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The Gas Brigades outside Melbourne's Crown Casino.

OVERVIEW



Energy Safe Victoria is the independent electricity, gas and pipeline safety and technical regulator in Victoria. Responsibilities are achieved by auditing the design, construction and maintenance of all electricity, gas and pipeline networks and installations and by ensuring that appliances meet stringent safety and energy efficiency standards before they are sold. ESV also conducts a comprehensive public awareness campaign to educate the community and industry on the potential dangers associated with electricity, gas and pipelines.

THE ORGANISATION

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

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

OUR MISSION

AS VICTORIA'S INDEPENDENT ELECTRICITY, GAS AND PIPELINE SAFETY AND TECHNICAL REGULATOR, ENERGY SAFE VICTORIA STRIVES TO ENSURE THE SAFE AND EFFICIENT SUPPLY AND USE OF ELECTRICITY, GAS AND PIPELINES, FOR THE BENEFIT OF ALL VICTORIANS.

WE PROTECT AND ASSIST THE COMMUNITY BY:

- WORKING CO-OPERATIVELY AND IN CONSULTATION WITH THE INDUSTRY AND COMMUNITY TO FACILITATE SAFETY OUTCOMES;
- DEVELOPING AND COMMUNICATING SAFETY AND EFFICIENCY REQUIREMENTS AND PROGRAMS;
- MONITORING, AUDITING, AND ENFORCING COMPLIANCE WITH THE REQUIREMENTS;
- ADMINISTERING LICENSING, REGISTRATION AND APPROVAL SYSTEMS WHICH MAINTAIN SAFETY STANDARDS AND SKILLS.

VICTORIA WILL BE A STATE WHERE THE COMMUNITY, INDUSTRY AND REGULATORS SHARE A STRONG COMMITMENT TO THE SAFE AND EFFICIENT SUPPLY AND USE OF ELECTRICITY AND GAS, AND THE SAFETY OF PIPELINES.

OVERVIEW

OUR VISION – TOWARDS 2012

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

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

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

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

This will create a safer State for the benefit of all Victorians.

OUR VALUES

At Energy Safe Victoria, the following core values are expected from our team at all times. These values are to be expressed in our day to day actions and decisions, and our interactions with others.

1. Respect

- We respect people and their opinions
- We respect differences and skill diversity
- We recognise that all people have valuable contributions to make

2. Integrity

- We communicate and act in an open, honest, ethical and transparent manner
- We aim to meet our promises
- We are trustworthy – we mean what we say
- We make decisions on merits, based on facts, logic and process

3. Teamwork

- We work co-operatively as a team
- We encourage, mentor and support other team members

4. Commitment and Responsiveness

- We demonstrate motivation and commitment to our role
- We are committed to being responsive to the needs of internal and external stakeholders
- We aim to be timely and efficient

5. Flexibility and Innovation

- We are open to changes that may help achieve our goals
- We encourage innovation and ideas

6. Accountability

- We take responsibility for our actions and decisions
- We demonstrate leadership

7. Excellence

- We strive for quality and excellence in our actions



ROLE AND FUNCTIONS

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

Objectives

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

FUNCTIONS

Energy Safe Victoria carries out the following functions to meet these responsibilities:

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

IN SUMMARY, 2006/07 HAS BEEN A BUSY AND CHALLENGING YEAR FOR ESV AND ITS PEOPLE. WE CONTINUED TO DEVELOP WHAT IS STILL A RELATIVELY NEW ORGANISATION TO LEVERAGE OFF THE BENEFITS OF COMBINING ELECTRICITY AND GAS SAFETY EXPERTISE.

DIRECTOR OF ENERGY SAFETY'S REPORT

I am pleased to present ESV's second annual report covering our operations and activities for 2006/07. It is in fact our first report to cover a full 12 months – the last report only covered the period from our establishment on 10 August 2005 until 30 June 2006.

In summary, 2006/07 has been a busy and challenging year for ESV and its people. We continued to develop what is still a relatively new organisation to leverage off the benefits of combining electricity and gas safety expertise.

We were of course established to protect the safety of the general community and everyone involved in the relevant industries from electricity and gas related issues, and there has been no diminution of this essential focus for us.

ESV remains concerned that incidents causing a range of injuries – and even death in extreme circumstances – continue to occur. Our aim is always to do everything possible to reduce such incidents, and I believe we can be reasonably satisfied with our efforts in 2006/07.

We are not resting on our laurels but always striving with the encouragement and support of our safety partners to do better and make Victoria the safest State in Australia as far as electricity and gas safety is concerned.

Late in the year responsibility for the safety of Victoria's licensed pipelines was transferred to ESV from the Department of Primary Industries. The transfer provides us with new responsibilities and challenges, and we welcome them.

THE CORPORATE PLAN

For 2006/07 we set ourselves a busy and ambitious program of strategies and initiatives as part of an overall five year Corporate Plan to address a wide range of energy safety issues. It is well worth reminding ourselves of those challenges:

- Prevention of serious incidents and fatalities;
- Ensuring that the energy safe legislative and regulatory framework is current and effective;
- Ensuring that the merger of electricity and gas safety and technical regulation functions deliver acceptable benefits to all stakeholders, including the general community;
- Addressing the skills shortage and its impact on energy safety;
- Improving communications with stakeholders to enhance the need to work safely;
- Ensuring that ESV has the most appropriate structures and processes to deliver best practice energy safety outcomes.

OUR ACHIEVEMENTS

I am pleased to report a number of positive outcomes across all our operational areas against the strategies and initiatives listed previously.

In the regulatory area we have a huge task ahead of us progressively re-making all gas and electricity safety regulations which sunset in either 2009 or 2010. Good progress has been made with work starting on the development of proposed new Gas Safety (Gas Quality) Regulations and Electricity Safety (Stray Current Corrosion) Regulations.

We also completed work on some major amendments to the Electricity Safety Act covering Electricity Safety Management Schemes which are now awaiting introduction.

In addition, the Electricity Safety (Equipment Efficiency) Regulations 1999 were amended to require the energy used by dishwashers and clothes washers in standby mode to be included in the energy labelling scheme. The amendments came into force on 1 April 2007.

Making the public and the electricity and gas industries aware of safety issues is an important responsibility for us. During the year we commissioned four major safety awareness programs on metropolitan and regional television and radio and the schedules included new commercials produced by us covering cooking safety and appliance maintenance.



Director of Energy Safety, Ken Gardner, with the Minister for Energy and Resources, Peter Batchelor

Following the three electrocutions in 2006 resulting from trucks touching powerlines on rural properties, ESV implemented a "Look Up And Live" television and radio campaign in regional Victoria which also featured another of our new commercials. The response to the campaign was very positive, and I would like to acknowledge the support we received for it from distribution businesses, SP AusNet and Powercor.

ESV will be broadcasting other new commercials in the next financial year. One of them was produced at the end of 2006/07 and features a licensed electrician warning of the dangers of illegal and dangerous electrical work. The message is: never do your own electrical work, always engage a registered electrical contractor and insist on a certificate of electrical safety.

The message in the other new commercial to be "shot" early in the year warns of the dangers if connections between Liquified Petroleum Gas (LPG) cylinders and outdoor gas appliances, such as barbecues, heaters and lights do not seal correctly. Two deaths attributable to poor connections were reported in 2006/07.

A great deal of work was undertaken during the year developing the new ESV website. Focus groups and other research involving external stakeholders and ESV staff assisted in determining the design, functionality and contents of the new site, which was commissioned early in July 2007. Although further work is required to ensure it meets the aspirations of all users, reaction to the new site has been mostly positive.

With a circulation of some 55 000, ESV's quarterly magazine **energysafe** is now acclaimed positively and widely by the electricity and gas industries for the safety information and other features which it provides.

Late in 2006/07, a customer satisfaction survey was undertaken on behalf of ESV to measure our performance and services. Interviews involved 400 electricity stakeholders, 300 gas stakeholders and 15 what we termed "special stakeholders". The results were delivered early in 2007/08 with the findings to be thoroughly analysed and programs implemented to address areas where our service needs improving.

Apart from assuming responsibility for the safety of Victoria's licensed pipelines, ESV continued to operate the State's co-regulatory gas safety regime, including 45 safety case audits, as part of the five year audit cycle to address specific risks relevant to each sector of the gas industry.

Another important aspect of our work is our involvement with other groups updating and improving safety standards. Examples in 2006/07 included extensive contributions to national standards work on transmission pipelines, gas distribution networks, live work on high voltage lines, the connection of service lines and testing procedures, and the development of new Wiring Rules and national standards for electrical installations, appliance safety and energy efficiency.

During the year in question, ESV targeted electricity industry audit campaigns to improve compliance and industry awareness of current standards and work methods applicable to the industry, including audits of hazardous material sites, large manufacturing sites and more than 100 construction sites.

There were 28 000 audits of electrical installations and more than 700 audits of electricity industry workers undertaken during the year to ensure compliance and safety.

Regular equipment safety audits were conducted at retail stores, wholesale establishments, secondhand stores and markets during the year to ensure that only compliant and approved electrical equipment is available for sale. In the process, more than 4000 products were checked for compliance to energy labelling and 1300 products checked for safety.

In similar gas related work, ESV completed 20 audits of retailers to ensure that both new and secondhand gas appliances are compliant and safe when offered for sale.

During the year and in consultation with the electricity industry, ESV undertook a comprehensive review of the Certificate of Electrical Safety system together with the independence and governance of the electrical inspection and auditing system – the aim being to identify actions to increase participation and improve safety. The recommendations from the report are now being costed and considered before determining the way ahead.

ESV also audited and inspected more than 1000 large commercial gas appliances and industrial gas combustion systems 'Type B' appliances, and completed the inspection and acceptance of more than 200 commercial 'Type A' appliances under Tier 2 arrangements with the Australian Gas Association.

I SHOULD LIKE TO THANK OUR SAFETY PARTNERS FOR THEIR WORK AND SUPPORT DURING THE YEAR IN PURSUIT OF ELECTRICITY AND GAS SAFETY.

DIRECTOR OF ENERGY SAFETY'S REPORT CONT...

Assisting in maintaining a stable, sustainable and skilled industry workforce is another crucial challenge for ESV. During 2006/07 we continued to assist the electricity and gas industries in addressing the technical and engineering skills shortage.

Examples included working closely with registered training organisations (RTOs) and the electricity industry on training packages for apprentice electricians, lineworkers, electrical inspectors and electrical contractors.

Other initiatives included close cooperation with the electricity distribution businesses to introduce a national passport for supply industry electrical workers and refresher training packages. We also assisted with the introduction of the Victorian Government's Advanced Metering Infrastructure (AMI) Program.

These achievements together with others are covered in more detail in the relevant sections of this annual report.

SERIOUS INCIDENTS

There were two electrocutions reported during the year with the cause of both deaths needing to be confirmed by medical specialists because of initial uncertainty over whether they were electricity related. While two deaths is still too many, the figure is a distinct improvement compared to the seven electricity related fatalities – including the three deaths due to trucks touching powerlines and one death due to the wilful act of train surfing – recorded in 2005/06.

The figure is also an improvement on the long term averages for electricity related fatalities. Unfortunately it is often a matter of chance whether an incident results in a fatality or not, which can explain why statistics on deaths per year can fluctuate quite considerably.

Among other actions, ESV issues Safety Alerts and/or media releases after major incidents hopefully to warn the electricity and gas industries and the community of the need to be safe around electricity and gas at all times, and will do whatever possible to try and eliminate electrocutions, gas related deaths and serious incidents. It is encouraging that the rate of fatalities for 2005/06 was hopefully an aberration and not the start of a trend.

Incidents involving Liquefied Petroleum Gas (LPG) cylinders and mainly outdoor appliances such as barbecues, heaters and lights became a major concern for us in 2006/07.

While there were no gas related fatalities in 2005/06, I regret to report there were two deaths in 2006/07 resulting, it appears, from the connections between cylinders and appliances leaking. There was another serious incident during the year in which two girls were badly burned in a tent fire – with a leaking connection between a cylinder and light being the likely cause.

We are hoping to help reduce the chances of such incidents with the production of the new television commercial referred to earlier which will focus on the dangers – deaths, serious burns and fires – which can happen if connections have not been properly sealed. We are also looking at other ways to address what seems to be an increasing problem for us.

Details of major incidents are also covered in the relevant sections of this Annual Report.



Director of Energy Safety, Ken Gardner.

IN CONCLUSION

I should like to thank our safety partners for their work and support during the year in pursuit of electricity and gas safety. I am pleased to report that we strengthened our working partnerships with a number of agencies during the year including WorkSafe Victoria, MFB, CFA, EPA, Marine Safety Victoria, Victoria Police, State Coroner's Office, Department of Sustainability and Employment, Department of Primary Industries, Essential Services Commission, Energy and Water Ombudsman of Victoria and electricity distribution businesses.

During the year we established Memoranda of Understanding with the Essential Services Commission and the 'Dial Before You Dig' service.

Last but by no means least, I acknowledge the work of ESV's management and staff across all areas of the organisation. Our work is hard, often difficult and sometimes distressing but ESV people continually demonstrate professionalism and commitment in getting the job done for the greater good.

The positives certainly outweigh the negatives as far as our year's work is concerned, and we have no intention of letting our performance and standards slip on the important responsibilities with which we have been entrusted.

KEN GARDNER
DIRECTOR OF ENERGY SAFETY



ENERGY SAFE VICTORIA IS LED BY THE DIRECTOR OF ENERGY SAFETY WHO IS APPOINTED PURSUANT TO THE *ENERGY SAFE VICTORIA ACT 2005* WHICH IS ADMINISTERED BY THE MINISTER FOR ENERGY AND RESOURCES.

ESV'S MISSION AND OBJECTIVES ARE ACHIEVED THROUGH THE COMMITMENT AND COLLABORATIVE EFFORTS OF ITS MANAGEMENT AND STAFF.

THE ORGANISATION



DIRECTOR OF ENERGY SAFETY **KEN GARDNER**
Executive direction of Energy Safe Victoria



DEPUTY DIRECTOR & EXECUTIVE MANAGER, INFRASTRUCTURE SAFETY **MIKE EBDON**
Electricity Supply Networks - Gas Supply Networks - Traction Networks - Electrolysis - Gas and Electricity Supply
Risk Management - Pipelines - Supply Standards



EXECUTIVE MANAGER, FINANCE AND IT **ANTHONY DEJONG**
Finance and Administration - Information Technology - Customer Service Centre



EXECUTIVE MANAGER, GAS INSTALLATIONS & APPLIANCE SAFETY **STEPHEN BROOK**
Gas Installations - Gas Installation Standards - Major Events - Type B Gas Appliances
Energy Efficiency of Gas Appliances, Approvals and Inspections - Gas Appliance Retailer Audits



EXECUTIVE MANAGER, ELECTRICITY INSTALLATIONS & EQUIPMENT SAFETY **DARREN MARGERISON**
Electricity Installations - Electricity Installations Standards - Electricity Appliance Approvals - Electricity Appliance Inspections
Energy Efficiency of Electricity Appliances, Approvals and Inspections - Electricity Installation Inspections
Licensed Electrical Inspector Audits - Electricity Appliance Retailer Audits - Certificate Administration



EXECUTIVE MANAGER LEGAL AND LICENSING **PETER HESTER**
Legal - Investigations - Prosecutions - Emergency Management - Licensing - Registration - Training - Competency



EXECUTIVE ADVISOR, COMMUNICATIONS & PUBLIC RELATIONS **DAVID GUTHRIE-JONES**
Community Education and Communications - Media - Publications - Industry Communications - Magazine



HUMAN RESOURCES ADVISOR **JANIS MCFARLAND**
Human resources

Workforce Data

Staff turnover for the year was 7.8% (7 staff) which included one retirement. This table outlines ESV's headcount as at 30 June 2007 which includes one transfer from the Department of Primary Industry.

As at 30 June 2007

	Male	Female	Total
Director's Office	1	1	2
Communications & Public Relations	1	0	1
Infrastructure Safety (Gas & Electricity)	20	1	21
Licensing and Professional Development	3	6	9
Gas Installation & Appliance Safety	21	0	21
Electricity Installations & Equipment Safety	16	0	16
Legal (Investigations & Prosecutions)	8	0	8
Finance, Administration & Customer Service	6	5	11
Human Resources	0	1	1
Information Technology	1	1	2
Total	77	15	92

REVIEW OF OPERATIONS – CORPORATE ACTIVITIES

This report covers a number of major activities undertaken by Energy Safe Victoria across the areas of electricity and gas safety from 1 July 2006 to 30 June 2007.

This section deals with what are termed Corporate Activities. There are additional sections covering both the safe and efficient use of electricity and gas, together with public awareness and communications.

This section of the annual report covers ESV Corporate Activities including human resource issues, legal and regulatory activities, information technology developments and a summary of the organisation's financial position

HUMAN RESOURCES

A new Human Resources function was set up during the year to assist with the consolidation of the two merged organisations and to enable ESV to progress towards becoming an employer of choice.

Policy consolidation and development

Consolidation of policies after the merger continued throughout the year with new policies for: flexible working hours; travel; motor vehicles; and diversity, as well as updated occupational health and safety policies. A number of new initiatives were also introduced including an Employee Assistance Program, a new performance management system and criteria based recruitment methodologies. Organisational structures and position descriptions continue to be reviewed and updated.

Culture and staff development

All ESV staff received diversity training during the year as well as training on the new performance management system and objective setting. In addition all managers were trained in how to run performance appraisals and in responsibilities of managers in the areas of diversity and occupational health and safety. An accredited program of audit training for compliance and inspection staff was commenced in this financial year. Three young people were employed at ESV during the year on twelve month contracts, under the Youth Employment Scheme (YES) traineeship program.

ESV participated in the State Services Authority 'People Matter' staff survey in May 2007 and commenced team development and culture change workshops at executive level. The Code of Conduct for the Victorian public sector was distributed to all staff.

Principles of merit and equity

ESV appoints the best possible person for the job and is committed to the principles of merit and equity. Applicants in our recruitment and selection processes are interviewed by a small panel and appointed on the basis of merit, using a fair and equitable objective assessment that is based on advertised accountabilities and key selection criteria.

Occupational health and safety

ESV reinforced its commitment to OH&S compliance and staff wellbeing with a number of activities including: an OH&S ergonomic and manual handling risk assessment; the issuing of updated OH&S, and Risk Management & Occupational Rehabilitation policies; influenza vaccinations for all staff; the implementation of regular 'office safety audits'; and an OH&S briefing session for all managers.

DURING THE YEAR, ESV COMPLETED SUCCESSFUL ELECTRICITY AND GAS RELATED PROSECUTIONS AGAINST 40 COMPANIES AND INDIVIDUALS FOR A NUMBER OF OFFENCES INCLUDING UNSAFE WORK, UNREGISTERED/UNLICENSED WORK AND NON-COMPLIANCE WITH STANDARDS.

REVIEW OF OPERATIONS CONT...

LEGISLATION AND REGULATIONS

Legislation

ESV proposes to amend the Electricity Safety Act 1998 to require electricity distribution and transmission companies to submit and comply with electricity safety management schemes. Other key aspects of the proposal include rectification of defective electrical work, improving the representation of the railway and tramway industries on the Victorian Electrolysis Committee and the repeal of redundant provisions relating to electricity safety managers.

Following stakeholder consultation a Business Impact Assessment was prepared and assessed by the Victorian Competition and Efficiency Commission. A bill is expected to be introduced into Parliament in 2007/08.

Amended regulations

The Electricity Safety (Equipment Efficiency) Regulations 1999 were amended to require the energy used by dishwashers and clothes washers in standby mode to be included on the energy labels that are affixed to the appliances. The amendments make transparent the total energy consumed by these appliances in order to better inform consumers when making buying decisions. The amendments commenced on 1 April 2007.

New regulations

Under a program to progressively re-make all gas and electricity safety regulations that expire in 2009 and 2010, ESV commenced development of proposed new Gas Safety (Gas Quality) Regulations and Electricity Safety (Stray Current Corrosion) Regulations.

