



# Annual Report

## 2024





Image credit: Mynt Media

*Welcome to Country smoking ceremony conducted by Malcolm Hoye from the Wurundjeri Woi Wurrung at the launch of the Melbourne Renewable Energy Hub – one of the world's biggest battery projects and the SEC's first investment.*

## Acknowledgement of Country

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and their deep spiritual connection to it.

We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the twenty-first century and beyond.

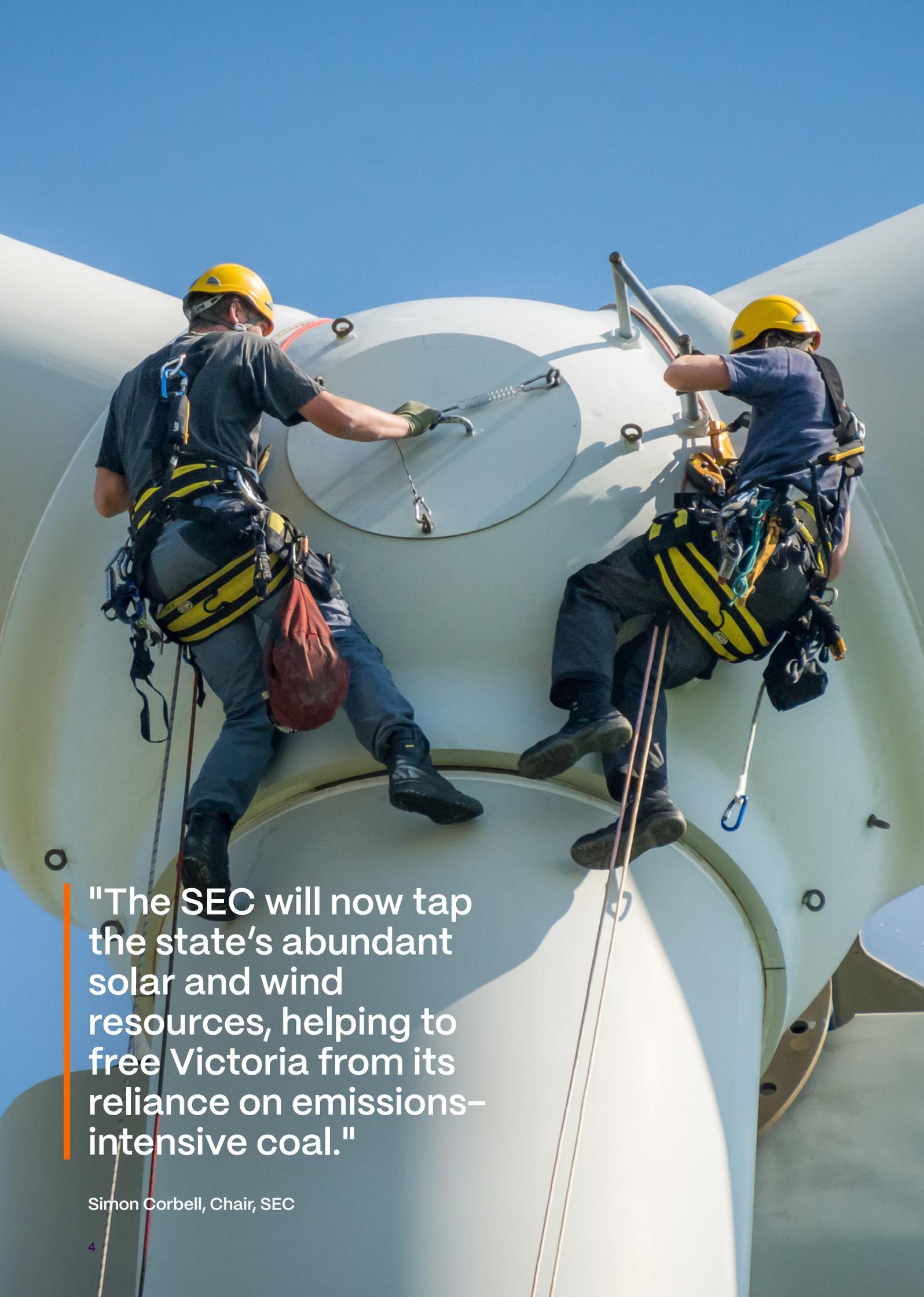
## Our partnership with First Peoples

We are committed to Aboriginal self-determination and have been working with Traditional Owner Corporations to develop a set of principles to guide our operations and relationship with Victoria's First Peoples. The five guiding principles are:

- recognising, prioritising, and embedding the unique knowledge and wisdom of Traditional Owners, which includes caring for and speaking for Country
- establishing a renewed relationship with First Peoples in Victoria to ensure that First Peoples can share in the benefits of Victoria's renewable energy transformation
- empowering Traditional Owners and Victorian Aboriginal communities to identify their evolving aspirations and determine their relationship with the SEC
- embedding governance principles, policies, and processes to ensure the collective support and decision-making of First Peoples
- ensuring Victoria's energy transition preserves, restores, and strengthens the rights of Traditional Owners and does not diminish the rights that have been secured to date.

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"The SEC will now tap the state's abundant solar and wind resources, helping to free Victoria from its reliance on emissions-intensive coal."

Simon Corbell, Chair, SEC

# Message from the Chair

Victoria is undergoing a once-in-a-generation energy transformation, and the new SEC is working to be at the forefront of this change for the Victorian community.



A handwritten signature in black ink, appearing to read 'Simon Corbell'. The signature is fluid and cursive, with a small flourish at the end.

**Simon Corbell**  
Chair, SEC

The original SEC was established more than a century ago to tap brown coal resources and free Victoria from its reliance on imported fuel. It achieved this by adopting bold technological advancements that shored up Victoria's electricity supply and, as a result, underpinned decades of economic growth for the state under public ownership.

The SEC will now tap the state's abundant solar and wind resources, helping to free Victoria from its reliance on emissions-intensive coal. Our goal is to accelerate the delivery of renewable energy and storage where the private market is not investing at the scale and pace Victoria needs for a smooth transition.

The Board, appointed by the government in April 2024, is committed to working alongside the private sector as we make this transition. We are passionate about ensuring the SEC makes a significant and positive difference in delivering renewable, affordable, reliable energy for all Victorians.

In Victoria, modelling shows 25 gigawatts (GW) of new renewable energy and storage capacity needs to be built by 2035 if the state is to achieve its emissions reduction targets.

The SEC will contribute 4.5GW to this task by investing in new renewable energy generation and storage assets. Our approach will deliver the benefits of public ownership of electricity generation and storage back into the hands of Victorians, with returns reinvested in more renewable projects and jobs.

Increasing renewable electricity and storage in the market also puts downward pressure on wholesale power prices, helping with energy affordability and delivering benefits for all Victorians.

We know we have a big task ahead. Alongside the investment challenges, the process for households to go all-electric requires simplification, and a coordinated approach to developing the energy workforce of the future is needed. The Board will continue to bring a strong focus on the needs of consumers and workforce in the year ahead.

The SEC's first project, the Melbourne Renewable Energy Hub (MREH), is now well under construction. The MREH will be one of the world's biggest batteries. Our \$245 million investment with our partner, Equis, secured the Hub's delivery – enabling construction to begin immediately and supporting one of its battery components to double in size.

The SEC will announce more projects in the coming year, as well as further activities to help households reduce their bills and switch to an all-electric future.

We are committed to delivering on the benefits of strategic public ownership in the energy sector for all Victorians, and to helping deliver an equitable and accessible energy transformation everyone can benefit from.

# Message from the CEO

It has been a privilege to re-establish the SEC and lead a team that is hard at work accelerating Victoria's energy transition and delivering the benefits of public ownership to Victorians.



**Chris Miller**  
CEO, SEC

One of our highlights over the past year was the release of our Strategic Plan in October 2023. The plan, developed with input and advice from a highly credentialled advisory panel, outlines our three key pillars of work:

1. investing in renewable energy generation and storage
2. supporting households to switch to electric
3. developing the renewable energy workforce the transition requires.

We are progressing well in delivering against this plan, while establishing our operating model, workforce and governance frameworks to ensure we are set up for long-term success.

As a proprietary company, the SEC has been designed to bring together the best of public and private sector models. We operate as a commercial business, targeting sustainable returns, while also ensuring that our activities enable the market and deliver broader benefits to the Victorian public.

Our first project, MREH, is a great example of our plan in action. As one of the world's biggest batteries, the MREH will have enough storage capacity to power around 200,000 homes during peak evening times. Importantly, its location will unlock the development of new projects across Victoria's renewable energy zones.

The project will help us service our foundational customer, the Victorian Government, and in turn support Government to meet its commitment to using 100 per cent renewable electricity across its operations, facilities and services by 2025. We will source renewable energy and firming services from our own generation and storage projects, as well as from the Victorian Renewable Energy Target (VRET) projects and the Bulgana Green Power Hub, which the SEC will take on from 2025.

In addition to our investment activities, we kicked off a pilot to understand how the SEC can best support consumers to make the switch from gas to all-electric. The pilot tests some simple and practical tools to help Victorians understand their home energy use, the benefits of going electric, and how to make the switch.

Our work to develop the SEC Centre of Training Excellence (COTE) with the Department of Jobs, Skills, Industry and Regions (DJSIR) is progressing well. The SEC has also been engaging with thousands of school students to help them imagine careers in renewable energy and find the right training pathways to get there.

