



SEC Infrastructure Annual Report

2024



Acknowledgement of Country

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

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

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

Our partnership with First Peoples

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

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

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Report of operations

Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present SEC Infrastructure Pty Ltd's Annual Report for the period from incorporation on 26 October 2023 to 30 June 2024.



Simon Corbell
Chair
SEC Infrastructure Pty Ltd
30 August 2024

Preparation

SEC Infrastructure Pty Ltd (the Company) is part of the SEC Group of companies that work together to meet the SEC's overall objectives. Its parent company, SEC Victoria Pty Ltd, prepares a consolidated annual report that includes the results and operations of the Company and other controlled entities (collectively the SEC or the Group). The Report of Operations included here is for the SEC consolidated group, unless otherwise stated.

About us

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

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

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

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




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

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

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

Our guiding principles

Our activities are underpinned by three guiding principles:

 <h4>Public purpose</h4> <p>Provide broader benefits to the Victorian community and consumers, including:</p> <ul style="list-style-type: none">• improving energy affordability and reliability• reestablishing public ownership and control of a portfolio of strategic energy assets, with profits reinvested into the SEC for public benefit• creating local jobs and maximising local capability• supporting underserved and vulnerable customer cohorts• building relationships with Victoria's First Peoples, ensuring we recognise the rights and authority of Traditional Owners.	 <h4>Market enablement</h4> <p>Operate in a way that accelerates the energy transition, by:</p> <ul style="list-style-type: none">• bringing capital to the transition task, additional to that which would otherwise be delivered• maintaining private investor confidence in the Victorian energy market• catalysing private sector investment• supporting the development of a workforce equipped with the required skills• sharing lessons learned where appropriate.	 <h4>Sustainable financial returns</h4> <p>Earn a financial return across the portfolio that:</p> <ul style="list-style-type: none">• meets the requirements of public non-financial corporation status• enables us to generate cash flow to cover our operating costs within an acceptable timeframe• meets risk-adjusted target rates of return, enabling us to reinvest returns in more renewables and storage on behalf of the Victorian people.
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Our strategy at a glance

OUR PURPOSE

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

OUR VISION

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

OUR STRATEGIC PILLARS



Invest to accelerate the energy transition

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



Support the switch to all-electric households

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



Build a renewable energy workforce

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

OUR VALUES

Uniting

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

Nimble

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

Fair

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

Our governance

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

SEC Victoria and its wholly-owned subsidiaries are incorporated under the *Corporations Act 2001* (Cth) and declared state owned companies under the *State Owned Enterprises Act 1992* (Vic). SEC Infrastructure Pty Ltd was incorporated on 26 October 2023 and declared a state owned company on 14 November 2023.

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

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

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

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

The SEC Board

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

Simon Corbell
Non-Executive Director and Board Chair

Joycelyn Morton
Non-Executive Director

Anna Skarbek
Non-Executive Director

Jo Benvenuti
Non-Executive Director

Damien Barnes
Non-Executive Director

All members of the SEC Board are also members of the SEC Infrastructure Pty Ltd Board.

***More information and board member biographies can be found at:
www.secvictoria.com.au/about/governance.***

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

Board committees

Audit and Risk Committee

Key responsibilities of the Audit and Risk Committee include review of the annual report and financial information, assist in reviewing the effectiveness of internal control environment and oversee the

effective operation of the risk management framework. All Board members are also independent members of the Audit and Risk Committee. Joycelyn Morton is the Chair.

Our strategy

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

Our strategy focuses on three areas:

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

Investments: Investing in Victoria's renewable energy future

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

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

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

The SEC is partnering with industry to unlock additional renewable energy development.

Our focus is on building a pipeline of assets to support and accelerate the transition. We work closely with the private sector and partner with those that share our commitments to investing in Victoria, decarbonising our electricity system, and creating jobs for Victorians. By partnering with industry, we expect to contribute around 4.5GW of new capacity, which is approximately 20 per cent of the total new generation and storage capacity Victoria is expected to require by 2035. This includes distributed solar and batteries as well as all committed, and future utility-scale projects.