Investigations and prosecutions

During the year, ESV completed successful electricity and gas related prosecutions against 40 companies and individuals for a number of offences including unsafe work, unregistered/unlicensed work and non-compliance with standards. In addition, there were four successful prosecutions at Plumbing Industry Commission (PIC) disciplinary hearings.

Offenders included apprentices, registered electrical contractors, licensed electricians and licensed electrical inspectors. Most of the offences before the courts were committed by unlicensed people.

The prosecutions before the courts involved 65 offences. A total of 17 bonds to be of good behaviour were issued against offenders, while \$25 200 was ordered to be paid to court funds. Fines and costs of \$42 537.76 and \$49 814.69 respectively were imposed on offenders during the year.





Members of ESV's legal and investigative team: solicitor Anthony Bottegal, solicitor John Murphy, investigator Michael Leahy, investigator Terry Clement, solicitor Andrew Padanyi and Executive Manager Legal and Licensing, Peter Hester.

INFORMATION TECHNOLOGY

A proposed IT Strategy was developed during the year. The strategy document presented a number of recommendations to accommodate ESV's IT requirements over the next few years. The recommendations remained under consideration at the end of 2006/07.

New website

A new ESV website was developed over a number of months in the latter half of the 2006/07 and commissioned in July 2007. Further details are provided in the Public Awareness and Communications section.

Conducting business with ESV on-line

ESV will be introducing a new service early in 2007/08 providing licence and registration holders with the option to receive renewal notices via email, and then complete the renewal process by paying fees on-line by credit card.

The option is one of a range of services which ESV will be introducing progressively enabling stakeholders to conduct their business electronically.

Examples include the availability on-line of certificates of electrical safety (COES) for registered electrical contractors (RECs) and licence holders to lodge with ESV and then download.

Registered electrical contractors and licence holders can also apply to change their registration and licence details on-line.

ESV's agents, who sell certificates, will be able to distribute them to their customers via the internet. Agents will also be able to order new stocks of certificates electronically from ESV.

ESV also proposes to introduce new arrangements for manufacturers and importers of electrical appliances and equipment to apply for approval certificates on-line.

The ESV electrical Home Safety Inspection scheme is very much an on-line program, with home owners and occupiers able to access information from the ESV website, contact inspection companies to receive quotes and then authorise the work to proceed if they so wish.

Similarly, the inspection companies and the inspectors themselves can purchase the home safety inspection certificates on-line and conduct all business with ESV relating to the particular inspection electronically.

In another move, ESV is proposing that options will be introduced for new applications for most classes of licence – other than 'D' licence applications – to be conducted electronically.

Because some RECs and licence holders do not wish to conduct their business with ESV electronically, traditional processes will therefore remain in place for as long as there is a need.

CUSTOMER SERVICE CHARTER

ESV developed a customer service charter during the year detailing what customers can expect from the organisation by way of service. The Charter provides information about ESV, its objectives and role, while it also lists the core values to be expected from the ESV team at all times. The values are listed in the Overview section of this report.

What customers can expect from ESV

The Charter states that ESV is committed to providing a quality service reflective of its values. This will be achieved by:

- Being polite and courteous at all times
- Being accessible
- Providing a customer service of the highest standard when responding to enquiries

- Consulting widely with our stakeholders to ensure the service we provide is timely, relevant and accurate
- Returning business related telephone calls promptly
- Responding to business related emails and correspondence where required within ten business days
- Setting standards for electricity, gas and pipeline use, which will be updated as and when required
- Being consistent, professional, independent, objective and unbiased in our dealings with individuals and organisations
- Providing technical assistance to other agencies investigating incidents involving electricity, gas and pipelines
- Effectively communicating all issues of importance to stakeholders including changes to rules and regulations
- Processing new and renewal applications for licences and registrations efficiently and quickly
- Undertaking ESV's emergency management role effectively and efficiently when electricity and/or gas emergencies are declared
- Informing stakeholders of their rights, obligations and entitlements
- Meeting our legal obligations under the *Information Privacy Act and the Freedom of Information Act*

The Customer Service Charter has been developed as a brochure. Copies are available from ESV or it can be viewed on the website.

ESV ALSO WORKED CLOSELY WITH THE ELECTRICITY DISTRIBUTION BUSINESSES TO INTRODUCE A NATIONAL PASSPORT FOR SUPPLY INDUSTRY ELECTRICAL WORKERS AND REFRESHER TRAINING PACKAGES.

REVIEW OF OPERATIONS CONT...

SKILLS SHORTAGES

ESV continued to assist the electricity and gas industries in addressing the technical and engineering skills shortage. ESV worked closely with registered training organisations (RTOs) and the electricity industry to ensure that new national and state training packages were used by RTOs for the training of apprentice electricians and lineworkers, as well as electrical inspectors, electrical contractors and for post trade courses.

ESV also worked closely with the electricity distribution businesses to introduce a national passport for supply industry electrical workers and refresher training packages. As well, ESV worked with the electrical industry to ensure that the Victorian Government's Advanced Metering Infrastructure (AMI) Program was appropriately resourced in the initial stages with recommended amendments to the *Electricity Safety Act* through amendments to an Order in Council.

WORKING PARTNERSHIPS

ESV strengthened its working partnerships with a number of other agencies including WorkSafe Victoria, MFB, CFA, EPA, Marine Safety Victoria, Victoria Police, State Coroner's Office, Department of Sustainability and Employment, Department of Primary Industries, Essential Services Commission, Energy and Water Ombudsman of Victoria and electricity distribution businesses.

Memoranda of Understanding were established with the Essential Services Commission and the 'Dial Before You Dig' service.

FINANCE

2006/07 was the first full year of operation for ESV following its establishment on 10 August 2005. This is important to recognise for comparative purposes.

ESV generated an operating surplus of \$267,000 for the year, a position slightly above budget, and an increase of \$407,000 on 2005/06.

Total assets decreased during the year due to a decrease in cash, resulting from the payment of provisions and payables.

The reduction in payables and provisions offset the decrease in total assets to the extent that net assets rose by \$267,000 during the financial year

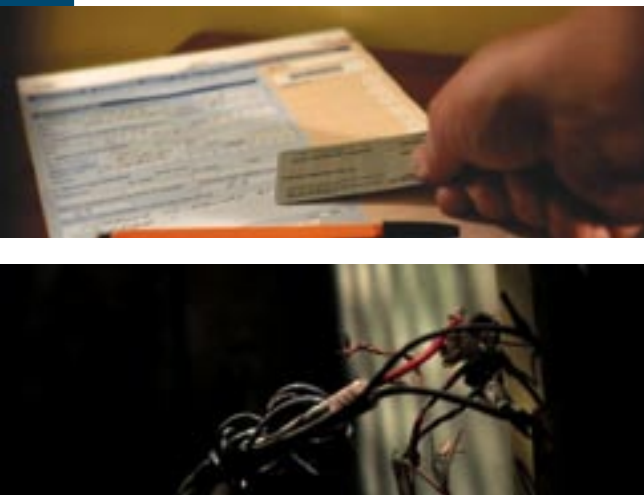
The outlook for 2007/08 is based on a break even operating result, a continuing reduction in liabilities and a transfer within assets from receivables to cash assets. The net asset position at 30 June 2008 is not expected to materially change.

FINANCIAL REVIEW OF OPERATIONS

	06/07	05/06
Total expenses	18,832	16,745
Total revenue	19,099	16,605
Operating surplus/(deficit)	267	(140)
Total assets	7,675	8,181
Total liabilities	4,251	5,024
Net assets	3,424	3,157
Total equity	3,424	3,157



An unapproved Christmas light product detected by ESV.



Scenes from ESV's new "Always Use a Licensed Electrician" commercial.

PUBLIC AWARENESS AND COMMUNICATIONS

ESV continues to focus much activity on raising public and industry awareness of the need to be safe around electricity and gas. In accordance with its communications strategy and action plan, four major campaigns mostly involving television and radio commercials were conducted during the year – spring, pre-Christmas, pre-Easter and winter.

ESV continues to promote the following messages:

- Look Up And Live
- Dial Before You Dig
- Never Do It Yourself electricity and gas work
- Install a safety switch
- Do not work "live"
- Arrange an electrical Home Safety Inspection
- Never leave cooking unattended
- Ensure gas appliances are serviced and checked regularly
- Beware unsafe Christmas lighting products
- Electrical blanket safety
- BBQ safety
- Check the licence of tradespeople
- Insist on a certificate of electrical safety or certificate of compliance when electrical and gas work is completed

"LOOK UP AND LIVE"

ESV conducted an intense campaign across regional Victoria stressing the importance to always "Look Up And Live" when trucks make bulk deliveries to farms. The campaign followed three electrocutions involving trucks and powerlines which occurred on rural properties in 2005/06.

The centrepiece of the campaign was a new television commercial (see this page). Thanks to the support of a number of organisations, including WorkSafe Victoria,

thousands of "Look Up And Live" brochures, stickers and posters were also distributed widely across regional Victoria.

The "Look Up and Live" issue is also covered in the Safe and Efficient Electricity section of this annual report.

REACH AND RECALL

Public opinion surveys conducted by Newspoll on behalf of ESV in December 2006 and June 2007 recorded a generally satisfactory reach and recall of campaigns and messages by the community. There was also a high level of satisfaction with ESV's delivery of safety messages. Some 91 percent of those surveyed who had seen or heard any part of the campaigns said that they were satisfied with ESV's delivery of safety messages. Forty nine percent said that they were very satisfied.

The new "Look Up And Live" commercial scored very high ratings among regional television audiences.

ESV'S NEW TELEVISION COMMERCIALS

During the reporting period, ESV commissioned two new commercials with a further production scheduled to be completed in early 2007/08.

As reported earlier, the new "Look Up And Live" commercial was produced for airing in regional Victoria during late summer and early Spring 2007 to coincide with the start of the season for the bulk delivery of lime, fertiliser and other materials to farms.

The new commercial contains a number of stark messages including:

"Deaths due to trucks and machinery hitting powerlines on rural properties have been on the increase."

"Don't take risks with powerlines. Think of your loved ones. Your family. Look Up And Live."

Apart from ESV's own "Look Up And Live" campaign, SP AusNet broadcast both the television and radio commercials with the addition of their own branding through their own region, while Powercor broadcast the radio commercial through its area. ESV acknowledges the support of the companies for this important campaign.

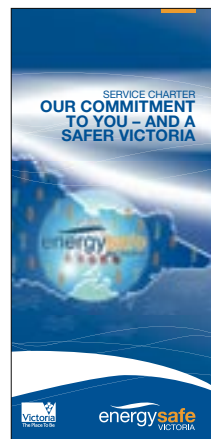
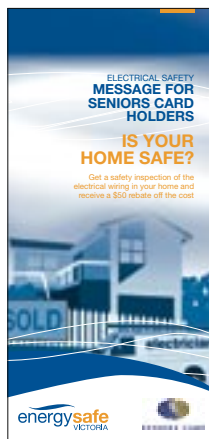
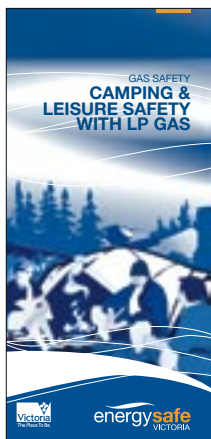
Another new commercial was produced during the year dealing with the issue of always using a licensed electrician for any electrical work around the home. It is proposed to air the commercial for the first time during ESV's spring public awareness campaign in late October/early November 2007. The commercial will also be featured in many future campaigns.

The commercial features a "real" electrician and employs these messages: always use a licensed electrician; check their licences; and insist on a certificate of electrical safety when the job is completed.

The script reads in part:
"As an electrician I have seen some illegal and dangerous work. Lights installed too close to wires and insulation. Power points not wired correctly and badly installed wiring. For safety always use a licensed electrician. Before any work is done, ask to see their licence and ask for a certificate of electrical safety. If they say no, then so should you."

The commercial due to be produced early in 2007/08 will raise awareness of the need for care when using outdoor gas appliances – barbecues, gas lights, heaters etc. It will stress in the particular to need to ensure that the equipment is safe and that all connections between Liquefied Petroleum Gas (LPG) cylinders and appliances are properly sealed and tight.

As reported elsewhere, there were two deaths in Victoria in 2006/07, both resulting from loose connections between LPG cylinders and appliances.



PUBLIC AWARENESS AND COMMUNICATIONS CONT...

RADIO COMMERCIALS

ESV continued to broadcast radio commercials as part of its four safety awareness campaigns over the year. While most of ESV's radio commercials use almost identical scripts to those used by the television versions, two radio only commercials were broadcast during the year – one warning of the dangers of cheap, unapproved Christmas lights, the other warning of the need to ensure the safety of electric blankets. Both these radio commercials were jointly branded with the Melbourne Fire Brigade and the Country Fire Authority.

A radio version of the "Look Up And Live" message was also broadcast across regional Victoria as part of the campaign aimed at preventing electrocutions and injuries resulting from trucks touching powerlines.

MEDIA RELEASES

Media releases issued by ESV during the year included the following:

- *Warning on second-hand electrical equipment*
- *Warning on potentially unsafe Christmas lights*
- *Warning on electric blanket and heater safety*
- *ESV finds probable cause of electric shock received by swimmer Brooke Hanson.*

SAFETY ALERTS

ESV issued a number of safety alerts during the year. The titles of the alerts were:

- *Electrical Safety recall on Alstom DIN Fuse Links*
- *Another electrocution resulting from contact with a "live" split conduit*

– *Differences between approved (genuine) and un-approved (look-alike) HPM Socket Outlets*

– *Never be in a hurry and always follow correct operating procedures*

– *Be aware of underground cables. Take extreme care when "hammering" metal stakes into the ground*

– *Electrical supplies at events must be compliant and in proper working order.*

NEW ESV BROCHURES

ESV developed four new brochures in 2006/07 to complement the comprehensive range of brochures available from the organisation.

The new brochures are:

Gas Safety: Gas Safety At Home

Most accidents happen in the home and this brochure is designed to assist home owners and occupiers to prevent incidents involving both Natural and Liquefied Petroleum Gas (LPG) within properties. It urges people to seek expert advice if they have concerns that gas appliances or the installation is unsafe, and it provides a large range of safety tips.

The brochure points out that gas must be used in a properly installed and well-maintained appliance. It explains that poor installation or lack of servicing could result in carbon monoxide being produced, which can be fatal.

One message from the brochure: Always take care, follow the manufacturer's servicing instructions or have appliances serviced at least every two years.

Gas Safety: Camping and Leisure Safety With LP Gas

ESV developed this brochure to assist the community in preventing accidents around the home, caravan or campsite. It provides a range of safety tips and urges people to seek expert advice if they think their gas fired camping or leisure equipment may be unsafe.

The brochure urges the community to always follow the manufacturer's instructions when assembling outdoor gas equipment, and make sure that all connections are tight. Connections should be checked regularly while appliances should only be used in accordance with manufacturer instructions.

The brochure explains that because it is heavier than air, LP Gas collects in low places and may not disperse easily or quickly. It is highly flammable and easily ignited. Gas escapes can lead to explosions and fires.

Electrical Safety: Message for Seniors Card Holders – Is Your Home Safe?

ESV developed this brochure to promote the \$50 rebate off the cost of an electrical Home Safety Inspection which is available for Victorian Seniors Card holders. Apart from promoting the importance of electrical safety in the home and the benefits of the scheme, the brochure includes a tear-off slip for Seniors to provide brief details of the inspection and claim the rebate.

The brochure asks: Is Your Home Safe? It explains that if properties are more than 25-years-old, the electrical wiring needed for lights, cookers, televisions and other appliances may no longer be up to scratch.



The front page of ESV's new website.



Issue 9 of **energysafe**.

The brochure states that apart from being old, the wiring could be deteriorating and unsafe, and simply not able to cope with today's requirements. There is also the danger that homes could catch fire because of the faulty and/or unsafe wiring.

Service Charter: Our Commitment To You And A Safer Victoria.

ESV's Customer service Charter was developed as an easy to read brochure in 2006/07. Copies were distributed widely and made available for staff and stakeholders at the ESV head office and branches. It was also placed on the ESV website.

It states that ESV is committed to delivering successful electricity, gas and pipeline safety outcomes for the whole community. It explains that it aims to achieve this by working cooperatively with safety partners which include the State Government; the electricity, gas and petroleum industries; trade bodies; unions; and, other stakeholders.

The charter details the ESV role, together with its objectives, values and contact details. Importantly, it lists the service standards which customers can expect from ESV. There are further details in the Corporate Activities section of this Annual Report.

WEBSITE

After several months of consultation with internal and external stakeholders, design work, construction and updating of material during the latter half of 2006/07, ESV's new website went "live" early in July. It replaced the temporary website which was basically a combination of the two sites operated by the OCEI and OGS prior to the establishment of ESV.

While the new website remains a "work in progress" with material and information being continually updated, it represents a significant improvement compared to the old site. The straightforward design and function ensures that information and services can be accessed easily and quickly. There are dedicated sections for consumers, electricity professionals and gas professionals, with another section detailing electricity and gas safety alerts and recalls. There is also the "About ESV" section.

During 2007/08 ESV will be expanding and enhancing its current range of on-line services to enable stakeholders to conduct additional business transactions with the organisation electronically. One important service will be the ability of registered electrical contractors, licensed electrical inspectors and licensed electricians to renew registrations and licences on-line.

INDUSTRY MAGAZINE

ESV published another four issues of the industry magazine **energysafe** during 2006/07. Circulation of the magazine across the electricity and gas industries totals some 55 000. As revealed in the findings of the ESV Customer Satisfaction Survey, the publication is widely acclaimed for energy safety news, technical information and other features.

During the survey, terms describing the magazine as "informative", "useful", "a great way to deliver messages to the electricity industry" and "suitable to your needs" all achieved very high ratings among electricity stakeholders – most of them well over 80%. There was also a high rate of agreement for the terms among gas stakeholders.



ESV CONTINUED TO PROMOTE THE ELECTRICAL HOME SAFETY INSPECTION SCHEME.

PUBLIC AWARENESS AND COMMUNICATIONS CONT...

SCHOOLS PROGRAMS

During 2006/07, ESV commissioned two research projects from a specialist organisation. One covered the possible introduction of energy safety education into the curriculum of primary schools, while the other examined the possible introduction of programs in secondary schools encouraging students to consider careers in the electricity and gas industries.

Comprehensive reports including a number of recommendations were delivered to ESV and these are now being considered.

The reports identified some stumbling blocks to moving the project forward including the already crowded curriculum in primary schools and the large amount of energy safety information available to schools via the internet.

In secondary schools, careers teachers have indicated that there is an acute shortage of opportunities for would-be apprentices, while parental influence can be an additional barrier in discouraging careers in the electrical and gasfitting trades.

During 2007/08 ESV will determine whether to proceed with schools programs and the most effective way of ensuring their success through overcoming the stumbling blocks.

ELECTRICAL HOME SAFETY INSPECTIONS

ESV continued to promote the electrical Home Safety Inspection scheme. Initiatives have included promotions for holders of Victorian Seniors card, and for residents of the Cities of Monash and Greater Geelong.

In Monash, ESV provided rebates of \$60 for home owners who booked and paid for inspections. A competition was run in Greater Geelong providing prize winners with the cost of the inspection together with another \$500 towards remedial or other electrical work.

The \$50 rebate off the cost of an inspection for Seniors is a longer term promotional initiative – see information about the brochure in this section of the Annual Report. The rebate has been advertised widely in Seniors publications and the brochure has been provided with every new card – some 5000 a month – issued in Victoria.



The gutted interior of a Caulfield home following the escape of Liquefied Petroleum Gas from a cylinder (see page 30).



Executive Administrator Taryn Drewett.



A section of deteriorated and "live" split conduit (See this page).

SAFE AND EFFICIENT ELECTRICITY

This section reports activities undertaken by ESV managers and staff in the area of electricity safety. It reports some of the issues and challenges addressed by the organisation during what has been a busy and mostly satisfying year of work.

SERIOUS INCIDENTS

Two electrocutions were recorded in Victoria in 2006/07. While this statistic is a significant improvement on the figure for 2005/06 when seven people died from electrical causes, including three deaths resulting from trucks touching powerlines on rural properties, two deaths is still a concern for ESV and the electricity industry.

