# STATE ELECTRICITY COMMISSION OF VICTORIA

# ANNUAL REPORT

# 2022-23

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**State Electricity Commission of Victoria**
**Administrator's Report**

The Hon. Lily D'Ambrosio MP
Minister for the State Electricity Commission
Level 17, 8 Nicholson Street
East Melbourne VIC 3002

Dear Minister

**104th Annual Report, 30 June 2023**

In accordance with the *Financial Management Act 1994*, the 104th Annual Report of the State Electricity Commission of Victoria (SECV) is presented together with the Financial Statements to 30 June 2023.

The SECV started in 1918 when the Victorian Government appointed 'electricity commissioners' to be responsible for the generation and distribution of electricity throughout the state. The SECV still exists as a statutory entity under the *State Electricity Commission Act 1958*, however, following its disaggregation and privatisation in the 1990s, ongoing activities have generally been limited to management of legacy assets, liabilities, and information requests.

In 2022-23, activities of the SECV have focused on records management, including responding to FOI requests and historical personal injury claims, as well as transferring administrative responsibility for the management of these legacy issues from the Department of Treasury and Finance to the Department of Energy, Environment and Climate Action (DEECA). This followed the appointment of the Minister for the State Electricity Commission in December 2022 as well as the appointment of the Secretary, DEECA, as the SECV Administrator. The SECV does not have any direct employees to support its activities.

In October 2022, the Victorian Government committed to reviving the State Electricity Commission (SEC), and in December 2022, the Treasurer declared the SECV to be a "re-organising" body under section 7 of the *State Owned Enterprises Act 1992* (SOE Act). This included the establishment of an Office of the Interim Chief Executive Officer of the SECV, a position to which Mr Chris Miller was appointed in December 2022.

On 25 October 2023, the new SEC was registered with ASIC as a company with the name SEC Victoria Pty Ltd. Further information on this entity and its operations can be found at https://www.secvictoria.com.au/.

On 15 November 2023, the *State Electricity Commission Amendment Bill 2023* was introduced into the Victorian Parliament, with a second reading on 16 November 2023. Among other things, the Bill seeks to abolish the SECV in its current form and transfer all residual property, rights and liabilities to the State as well as substitute the State for the former SECV as a party in any proceedings, contract, agreement or arrangement made by or against or in relation to the SECV, and require the State to continue to complete any other continuing matter or thing commenced by or against or in relation to the former SECV. At the time of publishing this Annual Report the Bill has not passed through Parliament and therefore the report has been prepared on a going concern basis.

This Annual Report relates to the activities of the SECV in 2022-23. It does not relate to the establishment or activities of the new SEC.

**Administrator's Report**

***Ministerial Directives***

There were no Ministerial Directives issued for the year ended 30 June 2023.

***Public Interest Disclosure Act 2012***

The *Public Interest Disclosure Act 2012* encourages and assists people in making disclosures about improper conduct by public bodies and public officers. The 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.

The SECV does not tolerate improper conduct by employees nor the taking of reprisals against those who come forward to disclose such conduct. It 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 health and safety or the environment.

Disclosures of improper conduct or detrimental action by the SECV may be made to the following:

Public Interest Disclosure Co-ordinator
State Electricity Commission of Victoria
GPO Box 2765
Melbourne VIC 3001

Independent Broad-based Anti-Corruption Commission
GPO Box 24234, Melbourne VIC 3001
Telephone: 1300 735 135
www.ibac.vic.gov.au

Information about the *Public Interest Disclosure Act 2012* is available on the Independent Broad-Based Anti-Corruption Commission of Victoria website; www.ibac.vic.gov.au .

There were no disclosures notified to IBAC under the *Public Interest Disclosure Act 2012* during the year ended 30 June 2023 (2021-22: nil).

***Freedom of Information (FOI)***

The *Freedom of Information Act 1982* allows the public a right to access documents held by the SECV. The purpose of the 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 Act.

If an applicant is not satisfied by a decision made by the SECV, under section 49A of the 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:**

Access to documents may be obtained through a written request to the Freedom of Information Officer. Requests should:

- be in writing;
- identify as clearly as possible which document/s is/are being requested; and
- be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of SECV should be addressed to:

Freedom of Information Officer,
State Electricity Commission of Victoria
GPO Box 2765 Melbourne VIC 3001 or info@secv.vic.gov.au

Access charges may also apply once documents have been processed and a decision on access is made; for example, photocopying and search and retrieval charges. Further information regarding freedom of information can be obtained from the Act, regulations under the Act and at www.foi.vic.gov.au

The SECV received 12 requests for the year ended 30 June 2023 (2021-22: 7 requests). There were no applications to the Information Commissioner for review.

