch fall on it. When this happens, the REFCL cuts the electricity supply to that wire, consequently reducing the risk of it sparking a bushfire.

REFCLs were a recommendation of the Powerline Bushfire Safety Taskforce that was established by the Victorian Government to determine the best way of implementing the recommendations of the 2009 Victorian Bushfires Royal Commission.

The underlying technology that makes up REFCL systems is used extensively throughout many parts of Europe and New Zealand. However, it has never been used before for bushfire mitigation.

Victoria's use of REFCLs for bushfire prevention is a world-first. The technology is particularly useful in preventing fires in rural areas with long lines, difficult terrain and high-vegetation cover.

Distribution businesses, including Powercor, AusNet Services and United Energy, have installed REFCLs in their networks under our supervision.

REFCLs now protect 34 electricity networks. Once the roll-out is complete in May 2023, it will cover 45 zone sub stations, protecting nearly half of Victoria's distribution network.

The adaptation of REFCL technology for bushfire prevention has only become possible due to the work of suppliers, the Victorian electricity distribution industry and government, as part of this program.

The effectiveness of REFCLs to reduce powerline bushfire ignition risk is being recognised internationally in other high fire-risk jurisdictions. Trials of REFCL technology are underway in California and technology developed here may help to save lives and prevent social and environmental devastation all over the world.



Industrial facilities and renewable energy facilities

Worker exposure to high-energy electricity

A high-energy installation is an electricity installation used in heavy industry (such as manufacturing plants), high-rise buildings, and wind and solar farms where power consumption is of a high volume. Workers can be exposed to harm from electrical equipment with high-energy levels at these installations in a fault scenario, where there is potential for arc flashes or blast events, similar to an explosion.

Outputs

During 2020–21, we audited

- six wind farms
- 10 solar farms
- 12 Voluntary Electrical Safety Management Scheme installations
- 12 high energy installations.

In 2020–21, we published and updated three documents about arc flash hazard management, installation requirements for wind turbine and safety standards for high voltage complex installations.

In 2020–21, we delivered educational material for industry in:

- arc flash hazard management
- compliance guidance for windfarm facilities
- safety requirements for high voltage and complex installations.

We continued to present at post-trade training and engaged with the Victorian Generators Electrical Forum (VGEF).

Outcomes

We aim to improve worker safety, the safety of high-voltage (HV) installations, and the facility operators' understanding of their obligations to safely operate and maintain HV equipment. We aim to achieve this through safety audits at high energy sites and educational material.

We audited solar farms after identifying an issue associated with an unlicensed workforce. Each audit identified common issues related to inadequate precautions in managing arc flash and maintaining appropriate personal protective equipment (PPE) when working in the vicinity of high energy.

All sites in 2020–21 had non-compliance findings for not having carried out an arc flash study, incident energy levels had not been determined, communicated or displayed and control measures may not have been sufficient for the incident energy levels on site.

All sites visited in 2021 identified safety concerns, support through education has helped these installations begin to carry out arc flash studies, or they are in the process of being carried out. All 2020 sites have now carried out an arc flash study or engaged someone to carry one out. All sites have put in place control measures such as isolation and remote operation to remove personnel from potential exposure to dangerous incident energy levels.

Our audits also found that sites had regular maintenance regimes for mechanical components and moving parts which has been a focus since recent blade failures at wind farms.

Generally, the education provided to the high-energy sector has shown that high energy voltage facilities are aware of risks and have access to information relating to HV risk.

There was a continuing improvement in knowledge, understanding and the treating of risks in regard to arc flash hazard management.

Microgrids and multi-tenancies

Unsafe installations with multiple duty holders

Outputs

We set up a project in 2019–20 to allow us to respond to the potential risks associated with emerging technologies in microgrids and multiple-tenancy scenarios. The project assessed emerging alternatives for the supply of electricity that differs from the traditional model of ownership and control by power companies.

These models are similar to a scenario where a town can implement a solar generation system instead of a network connection. These scenarios place greater responsibilities on facility owners to manage electrical-related assets compared with a conventional distribution business.

The multiple-tenancy component of the project was outsourced to an external company with experience in HV electricity distribution within multiple tenancies. The report found that there were no gaps identified within legislation and supporting appropriate governance was in place to ensure high safety standards were maintained by industry.

We formed a working group to review micro-grids to identify if there are legislative gaps and how we can manage any potential risks.

Outcomes

The multiple tenancy report identified high voltage equipment as an area of interest and has been captured in the correspondence associated with high energy facilities as they pose an identical risk.

Our review of micro-grids found that communities which are moving towards a standalone system (either solar, battery or gas) do not have the appropriate skills to manage electrical assets previously owned by distribution businesses. We found there was a need for better governance and asset management of these assets. There is a need for educating and guidance about the risks associated with managing micro-grids to inform communities on their responsibilities in ensuring safety as they transition into these unconventional power supply models.

Rail power networks

Stray current exacerbates the corrosion of metal assets

ESV Scholarship to tackle stray current corrosion

Output

In recognition of the corrosion industry being male dominated, we partnered with Monash University to create an opportunity to promote gender diversity in this niche area. We funded a scholarship to help a student gain a PhD in the engineering field of stray current corrosion.

Jing Ma was awarded the Dr Anne Astin – Safer Victoria PhD scholarship, worth \$33,000 a year for three and a half years. Ms Ma had worked in minerals science and engineering for many years but was keen to progress her career. She had been an academic in her native China but also worked in Denmark as a research assistant.

The scholarship was named in honour of Dr Astin who has been Chair and a member of our Audit and Risk Committee for nine years and had an extensive career as a biochemist, forensic and risk expert.

Ms Ma's PhD project will look at stray corrosion issues caused by train and tram infrastructure in Victoria. The initial project will study predicting and combating the damaging effects of stray currents on copper pipes in the vicinity of train and tram lines.

Outcome

The corrosion industry struggles to achieve gender equity and we are investing in women today to increase gender representation in the future.

New industry guide for electrolysis area testing

We are responsible for the protection of underground and underwater structures from the corrosive effects of stray electrical currents in Victoria. This duty extends to any buried or submerged metallic structure (such as pipelines, pipes, tanks, cables and pylons) which is at risk from corrosion from stray currents from an electrical source (such as railways, tramways or substations).

Output

In collaboration with industry we developed a new Electrolysis Area Testing Industry Guide that describes the requirements for electrolysis area tests. The guide was published on our website in September 2020 and shared with industry.

Outcome

We used this guide when we issued a direction to Yarra Trams under the *Electricity Safety Act* to conduct testing on their Burwood, East Burwood and Vermont South substations and associated electrolysis mitigation equipment, as part of the co-ordinated area test program.

Yarra Trams complied with the direction and no further action was taken on this occasion.

Cathodic protection public register

We are responsible for the protection of underground and underwater structures from the corrosive effects of stray electrical currents – electrolysis. One of the ways we protect these structures is by cathodic protection systems.

Output

During 2020–21, our public register of cathodic protection systems went live via ESVConnect. The register lists all registered cathodic protection systems in Victoria. There are approximately 1,800 in total. The new register has no charge for access and is being used by many people and businesses, including:

- environmental consultants when conducting property redevelopment studies
- pipeline companies when searching for possible sources of interference
- those conducting pre-excavation checks
- those ensuring proposed new pipelines are not in the zone of any existing cathodic protection systems.

Outcome

The public register has delivered efficiency gains to us and to industry. Industry can now conduct searches more quickly and efficiently. Meanwhile, the register has allowed us to free up resources to concentrate on its regulatory functions.

Complex gas installations

Poor gas fitting work leads to unsafe complex gas installations

Outputs

We have continued to use standard enforcement responses to address common non-compliance items, including gas leaks and grease filter clearances. The rationale for the enforcement response was regularly communicated to the industry through information sessions such as gas safety webinars and a gas technical information sheet.

In addition, we:

- established a formal data-sharing agreement with the Victorian Building Authority (which registers gas fitters)
- introduced new checklists to assist gas fitters with their compliance obligations
- produced a new gas technical information sheet on Schedule 8 installations
- updated existing gas technical information sheets and republished them on our website
- managed ageing gas applications and non-compliance notices
- contacted gas fitters with high rates of non-compliance (five or more) and discussed how they will reduce their non-compliance rate and warned that further non-compliance may result in enforcement action.

Outcomes

There were no deaths or serious injuries due to defective gas installations during 2020–21.

The gas installation acceptance rate on the first inspection increased to 84 per cent. This can be attributed to our zero-tolerance strategies.

These zero tolerances have resulted in 34 infringement notices being issued. Of the 34 notices issued one has been withdrawn and the matter has been heard in the Magistrates Court due to failure to pay.

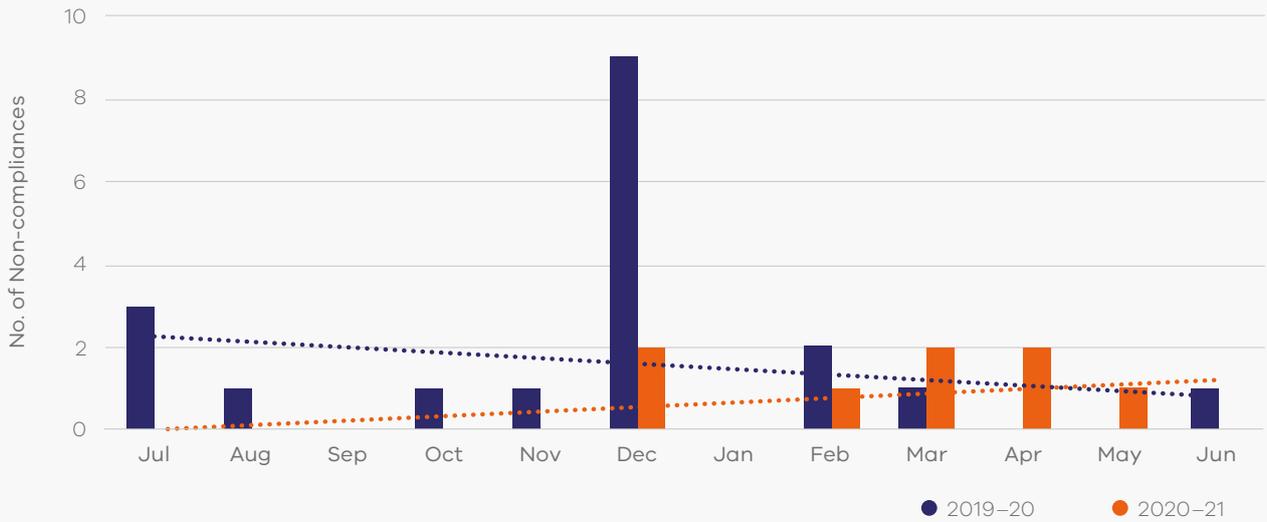
We are in the process of seeking a change to the AS/NZS5601 to address a concerning non-compliance item identified during a capture of data following inspections. Once the standard is amended, we will communicate with industry and place the industry on notice that this will become zero tolerance non-compliance.

In addition, we are in the process of seeking a change to the AS/NZS5601 to address the use of flexible hoses in commercial kitchen gas installations due to a concerning number of non-compliance items identified during a capture of data following inspections. Once the standard is amended, we will communicate with industry and place the industry on notice that future non-compliances relating to flexible hoses will become zero tolerance non-compliance.

The zero tolerance strategies for clearances between cooktops and grease filters and gas leaks have seen the number of non-compliance items dramatically reduce.



Gas leak non-compliance

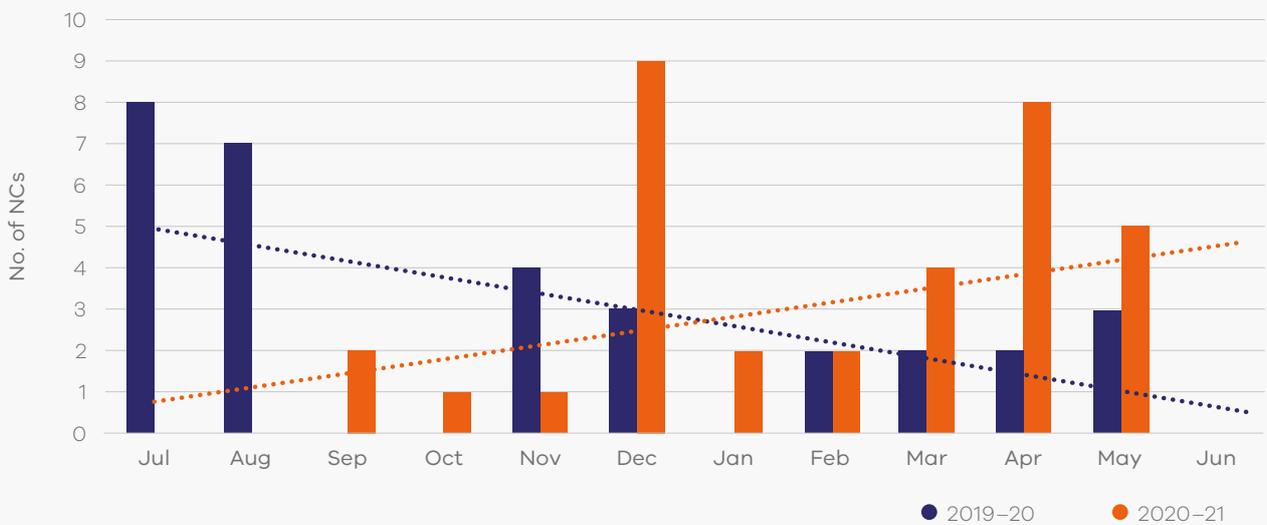


Notes:

Figures for Gas leak non-compliances are derived from GasTrac Monthly Report – Non-compliance Letters Issued report with specific reference to gas leaks or escapes.

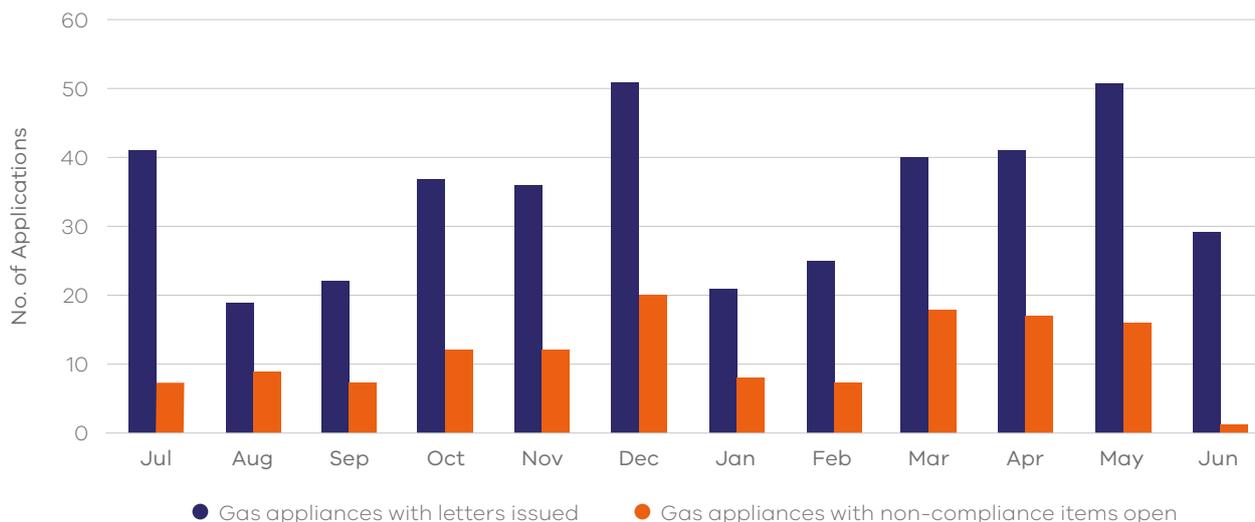
ESV does not tolerate gas leaks on gas installations, however, they still occur. These events are monitored closely and gas fitters with identified gas leaks on their installations are issued with a show-cause letter as to why they should not receive an infringement notice for the offence.

Clearance to grease filters non-compliance



Figures for Clearance to grease filters non-compliances are derived from GasTrac Monthly Report – Non-compliance Letters Issued report with specific reference to clause 6.10.2.2 in AS/NZS 5601.1:2013.

Non-compliance letters issued 2020–21



Figures for Non-compliance Activity are derived from GasTrac Monthly Report – Non-compliance Letters Issued report.

Low-voltage installations

**Unsafe installations and public spaces
Conventional installation work by licensed
electrical workers causes safety issues
Defective installations of renewables are
unsafe for people and property**

Outputs

Our installation safety team responds to enquires we receive from the community about the electrical industry, emergency calls for assistance, and audits and investigations conducted of electrical work and workers. We responded to these enquiries and set up an industry working group to engage key stakeholders to better identify common compliance issues faced by industry.

The working group developed strategies to help the industry better understand its legal obligation to deliver compliant and safe electrical work. Industry engagement also included technical presentations at industry information forums, including presentations to electrical apprentices at trade schools.

We focused on construction installations to ensure high competence and appropriate supervision of workers continues to be a major priority. As part of this focus, we established a program of work to attend construction sites and verified that appropriate supervision of electrical workers and apprentices was conducted, workers were appropriately licensed and where applicable compliance checks of electrical works were conducted.

Outcomes

We conducted 199 investigations in 2020–21 which resulted in:

- 228 warning letters
- 273 infringement notices
- 45 rectification notices
- 1,649 site inspections.

The team also:

- made 49 industry presentations
- responded to 8,186 technical phone and email enquiries

- audited 13 RTOs to ensure licensed electrical assessments were carried out correctly
- managed 266 private overhead electric line referrals from distribution businesses
- processed 97 applications for electrical exemptions from the electrical industry.