While all electrocutions are tragic and could have been avoided if proper care had been taken, the number of electricity related deaths in 2006/07 is an improvement compared to longer term averages – a 10 year average of about four deaths a year and a 20 year average of about seven deaths a year.

While ESV continues to strive to reduce and even eliminate electrocutions and serious electrical incidents, whether an event results in a death or serious injury can often be a matter of chance, which is a reason for a fluctuating rate of fatalities from year to year.

The reality is that each year the number of incidents which could have resulted in fatalities is much higher than the number of actual fatalities. For instance, ESV continues to receive reports of vehicles touching powerlines – and the figure is pretty constant from year to year – but fortunately no one died as a result of the contact in 2006/07.

Apart from thoroughly investigating all fatalities and major incidents, ESV has regularly issued safety alerts and media releases during the year alerting the electricity industry and all other interested parties, including the general public, of particular incidents and the need to always be safe around electricity.

WARNINGS ON SPLIT CONDUITS

ESV issued two Safety Alerts – one for the electricity industry, the second for other tradespeople and home renovators – warning of the dangers of electrical metallic split conduits which are still in existence in many older properties throughout Victoria. Due to age and other factors, some of the wiring within the deteriorating conduct could have lost its earthing continuity and become live.

The issuing of the Safety Alerts followed the electrocution of a man reblocking a house in the Melbourne suburb of Hawthorn. The death raised some serious questions about the state of some conduits and highlighted the need to get them replaced.

The ESV warnings alerted the electricity industry to encourage owners to rewire properties if the conduits are showing any signs of deterioration, while other trades people – including plumbers, gasfitters, builders, air conditioning and security alarm installers, and reblockers – were told to stay well clear of any metallic split conduits they might encounter when doing their work.



THE SAFETY ALERT AND AN ESV MEDIA RELEASE ON THE ISSUE CAN BE ACCESSED ON THE ESV WEBSITE AT WWW.ESV.VIC.GOV.AU

SAFE AND EFFICIENT ELECTRICITY CONT...

FEDERATION SQUARE INCIDENT

ESV conducted extensive investigations into the death of a 28-year-old man who reportedly suffered an electric shock while removing electric cables in the ceiling space above the kitchen of a restaurant in Melbourne's Federation Square in early March. He died three days after the incident.

During its investigations, ESV asked a Senior Forensic Physician with the Victorian Institute of Forensic Medicine to verify burns to the victim's right hand and provide information on its cause. He was of the opinion the burns were of an electrical nature.

Despite the medical findings and the lengthy investigations conducted at the restaurant, ESV has not been able to find that any part of the electrical installation at the premises may have caused the victim to receive an electric shock.

Reports have been provided to the State Coroner.

ESV INVESTIGATES ROOMING HOUSE FIRE IN WHICH TWO PEOPLE DIED

ESV investigated a fire which broke out at a rooming house in Brunswick in the early hours of 1 October in which two people died – and determined that a failure in a fluorescent light was the most likely cause of the blaze.

The two storey building where the fire occurred consisted of a pizza shop on the ground floor with the bedrooms above being part of the rooming house. The area most affected by the fire was the kitchen ceiling of the pizza shop and the floor of the bedroom above.

The bodies of a woman, aged 25, and a man, aged 24, were discovered following the fire.

An ESV compliance officer examined fluorescent lights that had been on the ceiling in the area where the fire originated. On removing the cover of one of the lights he discovered that one of them had greater internal damage than external. The damage was greatest in the area where he would have expected the power factor capacitor to have been located.

He concluded that the most likely cause of the fire was the failure of the capacitor or its terminations which then spread to the ceiling cavity via the cable access hole.

NEED TO ALWAYS FOLLOW THE CORRECT OPERATING PROCEDURES

Two electrical workers received serious burns to faces, arms and hands in a major incident at a Melbourne educational institution in April. But the repercussions could have been worse. While a face shield partially helped protect one of the victims, their clothing was simply not appropriate for the job they were doing.

The two workers were attempting to test an underground high voltage (HV) cable in the main incoming HV switch room when the HV disconnect switch, which they were testing, arced between all phases.

Following the incident, ESV issued a Safety Alert stressing the importance of the need at all times to follow the correct operating procedures when undertaking any electrical work including testing and fault detecting. The underlying message was "Never Be In A Hurry".

WARNINGS ISSUED AFTER SWIMMER RECEIVES ELECTRIC SHOCK AT SPA AND POOL SHOW

In June 2007, ESV issued a Safety Alert warning registered electrical contractors, licensed electricians, exhibition venue management, exhibition and display organisers and exhibitors of the need to thoroughly check the condition and compliance of electrical equipment used at events, shows and displays.

The alert was issued after an incident at the Swimming Pool and Spa Association of Victoria industry show at the Melbourne Exhibition Centre on 17 June 2007 in which swimmer, Brooke Hanson, and her sister, Jade, received electric shocks during demonstrations of a spa pool.

After exhaustive investigations, ESV concluded that one of the electrical leads supplied by a contractor to power the spa pool being demonstrated by Brooke Hanson did not have a proper earth connection.

The lack of earthing would have resulted in 15 volts AC being injected into the salty, ionised water of the pool – sufficient to provide a significant electric shock to a swimmer who had spent a long time in the water.

The Safety Alert and an ESV media release on the issue can be accessed on the ESV website at www.esv.vic.gov.au



Installation Safety Compliance Officer Michael Weekes.



The main switchboard at a disused Yarraville factory. The back panels had been removed for thieves to steal copper. A 21-year-old "urban adventurer" suffered a severe electric shock and massive burns when he came into contact with the switchboard (See this page).

SEVERE ELECTRIC SHOCK FOR "URBAN ADVENTURER"

A 21-year-old man categorised as an "urban adventurer" received a severe electric shock while exploring a disused Yarraville factory in May 2007. He reportedly contacted live parts of the main switchboard from which large amounts of copper had been stripped by thieves. Those responsible for the theft had removed the back panels of the switchboard to access the copper and left the live parts exposed.

The victim and another 21-year-old were exploring different areas of the building when the incident happened. They were reportedly members of "Cave Clan", a group encouraging "urban adventurers" to explore Melbourne tunnels, drains and disused buildings. The victim suffered massive and severe burns to a shoulder and arm.

BENDIGO "POWER PUZZLE"

ESV worked with distribution company Powercor to identify the source of electrical interferences which it was claimed have caused thousands of dollars of damage to equipment at factories in Prospect Road, East Bendigo.

Examples of incidents reported included fires at power points not connected to the electricity supply, and equipment blowing fuses when idle and not connected to any supply point. The problem is not new – there were reports of strange power source interferences in the area some 10 years ago.

Chart recorders were set up at various points within the factories to check for voltages from unknown sources and hopefully to "capture the moment" when the interference struck.

Early in 2007/08, Powercor provided a new substation to improve power supplies to the area while ESV announced that the most likely cause of the interferences was faulty equipment or machinery in the location or nearby.

ESV also offered to provide surge diverters at nine factories most affected by the interferences. The offer was accepted by the factory owners.

CORONER'S REPORT ON ELECTROCUTION

During the year, State Coroner Graeme Johnstone issued his report into the investigation of the death of a 68-year-old man who suffered a severe electric shock while using a welder at his home. He died in hospital on Christmas Day 2005.

In his report, the Coroner said the victim was aware of the faulty condition of the welder but continued to work with it despite the potential danger.

He said the case highlighted the danger of individuals working around the home using faulty electrical equipment.

GIRL RECEIVES SERIOUS ELECTRIC SHOCK FROM "LIVE" SHED

ESV investigated an incident in early July 2006 at Rosebud in which a five year old girl received a serious electric shock as a consequence of standing on the roof of a shed and touching an adjoining garage roof which was live due to the deterioration of aged VIR (Vulcanised India Rubber) cabling used in the installation.

Such cabling was phased out many decades ago but still exists in a number of installations around Victoria.

The incident report said the roof of the garage was live to 180v and the shed at earth potential. Some roofing screws from the garage roof were in contact with the split metal conduits below. The insulation of the VIR cables installed in the conduits had broken down or been damaged.

The girl was bare footed and received the full 180v shock, and stopped breathing. The quick action of family members who gave her CPR saved her life.



Installation Safety Compliance Officer Michael Bull



Installation Safety Compliance Officer Garry De Vercelli

SAFE AND EFFICIENT ELECTRICITY CONT...

ESV WARNING AFTER HOT AIR BALLOON HITS POWERLINES

Following a series of near miss situations across Victoria, ESV warned that it might take punitive action – prosecutions or issuing infringement notices – against owners and or pilots of hot air balloons which hit powerlines.

In early January a balloon hit a SWER (single wire earth return) line when it came into land in a paddock opposite the Tarrawarra Art Museum on the Healesville to Yarra Glen Road. Fortunately no injuries were reported.

ESV said that while there was no intention of curtailing the popular activity of hot air ballooning, owners and pilots of balloons needed to exercise a great deal of care when flying anywhere near powerlines.

ESV warned that landing a balloon within 45 metres of a powerline is a breach of the *Electricity Safety Act* and the Electricity safety (Network Assets) Regulations.

ESV attended a meeting of hot air balloon pilots and owners in the Yarra Valley during the year to raise awareness of safety implications and explain facets of the regulations.

COURT SEQUEL AFTER MAN DIES OPERATING AN EGG WASHING MACHINE

The death of a man in Birchip in April 2006 reportedly operating an egg washing machine had a sequel in court in early December when a registered electrical contractor was charged with installing unsafe electrical equipment and other counts.

ESV brought the prosecution under the *Electricity Safety Act 1998*.

ESV's brief of evidence said the egg washing machine in a shed adjacent to a house in the town was alive to 246 volts AC on all of its metallic surfaces. The machine was plugged into a socket outlet with a standard 3 pin plug.

An examination of the plug showed that the earth conductors were not connected to the earth pin on the plug but was touching the active pin inside the plug. This caused all of the metal parts of the machine to become live once the power was connected to the machine.

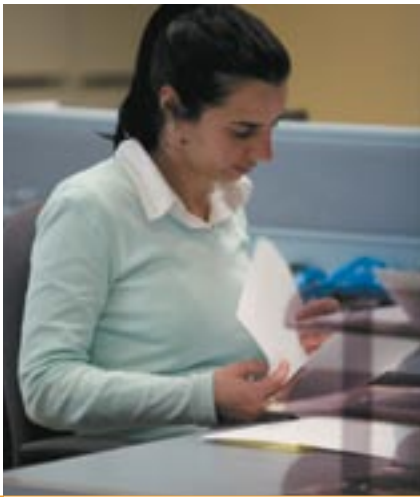
The defendant was charged with installing unsafe electrical equipment, failing to ensure precautions are taken to prevent electric shock and failing to give a certificate of electrical safety.

The defendant was convicted, fined \$2000 and ordered to pay a further \$1200 in costs.

INSTALLATION SAFETY

Installation Safety Statistics:

	O6/07	05/06
Applications granted under Regulation 416 of the Electricity Safety (Installations) Regulations	171	120
Letters of no objection	206	164
Breaches of regulatory requirements investigated	555	361
Warning letters sent	115	106
Investigations actioned within 5 days	325	181
Investigations - final action instigated within 30 days	230	139
Infringement notices issued	23	30
Site audits of licensed electrical installation workers	857	666
- system audits	16,766	9013
Audits of licensed electrical inspectors	60	60
Field audits of registered electrical contractors	254	334
- system audits	13,915	7,597
Construction site audits	116	63
Information sessions	206	135
Attendees at sessions	6,187	4,230
Certificate sales:		
- Prescribed	84, 705	83, 381
- Non Prescribed	507,0651	495,157
- Periodic	842	900



Licensing Officer Brook Bugeja.



Members of the electricity Network Safety team. Rear: Network Safety Engineers, Raj Chaal and Ian MacInnes. Front: Compliance Officer, Warren Knop, Manager Network Safety Ian Longmuir, Senior Network Safety Engineer, Loc Vuong.

AUDITS

There were 29,755 audits undertaken by the ESV contract audit companies and they identified 2,280 defects which produced a compliance rate of 92.34%.

A total of 857 electrical workers were audited by ESV staff with 256 of them identified as non-compliant.

There were also 116 construction site audits undertaken with 33 non-compliance issues being identified and actioned.

There were 206 letters of acceptance provided for equipment that did not have the relevant Ex compliance to AS/NZ or IEC standards.

Compliance rates were:

- 99.77% of the Prescribed Certificates were compliant
- 93.31% of the Non-Prescribed Certificates were compliant
- REC compliance to the certification system was 84.57%
- 64% of certificates lodged identified that safety switches were installed.

Warning letters were issued to:

- 58 Registered Electrical Contractors;
- 3 Licensed Electrical Workers;
- 2 Licensed Electrical Inspectors; and
- 52 Owners/Occupiers.

A total of 23 infringement notices were issued.

INFORMATION SESSIONS

During the year 206 information sessions involving ESV were held. The attendances at the sessions numbered 6,187 and they included registered electrical contractors, licence holders, licensed electrical inspectors and apprentices.

COMMITTEES

ESV also made significant contributions through Standards Australia Committees:

- EL 001 for the restructuring of AS/NZS 3000 (Wiring Rules) to be issued in 2007/08
- EL 001 17 for electrical inspection and testing
- EL 001 14 for IEC input and comments
- EL 014 Hazardous areas, with respect to the installation methods
- HT 021 with respect to the electro medical areas of the electrical installation
- EL 044 safe working on low voltage electrical installations.

CERTIFICATE OF ELECTRICAL SAFETY SYSTEM

ESV conducted a comprehensive review of its certificate of electrical safety system along with the independence and governance of the electrical inspection and auditing system to identify actions which will increase participation and improve safety.

The review process involved more than 30 consultative forums where the strengths and weaknesses of the current system were analysed and recommendations put forward for improvement.

ESV is considering a number of recommendations to improve the performance of the system for implementation in 2007/08 onwards. A position paper will be prepared early in the year for the Minister of Energy and Resources with further consultations held with the industry prior to any changes being introduced.

THE MOST COMMON ELECTRICAL INSTALLATION DEFECTS FOUND BY ESV

Some 30,000 electrical installations were audited by ESV over 2006/07 with an encouraging average compliance rate of 93% reported. However, as a result of the inspections of the non-prescribed installation work over the period, ESV was able to develop a list of the 11 most commonly found defects – and the number of times they occurred.

In messages to the electricity industry, ESV warned that more care and preparation is needed to ensure work is finished completely and properly. None of these defects in the list would have occurred if the fundamental requirements of the AS/NZS 3000:2000, (Wiring Rules) were followed.

(See table on the following page.)

	DEFECT DESCRIPTION	No of occurrences
1	Relationship of equipment mounted on switchboard to the various sections of the installation is not marked as required.	340
2	Cables do not enter switchboard case or surround through reasonably close fitting holes.	325
3	Record of the route of underground electric line has not been fixed within the meter box or in a suitable position approved by ESV within the required time.	200
4	Route of underground electric line not recorded in a permanent form on a durable card or other durable material.	154
5	Switchboard enclosure not arranged to protect against the spread of fire.	109
6	Wiring system not suitably protected against the effects of mechanical damage.	107
7	Conductors connected to hinged or removable switchboard panel not fixed and/or arranged as required.	93
8	The neutral bar or link is not provided with separate terminals for the incoming and each outgoing neutral conductor associated with active conductors originating or terminated at the switchboard.	88
9	Terminals of switchboard equipment are not marked or arranged to identify corresponding active and neutral connections for each circuit	76
10	Part/s of the electrical installation are not designed to provide for adequate protection against damage as required.	63
11	Current rating of protective device exceeds that required to protect the circuit conductors	61

SAFE AND EFFICIENT ELECTRICITY CONT...

MAKE SURE ALL ELECTRICAL WORK IS PROPERLY TESTED

ESV is concerned at an apparent increasing trend within the industry of electrical work not being properly tested as required for safety and by law.

The organisation has found all too often that when electrical workers undertake remedial repairs, additions and alterations, the testing of the electrical work is simply not being completed as prescribed.

The following table outlines some of the incidents that have been reported, and the numbers of them for the past two years.

Contributing factor	Number
Cable breakdown within the installation	88
Connections not connected in an approved manner	11
Damage to earthing system	11
Deteriorated wiring	43
Electricity connected from another source	2
Cable has been left out or unterminated	34
Damage to final subcircuit conductors	4
Incorrect circuit configuration	4
Installation left in an unsafe manner	11
Overloading of circuits/conductors	2
Poor connections	27
Reverse polarity	4
Wiring is installed incorrectly	6
Wiring is run in an unsafe manner	1

ESV AUDITS VICTORIAN LIFT COMPANIES

During the year ESV started auditing Victorian lift companies and placed the lift installation industry on notice that proper standards of safety and competence have to be observed at all times. The audit process is aimed at clearing up confusion over the regulations covering such issues as the equipment itself, the wiring and the qualifications of the people doing the work.

Of particular concern to ESV is the practice by some companies importing overseas manufactured lift assemblies and proceeding with the installation of lifts in Victorian buildings even though the cabling provided with the products is not of the type acceptable in Australia, as outlined in relevant cable standards.

ESV is also concerned that unqualified people are involved in lift installations even though electrical wiring forms a major part of any lift installation or upgrade project.

DOWNLIGHTS

ESV was involved in raising the awareness of the electricity industry and the general public to the issue of incorrectly installed halogen downlights. The Metropolitan Fire Brigade (MFB) expressed concern at the increased incidence of fires caused by these lights.

The Minister for Energy and Resources, the Hon. Peter Batchelor MP, issued a media release urging home owners to check the installation of downlights in their ceilings because of the risk that loose-fill insulation could catch fire if it came into contact with halogen downlights which burn at high temperatures.

The Minister and ESV also urged Victorian registered electrical contractors and licensed electricians to start operating under proposed revised Wiring Rules (AS/NZS 3000) which come into force in 2008. The new Rules are much more explicit compared to the current version in relation to the installation of downlights.

RECRUITING LICENSED ELECTRICAL INSPECTORS FOR REGIONAL AREAS

The first of what is hoped will be a number of courses to train qualified people to become licensed electrical inspectors to operate in regional areas was held in Shepparton. It was quickly followed by a course in Gippsland.

ESV and the electricity industry have been concerned for a quite a while at the shortage of inspectors to cover regional Victoria and the need to lift rates of recruitment.

ESV is pleased there is an encouraging degree of interest being shown in training courses for inspectors.

EQUIPMENT SAFETY

ACTIVITY	Result 2006/07	Result 2005/06
Approvals submitted	1799	1260
Total number of approvals in place	7225	5896
Number of products audited (approval)	1157	1102
Notices to comply issued	89	105
Safety investigations	254	274
Safety recalls initiated	6	5
Hazard alerts raised	7	6
Incident reports raised	29	35
Public safety warnings initiated	1	2
No. of days taken to approve fully compliant approvals applications	20	9.7
Number of enquiries	19,062	13,680
Infringement Notices	5	2

EQUIPMENT EFFICIENCY

Statistical representation of activities 2006/2007

No. of days taken to approve fully compliant equipment efficiency applications	11.51
Models registered for labelling	2327*
Total number of registrations in place	4007**
Number of inquiries	1984
Retail outlets visited	43
Cancellation of registrations for equipment efficiency matters (energy labelling or MEPS)	3

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

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

Activities

- Implemented the Electricity Safety (Equipment Efficiency) (Amendment) Regulations 2007 - Standby Energy for Clothes Washers and Dishwashers which commenced operation on 27 March 2007.
- Provided representation on the Standards Australia EL15 Committees and working groups to amend the standards for refrigerators and freezers, air conditioners, clothes washers, clothes dryers and dishwashers and input into other committees dealing with standards for external power supplies, electric motors, etc.
- Contracted as the Program Manager of the 2006-07 National Check Testing Program, carried out on behalf of the Equipment Energy Efficiency Committee (E3).
- Participated in the Australian Electrical and Electronic Manufacturers' Association (AEEMA) Electric Motors supplier's forum.

EQUIPMENT SAFETY

Audits

ESV is constantly on the lookout for unapproved and unsafe electrical equipment being offered for sale. During the year the organisation's audit team inspected over 1100 items at points of sale and requested approval or safety information for hundreds of products offered for sale on-line.