In accordance with the spirit of the Act, the SECV responded to 49 other requests (2021-22: 93) by informal release of information.

***Privacy and Data Protection Act 2014***

The SECV is subject to and has complied with the *Privacy and Data Protection Act 2014* which aims to protect personal information and promote the transparent handling of personal information in the public sector.

***Consultants***

Pursuant to the requirements and definitions of the *Financial Management Act 1994*, the SECV reports that it engaged no consultants during the year 2022-23 (2021-22: nil).

***Occupational Health and Safety Act 2004***

The SECV is subject to and has complied with employer obligations contained in the *Occupational Health and Safety Act 2004* and related codes of practice. There were no WorkSafe compensation claims made during the year ended 30 June 2023 (2021-22: nil)

***Local Jobs First – Victorian Industry Participation Policy Act 2003 (VIPP)***

VIPP applies to all tenders over $3 million in metropolitan Melbourne and over $1 million in regional Victoria. During the year ended 30 June 2023, the SECV did not commence or complete any contracts to which the VIPP applied (2021-22: nil).

***Compliance with the Building Act 1993***

The SECV 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*.



John Bradley PSM
Administrator, State Electricity Commission of Victoria
Pursuant to the *Electricity Industry (Residual Provisions) Act 1993*
State Electricity Commission of Victoria
25/01/2024

## State Electricity Commission of Victoria
## Financial Statements

These annual financial statements represent the audited general purpose financial statements of the State Electricity Commission of Victoria (SECV) for the financial year ended 30 June 2023. The purpose of the report is to provide users with information about the SECV's stewardship of resources entrusted to it.


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## COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Notes | 2023 ($'000) | 2022 ($'000) |
|---|---|---|---|
| **Income from transactions** | | | |
| Interest income – bank deposits | 5.1.2 | 152 | 16 |
| Insurance recovery income | | - | 162 |
| **Total revenue and income from transactions** | | **152** | **178** |
| **Expenses from transactions** | | | |
| Operating expenses | 2.1 | (298) | (231) |
| **Total expenses from transactions** | | **(298)** | **(231)** |
| **Net result** | | (146) | **(53)** |
| **Comprehensive result** | | **(146)** | **(53)** |

*The accompanying notes form part of these financial statements. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.*

## BALANCE SHEET

AS AT 30 JUNE 2023

| | Notes | 2023 ($'000) | 2022 ($'000) |
|---|---|---|---|
| **Assets** | | | |
| **Financial assets** | | | |
| Cash and deposits | 4.1 | 4,884 | 5,038 |
| Receivables | 3.1 | 104 | 77 |
| **Total financial assets** | | **4,988** | **5,115** |
| **Non-financial assets** | | | |
| Prepayments | 3.2 | 47 | 57 |
| **Total non-financial assets** | | **47** | **57** |
| **Total assets** | | **5,035** | **5,172** |
| **Liabilities** | | | |
| Payables | 3.3 | 49 | 40 |
| **Total liabilities** | | **49** | **40** |
| **Net assets** | | **4,986** | **5,132** |
| **Equity** | | | |
| Accumulated surplus | | 4,986 | 5,132 |
| **Net worth** | | **4,986** | **5,132** |

*The accompanying notes form part of these financial statements. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.*

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Accumulated surplus/(deficit) ($'000) | Total ($'000) |
|---|---|---|
| **Balance at 1 July 2021** | **5,185** | **5,185** |
| Comprehensive result | (53) | (53) |
| **Balance as at 30 June 2022** | **5,132** | **5,132** |
| Comprehensive result | (146) | (146) |
| **Balance as at 30 June 2023** | **4,986** | **4,986** |

*The accompanying notes form part of these financial statements. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.*

## CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Notes | 2023 ($'000) | 2022 ($'000) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Interest received | | 152 | 16 |
| Insurance recovery income received | | - | 162 |
| **Total receipts** | | **152** | **178** |
| **Payments** | | | |
| Payments to suppliers and members | | (306) | (250) |
| **Total payments** | | **(306)** | **(250)** |
| **Net cash flows from/(used in) operating activities** | **4.1 (b)** | **(154)** | **(72)** |
| **Cash flows from investing activities** | | | |
| **Net cash flows from/(used in) investing activities** | | - | - |
| **Cash flows from financing activities** | | | |
| **Net cash flows from/(used in) financing activities** | | - | **-** |
| **Net increase/(decrease) in cash and cash equivalents** | | **(154)** | **(72)** |
| Cash and cash equivalents at the beginning of the financial year | | 5,038 | 5,110 |
| **Cash and cash equivalents at the end of the financial year** | **4.1 (a)** | **4,884** | **5,038** |

*The accompanying notes form part of these financial statements. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.*

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

### 1. ABOUT THIS REPORT

The financial statements cover the SECV as an individual reporting entity and include all the controlled activities of the entity. Originally constituted under the *Electricity Commissioners' Act 1918* the SECV now operates as a re-organising body of the State of Victoria, pursuant to the *State Electricity Commission Act 1958* and the *Electricity Industry (Residual Provisions) Act 1993*.

Its address is:

State Electricity Commission of Victoria
13/2 Lonsdale Street
Melbourne, VIC, 3000

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

#### 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 preparing these financial statements whereby assets, liabilities, equity, income, and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.
Once every few years the SECV receives insurance recovery income that it has no prior knowledge of and therefore a receivable cannot be generated. This insurance recovery income is accounted for when SECV has an unconditional right to receive cash.
Judgements, estimates, and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgments derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.
Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Certain comparative amounts have been reclassified to conform with the current year's presentation.

**Material uncertainty relating to going concern basis of preparation**
The financial statements have been prepared on a going concern basis despite the material uncertainty created by the introduction of the *State Electricity Commission Amendment Bill 2023* into the Victorian Parliament on 15 November 2023. The bill, if passed, will abolish the State Electricity Commission of Victoria and transfer all residual property, rights and liabilities of the SECV to the State. It will also substitute the State for the former SECV as a party in any proceedings, contract, agreement or arrangement made by or against or in relation to the SECV and require the State to continue to complete any other continuing matter or thing commenced by or against or in relation to the former SECV. The Bill passed its second reading on 16 November 2023 but as it has not passed through Parliament or received royal assent, management considers the going concern basis of preparation appropriate but notes the material uncertainty caused by the introduction of Bill. The uncertainty relates to the continuing existence of the SECV and does not impact its ability to pay liabilities as and when they fall due or the measurement basis of assets and/or liabilities.

#### Compliance information

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

Accounting policies are selected and applied in a manner which ensures that the resulting information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

## State Electricity Commission of Victoria

### Change to re-organising body

On 5 December 2022, The Hon. Lily D'Ambrosio was appointed Minister for the State Electricity Commission. Further to this, the Treasurer appointed the Secretary, DEECA, as Administrator of the SECV, declared the SECV to be a "re-organising" body under section 7 of the *State Owned Enterprises Act 1992* (SOE Act) and created the Office of the Interim Chief Executive Officer of the State Electricity Commission (the Office) via an Order in Council which came into effect on 19 December 2022. The Office, operating as a business unit of the Department of Energy, Environment and Climate Action, will advise the Minister in relation to the purpose and objectives of the State Electricity Commission, appropriate legislation, statutory powers and policies (including investment mandate and policies) and an appropriate operating model.

Refer to Note 6.4 Subsequent events for more information.

## 2. THE COST OF DELIVERING SERVICES

| **Introduction** | **Structure** |
|---|---|
| This note provides an account of the expenses incurred by the SECV. | 2.1 Operating expenses |

### 2.1 Other operating expenses

| | **2023 ($'000)** | 2022 ($'000) |
|---|---|---|
| **Expenses from transactions** | | |
| **Operating expenses** | | |
| Purchase of services | (171) | (114) |
| Information Communication Technology | (48) | (41) |
| Other | (79) | (76) |
| **Total operating expenses** | **(298)** | **(231)** |

Operating expenses are recognised as an expense in the reporting period in which they are incurred.

Purchase of services include expenses related to professional and legal services.

Other expenses include expenses such as insurance, audit fees and other office related expenses.