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

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

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

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

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

Progress against our objectives:

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

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

Melbourne Renewable Energy Hub

In November 2023, the SEC announced its first equity investment of \$245 million in one of the world's biggest battery projects, the Melbourne Renewable Energy Hub (MREH), in partnership with Equis.

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

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

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

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

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

CASE STUDY: Melbourne Renewable Energy Hub

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

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

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

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

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

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

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

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

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

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

Households: Helping households to go all-electric

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

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

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

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

We are working to address challenges such as:

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

Progress against our objectives:

Electric home planner

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

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

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

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

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

Workforce: Building the workforce of the future

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

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

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

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

Progress against our objectives:

The SEC Centre of Training Excellence

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

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

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

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

The SEC is working with the Department of Jobs, Skills, Industry and Regions (DJSIR) to develop a detailed business and investment case in anticipation of implementation of the SEC COTE commencing from 2025.

Engaging with schools to build a workforce

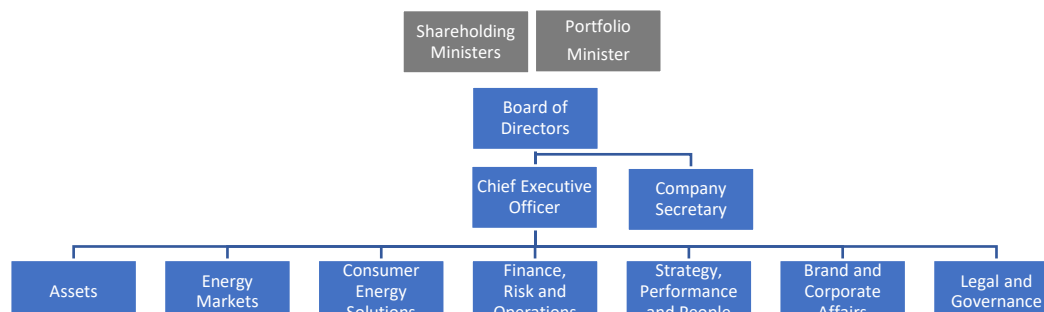
The SEC is working to build awareness, interest, and pathways in renewable energy jobs for Victorians of all ages.

We have reached thousands of high school students by attending 10 school career nights and events with a total 24,000 attendees. More than 2,600 students engaged with us and came away with an understanding of renewable energy, as well as the types of jobs available in the sector where they can make a difference. We used interactive activities to bring science to life and build awareness and enthusiasm for STEM and vocational pathways, with a particular emphasis on increasing participation by women and girls.

The SEC will continue to attend career nights and events, while also exploring other immersive programs to reach students in schools. We are working with education providers, including Tech Schools, to amplify messages on the importance of renewable energy and promote VET and regional pathways.

Our operations

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



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

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

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

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

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

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

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

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

Our people

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

The following table discloses the head count of all active employees of the Company's parent, SEC Victoria Pty Ltd in the last full pay period in June 2024:

By level	Headcount	FTE
Executive*	8	7.9
Non-executive	38	37.8
	45	44.7
By work location		
Melbourne	44	
Morwell	1	
By gender		
Female	30	
Male	15	
Undisclosed	-	

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

All SEC Group employees are employed by SEC Victoria Pty Ltd, the Company's parent, and related employment costs have been incurred by that entity for the reporting period to 30 June 2024.

Occupational health and safety

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

Financial management compliance attestation statement

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



Chris Miller
CEO, SEC

Directors' report

The directors present their report SEC Infrastructure Pty Ltd (the Company) at the end of the period from incorporation on 26 October 2023 to 30 June 2024. Throughout the report, the entity is referred to as SEC Infrastructure or the Company.

Directors

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

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

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

Company secretary

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

Directors' meetings

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

* The Audit and Risk Committee was established after 30 April 2024 and Joycelyn Morton was appointed Chair.

Principal activities

The principal activity of the Company during the period was investment in renewable energy generation and storage projects.

Financial and operational performance

Since its inception, funding has been provided to the Company to establish its operations, including starting investment activities. The table below represents summary figures in the statement of

comprehensive income and statement of financial position as presented in the full financial statements of this Annual Report.