By enforcing the requirements of the *Electricity Safety Act* the general public is protected from the dangers of unapproved and potentially unsafe equipment.

The results of these audits showed 97% compliance with marking requirements. Sellers found supplying unapproved or unsafe items were sent "Stop Sale Notices" and in some cases product recalls were required.

Essential safety

The foundation of Australian electrical equipment safety legislation is an essential safety regime whereby electrical equipment suppliers, manufacturers, importers and retailers are responsible for ensuring that all electrical equipment supplied or offered for supply in Australia meets minimum safety specifications.

In Victoria the *Electricity Safety Act* and Regulations specify the minimum safety standards as clauses 4.1 to 4.5 of AS/NZS 3820 Essential safety requirements for low voltage equipment.

Briefly, the essential safety requirements are as follows:

Electrical equipment shall:

- Provide for essential characteristics (ratings, warnings, instructions etc) to be marked in English
- Identify its supplier (trade name, mark etc)
- Be manufactured so it can be safely assembled, installed and connected

– Be manufactured so that when in use, people and domestic animals are protected against

- > Dangers from direct or indirect electrical contact
- > Dangerous temperature arcs or radiation
- > Non-electrical danger
- > Hazards caused by external influences

A product supplied into the market, which is subsequently found to be inherently unsafe through investigation and collection of evidence and therefore not complying with AS/NZS 3820, may be subject to a recall under the *Electricity Safety Act*. This action may be restricted in the first instance to Victoria but all other states and territories may also require the recall action to be undertaken in their jurisdiction.

There were six electrical equipment recalls conducted in 2006/07 in Victoria.

The recall process is administered by the ACCC with advice from the state and territory electrical safety regulators and is publicly available at www.recalls.gov.au.

The second scheme is the pre-market approval scheme. A list of articles, primarily household appliances such as kettles, toasters, televisions etc, are also required to undergo pre-market approval. This consists of demonstrating the appliance complies with the specific product safety standard by way of a third party independent test report.

It is an offence under legislation in all States and Territories of Australia to supply or offer to supply "prescribed" classes of electrical equipment unless the equipment is approved by a (regulatory) approval authority or certified under a recognised certification scheme.

AS AN IMPORTANT PART OF CONTINUED MARKET SURVEILLANCE, A RANGE OF PRODUCTS ARE PURCHASED AND TESTED BY AN INDEPENDENT NATA ACCREDITED LABORATORY TO ENSURE CURRENT STOCK OFFERED FOR SALE COMPLIES TO THE REQUIREMENTS OF THE STANDARD AND IS 'AS APPROVED'.

SAFE AND EFFICIENT ELECTRICITY CONT...

EQUIPMENT SAFETY

Insulated pin plugs

Introduction of plugs with insulated live pins was completed and the vast majority of products offered for sale are fitted with insulated live pins.

Check Testing

As an important part of continued market surveillance, a range of products are purchased and tested by an independent NATA accredited laboratory to ensure current stock offered for sale complies to the requirements of the standard and is 'as approved'.

Check testing is targeted at products that are identified as potentially non compliant by analysis of investigations undertaken by ESV and interstate regulators.

In 2006/07 check testing targeted: rewirable plug tops, portable heaters, hair dryers and hair straighteners.

Electrical Home Safety Inspections

As reported elsewhere in the Public Awareness and Communications section, ESV remains committed to its electrical Home Safety Inspection Scheme, which was introduced in late 2005, and continues to promote it as much as possible.

The purpose of the scheme is to encourage home owners and landlords – in particular properties which are 25-years-old or more – to arrange an inspection by an approved and registered ESV electrical Home Safety Inspector to check the electrical installation and wiring to ensure it is not overloaded or deteriorating, and detect if any recent electrical work has been carried out by a qualified tradesperson or not.

Under the scheme, companies are registered by ESV as Authorised Home Safety Inspection Companies and qualified individuals undergo additional training to become Home Safety Inspectors.

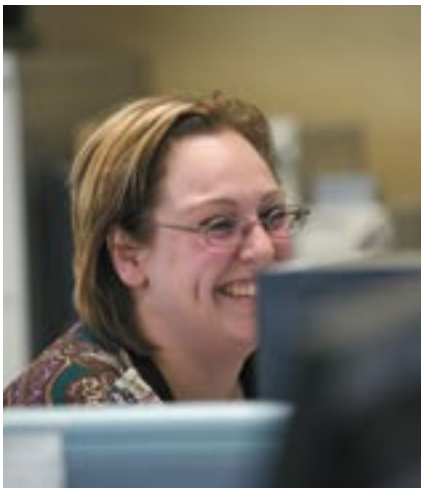
Despite heavy promotion, it is accepted there is still some way to go before the scheme and its benefits are properly understood and appreciated by the general community.

Electrical Home Safety Inspection scheme statistics at the end of 2006/07 were:

- 30 – Approved Home Safety Inspection companies
- 72 – Approved Home Safety Inspectors
- 9753 hits recorded on the ESV website for Home Safety Inspection enquiries
- 416 quotes requested
- 123 certificates for electrical home safety purchased



Equipment Safety Compliance Officer Adam Murdoch.



Licensing Officer Sara Hansen.



Nunawading based Licensing Officer Kath Van Leemput.



Electrolysis Manager Glenn Carrig.

NETWORK SAFETY

Wind farms

ESV has continued to assess wind farms for compliance with the *Electricity Safety Act 1998* and Electricity Safety Network Assets Regulations. The process required an assessment to determine compliance with the legislation and regulations. Based on the assessment, ESV issues a "letter of no objection" for connection to the main electricity supply grid.

During this reporting period, no wind farms have been connected to the electricity grid. Discussions and on-site visits have continued with other proponents of wind farms across the State to ensure they are aware of the requirements under the *Electricity Safety Act 1998* and regulations.

Laverton power station

ESV has completed its assessment of the electrical safety requirements associated with the gas-fired power station at Laverton to ensure compliance with the *Electricity Safety Act 1998* and Electricity Safety Network Assets Regulations. An independent expert provided his assessment to ensure compliance with the legislation and regulations and then ESV issued a "letter of no objection" for connection to the main electricity transmission grid.

Electrolysis

The *Electricity Safety Act 1998* and the existing Electricity Safety (Stray Current Corrosion) Regulations provide a framework for protecting underground and underwater structures from corrosion caused by stray electrical currents.

The Act also establishes the Victorian Electrolysis Committee (VEC), defines its composition and nominates the functions it will perform.

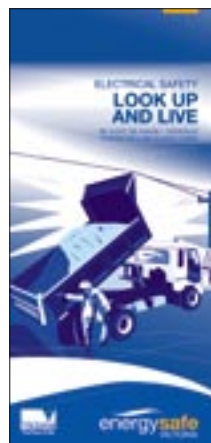
As per requirements, during 2006/07 the VEC completed its coordinated monitoring program of the underground metallic structures (i.e. water, gas and oil pipes, and, telecommunications and power cables) across the Melbourne metropolitan area to ensure the aims and functions of the VEC were met.

Following concerns raised by the owners of the underground metallic structures about the effects of the re-generative braking from the Siemens trains (recently introduced and operating on about 50% of the railway network), the VEC members tested the total mitigation network along the affected routes. This enabled the Committee to prioritise the locations where it was shown that the most adverse effects were observed.

Unfortunately, the train operator has had other braking issues associated with these trains and this has resulted in the program not progressing as planned. The VEC has continued to actively monitor, in conjunction with the underground metallic structures, the effects on the structures along the rail routes of the new Siemens trains.

The VEC also maintained a register of cathodic protection systems installed in Victoria to protect structures from corrosion.

The Committee has also placed into service the mitigation works associated with the extension of the tram network on the Burwood Highway in the outer east of Melbourne and is monitoring the progress of construction of the Craigieburn rail extension to the north of the city to ensure the associated mitigation works are incorporated.



A scene from ESV's "Look Up And Live" commercial – plus brochure, poster and sticker.

SAFE AND EFFICIENT ELECTRICITY CONT...

No Go Zone initiative/ "Look Up and Live"
Since its introduction in 1999, the 'No Go Zone' concept has been a major safety and communications focus within ESV to reduce incidents of equipment and machinery contacting overhead electric lines.

The expansion of the original concept to include an increased number of industries using machinery and equipment, and to include both overhead and underground electrical assets as well as gas, water and telecommunications assets, began in July 2004 and has led to significantly enhanced 'No Go Zone' rules to educate and inform all workers working in the vicinity of these assets. ESV continues to take an active role in the development of these rules and the education programs associated with their promulgation across the community.

ESV has continued to promote this initiative at every opportunity to highlight the provisions of the 'No Go Zone' rules to protect the community and workers from incidents involving machinery and equipment contacting these assets.

As reported in the Public Awareness and Communications section of this Annual Report, ESV produced a new "Look Up And Live" television commercial during the year. The commercial was the centrepiece of the ESV campaign which also involved the distribution of brochures, stickers and posters throughout regional Victoria thanks to the support of a number of other organisations. ESV acknowledges the support of WorkSafe Victoria which distributed the material at farm field days throughout the state.

The campaign followed three electrocutions in 2005/06 involving trucks contacting powerlines on Victorian rural properties.

Apart from ESV's own "Look Up And Live" campaign, SP AusNet broadcast both the television and radio commercials with the addition of their own branding through their own region, while Powercor broadcast the radio commercial through its area. ESV also acknowledges the support of these companies for this important campaign.

Fortunately there were no fatalities in 2006/07 resulting from contact with overhead electrical assets. However, there were still a number of contacts that occurred across Victoria – hence the continuing need for the extensive awareness campaign in rural areas. The campaign will be maintained in 2007/08.

ESV has continued to develop a recording system including a new database to record the details of all persons trained as 'No Go Zone' spotters. Registered spotters have been issued with cards, which define their competencies and ability to "spot" for certain classes of work.

Electric Line Clearance

The Electricity Safety (Electric Line Clearance) Regulations 2005 prescribe requirements for persons responsible for maintaining the clearance space around electric lines to minimise the danger of those electric lines causing fires.

This reporting period was the second full year of operation of the Electricity Safety (Electric Line Clearance) Regulations 2005, which provides vegetation managers with flexibility

to make more sympathetic decisions relating to line clearing in important and significant vegetation areas.

The Regulations require vegetation managers to annually submit management plans to ESV for approval. Submissions were reviewed in depth during the reporting period to ensure that they captured the requirements contained in the current regulations. A superior standard of submitted plan was noted this year, following the provision of extensive feedback on last year's plans by ESV.

Audits conducted by ESV in the period confirmed that transmission and distribution utilities were generally carrying out appropriate practices in regard to keeping vegetation clear of high voltage powerlines in high fire risk areas.

Electric Line Clearance Consultative Committee (ELCCC)

To provide independent and wide ranging advice to ESV or the Minister for Energy and Resources on matters relating to the clearance of electric lines, legislation provides for an Electric Line Clearance Consultative Committee (ELCCC) to be established. In this current period ESV integrated the work of the Rural Advisory Committee into the ELCCC and updated the ELCCC's terms of reference.

**LICENSING AND
PROFESSIONAL
DEVELOPMENT**
LICENSING STATISTICS

ACTIVITY	Result 2006/2007	Result 10/08/2005 - 30/06/2006	Result 01/07/2004 - 09/08/2005*	Result 2003/2004*	Result 2002/2003*
Worker Standards					
Electrician's Licence 'E' (new applications)	931	999	915	811	827
Electrician's Licence 'E' (renewals)	4,674	4,459	5,282	3,456	3,479
Supervised Worker's Licence 'L' (new applications)	274	221	312	383	302
Electrician (Supervised) Licence 'ES' (renewals)	86	75	109	396	601
Disconnect/Reconnect Worker's Licence 'D' (new applications)	432	452	480	627	644
Disconnect/Reconnect Worker's Licence 'D' (renewals)	917	906	910	1,124	1,141
"Unrestricted" Electrical Mechanic's Licence to Electrician's Licence 'UN' (changeover)	0	0	5	8	16
Occupier's Licence 'O' (new applications)	1	2	0	0	0
Occupier's Licence 'O' (renewals)	1	1	1	11	16
Registration of Spotters (new)	1,643	1,069	-	-	-
Registration of Lineworkers (new)	2,112	269	-	-	-
Total number of licences issued	8,287	7,115	8,208	6,915	7,026
Total number of licences in place	35,937	35,228	34,875	34,128	33,543
Electrical Inspector's Licence (new applications)	0	16	9	38	28
Electrical Inspector's Licence (renewals)	318	286	337	303	279
Total number of inspector's licences issued	276	302	346	341	307
Total number of inspector's licences in place	318	318	326	318	309
Registration of electrical contractor (initial registration)	706	626	850	802	555
Registration of electrical contractor (renewal of registration)	8,504	7,289	8,208	7,783	6,837
Total number of registrations issued	9,210	7,915	9,058	8,585	7,392
Total number of registrations in place	9,021	8,848	8,712	8,330	8,029
Random phone audits of registered electrical contractors	8,636	7,773	6,020	6,578	6,760
Random phone audits of electrical workers	9,431	8,245	8,418	9,684	9,776
No. of meetings of the Electrical Licensing Registration Advisory Committee	4	6	6	6	5
No. of days taken to approve fully compliant registration applications	3.42	2.5	2.09	2.18	2
No. of days taken to approve fully compliant licence applications	3.42	2.5	2.2	2.7	3
Total number of Electrician Licences	25,984	25,386	24,832	24,087	23,318
Total number of Supervised Worker's Licences	1,848	1,244	1,276	2,079	2,274
Total number of Disconnect/Reconnect Licences	7,754	7,865	7,973	7,843	7,583
Total number of Occupiers Licences	33	34	33	35	37
Total number of registered Spotters	2,712	2,075	-	-	-
Total number of registered Lineworkers	2,381	2,244	-	-	-

* Figures from the former OCEI

THE INTRODUCTION OF THE APPRENTICE PROFILING SYSTEM, AS REPORTED IN LAST YEAR'S ANNUAL REPORT, HAS RESULTED IN CLOSER RELATIONSHIPS BEING DEVELOPED BETWEEN THE EMPLOYER AND THE TRAINING ORGANISATIONS – WITH ESV ACTING IN A CONSULTATIVE CAPACITY.

SAFE AND EFFICIENT ELECTRICITY CONT...

Licence Renewal Policy

ESV has continued to ensure that the skills of Victoria's electricians are maintained at the highest possible standard and meet the requirements of the *Electricity Safety Act* and *Electricity Safety (Installations) Regulations*.

Licence holders, such as electricians who are not able to demonstrate that they have worked in the industry for five years or more, are required to undertake assessment prior to their licence being reissued.

Disconnect/Reconnect Licences

ESV continues to direct significant focus to the requirements – such as trade verification, employer support and competency – which have to be demonstrated before a Disconnect/Reconnect Licence or 'D' Licence is issued in Victoria.

It is the responsibility of the licence holder to ensure that as a restricted licensed person, he or she complies with the *Electricity Safety Act* and the *Electricity Safety (Installations) Regulations*.

The 'D' Licence is a restricted licence which enables tradespeople, other than licensed electricians, to carry out restricted electrical work as part of their normal occupation. The electrical work is restricted to the disconnection and reconnection of the same type and size of electrical equipment or components of electrical equipment, such as, the element of a hot water service.

ESV regularly rejects applications for 'D' licences because the applicant's work or occupation do not qualify under the suitable primary work function category.

When a 'D' licence is issued, ESV informs the licence holder's employer of the importance of complying in full with the *Electricity Safety Act* and *Electricity Safety (Installations) Regulations*.

During 2006/07 ESV continued to work with employers to ensure that applicants for 'D' licenses meet ESV criteria.

During auditing processes, it became clear that some disconnect/reconnect licence holders were not complying with the requirements of the certificate of electrical safety system. ESV is addressing the situation through communication with the licence holders and their employers.

Licensed Electricians Assessment

ESV continues to work closely with the EPIC Industry Training Board to improve the assessment system in Victoria. Applicable exemptions and recognition of prior learning have enabled licence holders to expedite the assessment process.

The introduction of the apprentice profiling system, as reported in last year's annual report, has resulted in closer relationships being developed between the employer and the training organisations – with ESV acting in a consultative capacity.

Mutual Recognition

The introduction of on-line requests for Mutual Recognition has resulted in service improvements with Victoria able to "turnaround" requests from other states within 48 hours.

During 2006/07 there has been a significant increase in the number of licence holders requiring equivalent licences in NSW, Queensland and Western Australia as well as retaining their Victorian licences.

ESV has worked with COAG to ensure that the framework for mutual recognition of licence holders is in place and that the recognition of licence holders is undertaken in accordance with COAG agreements.

On-line Services

There has been much work undertaken within ESV over the year preparing for the introduction of the new service enabling electricity licences and contractor registrations to be renewed on-line.

The introduction of the new service will result in a number of improvements in the way licence and registration holders conduct their business with ESV. The new service is scheduled to commence in early September 2007.

Skills Maintenance

Feedback from industry and investigations resulting from audits, complaints and incidents has continued to reveal that testing of electrical installation work after completion is a significant issue that needs to be addressed by industry. ESV plans to focus on this issue in 2007/2008. This issue is reported in detail elsewhere in this section.

Partnership with Industry

During the year, ESV continued to work with all relevant industry stakeholders to ensure that the ESV Mission was achieved, namely: working cooperatively and in consultation with the industry and community to facilitate safety outcomes and administering licensing and registration

40 000th licence

ESV reached a milestone when it issued the 40 000th Victorian electrician's licence during the year. It represents 40 000 licences being issued since the granting of the very first electrician's licence around 1920.



A man suffered serious burns and died following a fire in this mobile home (See this page).

SAFE AND EFFICIENT GAS

All commitments relating to ESV's gas safety roles and responsibilities were met in what was a busy and successful year.

Amongst other work, ESV contributed extensively to national standards work on pipelines, gas networks, gas appliances and the gas installation code.

SERIOUS INCIDENTS

While there were no fatalities involving natural gas during 2006/07, two deaths were reported resulting from loose connections between Liquefied Petroleum Gas (LPG) cylinders and appliances.

The deaths and another serious incident in which two sisters received serious burns injuries prompted ESV to produce a new television commercial warning of the dangers of loose connections between LPG cylinders and outdoor gas appliances. The commercial was produced early in 2007/08 to be broadcast as part of ESV's public awareness campaigns in 2007/08 and beyond.

MAN DIES IN MOBILE HOME FIRE

ESV assisted Victoria Police in investigations into the death of a man after a mobile home was destroyed in a fire on the Murray Valley Highway at Kerang in late February. It is thought the victim was lighting a gas fridge in the vehicle when the incident occurred.

He suffered extensive burns to his body and died two days later in the Alfred Hospital.

ESV's investigations concluded that a loose fitting on a flexible hose supplying LPG to an appliance in the vehicle was the probable cause of the fire. There was an extremely loose gas fitting found at the rear of an upright cooker.

The mobile home contained three LPG appliances – a secondhand fridge recently installed in the vehicle; the cooker which had been removed for repair and re-installed; and an open flued instantaneous water heater of the type which is now illegal because of the risk of carbon monoxide poisoning.

ESV investigations determined that it was possible the gas connection and reconnection of the fridge and cooker had been carried out by an unlicensed person and that the consumer piping had not been tested.

MAN DIES FOLLOWING EXPLOSION IN HOUSE

ESV is investigating an explosion which occurred at a home in Noble Park in May 2007. A man received serious burns and died in hospital a few days later.

Severe structural damage was caused to the property by the explosion.

After the incident, ESV inspected a portable gas heater, which was nearly 30-years-old, and a 9kg changeover LPG cylinder at the property. There was no apparent damage to either the heater or the cylinder – or the hose connecting them.

Tests were carried out and gas was found to be leaking moderately when the coupling into the regulator from the heater and attached to the cylinder was secured at normal tightness.

It is ESV's view that the cause of the explosion resulted from a failure to tighten the coupling sufficiently, probably as a result of some minor damage caused to it over the years.

Gas Appliance and Installation administrative assistant, Katherine Pleuger.



