

**Energy
Safe
Victoria**
Annual
Report
2011–12

Creating a safer state with electricity and gas


energysafe
VICTORIA

Creating a
safer state with
electricity and gas

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About ESV

Creating a safer state with electricity and gas

The organisation

Energy Safe Victoria (ESV) is responsible for the safety and technical regulation of electricity, gas and pipelines in Victoria.

The nature and scope of our activities are defined by our mission, objectives, functions and responsibilities. The objectives, functions and responsibilities of ESV are described under the *Energy Safe Victoria Act 2005*, the *Electricity Safety Act 1998*, the *Gas Safety Act 1997* and the *Pipelines Act 2005* (the Acts), and the corresponding regulations. ESV operates within, and enforces compliance with, this legislation.

ESV acts in accordance with its Corporate Plan, which includes a Statement of Corporate Intent and the annual business and financial plans, as specified in the *Energy Safe Victoria Act 2005*.

As Victoria's safety regulator, ESV's principal role is to ensure the safe and efficient supply of energy to all Victorians. Safety is our top priority and it is a responsibility we take very seriously.

To meet our responsibilities ESV:

- » audits safety systems (including safety management systems, safety cases and plans), and also safety practices in relation to the design, construction and maintenance of all electricity, gas and pipeline networks and installations;
- » ensures that appliances meet stringent safety and energy efficiency standards before they are sold;
- » monitors, audits and enforces compliance with standards;
- » administers licensing, registration and approval systems that maintain safety standards and skills;
- » cooperatively engages with industry and the community to facilitate safety outcomes;
- » conducts comprehensive public awareness campaigns to educate the community and industry on the hazards associated with electricity, gas and pipelines.

Our vision

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.

Our values

At ESV, the following core values are expected from all our team and these values are expressed in our day-to-day actions, decisions and interactions with others.

- » Respect: We treat all stakeholders and staff with respect.
- » Integrity: We will always act with integrity.
- » Partnerships: We work cooperatively with external and internal stakeholders and customers to achieve objectives.
- » Accountability: We are accountable for all of our actions.

The objectives of ESV as stated in the Acts are to:

- » ensure the electrical safety of electrical generation, transmission and distribution systems, electrical installations and electrical equipment;

- » ensure the safe conveyance, sale, supply, measurement, control and use of gas;
- » control the electrical safety standards of electrical work carried out by electrical workers;
- » control the safety standards of gas work;
- » promote awareness of energy efficiency through energy efficiency labelling of electrical equipment and energy efficiency regulation of electrical equipment and gas installations, appliances and components;
- » promote the prevention and mitigation of bushfire danger;
- » protect underground and underwater structures from corrosion caused by stray electrical currents;
- » maintain public and industry awareness of electrical and gas safety requirements;
- » protect the public from environmental, health and safety risks resulting from the construction and operation of pipelines.

Ministerial Statement of Expectations

The Hon. Michael O'Brien, Minister for Energy and Resources, is responsible for administering the *Electricity Safety Act*, *Gas Safety Act* and *Pipelines Act*. The Minister provided ESV with his Statement of Expectations in December 2011, which together with the approved Corporate Plan is reported against in this Annual Report.

Ministerial Statements of Expectations are formal, public documents that articulate the Victorian Government's priorities and objectives and are about improving performance and governance. They target specific priorities in matters of regulatory governance and practice and apply until the end of the Parliamentary term, or until amended. The Minister's expectations for ESV include:

- » developing and maintaining the capacity and capability to deliver on the Corporate Plan;
- » implementing the recommendations of the 2009 Victorian Bushfires Royal Commission in an affordable and practical manner;
- » testing, challenging and exposing the performance of the businesses whose responsibility it is to design, build, maintain and operate gas and electricity infrastructure and pipelines;
- » applying a range of regulatory tools, including risk-based approaches, to achieve ESV's objectives;
- » maintaining a leadership role in facilitating industry and community awareness, knowledge, technical support and information to ensure the very best safety outcomes;
- » taking a leading role in influencing the national regulatory agenda to the benefit of Victorians where it is more efficient, without diluting Victoria's current position;
- » participating in national and international fora to develop standards to support effective risk-based regulation across the energy and pipeline sectors, and protecting consumers from imported equipment and appliances that are unsafe;
- » contributing to and supporting other government initiatives taking into consideration the role and responsibilities of ESV;
- » working closely in the ongoing development of effective and efficient regulation with the Department of Primary Industries;
- » considering the views of community and industry stakeholders in ESV's capacity as regulator;
- » keeping the Minister informed of existing and emerging issues.

Report from the Director of Energy Safety

I am pleased to present ESV's Annual Report for 2011–12, which outlines the significant progress that has been made in making Victoria a safer place to work and live with gas and electricity.

ESV continues to build its capacity and systems to more effectively engage with, and hold accountable, those who are legally responsible for ensuring the safety of the state's equipment and assets, as well as to inform and educate the community on ways they can stay energy safe.

Victoria recorded no gas-related deaths and only one electrical fatality in the 2011–12 financial year. While this is still one too many, the statistics demonstrate continuing improvements in long-term fatality and injury levels across the state.

ESV maintained a strong focus on ensuring the electricity network businesses further reduced the risk of their assets causing bushfires. The final report of the Powerline Bushfire Safety Taskforce was presented to the State Government and it provided further insights and guidance on the potential for new technologies to substantially reduce the risks of fire starts from powerlines.

During 2011, ESV invoked its enhanced powers under the *Electricity Safety Act 1998* by directing the major electricity companies to update their Electricity Safety Management Schemes (ESMS), and witnessed improved bushfire safety culture and approaches within the industry.

ESV published its first report into the safety performance of the Victorian electricity distribution businesses in September 2011. This noted their increasing levels of investment and maintenance, and we saw the early indications of improving asset performance and decreasing failure rates.

Although significant progress has been made in improving compliance with the clearance of vegetation from powerlines in areas of high bushfire risk, there is still substantial progress to be made in areas of lower risk, including urban areas, where reliability and electrical safety are paramount.

ESV continued to engage with and assist local councils in understanding their obligations and developing transition plans to achieve compliance. ESV also demonstrated its increasing readiness to issue "show cause" letters to councils where they have shown insufficient willingness to come into compliance with the Code and regulations.

ESV remained heavily involved in assisting government on a range of policy issues and improving legislation including the National Occupational Licensing System, National Electrical Equipment Safety Scheme and Bushfire Mitigation Regime.

ESV conducted a second review into the safety of smart meters in early 2012. This followed a previous review into the installation of smart meters in March 2011 that found that the regulatory regime, training, qualifications and competency of installers were sound. This was confirmed through audits of the distribution businesses' systems, procedures, practices, and their compliance with relevant safety Acts and regulations.

This second review, *The Safety of Advanced Metering Infrastructure in Victoria*, which was released in draft form in May 2012, concluded that meters met all expected Australian and international standards, had not been exploding or causing fires, and did not pose any different levels of risk than the previous generation electromechanical meters. If smart meters did fail, they failed safely. This was subsequently confirmed in the final report, which was released in July 2012.

During 2011–12, ESV increased its regulatory oversight of gas and electrical infrastructure, appliances and installations. Notable achievements included:

- » improving the quality, assessment and audit of submitted infrastructure safety cases and safety management schemes by network businesses;
- » enhancing the incident response and investigation capability of ESV;
- » improving planning and work flow work management, including capacity to record and analyse safety performance trends, follow up complaints and customer queries;
- » increasing ESV's engagement with the gas and electrical industry through standards formation and review, presentations at trade nights, to apprentices, public events, reviews and audits of training organisations and training courses, as well as involvement with specialist committees looking at renewable and emerging technologies;
- » more focused enforcement and compliance activities using risk-based approaches and greater preparedness to prosecute when justified; and
- » establishing closer ties and taking on leadership roles with the national committees of technical and safety regulators.

The increase in ESV's capacity to engage and hold industry and responsible persons accountable for compliance with the various acts and regulations has only been achieved through ongoing recruitment of talented and experienced specialists and professionals.

ESV grew by 16 per cent over the previous year and, with significant parallel investment in systems, new policies and procedures, accommodation and training, ESV was able to make significant strides in meeting the objectives articulated in its approved Corporate Plan as reported against in this Annual Report.

It is pleasing to note that the 2012 People Matter Survey again showed positive and strong results in a number of areas, particularly team spirit and commitment to continuous improvement.

Finally, ESV significantly lifted its public profile through targeted investment in community safety campaigns. More than \$1.1 million was invested during 2011–12 to raise awareness across seven vital community safety issues, including powerline safety, carbon monoxide awareness and the dangers of older wiring in homes.

All this would not be possible without committed and talented staff and I would like to express my gratitude and thanks to them for maintaining their passion for creating a safer state with electricity and gas.



Paul Fearon
Director of Energy Safety



The Director of
Energy Safety,
Paul Fearon.

Performance measures

ESV develops targets and performance measures (including indicators) that reflect outcomes, measure industry performance, monitor compliance, and drive and monitor ESV performance.

ESV strives to ensure the best safety outcomes for the community.

Historical evidence shows that people are tragically killed and injured every year, despite our best efforts. From 2012–13, ESV will be adopting a rolling average three-year target in relation to fatalities and some other measures, so that we can continue to focus our attention on a long-term reduction in the number of such incidents.

These tables of performance measures include the targets for 2011–12 (where applicable), plus the reported numbers for this year and the previous two reporting periods.

Standards and best practice			
Outcomes and measures	2009–10	2010–11	2011–12
Electricity—supply and use			
Electricity caused deaths (number)	9	4	1
Electricity involved deaths (number)	1	0	0
Electricity suicides (number)	1	3	0
Electricity involved serious injuries (number)	45	37	40
Electricity involved non-serious injuries (number)	627	591	297
Electricity involved serious incidents without injury (number)	182	96	334
Electricity involved non-serious incidents without injury (number)	578	606	1252
Electricity related fires (number)	2851*	263**	606

Notes:

The total of the figures for incidents and injuries for safe networks and safe installations and appliances may be greater than the total figures for ESV because some incidents relate to both areas.

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

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

Outcomes and measures	2009–10	2010–11	2011–12
Gas—supply and use			
Gas caused deaths (number)	2	1	0
Gas involved deaths (number)	0	0	0
Gas involved suicides (number)	0	0	0
Gas involved injuries (number)	34	38	0
Gas related fires (number)	104	102	183 +

+The introduction of the new PEGA/CIMS system has improved ESV's ability to capture data.

Safe materials, components and appliances				
Outcomes and measures	2009–10	2010–11	2011–12 Target	2011–12 Actual
Electricity				
Recalls (number)	4	11	11	9
Compliant equipment submitted for safety approval (percentage)	100	100	100	100
Compliant equipment check tested for safety (percentage)	N/A	10	10	2
Electrical appliances on display in retail outlets with an accurate approvals marking (percentage)	98	97	97	91
Compliant equipment submitted for energy efficiency approval (percentage)	100	100	100	100
Electrical appliances on display in retail outlets with an accurate energy rating label (percentage)	99	98	98	96

Corporate performance measures				
Safe and efficient appliances and safe installations				
Outcomes and measures	2009–10	2010–11	2011–12 Target	2011–12 Actual
Compliance of Type B appliances inspected and audited (percentage)	79.6	84.5	84.5	84
Compliance of other complex gas installations inspected and audited (percentage)	84.6	84.1	84.1	83.8
Compliance of standard gas installations audited by PIC (percentage)	90.6	91.1	91.1	94.8

Skilled workforce				
Outcomes and measures	2009–10	2010–11	2011–12 Target	2011–12 Actual
Electricity				
Workers working on installations				
Compliant licensed electrical inspectors (percentage)	73	72	81	72
Compliant registered electrical contractors (percentage)	80	70	81	61
Compliant licensed electrical installation workers (percentage)	71	79	81	67
Compliant inspection companies (percentage)	100	96	95	96
Compliant prescribed electrical work (percentage)	99	85	92	88
Compliant non-prescribed electrical work (percentage)	88	90	92	91

Community safety

Goals for 2011–12

- » To increase awareness of electricity, gas and pipeline safety.
- » To increase awareness about ESV's important role among industry, the public and government and improve brand health.