## 3. ASSETS AND LIABILITIES

**Introduction**

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

**Structure**

3. Assets and Liabilities
   - 3.1. Receivables
   - 3.2. Prepayments
   - 3.3. Payables
     - 3.3.1. Maturity analysis of contractual payables

### 3.1 Receivables

| | 2023 ($'000) | 2022 ($'000) |
|---|---|---|
| **Current receivables** | | |
| **Statutory** | | |
| GST input tax credit recoverable | 104 | 77 |
| **Total current receivables** | **104** | **77** |
| **Total receivables** | **104** | **77** |

Receivables consist of statutory receivables, which include predominantly the goods and services tax recoverable.

Receivables that are contractual are classified as financial instruments and categorised as financial assets at amortised cost. Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less any allowance for impairment. Statutory receivables are recognised and measured on the same basis as contractual receivables (except for impairment) but are not classified as financial instruments as they do not arise from a contract.

Collectability of debtors is reviewed on an ongoing basis. A provision for doubtful debts is raised when there is objective evidence that the debts may not be collected. Bad debts are written off when identified.

### 3.2 Prepayments

| | 2023 ($'000) | 2022 ($'000) |
|---|---|---|
| **Current prepayments** | | |
| Prepayments | 47 | 57 |
| **Total prepayments** | **47** | **57** |

Prepayments represent payments made in advance for receipt of goods or services covering the period beyond 30 June 2023. Prepayments at the end of the financial year relate to insurance, and information and communication technology payments.

### 3.3 Payables

| | 2023 ($'000) | 2022 ($'000) |
|---|---|---|
| **Current payables** | | |
| **Contractual** | | |
| Accruals | 49 | 40 |
| **Total payables** | **49** | 40 |

Payables consist of contractual payables that represent liabilities for goods and services provided to the SECV that are unpaid at the end of the financial year and arise when the SECV becomes obliged to make future payments in respect of the purchase of those goods and services and statutory payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition. Statutory payables 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 as they do not arise from a contract.

#### 3.3.1 Maturity analysis of contractual payables

The following table discloses the contractual maturity analysis for SECV's contractual payables.

| | Carrying Amount $'000 | Nominal amount $'000 | Maturity dates | | | | |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 month $'000 | 1 - 3 months $'000 | 3 months – 1 year $'000 | 1-5 years $'000 | 5+ years $'000 |
| **2023** | | | | | | | |
| **Payables** | | | | | | | |
| Accrued expenses | 49 | 49 | 49 | - | - | - | - |
| **Total** | **49** | **49** | **49** | **-** | **-** | **-** | **-** |
| 2022 | | | | | | | |
| **Payables** | | | | | | | |
| Accrued expenses | 40 | 40 | 40 | - | - | - | - |
| **Total** | **40** | **40** | **40** | **-** | **-** | **-** | **-** |

## 4 HOW WE FINANCED OUR OPERATIONS

**Introduction**

This section provides information on the sources of finance utilised by the SECV during its operations. It includes disclosures of balances that are financial instruments (such as cash balances and funds under management).

**Structure**

4.1 Cash flow information and balances
4.2 Commitments for expenditure
4.3 Third party funds under management

### 4.1 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise of cash on hand and cash at bank 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 significant risk of changes in value.

| | 2023 ($'000) | 2022 ($'000) |
|---|---|---|
| **(a) Reconciliation of cash and cash equivalents** | | |
| Cash at bank | 4,884 | 5,038 |
| **Total cash and deposits disclosed in the balance sheet** | **4,884** | **5,038** |
| **Balance per cash flow statement** | **4,884** | **5,038** |
| **(b) Reconciliation of net result for the period to cashflow from operating activities** | | |
| Net result | **(146)** | **(53)** |
| **Movements in assets and liabilities** | | |
| (Increase)/decrease in receivables | (27) | (20) |
| (Increase)/decrease in prepayments | 10 | - |
| Increase/(decrease) in payables | 9 | 1 |
| **Net cash flows from operating activities** | **(154)** | **(72)** |

### 4.2 Commitments for expenditure

There are no commitments at 30 June 2023 (2021-22: nil).