Accelerating the energy transition will require system-wide and economy-wide collaboration, and require partnership between government, the private sector and Victorian households.

Together with our talented and committed team, I look forward to continuing the momentum SEC achieved across our first reporting period.

# Report of operations

## Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present SEC Victoria Pty Ltd's Annual Report for the period from incorporation on 25 October 2023 to 30 June 2024.



Simon Corbell  
Chair  
SEC Victoria Pty Ltd

30 August 2024

# About us

The SEC is working together to deliver renewable, affordable, reliable energy for all Victorians.

We are a government-owned renewable energy company, focused on:

- investing in renewable energy and storage projects that accelerate the transition and deliver sustainable returns
- supporting households to go all electric to reduce their energy bills
- building the renewable energy workforce our energy transition requires.

We are partnering with industry to transform the energy sector, driving further innovation and investments in renewables. This includes an initial \$1 billion towards delivering 4.5GW of new renewable energy and storage projects.

We are helping Victorian households to reduce their energy bills and emissions by introducing more renewable energy to the grid and offering simple and practical solutions to help them switch to electric.

The energy transition will create thousands of jobs. We are helping address the need for new skills in solar, wind, storage, small-scale energy solutions and emerging technologies. We are working with schools, TAFEs, and other educational institutions to support the development of training and skills to build the renewable energy workforce of the future.

Our work will help build a more reliable, affordable, renewable energy future and ensure Victorians can access the benefits of the transition.

## Our guiding principles

Our activities are underpinned by three guiding principles:



### Public purpose

Provide broader benefits to the Victorian community and consumers, including:

- improving energy affordability and reliability
- reestablishing public ownership and control of a portfolio of strategic energy assets, with profits reinvested into the SEC for public benefit
- creating local jobs and maximising local capability
- supporting underserved and vulnerable customer cohorts
- building relationships with Victoria's First Peoples, ensuring we recognise the rights and authority of Traditional Owners.



### Market enablement

Operate in a way that accelerates the energy transition, by:

- bringing capital to the transition task, additional to that which would otherwise be delivered
- maintaining private investor confidence in the Victorian energy market
- catalysing private sector investment
- supporting the development of a workforce equipped with the required skills
- sharing lessons learned where appropriate.



### Sustainable financial returns

Earn a financial return across the portfolio that:

- meets the requirements of public non-financial corporation status
- enables us to generate cash flow to cover our operating costs within an acceptable timeframe
- meets risk-adjusted target rates of return, enabling us to reinvest returns in more renewables and storage on behalf of the Victorian people.

# Our strategy at a glance

## OUR PURPOSE

Working together for renewable, affordable, reliable energy for all Victorians.

## OUR VISION

Accelerate Victoria's transition to an affordable, reliable, equitable and zero-emissions electricity system that enables decarbonisation across the economy, in partnership with Traditional Owners, the private sector and in coordination with government initiatives.

## OUR STRATEGIC PILLARS



### Invest to accelerate the energy transition

Invest in new renewable energy and storage projects that accelerate the transition and help deliver affordable, reliable energy for Victorians, while achieving sustainable financial returns.



### Support the switch to all-electric households

Supply Victorians with simple and effective solutions that help them to reduce their energy costs and emissions, starting with the electrification of their homes.



### Build a renewable energy workforce

Support the attraction, training and retention of a skilled renewable energy workforce, including through the SEC Centre of Training Excellence.

## OUR VALUES

### Uniting

We'll accelerate an orderly energy transition, bringing together Traditional Owners, investors, public and private sectors, and all Victorians.

### Nimble

We'll be open-minded, pragmatic and value agility in our partnerships, investments and operations.

### Fair

We'll share openly and honestly, earning the trust and support of our partners and the community, and ensuring equity and integrity in what and how we deliver for Victorians.

# Our governance

The SEC is a state-owned renewable energy company registered as SEC Victoria Pty Ltd. It is led by an executive team with an independent board of directors to oversee ongoing business operations and delivery of our strategy.

The Company was incorporated under the *Corporations Act 2001* (Cth) on 25 October 2023 and declared a state owned company under the *State Owned Enterprises Act 1992* (Vic) on 14 November 2023.

As a state-owned company, the SEC is subject to the *Financial Management Act 1994* and the *Public Administration Act 2004*. It is also required to comply with the legislative framework that governs state-owned companies in Victoria.

The Premier and Treasurer of Victoria are the SEC's shareholders on behalf of the State of Victoria. The Minister for the State Electricity Commission has portfolio responsibility for the SEC.

A board of directors oversees the company's ongoing operations and the delivery of its strategic plan, while day-to-day management is the responsibility of its CEO, executives and management.

The company constitution governs the relationship between the SEC Board, the shareholding ministers, and the Minister for the State Electricity Commission.

## Board committees

### Audit and Risk Committee

Key responsibilities of the Audit and Risk Committee include review of the annual report and financial information, assist in reviewing the effectiveness of internal control environment and oversee the effective operation of the risk management framework.

All Board members are also independent members of the Audit and Risk Committee. Joycelyn Morton is the Chair.

### Investment and Assets Committee

The SEC Investment and Assets Committee assists the Board to fulfil its responsibilities in decision making and oversight of the renewable energy investment, asset development and asset delivery activities of the SEC.

The committee provides an additional level of assurance through detailed and robust evaluation of proposed investments, ongoing review of energy infrastructure projects, and consideration of significant investment transactions.

All Board members are also independent members of the Investment and Assets Committee. Simon Corbell is the Chair.

# Our Board

The SEC Board brings a wealth of experience in energy, resources, finance, asset management and investment to the company. The members are (as at 30 June 2024):



**Simon Corbell**  
Non-Executive Director and  
Board Chair



**Joycelyn Morton**  
Non-Executive Director



**Anna Skarbek**  
Non-Executive Director



**Jo Benvenuti**  
Non-Executive Director



**Damien Barnes**  
Non-Executive Director

More information and Board member biographies can be found at: [www.secvictoria.com.au/about/governance](http://www.secvictoria.com.au/about/governance).

We have worked with the First Peoples' Assembly of Victoria to agree a process for the nomination of a First Nations' person for appointment to a reserved seat on the SEC Board.

# Our strategy

As a government-owned renewable energy company, the SEC is guided by its enduring purpose of working together to deliver renewable, affordable, reliable energy for all Victorians.

## Our strategy focuses on three areas:

- investing in renewable energy generation and storage projects
- supporting households to switch to electric
- developing the renewable energy workforce the transition requires.



"As a proprietary company, the SEC has been designed to bring together the best of public and private sector models."

Chris Miller, CEO, SEC





# Investments

Investing in Victoria's renewable energy future

By 2035, Victoria is forecast to need 25GW of new renewable energy and storage capacity, 4.5GW of which is expected to be met through SEC projects. These ambitious renewables targets require a collaborative approach across public and private sectors.



As an active participant in the energy market, the SEC experiences a broad range of factors that affect its operating environment and investment decisions. These include strategic, policy, regulatory and economic settings, changing market needs and changing technology, community sentiment, supply chain availability, and financial markets. These can affect market and investor confidence, our portfolio mix, and revenue streams, and the speed, cost, and financial performance of SEC investments.

While there is a substantial need for firmed renewable energy and storage, uncertainties remain around future market design settings, the impact of federal government subsidy programs, the speed of the transition, transmission capacity, solar curtailment, the cost of debt and rising cost pressures in the supply chain.

This creates an opportunity and imperative for SEC investment to support an orderly energy transition.

We are partnering with industry to unlock additional renewable energy development.

Our focus is on building a pipeline of assets to support and accelerate the transition. We work closely with the private sector and partner with those that share our commitments to investing in Victoria, decarbonising our electricity system, and creating jobs for Victorians.

By partnering with industry, we expect to contribute around 4.5GW of new capacity, which is approximately 20 per cent of the total new generation and storage capacity Victoria is expected to require by 2035. This includes distributed solar and batteries as well as all committed, and future utility-scale projects.

All SEC investments will contribute to our purpose – to deliver renewable, affordable, reliable energy for all Victorians – and will be assessed against criteria that deliver value for Victorians, while ensuring our energy market remains attractive to private investors.

We can leverage our higher appetite for market risk by investing in and underwriting offtake from renewable energy generation and storage projects to build our portfolio and accelerate the transition in Victoria.

Consistent with the SEC Strategic Plan 2023–2035, we strongly favour actions that support Victoria’s renewable energy transition.

We will support the Victorian Government’s commitment to using renewable electricity in its operations, facilities, and services in 2025 and will extend the offering to commercial and industrial customers as we grow our portfolio.

We are developing a comprehensive market strategy, underpinned by energy trading and risk management technology, people, policies and processes to support this.

## Progress against our objectives:

The VRET auctions (VRET1 and VRET2) and the Bulgana Green Power Hub were designed to help the Victorian Government to meet its renewable energy targets by providing long-term contracts that create investment certainty to build new energy generation projects.

We will use these sources of renewable generation, together with new generation and storage investments, to deliver firmed renewable electricity to the Victorian Government.

## Melbourne Renewable Energy Hub

In November 2023, we announced our first equity investment of \$245 million in one of the world’s biggest battery projects, the MREH, in partnership with Equis.

Financing and construction of the 600-megawatt (MW) battery storage has progressed as planned, and the MREH is on track to begin operations during 2025.

The project was chosen following an extensive market search, which helped us build a pipeline of opportunities for public ownership.

We received more than 100 registrations of interest for the pioneer investment with a total combined market capacity of 24GW of generation and 30GW of storage capacity.