Outcomes

A core part of ESV's role is to conduct community safety campaigns to raise awareness about the potential dangers posed by electricity, gas and pipelines.

A key measure of how we perform that role is the long-term trends in safety outcomes for Victorians.

As shown in the performance measures on the previous pages, 2011–12 saw a reduction in the number of year-on-year fatalities and serious injuries, which is a positive outcome.

ESV will continue to work to educate and regulate to eliminate the risk and occurrence of injury and death as measured over the longer term.

Community awareness

To help ESV achieve its safety objectives, eight major community awareness campaigns were undertaken during 2011–12 to raise awareness about safety issues. These included paid advertisements and also public relations activity. The campaigns covered a range of issues including awareness about powerlines, the dangers of carbon monoxide, the importance of checking old wiring when buying a home, summer barbecue safety, the importance of always using a licensed electrician to do electrical work, and the dangers of buying unapproved goods online.

Look up and live

Our long-running look up and live campaign was given a significant facelift during the year, with striking new print advertisements designed that carried the stark message look up and live or dead and buried.

In addition to the traditional channels of radio, print and billboard advertising, the campaign ventured online for the first time, utilising websites popular with rural Victorians.

The online part of the campaign was particularly cost-effective and delivered very positive results. The use of online ads enabled consumers to easily seek further information by clicking on the ad, which instantly took them to the relevant page on the ESV website.

The campaign surpassed the expected number of web visits, with the target exceeded by more than 500 per cent.

New initiatives

New safety initiatives for 2011–12 included an online sales campaign that warned those buying electrical and gas goods from websites that they needed to ensure the items were approved and safe for use in Australia before purchase. The target for web visits was exceeded for this campaign by 200 per cent.

ESV also ran an online household wiring campaign to remind home buyers to get wiring checked in any house older than 30 years before moving in. Ads appeared on real estate and news websites, and the campaign prompted more than 4000 people to go to the ESV website to seek further information.

Carbon monoxide awareness

ESV also continued its annual carbon monoxide awareness campaign to remind Victorians of the need to get gas heaters serviced at least every two years to avoid carbon monoxide poisoning.

This has been one of our most successful campaigns in the past few years with research showing up to 67 per cent of women recalled seeing or hearing our advertisements. Most importantly, consideration of behaviour change was evident with one in two Victorians considering taking action to have their gas appliances checked after seeing the ads.

Magazine

Our quarterly magazine, *EnergySafe*, was given a facelift during the year. The magazine continues to be a popular way to communicate with electricians, gasfitters and industry, with ESV's 2012 stakeholder research showing 76 per cent of people rated the magazine good or excellent.

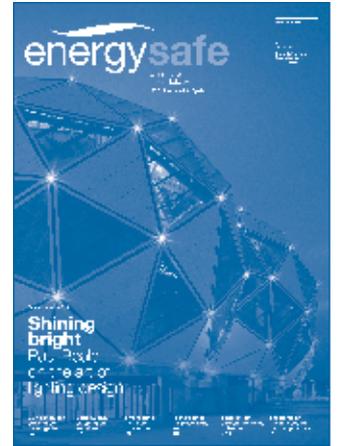
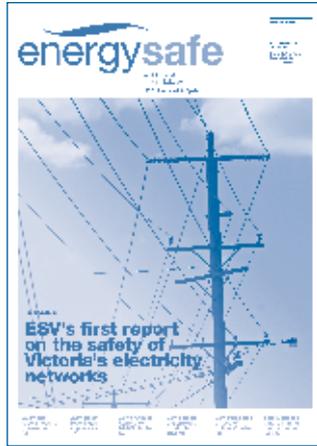
More than 11,000 copies of the magazine are now being delivered electronically, in addition to 48,000 printed copies.

Branding

In 2011–12, ESV added a tagline to its logo to help raise awareness about the important role the organisation plays in Victoria. The line, *Creating a safer state with electricity and gas*, was designed to clearly illustrate one of ESV's core objectives and to reinforce to the public and stakeholders the role we play in electricity and gas safety.

The adoption of the tagline is part of our ongoing journey to reposition the organisation in the eyes of stakeholders from a conservative, prescriptive regulator to an active and innovative advocate for public safety.

Greater awareness about ESV's role will increase the credibility and impact of safety messaging and community awareness campaigns, helping us to continue to achieve our aims of reducing death and injury as a result of electrical and gas-related accidents.



Prosecutions

ESV prosecuted 36 cases relating to electrical installations during the year. Of these, nine people were fined without conviction, 11 were fined and convicted and 16 were placed on undertakings to be of good behaviour.

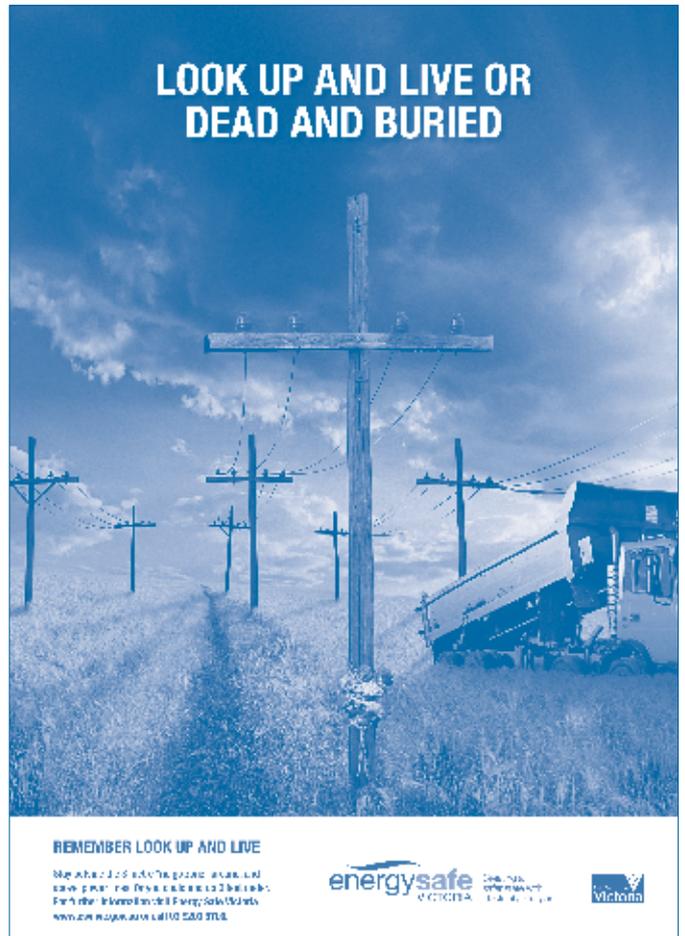
Of those who were prosecuted, 14 were unlicensed or unregistered, 21 were licensed or registered and one was a licensed electrical inspector.

Two of these actions were taken against smart meter installers who were prosecuted for breaches of the *Electricity Safety Act*, including the installer who was responsible for a reverse polarity incident in Highett in January 2011.

Of those successfully prosecuted, courts ordered:

Fines with conviction	\$73,500
Fines without conviction	\$18,300
Payments ordered to the Court Fund	\$15,050
Costs orders in ESV's favour	\$109,109

ESV also appeared in six completed Coroner's inquests and a proceeding in the Federal Administrative Appeals Tribunal.



Stark message:
One of the new look
up and live ads.

Electrical Infrastructure Safety

Goals for 2011–12

- » To ensure that the owners and operators of energy infrastructure and other responsible persons in Victoria operate safely.
- » To investigate incidents and conduct analyses that influence ESV policy, procedures and regulatory direction.
- » To provide industry and the public with information and technical regulatory support regarding the safety of energy infrastructure.
- » To ensure that the Infrastructure Safety Division has access to adequate capacity with the skills and qualifications necessary to fulfil the roles it is assigned to undertake.

Outcomes

The Powerline Bushfire Safety Taskforce presented its final report to the Victorian Government on 30 September 2011.

The Taskforce, which was established through ESV in response to the findings of the 2009 Victorian Bushfires Royal Commission, was asked to investigate the full range of options available to reduce the risks of catastrophic bushfires from electricity infrastructure and to quantify the benefits and cost, taking into account all measures already taken by government.

Consistent with the Commission's recommendations to consider undergrounding, insulated cable or other technologies, the Taskforce explored a range of options and prepared a detailed report, which was formally accepted by the State Government in December 2011.

On December 29, the government outlined a \$750 million work plan that would significantly reduce the risk of powerlines starting bushfires over the next decade.

ESV is now working with the Department of Primary Industries and the distribution businesses to oversee the implementation of that work plan.

Electricity Safety Management Schemes

In the interim, ESV has worked with each of the electricity distribution businesses, approving changes to their Electricity Safety Management Schemes that are reflective of the Commission's findings and the recommendations contained in the Taskforce's report.

Using its powers under the *Electricity Safety Act*, ESV issued a number of Directions to the electricity distribution businesses on the installation and management of network electrical protection, including the operation of existing devices and installation of additional current technology automatic circuit reclosers.

ESV also reviewed the legislation governing measures to prevent bushfire starts from electricity assets and released a discussion paper canvassing key issues.

Safety Performance Report

For the first time, ESV completed a Safety Performance Report on the Victorian electricity distribution businesses for the calendar year 2010, which was published on our website. This report focused on the operation of the new Electricity Safety Management Schemes, key safety indicators, as well as detailing the results of nine separate audits conducted by ESV on the distribution businesses. It assessed how well the five companies inspected and maintained powerlines during 2010 to minimise the risk of failure and fire.

For the most part, ESV was satisfied there was a good standard of inspection and timely repair by the industry but performance was mixed across the five distribution businesses. ESV noted there were a number of improvements and initiatives that were and continue to be made by the businesses. They would, however, all benefit from better alignment of their technical standards with their asset management practices in the field and expanding the scope of their asset inspection manuals to capture all asset classes as well as the new requirements contained in revised legislation. All companies reported issues relating to vegetation management and clearance from powerlines, but this was mainly due to other organisations, property owners and municipal councils failing to adequately meet their responsibilities.

Advanced Metering Infrastructure

In February 2012, a number of concerns were expressed by community groups, unions and the media about the safety of Advanced Metering Infrastructure (smart meters) following a handful of meter failures in the northern suburbs. ESV conducted a review into the safety of the meters, releasing a draft report in May 2012.

The report found the meter failures were the result of criminal damage rather than high-voltage injection, which was originally thought to be the cause. There was no evidence to suggest the safety risks associated with smart meters were any greater than older style electronic or electromechanical meters. This was confirmed and noted in the final report, which was released in July 2012.

Installation of electric lines on public land

The Electricity Safety Act 1998 specifies requirements for the installation by certain persons of electric lines on public land. The Governor in Council published an Order in the Government Gazette in relation to persons exempted from the *Electricity Safety Act* and therefore permitted to install, own and operate electric lines on public land. The Order included stipulated terms and conditions.

As part of this exemption process, ESV developed a registration process for these exemptions. With the deployment of the National Broadband Network, the number of exemptions registered with ESV grew significantly from 22 in the first half of 2011–12 year to 77 in the second half. As such, a complete review of the processes, guides, register, templates and file structure was undertaken with a new application form designed for applicants.

Electrical safety practices

Following a number of safety-related electrical incidents, ESV commissioned a brief review of the electrical safety practices adopted by Metro Trains and Yarra Trams. This was the first review of electrical safety practice in this sector by ESV since the enactment of the *Rail Safety Act* in 2006.

The findings of this review highlighted a number of issues requiring attention and these are being addressed with the relevant organisations.

Examining the evidence:
Paul Fearon inspects a failed smart meter with
ESV staff.



Gas and Pipeline Infrastructure Safety

Goals for 2011–12

- » To ensure that the owners and operators of energy infrastructure and other responsible persons in Victoria operate safely.
- » To investigate incidents and conduct analyses that influence ESV policy, procedures and regulatory direction.
- » To ensure that underground structures in Victoria are protected from the influence of stray electrical current from DC traction systems and cathodic protection systems.
- » To provide industry and the public with information and technical regulatory support regarding the safety of energy infrastructure.
- » To ensure that the division has access to adequate capacity with the skills and qualifications necessary to fulfil the roles it is assigned to undertake.