### 4.3 Third party funds under management

In 1996, the SECV was a party to a Custody Deed between the State of Victoria and Energy Brix Australia Corporation Pty Ltd ('EBAC') (in liquidation), which provided for the establishment of a 'Closure Fund' for the purposes of meeting site remediation and redundancy costs. At the 30 June 2023 the balance of the Closure Fund was $0.09 million (2021-22: $0.12 million). Funds remaining in the Closure Fund at the expiration date are for the benefit of the State of Victoria. The expiration date of the fund was 30 June 2021. While the extension of the Deed was not formalised, all expenditure from the Closure Fund was withdrawn in accordance with the Fifth variation of the Custody Deed. The balance of $0.09 million has been held in anticipation of outstanding claims from EBAC and is expected to be depleted in 2023-24.

| | 2023 ($'000) | 2022 ($'000) |
|---|---|---|
| **Opening Balance** | **123** | 185 |
| Interest Received | 1 | 2 |
| Payments made from fund | (31) | (64) |
| **Closing Balance** | 93 | 123 |

## 5 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

**Introduction**

The SECV 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.

**Structure**

5.1 Financial instruments
5.1.1 Financial Instruments: Categorisations
5.1.2 Net holding gains on financial instruments by category
5.2 Contingent Assets and Liabilities

### 5.1 Financial instruments

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.

#### 5.1.1 Categorisation of financial instruments

The following table categorises financial instruments as disclosed in the notes to the financial statements:

| | Note | 2023 ($'000) | 2022 ($'000) |
|---|---|---|---|
| **Contractual financial assets** | | | |
| Cash and deposits | 4.1(a) | 4,884 | 5,038 |
| **Total contractual financial assets** | | **4,884** | **5,038** |
| **Contractual financial liabilities** | | | |
| Payables | 3.3 | 49 | 40 |
| **Total contractual financial liabilities** | | **49** | **40** |

The carrying amounts of the contractual financial assets and liabilities by category are:

| | Cash and deposits ($'000) | Financial assets at amortised cost ($'000) | Financial liabilities at amortised cost ($'000) | Total ($'000) |
|---|---|---|---|---|
| **2023** | | | | |
| **Contractual financial assets** | | | | |
| Cash and deposits | 4,884 | - | - | 4,884 |
| **Total contractual financial assets** | **4,884** | - | - | **4,884** |
| **Contractual financial liabilities** | | | | |
| Payables | - | - | 49 | 49 |
| **Total contractual financial liabilities** | - | - | **49** | **49** |
| **2022** | | | | |
| **Contractual financial assets** | | | | |
| Cash and deposits | 5,038 | - | - | 5,038 |
| **Total contractual financial assets** | **5,038** | - | - | **5,038** |
| **Contractual financial liabilities** | | | | |
| Payables | - | - | 40 | 40 |
| **Total contractual financial liabilities** | - | - | **40** | **40** |

### 5.1.2 Net holding gains on financial instruments by category

| | Total interest income ($'000) | Total ($'000) |
|---|---|---|
| **2023** | | |
| **Contractual financial assets** | | |
| Cash and deposits | 152 | 152 |
| **Total contractual financial assets** | **152** | **152** |
| **2022** | | |
| **Contractual financial assets** | | |
| Cash and deposits | 16 | 16 |
| **Total contractual financial assets** | **16** | **16** |

The net holding gains or losses disclosed above are determined as follows:

- for cash and cash equivalents, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from the revaluation of financial assets, and minus any impairment recognised in the net result; and
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

## 5.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements and, if quantifiable, are measured at nominal value. They 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. There are no quantifiable contingent assets (2022: $nil).

**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 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

There are no quantifiable or non-quantifiable contingent liabilities (2022: $nil).

## 6 OTHER DISCLOSURES

**Introduction**

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

**Structure**

6.1 Ex-gratia expenses
6.2 Responsible persons, related parties & key management personnel
6.3 Remuneration of auditors
6.4 Subsequent event
6.5 Australian accounting standards issued that are not yet effective

### 6.1 Ex-gratia expenses

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.

There were no ex-gratia expenses (2022: $nil).

### 6.2 Responsible persons, related parties & key management personnel

**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. Persons who held the positions of Responsible Minister and Accountable Officers in relation to SECV during the current financial year were:

| | | |
|---|---|---|
| Responsible Minister | The Hon. Tim Pallas, MP | 1 July 2022 to 18 December 2022 |
| | The Hon. Lily D'Ambrosio, MP | 19 December 2022 to 30 June 2023 |
| Accountable Officer / Administrator | Jason Loos | 1 July 2022 to 18 December 2022 |
| | John Bradley | 19 December 2022 to 30 June 2023 |

No remuneration was paid to the Administrator in the year 2022-23 (2021-22: nil).

