

**Energy Safe
Victoria**
Annual Report
2022–23

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

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

Authorised and published by the Victorian Government, Melbourne

October 2023

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2022–23 Snapshot

Preventing harm

0 fatalities

158 ground fires

6 serious injuries

113 installation, equipment and appliance fires

0 carbon monoxide injuries



Employee engagement

0 work fatalities

13 work-related motor vehicle accidents

5 work injuries

3 ongoing Workcover claims*



Stakeholder engagement



Regulated entity satisfaction measure

74.3%



(up from 73.2% in 2021-22)



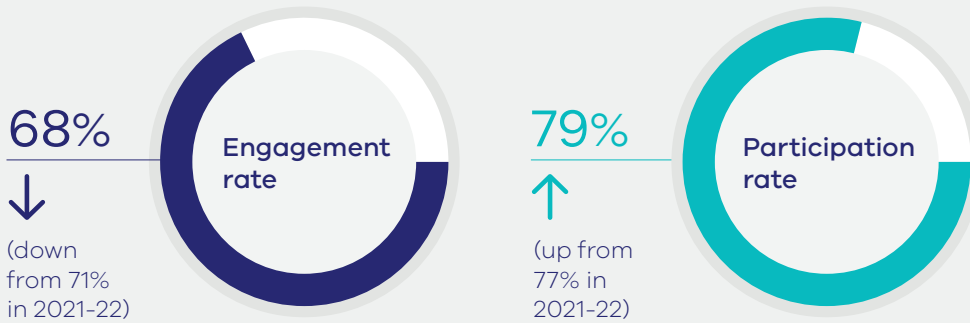
75.5%



(up from 71.6% in 2021-22)



People Matter Survey



Strengthening our role



9 prosecutions completed

12 disconnection notices

7 Energy Safety Act Section 67 notices

31 improvement notices

179 warning letters

58 Victorian Building Authority referrals

163 infringement notices

11 rectification notices

1 direction given

Compliance and enforcement priorities



Vegetation clearance around power lines:

5,950 hazardous bushfire risk area inspections

6,335 low bushfire risk area inspections

54 Section 86(1) notices issued for vegetation

357 residential solar installation inspections

99.9% compliance rate unsafe installations solar homes scheme

Carbon monoxide safety

0 injuries

11 incidents

Audits of renewable energy and new technology

4 solar installations

8 wind installations

4 battery installations

Incidents involving renewable energy and new technology

1 solar installations

0 wind installations

1 battery installations

Licensed Electrical Worker compliance

1,313 spot inspections

Electrical equipment and appliances

9 audits



Responsible body's declaration

As Commissioner and Chairperson of Energy Safe Victoria, in accordance with the *Financial Management Act 1994*, I present the Energy Safe Victoria Annual Report for the year ending 30 June 2023.



A handwritten signature in black ink, appearing to read 'Monique Conheady'.

Monique Conheady
Commissioner and Chairperson
Energy Safe Victoria

18 October 2023

SECTION 1

Year in review

From the Chief Executive Officer and Acting Commission Chair

We are delighted to present Energy Safe Victoria's 2022–23 Annual Report, which outlines the work we have done this year to deliver on our core aim of delivering a safer energy future that is sustainable for all Victorians and our climate. We have seen a substantial improvement in energy safety outcomes this year.

The way Victorians use and generate power is changing rapidly. The continued rise of renewable energy will be at the centre of the Victorian Government's plan to further reduce emissions and reach net zero emissions by 2050.

This fundamental shift in the energy landscape means that Energy Safe Victoria faces unprecedented changes.

Our strategic direction must ensure that we respond to these changes and ensure that energy – in all its forms – can be generated safely and delivered safely to all Victorians.

Fatalities and serious incidents

Victoria has had its best record for energy related fatalities and serious incidents since Energy Safe Victoria was formed in 2005. Our target of zero fatalities and fewer injuries compared to the 2021–22 financial year was achieved.

Our proactive approach, and strong regulatory action, has seen sustainable long-term downward trend in incidents causing death or serious injury. While the number of electricity-related deaths has gradually increased since 2016–17, this is the second consecutive year we have seen a reduction.

In addition, Victoria had no carbon monoxide injuries, which demonstrates the benefit in targeted awareness campaigns and the prohibition of open flued gas space heaters. With the exception of 2021–22, carbon monoxide deaths have declined since we increased our regulatory focus on the prevention of carbon monoxide incidents through strategies including our *Be Sure* campaign.

Bushfire prevention and mitigation

The coming summer is expected to be hot after two milder summers – which will test the preparedness of Victoria for bushfires. We have a vital role to play in the prevention and mitigation of bushfires.

Over the past few years, we have overseen the rollout of the world-first application of rapid earth fault current limiters (REFCLs) by Victorian electricity distribution businesses for bushfire prevention. The third and final tranche of the program has delivered 26 REFCLs which will detect faults on powerlines, and limits the energy and improves detection of the fault location. The final REFCL to be installed is scheduled to be operational before the bushfire season commences in November 2023.

Meanwhile, our program for inspecting vegetation around powerlines and network assets continued. We conducted 5,950 vegetation inspections in hazardous bushfire risk areas and 6,335 inspections of powerlines in low bushfire risk areas. We issued notices to electricity distribution companies and councils who did not comply with their obligations to keep vegetation clear of powerlines.

We conducted 5,217 inspections of network assets as part of our audits of accepted bushfire mitigation plans that major electricity companies and specified operators must have.

We continued our work to hold electricity distribution businesses to account for their management of wooden power poles, ensuring the safety of the Victorian community. We have now completed reports into all of the distribution companies. We are at various stages of enforcing compliance for each of these companies.

Renewable energy

We have continued to work with Solar Victoria to improve the safety of solar panel installations in their rebate program. We also track incidents involving renewable energy incidents outside the Solar Victoria program including our continued

program of audits and inspections on solar, wind and battery storage assets. We have approved several applications for some innovative uses of hydrogen. Our involvement in renewable energy will continue to increase as this sector makes up a greater share of the energy market.

Continuing professional development for licenced electrical workers

We saw the start of one of the most significant structural changes to the safety of licensed electrical workers in Victoria on 1 July 2022 with the start of continuing professional development. The program will make the community safer as electrical workers will have to keep up to date with changes to technology, standards, regulations and legislation. Electrical workers are now required to do 8 hours of continuing professional development as a pre-requisite for licence renewal.

We have seen more than 2000 licensed electrical workers complete their continuing professional development this year.

We are now focusing on the skills development component of continuing professional development which will enable licenced electrical workers to undertake skills development in areas where they would like to improve, such as renewable energy installations, business management and physical and mental wellbeing.

Meanwhile, the research phases for the development of continuing professional development for line workers started in February 2023.

Responding to the flood emergency

In October and November 2022, thousands of homes in Victoria were flooded. We joined the wider state emergency response by providing energy safety and technical advice as part of the Victorian Government's response. We gave advice on energy safety risks before, during and after the floods. Our people were on the ground to help assess energy safety risks and provide advice.

We ensured safety was not compromised by the clean-up efforts and provided information to ensure emergency response staff were safe. We distributed fact sheets to the community on energy safety,

portable generator safety and powerline awareness. This community information was translated into 6 languages, other than English.

Open-flue gas space heaters

Open-flued gas space heaters that do not meet safety standards were banned in Victoria on 1 August 2022. The ban followed the 2018 Coroner's findings into the death of Sonia Sofianopoulos in 2017.

Open-flued gas space heaters must now 'shut down' if they spill carbon monoxide. Once shut down occurs, a qualified gasfitter must use a special tool to reset the heater. This prohibition is a significant milestone in our efforts to keep the Victorian community safe from carbon monoxide poisoning.

Since the ban came into effect, we have worked to ensure these heaters are not sold. This work includes conducting audits of retail stores, manufacturers and online business. Warning letters have been issued to businesses which did not comply, and an investigation opened into a retailer selling the banned heaters.

Transformation to a new operating model

The changing energy landscape in Victoria means that our organisation must adapt to the changes as well. Our role is to provide the entities we regulate with certainty, so they understand their obligations. We also must regulate fairly and give the community confidence that these entities are accountable to the laws and regulation that govern the energy market.

In order to do this, we have continued to transform as an organisation. We are changing the way we use technology and data to better deliver on our role as the energy regulator, whilst always having safety as our number one priority. This year, we delivered a number of projects, including a new website which has improved navigation and accessibility.

Acknowledgements

We acknowledge the work of Marnie Williams in her roles as Director of Energy Safety and as the first Chairperson and Commissioner of the Victorian Energy Safety Commission. Marnie was instrumental in moving Energy Safe Victoria from a single member statutory office with a sole regulatory decision maker to one led by 3 Commissioners. Marnie left Energy Safe on 2 February 2023, after nearly three years with us. She departed after a period of transformation which has set us up to be a safety-first, data-driven and customer-centric regulator that is fit-for-purpose during this time of fundamental change in the energy landscape.

We are grateful to our stakeholders and partners, including the Minister for Energy and Resources the Hon. Lily D'Ambrosio MP, the Department of Energy, Environment and Climate Action (DEECA), industry bodies, other regulators, unions, major energy companies and employer groups.

The achievements in this annual report would not have been possible without the knowledge, expertise and dedication of our employees and their ability to work with our diverse stakeholders. I thank them for all of their hard work and dedication to keeping Victoria Energy Safe. Always.

Looking ahead to 2023–24

On 1 August 2023, we welcomed our new Commissioner and Chair, Monique Conheady. This appointment will start the next chapter for Energy Safe Victoria

In August, we also launched our *Corporate Plan 2023–2026*. This will mean we will report against different strategic priorities and measures in the 2023–24 annual report. We will also report on our work on a new Statement of Expectations from our minister.



Leanne Hughson

CEO
Energy Safe Victoria



Michelle Groves

Acting Chair
(3 February 2023 to 30 June 2023)
Energy Safe Victoria



About Energy Safe Victoria

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

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

The Hon. Lily D'Ambrosio MP was the responsible Minister from 1 July 2022 to 30 June 2023.

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

Energy Safe Victoria comprises 3 Commissioners who hold statutory appointments responsible to the Minister and the Victorian Parliament for ensuring that we perform our functions and exercise our powers in such a manner as they consider best achieves the objectives of Energy Safe Victoria as stated in the Acts. The Commissioners also provide strategic direction and leadership.

Under the *Electricity Safety Act 1998* and the *Gas Safety Act 1997*, our Chairperson may give directions and has additional powers in the event of emergencies.

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

Our objectives

We are an independent statutory body and oversee the regulatory safety frameworks that prevent death, injury, damage or loss due to electrical, fuel gas and pipeline product safety hazards.

We have statutory responsibilities to achieve the objectives and functions as specified in the *Electricity Safety Act 1998*, *Gas Safety Act 1997* and the *Pipelines Act 2005*. These include certain statutory objectives that we must fulfil to prevent serious electrical, gas, and pipeline safety incidents by ensuring that:

- Energy installations are safely operated, and energy infrastructure and pipelines are safe during their commissioning, operation, and decommissioning.
- Bushfire danger prevention and mitigation is promoted.
- Only competent licensed and registered individuals and businesses undertake gas and electrical work in accordance with prescribed safety standards.
- Electrical currents do not cause loss or damage to existing structures.
- Electrical equipment and gas appliances supplied or purchased in Victoria are safe to operate.
- The community and industry are aware of electricity and fuel gas safety requirements.



Our core regulatory functions

License, approve and accept

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

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

Monitor and audit

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

- We audit the training provided by registered training organisations (RTOs) and work with them to ensure apprentices receive appropriate levels of skills and knowledge.
- We assess licensed electrical inspectors.
- We audit electrical equipment available for sale to Victorians, ensuring it is safe, efficient and meets the minimum standards.

- To ensure public safety, we audit gas products at point of sale and gas appliance usage at public events.

Educate and encourage

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

- We partner with training organisations, industry organisations and unions to provide educational seminars and professional development opportunities.
- We use our marketing campaigns and media relations functions to target safety issues or behaviour where compliance or enforcement action is impractical or inappropriate.
- We work with event organisers to ensure entities are aware of, and mitigate, risk relating to gas and electricity usage.
- We provide a technical helpline to support professionals in the gas and electricity industries.
- We receive complaints about unsafe or noncompliant industry activities from the public and carry out associated compliance and enforcement.
- We participate in, and chair a range of committees, namely
 - partnering with other regulators, such as the Electrical Regulatory Authorities Council (ERAC) and the Gas Technical Regulators Committee (GTRC), to continually improve safety and national consistency of standards
 - participating in relevant Standards Committees along with other regulators and industry, we facilitate ongoing safety improvements applicable to energy installations, equipment and appliances to protect the community

- working with Victorian Government committees concerning the state's emergency-response and advising on energy safety and infrastructure resilience
- participating in specific technical and safety energy committees including relevant industry participants, technical experts, and union representation that address specific safety hazards.
- We work cooperatively with the Department of Energy, Environment, Land, and Climate Action (DEECA), other departments and other agencies to ensure consistency and alignment with cross-government policies and arrangements.

Enforce compliance

We take appropriate enforcement action (based on the severity of risk and harm) and will act if negligence was shown and others have been placed at risk.

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



Vision, purpose and values

Our vision

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

We need energy safety systems that are sustainable into the future so Victorians can continue to use energy for many generations. We also need energy systems to be modern and reliable, so our families, towns, cities and lands are kept safe.

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

Our purpose

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

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

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

Our values

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

Integrity

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

Engagement

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

Adaptive

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

Respect

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

Excellence

We aspire to the best standards of practice by ensuring an evidence-based, data-informed, best practice-led approach to our work. We continue to grow our capability to deliver excellent outcomes.



Responding to government priorities – Statement of Expectations

The Statement of Expectations, which applies from 1 July 2021 to 30 June 2023, was issued by then Minister for Energy, Environment and Climate Change to establish clear expectations of Energy Safe Victoria's performance and improvements.

This year, we completed delivery on all of the commitments from the Statement of Expectations. We shall continue to focus on the areas that require ongoing attention.

Renewable energy transition

We are committed to supporting the Victorian Government transition to renewable energy, ensuring a safe and sustainable energy future through renewable energy programs.

Our compliance and enforcement priorities, published annually, set clear expectations about regulatory compliance and actions for taking proportionate regulatory response to protect community safety. Two of our 9 compliance and enforcement priorities focused on renewable energy safety.

In relation to domestic solar installations, we conducted 357 inspections in the financial year, a 69 per cent increase on 2021–22. This was above our target of 300 inspections per year. We collaborated with Solar Victoria on solar installations to ensure they complied with applicable standards and were safe.

We take the safety of new and renewable energy technologies seriously. In 2022–23, we prohibited Adant Services from supplying small wind turbines. We also worked with the Australian Competition and Consumer Commission to provide technical expertise to ensure LG Energy Services Australia's remediation of more than 15,000 batteries adequately mitigates the identified safety risks.

We have also worked to identify potential regulatory gaps for renewables and the use of hydrogen as fuel. In early 2023, we supported submissions of applications for appliances which will use hydrogen as a fuel source. See page 29 for more details.

We also work with other government agencies to participate in trials of new technologies and to ensure there are no regulatory gaps. We established the Large-Scale Renewable Energy Transition Regulators Taskforce. We are also a member of the Solar Homes Regulatory Taskforce chaired by Solar Victoria.

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

We have completed implementing the 23 recommendations applicable to Energy Safe Victoria from the *Independent Review of Victoria's Electricity and Gas Network Safety Framework* (Grimes Review). We will meet the ongoing intent of the Grimes Review by building our organisational capability through a Transformation Program. See page 20 for more information in this program.

Risk-based regulation

A strong and effective regulator needs to continually adapt to its changing regulatory landscape, and focus activities to address the greatest risks. We pay regard to risk mitigation including bushfire risks, and risks associated with gas appliances and domestic solar. We actively monitor core service delivery to ensure we respond to emerging issues or risks.

In relation to gas appliances, we provide technical and operational support for regulatory and policy reform. We have worked with the Victorian Building Authority and Master Plumbers to hold a series of free gas safety webinars to support compliance. (See page 32). We also continued to raise public awareness through campaigns, such as the *Be Sure* campaign which aims to raise awareness about the risks of carbon monoxide with open-flued gas heaters. (See pages 32 and 33.)

We are also working on mitigating bushfire risk. On 16 June 2023, the Electricity Safety (Bushfire Mitigation) Regulations 2023 came into effect. We administer these regulations. The new regulations replace the 2013 regulations which expired on 18 June 2023. (See page 25.)

During 2022–23, we released a final report on the review of the pole management practices of United Energy and released the draft report on Jemena’s practices for consultation. (See page 28 for more information.)

The rollout of the Rapid Earth Fault Current Limiters (REFCL) program is nearing completion, with only 2 of a total of 28 REFCLs left to deliver in the third and final tranche of the program. All other REFCLs from the first and second tranches are in service and have achieved the required capacity. (See page 26.)

In addition, we delivered our vegetation electric line clearance inspection program which covered 12,285 spans and an energy network asset inspection program which covered 5,212 assets during 2022–23. (See page 26 and 27 respectively.)

Compliance-related assistance and advice

Our functions include providing advisory and consultative services about energy safety to regulated industry participants and community, recognising the different audience requirements.

On 1 July 2022, we commenced Victoria’s first Continuing Professional Development program for electrical workers. Electricians who wish to renew their licence must complete 8 hours of skills maintenance training. Work is also underway to develop the skills development training component

of the continuing professional development program. We are working with industry to develop a training program for line workers. (See page 30.)

In January 2023, we upgraded our website to ensure regulatory information, including our compliance and enforcement priorities, was easily accessible to regulated parties. The work on the website was part of a larger project to transform Energy Safe Victoria so it is easier to find information and do business with us. More information about the technology project being delivered to make our organisation more customer-friendly and data-driven is available on page 20.

Meanwhile, our stakeholder insights research program was expanded in 2022–23. We contracted a research agency to determine the level of awareness and understanding key Victorian Government and industry stakeholders, and the Victorian community, have about us, our reputation, and the impact this has on the outcomes we are trying to achieve. The resulting report gives us evidence to inform our business strategy and establish a benchmark which we can use to track our progress. (See page 37.)

Timeliness

Energy Safe Victoria recognises the importance of timely decision-making as a key element of providing customer centred service delivery, which is one of the 6 Energy Safe Victoria priorities identified in the *Corporate Plan 2021-2024*. This has been a core element to establishing the digital platforms as part of Transformation, during the year. We worked closely with industry to reduce the time taken between when a domestic solar installation occurs and the certification by the Licensed Electrical Inspector. This work was completed in the 2021–22 financial year.