The Company recorded a total comprehensive loss of \$30,000 for the reporting period, from 26 October 2023 to 30 June 2024. Given SEC Infrastructure was being established during the reporting period, these results are not indicative of the future performance of the business.

The SEC committed to its pioneer investment in the MREH and made cash contributions of \$73.1 million towards this investment by 30 June 2024.

	2024
	\$'000
Summary of financial results	
Operating expenses	(30)
Share of net profit and other comprehensive income of joint ventures accounted for using the equity method	(8,182)
Total comprehensive loss	(8,212)
<hr/>	
Total assets	64,913
Total liabilities	73,125
Net assets	(8,212)

Climate-related risk disclosure statement

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

Subsequent events occurring after the Balance Sheet Date

On 12 August 2024:

- Christopher Miller was formally appointed as CEO of the Company
- SEC Victoria Pty Ltd, the Company's parent, received \$344 million of equity contributions from the state government to fund strategic operations of the SEC Group for the financial year ending 30 June 2025. The Company relies on unconditional funding from SEC Victoria Pty Ltd to support its operations.

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

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

Dividends

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

Impact of legislation and other external requirements

In addition to the *Corporations Act 2001*, the Company is required to comply with additional legislation, detailed at page 35 (corporate compliance section). This legislative framework reflects SEC Infrastructure's status as a state-owned entity of Victoria.

Directors' interests

No director holds an interest in any shares in SEC Infrastructure. The Company's sole shareholder is SEC Victoria Pty Ltd whose beneficial shareholders are the Premier and Treasurer of the State of Victoria.

Indemnification and insurance of officers and auditors

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

Non-audit services

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

Proceedings on behalf of the Company

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

Auditor's independence declaration

The auditor's independence declaration is set out in page 20 of this report and forms part of the financial report for the reporting period.

Rounding of amounts

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

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



Simon Corbell
Chair
30 August 2024

Directors' declaration

SEC Infrastructure Pty Ltd has presented its audited, general purpose annual financial report for the reporting period from 26 October 2023 to 30 June 2024 in the following structure to provide users with information about SEC Infrastructure's stewardship of resources entrusted to it.

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

1. The annual financial report and notes are in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the entity's financial position as at 30 June 2024 and of its performance for the reporting period then ended

b. complying with the Australian Accounting Standards (including the Australian Standards of Interpretations) and the *Corporations Regulations 2001*

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

3. At the time of signing, we are not aware of any circumstance which would make any particulars included in the annual financial report misleading or inaccurate

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



Simon Corbell
Chair
30 August 2024

Independent Auditor's report



Independent Auditor's Report

To the Directors of SEC Infrastructure Pty Ltd

Opinion	<p>I have audited the financial report of SEC Infrastructure Pty Ltd (the company) which comprises the:</p> <ul style="list-style-type: none">• statement of financial position as at 30 June 2024• statement of profit or loss and comprehensive income for the period then ended• statement of changes in equity for the period then ended• statement of cash flows for the period then ended• notes to the financial statements, including material accounting policy information• declaration by Chairperson, Chief Executive Officer and Chief Financial Officer. <p>In my opinion, the financial report is in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none">• giving a true and fair view of the financial position of the company as at 30 June 2024 and its financial performance and cash flows for the period then ended• complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the auditor independence requirements of the <i>Corporations Act 2001</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other Information	<p>The Directors are responsible for the "other information" included in the company's Annual Report for the year ended 30 June 2024. The other information in the Annual Report does not include the financial report and my auditor's reports thereon. My opinion on the financial report does not cover the other information included in the Annual Report. Accordingly, I do not express any form of assurance conclusion thereon.</p> <p>In connection with my audit of the financial report, my responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a materially misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.</p>
Directors' responsibilities for the financial report	<p>The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards, the <i>Financial Management Act 1994</i> and the <i>Corporations Act 2001</i>, and for such internal control as the Directors determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company'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	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors • conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company 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. <p>I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p> <p>I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.</p>
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MELBOURNE
30 August 2024