We are actively exploring further public ownership opportunities identified through the pioneer investment market search. The SEC is considering:

- various equity stakes, with a minimum of 30% and a preference for higher minority stakes up to 50%, or majority stakes above 51%, with the goal of reaching 51% ownership across the portfolio
- whether the SEC’s investment contributes additionality, for example by accelerating an existing project or increasing its size, such as storage duration or output capacity
- offtake and other contracting structures that allow our projects to support our strategic objectives and the government’s commitment to 100% renewable electricity in 2025.



## CASE STUDY: Melbourne Renewable Energy Hub

The SEC is investing \$245 million to co-develop the MREH near Melton, in partnership with Equis.

This is the first investment from SEC’s initial \$1 billion towards building 4.5GW of new renewable energy and storage projects – helping to accelerate the energy transition and bring down the cost of energy.

The batteries will total 600MW in capacity and are being developed in partnership with renewable energy investor Equis. Tesla will supply the batteries and the Samsung-Genus joint venture will supply and install the remaining components of the storage system.

The MREH is uniquely positioned at the confluence of several of Victoria’s critical transmission routes to the Melbourne metropolitan load. It is also the only battery energy storage system (BESS) in Victoria capable of supporting three Victorian Renewable Energy Zones (REZs), including the Murray River, Western Victoria and South Victoria REZs.

Once complete the batteries will deliver 1.6 gigawatt hours (GWh) of energy storage. Their construction is expected to create 155 new jobs, including up to 14 apprenticeships and cadets.

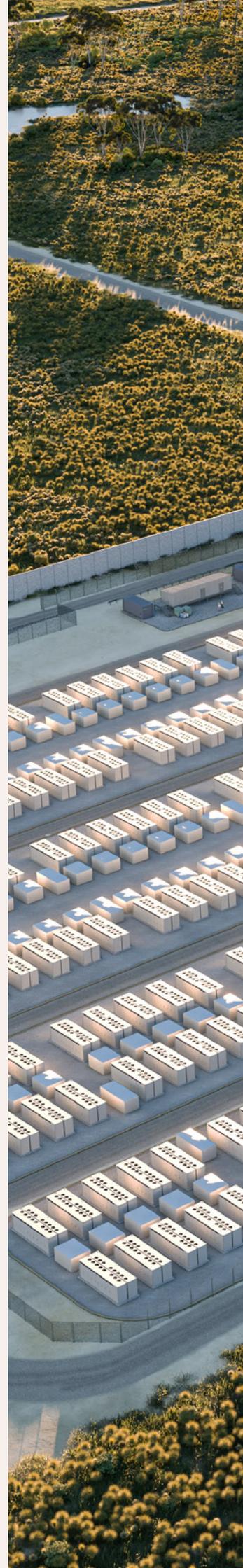
The facility brings online critical storage for Victoria’s electricity grid and will support the development of projects across Victoria’s renewable energy zones.

SEC’s investment is pivotal to the delivery of the project, enabling construction to begin and for one of the project’s three big batteries to be upscaled from two to four hours storage.

The co-owned MREH is critical to meeting Victoria’s demand for storage. It alone represents 0.6GW of the government’s target of at least 2.6GW of energy storage capacity by 2030 (and at least 6.3GW by 2035).

It will also help firm up energy generated by SEC’s wind and solar projects, including the VRET and Bulgana contracts.

All SEC projects must contribute to our purpose to deliver renewable, affordable, reliable energy for all Victorians.







# Households

Helping households to go all-electric

Electric homes are cheaper to run, healthier to live in and better for the planet. Yet, with around 80 per cent of households connected to gas, Victorians use more gas at home than any Australian state.



Switching heating, hot water and other appliances from gas to electric will help reduce energy bills and emissions. In fact, modelling shows that whole home electrification can lower the average detached house energy bills significantly (around 32 per cent, or \$1,400 a year, by switching to all-electric, or around 62 per cent – more than \$2,700 a year – by adding solar).

The SEC is ensuring more Victorians benefit from the renewable energy transition by supporting households to go electric. We're helping Victorian households to reduce their energy bills and emissions by offering simple and practical solutions to help them switch to electric and improve their understanding of the support available to make the switch.

We're creating simple and affordable products and services that unlock financial and environmental benefits, developing products and services that accelerate the switch to all-electric homes and fill market gaps.

### We are working to address challenges such as:

- long lead times and price volatility affecting supply chains
- lack of education and training to support tradespeople, installers, and other industry practitioners
- limited trust in, and awareness and understanding of, the information, services and technologies available or the longer-term financial benefits.

## Progress against our objectives:

### Electric home planner

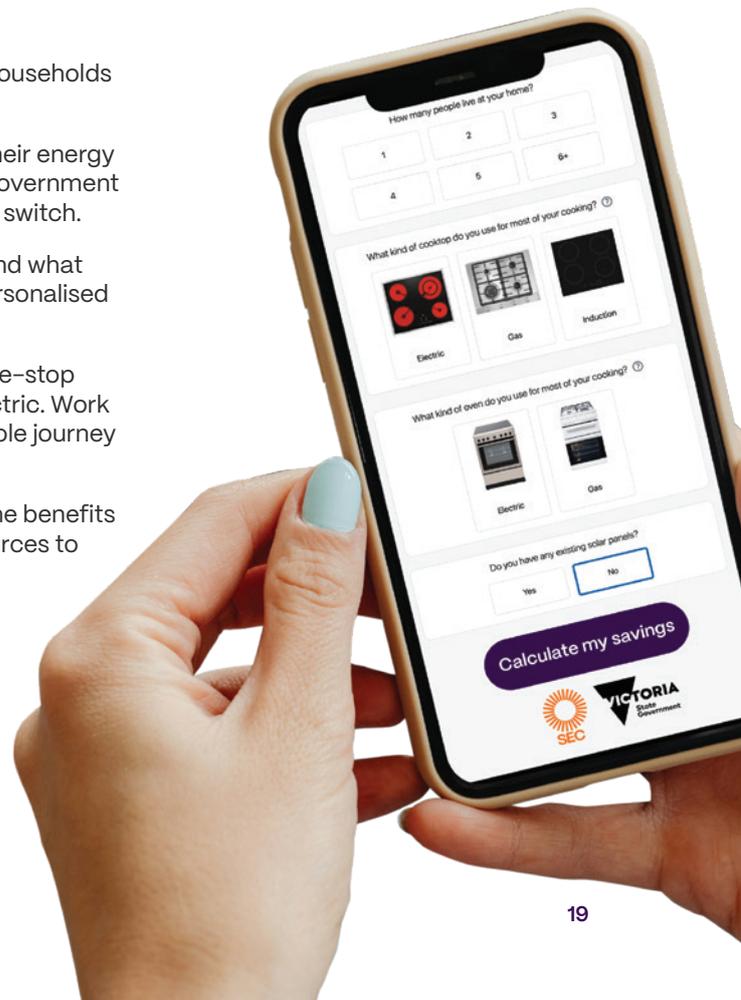
In June 2024, the SEC began testing a new digital planner for households that will take the guesswork out of switching to electric.

The platform creates a personalised plan for users to reduce their energy bills and get the best value for money by calculating relevant government rebates, return on investment, and emissions reduction as they switch.

It uses simple information about a household's energy usage and what systems and appliances they currently have, to provide this personalised plan.

The planner is the first step in developing a full-service SEC one-stop shop that will help Victorians cut their energy bills by going electric. Work is also well underway to explore how the SEC can make the whole journey seamless – from planning through to installation.

A campaign to educate and engage Victorian households on the benefits of electric homes, including how they can access trusted resources to support their energy decisions, is also underway.





# Workforce

Building the workforce of the future

Achieving the Victorian Government's 95 per cent renewable energy target by 2035 requires a massive increase in renewable energy and storage capacity and the skilled workforce to support it.



Building and operating the energy assets Victoria needs is expected to create more than 59,000 jobs, including 6,000 traineeships and apprenticeships.

We are partnering with industry to work with schools, TAFEs, and universities as well as government and Traditional Owners to find the opportunities and address the challenges so we can build the workforce we need.

We will support the attraction, training, and retention of a skilled renewable energy workforce.

## Progress against our objectives:

### The SEC Centre of Training Excellence

The SEC COTE will work with TAFEs, registered training providers, universities, schools, industry and unions to ensure the delivery of high-quality training to support the renewable energy sector.

The SEC COTE will aim to attract and train the workforce needed to support the renewable energy transition and deliver SEC projects. Subject to the business case, the SEC expects to play a role in:

- student engagement, helping students to learn about renewable energy jobs and pathways into them, including by attending career nights and events.
- earn-and-learn programs, providing opportunities for early-career workers to enter the renewable energy sector and build practical work-ready skills, including supporting apprentices and trainees
- industry-aligned training, supporting quality training across Victoria including by delivering top-up training, designing new courses, and exploring innovative approaches, including upskilling VET teachers.

The focus and activities of the SEC COTE will align with the SEC's strategic purpose, priorities, and values. It will leverage the SEC's strength as a state-owned company and build on government investments and capabilities, including the public TAFE system.

We are working with the DJSIR to develop a detailed business and investment case in anticipation of implementation of the SEC COTE commencing from 2025.

### Engaging with schools to build a workforce

We are working to build awareness, interest, and pathways in renewable energy jobs for Victorians of all ages.