Outcomes

ESV established a standalone division for gas and pipeline infrastructure in November 2011. The decision to separate the division from electrical infrastructure reflected the importance ESV places on gas infrastructure and pipeline integrity and reliability at a time when the industry is going through a period of increased investment and renewal.

The division has responsibility for ensuring the safety of the conveyance, sale, supply, measurement, control and use of gas in Victoria, and the safety of existing and new oil and other pipelines. The division is also responsible for ensuring the cathodic protection of underground structures through the activities of the Victorian Electrolysis Committee.

In the past 12 months, there has been high levels of construction and repair work to energy infrastructure, as well as increased activity by third parties associated with underground utility services, including telecommunications and water.

While the risk of catastrophic events is low, increased vigilance is vital if Victoria is to maintain its safety record. For ESV, this means a greater focus on auditing and assessing safety cases and safety management plans.

Increased capability

To meet this requirement, staffing in the division has been increased from 10 to 19, significantly increasing ESV's capability to regulate the industry.

In the past year, there has been continuous and ongoing improvements to the quality of safety management plans, with more than 20 having been assessed. ESV has placed renewed emphasis on the quality and completeness of these documents and sought assurance from senior gas company executives and pipeline licensees that their plans are fit-for-purpose, they comply with the relevant legislation and standards, and that appropriate compliance, monitoring and reporting programs are in place.

To assist industry, ESV has been developing guidelines that will provide more detailed information about expectations for the quality and completeness of safety case and safety management plans. In this way, the community can have confidence that the systems and processes are in place to ensure that the risks in managing this vital infrastructure are reduced to as low as practicable.

Audit framework

The division developed an audit framework to guide its activities, which focused on the audit requirements arising from the *Gas Safety* and *Pipelines Acts*, and identified those activities as mandatory or discretionary; an important distinction for allocation of ESV resources.

The framework recognises the difference between compliance and effectiveness audits, which assists ESV to establish audit objectives with stakeholders, and assign relevant skills and knowledge.

The division also assessed its incident investigation needs and capability and determined that the full-time investigation team in the Gas Installations and Appliance Safety Division would now provide this service.

Reducing damage

Third-party damage to gas mains and services continues to be an issue for the industry. While Dial Before You Dig provides a valuable service, unfortunately there are still too many incidents taking place.

In the past year, ESV has increased the number of investigations related to third-party damage and the findings have highlighted an opportunity to increase awareness about this issue. We will be working with industry to highlight the consequences of damaging underground infrastructure and, where justified, ESV is prepared to prosecute.

Electrolysis

In May 2012, the Minister appointed the Division's Executive Manager to the position of Chair of the Victorian Electrolysis Committee (VEC).

The VEC completed its coordinated monitoring program of the underground metallic structures, including water, gas and oil pipelines, and telecommunication and power cables, across Melbourne's metropolitan area. Twenty-two field area tests were completed and all drainage bonds and units were tested as required.

In conjunction with the VEC, ESV continued to progress the evaluation of stray current mitigation requirements associated with regenerative braking on trains. Monash University was engaged to conduct a literature search around the world to understand what, if any, other solutions may be available to those already known in Victoria. The next step in this process would involve the planning and implementation of a trial with the Department of Transport and other stakeholders in the 2012–13 financial year.

Business improvements were identified during the year with business cases approved to migrate the cathodic protection registration system onto ESV's new works management system, and to implement a Geographical Information System to improve the efficiency of map production for area tests.

ESV's corporate structure

Director of Energy Safety

[Paul Fearon](#)

Executive direction and leadership of Energy Safe Victoria and exercise of all powers under the Act.

Policy and Strategy division

Deputy Director

[Mike Ebdon](#)

Emergency management, legal/legislation, prosecutions, ESV risk management and national harmonization.

Electrical Infrastructure Safety

Executive manager

[Robert Skene](#)

Electricity infrastructure and infrastructure standards.

Electrical Installations, Licensing and Equipment Safety (EILES)

Executive manager

[Neil Fraser](#)

Electrical installation and equipment standards, equipment approvals and point of sale audits, energy efficiency of equipment, electrical installation inspections, licensing, Certificates of Electrical Safety administration, investigations and training.

Gas Installation and Appliance Safety (GIAS)

Executive manager

[Paul Bonsak](#)

Gas installations and standards, safety inspections and approvals for major events, safety audits of Type-B gas appliances, energy efficiency ratings of gas appliances, audits of retailers of gas appliances and investigations.

Gas and Pipeline Infrastructure Safety

Executive manager

[Graeme Cook](#)

Gas infrastructure, licensed pipelines and electrolysis mitigation.

Finance and ICT

Chief financial officer

[Doug Bolam](#)

Finance and administration, information technology.

Media and Communications

Executive manager

[Sharon Rainsbury](#)

Community education and communications, media, publications including brochures, industry communications.

Human resources

Executive manager

[Kym Van Der Harst](#)

Human resources, training and recruitment.

Electrical Installations, Licensing and Equipment Safety

Goals for 2011–12

- » To ensure that all electrical installations and equipment in Victoria are safe and that all electrical installation work is carried out in a safe manner.
- » To respond to incidents and investigations in a timely manner in accordance with ESV policy and procedures.
- » To provide industry with appropriate knowledge to enable them to carry out and maintain safe electrical installations and equipment.
- » To provide industry and the public with the technical support and information to enable the safe use of electricity.
- » Provide appropriate, timely, consistent, unbiased and quality customer service to licence and registration holders, licensing enquiries and prospective applicants.

Outcomes

It was pleasing to see there were no fatalities caused by electrical equipment or installations during the financial year. This can be attributed to the success of ESV's ongoing communications campaigns and education programs that informed the trade and public about the safe use, repair and maintenance of electrical installations and equipment.

Complementary to this was the work done to ensure only safe and efficient equipment was sold and only appropriately qualified people were granted licences. In addition, work done to audit electrical installations and investigate complaints and incidents informed the direction of education and enforcement.

Enforcement campaigns

The introduction of a central database enabled ESV's team of investigators and compliance officers to expand the reach of ESV's education and enforcement campaigns to target repeat offenders and areas of concern.

A key part of this education program involved presentations to more than 3000 members of the electrical trade at seminars and registered training organisations. These sessions were designed to cover emerging issues and the complex requirements of solar installation and inspection, the responsibilities apprentices and tradespeople have for testing, equipment safety, licensing and use of Certificates of Electrical Safety. Offenders responsible for serious breaches of the *Electricity Safety Act 1998* were prosecuted and in some cases had their licences suspended.

The Electrical Installation Licensing and Equipment Safety team continued to provide a 'first response' service to serious electrical incidents and complaints, with the outcomes informing the development of education and standards programs. Many incident investigations have resulted in the prosecution of offenders (as detailed on Pg 7).

Point of sale audits

Point of sale audits of 1500 items of electrical equipment for safety compliance led to the removal of 98 non-compliant pieces of equipment and nine unsafe items from the market and the recall of nine products. Additionally 5668 products were checked for correct efficiency markings with 215 found to be unlabelled or incorrectly labelled.

Through ESV's *EnergySafe* magazine, websites and commercials, the essential requirements for equipment safety installation, compliance and licensing were conveyed to the trade and public. ESV also developed an electrical product approval database that enabled the public to verify the compliance of any electrical item that has been approved in Victoria or Queensland. This will soon be expanded so that every item approved nationally will be available on this database.

National Occupational Licensing System

As Australia moves towards the adoption of a National Occupational Licensing System, ESV integrated the theory component of the Licensed Electrician's Assessment into the Certificate III of Electrotechnology and continued to audit the delivery of course content and assessment by registered training organisations.

This was designed to ensure Victoria's high standards of training and assessment for licensing were maintained in the transfer to the national scheme.

Policy guidelines were also developed to ensure appropriate, consistent and accurate advice was provided to ESV's licence and registration holders, plus new customers and those making inquiries.

Home Safety Inspection Program

The Home Safety Inspection Program was expanded to make it available to all electrical inspectors and registered electrical contractors.

Buying electrical or gas products

online?

Don't put your family at risk. Be sure before you buy.

Edwardian Federation Cal Bungalow Triple front

Buying an older home?

Don't let a renovator's dream turn into a nightmare.

Old wiring can be dangerous.

energysafe VICTORIA
www.esv.vic.gov.au

Unexpected shock: ESV ran an online campaign that warned home buyers about the dangers of old wiring.

Don't put your family at risk: Images from ESV's online campaign warning consumers to ensure goods purchased online are approved and safe for use.

Statistics

Installation safety statistics			
Activity	2009–10 Total	2010–11 Total	2011–12 Total
Applications granted under Regulation 416/401 of the Electricity Safety (Installations) Regulations	125	104	205
Letters of acceptance	19	18	3
Breaches of regulatory requirements investigated	967	868	1047
Warning letters sent	55	30	75
Investigations actioned within five days	221	308	420
Investigations—final action instigated within 30 days	610	235	318
Infringement notices issued	24	22	11
Site audits of licensed electrical installation workers	286	198	227
Audits of licensed electrical inspectors	30	64	85
Field audits of registered electrical contractors	218	192	329
Construction site audits	101	81	125
Information sessions	139	81	169
Attendees at sessions	7789	4140	5639

Electrical Installations, Licensing and Equipment Safety

	Result 2007-08	Result 2008-09	Result 2009-10	Result 2010-11	Result 2011-12
Worker standards					
Electrician's Licence 'A Class' – New	1362	1313	1415	1621	1727
Electrician's Licence 'A Class' – Renewed	5356	3313	4198	6443	5921
Supervised Worker's Licence 'L' – New	314	230	229	192	237
Electrician (Supervised) Licence 'ES' – Renewed	527	299	66	70	66
Disconnect/Reconnect Worker's Licence 'D' – New	561	525	462	393	379
Disconnect/Reconnect Worker's Licence 'D' – Renewed	1780	1089	753	1060	984
Total number of licences issued	6139	2076	2143	2206	2362
Total number of licences in place	36,543	37,526	38,270	39,522	40,767
Total number of inspector's licences issued	276	320	329	360	37^
Total number of inspector's licences in place	317	327	343	364	383
Registration of electrical contractor – New	661	681	862	853	867
Registration of electrical contractor – Renewed	8702	8888	8829	9662	3228
Total number of registrations issued	9363	9569	9691	10,515	4095
Total number of registrations in place	9134	9506	9955	10,522	11,132
No. of meetings of the Electrical Licensing Registration Advisory Committee	6	6	6	6	6
Total number of Electrician Licences	26,833	27,869	28,675	30,072	31,511
Total number of Supervised Worker's Licences	1650	1564	1524	1417	1419
Total number of Disconnect/Reconnect Licences	7711	7735	7698	7638	7425
Total number of Occupiers Licences	32	31	31	31	29
Total number of registered Spotters	5393	6697	7867	9257	11,225
Total number of registered Lineworkers	2255	2354	2560	2702	3065

^ 2011-12 figure reflects a change from yearly renewals to five-yearly renewals.

Energy efficiency statistics			
Activity	2009–10	2010–11	2011–12
Number of days taken to approve fully compliant equipment efficiency applications	24.37	23.95	10.2
Models registered for labelling*	1506	1404	1439
Total number of registrations in place**	8212	9619	12,500
Number of inquiries	2182	1324	2851
Retail outlets visited	22	28	30
Cancellation of registrations for equipment efficiency matters (energy labelling or MEPS)	5	10	5

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

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

Equipment safety statistics					
Activity	2007–08	2008–09	2009–10	2010–11	2011–12
Approvals submitted	1783	1306	1336	994	840
Total number of approvals in place	7712	6960	5828	4361	4372
Number of products audited (approval)	1245	1142	1077	981	1386
Notices to comply issued	95	65	61	41	36
Safety investigations	342	264	264	120	279
Safety recalls initiated	9	7	4	11	9
Hazard alerts raised	8	1	3	1	2
Incident reports raised	27	10	7	16	19
Public safety warnings initiated	0	0	0	0	1
Number of days taken to approve fully compliant approvals applications	24.9	10	29	23.8	19.6
Number of inquiries	22,340	18,625	21,550	16,240	19,450
Infringement notices	4	4	4	0	6

Gas Installation and Appliance Safety

Goals for 2011–12

- » To ensure that all gas installations and appliances in Victoria are safe and that all gas installation work is carried out in a safe manner.
- » To respond to incidents and investigations in a timely manner in accordance with ESV policies and procedures.
- » To communicate with industry, the public and learning centres with regards to gas safety requirements to enable the safe installation and use of gas.
- » To ensure that all our staff are adequately skilled and appropriately qualified to fulfil their roles.