A SAFETY CASE SETS OUT THE SAFETY POLICIES AND BUSINESS PROCESSES DEVELOPED AND IMPLEMENTED BY GAS COMPANIES TO DEMONSTRATE HOW THEY ENSURE THAT GAS IS PROVIDED SAFELY AND RELIABLY TO THE VICTORIAN COMMUNITY.

SAFE AND EFFICIENT GAS CONT...

CAMPING FIRE TRAGEDY

ESV assisted investigations into a tent fire on a camping site at Killarney, near Warrnambool, in September 2006, in which two young sisters received serious burns. According to reports received by ESV from a fire investigator, the fire could have resulted from the connection between a gas cylinder and an LPG camping light not being tight.

Three children, two girls aged 15 and five and a boy aged two, were in the tent when it caught fire.

The 15-year-old received third degree burns to 80% of her body and her sister suffered burns to her face and hands. The boy was not hurt.

A manager and another camper, who rescued the children from the flames, required hospital treatment for burns to their hands.

GAS CYLINDER VALVE INCIDENT

ESV issued a safety warning to the Liquefied Petroleum Gas industry after an incident in which a valve bonnet and valve assembly appears to have become separated from the valve body of a 9kg. cylinder. A man purchased the cylinder on Easter Monday and received serious burns just hours later after lighting a barbecue.

The victim noticed there was not sufficient gas to cook with and opened the control handle on the cylinder further to increase the flow. It was at this point that the assembly came away from the valve.

He then attempted to replace the assembly back in the top of the valve housing. The action slowed the release rate of the LPG vapour but directed it towards the barbecue burners and it ignited.

ESV tests indicated that there appears to be nothing in the valve design of the particular product to prevent the spindle and tap handle assembly locking gland from detaching from the valve housing.

ESV is working with the gas supplier to determine the cause of the problem

HOME GUTTED BY FIRE IN GAS CYLINDER INCIDENT

The interior of a Caulfield home was gutted by fire in early October, possibly after a three year old child managed to open the valve of a 9 kg cylinder and release the Liquefied Petroleum Gas (LPG).

The child's father had collected the cylinder from an exchange facility nearby, taken it home and left it temporarily in the lounge room when called to have dinner.

The mother told the ESV investigator they noticed a gas smell throughout the lounge and kitchen. After discovering that the gas was leaking, an attempt was made by the father to turn off the valve on the cylinder but he was unable to do so.

The vapour then ignited causing extensive damage to the house. An internal gas ducted heater with a standing pilot light is believed to have ignited the vapour.

The possibility that the child released the valve was one of the causes investigated.

The family escaped injury.

SAFETY CASES

ESV continues its program of safety case compliance audits to confirm that gas safety risks are being managed by gas companies to a level that is as low as reasonably practicable. This is achieved by using a co-regulatory approach where ESV shares part of the risk for the gas company's safety case by ensuring that all risks associated with the gas business are identified and incorporated with the safety management systems of that business. Also the audits are a continued improvement process with the gas companies to increase the safety of the gas users and the public.

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

During the reporting period there were 36 accepted safety cases overseen by ESV.

Three gas businesses safety cases were accepted during the year, these being natural gas retailers Red Energy and Australian Power and Gas (APG) and LP Gas reticulation company Westernport Water LP Gas.

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

ESV conducted and completed the following 44 safety case audits in 2006/07:

12 Transmission pipeline company audits (Including VENCORP)

6 distribution pipeline company audits

10 Natural gas retail company audits

13 LP Gas company audits

3 landfill gas pipeline company audits



Manager Installations Gas, Allen Peacock.



Gas Inspectors Chris Linton and Kerry Marshall.

ESV has also commenced moves to make several LP Gas entities declared “gas companies”. There are also signs in the market that additional companies are in the process of obtaining natural gas retail company licenses. This will further increase the workload on ESV.

Gas Technical Regulators committee
ESV, through its Deputy Director of Energy Safety, is a member of the Gas Technical Regulators Committee which comprises technical regulators responsible for gas safety matters in each Australian state and territory and New Zealand.

The committee works towards a consistent regulatory environment and a common approach between jurisdictions in gas safety and technical activities.

SAFETY OF GAS APPLIANCES

Certification of gas appliances

As reported in the 2005/06 Annual Report, ESV has accepted the SAI Global certification scheme which provides an alternative to that operated by the Australian Gas Association.

ESV also advised the gas industry – in particular, appliance retailers and gas fitters – that Type A gas appliances approved by the Queensland Government’s Department of Mines and Energy can be sold and installed in Victoria.

Acceptance of gas appliances approved by the Queensland authority is part of the normal convention whereby ESV and similar authorities accept products approved by government gas safety regulators in other states under mutual recognition legislation.

Approval of a gas product by the Chief Inspector Petroleum and Gas with the Queensland Department of Mines and Energy is a certification by the statutory authority that the appliance so badged is safe to use in its intended application.

Certifying organisations are required to have JASANZ or equivalent acceptance to ensure an ongoing auditing process of their procedures. Laboratories which test on behalf of the certifying organisation are required to have NATA accreditation.

Nationally, the gas appliance safety regime remains under review by the Gas Technical Regulators’ Committee and ESV has provided extensive input to this review through its active participation in committee work and direct liaison with other state regulators.

Sale of gas appliances

ESV continues to monitor appliances offered for sale to ensure they meet safety standards and are certified under an accepted scheme. While traditional retailing through shops and showrooms continues to account for the majority of gas appliance sales, the internet has emerged as a channel for leisure and outdoor appliance sales. ESV has continued to monitor these developments and has been working with **eBay** and other on-line providers to ensure that only safe and certified products are offered for sale.

Gas Inspectors continue an audit program to ensure compliance at new gas appliance retail outlets and the secondhand market. The vast majority of experienced new appliance retailers were selling certified appliances, but the secondhand market will remain a key focus for compliance. A number of warning letters were issued regarding the need for certification and some instances have been referred to ESV’s Legal section for further action.

Installation of gas appliances

The safety and quality of most residential gas appliance installations, conducted by licensed plumbers and gasfitters, is administered by the Plumbing Industry Commission (PIC) – the registration body for these workers. ESV is responsible for gas safety and oversees the gas safety outcomes by auditing the PIC’s procedures and the performance of its technical auditor, Casey Inspection Services. One audit was conducted during this reporting period that verified the technical auditor’s reports.

Gasfitting work forms a very significant amount of all plumbing work undertaken in Victoria. Whilst compliance rates remain consistently high, some ten percent of gasfitting work was found to be non-compliant with Standards including gas safety non-compliance involving ventilation, flue and gas escapes.

ESV continues to work with the PIC to improve worker competency.

CONTINUED VIGILANCE OF THE THREAT POSED BY CARBON MONOXIDE RESULTING FROM POOR INSTALLATION, LACK OF SERVICE MAINTENANCE OR MISUSE IS NEEDED.

SAFE AND EFFICIENT GAS CONT...

Keeping gas appliances working safely and in good repair

In June 2006 a new ESV television commercial was broadcast. It warns of the need for regular servicing and safety checks for gas appliances. An underlying message within the commercial warned of the danger of carbon monoxide poisoning from poorly maintained and ventilated gas appliances. The commercial was shown again in June 2007 as part of ESV's winter public awareness campaign.

The regular broadcasting of the commercial is just one stage of the ESV campaign to alert the general community and the medical profession to be aware of carbon monoxide poisoning – the predominant cause of fatality associated with gas use in Victoria and Australia over the last 10 years or so.

Since 2003 ESV has been vigorously campaigning to eradicate the use of instantaneous gas water heaters of the open flue type (IGWH) from bathrooms, toilets and other confined or dangerous locations.

The campaign has led to the immediate removal of dangerous installations and to the controlled replacement of many more IGWH classified by ESV as 'At Risk'.

In Victoria some 57,000 houses built by the Office of Housing (OoH) and its predecessor the Housing Commission of Victoria were identified as a major potential source of prohibited IGWH installations. Of these 23,000 were sold and are now in private hands and 34,000 are still managed by OoH.

In consultation with ESV, OoH initiated a project to manage the safety risk and to ensure the replacement of IGWH within their housing stock in 2008. Following its direct and media safety campaign, ESV commissioned a survey targeting the 23,000 homes now in private ownership.

As a follow-up to the survey, ESV inspected homes where IGWH units were suspected.

Based on audits, surveys and inspection, ESV has concluded that the specific campaign has successfully led to the removal of a significant number (>2000) of dangerous or at risk IGWH installations. Although initially focused on the houses built for the Office of Housing, the campaign has exposed similar gas safety risks to tenants in the private rental sector.

Continued vigilance of the threat posed by carbon monoxide resulting from poor installation, lack of service maintenance or misuse is needed. ESV proposes to continue its community gas safety messages, information and advice to meet the needs of specific groups. As in previous years, the actions include:

- Increasing community awareness of the threat and symptoms of carbon monoxide poisoning
- Addressing gas safety in the private rental housing sector through property agents and landlords
- Minimising the indoor use of outdoor heaters
- Addressing inadequate servicing of gas appliances
- Increasing the awareness of persons engaged in gas appliance servicing of the need for rigorous checking of ventilation, flue systems and flue performance
- Overcoming the expectation that very old appliances will perform safely forever.

Gas safety at public events

The safety of temporary and mobile gas installations providing hospitality and catering facilities at major public events continues to be a key activity for ESV inspectors.

By working with organisers well in advance of events, ESV has assisted the planning for gas safety and this has led to an overall reduction in non-compliance found during events.

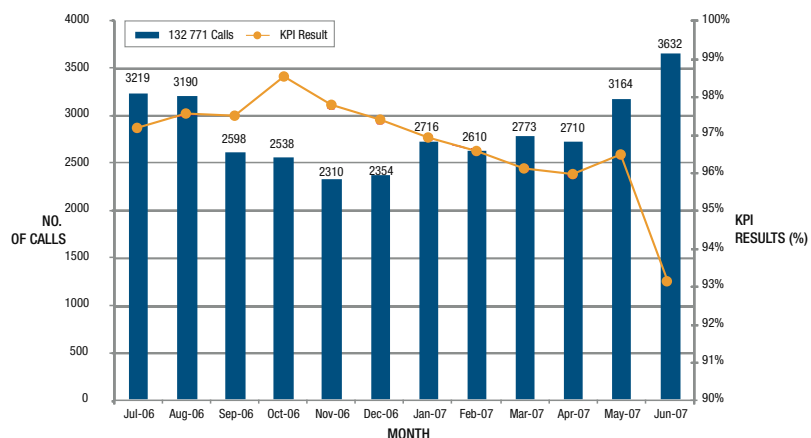
Forty-eight public events were audited, indicating that large, highly organised and well planned events were generally compliant whereas smaller rural events had the highest levels of non-compliance.



Gas Safety Advisor Luis Mayo.

EMERGENCY CALL STATISTICS

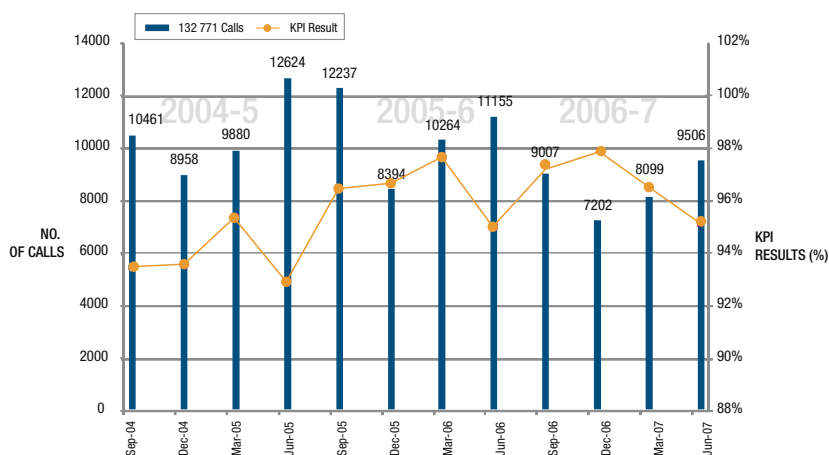
TOTAL CALLS TO CALL CENTRE 2006/07



Includes data from the former OGS.

KPI result is the percentage of phone calls responded to within the agreed time.

TOTAL CALLS TO CALL CENTRE (QUARTERLY HISTORICAL DATA)



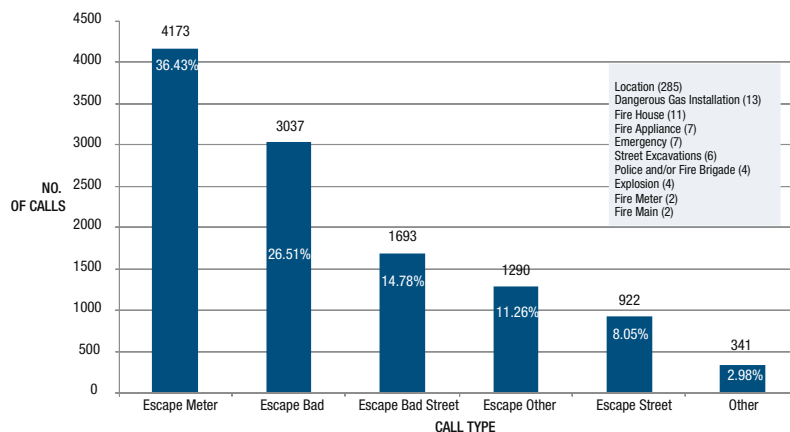
Customer Emergency

The single point of customer contact established in 2003/04 for all gas users and the general public, to report escapes or other gas emergencies, has continued to be operated by the National Response Centre of Origin Energy at the high levels of safety performance required by ESV. The 132 771 number is included in all Victorian telephone directories as the first point of contact for gas emergencies.

With the introduction in 2006 of a new scheme for gasfitters to report unsafe, "Immediately Dangerous" and "At Risk" situations the Gas Emergency Telephone Service and the 132 771 number evolved into a 'one stop shop' for the reporting and response to customer emergencies.

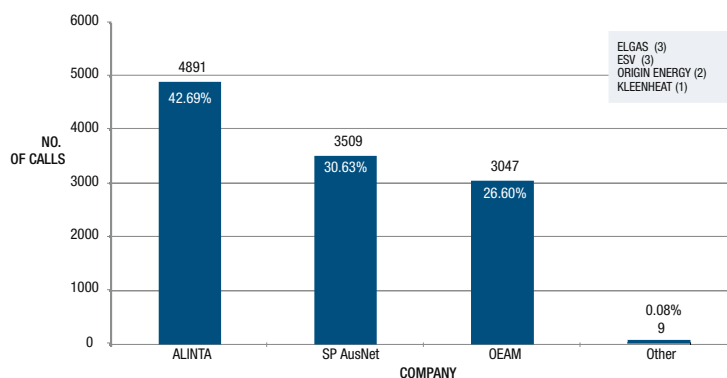
Response to the emergency calls continue to be provided by Victoria's gas distribution and LP Gas businesses to performance standards specified by ESV.

EMERGENCY CALL TYPE



Location (285)
Dangerous Gas Installation (13)
Fire House (11)
Fire Appliance (7)
Emergency (7)
Street Excavations (6)
Police and/or Fire Brigade (4)
Explosion (4)
Fire Meter (2)
Fire Main (2)

EMERGENCY CALLS TO COMPANIES



ELGAS (3)
ESV (3)
ORIGIN ENERGY (2)
KLEENHEAT (1)

MAJOR INFRASTRUCTURE PROJECTS WITHIN MELBOURNE CBD HAVE CONTINUED WITH NATURAL GAS BEING THE FUEL OF CHOICE. MAJOR PROJECTS HAVE INCLUDED THE SOUTHERN CROSS STATION AND THE CONTINUING DEVELOPMENT OF DOCKLANDS FOR RESIDENTIAL AND LEISURE USE RESULTING IN THE ACCEPTANCE OF MANY NEW GAS INSTALLATIONS.

SAFE AND EFFICIENT GAS CONT...

INDUSTRIAL AND COMMERCIAL APPLIANCE INSTALLATIONS

Complex Gas Appliance Inspections

Through the year ESV monitored and assessed the safety and integrity of all new and modified industrial and large commercial appliances. These ranged from combustion systems on gas turbines, large processing furnaces as well as unattended steam boilers and also extended to include simpler commercial gas appliances in restaurants etc. Inspection and audit workload remained steady at around 1,200 submissions per annum.

There were 1,121 new and modified Type B appliances submitted for acceptance during this reporting period. Audit and inspection by ESV revealed 199 non-compliant appliances. All non-compliant appliance installations irrespective of the severity of non-compliance were caused to be improved prior to acceptance.

ESV continued its support of the Australian Gas Association's Tier Two certification scheme and 252 Type A appliances were accepted following inspection. ESV has advised the Australian Gas Association of its intention to cease participation in Tier 2 appliance inspections from 2008 and revert to its regulatory role.

Major Industrial Appliance Installations

Some larger appliance installations of note that ESV assessed included the Blue Circle Southern Cement plant upgrade at Waurin Ponds, Geelong. This involved the assessment of new Pre-Calcliner, tertiary air heater and hot gas generators that have increased the efficiency and product through put by some 60 per cent. ESV continues to

closely work with Australian Paper engineers at Maryvale on the Black Liquor Recovery boiler that is used to generate steam power and chemical recovery for the papermaking process.

A number of gas fired power generating turbines with combined heat recovery were assessed during the year. They included a 3 MW (power) system at Symex, an advanced technology 'micro-turbine' at the new Melbourne City Council energy efficient administration offices and at Lyndhurst Community Centre. Micro-turbine technology in these cases were combined with heat recovery to improve overall thermal efficiency.

ESV was also involved in the assessment of a plant wide pollution abatement installation at Amcor Packaging, while several other facilities are in the process of evaluation. These facilities use state of the art control systems to minimise energy use to meet EPA licence requirements.

Gas Utilisation at Major Hazard Facilities

ESV continues to provide expertise on the safety of gas fired plant and equipment at a number of WorkSafe MHF sites. These include; the ongoing assistance with the Woodside Otway project that comprise two 18 MW gas fired turbine compressors with supplementary gas fired heat recovery systems and Huntsman Chemicals in its ongoing safety improvement program to upgrade several fired heaters as well as their H2S incinerator.

Complex Gas Installations

ESV continued to monitor and assess the safety and integrity of the majority of new and modified complex gas installations through the Gasfitting Notice system. Complex gas

installations include high rise buildings, factories and commercial buildings.

There were 3,473 Complex Gas Installations submitted for acceptance during the year. Audit and inspection by ESV revealed 667 non-compliant installations. All non-compliant installations irrespective of the severity of non-compliance were caused to be improved before they would be accepted.

Major infrastructure projects within Melbourne CBD have continued with natural gas being the fuel of choice. Major projects have included the Southern Cross Station and the continuing development of docklands for residential and leisure use resulting in the acceptance of many new gas installations.

Complex Gas Installation Safety Cases

Surveillance of the Bluescope Steel, Hastings, safety case has included an annual audit and additionally ESV has assisted the ongoing development of competencies for gas workers engaged in steel production and the operation and service maintenance of gas appliances and equipment.

ESV has been actively engaged with other major industrial gas users upon the application of Safety Cases and the systematic management of gas safety. ESV continues to encourage industry to take advantage of outcome and risk based safety management and looks forward to the extension of the Safety Case regime in this sector.



Manager Complex Appliances Frank Larobina and Gas Inspector Neville Coutts.



The burnt-out tent at Killarney, near Warrnambool. Two girls received serious burns in the fire (See page 30).

STANDARDS DEVELOPMENT

National Standards

National safety standards for gas appliances and installations continue to be vital for gas safety. ESV has continued to make significant contributions to Standards development through either chairing or participating in key committees and submitting technical comments with respect to the following gas standards and codes: Commercial Catering Equipment, Components, Installations, Paint Spray Booths and Quality of Gas Appliance Servicing.

An ESV representative chairs each of the following committees: Fuel-fired Appliance Code, Industrial & Commercial Gas-Fired Appliances, and Commercial Gas Fired Appliances and Components.

