

24/07; [2007] VSC 95

SUPREME COURT OF VICTORIA

CITIPOWER PTY v LEAHY

King J

7 February, 12 April 2007

PRACTICE AND PROCEDURE – PROSECUTION FOR ALLEGED BREACH OF THE *ELECTRICITY SAFETY ACT 1998* – WORK CARRIED OUT BY CONTRACTORS TO REPOSITION AERIAL ELECTRICITY CABLES ON STREET CORNER – INCORRECT CONNECTION MADE DURING WORK – AS A RESULT PARTS OF THE SITE WERE ENLIVENED – WORKER AT SITE RECEIVED ELECTRIC SHOCK – EMPLOYER OF CONTRACTORS CHARGED WITH OFFENCES – MATTER HEARD BY MAGISTRATE – NO EVIDENCE LED THAT SUPERVISOR OF EMPLOYER COMPANY ENQUIRED OF CONTRACTORS WHETHER ALL TESTS CARRIED OUT AND THAT NETWORK SAFE – FINDING BY MAGISTRATE THAT SUPERVISOR HAD NOT SATISFIED HIMSELF THAT THE WORK HAD BEEN TESTED UPON COMPLETION – WHETHER MAGISTRATE REFORMULATED THE PROSECUTION CASE IN AN IMPERMISSIBLE MANNER – WHETHER MAGISTRATE IN ERROR.

1. When a court deals with a criminal matter in a manner which has not been relied upon by the prosecution it affords the defence no opportunity to meet the charge, and that error must be considered so fundamental that it goes to the root of whether a proper trial, between the parties, has been conducted at all.

R v Minh Tien Nguyen [2006] VSCA 293, applied.

2. Where a case presented by the prosecution was based on the actions and behaviour of contractors which caused the failure of a supply of electricity and the magistrate found that the company was liable because the company's supervisor had not enquired whether the work had been tested by the contractors, the magistrate engaged in an impermissible reformulation of the prosecution case. Accordingly, the company defendant was denied the opportunity of meeting the case that was ultimately decided by the magistrate, and as a result the decision was so fundamentally flawed that the decision could not be upheld.

KING J:

1. This is an appeal against the final orders of the Magistrates' Court made on 20 March 2006 whereby his Honour found Charge 16 proved, being a charge of failing to take reasonable care to ensure that all parts of its upstream network that it owns and operates are safe and operated safely pursuant to s75(b) of the *Electricity Safety Act 1998*, in which the respondent Michael Leahy was the informant and City Power Pty ACN 010 788 502 was the defendant. His Honour found the appellant guilty and fined it \$50,000 without conviction and ordered it to pay costs of \$4,186 on Charge 16.

Background

2. On 2 June 2003 electricity line workers were engaged by City Power Pty (hereafter the appellant) to reposition some aerial electricity cables at the corner of Swanston and Queensberry Streets, Carlton. A work order had been provided in relation to the work that the electricity line workers were to perform at that site. Mr Guy, an employee of the appellant company, and the supervisor of the project had issued the work order which read as follows:

"Step 1 Call Control Room 2978818

1. Swanston Street on Queensberry P84958 check open point and tag.
2. Swanston Street cr. Queensberry P81145 check open point and tag.
3. Queensberry cr. Swanston P81142 remove fuses from box on pole test tag and bond ABC circuit.
4. 922 Swanston issue PTW.

Restoration

Reverse steps 1-4

Restoration

Reverse steps 1-5

Work site Call Control Room 2978818 – always test and bond

Instruction Completed

Signed Return to control group when instructions completed."

3. The appellant employed a Mr Stock and a Mr Gardner to complete the task. They were issued with the work order as described, together with switching instructions and a plan and drawings of the cables site by the appellant company's supervisor. Mr Stock's evidence was that the instructions were to remove a piece of wire in between two poles to make it safe for workers on the construction site on the corner of the street. Mr Stock was the person who was supervising the physical work which was being performed by Mr Gardner.

4. During the disconnection phase Mr Stock determined that it would be better to not simply coil the disconnected wiring and make it isolated on the other electrical pole but to make a mixed band connection to other cable running along Swanston Street, such cable also belonging to the appellant company. Mr Stock rang the appellant company and spoke to Mr Guy and received confirmation to go ahead with the mixed band connection. Mr Gardner then completed the connection of that mixed band under Mr Stock's supervision. Mr Stock said that Mr Gardner was a competent experienced linesman and as a result he saw no need to inspect or check the completed work.