Outcomes

With a mandate to ensure the safe operation of gas installations and appliances as well as their safe installation, the Gas Installation and Appliance Safety Division (GIAS) embarked on a number of projects that were designed to ensure safety for gas users, measure and control gas appliances in Victoria and to influence legislation.

Minimum Energy Performance Standards

GIAS was heavily involved with the introduction of the Minimum Energy Performance Standards (MEPS) registration process for gas appliance efficiency, including MEPS regulations for gas water heaters.

To provide for the safety of complex gas installations and Type B appliances, GIAS developed a safety risk-based approach for assessment, acceptance and inspection of installations. GIAS used the new work management system to meet risk assessment criteria and to manage gas inspectors' workflows so that no installation was overlooked. One hundred per cent of high safety risk installations were inspected, while nominated medium and low safety risk complex gas installations and Type B gas appliances were audited on a needs basis.

Point of sale audits

GIAS also started point of sale audits, which were introduced to ensure that gas appliances available for sale to the public were safe and correctly certified. Along with these audits, GIAS also looked after public safety by inspecting gas appliances in use at public events. If danger was found to exist, these appliances were disconnected and the vendor asked to rectify the problem.

National Building Code

The consistency and alignment of the National Building Code to that of the Victorian gas regulations and standards for gas installations was a strong focus for ESV during the past year. Modern homes with high energy efficiency star ratings are well sealed against the elements, which reduces the amount of adventitious air that can be received by gas appliances to enable complete combustion. A strategy to align the National Building Code with gas regulations and standards was developed.

National Occupational Licensing System

ESV and other Victorian authorities involved with the adoption of the National Occupational Licensing System (NOLS) expressed concern about some aspects of the proposed changes to the licensing scheme relating to gasfitting. A Regulatory Impact Statement (RIS) was developed by the NOLS authority and this was expected to be available in the second half of the 2012 calendar year. ESV has been working towards the resolution of these issues.

Incident response and investigation

ESV also developed and implemented a standard approach for incident response and investigation that enabled it to better evaluate incidents and analyse trends to provide timely feedback and appropriate action. Monthly reviews of statistical data identified emerging incident trends and allowed them to be dealt with systematically.

GIAS also established a Memorandum of Understanding with all emergency service investigation agencies ensuring close communication and cooperation.

Carbon monoxide awareness

The dangers of carbon monoxide spillage were strongly promoted through television, radio, print and cinema advertisements during the winter months. The Gas Technical Regulators Committee (GTRC) investigated and prepared a *Gas Appliance (Carbon Monoxide) Safety Strategy* that explored the potential for carbon monoxide poisoning from the operation of air exhaust fans.

ESV also released an instructional gas safety DVD for plumbers and gasfitters that showed the correct way to test for carbon monoxide. More than 9000 DVDs were distributed to gasfitters across the state.

ESV has worked with government departments to raise awareness about gas safety issues, including carbon monoxide poisoning, and a consultative working group has been established to facilitate communication and information exchange.

Revised standards

GIAS put considerable effort into correcting and updating the new AS/NZS 5601 Gas Installations Standard, through the AG006 Committee. Concerns were raised about a number of deficiencies with this Standard, which worked against it being accepted in Victoria. Revised standards were expected to be completed by December 2012 for release in 2013.

During the year, ESV promoted training at gas training facilities and provided expert advice and technical input. Inspectors visited a number of registered training organisations each month and addressed students and distributed gas safety brochures.

Gas information presentations

ESV and the Plumbing Industry Commission embarked on a rigorous and highly informative program of gas information presentations for plumbers and gasfitters in 2012. The 17 information evenings were attended by more than 800 people across the state and included information on developments in gas appliance servicing requirements and an explanation as to why the AS/NZS 5601 Gas Installations Standard was not accepted in Victoria.

Gas Technical Regulators Committee

ESV was also appointed Chair of the Gas Technical Regulators Committee.

CONSUMER

Beware carbon monoxide It's a silent killer

Is your family at risk?





Creating a
safer state with
electricity and gas

Human Resources

Goals for 2011–12

- » To ensure ESV has a sustainable, flexible workforce that is able to meet service delivery needs in a timely, responsive and cost-effective manner.
- » To ensure ESV provides a safe, healthy environment for employees in line with contemporary occupational health and safety standards, including the delivery of health and welfare services.
- » To ensure learning and development is fully integrated into the business planning process to deliver the skills and competencies required to meet service delivery outcomes.
- » To ensure all complaints received by ESV are handled in a professional, sensitive, impartial and timely manner.

Outcomes

ESV has further increased resourcing capacity and capability throughout the year with the appointment of 23 new employees. These employees were recruited to fill vacancies created by attrition as well as newly established positions.

The Energy Safe Victoria Enterprise Agreement 2011 was formally certified by Fair Work Australia on 11 January 2012. The terms and conditions of the agreement have been made reflective of a single organisation and all references to former legacy organisations have been removed.

A full review of Human Resource (HR) policies and procedures was undertaken following the certification of the Enterprise Agreement. A number of HR policies were removed from the Human Resources Manual as they were not contained in the Enterprise Agreement.

Complaints handling

Complaints to ESV about services by other organisations rose by 26 per cent this year. A total of 703 complaints were lodged with ESV during this time with 76 per cent of those addressed and closed. While the percentage equalled the resolution rate from 2010–11, a significantly higher number of individual complaints were received and closed. The increasing number of complaints received has been attributed to the higher visibility of ESV and a greater preparedness by the public to complain.

Learning and development

ESV spent a total of \$335,436 on employee training during the year, which included technical, skills maintenance, professional development and compliance training.

Four Quadrant Leadership (4QL) remained the foundation program for developing an effective and performance-based culture at ESV, with the executive team participating in the next phase of development and three general introduction courses were conducted during the year.

All employees participated in a formal diversity program, which included bullying and harassment training as well as code of conduct awareness. This program is delivered for all employees every two years.

Performance planning

All employees participated in a formal performance planning and review program in 2011–2012. In addition, all employees were required to meet with managers in a one-to-one session for an hour each month. This program, which is known as Quality (Q)-Time, forms an important component of regular feedback to and from staff.

A formal 360 Degree feedback process was conducted during the year for all executive managers and incorporated into their performance plans for the year. The program also extended to all second tier line managers.

Employee People Matter Survey 2012

ESV's participation in the People Matter Survey increased in 2012 by approximately 50 per cent. Results continue to be positive and there were strong results in a number of areas.

People Matter Survey 2012				
	2009	2010	2011	2012
	%	%	%	%
I am confident that I would be protected from reprisal for reporting improper conduct	73	55	78	77
My organisation always tries to improve its performance	76	73	96	95
Senior managers provide clear strategy and direction	55	48	71	64
My manager appropriately deals with employees who perform poorly	47	42	75	73
Senior managers listen to employees	63	45	78	75
Senior managers keep employees informed about what's going on	52	48	74	67
Senior managers model the values	67	55	78	71
My organisation involves employees in decisions about their work	56	50	69	71
My organisation is committed to developing its employees	62	54	74	76
My manager ensures fair access to development opportunities for people in my workgroup	69	58	78	78
My manager is sufficiently skilled to resolve grievances	62	57	76	79
I am confident that if I lodge a grievance I would not suffer any negative consequences	63	42	71	59
There is a good team spirit in my workgroup	63	57	93	80

Occupational health and safety

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

Overall incidents and injuries remained low at ESV. Three formal Workcover Claims for medical expenses were lodged during the year. All three claims were accepted and subsequently closed.

Workforce data

During the year, eight employees separated from ESV for reasons including resignation, retirement and redundancy. Twenty-three employees commenced with ESV.

Headcount summary

Ongoing employees June 2012				
Number (headcount)	Vacant (positions)	Full-time (headcount)	Part-time (headcount)	FTE
116	5	113	3	114.60

Fixed term and casual June 2012	
FTE	2.0

Headcount breakdown by gender, age, classification			
	Ongoing Number (headcount)	Ongoing FTE	Fixed term & casual FTE
Gender			
Male	87	86.40	1.00
Female	27	26.20	1.00
Age			
Under 25	2	2.00	-
25-34	23	23.00	-
35-44	16	15.20	-
45-54	33	33.00	1.00
55-64	29	28.60	1.00
Over 64	11	10.80	-

Finance and ICT

Goals for 2011–12

- » To ensure compliance with statutory governance obligations, maintain ESV's financial viability and provide efficient, effective and accurate financial and management accounting for ESV.
- » To provide reliable, timely and secure ICT services that are aligned to the strategic needs of internal and external stakeholders.
- » To provide timely, efficient, effective and accurate Finance and ICT administration services to internal and external stakeholders.

Outcomes Information Technology (ICT)

ESV has continued the deployment of the Business Process Management System across all divisions. Some 90 per cent of ESV processes were converted to the new work management system with the last processes to be completed by August 2012. The final process to be converted is the licensing and compliance system.

The TRIM Records Management System was fully integrated into the business process management system, which enabled automation of document retention and version control in TRIM.

A new Human Resource Self Service system was purchased and the initial payroll module deployed. Additional personnel, training and development modules are due to be deployed in the first quarter of the 2013 financial year.

The data room at Southbank was upgraded as part of the relocation to the fifth floor of our Southbank office building at 4 Riverside Quay. Additional space and IT services were also provided at our Brandon Park location.

A project to consolidate business continuity and disaster recovery activities was approved and commenced during the financial year. New capabilities introduced delivered automated email archive and de-duplication of attachments, while upgrading back-end architecture that improved email performance and reduced storage footprints.

Business Services

This new section was created during the year to improve overall management and service across ESV in records management, procurement, fleet management, building services, business continuity and reception services. The aim of the division refinement was the development of a comprehensive support services model to ensure the division was focused on the achievement of core service delivery and organisational objectives.

While still in its infancy, the appointment of a building services manager has seen a renewed focus on customer service and a strong focus on the delivery of cost-effective services to ESV.

During the year, the building services and IT areas worked closely together to ensure a seamless move to our new office on Level 5 of our Southbank office building.

Financial review of operations

Financial summary:					
	2011–12	2010–11	2009–10	2008–09	2007–08
Total revenue	29,110	27,437	22,169	20,867	19,929
Total expenses	29,096	29,349	21,412	19,512	19,536
Operating surplus/(deficit)	14	-1,912	757	1,355	393
<hr/>					
Total assets	13,197	9,440	9,564	9,301	7,407
Total liabilities	9,166	5,423	3,635	4,129	3,590
Net assets	4,031	4,017	5,929	5,172	3,817
Total equity	4,031	4,017	5,929	5,172	3,817

Finance summary

ESV does not rely on government appropriation for its funding; rather costs are fully recovered from industry or on a fee-for-service basis.

The overall result for 2011–12 was a surplus of \$0.014m. This result reflected the costs associated with an increase in staff that was necessary to meet the greater regulatory responsibilities that have been associated with bushfire mitigation and inspection and review of safety cases across the electricity and gas industries.

In addition, a capital works program was undertaken to support the greater regulatory responsibility and this resulted in capital costs largely associated with critical IT system investments, incident and case management systems, and accommodation for additional staff.

Discussion and analysis – Comprehensive operating statement

Income

Total income for the 2011–12 year was \$29.1m, which is an increase of \$1.7m over the previous year's total of \$27.4m. The major reasons for this variation are increased levy contributions on the electricity businesses (\$4.1m), increased other income (\$0.2m) coupled with decreases in fee income (\$0.6m), and no further contributions from the government for Bushfire Taskforce activities (\$2.0m). The comprehensive operating statement and Note 2 discloses the individual movements over the financial period.