Strategy for safe electrical equipment and domestic/commercial gas appliances

Uncertified gas appliances are unsafe to sell and use

Type A gas appliances and component safety

A Type A gas appliance is a gas appliance which:

- has an Australian standard that it can be certified to by an independent third-party certification body; or
- is accepted on the basis of compliance with the relevant Australian standard by us in accordance with Section 69 of the Victorian *Gas Safety Act*.

Ensuring relevant technical and safety standards

Outputs

We have contributed to the standard amendment associated with the introduction of the safer LCC27 LPG cylinder valve. A technical bulletin was published to help industry with the transition – both in terms of logistics and understanding. All standards relevant to the introduction of the safer Type 27 LPG cylinder valve were published in October 2020.

We provided technical support to DELWP as it completed the regulatory impact statement (RIS) for open flued gas space heaters. We also supported DELWP during stakeholder consultations with industry and provided support on standards committees, GTRC for bulletins and standard amendments. The RIS for open flued gas space heaters was released and signed off by the Minister for Energy, Environment and Climate Change in July 2021.

We published two technical guidance bulletins for open flued gas appliances. In addition, we drafted standard amendments for open flued gas space heaters and decorative effect gas appliances.

A draft of the Scheme Rules for Gas Equipment, which includes safety critical testing for high-risk gas equipment, was tabled at the June 2021 GTRC meeting.

The gas installation standard AS/NZS5601.2 for gas installations in caravans and boats was published in October 2020 through the AG006 committee we chaired.

Outcomes

Safety critical testing requirements were proposed as additions to the Gas Certification Scheme; this work is ongoing.

We exceeded our goal for the number of online point-of-sale audits in 2020–21. The 2020–21 point of sale initiative has resulted in uncertified gas appliances being identified and removed from online markets. We conducted 259 audits, above the target of 200 audits for 2020–21.

Uncertified gas appliances continue to be removed from online platforms. We are considering a proactive approach for both electrical and gas equipment.

We continued to ensure that uncertified Type A gas appliances were removed from online platforms, such as eBay, when we were notified.

Uncertified electrical appliances are unsafe to sell and use

Electrical equipment safety

Outputs

We used data from consumer complaints and incidents to target the inspection of stores. We audited 132 sites, inspecting products which were sold in store or products offered online. We found that there were breaches of the *Electricity Safety Act* at 119 sites, a rate of 90 per cent.

We conducted a safety audit on 1,134 pieces of electrical equipment and found 55 per cent of equipment was not registered and 41 per cent was not certified.

We conducted check-testing on electrical equipment to ensure products being offered for supply were safe and complied with their relevant standard. The check-testing activity has now been standardised through the EESS standing committee of officials as a national activity. We check-tested 40 pieces of electrical equipment that covered ceiling fans, cordline switches and wall switches.

In addition, we helped suppliers and the Australian Competition and Consumer Commission with eight voluntary recalls this year. We also issued 94 Requirement to Act notices under section 67 of the Electricity Safety Act.

We conducted 112 investigations into electrical equipment incidents to identify the cause of the failure, take enforcement action, mitigate the identified safety risks, and drive changes to product designs. We circulated 33 incident reports to other regulatory jurisdictions.

We assessed 523 applications for certification with an average turnaround time of just over 13 days. We also responded to all technical inquiries within 48 hours.

Two members of the electrical safety team were involved in publishing 65 new or amended standards during 2020–21.

Outcomes

Suppliers that were issued with a section 67 notice have either stopped the supply of the electrical equipment or the equipment has since been registered, as required.

All products which failed check testing were the subject of enforcement actions.

We continued to provide prompt responses to stakeholders with technical queries during 2020–21.

We engaged and contributed to maintaining and developing electrical safety standards by considering check-testing outcomes, investigations, complaints, incidents and recalls (both nationally and internationally) to ensure that all identified safety concerns were addressed.

Suppliers were better educated regarding their responsibility under the EESS legislation due to store inspections, technical assistance, and check-testing activities.

Ensuring relevant technical and safety standards

Output

We continued to engage the standards committees in discussion pertaining to improving safety standards. We identified that some light fittings in domestic installation can get dirt or insects inside their external covers. The users can open or remove the cover to try to clean the inside of the covers. In some cases, after removing the covers, the user can touch exposed live parts which can cause an electric shock, serious injury or death.

We led a discussion at the standard committee level to review the standard for amendment to address the issue. The discussion has been taken to the International Electrotechnical Commission Technical Committee (IEC TC).

Some of the Electrical Equipment Safety Team members participate in and contribute to the development and improvement of safety standards both at the Australian and international technical committee level.

Outcomes

The participation allowed us to influence the changes required in safety standards to improve safety while making technical contributions.

We have been a substantial contributor to the development and updating of electrical equipment safety standards and have contributed to 65 new editions and amendments being published.

Fatalities and serious incidents

We were involved in the investigation of five deaths and four serious incidents in 2020–21 involving electricity. There were no fatalities or serious incidents involving gas.

Fatalities

On 18 August 2020, we attended incident at a residential property involving an electrical worker who was electrocuted while working live. We provided technical support to the investigation and worked with WorkSafe Victoria to publish an industry alert on the dangers of working live.

On 11 October 2020, we attended an incident scene involving a sign installer replacing a sign on the veranda of a commercial facility. The sign installer was admitted to hospital and tragically lost his life several days later. We provided a technical report and assisted the formal Victorian Police investigation.

On 12 November 2020, a 25-year-old man was electrocuted when the lifting attachment of a telescopic boom of the tractor (telehandler) he was operating made contact with a single phase 22kV aerial line in a hay field. We provided technical support to the investigation.

On 23 March 2021, we attended a site regarding a fatal electric shock in an elevator lift shaft involving a fourth-year electrical apprentice working unsupervised. We are investigating this incident and have communicated with industry to raise awareness about the incident.

On 26 March 2021, we attended a residence following a fatal electric shock. The incident involved the property owner who was handling an electrical cable associated with a water feature.

Serious incidents

We are investigating four serious incidents where plant or machinery made contact with high voltage (HV) overhead lines resulting in hospitalisation.

These four incidents all occurred over a three-week period between 12 April 2021 and 3 May 2021. In all four cases, we worked with WorkSafe to investigate the incidents.

On 12 April 2021, a man was seriously injured when a crane made contact with a HV overhead line. We attended the site with Victorian Police, WorkSafe and United Energy. We investigated this incident and produced an incident report which was provided to Victoria Police and WorkSafe.

On 27 April 2021 a man was seriously injured when a grain auger made contact with a HV overhead line on a rural property used for farming. We attended the site with Victorian Police, WorkSafe, Powercor and representatives for the property.

On 30 April 2021, a man was seriously injured when a tip truck made contact with a HV overhead line on a potato farm. We attended the site with WorkSafe. We are investigating but have only recently received all requested information. An investigation report will be produced and made available to WorkSafe, the lead investigation agency for this incident.

On 3 May 2021, a man was seriously injured when an excavator being unloaded from a tipper truck made contact with a high-voltage overhead line. We attended the site with WorkSafe. We will produce a report and provide it to WorkSafe, the lead investigation agency for this incident.

Five-year financial summary

Overview

ESV operates by fully recovering its costs from industry; it does not receive any government appropriation. We generate income from levies raised on industry, in accordance with relevant legislation and determinations made by the Minister for Energy, Environment and Climate Change. In addition, we earn income from the sale of certificates and the issue of licences. The most significant element of our expenditure base relates to employee cost. We aim to generate sufficient accumulated cash surpluses to renew and enhance our asset base and improve the efficiency of the services we provide to industry.

Five Year Financial Summary

	2020-21 \$'000	2019-20 \$'000	2018-19 \$'000	2017-18 \$'000	2016-17* \$'000
Total income	51,978	47,551	40,868	38,089	36,357
Total expenses	(47,061)	(45,812)	(38,846)	(36,835)	(35,230)
Net result from transactions	4,917	1,739	2,022	1,254	1,127
Other economic flows	(72)	(27)	(322)	(145)	(43)
Comprehensive result	4,845	1,712	1,700	1,109	1,084
Total assets	32,710	25,344	22,050	15,524	13,274
Total liabilities	(15,574)	(13,053)	(11,471)	(6,645)	(5,503)
Net assets	17,136	12,291	10,579	8,879	7,771

*Restated figures

Current year financial review

In the five-year period to 2020–21, our income has increased at a compound annual growth rate of 7.4 per cent per annum, reflecting agreed increases in levy rates and prices, coupled with an increase in economic activity, notably in the Victorian house-building sector.

In the same period, expenses have increased at a compound annual growth rate of 6.0 per cent per annum, reflecting agreed annual pay increases under our Enterprise Agreement, and the additional costs of servicing higher regulatory activity levels.

The surpluses generated in the last four years, and their related cash-flows, have enhanced the organisation's net assets. Further resources will be applied to replace and upgrade our key business systems including the introduction of more online transactions and digital channels, and also to the employment of more frontline staff.

The results for 2020–21 have tracked positively against budgetary objectives. This was achieved by focusing on creating value through prudent spending on key initiatives outlined in the corporate plan.

2020–21 Comprehensive operating statement

Income from transactions

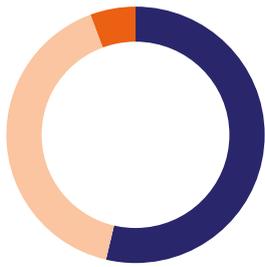
In 2020–21, 54 per cent of our income was raised through levies, consistent with previous years. Overall, levy income was 10.6 per cent higher than 2019–20, reflecting the agreed rate of increase. Fee income was 7.6 per cent higher than 2019–20 reflecting continued strong economic activity and approval rates for new dwellings.

Overall, income was 9.3 per cent higher than 2019–20 and 7.5 per cent better than the 2020–21 budget.

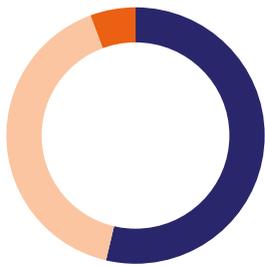
There were no other significant changes or factors affecting our financial performance during the reporting period.

Expenses from transactions

Employee benefits increased by 9.5 per cent, reflecting the impact of increased staff members due to the transformation to commission structure and the Enterprise Agreement increases. Depreciation increased due to the depreciation of building leases and motor vehicle leases under the new lease accounting standard implemented during the year. Expenditure in compliance audits decreased due to the suspension of audits during coronavirus restrictions. Expenditure on consultants increased significantly due to the additional government projects implemented over the last year. Other costs comprise of several elements such as travel, contractors, and advertising activity which decreased from last year, which was also due to the coronavirus response.



2020-21 income
Total income
\$52 m



2019-20 income
Total income
\$47.6 m

- Levy determination income ●
- Fee income ●
- Interest and other income ●

Balance sheet as at 30 June 2021

Assets

Net assets increased \$5m to \$17m. The increase in total assets was mainly due to an increase in intangible assets of configured software, and cash flow.

Liabilities

Our most significant liability were provisions for employee-related costs such as long service and annual leave, reflecting the impact of new employees.

We had no borrowings at 30 June 2021.

Commitments

As at 30 June 2021, we had commitments for future expenditure of \$6.7m, primarily consisting of obligations in respect of vehicles and property leases and government projects.

2020-21 Cash flow statement

We generated \$12.6 million (net) from operating activities in the year. Of this, \$2.8 million was expended on the purchase of non-financial, largely intangible, assets. Our cash holdings are invested according to the requirements of the Department of Treasury and Finance.

Looking forward

We will continue to focus on sound financial management and ensuring that our expenditure demonstrates value-for-money. The strategic reinvestment of accumulated surpluses into business improvement initiatives will continue in 2021-22, reflecting the intent of our Corporate Plan 2021-2024 and the rationale for the 2021-22 levy determinations, approved by the Minister for Energy, Environment and Climate Change.

SECTION 2

Organisational structure and corporate governance

From 1 January 2021, we were re-established under the *Energy Safe Victoria Act 2005* as a three-person Commission in order to provide stronger governance of regulatory decisions and stronger corporate governance of ESV itself. Each of the Commissioners is appointed by the Governor in Council on the recommendation of the Minister. It is the duty of the Commissioners to act consistently with our functions and objectives, act as a sounding base for good corporate governance and to act honestly, fairly and diligently in accordance with the applicable legislation. The day-to-day management and administration of our affairs is the responsibility of the CEO who reports to the Commissioners. The CEO is supported by the members of the executive leadership team and our broader staff.

ESV reported to The Hon. Lily D'Ambrosio, Minister for Energy, Environment and Climate Change during the period, 30 June 2020 to 1 July 2021.

To meet its responsibility for good governance and effective leadership, the Commission:

- sets strategic direction, objectives and performance targets through the Corporate Plan and Statement of Expectations
- monitors compliance with legislative and regulatory requirements, ethical standards and other obligations, including but not limited to the *Financial Management Act*
- monitors financial performance and internal controls to manage risk
- ensures good conduct and stakeholder relationships
- appoints the CEO
- manages and monitors committee conduct and performance
- makes significant regulatory decisions under the *Electricity Safety Act*, *Gas Safety Act* and *Pipelines Act* and approves a delegation framework and other decisions made by the CEO, executive leadership team and other staff.

Conflict of interest

The Commissioners are governed in respect of conflicts of interest by the relevant provisions of the *Public Administration Act 2004* and binding codes issued by the Victorian Public Sector Commission. They are required to declare any pecuniary interest in any matter being considered by the Commission or in any other matter in which we are concerned. The Commissioners are also required to complete a declaration of private interests upon appointment and annually thereafter, as well as a declaration of related party transactions on an annual basis.

Commissioners

Marnie Williams (Chairperson)

A former senior executive at WorkSafe and CEO of the Taxi Services Commission, Ms Williams is a Commissioner and Chairperson of the three-person Commission (Victorian Energy Safety Commission), which replaced the role of Director of Energy Safety. Ms Williams has a Bachelor of Applied Science, Master's degree in Applied Chemistry and a Graduate Diploma in Occupational and Environmental Health.

Committee Membership

- Chair of Remuneration Committee

Michelle Groves (Deputy Chairperson)

Prior to becoming a Commissioner of ESV, Michelle Groves was the Chief Executive of the Australian Energy Regulator for close to 15 years and was previously, Director of the National Competition Council. Ms Groves has a Master of Laws.

Committee Membership

- Chair of Audit and Risk Committee

Sarah McDowell

Sarah has 15 years' experience in energy regulation, serving as the Energy Executive Director at the Essential Services Commission before being appointed as an ESV Commissioner. Sarah has a Graduate Diploma in Law, a Bachelor of Commerce and a Bachelor of Arts. Ms McDowell also serves on the board of Sustainability Victoria.

Committee Membership

- Chair of Workforce Engagement Consultative Committee

Commission committees

Audit and Risk Committee

The Audit and Risk Committee comprised the following members in 2020–21:

- Michelle Groves (Chair)
- Steve Schinck (independent member)
- Laurinda Gardner (independent member)

The responsibilities of the Audit and Finance Committee are set out in Standing Direction 3.2.1.1. The key responsibilities of the committee are to provide advice and oversight on the following matters:

- risk management
- internal controls and systems
- financial statements
- legislative and policy compliance
- internal and external audit
- governance arrangements.

Members are appointed by the Commission, usually for a three-year term, and are subject to the committee's charter.

Remuneration Committee

The Remuneration Committee assists the Commission to fulfil its governance responsibilities by ensuring that we have executive remuneration policies, guidelines and practices that are consistent with government policy.

Attendance at Commission Meetings and Commission Committee Meetings for 2020–21:

Commissioner	Commission Meetings	Committees	
		Audit and Risk	Remuneration
M Williams	5/5	n/a	1/1
M Groves	5/5	2/2	n/a
S McDowell	5/5	n/a	n/a

* Note: The new Commission structure came into effect on 1 January 2021. There are 11 scheduled Commission Meetings, four scheduled Audit and Risk Meetings and two scheduled Remuneration Committees per annum.

Workforce Engagement Consultative Committee

(Section 8 *Energy Safe Victoria Act 2005*)

The Workforce Engagement Consultative Committee held its first meeting in November 2020. It is chaired by ESV Commissioner Sarah McDowell and is tasked with providing strategic advice to us in relation to broader workforce engagement strategies, including the promotion and sharing of best practices between gas and electricity network businesses, their workforce and contractors.

Statutory committees

Electric Line Clearance Consultative Committee

(Section 87 *Electricity Safety Act*)

Provides advice to us or the Minister on matters relating to the clearance of electric lines, including preparation and maintenance of the Code of Practice for Electric Line Clearance. This committee provides an annual report to the Minister.