5. Despite the written direction to test contained within the work order issued by Mr Guy, neither Mr Gardner nor Mr Stock tested the connection in the manner required. Mr Gardner said in evidence that when he did the reconnection, it was to pole number 84965. He did that because in his view if he hadn't the street light would not have worked. Mr Gardner had disconnected a neutral which should have been connected to another neutral. Instead it was reconnected to two active phases. Mr Gardner agreed that it was standard practice to test, but that he did not test after the reconnection because it appeared to him to be OK. It was what could be described as a very basic mistake.

6. As a result of the incorrect connection a bus shelter located at the site was enlivened to 240 volts, a metal fence nearby was enlivened to 100 volts, a gantry was enlivened to 100 volts and the ground adjacent to the bus shelter was enlivened to 200 volts. As indicated neither Mr Stock nor his supervisor Mr Gardner did any testing to ensure that the site and connection was safe. Mr Stock relied upon the fact that he believed from all appearances that he correctly connected the cables and saw no need to test. Mr Gardner relied on the fact that Mr Stock was a competent and experienced linesman and it all appeared OK to him. On 2 July 2003 a worker at the site received an electric shock whilst working in a cage suspended from a crane when the cage touched the side sheds and another worker observed sparks passing between the gantry handrail and the column of the gantry. As a result the area was tested and the fault discovered.

Questions of law

7. The appeal was brought pursuant to s92(1) of the *Magistrates' Court Act* 1989. Section 92(1) of the *Magistrates' Court Act* 1989 reads as follows:

"(1) A party to a criminal proceeding (other than a committal proceeding) in the Court may appeal to the Supreme Court on a question of law, from a final order of the Court in that proceeding."

The questions of law before this Court are:

1. Did the learned Magistrate err in failing to have regard to the whole of the Act and specifically s44 in determining, for the purposes of identifying the rules of attribution applicable in the circumstances, whether the policy of the statute would be defeated?
2. Did the learned Magistrate err in finding that the policy of the statute would be defeated unless the Appellant was held responsible for the acts of servants or agents who were performing works under the direct supervision of the Appellant's employee?
3. Did the learned Magistrate err in finding that the servants or agents were under the direct supervision of the Appellant's employee, when there was no evidence in support of such finding?
4. Did the learned Magistrate err in finding that the acts of Guy ought to be regarded as the acts of the appellant for the purposes of determining attributed conduct?
 - (a) because the rules of attribution properly fashioned for the circumstances of the case did not permit such attribution; and/or
 - (b) because such a finding impermissibly re-cast the Respondent's case after the close of all evidence and to the prejudice of the Appellant?
5. Did the learned Magistrate err in finding that a reasonable employee in Guy's position would have:
 - (a) satisfied himself that the work had been tested by the work crew by obtaining an oral assurance of that fact at the completion of the work, and;

- (b) obtaining written confirmation of the matters in 5(a) at a latter time;
when there was no evidence of what a reasonable employee in Guy's position would have done?
6. Did the learned Magistrate err in finding that a reasonable power distribution company in the defendant's position would have:
- (a) satisfied itself that the work had been tested by the work crew by obtaining an oral assurance of that fact at the completion of the work, and;
- (b) obtaining written confirmation of matter in 5(a) at a latter time;
when there was no evidence of what a reasonable power distribution company in the defendant's position would have done?
7. Did the learned Magistrate err in making the finding in questions 5 and 6 herein in that they constitute an impermissible reformulation of the prosecution case?
8. Did the learned Magistrate err:
- (a) in finding that it was foreseeable that an expert sub-contractor would not comply with the written instructions to test;
- (b) in finding that it was foreseeable that an expert sub-contractor would not comply with the training and practices throughout the industry;
- (c) in finding that Guy failed to take every reasonable care in the absence of any evidence as to what a reasonable person in Guy's position would do?
9. Did the learned Magistrate err in law in failing to find that Count 16 was bad for duplicity and for that reason failing to dismiss the count?
10. Did the learned Magistrate err in finding that the use of the services of an expert sub-contractor by the appellant constituted an impermissible delegation of a non-delegable duty?
11. Did the learned Magistrate err in finding a case to answer in respect of Counts 1 and 16 when there was no evidence that any part of the appellant's upstream network was unsafe?
12. Did the learned magistrate err in finding that regulation 27.1 of the *Electricity Safety (Network Assets) Regulations* of 1999 applied in the circumstances?
13. Did the learned magistrate err in finding that the offence created by s75(b) of the Act was one of absolute liability?
14. Did the learned magistrate err in imposing a penalty that was manifestly excessive in all of the circumstances?