Committees

ESV also made significant contributions through Standards Australia Committees covering gas issues:

- ME 38 – 01: Gas Transmission Pipeline – Design and Construction
- ME 38 – 03: Gas Transmission Pipeline – Operation and Maintenance
- AG 008: Gas Distribution Code
- AG 008 – 02: Redraft of Steel Distribution Code
- AG 006: Gas Installations
- AG 011: Industrial and Commercial Industrial Gas Fired Powered Appliances. Industrial Fuel Fired Appliance Code.
- AG 013: Components
- AG 001: Domestic Appliance Code.

Development and issues management

As in recent years, ESV and previously the Office of Gas Safety has assisted the certifying of organisations where existing standards were found to be unsuitable or outdated due to rapid advances in technology and building development.

Technical Notes, guidance and interpretation

AS 5601 Gas Installations and other associated standards deal with complicated and highly technical issues which at times require some clarification or further explanation.

ESV continued to develop new Technical Notes and Information Sheets during 2006/07. These provide interpretations and explanations of some of the most common issues. They are “easy to understand” documents which provide guidance in achieving compliance with legislative and safety standards.

Education and development presentations and seminars

An important role for ESV is providing educational presentations to the gas industry to explain the latest in gas-related news, technology, safety recommendations and regulations.

During 2006/07, 42 presentations were made to apprentices at TAFE colleges, gasfitters, council environmental health officers, high-rise building consultants, specialist trade conventions and Department of Human Service inspectors. Once again, ESV recognises the assistance of the Master Plumbers and Mechanical Services Association and gas distribution businesses in facilitating presentations at many metropolitan and rural venues.

Topics covered issues such as gas installations and responsibilities, changes to Australian Standards, supply pressures, gas use in commercial premises, customer safety, gas in mobile catering vehicles and environmental effects of gas usage.

Gas Industry Emergency Exercise Amarina

Each year, ESV and VENCORP organise an exercise designed to test the ability of Victorian gas industry participants to respond effectively to a major gas supply emergency. The 2007 exercise, “Exercise Amarina”, was conducted in two parts, an industry communication / mobilisation exercise and a separate desk top exercise.

The first part was a “surprise” exercise focused on testing the effectiveness of the industry emergency notification process and

establishment of industry communications and mobilisation of industry emergency response teams. The exercise was also used to promote familiarisation within each business with the business’ emergency plans and the use of the web-based secure communication platform.

Participant and observer responses indicated that the exercise was a success, and positive feedback was received on the value of this format of exercise.

The desk top exercise involved a scenario where there was a threat to a critical gas transmission pipeline adjacent to high voltage electricity transmission lines and involved participants from across the industry, from government departments and from the emergency services. This exercise was designed to cover both gas emergency management and critical infrastructure protection issues.

Feedback on the desk top exercise indicated that it would be better to conduct a number of more focussed exercises with smaller, more homogeneous groups than one all-encompassing exercise. Consequently, the gas industry emergency exercise strategy will be reviewed in 2007/2008.

PIPELINES

With the commencement of the *Pipelines Act 2005* on 1 April 2007, ESV has been given additional responsibilities for pipelines. This includes the approval of safety management plans for non-gas pipelines and the approval of operational environment management plans for new and existing pipelines in Victoria.

The Minerals and Petroleum Regulation Branch of the Department of Primary Industries retains the responsibility for licensing and for construction environment management plans.

The existing memorandum of understanding between ESV and Minerals and Petroleum Regulation Branch has been updated and a new memorandum of understanding developed between ESV and EPA to reflect the new administrative arrangements and to ensure that safety and environment goals are achieved efficiently and transparently.

PERFORMANCE MEASURES

CORPORATE PERFORMANCE MEASURES

STANDARDS AND BEST PRACTICE

Outcome and Measures	2006-07 Target	Actual
Electricity – Supply and Use		
Electricity caused deaths (electrocutions)	0	2
Electricity involved deaths (fire)	0	2
Electricity suicides	0	3
Electricity involved serious injuries	0	44
Electricity involved non-serious injuries	0	670
Electricity involved serious incidents without injury	0	69
Electricity involved non-serious incidents without injury	0	618
Electricity-related fires	0	2844
Victoria's ranking compared to other Australian States and New Zealand	1	3

Notes

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

Outcome and Measures	2006-07 Target	Actual
Gas – Supply and Use		
Gas caused deaths (LPG)	0	2
Gas caused deaths (Natural Gas)	0	0
Gas involved deaths	0	0
Gas involved suicides	0	0
Gas involved injuries	0	4
Gas related fires (number)	0	142

SAFE MATERIALS, COMPONENTS AND APPLIANCES

Outcome and Measures	2006-07 Target	Actual
Electricity		
Recalls (number)	0	6
Compliant equipment submitted for safety approval (percentage)	95%	97%
Compliant equipment check tested for safety (percentage)	95%	96%
Electrical appliances on display in retail outlets with an accurate approvals marking (percentage)	95%	98%
Compliant equipment submitted for energy efficiency approval (percentage)	95%	99%
Compliant equipment check tested for energy efficiency (percentage)	95%	97%
Electrical appliances on display in retail outlets with an accurate energy rating label (percentage)	95%	96%
Gas		
Appliance and Installations		
No. of Type B appliance submissions (assessed/inspected)	1,400	1,122
Average defects per Type B appliance submission completed	0.40	0.25
No. of type A appliances assessed (Australian Gas Association Tier 2)	250	266
Point of sale inspections/audits	-	15
% of standard installations audited by PIC	5	5
% of standard installations found defective on PIC audits	4	9
No. of ESV audits of PIC audit process	2	1
Industry presentations	-	44
TAFE presentation	-	16
No of non-standard installation inspections	3,600	3,473
Average defect per non standard installation inspection	0.5	0.32

SKILLED WORKFORCE

Outcome and Measures	2006-07 Target	Actual
Electricity		
Workers Working on the Network		
Compliant transmission company line workers (percentage)	95%	95%
Compliant distribution company line workers (percentage)	95%	95%
Workers Working on the Installations		
Compliant licensed electrical inspectors (percentage)	95%	57%
Compliant registered electrical contractors (percentage)	95%	59%
Compliant licensed electrical installation workers (percentage)	95%	65%
Compliant inspection companies (percentage)	95%	100%
Compliant prescribed electrical work (percentage)	99%	99%
Compliant non-prescribed electrical work (percentage)	95%	93%

SAFE, SECURE AND EFFICIENT NETWORKS, FACILITIES AND INSTALLATIONS

Outcome and Measures	2006-07 Target	Actual
Electricity		
Safe Networks		
Electricity caused deaths (number)	0	0
Electricity involved deaths (number)	0	0
Electricity suicides (number)	0	0
Electricity involved serious injuries (number)	0	8
Electricity involved non-serious injuries (number)	0	350
Electricity involved serious incidents without injury (number)	0	20
Electricity involved non-serious incidents without injury (number)	0	515
Electricity-related fires (number)	0	1,317
Priority 1 incidents responded to within 24 hours (percentage)	100%	100
Safe Installations & Appliances		
Electricity caused deaths (number)	0	2
Electricity involved deaths (number)	0	2
Electricity suicides (number)	0	3
Electricity involved serious injuries (number)	0	36
Electricity involved non-serious injuries (number)	0	326
Electricity involved serious incidents without injury (number)	0	49
Electricity involved non-serious incidents without injury (number)	0	106
Electricity-related fires (number)	0	1,527
Properties with safety switches installed (percentage)	65%	64%

Notes

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

PERFORMANCE MEASURES

CORPORATE PERFORMANCE MEASURES

SAFE, SECURE AND EFFICIENT NETWORKS, FACILITIES AND INSTALLATIONS

Outcome and Measures	2006-07 Target	Actual
Gas		
Gas Networks		
Gas involved deaths	0	0
Gas involved suicides	0	0
Gas involved injury	0	4
Damage to assets <1,050 kPa [**Target < 3 yr Vic. rolling average]	< 3900**	3,805
Damage to assets >1,050 kPa [**Target < 3 yr Vic. rolling average]	< 2.7**	0
Emergencies > Level 2	N/A	21
Loss of supply affecting > 5 customers	25	67
Loss of supply affecting > 100 customers	2	3
Loss of supply affecting > 1,000 customers	0	0
No. of approved safety cases	–	36
No. of safety case audits per company per annum –		
– Natural Gas Transmission & Distribution	2	1.38
– Other	1	1
– Retail	1	1.21
– LPG	1	1.32
Emergency management exercises per company per year	2	1.34
% of priority 'A' emergency calls responded to within 60 minutes –		
– Metropolitan BH	98%	97%
– Metropolitan AH	98%	93%
– Country (all hours)	98%	95%
Gas Use		
Gas caused deaths (LPG)	0	2
Gas involved suicides	0	1
Gas involved injury	18	25
Investigations into breaches of Act and Regulations	50	30
Reports of unsafe installations	140	97
Reported fires/explosions/asphyxiation –		
– Gas caused	110	60
– Gas directly involved	180	139
– Gas incidentally involved	20	83
– Gas not involved	30	5
– Cause unknown	45	69
– Total	385	386
No. of consultative workshops	-	6

Notes

1 Information given quarterly

2 Upstream

3 Greatly decreased reporting with insufficient detail to process incidents

EDUCATED COMMUNITY AND SAFETY PARTNERS

Outcome and Measures	2006-07 Target	Actual
Community		
Reach of public awareness campaign (percentage)	95%	89%
Recall of electricity safety messages (percentage) –		
“Look Up and Live” (regional and rural Victoria only)		97%
“Safety Switches Save Lives”		84%
“Always Treat Gas with Respect”		57%
“Don’t Take Electricity for Granted”		57%
“Don’t Do Electrical Work Yourself”		67%
“Arrange a Home Safety Inspection”		42%
“Check Gas Appliances”		55%
Satisfaction with public awareness campaign (percentage)	92%	91%

PROFESSIONAL ORGANISATION

Outcome and Measures	2006-07 Target	Actual
Financial		
Income to expenses ratio (number)	1.00	1.01
Industry levies to total revenue (percentage)	44%	43%
Human Resources		
Workforce availability	85%	84%
Lost time injuries	0	2.7
Motor vehicle accidents	0	3
Employees retained	95%	92%

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OPERATING STATEMENT

FOR THE YEAR ENDED

30 JUNE 2007

	Notes	Year Ended 30 June 2007 (\$'000)	Period Ended 30 June 2006 (\$'000)
Revenue			
Revenue from ordinary activities	2a	18,359	15,980
Revenue from outside of ordinary activities	2b	740	624
Total Revenue		19,099	16,604
Expenses			
Employee benefits expense	4a	(8,612)	(7,360)
Compliance Audits		(2,006)	(1,827)
Depreciation & Amortisation	3	(516)	(403)
Other expenses from ordinary activities	4b	(7,698)	(7,154)
		(18,832)	(16,744)
Net result from operating activities	11b	267	(140)

The above Operating Statement should be read in conjunction with the accompanying notes

BALANCE SHEET

AS AT 30 JUNE 2007

	Notes	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Current assets			
Cash Assets	9b, 10	3,478	4,514
Receivables	5, 10	2,688	2,169
Accrued revenue		-	76
Prepayments		179	-
Total Current assets		6,345	6,759
Non-current assets			
Receivables – Rental Bond		-	252
Plant and equipment	6	1,093	882
Intangibles	7	237	288
Total Non-current assets		1,330	1,422
Total assets		7,675	8,181
Current liabilities			
Payables	8,10	1,538	2,086
Fees in advance		30	-
Provisions	8a	2,683	2,902
Total Current liabilities		4,251	4,988
Non-current liabilities			
Provisions	8b	-	36
Total Non-current liabilities		-	36
Total liabilities		4,251	5,024
Net Assets		3,424	3,157
Equity			
Contributed Capital	11a	3,610	3,610
Accumulated Surplus	11b	(186)	(453)
Total equity	11c	3,424	3,157

The above Balance Sheet should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Year Ended 30 June 2007 (\$'000)	Period Ended 30 June 2006 (\$'000)
Net Income Recognised Directly in Equity	11a	-	3,610
Net result for period	11b	267	(140)
Total Recognised Income and Expense for the period		267	3,740
Correction of Errors	11b	-	(313)

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Year Ended 30 June 2007 (\$'000)	Period Ended 30 June 2006 (\$'000)
		<i>Inflows (Outflows)</i>	<i>Inflows (Outflows)</i>
Cash flows from operating activities:			
Receipts from customers (exclusive of goods and services tax)		18,169	16,100
Goods and Services Tax recovered from ATO		987	872
Goods and Services Tax paid to ATO		(980)	(752)
Interest received		242	134
Payments to suppliers		(9,901)	(7,884)
Payments to employees		(8,867)	(7,499)
Net cash inflow/(outflow) from operating activities	9a	(350)	971
Cash flows from investing activities:			
Payments for plant and equipment		(574)	(471)
Additions of intangibles		(112)	(164)
Net cash (outflow) from investing activities		(686)	(635)
Cash flows from financing activities:			
Transfer of funds from merged entities		-	4,178
Net cash (inflow) from financing activities		-	4,178
Net increase/(decrease) in cash held:		(1,036)	4,514
Cash at the beginning of the financial period		4,514	-
Cash at the end of the financial period	9b	3,478	4,514

This Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting and are in accordance with the Financial Management Act 1994, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views. Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS).

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

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

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

b) Establishment

Energy Safe Victoria was formed as a result of the merger of the Office of Gas Safety and the Office of the Chief Electrical Inspector. The new identity commenced operations on 10 August 2005.

c) Comparative Information

As Energy Safe Victoria commenced operations on 10 August 2005, the comparative information is for the period 10 August 2005 to 30 June 2006.

d) Cash

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

e) Receivables

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

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

f) Plant and Equipment

All items of plant and equipment are recorded in the accounts at historical cost. All assets are capitalised if the purchase price exceeds \$1,000. Plant and equipment is depreciated over the estimated economic life of the asset to Energy Safe Victoria and is calculated on the following basis:

– Furniture and Fixtures	30%
– Office Machines	30%
– Office Computers	40%
– Leasehold Improvements	30%

g) Intangible Assets

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

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

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

Software is amortised over its useful life to Energy Safe Victoria and is calculated on a 33% straight line basis from the date that it is ready for use.

h) Employee Benefits

i) Wages and Salaries

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

ii) Employee Benefits Provision

AASB 119 requires the calculation of employee provisions to be reflective of the expected future wage and salary levels of current employees, inclusive of on-costs. During the year from 1 July 2006 to 30 June 2007, Energy Safe Victoria has calculated employee provisions in accordance with the requirements set out in AASB 119.

iii) Long Service Leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. (Refer: Note 8c).

iv) Superannuation

The amount charged to the Operating Statement in respect of superannuation represents the contributions made by Energy Safe Victoria to the EquipSuper Pty Ltd Fund, the Government Superannuation Office, MLC, CARE Super, the Australian Retirement Fund and the David Guthrie-Jones Family Super Fund (Refer: Note 15).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

i) Payables

These amounts represent liabilities for goods and services provided to Energy Safe Victoria prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 21 days of recognition.

j) Revenue Recognition

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

Specifically, material revenues arise from the following:

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

k) Enabling legislation

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

l) Leases

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Operating Statement in the periods in which they are incurred.

m) Financial Instruments

Receivables (Note 5) are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. The collectibility of debts is reviewed regularly, and at balance date, to assess the need for specific provision of any doubtful debts. Credit sales are on 30-day terms.

Payables (Note 8) are recognised for amounts to be paid in the future for goods and services received. Trade payables are normally settled on 21-day terms.

Short Term Deposits are stated at their nominated amount. Interest is recognised in the Operating Statement when earned. The short term deposits have a weighted maturity of 60 days and effective interest rates 5.89% to 6.40%.

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

n) Compliance Audit

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

o) Rounding of Amounts

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

NOTE 2: REVENUE

	Year Ended 30 June 2007 (\$'000)	Period Ended 30 June 2006 (\$'000)
(a) Revenue from ordinary activities		
Licence Fees	2,816	2,455
Emergency Telephone Service Fees	308	233
Safety Case Audit Fees	181	140
Approval Fees	689	340
Certificates of Electrical Safety	4,584	4,076
Electrolysis	977	867
Appliance Efficiency	182	112
Hazardous Location Investigations	100	191
Safety Management Schemes	120	125
Other	142	148
Sub Total fees	10,099	8,687
Industry Levy - Electricity	3,374	3,276
Industry Levy – Gas	4,886	4,017
Total revenue from ordinary activities	18,359	15,980
(b) Revenue from outside the ordinary activities		
Advertising Space Revenue	123	204
Legal Cost Recoveries	37	44
Interest	242	134
Other	338	242
Total revenue from outside ordinary activities	740	624
Total Revenue	19,099	16,604

NOTE 3: DEPRECIATION AND AMORTISATION

Outlined below are the amounts charged for depreciation and amortisation in the current period for each class of asset in the Balance Sheet:

	Year Ended 30 June 2007 (\$'000)	Period Ended 30 June 2006 (\$'000)
Furniture and Fixtures	47	36
Office Machines/Computers	209	189
Software	163	136
Leasehold Improvements	97	42
	516	403

NOTE 4A: EMPLOYEE BENEFITS EXPENSE

Outlined below is the detailed breakdown related to employee benefits expense

	Year Ended 30 June 2007 (\$'000)	Period Ended 30 June 2006 (\$'000)
Salaries	8,227	6,971
On-costs		
– Superannuation	97	68
– Annual Leave (movement)	163	(63)
– Long Service Leave (movement)	(383)	(48)
– Workers Compensation	41	47
– Payroll Tax	394	358
– Fringe Benefits Tax	73	27
Subtotal On-costs	385	389
	8,612	7,360

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 4B: OTHER EXPENSES FROM ORDINARY ACTIVITIES

	Year Ended 30 June 2007 (\$'000)	Period Ended 30 June 2006 (\$'000)
Rent	749	701
Advertising	1,390	1,993
Motor Vehicle Expenses	1,049	759
Printing & Stationery	946	345
Telecommunications	404	443
Consulting Fees	634	300
Emergency Response	80	63
Emergency Response Telephone	342	305
Business Services	94	271
Legal Fees	58	93
Admin Fees – Certificates of Electrical Safety	217	191
Insurance	394	411
Computer Expenses	494	369
Travel Expenses	109	128
Training & Education	123	65
Compliance & Audit Services (including Bushfire Mitigation)	177	163
Office Equipment	42	145
Committee Member Fees	11	8
Hazardous Location Investigations	66	75
Provision for Doubtful Debts	121	-
Other	198	326
	7,698	7,154

NOTE 5: CURRENT ASSETS - RECEIVABLES

	Year Ended 30 June 2007 (\$'000)	Period Ended 30 June 2006 (\$'000)
Approval fees	191	100
Electrolysis fees	266	285
Appliance Efficiency fees	56	43
Distribution Businesses	500	604
Agent – Certificate of Electrical Safety	903	672
G.S.T. Input Tax Credit	209	193
General	684	379
	2,809	2,276
Less Provision for Doubtful Debts	(121)	(107)
	2,688	2,169

An amount of \$684,134 reported as General Receivable for the Year Ended 30 June 2007 relates to the work undertaken by Energy Safe Victoria for the installation of electrical equipment in hazardous locations throughout the State (\$103,966), ESV magazine (\$53,937) and Other (\$526,231).

A provision for doubtful debts has been established of \$121,000 which follows a review of outstanding debtors.

NOTE 6: NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Furniture and fixtures at cost	175	182
Less: accumulated depreciation	(83)	(36)
	92	146
Office Machines at cost	1,151	638
Less: accumulated depreciation	(398)	(189)
	753	449
Leasehold Improvements at cost	387	329
Less accumulated depreciation	(139)	(42)
	248	287
Summary:		
Plant and equipment at cost	1,713	1,149
Less: accumulated depreciation	(620)	(267)
Carrying amount at end of period	1,093	882

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below.

