



# Annual Report

2022-2023

22-23



## Responsible body declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Cladding Safety Victoria Annual Report for the year ending 30 June 2023.



**Rodney Fehring**

Board Chairperson  
Cladding Safety Victoria

25 September 2023

## Aboriginal acknowledgement

Cladding Safety Victoria respectfully acknowledges the Traditional Owners and custodians of the land and water upon which we rely. We pay our respects to their Elders past, present and emerging. We recognise and value the ongoing contribution of Aboriginal people and communities to Victorian life. We embrace the spirit of reconciliation, working towards equality of outcomes and an equal voice.

ISSN 2653-2808

© State of Victoria



The 2022–23 Cladding Safety Victoria Annual Report is licensed under a Creative Commons Attribution 4.0 licence. You are free to re-use the work under that licence on the condition that you credit the State of Victoria as author. The licence does not apply to any images, photographs or branding, including the Victorian Coat of Arms, the Victorian Government logo and the Cladding Safety Victoria logo.

Copyright queries may be directed to [IPpolicy@dtf.vic.gov.au](mailto:IPpolicy@dtf.vic.gov.au).

Available online at [www.vic.gov.au/cladding-safety](http://www.vic.gov.au/cladding-safety).

# 22-23

## Year at a glance

### Risk reduction on residential buildings

# 365

buildings have been approved for cladding rectification funding to date

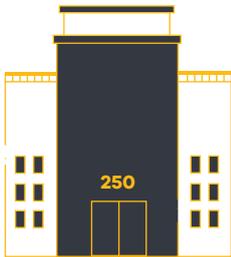


representing a reduction of more than

# 70%



of the risk on Class 2 buildings in Victoria



Works are complete on

# 250

buildings resulting in the removal of **188,250m<sup>2</sup>** of combustible cladding

which equates to

# 9x

the playing surface of the Melbourne Cricket Ground\*



More than

# 23,000

residents in approximately

# 12,000

individual homes are now safer across **84 suburbs**

### Risk reduction on government-owned buildings

Works are complete on **115 buildings**



out of a total of **130 funded buildings**

# 41,758m<sup>2</sup>

of combustible cladding have been removed, protecting tens of thousands of Victorians in the community

\*The MCG has dimensions of 173.6 metres x 148.4 metres fence to fence ([www.austadiums.com/stadiums/mcg](http://www.austadiums.com/stadiums/mcg)) equating to a surface area of 20,370 square metres.

# List of contents

<b>Board Chairperson’s statement</b>	<b>04</b>	<b>Organisation and people</b>	<b>30</b>
<b>Chief Executive’s statement</b>	<b>06</b>	Organisational structure	30
<b>About Cladding Safety Victoria</b>	<b>08</b>	Our people	31
Manner of establishment	08	Public sector values, employment and conduct principles	31
Responsible Minister	08	Comparative workforce data	31
Purpose and functions	08	Senior employees	33
Vision, mission and outcomes	09	Workforce inclusion policy	34
Culture and values	09	Occupational health and safety	34
Nature and range of services provided	10	Minister for Planning	35
Financial summary	12	Department of Transport and Planning (DTP)	35
		Cladding Safety Victoria’s Board	36
<b>Year in review</b>	<b>14</b>	Finance and Audit Committee	36
		Risk Committee	37
<b>Residential Cladding Rectification Program</b>	<b>15</b>	CEO and Senior Executives	37
Understanding cladding risk	15		
Unacceptable risk buildings	16	<b>Financial statements</b>	<b>38</b>
Elevated- and low-risk buildings	21		
<b>Government-owned Buildings Cladding Rectification Program</b>	<b>25</b>		
<b>Performance against outcomes and outputs</b>	<b>27</b>		
2022–23 State Budget and service delivery	27		
2022–23 Annual Work Program outcomes and measures	28		

<b>Disclosures</b>	<b>89</b>
Financial Management Compliance Attestation Statement	90
Local jobs first	90
Social procurement framework	91
Emergency procurement	92
Disclosure of major contracts	92
Consultancy expenditure	92
Government advertising expenditure	92
Information and communication technology expenditure	93
Competitive Neutrality Policy	93
Freedom of information	93
Compliance with the <i>Building Act 1993</i> (Vic)	94
Compliance with <i>Public Interest Disclosures Act 2012</i> (Vic)	94
Compliance with <i>Carers Recognition Act 2012</i> (Vic)	95
Compliance with <i>Disability Act 2006</i> (Vic)	95
Environmental reporting	96
Compliance with DataVic Access Policy	96
Additional information on request	97
Disclosure index	98

**Acronyms and abbreviations** **101**



# Board Chairperson's statement

The 2022–23 financial year has seen a significant evolution in Cladding Safety Victoria's (CSV) program to make public and private buildings safe from fire risk arising from non-compliant combustible cladding.



Completion of CSV-funded projects on residential buildings has progressed, reaching the 250 milestone of completed rectification projects by 30 June. At the same time, the removal and replacement of combustible cladding on hospitals, schools and other government-owned buildings continued and will be complete by the end of this calendar year. These outcomes benefit not just those who live in or use these buildings, but the Victorian community as a whole.

Four years on from the Victorian Government's decision to create CSV, the full potential of a risk-based approach to dealing with combustible cladding is being realised. Logically, CSV's initial focus was on the buildings where combustible cladding posed the highest risk of fire spread. To identify these buildings it was necessary not only to assess risk on each building referred to CSV, but to be able to then rank them according to that risk. Since no model existed to do this, CSV created one with help from external experts. The Cladding Risk Prioritisation Model, as it became known, enabled CSV to prioritise funding to address the highest-risk buildings. One problem solved.

Two other problems remained: buildings with combustible cladding were still being discovered which meant that the scope of the problem remained undefined; and there was little in the way of assistance for owners of buildings with combustible cladding problems to find solutions except for those with the highest risk.

Over the past 12 months, CSV has found solutions for both of these problems.

Late in 2022, CSV took on the task of assessing approximately 4,100 apartment buildings to effectively bring to an end the audit of Class 2 buildings in Victoria. For the first time, the size of the problem set was known.

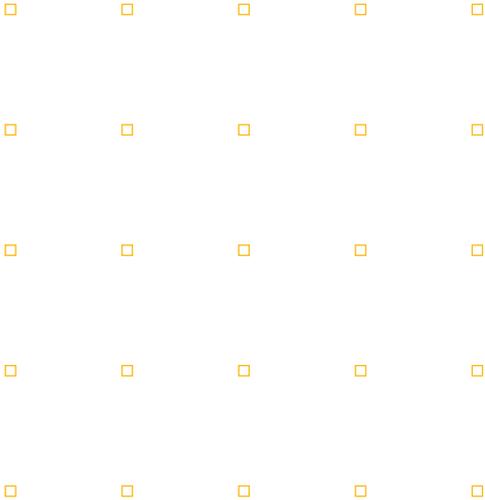
At the same time, ground-breaking research and development auspiced by CSV produced a new way to deal with combustible cladding risk that was led by science, informed by data and based on evidence. This new approach, created in collaboration with RMIT, CSIRO's Data 61, international experts, fire engineers, municipal building surveyors and policy makers means that CSV can partner with regulators and building owners to reduce cladding risk through approaches that are safe, proportionate and achievable.

It is a genuine breakthrough which is attracting interest in other parts of Australia and overseas.

While the goal of eliminating cladding risk is achievable, there is much still to do. On behalf of the Board, I want to thank CSV Chief Executive Dan O'Brien and his team for their hard work, ingenuity and adaptability. Together we recognise that none of this would be possible without the partnership of building owners and residents, a whole range of experts, our colleagues in the Victorian Government, local government and the building industry.



**Rod Fehring**  
Board Chairperson  
Cladding Safety Victoria



# Chief Executive's statement



CSV has had a highly successful year in 2022–23, significantly reducing the threat to Victorians from combustible cladding while making real progress in a world-leading approach that has the potential to permanently retire residual cladding risk.

We drove outcomes on two fronts. The drive to remove and replace combustible cladding from buildings at highest risk continued with the same intensity, while simultaneously a second work stream gained momentum aimed at defining the scope of the cladding 'problem' on residential apartment buildings and developing a robust, systematic and proportionate approach to assisting owners of buildings not eligible for funding.

These two key issues had been with CSV since its inception and, thanks to the efforts of many people both inside and outside the organisation, we ended the year with strong positions on both. These outcomes were the culmination of intense activity, continuous learning, data analysis and professional expertise. But the progress we have made is also the product of a daily commitment to provide genuine help to ordinary people.

By 30 June, 250 cladding projects on the highest-risk private residential buildings, funded by the taxpayer through CSV, were complete. Another 90 were underway. Of the 130 government-owned buildings identified as requiring attention, a total of 115 had been made safe from fire spread caused by cladding. The rest are scheduled to be finished by the end of 2023.

Following an investigation of approximately 4,100 Class 2 buildings

which had not previously been assessed, CSV was in a position for the first time to put a number on the total scope: 1,588 buildings. This number includes those buildings where remediation is already complete or underway and others already discharged. It includes buildings from high to low risk. Most importantly, the number is finite.

The objective now is to provide a way forward for every one of these buildings by the end of 2025.

CSV ended the year in a sound financial position. Importantly, the costs of running the organisation remain low relative to the funds provided for risk reduction. This has been the case historically and was the same over the past 12 months.

Much consideration has been given to ensuring we have a team that can deliver the project now and into the future. The diversity of our people is an obvious strength, while the high rate of job satisfaction is evidenced not just through staff surveys, but high retention rates. Put simply, CSV staff feel they are each making a contribution to an important program that delivers real benefit to the Victorian community.

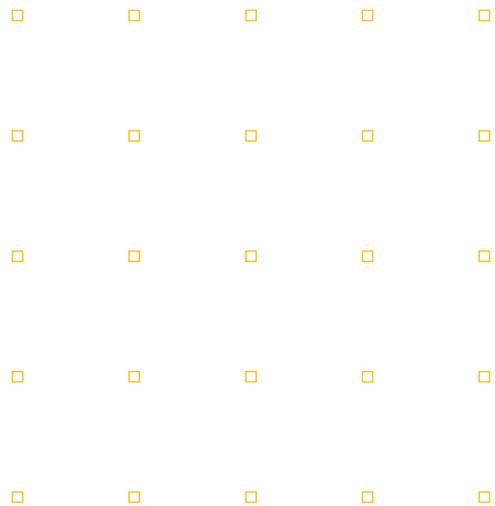
Of course we all recognise that we can achieve nothing in isolation. Building owners and residents are our most important stakeholders and we work with them every day. In fact, there were just

under a thousand interactions a month over the past year. Our partnership with Municipal Building Surveyors is also critical and we have continued to build those relationships, seeking their advice to become more effective.

CSV's work is one part of a larger set of challenges in the housing and construction sector. We will continue to share what we learn with others at home and abroad. This annual report details an approach that can have a material impact now and into the future and we look forward to continuing the work to realise this vision.



**Dan O'Brien**  
Chief Executive Officer  
Cladding Safety Victoria



# About Cladding Safety Victoria

## Manner of establishment

On 16 July 2019, the Premier of Victoria and the then Minister for Planning announced the establishment of CSV, within the Victorian Building Authority (VBA). The *Cladding Safety Victoria Act 2020 (Vic)* (CSV Act) commenced on 1 December 2020 and established CSV as the world's first stand-alone cladding rectification agency, formally separating CSV from the VBA.

## Responsible Minister

The Minister for Planning is the responsible Minister for CSV. The Hon. Lizzie Blandthorn MP was the Minister for Planning from the commencement of the reporting period to 4 December 2022 and The Hon. Sonya Kilkeny MP was appointed as Minister for Planning on 5 December 2022.

## Purpose and functions

Section 6 of the CSV Act provides that the object of CSV is to:

support Victorians to rectify non-compliant or non-conforming external wall cladding products on buildings to improve the safety of those buildings. CSV does this through administering the Cladding Rectification Program.

To achieve this purpose, CSV has the following functions under the CSV Act:

- deciding whether to grant or refuse to grant financial assistance to owners and owners corporations of buildings
  - determining the amounts of financial assistance to owners and owners corporations of buildings for cladding rectification work
  - monitoring cladding rectification work where financial assistance has been given
  - supporting owners and owners corporations of buildings by procuring building practitioners and engaging technical design and project management services to undertake cladding rectification work
  - facilitating cladding rectification work for government-owned buildings
  - providing information, advice and support to owners and owners corporations of buildings and other persons and bodies in relation to cladding rectification work
  - notifying the appropriate regulators, Municipal Building Surveyors, persons and bodies about matters relating to compliance and enforcement under the CSV Act, the *Building Act 1993* or any other Act
  - advising the Minister on the performance of its functions
  - performing any other function conferred on CSV, including under any agreement to which the State is a party
- prioritising buildings for potential financial assistance for cladding rectification work

## Vision, mission and outcomes

CSV's Strategic Plan 2021–25 outlines three core outcomes that provide the focus for performance monitoring and reporting. These are delivered within the context of CSV's vision and mission.

**Vision:** Making the community safer by reducing combustible cladding risk.

**Mission:** We will improve the safety of buildings impacted by cladding issues by working in partnership with industry and the community.

### Outcomes:

1. CSV actions improve the safety of buildings within the scope of the program.
2. Owners corporations of buildings referred to CSV are provided with information and support to address the cladding risk for their building.
3. Robust financial and resource management optimises the value of CSV's delivery outcomes.

Each of the three outcomes has outputs and measures attached to it that allow CSV to track progress against key activities during the year. More information about 2022–23 results is available on pages 28–29.

## Culture and values

A positive workplace experience that attracts talent, drives engagement, enhances staff satisfaction and improves performance is critical to the successful delivery of CSV's strategic objectives. To achieve CSV's organisational outcomes, CSV's values are brought to life in a way that is meaningful to all staff.

Developing and growing a values-based culture begins with understanding that all staff take responsibility for how they interact and work together. CSV is guided by the Public Sector Code of Conduct and in particular the values of leadership, respect, accountability and integrity. These values speak to the way staff work as individuals and team members. In addition, CSV holds safety, health and wellbeing at the forefront of all of its activities and processes.

### We are all leaders

This means:

- We set the tone for workplace culture and have a huge influence over how our workplace is shaped.
- We are committed to building a positive and constructive workplace culture.
- We empower staff to show leadership at every level of the organisation.
- We promote and role model physically and psychologically safe work practices.

### We are respectful

This means:

- We treat each other fairly, objectively and with civility.
- We recognise and value diversity, equality and human rights.
- We value each other's contribution and are committed to listen and communicate honestly and clearly.
- We give and seek feedback and encourage reporting of behaviour outside of these values.

### We are accountable

This means:

- We are comfortable with being held accountable and working to clear objectives in a transparent manner.
- We accept responsibility for our decisions and we take this seriously.
- We take ownership of the quality and demonstratable impact of our work.
- We are accountable for the responsible spending of public money.
- We ensure that our decisions and actions are evidence based and outcomes focused.

### We have integrity

This means:

- We are honest, open and transparent with each other and in all of our dealings.
- We show a consistent and uncompromising adherence to compliance, decisions and our values.
- We strive to build and sustain community trust.
- Our interactions with people always demonstrate that we are concerned about how they experience the service we deliver.

## Nature and range of services provided

CSV was established to reduce the risk posed by combustible cladding in Victoria's built environment. Cladding is the outside skin of a building. It is used to provide thermal insulation and weather resistance, and to improve the appearance of buildings.

While there are numerous types and brands of cladding available, there are two types of combustible cladding that pose a particular risk for building occupants, as well as the community more broadly. This is because in the event of a fire, these materials may increase the rate at which

a fire spreads. These cladding types are aluminium composite panels with a polyethylene core (ACP) and expanded polystyrene (EPS).

CSV runs two programs that aim to reduce cladding risk across Victoria by targeting combustible ACP and EPS cladding – one focuses on privately-owned residential apartment buildings and the other addresses government-owned buildings and facilities.

Through these programs, CSV delivers a number of community services where the primary customers are the owners, occupants and users of buildings with combustible cladding.

### Services for residential apartment buildings

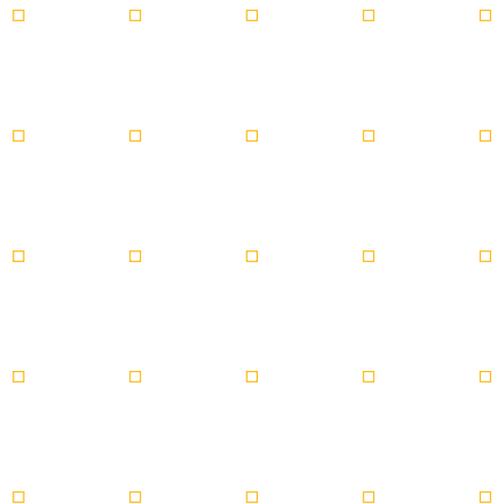
The CSV delivery process for the rectification of residential buildings is founded on the following core services to support building owners.

<b>Cladding risk assessment services</b>	The risk assessments performed by CSV help owners and Municipal Building Surveyors (MBSs) understand the level of fire risk that cladding adds to a building and what risk mitigation actions, if any, may need to be taken.
<b>Case management services</b>	Senior Customer Liaison Officers (CLOs) provide a dedicated one-to-one case management service for owners to support them in navigating a complex range of issues that they need to contend with to make their buildings safer. CLOs also provide fire safety information to owners corporations and residents of buildings in the program.
<b>Due diligence inspection services</b>	A multi-disciplinary expert team of building and fire safety practitioners is provided by CSV to inspect buildings, guide the development of rectification proposals and provide an initial appraisal of rectification costs.
<b>Project management services</b>	CSV-appointed Independent Project Managers (IPMs) represent the mutual interests of building owners and CSV in cladding rectification work, overseeing all aspects of contract management and delivery progress for buildings in the funded program.
<b>Quality control services</b>	Clerks of Works and CSV staff undertake on-site inspections during the construction period to ensure that work practices comply with quality standards and that building residents, visitors and workers are safe on-site.

### Services for government-owned buildings

The rectification process for government-owned buildings is managed by the relevant individual government departments, using funds allocated by CSV. The CSV services that support the rectification of government-owned buildings are as follows.

<p><b>Risk assessment services</b></p>	<p>CSV assesses a diverse range of government-owned buildings (including schools, hospitals, police stations and sports venues), helping government departments to understand the cladding risk profile of their respective buildings and the associated rectification priorities.</p>
<p><b>Rectification solution services</b></p>	<p>Drawing on several years of experience in designing rectification solutions for different types of government-owned buildings, CSV, with the support of external design practitioners, develops costed rectification solution proposals that reduce cladding risk to an acceptable level.</p>
<p><b>Advisory services</b></p>	<p>CSV provides a vital advisory service to each government department to ensure they are appropriately supported throughout the process and rectification priorities are understood and agreed.</p>
<p><b>Project oversight services</b></p>	<p>CSV monitors the implementation of construction works to ensure compliance with the approved solution design and quality standards and that delivery occurs within project budget and schedule tolerances.</p>



## Financial summary

### Overview

CSV considers the net result from transactions to be the appropriate measure of financial management that can be directly attributed to the Cladding Rectification Program. In 2022–23, CSV achieved a net result from transactions of \$22.51 million, \$46.18 million higher than in 2021–22. This net result is primarily due to an increase of Cladding Rectification Levy of \$18.49 million and a decrease in grants paid to owners corporations of \$30.20 million in comparison to the prior

year. In addition, increases in interest rates meant that the bank's total interest income yielded higher returns, with an increase of \$3.55 million compared to the previous period.