Argument

8. At the hearing, questions of law 1 and 2 were not sought to be argued by the appellant, nor question 4(a). The majority of the argument revolved around whether the magistrate had in fact determined the case on a basis that had not been argued by the respondent and accordingly not tested by the appellant, and whether the finding that His Honour made in respect of the non-actions of Mr Guy was open to him on the evidence. The disputed part of his Honour's findings at page 439 of the transcript of the proceedings are:

"Of all that evidence I make the following comments and finding. Firstly, Mr Stock was on site and he should have known or discovered that the re-connection would involve the public lighting system. That is, Gardner knew that fact and as Gardner's supervisor, Stock should have known that fact. Secondly, tests should have been conducted when the work was completed. The fact that street lighting was not active or operating at the time is not an excuse for not testing on completion, I find, because the evidence is that arrangements could have been made to have the street lighting turned on, albeit that that would have involved some inconvenience to the crew. Further, the evidence from the informant is that a neutral integrity test would have shown that the neutral was continuous. The informant said that that test measures the neutral and shows that it was continuous to the sub-station. The informant's evidence was that if testing by that system was available and used on the day of the works and the power was not on, the machine would give a warning and if the power was on it would show that there was no neutral. I note also that Gardner's evidence was that known testers would not enable the work to be tested without power but the evidence is that Mr Stock had a key to the sub-station in his truck and with some inconvenience the power to the street lighting could have been activated to enable the testing to take place. The fact that testing was not conducted was a failure on the part of Stock and Gardner to take reasonable care, I find. Further, I find that appropriate testing machinery should have been present with the crew to allow them to test the work upon completion, even without power. In relation to the defendant company supervisor I find that he should have been advised by the crew as to whether tests had been conducted when he was advised that the work was completed. The failure of the work crew to so advise Mr Guy was a failure by Stock to take reasonable care, I find. A reasonable supervisor being in a remote situation from the electrical work to be completed would, I find, firstly satisfy himself that the completed work had in fact been tested by the crew. In this case Mr Guy should have satisfied himself that the test had been conducted at the completion of the work by obtaining at least an oral assurance of that fact from Mr Stock and a written assurance at a later time if it was not available immediately. There was no evidence before me that any attempt was made by Mr Guy to discover whether or not the work done had in fact been tested upon its completion. That failure to seek assurances of testing

from the crew was, I find, on the part of Mr Guy, a failure to take reasonable care to ensure that the work completed was safe. I accept that the defendant company's written instructions to the crew was to test the work upon completion and that the testing procedure was part of the workmen's training. But s75 places the obligation squarely upon the defendant company to ensure that the work done was safely completed. In this instance with the defendant company supervisor not being on site the only way that could reasonably be done was by Mr Guy ensuring as far as possible that testing was done. That means in my opinion seeking at least an oral assurance from the work crew that the work had been tested and was complete and safe and written instructions at a later time. For those reasons I am satisfied beyond reasonable doubt that Mr Guy, the defendant company's supervisor failed to take reasonable care to ensure that the work done was safe and that that part of the upstream network in question operated safely upon its reconnection to the electricity supply."

9. Thus it can be seen that the factual basis upon which his Honour determined that the appellant was guilty of Charge 16 was that he was satisfied beyond reasonable doubt that Guy had not satisfied or attempted to satisfy himself as to whether or not the work had been tested upon its completion.

10. In relation to the facts as outlined above his Honour stated quite specifically, that there was no evidence before him that Mr Guy had sought any oral or written assurances from the subcontracted crew that the work had been tested. However, equally there was no evidence that he hadn't sought such assurances, there was simply no evidence on this issue whatsoever. The question was not asked of Mr Guy, Mr Gardiner or Mr Stock, each of whom were called by the respondent to give evidence before the Magistrate.