Victorian Electrolysis Committee

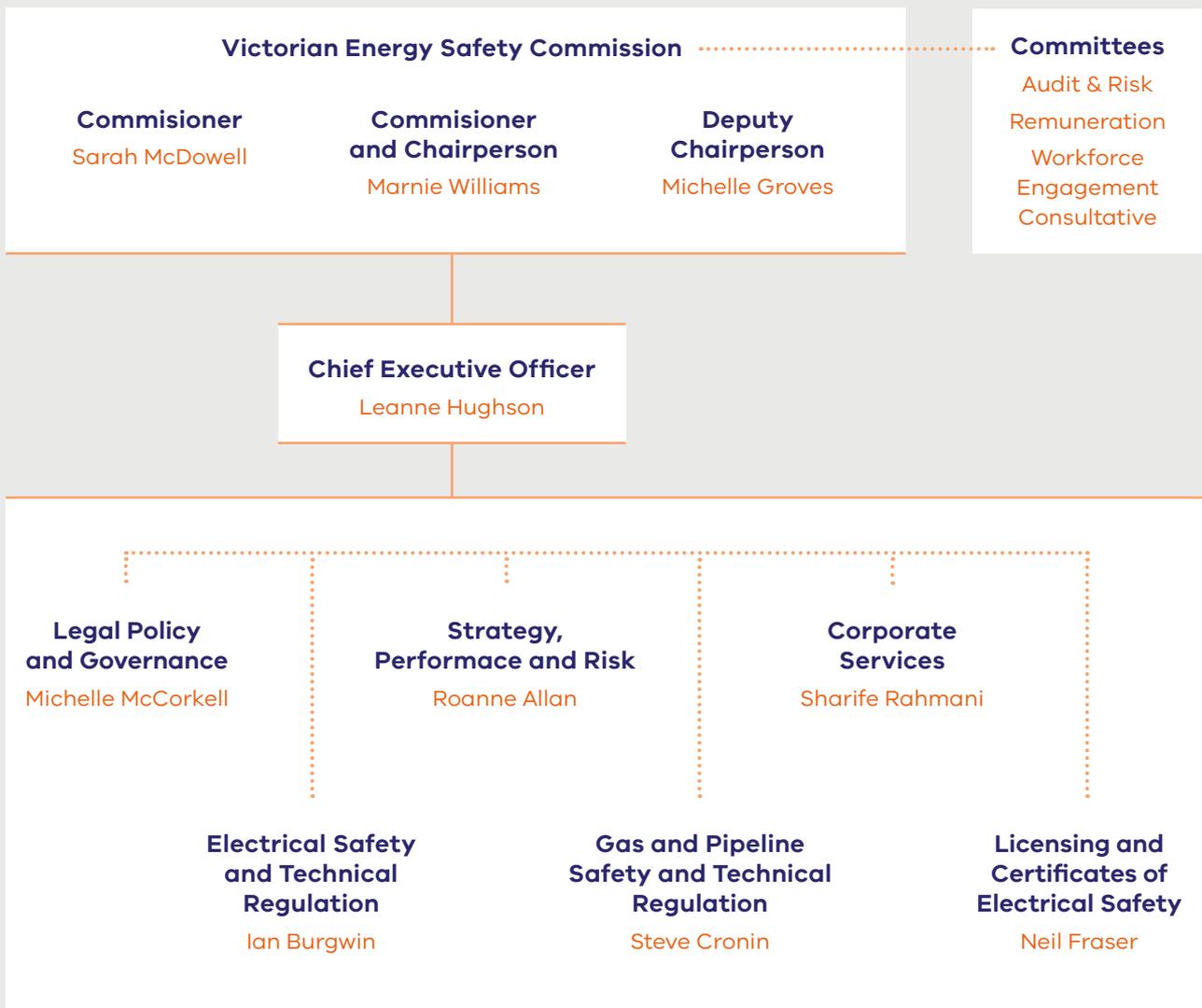
(Section 91 *Electricity Safety Act*)

Provides advice to us 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 the mitigation of stray current corrosion.

Other consultative committees

In addition to formal committees, we have members who sit on various industry working groups, technical committees, forums and advisory groups, all of which provide additional support and guidance to our Executive Leadership Team on industry-wide areas of subject matter expertise.

Organisation structure at 30 June 2021



Executive Leadership Team

Leanne Hughson, Chief Executive Officer (CEO)

As CEO, Ms Hughson was responsible for the day-to-day running of Energy Safe Victoria and worked closely with the Commission to develop and implement our strategic vision, mission and objectives. Ms Hughson worked at WorkSafe Victoria for 13 years in a range of senior roles including General Counsel, Executive Director of Health and Safety and Chief of Transformation, and as the Commander of Enforcement of Compliance in the COVID 19 response at the Department of Health, prior to joining ESV. She holds both a Bachelor of Arts and Laws, a Master of Taxation and is a graduate of the Harvard Business School and the Australian Institute of Company Directors.

Sharife Rahmani, Chief Operating Officer (COO)

As the COO, Mr Rahmani led the corporate services team, consisting of finance and business services, people services, information technology, communications and marketing and the project management office. Prior to ESV, Mr Rahmani held executive roles at Suncorp and the Lloyds Banking Group. He holds degrees in Economics and Commerce and is a graduate member of the Australian Institute of Company Directors.

Neil Fraser, General Manager Licensing, Training and Standards (GM LTS)

In the role of GM LTS, Mr Fraser ensured efficacy of the electrical safety system (COES) and processes and practices of the installation audit system, co-ordinated and reviewed the licensing of electrical workers, registration of electrical contractors and sale, lodging and audit of COES. Mr Fraser worked for the Office of the Chief Electrical Inspector, which was the predecessor to ESV. He is a qualified electronics engineer.

Roanne Allan, General Manager Strategy, Performance and Risk (GM SPR)

As GM SPR, Dr Allan is responsible for strategy considering future trends, enterprise risk management and our performance monitoring and reporting. She has worked in ESV for 10 years in a range of roles including policy and legislation.

She holds a PhD in organic chemistry and is a graduate member of the Australian Institute of Company Directors. Dr Allan is Chair of the Electric Line Clearance consultative committee.

Ian Burgwin, General Manager Electrical Safety and Technical Regulation (GM ESTR)

As GM ESTR, Mr Burgwin is responsible for the safety of electrical networks (including bushfire mitigation and vegetation management), installations and equipment. Ian joined ESV after extensive international engineering and senior management experience in the energy sector. In Australia, he served as Operations Director during the construction and commissioning of Basslink and as a senior consultant with AECOM. Mr Burgwin holds a British Higher National Certificate in Electrical and Electronic Engineering.

Steve Cronin, General Manager Gas and Pipeline Safety and Technical Regulation (GM GPSTR)

Mr Cronin in his role as GM GPSTR is responsible for the safety of gas appliances, installations and infrastructure, licensed pipelines, and electrolysis mitigation. The position is also responsible for our emergency management capability. Mr Cronin is Chair of the Victorian Electrolysis Committee and Chair of the Gas Emergency Management Consultative Forum for the gas industry, the emergency services and government. Mr Cronin joined ESV after extensive experience in the energy sector, including the Australian Energy Market Operator (AEMO) and VenCorp. Mr Cronin has a Bachelor of Science in Engineering.

Michelle McCorkell, General Counsel and General Manager Legal, Policy and Governance (GM LPG)

Ms McCorkell leads the new Legal, Policy and Governance division and is responsible for providing legal and regulatory policy advice, representing ESV in prosecutions and other litigated matters, developing and overseeing our regulatory policy framework and providing governance advice and secretariat services to the Commission and the statutory and other committees that advise the Commission. Prior to joining ESV, Ms McCorkell was a Special Counsel at law firm Maddocks. She holds a Bachelor of Laws (Hons) and a Bachelor of Arts.

SECTION 3

Our people

People Matter Survey

This year's People Matter Survey commenced on 31 May. Due to the Victorian COVIDSafe settings, the survey was open for longer than usual. ESV received a response rate of 77 per cent (155 respondents). The results will be available in August 2021.

The 2020 People Matter Survey Wellbeing Check was conducted in October 2020 and results were made available in February 2021. This survey was shorter than that used in previous years and focused on employee wellbeing in response to coronavirus restrictions.

We received a response rate of 85 per cent (159 respondents). The average response rate across comparable Victorian Public Service (VPS) agencies was 49 per cent. Our engagement score also increased from 73 per cent in 2019 to 74 per cent in 2020. The feedback obtained via the survey assisted us to support staff wellbeing and make informed decisions to improve workplace and work culture, as we all adapt our working practices to respond to coronavirus restrictions.

Addressing gender diversity

We are committed to fulfilling our obligations under the *Gender Equality Act 2020* and have established a Gender Equality Working Group to help us comply with the requirements of the *Gender Equality Act 2020*.

In accordance with the *Gender Equality Act 2020*, we have commenced plans to develop and implement a Gender Equality Action plan that includes:

- Results of a workplace gender audit
- Strategies and measures for achieving workplace gender equality.

In 2020–21, the Governor in Council appointed women to the positions of Commissioner and Chairperson, Commissioner and Deputy Chairperson, and Commissioner.

In addition, we appointed women to the following executive roles:

- Chief Executive Officer
- General Counsel
- General Manager Strategy, Performance and Risk
- Head of People Services
- Board Secretary
- Head of Regulatory Policy
- Stakeholder Engagement Lead
- Business Systems Developer, Information Services
- Project Manager, Information Services
- Business Systems Developer, Information Services
- Business Systems Analyst (EESS Project), Information Services
- Test Analyst (EESS Project), Information Services
- Business Systems Developer EEISS Project, Information Services.

Training and development

A Senior Manager Development program was launched during 2020–21 financial year. The program was co-designed to align with the organisation's transformation strategy. The program utilises self-assessment diagnostic tools, formal training and coaching to enhance our senior leaders' capability in driving and fostering organisational change.

As an outcome of a training needs analysis, our Team Leader development program was refined and recommenced this year. This year the program focused on strengthening leadership capability to align with our transition to a hybrid work model and managing remotely.

In alignment with the launch of the Dealing with Threatening Behaviour guideline, we customised and delivered a series of Managing Difficult Interactions and Behaviours workshops. A total of 77 of our people in key roles attended the program, which encapsulated ESV case scenarios and tailored, pragmatic solutions.

Recruitment and on-boarding

We are steadily growing year to year with 22 recruits since January 2021. The transition to a Commission structure created new roles at both Commission (that is, Chairperson, Deputy Chair and Commissioner), Executive (that is, Chief Executive Officer and the General Counsel) and Senior management level (that is, Head of Regulatory Policy, Head of Legal Services, Head of Strategy and Risk, Head of Electrical Licensing and Training and the Head of People Services). In addition, various operational positions have been created to support our operational needs and transformation programs to enable us to transition into becoming a modern safety regulator.

Our digital on-boarding processes during this period is continuously being refined to enhance the employees experience contributing to a productive and engaged workforce.

Public sector values and employment principles

We are committed to and apply the Public Sector Values and Employment principles. This is displayed through:

- The provision of core compliance training for all new staff including Public Sector Code of Conduct and Charter of Human Rights and Responsibilities.
- The updating of our Conflict of Interest and Gifts Benefits and Hospitality policies and supporting documentation.
- Aligning our recruitment practices with Victorian Public Service on various aspects which include employment pre-screening, flexible working arrangements and executive recruitment.

- The review of policies and practices to ensure consistency with our newly revised Enterprise Agreement effective December 2020 and the Victorian Public Sector Employment Principles and Standards. These policies and practices provide fair treatment, career opportunities and the early resolution of workplace issues.
- During 2021, we rolled out initiatives from the Victorian Public Sector's approach to wellbeing Leading the Way to educate and equip our leaders and key staff members with the knowledge and practical tools to deal with mental health and wellbeing.

Occupational health and safety

The health, safety and wellbeing of our people is a fundamental responsibility in our workplace and is integral in helping us achieve excellence in what we do. We are committed to ensuring we have a harm-free working environment for our people and visitors who come into our workplace. Our occupational health and safety (OHS) objectives focus on continuous improvement and integrating safe system of work into all our activities is reflected in our recently revised OHS policy.

We implemented the Victorian Public Sector's Leading the Way program to promote mental health and wellbeing. Policies and risk management are being strengthened in our OHS management system, and we have introduced a progressive rollout of training programs to equip our client-facing staff and executives respond and manage psychosocial health issues in challenging environments.

We implemented our COVIDSafe plan in response to the public health directives, ensuring we monitor and manage the risks to health arising from the pandemic whilst performing our essential regulatory functions. This includes fluid planning and support between working from home and returning to the office.

The strengthening of our Return-to-Work policy and injury management processes saw us meet the Return-to-Work planning and injury management compliance obligations.

Incident management

Hazards/Incidents (per 100 full-time equivalent)			Lost time claims*			Average cost/claim			Fatalities/serious injuries		
2021*	2020	2019	2021	2020	2019	2021*	2019	2019	2021*	2020	2019
5.04	11.78	3.06	1	2	3	\$1,989	\$24,698	\$21,374	0	0	0

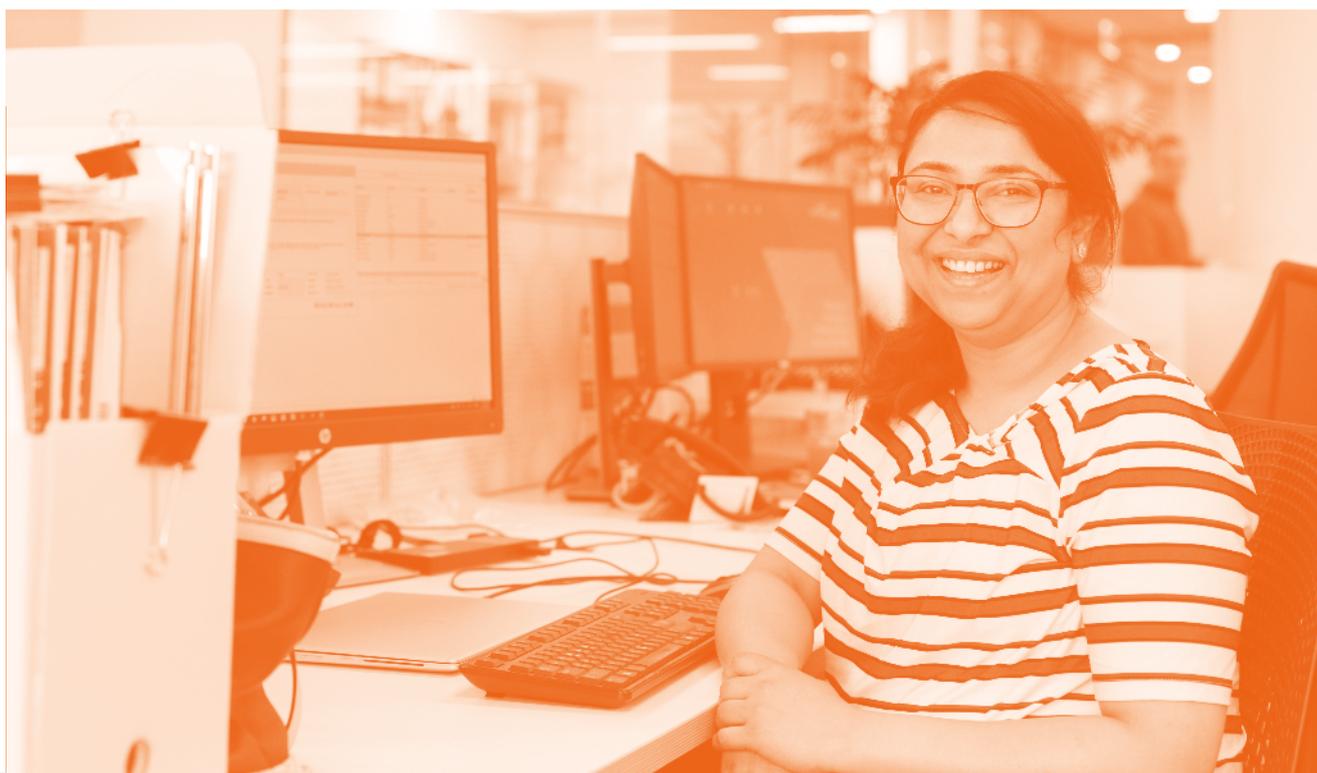
* All years on table are financial years, from 1 July to 30 June.

Hazards/Incidents (2020–21)

- The majority of hazards/incidents related to minor vehicle damage caused while on the job. No first-aid or additional support was required.
- Other incidents related to physical injuries were caused by lifting and/or tripping over. In addition, a few incidents were reported relating to employees potentially exposed to coronavirus.
- We have responded to all hazards/incidents by reviewing and implementing controls to reduce hazards/incidents.

Lost time claims and average cost per claim (2020–21)

- The majority of the WorkCover claims related to incidents arising from physical injuries.
- We have an ongoing WorkCover case related to mental health injury that is significantly contributing to the average cost year-to-year.
- We responded to all WorkCover cases resulting in all employees returning back to work, apart from the complex mental health case.



Comparative workforce data

Details of employment levels in June 2021

	All employees		Ongoing			Fixed term and casual	
	number (headcount)	FTE	full time (headcount)	part time (headcount)	FTE	number (headcount)	FTE
Gender							
Male	122	121.8	113	1	113.8	8	8
Female	83	76.3	47	17	59.3	19	17
Self-described	0	0	0	0	0	0	0
Age							
15-24	2	1.6	0	1	0.6	1	1
25-34	20	18.8	11	4	13.8	5	5
35-44	70	67.6	57	6	61.5	7	6.1
45-54	58	56.5	47	4	49.7	7	6.8
55-64	45	43.7	36	2	37.6	7	6.1
65+	10	9.9	9	1	9.9	0	0
Classification							
Executive	10	8.2	0	0	0	10	8.2
Senior manager	17	17	16	0	16	1	1
Administration	74	70.6	45	13	54.8	16	15.8
Field staff	90	90	90	0	90	0	0
Customer service	14	12.3	9	5	12.3	0	0
Total employees	205	198.1	160	18	173.1	27	25

Details of employment levels in June 2020

	All employees		Ongoing			Fixed term and casual	
	number (headcount)	FTE	full time (headcount)	part time (headcount)	FTE	number (headcount)	FTE
Gender							
Male	119	118.7	108	2	109.7	9	9
Female	65	59.5	40	16	50.7	9	8.8
Age							
15-24	0	0	0	0	0	0	0
25-34	26	23.9	17	5	19.9	4	4
35-44	60	57.5	49	8	54.7	3	2.8
45-54	54	53.1	45	3	47.1	6	6
55-64	36	35.8	30	1	30.8	5	5
65+	8	7.9	7	1	7.9	0	0
Classification							
Executive	6	6	1	0	1	5	5
Senior manager	17	17	17	0	17	0	0
Administration	61	57.2	38	12	46.4	11	10.8
Field staff	89	88.9	86	1	86.9	2	2
Customer service	11	9.0	6	5	9.0	0	0
Total employees	184	178.2	148	18	160.4	18	18.8

Workforce diversity and inclusion

We are committed to fostering a diverse and inclusive culture consistent with all our values and increasing the diversity of our workforce and strengthening the culture of inclusiveness.