Our priorities

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

Fatalities and serious incidents

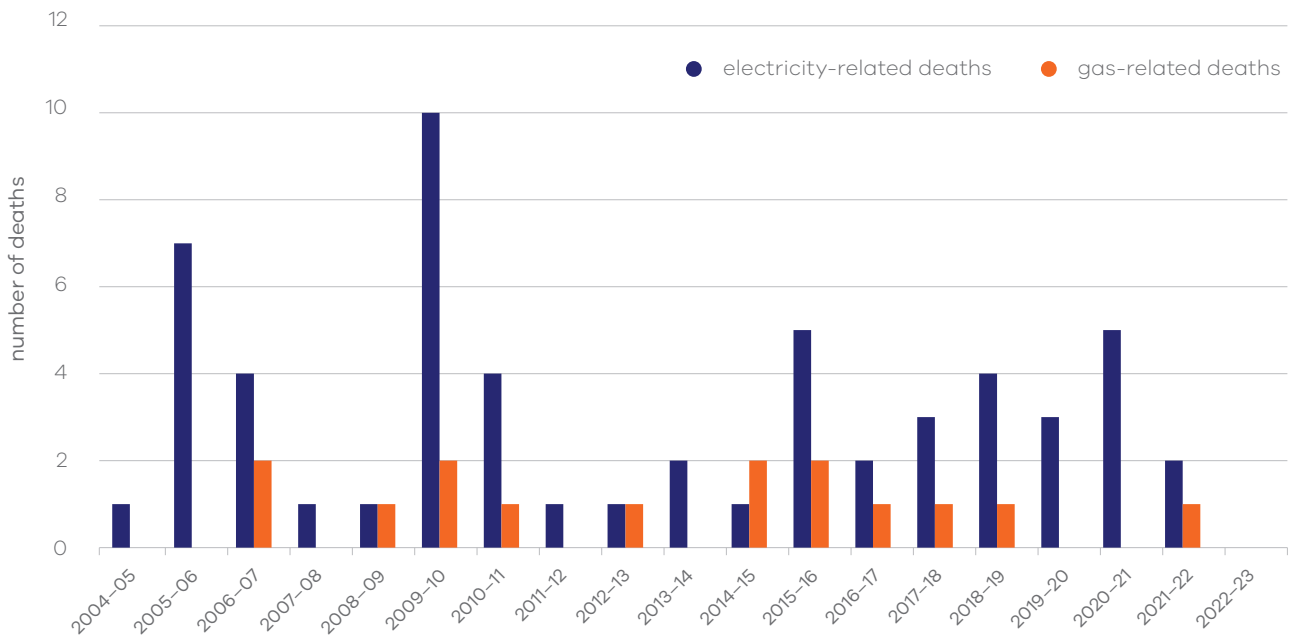
Victoria had its best year on record for energy-related incidents. This is the first year since Energy Safe Victoria was formed in 2005, that Victoria has achieved our target for zero fatalities. With no deaths and fewer injuries compared to 2021–22, Energy Safe Victoria is delivering on its commitment to being a safety-first regulator. Our proactive approach to preventing unsafe situations and taking strong regulatory action where required, has seen a sustainable long-term reduction in incidents causing death or serious injury.

While the number of electricity-related deaths has gradually increased since 2016–17, this is the second consecutive year we have seen a reduction in electrical-related deaths and serious injuries. Increased competency requirements for electrical workers, and a robust audit and inspection program, are delivering a reduction in serious incidents.

In addition, Victoria had no carbon monoxide injuries, which demonstrates the benefit in targeted awareness campaigns and recalls of gas space heaters. With the exception of 2021–22, carbon monoxide deaths have declined since we increased our regulatory focus on the prevention of carbon monoxide incidents through strategies including our *Be Sure* campaign.

The 6 serious injuries demonstrate the need to continue targeted compliance and enforcement. We need to continue to increase the awareness of no-go zones and safety around gas appliances, including providing information to the community on the misuse of gas appliances, and preventing the sale and use of unapproved products.

Electricity- and gas-related fatalities in Victoria from 2004–05 until 2022–23



Fatalities

There were no electricity-related or gas-related fatalities in the 2022–23 financial year.

Electricity-related serious injuries

There were 2 electricity-related serious injuries in 2022–23, this was down from 6 the previous year.

In January 2023, a farmer was injured when he fell while attempting to climb a pole to remove a possum. He was taken to Alfred Hospital with burns to his hands and thigh, which indicated he had come into contact with electricity.

In May 2023, a man received an electric shock from a wood burning/etching tool. The homemade tool was built using a high voltage transformer connected to a set of jumper cables which were then connected to nails hammered into a piece of wood. The man was found unconscious on the ground, resuscitated and air lifted from Ararat to hospital in Melbourne.

Gas-related serious injuries

There were 4 gas-related serious injuries in 2022–23, this was up from one the previous year. However, there were no carbon monoxide related injuries in 2022–23, compared to 3 injuries from one incident the previous year.

In January 2023, an elderly resident was injured when a gas log fire exploded. The incident happened after the woman made multiple attempts to light the appliance without waiting for gas to dissipate. She was taken to hospital and released the following day.

In February 2023, another elderly resident sustained burns when the connection between the ring burner and LPG cylinder leaked gas and caught fire. The resident was admitted to hospital. The regulator and hose were not approved for use.

In May 2023, a man received superficial burns after igniting a barbecue which had a leaking hose connection.

In June 2023, a child's face was burned when a portable butane stove exploded at a camp site.

Transformation to a new operating model

Victoria's energy landscape is changing rapidly. Part of this is due to new entities and technologies that are entering the market aimed at addressing and mitigating the impact of climate change. At the same time, there has been a shift in regulatory best practice from a prescriptive approach to one that targets performance and outcomes.

Our role is to provide the entities we regulate with certainty so that they know their obligations, and to regulate fairly. We also give Victorians confidence that these entities are accountable to the laws and regulations that govern the energy industry.

To do this, we need to bring new solutions to this changing landscape.

Our transformation program aimed to strengthen our role as the lead agency for energy safety in Victoria. Last financial year, we worked on the design and planning for a new operating model. During 2022–23, we improved our use of data which will tell us where we need to focus our energy to reduce deaths, serious injuries and property damage arising from energy.

During the 2022–23 financial year, we delivered the following projects:

- We delivered phase one of the Customer Engagement Platform. Built in Dynamics 365, the platform will become our single view of customers and the primary tool that supports our regulatory processes. The platform will capture information to improve customer experience, measure safety outcomes, and enable evidence-based decision making. The platform improves our functionality for customer management, case management and field services.
- We simplified our technology in the finance and operations space, moving to cloud-based solutions. This has improved our access to data, provided accurate real-time information and improved backup and recovery.
- We rolled out OneDrive, Microsoft Teams and Office 365 across Energy Safe Victoria. These tools improved our ability to collaborate and communicate across the organisation. Because these tools are based in the cloud, our data has been made more stable, accessible and available for field staff.
- In January 2023, we launched the first update to our website, making it easier for users to access and navigate information. The move brings us in line with other Victorian Government websites. It displays information in a simple, easy-to-navigate format, particularly for those accessing the website via mobile or tablet.

Compliance and enforcement priorities

We released our 9 compliance and enforcement priorities to signal to the energy industry the key targets of our compliance and enforcement activities across the electricity, gas, renewable energy and pipeline sectors.

The release of the priorities gave a clear indication to the energy sector we regulate, as well as giving guidance to our inspectors and regulatory staff about our focus for the 2022–23 financial year.

We have a range of tools that we can use to promote and enforce compliance, which are also set out in our Compliance and Enforcement Policy. These tools include educating and supporting regulated entities to understand their obligations, warnings or notices requiring corrective actions, infringement notices, prohibitions or recalls, and prosecution for more serious, repeated or wilful non-compliance.

Bushfire mitigation

Powerline maintenance

We delivered the following activities against our targets for 2022–23:

- conducted 10 pre-bushfire-period audits of major electricity company Bushfire Mitigation Plans against a target of 9 audits
- undertook 2 audits of specified operator Bushfire Mitigation Plans in line with our target for 2022–23
- inspected 5,216 network assets against a target of 5,000 assets.

During 2022–23, we delivered the following compliance actions:

- issued a notice under section 109 notice under the *Electricity Safety Act 1998* to AusNet Services requiring the submission of a revised Bushfire Mitigation Plan with a commitment to inspect power poles in hazardous bushfire risk areas every 2.5 years
- issued an improvement notice to AusNet Services which required the improvements in the management of known low-transmission conductor heights
- issued a warning letter to Powercor in relation to the company missing a target for pole intervention for the 2022 calendar year. More information about powerline maintenance can be found in this report on pages 28.



Vegetation clearance around powerlines

The overall noncompliant vegetation was reduced by 7.0 per cent and major noncompliant vegetation reduced by 14.5 per cent against target of 10 per cent reduction from the 2021–22 baseline.

During 2022–23, we progressed the following activities against our targets:

- reviewed and approved electric line clearance management plans for 6 major electricity companies, 12 local councils and 4 other responsible persons
- undertook audits on 7 major electricity companies, 9 councils and 3 other responsible parties against targets of 5, 10 and 4 respectively
- inspected 5,950 hazardous bushfire risk area spans and 6,335 low bushfire risk area spans and targets of 6,000 for each.

We undertook the following compliance and enforcement actions during 2022–23:

- laid charges on United Energy for 24 breaches of the Code of Practice for Electric Line Clearance identified during our inspections in 2021–22
- prepared a Brief of Evidence for Powercor relating to 140 breaches of the Code identified in our inspections in 2021–22
- issued 56 infringement notices to major electricity companies and 23 to councils
- issued 1,352 section 86(1) notices to major electricity companies and 941 to local councils, with these notices requiring the responsible person to clear the vegetation to achieve compliance within a specified timeframe.

More information about vegetation clearance around powerlines can be found in this report on pages 26 and 27.

Renewable energy

More information about our work in relation to renewable energy can be found on pages 28 and 29.

New energy infrastructure

We progressed the following against our targets for 2022–23:

- issued permission to submit Voluntary ESMS letters to all 6 Victorian Renewable Energy Target Round 2 auction submissions.

No new transmission lines requiring Electricity Safety Management Schemes (ESMS) were developed in 2022–23.

No compliance or enforcement actions were taken during 2022–23.

Renewable energy generation

We progressed the following activities against our targets for 2022–23:

- undertook 10 windfarm audits against a target of 3 audits.
- undertook 3 solar farm audits in line with our target for 2022–23.

No other utility-scale generation was proposed or constructed requiring audit.

No additional compliance and enforcement actions were taken during 2022–23.

Hydrogen readiness

There were no specific targets for hydrogen-related projects during 2022–23.

We undertook the following compliance and enforcement actions during 2022–23:

- worked with the Australian Gas Infrastructure Group (AGIG) on compliance matters that allowed the company to obtain financial and ministerial sign-off for the Hydrogen Park Murray Valley project in Wodonga (see page 29)
- accepted 2 transportable hydrogen fuel cell systems for Toyota to demonstrate at the Melbourne Formula 1 Grand Prix (see page 29)

- approved an application for Type B appliance to use hydrogen-blended natural gas in a crematorium burner (see page 29)
- approved the use of a barbecue, cooktop and 3 water heaters designed to operate with hydrogen and approved the gas installation for a demonstration home in Wollert (see page 29).

Battery energy storage systems

We progressed the following activities against our targets for 2022–23:

- audited 2 large-scale battery energy storage systems (BESS) in line with our target for 2022–23.
- progressed the development of guidance material, scheduled for release in 2023–24, for ‘Large-Scale Renewables’ and ‘Designers and Owners of Neighbourhood Batteries’.

No additional compliance and enforcement actions were taken during 2022–23.

Electrical and gas safety

Electrical work

We progressed the following activities against our targets for 2022–23:

- audited 11,818 Certificates of Electrical Safety against a target of 12,000 audits
- conducted 456 field-based licence checks against a target of 450 checks
- audited 4 Licensed Electrical Inspector licences against an amended target of 3 audits
- undertook 1,313 electrical installation compliance spot inspections against a target of 1,000 inspections.

We undertook the following compliance and enforcement actions during 2022–23:

- Issued 122 warning letters, 11 rectification notices and 73 infringement notices.

Gas (Type A) and electrical appliance safety

We progressed the following activities against our targets for 2022–23:

- audited 8 certification bodies with JAS-ANZ against a target of 5 audits
- conducted 521 online point of sale audits of gas appliances against a target of 200 audits
- conducted 10 audits of online stores, suppliers and retailers in line with our target for 2022–23.

We undertook the following compliance and enforcement actions during 2022–23:

- removed 87 prohibited open flue gas space heaters from sale
- removed 265 uncertified gas appliances from online sales
- issued 29 warning letters, 34 improvement notices, 10 disconnection notices and 14 infringement notices related to gas equipment and installations.
- issued 1 prohibition notice and 7 official warning notices to suppliers of electrical appliances
- undertook check testing of 50 electrical appliances that resulted in 6 voluntary recalls, 3 products removed from sale and 17 products modified to comply with the standard requirements.

Energy network strikes and encroachment

We progressed the following activities against our targets for 2022–23:

- third-party strikes on gas mains and gas services were both stable against a target of 10 per cent reduction from the 2021–22 baseline for each
- encroachments on pipelines increased by 24 per cent against a target of 5 per cent reduction from the 2021–22 baseline
- electricity network asset clearance breaches increased by 15 per cent against a target of 10 per cent reduction from the 2021–22 baseline
- electricity network asset contact incidents increased by 0.8 per cent against a target of 10 per cent reduction from the 2021–22 baseline.

We undertook the following compliance and enforcement actions during 2022–23:

- Issued 16 warning letters and 7 infringement notices across 29 investigations of gas mains and services contact incidents, with a further 2 investigations referred for legal advice.
- Issued 25 warning letters and 7 infringement notices across 17 investigations of electricity network asset contact incidents.

Regulatory practice

Prosecutions

We employ a range of enforcement actions to monitor and enforce compliance with the energy safety laws, including prosecution action for breaches of energy safety laws. In general, we prosecute cases which are more serious in nature or where there has been repeated or wilful noncompliance.

We investigate safety concerns and serious incidents. We may take enforcement action, depending on the severity and harm caused. We will act if negligence has been shown and people's safety has been placed at risk.

Where there has been failure, we provide notices to rectify or improve, warning letters and infringement notices for gas and electrical installations, equipment and infrastructure. If a breach of energy safety has been significant, we will prosecute.

During the 2022–23 financial year, we completed 9 prosecutions. Of these, 4 were related to electricity and 5 were related to gas. This was a drop from the 17 prosecutions which were completed in the previous financial year.

On 10 October 2022 at the Werribee Magistrates' Court, Ridgewater Plumbing Pty Ltd pleaded guilty to 2 charges against the *Gas Safety Act 1997* relating to failing to comply with an improvement notice and providing false and misleading information to Energy Safe Victoria. The accused was fined \$5,000 without conviction.

On 13 October 2022 at the Geelong Magistrates' Court, Lara Plumbing Pty Ltd pleaded guilty to one charge against the *Gas Safety Act 1997* relating to moving a gas meter without permission from the owner. The accused was convicted and fined \$7,500.

On 14 October 2022 at the Melbourne Magistrates' Court, Phillip Jones pleaded guilty to one charge against the *Electricity Safety Act 1998* relating to carrying on electrical contracting work while unregistered. He was released on an adjourned undertaking to be of good behaviour for 12 months and ordered to donate \$750 to Epworth Eastern Hospital.

On 9 November 2022 at the Geelong Magistrates' Court, gasfitter William Greig was found guilty of 2 offences, namely failing to comply with the prescribed standards and requirements to work on a complex gas installation and providing false and misleading information to Energy Safe Victoria in relation to the installation. He was fined a total of \$3,200 with a conviction recorded.

On 14 December 2022 at the Melbourne Magistrates' Court, Matthew Batson, the sole director of Airconic Pty Ltd, pleaded guilty to a charge relating to failing to comply with the prescribed standards of work on a complex gas installation in a commercial kitchen in Brunswick. The court did not impose a fine or conviction due to the early plea of guilty, the lack of previous criminal history and the fact the non-compliance was rectified on the day of the offence.

On 16 March 2023, Richard Tovey who was a director of Worldwide Heating and Air-conditioning (Aust) Pty Ltd was sentenced to 117 days in jail for failing to pay a \$20,000 fine issued in 2011 after Energy Safe Victoria prosecuted his unregistered company for carrying out electrical works and employing unlicensed workers.

On 30 March 2023 at the Melbourne Magistrates Court, Pro Install Electrical Pty Ltd was found guilty of 47 offences under s.148(1) of the *Electricity Safety Act 1998* and was convicted and fined a total of \$12,000. The charges related to Pro Install lodging COES that contained the name and licence details of electricians who did not supervise or carry out the work. In some cases, the named electrician did not work for Pro Install at the time of the

offences. The offences occurred between June 2019 and January 2020 across Melbourne. Pro Install went into liquidation in April 2021 and a separate proceeding against the sole director, Luke Warren is ongoing.

On 8 May 2023, Keenan Grobler was found guilty of offences under the *Electricity Safety Act 1998* and *Building Act 1993* at the Werribee Magistrates' Court. The charges related to unlicensed electrical and plumbing work conducted between June and November 2020. Mr Grobler was convicted and fined \$10,000.

On 22 June 2023 at Frankston Magistrates' Court, Scott Civil Constructions Pty Ltd was found guilty of one offence under the *Gas Safety Act 1997*. The charge related to Scott Civil carrying out excavation work within 3 metres of a transmission pipeline in September 2020, without the authorisation of the gas company owner or operator. Energy Safe Victoria issued an infringement notice for the offence in 2021 which was not paid and Energy Safe Victoria subsequently started proceedings in the Magistrates' Court. Scott Civil was fined \$1700 without conviction.

Remake of the Electricity Safety (Bushfire Mitigation) Regulations

On 6 March, the Department of Energy, Environment and Climate Action (DEECA) released a Regulatory Impact Statement (RIS) to determine the best approach for remaking the Electricity Safety (Bushfire Mitigation) Regulations 2013.

The 2013 Regulations expired on 18 June 2023 and the regulations had to be remade prior to that date to avoid a regulatory gap.

During the 28-day consultation period, DEECA received 16 survey responses and 6 written submissions, including written submissions from each of the electricity distribution businesses. All responses received were in favour of the remaking of the regulations.

The new regulations, which came into effect on 16 June 2023, are substantially the same as the 2013 Regulations with some minor administrative amendments, and other changes to provide

greater clarity and certainty for prescribed safety requirements for existing and new electrical constructions and installations.

Under the *Electricity Safety Act 1998*, Major Electricity Companies (MECs) and Specified Operators (SOs) are responsible for managing their electricity assets to reduce the risk of bushfires. Under the Act, MECs and SOs must submit Bushfire Mitigation Plans to Energy Safe Victoria for assessment. The regulations specify the information that must be included in a Bushfire Mitigation Plan. We are responsible for ensuring the plans meet regulatory requirements.

DEECA sought input and advice from us during the development of the RIS and the new regulations.

Bushfire prevention and mitigation

We play a vital role in the prevention and mitigation of bushfires in relation to energy infrastructure. The work includes:

- monitoring the implementation of electrical equipment design to reduce the risk of powerline faults causing catastrophic bushfires
- monitoring vegetation clearing around powerlines in hazardous bushfire risk areas
- inspecting the condition of electricity network assets
- ensuring electricity distribution companies have appropriate power pole management practices
- accepting Bushfire Mitigation Plans and approving electric line clearance management plans submitted by major electricity companies and specified operators.

We did not receive any reports of electrical assets causing a major bushfire during the 2022–23 summer or the previous 2021–22 summer.

Ground fires

There were 158 ground fires in 2022–23, down from 172 the previous year.

Some of the ground fires were due to issues with the assets, such as electrical malfunction, fuse failures, crossarm failures, connection faults, connection failures and overheated connections. Nature caused some of the ground fires. Reasons included a possum contacting a transformer, a branch falling on the overhead lines, palm fronds touching the lines, bird contact and lightning strikes. People were also responsible for some of these events, including vehicles hitting electricity infrastructure such as poles or pillars.

Rapid Earth Fault Current Limiter program

The 2009 Victorian Bushfires Royal Commission found that some of the most devastating fires on Black Saturday were ignited by faults on powerlines. In response, the Victorian Government then established the Powerline Bushfire Safety Taskforce.

In 2011, the taskforce identified that Rapid Earth Fault Current Limiter (REFCL) technology as a potential way of reducing the risk of 22 kilo-volt powerlines starting bushfires. The same year, the Victorian Government established a \$682 million program of works to deliver the recommendations of the Royal Commission and taskforce.

REFCLs detect faults in powerlines and greatly limit the energy at the fault location without interrupting supply. They reduce the risk of a spark causing a fire. However, if the fault is ongoing, such as a fallen or broken powerline, the REFCL sends a signal to the circuit breaker to switch off power to the entire powerline until it can be repaired.

During 2022–23, the rollout of REFCLs has continued. The delivery of the third and final tranche of the REFCL program was due for completion by 1 May 2023. On that date:

- Powercor had delivered all 15 of its required REFCLs
- Jemena had delivered all 4 of its REFCLs
- AusNet Services had delivered 7 of its 9 required REFCLs.