11. The manner in which the case was presented and argued by the respondent was such that it would not have been a relevant question. The respondent put its case on the basis that this was a case of absolute liability and that it was the actions of Mr Gardiner and Mr Stock in the performance of their duties on behalf of the appellant which made the appellant guilty of the breach. It was submitted to the learned Magistrate that it was part of a non delegable duty of the appellant to ensure that all tests were carried out and the upstream network was safe. It was not ever submitted to his Honour that it was the actions of Mr Guy, in failing to enquire, which was the breach of duty of the appellant. All arguments in the lengthy submissions put to his Honour were based upon the breach being the actions of Mr Gardiner and Mr Stock for which the company was vicariously liable.

12. It was submitted by the Respondent that the learned Magistrate having heard all of the evidence was in a position to draw the inference that no such enquiries were made of the contractors by Mr Guy. I disagree. An examination of the evidence presented, demonstrates only that no one turned their mind to this issue. The drawing of inferences as to what became a crucial fact is not an appropriate means of proof when the persons about whom the inferences are being drawn have been called to give evidence and not asked any questions about the subject.

13. This is a criminal prosecution, the law in respect of the onus or burden of proof in such a matter is trite. The burden of proving the guilt of the company lies with the prosecution and in this case does not alter. The Appellant was not required to prove that Mr Guy had made enquiries or sought reassurances that the safety tests had been conducted by the contractors, for that would shift the burden of proof to the Appellant. If this was part of the proof upon which the Respondent relied – a matter that appears to be a real issue – then the burden of proving that such inquiries were not made by Mr Guy falls upon the Respondent.

14. That this case was conducted by the prosecution in the manner indicated, that is on the basis of vicarious liability, is clear. An example of the submissions put on behalf of the respondent demonstrates this:^[1]

"What we say is that there is a non delegable duty, non delegable responsibility imposed by s75 for the defendant to meet the obligations under that section. Of course as a legal person, as distinct from a natural person, the defendant acts through agents who are either employees or contractors or whatever. So if in carrying out those activities through its employees or agents – in this case it would be an agent rather than an employee, it's a contractor, the employee of Electrix – then the defendant is responsible for the conduct of the person as if it did the work itself."

15. There was then discussion about the distinction between vicarious liability, absolute

liability and non delegable duty. His Honour made findings on those issues:^[2]

"I find that the offences as provided by s75(a) and (b) are offences of absolute liability. But having said that, the duty imposed by the section is 'to take reasonable care to ensure' that is, it follows that the prosecution must prove beyond reasonable doubt that the defendant company failed to take reasonable care to ensure in the instance of each charge, and in accordance with the particulars alleged in relation to each charge, that all parts of the upstream network which it operated were operated safely. But it is not the situation in this case in respect of these two charges as I see it that evidence simply that faulty electrical works were performed which resulted in a substantial electrical danger being created is sufficient to prove each charge against the defendant company."

16. In his findings his Honour made a determination in relation to the factual basis on which he intended to determine the two remaining charges (charges 1 and 16)^[3]:

"further in my opinion, in this case the acts or omissions (of) the company's supervisor, Mr Guy, ought be regarded as the acts or omissions of the defendant company. The evidence is that Mr Guy issued the contractors with written work orders, switching instructions and a plan of the site, that the variation to those works was confirmed with Guy before the mid-span connection was made, and because s75 places direct responsibility on the network operator to ensure the safety of the network, to give force and efficacy to the legislation it must be the case that company's supervisor was acting as the directing mind and will of the defendant company in respect of those works, because there was no other company employee supervising the works in question or directly responsible for those works."

17. Charge 1 was that the appellant company was a network operator which on or about 26 June 2003 at Carlton failed to take reasonable care to ensure that all parts of the upstream network that it operated were operated safely in accordance with regulation 23(1) of the *Electricity Safety Regulations*, pursuant to s75 (a) of the Act. The learned Magistrate found the appellant company not guilty.

18. Charge 16 related to essentially failing to test and inspect the work done before energising the asset, contrary to regulation 27(1) of the relevant regulations. The charge was laid pursuant to s75(b) of the Act.