30 June 2007	Furniture & Fixtures (\$'000)	Office Machines (\$'000)	Leasehold Improvements (\$'000)	Total (\$'000)
Carrying amount at start of period	146	449	287	882
Additions	3	513	58	574
Disposals	(10)	-	-	(10)
Depreciation expense	(47)	(209)	(97)	(353)
	92	753	248	1,093

30 June 2006	Furniture & Fixtures (\$'000)	Office Machines (\$'000)	Leasehold Improvements (\$'000)	Total (\$'000)
Transfers from Prior Entities	119	444	114	677
Additions	63	194	215	472
Disposals	-	-	-	-
Depreciation expense	(36)	(189)	(42)	(267)
	146	449	287	882

NOTE 7: NON-CURRENT ASSETS - INTANGIBLES

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Software at cost	536	424
Less: accumulated amortisation	(299)	(136)
	237	288

30 June 2007	Intangibles (\$'000)
Carrying amount at start of period	288
Additions	112
Disposals	-
Amortisation expense	(163)
	237

30 June 2006	Intangibles (\$'000)
Transfers from Prior Entities	260
Additions	164
Disposals	-
Amortisation expense	(136)
	288

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 8: CURRENT LIABILITIES – PAYABLES

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Payables	1,535	2,016
GST Output - Sales	29	25
Payroll Suspense	1	70
Rental Bond Held	(27)	(25)
	1,538	2,086

NOTE 8A: CURRENT LIABILITIES - PROVISIONS

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Superannuation	2	4
Employee benefits - annual leave	1,178	1,015
Employee benefits - retirement gratuity	24	24
Employee benefits - long service leave	1,476	1,824
Payroll Tax	3	35
	2,683	2,902

NOTE 8B: NON-CURRENT LIABILITIES - PROVISIONS

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Employee benefits - long service leave	-	36
	-	36

Long service leave representing less than 7 years of continuous service measured at present value. This value is nil because there is no accrued long service leave entitlement below 7 years of service.

NOTE 8C: EMPLOYEE BENEFITS

All annual leave and unconditional vested LSL representing 7+ years of continuous service is:

(a) disclosed in accordance with AASB 101, as a current liability even where the agency does not expect to settle the liability within 12 months as it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months;

(b) measured at:

- nominal value under AASB 119 where a component of this current liability is expected to fall due within 12 months after the end of the period, and
- present value under AASB 119 where the entity does not expect to settle a component of this current liability within 12 months.

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Annual Leave – expected to fall due within 12 months	581	512
Annual Leave – expected to fall due after 12 months	597	503
	1,178	1,015

LSL representing less than 7 years of continuous service is:

(a) disclosed in accordance with AASB 101 as a non-current liability; and

(b) measured at present value under AASB 119 as the entity does not expect to settle this non-current liability within 12 months.

	30 June 2007	30 June 2006 (\$'000)
Long Service Leave		
Weighted average discount rate	6.27%	5.15%
Number of Employees	93	89

NOTE 9A: CASH FLOW

Reconciliation of net cash used in operating activities to operating surplus.

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Operating surplus / (deficit)	267	(140)
Depreciation / Amortisation	516	403
Disposal of plant and equipment	10	
Doubtful Debts	14	(42)
	807	221

Change in assets and liabilities*Current assets*

Decrease/(Increase) in receivables	(533)	(46)
Decrease/(Increase) in accruals	76	(76)
Decrease/(Increase) in prepayments	(179)	-
Net Decrease /(Increase) in current assets	(636)	(122)

Non-current assets

Decrease/(Increase) in receivables	252	-
Net Decrease /(Increase) in non current assets	252	-

Current liabilities

Increase/(Decrease) in payables	(481)	1,033
Increase/(Decrease) in other	(37)	(22)
Increase/(Decrease) in provisions	(219)	1,642
Net Increase /(Decrease) in current liabilities	(737)	2,653

Non-current liabilities

Increase /(Decrease) in provisions	(36)	(1,781)
Net Increase /(Decrease) in non-current liabilities	(36)	(1,781)
Net cash flows from operating activities	(350)	971

NOTE 9B: CASH ASSETS

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Cash on hand	3	3
Bank	907	854
Deposits – @ call	85	598
Deposits – NCD/Bills	2,483	3,059
	3,478	4,514
Balances as above	3,478	4,514
Balances as per statement of cash flow	3,478	4,514

NOTE 10: FINANCIAL INSTRUMENTS**a) Interest rate Risk Exposures**

Energy Safe Victoria exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

30 June 2007**Fixed Interest Rate**

	Note	Floating Interest Rate (\$'000)	Non-interest bearing (\$'000)	Total (\$'000)
Financial Assets				
Cash	9b	3,478	-	3,478
Receivables	5	-	2,688	2,688
		3,478	2,688	6,166

**Weighted
Average
Interest Rate**

6.25%

Financial Liabilities

Payables	8	-	1,538	1,538
Net Financial Assets		3,478	1,150	4,628

30 June 2006**Fixed Interest Rate**

	Note	Floating Interest Rate (\$'000)	Non-interest bearing (\$'000)	Total (\$'000)
Financial Assets				
Cash	9b	4,514	-	4,514
Receivables	5	252	2,169	2,421
		4,766	2,169	6,935

**Weighted
Average
Interest Rate**

5.55%

Financial Liabilities

Payables	8	-	2,086	2,086
Net Financial Assets		4,766	83	4,849

b) Credit Risk Exposures

The credit risk on financial assets of Energy Safe Victoria which have been recognised on the Balance Sheet, is the carrying amount, net of any provision for doubtful debts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

c) Net fair values of financial assets and liabilities

Valuation approach

The carrying amounts of cash assets, receivables, investments and payables approximate their net fair value.

	Note	30 June 2007 (\$'000)	Net Fair Value (\$'000)	30 June 2006 (\$'000)	Net Fair Value (\$'000)
Financial Assets					
Cash Assets	9b	3,478	3,478	4,514	4,514
Receivables	5	2,688	2,688	2,421	2,421
		6,166	6,166	6,935	6,935
Financial Liabilities					
Payables	8	1,538	1,538	2,086	2,086
Total		1,538	1,538	2,086	2,086

d) Reconciliation of Net Financial Assets to Net Assets

	Note	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Net Financial Assets (as above)		4,628	4,849
Non Financial Assets and Liabilities			
Plant & Equipment	6	1,093	882
Intangibles	7	237	288
Accruals		-	76
Prepayments		179	-
Fees received in advance		(30)	-
Provisions	8a, 8b	(2,683)	(2,938)
Net Assets per Balance Sheet		3,424	3,157

NOTE 11: EQUITY**a) Contributed Capital**

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Balance at the beginning of the reporting period	3,610	-
Capital transferred from merged entities	-	3,610
Total equity	3,610	3,610

b) Accumulated Surplus

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Accumulated surplus at beginning of the financial year	(453)	-
Surplus/(Deficit) as recognised in the Operating Statement	267	(140)
Correction of errors	-	(313)
Accumulated surplus at the end of the financial year	(186)	(453)

c) Total Equity

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Contributed Capital	3,610	3,610
Accumulated Surplus	(186)	(453)
Total Equity	3,424	3,157

NOTE 12: CONTINGENT LIABILITIES

As a regulator, Energy Safe Victoria has the responsibility to prosecute for breaches of the Electricity and Gas Safety Acts and associated regulations. As a result of Citipower's successful appeal to the Supreme Court and the subsequent order against ESV for costs, ESV may be liable for costs that are yet to be ascertained.

NOTE 13: AUDITORS' REMUNERATION

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Audit fees paid or payable to the Victorian Auditor General's office for audit of Energy Safe Victoria's financial report:		
Paid as at year end	30	30
Payable as at year end	-	-

Note: This amount is inclusive of GST.

No other services were provided by the Victorian Auditor-General's office.

NOTE 14: COMMITMENTS FOR EXPENDITURE

	30 June 2007 (\$'000)	30 June 2006 (\$'000)
Operating Lease Commitments		
<i>(i) Motor vehicles</i>		
Not later than one year	947	628
Later than one year but not later than five years	319	596
Later than five years	-	-
	1,266	1,224
<i>(ii) Office accommodation</i>		
Not later than one year	896	734
Later than one year but not later than five years	1,250	2,654
Later than five years	-	1,519
	2,146	4,907
<i>(iii) Office equipment</i>		
Not later than one year	106	132
Later than one year but not later than five years	99	223
Later than five years	-	-
	205	355
Total	3,617	6,486

Note: The 2006/07 gross office accommodation commitment includes the lease on premises and outgoings for 4 Riverside Quay, Southbank, 15 Ceylon Street, Nunawading, 32A Doveton Street North, Ballarat and 369 Royal Parade, Parkville.

The above commitments are inclusive of GST.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 15: SUPERANNUATION

Energy Safe Victoria contributes to the EquipSuper Pty Ltd Fund (formerly the Victorian Electricity Industry Superannuation Fund), the Government Superannuation Office, MLC, CARE Superannuation, the Australian Retirement Fund and the David Guthrie-Jones Family Super Fund. Contributions for permanent staff is calculated at 11% of gross pay, however, a recess has been granted by EquipSuper Pty Ltd due to funding being in excess of requirements. This resulted from the investment performance of the fund in recent years.

Payments to the Government Superannuation Office continue where \$23,709 was paid.

NOTE 16: MINISTERS AND ACCOUNTABLE OFFICERS

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

Names

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

Responsible Minister: The Honourable Theo Theophanous MP
Minister for Energy Industries and Resources
(1 July 2006 – 28 November 2006)

Responsible Minister: The Honourable Peter Batchelor MP
Minister for Energy Industries and Resources
(29 November 2006 – 30 June 2007)

Accountable Officers: Mr K Gardner
Director of Energy Safety

Remuneration - Accountable Officer

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

\$200,000 - \$209,999

The Accountable Officer's remuneration for the year 1 July 2006 to 30 June 2007 includes payment of annual leave and long service leave entitlement.

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

Other Transactions

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

NOTE 17: REMUNERATION OF EXECUTIVES

Income Band	Total Remuneration		Base Remuneration	
	2006/2007	2005/2006	2006/2007	2005/2006
\$0 - \$99,999	-	7	-	7
\$100,000 - \$109,999	-	-	-	-
\$110,000 - \$119,999	1	-	1	-
\$120,000 - \$129,999	-	-	-	-
\$130,000 - \$149,999	3	-	3	-
\$150,000 - \$159,999	-	-	-	-
\$160,000 - \$169,999	3	-	3	-
Total Number	7	7	7	7
Total Amount	\$993,000	-	\$993,000	-

Due to the commencement of Energy Safe Victoria on 10 August 2005 the seven executive managers were only appointed from 1 February 2006 and therefore their remuneration fell below the minimum reportable income band for the reporting period ended 30 June 2006. Those details are provided for current year comparative purposes only.

The Office did not engage in any transactions with the above stated persons or their related parties during the year from 1 July 2006 to 30 June 2007.

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

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

We further state that, in our opinion, the information set out in the operating statement, statement of recognised income and expense, balance sheet, statement of cash flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the Year Ended 30 June 2007 and financial position of Energy Safe Victoria as at 30 June 2007.

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



K Gardner
Director of Energy Safety
07 / 09 / 2007



A DeJong
Executive Manager Finance & IT
07 / 09 / 2007

INDEPENDENT AUDIT REPORT

Energy Safe Victoria

To the Members of the Parliament of Victoria and the Director of the Authority

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report for the financial year ended 30 June 2007 relates to the financial report of Energy Safe Victoria included on its web site. The Director of Energy Safe Victoria is responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

The Financial Report

The accompanying financial report for the year ended 30 June 2007 of Energy Safe Victoria which comprises the operating statement, balance sheet, statement of changes in equity, statement of cash flows, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the accountable officer's and chief finance and accounting officer's declaration, has been audited.

The Responsibility of the Director for the Financial Report

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

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

Auditor's Responsibility

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

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

Independent Audit Report (continued)

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

Independence

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Energy Safe Victoria as at 30 June 2007 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
7 September 2007


D.D.R. Pearson
Auditor-General

CORPORATE INFORMATION

STATEMENT OF CORPORATE INTENT

ESV's mission, vision and objectives, which form a part of this Statement of Corporate Intent, are noted on page one, two and three of this report.

The following is a summary of ESV's strategies, initiatives and performance targets which form part of the new Corporate Plan and which will lead ESV forward to successfully achieve all of its goals.

This table summarises:

- 1) outcomes to be accomplished by June 2012;
- 2) strategies that will be implemented over the plan period to achieve the outcomes;
- 3) milestones to be reached in the first year of the plan

7(A) ENERGY SAFE VICTORIA CORPORATE PLAN SUMMARY – 2008 TO 2012 - WITH STRATEGIC INITIATIVES AND 2007/2008 MILESTONE

KEY OUTCOMES REQUIRED	STRATEGIC INITIATIVES	MAJOR MILESTONES 2007/2008
1. Modern safety regulation – effective, efficient and fair <ul style="list-style-type: none"> – Revised legislation reflecting new approach – Set of regulations and rules designed to match the needs and competencies of stakeholders and encourage excellence in stakeholder performance – More clearly defined regulatory boundaries and responsibilities 	1.a. Review and improve the consistency of gas and electricity regimes 1.b. Update electricity and gas safety regime (implement outcomes of regulatory reviews plus re-make expiring regulations as required)	<ul style="list-style-type: none"> – Electricity Safety Act amendment completed – Gas Safety (Safety Case) Regulations commenced – Electricity Safety (Management) Regulations commenced – Electricity Safety (Energy Efficiency) regulations commenced – Electricity Safety (Installations) Regulations commenced – Electricity Safety (Licensing) regulations commenced – Gas Safety (Gas Installations) regulations commenced – Gas Safety (Gas Quality) Regulations finalised – Electricity Safety (Stray Current Corrosion) Regulations finalised
2. Better informed stakeholders– improved consultation & communication <ul style="list-style-type: none"> – Formalised transparent consultation mechanisms/processes – Satisfied community, industry and other stakeholders – Easier access to information (technology utilised - e.g. web enabled communication), improving accessibility and business productivity – Public educated in safe use of appliances and installations – Community/industry awareness of service commitment 	2.a. Review and improve the efficiency and effectiveness of communicating safety information to the community and industry 2.b. Improve the quality of consultation with safety partners, community and industry and responsiveness to stakeholder needs 2.c. Explore communications program for schools about career and safety issues	<ul style="list-style-type: none"> – Completed review of quality and effectiveness of awareness campaigns and publications – Implementation of any improvements identified from Customer Satisfaction Survey – Implemented safety programs for schools (subject to outcome of viability assessment)
3. Safe and reliable gas supply, electricity supply and pipeline systems <ul style="list-style-type: none"> – Minimise deaths, injuries and fires from electricity and gas supply systems – Appropriate community behaviours – Effective management of emergencies – Increased effectiveness of asset management philosophies and practices adopted by businesses (to meet needs for reliability and capacity) – Acceptance of Safety Management Schemes by businesses – Minimise deaths, injuries and environmental impacts from pipelines 	3.a. Continue the development and implementation of a program to reduce frequency and consequence of unintended contact with gas and electricity supply infrastructure 3.b. Encourage and facilitate the development and adoption of improved asset management models for energy supply infrastructure	<ul style="list-style-type: none"> – Behaviour modification strategies identified and implemented for reducing frequency of contacts with power lines. – Consultants appointed and industry engaged in asset management forum

CORPORATE INFORMATION

This table summarises: 1) outcomes to be accomplished by June 2012; 2) strategies that will be implemented over the plan period to achieve the outcomes; 3) milestones to be reached in the first year of the plan

7(A) ENERGY SAFE VICTORIA CORPORATE PLAN SUMMARY – 2008 TO 2012 - WITH STRATEGIC INITIATIVES AND 2007/2008 MILESTONE

KEY OUTCOMES REQUIRED	STRATEGIC INITIATIVES	MAJOR MILESTONES 2007/2008
4. Safe and efficient appliances and safe installations <ul style="list-style-type: none"> – Minimise deaths, injuries and fires from installations and appliances – Effective audit and approval system – Efficiency regime for gas appliances – Competent installers and service workers – Public educated in safe use of appliances – Improved application of standards (improved and robust) 	4.a. Review the efficiency and effectiveness of the certificate of electrical safety system and the independence and governance of the electrical inspection and auditing system 4.b. Introduce a nationally consistent on-line electrical appliance approvals process 4.c. Implement new gas inspection and audit processes	<ul style="list-style-type: none"> – Industry consultation completed & final implementation plan for changes to: – Certificate of Electrical Safety System – Electrical inspection and auditing system – Implemented on-line electrical appliance approvals system – Risk based inspection of complex gas appliances in place
5. Stable, sustainable and skilled industry workforce <ul style="list-style-type: none"> – Increased awareness and attractiveness of careers in energy sector – National competencies for industry participants – Continuous professional development in place – Improved effectiveness of licensing & registration of workers – New competency framework for type B gasfitters 	5.a. Review and improve the licensing, registration and competency framework for electrical workers and inspectors 5.b. Review and implement skills maintenance and training programs 5.c. Implement improved licensing processes for industry 5.d. Review and improve the licensing, registration and competency framework for gasfitters	<ul style="list-style-type: none"> – Completion of analysis of licensing, registration and competency framework for Type B appliance and complex gas installations – Licensing database upgrade implemented for lineworkers and spotters registrations – Cost benefit analysis completed for licensing of lineworkers, cable jointers and electrical fitters
6. Employer of choice – a committed team of skilled professionals <ul style="list-style-type: none"> – Satisfied and motivated workforce – Appropriate resourcing, reward and recognition – People with subject matter and regulatory skills – More clearly defined and effective ESV roles and responsibilities 	6.a. Implement Human Resources structure, training and performance initiative 6.b. Develop improved internal communication channels; 6.c. Develop a work force plan and change management strategy for ESV	<ul style="list-style-type: none"> – Updated organisational structure with new position descriptions across ESV – Workforce planning and succession plans – Performance management system reviewed, updated and reinforced – Change management plan developed – Staff training and development: organisational and individual needs analysis and plan; Implementation of internally run development programs – Improved internal communication channels
7. More efficient and effective ESV – clear and consistent practices <ul style="list-style-type: none"> – Documented policies, business processes and procedures – Updated integrated IT, work management and records systems – Disaster Recovery and Business Continuity Plans implemented – Improved risk management – Fast and effective incident analysis and action to prevent future incidents 	7.a. Prioritise and implement revision of policies, processes and procedures across ESV (towards a Quality Management System) 7.b. Implement an integrated IT strategy for improved efficiency and effectiveness in delivery of business requirements (including web-enabled processes) 7.c. Implement effective Business Continuity Plan 7.d. Re-engineer ESV & industry data collection, reporting and analysis (internal & external)	<ul style="list-style-type: none"> – Documented revised processes for records management, workflow management, accounting (including on-line processing for staff) and on-line HR processes (including payroll) – Enhanced accounting system & in-house HR system inclusive of payroll – Business continuity plan implemented – Revised processes and systems for collection and analysis of incident data

This table summarises measures and targets that will be used to assess plan progress and achievement of outcomes

7(B) ENERGY SAFE VICTORIA CORPORATE PLAN - MEASURES AND TARGETS SUMMARY –

KEY OUTCOMES & SELECTED MILESTONES	MEASURES	PERF.	TARGETS		
		06/07 Estimate	07/08	08/09	09/10
1. Modern safety regulation – effective, efficient and fair – Electricity Safety Act and Gas Safety Act amendment by June 2008 – All regulatory updates in line with planned update schedule	Delivery of Act and Regulatory renewal program in accordance with schedule <i>Effectiveness and fairness also indicated by safety measures under outcomes 3 and 4 and satisfaction measures under outcome 2</i>	90% delivery to planned update schedule	100% delivery to planned update schedule	100% delivery to planned update schedule	100% delivery to planned update schedule
2. Better informed stakeholders – improved consultation & communication – Completed review of quality and effectiveness of awareness campaigns and publications by end June 2008 – Implementation of improvements identified from Customer Satisfaction Survey by end June 2008 – Implemented safety programs for schools (subject to viability) by end June 2008 – Stakeholder surveys undertaken annually	– Reach of safety campaigns [average across campaigns and groups] – Recall of safety messages [average across messages and groups] – Overall stakeholder satisfaction with ESV (percentage) – Hits on the ESV website (number)	89 66 87 7000/ mth	90 70 90 7500/ mth	90 75 90 8000/ mth	90 75 90 8500/ mth
3. Safe and reliable gas supply, electricity supply and pipeline systems – Behaviour modification strategies identified and implemented for reducing frequency of contacts with power lines by June 2008 – Industry engaged in asset management forum by June 2008	– Damage to gas assets < 1,050 kPa (number) [**Target < 3 yr Vic. rolling average] – Damage to gas assets > 1,050 kPa (number) [**Target < 3 yr Vic. rolling average] – Contact with electricity supply assets associated with serious injury or death (measure of frequency of high consequence impact with assets) (number)	3704 0 305	< 3 yr average < 3 yr average < 2 yr average	< 3 yr average < 3 yr average < 3 yr average	< 3 yr average < 3 yr average < 3 yr average