Expenses

Total expenses for the 2011–12 year were \$29.1m compared to \$29.2m for 2010–11. The decrease of \$0.1m can be attributed mainly to increased employee benefit payments (\$2.4m) offset by reduced expenditure on depreciation (\$0.9m), Bushfire Taskforce (\$1.4m), and other various expenses (\$0.2m). The comprehensive operating statement and Note 3 disclose the individual movements over the financial period.

Discussion and analysis – Balance sheet

Assets

Total assets

Total assets at 30 June 2012 were \$13.2m compared to the 2010–11 total of \$9.4m. The major elements of the variation (\$3.8m) were an increase in intangible assets (\$2.7m) and financial assets (\$1.1m).

Financial assets

Financial assets totalled \$7.2m (2010–11 \$6.1m), with the major increase being cash at bank and deposits (\$0.6m) and receivables (\$0.5m).

Non-financial assets

Non-financial assets totalled \$6.0m (2010–11 \$3.3m). The major increases being intangible assets (\$2.7m).

Liabilities

Total liabilities

Total liabilities at 30 June 2012 amounted to \$9.2m compared to the previous year's total of \$5.4m. The variation of \$3.8m was caused by borrowings for the first time (\$4.0m), increased amounts accrued in relation to employee benefit provisions (\$0.2m) and decreased payables (\$0.4m).

Employee entitlements

A total of \$2.8m (2011 \$2.6m) is accrued for annual leave and long service leave payments to staff. Most of this will become payable at a future date.

Borrowings

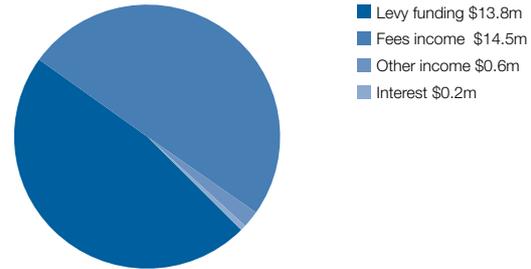
A total of \$4.0m (2011 \$0.0m) was borrowed during the year. Repayment is over five years.

Goods or services not yet paid for

At the end of the year a total of \$1.4m was owed for goods or services already provided but not yet paid for. This was a decrease of \$0.4m over the corresponding figure last year.

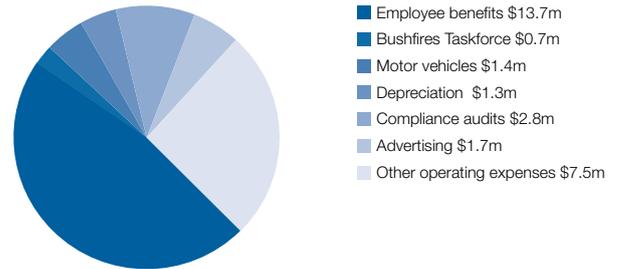
Income

Total income \$29.1m



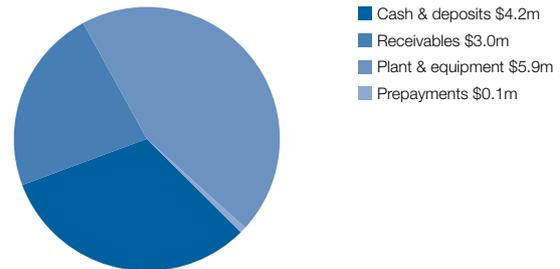
Expenses

Total expenses \$29.1m



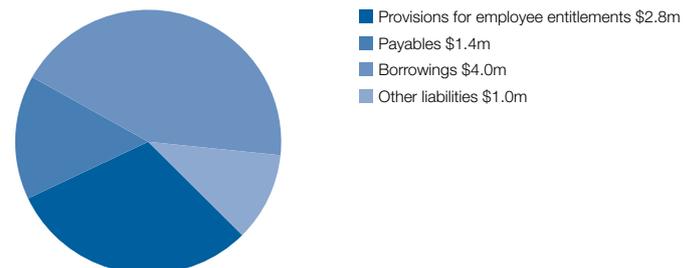
Assets

Total assets \$13.2m



Liabilities

Total liabilities \$9.2m



Financial statements

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2012 and financial position of Energy Safe Victoria as at 30 June 2012.

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



Paul Fearon
Director of Energy Safety
24 August 2012



Doug Bolam
Chief Financial Officer
24 August 2012

Comprehensive operating statement for the financial year ended 30 June 2012			
		(\$ thousand)	
	Notes	2012	2011
Continuing operations			
Income from transactions			
Sales of goods and services:			
Fee income	2(a)	14,490	15,152
Levy income	2(a)	13,758	9,598
Bushfire Taskforce Grant		-	2,000
Interest	2(b)	205	272
Other income	2(c)	657	415
Total income from transactions		29,110	27,437
Expenses from transactions			
Employee expenses	3(a)	13,654	11,279
Compliance audit expenses		2,823	3,056
Advertising		1,698	1,890
Motor vehicles		1,436	1,300
Bushfire Taskforce expenditure		697	2,039
Consulting fees		1,478	1,779
Interest expense		7	-
Depreciation and amortisation	3(b)	1,297	2,168
Other operating expenses	3(c)	5,965	5,691
Total expenses from transactions		29,055	29,202
Net result from transactions (net operating balance)		55	(1,765)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	(34)	-
Net gain/(loss) on financial instruments	4(b)	(7)	(147)
Total other economic flows included in net result		(41)	(147)
Net result from continuing operations		14	(1,912)
Net result		14	(1,912)
Comprehensive result		14	(1,912)

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

Financial statements

Balance sheet as at 30 June 2012			
		(\$ thousand)	
	Notes	2012	2011
Assets			
Financial assets			
Cash and deposits	15(a)	4,193	3,554
Receivables	5	3,016	2,589
Total financial assets		7,209	6,143
Non-financial assets			
Plant and equipment	6	1,504	1,450
Intangible assets	7	4,421	1,776
Prepaid expenditure		63	71
Total non-financial assets		5,988	3,297
Total assets		13,197	9,440
Liabilities			
Payables	8(a)	1,377	1,776
Borrowings	9	4,000	-
Provisions	10	2,747	2,578
Other liabilities	8(b)	295	870
Fees in advance	1(E)	747	199
Total liabilities		9,166	5,423
Net assets		4,031	4,017
Equity			
Accumulated surplus		421	407
Contributed capital		3,610	3,610
Net worth		4,031	4,017
Commitments for expenditure	12	5,604	3,195
Contingent liabilities and contingent assets	13	338	584

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

Statement of changes in equity for the financial year ended 30 June 2012				
		(\$ thousand)		
	Notes	Accumulated surplus	Contributions by owner	Total
Balance at 1 July 2010		2,319	3,610	5,929
Net result for the year		(1,912)		(1,912)
Balance at 30 June 2011		407	3,610	4,017
Net result for the year	14			14
Balance at 30 June 2012		421	3,610	4,031

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

Cash flow statement for the financial year ended 30 June 2012			
		(\$ thousand)	
	Notes	2012	2011
Cash flows from operating activities			
Receipts			
Receipts from other entities		28,833	27,585
Goods and Services Tax recovered from the ATO		1,771	1,275
Interest received		205	272
Total receipts		30,809	29,132
Payments			
Payments to suppliers and employees		(30,157)	(27,040)
Interest and other costs of finance paid		-	-
Total payments		(30,157)	(27,040)
Net cash flows from/(used in) operating activities	15(c)	652	2,092
Cash flows from investing activities			
Payments for non-financial assets		(4,013)	(3,201)
Sale of non-financial assets		-	-
Net cash flows from/(used in) investing activities		(4,013)	(3,201)
Cash flows from financing activities			
Proceeds from borrowings		4,000	-
Repayment of borrowings		-	-
Net cash flows from/(used in) financing activities	15(b)	4,000	-
Net increase/(decrease) in cash and cash equivalents		639	(1,109)
Cash and cash equivalents at the beginning of the financial year		3,554	4,663
Cash and cash equivalents at the end of the financial year	15(a)	4,193	3,554

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

Notes to the financial statements for the financial year ended 30 June 2012

Note 1 Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Energy Safe Victoria (ESV) for the period ending 30 June 2012. The purpose of the report is to provide users with information about ESV's stewardship of resources entrusted to it.

(A) Statement of compliance

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

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 20. These annual financial statements were authorised for issue by Doug Bolam, Chief Financial Officer of ESV, on 24 August 2012.

(B) Basis of accounting preparation and measurement

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

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS that have significant effects on the financial statements and estimates relate to:

- » the fair value of plant and equipment, (refer to Note 1(J));
- » superannuation expense (refer to Note 1(F)); and
- » actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(K)).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for:

- » non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value; and
- » financial instruments are measured at fair value with changes reflected in the comprehensive operating statement (fair value through profit and loss).

(C) Reporting entity

ESV is given the authority to operate by way of the *Electricity Safety Act 1998*, the *Gas Safety Act 1997*, the *Pipelines Act 2005* and the *Energy Safe Victoria Act 2005*. Its principal address is Level 5, 4 Riverside Quay, Southbank, Victoria, 3006.

ESV is a statutory authority acting on behalf of the Crown. The financial statements include all the controlled activities of ESV. A description of the nature of the organisation's operations and its principal activities are included in the Report of Operations in the Annual Report, which does not form part of these financial statements.

(D) Scope and presentation of financial statements

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

'Transactions' and 'other economic flows' are defined by the *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 and Amendments to Australian System of Government Finance Statistics, 2005 (ABS Catalogue No. 5514.0)*.

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

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; and fair value changes of financial instruments. The net result is equivalent to profit or loss derived in accordance with AAS.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled within 12 months) are disclosed in the notes, where relevant.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet.

Statement of changes in equity

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also separately shows changes due to amounts recognised in the 'Comprehensive result' and amounts recognised in 'Other economic flows – other movements in equity' related to 'Transactions with owner in its capacity as owner'.

Rounding

Amounts in the financial statements have been rounded to the nearest \$1,000, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

(E) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

Sale of goods and services

Material ESV revenues arising from fee and levy income.

(i) Fee income

- » Sales of Certificates of Electrical Safety are recognised upon invoicing.
- » Registration and Licence fees paid by electrical workers are recognised upon receipt of income by ESV.
- » Fees paid by members of the Victorian Electrolysis Committee to cover mitigation costs in accordance with the *Electricity Safety Act 1998* are recognised upon invoicing.
- » Fees paid by manufacturers and importers of electrical equipment for Certificate of Safety approval prior to the goods being made available for sale are recognised upon receipt of income.
- » Other sales and service include appliance efficiency fees that are recognised upon receipt of income.

(ii) Levy income

- » Levy charged on the electricity industry to ensure compliance with the *Electricity Safety Act 1998* and associated Regulations, income recognised upon invoicing.
- » Levies charged on the gas industry to ensure compliance with the *Gas Safety Act 1997* and associated regulations, income recognised upon invoicing.
- » Levy charged on the pipelines industry to ensure compliance with the *Pipelines Act 2005* and associated regulations, income recognised upon invoicing.

Interest

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

Other income

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

Income in advance

Income in advance has been invoiced for work to be undertaken in future periods. This includes reciprocal grant arrangements. It is disclosed as a Liability ('Fees in advance') in the Balance Sheet.

Notes to the financial statements for the financial year ended 30 June 2012

(F) Expenses from transactions

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

Employee expenses

Refer to the section in Note 1(K) regarding employee benefits.

These expenses include all costs related to employment (other than superannuation, which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation

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

Compliance audit expenses

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

Depreciation and amortisation

All plant and equipment and other non-financial physical assets that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Refer to Note 1 (J) for the depreciation policy for leasehold improvements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. The following categories are typical estimated useful lives utilised by ESV for current and prior years.

Asset class	Useful life
Furniture and fixtures	2–3 years
Office machines	2–3 years
Office computers	2–3 years
Leasehold improvements	5–6 years
Capitalised software development costs	3–7 years

Intangible produced assets with finite useful lives are depreciated as an expense from transactions on a systematic (typically straight-line) basis over the asset's useful life. Depreciation 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 consumption of intangible non-produced assets with finite useful lives is not classified as a transaction, but as amortisation and is included in the net result as an other economic flow. Intangible assets with indefinite useful lives are not depreciated or amortised, but are tested annually for impairment.