We have reached thousands of high school students by attending 10 school career nights and events with a total 24,000 attendees. More than 2,600 students engaged with us and came away with an understanding of renewable energy, as well as the types of jobs available in the sector where they can make a difference.

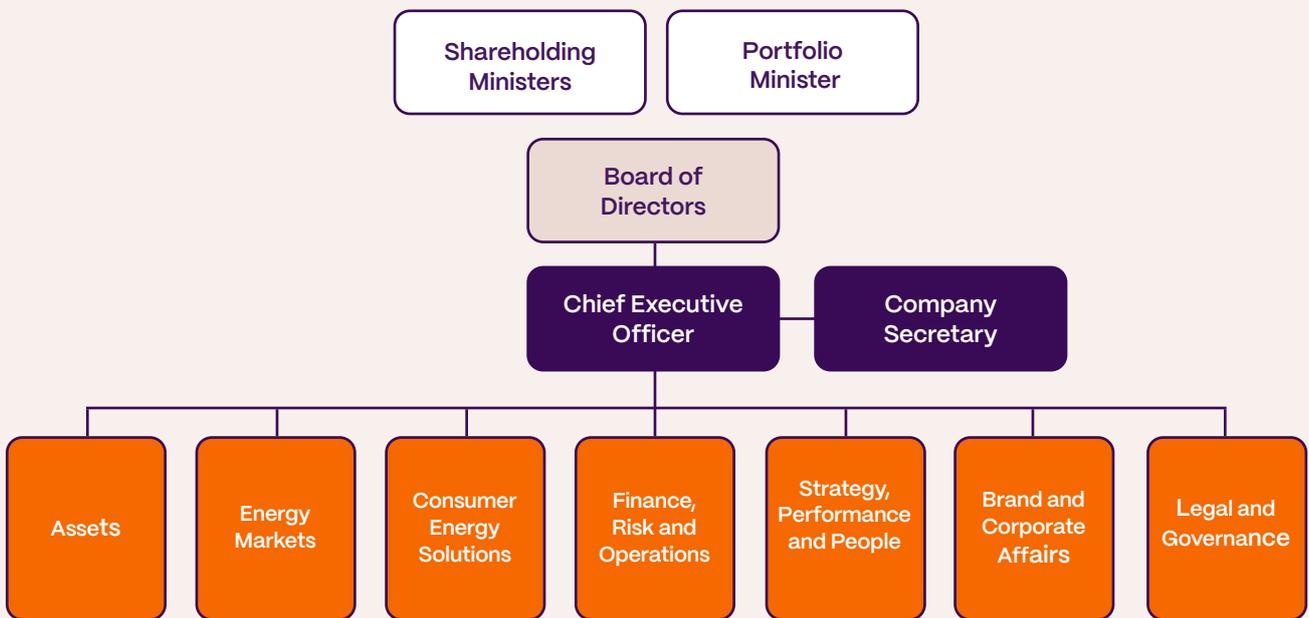
We used interactive activities to bring science to life and build awareness and enthusiasm for STEM and vocational pathways, with a particular emphasis on increasing participation by women and girls.

We will continue to attend career nights and events, while also exploring other immersive programs to reach students in schools.

We are working with education providers, including Tech Schools, to amplify messages on the importance of renewable energy and promote VET and regional pathways.

# Our operations

Since the SEC was established in October 2023, we have focused on building the capabilities, policies, processes, and systems to operate as a self-sufficient company that delivers on our strategic plan. This includes hiring the right talent, acquiring licences to operate in the energy market, implementing specialised energy and corporate systems, and driving the organisation’s performance and culture.



## The SEC has seven key functions to support the delivery of our strategy:

### Assets

Responsible for delivering projects across the lifecycle from early-stage identification and development of opportunities to near-term investment opportunities, which are in line with the SEC's strategy. Its role is to identify, select, develop and deliver the best value projects measured across the SEC's three guiding principles and deliver appropriately structured investments.

### Energy Markets

Responsible for managing the SEC's position in the energy market by pricing and managing offtake agreements, managing the trading position of SEC's own generation and storage assets, creating and trading financial products, and serving SEC's customers, including the Victorian Government and commercial and industrial businesses. Its role includes producing energy-market analytics to understand markets and customers, managing the SEC's demand and supply strategy, trading electricity and environmental products, and ensuring the SEC provides a great customer experience.

### Consumer Energy Solutions

Responsible for designing, developing, testing, scaling, and eventually managing the operation of user-centric consumer energy products and services. Through agile product ownership and development, it is responsible for transforming the inputs of multi-disciplinary specialist teams to innovate and iterate on products and services that meet customer needs rapidly.

### Finance, Risk and Operations

Responsible for ensuring the efficient and effective execution of enabling functions across the SEC. Its role involves providing finance, risk and compliance, procurement, and technology services to the organisation. It plays a key role in implementing policies, systems, and processes to enable the SEC.

### Strategy, Performance and People

Responsible for the organisation-wide strategic plan and priority projects, driving delivery across the organisation, and ensuring critical government stakeholders are updated on and remain aligned with SEC's progress. It also leads SEC's work on the Centre of Training Excellence and student engagement. Additional responsibilities include delivering end-to-end people and culture support and managing SEC's relationship with First Peoples to further self-determination objectives.

### Brand and Corporate Affairs

Responsible for developing the SEC's brand and communicating the organisation's activities to a wide range of stakeholders. The function provides impactful and timely public information to support the SEC's work in accelerating Victoria's energy transition through its investments, helping households go electric and engaging the future workforce.

### Legal and Governance

Responsible for supporting the SEC with all legal advice and managing board-related governance processes. It provides legal support across all parts of the organisation, from developing contracts to providing critical legal advice to enable business activities. It also advises on the SEC's company structure and governance arrangements.

# Our people

The SEC is committed to applying merit and equity principles when appointing staff. The selection processes ensure applicants are assessed and evaluated fairly and equitably based on the key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data collections. All jobs advertised have the option of being based in Melbourne or Morwell.

The following table discloses the head count of all active employees in the last full pay period in June 2024:

By level	Headcount	FTE
Executive*	8	7.9
Non-executive	37	36.8
	<b>45</b>	<b>44.7</b>
By work location		
Melbourne	44	
Morwell	1	
By gender		
Female	30	
Male	15	
Undisclosed	-	

\* For the purposes of this disclosure, executives are those employees who report directly to the CEO.

## Occupational health and safety

There have been no hazards, near misses, incidents or injuries reported by staff during the period.

## Financial management compliance attestation statement

I, Christopher Francis Miller, on behalf of SEC Victoria Pty Ltd, certify that SEC Victoria Pty Ltd has no Material Compliance Deficiency with respect to the applicable Standing Directions made under the *Financial Management Act 1994* and Instructions. This attestation is for compliance as at 30 June 2024 and not the whole financial reporting period, per temporary exemption granted by the Assistant Treasurer on 2 June 2024 under section 8(1) of the *Financial Management Act 1994*.



Chris Miller  
CEO, SEC



**"Accelerating the energy transition will require system-wide and economy-wide collaboration, and require partnership between government, the private sector and Victorian households."**

Chris Miller, CEO, SEC

# Directors' report

The directors present their report on the consolidated entity consisting of SEC Victoria Pty Ltd (the Company) and the entities it controlled at the end of the period from incorporation on 25 October 2023 to 30 June 2024. Throughout the report, the consolidated entity is referred to as the SEC or the Group.

## Directors

The directors at any time during the reporting period and up to the date of this report were:

Name	From	To
Elizabeth Molyneux*	25 October 2023	30 June 2024
Paul Donegan	25 October 2023	30 June 2024
Carolyn Jackson	25 October 2023	30 April 2024
Jason Loos	25 October 2023	30 April 2024
Simon Corbell (Chair)	1 May 2024	Current
Damien Barnes	1 May 2024	Current
Joanne Benvenuti	1 May 2024	Current
Joycelyn Morton	1 May 2024	Current
Anna Skarbek	1 May 2024	Current

\*From 25 October 2023 to 1 May 2024 Elizabeth Molyneux was Board Chair, replaced by Simon Corbell upon his appointment.

## Company secretary

The Company Secretary for the Company at any time during the reporting period was Mr Sam Gifford (current).

## Directors' meetings

Name	Board		Audit and Risk Committee*		Investment and Assets Committee*	
	Attended	Held	Attended	Held	Attended	Held
Elizabeth Molyneux	7	8	-	-	-	-
Paul Donegan	6	8	-	-	-	-
Carolyn Jackson	4	5	-	-	-	-
Jason Loos	5	5	-	-	-	-
Simon Corbell (Chair)	3	3	1	1	1	1
Damien Barnes	3	3	1	1	1	1
Joanne Benvenuti	3	3	1	1	1	1
Joycelyn Morton	3	3	1	1	1	1
Anna Skarbek	3	3	1	1	1	1

\* The sub-committees were established after 30 April 2024. Joycelyn Morton is the Chair of the Audit and Risk Committee. Simon Corbell is the Chair of the Investments and Assets Committee.

## Principal activities

The principal activity of the Group during the period was establishment of operations and the investment in renewable energy projects.

## Financial and operational performance

Since its inception, funding has been provided to the Company to establish its operations, including hiring skilled staff, implementing operating systems, and starting investment activities.

The table below represents summary figures in the comprehensive income statement and statement of financial position as presented in the full financial statements of this Annual Report.

The Group recorded a total comprehensive income of \$3.1 million for the reporting period, from 25 October 2023 to 30 June 2024. Given the SEC was being established during the reporting period, these results are not indicative of the future performance of the business.