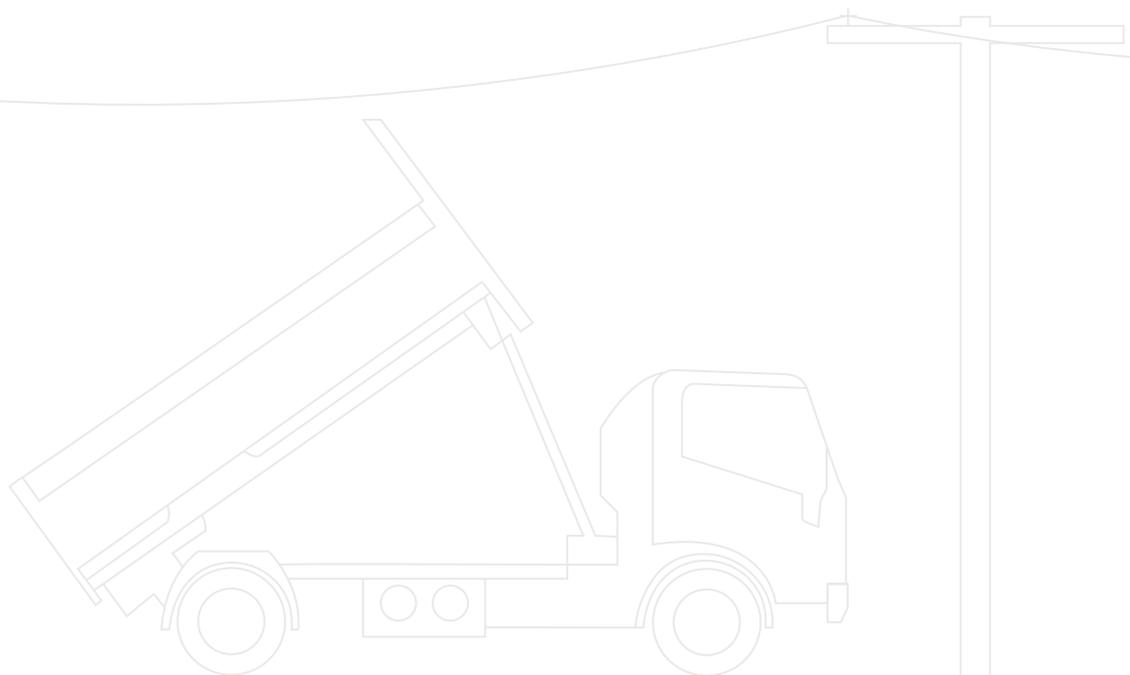
The Diversity and Inclusion advisory group, continued to deliver a number of initiatives, events and programs aimed at raising awareness and removing the stigma surrounding differences.

This included the following:

- Participating in RUOK day
- Celebrating International Week of Deaf People
- Celebrating Intersex Awareness Day
- Celebrating International Day of People with a Disability
- Celebrating the International Day of Action Against Homophobia, Biphobia and Transphobia (IDAHOBIT)

- Celebrating NAIDOC Week
- Hosting a panel discussion to celebrate International Women's Day
- Becoming a member of ACON's Welcome Here Project, which promotes LGBTIQ-friendly environments
- Implementing Coffee Roulette to promote connections across ESV and improve employee wellbeing.

As part of the Enterprise Agreement 2020, we have committed to ensuring all Managers and Employees genuinely consider flexibility and that contemporary flexible arrangements are well understood and fully utilised across the organisation.



SECTION 4

Other disclosures

Electricity safety directions

During 2020–21, ESV issued four directions under s141A of the *Electricity Safety Act*.

On 4 December 2020, Marnie Williams who then held the position of Director of Energy Safety, issued a direction to disconnect a residential property in Dromana to address a safety concern posed by unsafe electrical installation wiring. The direction was issued to United Energy Distribution after unsafe electrical installation wiring was identified.

On 23 December 2020, Marnie Williams who then held the position of Director of Energy Safety, issued a direction to Powercor to configure its supply network in an area south of Simpson so that polyphase electric lines were supplied electricity from the Camperdown Zone substation on total fire ban days. The direction was issued to Powercor Australia after a bushfire risk was identified.

On 5 February 2021, Marnie Williams, Chairperson of Energy Safe Victoria, issued a direction to disconnect a residential property in Wye River to address a safety concern posed by unsafe electrical installation wiring. The direction was issued to Powercor Australia after alterations to the property made a private aerial line unsafe. The property is also in a hazardous bushfire risk area and a bushfire risk was identified.

On 16 March 2021, Marnie Williams, Chairperson of Energy Safe Victoria, issued a direction to disconnect a residential property in Rosebud to address a safety concern posed by unsafe electrical installation wiring and equipment. The direction was issued to United Energy Distribution after an unsafe private aerial line was identified.

Local Jobs First – Victorian Industry Participation Policy

The *Local Jobs First Act 2003* brings together the Victorian Industry Participation Policy (VIPPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately. Our procurement objective was to incorporate Local Jobs First requirements into its procurement activity.

We have applied the Local Jobs First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

We aim to ensure that procurement actions consider value for money that translate into social, economic and environmental value, which benefit our community and staff.

Social procurement

Although our core business is regulation for electricity, gas and pipeline safety in Victoria, procurement is a driving component of our business operations. Our role as a regulator would not be met without planned procurement to achieve our outcomes.

Our social procurement and business initiatives aim to contribute to the social benefit and economic prosperity of the Victorian community as a direct result of the purchasing of goods, services and initiatives to support our staff.

We aim to ensure that procurement actions consider value for money and translate into social, economic and environmental value and benefit for our community and staff. Our goal is to contribute to creating a fair, inclusive community which is environmentally and socially sustainable. Our procurement policy provides a pathway to achieving these goals.

Our social procurement also requires social and environment initiatives be included in the procurement planning stage, tender specifications and tender evaluation criteria, where applicable.

For 2020–21, our Social Procurement Framework (SPF) priority objectives were:

- supporting safe and fair workplaces
- women's equality and safety
- environmentally sustainable business practices
- sustainable Victorian social enterprises and Aboriginal business sectors
- opportunities for Victorian Aboriginal people
- opportunities for disadvantaged Victorians
- opportunities for Victorians with disabilities.

Social and sustainable initiatives and achievements

We are committed to advancing social and sustainable objectives through the establishment of internal policies and initiatives. Our initiatives and workplace policies supporting its social and sustainable objectives are:

- We negotiated and implemented the new enterprise agreement for 2020–24. We focussed on flexibility and providing additional benefits for our employees to support them with their personal lives. The enterprise agreement formally introduced:
 - new clauses related to flexible working arrangements
 - new clause regarding working from home arrangements
 - an increase in paid parental leave entitlements from 14 to 16 weeks and inclusion of superannuation contributions during a period of unpaid parental leave
 - new leave entitlements related to surrogacy, pre-natal, pre-adoption, foster/kinship care and grandparent
 - a new entitlement of one day of paid volunteer leave in addition to community service leave, and

- a contemporary structure that provides work value equity and fairness and reflects best practice job evaluation / classification methodologies.

- Our Diversity and Inclusion Advisory Group are members of ACON's Welcome Here Project. The project supports local business owners, services and organisations to create and promote lesbian, gay, bisexual, transgender, intersex and queer-friendly environments. We also commenced our journey to meet our obligations under the Gender Equality Act 2020 to drive gender equality in the workforce through reviewing current practices and the broader Victorian community.
- We adopted the Leading the Way program with the vision to create a safe working environment that is mentally and physically safe. The program aims to strengthen our senior management commitment to improve safety culture, improve OHS performance and ensure accountability for continuous improvement at all levels. This is key to creating a safe and engaged workforce.
- We continue to be a part of WORK180's Flexible Working Ambassador program, a social enterprise focused on closing the gender gap across workplaces. This program promotes organisations which are truly supportive of flexible working arrangements and drives conversations within workplaces where staff can feel comfortable to discuss flexible working arrangements with their employer.
- We host a number of Industry Committee meetings and internal staff development programs and have progressively moved to source catering for these meetings to social enterprises and indigenous employment programs.
- We have launched occupational violence and aggression training for our people in the front-line. The launch of this training is a stepping stone to ensure our leaders and staff are equipped to deal with difficult situations in the workplace and out in the community. Further framework and documentation will be developed to protect our workforce and the Victorian community.

- We provide a comprehensive Employee Assistance Program to our staff. The service supports our commitment to maintaining a safe and healthy working environment by providing access to confidential, professional counselling for our staff and immediate families.

By implementing the above initiatives, we endeavour to set the example and influence suppliers to follow suit. We will seek suppliers who align themselves with our framework in order to achieve desired SPF objectives.

Actions taken to incorporate procurement objectives

We identified procurement activities which presented opportunities to tender for work in order to implement Social Procurement Framework requirements.

The following social and sustainable requirements are requested for the various spend thresholds:

Threshold (ex GST)	Social and Sustainable Procurement Requirements
\$0 –\$25,000	Consider social and sustainable procurement definitions and guidelines as per SPF priority objectives
\$25,000–\$50,000	Request evidence of social and sustainable policies and practices from suppliers
\$50,000–\$150,000	Request written evidence of social and sustainable policies and or practices from suppliers, as well as a procurement plan that details the weighted criteria that will be applied in the evaluation.
More than \$150,000	Request detailed written evidence of social and sustainable policies and practices from suppliers, as well as a procurement plan that details the weighted and mandatory social and sustainable procurement criteria that will be applied in the evaluation

We have incorporated the above considerations into procurement decision-making and documents, including:

- our Procurement Policy
- requiring tenderers to disclose evidence of environmental practices and social initiatives in quotes and tender documents
- weighting of environmental and social considerations in quotations and tenders.

Government advertising expenditure

Campaign	Description	Start/end date	Media buy	Evaluation	Creative	Merchandise	Total
Be Sure	Raising awareness of the dangers of carbon monoxide	1 July – 30 Aug 2020, 15 May – 30 June 2021	\$343,416	\$15,000	\$70,000	Nil	\$413,416
Don't Do It Yourself (DDIY)	Raising awareness of the dangers of DIY electrical work	12 September – 25 October 2020 20 March – 2 May 2021	\$195,893	\$15,000	\$20,000	\$2,000	\$217,893
Be on the Right Side of Power Safety	Encouraging people to check household wiring and test safety switches	11 October – 8 November 2020	\$81,142	\$15,000	\$15,000	Nil	\$96,142
Know the Drill Before You Grill	Raising awareness of BBQ gas bottles	1 November 2020 – 30 January 2021	\$164,344	\$15,000	\$10,000	Nil	\$174,344
Look Up and Live	Long-running campaign raising awareness about overhead powerlines and no-go zone awareness	10 April – 30 June 2021	\$89,438	Nil	\$10,000	Nil	\$99,438
Never Work Live	Raising awareness of the dangers of electricians working live	10 April – 30 June 2020	\$84,240	nil	\$10,000	\$5,000	\$99,240

Consultancy expenditure

In 2020–21, 41 consultants received total fees payable of more than \$10,000. The total expenditure incurred during 2020–21 from these consultancies was \$2,510,372.02 (excluding GST). Details of individual consultancies are listed below.

Consultant Name	Purpose	2020–21 expenses (ex GST) (\$)
Blue Bike Solutions (Aust) Pty Ltd	Enterprise architecture milestones delivery	272,000
Nous Group Pty Ltd	Review of Victoria's Electrical Inspection Regime and Services rendered in accordance with the Statement of Work for the ENV Rapid Earth Fault Current Limiter Deployment analysis	267,945
Power Systems Consultants Pty Ltd	REFCL Functional Performance	168,000
Regulatory Impact Solutions Pty Ltd	Discussion Paper/Regulatory Impact Statement - Underground Residential Distribution	131,901
Energy Market Consulting Associates Pty	Ausnet pole investigation	115,520
Country Fire Authority t/a Bendigo and District	Salary costs for Electric Line Clearance Hazard Mapping GIS Officer	110,000
Monash University	Online Sales research	87,576
ENEA Australia Pty Ltd	Review of advanced fault detection technologies	87,464
IM Systems Pty Ltd	Data Modelling, Lineage and Quality engagement	81,022
Landell Corporation Pty Ltd	Continuing Professional Development Course Development and Maintenance	75,795
ArcBlue	Enterprise Architecture Current State Review request for tender	72,700
Pegasystems Inc.	Line worker Online Form	68,256
JDS Australia	Jira software	67,500
Victorian Government Solicitor's Office	Secondment of Commission Secretary	63,771
Altis Consulting Pty Ltd	Data Ingestion Framework	58,850
Advisian Pty Ltd	Development of 2019–20 SPR	50,000
Australian Gas Association	Laboratory testing	50,000
Business Aspect	ESV Review and Endorsement	49,800
Workforce Advantage Pty Ltd	Employee Agreement Planning/Preparation – consulting Fee	46,770
MS Integration Pty Ltd	System Interface Mapping	45,050
ShineWing Australia Pty Ltd	FBT, tax advice and preparation of financial statement	44,689

Consultant Name	Purpose	2020–21 expenses (ex GST) (\$)
SJS Consulting Partners PTY Ltd	Future Energy Strategic Plan Phase 3	41,500
Accenture Australia Pty Ltd	Azure Infrastructure Migration Assessment	40,000
Creative Strategic Thinking Pty Ltd	WPO Enhancement Project and audits on specific group worker and licenced workers	36,700
Maddocks	Legislative Compliance	35,981
Pure Security Pty Ltd	Platform Penetration Testing	34,000
Olikka Pty Ltd	Azure Network connectivity	31,006
Spatial Vision Innovations Pty Ltd	Geospatial Consulting	30,000
Data#3 Limited	VPDSS Assessment	26,745
Iron Mountain Australia Group Pty Ltd Re	Tape rehydration project	25,796
Premier Technologies	Premier Point IVR Service	24,000
Curve Group	Divisional Leadership Team Workshops	22,500
CBRE (GCS) Pty Ltd	Analyse office requirements post COVID-19	21,590
Mendleson Engagement and Communication	Development of engagement framework	21,300
Catalyst Futures Pty Ltd	Public consultation sessions and preparation of summary report for regulatory changes to Continuing Professional Development/Registration and licensing of Line workers	21,000
Generation-e Productivity Solutions Pty	Espera Skype for Business	19,870
R2A Pty Ltd	Type A High Risk Equipment Identification Report, Risk register and communication models for Victorian Electrolysis Committee	15,900
Future Fuels CRC Ltd	Annual contribution to the cooperative research centre	15,000
Auld Planning and Projects	Consulting service for land development around pipeline program	12,673
Meagan Browne	Development of key policy process document as part of Regulatory Policy project	10,200
Pitcher Partners Consulting Pty Ltd	General accounting services	10,000
Total		2,510,372

Details of consultancies under \$10,000

In 2020–21, 13 consultancies received total fees payable of less than \$10,000.

The total expenditure incurred in 2020–21 in relation to these consultancies is \$38,542.14 (excluding GST).

Major contracts

We have not entered into any contracts over \$10 million.

Information communication technology expenditure

For 2020–21, we had a total information communication technology (ICT) expenditure of \$4,517,336.80 with the details shown below.