Total net assets increased from \$96.63 million in 2021–22 to \$119.14 million, predominantly reflecting the growth in total asset base, including cash. CSV has a cash balance of \$118.20 million. The change in cash balance from 2021–22 to 2022–23 is an increase of \$17.37 million. The positive change in cash balance indicates that CSV has experienced a growth in its cash reserves during the year.

### Three-year performance summary (\$'000s)

	2022–23	2021–22	2020–21*
Total income from transactions	156,311	145,312	98,002
Total expenses from transactions	(133,797)	(168,973)	(61,220)
Net result from transactions	22,514	(23,661)	36,782
Net result for the period	22,514	(23,661)	36,677
Net cash flows from operating activities	17,895	(21,138)	34,332
Total assets	132,494	111,429	134,753
Total liabilities	13,354	14,803	14,466
<b>Net assets</b>	<b>119,140</b>	<b>96,626</b>	<b>120,287</b>

\*CSV was established as an independent entity on 1 December 2020 and therefore the 2020–21 figures represent a period of seven months.

### Financial performance and business review

The main budgetary objectives of the organisation in 2022–23 were to oversee and coordinate the rectification of buildings while managing the financial resources efficiently, which included:

- timely rectification of Class 2 residential buildings prioritised on a risk basis including assessments, rectification, and remediation of buildings

- facilitation of timely rectification of government-owned buildings
- enhanced awareness of the Victorian community and participating owners corporations about cladding fire safety risk and the rectification program by providing information and guidance
- enhancement of the effectiveness of CSV's financial, risk and resource planning and systems.

CSV's funding was applied to achieve the main strategic outcomes as outlined in the 2022–23 Annual Work Program.

CSV achieved a higher net result from transactions in 2022–23 of \$22.51 million, income increased due to additional Cladding Rectification Levy received as outlined above.

Expenses from transactions decreased by \$35.18 million from the prior year. Grants payments to owners corporations for cladding rectification totalled \$104.73 million, a decrease of \$30.20 million. Payments to employees, consultants and professional services of \$25.95 million represented a decrease of \$3.26 million.

The overall number of active rectification projects remained stable at 200 in 2022–23, compared to 195 in 2021–22. The decrease in expenses from transactions and grant payments was largely influenced by the practical completion of 37 projects that occurred during the year, compared to only 12 projects that reached practical completion in the previous year.

CSV has been able to maintain fiscal responsibility in managing project budgets and commitments despite the challenges faced by the construction industry. The industry has experienced increased volatility in recent years, which can be attributed to factors such as economic fluctuations including the rising costs of building materials.

### Financial position – balance sheet

Net assets increased by \$22.51 million over the year to \$119.14 million, mainly due to an increase in total assets of \$21.06 million comprising of \$21.53 million of increases in financial assets, partly offset by a reduction of \$0.47 million in non-financial assets. The increase in financial assets is mainly due to increase in cash and deposits (\$17.37 million) and an increase in receivables (\$4.17 million).

Total liabilities has remained steady over the last three years and has been relatively consistent during these periods. Total liabilities are \$13.54 million, predominately made up of \$10.83 million in grant payables to owners corporations and payables to suppliers.

### Cash flows

The overall cash surplus of \$118.20 million for the 2022–23 financial year was a net increase of \$17.37 million compared to the previous year.

The net cash inflows from operating activities was \$17.90 million, and 180 per cent higher than in 2021–22 due to higher cash funding received from the Cladding Rectification Levy (\$91.52 million), grants received from the Department of Energy, Environment and Climate Action (\$56.67 million), and reduced payments for grants to owners corporations and payments to suppliers and employees.

### Disclosure of grants and transfer payments

CSV makes grant payments to owners corporations to rectify the highest-risk privately-owned multi-storey residential buildings with combustible cladding.

Up to 30 June 2023, CSV has entered into funding agreements with 319 owners corporations. During 2022–23, CSV made a total of \$104.73 million of grant payments.

### Subsequent events

CSV had no material subsequent events that occurred after 30 June 2023. See **Note 8.6** in the financial statements for further details.

# Year in review



# Residential Cladding Rectification Program

## Understanding cladding risk

During the year, CSV undertook a large-scale assessment of residential buildings that had previously not been evaluated. The conclusion of this assessment marks the end of the audit of Class 2 buildings and the final confirmation of the residential cladding problem in Victoria. In identifying and validating the scope of cladding risk across the state, CSV's processes have been comprehensive, involving significant collaboration with state and local government bodies, and have resulted in Victoria undertaking the most extensive assessment of cladding risk in the world.

As at 30 June 2023, there are 1,588 buildings within Victoria that have been identified for consideration under CSV's residential program, comprising 828 buildings that were referred by the VBA's Statewide Cladding Audit and 760 that were identified by CSV.

The buildings in the residential program vary significantly in height, occupation, style, usage and cladding concentration. To address the complexity of cladding risk across this diverse cohort of buildings, CSV

developed the Cladding Risk Prioritisation Model (CRPM). This model draws on the advanced risk and data analytics capability of Commonwealth Scientific and Industrial Research Organisation (CSIRO) Data61, together with the building construction and fire safety expertise available within CSV. Application of the CRPM by CSV ensures that:

- a consistent approach is applied to the assessment of cladding risk
- public funding is allocated in a way that achieves optimal outcomes for the community in relation to risk reduction
- owners and residents are given certainty about the level of cladding risk associated with their building.

The CRPM method focuses on the extent to which cladding can spread fire across a facade by estimating the number of apartments that would be directly impacted under a worst-case scenario. This is measured through an Initial Fire Spread in Cladding Assessment Number (IF-SCAN), which is used to allocate buildings to one of three risk categories – unacceptable, elevated or low.



The CRPM risk prioritisation process informs the actions undertaken by CSV in relation to each building, which may include:

**1. Funding and delivering cladding rectification work**

Buildings that carry an unacceptable cladding risk are prioritised by the CSV rectification program for funding and CSV works with owners corporations to ensure these works are delivered safely and to a high standard of quality.

**2. Providing expert support and advice**

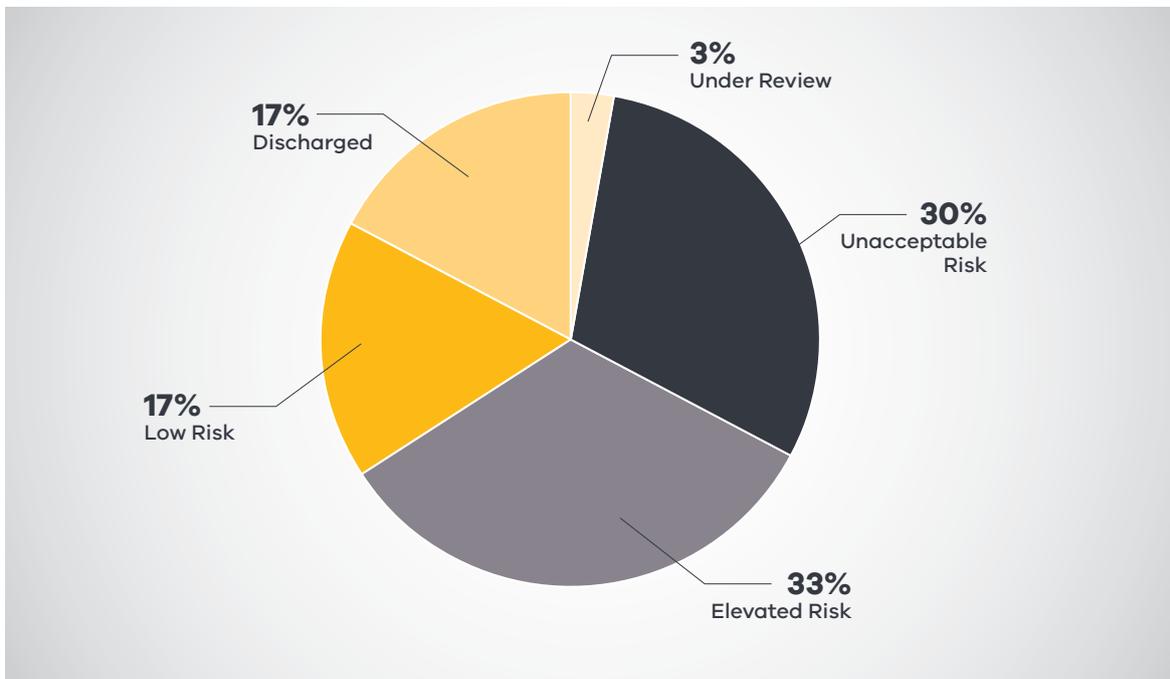
For buildings that are assessed as having a lower level of cladding risk, CSV aims to work with MBSs and owners corporations to provide expert

technical support for the development of remediation work proposals that reduce cladding fire risks to an acceptable level.

**3. Discharging buildings from CSV’s program**

Some buildings do not meet CSV’s eligibility requirements (e.g. the building is not a Class 2 building or it is less than three storeys high), or the cladding risk is so low that action is not considered to be required.

The following chart illustrates the risk categorisation of residential buildings that have been identified for consideration under CSV’s residential program as at the end of 2022–23.



Although unacceptable-risk buildings only represent 30% of the total building cohort, remediation of these buildings is expected to mitigate 90% of the cladding risk across Victoria. This is the basis on which CSV has focused on rectification of unacceptable risk buildings as the priority during the first half of its program.

**Unacceptable risk buildings**

The funded program is designed to finance rectification works and support building owners in remediating

unacceptable cladding fire risks on Class 2 residential buildings that are three storeys or higher.

The portfolio of buildings in the funded program varies significantly in scale and complexity, with not all buildings requiring full removal of cladding to appropriately mitigate the risk. To ensure that the most efficient remediation solution is developed for each building, an up-front due diligence process is undertaken that involves a physical inspection and in many cases, sampling of the cladding and other materials from the building.

This allows a rectification proposal to be developed, which forms the basis of the funding agreement that is signed between CSV and the owners corporation. In 2022–23, 73 funding agreements were signed and works commenced on 86 buildings.

### Delivery achievements

During 2022–23, CSV completed rectification works on 79 residential buildings, bringing the total number of buildings rectified under the funded program to 250 from commencement of the program to 30 June 2023. This equates to 188,250 square metres of cladding removed and more than 12,000 homes made safer.

The following table details the number of buildings rectified during 2022–23 by local government area.

Council	Number of buildings
Banyule	3
Boroondara	9
Darebin	2
Glen Eira	4
Greater Dandenong	2
Kingston	1
Knox	2
Manningham	5
Maribyrnong	5
Maroondah	2
Melbourne	10
Melton	2
Merri-bek	9
Monash	2

Council	Number of buildings
Port Phillip	9
Stonnington	7
Whitehorse	1
Yarra	4
<b>Total</b>	<b>79</b>

### Challenges to delivery

This successful outcome for the year has been achieved in the face of several challenges. Unseasonably wet weather in Spring 2022 hindered progress on-site and coincided with a period when work was scheduled to commence on a number of new projects. The shutdown of the construction industry over Christmas and January pushed work on several of these weather-delayed projects into the first half of 2023.

In line with the rest of the sector, CSV projects continued to experience a shortage of skilled labour because of recent demands on the domestic and commercial construction market. The current economic climate has resulted in a complex environment within the construction industry that is now presenting market risks relating to over-saturation and price escalation. CSV actively manages these risks by staggering tenders and undertaking detailed commercial analysis of proposals to determine whether pricing is competitive and represents good value-for-money outcomes for the community.

CSV maintains collaborative working relationships and clear communications with cladding rectification contractors, sourced from the Residential Cladding Rectification Register administered by the Department of Treasury and Finance. A competitive market reflects ongoing interest in the program, limiting the impacts of cost escalation and continues to ensure the delivery of high-quality works where on-site safety is a key focus.

## Non-cladding building defects

In addition to weather- and market-related challenges, progress on rectification projects has been delayed on several buildings due to the presence of building defects and latent conditions that require remediation prior to the cladding being replaced. These defects are the result of significant water ingress through roofs and walls to timber load-bearing walls and balconies, poor adherence to standards for materials and installation, lack of fire protection measures such as external wall fire rated plasterboard and compartmentation between apartments and common areas, and incorrect rain shield sarking and wall insulation.

Removal of cladding has provided a unique opportunity to examine the state and performance of the external wall systems that sit behind cladding on these buildings. CSV has compiled a significant body of data that highlights extensive non-cladding defects across the range of buildings in the funded program.

One of the most common building defects identified to date relates to balconies. Of the 318 buildings for which rectification works commenced prior to 30 June 2023, 33% were identified as having balcony defects. In 2022–23, CSV published a research paper on its website that focuses on the prevalence of balcony defects and analyses the associated issues and risks ([www.vic.gov.au/research-analysis-issues-and-risks-associated-balcony-defects](http://www.vic.gov.au/research-analysis-issues-and-risks-associated-balcony-defects)).

During the year, CSV undertook further analysis on the extent and underlying causes of non-cladding defects. Initial findings from this research are provided below. CSV will continue to collect and analyse this data not only to support the effective delivery of its own program, but also so that it can contribute to building reform discussions across Victoria more broadly. CSV's findings are consistent with the experience of other jurisdictions, both interstate and internationally, who are all grappling with building defect problems and their adverse social and economic impacts on residents and the wider community.

49% of buildings funded by CSV to May 2023 were identified as having defects unrelated to cladding.

38% were found to have water- or moisture-related structural damage, which is a key indicator that can lead to the presence of mould.

Newer buildings (less than 10 years old) had a higher rate of water-related defects than older ones.

33% of buildings analysed had missing or insufficient waterproofing.

Black mould spreading from wall cavities into insulation, timber and plaster was identified on 11% of the buildings that CSV has funded.

Remediation of building defects falls outside the remit of the funded rectification program; however, CSV has made improvements to the pre-construction process that facilitates identification of these defects. This provides CSV with more robust information to share with owners corporations, which helps to reduce uncertainty about the provisions they need to make to address these works. In addition, for several projects CSV has been able to negotiate contract arrangements with existing project managers so owners corporations have access to the same independent support and oversight for defect works as for the cladding remediation works.

## Working together to deliver results

CSV's extensive experience in the construction sector, which has been built up through the delivery of complex projects in a difficult environment, resulted in a number of challenging projects, including those with defects, being completed during 2022–23. One example is a three-storey building in Melbourne, which was constructed in 2012 and identified as having both ACP and EPS cladding.

Due diligence investigations commenced in July 2020 and revealed the presence of extensive non-cladding defects, including weatherproofing and structural issues.

Further investigations, commissioned by the owners corporation and for which CSV provided project management support, took 12 months and enlisted the expertise of engineers, builders and waterproofing specialists. These investigations found that a lack of expansion joints contributed to excessive structural movement. The resulting cracks in balconies led to water ingress into private lots and common property.

The Independent Project Manager appointed by CSV for the cladding rectification works facilitated the tendering and oversight of the defects works, which were funded by the owners corporation. CSV worked closely with the owners corporation through all steps of the process to streamline the project as much as possible and the owners corporation committee and manager remained highly proactive and engaged despite the significant financial and emotional burden caused by the building defects. The effective working relationship between CSV and the owners corporation resulted in all works being successfully completed by mid-2023.

### Support for building owners

CSV provides a range of support to owners corporations and building owners throughout the rectification process to facilitate the smooth progress of works, to safeguard the delivery of quality outcomes and to ensure owners corporations are kept fully informed about their project throughout each stage.

#### *Engagement with owners corporations*

Effective engagement with owners corporations, owners and residents is essential for the successful delivery of the funded program, as it creates the foundation on which CSV can establish collaborative working relationships between all of the program participants. CSV puts these stakeholders at the heart of its program, consulting in a transparent and empathetic way throughout the rectification process. Engagement is based on active case management to ensure every owners corporation is provided with all of the currently available information, advice and support.

Each building is assigned a dedicated Senior CLO who works with the owners corporation from the time a building is referred to CSV and assessed as eligible for funding, right through to the point when works are complete and the building is acquitted from the rectification program. This takes the form of project milestone meetings, the provision of information about the rectification process and responding to queries and issues raised. In 2022–23, CLOs had 11,577 engagements with owners corporations.

Type of engagement	Number
Stakeholder meetings	529
Phone	2,699
Email	7,492
Enquiries via Cladding Support Line	857
<b>Total</b>	<b>11,577</b>

CSV also issues fire safety information to owners in the program on a quarterly basis. In addition to the distribution of electronic communications, a printed fire safety flyer was distributed to 14,958 apartments in 230 buildings in the program. These flyers were developed in consultation with Fire Rescue Victoria (FRV).

#### *Project management and assurance*

During rectification works, CSV provides project management support through the appointment of an Independent Project Manager, who works with owners corporations to engage a suitable builder to carry out works, liaises with the building contractor to resolve on-site issues and oversees the delivery of project milestones.

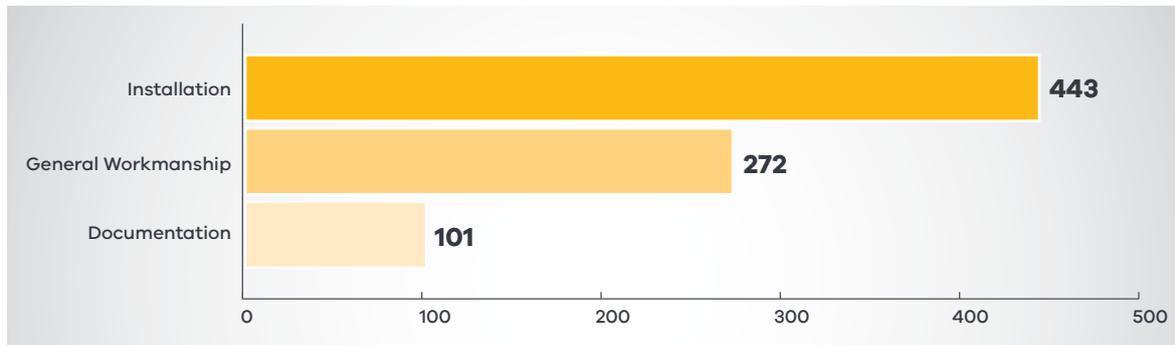
In addition, Clerks of Works are contracted by CSV for each project. This provides a rigorous process of independent oversight for construction works, ensuring that adherence to strict standards is maintained for all elements of workmanship and on-site safety. This model allows CSV to maximise quality, safety and value-for-money outcomes, reducing risk to the community and government.