Approved funding contributions of \$336 million for the reporting period were received from the state government, allowing the SEC to commit to its pioneer investment in the MREH and make contributions of \$73.1 million towards this investment by 30 June 2024.

Summary of financial results	2024 \$'000
Income	3,532
Operating expenses	(6,125)
Net gain on financial instruments at fair value	13,830
Share of net loss and other comprehensive income of joint ventures accounted for using the equity method	(8,182)
<b>Total comprehensive income</b>	<b>3,055</b>
Total assets	343,084
Total liabilities	4,029
<b>Net assets</b>	<b>339,055</b>

## Climate-related risk disclosure statement

Management considers that climate change and the associated energy transition has both risks and opportunities for the SEC. In preparing for the forthcoming mandatory climate-related financial disclosures, appropriate governance arrangements, capability and data requirements are being considered with a view to having a more progressed assessment available for reporting next year.

## Subsequent events occurring after the Balance Sheet date

On 12 August 2024:

- Christopher (Chris) Miller was formally appointed as CEO of the SEC
- \$344 million of equity contributions were received from the state government to fund strategic operations of the SEC for the financial year ending 30 June 2025.

There is no other circumstance that has arisen since 30 June 2024 that has significantly affected or may significantly affect in future years:

- a. the Group's operations
- b. the results of those operations
- c. the state of affairs of the Group.

## Dividends

The directors have neither declared nor recommended a dividend, and no dividend has been paid for the reporting period ended 30 June 2024.

## Impact of legislation and other external requirements

In addition to the *Corporations Act 2001*, the Group is required to comply with additional legislation, detailed from page 55 (corporate compliance section). This legislative framework reflects the SEC's status as a state-owned entity of Victoria.

## Directors' interests

No director holds an interest in any shares in SEC Victoria. The beneficial shareholders are the Premier and Treasurer of the State of Victoria.

## Indemnification and insurance of officers and auditors

The Company has not, during or since the reporting period, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of SEC Victoria against a liability incurred.

## Non-audit services

The Victorian Auditor-General's Office has not performed any services for the Company other than the audit of the annual financial report.

## Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## Auditor's independence declaration

The auditor's independence declaration is set out in page 26 of this report and forms part of the financial report for the reporting period.

## Rounding of amounts

In accordance with Financial Reporting Direction 30, relating to the 'rounding off' of amounts in the financial statements. Amounts in the directors' report and financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This Directors' Report is made out in accordance with a resolution of the directors.



Simon Corbell  
Chair, SEC  
30 August 2024

# Directors' declaration

SEC Victoria Pty Ltd has presented its audited, general purpose, consolidated annual financial report for the reporting period 25 October 2023 to 30 June 2024 in the following structure to provide users with information about SEC Victoria's stewardship of resources entrusted to it.

In the opinion of the directors of SEC Victoria Pty Ltd:

1. The annual financial report and notes are in accordance with the *Corporations Act 2001*, including:
  - a. giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the reporting period then ended
  - b. complying with the Australian Accounting Standards (including the Australian Standards of Interpretations) and the *Corporations Regulations 2001*
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
3. At the time of signing, we are not aware of any circumstance which would make any particulars included in the annual financial report misleading or inaccurate.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*. We authorise the attached annual financial report for issue on 30 August 2024.



Simon Corbell  
Chair, SEC  
30 August 2024



## Independent Auditor's Report

### To the Directors of SEC Victoria Pty Ltd

<b>Opinion</b>	<p>I have audited the consolidated financial report of SEC Victoria Pty Ltd (the company) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> <li>consolidated statement of financial position as at 30 June 2024</li> <li>consolidated statement of profit or loss and comprehensive income for the period then ended</li> <li>consolidated statement of changes in equity for the period then ended</li> <li>consolidated statement of cash flows for the period then ended</li> <li>notes to the consolidated financial statements, including material accounting policy information</li> <li>declaration by Chairperson, Chief Executive Officer and Chief Financial Officer.</li> </ul> <p>In my opinion, the consolidated financial report is in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"> <li>giving a true and fair view of the financial position of the company and the consolidated entity as at 30 June 2024 and of their financial performance and cash flows for the period then ended</li> <li>complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.</li> </ul>
<b>Basis for Opinion</b>	<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 company and the consolidated entity in accordance with the auditor independence requirements of the <i>Corporations Act 2001</i> and 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>
<b>Other Information</b>	<p>The Directors are responsible for the "other information" included in the company's Annual Report for the year ended 30 June 2024. The other information in the Annual Report does not include the financial report and my auditor's reports thereon. My opinion on the financial report does not cover the other information included in the Annual Report. Accordingly, I do not express any form of assurance conclusion thereon.</p> <p>In connection with my audit of the financial report, my responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a materially misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.</p>
<b>Directors' responsibilities for the financial report</b>	<p>The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards, the <i>Financial Management Act 1994</i> and the <i>Corporations Act 2001</i>, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company and the consolidated 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 company and the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Directors' 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 company and the consolidated 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 company and the consolidated 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the company and the consolidated entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the company and the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the Directors 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.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

MELBOURNE  
30 August 2024



Paul Martin  
as delegate for the Auditor-General of Victoria



## Auditor-General's Independence Declaration

### To the Directors, SEC Victoria Pty Ltd

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

### *Independence Declaration*

As auditor for SEC Victoria Pty Ltd for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read "Paul Martin", is positioned above the printed name.

MELBOURNE  
30 August 2024

Paul Martin  
*as delegate for the Auditor-General of Victoria*



# Financial report



# Consolidated statement of profit or loss and other comprehensive income

For the period from 25 October 2023 to 30 June 2024

	Note	2024 \$'000
Grant income		1,500
Finance income		2,032
<b>Total other income</b>		<b>3,532</b>
Employee expenses		(3,404)
Professional services		(2,375)
Other operating expenses		(346)
Net gain/(loss) on financial instruments at fair value	8	13,830
Share of net profit/(loss) of joint ventures accounted for using the equity method	6	(5,409)
<b>Total expenses</b>		<b>2,296</b>
<b>Profit for the period</b>		<b>5,828</b>
Other comprehensive income:		
Items that will not be reclassified to profit or loss		-
Items that may be reclassified subsequently to profit or loss:		
Share of joint venture cash flow hedge reserve		(2,773)
<b>Total other comprehensive income/(loss)</b>		<b>(2,773)</b>
<b>Total comprehensive income for the period</b>		<b>3,055</b>

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

# Consolidated statement of financial position

As at 30 June 2024

	Note	2024 \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4	264,215
Receivables		126
<b>Total current assets</b>		<b>264,341</b>
<b>Non-current assets</b>		
Investments accounted for using the equity method	6	64,913
Other financial assets	7	13,830
<b>Total non-current assets</b>		<b>78,743</b>
<b>Total assets</b>		<b>343,084</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payables		3,164
Employee related liabilities		759
<b>Total current liabilities</b>		<b>3,923</b>
<b>Non-current liabilities</b>		
Employee related liabilities		106
<b>Total non-current liabilities</b>		<b>106</b>
<b>Total liabilities</b>		<b>4,029</b>
<b>Net assets</b>		<b>339,055</b>
<b>Equity</b>		
Issued shares		-
Reserves		(2,773)
Contributed capital	10	336,000
Retained earnings		5,828
<b>Total equity</b>		<b>339,055</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated statement of changes in equity

For the period from 25 October 2023 to 30 June 2024

	Issued shares	Reserves	Contributed capital	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 25 October 2023</b>	-	-	-	-	-
Net result for the period	-	-	-	5,828	5,828
Other comprehensive income	-	(2,773)	-	-	(2,773)
<b>Total comprehensive income</b>	-	<b>(2,773)</b>	-	<b>5,828</b>	<b>3,055</b>
Transactions with owners:					
Shares issued	-	-	-	-	-
Contributed capital	-	-	336,000	-	336,000
<b>Balance at 30 June 2024</b>	-	<b>(2,773)</b>	<b>336,000</b>	<b>5,828</b>	<b>339,055</b>

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

# Consolidated statement of cash flows

For the period from 25 October 2023 to 30 June 2024

	Note	2024 \$'000
<b>Cash flows from operating activities</b>		
Grant income received		1,500
Interest received		2,032
Payments to suppliers and employees (inclusive of GST)		(2,222)
<b>Net cash flows from/(used in) operating activities</b>	<b>4</b>	<b>1,310</b>
<b>Cash flows from investing activities</b>		
Payments for investments in associates		(73,095)
<b>Net cash flows from/(used in) investing activities</b>		<b>(73,095)</b>
<b>Cash flows from financing activities</b>		
Owner contributions by State Government		336,000
<b>Net cash flows from/(used in) financing activities</b>		<b>336,000</b>
Net increase/(decrease) in cash and cash equivalents		264,215
Cash and cash equivalents at beginning of the period		-
<b>Cash and cash equivalents as at 30 June 2024</b>	<b>4</b>	<b>264,215</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the consolidated financial statements

## 1. General information

SEC Victoria Pty Ltd (the Company) is a for-profit proprietary company incorporated and domiciled in Australia. These financial statements comprise the Company and its controlled entities (the Group).

The principal activity of the Group is the investment in renewable energy infrastructure. The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

Pursuant to section 3, of the *Financial Management Act 1994* (FMA), the Treasurer of Victoria declared that SEC Victoria is a body to which Part 7 of the FMA applies, with effect from 21 December 2023.