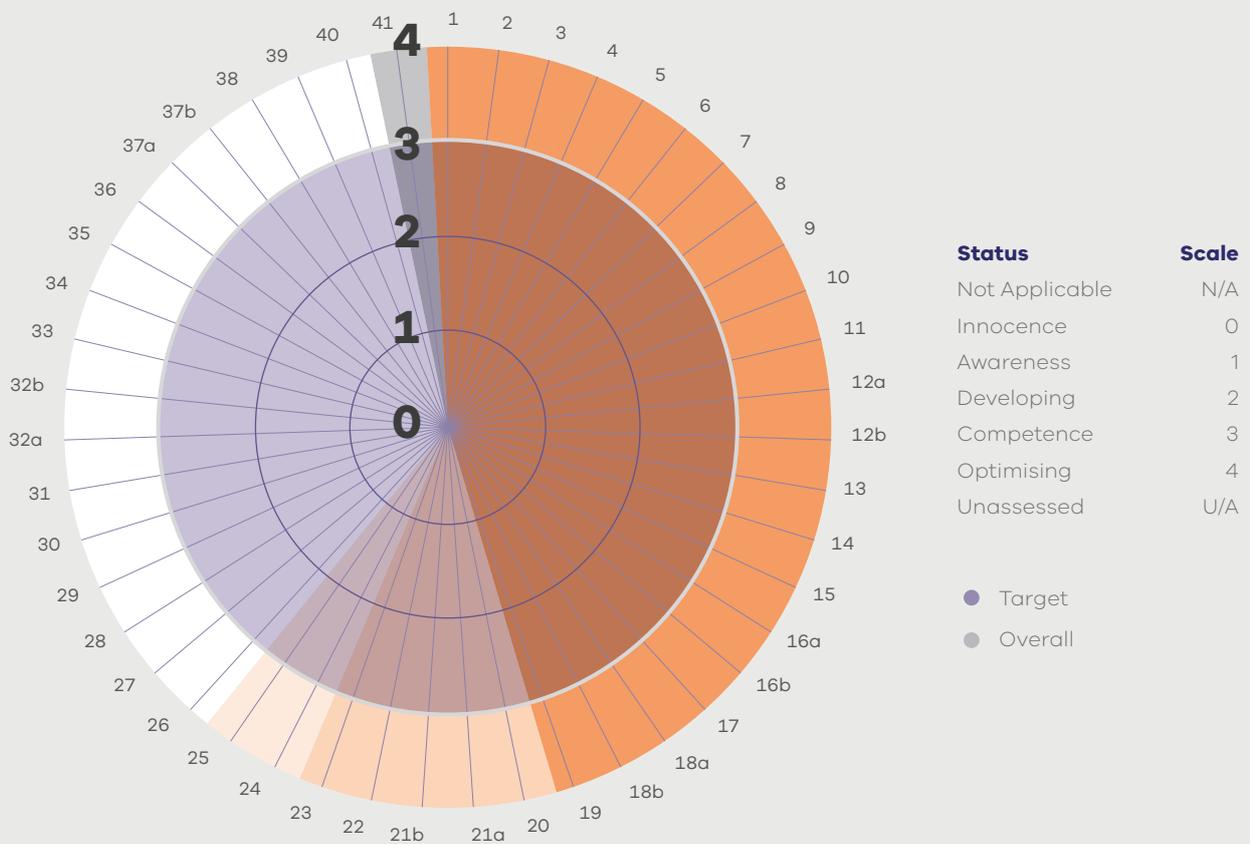
Total ICT expenditure

	Expenditure (\$)
Business as usual (BAU) ICT Expenditure	1,717,000
Non-business as usual (non-BAU) operational expenditure	Nil
Non-BAU capital expenditure	2,801,000
Total non-BAU ICT expenditure	2,801,000

ICT expenditure refers to our costs in providing business-enabling ICT services. It consists of business as usual (BAU) ICT expenditure and non-business as usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing our current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Modernising our technology

Multiple systems have been a focus for us to ensure we improve the productivity of staff and their use of our technology remotely. This has seen the introduction of new technologies systems such as Content Manager Records System, JIRA Service Desks, LiveStorm Webinar, Miro Collaboration Boards, Confluence Knowledge Management, Condecco Desk Booking and Convene Board Meeting Management System. These systems have greatly helped us maintain effective oversight of our day-to-day operations, ensuring our regulation has continued uninterrupted, especially during restrictions due to the pandemic.



Asset Management Accountability Framework (AMAF) maturity assessment

Portfolio Agency: Energy Safe Victoria

ESV's target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Leadership and Accountability (requirements 1-19)

ESV has met its target maturity level in this category.

Planning (requirements 20-23)

ESV has met its target maturity level in this category.

Acquisition (requirements 24 and 25)

ESV has met its target maturity level in this category.

Operation (requirements 26-40)

ESV has met its target maturity level in this category.

Disposal (requirement 41)

ESV has met its target maturity level in this category.

Freedom of Information

The *Freedom of Information Act 1982* (FOI Act) allows the public a right of access to documents held by us. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, ministers and other bodies subject to the Act.

An applicant has the right to apply for access to documents held by us. This comprises documents both created by us or supplied to us from an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and video tapes. Information about the type of material produced by ESV is available on its website under Part II Information Statement.

The FOI Act allows us to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include cabinet documents, some internal working documents, law enforcement documents, documents covered by legal professional privilege such as legal advice, personal information about other people, and information provided to us in confidence.

Once we receive a valid request, a decision on whether to grant access to the documents will be provided within 30 days. However, when external consultation is required the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement, this may occur any number of times.

If any applicant is not satisfied by a decision made by us, they have the right, as set out under Section 49A of the FOI Act, to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Making a request

FOI requests can be lodged electronically at foi@energysafe.vic.gov.au or as a written request to the ESV FOI Officer as detailed in section 17 of the FOI Act. An application fee of \$30.10 applies. Access charges may also be payable if the document pool is large and the search for material time-consuming. We have the discretion to waive application fees in cases of financial hardship and can waive access charges in prescribed circumstances.

When making a request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

Requests for documents in our possession should be addressed to:

The FOI Officer
Energy Safe Victoria
PO Box 262
Collins Street West VIC 8007
Email: foi@energysafe.vic.gov.au

FOI statistics

During 2020–21, we received 47 FOI requests. Of these:

- 27 were received from legal firms or insurance companies and
- 20 were from the general public.

We made 51 decisions in 2020–21. Of these:

- 35 requests were granted in full
- 5 granted in part
- 6 were denied in full
- 3 were decided as 'no documents'
- 2 were not proceeded with.

FOI timelines

For the 47 FOI requests received in 2020–21:

- 34 decisions were made within the statutory 30 days
- 13 decisions were made within an extended 30–45-day period
- 2 decisions were made within 46–90 days
- 0 decisions were made in more than 90 days.

The average time to finalise the requests in 2020–21 was 22 days.

In 2020–21, we had one decision that was subject to OVIC’s review, which was carried over from the 2019–20 period. This was finalised in September 2020.

We were not involved in any Victorian Civil and Administrative Tribunal proceedings in 2020–21.

Further information

Further information regarding the operation and scope of an FOI can be obtained from the FOI Act and through the OVIC website (ovic.vic.gov.au).

Building Act

We do not own or control any government buildings and consequently are exempt from notifying our compliance with the building and maintenance provisions of the *Building Act 1993*.

Competitive Neutrality policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override

other policy objectives of government and focuses on efficiency in the provision of service. We continue to comply with the requirements of the Competitive Neutrality policy.

Public Interest Disclosures Act

The purpose of the *Public Interest Disclosures Act 2012* (Vic) (PIDA) is to encourage and facilitate disclosure of improper conduct by public officers and public bodies and to provide protection for persons who make those disclosures. The PIDA also aims to ensure that disclosures are properly assessed and investigated and that the confidentiality of a disclosure and the identity of the person making the disclosure is maintained.

The PIDA was amended with effect from 1 January 2020 to improve access for those making public interest disclosures and to provide greater flexibility for investigating entities. The title of the legislation, and the terminology used under the legislation, was also changed from “protected disclosures” to “public interest disclosures”.

ESV is a public body for the purposes for the PIDA and disclosures under the PIDA can therefore be made about us or our members, officers or employees. A public interest disclosure can be made about “improper conduct” which includes corrupt conduct, the dishonest performance of public functions, a breach of public trust, substantial mismanagement of public resources or conduct that constitutes a substantial risk to health, safety or the environment.

We do not tolerate improper conduct by employees nor the taking of detrimental action in reprisal for the disclosure of such conduct. We are supportive of public interest disclosures being made and recognises that the protection of persons in connection with public interest disclosures is essential for the effective implementation of the PIDA. We will take all reasonable steps to protect our employees and others from any detrimental action as a result of a public interest disclosure being made.

Reporting procedures

We are not able to receive protected disclosures. However, you can make a protected disclosure about us or our members, officers or employees by contacting the Independent Broad-Based Anti-Corruption Commission (IBAC) as follows:

Independent Broad-Based Anti-Corruption Commission Victoria

Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3000.

Internet: www.ibac.vic.gov.au

Phone: 1300 735 135

Email: See website above for the secure email disclosure process, which also provides for anonymous disclosures.

Further information

Our Public Interest Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by us or any of our employees and/or officers, are available on our website at: www.esv.vic.gov.au

Carers Recognition Act

We support the principles set out in the *Carers Recognition Act 2012* to recognise the importance of carers and care relationships in our community. The principles and obligations of the Carers Recognition Act are encompassed within our Enterprise Agreement and Flexible Working Arrangement guidelines.

Disability Act

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

The Disability Act requires that public sector bodies prepare a disability action plan and report on its implementation in their annual report.

Absolutely everyone: state disability plan for 2017–2020 is the Victorian Government's framework for enabling people with a disability to participate in and contribute to the social, economic and civic life of their community. Our Diversity and Inclusion framework incorporates initiatives to support this plan.

We engaged the Australian Network on Disability to host a student with a disability as part of the 'Stepping Into' internship program. This was postponed due to coronavirus restrictions.

DataVic Access policy

Consistent with the DataVic Access policy issued by the Victorian Government in 2012, the information included in this Annual Report will be available at www.data.vic.gov.au in electronic readable format.

Privacy legislation

We are subject to the Privacy and Data Protection Act 2014 (Vic) and the Health Records Act 2001 (Vic) and are committed to protecting the privacy of all personal and health information that we handle in the course of performing our functions.

We handle personal information to perform our role as Victoria's independent safety regulator for electricity, gas and pipelines.

Further information is available in our privacy policy which is available on our website esv.vic.gov.au.

Additional information available on request

In compliance with the requirements of the Standing Directions 2018 issued under section 8 of the *Financial Management Act*, details in respect of the items listed below have been retained by us and are available (in full) on request, subject to the provisions of the FOI Act:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of publications produced by the entity about itself, and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by the entity
- a general statement on industrial relations within the entity, including details of time lost through industrial accidents and disputes
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of all consultancies and contractors including:
 - consultants/contractors engaged
 - services provided
 - expenditure committed to for each engagement.

The information is available on request from:

The FOI Officer
Energy Safe Victoria
Tel: (03) 9203 9700
Email: foi@energysafe.vic.gov.au

Additional information included in annual report

Details of the following items have been included in this annual report, on the pages indicated below:

- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services — pages 26-30
- details of assessments and measures undertaken to improve the occupational health and safety of employees — page 57
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved — pages 53-54
- a list of consultants paid more than \$10,000 — page 66-67.

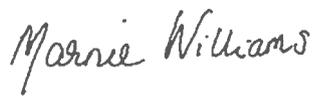
Information that is not applicable to ESV

The following information is not relevant to us for the reasons set out below:

- a declaration of shares held by senior officers (No shares have ever been issued in our name.)
- details of any major external reviews carried out on the entity (No major external reviews of us.)
- details of major research and development activities undertaken by the entity (No major research and development undertaken).

Financial management compliance attestation

I, Marnie Williams, on behalf of the Responsible Body, certify that Energy Safe Victoria has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* and instructions.



Marnie Williams

Commissioner and Chairperson
Chief Executive Officer
Energy Safe Victoria

30 August 2021



Lily D'Ambrosio,
Minister for Energy,
Environment and
Climate Change,
with line worker at
launch of licensing
of line workers event.

Financial statements

Financial statements

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Financial statements

Responsible body, Accountable officer and Chief Financial Officer's declaration

The attached financial statements for Victorian Energy Safety Commission is referred to as the name Energy Safe Victoria (ESV) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, 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 accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and financial position of Energy Safe Victoria at 30 June 2021.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 30 August 2021.



Marnie Williams

Commissioner and Chairperson

30 August 2021



Leanne Hughson

Chief Executive Officer

30 August 2021



Shawn Leong

Chief Financial Officer

30 August 2021

Comprehensive operating statement

for the financial year ended 30 June 2021

(\$ thousand)

	Notes	2021	2020
CONTINUING OPERATIONS			
Income from transactions			
Levy determination income	2.1.1	28,227	25,520
Fee income	2.1.2	20,811	19,342
Grant income	2.1.3	2,686	2,519
Interest and other income	2.1.4	254	170
Total income from transaction's		51,978	47,551
Expenses from transactions			
Employee benefits	3.1.1	30,926	28,252
Compliance audit expenses		646	2,722
Public Relations and advertising		2,234	2,875
Motor vehicles		361	525
Rent and outgoings		389	385
Computer expenses		1,717	1,248
Consulting fees		2,404	1,309
Contractors		873	1,055
Depreciation	4.1.1	4,027	3,398
Other operating expenses	3.3	3,484	4,043
Total expenses from transactions		47,061	45,812
Net result from transactions (net operating balance)		4,917	1,739
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Other loss from other economic flows*		(72)	(27)
Total other economic flows included in net result		(72)	(27)
Net result from continuing operations		4,845	1,712
Net result		4,845	1,712
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	8.1	-	-
Total other economic flows - other comprehensive income		-	-
Comprehensive result		4,845	1,712

* Net loss arising from reduction of long service liability

The comprehensive operating statement should be read in conjunction with the notes to the financial statements

Financial Statements

Balance sheet as at 30 June 2021

(\$ thousand)

	Notes	2021	2020
ASSETS			
Financial assets			
Cash and cash equivalents	6.1	18,012	9,944
Receivables	5.1	471	1,238
Contract assets	5.2	554	228
Total financial assets		19,037	11,410
Non-financial assets			
Plant and equipment	4.1	584	797
Right-of-use asset	4.2	3,365	4,068
Intangible assets	4.3	8,130	7,545
Prepayments		1,594	1,524
Total non-financial assets		13,673	13,934
Total assets		32,710	25,344
LIABILITIES			
Employee related provisions	3.1.2	6,489	5,347
Payables	5.3	2,336	2,497
Contract liability	5.4	2,807	580
Lease liability	6.2.6	3,942	4,629
Total liabilities		15,574	13,053
Net assets		17,136	12,291
EQUITY			
Accumulated surplus		13,350	8,505
Physical asset revaluation surplus	8.1	176	176
Contributed capital		3,610	3,610
Net worth		17,136	12,291

The above balance sheet should be read in conjunction with the notes to the financial statements.

Cash flow statement

for the financial year ended 30 June 2021

(\$ thousand)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from other entities		49,680	50,889
Interest received		53	140
Total receipts		49,733	51,029
Payments			
Payments to suppliers and employees		(37,172)	(46,342)
Total payments		(37,172)	(46,342)
Net cash flows from operating activities	6.1.1	12,561	4,687
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of non financial assets		(2,785)	(3,686)
Sale of non-financial assets		-	-
Net cash flows used in investing activities		(2,785)	(3,686)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease repayments		(1,708)	(1,789)
Net cash flows used in financing activities		(1,708)	(1,789)
Net increase/(decrease) in cash and cash equivalents		8,068	(788)
Cash and cash equivalents at the beginning of the financial year		9,944	10,732
Cash and cash equivalents at the end of the financial year	6.1	18,012	9,944

The above cash flow statement should be read in conjunction with the notes to the financial statements.

Financial Statements

Statement of changes in equity for the financial year ended 30 June 2021

(\$ thousand)

	Physical asset revaluation surplus	Accumulated surplus	Contributions by owner	Total
Balance at 1 July 2019	176	6,793	3,610	10,579
Net result for the year	-	1,712	-	1,712
Other comprehensive income for the year	-	-	-	-
Balance at 30 June 2020	176	8,505	3,610	12,291
Net result for the year	-	4,845	-	4,845
Other comprehensive income for the year	-	-	-	-
Balance at 30 June 2021	176	13,350	3,610	17,136

The above statement of changes in equity should be read in conjunction with the notes to the financial statements.

Notes to the financial statements for the financial year ended 30 June 2021

1 About this report

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

ESV is a statutory authority acting on behalf of the Crown. Its principal address is: Level 5, 4 Riverside Quay, Southbank Victoria, 3006.

ESV is responsible for the safety and technical regulation of electricity, gas and pipelines in Victoria. Its objectives, functions and responsibilities are defined by legislation. A description of the nature of the ESV's operations, and its principal activities, is included in the Report of Operations which does not form part of these financial statements.

On 1 January 2021 ESV became a three-person commission, appointed under the *Energy Safe Victoria Act 2005*. This Act is administered by the Minister for Energy, Environment and Climate Change, Hon. Lily D'Ambrosio.

A recommendation of the 2018 Independent Review of Victoria's Electricity and Gas Network Safety Framework, the Commission replaces the role of Director of Energy Safety and holds all the regulatory powers previously held by the Director.

The Commission comprises: Commissioner and Chair, Marnie Williams; Commissioner and Deputy Chair, Michelle Groves; and Commissioner, Sarah McDowell.

Additionally, the Commission is supported by five advisory committees and a CEO, who is not a Commissioner.

Basis of preparation

These financial statements cover ESV as an individual reporting entity and include all its controlled activities.

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

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

The exercise of judgement, and the making of assumptions and estimates, is required in the preparation of financial statements. Judgements and assumptions made by management in applying Australian Accounting Standards (AAS) that have significant effects on the financial statements, and estimates, are disclosed in the notes under the heading: 'Significant judgement or estimates'.

Estimates are based on professional judgement, historical experience, and other factors considered reasonable under the circumstances. Actual results may differ from these estimates. Revisions to estimates are recognised in the period in which the estimate is revised, and in future periods that are affected by the revision.

Amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

Notes to the financial statements for the financial year ended 30 June 2021

Compliance information

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

Where appropriate, those AAS paragraphs relevant to not-for-profit entities have been applied.

Accounting policies are selected and applied in these financial statements to ensure 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.

2 Funding delivery of our services

Introduction

Energy Safe Victoria (ESV's) is the regulator responsible for electrical and gas safety in the state. This statutory authority audits the design, construction and maintenance of electricity and gas networks and installations and ensures that appliances meet stringent safety and energy efficiency standards before they are sold.

The primary source of revenue is levy determinations and fee income. This includes industry levies and fees from the provision of licences and other services. These are levied, or charged, by ESV on a full cost recovery basis. ESV does not receive any appropriation from the State Government of Victoria.