Interest expenses

Interest expenses are recognised as expenses in the period in which they are incurred. Interest expense includes interest on a loan facility provided by the Treasury Corporation of Victoria.

Other operating expenses

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

Supplies and services

Supplies and services costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

(G) Other economic flows included in the net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

(i) *Revaluation gain/(loss) of non-financial physical assets*
Refer to Note 1(J) *Revaluations of non-financial physical assets*.

(ii) *Disposal of non-financial assets*
Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

(iii) *Amortisation of non-produced intangible assets*
Intangible non-produced assets with finite lives are amortised as an other economic flow on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

(iv) Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an other economic flow, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. The recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Refer to Note 1(J) in relation to the recognition and measurement of non-financial assets.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- » realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- » impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1(H)); and
- » disposals of financial assets.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from:

- » the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- » transfer of amounts from the reserves and/or accumulated surplus to net result due to disposal or derecognition or reclassification.

(H) Financial instruments

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

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments*(i) Loans and receivables*

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(I)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

(ii) Financial assets and liabilities at fair value through profit and loss

Financial assets are categorised as fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the entity concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. Any dividend or interest on a financial asset is recognised in the net result from transactions.

Notes to the financial statements for the financial year ended 30 June 2012

(iii) Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of ESV's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

Offsetting financial instruments

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

(I) Financial assets

Cash and deposits

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

Receivables

Receivables consist of:

- » contractual receivables, which include mainly debtors in relation to goods and services; and
- » statutory receivables, which include predominantly amounts owing from GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(H) for recognition and measurement). Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

(J) Non-financial assets

Plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The fair value of plant, equipment and vehicles is normally determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under Note 1(G) Impairment of non-financial assets.

Leasehold improvements

The cost of leasehold improvements is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other economic flows – other movements in equity', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised in 'Other economic flows – other movements in equity' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'Other economic flows – other movements in equity' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any asset revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset.

Intangible assets

Purchased intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to ESV.

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

Refer to Note 1(F) Depreciation and Note 1(G) Impairment of non-financial assets.

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

Other non-financial assets

(i) Prepayments

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

Notes to the financial statements for the financial year ended 30 June 2012

(K) Liabilities

Payables

Payables consist of:

- » contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to ESV prior to the end of the financial year that are unpaid, and arise when ESV becomes obliged to make future payments in respect of the purchase of those goods and services; and
- » statutory payables, such as Goods and Services Tax and Fringe Benefits Tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(H)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Borrowings

All interest-bearing liabilities are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether ESV has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

Provisions

Provisions are recognised when ESV has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities that are expected to be settled within 12 months of the reporting period are measured at their nominal values. Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where ESV does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- » nominal value-component that ESV expects to settle within 12 months; and
- » present value-component that ESV does not expect to settle within 12 months.

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

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1(G)).

(iii) Termination benefits

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

Employee benefits on-costs

Employee benefits on-costs such as payroll tax, workers' compensation and superannuation are recognised separately from the provision for employee benefits.

(L) Leases**Operating lease**

A lease is a right to use an asset for an agreed period of time in exchange for payment. ESV only utilises operating leases in its activities as it believes that the risk and rewards for the leased items should reside with the lessor.

Operating lease payments are representative of the pattern of benefits derived from the leased asset and accordingly are charged to the comprehensive operating statement in the periods in which they are incurred. The leased asset is not recognised in the balance sheet.

(M) Equity**Contributions by owners**

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to, or contributions by, owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

(N) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts.

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

The above commitments (refer to Note 12), which are at their nominal amounts, are inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(O) Contingent assets and contingent liabilities

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

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 13) and are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(P) Accounting for the Goods and Services Tax (GST)

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

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

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

New commitments and contingent assets and liabilities are also stated inclusive of GST.

(Q) Events after reporting date

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

(R) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period. ESV assesses the impact of these new standards and their applicability and early adoption where applicable.

As at 30 June 2012, there are a number of standards and interpretations that had been issued but were not mandatory for the financial year ending 30 June 2012. ESV has not, and does not intend to adopt these standards early. ESV expects that the application of the said standards in the following year will have an insignificant impact on the financial statements.

Notes to the financial statements for the financial year ended 30 June 2012

Note 2 Income from transactions

	(\$ thousand)	
	2012	2011
(a) Sales of goods and services		
Fee income		
Certificates of Electrical Safety	9,114	9,051
Licence fees	3,451	3,916
Electrolysis	1,294	1,226
Approval fees	343	418
Other sales and services	288	541
	14,490	15,152
Levy income		
Industry levy – Gas	6,059	5,487
Industry levy – Electricity	7,190	3,834
Industry levy – Gas pipelines	509	277
	13,758	9,598
Total revenue from sale of goods and services	28,248	24,750
(b) Interest		
Interest from financial assets not at fair value through profit or loss		
Interest on bank deposits	205	272
Total interest	205	272
(c) Other income		
Other income	657	415
Total other income	657	415

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

Note 3 Expenses from transactions

	(\$ thousand)	
	2012	2011
(a) Employee expenses		
Salaries, wages and long service leave	11,749	9,874
Salary on-costs	798	726
Post-employment benefits		
Defined contribution superannuation expense	895	679
Defined benefit superannuation expense	212	-
Total employee benefits	13,654	11,279
(b) Depreciation and amortisation		
Depreciation of plant and equipment	781	1,988
Amortisation of intangible assets	516	180
Total depreciation and amortisation	1,297	2,168
(c) Other operating expenses		
Supplies and services		
Rent	1,399	852
Printing and stationery	296	747
Telecommunications	270	236
Legal fees	124	288
Administration fees – Certificates of Electrical Safety	358	422
Insurance	1,080	846
Computer expenses	748	705
Travel expenses	146	121
Compliance & audit services (including Bushfire Mitigation)	77	323
Other expenses	1,467	1,151
Total other operating expenses	5,965	5,691

Note 4 Other economic flows included in net result

	(\$ thousand)	
	2012	2011
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of physical assets	(34)	-
Total net gain/(loss) on non-financial assets and liabilities	(34)	-
(b) Net gain/(loss) on financial instruments		
Impairment of:		
Loans and receivables through provision for doubtful debts	(7)	(147)
Loans and receivables through receivables	-	-
Total net gain/(loss) on financial instruments	(7)	(147)
Total other economic flows included in net result	(41)	(147)

Note 5 Receivables

	(\$ thousand)	
	2012	2011
Current receivables		
Contractual		
Distribution Businesses	1,360	734
Agent – Certificate of Electrical Safety	980	1,147
Electrolysis fees	24	19
Other receivables	507	351
Provision for doubtful contractual receivables	(7)	(196)
	2,864	2,055
Statutory		
Fines and regulatory fees	8	11
GST input tax credit recoverable	144	523
	152	534
Total current receivables	3,016	2,589
Total non-current receivables	-	-
Total receivables	3,016	2,589

Notes to the financial statements for the financial year ended 30 June 2012

Note 6

Plant and equipment – Non-current assets

Table 6.1 Classification by purpose groups – carrying amounts

Public safety and environment	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	(\$ thousand)					
	2012	2011	2012	2011	2012	2011
Nature-based classification						
Plant and equipment						
Plant and equipment at fair value	4,373	4,468	2,869	3,018	1,504	1,450
Net carrying amount of plant and equipment	4,373	4,468	2,869	3,018	1,504	1,450

Table 6.2 Movements in carrying amounts by purpose group

Public safety and environment	Total	
	(\$ thousand)	
	2012	2011
Opening balance	1,450	1,019
Additions	147	1,854
Disposals	(34)	-
Transfers between asset classes	722	565
Depreciation expense	(781)	(1,988)
Closing balance at fair value	1,504	1,450

Table 6.3 Aggregate depreciation recognised as an expense during the year

	(\$ thousand)	
	2012	2011
Furniture and fixtures	(49)	(38)
Office machines	-	(325)
Office equipment	(601)	-
Leasehold improvements	(131)	(76)
Bushfire Taskforce equipment	-	(1,549)
Net carrying amount of plant and equipment	(781)	(1,988)

Note 7 Intangible assets – Non-current

Public safety and environment	Capitalised software development		Work in progress		Total	
					(\$ thousand)	
	2012	2011	2012	2011	2012	2011
Gross carrying amount						
Opening balance	1,604	1,484	1,244	580	2,848	2,064
Additions	316	120	3,550	1,229	3,866	1,349
Other – Transfers between asset classes	1,471	-	(2,193)	(565)	(722)	(565)
Disposals	(474)	-	-	-	(474)	-
Closing balance	2,917	1,604	2,601	1,244	5,518	2,848
Accumulated amortisation and impairment						
Opening balance	1,072	892	-	-	1,072	892
Amortisation expense	516	180	-	-	516	180
Disposals	(491)	-	-	-	(491)	-
Closing balance	1,097	1,072	-	-	1,097	1,072
Net book value at the end of the financial year	1,820	532	2,601	1,244	4,421	1,776

Significant intangible assets

ESV has capitalised software development of the licensing, certificates and business management softwares.

Note 8(a) Payables

	(\$ thousand)	
	2012	2011
Current payables		
Contractual		
Amounts payable to other government agencies	-	-
Supplies and services	1,377	1,776
	1,377	1,776
Statutory		
	-	-
Total current payables	1,377	1,776
Non-current payables		
Contractual		
	-	-
Statutory		
	-	-
Total non-current payables	-	-
Total payables	1,377	1,776

Note 8(b) Other liabilities

	(\$ thousand)	
	2012	2011
Current other liabilities		
Contractual		
Supplies and services	295	870
	295	870
Statutory		
	-	-
Total current other liabilities	295	870
Non-current other liabilities		
Contractual		
	-	-
Statutory		
	-	-
Total non-current other liabilities	-	-
Total other liabilities	295	870

Notes to the financial statements for the financial year ended 30 June 2012

Note 9 Borrowings

	(\$ thousand)	
	2012	2011
Current borrowings		
Unsecured		
Borrowings from Treasury Corporation of Victoria	4,000	-
Total current borrowings	4,000	-
Non-current borrowings	-	-
Total non-current borrowings	-	-
Total borrowings	4,000	-

Note 14 discloses the maturity analysis of borrowings and the nature and extent of risks arising from borrowings.

Note 10 Provisions

	(\$ thousand)	
	2012	2011
Current provisions		
Employee benefits		
Unconditional and expected to be settled within 12 months (annual leave)	915	800
Unconditional and expected to be settled after 12 months (annual leave)	161	395
Unconditional and expected to be settled within 12 months (long service leave)	145	866
Unconditional and expected to be settled after 12 months (long service leave)	1,062	427
	2,283	2,488
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months	252	90
Unconditional and expected to be settled after 12 months	210	-
	462	90
Total current provisions	2,745	2,578
Non current provisions		
Employee benefits	2	-
Employee benefit on-costs	0	-
Total non-current provisions	2	-
Total provisions	2,747	2,578

Note 11 Superannuation

Employees of ESV are entitled to receive superannuation benefits and ESV contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

ESV does not recognise any defined benefit liability in respect of the plans because the agency has no legal or constructive obligations to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefit liabilities in its disclosure for administered items.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in ESV's comprehensive operating statement.

ESV made contributions to the following major superannuation funds during the year:

- » Equip Super
- » CBUS Super
- » Australian Super
- » VIC Super
- » Care Super
- » Hesta Super Fund

ESV does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The bases for contributions are determined by the various schemes.

Note 12 Commitments for expenditure

	(\$ thousand)	
	2012	2011
(a) Lease commitments		
(i) Motor vehicle operating leases		
Payable:		
Not longer than one year	707	390
Longer than one year and not longer than five years	235	133
Longer than five years	-	-
(ii) Office accommodation leases		
Payable:		
Not longer than one year	861	730
Longer than one year and not longer than five years	3,102	1,942
Longer than five years	699	-
Total lease commitments	5,604	3,195
Other	-	-
Total other expenditure commitments	-	-
Total commitments for expenditure (inclusive of GST)	5,604	3,195

The 2011–12 gross office accommodation commitment includes the lease on premises for 4 Riverside Quay, Southbank and 540 Springvale Road, Glen Waverley. The lease at 4 Riverside Quay, Southbank expires in 2018 and is subject to annual increase of 5 per cent. The lease at 540 Springvale Road, Glen Waverley expires in 2015 and is subject to annual increase of 4 per cent. The 2010–11 office accommodation leases also include the premises at 78 Moorabool Street, Geelong, which expired on 30 June 2012 and was not renewed.