The Company and the Group was established on 25 October 2023 under the provisions of the *Corporations Act 2001* and were each declared a state-owned Company under Part 5 of the *State Owned Enterprises Act 1992* on 14 November 2023.

This financial report is for the period from incorporation on 25 October 2023 to 30 June 2024.

The registered office and principal place of business is Level 35, 2 Lonsdale St, Melbourne, Victoria 3000.

The financial report was authorised for issue by the Board of Directors on 30 August 2024.

### i. Basis of preparation

The functional and presentation currency of the Company is the Australian dollar. Amounts are rounded and expressed to the nearest thousand dollars in accordance with Ministerial Directions under the *Financial Management Act 1994*, unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities including:

- derivative instruments at fair value through profit or loss
- employee benefits liabilities which are included at present value.

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

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Group.

Judgements, estimates and assumptions are required to be made about financial information being presented. Judgements and assumptions made by management in applying Australian Accounting Standards that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimate'. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The Group is exempt from Federal income taxation under section 24AM of the *Income Tax Assessment Act 1936*. The Group expects to enter into the National Tax Equivalent Regime (NTER), an administrative intergovernmental arrangement under which federal income tax laws are applied notionally to the NTER entities as if they were subject to these laws, to support the principle of competitive neutrality, in the year ended 30 June 2025.

The Group is liable to pay Fringe Benefits Taxation (FBT) and Goods and Services Taxation (GST). Revenue and expenses are brought to account exclusive of GST. Receivables and payables are stated inclusive of GST. The amounts of GST recoverable from or payable to the Australian Taxation Office are included as part of non-trade receivables and statutory payables. Cash flows which include GST are included in the Cash Flow Statement on a gross basis in accordance with *AASB 107 Statement of Cash Flows*.

## ii. Statement of compliance

The financial report is a general-purpose financial report prepared on an accrual basis in accordance with the *Corporations Act 2001*, *Financial Management Act 1994* and applicable Australian Accounting Standards (AAS), which include Interpretations, issued by the Australian Accounting Standards Board (AASB).

## 2. New accounting standards and interpretations

### i. New and amended standards adopted by the Group

There were no new and amended standards adopted by the Group for the period.

### ii. New standards and interpretations not yet adopted

The AASB has issued a number of amending standards that are not effective for the current reporting period. These standards are not expected to have a material impact on the financial report and thus have not been disclosed.

## 3. Employee benefits

Employee benefit expenses include all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements and workcover premiums.

### i. Short-term obligations

Liabilities for wages and salaries and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

### ii. Long-term obligations

The Group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels and periods of service. Expected future payments are discounted using market yields. Both wage inflation and discount rates used are consistent with those published by the Victorian Department of Treasury and Finance and can be found at <https://www.dtf.vic.gov.au/financial-reporting-policy/wage-inflation-and-discount-rates>. Remeasurements from experience adjustments are recognised in profit or loss.

## 4. Cash and cash equivalents

### i. Accounting policy

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash. The carrying amount represents fair value.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### ii. Reconciliation of net result for the period to cash flow from operating activities

	2024 \$'000
Net result for the period	5,828
<b>Non-cash movements:</b>	
Net (gain)/loss on financial instruments at fair value	(13,830)
Share of net (profit)/loss of joint ventures accounted for using the equity method	5,409
<b>Movements in assets and liabilities:</b>	
Decrease/(Increase) in receivables	(126)
Increase/(Decrease) in payables	3,164
Increase/(Decrease) in provisions	865
Net cash flows from/(used in) operating activities	1,310

## 5. Subsidiaries

The Group's subsidiaries at 30 June 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights. The country of incorporation is also the principal place of business.

Name of entity	Country of incorporation	Ownership interest	Principal activities
SEC Energy Pty Ltd	Australia	100%	Electricity retailing to Commercial and Industrial (C&I) customers
SEC Infrastructure Pty Ltd	Australia	100%	Investment in renewable energy projects in Victoria

### i. Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 6. Interests in joint ventures

Set out below are the associates and joint ventures which are material to the Group at 30 June 2024. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

All entities are incorporated and operate in Australia, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Ownership interest %	Nature of relationship	Method	Carrying amount \$'000
Equis Energy (Australia) Projects (MREH A1 HoldCo) Pty Ltd	30	Joint venture	Equity	29,659
Equis Energy (Australia) Projects (MREH A2 HoldCo) Pty Ltd	30	Joint venture	Equity	24,857
Equis Energy (Australia) Projects (MREH A3 HoldCo) Pty Ltd	49	Joint venture	Equity	10,398
<b>Total equity-accounted investments</b>				<b>64,913</b>

In November 2023, the Group committed to invest \$245 million in the MREH project being developed near Melton, Victoria by Equis. Its value in the financial report at 30 June 2024 is represented by the cash calls injected into the project to support construction.

### Significant judgement

The investment agreements in relation to the MREH project require unanimous consent from both parties for relevant activities that impact returns such as decisions on entering funding arrangements, material acquisition or disposal of assets, approving any transactions outside approved business plan and approving the business plan. Based on these factors, joint control has been assessed and the arrangements are accounted for as a joint venture, even though the Group holds less than 50% ownership interest.

### Commitments and contingent liabilities in respect of joint ventures

2024 \$'000	MREH A1	MREH A2	MREH A3
	Commitment for construction of BESS infrastructure	130,411	183,833

MREH A3 is the counterparty to the lease disclosed in Note 12i. Capital expenditure commitments, and will be derecognising the associated fixed asset on its balance sheet on commencement of the lease.

The joint ventures had no other commitments or contingent liabilities at 30 June 2024.

## Summary of financial information of joint ventures

Summarised financial information of the joint ventures, based on its financial statements are set out below:

30 June 2024 \$'000			
	MREH A1	MREH A2	MREH A3
Cash and cash equivalents	23,556	11,057	1,050
Other current assets	13,512	4,007	3,550
<b>Total current assets</b>	<b>37,068</b>	<b>15,065</b>	<b>4,600</b>
<b>Total non-current assets</b>	<b>149,458</b>	<b>95,499</b>	<b>127,900</b>
Financial liabilities excluding trade payables	17	17	478
<b>Other current liabilities</b>	<b>67,071</b>	<b>7,438</b>	<b>5,890</b>
<b>Total current liabilities</b>	<b>67,088</b>	<b>7,455</b>	<b>6,368</b>
<b>Total non-current liabilities</b>	<b>20,573</b>	<b>20,251</b>	<b>106,923</b>
<b>Net assets</b>	<b>98,864</b>	<b>82,857</b>	<b>19,209</b>
Group's ownership interest	30%	30%	49%
<b>Group's carrying amount</b>	<b>29,659</b>	<b>24,857</b>	<b>10,398</b>
<b>Total revenue and other income</b>	<b>10,147</b>	<b>8</b>	<b>16</b>
Operating expenses	(10,849)	(703)	(1,420)
Share of gain/(loss) on associate	(236)	(236)	(236)
Gain/(loss) on fair value of financial instruments	(6,915)	(6,915)	-
Depreciation and amortisation	(160)	(160)	(160)
Interest income	394	395	290
Interest expense	(131)	(131)	(131)
Income tax (expense)/benefit	(192)	127	129
<b>Total profit/(loss)</b>	<b>(7,942)</b>	<b>(7,615)</b>	<b>(1,511)</b>
Other comprehensive income	-	-	(5,659)
<b>Total comprehensive income/(loss)</b>	<b>(7,942)</b>	<b>(7,615)</b>	<b>(7,171)</b>

## Principles of equity accounting

### i. Joint arrangements

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has interests in joint ventures, which are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

### ii. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Prior impairment charges are reviewed for possible reversal of the impairment at the end of each reporting period.

## 7. Other financial assets and liabilities

	2024 \$'000
<i>Derivative financial instruments – at fair value through profit or loss</i>	
Energy derivative	13,830
<b>Total non-current financial assets</b>	<b>13,830</b>

The energy derivative recognised is a revenue support agreement executed as part of the investment into the MREH joint venture and is linked to wholesale energy prices.

### Derivative financial instruments – accounting policy

Derivative financial instruments are initially recognised when SEC becomes party to the contractual provisions of the agreement i.e. on commitment date. Derivatives are recognised at fair value, with changes in fair value recognised in the statement of profit or loss.

### Significant judgement

Management uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices and rates.

## 8. Financial instruments

### i. Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics
  - amortised cost
  - fair value through profit or loss ('FVTPL')
  - fair value through other comprehensive income ('FVOCI')
- the carrying amounts of financial instruments
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value).

2024	Carrying value			
	FVTPL \$'000	FVOCI \$'000	Amortised cost \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	-	-	264,215	264,215
Receivables	-	-	126	126
Energy derivative	13,830	-	-	13,830
<b>Total financial assets</b>	<b>13,830</b>	<b>-</b>	<b>264,341</b>	<b>278,171</b>
<b>Financial liabilities</b>				
Trade and other payables	-	-	3,164	3,164
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>3,164</b>	<b>3,164</b>

### ii. Fair value measurements

The following table provides an analysis of financial instruments that are measured after initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2024	Carrying amount \$'000	Fair value			
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Energy derivative	13,830	-	-	13,830	13,830
<b>Total financial assets</b>	<b>13,830</b>	<b>-</b>	<b>-</b>	<b>13,830</b>	<b>13,830</b>

Management has assessed that the carrying value of financial assets and financial liabilities to be comparable to fair value.