Paul Martin
as delegate for the Auditor-General of Victoria

Auditor-General's Independence Declaration



Auditor-General's Independence Declaration

To the Directors, SEC Infrastructure Pty Ltd

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

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

Independence Declaration

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

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

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

MELBOURNE
30 August 2024

Paul Martin
as delegate for the Auditor-General of Victoria

Statement of profit or loss and comprehensive income

For the period from 26 October 2023 to 30 June 2024

	Note	2024 \$'000
Income		-
Total income		-
Professional services		(30)
Share of net profit/(loss) of joint ventures accounted for using the equity method	4	(5,409)
Total expenses		(5,439)
Loss for the period		(5,439)
Other comprehensive income		-
Share of joint venture cash flow hedge reserve	4	(2,773)
Total other comprehensive loss		(2,773)
Total comprehensive loss for the period		(8,212)

The above statement of profit or loss should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2024

	Note	2024 \$'000
Assets		
Current assets		
Cash and cash equivalents		-
Total current assets		-
Non-current assets		
Investments accounted for using the equity method	4	64,913
Total non-current assets		64,913
Total assets		64,913
Liabilities		
Current liabilities		
Payables	5	73,125
Total current liabilities		73,125
Total liabilities		73,125
Net assets/(liabilities)		(8,212)
Equity		
Issued shares		-
Reserves	4	(2,773)
Accumulated losses		(5,439)
Total equity/(deficiency)		(8,212)

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

Statement of changes in equity

For the period from 26 October 2023 to 30 June 2024

	Issued shares \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000
Balance at 26 October 2023	-	-	-	-
Net result for the period	-	-	(5,439)	(5,439)
Other comprehensive income for the period	-	(2,773)	-	(2,773)
Total comprehensive income	-	(2,773)	(5,439)	(8,212)
Transactions with owners:				
Shares issued	-	-	-	-
Contributed capital	-	-	-	-
Balance at 30 June 2024	-	(2,773)	(5,439)	(8,212)

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

Statement of cash flows

For the period from 26 October 2023 to 30 June 2024

	Note	2024 \$'000
Cash flows from operating activities	3	-
Net cash flows from/(used in) operating activities		-
Cash flows from investing activities		
Payment for investment in joint venture		(73,095)
Net cash flows from/(used in) investing activities		(73,095)
Cash flows from financing activities		
Proceeds from issues of shares		-
Funds advanced from parent company	11	73,095
Net cash flows from/(used in) financing activities		73,095
Net increase/(decrease) in cash and cash equivalents		-
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents as at 30 June 2024		-

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

Notes to the financial statements

1. General information

SEC Infrastructure Pty Ltd (the Company) is a for-profit proprietary company incorporated and domiciled in Australia.

The principal activity of the Company is the investment in renewable energy generation and storage projects. The principal accounting policies adopted in the preparation of these financial statements are set out below.

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

The Company was established on 26 October 2023 under the provisions of the *Corporations Act 2001* and declared a state-owned Company under Part 5 of the *State Owned Enterprises Act 1992* on 14 November 2023.

This financial report is for the period from incorporation on 26 October 2023 to 30 June 2024.

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

The parent and ultimate parent of the Company is SEC Victoria Pty Ltd.

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

i. Basis of preparation

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

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

- investments accounted for using the equity method, which are initially recognised at cost and then adjusted for the Company's share of net assets.

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.

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

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

The Company is exempt from Federal income taxation under section 24AM of the *Income Tax Assessment Act 1936*. The Company expects to enter into the National Tax Equivalent Regime

(NTER), an administrative intergovernmental arrangement under which federal income tax laws are applied notionally to the NTER entities as if they were subject to these laws, to support the principle of competitive neutrality, in the year ended 30 June 2025.