We granted AusNet Services an extension until 1 November 2023 to achieve compliance with its obligation to deliver the 2 remaining REFCLs at Benalla and Wodonga Terminal Station. This extension was granted due to technical issues and third-party delays beyond AusNet's control. We will continue to closely and actively monitor AusNet Services' delivery which is due to be deployed by the deadline.

All other RECLs are in service and have achieved the required capacity.

Our plan to review the functional performance of the REFCLs has been deferred until 2024 due to 2 mild summers.

Summer preparedness in hazardous bushfire risk areas

In preparation for the summer fire season, we inspect vegetation around power lines and network assets in hazardous bushfire risk areas.

Vegetation inspections

Vegetation growing close to powerlines is a safety risk and can cause fires, blackouts or power surges. We inspect along power lines to ensure electricity distribution companies and councils and other responsible persons keep vegetation clear of them, as is required by their approved electric line clearance management plans.

During 2022–23, we conducted 5,950 inspections of lines in hazardous bushfire risk areas. This was 50 inspections short of our target of 6,000 inspections for the year. We also conducted 6,335 inspections of power lines in low bushfire risk areas. This was 335 more than the target of 6,000 for the year.

All noncompliances identified during our inspections were issued notices made under section 86(1) of the *Electricity Safety Act 1998* to the responsible person, which requires action to make each site compliant in timeframes that we specify.

Under section 86(1) of the regulations, we issued 3 notices to AusNet Services and 2 notices each to Jemena, and Powercor, and CitiPower. United Energy, Melbourne City Council, Mildura Rural City Council, the Borough of Queenscliff and Wodonga City Council were all issued with one notice each.

The overall performance of the transmission networks was very good, and no safety concerns were noted.

However, the overall performance of the distribution businesses was poor. AusNet Services, Powercor and United Energy have recorded high non-compliance rates, while Jemena remains the best performing distribution business, again achieving a very low overall noncompliance rate.

We are reviewing the performance of each of the distribution businesses to determine the appropriate enforcement action. Our options include issuing of infringement notices or prosecution.

Network asset inspections

During 2022–23, we inspected 5,217 network assets, exceeding the annual target of 5,000. Network assets inspections are included as part of our audits of the accepted bushfire mitigation plans that major electricity companies and specified operators must have.

In addition to meeting our annual inspection targets, our asset inspectors also contributed to on-call incident response, work practice observations, ongoing audits, responding to a public concern in south west Victoria and enquiries regarding a pole failure incident. They also conducted field checks to ensure that equipment had been installed at locations, as recorded by major electricity companies. The installation of these components was required.

The audits completed in preparation for the bushfire season found one major non-compliance for AusNet Services and no non-compliances for the remaining reports issued. We are monitoring the response to the noncompliance to ensure the maintenance practices of the transmission company comply with the process within their accepted bushfire mitigation plan. A range of minor noncompliances were identified across the distribution companies relating to asset records and maintenance review practices.

We have met with all the major electricity companies, and final reports have also been issued to all companies, apart from AusNet Services.

Bushfire Mitigation Plan audits

Bushfire Mitigation Plans are mandatory for 'major electricity companies' and 'specified operators' under the *Electricity Safety Act 1998*. Major electricity companies are licensed electricity distribution and transmission companies. A specified operator is defined as a person who owns or operates an electric line (other than a private electric line) that is above the surface of the land in a hazardous bushfire risk area.

Bushfire Mitigation Plans set out how these companies and operators propose to mitigate the risk of their electricity supply networks and at-risk electric lines starting bushfires. These plans must be submitted to us every 5 years (for electricity companies) or every year (for specified operators). We assess these plans and audit them to ensure they are being followed.

During 2022–23, we conducted audits of 12 bushfire mitigation plans, consisting of audits of 10 major electricity companies and 2 specified operators.

Review of power poles management

We hold electricity distribution and transmission businesses to account by monitoring and enforcing the safety of the design, construction, operation, maintenance and decommissioning of electrical transmission and distribution networks.

We do this through ensuring distribution businesses have an Electrical Safety Management Scheme (ESMS) and Bushfire Mitigation Plan accepted by us and they deliver what is required under these plans.

These documents set out how the distribution businesses will manage power line maintenance, ensuring they are inspected and replaced when necessary, to reduce the risk to Victorians.

Powercor

We conducted a review of Powercor's wood pole management practices. Powercor is required to replace or reinforce more than 34,000 wood poles between 1 January 2022 and 31 December 2026. Powercor failed to meet one of its targets for 2022, as set out in its Bushfire Mitigation Plan and the conditions of its acceptance. We issued a warning letter to the company in June 2023.

AusNet Services

A review of AusNet Services' wood pole management practices was published in late 2021 and we are monitoring AusNet's delivery of the recommendations of this report. In May 2023, we issued a section 109 notice under the *Electricity Safety Act 1998* requiring AusNet to submit a revised Bushfire Mitigation Plan which would require the firm to reduce the time between its pole inspections from 3 years to 2.5 years. The section 109 notice was issued in June and requires the firm to submit a revised Bushfire Mitigation Plan by 1 October 2023.

United Energy

We released for consultation, a draft report into United Energy's wood pole management. We incorporated the feedback from the consultation into a final report which was published in June 2023. The report contains 6 recommendations for United Energy to improve its pole management strategy to remove risks (as far as is reasonably practicable). United Energy is required to submit an improvement plan later in 2023 to address the report's recommendations and findings.

Jemena

We started an assessment of Jemena's wood pole management practices in June 2022. The draft report has been completed and was released for consultation in July 2023.

Government initiatives

Renewable energy

Incidents involving renewable energy

We track incidents involving renewable energy where injuries have occurred and where these incidents are outside Solar Victoria programs. During 2022–23, there were 2 incidents involving renewable energy.

In January, there was an incident at a solar installation involving an unlicensed solar battery installation. We investigated and the system was made safe.

In June, there was a domestic, off-grid battery fire.

Audits and inspections

We track incidents involving renewable energy. During 2022–23, we conducted 16 audits of renewable energy. We conducted 4 audits of solar installations, 2 less than our target of 6. We also conducted 8 wind farm inspections, 2 more than our target of 6. We also conducted 4 battery storage inspections, 2 more than our target.

Presentations

We track incidents involving renewable energy. We participated in a National Electrical and Communications Association (NECA) trade night in Bairnsdale, presented at the Institute of Electrical Inspectors forum and attended Sheepvention, the Hamilton rural expo.

Technical advice

We also participated in the Technical Advisory Committee for the updating of the renewable energy national training units facilitated by Australian Industry Standards. The updated units were finalised at this meeting.

Hydrogen

Under the Gas Safety Act, Energy Safe Victoria must approve the use of hydrogen powered appliances. During 2022–23, we saw an increase in the applications and approvals of hydrogen appliances.

In March 2023, we attended 2 events where appliances using hydrogen were launched following our approval.

We attended the Formula 1 Grand Prix track where 2 hydrogen generators were used to power multiple events displays during the event. Prior to their deployment, we assessed, inspected and accepted the 2 generators that consume hydrogen to produce electricity.

We also attended a demonstration of a hydrogen-blended natural gas burner for use in crematoriums, by Austeng in Geelong..

Hydrogen-powered home

In June 2023, we attended a hazard and operability study at a display home in Wollert which is fully hydrogen-powered. The study was also attended by WorkSafe, BOC gases, and the Victorian Building Authority.

Bottled hydrogen will be used on site to demonstrate the appliances but the aim is to use existing fitting lines to feed hydrogen to the appliances. Once we have approved the site, guided tours of HyHome will be organised by the Australian Gas Infrastructure Group (AGIG).

Hydrogen Park Murray Valley

In June 2023, Australian Gas Infrastructure Group (AGIG) secured funding for the Hydrogen Park Murray Valley project. Energy Safe Victoria worked with the AGIG on preliminary compliance matters that allowed the company to make a final investment decision and obtain ministerial sign-off for the new blended gas project which will start construction next year at Wodonga. AGIG will need to gain other approvals from us before construction starts.

The renewable hydrogen will be blended with natural gas to supply 40,000 businesses and homes in Albury and Wodonga. The project is due to start producing hydrogen to customers in 2025.

We listen to our stakeholders to inform our regulatory approach

Continuing Professional Development

On 1 July 2022, we commenced Victoria's first Continuing Professional Development (CPD) program for electrical workers. Electrical licence holders who want to renew their licence, which must be done every 5 years, must complete 8 hours of training.

The uptake was initially slow, as expected, with initial courses running with small class groups. Numbers gradually increased and feedback from attendees was positive. Some 1,841 licence holders completed the training during 2022–23, and 10 approved providers have started delivering the course.

We have completed our first content review of the course resources, and updates are currently being developed by Future Energy Skills. Two new videos have been produced and have been incorporated into the resources. This twice-yearly update ensures the resources stay fresh, relevant and up to date.

The CPD program is made up of 2 components, Skills Maintenance and Skills Development. It was developed by Energy Safe Victoria and education provider Future Energy Skills and supported by a committee including members from Energy Safe Victoria, the Electrical Trades Union, the National Electrical and Communications Association, the Institute of Electrical Inspectors, and experts in adult education.

Meanwhile, the inaugural industry steering committee for lineworkers' CPD was held in February 2023. The research phase has commenced with analysis of incidents and existing industry training to identify any skills gaps.

We developed a survey to go to licence holders, which was distributed in March. The response rate was 20 per cent. The CPD for line workers is due to start on 31 December 2023.

Electrical Equipment Safety System

The Electrical Equipment Safety System (EESS) radically changes the way new, largely imported, equipment is certified, registered and sold by responsible suppliers. We host and maintain the EESS website and associated systems for all jurisdictions across Australia and New Zealand. When the EESS was adopted in Victoria, we assessed the technology systems that underpin the scheme to ensure they are adequate, now and for the future.

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

Developing the system will better protect Australians and New Zealanders from fire, electric shock or mechanical harms caused by electrical equipment as the EESS establishes a national approach to electrical equipment safety.

A broad range of industry stakeholders, including representatives from the regulators, contributed to the gathering of the business requirements for the EESS. When complete, the updated platform will deliver registration, certification, and incident reporting.

It will also be used for audit and compliance purposes as the quality of data captured will be improved, further enabling sharing of information and data with regulators and industry.

CASE STUDY

Working with Telstra to minimise stray current

We worked with Telstra to successfully resolve an issue which affected underground pipelines.

We received reports from local plumbers, electricians, and property owners about the corrosion of copper pipes, often, shortly after they had been installed. We suspected stray current may have been the issue.

Stray current corrosion is when a metal is degraded due to stray electrical current passing through it.

We conducted a series of corrosion investigations on domestic copper water services, high-pressure gas pipelines and a water transmission pipeline. After ruling out the usual sources of stray current, we found that the source was decommissioned Telstra metallic cables contained in decommissioned Telstra pits that had been damaged but where the power was still connected at the exchange.

We wrote to Telstra informing them of the issue and requested a plan from Telstra to remediate the issue.

Telstra responded positively and provided a comprehensive root cause analysis. Telstra proposed a solution consisting of removing links from decommissioned cables at the exchange, thereby removing the power from those cables.

Telstra embarked on a proactive program to remove these links across Victoria by the end of June 2023, followed by a national program.

The risk of further failure of pipelines due to stray current corrosion from decommissioned Telstra cables has been minimised as a result of our work.

Telstra's prompt reactive and proactive actions were also instrumental in reducing the risk to the pipelines.

Engage with local community

Development of guidance with industry

We used an independent stakeholder insights survey to find out what our stakeholders wanted from us. Our stakeholders (including electrical and gas workers, other regulated entities, and communities) told us they wanted more support so they can comply with regulatory requirements and be energy safe. We listened to our stakeholders. Our work during 2022–23 included:

- published a new *Gas information sheet 65: isolation for gas installations in educational institutions*
- revised and republished *Gas information sheet 25: domestic gas cooking appliance overhead clearances*
- revised *Gas information sheet 7: requirements for acceptance of high-pressure gas installations*
- revised *Gas information sheet 4: allowable leakage rate for existing standard installations operating at 1.13 kPa*
- reviewed all the gas information sheets for accuracy and currency
- delivered webinars on changes to the gas installation standard *AS/NZS5601.1, Commercial kitchen gas installations and new requirements for multilayer pipe*
- published *Electrical Information Sheet 001 - temporary switchboards*
- published *Electrical Information Sheet 004 - Aug 2022 ~ AS_NZS5139 Neutral continuity and MEN*
- published *Electrical Information Sheet 007 - HHCU (Solar Vic) top 5 defects*

Regulatory roadshows

During In 2022–23, we delivered 3 further presentations to Victoria's major electricity companies and gas and pipeline distribution companies. Our Commissioner and Chairperson, CEO and the relevant General Manager presented to senior executives of each organisation to signal

changes to our regulatory posture and receive feedback on how this may impact their businesses.

On 27 July 2022, we conducted a gas safety presentation for Environmental Health Officers from the Melbourne City Council. The presentation addressed common gas safety issues encountered by the council's officers, including the indoor use of butane stoves, the use of LPG patio heaters and safety at public events.

On 28 July 2022, we joined the Victorian Building Authority to present to the National Association of Food Equipment Suppliers on the changes to Installation Standard AS/NZS 5601, the differences between standard and complex gas installations, the servicing requirements for standard gas installations, and testing for carbon monoxide spillage. A total of 114 people attended the webinar.

In June and July 2022, we joined the Victorian Building Authority and Master Plumbers to host a series of free gas safety webinars for registered and licensed gasfitters and Type A-servicing gasfitters. A total of 1,858 gasfitters attended the webinars, with 630 attending in the 2022–23 financial year.

We developed and delivered a communications and engagement plan for the new gas installation standard AS/NZS 5601.1: 2022. This was delivered as part of the Gas and Pipeline Industry regulatory roadshow.

Campaigns

Be Sure

In winter 2022, we launched our annual *Be Sure* campaign to raise awareness about the dangers of carbon monoxide in open flued gas heaters. The campaign's call to action was to 'get your heaters serviced once every 2 years by a qualified gasfitter'. We had good engagement, particularly culturally and linguistically diverse (CALD) audiences. CALD audiences were previously hard to reach, however, we increased our spending in CALD radio and newspapers, and achieved a 27 per cent increase in engagement. The results were also good for younger audiences, where we achieved a 22 per cent increase in engagement. The 18–34-year-old age group are mainly renters.

The campaign was delivered alongside the banning of the manufacture, sale and installation of open flued gas space heaters that did not meet automatic 'shut down' requirements. (See page 39 for more information.)

When we were planning for the winter 2023 *Be Sure* campaign, concerns were raised about carbon monoxide safety in government-funded weather sealing programs. Weather sealing is an energy efficiency measure which significantly reduces ventilation in a house, however, this increases the risk of carbon monoxide poisoning caused by an open flued gas space heater. Our evaluation of the campaign also showed that, while engagement was high, a refresh was needed.

We refreshed the campaign and gave it a heavier focus on the increased risks of carbon monoxide poisoning caused by changing the home environment – whether through weather sealing or renovations. The new artwork retained the distinctive orange smoke to represent carbon monoxide of the original campaign, and used a black and white filter to demonstrate what can be seen with the naked eye.

Show your solar some love

We ran the *Show your solar some love* campaign for its second year, in collaboration with Solar Victoria. The campaign achieved better traction with audiences on the call to action of 'get your solar system serviced once every 2 years by a licensed electrician'. Levels of understanding of the need for servicing of solar systems remain low but are growing steadily.

Know the drill before you grill

The *Know the drill before you grill* campaign has run in its current form for 5 years. It raises awareness about the need to check liquid petroleum gas bottles and hoses for leaks to avoid fires. The campaign was retired, with a new campaign developed in 2023 on Certificates of Electrical Safety.

Certificate of Electrical Safety

Certificates of Electrical Safety are a key regulatory tool that assures Victorians that electrical work meets standards and regulations. The new campaign aims to raise awareness of the purpose of certificates, and in doing so, increase the profile of our work as the energy safety regulator.

Test. Reset. Protect

Our *Test. Reset. Protect* campaign also continues, with Victorian householders responding strongly to the call to action to 'test your safety switch'. Focus groups have shown that people respond positively to our campaign education video which shows where the safety switch is in a metre box, and how to use it.

Partnerships

We continued our engagement with regional and rural communities through our presence at field days.

Field days give us the opportunity to speak to industry and the public about energy safety, and hand out guidance to people about specific topics of interest.

Powerline clearance issues have been the key topic of interest to these audiences, demonstrated by the spike in our distribution of free 'powerlines cross this property' signs every time a field day occurred. Our staff also noticed a steady rise in the number of renewable energy-related questions, especially concerning solar panels.

We attended the following field days during 2022–23:

- Wandin-Silvan
- Hamilton Pastoral and Agricultural (Sheepvention)
- Tatura (International Dairy Week)
- Municipal Works Association Conference
- Seymour Alternative Farming Expo
- Wimmera Machinery
- Mildura.

Our sponsorship of awards at TAFEs and RTOs continued to give us access to apprentices who are the most vulnerable cohort of electrical workers. We continue to promote the importance of 'active supervision' among registered electrical contractors through partnerships with NECA and other industry organisations.

We sponsored the following events during 2022–23:

- South West TAFE's 2022 Trades Awards
- Plumbing and Fire Industry Awards
- Plumbing, Sheetmetal and Coppersmithing Industry Association (PSCIA)
- Victorian Tree Industry Organisation
- International Women's Day NECA Victoria
- Institute of Engineers
- The Victorian Electrical Senate Teachers conference.

Safer Canteens

After 5 years, our high-profile AFL Victoria sponsorship and the Canteen Grants program ended after the 2022 round of grants. Local football canteens were given the opportunity to replace old and sometimes dangerous appliances through a \$1,000 grant. The program was successful in engaging communities on electrical safety, and helped small clubs purchase equipment they otherwise would not have had the funds for.

Some of the stories we came across were startling, and a reminder of the value of the program to raise awareness about electrical safety. For example, we heard about a pie-warmer that had been bought second-hand in the 1980s and gave the volunteers in the kitchen a zap, and an oven that would only close when a chair was propped against the door.

In 2022, we received 140 applications for an initial 30 grants of \$1,000.

We also opened our Canteen Hero award again in 2022 which recognises the hard work of canteen volunteers with an additional grant of \$1,000 which can be used towards the purchase of new gas or electrical equipment for the winner's canteen. We received 140 nominations and recognised Julie Saunders from the Crib Point Football Netball Club as our Canteen Hero in 2022.

Victorian Blind Football League

In 2022, we again were the sole sponsor of the Victorian Blind Football League.

The league is Australian Rules football, adapted to provide opportunity for people with low or no vision to participate in competitive sport. It is played indoors on a flat surface with modified rules and additional support tools such as a specially developed 'beeping' ball and flashing lights in the goals.

The \$15,000 sponsorship supports our intention to ensure accessible information and resources for people living with disabilities.

We concluded our sponsorship of the league after the 2022 season. It was an immense privilege to sponsor this even for the past 3 years.

Social media

During the 2022–23 financial year, we had total organic impressions of 12,252,200. Organic impressions are pieces of content, such as posts, video and photographs, that has not been paid to share on feeds. (They pop up on a person's news feed without having been paid to do so.) Paid social media is advertising. It is where we paid for content to be shared. Our total paid impressions were 23,795,190. This was a total of 36,047,390 social media impressions.

October 2022 and March 2023 represent periods of significant social media impressions and engagement. This is attributed to paid campaign activity at the close of 2022, and a channel-wide content refresh which took place in February and March 2023.