During 2022–23, Clerks of Works carried out 5,758 inspections and collated quality and safety observations for monitoring and resolution. Issues raised and any associated trends are presented to the Risk Committee and CSV Board for

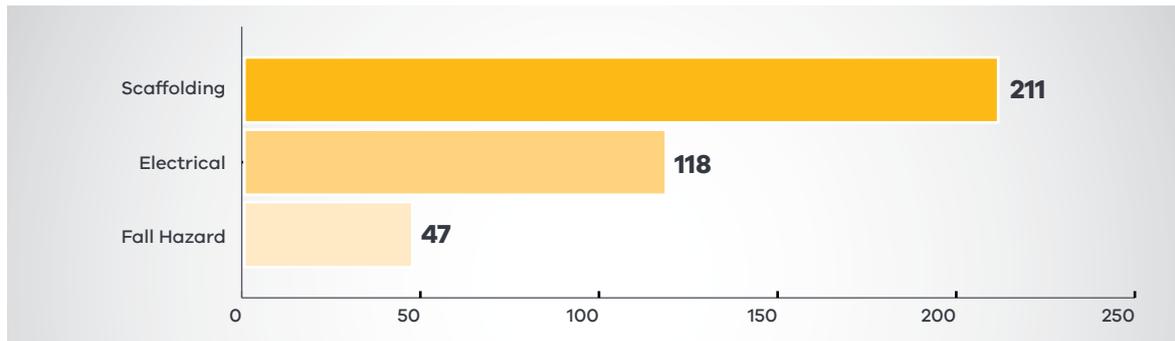
their oversight as part of regular safety reporting.

The following graphs outline the three most frequently reported categories of observations for quality and safety in 2022–23.

**Quality observations**



**Safety observations**



In addition to the Clerk of Works program, CSV Quality and Safety Officers and Program Managers undertake regular site inspections, covering on average 10

sites per day. CSV staff are also involved in running on-site toolbox talks as required, based on reported observations and incidents.



**Image:** Clerk of Works inspector meets with a builder on site a CSV funded cladding rectification project.

## Elevated- and low-risk buildings

To date, CSV has focused on mitigating cladding risk on buildings assessed as having an unacceptable level of risk. This is because rectification of these buildings is expected to retire the vast majority of cladding risk across the state, whereas lower-risk buildings only account for approximately 10% of overall cladding risk.

However, in parallel to this, CSV has been considering how it can support owners corporations and Municipal Building Surveyors (MBSs) to apply a proportionate risk response to buildings with lower levels of cladding risk, which are not eligible for funding through CSV's program.

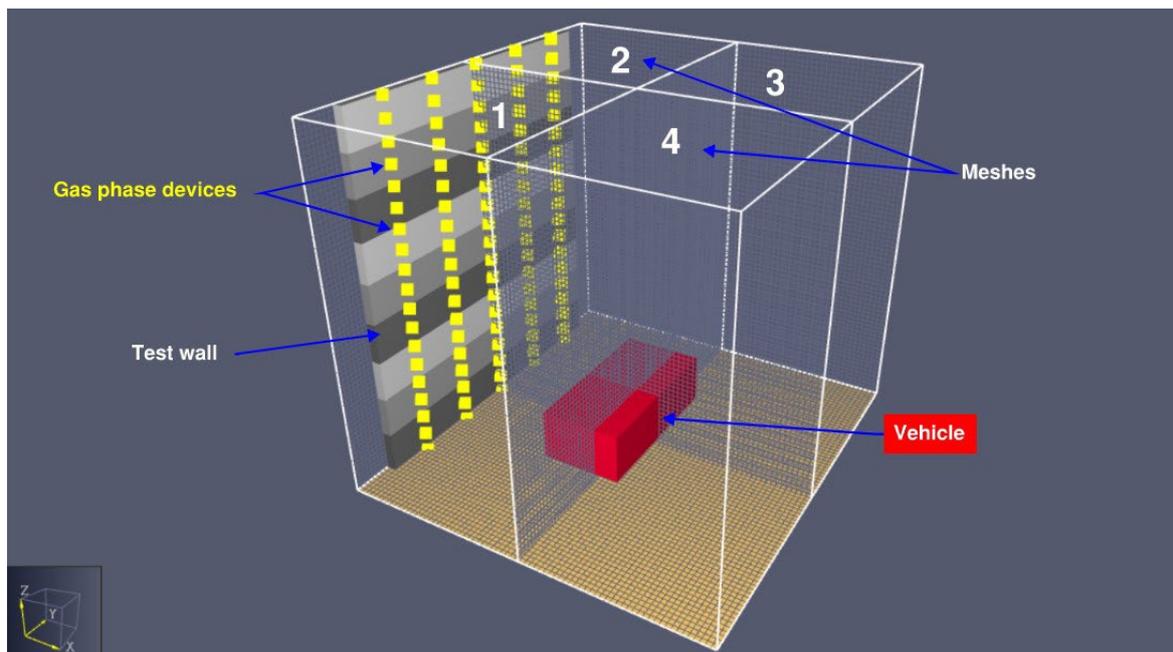
To this end, CSV has developed a set of protocols that can inform the design of cladding rectification works proposals. The Protocols for Mitigating Cladding Risk (PMCR) applies a methodology for the reduction of risk through the application of lower cost and lower complexity interventions that aim to improve a building's active and passive fire safety protection to reduce combustible cladding risk to an acceptable level. The PMCR has been developed in partnership with CSIRO Data61, with input

from CSV's internal technical resources, and was subject to peer review by industry-recognised experts.

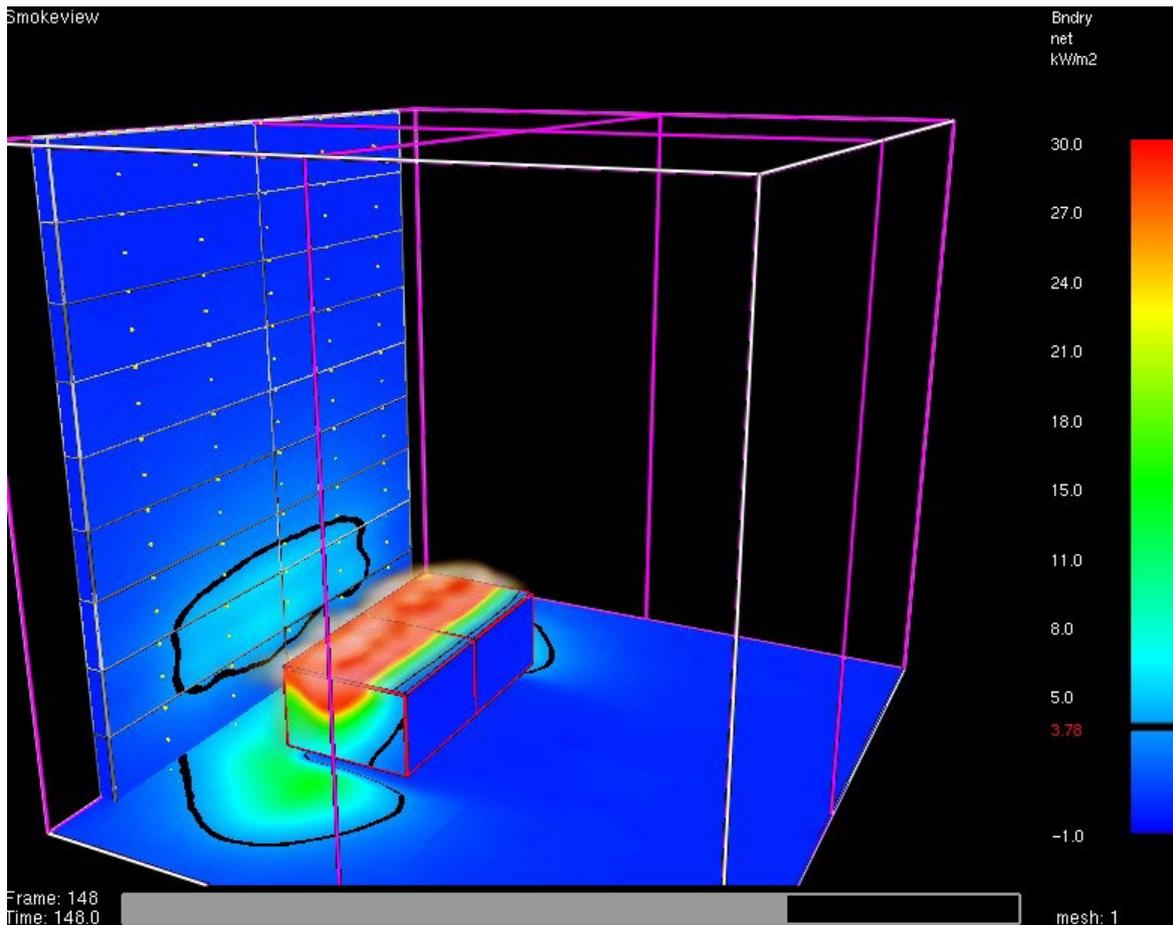
In 2022–23, CSV invested in an expansion of its internal technical skill base and knowledge suite to strengthen the data set that supports the PMCR and to finalise the methodology. Virtual and physical modelling and testing has allowed CSV to apply rigorous scientific approaches to the consolidation of the verified evidence base that underpins the PMCR interventions.

### Expanding the knowledge base

In 2022–23, CSV ran computational fluid dynamic simulations (FDS) based on different fire hazard scenarios, such as ground-level fires burning in proximity to a clad building and apartment flashover fires extending through covered balconies. These simulations provide temperature and heat flux data, representing how heat is transferred in the space surrounding a fire source. The simulations also provide a visual representation of how heat is transferred through three-dimensional space over time. An example of the visuals produced by these simulations, in this case from a ground-level car fire, are provided below, and on the following page.



**Image:** FDS modelled domain for a car fire proximal to a test wall (geometry as visualised in Pyrosim).



**Image:** A visualisation (utilising Smokeview) showing the heat flux received at the test wall as a result of the simulated car fire.

The output data and heat flux maps developed through these simulations can be used to understand where locations in proximity to a fire hazard may reach critical ignition temperatures or be exposed to critical levels of radiant heat flux. The results assist with the establishment of parameters that are then used to develop a targeted cladding removal strategy for mitigating the risk of external fire spread on elevated risk buildings.

During 2022–23, physical testing was also undertaken to assess the horizontal fire spread potential of ACP-FR cladding with an approximately 30% polyethylene core in a range of scenarios. For this testing program, a cladded wall test specimen was built, which represented a 1:1 replica of a section of building in CSV's program. An example of this testing is provided below. This testing will be expanded in 2023–24 to different products, allowing CSV to create a knowledge database for a range of cladding types and their reaction to various fire scenarios. It is intended that

this research, as well as supporting CSV's PMCR methodology, will also be published as a research paper that summarises the test findings and makes the raw data available to support future fire scenario modelling.



**Image:** This test explored vertical fire spread in a worst-case scenario where a flashover occurs in the unit directly below and fire has entered the wall cavity.

## Peer review and industry liaison

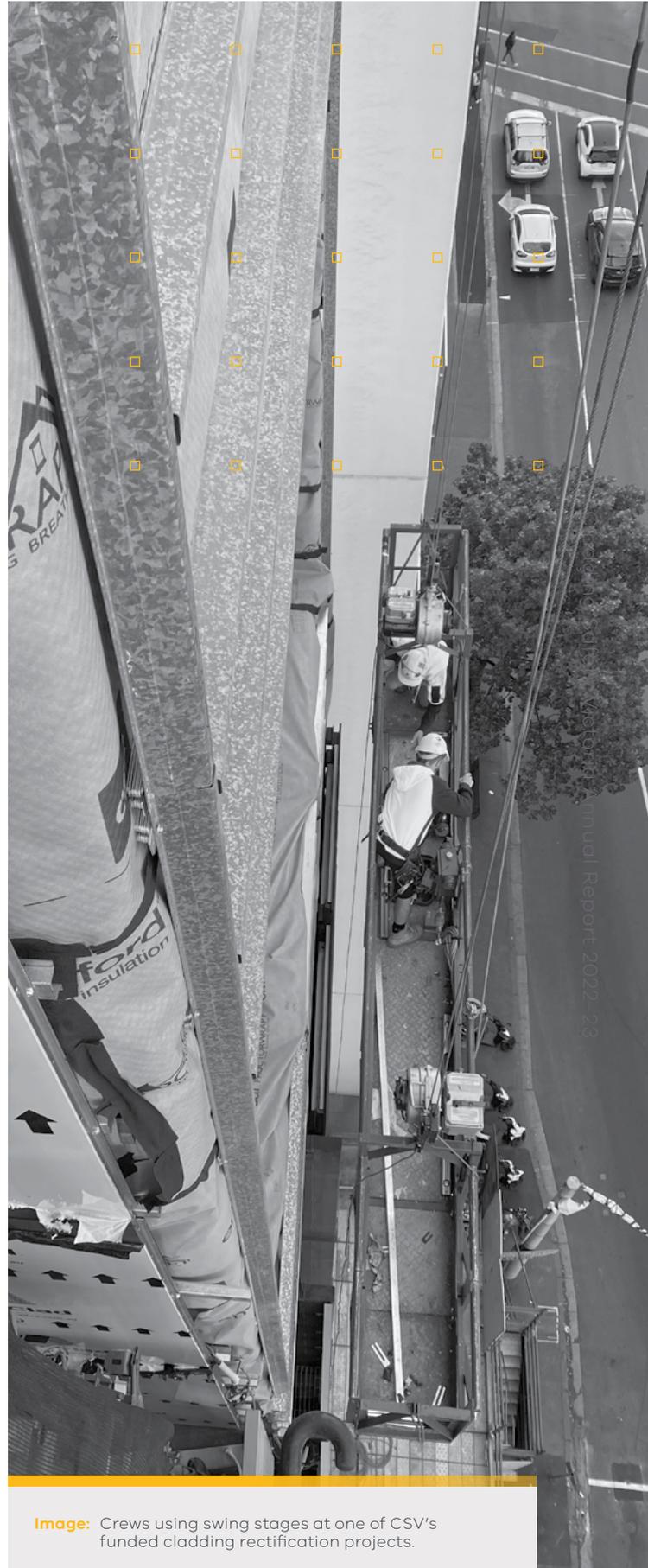
The research undertaken and modelling developed by CSV is world-leading and to test the validity of the risk-reduction approach, CSV has taken the opportunity to draw on a broad range of expertise. In 2022–23, CSV engaged with researchers from the University of New South Wales to undertake a peer review of the evidence base behind the PMCR model. This process has assisted CSV to refine the PMCR approaches and interventions. In addition, CSV presented the PMCR model at a forum with representation from universities across Australia.

CSV has also engaged with a range of industry bodies within Australia to discuss progress to date and the future of the rectification program. During 2022–23, CSV led presentations and discussions with the Fire Protection Association Australia, the Property Council, Master Builders Association of Victoria, the Housing Industry Association, the Australian Institute of Building Surveyors, National Fire Industry Association, the Victorian Municipal Building Surveyors Group and the Real Estate Institute of Victoria.

## Council engagement

Effective engagement with councils is critical to the implementation of a risk-based approach to reducing cladding risk for lower-risk buildings. In 2022–23, CSV ran a series of workshops with a select group of councils that have a large number of buildings in their municipality with combustible cladding. In these workshops, CSV explained the science behind the PMCR model and demonstrated its application through actual building case studies. These sessions also included site visits to relevant buildings, to bring the modelling to life. The learnings gained from councils through these workshops have been instrumental in finalising the PMCR model and ensuring that communications and resources developed for PMCR implementation are fit-for-purpose.

To prepare for the roll-out of the risk-based approach, DTP, in consultation with CSV, developed a draft Minister's Guideline and Cladding Risk Mitigation Framework that



**Image:** Crews using swing stages at one of CSV's funded cladding rectification projects.

outlined how the risk protocols should be applied by MBSs and private building surveyors to assess cladding rectification works proposals. These documents will provide guidance to MBSs and private building surveyors on the adoption of a risk-based approach when performing their respective functions in relation to all in-scope buildings. The guideline and framework are expected to be released in early 2023–24.

CSV has developed a partnership model through which it plans to work collaboratively with councils to develop remediation works proposals for elevated-risk buildings. This model provides dedicated resources within CSV for councils to liaise with, maintaining consistency of CSV team members for each council. These teams comprise a breadth of expertise that will enable councils to have peer-to-peer discussions about technical aspects of cladding risk and works proposals, as well as conversations about approaches for engaging owners corporations.

In 2022–23, CSV and DTP commenced the delivery of a CEO engagement plan with councils to discuss the partnership program and risk-reduction model. Consultation sessions have also been held with select councils to go through details of the proposed roll-out, to support effective implementation in 2023–24.

## Resolution of low-risk buildings

In 2022–23, CSV held 28 engagements with council MBSs to discuss buildings assessed as having low combustible cladding risk. Based on CSV's risk assessment methodology, 'low' represents an acceptable level of risk and low-risk buildings do not require any further interventions to mitigate cladding risk.

CSV has developed a report for each low-risk building that contains details of the risk assessment process and outcome, data and images to illustrate the presence and type/s of cladding and any other relevant building information. In these workshops, the reports are discussed and updated in consultation with the relevant council and then provided to the council for further review and consideration, with a view to reaching agreement about the level of risk and subsequent removal of any cladding enforcement notices by the MBS (where relevant).

In 2022–23, agreement was reached with councils about the assessment of 47 low-risk buildings. CSV will continue to work with councils in 2023–24 to address the remaining low-risk buildings so that owners corporations can be given certainty about whether action is required to reduce the cladding risk for their buildings.

**Image:** Crews using abseils at one of CSV's funded cladding rectification projects.



# Government-owned Buildings Cladding Rectification Program

Through the Government-owned Buildings Cladding Rectification Program, CSV works with departments and agencies that are responsible for managing community and public facilities to mitigate the risk of combustible cladding on those buildings. In total, 249 government-owned buildings were identified with combustible cladding through the program, of which 130 have been approved for rectification funding due to the high risk posed by cladding.

The types of buildings that are captured through this program include:

- schools and TAFE colleges
- hospitals
- residential care facilities
- police stations and court houses
- public and community housing
- sporting arenas and cultural institutions.

Under the program, the design and implementation of rectification projects is primarily the responsibility of the relevant department. CSV oversees these projects to facilitate consistency of the risk assessment and prioritisation process, efficient use of allocated funding and early resolution of issues that may create delays.

## Performance outcomes

During 2022–23, rectification works for 14 buildings reached completion, bringing the total number of government-owned buildings rectified to 115. These works are being undertaken using program funding of \$110.4 million allocated by the Victorian

Government. The full portfolio of buildings is on schedule to be completed within budget by the end of 2023.

Every square metre of combustible cladding removed enhances the safety of people attending events, accessing services, and working and residing in government-owned buildings.

The table below details the number of buildings and total square metres of cladding removed from the beginning of the program to 30 June 2023. It is not useful to compare the number of square metres of cladding removed between the Residential program and the Government program due to differences in the class of buildings within each program and the associated risk factors. The majority of buildings in the Government Program are Class 9 buildings (for example, sports stadiums, hospitals and TAFEs) which are predominantly used during the day by people attending events, accessing services and working in government-owned buildings, with limited overnight accommodation.

For this reason, the Government approved a risk based and proportionate approach to the removal of cladding from these buildings, and in the majority of cases, partial removal of cladding was considered the appropriate course of remediation to reduce the cladding fire risk to an acceptable level. By contrast, for public housing buildings and Class 2 provide residential buildings the appropriate course of remediation was considered full removal.