Levy determination income is raised in accordance with the *Electricity Safety Act 1998*, the *Gas Safety Act 1997*, and the *Pipelines Act 2005*. Levy determinations are approved by the Minister for Energy, Environment and Climate Change.

Fees are generated from the sale of Certificates of Electrical Safety, the issue of electrical licences, and the provision of similar services.

Significant judgement: Grant Revenue

ESV has made judgement on the recognition of grant revenue as income of not-for-profit entities where they do not contain sufficiently specific performance obligations. Income from grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers is recognised when ESV satisfies the performance obligation by providing the relevant services to the relevant customers. Income from grants to construct the capital assets that are controlled by ESV are recognised progressively as the asset is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done.

Structure

2.1 Income from transactions

- 2.1.1 Levy determination income
- 2.1.2 Fee income
- 2.1.3 Grant income
- 2.1.4 Interest and other income
- 2.1.5 Disaggregated revenue
- 2.1.6 Transaction price allocated to remaining performance obligations
- 2.1.7 Details regarding performance obligations

Notes to the financial statements for the financial year ended 30 June 2021

2.1 Income from transactions

Revenue from Contracts with Customers

Revenue from contracts with customers is recognised so as to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which ESV expects to be entitled in exchange for those goods or services

Revenue is recognised in accordance with the following five-step process:

1. Identifying the contract with the customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations in the contract.
5. Recognising revenue as and when the performance obligations are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) ESV satisfies performance obligations by transferring the promised goods or services to its customers.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (Note 5.4). Where the performance obligations is satisfied but not yet billed, a contract asset is recorded (Note 5.2).

2.1.1 Levy determination income

(\$ thousand)

Levy income	2021	2020
Gas industry levy	15,349	13,868
Electrical industry levy	11,753	10,519
Gas pipeline industry levy	1,125	1,133
Total levy determination income	28,227	25,520

Levies on energy sector participants are used to fund regulatory activities. Levies are set for a two-year period with the approval of ESV's responsible Minister and levied each year. The levies are invoiced to the companies once a year.

Levy income is recognised when invoiced as this is when the energy supplier is unconditionally obliged, under legislation, to pay the levy. Levies are non-refundable.

2.1.2 Fee income

(\$ thousand)

Fee Income	2021	2020
Certificates of Electrical Safety	12,331	11,849
License fees	4,800	4,261
Electrolysis mitigation fees	1,978	1,955
Equipment and appliance approval fees	572	409
Appliance efficiency fees	1,130	868
Total fee income	20,811	19,342

Sales of Certificates of Electrical Safety

Performance obligations arising from contracts for sales of certificates of electrical safety are determined to be satisfied at a point in time when the certificates are registered in the name of the buyers (or transfer of title). Accordingly revenue from sales of such certificates is recognised when the sales is completed.

Revenue from Licensing

Performance obligations arising under licensing arrangements are satisfied at a point in time when the underlying assets rights are transferred. Accordingly revenue from licensing is recognised at a point in time.

Revenue from registration, electrolysis mitigation and appliance efficiency approval fees

Electrolysis mitigation fee is an annual fee that supports ESV regulatory activities in Electrolysis space.

In respect of these services, performance obligations are satisfied at a point in time and hence revenue from these services is recognised when the services are completed.

2.1.3 Grant income

	(\$ thousand)	
Grant Income	2021	2020
<i>Revenue recognised under AASB 15</i>		
Grant Income from DIIS	25	-
Grant Income from DELWP	1,381	1,401
Grant Income from EESS	1,280	1,118
Total Grant income	2,686	2,519

Performance obligations attached to grants received are determined to be satisfied over time in accordance with AASB 15, as ESV has no alternative use of the asset transferred to customer and is entitled to an enforceable payment to date.

Therefore revenue is recognised over time. The output method (involving an assessment of the extent of completion of the activities) is used to estimate the amount of revenue to be recognised on progress of satisfaction of performance obligation.

2.1.4 Interest and other income

	(\$ thousand)	
Interest and Other Income	2021	2020
<i>Interest from financial assets not at fair value through profit or loss</i>		
Interest on cash and cash equivalents	53	140
Other miscellaneous income	201	30
Total interest and other income	254	170

Interest income comprises interest earned on cash at bank. Interest income is recognised using the effective interest method which allocates the interest over the relevant period in which the interest accrued.

Other fees may arise from application fees, advertising etc. Revenue from such services is recognised at a point in time when the service is completed.

Notes to the financial statements for the financial year ended 30 June 2021

2.1.5 Disaggregated revenue

ESV has disaggregated revenue into various categories in the below table. The revenue is disaggregated by service line, Government and non-Government revenue, and timing of revenue recognition.

2021

(\$ thousand)

Segments	Government Bodies	Non-Government organisations	TOTAL
Major good/service lines:			
Fee income	-	20,811	20,811
Grants income	2,686	-	2,686
Other income	-	201	201
TOTAL	2,686	21,012	23,698
Timing of revenue recognition:			
Goods transferred at a point in time	-	21,012	21,012
Goods/services transferred over time	2,686	-	2,686
TOTAL	2,686	21,012	23,698

2020

(\$ thousand)

Segments	Government Bodies	Non-Government organisations	TOTAL
Major good/service lines:			
Fee income	-	19,342	19,342
Grants income	2,519	-	2,519
Other income	-	30	30
TOTAL	2,519	19,372	21,891
Timing of revenue recognition:			
Goods transferred at a point in time	-	19,372	19,372
Goods/services transferred over time	2,519	-	2,519
TOTAL	2,519	19,372	21,891

2.1.6 Transaction price allocated to remaining performance obligations

Aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at 30 June 2021

2021 (\$ thousand)

Type of Obligation	2022	2023	Total
Grants income	2,677	-	2,677
Total	-	-	-

2020 (\$ thousand)

Type of Obligation	2021	2022	Total
Grants income	447	-	447
Total	-	-	-

2.1.7 Details regarding performance obligations

Particulars	Fee income	Grants income	Other income
Nature of goods or services involved	Licence and Certificate fees	Government grant	Licence Assessment fee; Installation Exemption fee
Satisfaction of performance obligations	Recognised income when issuing the certificate	Recognise income when services delivered	Recognise income when licence issued
Significant payment terms	payment due within 30 days	payment due within 30 days	payment due within 30 days

Notes to the financial statements for the financial year ended 30 June 2021

3 The cost of delivering services

This section provides an account of the expenses incurred by the Energy Safe Victoria (ESV) in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

- 3.1 Employee benefits**
 - 3.1.1 Employee benefits in the comprehensive operating statement
 - 3.1.2 Employee benefits in the balance sheet
 - 3.1.3 Superannuation contributions
- 3.2 Grant expenses**
- 3.3 Other operating expenses**

3.1 Employee benefits

3.1.1 Employee benefits in the comprehensive operating statement

(\$ thousand)

	2021	2020
Salaries, wages, annual leave and long service leave	28,135	25,867
Post-employment benefits		
Defined contribution superannuation expense	2,791	2,314
Termination benefits	-	71
Total employee benefits	30,926	28,252

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

The amount recognised in the comprehensive operating statement is the employer contribution for members of defined contribution superannuation plans, paid or payable during the reporting period. ESV is not currently making any contributions in respect of employees who are members of defined benefit plans. This is consistent with advice provided by the plans' administrators.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. ESV recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits because of an offer made to encourage voluntary redundancy.

3.1.2 Employee benefits in the balance sheet

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

(\$ thousand)

Employee Benefits in Balance Sheet	2021	2020
Current provisions		
Annual leave		
Unconditional and expected to be settled within 12 months	1,614	1,343
Unconditional and expected to be settled after 12 months	731	487
Long service leave		
Unconditional and expected to be settled within 12 months	309	340
Unconditional and expected to be settled after 12 months	2,254	1,914
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months	326	283
Unconditional and expected to be settled after 12 months	486	392
Total current provisions for employee benefits	5,720	4,759
Non-current provisions		
Long service leave	662	506
Employee benefit on-costs	107	82
Total non current provisions for employee benefits	769	588
Total provisions for employee benefits	6,489	5,347
Reconciliation of movement in on-cost provision		
Opening balance	757	591
Additional provisions recognised	332	359
Reductions arising from payments	(242)	(220)
Unwinding of discount and effect of changes in the discount rate	72	27
Closing balance	919	757
Current	812	675
Non-current	107	82
Closing balance	919	757

Notes to the financial statements for the financial year ended 30 June 2021

Wages and salaries, annual leave and sick leave

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

The liability for wages and salaries are recognised in the balance sheet at remuneration rates which are current at the reporting date. As ESV expects the liabilities to be wholly settled within 12 months of the reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as ESV does not have an unconditional right to defer settlement of liability for at least 12 months after the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the comprehensive operating statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Long service leave

Unconditional LSL is disclosed as a current liability; even where ESV does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. The components of this current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

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

3.1.3 Superannuation contributions

All superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of ESV. As explained in 3.1.1, these contributions currently only relate to defined contribution plans.

(\$ thousand)

	Paid contribution for the year		Contribution outstanding at year end	
	2021	2020	2021	2020
Total defined contribution superannuation contributions	2,791	2,314	31	-

3.2 Grant expenses

(\$ thousand)

Supplies and services	2021	2020
Specific purpose grants for on-passing	2,686	2,519
Total grant expenses	2,686	2,519

Included within Public Relations and advertising, and contractor's expense in the comprehensive operating statement are grant expenses mainly relating to the development of an effective licensing system for electrical lineworker licensing and CPD development program for all licences; and advertising of the 2021 Carbon Monoxide Awareness Campaign on behalf of the Victorian Government.

Grant expenses are recognised in the reporting period in which they are paid or payable. Grants can take the form of money, assets, goods, services or forgiveness of liabilities.

3.3 Other operating expenses

(\$ thousand)

Supplies and services	2021	2020
Printing and stationery	54	99
Telecommunications	310	285
Legal fees	557	732
Administration fees – Certificates of Electrical Safety	166	211
Insurance	506	502
Travel expenses	79	276
Compliance and audit services	130	190
Conferences and training	362	571
Publication and subscriptions	105	107
Interest expense	109	134
Other expenses	1,106	936
Total other operating expenses	3,484	4,043

Other operating expenses generally represent the day-to-day running costs involved in normal operations.

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

Notes to the financial statements for the financial year ended 30 June 2021

4 Key assets available to support service delivery

Introduction

ESV controls physical and intangible assets that are utilised in fulfilling its objectives, and conducting its activities. Physical assets comprise plant and equipment including assets under construction. Intangible assets comprise purchased and configured computer software in use, and computer software currently being configured for use.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information about how these fair values were determined is disclosed in Note 7.3.

Structure

4.1 Total plant and equipment

- 4.1.1 Depreciation, amortisation and revaluation
- 4.1.2 Reconciliation of movements in carrying values

4.2 Right-of-use assets

- 4.2.1 Carrying values of Right-of-use assets
- 4.2.2 Reconciliation of carrying values of Right-of-use assets
- 4.2.3 AASB 16 related amounts recognised in the statement of profit or loss

4.3 Intangible assets

4.1 Total plant and equipment

Plant and equipment are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based upon government purpose classifications. ESV's assets belong to the 'public safety and environment group'. All assets in a purpose group are further categorised according to the asset's 'nature', which each sub-category being classified as a separate class of asset for financial reporting purposes.

Carrying values of plant and equipment by purpose group

(\$ thousand)

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2021	2020	2021	2020	2021	2020
PUBLIC SAFETY AND ENVIRONMENT						
Nature-based classification						
Plant and equipment at fair value						
Furniture and fittings	550	509	(212)	(164)	338	345
Equipment	711	684	(538)	(444)	173	240
Leasehold improvements	514	514	(470)	(374)	44	140
Vehicles	40	41	(11)	(9)	29	32
Plant and equipment at fair value	1,815	1,748	(1,231)	(991)	584	757
Assets under construction at cost	-	40	-	-	-	40
	1,815	1,788	(1,231)	(991)	584	797

Notes to the financial statements for the financial year ended 30 June 2021

Initial recognition

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

ESV's asset policy sets the minimum asset capitalisation threshold of individual units at greater than \$5,000 (GST exclusive). ESV recognises a group of assets as a unit when the following conditions are met:

- multiple units of the same item are purchased in a single transaction
- individual values do not meet the capitalisation threshold of
- \$5,000, but, as a group, the total purchase value exceeds
- \$50,000 (GST exclusive), and
- it is commercially viable to purchase multiple units of the same item under a single transaction.

Subsequent measurement

Plant and equipment are subsequently measured at fair value less accumulated depreciation. Fair value is determined with regard to the asset's highest and best use (considering any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset), and is summarised below by asset category.

Note 7.3 includes additional information in connection with fair value determination of plant and equipment.

4.1.1 Depreciation, amortisation and revaluation

(\$ thousand)

Depreciation charge for the period	2021	2020
Furniture and fixtures	48	44
Equipment	94	127
Leasehold improvements	96	97
Vehicles	2	2
Total Plant and equipment	240	270
Intangible assets	2,173	1,469
Right-of-use asset	1,614	1,659
Total depreciation	4,027	3,398

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset class for current and prior years are included in the table below:

Asset Class	Useful life in years
Furniture and Fittings	10 to 15
Equipment	3 to 15
Leasehold Improvements	Shorter of lease and 7 years
Vehicle (mobile site office)	18

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

Revaluation

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

4.1.2 Reconciliation of movements in carrying amount of plant and equipment

(\$ thousand)

	2021		
	Plant and equipment at fair value	Assets under construction at cost	Total
Opening balance 1 July 2020	757	40	797
Additions	27	-	27
Disposals	-	-	-
Transfer in/(out) of asset under construction	40	(40)	-
Depreciation	(240)	-	(240)
Closing balance 30 June 2021	584	-	584

(\$ thousand)

	2020		
	Plant and equipment at fair value	Assets under construction at cost	Total
Opening balance 1 July 2019	847	112	959
Additions	-	108	108
Disposals	-	-	-
Transfer in/(out) of asset under construction	180	(180)	-
Depreciation	(270)	-	(270)
Closing balance 30 June 2020	757	40	797

Notes to the financial statements for the financial year ended 30 June 2021

4.2 Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and are also subject to revaluations.

Whenever ESV incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that ESV expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

ESV applies AASB 13 Fair Value Measurement, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

4.2.1 Carrying values of Right-of-use assets

(\$ thousand)

	2021	2020
Leased building	4,363	3,951
Accumulated depreciation	(1,923)	(961)
Net carrying amount lease building	2,440	2,990
Leased motor vehicles	2,275	1,776
Accumulated depreciation	(1,350)	(698)
Net carrying amount lease building	925	1,078
Net carrying amount	3,365	4,068

Lease buildings

ESV leased buildings includes 4 Riverside Quay, Southbank and 540 Springvale Road, Glen Waverley. The lease at 4 Riverside Quay, Southbank expires in August 2024 and is subject to an annual increase of 3.75 per cent. The lease at 540 Springvale Road, Glen Waverley expires in October 2021, the lease is fixed for the first three years and is subject to an annual increase of 3.75 per cent for years 4-6.

Motor vehicles

ESV leased motor vehicles. All motor vehicle leases are for a three-year period and are not subject to annual increases.

4.2.2 Reconciliation of carrying values of Right-of-use assets

(\$ thousand)

	2021		
	Leased Buildings	Leased Motor Vehicle	Total
Opening balance 1 July 2020	2,990	1,078	4,068
Additions	412	499	911
Disposals	-	-	-
Depreciation	(962)	(652)	1,614
Closing balance 30 June 2021	2,440	925	3,365

(\$ thousand)

	2020		
	Leased Buildings	Leased Motor Vehicle	Total
Opening balance 1 July 2019	3,951	548	4,499
Additions	-	1,228	1,228
Disposals	-	-	-
Depreciation	(961)	(698)	(1,659)
Closing balance 30 June 2020	2,990	1,078	4,068

4.2.3 AASB 16 related amounts recognised in the comprehensive operating statement

(\$ thousand)

	2021	2020
Depreciation charge related to right-of-use assets	1,614	1,659
Interest expense on lease liabilities (under finance cost)	109	134
Low-value asset leases expense	187	165
Total amount recognised in Comprehensive operating statement	1,910	1,958

Notes to the financial statements for the financial year ended 30 June 2021

4.3 Intangible assets

(\$ thousand)

	2021		
	Computer software	Work in progress	Total
Gross carrying amount			
Opening balance 1 July 2020	9,078	486	9,564
Additions	1,863	895	2,758
Disposals	-	-	-
Transfer in/(out) of asset under construction	486	(486)	-
Closing balance	11,427	895	12,322
Accumulated depreciation			
Opening balance 1 July 2020	(2,019)	-	(2,019)
Amortisation	(2,173)	-	(2,173)
Closing balance	(4,192)	-	(4,192)
Net book value 30 June 2021	7,235	895	8,130

(\$ thousand)

	2020		
	Computer software	Work in progress	Total
Gross carrying amount			
Opening balance 1 July 2019	1,001	4,985	5,986
Additions	-	3,578	3,578
Disposals	-	-	-
Transfer in/(out) of asset under construction	8,077	(8,077)	-
Closing balance	9,078	486	9,564
Accumulated depreciation			
Opening balance 1 July 2019	(550)	-	(550)
Amortisation	(1,469)	-	(1,469)
Closing balance	(2,019)	-	(2,019)
Net book value 30 June 2020	7,059	486	7,545

Intangible assets comprise purchased computer software and configured computer software in use, and computer software currently being configured for use and included in work in progress.

All ESV's intangible assets are produced assets.

Initial recognition

Intangible assets are initially recognised at cost.