19. Particulars of charge 16 were provided to the Appellant on three occasions with the final particulars reading:

On or about the 2 July 2003 the Defendant was a Network Operator as defined in s3 of the *Electricity Safety Act 1998* ("the Act")

On or about 26 June 2003 the Defendant engaged Electrix Pty. Ltd. (the contractor) to re-route aerial bundle cable ("ABC") on the north-east corner of Swanston and Queensberry Streets, Carlton in the State of Victoria to a temporary pole to be erected on a gantry platform ("the site"). The contractor also was to perform a low voltage shutdown and leave the low voltage ABC isolated. Low voltage is defined in Regulation 5 of the *Electricity Safety (Network Assets) Regulations 1999* ("the Regulations")

On or about 26 June 2003 the Defendant delivered to the contractor:

(a) Work Order D7930/NGZ 897 --- M (S) and

(b) LV Switching Instruction 31680 dated 25 June 2003 including LV drawings of the site.

At all material times the contractor was the servant and/or agent of the Defendant.

On or about 26 June 2003 employees and/or agents of the contractor disconnected electrical cables of the Defendant's up stream network between Pole No. 81142 and Pole No. 84965.

On or about 26 June 2003 employees and/or agents of the contractor connected two active electrical conductors of the defendant's upstream network to a pole junction box on Pole No. 84965 at the site. The junction box supplied electrical power from the Defendant's network asset to a bus shelter switchboard and public light located on Pole No. 84965 at the site.

In consequence of the connection of the two active conductors from different phases to a pole junction box:

(a) The metal surfaces of the bus shelter;

(b) a metal fence;

(c) the electrical earthing from the switchboard in the bus shelter;

(d) the gantry erected over the bus shelter; and

(e) the ground adjacent to the bus shelter to a point approximately 10 metres from the bus shelter – became unsafe as follows:

1) the bus shelter to 240 volts alternating current ("AC")

2) the fence 100 volts AC

3) the gantry 100 volts AC

4) the ground adjacent to the bus shelter 200 volts AC

at approximately 8.00 am on 2 July 2003

(a) Justin Woodyatt, a worker at the site received an electric shock whilst working in a cage suspended from a crane when the cage touched site sheds;

(b) Another worker, Ashley Knur, observed sparks passing between the gantry handrail and a column of the gantry.

At all relevant times the Defendant had a non-delegable duty to comply with the provisions of s75 of the Act.

The Defendant in consequence of the work carried out by the contractor on the network of the Defendant on or about 26 June 2003 had as at or about 2 July 2003 at the site contrary to Regulations 23(1) of the Regulations failed to provide earthing and protection system to isolate the bus shelter to avoid it being alive in that it connected two active rather than one active and one neutral conductor to the pole junction box on Pole No. 84965. This caused the MEN in the switchboard of the bus shelter to be connected to an active conductor and became ineffective.

Further as a result of the work there were two active conductors and consequently no fuse. This resulted in a failure by the Defendant to have a protection system.

The Defendant failed to comply with s75(b) of the Act in that:

(a) It failed to instruct the contractor that it had a double active conductor as part of the Defendant's ABC network at the site;

(b) It provided the LV drawing that did not identify the double active ABC conductor adequately or at all;

(c) It failed to have tested its ABC at the site to prove the conductors were safe and that a neutral conductor was present;

(d) It failed to identify that the bus shelter installations was supplied from the two conductors from different phases;

(e) The Defendant in consequence of the work carried out by its contractor on its network caused a bus shelter to become live to 240 volts;

(f) The Defendant in consequence of the work carried out by its contractor on its network caused a metal fence to become live to 100 volts;

(g) The Defendant in consequence of the work carried by its contractor on its network caused a metal gantry to become live to 100 volts;

(h) The Defendant in consequence of the work carried out by its contractor on its network caused surrounding ground adjacent to the bus shelter to become live to 200 volts –

and thereby failed to take reasonable care to ensure that all parts of the upstream network that it owns or operates was safe and/or operated safely.

20. The Respondent submitted that the statement that the Defendant had a non-delegable duty pursuant to s75 of the Act informed the Appellant sufficiently of the particularity upon which the learned Magistrate relied in concluding that the Appellant was guilty of charge 16, that being the failure of Mr Guy to make certain specific enquiries. I do not agree with that submission.