2022 Successful Safer Canteens grant recipients

Club	Grant
Boisdale Briagolong Football Netball Club	\$899
Cora Lynn Football Netball Club	\$1,000
Dandenong West Football and Netball Club	\$1,000
Devon Meadows Junior Football Club	\$1,000
Dromana Football and Netball Club	\$1,000
Edithvale-Aspendale Junior Football Club	\$899
Gisborne Rookies Junior Football Netball Club	\$1,000
Glenroy Sports Club	\$1,000
Lalor Football Netball Club	\$1,000
Leongatha Football Netball Club	\$786.28
Maiden Gully YCW Eagles Football Netball Club	\$1,000
Montmorency Football Netball Club	\$1,000
Mordialloc Redbacks Junior Football Club	\$1,000
Murchison-Toolamba Football Netball Club	\$1,000
Narre Warren Football Netball Club	\$1,000
Panton Hill Football Club	\$1,000
Parkside Football Club	\$1,000
Port Fairy Football Netball Club	\$1,000
Redan Football Netball Club	\$702
Rye Junior Football Club	\$1,000
Seaford Football Netball Club	\$1,000
Skipton Football Netball Club	\$1,000
Sorrento Football Netball Club	\$1,000
Southern Mallee Giants Football Netball Club	\$1,000
Spotswood Football Club	\$1,000
Stawell Warriors Football Netball Club	\$1,000
Swinburne University Amateur Football Club	\$935
Wallan Football Netball Club	\$1,000
Wallan Junior Football Club	\$1,000
Werribee Centrals Sport & Youth Club Inc	\$500
Wodonga Football & Netball Club	\$1,000
Yarrawonga Football Netball Club	\$1,000
Total 2022 grants funds	\$30,421.00

Facebook

Our top performing post on Facebook was part of a multi-channel approach to ensuring electricians turn off the power to switchboards before inspections. This post had a large number of comments and engagements.

Instagram

Performing best on Instagram was our residual current device (RCD) compliance awareness post, addressing the changeover from Type-AC to Type-A RCD permissions from 1 May 2023. This post accrued a significant increase in engagements. Many people asked about the degree of urgency needed for the changeover to take place.

Twitter

Our coverage of the then-new barbeque connections and LPG valve – in partnership with Country Fire Authority, Fire Rescue Victoria and The Alfred hospital – was our top performer.

LinkedIn

Our LinkedIn coverage of the International Day Against Homophobia, Biphobia and Transphobia (IDAHOBIT) 2023 had the greatest number of impressions and engagements, on this platform.



We make it easier for our customers to interact with us

Stakeholder insights

We are committed to better understanding the existing awareness and perceptions of Energy Safe Victoria and our activities amongst our key stakeholder groups.

In 2022–23, the stakeholder insights research program was expanded to include 2 additional cohorts. We continued to build on the understanding of the levels of – and shift in – satisfaction amongst regulated entities. In addition, we contracted a research agency to determine the level of awareness and understanding key Victorian Government and industry stakeholders, and the Victorian community, have about us, our reputation, and the impact this has on the outcomes we are trying to achieve.

Across the regulated entities surveyed, there was an improvement in the stakeholder satisfaction indices:

- Overall effectiveness as a regulator has increased from 71.6 per cent in 2021 to 75.5 per cent 2022.
- Customer experience increased from 73.2 per cent in 2021 to 74.3 per cent in 2022.

The key findings included:

- All regulated entity stakeholder groups surveyed demonstrated a high level of respect for our authority.
- Amongst regulated entities, there is wide acceptance of the regulations and acknowledgment that our regulatory activities are effective in keeping Victorian's safe.
- More than 7 in 10 of all stakeholder groups trusted us to act ethically and with integrity.

The new stakeholder's insight project was a quantitative and qualitative research activity which aimed to:

- provide a benchmark measure of our reputation among key government and industry stakeholders and the Victorian community
- measure expectations, experience and derive key drivers of reputation
- provide insights into key stakeholder sentiment to better inform our operation, engagement, and communications strategies.

The resulting report gives us evidence to inform our business strategy and establish a benchmark which we can use to track our progress.

There is a substantial gap in knowledge and familiarity with our work in the community. As a result, there is a significant opportunity to increase awareness and familiarity of our worth in the Victorian community.

Key Victorian Government and industry stakeholders see our role evolving as we begin to regulate new renewable energy sources and emerging technologies. To ensure this is done effectively and successfully, stakeholders believe we need to become more agile, proactive, and open to change.

We have completed a brand strategy that will support the raising of our organisational profile with these stakeholders.

CASE STUDY

Emergency flood response

In October and November 2022, thousands of homes in Victoria were flooded or isolated by flood water. Several towns were evacuated, including Seymour, Rochester, Carisbrook, Wedderburn, and Charlton. There was also extensive flooding in Echuca, Shepparton, and Maribyrnong.

In such emergencies, we operate as part of the wider state emergency structure by providing energy safety technical advice to a whole-of-government response.

Our staff in the State Control Centre advised on energy safety risks before, during and after the floods. We identified and assessed risks to the state's energy infrastructure, and arising from that infrastructure, as it was impacted by the floods.

We also advised on the risks to the community and emergency responders during clean-up after the floods, and the potential for safety to be compromised as electricity and gas supply was restored to people's homes and businesses.

We also worked with other agencies to deploy our staff to areas most in need of safety advice. Our on-the-ground support helped ensure the safety of the community was not put further at risk by energy infrastructure both during the floods, and as the community returned to their homes after the floods.

To support this coordinated response, and as the agency responsible for energy safety in Victoria, we published and distributed information to the public about what to do before evacuating, during the emergency and after returning to the property. Information covered various forms of energy, including electricity, solar, batteries, gas, and LPG cylinders. All information was translated into 6 languages other than English.

Our crews visited and liaised with local communities in Rochester, Cohuna, Echuca, Shepparton, Nathalia, Mooroopna, and Tatura. Our physical presence made it easier to disseminate energy safety messages to the right people in the right place at the right time.

We also worked collaboratively with other government agencies to ensure those messages were shared at relief centres and at meetings in those communities we could not reach.

Equally important as responding to the floods was also fulfilling our normal regulatory role to ensure safety was not compromised in the clean-up efforts after the floods. We briefed teams, coordinated by Emergency Response Victoria, on appropriate processes and requirements when working in the vicinity of live overhead powerlines. We ensured that the energy supply for temporary accommodation sites were installed correctly. We confirmed that private overhead lines were reinstated in accordance with the relevant safety regulations.

We also published several documents that were distributed to emergency response staff to ensure their safety during and after the floods, including a portable generator safety guide, a safety guide for clean-up crews and a powerline awareness guide.

Following the floods, we continue to monitor the long-term impacts of the floods on the state's energy infrastructure.

We support our people to deliver public value

Phase-out of open-flue gas space heaters

On 28 July 2022, a Victorian Government Gazette published our decision to prohibit the sale and supply of open-flued gas space heaters that do not meet the new safety shut down requirements. The prohibition came into effect on 1 August 2022.

On 1 August 2022, a Victorian Government Gazette published our decision on for the non-acceptance of open-flued gas space heaters that do not meet the new safety shutdown requirements. The declaration of non-acceptance came into effect that same day.

Regulations made by the Victorian Government prohibiting the installation of open-flued gas space heaters that do not meet the new safety shutdown requirements came into effect on 10 August 2022.

Since then, we have been conducting a range of compliance and enforcement activities to ensure open-flue gas space heaters are not being sold. These include:

- conducting audits of retail stores
- conducting audits of manufacturers
- conducting audits of online retailers
- issuing warning letters to businesses which did not comply
- investigating a retailer following the sale of one of the banned heaters
- removing second-hand open-flue gas space heaters from online sales platforms.

Other states have followed Victoria's approach; Tasmania banned open-flue gas space heaters from December 2022 and West Australia from October 2022.

The Essential Services Commission launched a program to make housing more energy efficient by draught-proofing buildings. We met with the commission, DEECA and the Victorian Building Authority (VBA) to inform them of the danger of negative pressure and carbon monoxide spillage occurring when ventilation is reduced in a home with an open-flued gas space heater.

The Essential Services Commission and VBA updated their websites to explain the importance of ventilation and the impact of negative pressure on open flue gas space heaters. The Essential Services Commission confirmed it would not oversee weather-sealing on homes with open-flued gas space heaters.

We also gave information to the Essential Services Commission to help accredited providers to identify flueless and open-flued gas space heaters. The commission is working with Registered Training Organisations (RTOs) to develop a training course using our information.

Five-year financial summary

Overview

The Victorian Government considers the net result from transactions to be the appropriate measure of financial management that can be directly attributed to government policy. This measure excludes the effects of revaluations (holding gains or losses) arising from changes in market prices and other changes in the volume of assets shown under 'other economic flows' on the comprehensive operating statement, which are outside the control of Energy Safe Victoria.

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

Five-year financial summary

	2022-23 \$'000	2021-22 \$'000	2020-21 \$'000	2019-20 \$'000	2018-19 \$'000
Total income	58,707	57,877	51,978	47,551	40,868
Total expenses	(67,664)	(54,588)	(47,061)	(45,811)	(38,846)
Net result from transactions	(8,957)	3,289	4,917	1,740	2,022
Other economic flows	(153)	(59)	(72)	(27)	(322)
Comprehensive result	(9,110)	3,230	4,845	1,712	1,699
Total assets	26,610	35,149	32,710	25,344	22,049
Total liabilities	(15,354)	14,783	(15,574)	(13,053)	(11,471)
Net assets	11,256	20,366	17,136	12,291	10,579

Financial performance and business review

In the five-year period to 2022–23, our income has increased at a compound annual growth rate of 7.5 per cent per annum, reflecting agreed increases in levy rates and prices.

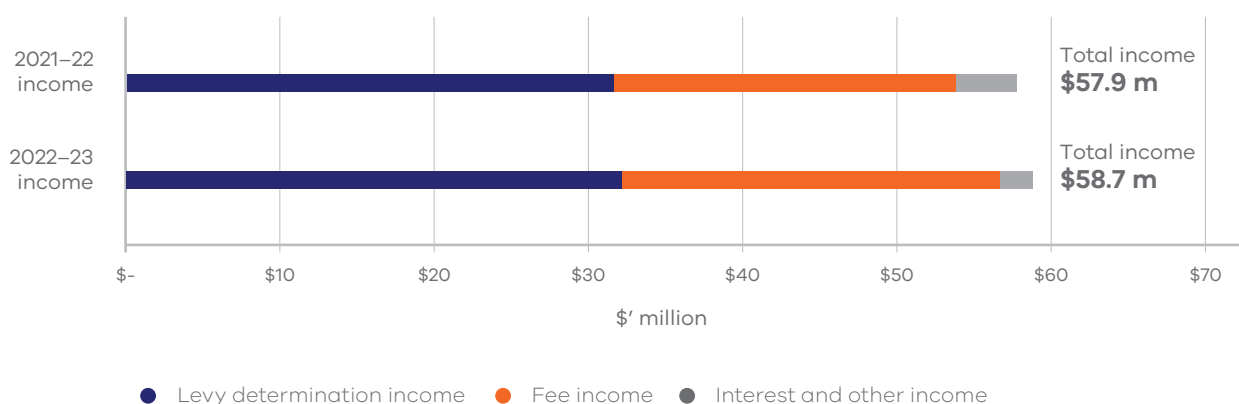
In the same period, expenses have increased at a compound annual growth rate of 11.7 per cent per annum, reflecting agreed annual pay increases under our Enterprise Agreement, the additional costs of servicing higher regulatory activity levels and the implementation of the transformation program.

The cash flow surpluses generated in the recent years enhanced the organisation’s net assets, which are being applied towards implementing the transformation program including the upgrade of core systems and operational effectiveness.

In 2022–23, we recorded a net result from transactions of a deficit of \$9.0 million, which is a decrease of \$12.2 million compared to 2021–22.

Although our financial performance in 2022–23 was a deficit result, investment in growth and capital expenditure was funded from existing cash balances to ensure we meet our increased organisational requirements and our enhanced regulatory role. Our external auditors are supportive of our going concern evaluation and have issued a clear audit opinion, while our *Corporate Plan 2023–2026* seeks to maintain our long-term financial sustainability.

Income from transactions increased by \$0.8 million (1.4 per cent), with 56 per cent of income raised through levies, which is consistent with the previous year. Overall, levy income was 3.0 per cent higher than 2021–22, reflecting the agreed rate of increase. Fee income was 3.1 per cent higher than 2020–21 reflecting the agreed rate of increase and increased economic activity. Grant revenue was 43 per cent lower than 2021–22. This was also lower than expected against our *Corporate Plan 2022–2025* due to the timing of recognition of grant revenue being delayed due to specific performance obligations in contracts not yet being met. Interest income increased by 1,409.8 per cent, as interest rates on deposits held increased throughout the financial year.



Expenses from transactions increased by \$13.1 million (24.0 per cent) and is being driven by:

- Employee benefits increased by \$3.7 million, reflecting the impact the Enterprise Agreement increases and higher staffing levels related to regulatory activity required for renewable energy and new technology.
- Information services increased by \$1.0 million due to the costs of new software applications from the transformation program and enhancing existing software applications.
- Compliance audits increased by \$2.2 million in line with the targeted audit program, including audits of renewable energy and new technology.
- Contractors increased by \$9.0 million primarily due to costs associated with the implementation of the transformation program, which will also continue into the next financial year.

This has been partly offset by:

- Consultants decreased by \$2.3 million due to lower spend for government projects and planning for the transformation program being completed and now moving to the implementation stage.
- Other costs comprise several elements such as travel, contractors, and marketing and advertising which decreased by \$0.5 million from last year due.

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



Financial Position - balance sheet

Our net assets decreased by \$9.1 million from the 2022–23 financial year to \$11.3 million.

The decrease in total assets, by \$8.5 million was mainly due to lower cash due to reserves being used to fund the transformation program.

Total liabilities increased by \$0.6 million, primarily due to an increase in provisions for employee-related costs such as long service and annual leave.

While our total liabilities of \$15.3 million exceeds the year-end cash balance of \$14.7 million, our financial position remains strong, and we maintain a minimum cash buffer to ensure we can meet our financial commitments. Our corporate plan has a strategy of using cash reserves built up from historical efficiencies to invest in growth and capital expenditure that includes continuing and further investment in implementing our “One ESV 2025” operating model, the Transformation Program, continuing professional development program for electrical workers, strengthening our compliance and enforcement approach, additional resources for renewable energy and the hydrogen industry development plan.

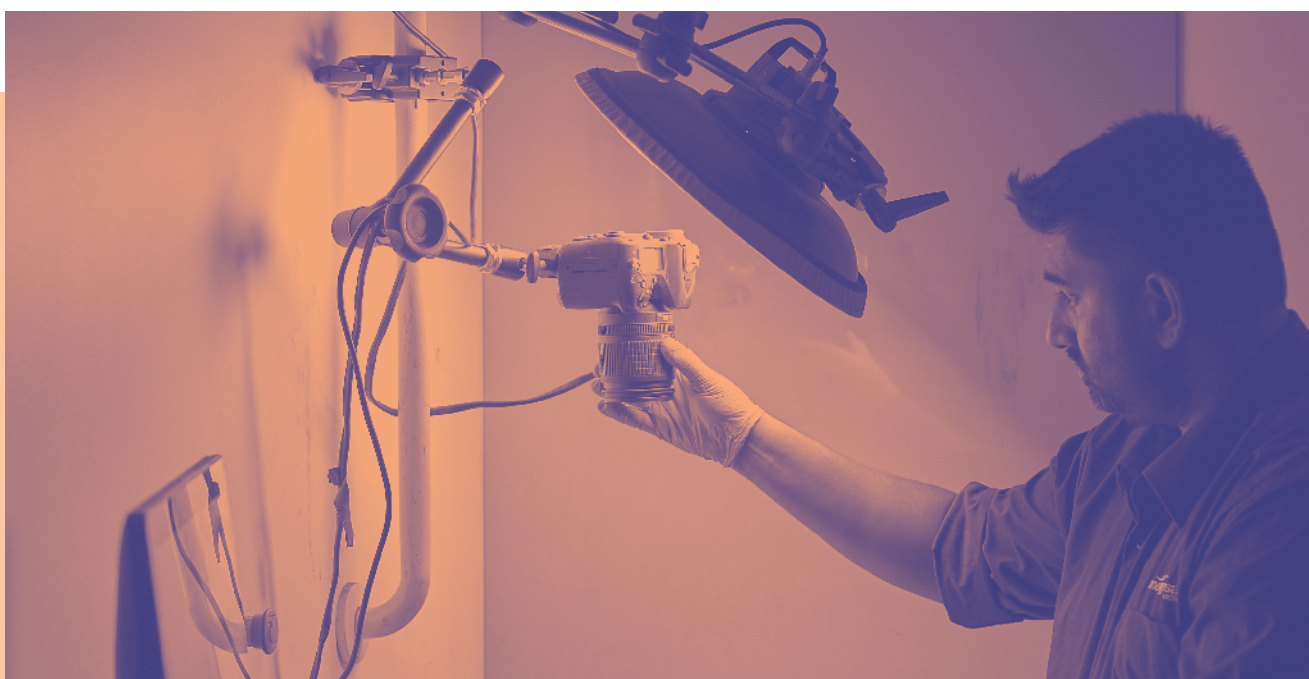
These investments are being undertaken to ensure we meet our increased organisational requirements and our enhanced regulatory role. Our *Corporate Plan 2023–2026* seeks to ensure our long-term financial sustainability with an adequate cash buffer.

We had no borrowings at 30 June 2023.

As at 30 June 2023, we had commitments for future expenditure of \$4.5 million, primarily consisting of obligations in respect of vehicles and property leases and governments projects.

Cash flows

Our net cash outflow from activities was \$6.7 million in the year. Of this, \$1.4 million was spent on the purchase of non-financial, largely intangible, assets, with cash reserves being used to support the transformation program. Our cash holdings are invested according to the requirements of the Department of Treasury and Finance.

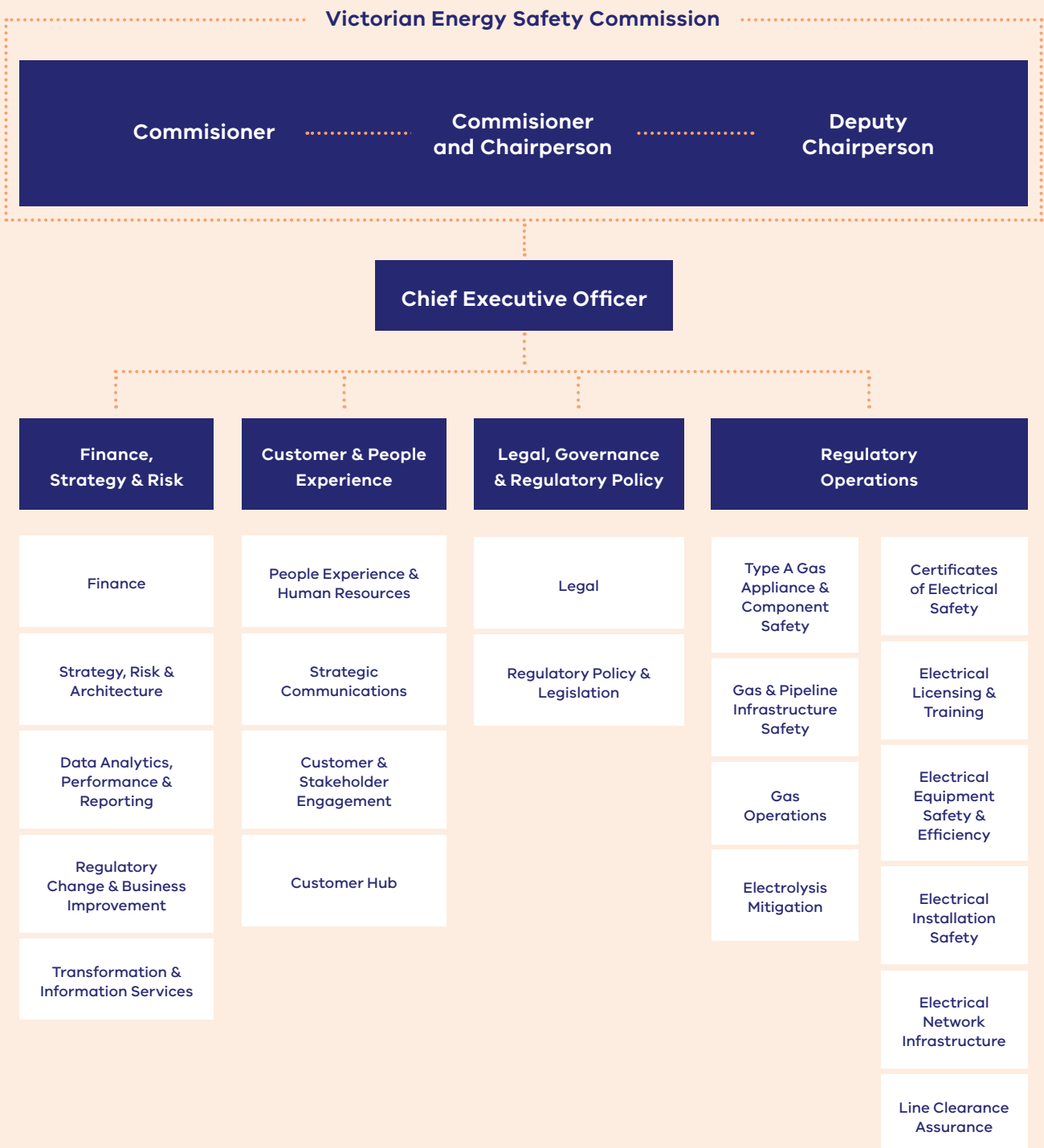


SECTION 2

Governance and organisational structure

Organisational structure

Our structure as at 30 June 2023



Commissioners

Marnie Williams (Chairperson)

Ms Williams was Chairperson and Commissioner until she resigned, effective from 3 February 2023.