### iii. Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

- receivables/payables with a remaining life of less than twelve months, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value if the effect of discounting is material
- the fair value of energy derivatives is determined as the present value of future contracted cash flows and credit adjustments. Cash flows are discounted using standard valuation techniques at applicable market yield having regard to timing of cash flows.

The following table provides a reconciliation of fair value movements in Level 3 financial instruments:

	2024 \$'000
Opening balance	-
<i>Total gains or losses recognised in profit or loss:</i>	
Settlements during the period	-
Changes in fair value	13,830
Transfer from Level 3 to Level 2	-
<b>Closing balance</b>	<b>13,830</b>

The total gains or losses for the period included a gain of \$13,830,000 for energy related derivative level 3 contracts held at the end of the reporting period. Fair value gains or losses on energy derivatives are included in the line item 'Net gain/(loss) on financial instruments at fair value' in the consolidated statement of profit or loss.

### iv. valuation inputs and relationships to fair values

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement of the energy derivative (see iii. above for the valuation technique adopted):

Unobservable input	Range of inputs	Sensitivity	Relationship to fair value	
			Increase \$'000	Decrease \$'000
Quarterly BESS* arbitrage revenue (\$/MW)	11,380 - 86,679	+/-10%	11,655	(21,881)
Discount rate - risk free rates of zero coupon government bond yield (2-5 year bond)	3.9 - 4.1%	+/-0.5%	1,109	(1,154)
Credit value adjustment - Non-financial corporate BBB-rated bond yield (3-10 year)	5.4 - 6.1%	+/-0.5%	(1,657)	1,733

## 9. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management policy and framework. The Board has established the Audit and Risk Committee (ARC), which is responsible for approving the Group's risk management framework for identifying, assessing and managing risk. The ARC is also responsible for reviewing and updating the Group's risk profile, monitoring the effectiveness of the risk management framework and reviewing, at least annually, the implementation of the risk management framework.

The Group has adopted or is in the process of developing policies covering specific areas, such as interest rate risk, foreign currency risk, energy price risk, credit risk, liquidity risk, and the use of derivative and non-derivative financial instruments as required for its operations. Compliance with policies and exposure limits is reviewed on a continuous basis.

### i. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an appropriate capital structure of debt and equity.

The capital structure of the SEC consists of cash and cash equivalents and total equity (comprising issued and contributed capital provided by the State and retained earnings). The SEC monitors capital based on the funds received from the State along with anticipated cash outflows.

### ii. Energy price risk management

The Group is exposed to energy price risk associated with an energy price linked contract with a joint venture counterparty. The Group manages its energy price risk through an established risk management framework consisting of policies to place appropriate risk limits on overall energy market exposures and transaction limits for approved energy commodities, requirements for delegations of authority on trading, reporting of exposures and segregation of duties.

#### *Energy price sensitivity*

A sensitivity to a 10 per cent increase or decrease in the energy market-related prices. A sensitivity of 10 per cent has been used as this is considered reasonably possible. Refer to Note 8iv. Valuation inputs and relationships to fair values for energy price sensitivity performed.

### iii. Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group operates under the Government fair payments policy of settling financial obligations within 20 days and in the event of a dispute, making payments within 20 days from the date of resolution.

The Group is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the statement of financial position. The Group manages its liquidity risk through monitoring future cash flows, maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations and planning of its financial obligations based on forecasts of future cash flows.

The Group's exposure to liquidity risk is insignificant based on a current assessment of risk and the level of cash available.

Cash for unexpected events is generally sourced from cash and cash equivalents.

### iv. Credit risk management

Credit risk refers to the possibility that a customer or borrower will default on their financial obligations as and when they fall due. The Group's exposure to credit risk arises from the potential default of a counterparty on their contractual obligations resulting in financial loss to the Group. For the period, the Group's exposure to credit risk is not material.

## 10. Contribution by owners

Consistent with the requirements of AASB 1004 *Contributions* and FRD 119 *Transfers through Contributed Capital*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Company.

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

Refer to equity contributions disclosed at Note 15 related parties.

## 11. Parent entity information

The accounting policies of SEC Victoria Pty Ltd (the Parent Entity), which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

Financial position	2024 \$'000
Current assets	264,291
Non-current assets	73,145
<b>Total assets</b>	<b>337,436</b>
Current liabilities	3,863
Non-current liabilities	106
<b>Total liabilities</b>	<b>3,969</b>
<b>Net assets</b>	<b>333,467</b>
Issued shares	-
Contributed capital	336,000
Accumulated losses	(2,533)
<b>Total equity</b>	<b>333,467</b>
Financial performance	
Profit/(loss) for the period from 25 October 2023 to 30 June 2024	(2,533)
Other comprehensive income	-
<b>Total comprehensive income/(loss) for the period from 25 October 2023 to 30 June 2024</b>	<b>(2,533)</b>

### i. Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The Parent Entity has not guaranteed any debts of its subsidiaries.

### ii. Contingent liabilities

There are no contingent liabilities of the Parent Entity at 30 June 2024.

### iii. Capital expenditure commitments

As at 30 June 2024, the Parent Entity had commitments for the acquisition of property, plant and equipment of nil.

## 12. Commitments and contingencies

### i. Capital expenditure commitments

In November 2023, SEC Victoria's subsidiary SEC Infrastructure entered into contracts to invest \$245 million in the 600MW MREH in partnership with Equis Development Pty Ltd. As at 30 June 2024, there is \$172 million remaining on this commitment.

As part of the MREH transaction, a lease was contracted by the Group for the rights to operate the A3 battery. The total anticipated lease liability to be recognised once the plant is available for the Group's use is \$478 million.

Commitments of joint venture partners have been disclosed at Note 6 Interests in joint ventures.

### ii. Contingencies

There are no contingent assets or liabilities of the Group at 30 June 2024.

## 13. Subsequent events

The following have been identified as subsequent events occurring on 12 August 2024:

- Christopher Miller was formally appointed as CEO of the SEC
- \$344 million of equity contributions were received from the state government to support strategic operations of the SEC for the financial year ending 30 June 2025.

There have been no other events occur between the balance sheet date and the date of this report that would significantly affect the amounts reported in the consolidated financial statements as at and for the period ended 30 June 2024.

## 14. Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the FMA, the following disclosures are made about responsible persons for the reporting period.

### i. Responsible persons

The names of persons who were responsible persons at any time during the period are as follows:

Position	Responsible person
Responsible Minister	The Hon. Lily D'Ambrosio MP, Minister for the State Electricity Commission
Accountable Officer	Christopher Francis Miller
Chair	Simon Corbell
Board	Paul Donegan (interim member)
	Carolyn Jackson (interim member)
	Jason Loos (interim member)
	Elizabeth Molyneux (interim member)
	Damien Barnes
	Joanne Benvenuti
	Joycelyn Morton
	Anna Skarbek

### ii. Remuneration of responsible persons

Remuneration received or receivable by each director of the Board in connection with the management of the Company during the reporting period is shown below in their relevant total income ranges.

	2024
Directors	
\$10,000–19,999	4
\$20,000–29,999	–
\$30,000–39,999	1

The remuneration, including the superannuation guarantee contribution, received or receivable by responsible persons of the Company amounted to \$90,981. Interim Board members remuneration was paid for by the Victorian Public Service, as interim Board members. Enduring Board members were appointed on 1 May 2024 and served during the reporting period between 1 May 2024 and 30 June 2024.

### iii. Remuneration of Accountable Officer

The Accountable Officer's (CEO) remuneration was paid for by the Department of Energy, Environment and Climate Action (DEECA), as an interim Accountable Officer and as such these costs are reflected in DEECA's annual report.

### iv. Remuneration of responsible Minister

The Responsible Minister did not receive any remuneration from the Company. The Ministers' remuneration and allowances are set in accordance with the *Parliamentary Salaries and Superannuation Act 1968* and reported in the State's Annual Financial Report.

## 15. Related parties

The related parties of the Company include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all cabinet ministers and their close family members;
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

The key management personnel of the Company include the responsible minister, members of the Company's Board of Directors and the Chief Executive Officer.

For information pertaining to related party transactions of ministers, the register of members' interests is publicly available from: <https://www.parliament.vic.gov.au/tables-documents-database>

### i. Other transactions and balances with key management personnel and other related parties

The Company's employment policies and procedures have been created to support the application of the Code of Conduct Victorian Public Sector Employees, and employees are required to comply with the public sector values under *Public Administration Act 2004* (Vic). Procurement processes are based on terms and conditions consistent with the Victorian Government Procurement Board requirements.

During the reporting period no key management personnel received or became entitled to receive any benefit from the Company other than remuneration disclosed in the financial report, from a contract between the Company and that key management person or firm, or company of which that key management person is a member or has a substantial interest.

Any transactions or issues that involve related parties are dealt with on normal commercial terms and conditions and without reference to the key management personnel concerned. All income and expense transactions exclude GST.

### ii. Significant transactions with government-related entities

While the Company is a *Corporations Act 2001* entity, it is beneficially owned by the State of Victoria and therefore significant transactions with the State are provided in this note.

During the reporting period the Company had the following government related entity transactions:

- the Company received its funding from DEECA of \$336,000,000 during the reporting period as Contributed Capital shown as equity within the statement of financial position
- at 30 June 2024, a payable to DEECA to reimburse the payment of invoices on the Group's behalf of \$453,000 is reflected in trade and other payables
- during the period, the Group received reimbursements of \$118,000 and \$18,000 from DEECA and the Department of Treasury and Finance (DTF), respectively, for the reimbursement of employee leave liabilities recognised for employees transferred from DEECA and DTF
- at 30 June 2024, an intercompany payable to the Department of Jobs, Skills, Industry and Regions of \$1,375,000 to support the Centre of Training Excellence program is recognised in trade and other payables.