Building type	Number of buildings	Total cladding removed (m2)
Tourism facilities	2	280
Schools and TAFE colleges	55	3,813

Building type	Number of buildings	Total cladding removed (m2)
Police and fire stations	10	1,180
Justice facilities	2	1,104
Hospitals	18	20,235
Law courts	3	1,527
Sporting venues	7	8,028
Government-owned residential housing	1	1,550
Public and community housing	17	4,041
<b>Total</b>	<b>115</b>	<b>41,758</b>

### Collaborative approach to delivery

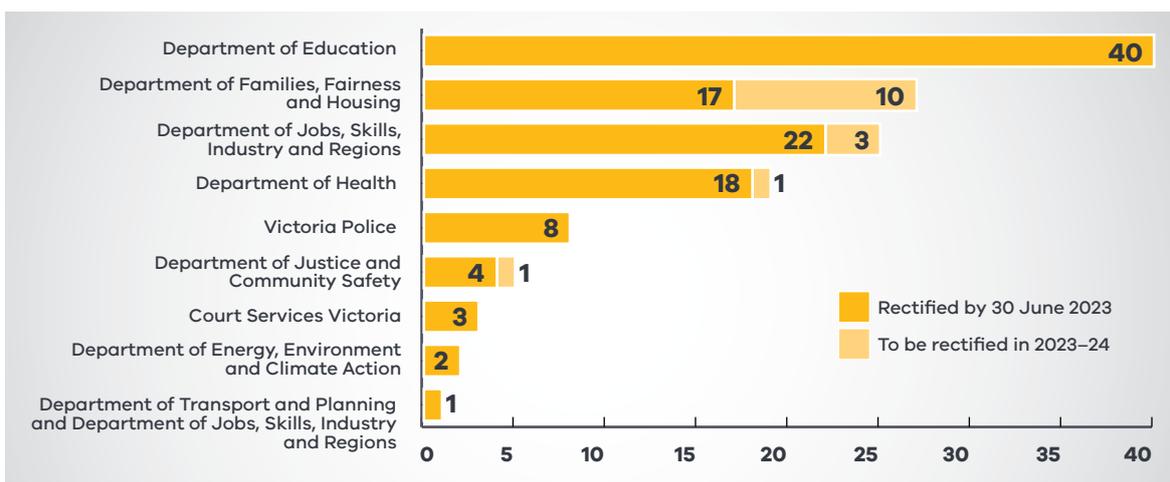
CSV has developed a depth of experience and knowledge through its work on hundreds of rectification projects and is able to bring this expertise to bear on smoothing the progress of buildings through the government program. In addition, CSV has been able to apply its specialised technical knowledge to the development of effective low-cost solutions. This has resulted in the successful passage of designs through the Building Appeals Board (BAB) for proposals that do not require the full removal of cladding. Savings gained through this approach has allowed for program funding to be redirected to rectify buildings not originally within the scope of the program, such as community housing.

Each building in the government program has its own unique characteristics, operating needs and technical challenges, which require a tailored approach. Maintaining a high standard of delivery

requires close collaboration between CSV and government departments and agencies, underpinned by the development and maintenance of effective working relationships. CSV’s partnerships with government entities has enabled it to share insights relevant to the resolution of rectification issues as they arise. Departments and agencies on the other hand, have been proactive in progressing rectification works in the face of a host of challenges, including coronavirus directions that placed restrictions on access to hospital buildings and complex funding agreement arrangements with community organisations.

### Looking ahead

Fifteen buildings remain in the program and these are forecast to be completed by the end of 2023. A summary of works completed and those remaining by government department and agency is provided below.



# Performance against outcomes and outputs

## 2022–23 State Budget and service delivery

CSV is accountable for the delivery of three performance targets that form part of the government's priorities for service delivery as outlined in Budget Paper No. 3. Two performance targets relate to the Residential Cladding Rectification Program and one relates to the Government-owned Buildings Cladding Rectification Program.

### Residential Cladding Rectification Program

Performance measures	Unit of measure	2022–23 target	2022–23 actual	Performance variation (%)	Result
In-scope privately owned residential buildings that have commenced cladding rectification works	number	80	86	107.5%	✓

This performance measure has been transferred directly from the former Planning, Building and Heritage output. The additional six buildings were completed ahead of schedule as on-site weather conditions were favourable in the first half of 2023.

In-scope privately owned residential buildings that have completed cladding rectification works	number	90	79	-12.2%	*
---	--------	----	----	--------	---

The actual result for 2022–23 was less than target, which reflects delays caused by principal contractors experiencing a shortage of suitable sub-contractors and the discovery of extensive latent conditions, such as non-cladding defects, which require resolution before cladding replacement work can be undertaken.

This performance measure has been transferred directly from the former Planning, Building and Heritage output.

✓ Performance target achieved or exceeded

\* Performance target not achieved – exceeds five per cent

# Performance target not achieved – within five per cent

### Government-owned Buildings Cladding Rectification Program

Performance measures	Unit of measure	2022-23 target	2022-23 actual	Performance variation (%)	Result
In-scope government buildings that have completed cladding rectification works	number	18	14	-22.2%	*

The actual result for 2022-23 was less than target due to several factors outside of CSV's control, including labour and supply shortages experienced by government departments and delays in determining the most cost-effective scope of works for large, complex hospital projects that would allow the maintenance of operational levels.

This performance measure has been transferred directly from the former Planning, Building and Heritage output.

- ✓ Performance target achieved or exceeded
- \* Performance target not achieved – exceeds five per cent
- # Performance target not achieved – within five per cent

### 2022-23 Annual Work Program outcomes and measures

CSV's 2021-25 Strategic Plan defines the three core outcomes that provide the focus for CSV performance monitoring and reporting.

#### Outcome 1: CSV actions improve the safety of buildings within the scope of the program

The focus of CSV's rectification program is to efficiently reduce the risks associated with combustible cladding on government-owned and residential properties, thereby protecting occupants and building assets from the serious impacts of fire that can spread through building cladding. CSV works intensively with government departments and owners corporations to develop high-quality and cost-effective solutions that effectively address cladding risk for buildings that are eligible for the rectification program and ensure these are implemented to the highest safety standards.

Timely rectification of buildings prioritised on a risk basis	2022-23 target	2022-23 actual
Percentage of buildings within the government program that reach works completed within agreed timeframes	100%	88%
Percentage of buildings within the residential program that reach works completed within agreed timeframes	≥90%	88%
Satisfaction rating for participating owners corporations	>80%	88%

**Outcome 2: Owners corporations of buildings referred to CSV are provided with information and support to address the cladding risk for their building**

CSV is committed to providing clear pathways for all buildings referred to it, whether they are deemed eligible for funding or not. These pathways are determined by a comprehensive assessment of the degree of risk presented by the amount and type of cladding on each building. Cladding removal is not required in all circumstances to reduce risk to an acceptable level and CSV provides information, advice and support to all owners corporations about the most appropriate solution for their building.

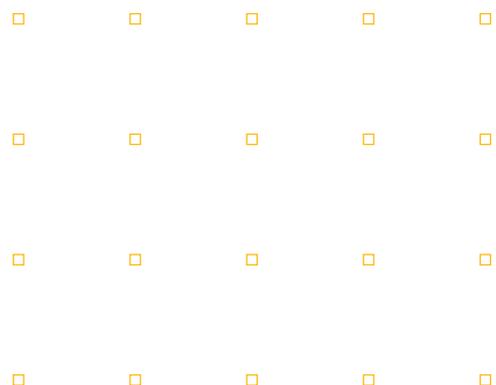
Defined pathways are in place for all buildings referred to CSV	2022-23 target	2022-23 actual
Number of referred buildings with low combustible cladding risk with an agreed pathway	290	70*

*\* The reason that the actual result was below target in 2022-23 was because the only pathway available for lower risk buildings was discharge, which is applied when buildings do not meet eligibility criteria. In 2022-23, CSV focused on finalising the PMCR methodology, which facilitates the development of remediation works proposals for elevated-risk buildings. Analysis and risk-based evidence has been developed on the remaining 220 lower-risk buildings and has been the subject of discussion with the relevant local MBS.*

**Outcome 3: Robust financial and resource management optimises the value of CSV’s delivery outcomes**

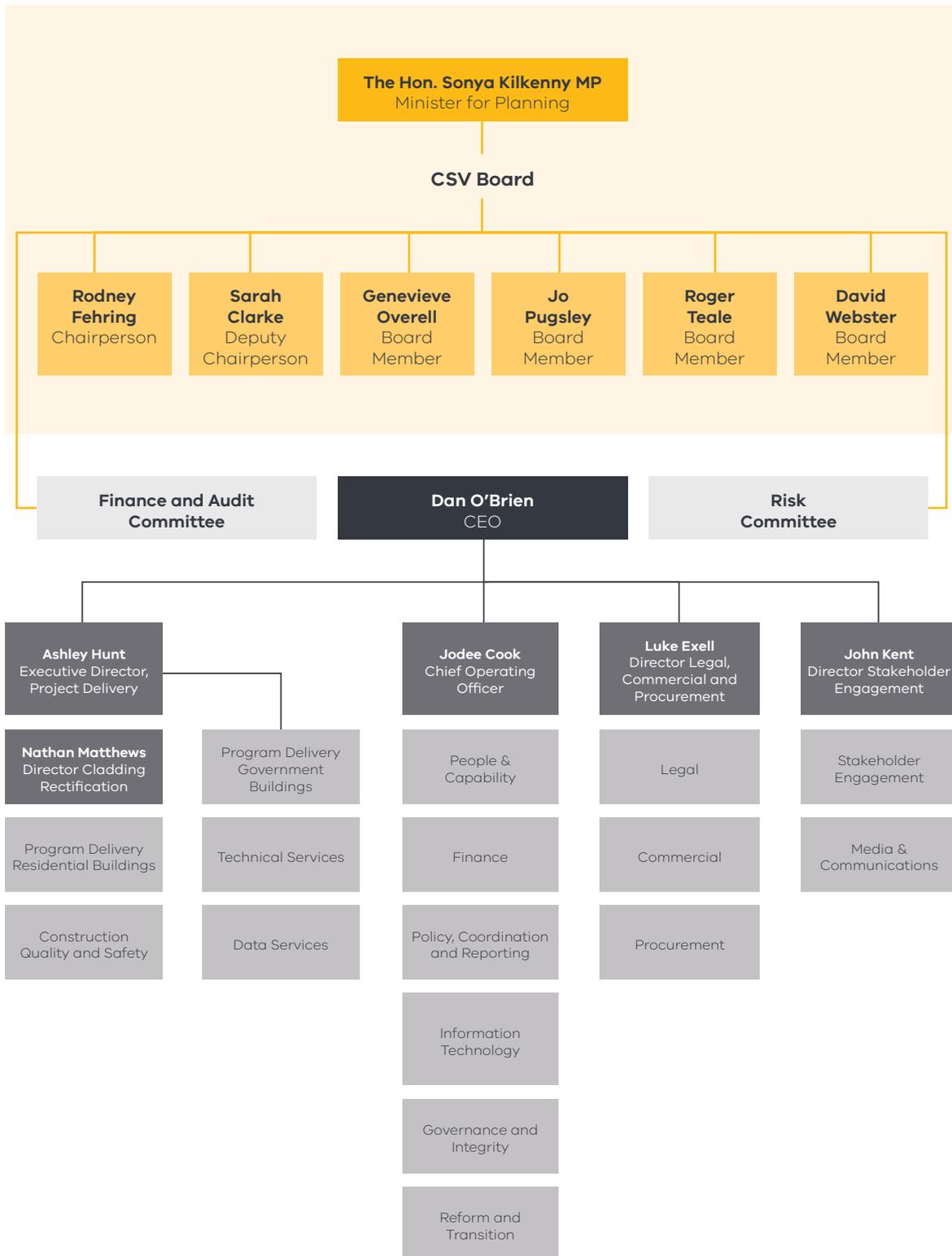
CSV’s success is underpinned by the processes and controls that work to build and sustain a high level of organisational performance through effective resource management, comprehensive risk and safety systems, and strong financial governance. CSV is continually striving to improve the operational practices that provide a strong foundation for the achievement of its objectives. This is realised through benchmarking against better-practice organisations, sound oversight and the external review of our processes by independent bodies.

Enhance the effectiveness of CSV’s financial, risk and resource planning and systems	2022-23 target	2022-23 actual
Variance between actual and budgeted cost for CSV’s overall budget	≤+/-10%	2%
Internal CSV operating costs as a percentage of overall costs	<15%	6%
Percentage of extreme and high risks managed within tolerance levels	≥85%	90%



# Organisation and people

## Organisational structure



Note: The above chart represents CSV's organisational structure as at 30 June 2023.

## Our people

CSV is committed to building a culture that puts the Cladding Rectification Program at the heart of everything it does. The past year has seen CSV working to address the shortage of skilled labour by accessing untapped labour segments that have traditionally been overlooked by the construction industry. With its unprecedented pipeline of projects, CSV committed to continuing the enhancement of technical and delivery capabilities in recognition of the fact that staff are critical to building and navigating its key partnerships, including those with owners corporations, government, the construction industry, the broader community and others.

CSV brings a collaborative approach to solving problems and keeps the community and owners corporations front-of-mind for all of its activities. A workplace culture of cooperation and clear communication, commitment to problem-solving and getting on with the job is critical to this success.

The effectiveness of CSV's approach is supported by its 2023 People Matter Survey results, which are based on a very high participation rate from staff (93%). CSV's employee engagement index remained high at 80, compared to 64 for comparator organisations. Employees reported experiencing a strong affinity with CSV and its objectives, feeling that they are engaged in meaningful work and being highly motivated. The overall results for inclusion, satisfaction, organisational integrity and collaboration were all well above the comparator organisation average. Significant improvements were also returned for learning and development, reflecting a strong focus from CSV over the last year.

## Public sector values, employment and conduct principles

The *Public Administration Act 2004* (Vic) established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity.

CSV maintains policies and practices that are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. CSV regularly communicates to employees about how to avoid and manage conflicts of interest; how to respond to offers of gifts, benefits and hospitality; and how misconduct is addressed.

CSV is committed to applying merit and equity principles when appointing staff. Selection processes ensure applicants are assessed and evaluated fairly and equitably based on key selection criteria and other accountabilities, without discrimination. Employees have been correctly classified in workforce data collections.

## Comparative workforce data

The table on the following page details the head count and full-time staff equivalent (FTE) of all active public sector employees of CSV who were employed in the last full pay period in June of the current reporting period and in the last full pay period in June of the previous reportable period.

□	□	□	□	□
□	□	□	□	□
□	□	□	□	□
□	□	□	□	□

	June 2022							June 2023						
	All employees		Ongoing			Fixed-term and casual		All employees		Ongoing			Fixed-term and casual	
	No. HC*	FTE #	F/T ~ HC*	P/T ^ HC*	FTE #	No. HC*	FTE #	No. HC*	FTE #	F/T ~ HC*	P/T ^ HC*	FTE #	No. HC*	FTE #
<b>Gender</b>														
Female	40	38	29	3	31	8	7	40	38	17	1	17	22	20
Male	43	42	23	2	24	18	18	44	41	16	1	16	27	25
Self-described	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Age</b>														
25–34	20	20	13	1	14	6	6	25	23	8	-	8	17	15
35–44	33	31	20	3	22	10	9	28	26	11	1	11	16	14
45–54	19	19	14	-	14	5	5	19	19	10	-	10	9	9
55–64	10	10	5	-	5	5	5	11	11	4	-	4	7	7
65+	1	1	-	1	1	-	-	1	1	-	1	1	-	-
<b>Band 1–6</b>	71	70	48	5	52	18	18	73	70	29	2	30	42	39
3	7	7	5	-	5	2	2	8	5	2	-	2	6	3
4	15	15	11	2	13	2	2	21	21	3	-	3	18	18
5	29	29	20	1	21	8	8	26	26	16	-	16	10	10
6	20	19	12	2	13	6	6	18	17	8	2	9	8	8
<b>Senior employees</b>	12	11	4	-	4	8	7	11	10	4	-	4	7	6
<b>Senior Technical Specialist (STS)</b>	5	4	4	-	4	1	1	5	4	4	-	4	1	1
<b>Senior Executive Service (SES)</b>	7	7	-	-	-	7	7	6	6	-	-	-	6	6
<b>Total employees</b>	<b>83</b>	<b>81</b>	<b>52</b>	<b>5</b>	<b>56</b>	<b>26</b>	<b>25</b>	<b>84</b>	<b>80</b>	<b>33</b>	<b>2</b>	<b>34</b>	<b>49</b>	<b>46</b>

\* HC = headcount

# There may be some variation in totals due to rounding of FTE figures.

~ F/T = full-time

^ P/T = part-time

## Senior employees

The following table discloses the annualised total remuneration for senior employees of CSV, categorised by classification. The remuneration amount is reported as the full-time equivalent.

### Annualised total remunerations by \$20,000 bands for executives and senior non-executive staff as at 30 June 2023

Income band	Executives	Senior Technical Specialist
\$190,000–209,999	-	3
\$210,000–229,999	-	1
\$230,000–249,999	3	-
\$250,000–269,999	1	1
\$270,000–289,999	-	-
\$290,000–309,999	1	-
\$450,000–469,999	1	-

The following table provides further information about the number of executive officers by classification and gender, including variations ('Var.') to the previous reporting period.

### Number of executive officers by classification and gender as at 30 June 2023

Classification	Total		Female		Male	
	No.	Var.	No.	Var.	No.	Var.
SES 3	1	-	-	-	1	-
SES 2	1	-	-	-	1	-
SES 1	4	-	1	-	3	-

The following table provides a reconciliation of executive numbers presented in the report of operations and **Note 8.3** in the financial statements.

### Reconciliation of executive numbers

	2021–22	2022–23
<b>Executives (Financial Statements Note 8.4)</b>	6	6
<b>Accountable Officer</b>	1	1
<i>Less</i> <b>Separations</b>	0	(1)
<b>Total executive numbers at 30 June</b>	<b>7</b>	<b>6</b>

## Workforce inclusion policy

CSV is committed to creating a place where opportunities are created and diversity is celebrated to enable the industry to sustainably develop an inclusive and skilled workforce to deliver on current and future infrastructure projects. This work continues to yield organisation-wide recognition and growing capability and capacity for the industry. Importantly, CSV acknowledges diversity in its workforce and is committed to continuing to build and grow a diverse and inclusive workplace culture.

During the year, CSV made a substantial progress on the implementation of the Gender, Diversity and Inclusion Strategy 2022–24 and continued to gain momentum with emphasis on building internal cultural awareness of LGBTIQ+ issues in the workplace and the broader community. A diversity and inclusion calendar has been developed to celebrate significant events throughout the year and raise awareness.

Of note were guest speakers who presented and shared their personal stories at staff education events for both Transgender Awareness Week in November 2022 and International Day Against LGBTQIA+ Discrimination (IDAHOBIT Day) in May 2023. CSV also celebrated Wear it Purple Day with a morning tea, which aimed to foster supportive, safe, empowering and inclusive environments for rainbow people.

## Occupational health and safety

CSV actively demonstrates a strong commitment to workplace safety and wellbeing, to ensure that it remains at the forefront of all activities and projects. This commitment is shared by staff, as shown by the 2023 People Matter Survey results for safety climate, where CSV scored higher than the average for comparator organisations for all questions.

During 2022–23, CSV continued to implement a number of initiatives to support the health and safety of staff, including:

- promotion of health and wellbeing events through staff newsletters and gatherings, such as Men’s Health Week, World Health Day and World Cancer Day
- roll out of the 2023 flu vaccination program
- regular meetings of the Occupational Health, Safety and Wellness Committee
- delivery of mandatory training for managers, wardens, first aiders and health and safety representatives
- provision of mental health support through trained mental health first aiders
- targeted training to address identified hazards, such as sessions on courageous conversations to provide CSV staff with strategies and tools to manage the dynamics of a difficult conversation.