**Related Parties**

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

Related parties of the SECV include:

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

All related party transactions are entered into on an arm's length basis. There were no related party transactions during the year 2022-23 (2021-22: nil).

**Key management personnel**

Key management personnel of the SECV include the Portfolio Minister and the Accountable Officer. The Ministers' remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report. The SECV has no employees.

### 6.3 Remuneration of auditors

| | 2023 ($'000) | 2022 ($'000) |
|---|---|---|
| **Victorian Auditor General's Office[(a)]** | | |
| Audit of the financial statements | 18 | 18 |
| **Total** | **18** | **18** |

*(a) The Victorian Auditor-General's Office is prohibited from providing non-audit services*

### 6.4 Subsequent event

The State Electricity Commission Amendment Bill 2023 was introduced into Victorian Parliament on 15 November 2023 and passed its second reading on 16 November 2023. If passed, the bill will abolish the entity and transfer all property, rights, and liabilities to the State.

SECV is not aware of any other circumstances than those disclosed above that have arisen, or information that has become available between 30 June 2023 and the date of final approval of this general-purpose financial report that qualifies for inclusion as a post balance date event.

### 6.5 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 these financial statements. SECV is reviewing its existing policies and assessing the potential implications of these accounting standards which include:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*
  This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants* to defer the application by one year to periods beginning on or after 1 January 2023. SECV will not early adopt the Standard.

  SECV is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

In addition to the new standards and amendments above, the AASB has issued several other amending standards that are not effective for the 2022-23 reporting period. These standards are not expected to have any significant impact on public sector entities and thus have not been included in the table.

## ADMINISTRATOR'S AND CHIEF FINANCIAL OFFICER'S DECLARATION

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the financial year ended 30 June 2023 and the financial position of the State Electricity Commission of Victoria as 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 report for issue on 9 December 2023.



**John Bradley**
Administrator
State Electricity Commission of Victoria
Melbourne
09 December 2023



**Allison Wetzels**
Chief Financial Officer
State Electricity Commission of Victoria
Melbourne
9 December 2023

# Independent Auditor's Report

Victorian Auditor-General's Office

*To the Administrator of the State Electricity Commission of Victoria*

| | |
|---|---|
| **Opinion** | I have audited the financial report of the State Electricity Commission of Victoria (the Commission) which comprises the:<br>• balance sheet as at 30 June 2023<br>• comprehensive operating statement for the year then ended<br>• statement of changes in equity for the year then ended<br>• cash flow statement for the year then ended<br>• notes to the financial statements, including significant accounting policies<br>• administrator's and chief financial officer's declaration.<br>In my opinion the financial report presents fairly, in all material respects, the financial position of the Commission 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 *Financial Management Act 1994* and applicable Australian Accounting Standards. |
| **Basis for opinion** | I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.<br>My independence is established by the *Constitution Act 1975*. My staff and I are independent of the Commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.<br>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. |
| **Material uncertainty related to going concern** | I draw attention to Note 1 in the financial report, which states that the *State Electricity Commission Amendment Bill 2023* (the Bill) has been introduced to Parliament on 15 November 2023. The Bill, if passed, will abolish the Commission. This indicates that a material uncertainty exists that may cast significant doubt on the Commission's ability to continue as a going concern. My opinion is not modified in respect of this matter. |
| **Administrator's responsibilities for the financial report** | The Administrator is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Administrator 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.<br>In preparing the financial report, the Administrator is responsible for assessing the Commission'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. |

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| | |
|---|---|
| **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.<br><br>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:<br><br>• 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.<br>• 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 Commission's internal control.<br>• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Administrator.<br>• conclude on the appropriateness of the Administrator'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 Commission'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 Commission to cease to continue as a going concern.<br>• 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.<br><br>I communicate with the Administrator 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
12 December 2023

Janaka Kumara
*as delegate for the Auditor-General of Victoria*

**Disclosure Index**

The annual report of the State Electricity Commission of Victoria is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of SECV compliance with statutory disclosure requirements.

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