A former senior executive at WorkSafe and CEO of the Taxi Services Commission, Ms Williams was appointed Commissioner and Chairperson of the Victorian Energy Safety Commission, which replaced the role of Director of Energy Safety in 2020. Ms Williams has a Bachelor of Applied Science, a Master of Applied Science (Applied Chemistry) and a Graduate Diploma of Occupational and Environmental Health.

Committee Membership

- Chair of Remuneration Committee
- Member of Audit and Risk Committee
- Non-voting member of Technical Advisory Committee
- Non-voting Chair of Electric Line Clearance Consultative Committee.

Michelle Groves (Deputy Chairperson)

Ms Groves was Deputy Chairperson from 1 July 2022 to 3 February 2023 and Acting Chairperson from 3 February 2023 to 30 June 2023.

Prior to becoming a Commissioner of Energy Safe Victoria, Ms Groves was the Chief Executive of the Australian Energy Regulator for nearly 15 years and was, previously, a director at the National Competition Council. Ms Groves has a Bachelor of Arts, Bachelor of Laws and Master of Laws degrees.

Committee Membership

- Chair of Future Trends Advisory Committee
- Acting Chair of Remuneration Committee from 3 February 2023
- Acting member of Audit and Risk Committee from 3 February 2023
- Acting Chair of Electric Line Clearance Consultative Committee from 3 February 2023.

Sarah McDowell

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

Committee Membership

- Chair of Workforce Engagement Consultative Committee.

Commission and Commission committee meeting attendance for 2022–23

Commissioner	Commission meetings	Commission committees	
		Audit and Risk	Remuneration
M Williams	6/6	2/2	1/1
M Groves	9/10	2/2	1/1
S McDowell	10/10	N/A	N/A

Executive Leadership Team

Leanne Hughson, Chief Executive Officer

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

Roanne Allan, General Manager Customer and People Experience

Dr Allan is responsible for customer and people experience, human resources, strategic communications and marketing, stakeholder engagement and emergency management. Underway is the development of a customer hub to act as a single front door to Energy Safe Victoria which will enable consistent interactions with customers and stakeholders. She holds a PhD in Organic Chemistry and is a graduate member of the Australian Institute of Company Directors..

Ian Burgwin, General Manager Regulatory Operations

Mr Burgwin is responsible for the safety of pipelines, gas (including construction safety management plans) and electrical networks (including bushfire mitigation and vegetation management), gas and electrical installations, equipment, electrical worker licensing, and continuous professional development. Prior to Energy Safe Victoria, he served as Operations Director during the construction and commissioning of Basslink and as a senior consultant with AECOM. He holds a British Higher National Certificate in Electrical and Electronic Engineering.

Anastasia Kontogiorgis, Director of Regulatory Operations

Ms Kontogiorgis supports Mr Burgwin in leading the Regulatory Operations Division and is responsible for the safety of gas appliances, installations, infrastructure, licensed pipelines, investigations and electrolysis mitigation. She is Chair of the Gas Emergency Management Consultative Forum for the gas industry and former Chair of National Gas Regulators Forum. She holds a Bachelor of Science in Biochemistry.

Michelle McCorkell, General Counsel and General Manager Legal, Governance and Regulatory Policy

Ms McCorkell is responsible for leading teams that provide legal, commercial and procurement advice, establish positions on Energy Safe's use of regulatory powers and policy positions on key regulatory issues, develop legislative instruments and influence/support legislation development, and provide governance advice and secretariat services to the Commission and the statutory and other committees that advise the Commission. She is responsible for all litigation involving Energy Safe Victoria including prosecutions, as well as various compliance functions including public interest disclosures, freedom of information and privacy. She is also our Chief Procurement Officer (from 1 May 2023). She holds a Bachelor of Laws (Hons) and a Bachelor of Arts and previously was a Special Counsel at a major Australian law firm.

Steve Cronin, General Manager Finance, Strategy and Risk

Mr Cronin is responsible for finance, strategy considering future trends, corporate planning, enterprise risk management and performance monitoring and reporting. He is also Chair of the Victorian Electrolysis Committee. Mr Cronin joined Energy Safe Victoria after extensive experience in the energy sector, including the Australian Energy Market Operator (AEMO) and VenCorp and holds a Bachelor of Science in Engineering.

Commission Committees

The Commission has 2 standing committees: the Audit and Risk Committee and the Remuneration Committee. Both committees have governance and oversight responsibilities outlined within their respective Charters.

Audit and Risk Committee

The Audit and Risk Committee is established in accordance with the requirements of Standing Directions 2018 under the *Financial Management Act 1994* (Direction: 3.2.1: Audit Committee).

Members of the Audit and Risk Committee are:

- Steve Schinck (Independent Chair)
- Laurinda Gardner (Independent member)
- Elizabeth Grainger (Independent member)
- Michelle Groves (Interim member as Acting Commission Chairperson).

Marnie Williams was a member until 3 February 2023.

In accordance with the Standing Directions, the committee is directly responsible and accountable to the Commission for the exercise of its responsibilities. These include but are not limited to:

- independently reviewing and assessing the effectiveness of Energy Safe Victoria's systems and controls for financial management, performance and sustainability, including risk management
- determining the annual work plan and scope of the internal audit function and ensuring resources are used effectively
- maintaining effective communication with external auditors (including the Auditor-General and the Auditor-General's duly appointed agents and representatives)
- considering recommendations made by the internal and external auditors; and ensuring that the actions to be taken by Energy Safe Victoria to resolve issues raised are reviewed regularly
- reviewing the annual financial statements and monitoring compliance with the *Financial Management Act 1994*
- overseeing the effective operation of the Victorian Government Risk Management Framework.

Remuneration Committee

Members of the Remuneration Committee are:

- Michelle Groves (Acting Chair as Acting Commission Chairperson)
- Laurinda Gardner (Independent member)
- Phil Ulrich (Independent member).

Marnie Williams was Chair until 3 February 2023

The Remuneration Committee assists the Commission to fulfil its governance responsibilities by ensuring that it has in place executive remuneration policies, guidelines and practices that are consistent with government policy. It seeks to provide independent advice, assurance and assistance to the Commission and the CEO on executive and senior leaders remuneration and employment matters to ensure best practice principles are applied across Energy Safe Victoria.

Major Committees

Workforce Engagement Consultative Committee

(Section 8 *Energy Safe Victoria Act 2005*)

The Workforce Engagement Consultative Committee commenced in November 2020. This committee of 17, plus the Chair, Energy Safe Victoria Commissioner Sarah McDowell, meets 3 times a year and is tasked with providing strategic advice to us in relation to broader workforce engagement strategies, including the promotion and sharing of best practices between gas and electricity network businesses, their workforce and contractors.

Future Trends Advisory Committee

(Section 8 *Energy Safe Victoria Act 2005*)

The Future Trends Advisory Committee commenced in March 2022. This committee of 10, plus the Chair, Energy Safe Victoria Acting Chairperson and Commissioner Michelle Groves, meets twice a year and provides expert advice on matters relating to future energy trends that may impact the electricity and gas sectors (production, distribution and equipment/appliances) in Victoria, and have regard to possible approaches to manage changes and new sources of risk.

Electric Line Clearance Consultative Committee

(Section 87 *Electricity Safety Act 1998*)

The Electric Line Clearance Consultative Committee recommenced in December 2022. The Committee consists of 12 members appointed by the Minister pursuant to section 87 of the *Electricity Safety Act 1998*, plus the Chair, Energy Safe Victoria Acting Chairperson and Commissioner Michelle Groves. It meets 4 times a year and provides advice to Energy Safe Victoria and the Minister on matters relating to the clearance of electric lines, including preparation and maintenance of the Code of Practice for Electric Line Clearance contained within the *Electricity Safety (Electric Line Clearance) Regulations 2019*.

Victorian Electrolysis Committee

(Section 91 *Electricity Safety Act 1998*)

The Victorian Electrolysis Committee provides advice to Energy Safe Victoria on any matter related to electrolysis and the regulations relating to cathodic protection and the mitigation of stray-current corrosion. This includes the establishment and maintenance of standards for systems for cathodic protection and the mitigation of stray-current corrosion. The committee of 8 members representing various industry groups meets 4 times a year and is Chaired by Energy Safe Victoria General Manager, Steve Cronin.

Technical Advisory Committee

(Part 2, Division 3A, *Energy Safe Victoria Act 2005*)

The Technical Advisory Committee commenced in March 2022. The committee of 7, including independent Chair, Christine Williams, meets 4 times a year and is tasked with providing advice to Energy Safe Victoria on regulatory functions within its scope pursuant to section 22C of the *Energy Safe Victoria Act 2005*. This includes but is not limited to:

- improving safety outcomes by using electricity safety management schemes, gas safety cases and pipeline safety management plans
- preventing and mitigating bushfires arising from electrical infrastructure/installations

- developing safety standards and compliance requirements for energy equipment, installations and electrical and gas fitting work
- understanding safety implications arising from the operation of renewable energy sources
- investigating events and incidents that have implications for energy safety
- advising and guiding the electrical and gas industry sectors and community in relation to energy safety
- advising the community on energy safety, where this advice is not already provided by the Electric Line Clearance Consultative Committee, Victorian Electrolysis Committee or any committees established by Energy Safe Victoria.

Other consultative committees

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

Occupational health and safety

We are committed to providing and maintaining a working environment that is safe and without risks to health, and to ensure that our activities do not place our workers and contractors at risk of injury or illness.

Our Occupational Health and Safety (OHS) policy statement is a commitment from our Executive and Senior Management to lead a prevention-first approach, with a focus on continuous improvement and integration of occupational health and safety systems and best practice into all activities, so far as reasonably practicable to achieve this outcome. The policy also outlines the obligation of our people to be responsible for their own safety, and the safety of those around them as we recognise that a safe work environment can be established and sustained through collaboration and participation across the organisation.

This year's focus has been on reviewing and enhancing our OHS management system, providing a structured and systematic approach to health and safety. In the development of the OHS management system we developed OHS targets and plans for 2023–24. These targets and plans will be expressed in next year's annual report.

The OHS framework was audited this year, which provided opportunities for improvement that will be included in the OHS targets and plans for 2023–24.

We also conducted a comprehensive review of the online hazard and incident reporting system, up grading the system to the latest module with a view to move to a more appropriate system in 2024.

Health and wellbeing programs provided this year included flu vaccinations and skin checks along with regular wellbeing bulletins.

Incident management

In 2022–23, we had 12 reported incidents compared to 9 last year. We encourage staff to report incidents and so there is an expectation of increased reporting each year.

Most incidents were related to vehicles travelling for work purposes. Other incidents were violence and aggression towards our field workers. We consulted with staff and will de-identify some of our vehicles in order to mitigate that form of aggression.

Out of the 12 incidents there were 7 injuries to staff. This is down from 9 injuries in the previous year. Most injuries were sprains and strains, with 2 of those injuries resulting in Workcover claims.

Hazards/Incidents (per 100 full-time equivalent)			Lost time claims			Average cost/claim			Fatalities/serious injuries		
2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
4.8	3.50	4.76	2	2	1	\$11,951	\$41,410	\$25,970	0	0	0

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

Employment and conduct principles

We are committed to applying merit and equity principles when appointing new staff. We have reviewed our recruitment policy and procedure to ensure we have a diversified and trained selection panel to assess and evaluate fairly and equitably the shortlisted applicants based on the key selection criteria and other accountabilities without discrimination.

Employees have been correctly classified in workforce data collections that reflect the organisational structure and demographics.

SECTION 3

Workforce data

Public sector values and employment principles

We are committed to and apply the public sector values and employment principles. This is displayed through:

- providing of core compliance training for all new staff, including training in the Public Sector Code of Conduct and Charter of Human Rights and Responsibilities
- updating our Conflict of Interest and Gifts Benefits and Hospitality policies and supporting documentation
- aligning our recruitment practices with Victorian Public Service on various aspects which include equal employment opportunity, merit in employment, fair and reasonable treatment and human rights
- ensuring the implementation of policies and practices provide fair treatment, career opportunities and the early resolution of workplace issues
- rolling out initiatives from the Victorian Public Sector's approach to wellbeing Leading the Way to educate and equip our leaders and key staff members with the knowledge and practical tools to deal with mental health and wellbeing.

People matter survey

The 2022 People Matter Survey was conducted in June and July 2022 and results were made available in August 2022. The survey ran as a wellbeing check with a predominate focus on the results helping to enhance our positive workplace culture with integrity and alignment to public sector values.

Our 2022 response rate continued to be very strong at 79 per cent, compared with 77 per cent in 2021. Our 2022 engagement index score was 68, contrasting to 71 in 2021.

Three working groups comprising of key employee representatives across the business were established to inform and deliver our 2022 People Matters Survey Action plan.

Workforce diversity and inclusion

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

The Diversity and Inclusion Council continued to deliver initiatives, events and programs aimed at raising awareness and removing the stigma surrounding differences.

This included:

- celebrating Wear it Purple Day (to acknowledge and celebrate LGBTIQ+ youth)
- participating in R U OK day
- celebrating World Mental Health Day
- celebrating International Pronoun Day
- celebrating IDAHOBIT
- celebrating International Day of People with Disability
- celebrating International Women's Day
- celebrating Cultural Diversity Week.

We continued to roll out our Diversity and Inclusion strategy. This strategy complements and broadens the activities outlined in our Gender Equality Action Plan. Our aim over the life of this strategy is to move to a leader-led approach which is typically characterised by committed leaders challenging the status quo and addressing barriers to inclusion, role modelling positive behaviours and creating the conditions that influence employee behaviours and mindsets.

As of 30 June 2023, our workforce comprised 224 employees with an overall gender composition of 39 per cent women and 61 per cent men. All 3 Commission roles and the CEO role are held by women. The representation of women at the Executive Leadership team level is 60 per cent.

Gender Equality Action Plan

Our Gender Equality Action Plan (GEAP) has 4 strategic themes that align with and support the requirements of the *Gender Equality Act 2020*:

- ensure visible leadership commitment and accountability for diversity and inclusion
- develop inclusive leadership capability
- embed diversity and inclusion principles into HR policies and practices
- improve gender balance in leadership and at all levels of the organisation through talent attraction, development and retention strategies.

Each of the focus will support us to make reasonable and material progress in relation to the workplace gender equality indicators as required by the Gender Equality Act.

We made significant progress against the Gender Equality Action Plan. Key initiatives included:

- refreshing diversity and inclusion governance structure by establishing a Diversity and Inclusion Council chaired by the CEO
- establishing a diversity and inclusion dashboard, which is produced quarterly
- educating staff on LGBTIQ+ inclusion and how to be an ally for others
- celebrating key diversity dates on the diversity calendar including International Women's day, International Day of Action Against Homophobia, Biphobia and Transphobia (IDAHOBIT), International Day of People with Disability and Cultural Diversity Week

- delivering education sessions to all leaders to build the capacity and confidence to lead inclusively and improve understanding of intersectionality
- providing training to all staff to build competency around diversity and inclusive practices
- completed annual pay equity analysis
- reviewing and refreshing our Recruitment Policy and Procedure to align with best practice diversity and inclusion principles.
- conducting gender impact assessments on the Continuous Professional Development Project and our website, 2 key projects that have a direct and significant impact on the public.

Strategies and measures for achieving workplace gender equality

In 2022–23, we appointed women to the following key leadership roles:

- Senior Solicitor Enforcement Investigation
- Team Leader
- Head of Legal Services
- Head of Customer and Stakeholder Engagement.

Comparative workforce data

Details of employment levels in June 2023

	All employees		Ongoing			Fixed term and casual	
	number (headcount)	FTE	full time (headcount)	part time (headcount)	FTE	number (headcount)	FTE
Gender							
Male	137	130.6	125	0	125	12	11.6
Female	87	80.9	51	18	63.4	18	17.5
Self-described	0	0	0	0	0	0	0
Age							
15–24	0	0	0	0	0	0	0
25–34	21	21	15	0	15	6	6
35–44	78	75.2	63	7	67.5	8	7.7
45–54	52	50.2	38	0	38	7	7
55–64	60	58.6	50	4	52.6	6	6
65+	13	12.5	4	0	4	2	1.6
Executive							
Executive	5	5	0	0	0	5	5
Senior manager	20	19.4	18	1	18.4	1	1
Administration and Customer service	108	102.1	68	17	80	23	22.1
Field staff	91	91	90	0	90	1	1
Customer service							
Total employees	224	217.5	176	18	188.4	30	29.1

Notes: Energy Safe Victoria's 2 female Commissioners are not included in the staff numbers in the table above. In the 2021–22 annual report, the Executives were not recorded as fixed-term due to an oversight.

Details of employment levels in June 2022

	All employees		Ongoing			Fixed term and casual	
	number (headcount)	FTE	full time (headcount)	part time (headcount)	FTE	number (headcount)	FTE
Gender							
Male	126	125.4	124	2	125.4	0	0
Female	88	80	65	22	79.5	1	0.5
Self-described	0	0	0	0	0	0	0
Age							
15-24	1	1	1	0	1	0	0
25-34	23	23	23	0	23	0	0
35-44	72	68.2	62	10	68.2	0	0
45-54	53	50.8	45	7	50.3	1	0.5
55-64	55	52.9	50	5	52.9	0	0
65+	10	9.5	8	2	9.5	0	0
Executive	8	6.2	6	2	6.2	0	0
Senior manager	18	18	18	0	18	0	0
Administration and Customer service	84	78.5	65	18	77.8	1	0.5
Field staff	90	90	90	0	90	0	0
Customer service	14	12.9	10	4	12.9	0	0
Total employees	214	205.4	189	24	204.9	1	0.5

SECTION 4

Other disclosures

Electricity safety directions

We issued one direction under s141A of the *Electricity Safety Act 1998* during 2022–23.

On 19 October 2022, Marnie Williams who then held the position of Chairperson, Energy Safe Victoria, issued a direction to prohibit the installation or reinstallation of a battery energy storage system at a residential property in Mill Park, by anyone other than a licensed electrical installation worker, and to prohibit the owner of the property connecting the battery energy storage system or solar panels, prior to a certificate of electrical safety being received. The direction was issued to address safety concerns posed by unlicensed electrical installation work.