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

ii. Statement of compliance

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

2. New accounting standards and interpretations

i. New and amended standards adopted by the Company

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

ii. New standards and interpretations not yet adopted

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

3. Cash and cash equivalents

i. Accounting policy

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

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

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

	2024
	\$
Net result for the period	(5,439)
<i>Non-cash movements:</i>	
Share of net (profit)/loss of joint ventures accounted for using the equity method	5,409
<i>Movements in assets and liabilities:</i>	
Increase/(Decrease) in accruals	30
Net cash flows from/(used in) operating activities	-

4. Interests in joint ventures

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

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

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

In November 2023, the Company committed to invest \$245 million in the MREH project being developed near Melton, Victoria by Equis. Its value in the financial report at 30 June 2024 is represented by the cash calls injected into the project to support construction, net of the Company's share of profit or loss and other comprehensive income.

Significant judgement

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

Commitments and contingent liabilities in respect of joint ventures

		2024 \$'000	
	MREH A1	MREH A2	MREH A3
Commitment for construction of battery energy storage system (BESS) infrastructure	130,411	183,833	295,710

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

Summary of financial information of joint ventures

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

	30 June 2024		
	(\$'000)		
	MREH A1	MREH A2	MREH A3
Cash and cash equivalents	23,556	11,057	1,050
Other current assets	13,512	4,007	3,550
Total current assets	37,068	15,065	4,600
Total non-current assets	149,458	95,499	127,900
Financial liabilities excluding trade payables	17	17	478
Other current liabilities	67,071	7,438	5,890
Total current liabilities	67,088	7,455	6,368
Total non-current liabilities	20,573	20,251	106,923
Net assets	98,864	82,857	19,209
Company's ownership interest (%)	30%	30%	49%
Company's carrying amount (\$'000)	29,659	24,857	10,398
Total revenue and other income	10,147	8	16
Operating expenses	(10,849)	(703)	(1,420)
Share of gain/(loss) on associate	(236)	(236)	(236)
Gain/(loss) on fair value of financial instruments	(6,915)	(6,915)	0
Depreciation and amortisation	(160)	(160)	(160)
Interest income	394	395	290
Interest expense	(131)	(131)	(131)
Income tax (expense)/benefit	(192)	127	129
Total profit/(loss)	(7,942)	(7,615)	(1,511)
Other comprehensive income	-	-	(5,659)
Total comprehensive income/(loss)	(7,942)	(7,615)	(7,171)

Principles of equity accounting

i. Joint arrangements

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

ii. Equity method

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

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not

recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

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

5. Payables

	2024
	\$'000
Accruals	30
Payables to parent entity	73,095
Total payables	73,125

Trade payables are unsecured and are usually paid within 30 days of recognition. Where trade payables are settled via electronic cash transfer, they are derecognised when the group has no ability to withdraw, stop or cancel the payment, has lost the practical ability to access the cash as a result of the electronic payment instruction, and the risk of a settlement not occurring is insignificant.

Payables to parent entity are unsecured, interest free and repayable on demand and incurred as a result of the parent paying for investment activity on behalf of the Company. Refer to Note 11iii. Transactions with companies in the SEC Group for further detail.

6. Financial instruments

The following table combines information about:

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

2024	Carrying value			
	FVTPL	FVOCI	Amortised cost	Total
	\$	\$	\$	\$
<i>Financial liabilities</i>				
Trade and other payables	-	-	73,125	73,125
Total financial liabilities	-	-	73,125	73,125

7. Financial risk management

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

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

i. Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an appropriate capital structure of debt and equity. The Company relies on its parent, SEC Victoria Pty Ltd, to provide funding as and when required for operations.

The capital structure of the Company consists of cash and cash equivalents and total equity. The SEC monitors capital on a consolidated basis at the parent level based on funds received from the State along with anticipated cash outflows.

ii. Liquidity risk management

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

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

The Company's exposure to liquidity risk is insignificant based on a current assessment of risk and the level of cash available from its parent, SEC Victoria Pty Ltd.

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

iii. Credit risk management

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

8. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. There were \$10 of ordinary shares issued during the period.

9. Commitments and contingencies

i. Capital expenditure commitments

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

ii. Contingencies

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

10. Subsequent events

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

- Christopher Miller was formally appointed as CEO of the Company
- SEC Victoria Pty Ltd, the Company's parent, received \$344 million of equity contributions from the state government to fund strategic operations of the SEC Group for the financial year ending 30 June 2025. The Company relies on unconditional funding from SEC Victoria Pty Ltd to support its operations.