An implementation office was set up within DEECA to support the establishment and set-up of SEC's operations. During the 2024 financial year, \$23,745,000 of operational expenditure was incurred within the implementation office on behalf of SEC and recorded in DEECA's financial statements. This arrangement ceased on 30 June 2024 and from 1 July 2024 all SEC related costs will be reflected in the Group's annual report.

## 16. Auditor remuneration

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity:

	2024 \$
Amounts received or due and receivable by the auditor of the Parent Company and any other entity in the Group for:	
Auditing the statutory financial report of the Parent Company covering the Group	60,000
Auditing the statutory financial reports of any controlled entities	60,000
<b>Total auditor remuneration</b>	<b>120,000</b>

# Declaration by Chair, Chief Executive Officer and Chief Financial Officer

We certify that the financial report for SEC Victoria Pty Ltd has 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, *Corporations Act 2001*, *Corporations Regulations 2001*, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement and accompanying notes, gives a true and fair view of the financial transactions for the period ended 30 June 2024 and the financial position of SEC Victoria Pty Ltd and its subsidiaries at 30 June 2024.

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

We authorise the financial report for issue on 30 August 2024.



**Simon Corbell**  
Chair



**Christopher Miller**  
Chief Executive Officer



**Elisha Civil**  
Chief Financial Officer

# Corporate compliance

## Local Jobs First

The *Local Jobs First Act 2003* brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy, which were administered separately up to August 2018.

The SEC will apply the Local Jobs First policy in all procurement 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. Major Project Skills Guarantee applies to all construction projects valued at \$20 million or more.

The SEC is committed to aligning to the objectives of the Local Jobs First Policy, which are:

- promoting employment and business growth by expanding market opportunities for local industry
- providing contractors with increased access to, and raised awareness of, local industry capability
- exposing local industry to world's best practice in workplace innovation, e-commerce and use of new technologies and materials
- developing local industry's international competitiveness and flexibility in responding to changing global markets by giving local industry a fair opportunity to compete against foreign suppliers.

## Standard Local Jobs First – Projects commenced and completed

During 2023–2024, the SEC did not commence or complete any Local Jobs First Standard Projects.

## Strategic Local Jobs First – Projects commenced and completed

During 2023–24 the SEC commenced its first Local Jobs First strategic project, valued at c.\$1 billion, for which a Local Industry Development Plan (LIDP) was required. The Major Projects Skills Guarantee (MPSG) applies to this project, requiring at least 10 per cent of project labour hours to be undertaken by apprentices, trainees, and cadets.

During 2023–2024, the SEC did not complete any Local Jobs First Strategic Projects.

## Social procurement

SEC is developing a Social Procurement Strategy which is aligned with the Victorian Government's Social Procurement Framework. SEC is committed to ensuring procurement decisions help generate social value. Social procurement is when organisations use their buying power to generate social value above and beyond the value of the goods and services, or construction being procured.

Procurement is a core business and strategic function in SEC that delivers value-for-money outcomes that benefit the Victorian community. Our procurement processes consider the total benefit and costs over the life of the goods and services or construction that we procure and ensures compliance with high standards of probity, transparency, and integrity.

Increasingly, our procurement is being used to achieve broader environmental, social, and economic objectives to generate social value above and beyond the procurement.

We must continue to evolve and innovate in energy and other essential services to enhance the way Australians live, and to help conserve the world around us for future generations. Through our Social Procurement Framework, we are focused on how we can reduce our own environmental footprint as well as support the national decarbonisation agenda.

SEC is committed to continuing to invest in new sources of electricity supply through direct investment and offtake agreements.

During 2023–24 the SEC announced its pioneer investment in the MREH, committing \$245 million to invest in the billion-dollar energy storage facility. The project comprises of three 200MW batteries, two two-hour batteries, and one battery that was increased to four-hours duration as a direct result of the SEC's investment in the project. Once complete the Hub will deliver 1.6GW hours of energy storage, with potential to expand enough to power around 200,000 homes during peak evening consumption.

SEC is committed to improving social and sustainable outcomes via our procurement activities. During the period, our achievements in this area included the following:

- alternative procurement pathways and payment terms can be considered for suppliers where there is a social benefit to their engagement with SEC. These suppliers include, but are not limited to, businesses owned by diverse groups including First Nations, women, small businesses, and local businesses in the communities in which we operate
- SEC provides up to 20 days of family violence leave for our employees and we are committed to supporting the health, safety and wellbeing of our employees and do not tolerate family & domestic violence. SEC promotes engagement with suppliers that have robust family violence leave policies
- at SEC, we are committed to providing a safe and inclusive workplace for all our people. We provide 4 weeks paid and 48 weeks of unpaid Gender transition leave
- requirements for social procurement outcomes have been incorporated into SEC's Request for Tender (RFT) documentation
- the Victorian Government Supplier Code of Conduct was adopted and included as a mandatory criterion in the competitive procurements for SEC's ERP and specialist trading and customer billing systems.

## Asset management accountability framework (AMAF)

The AMAF assists Victorian Public Sector agencies manage their asset portfolios and includes both mandatory asset management requirements as well as general guidance. Mandatory requirements include developing asset management strategies, governance frameworks, performance standards and processes to regularly monitor and improve asset management. The AMAF applies to non-current assets (physical and intangible) but not financial assets. For the period to 30 June 2024, the Group did not have any such assets.

## Government advertising expenditure

There were no government advertising campaigns with total media spend of \$100,000 or greater, exclusive of GST during the reporting period.

## Consultancy expenditure

In the reporting period, there were three consultancies where the total fees paid or payable were \$10,000 or greater, excluding GST. Details of individual consultancies, excluding GST, are outlined below:

Consultant	Purpose	Total approved project fee	Incurred by DEECA 2023-24*	Incurred by SEC 2023-24	Expected to be incurred
Ashurst Australia	General legal professional services (investment projects)	520,000	-	40,000	480,000
Comprara Group Pty Ltd	Commercial and transaction advice (procurement group establishment)	193,000	135,637	57,363	-
TSA Management Pty Ltd	General professional advice (investment projects)	591,000	463,214	127,786	-

\* An implementation office was set up within DEECA where costs have been incurred to support the establishment and set-up of SEC's operations. Refer to Note 16ii. Related parties for additional detail. This disclosure reflects consultancy expenditure incurred by SEC during the reporting period.

For the period, there were no consultancies where the total fees paid or payable were less than \$10,000, excluding GST.

## Information and communication technology (ICT) expenditure

For the reporting period, SEC Victoria had a total information and communication technology spend of \$240,469, excluding GST:

Business as usual	Non business as usual		
Total	Operational	Capital	Total
56,719	183,750	-	183,750

Business as usual expenditure relates to ongoing activities to operate and maintain current information and communication technology capacity. Non-business as usual expenditure relates to extending and enhancing the Company's current capability. It is the sum of operational expenditure and capital expenditure.

## Procurement complaints

There have been no complaints received in relation to the procurement of goods and services during the period.

## Emergency procurement

There have been no instances of emergency procurement during the period.

## Compliance with the National Competition Policy and the Competitive Neutrality Policy

SEC Victoria operates in accordance with the requirements of the National Competition Policy and the Competitive Neutrality Policy Victoria.

Competitive neutrality generally requires that government owned businesses competing, or potentially competing, with the private sector, do not enjoy any net competitive advantage simply as a result of their government ownership. In certain instances, Victoria's Competitive Neutrality Policy can require the application of measures to achieve competitive neutrality.

## Freedom of Information

The *Freedom of Information Act 1982* is not applicable to SEC Victoria, and there are no reporting requirements associated with this Act.

## Compliance with the *Public Interest Disclosure Act 2012*

SEC Victoria does not tolerate improper conduct by employees, nor taking of detrimental action against those who come forward to disclose such conduct. SEC Victoria's Public Interest Disclosure Policy outlines our commitment to ensuring transparency and accountability in our administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to the public health and safety or the environment.

## Reporting procedures

Disclosures of improper conduct or detrimental action by SEC Victoria or any of its employees and/or officers may be made directly to:

The Independent Broad-based Anti-corruption Commission  
 Phone: 1300 735 135  
 Email: [info@ibac.vic.gov.au](mailto:info@ibac.vic.gov.au)

## Environmental Reporting

SEC Victoria's accommodation was paid for by the implementation office set up under DEECA which includes the provision of electricity, water and waste disposal. Relevant reporting on associated environmental impacts is captured in the DEECA annual report.

SEC Victoria is committed to proactively contributing to a sustainable environment and continues to minimise its office-based environmental impact through:

- separating office waste into organic, commingled recyclable and landfill streams
- reducing paper and printer toner use with the widespread adoption by staff of laptops, tablets, smartphones, and other digital devices.

## Compliance with the *Building Act 1993*

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

## Modern Slavery

The *Modern Slavery Act 2018* (MS Act) addresses modern slavery risks within supply chains. The Group is not subject to the MS Act for this reporting period.

# Disclosure index

The consolidated annual report of SEC Victoria Pty Ltd is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

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<b>Legislation</b>		
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	<i>Local Jobs Act 2003</i>	55
	<i>Financial Management Act 1994</i>	Full report