21. What must be remembered is that this is a criminal prosecution. The issue of a Judge dealing with a case in a manner which the prosecution have not argued, or developing arguments that the prosecution may have been able to put forth in relation to the evidence but did not do so, was considered in *R v Torney*^[4]. The court in that case determined that the matters discussed by his Honour were matters of comment and argument relating to the evidence and dismissed the appeal.

22. Starke J, who agreed with Crockett and O'Bryan JJ in dismissing the appeal, examined the issue of the 'comments' of the Judge during his charge in a different manner, and with the issue of whether the learned trial Judge had made comments or had put a case that the Crown had not articulated:^[5]

"What was objected to both below and before us was that without notice to the defence the judge made a case on behalf of the Crown which the Crown had not made and hence the appellant had no opportunity to reply to it."

His Honour continued and dealt with some of the individual comments or instructions and then stated^[6]:

"The way the Crown has put its case is an important consideration before a Court of Appeal (see for example *Darrington v McGauley* ^[7]). For all those reasons the approach is to be discouraged. I have been referred to no authority which requires the trial judge to put the Crown case in a way that arises on the evidence but a way that has not been put by the Crown. The position of course is different when a defence arises on the evidence which is not relied upon by the defence."

23. When a court deals with a criminal matter in a manner which has not been relied upon by the prosecution it affords the defence no opportunity to meet the charge, and that error must be considered so fundamental that it goes to the root of whether a proper trial, between the parties, has been conducted at all.^[8]

24. In *R v Pannozo, R v Iaria*^[9] a decision of the Court of Appeal in which the Court held that despite a strong Crown case, the manner in which the jury had been empanelled was such an irregularity and so fundamental that the proviso could have no application, they stated:

The High Court in *Wilde v R*^[10] considered the position where an irregularity has occurred which is such a departure from the essential requirements of the law that it went to the root of the proceedings and held that:

"If that has occurred, then it can be said, without considering the effect of the irregularity upon the jury's verdict, that the accused has not had a proper trial and that there has been a substantial miscarriage of justice."

25. The system of justice under which the criminal courts of this state operate is an adversarial system, one in which the Prosecution bear the onus and burden of proof. The case that was presented by the Prosecution and contested by the Appellant was, in my view, one in which the Prosecution argued that it was the actions and behaviour of the contractors, alone, which had caused the failure of the upstream supply, and that the appellant was vicariously liable for their actions. At no stage was the case presented on the basis that it was the failure of a member of the company to enquire whether the work had been tested by those contractors that was the basis of the liability of the Appellant. The transcript of the hearing makes that abundantly clear. The learned Magistrate in his findings engaged in an impermissible reformulation of the prosecution case and the case that the Magistrate found proved was not one in which issue had been joined by the Prosecution and the Defence during the hearing.

26. It is accordingly, my view that the appellant was denied the opportunity of meeting the case that ultimately was decided by the learned Magistrate. Whether the appellant would have been able to meet that case is not for this court to speculate. The opportunity denied to him of being informed, prior to the trial or even during the final submissions of the manner in which this would ultimately be decided by the Court, made the hearing so fundamentally flawed that the decision of the Magistrate cannot be upheld .

27. Equally the lack of evidence upon which the learned Magistrate relied and the reversal of the onus of proof as indicated earlier further constituted such a defect in the hearing that the decision could not be upheld

28. As to the other issues raised in the grounds of appeal it is unnecessary to determine those at this time.

^[1] Transcript of proceedings 28 October 2005 page 405.

^[2] Transcript of proceedings 22 December 2005 page 430.

^[3] Transcript of proceedings 22 December 2005 page 426.

^[4] (1983) 8 A Crim R 437.

^[5] at 438.

^[6] at 439.

^[7] [1980] VicRp 36; [1980] VR 353; (1979) 1 A Crim R 124.

^[8] *R v Minh Tien Nguyen* [2006] VSCA 293.

^[9] [2003] VSCA 184; (2003) 8 VR 548; (2003) 142 A Crim R 544.

^[10] [1988] HCA 6; (1988) 164 CLR 365; 76 ALR 570; 31 A Crim R 331; 62 ALJR 100.

APPEARANCES: For the appellant Citipower Pty: Mr R Ray QC with Mr R Taylor, counsel. Landers and Rogers, solicitors. For the respondent Leahy: Mr G Uren QC with Mr M Scarfo, counsel. Energy Safe Victoria, solicitors.