## Performance against OH&S management measures

Measure	Performance indicator	2020–21*	2021–22	2022–23
Incidents	Number of incidents	0	1	0
	Rate per 100 FTE	0	1.2	0
Corrective actions	Percentage completed within agreed timeframes	N/A**	100%	N/A***
Claims	Number of standard claims	0	0	0
	Rate per 100 FTE	0	0	0
	Number of lost time claims	0	0	0
Claim costs	Average cost per standard claim	N/A***	N/A***	N/A***
Fatalities	Fatality claims	0	0	0

\* CSV was established as an independent entity on 1 December 2020 and therefore the 2020–21 figures represent a period of seven months.

\*\* This measure was established in 2021–22.

\*\*\* No relevant claims were made during the period.

### Incident management

CSV is committed to creating and maintaining a physically and psychologically safe environment for all its staff and communities. For the financial year 2022–23, there were no reports of any incidents on CSV premises.

### Minister for Planning

CSV is subject to the general direction and control of the Minister for Planning. From 5 December 2022, this has been the Hon. Sonya Kilkeny MP, who is also the Minister for Outdoor Recreation.

### Department of Transport and Planning (DTP)

From 1 January 2023, DTP became the portfolio department for CSV (prior to that, the Department of Environment, Land, Water and Planning).

The DTP-led Project Control Board (PCB) is responsible for strategic oversight of the overarching Cladding Rectification Program, including:

- state-wide audit activity and associated disciplinary action by the VBA
- implementation of the Cladding Rectification Program for in-scope privately owned buildings overseen by CSV
- establishment and implementation of the rectification program for government-owned buildings, including authorising the release of funds
- cost recovery activity by DTP
- development and implementation of immediate reform priorities and scoping and development of longer-term policy reform options.

PCB comprises senior representation from CSV, VBA, DTP, the Department of Treasury and Finance, and the Department of Premier and Cabinet.

## Cladding Safety Victoria's Board

The role and responsibilities of the CSV Board are defined under the *Cladding Safety Victoria Act 2020* (Vic). In addition to monitoring the performance of CSV against its duties under the CSV Act, the CSV Board is responsible for:

- setting the goals and overall strategy for CSV and monitoring deliverables
- establishing appropriate and effective financial governance and oversight arrangements, including the regular review of the effectiveness of those arrangements
- overseeing CSV system for internal control, risk management, auditing and legal compliance
- selecting and appointing the CEO.

There were no changes to Board membership during 2022–23. Details about Board members can be found on the CSV website at [www.vic.gov.au/our-ceo-and-governing-board](http://www.vic.gov.au/our-ceo-and-governing-board).

### Meeting attendance

Seven Board meetings were held during 2022–23, which included a strategic planning day. The record of attendance for CSV Board members at Board meetings is shown below.

Name	Position	Attended
Rod Fehring	Chairperson	7
Sarah Clarke	Deputy Chairperson	7
Genevieve Overell	Director	7
Jo Pugsley	Director	7
Roger Teale	Director	6
David Webster	Director	5

## Finance and Audit Committee

The Finance and Audit Committee is a sub-committee of the CSV Board. The Committee provides assurance and advice to the Board on the effectiveness of the organisation's financial management systems and controls, performance and sustainability, and compliance with laws and regulations as they relate to financial management.

### Meeting attendance

Three Finance and Audit Committee meetings were held during 2022–23. The record of attendance for Committee members for Finance and Audit Committee meetings is shown below.

Name	Position	Attended
David Webster	Chairperson	3
Rod Fehring	Member	3
Genevieve Overell	Member	3

□	□	□	□	□
□	□	□	□	□
□	□	□	□	□
□	□	□	□	□

## Risk Committee

The Risk Committee is a sub-committee of the CSV Board. The Committee provides assurance and advice to the Board on the effectiveness of the organisation's compliance with laws and regulations and risk management systems and processes, including those relating to health and safety and business continuity.

### Meeting attendance

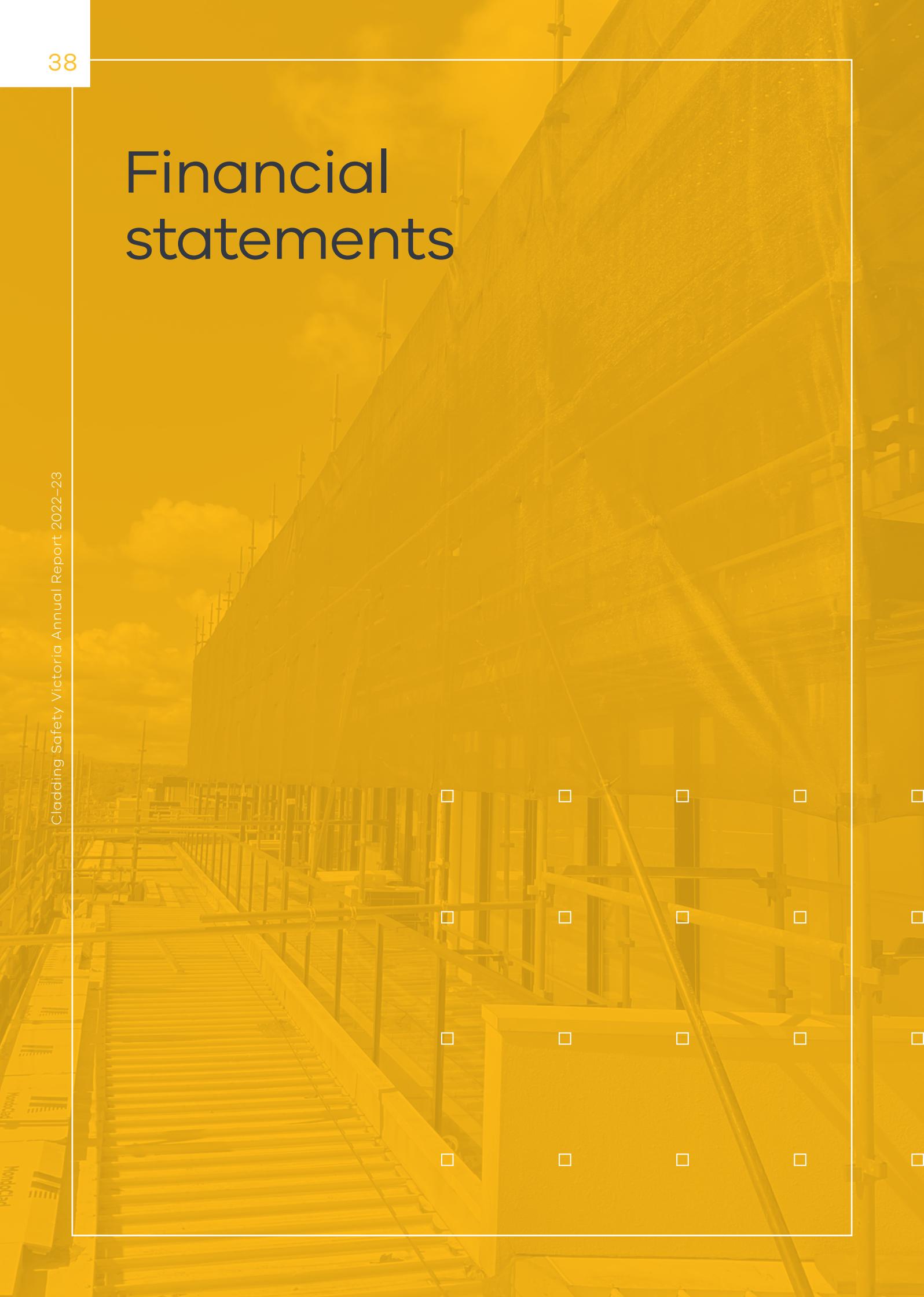
Four Risk Committee meetings were held during 2022–23. The record of attendance for Committee members for Risk Committee meetings is shown below.

Name	Position	Attended
Roger Teale	Chairperson	4
Sarah Clarke	Member	2
Jo Pugsley	Member	2

## CEO and Senior Executives

CSV is led by Dan O'Brien, Chief Executive Officer, who reports to the Chairperson of the CSV Board. CSV is managed by a senior executive group comprising Chief Executive Officer, the heads of three of CSV's divisions and the two executives who oversee delivery of the cladding rectification program. Details about CSV's Chief Executive Officer and senior executives can be found on the CSV website at [www.vic.gov.au/our-ceo-and-governing-board](http://www.vic.gov.au/our-ceo-and-governing-board).

# Financial statements



# List of contents

The Board of Directors of Cladding Safety Victoria (CSV) has the pleasure of presenting its audited general purpose financial statements for the financial year ended 30 June 2023 providing users with information about the authority's stewardship of resources entrusted to it. It is presented in the following structure.

<b>Accountable Officer's and Chief Financial Officer's Declaration</b>	<b>41</b>
<b>Independent Auditor's Report</b>	<b>42</b>
<b>Comprehensive operating statement</b>	<b>44</b>
<b>Balance sheet</b>	<b>45</b>
<b>Cash flow statement</b>	<b>46</b>
<b>Statement of changes in equity</b>	<b>47</b>
Note 1: About this report	48
1.1. Basis of preparation	48
1.2. Compliance information	49
1.3. Rounding of amounts	49
Note 2: Funding delivery of our services	50
2.1. Levy income	50
2.2. Grant income	51
2.3. Other income	51
Note 3: The cost of delivering services	52
3.1. Employee benefits	52
3.2. Grant expense	55
3.3. Other operating expenses	56
Note 4: Key assets available to support output delivery	57
4.1. Property, plant and equipment	57
4.2. Depreciation and amortisation	59

Note 5: Other assets and liabilities	60
5.1. Receivables	60
5.2. Payables	61
5.3. Other non-financial assets	62
Note 6: How we financed our operations	63
6.1. Borrowings	63
6.2. Leases	64
6.3. Cash flow information and balances	66
6.4. Commitments for expenditure	67
Note 7: Risks, contingencies and valuation judgements	68
7.1. Financial instruments specific disclosures	68
7.2. Contingent assets and contingent liabilities	75
7.3. Fair value determination	76
Note 8: Other disclosures	79
8.1. Ex gratia expenses	79
8.2. Responsible persons	79
8.3. Remuneration of executives	80
8.4. Related parties	81
8.5. Remuneration of auditors	82
8.6. Subsequent events	82
8.7. Other accounting policies	82
8.8. Australian Accounting Standards issued that are not yet effective	83
8.9. Glossary of technical terms	84
8.10. Style conventions	88

# Accountable Officer's and Chief Financial Officer's Declaration

The attached financial statements for Cladding Safety Victoria (CSV) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and the financial position of CSV at 30 June 2023.

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

We authorise the attached financial statements for issue on 25 September 2023.



**Rodney Fehring**  
Board Chairperson  
Cladding Safety Victoria  
Melbourne  
25 September 2023



**Dan O'Brien**  
Chief Executive Officer  
Cladding Safety Victoria  
Melbourne  
25 September 2023



**Rose Scasni**  
Chief Financial Officer  
Cladding Safety Victoria  
Melbourne  
25 September 2023

# Independent Auditor's Report



## Independent Auditor's Report

### To the Board of the Cladding Safety Victoria

<b>Opinion</b>	<p>I have audited the financial report of the Cladding Safety Victoria (the authority) which comprises the:</p> <ul style="list-style-type: none"> <li>balance sheet as at 30 June 2023</li> <li>comprehensive operating statement for the year then ended</li> <li>statement of changes in equity for the year then ended</li> <li>cash flow statement for the year then ended</li> <li>notes to the financial statements, including significant accounting policies</li> <li>Accountable Officer's and Chief Finance Officer's declaration.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<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 authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Other Information</b>	<p>The Board is responsible for the "other information" included in the authority's Annual Report for the year ended 30 June 2023. 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>Board's responsibilities for the financial report</b>	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority'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 authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority'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 authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE  
4 October 2023



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

# Comprehensive operating statement

for the financial year ended 30 June 2023

		(\$ thousand)	
	Notes	June 2023	June 2022
<b>Continuing operations</b>			
<b>Revenue and income from transactions</b>			
Levy income	2.1	95,675	77,185
Grant income	2.2	56,669	67,714
Other income	2.3	3,967	413
<b>Total revenue and income from transactions</b>		<b>156,311</b>	<b>145,312</b>
<b>Expenses from transactions</b>			
Employee costs	3.1.1	(12,267)	(13,963)
Grant expense	3.2	(104,728)	(134,926)
Other operating expenses	3.3	(16,209)	(19,471)
Depreciation and amortisation	4.2	(548)	(548)
Interest expense	6.1.2	(45)	(65)
<b>Total expenses from transactions</b>		<b>(133,797)</b>	<b>(168,973)</b>
<b>Net result from transactions (Net operating balance)</b>		<b>22,514</b>	<b>(23,661)</b>
<b>Other economic flows included in net result</b>			
Other economic flows included in net result		-	-
<b>Comprehensive result</b>		<b>22,514</b>	<b>(23,661)</b>

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

# Balance sheet

as at 30 June 2023

		(\$ thousand)	
	Notes	June 2023	June 2022
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.3	118,196	100,831
Receivables	5.1	12,966	8,800
<b>Total financial assets</b>		<b>131,162</b>	<b>109,631</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	840	1,366
Intangible assets		11	17
Other non-financial assets	5.3	481	415
<b>Total non-financial assets</b>		<b>1,332</b>	<b>1,798</b>
<b>Total assets</b>		<b>132,494</b>	<b>111,429</b>
<b>Liabilities</b>			
Payables	5.2	10,826	11,454
Borrowings	6.1	899	1,413
Employee benefits provision	3.1.2	1,629	1,936
<b>Total liabilities</b>		<b>13,354</b>	<b>14,803</b>
<b>Net assets</b>		<b>119,140</b>	<b>96,626</b>
<b>Equity</b>			
Contributed capital		83,610	83,610
Accumulated surplus/(deficit)		35,530	13,016
<b>Net worth</b>		<b>119,140</b>	<b>96,626</b>

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

# Cash flow statement

for the financial year ended 30 June 2023

		(\$ thousand)	
	Notes	June 2023	June 2022
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers		91,519	78,537
Grants received from State Government		56,669	67,714
Goods and services tax recovered from the ATO		8,839	15,430
Interest received		3,962	413
<b>Total receipts</b>		<b>160,989</b>	<b>162,094</b>
<b>Payments</b>			
Payments of grants		(115,886)	(148,187)
Payments to suppliers and employees		(27,163)	(34,980)
Payments of lease interest		(45)	(65)
<b>Total payments</b>		<b>(143,094)</b>	<b>(183,232)</b>
<b>Net cash flows from/ (used in) operating activities</b>	<b>6.3.1</b>	<b>17,895</b>	<b>(21,138)</b>
<b>Cash flows from investing activities</b>			
<b>Payments</b>			
Payments for property, plant and equipment		(16)	(72)
<b>Total payments</b>		<b>(16)</b>	<b>(72)</b>
<b>Net cash flows from/ (used in) investing activities</b>		<b>(16)</b>	<b>(72)</b>
<b>Cash flows from financing activities</b>			
<b>Payments</b>			
Repayment of leases		(514)	(475)
<b>Net cash flows from/ (used in) financing activities</b>	<b>6.2.2</b>	<b>(514)</b>	<b>(475)</b>
<b>Net increase in cash and cash equivalents</b>		<b>17,365</b>	<b>(21,685)</b>
Cash and cash equivalents at the beginning of the financial year		100,831	122,516
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6.3</b>	<b>118,196</b>	<b>100,831</b>

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

# Statement of changes in equity

for the financial year ended 30 June 2023

	(\$ thousand)		
	Contributed capital	Accumulated surplus	Total
<b>Balance at 1 July 2021</b>	<b>83,610</b>	<b>36,677</b>	<b>120,287</b>
Net result for the year	-	(23,661)	(23,661)
<b>Balance at 30 June 2022</b>	<b>83,610</b>	<b>13,016</b>	<b>96,626</b>
Net result for the year	-	22,514	22,514
<b>Balance at 30 June 2023</b>	<b>83,610</b>	<b>35,530</b>	<b>119,140</b>

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

## Note 1: About this report

Cladding Safety Victoria (CSV) was established on 1 December 2020 as a statutory authority by the State of Victoria, under the *Cladding Safety Victoria Act 2020*. CSV was established to deliver a program that is a world-first initiative, making Victorians safer by reducing the risk associated with combustible cladding on residential apartment and government-owned buildings.

Its principal address is:

Cladding Safety Victoria  
Level 4  
717 Bourke Street  
Docklands VIC 3008

A description of the nature of CSV's operations and its principal activities is included in the Report of Operations which does not form part of these financial statements.

### 1.1. Basis of preparation

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

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

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 CSV.

Additions to net assets which 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.

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

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

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

These financial statements are prepared in accordance with the historical cost convention except for non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

In addition to the Cladding Rectification Levy collected by the Victorian Building Authority (VBA) and subject to fluctuations due to activity levels in the construction sector, CSV is dependent on the Department of Transport and Planning (DTP) for a substantial portion of its revenue used to operate. At the date of this report, the Board of Directors has no reason to believe the DTP will not continue to support CSV. As such, these financial statements have been prepared on a going concern basis.

## **1.2. Compliance information**

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

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

## **1.3. Rounding of amounts**

Amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated. Figures in the financial statements may not equate due to rounding (**Note 8.10**).

## Note 2: Funding delivery of our services

CSV's mission is to improve the safety of buildings impacted by cladding issues by working in partnership with industry and the community.

To enable CSV to fulfil its mission, it is funded predominantly through government via grants and the distribution of the Cladding Rectification Levy (CRL) through the *Building Act 1993*.

This section of the financial statements identifies the funding sources that enable CSV to achieve these objectives.

### Structure

#### 2.1. Levy income

#### 2.2. Grant income

#### 2.3. Other income

### 2.1. Levy income

The CRL came into effect on 1 January 2020 and is calculated based on the rates and cost of building works for which a building permit number is sought. The CRL applies to Building Code of Australia classes 2 to 8 building works located in the metropolitan area that are \$0.8 million or more. The CRL is brought to account upon issue of the building permit number and is recognised at a point in time. Building works on Commonwealth Crown Land retain the current exemption from any building permit levy, including the new CRL.

	(\$ thousand)	
	June 2023	June 2022
Cladding rectification levy	95,675	77,185
<b>Total levy income</b>	<b>95,675</b>	<b>77,185</b>

### *Income recognised under AASB 1058*

AASB 1058 *Income of not-for-profit entities* clarifies the income recognition requirements that apply to not-for-profit entities. Under the AASB 1058 income recognition model, the entity first determines whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are "sufficiently specific". This occurred where grants and contracts do not contain performance obligations that are sufficiently specific. As a result, income is recognised when CSV has an unconditional right to receive cash, in accordance with AASB 1058.

CSV has determined that the CRL is recognised as income of not-for-profit entities in accordance with AASB 1058, as there is no performance obligation that are sufficiently specific. CRL is recognised when the amounts become receivable.

## 2.2. Grant income

In the financial year ended 30 June 2023, the Department of Energy, Environment and Climate Action (previously known as Department of Environment, Land, Water and Planning) provided grants of \$56.67 million (2022: \$67.71 million) to CSV to carry out the Cladding Rectification Program.