During 2011–12, the sub-lease at 4 Riverside Quay with AGEST was terminated in line with ESV moving from Level 3 to Level 5, 4 Riverside Quay, Southbank. This affected the comparatives between 2010–11 and 2011–12. The above commitments are inclusive of GST.

Notes to the financial statements for the financial year ended 30 June 2012

Note 13 Contingent assets and contingent liabilities

	(\$ thousand)	
	2012	2011
Contingent liabilities		
Bank guarantee in favour of the Mirvac Property Group related to L3, 4 Riverside Quay, Southbank, Victoria 3006	-	246
Bank guarantee in favour of the Mirvac Property Group related to L5, 4 Riverside Quay, Southbank, Victoria 3006	338	338
Total contingent liabilities	338	584

Note 14 Financial instruments

(a) Financial risk management objectives and policies

Significant accounting policies

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

Table 14.1 Categorisation of financial instruments

	(\$ thousand)	
	2012	2011
Financial assets		
Cash and deposits	4,193	3,554
Contractual receivables	2,864	2,055
Total financial assets	7,057	5,609
Financial liabilities		
Payables at amortised cost	1,377	1,776
Borrowings at amortised cost	4,000	-
Total financial liabilities	5,377	1,776

(b) Credit risk

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

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

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

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

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

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

Table 14.2 Ageing analysis of financial assets

	Carrying amount	Not past due and not impaired	Past due but not impaired			Impaired financial assets
			(\$ thousand)			
			Less than 1 month	1–3 months	3 months–1 year	
2012						
Receivables						
Cash and deposits	4,193	4,193	-	-	-	-
Other receivables	2,864	1,195	919	723	27	7
	7,057	5,388	919	723	27	7
2011						
Receivables						
Cash and deposits	3,554	3,554	-	-	-	-
Other receivables	2,055	1,936	7	14	98	196
	5,609	5,490	7	14	98	196

Notes to the financial statements for the financial year ended 30 June 2012

(c) Liquidity risk

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

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

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

Table 14.3 Maturity analysis of financial liabilities

(\$ thousand)						
	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years
2012						
Payables:						
Other payables	1,377	1,377	1,156	164	57	-
Borrowings from Treasury Corporation of Victoria	4,000	4,000	4,000	-	-	-
	5,377	5,377	5,156	164	57	-
2011						
Payables:						
Other payables	1,776	1,776	1,706	10	60	-
Borrowings from Treasury Corporation of Victoria	-	-	-	-	-	-
	1,776	1,776	1,706	10	60	-

(a) Loan from TCV is currently at call, but is expected to be restructured over a five-year period during 2012–13.

(d) Market risk

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

Interest rate risk

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

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

ESV manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only significant amounts of financial instruments at floating rate. Management has concluded cash at bank is a financial asset that can be left at floating rate without necessarily exposing ESV to significant bad risk. Management monitors movement in interest rates on a daily basis.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in Table 14.4.

Table 14.4 Interest rate exposure of financial instruments

(\$ thousand)					
	Weighted average effective interest rate (%)	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2012					
Cash and deposits					
Bank deposits	4.6%	4,193	1,000	3,193	-
Receivables					
Other receivables	-	2,864	-	-	2,864
		7,057	1,000	3,193	2,864
Payables					
Other payables	-	1,377	-	-	1,377
Borrowings from TCV	3.7%	4,000	-	4,000	-
		5,377	-	4,000	1,377
2011					
Cash and deposits					
Bank deposits	4.6%	3,554	2,000	1,554	-
Receivables					
Other receivables	-	2,055	-	-	2,055
		5,609	2,000	1,554	2,055
Payables					
Other payables	-	1,776	-	-	1,776
Borrowings from TCV	-	-	-	-	-
		1,776	-	-	1,776

Notes to the financial statements for the financial year ended 30 June 2012

Table 14.5 Interest rate risk sensitivity

(\$ thousand)					
	Carrying amount	Interest rate risk			
		-100 basis points		+100 basis points	
		Net result	Available-for-sale reserve	Net result	Available-for-sale reserve
2012					
Contractual financial assets					
Cash and deposits	4,193	(32)	-	32	-
Total impact	4,193	(32)	-	32	-
Contractual financial liabilities					
Borrowings	4,000	(40)	-	40	-
Total impact	4,000	(40)	-	40	-
	Carrying amount	-150 basis points		+200 basis points	
		Net result	Available-for-sale reserve	Net result	Available-for-sale reserve
2011					
Contractual financial assets					
Cash and deposits	3,554	(23)	-	31	-
Total impact	3,554	(23)	-	31	-

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

(e) Fair value

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

The following table shows that the fair values of most of the financial assets and financial liabilities approximate their carrying values.

Table 14.6 Comparison between carrying amount and fair value

	(\$ thousand)			
	Carrying amount		Fair value	
	2012	2011	2012	2011
Financial assets				
Cash and deposits	4,193	3,554	4,193	3,554
Receivables	2,864	2,055	2,857	1,859
Total financial assets	7,057	5,609	7,050	5,413
Financial liabilities				
Borrowings	4,000	-	4,000	-
Payables	1,377	1,776	1,377	1,776
Total financial liabilities	5,377	1,776	5,377	1,776
Net value	1,680	3,833	1,673	3,637

Notes to the financial statements for the financial year ended 30 June 2012

Note 15 Cash flow information

(a) Reconciliation of cash and cash equivalents

	(\$ thousand)	
	2012	2011
Total cash and deposits disclosed in the balance sheet	4,193	3,554
Balance as per cash flow statement	4,193	3,554

(b) Financing facilities

	(\$ thousand)	
	2012	2011
Unsecured loan facility		
Amount used	4,000	-
Amount unused	-	-
Total unsecured loan facility	4,000	-

(c) Reconciliation of net result for the period

	(\$ thousand)	
	2012	2011
Net result for the period	14	(1,912)
Non-cash movements		
(Gain)/loss on sale or disposal of plant and equipment	34	-
Depreciation and amortisation of plant and equipment and intangible assets	1,297	2,168
Increase/(decrease) in provision for bad and doubtful debts	(189)	147
Movements in assets and liabilities:		
(Increase)/decrease in current receivables	(238)	(185)
(Increase)/decrease in other current assets	8	87
(Decrease)/increase in payables	(399)	884
(Decrease)/increase in other liabilities	(592)	870
(Decrease)/increase in other provisions	169	(29)
(Decrease)/increase in other fee in advance	548	62
Net cash flows from/(used in) operating activities	652	2,092

Note 16 Responsible persons

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

Names

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

Responsible Minister	The Honourable Michael O'Brien MP Minister for Energy and Resources 1 July 2011 – 30 June 2012
Accountable Officer	Mr Paul Fearon Director of Energy Safety

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of ESV during the reporting period was in the range: \$250,000–\$259,999 (2010–11 \$240,000–\$249,999).

The Accountable Officer's remuneration for the year 1 July 2011 to 30 June 2012 includes payment of annual leave.

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

Other transactions

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

Note 17 Remuneration of executives

The number of Executive Officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

Remuneration of executives

Income band	Total remuneration		Base remuneration	
	2012	2011	2012	2011
	No.	No.	No.	No.
\$100,000–109,999	1	0	0	0
\$110,000–119,999	0	0	0	0
\$120,000–129,999	0	0	2	1
\$130,000–139,999	0	1	0	0
\$140,000–149,999	2	0	2	1
\$150,000–159,999	1	1	1	0
\$160,000–169,999	1	2	0	2
\$170,000–179,999	1	0	2	1
\$180,000–189,999	0	1	0	0
\$190,000–199,999	0	0	0	0
\$200,000–209,999	2	0	0	0
\$210,000–219,999	0	0	0	0
Total number of executives	8	5	7	5
Total annualised employee equivalent (AEE) ^(a)	38	38	38	38
Total amount	\$1,305,328	\$811,761	\$1,134,531	\$772,745

Note: (a) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

The office did not engage in any transactions with the above stated persons or their related parties during the year from 1 July 2011 to 30 June 2012 or for the year from 1 July 2010 to 30 June 2011.

Note 18 Remuneration of auditors

	(\$ thousand)	
	2012	2011
Audit or review of the financial statements – VAGO	26	34

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

Note 19 Subsequent events

There has been no significant event that has occurred post reporting date.

Note 20 Glossary of terms and style conventions

Glossary

Amortisation

Amortisation is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an other economic flow.

Borrowings

Borrowings refer to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

Notes to the financial statements for the financial year ended 30 June 2012

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Employee expenses

Employee expenses include all costs related to employment including wages and salaries, Fringe Benefits Tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
 - » to receive cash or another financial asset from another entity; or
 - » to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - » a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - » a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- (a) A contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.

Intangible produced assets

Refer to produced assets in this glossary.

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance lease repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

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

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner changes in equity'.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes plant and equipment, and intangible assets.

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- » gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets; and
- » fair value changes of financial instruments.

In simple terms, other economic flows are changes arising from market re-measurements.

Payables

Includes short and long-term trade debt and accounts payable, taxes and interest payable.

Produced assets

Produced assets include plant and equipment, and certain intangible assets. Intangible produced assets may include computer software and development costs.

Receivables

Includes short and long-term trade credit and accounts receivable, accrued income, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the entity.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

- zero, or rounded to zero
- (xxx) negative numbers
- 201x year period
- 201x–1x year period

The financial statements and notes are presented based on the illustration for a government department in the 2011–12 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of ESV's annual reports.



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INDEPENDENT AUDITOR'S REPORT

To the Director, Energy Safe Victoria

The Financial Report

The accompanying financial report for the year ended 30 June 2012 of Energy Safe Victoria which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Director's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Energy Safe Victoria as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Energy Safe Victoria for the year ended 30 June 2012 included both in Energy Safe Victoria's annual report and on the website. The Director of Energy Safe Victoria is responsible for the integrity of Energy Safe Victoria's website. I have not been engaged to report on the integrity of Energy Safe Victoria's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
27 August 2012

T. D.A.
For
D D R Pearson
Auditor-General

Demonstrating accountability

Accounting policies

Refer to Note 1(a) Summary of Significant Accounting Policies in the Finance section on page 26.

Audit and Risk Committee

During 2011–12, the ESV Audit and Risk Committee consisted of the following independent members:

Ian Cuthbertson (Chair)

A qualified accountant with a background of senior finance positions in Victorian manufacturing, Ian was appointed the inaugural Chief Finance Officer and Secretary of Victorian Power Exchange, a statutory authority established to run the Victorian Electricity Market following major reforms. Ian was later appointed the inaugural Chief Finance Officer and Secretary of another statutory authority established to run the gas market. He is presently a member and Chairman of two other Audit and Risk Committees.

Dr Geoff White

Geoff has more than 40 years' experience in the energy industry, primarily in the areas of system and market operations. He worked for many years with the SECV, primarily on power system network analysis and development of IT systems to support the main electricity grid operations. He has also worked with the Victorian Power Exchange and VENCORP. Since retiring in 2005, he has completed a number of part-time assignments including IT project management, IT strategy development, outsourcing of IT support functions and auditing of metering asset management.

Dr Anne Astin PSM

Anne is a former CEO of Dairy Food Safety Victoria and has held a number of senior executive and management positions in the Victorian public sector. She is Chair of Australia and New Zealand's Ministerial Forum of Food Regulators Implementation Sub-committee (ISC), Chair of Wellsprings for Women Inc, a not-for-profit organisation that provides integration and training programs to isolated women, and a Director of Australian Dairy Farmers Ltd. She has also held Directorships at Dairy Australia and the Melbourne Royal Botanic Gardens.

Bob Scott

Since graduating from Melbourne University in 1964 as an electrical engineer, Bob has worked in the energy industry in various roles. He spent 30 years with the former SECV, followed by five years as the retail general manager of Eastern Energy. In 2002 he accepted a five-year, part-time role as a Commissioner with the Essential Services Commission. He also works as a consultant and has acted as an arbitrator in a commercial contract dispute in Vanuatu's electricity industry.