Gas safety directions

We did not issue any directions under s107 of the *Gas Safety Act 1997* during 2022–23.

Local Jobs First – Victorian Industry Participation Policy

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

We are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

During 2022–23, we did not conduct any procurement activities that triggered the threshold for Local Jobs First initiatives to be incorporated.

Major contracts

We did not enter into any contracts for more than \$10 million in 2022–23.

Information communication technology expenditure

For 2022–23, we had a total information communication technology (ICT) expenditure of \$6,281,487 with the details shown below.

Total ICT expenditure

	Expenditure (\$ '000)
Business as usual (BAU) ICT Expenditure	\$6,281
Non-business as usual (non-BAU) operational expenditure	\$545
Non-BAU capital expenditure	\$1,333
Total non-BAU ICT expenditure	\$1,878

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

Advertising expenditure

Government advertising expenditure

In 2022–23, we delivered 6 major advertising campaigns with a total spend of \$1.492 million (excluding GST). Details of individual campaigns are listed below.

Campaign	Description	Start/end date	Media buy (\$) ('000)	Creative (000)	Research and evaluation (\$) ('000)	Print and collateral (\$) ('000)	Other campaign expenditure (\$) ('000)	Total (\$) ('000)
<i>Never work live</i>	Encourages electricians to never work with live electricity switched on, a practice known as "working live".	17 Sep – 18 Dec 2022	97	7	0	0	40	104
Apprentice safety: Look Out Tag Out kits	Provides Look Out Tag Out kits to support electrical apprentices to understand a key safety concept.	1 Jul 2022 – 30 Jun 2023	0	0	0	160	0	160
<i>Show your solar some love</i>	Aims to reduce the incidence of fires in domestic solar systems by encouraging solar owners to get regular servicing by a qualified electrician.	15 Apr – 31 May 2023	149	9	31	0	0	189
<i>Be Sure – carbon monoxide awareness</i>	Encourages people with gas space heaters to get their heater serviced every 3 years to reduce the risk of carbon monoxide poisoning.	18 Jul – 31 Aug 2022	187	200	62	0	0	449
<i>Know the drill before you grill</i>	Reminds people to carry out a 3-step process on their LPG barbeque every time they light up: check connections, check hose, check for gas leaks with a soapy water test.	1 Nov 2022 – 31 Jan 2023	222	33	0	0	0	255
<i>DDIY - Don't do it yourself</i>	Encourages do it yourself (DIY) homeowners to call an electrician to carry out all electrical work in the home and to never do their own electrical DIY.	(Phase 1) 15–30 Oct 2022 (Phase 2) 19 Mar – 30 Apr 2023	295	12	28	0	0	335

Consultancy expenditure

Details of consultancies more than \$10,000

In 2022–23, 27 consultants received total fees payable of more than \$10,000. The total expenditure incurred during 2022–23 from these consultancies was \$1,622,072 (excluding GST). Details of individual consultancies are listed below.

Consultant	Purpose	2022–23 Expenditure (ex GST) (\$)
Future Energy Skills (previously EPI)	Develop course material on electrician continuous professional development – Phase 1 Skills maintenance program	296,711
Human Resource Solutions Australia	Transformation services	240,149
Nous Group	Transformation services	140,000
Artis Advisory	Brand strategy project develop and define	125,124
Strategic Architects	Business architect digital workplace design	98,800
Monash University	Technical advice on online gas safety compliance audit	65,294
Inlight Media	Product review and product strategy assessment on ESVConnect	55,375
Creative Strategic Thinking	Work Practices Observation project involving new software platform and asset management solutions to assist with regulatory work on field.	53,475
Hikkup Advisory	Renewable energy business case development	47,588
JOST & Co	Advice on executive leadership team engagement and prepare transformation on operating model in phase 2 and 3	45,566
Minter Ellison	Design governance framework – support procurement and risk assessment on Customer Engagement Platform project. Provide discrimination advice – develop skills development instructions on continuing professional development project. Design framework and provide advice on recall powers project	44,205
Velrada Capital	Design and advise cloud adoption framework	43,650
Energy Market Consulting Associates	Jemena's pole management review	41,610
IM Systems	Cloud Architecture and Data Hub Review	40,000
ADAPT Ventures	Research and advise IT Pro+ adaption	35,400
Russell Kennedy	Development of internal and public facing guidelines on public enquiries management	33,263
Pitcher Partners Consulting	Review and advice on lease model and provisions	32,334
Mercer Consulting (Australia)	Advisory service to support organisation transformation including organisation design, and provide work value assessment and remuneration advice	25,800

Consultant	Purpose	2022–23 Expenditure (ex GST) (\$)
Sherpa Consulting	Assess and advise Energy Safe Victoria bow tie on risk engineering services, and review risk management documents	24,720
Brennan IT	Exchange and teams hybrid migration	23,770
Forensic Interview Solutions LLC	Design and development of investigative interview	18,321
Pixel Perfect, CourtHeath Consult	Procurement support on EESS project	17,888
Creature Consulting, trading as AgileXpe	Strategy review of preferred supplier evaluation	17,454
Diversity Partners	Staff co-design of Energy Safe Victoria diversity and inclusion strategy, gender equality action plan including workshops, and continuing professional developemnt gender impact assessment	17,250
Biotica Environmental Consulting	Pole management guideline consultancy	16,000
Lanluas Consulting	Financial system (TechOne) specifications	10,426
Deakin University	Research on predicting ground fire incident	10,426
Total		1,622,072

Details of consultancies under \$10,000

In 2022–23, 27 consultancies received total fees payable of less than \$10,000.

The total expenditure incurred in 2022–23 in relation to these consultancies is \$88,665 (excluding GST).

Freedom of Information

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

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

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

The FOI Act was amended on 1 September 2017 to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request. If an applicant is not satisfied by a decision made by Energy Safe Victoria, under Section 49A of the FOI Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Making a request

Access to documents can be obtained through a written request to Energy Safe Victoria's Freedom of Information Officer, as detailed in s17 of the FOI Act. FOI requests can be lodged electronically at foi@energysafe.vic.gov.au or as a written request to the Energy Safe Victoria's FOI Officer. An application fee of \$31.80 applies. Access charges may also be payable if the document pool is large and the search for material time-consuming. Energy Safe Victoria have the discretion to waive application fees in cases of financial hardship and can waive access charges in prescribed circumstances.

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

Requests for documents in the possession of Energy Safe Victoria should be addressed to:

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

FOI statistics

During 2022–23, Energy Safe Victoria received 37 FOI requests. Of these requests:

- 23 were received from legal firms or insurance companies
- 14 were from the public.

Energy Safe Victoria made 38 FOI decisions during the 12 months ended 30 June 2023. Of these:

- 25 requests were granted in full
- no decisions were granted in part
- 2 were denied in full
- 7 were decided as 'no documents'
- 2 were treated as outside the FOI Act
- 2 requests were not proceeded with.

FOI timelines

For the 38 FOI decisions in 2022–23:

- 29 decisions were made within the statutory 30 days
- 4 decisions were made within an extended 30–45-day period
- 3 decisions were made within 46–90 days
- no decisions were made in more than 90 days.

The average time to finalise the requests in 2022–23 was 27 days.

Energy Safe Victoria was not subject to any reviews from OVIC or involved in any Victorian Civil and Administrative Tribunal FOI proceedings in 2022–23.

Further information

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

Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosures Act 2012* (PID Act) enables people to make a disclosure about corrupt or improper conduct by a public officer or a public body. Energy Safe Victoria is a public body for the purposes of the PID Act.

What is a public interest disclosure?

A public interest disclosure is a complaint of corrupt or improper conduct or detrimental action by a public officer or a public body. Improper or corrupt conduct involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption. 'Detrimental action' is action taken against a person in reprisal for making a public interest disclosure.

How do I make a public interest disclosure?

You can make a public interest disclosure about Energy Safe Victoria, its members, officers, or employees by contacting Independent Broad-Based Anti-Corruption Commission (IBAC). Energy

Safe Victoria is not able to receive public interest disclosures.

Energy Safe Victoria has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about Energy Safe Victoria, its members, officers, or employees. You can access these procedures on its website at: www.esv.vic.gov.au.

Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria
Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3000.
Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001
Internet: www.ibac.vic.gov.au
Phone: 1300 735 135

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

Compliance with the *Building Act 1993*

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

Competitive neutrality policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest.

Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

We continue to comply with the requirements of the Competition Principles Agreement and the Competition and Infrastructure Reform Agreement.

Compliance with the Carers Recognition Act 2012

The *Carers Recognition Act 2012* recognises, promotes, and values the role of carers and the importance of care relationships in the Victorian community.

We recognise and value the contribution of carers as we are committed to creating a workplace where greater flexibility is accessible to support the new way we work as our people embrace work life balance. We have taken active steps to support our people with their caring responsibilities under the *Carers Recognition Act 2012*. This encompasses:

- reviewing flexible work procedures and guidelines to align with recent Fair Work Act changes
- embedding a hybrid working model to support diversity, inclusion and a more equitable workplace
- reviewing domestic family violence employee entitlements
- reviewing parental leave policy and guidelines to align with government changes
- providing support to all staff through the Employee Assistance Program.

Compliance with the Disability Act 2006

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

Our Diversity and Inclusion strategy incorporates initiatives to support the *Inclusive Victoria: state disability plan for 2022–2026* and *Getting to work: Victorian public sector disability employment action plan 2018–2025*. As part of that strategy, we plan to create an Accessibility Action Plan to increase access, employment and inclusion opportunities for

people with disability, which will reshape and refine our current practices to continue embracing our uniqueness from all walks of life.

Social procurement

Procurement is a core business function. As part of our responsibility as a Victorian Government agency, we are aligned with the Victorian Government's Social Procurement Framework.

When responding to tenders, we now request that suppliers indicate their levels of commitment to social procurement, women's equality, diversity, safe and fair workplaces and any other initiatives that may apply to their organisation. By aligning with the government framework, we aim to increase the value of procuring goods and services, with outcomes greater than their monetary value.

We also proactively target social procurement providers for purchasing activities when formal tenders are not required, to create value within the social enterprise supply chain. During 2022–23 financial year, we spent about \$42,000 on activities that benefited social enterprises, particularly those providing opportunities for indigenous Victorians and Victorians with disability. We also engaged Deakin University to conduct research that will assist with predicting ground fire incidents.

Disclosure of emergency procurement

In 2022–23 emergency procurement was not activated, resulting in nil spending for emergency procurements.

Environmental reporting

We purchase our electricity through the State Purchase Contract. As a result, we do not need to report in depth about our environmental impacts. In addition, our vehicles are all owned and managed by VicFleet. Our office accommodation is managed by the Shared Service Provider.

DataVic access policy

Consistent with the DataVic access policy issued by the Victorian Government in 2012, the information included in this annual report will be available at data.vic.gov.au in electronic readable format.

Privacy legislation

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

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

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

Additional information available upon request

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

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

The information is available on request from:

The FOI Officer
Energy Safe Victoria
Tel: (03) 9203 9700

Email: foi@energysafe.vic.gov.au

Additional information included in annual report

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

- details of major promotional, public relations and marketing activities undertaken by Energy Safe Victoria to develop community awareness of the agency and its services – pages 32–36 and 55
- details of assessments and measures undertaken to improve the occupational health and safety of employees – pages 48 and 49
- a list of Energy Safe Victoria's major committees, the purposes of each committee and the extent to which the purposes have been achieved – pages 47 and 48
- a list of consultants paid more than \$10,000 – pages 56 and 57.

Information that is not applicable to Energy Safe Victoria

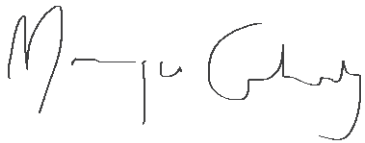
The following information is not relevant to us for the reasons set out below:

- a declaration of shares held by senior officers — no shares have ever been issued in Energy Safe Victoria's name
- details of any major external reviews carried out on Energy Safe Victoria — no major external reviews have been done
- details of major research and development activities undertaken by Energy Safe Victoria — no major research and development has been undertaken.



Financial management compliance attestation

I, Monique Conheady, on behalf of the Responsible Body, certify that Energy Safe Victoria has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Monique Conheady
Commissioner and Chairperson
Energy Safe Victoria

12 September, 2023



Financial statements

Financial statements

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Financial statements

Responsible Body's, Accountable Officer's and Chief Financial Officer's declaration

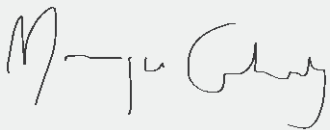
The attached financial statements for the Victorian Energy Safety Commission (referred to as Energy Safe Victoria) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in

the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and financial position of Energy Safe Victoria at 30 June 2023.

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

We authorise the attached financial statements for issue on 12 September 2023.



Monique Conheady

Commissioner
and Chairperson

12 September, 2023



Leanne Hughson

Chief Executive Officer

12 September, 2023



Matthew Beattie

Chief Financial Officer

12 September, 2023

Comprehensive operating statement for the financial year ended 30 June 2023

(\$ thousand)

	Notes	2023	2022
CONTINUING OPERATIONS			
Income from transactions			
Levy determination income	2.1.1	32,622	31,675
Fee income	2.1.2	22,978	22,297
Grant income	2.1.3	2,154	3,780
Interest and other income	2.1.4	953	125
Total income from transactions		58,707	57,877
Expenses from transactions			
Employee benefits	3.1.1	37,850	34,162
Compliance audit expenses		3,332	1,177
Public relations and advertising		2,191	2,589
Motor vehicles		493	334
Rent and outgoings		405	348
Computer expenses		3,731	2,727
Consulting fees		1,743	4,057
Contractors		9,600	571
Depreciation	4.1.1	4,496	4,124
Other operating expenses	3.3	3,823	4,499
Total expenses from transactions		67,664	54,588
Net result from transactions (net operating balance)		(8,957)	3,289
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Other loss from other economic flows*		(153)	(59)
Total other economic flows included in net result		(153)	(59)
NET RESULT		(9,110)	3,230
COMPREHENSIVE RESULT		(9,110)	3,230

* Net loss arising from revaluation of long service liability

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

Financial Statements

Balance sheet as at 30 June 2023

(\$ thousand)

	Notes	2023	2022
ASSETS			
Financial assets			
Cash and cash equivalents	6.1	14,717	21,403
Receivables	5.1	1,449	737
Contract assets	5.2	458	231
Total financial assets		16,624	22,371
Non-financial assets			
Plant and equipment	4.1	409	479
Right-of-use asset	4.2	1,462	1,921
Intangible assets	4.3	6,794	8,374
Prepayments		1,321	2,004
Total non-financial assets		9,986	12,778
Total assets		26,610	35,149
LIABILITIES			
Employee related provisions	3.1.2	7,508	7,046
Payables	5.3	3,364	3,673
Contract liabilities	5.4	2,745	1,710
Lease liability	6.2.7	1,737	2,354
Total liabilities		15,354	14,783
Net assets		11,256	20,366
EQUITY			
Accumulated surplus		7,470	16,580
Physical asset revaluation surplus	8.1	176	176
Contributed capital		3,610	3,610
Net worth		11,256	20,366

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

Cash flow statement

for the financial year ended 30 June 2023

(\$ thousand)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from other entities		54,713	54,093
Interest received		921	61
Total receipts		55,634	54,154
Payments			
Payments to suppliers and employees		(59,243)	(46,274)
Total payments		(59,243)	(46,274)
Net cash flows (used in)/from operating activities	6.1.1	(3,609)	7,880
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of non-financial assets		(1,398)	(2,708)
Sale of non-financial assets		7	-
Net cash flows used in investing activities		(1,391)	(2,708)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease repayments		(1,686)	(1,781)
Net cash flows used in financing activities		(1,686)	(1,781)
Net increase/(decrease) in cash and cash equivalents		(6,686)	3,391
Cash and cash equivalents at the beginning of the financial year		21,403	18,012
Cash and cash equivalents at the end of the financial year	6.1	14,717	21,403

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

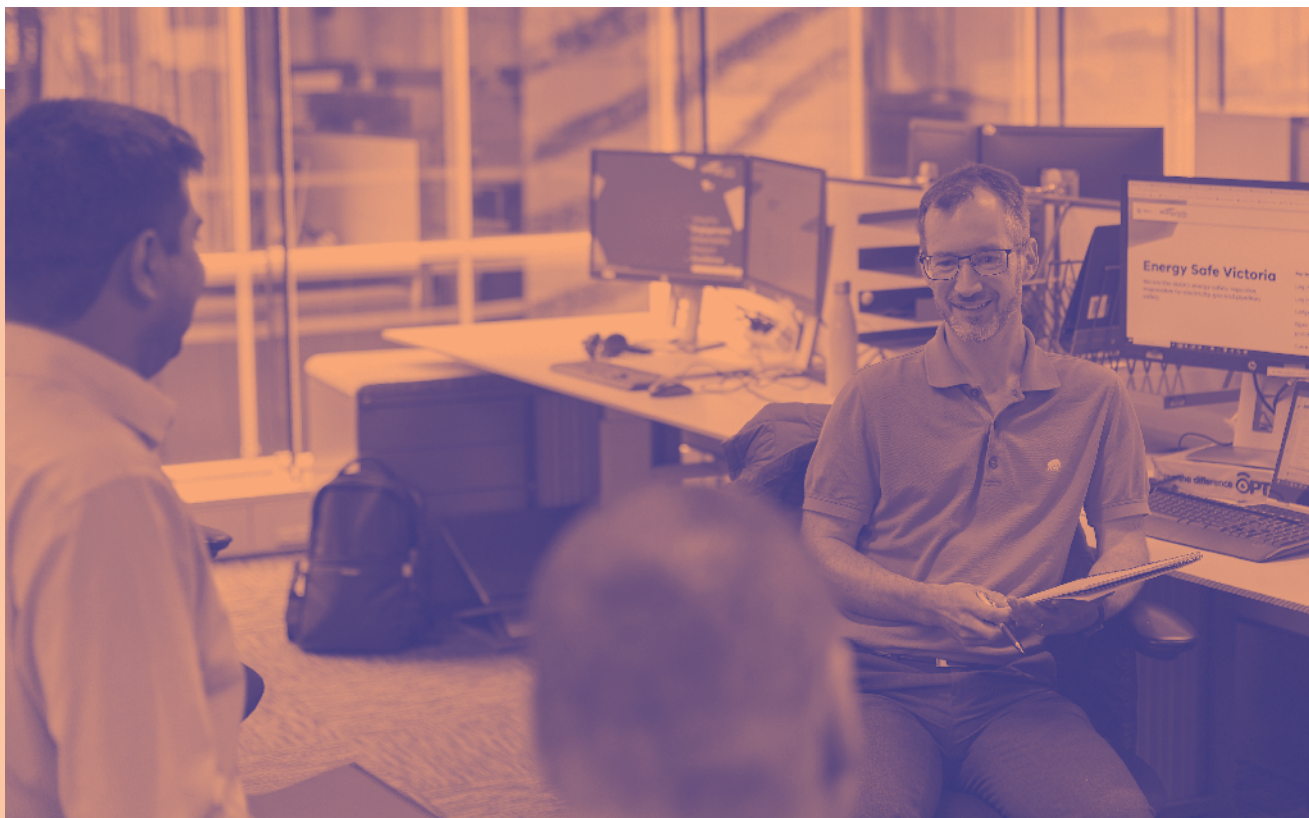
Financial Statements

Statement of changes in equity for the financial year ended 30 June 2023

(\$ thousand)

	Physical asset revaluation surplus	Accumulated surplus	Contributed capital	Total
Balance at 1 July 2021	176	13,350	3,610	17,136
Net result for the year	-	3,230	-	3,230
Balance at 30 June 2022	176	16,580	3,610	20,366
Net result for the year	-	(9,110)	-	(9,110)
Balance at 30 June 2023	176	7,470	3,610	11,256

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



Notes to the financial statements for the financial year ended 30 June 2023

1 About this report

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

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

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

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

Basis of preparation

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

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

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

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

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

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

Compliance information

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

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

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

Notes to the financial statements for the financial year ended 30 June 2023

2 Funding delivery of our services

Introduction

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

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

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

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

Significant judgement: Grant Revenue

Grant revenue is recognised in accordance with AASB 1058 *Income of Not-for-Profit Entities*, except when there are enforceable and sufficiently specific performance obligations. In this case, revenue is accounted as contracts with customers in accordance with AASB 15 *Revenue from Contracts with Customers*. Income from grants to construct the capital assets that are controlled by us are recognised progressively as the asset is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done.