	(\$ thousand)	
	June 2023	June 2022
<b>Income recognised as income of not-for-profit entities</b>		
Private building rectification grant	55,445	67,707
Government building rectification grant <sup>(i)</sup>	1,187	-
Mental Health Levy Grant	37	7
<b>Total grant income</b>	<b>56,669</b>	<b>67,714</b>

Note: (i) this grant is only for technical and operational functions of the Cladding Rectification Program and Department of Energy, Environment and Climate Action holds the funds for the rectification of government buildings.

CSV has determined that the grant income included in the table above under AASB 1058 has been earned under arrangements that are either not enforceable and/or linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when CSV has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, CSV recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards.

## 2.3. Other income

	(\$ thousand)	
	June 2023	June 2022
Interest income	3,962	413
Miscellaneous income	5	-
<b>Total other income</b>	<b>3,967</b>	<b>413</b>

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

## Note 3: The cost of delivering services

This section provides an account of the expenses incurred by CSV in delivering services. In **Note 2**, the funds that enable the provision of services were disclosed and in this note the costs associated with provision of services are recorded.

### Structure

#### 3.1. Employee benefits

#### 3.2. Grant expense

#### 3.3. Other operating expenses

### 3.1. Employee benefits

#### 3.1.1. Employee benefits in the comprehensive operating statement

	(\$ thousand)	
Employee benefits	June 2023	June 2022
Salaries and wages, annual leave, long service leave and on-costs	11,060	12,780
Defined contribution superannuation expense	1,034	1,055
Defined benefit superannuation expense	23	22
Termination benefits	150	106
<b>Total employee benefits expense</b>	<b>12,267</b>	<b>13,963</b>

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

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

CSV does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when CSV is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

### 3.1.2. Employee-related provisions in the balance sheet

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

	(\$ thousand)	
	June 2023	June 2022
<b>Current provisions</b>		
<b>Annual leave</b>		
Unconditional and expected to wholly settle within 12 months	832	698
Unconditional and expected to wholly settle after 12 months	-	344
<b>Long service leave</b>		
Unconditional and expected to wholly settle within 12 months	95	100
Unconditional and expected to wholly settle after 12 months	304	400
<b>Provisions for on-costs</b>		
Unconditional and expected to wholly settle within 12 months	176	147
Unconditional and expected to wholly settle after 12 months	56	135
<b>Total current provisions</b>	<b>1,463</b>	<b>1,824</b>
<b>Non-current provisions</b>		
Employee benefits	140	95
Provisions for on-costs	26	17
<b>Total non-current provisions</b>	<b>166</b>	<b>112</b>
<b>Total provisions for employee benefits</b>	<b>1,629</b>	<b>1,936</b>

**Reconciliation of movement in on-cost provision**

	(\$ thousand)	
	June 2023	June 2022
<b>Opening balance</b>	<b>299</b>	<b>155</b>
Additions/(reductions) due to transfers	(23)	27
Additional provisions recognised	139	200
Reductions arising from payments/other sacrifices of future economic benefits	(159)	(87)
Unwind of discount and effect of changes in the discount rate	2	4
<b>Closing balance</b>	<b>258</b>	<b>299</b>
Current	232	282
Non-current	26	17

**Wages and salaries, annual leave and sick leave:** Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, given CSV does not have an unconditional right to defer settlements of these liabilities.

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

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

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

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

Unconditional LSL is disclosed as a current liability; even where CSV does not expect to settle the liability within 12 months, it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value – if CSV expects to wholly settle within 12 months; or
- present value – if CSV does not expect to wholly settle within 12 months.

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

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

### 3.1.3. Superannuation contributions

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

	(\$ thousand)	
	Paid contribution for the year	
	June 2023	June 2022
<b>Defined benefit plans</b>		
State Superannuation Fund	23	22
<b>Defined contribution plans</b>		
Vic Super	288	365
Australian Super	152	171
Aware Super	95	-
Hostplus Super	61	88
Uni Super	65	58
Other	373	394
<b>Total</b>	<b>1,057</b>	<b>1,098</b>

*Note: The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.*

### 3.2. Grant expense

	(\$ thousand)	
	Paid contribution for the year	
	June 2023	June 2022
Grants payments to owners corporations	104,728	134,926
<b>Total grant expenses</b>	<b>104,728</b>	<b>134,926</b>

Grant payments are contributions of CSV's resources to another party for specific purposes where there is no expectation that the amount will be repaid in equal value (either by money, goods or services).

Grant payments are paid for a particular purpose and have conditions attached regarding their use. CSV makes grant payments to owners corporations under funding agreements to rectify the highest risk privately owned buildings with combustible cladding.

Grant payments are in the form of cash and are recognised as an expense when they are paid or become payable.

### 3.3. Other operating expenses

	(\$ thousand)	
	June 2023	June 2022
Consultants and professional services	13,679	15,246
Computer services and equipment	731	656
Accommodation	172	180
Insurance expense	1,236	2,877
Administrative expenses	391	512
<b>Total other operating expenses</b>	<b>16,209</b>	<b>19,471</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. Other operating expenses are recognised as an expense in the reporting period in which they are incurred.

**Consultants and professional services** relate to the expenses paid for operational services, specialist professional services, expert analysis and advice.

**Insurance expense** relate to the costs associated with insurance policies procured to safeguard against potential risks and liabilities.

## Note 4: Key assets available to support output delivery

CSV controls property, plant and equipment that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to CSV to be utilised for delivery of those outputs.

### Fair value measurement

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

### Structure

#### 4.1. Property, plant and equipment

#### 4.2. Depreciation and amortisation

#### 4.1. Property, plant and equipment

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022
Right-of-use buildings	1,681	1,681	(1,042)	(638)	639	1,043
Plant, equipment and vehicles at fair value	277	261	(180)	(107)	97	154
Leasehold improvements	274	274	(170)	(105)	104	169
<b>Net carrying amount</b>	<b>2,232</b>	<b>2,216</b>	<b>(1,392)</b>	<b>(850)</b>	<b>840</b>	<b>1,366</b>

#### 4.1.1. Right-of-use assets

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022
Right-of-use buildings	1,681	1,681	(1,042)	(638)	639	1,043
<b>Net carrying amount</b>	<b>1,681</b>	<b>1,681</b>	<b>(1,042)</b>	<b>(638)</b>	<b>639</b>	<b>1,043</b>

### Initial recognition

Items of property, plant and equipment, including right-of-use (RoU) assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a Machinery of Government change are transferred at their carrying amount.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

### Right-of-use asset acquired by lessees – initial measurement

CSV recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received
- any initial direct costs incurred
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

### Subsequent measurement

CSV depreciates the RoU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the RoU asset or the end of the lease term.

In addition, the RoU asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

#### 4.1.2. Reconciliation of movements in carrying amount of property, plant and equipment

	(\$ thousand)			
	Right-of-use buildings	Plant, equipment and vehicles at fair value	Leasehold improvements	Total
<b>Opening balance - 1 July 2022</b>	<b>1,043</b>	<b>154</b>	<b>169</b>	<b>1,366</b>
Additions	-	16	-	16
Depreciation expense	(404)	(73)	(65)	(542)
<b>Closing balance - 30 June 2023</b>	<b>639</b>	<b>97</b>	<b>104</b>	<b>840</b>
<b>Opening balance - 1 July 2021</b>	<b>1,446</b>	<b>155</b>	<b>235</b>	<b>1,836</b>
Additions	-	72	-	72
Depreciation expense	(403)	(73)	(66)	(542)
<b>Closing balance - 30 June 2022</b>	<b>1,043</b>	<b>154</b>	<b>169</b>	<b>1,366</b>

## 4.2. Depreciation and amortisation

		(\$ thousand)	
	Note	June 2023	June 2022
Right-of-use buildings	4.1.2	(404)	(403)
Plant, equipment and vehicles at fair value	4.1.2	(73)	(73)
Leasehold improvements	4.1.2	(65)	(66)
Intangible assets (amortisation)		(6)	(6)
<b>Total depreciation and amortisation</b>		<b>(548)</b>	<b>(548)</b>

All buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated.

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

Asset	Useful life
Right-of-use buildings	5 years
Leasehold improvements	5 years
Motor vehicles owned	3 to 5 years
IT equipment	3 to 5 years
Furniture and fittings	5 to 10 years
Software and intangibles	3 to 7 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. The useful lives of some assets are longer than the expected operating period of CSV.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the least term.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

## Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from CSV's operations.

### Structure

#### 5.1. Receivables

#### 5.2. Payables

#### 5.3. Other non-financial assets

### 5.1. Receivables

	(\$ thousand)	
Current receivables	June 2023	June 2022
<b>Contractual</b>		
Other sundry receivables	-	-
<b>Statutory</b>		
Cladding Rectification Levy receivables	11,339	7,661
GST input tax credit recoverable from the ATO	1,627	1,139
<b>Total current receivables</b>	<b>12,966</b>	<b>8,800</b>
<b>Total receivables</b>	<b>12,966</b>	<b>8,800</b>

Receivables consist of:

- contractual receivables** are classified as financial instruments and categorised as financial assets at amortised costs. They are initially recognised at fair value plus any directly attributable transaction costs. CSV holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method less any impairment.
- statutory receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments. The Cladding Rectification Levy is a component of the Building Permit Levy under the Amendments to the *Building Act 1993* in the *Building Amendment (Cladding Rectification) Act 2019*.

## 5.2. Payables

	(\$ thousand)	
	June 2023	June 2022
<b>Current payables</b>		
<b>Contractual</b>		
Grants payables	3,672	2,062
Supplies and services	333	102
Accrued grants payables	6,235	8,468
Accrued supplies and services	523	767
<b>Statutory</b>		
Other tax payables	63	55
<b>Total current payables</b>	<b>10,826</b>	<b>11,454</b>
<b>Total payables</b>	<b>10,826</b>	<b>11,454</b>

Payables consist of:

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

Payables for supplies and services have an average credit period of 30 days.

Payables for grants have an average credit period of ten days.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements. As they are not legislative payables, they are not classified as financial instruments.

## 5.2.1. Maturity analysis of contractual payables

	(\$ thousand)					
	Maturity dates					
	Carrying amount	Nominal amount	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years
<b>June 2023</b>						
Payables	10,763	10,763	10,763	-	-	-
<b>Total</b>	<b>10,763</b>	<b>10,763</b>	<b>10,763</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>June 2022</b>						
Payables	11,399	11,399	11,399	-	-	-
<b>Total</b>	<b>11,399</b>	<b>11,399</b>	<b>11,399</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: Maturity analysis is presented using the contractual undiscounted cash flows.

## 5.3. Other non-financial assets

	(\$ thousand)	
	June 2023	June 2022
<b>Current</b>		
Prepayments	481	415
<b>Total other non-financial assets</b>	<b>481</b>	<b>415</b>

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

## Note 6: How we financed our operations

This section provides information on the sources of finance utilised by CSV during its operations, along with interest expenses and other information related to financing activities of CSV.

This section includes disclosures of balances that are financial instruments (such as interest-bearing liabilities and cash balances). **Notes 7.1** and **7.3** provide additional, specific financial instrument disclosures.

### Structure

#### 6.1. Borrowings

#### 6.2. Leases

#### 6.3. Cash flow information and balances

#### 6.4. Commitments for expenditure

### 6.1. Borrowings

	(\$ thousand)	
	June 2023	June 2022
<b>Current borrowings</b>		
Lease liabilities	556	514
<b>Total current borrowings</b>	<b>556</b>	<b>514</b>
<b>Non-current borrowings</b>		
Lease liabilities	343	899
<b>Total non-current borrowings</b>	<b>343</b>	<b>899</b>
<b>Total borrowings</b>	<b>899</b>	<b>1,413</b>

Borrowings refer to interest bearing liabilities entirely made up of lease liabilities in CSV.

Borrowings are classified as financial instruments. The measurement basis depends on whether CSV has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through net result, or financial liabilities at amortised cost. The classification depends on the nature and purpose of the interest-bearing liabilities. CSV determines the classification of its interest-bearing liabilities at initial recognition.

### 6.1.1. Maturity analysis of borrowings

	(\$ thousand)						
	Maturity dates						
	Carrying amount	Nominal amount	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years
<b>June 2023</b>							
Lease liabilities	899	927	48	95	438	346	-
<b>Total</b>	<b>899</b>	<b>927</b>	<b>48</b>	<b>95</b>	<b>438</b>	<b>346</b>	<b>-</b>
<b>June 2022</b>							
Lease liabilities	1,413	1,488	46	92	423	927	-
<b>Total</b>	<b>1,413</b>	<b>1,488</b>	<b>46</b>	<b>92</b>	<b>423</b>	<b>927</b>	<b>-</b>

### 6.1.2. Interest expense

	(\$ thousand)	
	June 2023	June 2022
Interest on lease liabilities	45	65
<b>Total interest expense</b>	<b>45</b>	<b>65</b>

Interest expense represents costs incurred in connection with borrowings. It includes the interest component of lease repayments. Interest expense is recognised in the period in which it is incurred.

## 6.2. Leases

CSV leases a property, comprising of space for its head office. The lease contract is made for fixed periods of five years with an option to renew the lease after that date. Lease payments for properties are renegotiated every five years to reflect market rentals.

### 6.2.1. Right-of-use assets

Right-of-use assets are presented in [Note 4.1.1](#).

### 6.2.2. Amounts recognised in the Statement of Cashflows

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

	(\$ thousand)	
	June 2023	June 2022
<b>Total cash outflow for leases</b>	<b>514</b>	<b>475</b>

For any new contracts entered into during the financial year, CSV considers whether a contract is, or contains a lease.

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, CSV assesses whether the contract meets three key evaluations:

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

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

#### Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, CSV separates out and accounts separately for non-lease components and excludes these amounts when determining the lease liability and right-of-use asset amount.

#### Recognition and measurement of lease as a lessee

**Initial measurement:** The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable; or otherwise, CSV's incremental borrowing rate is used.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments)
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

**Subsequent measurement:** Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in the substance of fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

### Short-term leases and leases of low value assets

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

### Presentation of right-of-use assets and lease liabilities

CSV presents right-of-use assets as 'property, plant and equipment' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

## 6.3. Cash flow information and balances

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

	(\$ thousand)	
	June 2023	June 2022
Total cash and deposits disclosed in balance sheet	118,196	100,831
<b>Balance as per cash flow statement</b>	<b>118,196</b>	<b>100,831</b>

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

	(\$ thousand)	
	June 2023	June 2022
<b>Net result for the period</b>	<b>22,514</b>	<b>(23,661)</b>
<b>Non-cash movements</b>		
Depreciation and amortisation	548	548
<b>Movements in assets and liabilities</b>		
(Increase) decrease in receivables	(4,166)	1,346
(increase) decrease in other non-financial assets	(66)	(182)
Increase (decrease) in payables	(628)	17
Increase (decrease) in provisions	(307)	794
<b>Net cash flows from/(used) in operating activities</b>	<b>17,895</b>	<b>(21,138)</b>

#### 6.4. Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(\$ thousand)				
Nominal Amounts: as at 30 June 2023	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Grants commitments	121,726	-	-	121,726
Cladding Rectification Program commitments	8,756	-	-	8,756
<b>Total commitment (inclusive of GST)</b>	<b>130,482</b>	<b>-</b>	<b>-</b>	<b>130,482</b>
Less GST recoverable	(11,862)	-	-	(11,862)
<b>Total commitment (exclusive of GST)</b>	<b>118,620</b>	<b>-</b>	<b>-</b>	<b>118,620</b>
<b>Nominal Amounts: as at 30 June 2022</b>				
Grants commitments	118,029	-	-	118,029
Cladding Rectification Program commitments	13,246	-	-	13,246
<b>Total commitment (inclusive of GST)</b>	<b>131,275</b>	<b>-</b>	<b>-</b>	<b>131,275</b>
Less GST recoverable	(11,934)	-	-	(11,934)
<b>Total commitment (exclusive of GST)</b>	<b>119,341</b>	<b>-</b>	<b>-</b>	<b>119,341</b>

**Grant commitments** include funding agreements executed with owners corporations for cladding rectification work.

**Cladding Rectification Program commitments** include contractors who work on the delivery of the Cladding Rectification Program including independent project managers, fire safety engineers, architects and quantity surveyors, for which contracts have been executed.

**Other commitments** include agreements entered into for provision of financial information technology, human resource services and other expenditure commitments.

## Note 7: Risks, contingencies and valuation judgements

CSV is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks), as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for CSV relate mainly to fair value determination.

### Structure

#### 7.1. Financial instruments specific disclosures

#### 7.2. Contingent assets and contingent liabilities

#### 7.3. Fair value determination

### 7.1. Financial instruments specific disclosures

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

#### Categories of financial assets

##### Financial assets at amortised cost

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

- the assets are held by CSV to collect the contractual cash flows
- the assets' contractual terms give rise to cash flows that are principal and interest payments.

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

CSV recognises the following assets in this category:

- cash and cash equivalent
- receivables (excluding statutory receivables).

##### Categories of financial liabilities

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

Financial instrument liabilities measured at amortised cost include borrowings (including lease liabilities) and contractual payables.

**Derecognition of financial assets**

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

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

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

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the estimated consolidated comprehensive operating statement.

## 7.1.1. Financial instruments: Categorisation

	(\$ thousand)			
	Cash and cash equivalents	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
<b>June 2023</b>				
<b>Contractual financial assets</b>				
Cash and cash equivalents	118,196	-	-	118,196
<b>Total contractual financial assets</b>	<b>118,196</b>	<b>-</b>	<b>-</b>	<b>118,196</b>
<b>Contractual financial liabilities</b>				
Payables	-	-	10,763	10,763
Borrowings	-	-	899	899
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>11,662</b>	<b>11,662</b>
<b>June 2022</b>				
<b>Contractual financial assets</b>				
Cash and cash equivalents	100,831	-	-	100,831
<b>Total contractual financial assets</b>	<b>100,831</b>	<b>-</b>	<b>-</b>	<b>100,831</b>
<b>Contractual financial liabilities</b>				
Payables	-	-	11,399	11,399
Borrowings	-	-	1,413	1,413
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>12,812</b>	<b>12,812</b>

7.1.2. *Financial instruments: Net holding gain/(loss) on financial instruments by category*

	Interest income/ (expense)	Total
(\$ thousand)		
<b>June 2023</b>		
Contractual financial assets		
Cash and cash equivalents	3,962	3,962
<b>Total contractual financial assets</b>	<b>3,962</b>	<b>3,962</b>
<b>Contractual financial liabilities</b>		
Financial liabilities at amortised cost	(45)	(45)
<b>Total contractual financial liabilities</b>	<b>(45)</b>	<b>(45)</b>
<b>June 2022</b>		
<b>Contractual financial assets</b>		
Cash and cash equivalents	413	413
<b>Total contractual financial assets</b>	<b>413</b>	<b>413</b>
<b>Contractual financial liabilities</b>		
Financial liabilities at amortised cost	(65)	(65)
<b>Total contractual financial liabilities</b>	<b>(65)</b>	<b>(65)</b>

7.1.3. *Financial risk management objectives and policies*

CSV does not enter into derivative financial instruments to manage its exposure to interest rates.

CSV does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

CSV's principal financial instruments comprise:

- cash assets
- receivables (excluding statutory receivables)
- payables (excluding statutory payables)
- borrowings (including lease liabilities).

