



Energy Safe Victoria - Statement of Expectation

9 December 2011

Mr Paul Fearon
Director of Energy Safety
Energy Safe Victoria
PO Box 262
Collins Street West
VIC 8007

Dear Mr Fearon,

STATEMENT OF EXPECTATIONS FOR ENERGY SAFE VICTORIA

I am pleased to provide you with my Statement of Expectations for Energy Safe Victoria. This Statement applies from the date of receipt until the end of this Parliamentary term, or until otherwise amended.

As Minister for Energy and Resources I have portfolio responsibilities for the *Energy Safe Victoria Act 2005*, the *Electricity Safety Act 1998*, the *Gas Safety Act 1997* and the *Pipelines Act 2005*. This Statement should be read within the context of this legislation as amended.

This Statement is important to the discharge of my Ministerial portfolio responsibilities. It sets out my priorities for Energy Safe Victoria drawing on relevant principles from *Improving Governance of Regulators: Principles and Guidelines*.

I have recently approved Energy Safe Victoria's Corporate Plan for July 2011 – June 2016. As required under the legislation, this Corporate Plan will be updated annually. This Corporate Plan, when implemented, will meet my expectations for Energy Safe Victoria. As the Minister responsible, I expect that Energy Safe Victoria will develop and maintain the capacity and capability to deliver on the Corporate Plan.

Government policy and objectives

I recognise you have a well-developed, clearly articulated and monitored system of regulatory management supported by your culture of continuous improvement.

The Government is fully committed to the implementation of the 2009 Victorian Bushfires Royal Commission recommendations in a manner that is affordable and practical. I expect that this will remain an ongoing priority for Energy Safe Victoria.

As a result of the Royal Commission recommendations, I recognise that the powers of Energy Safe Victoria have been increased and clarified in a number of areas. My expectation is that Energy Safe Victoria will test, challenge and expose the performance of businesses whose objective is to understand and manage the risks (including bushfires) in designing, building, maintaining and operating gas and electricity infrastructure and pipelines.

I expect that Energy Safe Victoria will use a range of regulatory tools, including risk-based approaches, to achieve its objectives. Energy Safe Victoria should remain focused on outcomes and constantly seek out better and more efficient ways

of regulating to achieve these outcomes while minimising the regulatory burden on industry and community.

I expect that you will maintain a leadership role in facilitating industry and community awareness, knowledge, technical support and information to ensure the very best safety outcomes.

I expect you to continue to take a lead role in influencing the national regulatory agenda to the benefit of Victorians. I support national regulation where this is more efficient and does not dilute Victoria's existing position.

I also expect you to participate in the national and international fora to develop standards to support effective risk-based regulation across the energy and pipeline sectors as well as protecting consumers from imported equipment and appliances that are unsafe.

I expect that you will contribute to and support other government initiatives, taking into account the impact on energy prices, security and reliability of supply, consumer protection and the implications of new technologies to meet the energy supply of consumers.

Independence

I recognise your independence and will support that independence in discharging your regulatory responsibilities and delivering the agreed regulatory program as outlined in the Corporate Plan.

Stakeholder relationships and engagement

I expect Energy Safe Victoria and my department will continue to work closely in the ongoing development of effective and efficient regulation.

Community and industry stakeholders have diverse views regarding the development of the energy sector in Victoria and I expect that you will take into account the views of your stakeholders as you exercise your role as the independent regulator. I also expect that you will continue to use your formal powers to appoint committees with representation appropriate to the issue.

I expect you to keep me informed of existing and emerging issues. I acknowledge the mutual benefit of regular exchange of information and views related to the discharge of your regulatory role. To this end, and in addition to receiving your formal reports, I anticipate that we will meet regularly.

Transparency and accountability

I value transparency and accountability. Consistent with the Energy Safe Victoria Act 2005, I expect that you will publish a Corporate Plan including key output and outcome performance indicators on an annual basis.

I expect that this Statement of Expectations will be incorporated into the ongoing corporate planning processes for Energy Safe Victoria and that reporting against this Statement will be published in your annual report.

I look forward to receiving your response to this Statement of Expectations. This response will be published alongside a copy of this Statement on the Department of Primary Industries website.

Yours faithfully,

HON. MICHAEL O'BRIEN MP
Minister for Energy and Resources