Structure

2.1 Income from transactions

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

2.1 Income from transactions

Revenue from Contracts with Customers

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

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

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

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

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

2.1.1 Levy determination income

(\$ thousand)

Levy income	2023	2022
Gas industry levy	17,490	17,020
Electrical industry levy	13,852	13,410
Gas pipeline industry levy	1,280	1,245
Total levy determination income	32,622	31,675

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

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

2.1.2 Fee income

(\$ thousand)

Fee Income	2023	2022
Sales of Certificates of Electrical Safety	14,806	13,821
Licence fees	4,827	4,969
Electrolysis mitigation fees	1,971	1,972
Equipment and appliance approval fees	456	545
Appliance efficiency approval fees	918	990
Total fee income	22,978	22,297

Sales of Certificates of Electrical Safety

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

Notes to the financial statements for the financial year ended 30 June 2023

Licence fees

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

Fees from electrolysis, mitigation, equipment and appliance approval, and appliance efficiency approval

Electrolysis mitigation fee is an annual fee that supports Energy Safe Victoria regulatory activities in Electrolysis space.

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

2.1.3 Grant income

	(\$ thousand)	
Grant Income	2023	2022
Revenue recognised under AASB 15		
Grant Income from DISER ⁱ	-	25
Grant Income from DEECA ⁱⁱ	972	1,505
Grant Income from DTF ⁱⁱⁱ	-	394
Grant Income from EESS ^{iv}	1,182	1,856
Total Grant income	2,154	3,780

Notes:

- i. DISER – Department of Industry, Science, Energy and Resources
- ii. DEECA – Department of Energy, Environment and Climate Action
- iii. DTF – Department of Treasury and Finance
- iv. EESS – Electrical Equipment Safety Scheme

Performance obligations attached to grants received are determined to be satisfied over time in accordance with AASB 15. Therefore, revenue is recognised over time. The output method (involving an assessment of the extent of completion of the activities) is used to estimate the amount of revenue to be recognised on progress of satisfaction of performance obligation.

2.1.4 Interest and other income

	(\$ thousand)	
Interest and Other Income	2023	2022
Interest from financial assets not at fair value through profit or loss		
Interest on cash and cash equivalents	921	61
Other miscellaneous income	32	64
Total interest and other income	953	125

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

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

2.1.5 Disaggregated revenue

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

(\$ thousand)

2023 Segments	Government Bodies	Non- Government organisations	TOTAL
Major good/service lines:			
Levy determination income	-	32,622	32,622
Fee income	-	22,978	22,978
Grants income	2,154	-	2,154
Other income	-	953	953
TOTAL	2,154	56,553	58,707
Timing of revenue recognition:			
Goods transferred at a point in time	-	56,553	56,553
Goods/services transferred over time	2,154	-	2,154
TOTAL	2,154	56,553	58,707

(\$ thousand)

2022 Segments	Government Bodies	Non- Government organisations	TOTAL
Major good/service lines:			
Levy determination income	-	31,675	31,675
Fee income	-	22,297	22,297
Grants income	3,780	-	3,780
Other income	-	125	125
TOTAL	3,780	54,097	57,877
Timing of revenue recognition:			
Goods transferred at a point in time	-	54,097	54,097
Goods/services transferred over time	3,780	-	3,780
TOTAL	3,780	54,097	57,877

During the financial year ended 30 June 2023, Energy Safe Victoria had \$2,153,761 revenue attributed to the State Government sources.

Notes to the financial statements for the financial year ended 30 June 2023

2.1.6 Transaction price allocated to remaining performance obligations

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

2023 (\$ thousand)

Type of Obligation	2024	2025	Total
Grants income	2,605	-	2,605
Total	2,605	-	2,605

2022 (\$ thousand)

Type of Obligation	2023	2024	Total
Grants income	1,571	-	1,571
Total	1,571	-	1,571

2.1.7 Details regarding performance obligations

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

3 The cost of delivering services

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

Structure

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

3.1 Employee benefits

3.1.1 Employee benefits in the comprehensive operating statement

(\$ thousand)

	2023	2022
Salaries, wages, annual leave and long service leave	34,024	31,081
Post-employment benefits		
Defined contribution plans superannuation expense	3,811	2,997
Termination benefits	15	84
Total employee benefits	37,850	34,162

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

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

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

Notes to the financial statements for the financial year ended 30 June 2023

3.1.2 Employee benefits in the balance sheet

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

(\$ thousand)

Employee Benefits in Balance Sheet	2023	2022
Current provisions		
Annual leave		
Unconditional and expected to be settled within 12 months	1,844	1,719
Unconditional and expected to be settled after 12 months	744	812
Long service leave		
Unconditional and expected to be settled within 12 months	268	252
Unconditional and expected to be settled after 12 months	2,634	2,418
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months	358	334
Unconditional and expected to be settled after 12 months	589	557
Total current provisions for employee benefits	6,437	6,092
Non-current provisions		
Long service leave	912	813
Employee benefit on-costs	159	141
Total non-current provisions for employee benefits	1,071	954
Total provisions for employee benefits	7,508	7,046
Reconciliation of movement in on-cost provision		
Opening balance	1,032	919
Additional provisions recognised	356	380
Reductions arising from payments	(435)	(326)
Unwinding of discount rate and effect of changes in the discount rate	153	59
Closing balance	1,106	1,032
Current	947	891
Non-current	159	141
Closing balance	1,106	1,032

Wages and salaries, annual leave and sick leave

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

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

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

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

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

Long service leave

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

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

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

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

Notes to the financial statements for the financial year ended 30 June 2023

3.1.3 Superannuation contributions

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

	(\$ thousand)			
	Paid contribution for the year		Contribution outstanding at year end	
	2023	2022	2023	2022
Total defined contribution superannuation contributions	4,228	2,997	65	47

3.2 Grant expenses

	(\$ thousand)	
	2023	2022
Supplies and services		
Specific purpose grants for on-passing	2,154	3,780
Total grant expenses	2,154	3,780

Included within public relations and advertising, and contractors' expense in the comprehensive operating statement are grant expenses mainly relating to the development of an effective licensing system for electrical lineworker licensing and continuing professional development development program for all licence; and advertising of the *Be Sure* campaign on behalf of the Victorian Government.

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

3.3 Other operating expenses

	(\$ thousand)	
	2023	2022
Supplies and services		
Telecommunications	318	281
Legal fees	503	1,415
Administration fees - Certificates of Electrical Safety	147	154
Insurance	890	700
Travel expenses	313	127
Compliance and audit services	149	189
Conferences and training	485	528
Publication and subscriptions	125	119
Interest expense	53	82
Other expenses	840	904
Total other operating expenses	3,823	4,499

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

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

4 Key assets available to support service delivery

Introduction

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

Fair value measurement

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

Structure

4.1 Total plant and equipment

4.1.1 Depreciation, amortisation and revaluation

4.1.2 Reconciliation of movements in carrying amount of plant and equipment

4.2 Right-of-use assets

4.2.1 Carrying values of Right-of-use assets

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

4.2.3 AASB 16 Leases related amounts recognised in the comprehensive operating statement

4.3 Intangible assets

Notes to the financial statements for the financial year ended 30 June 2023

4.1 Total plant and equipment

(\$ thousand)

Carrying values of plant and equipment	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2023	2022	2023	2022	2023	2022
Plant and equipment at fair value						
Furniture and fittings	550	550	(308)	(260)	242	290
Equipment	816	751	(596)	(596)	165	155
Leasehold improvements	514	514	(512)	(507)	2	7
Vehicles	-	40	-	(13)	-	27
Total plant and equipment at fair value	1,880	1,855	(1,471)	(1,376)	409	479

Initial recognition

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

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

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

Subsequent measurement

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

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

4.1.1 Depreciation, amortisation and revaluation

(\$ thousand)

Depreciation charge for the period	2023	2022
Furniture and fixtures	48	48
Equipment	55	58
Leasehold improvements	5	37
Vehicles	-	2
Total plant and equipment	108	145
Intangible assets	2,913	2,424
Right-of-use asset	1,475	1,555
Total depreciation	4,496	4,124

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

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

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

Revaluation

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

Notes to the financial statements for the financial year ended 30 June 2023

4.1.2 Reconciliation of movements in carrying amount of plant and equipment

(\$ thousand)

2023	Plant and equipment	Assets under construction at cost	Total
Opening balance 1 July 2022	479	-	479
Additions	65	-	65
Disposals	(27)	-	(27)
Depreciation	(108)	-	(108)
Closing balance 30 June 2023	409	-	409

(\$ thousand)

2022	Plant and equipment	Assets under construction at cost	Total
Opening balance 1 July 2021	584	-	584
Additions	40	-	40
Depreciation	(145)	-	(145)
Closing balance 30 June 2022	479	-	479

4.2 Right-of-use assets

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

Whenever Energy Safe Victoria incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

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

The right-of-use assets are presented as a separate line in the balance sheet.

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

4.2.1 Carrying values of Right-of-use assets

(\$ thousand)

	2023	2022
Leased buildings	4,734	4,374
Accumulated depreciation	(3,703)	(2,822)
Net carrying amount leased buildings	1,031	1,552
Leased motor vehicles	3,031	2,375
Accumulated depreciation	(2,600)	(2,006)
Net carrying amount leased motor vehicles	431	369
Net carrying amount	1,462	1,921

Lease buildings

Energy Safe Victoria leased buildings includes 4 Riverside Quay, Southbank and 540 Springvale Road, Glen Waverley. The lease at 4 Riverside Quay, Southbank expires in August 2024 and is subject to an annual increase of 3.75 per cent. The lease at 540 Springvale Road, Glen Waverley expires in August 2024, the lease is fixed for the rest of lease term.

Motor vehicles

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

Notes to the financial statements for the financial year ended 30 June 2023

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

(\$ thousand)

2023	Leased Buildings	Leased Motor Vehicles	Total
Opening balance 1 July 2022	1,552	369	1,921
Additions	360	656	1,016
Depreciation	(881)	(594)	(1,475)
Closing balance 30 June 2023	1,031	431	1,462

4.2.3 AASB 16 related amounts recognised in the comprehensive operating statement

(\$ thousand)

	2023	2022
Depreciation charge related to right-of-use assets	1,475	1,555
Interest expense on lease liabilities (under finance cost)	53	82
Low-value asset leases expense	94	279
Total amount recognised in comprehensive operating statement	1,622	1,916

(\$ thousand)

2022	Leased Buildings	Leased Motor Vehicles	Total
Opening balance 1 July 2021	2,440	925	3,365
Additions	11	100	111
Depreciation	(899)	(656)	(1,555)
Closing balance 30 June 2022	1,552	369	1,921

4.3 Intangible assets

(\$ thousand)

2023	Computer software	Work in progress	Total
Gross carrying amount			
Opening balance 1 July 2022	12,988	2,002	14,990
Additions	1,333	-	1,333
Transfer in/(out) of asset under construction	2,002	(2,002)	-
Closing balance	16,323	-	16,323
Accumulated depreciation			
Opening balance 1 July 2022	(6,616)	-	(6,616)
Amortisation	(2,913)	-	(2,913)
Closing balance	(9,529)	-	(9,529)
Net book value 30 June 2023	6,794	-	6,794

(\$ thousand)

2022	Computer software	Work in progress	Total
Gross carrying amount			
Opening balance 1 July 2021	11,427	895	12,322
Additions	1,561	1,107	2,668
Closing balance	12,988	2,002	14,990
Accumulated depreciation			
Opening balance 1 July 2021	(4,192)	-	(4,192)
Amortisation	(2,424)	-	(2,424)
Closing balance	(6,616)	-	(6,616)
Net book value 30 June 2022	6,372	2,002	8,374

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

All Energy Safe Victoria's intangible assets are produced assets.

Notes to the financial statements for the financial year ended 30 June 2023

Initial recognition

Intangible assets are initially recognised at cost.

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

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

Subsequent measurement

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

Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation and are subject to revaluations. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation method and useful life are reviewed annually at each financial year-end.

Revaluation of intangible assets

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

Significant intangible assets

Energy Safe Victoria has capitalised expenditure for the development of business critical systems for example, ESVConnect and EESS system. The carrying amount of the capitalised development expenditure is \$6,793,559 (2022: \$6,372,000).

Configured software	Configured software useful life
EESS system	5 years
ESVConnect	5 years

5 Other assets and liabilities

Introduction

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

Structure

5.1 Receivables

5.2 Contract assets

5.3 Payables

5.3.1 Maturity analysis of contractual payables

5.4 Contract liabilities

5.1 Receivables

	(\$ thousand)	
Receivables	2023	2022
Contractual		
Certificate of Electrical Safety agents	72	274
Other receivables	568	106
Total contractual receivables	640	380
Statutory		
GST input tax credit recoverable	809	357
Total current receivables	1,449	737

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

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

Analysis of credit risk over receivables are disclosed in Note 7.1.2.2.

Notes to the financial statements for the financial year ended 30 June 2023

5.2 Contract assets

	(\$ thousand)	
Contract Assets	2023	2022
Contract assets		
Opening balance	231	554
Less: Transfer to receivables	(2,576)	(3,088)
Add: Amounts recognised as contract assets at balance sheet date	2,803	2,765
Total contract assets	458	231
<i>Represented by</i>	-	-
Current contract assets	458	231
Non-current contract assets	-	-

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

5.3 Payables

	(\$ thousand)	
Payables	2023	2022
Contractual		
Supplies and services	3,167	3,535
Amounts payable to Government and agencies	20	6
Other payables	142	125
Total contractual payables	3,329	3,666
Statutory		
GST payable	35	7
Total current payables	3,364	3,673

Payables comprises:

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

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

5.3.1 Maturity analysis of contractual payables

(\$ thousand)

	Carrying amount	Nominal amount	Maturity dates		
			Less than 1 month	1-3 months	3-12 months
2023					
Other payables	3,329	3,329	3,329	-	-
Total contractual payables	3,329	3,329	3,329	-	-
2022					
Other payables	3,666	3,666	3,666	-	-
Total contractual payables	3,666	3,666	3,666	-	-

5.4 Contract Liabilities

(\$ thousand)

Contract Liabilities	2023	2022
Contract liabilities		
Opening balance brought forward	1,710	2,807
Less: Revenue recognised in the reporting period that was included in the contract liability at the start of the accounting period	(2,433)	(2,643)
Add: Amounts received for which performance obligations have not been met	3,468	1,546
Total contract liabilities	2,745	1,710
<i>Represented by</i>		
Current contract liabilities	2,745	1,710
Non-current contract liabilities	-	-

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

Notes to the financial statements for the financial year ended 30 June 2023

6 How we finance our operations

Introduction

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

This section includes disclosures of balances that are financial instruments (such as cash balances), including financial commitments at year end. Notes 71 provide additional, specific financial instrument disclosures.

Structure

6.1 Cash flow information and balances

6.1.1 Reconciliation of net result to cash flow from operating activities

6.2 Lease Liability

- 6.2.1 Right-of-use Assets
- 6.2.2 Amounts recognised in the Comprehensive Operating Statement
- 6.2.3 Amounts recognised in the Statement of Cash flows
- 6.2.4 Identification of a lease
- 6.2.5 Separation of lease and non-lease components
- 6.2.6 Recognition and measurement of leases as a lessee
- 6.2.7 Maturity analysis of lease liability

6.1 Cash flow information and balances

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

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

Energy Safe Victoria invest its funds in accordance with the requirements of the Standing Directions of the Minister for Finance.

(\$ thousand)

	2023	2022
Total cash and cash equivalents disclosed in the balance sheet	14,717	21,403
Balance as per cash flow statement	14,717	21,403

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

(\$ thousand)

	2023	2022
Net result for the period	(9,110)	3,230
Non-cash movements		
Depreciation and amortisation of non-current assets	4,496	4,124
Loss on sale of non-financial assets	20	-
Interest expense on lease liabilities	53	82
Movement in assets and liabilities		
(Increase)/decrease in receivables and contract assets	(939)	57
Decrease/(increase) in prepayments	683	(410)
Decrease/(increase) in payables	(309)	1,337
Increase/(decrease) in other liabilities	1,035	(1,097)
Increase in provisions	462	557
Net cash flows from operating activities	(3,609)	7,880

6.2 Lease Liability

6.2.1 Right-of-use Assets

Right-of-use assets are presented in note 4.21.

6.2.2 Amounts recognised in the Comprehensive Operating Statement

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

(\$ thousand)

	2023	2022
Interest expense on lease liabilities	53	82
Depreciation charge related to right-of-use assets	1,475	1,555
Expenses relating to leases of low-value assets	94	279
Total amount recognised in the Comprehensive Operating Statement	1,622	1,916

Notes to the financial statements for the financial year ended 30 June 2023

6.2.3 Amounts recognised in the Statement of Cash flows

The following amounts are recognised in the Statement of Cash flows for the year ending 30 June 2023 relating to leases.

	(\$ thousand)	
	2023	2022
Total cash outflow for leases	1,686	1,781

6.2.4 Identification of a lease

For any new contracts entered into on or after 1 July 2019, Energy Safe Victoria considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition Energy Safe Victoria assesses whether the contract meets three key evaluations:

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

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

6.2.5 Separation of lease and non-lease components

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

6.2.6 Recognition and measurement of leases as a lessee

Lease Liability – subsequent measurement

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

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

Short-term leases and leases of low-value assets

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

Presentation of lease liabilities

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

6.2.7 Maturity analysis of lease liability

(\$ thousand)

	2023	2022
Maturity analysis:		
Year 1	1,477	1,365
Year 2	259	892
Year 3	28	141
Year 4	-	-
Year 5	-	-
	1,764	2,398
Less: interest payable	(27)	(44)
	1,737	2,354
Analysed as:		
Current	1,451	1,320
Non-current	286	1,034
	1,737	2,354

Energy Safe Victoria does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within our treasury function.