CORPORATE INFORMATION

This table summarises measures and targets that will be used to assess plan progress and achievement of outcomes

7(B) ENERGY SAFE VICTORIA CORPORATE PLAN - MEASURES AND TARGETS SUMMARY –

KEY OUTCOMES & SELECTED MILESTONES	MEASURES	PERF.	TARGETS		
		06/07 Estimate	07/08	08/09	09/10
4. Safe and efficient appliances and safe installations – Industry consultation completed and final implementation plan by June 2008 for changes to certificate of electrical safety system and electrical inspection and auditing system – Implemented on-line electrical appliance approvals system by June 2008 – Nationally consistent electrical appliance approvals process by June 2009 – Implemented efficiency regime for gas appliances in line with AGO timetable – Risk based inspection of complex gas appliances in place by January 2008 – Risk based inspection of complex gas installations by November 2007	– Compliant electrical installations (percentage)	93	94	94	94
	– Properties with safety switches installed (percentage of domestic properties)	64	65	66	66
	– Compliance of licensed/registered electrical industry workers (average)	72	81	82	83
	– Safe/Approved electrical appliances identified at retail outlets (percentage)	95	95	95	95
	– Compliance of electrical appliances for efficiency labelling (percentage)	95	95	95	95
	– Compliance of Type B gas appliance installations (percentage)	80	80	85	90
	– Compliance of Complex gas installations (percentage)	65	70	75	80
	– Compliance of Standard gas installations [from PIC audits] (percentage)	92	92	92	92
5. Stable, sustainable and skilled industry workforce – 10% of industry participants involved in skills maintenance programs by June 2008 – New Electrotechnology training package for electricians January 2008 – Certificate IV refresher training for inspectors July 2008 – Agreed COAG initiatives implemented December 2008 – New licence applications on line by June 2008; Photos on licences by June 2009 – New competency framework for type B gasfitters by June 2010	– Total licences in place (number)	35700	36250	36800	37350
	– Total licences issued or renewed (number)	7500	7850	5800	6200
	– Total registrations in place – RECs (number)	9020	9250	9500	9750
	– Total registrations issued or renewed – RECs (number)	8900	9300	9300	9500
	– Total registrations in place – others (number)	5000	6000	6200	6500
	– RTO Audits completed (number)	15	20	25	30

This table summarises measures and targets that will be used to assess plan progress and achievement of outcomes

7(B) ENERGY SAFE VICTORIA CORPORATE PLAN - MEASURES AND TARGETS SUMMARY –

KEY OUTCOMES & SELECTED MILESTONES	MEASURES	PERF.	TARGETS		
		06/07 Estimate	07/08	08/09	09/10
6. Employer of choice – a committed team of skilled professionals – Updated structures and roles across ESV by June 2008 – Workforce planning and succession plans developed by November 2007 – Review and update the implemented performance management system by June 2008 – Updated recruitment policy in place by September 2007	– Employee satisfaction [measured by staff survey] (percentage)	Est. 50	< 75	75	80
	– Employee retention (percentage)	85	85	85	85
	– Lost Time Injuries (number)	2	0	0	0
7. More efficient and effective ESV – clear and consistent practices – Documented revisions to identified priority processes in accordance with schedule – Enhanced accounting system & in-house HR system inclusive of payroll by June 2008 – Updated Business Continuity Plan implemented by June 2008 – New document management & information workflow systems by June 2009 – Updated processes, reporting & systems for incident collection/analysis by June 2008	– Expense to income ratio (number)	0.99	1.0	1.0	1.0

CORPORATE INFORMATION

This table summarises: 1) outcomes to be accomplished by June 2012; 2) operational activities contributing to the outcomes; 3) activity levels to be reached in the 2007/2008 year

7(C) ENERGY SAFE VICTORIA CORPORATE PLAN - OPERATIONAL ACTIVITIES SUMMARY

KEY OUTCOMES REQUIRED	OPERATIONAL ACTIVITIES	PLANNED ACTIVITY LEVEL FOR 2007/2008
1. Modern safety regulation – effective, efficient and fair <ul style="list-style-type: none"> – Revised legislation reflecting new approach – Set of regulations and rules designed to match the needs and competencies of stakeholders and encourage excellence in stakeholder performance – More clearly defined regulatory boundaries and responsibilities 	<ul style="list-style-type: none"> – Complete gas and electricity investigations in accordance with ESV standards (set time lines and in a professional manner) – Prepare and prosecute matters in Court 	<ul style="list-style-type: none"> – Complete 60 Gas Investigations in a timely and efficient manner. – Complete 130 x P1, 1600 x P2 and 70 x P3 Electricity Investigations in a timely and efficient manner. – Ensure 90% of investigations are completed within set time frames – Prepare and prosecute 50 court cases with 100 per cent success.
2. Better informed stakeholders – improved consultation & communication <ul style="list-style-type: none"> – Formalised transparent consultation mechanisms/processes – Satisfied community, industry and other stakeholders – Easier access to information (technology utilised - e.g. web enabled communication), improving accessibility and business productivity – Public educated in safe use of appliances and installations – Community/industry awareness of service commitment 	<ul style="list-style-type: none"> – Effectively communicate safe use and behaviours around electricity, gas and pipelines to the community and industry, including: <ul style="list-style-type: none"> - Produce new energy safety television and radio commercials and undertake major awareness campaigns. - Maintain the communications content of the ESV website and produce publications. - Work with safety partners to promote safety messages - Explore initiatives to increase awareness including the development of a program involving Victorian schools. - Seek both reactive and proactive opportunities through electronic and print media to alert the community to energy safety issues. - Maintain a high standard of internal communications including regular publication of the ESV newsletter. 	<ul style="list-style-type: none"> – Complete all operational activities on schedule and within budget – Produce two new safety commercials – Undertake four major awareness campaigns – Produce four issues of the energysafe magazine – Produce one ESV annual report – Produce brochures, safety alerts as required – Undertake at least two joint campaigns with MFB/CFA – Undertake “Look Up And Live” safety campaigns with WorkSafe and distribution businesses – Explore program for secondary schools highlighting energy industry career opportunities – Explore program to raise energy safety awareness in primary schools – Produce at least six issues of the internal energysafe newsletter each year
3. Safe and reliable gas supply, electricity supply and pipeline systems <ul style="list-style-type: none"> – Minimise deaths, injuries and fires from electricity and gas supply systems – Appropriate community behaviours – Effective management of emergencies – Increased effectiveness of asset management philosophies and practices adopted by businesses (to meet needs for reliability and capacity) – Acceptance of Safety Management Schemes by businesses – Minimise deaths, injuries and environmental impacts from pipelines 	<ul style="list-style-type: none"> – Evaluate gas safety cases submitted to ESV. Audit compliance with safety cases and monitor gas supply safety outcomes. – Evaluate safety and environment management plans submitted by pipeline licensees. Audit compliance with plans and monitor pipeline safety and environmental outcomes. – Evaluate bushfire mitigation plans, electric line clearance plans, electricity safety management schemes and exemption applications submitted to ESV. Audit compliance with plans and monitor electricity supply safety outcomes. – Manage stray current corrosion of underground assets through operation of the Victorian Electrolysis Committee (VEC), registration of cathodic protection systems, and performance of field tests on stray current corrosion mitigation systems 	<ul style="list-style-type: none"> – 2 audits p.a. for major LPG and gas pipeline company safety cases, 1 p.a. for others – Evaluate gas safety cases as and when submitted – 1 audit p.a. of major pipeline licensees – Evaluate pipeline safety management plans and environment management plans as and when submitted – 1 audit p.a. of bushfire management plans for electricity network operators – Evaluate bushfire management plans (20 p.a.) prior to bushfire season – Evaluate electric line clearance plans (86 p.a.) and electricity safety management schemes as and when submitted – Chair VEC and technical subcommittee – Co-ordinate 22 area tests p.a. – 1200 drainage bonds and 72 thyristor drainage units tested 10 times p.a.

This table summarises: 1) outcomes to be accomplished by June 2012; 2) operational activities contributing to the outcomes; 3) activity levels to be reached in the 2007/2008 year

7(C) ENERGY SAFE VICTORIA CORPORATE PLAN - OPERATIONAL ACTIVITIES SUMMARY

KEY OUTCOMES REQUIRED	OPERATIONAL ACTIVITIES	PLANNED ACTIVITY LEVEL FOR 2007/2008
4. Safe and efficient appliances and safe installations <ul style="list-style-type: none"> – Minimise deaths, injuries and fires from installations and appliances – Effective audit and approval system – Efficiency regime for gas appliances – Competent installers and service workers – Public educated in safe use of appliances – Improved application of standards (improved and robust) 	<ul style="list-style-type: none"> – Investigate and respond to electrical and gas incidents and complaints in accordance with ESV standards – Audit electrical installations, equipment and retailers for compliance with the Electricity Safety Act and Regulations – Audit electrical industry workers for compliance with the Electricity Safety Act and Regulations – Provide specialist technical advice and liaison to industry to maintain and improve safety – Audit gas installations, appliances and retailers for compliance with the Gas Safety Act and Regulations – Provide specialist technical support to gasfitting departments in institutes of TAFE and Registered Training Organisations 	<ul style="list-style-type: none"> – Maintain 24x7 rosters to respond to emergency incidents – Chair Gas Emergency Management Consultative Forum (GEMCF), participate in Electricity Demand Reduction Committee (DRC) – Organise annual gas industry emergency exercises – Respond to and investigate 100 gas and 200 electricity complaints and non-emergency incidents – Audit 25% of employer operated ESMS annually – Audit 30,000 electrical installations annually – Audit 600 electrical equipment items for compliance in retailers/outlets – Audit 2,000 electrical equipment items for energy efficiency compliance in retailers/outlets – Audit 250 registered electrical contractors for compliance – Audit 400 licensed electrical workers for compliance – Audit 100 licensed electrical inspectors for compliance – Provide electricity related safety and technical information to industry and stakeholders through: <ul style="list-style-type: none"> - 110 information sessions - 12 ESV magazine articles – Provide gas-related safety and technical information to industry and stakeholders through: <ul style="list-style-type: none"> - 60 days of general presentations, gas company briefings, trade nights and community events - Provision of technical help to gasfitters, consultants and consumers 246 Days – Participation within industry working groups and identified industry issues. – Audit and inspect 1000 Type B gas appliances – Audit and inspect 4500 complex gas installations – Audit 60 major and regional public events, 20 gas appliance retail outlets, 200 Type A Tier 2 appliances, 3 installation safety cases, 2 Certifying Bodies, and the Plumbing Industry Commission twice – 50 Contact days with Trainees and Lecturers – 15 Apprentice of the year awards and events

CORPORATE INFORMATION

This table summarises: 1) outcomes to be accomplished by June 2012; 2) operational activities contributing to the outcomes; 3) activity levels to be reached in the 2007/2008 year

7(C) ENERGY SAFE VICTORIA CORPORATE PLAN - OPERATIONAL ACTIVITIES SUMMARY

KEY OUTCOMES REQUIRED	OPERATIONAL ACTIVITIES	PLANNED ACTIVITY LEVEL FOR 2007/2008
5. Stable, sustainable and skilled industry workforce <ul style="list-style-type: none"> – Increased awareness and attractiveness of careers in energy sector – National competencies for industry participants – Continuous professional development in place – Improved effectiveness of licensing & registration of workers – New competency framework for type B gasfitters 	<ul style="list-style-type: none"> – Process new and renewal applications for registrations in accordance with business plan and ESV service standards. – Provide advice to industry stakeholders through industry forums within business plan requirements. – Monitor the implementation of skills maintenance programs by industry stakeholders – Audit RTOs for compliance with delivery of relevant state and national accredited training package in accordance with ESV's expectations – Audit ESV's agents for selling certificates of electrical safety for compliance with contractual requirements. – Complete and provide replies to all communications to ESV, identified through the Comms System, within business plan and ESV service standard requirements 	<ul style="list-style-type: none"> – Process completed applications in 5 business days of receipt – Undertake 2 industry forums per month – 20% licence and registration holders undertaking skills maintenance programs – Undertake 20 RTO audits by June 2008 – Audit 200 agents by June 2008 – Agents distributing certificates with 90% compliance with contracts – Complete replies to stakeholders in 10 business days
6. Employer of choice – a committed team of skilled professionals <ul style="list-style-type: none"> – Satisfied and motivated workforce – Appropriate resourcing, reward and recognition – People with subject matter and regulatory skills – More clearly defined and effective ESV roles and responsibilities 	<ul style="list-style-type: none"> – Coordinate recruitment, selection and HR induction for staff vacancies – Coordinate ESV initiated staff training, development & information sessions – Develop, consult on and recommend HR related policies and procedures – Recommend and coordinate HR initiatives including performance management – Provide assistance and advise in relation to staff remuneration – Coordinate OH&S initiatives and manage WorkCover claims – Coordinate IR activities and ensure compliance with employment law – Facilitate culture change and management development initiatives at ESV 	<ul style="list-style-type: none"> – To be implemented through performance management plans
7. More efficient and effective ESV – clear and consistent practices <ul style="list-style-type: none"> – Documented policies, business processes and procedures – Updated integrated IT, work management and records systems – Disaster Recovery and Business Continuity Plans implemented – Improved risk management – Fast and effective incident analysis and action to prevent future incidents 	<ul style="list-style-type: none"> – Effectively manage and monitor ESV's finances – Ensure effective operation and availability of systems – Ensure compliance with ESV operating policies and procedures, including service standards 	<ul style="list-style-type: none"> – 95% income on target – 95% of operational expenditure on target – 95% of capital expenditure on target – Production of monthly and quarterly performance reporting – 99% availability of IT systems – Conduct an internal audit of compliance to policy, process and procedures

ACCOUNTING POLICIES

Refer to Note 1(a) Summary of Significant Accounting Policies in the Finance section on page 43.

AUDIT COMMITTEE

During 2006/07, the ESV Audit Committee consisted of the following members.

- Camel Ackerly
- Peter Buck

The Audit Committee's purpose is to overview:

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

STATUTORY INFORMATION

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

- a statement of declarations of pecuniary interests that have been duly completed by the accountable officer
- details of publications produced and how these may be obtained
- details of changes in prices, fees, charges, rates and levies
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement of industrial relations and details of time lost through industrial accidents and disputes
- a list of major committees sponsored, the purposes of each committee and the extent to which the purposes have been achieved.

The following matters did not apply to ESV during the period 10 August 2005 to 30 June 2006 – major external reviews, major research and development activities.

CONSULTANCIES

ESV engaged 42 consultants at a total cost of \$633,860 for 32 projects, each consultancy costing less than \$100,000.

DISCLOSURE OF MAJOR CONTRACTS

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

PECUNIARY INTERESTS

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

CUSTOMERS

Primary Customers

Customers who are provided with a regular service by ESV.

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

Secondary Customers

Customers who periodically interact or require a service from ESV.

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

CORPORATE INFORMATION

WHISTLEBLOWERS PROTECTION ACT 2001

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

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

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

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

The Protected Disclosure Coordinator:

Peter Hester

Executive Manager Legal and Licensing
Level 3, Building 2
4 Riverside Quay
Southbank 3006
Ph: 9203 9750
Fax: 9686 2197

The Protected Disclosure Officer:

Andrew Padanyi

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

Disclosures may also be made directly to the Ombudsman:

The Ombudsman Victoria

Level 3 South Tower
459 Collins Street
Melbourne Victoria 3000
Internet: www.ombudsman.vic.gov.au
Email: ombudvic@ombudsman.vic.gov.au
Tel: 9613 6222
Toll Free: 1800 806 314

INFORMATION PRIVACY ACT 2000

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

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

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

FREEDOM OF INFORMATION

ESV received 45 freedom of information requests from 1 July 2006 to 30 June 2007. All requests were dealt with in accordance with the Freedom of Information Act 1982. Application fees and access charges received during this reporting period totalled \$961.

Freedom of information requests must be made in writing, accompanied by a \$22.00 application fee and be addressed to:

Mr Andrew Padanyi
Freedom of Information Officer
Energy Safe Victoria
PO Box 262 Collins Street West, Vic 8007

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

COMMITTEES

The following Committees have been established under Section 10 of the Electricity Safety Act 1998:

ELECTRICAL LICENSING AND REGISTRATION ADVISORY COMMITTEE

Provide advice to the ESV on the standard of qualifications, proficiency, training and experience and on legislation and regulation development for licensed electrical workers and registered electrical contractors.

ELECTRICAL SAFETY COMMITTEE

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

INDUSTRY SECTOR BASED COMMITTEE

Develop and implement a system where appropriately qualified and trained lineworkers are registered with the ESV.

SAFE WORKING ON ELECTRICAL INSTALLATIONS COMMITTEE

Provide advice to the ESV on safe working methods for electrical installations.

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

ELECTRIC LINE CLEARANCE CONSULTATIVE COMMITTEE

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

EQUIPMENT ADVISORY COMMITTEE

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

VICTORIAN ELECTROLYSIS COMMITTEE

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

BUILDING ACT 1993

Not applicable as ESV does not own or control any Government buildings.

VICTORIAN INDUSTRY PARTICIPATION POLICY

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

NATIONAL COMPETITION POLICY

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

ENERGY EFFICIENCY GOVERNMENT BUILDINGS POLICY

The Victorian Government introduced the Energy Efficiency Government Buildings Policy in November 2001. This policy established two energy targets; a 15% reduction in building related energy use and that 10% of all electricity purchased is sourced from Green Power.

The former Office of the Chief Electrical Inspector chose to participate in this program on a voluntary basis to demonstrate leadership and support of this important Government initiative.

ESV has completed and achieved the objectives of the program.

DISCLOSURE INDEX

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

Legislation	Requirement	Page Reference
MINISTERIAL DIRECTIONS		
REPORT OF OPERATIONS		
Charter and purpose		
FRD 22B	Manner of establishment and relevant Minister	1
FRD 22B	Objectives, functions, powers and duties	3
FRD 22B	Nature and range of services provided	3
Management and structure		
FRD 22B	Organisational structure	8
Financial and other information		
FRD 22B	Statement of workforce data and merit and equity	9
FRD 22B	Summary of the financial results	12
FRD 22B	Significant changes in financial position	12
FRD 22B	Operational and budgetary objectives and performance against objectives	38
FRD 22B	Major changes or factors affecting performance	12
FRD 22B	Events subsequent to balance date	NA
FRD 22B	Details of consultancies over \$100,000	NA
FRD 22B	Details of consultancies under \$100,000	62
FRD 22B	Application and operation of Freedom of Information Act 1982	63
FRD 22B	Compliance with building and maintenance provisions of Building Act 1993	64
FRD 22B	Application and operation of Whistleblowers Protection Act 2001	63
FRD 22B	Statement of availability of other information	62
FRD 22B	Statement on National Competition Policy	64
FRD 22B	Statement on occupational health and safety	9
FRD 12A	Disclosure of major contracts	62
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DISCLOSURE INDEX

NOTES:

NA	Not applicable
ESV	Energy Safe Victoria
ELRAC	Electrical Licensing and Registration Advisory Committee
COAG	Council of Australian Government
GTRC	Gas Technical Regulator’s Committee
LEI	Licensed Electrical Inspector
LEIW	Licensed Electrical Installation Worker
MEPS	Minimum Energy Performance Standards
OCEI	Office of the Chief Electrical Inspector
OGS	Office of Gas Safety
PIC	Plumbing Industry Commission
REC	Registered Electrical Contractor

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