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in **Note 7**.

The main purpose in holding financial instruments is to prudentially manage CSV's financial risks within the government policy parameters. CSV uses different methods to measure and manage the different risks to which it is exposed.

The carrying amounts of CSV's contractual financial assets and financial liabilities by category are disclosed in **Note 7.1.1**.

CSV's main financial risks include credit risk, liquidity risk, market risk and interest rate risk. CSV manages these financial risks in accordance with its financial risk management policy.

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

#### Financial instruments: Credit risk

Credit risk arises from the contractual financial assets of CSV, which comprise cash and cash equivalents, non-statutory receivables and available-for-sale contractual financial assets. CSV's exposure to credit risk arises from the potential default of the counter party on their contractual obligations resulting in financial loss to CSV. Credit risk is measured at fair value and is monitored on a regular basis. Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due.

Credit risk associated with CSV's financial assets is minimal because its main debtor is the Victorian Government.

Currently, CSV does not hold any collateral as security, nor credit enhancements relating to any of its financial assets. As at the reporting date, there is no event to indicate that any of the financial assets were impaired. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

#### Credit quality of contractual financial assets are neither past due nor impaired

(\$ thousand)				
June 2023	Government agencies (AA credit rating)	Financial institutions (minimum BBB credit rating)	Other	Total
Cash and cash equivalents	118,196	-	-	118,196
<b>Total contractual financial assets</b>	<b>118,196</b>	<b>-</b>	<b>-</b>	<b>118,196</b>
<b>June 2022</b>				
Cash and cash equivalents	100,831	-	-	100,831
<b>Total contractual financial assets</b>	<b>100,831</b>	<b>-</b>	<b>-</b>	<b>100,831</b>

Note: (i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from the Victorian Government and GST input tax credit recoverable).

#### Impairment of financial assets under AASB 9

CSV records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment include CSV's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

### **Contractual receivables at amortised cost**

CSV applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about the risk of default and expected loss rates. CSV has grouped contractual receivables on shared credit risk characteristics and days past due and selected the expected credit loss rate based on CSV's history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

CSV has not recorded any allowance for expected credit loss. As at 30 June 2023, no expected credit loss has been identified across CSV.

### **Statutory receivables and debt investments at amortised cost**

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

### **Financial instruments – Liquidity risk**

Liquidity risk arises when CSV would be unable to meet its financial obligations as they fall due. CSV operates under the government's fair payments policy of settling financial obligations within 30 days and, in the event of a dispute, makes payments within 30 days from the date of resolution.

CSV's maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed in the face of the balance sheet.

CSV manages its liquidity risk by close monitoring of its short-term and long-term borrowings by senior management including monthly reviews on current and future borrowings levels and requirements, maintaining an adequate level of uncommitted funds, careful maturity planning of its financial obligations based on forecasts and future cash flows.

CSV's exposure to liquidity risk is deemed insignificant based on its significant cash investments.

### **Financial instruments – Market risk**

CSV's exposure to market risk is primarily through interest rate risk. Exposure to interest rate risk is insignificant and might arise primarily through CSV's cash and cash equivalents and other financial assets. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest-bearing financial instruments.

The carrying amount of financial assets and financial liabilities that are exposed to interest rates are disclosed under **Note 7.1.3.1**.

### **Financial instruments – Interest rate risk**

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

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

CSV manages interest rate risk by holding floating rate financial instruments, such as cash at bank.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and CSV's sensitivity to interest rate risk are set out below.

### 7.1.3.1. Interest rate exposure of financial instruments

(\$ thousand)					
	Weighted average interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non- interest bearing
<b>June 2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	3.05%	118,196	-	118,196	-
<b>Total financial assets</b>		<b>118,196</b>	<b>-</b>	<b>118,196</b>	<b>-</b>
<b>Financial liabilities</b>					
Payables	-	10,763	-	-	10,763
Borrowings	4.00%	899	899	-	-
<b>Total financial liabilities</b>		<b>11,662</b>	<b>899</b>	<b>-</b>	<b>10,763</b>
<b>June 2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	0.32%	100,831	-	100,831	-
<b>Total financial assets</b>		<b>100,831</b>	<b>-</b>	<b>100,831</b>	<b>-</b>
<b>Financial liabilities</b>					
Payables	-	11,399	-	-	11,399
Borrowings	4.00%	1,413	1,413	-	-
<b>Total financial liabilities</b>		<b>12,812</b>	<b>1,413</b>	<b>-</b>	<b>11,399</b>

Note: (i) Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

**Interest rate risk sensitivity**

				(\$ thousand)	
				Interest rate	
				-100 basis points	+100 basis points
				Net result	Net result
				Carrying amount	
<b>June 2023</b>					
<b>Contractual financial assets</b>					
Cash and deposits		118,196		(1,182)	1,182
<b>Total impact</b>				<b>(1,182)</b>	<b>1,182</b>
<b>June 2022</b>					
<b>Contractual financial assets</b>					
Cash and deposits		100,831		(1,008)	1,008
<b>Total impact</b>				<b>(1,008)</b>	<b>1,008</b>

**7.2. Contingent assets and contingent liabilities**

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

**Contingent assets**

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

CSV does not have any contingent assets as at 30 June 2023.

**Contingent liabilities**

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

**Quantifiable contingent liabilities:**

For buildings that are currently in construction or have yet to start construction, CSV has allocated a budget of \$62.01 million, of which \$5.66 million has been contractually committed. Out of the total budget allocation, \$56.35 million has not been contractually committed. No present obligation exists for this uncommitted funding, until agreements are executed.

**7.3. Fair value determination**

This section sets out information about how CSV determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- The following assets and liabilities are carried at fair value:
  - buildings
  - plant, equipment and vehicles.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

CSV determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

**Fair value hierarchy**

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

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

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

The Valuer-General Victoria (VGV) is CSV's independent valuation agency and CSV will engage them to monitor changes in the fair value of each asset and liability through relevant data sources to determine revaluations when it is required.

**7.3.1. Fair value determination of financial assets and liabilities**

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

CSV currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the 2023–24 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables
Other sundry receivables	Borrowings

None of CSV's financial instruments are recorded at fair value post initial recognition.

The carrying value of those financial instruments measured at amortised cost approximate their fair value.

### 7.3.2. Fair value determination: Non-financial physical assets

#### Fair value measurement hierarchy

	(\$ thousand)			
	Fair value measurement at end of reporting period using:			
	Carrying amount	Level 1	Level 2	Level 3
<b>June 2023</b>				
Buildings at fair value	639	-	639	-
Plant, equipment and vehicles at fair value	97	-	-	97
Leasehold improvements	104	-	-	104
<b>Net carrying amount</b>	<b>840</b>	<b>-</b>	<b>639</b>	<b>201</b>
<b>June 2022</b>				
Buildings at fair value	1,043	-	-	1,043
Plant, equipment and vehicles at fair value	154	-	-	154
Leasehold improvements	169	-	-	169
<b>Net carrying amount</b>	<b>1,366</b>	<b>-</b>	<b>-</b>	<b>1,366</b>

## Reconciliation of Level 3 fair value movements

(\$thousand)

	Buildings at fair value	Plant, equipment and vehicles at fair value	Leasehold improvements	Total
<b>June 2023</b>				
<b>Opening balance</b>	<b>1,043</b>	<b>154</b>	<b>169</b>	<b>1,366</b>
Transfers in/(out) of Level 3	(639)	-	-	(639)
Additions	-	16	-	16
Depreciation expense	(404)	(73)	(65)	(542)
<b>Closing balance</b>	<b>-</b>	<b>97</b>	<b>104</b>	<b>201</b>
<b>June 2022</b>				
<b>Opening balance</b>	<b>1,446</b>	<b>155</b>	<b>235</b>	<b>1,836</b>
Additions	-	72	-	72
Depreciation expense	(403)	(73)	(66)	(542)
<b>Closing balance</b>	<b>1,043</b>	<b>154</b>	<b>169</b>	<b>1,366</b>

## Description of significant unobservable inputs to Level 3 valuations

June 2023 and June 2022	Valuation technique	Significant unobservable inputs
Plant, equipment and vehicles	Current replacement cost method	Useful life of plant, equipment and vehicles
Leasehold improvements	Current replacement cost method	Useful life of leasehold improvements

## Note 8: Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

### Structure

#### 8.1. Ex gratia expenses

#### 8.2. Responsible persons

#### 8.3. Remuneration of executives

#### 8.4. Related parties

#### 8.5. Remuneration of auditors

#### 8.6. Subsequent events

#### 8.7. Other accounting policies

#### 8.8. Australian Accounting Standards issued that are not yet effective

#### 8.9. Glossary of technical terms

#### 8.10. Style conventions

### 8.1. Ex gratia expenses

No ex gratia payments were made for the year ended 30 June 2023 (2022: Nil).

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

### 8.2. Responsible persons

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

#### Minister

Hon Lizzie Blandthorn MP, Minister for Planning	1/07/2022 - 31/10/2022
Hon Sonya Kilkenny MP, Minister for Planning	5/12/2022 - 30/06/2023

#### Governing Board

Rodney Fehring, Chairperson	1/07/2022 - 30/06/2023
Sarah Clarke, Deputy Chairperson	1/07/2022 - 30/06/2023
Genevieve Overell, Board Member	1/07/2022 - 30/06/2023
Jo Pugsley, Board Member	1/07/2022 - 30/06/2023
Roger Teale, Board Member	1/07/2022 - 30/06/2023
David Webster, Board Member	1/07/2022 - 30/06/2023

#### Accountable Officer

Dan O'Brien, Chief Executive Officer	1/07/2022 - 30/06/2023
--------------------------------------	------------------------

### Remuneration of responsible persons

Remuneration received or receivable by the Accountable Officer in connection with the management of CSV during the reporting period was in the range of \$490,000 - \$499,999 (2022: \$480,000 - \$489,999).

The number of responsible persons, excluding the Minister, whose total remuneration in connection with the affairs of CSV as shown in the following bands are in the table below.

	June 2023	June 2022
Income band (\$)	No.	No.
20,000 - 29,999	5	5
40,000 - 49,999	1	1
480,000 - 489,999	-	1
490,000 - 499,999	1	-
<b>Total number of responsible persons</b>	<b>7</b>	<b>7</b>

### 8.3. Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full-time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by CSV, or on behalf of CSV, in exchange for services rendered, and is disclosed in categories:

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

### Remuneration of executive officers

	(\$ thousand)	
	June 2023	June 2022
Short-term employee benefits	1,327	1,319
Post-employment benefits	128	120
Other long-term benefits	29	32
Termination benefits	66	-
<b>Total remuneration <sup>(i)</sup></b>	<b>1,550</b>	<b>1,471</b>
<b>Total number of executives</b>	<b>6</b>	<b>6</b>
<b>Total annualised employee equivalent (AEE) <sup>(ii)</sup></b>	<b>5.2</b>	<b>6.0</b>

Notes:

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.4).

(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

## 8.4. Related parties

CSV is a wholly owned and controlled entity of the State of Victoria.

Related parties of CSV 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); and
- the Minister and his close family members.

All related party transactions have been entered into on an arm's length basis.

### Significant transactions with government-related entities

During the financial year, CSV had transactions with other government-controlled entities and these transactions were undertaken in the ordinary course of operations, as listed in the following table.

	(\$ thousand)	
<b>Government-related entities</b>	<b>June 2023</b>	<b>June 2022</b>
Victorian Building Authority <sup>(ii)</sup> - receipt	95,675	77,185
Department of Energy, Environment and Climate Action <sup>(i)</sup> - receipt	56,669	67,883
Department of Treasury and Finance <sup>(iii)</sup> - receipt	3,962	-
State Revenue Office <sup>(iv)</sup> - payment	(681)	(655)
<b>Total aggregate transactions</b>	<b>155,625</b>	<b>144,413</b>

Notes:

(i) Grants for private and government buildings rectification.

(ii) Cladding Rectification Levy income.

(iii) Interest on CBS bank account.

(iv) Payroll tax and mental health levy.

Key management personnel (KMP) of CSV include responsible persons as outlined in **Note 8.2** and senior executives of CSV as indicated below.

<b>Position identified as KMPs</b>	<b>Personnel movements</b>
Jodee Cook, Chief Operating Officer	1/07/2022 - 30/06/2023
Luke Exell, Director Legal, Commercial and Procurement	1/07/2022 - 30/06/2023
Ashley Hunt, Executive Director Project Delivery	1/07/2022 - 30/06/2023
John Kent, Director Stakeholder Engagement	1/07/2022 - 30/06/2023
Nathan Matthews, Director Cladding Rectification	1/07/2022 - 30/06/2023
Chamila Wehellage, Chief Financial Officer	1/07/2022 - 27/09/2022
Rose Scasni, Chief Financial Officer <sup>(i)</sup>	5/09/2022 - 30/06/2023
Rebecca Thistleton, Director Policy and Communications	1/07/2022 - 31/08/2022

Notes:

(i) Rose Scasni was acting Chief Financial Officer from 5 September 2022 to 30 November 2022 and was appointed as Chief Financial Officer on 1 December 2022.

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

### Compensation of key management personnel

	(\$ thousand)	
	June 2023	June 2022
Short-term employee benefits	2,033	2,043
Post-employment benefits	174	165
Other long-term benefits	45	47
Termination benefits	66	-
<b>Total compensation</b>	<b>2,318</b>	<b>2,255</b>

### 8.5. Remuneration of auditors

	(\$ thousand)	
	June 2023	June 2022
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	41	40
<b>Total</b>	<b>41</b>	<b>40</b>

### 8.6. Subsequent events

No matters or circumstances have arisen since the end of the financial year that significantly affected or may affect the operations of CSV, its operations or the state of affairs of CSV in future financial years.

### 8.7. Other accounting policies

#### Contributions by owners

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

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.

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

### Accounting for the goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the Australian Taxation Office (ATO) is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis.

Commitments, contingent assets and liabilities are also stated inclusive of GST.

### 8.8. Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2022-23 reporting period. These accounting standards have not been applied to the Model Financial Statements.

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.

AASB 2022-10 amends AASB 13 Fair Value Measurement by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

Among other things, the Standard:

- specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 Non-current Assets Held for Sale and Discontinued Operations or if it is highly probable that it will be used for an alternative purpose;
- clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services;
- specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data; and
- provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.

This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

### **AASB 17 Insurance Contracts, AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments and AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector**

AASB 17 replaces AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026. This Standard applies for annual reporting periods beginning on or after 1 January 2023.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2020-1 amended AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current and was applicable to annual reporting periods beginning on or after 1 January 2022.

AASB 2020-6 subsequently amended AASB 2020-1, deferring the mandatory effective date of AASB 2020-1 from 1 January 2022 to 1 January 2023. AASB 2022-6 was applicable for annual reporting periods beginning on or after 1 January 2022.

AASB 2022-6 amends and clarifies the requirements contained in AASB 2020-1. Among other things, it:

- clarifies that only those covenants that an entity must comply with at or before the reporting date affect a liability's classification as current or non-current; and
- requires additional disclosures for non-current liabilities that are subject to an entity complying with covenants within twelve months after the reporting date.

AASB 2022-6 applies to annual reporting periods beginning on or after 1 January 2023.

CSV is currently in the process of assessing the potential impact of these standards and amendments.

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

## 8.9. Glossary of technical terms

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

**Actuarial gains or losses on superannuation defined benefit plans** are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions.

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

**Borrowings** refers to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, lease liabilities, service concession arrangements and other interest-bearing arrangements. Borrowings also include non-interest-bearing advances from government that are acquired for policy purposes.

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

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

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

**Current grants** are amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

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

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

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

**Ex gratia expenses** mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

**Finance lease** is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

**Financial asset** is any asset that is:

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

**Financial instrument** is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial liability** is any liability that is:

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

**Financial statements** in the Model Report comprises:

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

**General government** sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

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

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

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

**Interest expense** represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments, service concession financial liabilities and amortisation of discounts or premiums in relation to borrowings.

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

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

**Net financial liabilities** is calculated as liabilities less financial assets, other than equity in public non-financial corporations (PNFC) and public financial corporations (PFC). This measure is broader than net debt as it includes significant liabilities, other than borrowings (e.g. accrued employee liabilities such as superannuation and long service leave entitlements). For the PNFC and PFC sectors, it is equal to negative net financial worth.

**Net financial worth** is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

**Net lending/borrowing** is the financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. It also equals transactions in financial assets less transactions in liabilities. A positive result reflects a net lending position and a negative result reflects a net borrowing position.

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

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

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

**Non-financial assets** are all assets that are not financial assets. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, cultural and heritage assets, intangibles and biological assets such as commercial forests.

**Non-financial public sector** represents the consolidated transactions and assets and liabilities of the general government and PNFC sectors. In compiling statistics for the non-financial public sector, transactions and debtor/creditor relationships between sub-sectors are eliminated to avoid double counting.

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

**Other economic flows included in net result** are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

**Other economic flows – other comprehensive income** comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

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

**Receivables** include amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

**Sales of goods and services** refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under leases **and** on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

**Service concession arrangement** is a contract effective during the reporting period between a grantor and an operator in which:

- the operator has the right of access to the service concession asset (or assets) to provide public services on behalf of the grantor for a specified period of time

- the operator is responsible for at least some of the management of the public services provided through the asset and does not act merely as an agent on behalf of the grantor
- the operator is compensated for its services over the period of the service concession arrangement.

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

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

### 8.10. Style conventions

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

The notation used in the tables is as follows:

-	<b>zero, or rounded to zero</b>
<b>(xxx.x)</b>	negative numbers
<b>20xx</b>	year period
<b>20xx-xx</b>	year period

The financial statements and notes are presented based on the illustration for a government agency in the 2022-23 Model Report for Victorian Government Departments.

# Disclosures

## Financial Management Compliance Attestation Statement

I, Rodney Fehring, on behalf of the Responsible Body, certify that Cladding Safety Victoria has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* (Vic) and Instructions.

### Rod Fehring

Board Chairperson  
Cladding Safety Victoria

12 September 2023

## Local jobs first

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIIP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million (excluding GST) or more in Metropolitan Melbourne or for state-wide projects, or \$1 million (excluding GST) or more for projects in regional Victoria.

MPSG applies to all construction projects valued at \$20 million (excluding GST) or more.

### Projects commenced (standard)

During 2022–23, CSV commenced ten Local Jobs First standard projects, for rectification of residential buildings, totalling \$43.5 million. Of those projects, all ten were in metropolitan Melbourne, with an average commitment of 95 per cent of local content. The MPSG did not apply to any of these projects.

### Projects completed (standard)

During 2022–23, CSV completed sixteen Local Jobs First standard projects, for rectification of residential buildings, totalling \$74.4 million. Of those projects, all sixteen were in metropolitan Melbourne, with an average commitment of 95 per cent of local content. The MPSG did not apply to any of these projects.

The outcomes expected from the implementation of the Local Jobs First policy to both commenced and completed projects where information was provided are as follows:

- an average of 95 per cent of local content commitment was made
- a total of 112 positions were committed, including the creation of 44 new jobs and the retention of 68 existing jobs (AEE)
- a total of 20 positions for apprentices, trainees and cadets were committed, including the creation of nine new apprenticeships, traineeships, and cadets and the retention of the remaining 11 existing apprenticeships, traineeships and cadets
- 433 small to medium-sized businesses were engaged through the supply chain on commenced standard projects.