Notes to the financial statements for the financial year ended 30 June 2023

7 Risks, contingencies and valuation judgements

Introduction

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

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

Structure

7.1 Financial instruments specific disclosures

- 7.1.1 Financial instruments: categorisation
- 7.1.2 Financial risk management objectives and policies
- 7.1.3 Financial instruments: credit risk
- 7.1.4 Credit quality of financial assets
- 7.1.5 Financial instruments: liquidity risk
- 7.1.6 Financial instruments: market risk
 - a) Interest rate exposure of financial instruments
 - b) Interest rate risk sensitivity

7.2 Contingent assets and contingent liabilities

7.3 Fair value determination

- 7.3.1 Fair value determination: non-financial physical assets

7.1 Financial instruments specific disclosures

Introduction

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

Categories of financial assets

Financial assets at amortised cost

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

- the assets are held by Energy Safe Victoria to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

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

Energy Safe Victoria recognises the following assets in this category:

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

Categories of financial liabilities

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

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

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

- the rights to receive cash flows from the asset have expired, or
- Energy Safe Victoria 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
- Energy Safe Victoria has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

Reclassification of financial instruments:

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

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

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

Notes to the financial statements for the financial year ended 30 June 2023

7.1.1 Financial instruments: categorisation

(\$ thousand)

2023	Note	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
Contractual financial assets				
Cash and deposits	6.1	14,717	-	14,717
Receivables	5.1			
Fee income		72	-	72
Other receivables		568	-	568
Total contractual financial assets		15,357	-	15,357
Contractual financial liabilities				
Payables	5.3			
Supplies and services		-	3,167	3,167
Amounts payable to Governments and agencies		-	20	20
Other payables		-	142	142
Borrowings				
Lease liabilities	6.2	-	1,737	1,737
Total contractual financial liabilities		-	5,066	5,066

(\$ thousand)

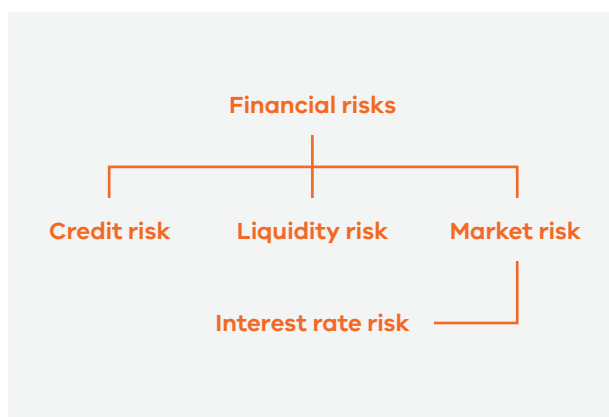
2022	Note	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
Contractual financial assets				
Cash and deposits	6.1	21,403	-	21,403
Receivables	5.1			
Fee income		274	-	274
Other receivables		106	-	106
Total contractual financial assets		21,783	-	21,783
Contractual financial liabilities				
Payables	5.3			
Supplies and services		-	3,535	3,535
Amounts payable to Governments and agencies		-	6	6
Other payables		-	125	125
Borrowings				
Lease liabilities	6.2	-	2,354	2,354
Total contractual financial liabilities		-	6,020	6,020

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

Notes to the financial statements for the financial year ended 30 June 2023

7.1.2 Financial risk management objectives and policies

Energy Safe Victoria is exposed to several financial risks, including:



Energy Safe Victoria’s financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 71.

The main purpose in holding financial instruments is to prudentially manage Energy Safe Victoria’s financial risks within government policy parameters.

Energy Safe Victoria’s main financial risks include credit risk, liquidity risk and interest rate risk. Energy Safe Victoria manages these risks in accordance with its financial risk management policy.

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

7.1.3 Financial instruments: credit risk

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

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

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

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

There has been no material change to Energy Safe Victoria’s credit risk profile in 2022–23.

7.1.4 Credit quality of financial assets

(\$ thousand)

2023	Financial institutions (AA credit rating)	Government agencies (AA credit rating)	Other (min BBB credit rating)	Total
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss				
Cash and cash equivalents (not assessed for impairment due to materiality)	14,717	-	-	14,717
Statutory receivables (with no impairment loss recognised)	-	809	-	809
Financial assets with loss allowance measured at lifetime expected credit loss				
Contractual receivables (with no impairment loss recognised)	-	-	640	640
Total financial assets	14,717	809	640	16,166

(\$ thousand)

2022	Financial institutions (AA credit rating)	Government agencies (AA credit rating)	Other (min BBB credit rating)	Total
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss				
Cash and cash equivalents (not assessed for impairment due to materiality)	21,403	-	-	21,403
Statutory receivables (with no impairment loss recognised)	-	357	-	357
Financial assets with loss allowance measured at lifetime expected credit loss				
Contractual receivables (with no impairment loss recognised)	-	-	380	380
Total financial assets	21,403	357	380	22,140

Notes to the financial statements for the financial year ended 30 June 2023

Statutory receivables

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

Impairment of financial assets under AASB 9

Energy Safe Victoria records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Energy Safe Victoria's contractual receivables and statutory receivables.

Energy Safe Victoria concludes that no impairment is necessary as all financial assets are recoverable.

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

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

7.1.5 Financial instruments: liquidity risk

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

Energy Safe Victoria is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. Energy Safe Victoria's manages its liquidity risk by:

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

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

7.1.6 Financial instruments: market risk

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

Sensitivity disclosure analysis and assumptions

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

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

Interest rate risk

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

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

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

7.1.6 (a) Interest rate exposure of financial instruments

(\$ thousand)

	Weighted average interest rate%	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2023					
Contractual financial assets					
Cash and cash equivalents	5.1%	14,717	-	14,717	-
Receivables	-	640	-	-	640
Total contractual financial assets		15,357	-	14,717	640
Contractual financial liabilities					
Payables	-	3,329	-	-	3,329
Lease liabilities	2.6%	1,737	1,737	-	-
Total contractual financial liabilities		5,066	1,737	-	3,329
2022					
Contractual financial assets					
Cash and cash equivalents	0.3%	21,403	-	21,403	-
Receivables	-	380	-	-	380
Total contractual financial assets		21,783	-	21,403	380
Contractual financial liabilities					
Payables	-	3,666	-	-	3,666
Lease liabilities	2.6%	2,354	2,354	-	-
Total contractual financial liabilities		6,020	2,354	-	3,666

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

Notes to the financial statements for the financial year ended 30 June 2023

7.1.6 (b) Interest rate risk sensitivity

(\$ thousand)

	Carrying amount	-100 basis points	+100 basis points
		Net result	Net result
2023			
Contractual financial assets			
Cash and cash equivalents	14,717	(147)	147
Total impact	14,717	(147)	147
2022			
Contractual financial assets			
Cash and cash equivalents	21,403	(214)	214
Total impact	21,403	(214)	214

7.2 Contingent assets and contingent liabilities

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

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

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by events not wholly within Energy Safe Victoria's control. Energy Safe Victoria has no quantifiable or non-quantifiable contingent assets.

Contingent liabilities

Contingent liabilities are:

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

Contingent liabilities are also classified as either quantifiable or non-quantifiable. Energy Safe Victoria has no quantifiable or non-quantifiable contingent liabilities.

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities.

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

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

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

In addition, the fair values of other assets and liabilities which are carried at amortised cost, also need to be determined for disclosure purposes. Energy Safe Victoria only have short-term financial instruments such as cash at bank, trade receivables and payables and their carrying amount is a reasonable approximation of fair value. As such, a fair value disclosure on financial instruments is not required.

Fair value hierarchy

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

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

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

How this section is structured

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

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

Notes to the financial statements for the financial year ended 30 June 2023

7.3.1 Fair value determination: non-financial physical assets

(\$ thousand)

	Carrying amount as at 30 June	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
2023				
Plant and equipment at fair value	409	-	-	409
2022				
Plant and equipment at fair value	479	-	-	479

Reconciliation of Level 3 fair value movements

(\$ thousand)

	2023	2022
Plant and equipment		
Opening balance	479	584
Purchases/transfers	65	40
Transfers in/(out) of Level 3	-	-
Gains or losses recognised in net result		
Disposals	(27)	-
Depreciation	(108)	(145)
Subtotal	(70)	(105)
Gains or losses recognised in other economic flows - other comprehensive income		
Revaluation	-	-
Closing balance	409	479
Unrealised gains/(losses) on non-financial assets	-	-

Description of significant unobservable inputs to Level 3 valuations

2023 and 2022	Plant and equipment
Valuation technique	Current replacement cost
Significant unobservable inputs	Physical depreciation and obsolescence adjustment

Significant unobservable inputs have remained unchanged since June 2016.

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

These assets have been classified in accordance with the fair value hierarchy, see note 7.3. There have been no transfers between levels during the period. Energy Safe Victoria's plant and equipment is held at fair value. For all assets measured at fair value, the current use is considered the highest and best use. There were no changes in valuation techniques throughout the period to 30 June 2023.

8 Other disclosures

Introduction

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

Structure

- 8.1 Reserves
- 8.2 Responsible persons
- 8.3 Remunerations of executives
- 8.4 Related parties
- 8.5 Compensation of key management personnel
- 8.6 Remuneration of auditors
- 8.7 Subsequent events
- 8.8 Change in accounting policies
- 8.9 Other accounting policies
- 8.10 Australian Accounting Standards issued that are not yet effective
- 8.11 Glossary of technical terms

8.1 Reserves

(\$ thousand)

Reserves	2023	2022
Physical asset revaluation surplus		
Balance at beginning of financial year	176	176
Revaluation increments/ (decrements)	-	-
Disposal or transferred out	-	-
Balance at end of financial year	176	176
Net changes in reserves	-	-

8.2 Responsible persons

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

Names

The persons who held the positions of the Portfolio Minister and Accountable Officer in Energy Safe Victoria are as follows:

Minister for Energy, Environment and Climate Action

The Hon. Lily D'Ambrosio MP
1 July 2022 to 30 June 2023

Commissioner and Chairperson

Ms Marnie Williams
1 July 2022 to 3 February 2023

Commissioner and Deputy Chairperson

Ms Michelle Groves
1 July 2022 to 3 February 2023

Commissioner and Acting Chairperson

Ms Michelle Groves
4 February 2023 to 30 June 2023

Commissioner

Ms Sarah McDowell
1 July 2022 to 30 June 2023

Chief Executive Officer

Ms Leanne Hughson
1 July 2022 to 30 June 2023

Notes to the financial statements for the financial year ended 30 June 2023

Remuneration

Remuneration received or receivable by the Accountable Officer for the management of Energy Safe Victoria during the reporting period was in the range: \$400,000 – \$410,000 (2021-22: \$360,000 – \$370,000).

8.3 Remuneration of executives

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

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

- Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as allowances and non-monetary benefits.
- Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.
- Other long-term benefits include LSL, other long-service benefit or deferred compensation.
- Termination benefits include termination of employment payments, such as severance packages.

(including key management personnel disclosed in Note 8.5)

(\$ thousand)

	2023	2022
Short-term employee benefits	1,767	1,563
Post-employment benefits	161	127
Other long-term benefits	31	26
Termination benefits	17	71
Total remuneration^{(i) (ii)}	1,976	1,787
Total number of executives	8	9
Total annualised employee equivalent⁽ⁱⁱⁱ⁾	6	6

Notes:

- The total number of senior executive service includes persons who meet the definition of key management personnel of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 8.4).
- Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.4 Related parties

Energy Safe Victoria is a wholly-owned and controlled entity of the State of Victoria. Related parties of the entity include:

- all key management personnel, their close family members and personal business interests, and
- all Cabinet Ministers and their close family members, and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

Significant transactions with Government-related entities

During the financial year ended 30 June 2023, Energy Safe Victoria had the following significant government-related entity transactions:

- on-passed \$20,285 of infringement notice fees to the Consolidated Fund, through the Department of Energy, Environment, and Climate Change (2022: \$6,323)
- paid \$889,864 in annual insurance premiums to the Victorian Managed Insurance Authority (2022: \$699,798)
- received grant of \$2,245,725 from DEECA, which was recognised \$971,729 in 2023 financial year.

Energy Safe Victoria's key management personnel includes the Portfolio Minister, the Commission of Energy Safety and members of the Executive Leadership Team:

- Portfolio Minister – The Hon. Lily D'Ambrosio MP
- Commissioner and Chairperson – Ms Marnie Williams (01/07/22 – 03/02/23)
- Commissioner and Deputy Chairperson – Ms Michelle Groves (01/07/22 – 03/02/23)
- Commissioner and Acting Chairperson – Ms Michelle Groves (04/02/23 – 30/06/23)
- Commissioner – Ms Sarah McDowell (01/07/22 – 30/06/23)
- Chief Executive Officer – Ms Leanne Hughson (01/07/22 – 30/06/23)
- Acting Chief Operating Officer – Mr Steve Cronin (01/07/22 – 30/04/23)
- General Manager, Finance, Strategy and Risk – Mr Steve Cronin (01/05/23 – 30/06/23)
- General Manager, Strategy, Performance and Risk – Dr Roanne Allan (01/07/22 – 30/04/23)
- General Manager, Customer & People Experience - Dr Roanne Allan (01/05/22 – 30/06/23)
- General Manager, Electrical Safety and Technical Regulation – Mr Ian Burgwin (01/07/22 – 30/04/23)

- General Manager, Regulatory Operations – Mr Ian Burgwin (01/05/22 – 30/06/23)
- Acting General Manager, Gas and Pipeline Safety and Technical Regulation – Ms Anastasia Kontogiorgis (01/07/22 – 30/04/23)
- General Counsel, Legal, Policy and Governance – Ms Michelle McCorkell (01/07/22 – 30/04/23)
- General Counsel and General Manager, Legal, Policy and Governance – Ms Michelle McCorkell (01/05/23 – 30/06/23).

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances are set by the Parliamentary Salaries and Superannuation Act 1968 and are reported within the State's Annual Financial Report.

8.5 Compensation of key management personnel

(\$ thousand)

	2023	2022
Short-term employee benefits	2,142	1,909
Post-employment benefits	186	150
Other long-term benefits	40	35
Termination benefits	17	71
Total	2,385	2,165

Note that key management personnel are also reported in the disclosure of remuneration of senior executive service (Note 8.3).

Transactions and balances with key management personnel and other related parties

Outside of normal citizen type transactions, there were no related party transactions that involve key management personnel, their close family members and their personal business interests.

No provision has been required, nor any expense required for impairment of receivables from related parties.

Notes to the financial statements for the financial year ended 30 June 2023

8.6 Remuneration of auditors

(\$ thousand)

	2023	2022
Victorian Auditor-General's Office		
Audit of the financial statements	36	35

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

8.7 Subsequent events

There have been no significant events post reporting date.

8.8 Change in accounting policies

Energy Safe Victoria has adopted all new accounting standards and interpretations that were effective as at 30 June 2023. Therefore, no impact has been noted.

8.9 Other accounting policies

Foreign currency transactions

All foreign current transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Energy Safe Victoria does not have any foreign monetary items existing at the end of the reporting period.

8.10 Australian Accounting Standards issued that are not yet effective

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2023 reporting period. Energy Safe Victoria assesses the impact of these new standards and their applicability and early adoption where applicable.

As at 30 June 2023, there are a number of standards and interpretations that had been issued but were not mandatory for financial year ending 30 June 2023. They become effective for the first financial statement for reporting periods commencing after the stated effective date in the table below.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on Energy Safe Victoria financial statements
<p>AASB 2022-10 <i>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i></p>	<p>This Standard</p> <ul style="list-style-type: none"> specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 Non-current Assets Held for Sale and Discontinued Operations or if it is highly probable that it will be used for an alternative purpose; clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services; specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data; and provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence. <p>This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted</p>	<p>1 January 2024</p>	<p>Energy Safe Victoria is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.</p>

Notes to the financial statements for the financial year ended 30 June 2023

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on Energy Safe Victoria financial statements
<p>AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants</i></p>	<p>AASB 2020-1 amended AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current and was applicable to annual reporting periods beginning on or after 1 January 2022.</p> <p>AASB 2020-6 subsequently amended AASB 2020-1, deferring the mandatory effective date of AASB 2020-1 from 1 January 2022 to 1 January 2023. AASB 2022-6 was applicable for annual reporting periods beginning on or after 1 January 2022.</p> <p>AASB 2022-6 amends and clarifies the requirements contained in AASB 2020-1. Among other things, it:</p> <ul style="list-style-type: none"> clarifies that only those covenants that an entity must comply with at or before the reporting date affect a liability's classification as current or non-current; and requires additional disclosures for non-current liabilities that are subject to an entity complying with covenants within twelve months after the reporting date. AASB 2022-6 applies to annual reporting periods beginning on or after 1 January 2023. <p>Energy Safe Victoria will not early adopt the Standard.</p>	<p>1 January 2023</p>	<p>Energy Safe Victoria is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.</p>
<p>AASB 17 <i>Insurance Contracts, AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments and AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i></p>	<p>AASB 17 replaces AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026. AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026. AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026. This Standard applies for annual reporting periods beginning on or after 1 January 2023.</p>	<p>1 January 2023</p>	<p>Energy Safe Victoria is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.</p>

A number of other standards and amendments have also been issued that apply to future reporting periods, however they are not expected to have any significant impact on the financial statements in the period of initial application.

8.11 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

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

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

Controlled item generally refers to the capacity of an entity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

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

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

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

Financial asset is any asset that is:

- a) cash;
- b) an equity instrument of another entity

c) a contractual right:

- to receive cash or another financial asset from another entity or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

d) a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or 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 is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is:

a) A contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

b) A contract that will or may be settled in the entity's own equity instruments and is:

- 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
- 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.

Notes to the financial statements for the financial year ended 30 June 2023

Financial statements comprise:

- a) a balance sheet as at the end of the period
- b) a comprehensive operating statement for the period
- c) a statement of changes in equity for the period
- d) a cash flow statement for the period
- e) notes, comprising a summary of significant accounting policies and other explanatory information
- f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*
- g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statement in accordance with paragraphs 41 of AASB 101.

Grant expenses and other transfers

are transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

Grants can be paid as general-purpose grants, which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants for on-passing are grants paid to one institutional sector (such as State general government entity) to be passed on to another institutional sector (such as local government or a private non-profit institution).

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

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net operating balance – net result from transactions:

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

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

Net worth is calculated as assets less liabilities, which is an economic measure of wealth.

Non-financial assets are all assets that are not financial assets. They include plant and equipment, and intangible assets.

Operating result: Refer to 'net result'.

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; and fair value changes of financial instruments.

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other AAS. They include changes in physical asset revaluation surplus.

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

Produced assets include plant and equipment, and certain intangible assets. Intangible produced assets include configured computer software costs. This definition contrasts with non-produced, or internally generated intangible assets, such as goodwill or brands.

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

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

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (such as assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Transactions are those economic flows that are considered to arise because of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows into an entity such as depreciation, where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Style conventions

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

The notation used in the tables is as follows:

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

Independent Auditor's Report

To the Commission of Energy Safe Victoria

Opinion	<p>I have audited the financial report of Energy Safe Victoria (the entity) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • Responsible Body's, Accountable Officer's and Chief Financial Officer's declaration. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Commission's responsibilities for the financial report	<p>The Commission of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Commission determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Commission is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commission
- conclude on the appropriateness of the Commission's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commission regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
18 September 2023



Paul Martin
as delegate for the Auditor-General of Victoria

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Note: (a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are in the nature of disclosure.

Legislation

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Abbreviations

AAS Australian Accounting Standards	ICT Information communication technology
AASB Australian Accounting Standards Board	IDAHOBIT International Day Against Homophobia, Transphobia and Biphobia
AGIG Australian Gas Infrastructure Group	LGBTIQI+ lesbian, gay, bisexual, transexual, intersex, queer and more
AEMO Australian Energy Market Operator	LPG liquefied petroleum gas
BAU business as usual	LSL long service leave
CALD culturally and linguistically diverse	MEC major electricity company
CDP continuing professional development	MPSG Major Project Skills Guarantee
CEO Chief Executive Officer	NA Not applicable
COES Certificate of Electrical Safety	NECA National Electric and Communications Association
DEECA Department of Energy, Environment and Climate Action	OHS Occupational health and safety
DIY do it yourself	OVIC Office of the Victorian Information Commissioner
EESS Electrical Equipment Safety Scheme	PSCIA Plumbing, Sheetmetal and Coppersmithing Industry Association
ERAC Electrical Regulatory Authorities Council	RCD residual current devices
ESMS Electricity Safety Management Scheme	REFCL Rapid earth fault current limiter
ESV Energy Safe Victoria	RIS Regulatory Impact Statement
FOI Freedom of information	R U OK Are you OK
FMA Financial Management Act 1994	RTO Registered training organisation
FTE full-time equivalent	SO specified operator
GEAP Gender Equality Action Plan	VBA Victorian Building Authority
GST Goods and Services Tax	VIPP Victorian Industry Participation Policy
GTRC Gas Technical Regulators Committee	
IBAC Independent Broad-based Anti-Corruption Commission	

Energy Safe. Always.

Energy Safe Victoria

ABN 27 462 247 657

Head Office

Level 5, 4 Riverside Quay
Southbank VIC 3006

Postal address

PO Box 262
Collins Street West VIC 8007

Telephone 03 9203 9700
Email info@esv.vic.gov.au

www.esv.vic.gov.au