Configured software is an internally generated intangible asset arising from development and is only recognized as an intangible asset if the following can be demonstrated:

- the technical feasibility of completing the configuration so that the software will be available for use by ESV
- an intention to complete the configured software and use it
- the ability to use the configured software in ESV
- the configured software will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the configuration and use the software in ESV, and
- the ability to measure reliably the expenditure attributable to the software's configuration.

Subsequent measurement

Intangible produced assets with finite useful lives are amortised as an 'expense from transactions' on a straight-line basis over the asset's useful life, which is generally five years.

Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation and are subject to revaluations. 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 method and useful life are reviewed annually at each financial year-end.

Revaluation of intangible assets

Intangible assets with finite useful lives (including work in progress) are annually assessed for revaluation (See Note 4.1.1).

Significant intangible assets

ESV has capitalised expenditure for the development of business critical systems for example, GasTrac and ESV Connect. The carrying amount of the capitalised development expenditure is \$7,235,000 (2020: \$7,059,000).

Configured software	Configured software useful life
GasTrac	5 years
ESV Connect	5 years

Notes to the financial statements for the financial year ended 30 June 2021

5 Other assets and liabilities

Introduction

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

Structure

5.1 Receivables

5.2 Contract assets

5.3 Payables

5.3.1 Maturity analysis of contractual payables

5.4 Contract liabilities

5.5 Other liabilities

5.1 Receivables

(\$ thousand)

Receivables	2021	2020
Contractual		
Certificate of Electrical Safety agents	36	475
Accrued income	-	-
Other receivables	148	291
Total contractual receivables	184	766
Statutory		
GST input tax credit recoverable	287	472
Total current receivables	471	1,238

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. ESV holds the contractual receivables with the objective to collect the contractual cash flows and therefore are subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. ESV applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

5.2 Contract assets

	(\$ thousand)	
Contract Assets	2021	2020
Contract assets		
Opening balance	228	199
Less: Transfer to receivables	(228)	(199)
Add: Amounts recognised as contract assets at balance sheet date	554	228
Total contract assets	554	228
<i>Represented by</i>	-	-
Current contract assets	554	228
Non-current contract assets	-	-

Contract assets relate to performance obligations that ESV's right to consideration in exchange for services transferred to customers, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. This usually occurs when the ESV issues an invoice to the customer.

5.3 Payables

	(\$ thousand)	
Payables	2021	2020
Contractual		
Supplies and services	2,226	2,398
Amounts payable to government and agencies	18	2
Other Payables	87	90
Total contractual payables	2,331	2,490
Statutory		
GST payable	5	7
Total current payables	2,336	2,497

Payables comprises:

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

Payables for supplies and services have an average credit period of 30 days. The terms and conditions of amounts payable to the government and agencies vary according to the agreements and as they are not part of legislative payables, they are not classified as financial instruments.

Notes to the financial statements for the financial year ended 30 June 2021

5.3.1 Maturity analysis of contractual payables

(\$ thousand)

	Carrying amount	Nominal amount	Maturity dates		
			Less than 1 month	1-3 months	3-12 months
2021					
Other payables	2,331	2,331	2,331	-	-
Total contractual payables	2,331	2,331	2,331	-	-
2020					
Other payables	2,490	2,490	2,468	-	22
Total contractual payables	2,490	2,490	2,468	-	22

5.4 Contract Liabilities

(\$ thousand)

Contract Liabilities	2021	2020
Contract liabilities		
Opening balance brought forward	580	3,850
Less: Revenue recognised in the reporting period that was included in the contract liability at the start of the accounting period	(455)	(3,850)
Add: Amounts received for which performance obligations have not been met	2,682	580
Total contract liabilities	2,807	580
<i>Represented by</i>		
Current contract liabilities	2,807	580
Non-current contract liabilities	-	-

Contract liabilities include consideration received in advance from customers in respect of services. Invoices are raised once the services are delivered provided to them.

6 How we finance our operations

Introduction

This section provides information on the sources of finance utilised by ESV during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of ESV.

This section includes disclosures of balances that are financial instruments (such as cash balances), including financial commitments at year end. Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

Structure

6.1 Cash flow information and balances

6.1.1 Reconciliation of net result to cash flow from operating activities

6.2 Lease Liability

6.2.1 ESV's leasing activities

6.2.2 Right-of-use Assets

6.2.3 Amounts recognised in the Comprehensive Operating Statement

6.2.4 Amounts recognised in the Statement of Cash flows

6.2.5 Identification of a lease

6.2.6 Separation of lease and non-lease components

6.2.7 Recognition and measurement of leases as a lessee

6.2.8 Maturity analysis of lease liability

6.1 Cash flow information and balances

Cash and cash equivalents, comprise cash on hand and cash at bank with an original maturity of three months or less, which are:

- held to meet short term cash commitments rather than for investment purposes
- readily convertible to known amounts of cash, and
- subject to an insignificant risk of changes in value.

ESV invest its funds in accordance with the requirements of the Standing Directions of the Minister for Finance.

(\$ thousand)

	2021	2020
Total cash and cash equivalents disclosed in the balance sheet	18,012	9,944
Balance as per cash flow statement	18,012	9,944

Notes to the financial statements for the financial year ended 30 June 2021

6.1.1 Reconciliation of net result for the period to cash flow from operating activities

(\$ thousand)

	2021	2020
Net result for the period	4,845	1,712
Non-cash movements		
Depreciation and amortisation of non-current assets	4,027	3,398
Interest expense on lease liabilities	109	134
Movement in assets and liabilities		
Decrease in receivables	440	2,730
Increase in other current assets	(70)	(797)
Decrease in payables	(160)	(389)
Increase/(decrease) in other liabilities	2,227	(3,269)
Increase in provisions	1,143	1,168
Net cash flows from operating activities	12,561	4,687

6.2 Lease Liability

6.2.1 ESV's leasing activities

Lease buildings

ESV leased buildings includes 4 Riverside Quay, Southbank and 540 Springvale Road, Glen Waverley. The lease at 4 Riverside Quay, Southbank expires in August 2024 and is subject to an annual increase of 3.75 per cent. The lease at 540 Springvale Road, Glen Waverley expires in April 2023, the lease is fixed for the total remaining period.

Motor Vehicles

ESV leased motor vehicles. All motor vehicle leases are for a 3-year period and are not subject to annual increases.

6.2.2 Right-of-use Assets

Right-of-use assets are presented in note 4.2.1.

6.2.3 Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

(\$ thousand)

	2021	2020
Interest expense on lease liabilities	109	134
Depreciation charge related to right-of-use assets	1,614	1,659
Expenses relating to leases of low- value assets	187	165
Total amount recognised in the comprehensive operating statement	1,910	1,958

6.2.4 Amounts recognised in the Statement of Cash flows

The following amounts are recognised in the Statement of Cash flows for the year ending 30 June 2021 relating to leases

	(\$ thousand)	
	2021	2020
Total cash outflow for leases	1,708	1,789

6.2.5 Identification of a lease

For any new contracts entered into on or after 1 July 2019, ESV considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition ESV assesses whether the contract meets three key evaluations:

- whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to ESV and for which the supplier does not have substantive substitution rights
- whether ESV has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Department has the right to direct the use of the identified asset throughout the period of use, and
- whether ESV has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

6.2.6 Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

6.2.7 Recognition and measurement of leases as a lessee

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

ESV has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Presentation of lease liabilities

The lease liability is presented as a separate line in the balance sheet.

Notes to the financial statements for the financial year ended 30 June 2021

6.2.8 Maturity analysis of lease liability

(\$ thousand)

	2021	2020
Maturity analysis:		
Year 1	1,744	1,580
Year 2	1,306	1,355
Year 3	892	936
Year 4	141	844
Year 5	-	141
	4,082	4,856
Less: interest payable	(140)	(227)
	3,942	4,629
Analysed as:		
Current	1,664	1,476
Non-current	2,278	3,153
	3,942	4,629

ESV does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within ESV's treasury function.

7 Risks, contingencies and valuation judgements

Introduction

Energy Safe Victoria (ESV) is exposed to risks from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for ESV related mainly to fair value determination.

Structure

7.1 Financial instruments specific disclosures

- 7.1.1 Financial instruments: categorisation
- 7.1.2 Financial risk management objectives and policies
 - 7.1.2.1 Financial instruments: credit risk
 - 7.1.2.2 Credit quality of financial assets
 - 7.1.2.3 Financial instruments: liquidity risk
 - 7.1.2.4 Financial instruments: market risk
 - a) Interest rate exposure of financial instruments
 - b) Interest rate risk sensitivity

7.2 Contingent assets and contingent liabilities

7.3 Fair value determination

- 7.3.1 Fair value determination: non-financial physical assets

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability, or equity instrument of another entity. For ESV, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by ESV to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

ESV recognises the following assets in this category:

- cash, and
- receivables (excluding statutory receivables).

Notes to the financial statements for the financial year ended 30 June 2021

Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs.

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

- payables (excluding statutory payables), and
- lease liabilities.

Derecognition of financial assets: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- ESV retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement, or
- ESV has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and \ rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where ESV has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of ESV's continuing involvement in the asset.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, ESV has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Reclassification of financial instruments:

Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when ESV's business model for managing its financial assets has changed such that its previous model would no longer apply.

However, ESV is generally unable to change its business model because it is determined by the Victoria's Financial Management Framework and all Victorian Government agencies are required to comply the Victoria's Financial Management Framework 2018.

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.

7.1.1 Financial instruments: categorisation

(\$ thousand)

							2021
	Note	Cash and deposits	Financial assets/liabilities designated at fair value through profit/loss (FVTPL)	Financial assets measured at fair value through other comprehensive income (FVOCI)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
Contractual financial assets							
Cash and deposits	6.1	18,012	-	-	-	-	18,012
Receivables	5.1						
Fee income		-	-	-	36	-	36
Other receivables		-	-	-	148	-	148
Total contractual financial assets		18,012	-	-	184	-	18,196
Contractual financial liabilities							
Payables	5.3						
Contractual		-	-	-	-	2,226	2,226
Supplies and services		-	-	-	-	18	18
Amounts payable to government and agencies		-	-	-	-	87	87
Borrowings							
Lease liabilities	6.2	-	-	-	-	3,942	3,942
Total contractual financial liabilities		-	-	-	-	6,273	6,273

Notes to the financial statements for the financial year ended 30 June 2021

7.1.1 Financial instruments: categorisation (continued)

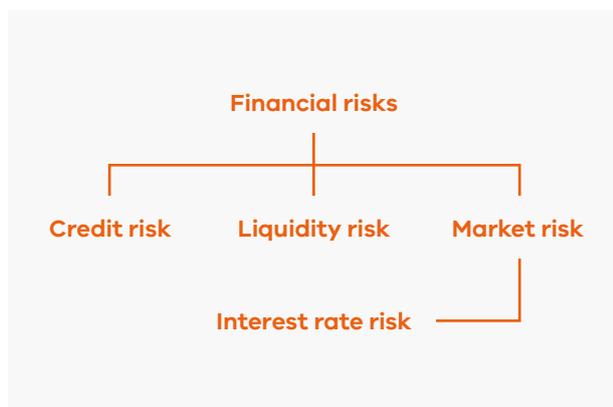
(\$ thousand)

							2020
	Note	Cash and deposits	Financial assets/liabilities designated at fair value through profit/loss (FVTPL)	Financial assets measured at fair value through other comprehensive income (FVOCI)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
Contractual financial assets							
Cash and deposits	6.1	9,944	-	-	-	-	9,944
Receivables	5.1						
Fee income		-	-	-	475	-	475
Other receivables		-	-	-	291	-	291
Total contractual financial assets		9,944	-	-	766	-	10,710
Contractual financial liabilities							
Payables	5.3						
Contractual		-	-	-	-	2,398	2,398
Supplies and services		-	-	-	-	2	2
Amounts payable to government and agencies		-	-	-	-	90	90
Borrowings							
Lease liabilities	6.2	-	-	-	-	4,629	4,629
Total contractual financial liabilities		-	-	-	-	7,199	7,119

The total amounts for receivables and payables disclosed here exclude statutory amounts (for example, GST input tax recoverable and taxes payable).

7.1.2 Financial risk management objectives and policies

ESV is exposed to several financial risks, including:



ESV's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

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 above are disclosed in Note 7.1.

The main purpose in holding financial instruments is to prudentially manage ESV's financial risks within government policy parameters.

ESV's main financial risks include credit risk, liquidity risk and interest rate risk. ESV manages these risks in accordance with its financial risk management policy.

ESV uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer of ESV.

7.1.2.1 Financial instruments: credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. ESV's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to ESV. Credit risk is measured at fair value and is monitored on a regular basis.

ESV does not engage in hedging for its contractual financial assets. It mainly obtains contractual financial assets that are on fixed interest, except for cash and cash equivalents which are mainly cash at bank.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that ESV will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents ESV's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to ESV's credit risk profile in 2020–21.

Notes to the financial statements for the financial year ended 30 June 2021

7.1.2.2 Credit quality of financial assets

(\$ thousand)

				2021
	Financial institutions (AAA credit rating)	Government agencies (AAA credit rating)	Other (min BBB credit rating)	Total
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss				
Cash and cash equivalents (not assessed for impairment due to materiality)	18,012	-	-	18,012
Statutory Receivables (with no impairment loss recognised)	-	287	-	287
Financial assets with loss allowance measured at lifetime expected credit loss				
Contractual receivables (with no impairment loss recognised)	-	-	184	184
Total financial assets	18,012	287	184	18,483

(\$ thousand)

				2020
	Financial institutions (AAA credit rating)	Government agencies (AAA credit rating)	Other (min BBB credit rating)	Total
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss				
Cash and cash equivalents (not assessed for impairment due to materiality)	9,944	-	-	9,944
Statutory Receivables (with no impairment loss recognised)	-	472	-	472
Financial assets with loss allowance measured at lifetime expected credit loss				
Contractual receivables (with no impairment loss recognised)	-	-	766	766
Total financial assets	9,944	472	766	11,182

Statutory receivables

ESV's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Impairment of financial assets under AASB 9

ESV records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the ESV's contractual receivables and statutory receivables. ESV concludes that no impairment is necessary as all financial assets are recoverable.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

7.1.2.3 Financial instruments: liquidity risk

Although not a financial asset, contract assets recognised applying AASB 15 (refer to Note 5.2) are also subject to impairment however it is immaterial.

Liquidity risk arises from being unable to meet financial obligations as they fall due. ESV operates under the Victorian Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

ESV is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. ESV manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

ESV's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

7.1.2.4 Financial instruments: market risk

ESV's exposure to market risk relates primarily to interest rate risk. It does not have, nor intend to have, any exposure to foreign currency risk, or equity price risk.

Sensitivity disclosure analysis and assumptions

Considering past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, ESV believes that a movement of 100 basis points up and down in market interest rate is reasonably possible over the next 12 months. Sensitivity analyses shown are for illustrative purposes only.

The tables that follow shows the impact on ESV's net result for each category of financial instrument held by ESV at the end of the reporting period, if the above movements were to occur.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. ESV does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. ESV has minimal exposure to cash flow interest rate risks through cash and cash equivalents that are at floating rate.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rate risk are set out in the table that follows.

Notes to the financial statements for the financial year ended 30 June 2021

7.1.2.4 (a) Interest rate exposure of financial instruments

(\$ thousand)

	Weighted average interest rate%	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2021					
Contractual financial assets					
Cash and cash equivalents	0.3%	18,012	-	18,012	-
Receivables	-	184	-	-	184
Total contractual financial assets		18,196	-	18,012	184
Contractual financial liabilities					
Payables	-	2,331	-	-	2,331
Lease liabilities	2.6%	3,943	3,943	-	-
Total contractual financial liabilities		6,274	3,943	-	2,331
2020					
Contractual financial assets					
Cash and cash equivalents	1.1%	9,944	-	9,944	-
Receivables	-	766	-	-	766
Total contractual financial assets		10,710	-	9,944	766
Contractual financial liabilities					
Payables	-	2,490	-	-	2,490
Lease liabilities	2.6%	4,629	4,629	-	-
Total contractual financial liabilities		7,119	4,629	-	2,490

The total amounts disclosed here exclude statutory amounts (for example GST input tax recoverable and taxes payable).

7.1.2.4 (b) Interest rate risk sensitivity

(\$ thousand)

	Carrying amount	-100 basis points	+100 basis points
		Net result	Net result
2021			
Contractual financial assets			
Cash and cash equivalents	18,012	(180)	180
Total impact	18,012	(180)	180
2020			
Contractual financial assets			
Cash and cash equivalents	9,944	(99)	99
Total impact	9,944	(99)	99

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by events not wholly within ESV's control.

ESV has no quantifiable or non-quantifiable contingent assets.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by uncertain future events not wholly within ESV's control, or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or
 - the amount of the obligations cannot be reliably measured.

Contingent liabilities are also classified as either quantifiable or non-quantifiable. ESV has no quantifiable or non-quantifiable contingent liabilities.

Notes to the financial statements for the financial year ended 30 June 2021

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on ESV's results and financial position.

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

Plant and equipment are carried at fair value. ESV determines the policies and procedures for determining fair values for non-financial physical assets as required.

In addition, the fair values of other assets and liabilities which are carried at amortised cost, also need to be determined for disclosure purposes. ESV only have short-term financial

instruments such as cash at bank, trade receivables and payables and their carrying amount is a reasonable approximation of fair value. As such, a fair value disclosure on financial instruments is not required.

Fair value hierarchy

In determining fair values, several inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

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

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value)
- which level of the fair value hierarchy was used to determine the fair value
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end, and
 - details of significant unobservable inputs used in the fair value determination.