### Projects commenced and completed (strategic)

Not relevant to CSV for the 2022–23 financial year.

### Reporting requirements – grants

Not relevant to CSV for the 2022–23 financial year.

## Social procurement framework

The Victorian Government's Social Procurement Framework outlines the Victorian Government's commitment to using its purchasing power to generate social value above and beyond the value of the goods and services it procures. CSV seeks to engage with suppliers with the capability to deliver critical requirements, while also delivering social benefit to the Victorian community in key areas.

CSV updated its social procurement objectives in its Social Procurement Strategy approved in November 2022. The strategy applies to all procurement activities undertaken

by CSV's Procurement team along with procurements managed by the Independent Project Managers on behalf of building owners in the delivery of the Cladding Rectification Program.

CSV's social procurement objectives seek to address the following:

- women's equality and safety
- supporting safe and fair workplaces
- sustainable Victorian social enterprise and Aboriginal business sectors
- environmentally sustainable business practices.

For details on the specific CSV outcomes against each objective, please refer to the table below.

Social procurement objective	Outcomes sought by CSV
<b>Women's equality and safety</b>	Gender equitable employment practices including leadership at senior levels and equal remuneration. Support for female workers' inclusion and safety in the construction sector. Provision of paid family violence leave.
<b>Supporting safe and fair workplaces</b>	Purchasing from suppliers that comply with industrial relations laws and promote secure employment.
<b>Sustainable Victorian social enterprise and Aboriginal business sectors</b>	Purchasing from Victorian social enterprises, and Aboriginal businesses.
<b>Environmentally sustainable business practices</b>	Resource usage optimisation and sustainable waste management practices.

In 2022–23, the social procurement objectives were mandatory weighted criteria for procurements valued over \$1 million (excluding GST) and recommended for lower value procurements in particular consultancy and other services.

The defined objectives have been included as required weighted evaluation criteria of 5% to 10% on procurements valued at \$1 million to \$20 million (regional) and \$3 million to \$20 million (metro), and optional weighted criteria depending on the nature of the required goods and services.

In 2022–23, to support CSV social procurement, Ausworkwear & Safety Proprietary Limited was established as the new CSV uniform supplier. Being a member of **Ethical Suppliers Register**, Ausworkwear & Safety Proprietary Limited is accredited by Ethical Clothing Australia.

While the prioritised social procurement framework objectives guide procurement activities, CSV is committed to pursuing any other opportunities to advance social and sustainable outcomes for Victorians.

## Emergency procurement

No emergency procurement arrangements were activated during 2022–23.

## Disclosure of major contracts

CSV did not enter into any contracts greater than \$10 million in value in 2022–23.

## Consultancy expenditure

### Details of consultancies (valued at \$10,000 or greater)

In 2022–23, there were four contracts where the total fees payable to consultants were \$10,000 or greater. The total expenditure incurred during 2022–23 in relation to these consultancies was \$460,071 (excluding GST). Details of individual consultancies are outlined below.

#### Details of consultancies valued at \$10,000 or more

Consultant	Purpose of consultancy	Total approved project fee (excl. GST)	Expenditure 2022–23 (excl. GST)	Estimated future expenditure (excl. GST)
CSIRO	Fire risk modelling services	\$151,364	\$79,180	\$0
Price Waterhouse Coopers	Internal audit services	\$800,000	\$262,656	\$314,610
Victorian Auditor-General's Office	External audit services	\$40,000	\$40,000	\$41,000
Warrington Fire Australia Pty Ltd	Fire testing	\$250,000	\$78,235	\$219,500

### Details of consultancies less than \$10,000

In 2022–23, there were seven consultants engaged where the total fees payable to the individual firms was less than \$10,000. The total expenditure incurred during 2022–23 in relation to these consultancies was \$36,095 (excluding GST).

### Government advertising expenditure

There is no government advertising expenditure to report for the 2022–23 financial year.

## Information and communication technology expenditure

For the 2022–23 reporting period, CSV had a total ICT expenditure of \$0.85 million, with details outlined in the table below.

<b>\$ (thousands)</b>			
<b>All operational ICT expenditure</b>	<b>ICT expenditure related to projects to create or enhance ICT capabilities</b>		
<b>Business as Usual (BAU) ICT expenditure</b>	<b>Non-Business as Usual (non-BAU) ICT expenditure</b>	<b>Operational expenditure</b>	<b>Capital expenditure</b>
<b>(Total)</b>	(Total = Operational expenditure and capital expenditure)		
<b>849</b>	<b>0</b>	<b>0</b>	<b>0</b>

ICT expenditure refers to CSV's costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and non-Business as Usual (non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing CSV's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability.

### Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership is removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. The competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation.

This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

CSV complies with the National Competition Policy and with the requirements of the Competitive Neutrality Policy Victoria policy statement and any subsequent reforms. The Commissioner for Better Regulation is responsible for considering competitive neutrality complaints by individuals and businesses against government entities. No competitive neutrality complaints were lodged in 2022–23 relating to business activities operated by CSV.

### Freedom of information

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

An applicant has a right to apply for access to documents held by CSV. This

comprises documents both created by CSV or supplied to CSV by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

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

Under the FOI Act, the processing time for requests received is 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time is 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

If an applicant is not satisfied by a decision made by CSV, under section 49A of the FOI Act they have the right to seek a review by the Office of the Victorian Information Commissioner within 28 days of receiving a decision letter.

### **Making a request**

Freedom of information requests can be made by filling out the form located on CSV's website at [www.vic.gov.au/freedom-information-and-cladding-safety-victoria](http://www.vic.gov.au/freedom-information-and-cladding-safety-victoria) and paying the application fee of \$31.80. Access charges may also be payable if the document pool is large, and the search for material is time consuming.

Access to documents can also be obtained through a written request to CSV's Freedom of Information team, as detailed in s17 of the FOI Act. When making a request, applicants should ensure requests are in writing, and clearly identify

what types of material/documents are being sought.

Requests for documents held by CSV should be sent by email to [foicsv@claddingsafety.vic.gov.au](mailto:foicsv@claddingsafety.vic.gov.au) or posted to:

#### **Freedom of Information Officer**

Cladding Safety Victoria  
PO Box 23392  
Docklands VIC 8012

### **Freedom of information statistics**

During 2022–23, CSV received four (4) freedom of information requests. The requests were made by a law firm on behalf of an owners corporation, a law firm on behalf of a builder, a journalist, and a property manager of a building.

CSV responded to all four (4) of the requests within the required timeframes.

### **Further information**

Further information regarding the operation and scope of freedom of information can be obtained from the FOI Act, regulations made under the FOI Act and [ovic.vic.gov.au](http://ovic.vic.gov.au).

### **Compliance with the *Building Act 1993* (Vic)**

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

### **Compliance with *Public Interest Disclosures Act 2012* (Vic)**

The *Public Interest Disclosures Act 2012* (Vic) (PID Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The PID Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

CSV does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. CSV is committed to ensuring transparency and accountability in its 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 public health and safety or the environment.

CSV will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

### Reporting procedures

CSV is not an entity that can receive public interest disclosures. Disclosures of improper conduct or detrimental action by CSV or any of its employees may be made directly to the Independent Broad-based Anti-corruption Commission (IBAC):

Level 1, North Tower, 459 Collins Street  
Melbourne VIC 3000

Phone: 1300 735 135

Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

### Compliance with *Carers Recognition Act 2012 (Vic)*

CSV recognises that the *Carers Recognition Act 2012 (Vic)* sets a default position for CSV and we continue to offer a range of work arrangements and leave options to help staff balance the demands of work with personal and carer commitments. CSV promotes flexible work options for staff and aims to reduce the barriers to workforce participation for carers and ensures carers can make choices about work and their care role, to participate socially and economically and maintain their health and wellbeing.

### Compliance with *Disability Act 2006 (Vic)*

In 2022, CSV implemented a Gender, Diversity and Inclusion Strategy 2022–24, which considers both broader workforce diversity and employees that provide care for people with disability. The strategy was developed in consultation with all CSV staff. The associated action plan defines how CSV works to build a diverse and inclusive workforce for people with disability, which includes:

- ensuring an accessible workplace
- providing reasonable workplace adjustments
- attracting, recruiting, developing and retaining a diverse workforce from a variety of backgrounds
- broadening workforce knowledge on diversity and inclusion principles and practices to create an inclusive environment.

To increase awareness and understanding of CSV's diversity profile, a training program to address unconscious bias and promote disability awareness has been rolled out to all staff.

The People and Capability team have reviewed CSV's recruitment and selection process to ensure it is fair and does not present barriers to people with disability and partnered with hiring managers in the development of the Recruitment and Retention Plan.

## Environmental reporting

### Organisational boundary

CSV's head office is located at Level 4, 717 Bourke Street in Docklands. This premises was leased in March 2020.

### Electricity production and consumption

CSV consumes energy predominantly through office facilities. Electricity consumption was minimal during 2021–22 and 2020–21 due to employees working remotely in line with government directions and a transition to returning to the office from March 2022.

Total electricity consumption (MJ)	2022–23	2021–22	2020–21
Purchased electricity – consolidated	137,866.5	113,979.5	7253.6
Not directly purchased but from outside the organisation	0	0	0
Self-generated	0	0	0

Total electricity offsets (MWh)	2022–23	2021–22	2020–21
LGCs retired	28.2	0	0
Greenpower or certified carbon neutral electricity purchased	0	0	0

### Transportation

CSV has a fleet of three hybrid vehicles, which are predominantly used for CSV site visits.

Number and proportion of vehicles	2022–23		2021–22		2020–21	
	No.	%	No.	%	No.	%
Passenger vehicles: Hybrid	3	100	3	100	3	100

### Sustainable buildings and infrastructure

No substantial office fit-outs were done in 2022–23.

### Compliance with DataVic Access Policy

The Victorian Government issued the DataVic Access Policy in 2012. Consistent with this policy, information included in this annual report will be available at [www.data.vic.gov.au](http://www.data.vic.gov.au) in electronic readable format. CSV was established as an independent entity in December 2020 and considers opportunities to publish other datasets as work progresses throughout its program.

## Additional information on request

In compliance with the requirements of the Standing Directions 2018 under *the Financial Management Act 1994 (Vic)*, details in respect of the items listed below have been retained by CSV and are available on request, subject to the provisions of the *Freedom of Information Act 1982 (Vic)*.

- a. A statement that declarations of pecuniary interests have been duly completed by all relevant officers
- b. Details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary
- c. Details of publications produced by CSV about itself and how these can be obtained
- d. Details of any major external reviews carried out on CSV
- e. Details of major research and development activities undertaken by CSV
- f. Details of major promotional, public relations and marketing activities undertaken by CSV to develop community awareness of CSV and its services
- g. Details of assessments and measures undertaken to improve the occupational health and safety of employees
- h. A general statement on industrial relations within CSV and details of time lost through industrial accidents and disputes
- i. A list of major committees sponsored by CSV, the purpose of each committee and the extent to which the purposes have been achieved
- j. Details of all consultancies and contractors, including:
  - (i) *consultants/contractors engaged*
  - (ii) *services provided*
  - (iii) *expenditure committed to each engagement*

The information is available on request from the CSV telephone support line on 1300 456 542 or via email at [support@claddingsafety.vic.gov.au](mailto:support@claddingsafety.vic.gov.au).

## Information that is not applicable to CSV

The following information is not relevant to CSV for the reasons set out below.

- k. Details of changes in prices, fees, charges, rates and levies charged by CSV: CSV does not charge for its services
- l. Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit: no Board Members, executives or staff took overseas work-related trips

## Disclosure index

CSV's annual report is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of CSV's compliance with statutory disclosure requirements.

Click on a page reference number to refer to the relevant requirements for the corresponding disclosure requirements, or alternatively, refer to the corresponding page references.

Legislation	Requirement	Page reference
<b>Standing Directions and Financial Reporting Directions</b>		
<b>Report of Operations</b>		
<b>Charter and purpose</b>		
FRD 22	Manner of establishment and the relevant Ministers	page 08
FRD 22	Purpose, functions, powers and duties	page 08
FRD 22	Key initiatives and projects	pages 15 - 29
FRD 22	Nature and range of services provided	pages 10 - 11
<b>Management and structure</b>		
FRD 22	Organisational structure	page 30
FRD 22	Board committee membership	pages 36 - 37
<b>Financial and other information</b>		
FRD 10	Disclosure index	pages 98 - 100
FRD 12	Disclosure of major contracts	page 92
FRD 15	Executive disclosures	page 81
FRD 22	Employment and conduct principles	page 31
FRD 22	Occupational health and safety policy	page 34
FRD 22	Summary of the financial results for the year	pages 12 - 13
FRD 22	Significant changes in financial position during the year	page 13
FRD 22	Major changes or factors affecting performance	pages 12 - 13

FRD 22	Subsequent events	page 82
FRD 22	Application and operation of the <i>Freedom of Information Act 1982</i> (Vic)	pages 93 - 94
FRD 22	Compliance with building and maintenance provisions of the <i>Building Act 1993</i> (Vic)	page 94
FRD 22	Statement on National Competition Policy	page 93
FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i> (Vic)	pages 94 - 95
FRD 22	Application and operation of the <i>Carers Recognition Act 2012</i> (Vic)	page 95
FRD 22	Details of consultancies over \$10,000	page 92
FRD 22	Details of consultancies under \$10,000	page 92
FRD 22	Disclosure of government advertising expenditure	page 92
FRD 22	Disclosure of ICT expenditure	page 93
FRD 22	Statement of availability of other information	page 97
FRD 22	Disclosure of emergency procurement	page 92
FRD 24	Environmental reporting	page 96
FRD 25	Local jobs first	page 90
FRD 29	Workforce data disclosures	pages 31 - 33
SD 5.2	Specific requirements under Standing Direction 5.2	pages ii and 41
SPF Reporting Guidelines	Social Procurement Framework	page 91
<b>Compliance attestation and declaration</b>		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	page 90
SD 5.2.3	Declaration in report of operations	page ii

---

## Financial Statements

---

### Declaration

---

SD 5.2.2	Declaration in financial statements	page 41
----------	-------------------------------------	---------

---

### Other requirements under Standing Direction 5.2

---

SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	page 41
-------------	--	---------

---

SD 5.2.1(a)	Compliance with Standing Directions	page 41
-------------	-------------------------------------	---------

---

SD 5.2.1(b)	Compliance with Model Financial Report	page 88
-------------	--	---------

---

### Other disclosures as required by FRDs in notes to financial statements (a)

---

FRD 11	Disclosure of Ex gratia Expenses	page 79
--------	----------------------------------	---------

---

FRD 21	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	pages 79 - 81
--------	---	---------------

---

FRD 103	Non-Financial Physical Assets	page 77
---------	-------------------------------	---------

---

FRD 110	Cash Flow Statements	page 46
---------	----------------------	---------

---

FRD 112	Defined Benefit Superannuation Obligations	page 55
---------	--	---------

---

FRD 114	Financial Instruments – general government entities and public non-financial corporations	pages 68 - 69
---------	---	---------------

---

*Note:*

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

---

## Legislation

---

<i>Freedom of Information Act 1982 (Vic)</i>	pages 93 - 94
--	---------------

---

<i>Building Act 1993 (Vic)</i>	page 94
--------------------------------	---------

---

<i>Public Interest Disclosures Act 2012 (Vic)</i>	pages 94 - 95
---	---------------

---

<i>Carers Recognition Act 2012 (Vic)</i>	page 95
--	---------

---

<i>Disability Act 2006 (Vic)</i>	page 95
----------------------------------	---------

---

<i>Local Jobs Act 2003 (Vic)</i>	page 90
----------------------------------	---------

---

<i>Financial Management Act 1994 (Vic)</i>	pages ii, 41 and 90
--	---------------------

---

# Acronyms and abbreviations

<b>AAS</b>	Australian Accounting Standards
<b>AASB</b>	Australian Accounting Standards Board
<b>AC</b>	amortised cost
<b>ACP</b>	aluminium composite panels
<b>ACP-FR</b>	aluminium composite panels (fire retardant)
<b>AEE</b>	annualised employee equivalent
<b>AMAF</b>	Asset Management Accountability Framework
<b>ATO</b>	Australian Taxation Office
<b>BAB</b>	Building Appeals Board
<b>BAU</b>	business as usual
<b>CEO</b>	Chief Executive Officer
<b>CLO</b>	Customer Liaison Officer
<b>CRL</b>	Cladding Rectification Levy
<b>CRPM</b>	Cladding Risk Prioritisation Model
<b>CSIRO</b>	Commonwealth Scientific and Industrial Research Organisation
<b>CSV</b>	Cladding Safety Victoria
<b>DTF</b>	Department of Treasury and Finance
<b>DTP</b>	Department of Transport and Planning
<b>EPS</b>	expanded polystyrene
<b>FDS</b>	fluid dynamic simulation
<b>FMA</b>	<i>Financial Management Act 1994</i>

<b>FOI</b>	freedom of information
<b>FRD</b>	Financial Reporting Direction
<b>FRV</b>	Fire Safety Victoria
<b>FT</b>	full-time
<b>FTE</b>	full-time equivalent
<b>GST</b>	Goods and Services Tax
<b>HC</b>	head count
<b>IBAC</b>	Independent Broad-based Anti-corruption Commission
<b>ICT</b>	information and communications technology
<b>IDAHOBIT</b>	International Day Against Homophobia, Biphobia and Transphobia
<b>IF-SCAN</b>	Initial Fire Spread in Cladding Assessment Number
<b>IPM</b>	Independent Project Manager
<b>IT</b>	information technology
<b>KMP</b>	key management personnel
<b>LGBTQIA+</b>	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual+
<b>LGC</b>	large-scale generation certificate
<b>LSL</b>	long service leave
<b>MBS</b>	Municipal Building Surveyor
<b>MCG</b>	Melbourne Cricket Ground
<b>MJ</b>	megajoule
<b>MPSG</b>	Major Project Skills Guarantee
<b>MWh</b>	megawatt hour
<b>OH&amp;S</b>	occupational health and safety
<b>PCB</b>	Project Control Board
<b>PFC</b>	public financial corporations

<b>PID</b>	Public Interest Disclosures
<b>PMCR</b>	Protocols for Mitigating Cladding Risk
<b>PNFC</b>	public non-financial corporations
<b>PT</b>	part-time
<b>RMIT</b>	Royal Melbourne Institute of Technology
<b>RoU</b>	right-of-use
<b>SES</b>	Senior Executive Service
<b>STS</b>	Senior Technical Specialist
<b>TAFE college</b>	Technical and Further Education college
<b>VBA</b>	Victorian Building Authority
<b>VGV</b>	Valuer-General Victoria
<b>VIPP</b>	Victorian Industry Participation Policy
<b>VPSC</b>	Victorian Public Service Commission

**Website**

[www.vic.gov.au/cladding-safety](http://www.vic.gov.au/cladding-safety)

**Email**

[support@claddingsafety.vic.gov.au](mailto:support@claddingsafety.vic.gov.au)

**Postal address**

PO Box 23392, Docklands VIC 8012

**Telephone**

1300 456 542



For enquiries in languages other than English, contact the Translating and Interpreting Service on 131 450.



If you are deaf, or have a hearing or speech impairment, contact us through the National Relay Service.

For more information:

**Voice Relay number** 1300 555 727

**TTY number** 133 677

**SMS relay number** 0423 677 767