Geoff Tory was a committee member from 1 July 2011 - 9 March 2012.

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

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

Statutory information

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

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

Consultancies

Details of consultancies over \$10,000						
(\$ thousand)						
Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl GST)	Expenditure 2011–12 (excl GST)	Future expenditure (excl GST)
Battiston Consulting	Project and transformation management	30 August 2010	30 September 2012	\$378,000	\$363,780	\$99,000
	Assistance with finance system selection	1 February 2012	30 March 2012	\$24,700	\$15,000	
	IT strategy	1 February 2012	30 March 2012	\$22,455	\$20,000	
DGJ Communications Pty Ltd	Consulting services and advice	1 July 2011	30 June 2012	\$65,000	\$62,635	
Acil Tasman Pty Ltd	Scoping study into government response to recommendations of the Bushfire Safety Taskforce and reviewing the safety aspects of the AMI program	10 May 2010	1 September 2012	\$422,450	\$99,810	\$120,000
Be4 Pty Ltd	Review processes and procedures of traction companies in relation to electrical safety	1 January 2012	30 June 2012	\$36,200	\$37,600	
GHD Pty Ltd	Prepare for and facilitate workshops, and prepare report of the risk management review	10 January 2012	31 January 2012	\$32,307	\$32,294	
iedex online Pty Ltd	Organisational health survey and 360 feedback for second tier managers	1 January 2012	30 June 2012	\$19,900	\$31,525	
Buchan Consulting Pty Ltd	2012 stakeholder satisfaction survey	1 February 2012	30 June 2012	\$29,593	\$29,593	
Eureka-Vi	Technical specialist electrical advice	1 July 2011	30 June 2012	\$20,000	\$19,381	
Glenergy Services	Gas appliance safety consultancy services	11 April 2012	30 June 2012	\$90,909	\$14,181	\$75,000
DB Results	Project management and consulting on websphere services WMS	4 November 2010	31 December 2012	\$166,000	\$11,475	\$20,000
Justitia	Diversity training for ESV staff	1 January 2012	31 December 2012	\$14,923	\$10,709	\$4214

Details of consultancies under \$10,000

In 2011–12, the total for the 46 consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000, was \$729,195. All figures are exclusive of GST.

Disclosure of major contracts

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

Demonstrating accountability

Pecuniary interests

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

Stakeholders

ESV's success in ensuring safety and compliance outcomes relies on the actions, commitment and cooperation of a range of safety stakeholders in industry, community and government. Each of these parties has a direct interest and stake in achieving electricity, gas and pipeline safety. The key stakeholders are identified in the following table.

Stakeholder	Description
Community	<ul style="list-style-type: none"> » Includes the general community who can be affected by the safety and technical compliance of energy infrastructure, installations, equipment and licensed pipelines, while also directly contributing to safety through their actions.
Parties working on and/or responsible for energy infrastructure, installations and equipment	<ul style="list-style-type: none"> » Electrical workers – including licensed electrical inspectors, registered electrical contractors and licensed electrical installation workers. » Gasfitters – including licensed gasfitters, registered gasfitters and service and maintenance workers. » Electricity generation, transmission, distribution and retail businesses, the traction industry and other network operators. » Gas transmission and retail businesses and other network operators. » Pipeline licensees of non-gas pipelines. » Manufacturers, importers, wholesalers and retailers of electrical equipment and gas appliances. » Stray current mitigation stakeholders (water authorities, gas authorities, oil industry, telecommunications industry, electricity industry, traction companies).
Government and regulatory agencies and departments	<ul style="list-style-type: none"> » Minister for Energy and Resources and associated government departments (Department of Primary Industries and others as appropriate). » Standing Council on Energy and Resources (SCER) through bodies such as ERAC and GTRC. » WorkSafe Victoria (Victorian Workcover Authority). » Plumbing Industry Commission. » Building Commission. » Electrical Regulatory Authorities Council (ERAC), Gas Technical Regulators' Committee (GTRC). » Fire authorities – Metropolitan Fire Brigade, Country Fire Authority and the Department of Sustainability and Environment. » Local municipal authorities, Municipal Association of Victoria and the Victorian Local Governance Association. » Energy and Water Ombudsman (Victoria). » Environment Protection Authority (EPA) Victoria. » Essential Services Commission (ESC). » State Coroner's Office of Victoria. » Australian Economic Regulator (AER). » Australian Energy Market Operator (AEMO). » Commonwealth agencies (ORER, DCE).
Associations and training and education bodies	<ul style="list-style-type: none"> » Tertiary and other education providers (TAFEs, private training providers, Australian technical colleges, Electricity Industry Advisory Group (EIAG), Electroskills Council, EPIC Industry Training Board, EE-Oz. » Unions and industry associations (NECA, ETU and the Institute of Electrical Inspectors).

Whistleblowers Protection Act 2001

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

Whistleblower disclosures	2011–2012
Total disclosures made to ESV during the year	One
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	One
Investigations of disclosures taken over by the Ombudsman from ESV	Nil
Requests by whistleblower to have their disclosure investigated by the Ombudsman due to their dissatisfaction with the way ESV is investigating the matter	Nil
Disclosures that ESV declined to investigate	One
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

The one matter that ESV declined to investigate was addressed to Paul Fearon as Protected Disclosure Coordinator, but it was subsequently assessed as not being a “protected disclosure” or “public interest disclosure” under the Whistleblower legislation and was dealt with outside that framework.

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

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

The Protected Disclosure Coordinator

Paul Fearon
 Director of Energy Safety
 Level 5, Building 2
 4 Riverside Quay
 Southbank, Vic 3006

Ph: 9203 9000
 Fax: 9686 2197
 Email: info@esv.vic.gov.au

The Protected Disclosure Officer

Andrew Padanyi
 Legal Officer
 Level 5, Building 2
 4 Riverside Quay
 Southbank, Vic 3006

Ph: 9203 9772
 Fax: 9686 2197
 Email: info@esv.vic.gov.au

Disclosures may also be made directly to the Ombudsman

The Ombudsman Victoria
 Level 9
 459 Collins St (North Tower)
 Melbourne, Vic 3000
www.ombudsman.vic.gov.au
 Email: ombudvic@ombudsman.vic.gov.au

Ph: 9613 6222
 Toll Free: 1800 806 314

Information Privacy Act 2000

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

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

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

Freedom of Information

ESV received 28 freedom of information requests from 1 July 2011 to 30 June 2012. Thirty-two applications were completed within the financial year (11 within the 45-day time limit and 21 exceeded the 45-day time limit).

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 \$658.80. Fees waived in 2011–2012 totalled \$24.40.

Freedom of information requests must be made in writing, accompanied by a \$25.10 application fee payable to Energy Safe Victoria and be addressed to:

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

Demonstrating accountability

Energy Safe Victoria Act – Committees

ESV may establish committees that consist of employees and other people determined by Energy Safe Victoria under the auspices of the Energy Safe Victoria Act (Section 8). ESV must appoint one of the members of the committee as Chair.

Committees established under the *Energy Safe Victoria Act* are listed below.

Committee	Purpose
Incident Review and Prevention Committee	Reviews electrical incidents involving electricity supply networks, equipment and installations and provides advice on the means for preventing incident re-occurrence.
Electrical Safety Committee	Provides advice to ESV on the setting of safety standards for work on or near high voltage electrical installations and to the electricity industry on high voltage electrical safety.
Victorian Foundations for Safety Committee	Provides advice to ESV on safe working methods for electrical installations.
Powerline Bushfire Safety Taskforce	Investigated the full range of options available to reduce the risks of catastrophic bushfires from electricity infrastructure within the next decade, taking into account the costs and benefits and measures already adopted.

Electricity Safety Act – Committees

The Minister appoints members for committees established under the *Electricity Safety Act*. There may be requirements for particular technical expertise or agency representation for specific committees. The functions of the committee may be specified under the Act.

Committee	Purpose
Equipment Advisory Committee (Section 50)	Provides advice to ESV or the Minister on safety standards for electrical equipment and the procedures for monitoring compliance with the safety standards.
Electric Line Clearance Consultative Committee (Section 87)	Provides advice to ESV or the Minister on matters relating to the clearance of electric lines, including preparation and maintenance of the Code of Practice for Electric Line Clearance. This committee provides an annual report to the Minister.
Victorian Electrolysis Committee (Section 91)	Provides advice to ESV on any matter related to electrolysis and the regulations relating to cathodic protection and the mitigation of stray current corrosion. This includes the establishment and maintenance of standards for systems for cathodic protection and for the mitigation of stray current corrosion.

Other committees

ESV participates in a variety of other consultative committees, with a range of different external stakeholders.

Committee	Purpose
Energy Supply Industry Safety Committee (ESISC)	Provides advice and assists in the development and implementation of a new nationally harmonised safety framework for the energy supply industry. There are representatives from each state, territory and commonwealth governments, gas and electricity industries, unions, contractor businesses and industry skills council.
Electrical Regulatory Authorities Council	Coordinates liaison between the safety and electrical regulatory functions of Australia and New Zealand to encourage a uniform regulatory environment in Australia and New Zealand.
Standards – Energy – Technical Committees	Review and develop relevant Australian and International standards in relation to electricity and gas.
Integrated Fire Management Planning – State Committee	Provides leadership and development of tools and processes for consistency and continuous improvement in fire management planning. This committee obtains authority under the <i>Emergency Management Act 1986</i> .
Gas Technical Regulators' Committee	Association of government agencies responsible for the safe use of gas with representatives from each state and territory in Australia and New Zealand.
Plumbing Industry Advisory Council	Industry advisory group established under the <i>Building Act 1993</i> to provide advice to the Minister for Planning and the Plumbing Industry Commission.
National Appliance and Equipment Energy Efficiency Committee (E3 Committee)	Manages the Australian end-use energy efficiency program and consists of representatives from Australian and New Zealand government agencies.
Consultative committees- gas transportation and supply, gas retailers, and LPG	ESV coordinates separate meetings for the industry representatives of gas transportation and supply, gas retailers and LPG to share information and discuss industry issues.
Pipeline Consultative Meeting	ESV coordinates meetings to share information and discuss industry issues.
Consultative committees – Gas appliances	ESV participates in separate consultative committees with the plumbing industry, gas distributors and gas appliance certifying bodies.
Consultative committee – Gas – Building Industries Regulators' Forum	Representatives from government agencies share information and develop protocols with respect to gas safety issues.
LPG Safety Committee	Provides advice and develops guidance materials to support the safety of the LPG industry.
Renewable and Emerging Technologies Committee	Provides advice to ESV on safety issues and possible regulatory responses arising from the adoption of new technologies such as solar panels.

Compliance with the Building Act 1993

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

Victorian Industry Participation Policy

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

National Competition Policy

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

Risk attestation

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



Paul Fearon
Director of Energy Safety
24 August 2012

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.

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Abbreviations

Notes	
AMI	Advanced Metering Infrastructure
AER	Australian Energy Regulator
BMP	Bushfire Mitigation Plan
CFA	Country Fire Authority
CO	Carbon monoxide
COES	Certificate of Electrical Safety
COP	Code of Practice
CT	Current transformer
EILES	Electrical Installations, Licensing and Equipment Safety
ECOP	Events Code of Practice
ELCCC	Electric Line Clearance Consultative Committee
ENSS	Energy Network Safety Scheme
ESMS	Electricity Safety Management Scheme
GIAS	Gas Installation and Appliance Safety
GTRC	Gas Technical Regulators' Committee
HR	Human resources
HV	High voltage
LEI	Licensed Electrical Inspector
LV	Low voltage
MAV	Municipal Association of Victoria
MEC	Major electricity companies
MEPS	Minimum Energy Performance Standards
MFB	Metropolitan Fire and Emergency Services Board
NA	Not Applicable
PBST	Powerline Bushfire Safety Taskforce
PIC	Plumbing Industry Commission
POEL	Private Overhead Electric Line
REC	Registered Electrical Contractor
RTO	Registered Training Organisation
WMS	Work management system

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