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

11. Responsible persons

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

i. Responsible persons

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

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

ii. Remuneration of responsible persons

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

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

The remuneration, including the superannuation guarantee contribution, received or receivable by responsible persons of the Company amounted to \$90,981 and was recorded in the statement of profit or loss of the Company's parent, SEC Victoria Pty Ltd.

Interim Board members remuneration was paid for by the Victorian Public Service, as interim Board members. Enduring Board members were appointed on 1 May 2024 and served during the reporting period between 1 May 2024 and 30 June 2024.

iii. Remuneration of Accountable Officer

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

iv. Remuneration of responsible Minister

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

12. Related parties

The related parties of the Company include:

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

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

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

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

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

During the reporting period no key management personnel received or became entitled to receive any benefit from the Company other than remuneration disclosed in the financial report,

from a contract between the Company and that key management person or firm, or company of which that key management person is a member or has a substantial interest.

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

ii. Significant transactions with government-related entities

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

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

iii. Transactions with companies in the SEC Group

There was one transaction type identified for the reporting period:

- the Company's parent, SEC Victoria Pty Ltd, paid for the investments in the joint venture on the Company's behalf totalling \$73,095,000. This is recognised as a payable on balance sheet at 30 June 2024.

13. Auditor remuneration

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

	2024
	\$
Amounts received or due and receivable by the auditor of the Company:	
Auditing the statutory financial reports	30,000
Total auditor remuneration	30,000

Declaration by Chair, Chief Executive Officer and Chief Financial Officer

We certify that the financial report for SEC Infrastructure Pty Ltd has been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, *Corporations Act 2001*, *Corporations Regulations 2001*, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

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

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

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



Simon Corbell
Chair



Christopher Miller
Chief Executive Officer



Elisha Civil
Chief Financial Officer

Corporate compliance

Local Jobs First

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

The SEC will apply the Local Jobs First policy in all procurement projects valued at \$3 million or more in metropolitan Melbourne or for state wide projects, or \$1 million or more for projects in regional Victoria. MPSG applies to all construction projects valued at \$20 million or more.

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

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

Standard Local Jobs First - Projects commenced and completed

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

Strategic Local Jobs First - Projects commenced and completed

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

During 2023-2024, the SEC did not complete any Local Jobs First strategic projects.

Social procurement

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

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

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

During 2023-24 the SEC announced its pioneer investment in the MREH, committing \$245 million to invest in the billion-dollar energy storage facility. The project comprises of three 200MW batteries, two two-hour batteries, and one battery that was increased to four-hours duration as a direct result of the

SEC's investment in the project. Once complete the Hub will deliver 1.6GWh hours of energy storage, with potential to expand enough to power around 200,000 homes during peak evening consumption.

Asset management accountability framework (AMAF)

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

Government advertising expenditure

The Company did not undertake any government advertising campaigns with total media spend of \$100,000 or greater, exclusive of GST during the reporting period.

Consultancy expenditure

In the reporting period, SEC Infrastructure had no consultancy arrangements where the total fees paid or payable were \$10,000 or greater, excluding GST.

For the period, SEC Infrastructure had no consultancy arrangements where the total fees paid or payable were less than \$10,000, excluding GST.

Information and communication technology (ICT) expenditure

For the reporting period, SEC Infrastructure had no information and communication technology spend.

Procurement complaints

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

Emergency procurement

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

Compliance with the National Competition Policy and the Competitive Neutrality Policy

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

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

Freedom of Information

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

Compliance with the Public Interest Disclosure Act 2012

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

Reporting procedures

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

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

Environmental reporting

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

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

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

Compliance with the Building Act 1993

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

Modern Slavery

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

Disclosure index

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

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FRD 22	Key initiatives and projects	7
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Other disclosures as required by FRDs in notes to the financial statements ^(a)		
FRD 21	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	31
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^(a) References to FRDs have been removed from the Disclosure Index if the specific FRDs are not applicable.		
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Legislation	Requirement	Page reference
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Financial Management Act 1994		Full report