7.3.1 Fair value determination: non-financial physical assets

(\$ thousand)

	Carrying amount as at 30 June	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
2021				
Plant and equipment at fair value	584	-	-	584
2020				
Plant and equipment at fair value	757	-	-	757

These assets have been classified in accordance with the fair value hierarchy, see note 7.3. There have been no transfers between levels during the period. ESV's plant and equipment is held at fair value. For all assets measured at fair value, the current use is considered the highest and best use. There were no changes in valuation techniques throughout the period to 30 June 2021.

Reconciliation of Level 3 fair value movements

(\$ thousand)

	2021	2020
Plant and equipment		
Opening balance	757	847
Purchases/transfers	67	180
Gains or losses recognised in net result		
Depreciation	(240)	(270)
Subtotal	(213)	(90)
Gains or losses recognised in other economic flows - other comprehensive income		
Revaluation	-	-
Closing balance	584	757
Unrealised gains/(losses) on non-financial assets	-	-

Description of significant unobservable inputs to Level 3 valuations

2020 and 2021	Plant and equipment
Valuation technique	Depreciated replacement cost
Significant unobservable inputs	Physical depreciation and obsolescence adjustment

Significant unobservable inputs have remained unchanged since June 2016.

ESV applied AASB 2015-7 *Fair Value Disclosures of Not-for Profit Public Sector Entities*, exempting not-for-profit public sector entities from disclosing 'unrealised gains/(losses) on non-financial assets', quantitative information of significant unobservable inputs and the sensitivity analysis if the assets are held primarily for their current service potential rather than to generate net cash inflows.

Notes to the financial statements for the financial year ended 30 June 2021

8 Other disclosures

Structure

8.1 Reserves

8.2 Responsible persons

8.3 Remunerations of executives

8.4 Related parties

8.5 Compensation of key management personnel

8.6 Remuneration of auditors

8.7 Subsequent events

8.8 Change in accounting policies

8.9 COVID-19

8.10 Glossary of technical terms

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, to assist in the understanding of these financial statements.

8.1 Reserves

	(\$ thousand)	
Reserves	2021	2020
Physical asset revaluation surplus		
Balance at beginning of financial year	176	176
Revaluation increments/ (decrements)	-	-
Disposal or transferred out	-	-
Balance at end of financial year	176	176
Net changes in reserves	-	-

8.2 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the Financial Management Act 1994 (FMA), the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Minister and Accountable Officer in ESV are as follows:

Minister for Energy, Environment and Climate Change

The Hon. Lily D'Ambrosio MP
1 July 2020 to 30 June 2021

Director of Energy Safety

Marnie Williams
1 July 2020 to 31 December 2020

Commissioner and Chairperson

Marnie Williams
1 January 2021 to 30 June 2021

Commissioner and Deputy Chairperson

Michelle Groves
1 January 2021 to 30 June 2021

Commissioner

Sarah McDowell
1 January 2021 to 30 June 2021

Chief Executive Officer

Leanne Hughson
26 April 2021 to 30 June 2021

Remuneration

Remuneration received or receivable by the Accountable Officer for the management of ESV during the reporting period was in the range: \$360,000 – \$370,000 (2019–20: \$360,000 – \$370,000).

8.3 Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as allowances and non-monetary benefits.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include LSL, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

(Including key management personnel disclosed in Note 8.5)

(\$ thousand)

	2021	2020
Short-term employee benefits	1,593	1,438
Post-employment benefits	133	107
Other long-term benefits	14	9
Termination benefits	11	-
Total remuneration (i) (ii)	1,751	1,554
Total number of executives	10	6
Total annualised employee equivalent (iii)	6	5

Notes:

- i) The total number of executive officers includes persons who meet the definition of key management personnel of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.5).
- ii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.4 Related parties

ESV is a wholly owned and controlled entity of the State of Victoria. Related parties of the entity include:

- all key management personnel, their close family members and personal business interests, and
- all cabinet ministers and their close family members, and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements

Notes to the financial statements for the financial year ended 30 June 2021

Significant transactions with government-related entities

During the financial year ended 30 June 2021, ESV had the following significant government-related entity transactions:

- on-passed \$232,897 of infringement notice fees to the Consolidated Fund, through the Department of Environment, Land, Water and Planning (2020: \$54,176)
- paid \$507,038 in annual insurance premiums to the Victorian Managed Insurance Authority (2020: \$501,620)
- received grant of \$2,904,500 from DELWP, which was recognised \$1,382,706 in 2021 financial year.

ESV's key management personnel includes the Portfolio Minister, the Commission of Energy Safety and members of the Executive Management Board:

- Portfolio Minister - The Hon. Lily D'Ambrosio MP
- Director of Energy Safety – Ms Marnie Williams (01/07/20 – 31/12/20)
- Commissioner and Chairperson – Ms Marnie Williams (01/01/21 – 30/06/21)
- Commissioner and Deputy Chairperson – Ms Michelle Groves (01/01/21 – 30/06/21)
- Commissioner – Ms Sarah McDowell (01/01/21 – 30/06/21)
- Chief Executive Officer – Ms Leanne Hughson (26/04/21 – 30/06/21)
- General Manager Licensing, Standards and Training Mr Neil Fraser (01/07/20 – 30/06/21)
- Chief Transformation Officer - Mr Sharife Rahmani (01/07/20 – 31/12/20)
- Acting Chief Executive Office – Mr Sharife Rahmani (01/01/21 – 25/04/21)
- Chief Operating Officer - Mr Sharife Rahmani (26/04/21 – 30/06/21)
- General Manager, Corporate Service – Ms Karen Fitzpatrick (01/07/20 -09/04/21)
- General Manager, Risk, Regulatory Planning and Policy - Dr Roanne Allan (01/07/20 – 04/10/20)

- General Manager, Strategy, Performance and Risk - Dr Roanne Allan (05/10/20 – 30/06/21)
- General Manager, Electrical Safety and Technical Regulation - Mr Ian Burgwin (01/07/20 – 30/06/21)
- General Manager, Gas and Pipeline Safety and Technical Regulation - Mr Steve Cronin (01/07/20 – 30/06/21)
- General Counsel, Ms Michelle McCorkell (01/01/21 – 30/06/21)

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances are set by the Parliamentary Salaries and Superannuation Act 1968 and are reported within the Department of Parliamentary Services' Financial Report.

8.5 Compensation of key management personnel

(\$ thousand)

	2021	2020
Short-term employee benefits	1,955	1,776
Post-employment benefits	155	135
Other long-term benefits	19	18
Termination benefits	11	-
Total	2,140	1,929

Note that key management personnel are also reported in the disclosure of remuneration of executive officers (Note 8.3).

Transactions and balances with key management personnel and other related parties

Outside of normal citizen type transactions, there were no related party transactions that involve key management personnel, their close family members and their personal business interests.

No provision has been required, nor any expense required for impairment of receivables from related parties.

8.6 Remuneration of auditors

(\$ thousand)

	2021	2020
Victorian Auditor-General's Office		
Audit of the financial statements	38	38

No other services were provided by the Victorian Auditor-General's office.

8.7 Subsequent events

There have been no significant events post reporting date.

8.8 Change in accounting policies

ESV has adopted all new accounting standards and interpretations that are effective as per 30 June 2021. Therefore no impact has been noted.

Foreign currency transactions

All foreign current transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. ESV does not have any foreign monetary items existing at the end of the reporting period.

8.9 COVID-19

The impact of the COVID-19 pandemic remains uncertain and represents a material downside risk to the economy. However, ESV has considered the impact of COVID-19 on its financial assets, non-financial assets and going concern, and has concluded that COVID-19 has not had a material impact.

8.10 Australian Accounting Standards issued that are not yet effective

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2021 reporting period. ESV assesses the impact of these new standards and their applicability and early adoption where applicable.

As at 30 June 2021, there are a number of standards and interpretations that had been issued but were not mandatory for financial year ending 30 June 2021. They become effective for the first financial statement for reporting periods commencing after the stated effective date in the table below.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on ESV financial statements
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued ED 301 <i>Classification of Liabilities as Current or Non-Current – Deferral of Effective Date</i> with the intention to defer the application by one year to periods beginning on or after 1 January 2023. ESV will not early adopt the Standard.	1 January 2023	ESV is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Notes to the financial statements for the financial year ended 30 June 2021

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, which are relevant to ESV but are considered to have limited impact on the reporting.

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).
- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.

8.10 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

Controlled item generally refers to the capacity of an entity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transactions'.

Effective interest method is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Financial asset is any asset that is:

- a) cash
- b) an equity instrument of another entity
- c) a contractual right:
 - to receive cash or another financial asset from another entity or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or maybe settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is:

- a) A contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- b) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements comprise:

- a) a balance sheet as at the end of the period
- b) a comprehensive operating statement for the period
- c) a statement of changes in equity for the period
- d) a cash flow statement for the period
- e) notes, comprising a summary of significant accounting policies and other explanatory information
- f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*
- g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statement in accordance with paragraphs 41 of AASB 101.

Grant expenses and other transfers are transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

Grants can be paid as general-purpose grants, which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants for on-passing are grants paid to one institutional sector (for example, a State general government entity) to be passed on to another institutional sector (for example, local government or a private non-profit institution).

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

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net operating balance – net result from transactions: Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'.

Net worth is calculated as assets less liabilities, which is an economic measure of wealth.

Non-financial assets are all assets that are not financial assets. They include plant and equipment, and intangible assets.

Operating result: Refer to 'net result'.

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; and fair value changes of financial instruments.

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other AAS. They include changes in physical asset revaluation surplus.

Payables includes short and long-term trade debt and accounts payable, taxes and interest payable.

Produced assets include plant and equipment, and certain intangible assets. Intangible produced assets include configured computer software costs. This definition contrasts with non-produced, or internally generated intangible assets, such as goodwill or brands.

Receivables include short and long-term trade credit and accounts receivable, accrued income, taxes and interest receivable.

Supplies and services generally represent cost of goods sold and the day today running costs, including maintenance costs, incurred in the normal operations of the entity.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (for example, assets provided / given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Transactions are those economic flows that are considered to arise because of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows into an entity such as depreciation, where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

- zero, or rounded to zero
- (xxx) negative numbers
- 201x year period 201x–1x year period

The financial statements and notes are presented based on the illustration for a Government Department in the *2020–21 Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of ESV's annual reports.

Independent Auditor's Report

To the Commission of Energy Safe Victoria

Opinion	<p>I have audited the financial report of Energy Safe Victoria (the entity) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • Responsible Body's, Accountable Officer's and Chief Financial Officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Commission's responsibilities for the financial report	<p>The Commission of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Commission determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Commission is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commission
- conclude on the appropriateness of the Commission's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commission regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
6 September 2021



Simone Bohan
as delegate for the Auditor-General of Victoria

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Standing Directions and Financial Reporting Directions

Financial statements

Declaration

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Abbreviations

AAS Australian Accounting Standards

AASB Australian Accounting Standards Board

ACCC Australian Competition and Consumer Commission

AEMO Australian Energy Market Operator

AFL Australian Football League

AMAP Asset Management Accountability Framework

AMR Automatic Mutual Recognition

AS/NZS Australian Standard/New Zealand Standard

BAO Buffer Area Overlay

BAU business as usual

BMP Bushfire Mitigation Plans

CEO Chief Executive Officer

COES Certificate of Electrical Safety

COO Chief operating officer

CRC Cooperative Research Centre

CSIRO Commonwealth Scientific and Industrial Research Organisation

DDIY Don't do it yourself

DELWP Department of Environment, Land, Water and Planning

DDO Design and Development Overlay

DIIS Australian Government, Department of Industry, Science, Energy and Resources

EESS Electrical Equipment Safety Scheme

ELCCC Electric Line Clearance Consultative Committee

ERAC Electrical Regulatory Authorities Council

ESMS Electricity Safety Management Scheme

ESV Energy Safe Victoria

FFCRC Future Fuels Cooperative Research Centre

FOI Freedom of information

FMA Financial Management Act 1994

FTE full-time equivalent

GAMAA Gas Appliance Manufacturers Association of Australia

GEM ESTR General Manager, Electrical Safety and Technical Regulation

GM GPSTR General Manager Gas and Pipeline Safety and Technical Regulation

GM LPG General Manager Legal, Policy and Governance

GM LTS General Manager, Licensing, Training and Standards

GM SPR General Manager, Strategy, Performance and Risk

GST Goods and Services Tax

GTRC Gas Technical Regulators Committee

HBRA Hazardous-bushfire-risk area

HE high energy

HV high voltage

IBAC Independent Broad-based Anti-Corruption Commission

ICT Information communication technology

IT information technology

IDAHOBIT International Day Against Homophobia, Transphobia and Biphobia

IEC TC International Electrotechnical Commission Technical Committee

LBRA Low-bushfire-risk area

LEI Licensed Electrical Inspectors

LGBTIQ lesbian gay, bisexual transgender, intersex and queer

LPG liquefied petroleum gas

LSL long service leave

MPSG Major Project Skills Guarantee

NA Not applicable

NAIDOC National Aborigines and Islanders Day Observance Committee

NECA National Electric and Communications Association

OHS Occupational health and safety

OVIC Office of the Victorian Information Commissioner

PIDA Public Interest Disclosures Act

PPE personal protective equipment

REFCL Rapid earth fault current limiter

RIS Regulatory impact statement

RUOK Are you OK

RTO Registered training organisation

SOE Statement of Expectations

SPF Social Procurement Framework

TAFE technical and further education

VBA Victorian Building Authority

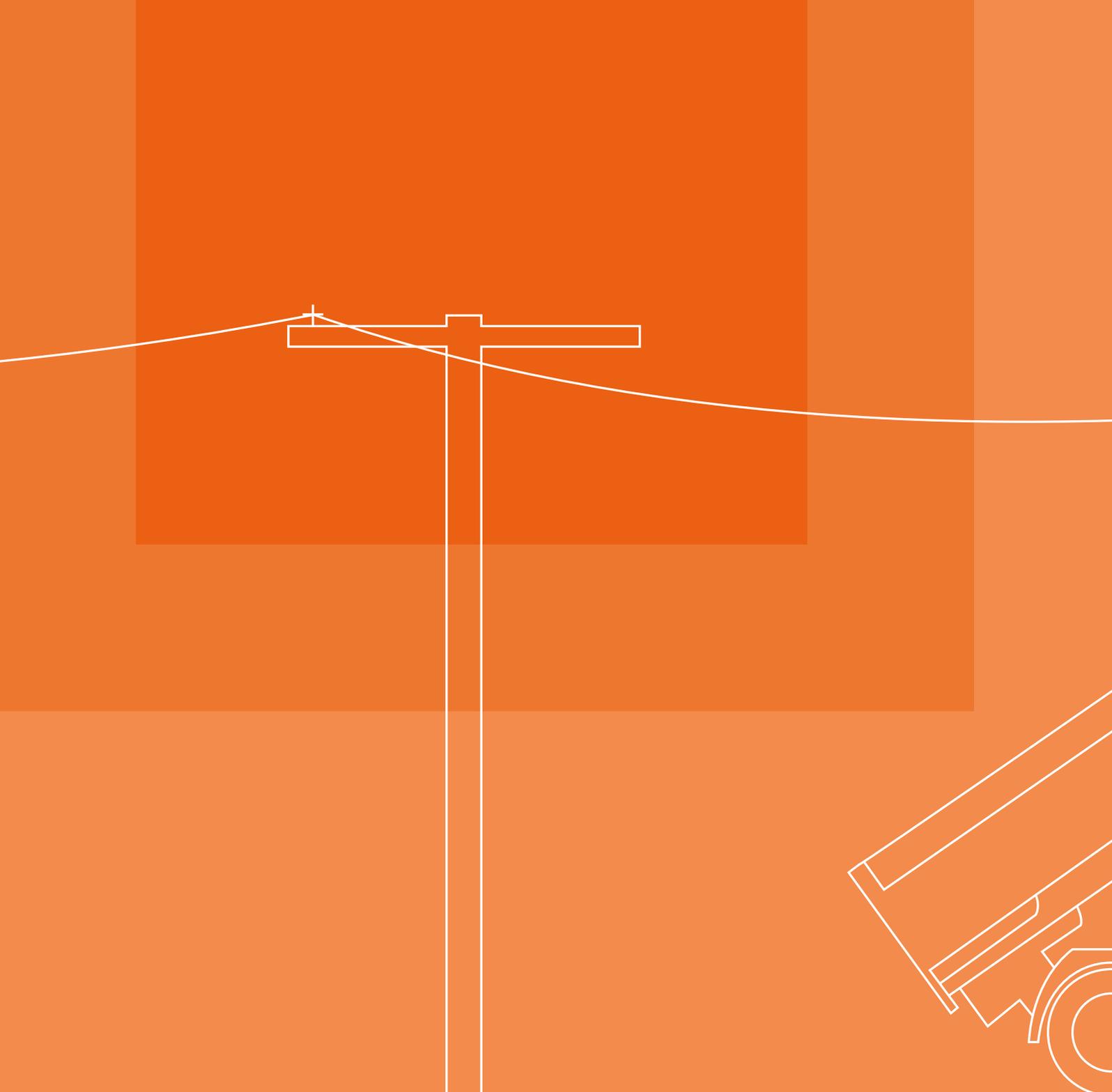
VEEC Victorian Electrolysis Committee

VGEF Victorian Generators Electrical Forum

VIPP Victorian Industry Participation Policy

VPS Victorian public service

WECC Workforce Engagement Consultative Committee



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