

OFFICIAL



# Our Strategy 2023–2026

Delivering for consumers



## **Acknowledgement**

We acknowledge the Traditional Owners of the lands and waterways on which we work and live.

We acknowledge all Aboriginal and Torres Strait Islander communities, and pay our respects to Elders past and present.

As the First Peoples of this land, belonging to the world's oldest living cultures, we recognise and value their knowledge, and ongoing role in shaping and enriching the story of Victoria.

### **An appropriate citation for this paper is:**

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## Our strategy 2023–2026

### **Our vision: Better essential services for Victorian communities.**

To achieve our vision, we will:

- be a strong and fair regulator
- be an active regulator
- create incentives for regulated businesses to provide value to customers
- deliver value to Victorian consumers.

This strategy outlines how we will deliver better essential services for Victorian communities and continue to promote their long-term interests. It has a medium-term outlook covering a rolling three-year period and is refreshed annually to reflect changes in government and commission priorities.

### **What we do**

**Our purpose:** Promote the long-term interests of Victorian consumers with respect to the price, quality and reliability of essential services.

We regulate Victoria's energy, water and transport sectors, and administer the rate-capping system for the local government sector. We also regulate the Victorian Energy Upgrades program.

We use a formal process to exercise our responsibilities under the *Essential Services Commission Act 2001*. These responsibilities include:

- developing reports on how markets operate
- making price determinations
- taking compliance and enforcement actions
- producing compliance assessments and audits
- approving new market entrants.

To achieve our purpose, we are required to give consideration to many factors, including the effect of decisions on consumers experiencing vulnerability.

We are led by four commissioners and our chief executive officer. The commission is responsible for administration of the *Essential Services Commission Act 2001*, the *Victorian Energy Efficiency Target Act 2007* and undertaking other roles as conferred on the commission in other legislation.

Our commissioners are responsible for approving the determinations, reviews, enforcement actions and other decisions that respond to our primary responsibilities as an economic regulator.

We achieve our purpose by living our key values:

- Integrity
- Collaboration
- Impartiality
- Excellence
- Respect.

## Our stakeholders

As the state's economic regulator of essential services, our work touches the lives of every Victorian every day. Whether we are setting prices, enforcing consumer protections, reporting on service standards or market performance, or determining rate cap applications, our decisions have the potential to affect many aspects of life for every household and business across the state.

Our stakeholder engagement framework is built around five principles:

**Principle 1: We are transparent and accountable.** We are clear about what, when and how we consult. We publish information about how we make decisions and explain the decisions we have made.

**Principle 2: Our engagement is considered, planned and genuine.** We develop plans with the aim of providing time for meaningful, fit-for-purpose engagement with people who are affected or have an interest in our decisions.

**Principle 3: Our engagement is inclusive.** Our decisions are well-informed with input from a range of groups and individuals affected by or interested in our work.

**Principle 4: Our information is clear, accessible and simple to understand.** We present information in plain language that sets out clearly what we are doing, how people are affected and how they can get involved.

**Principle 5: We listen and learn to improve our consultation and engagement.** We evaluate and monitor our engagement and consultation, measuring ourselves against these principles.

Each year we publish a work program on our website that identifies key projects for the year and indicative timeframes for the release of our public reports and decisions.

## Our changing environment

The regulatory space is changing, and we are facing several challenges and opportunities over the next three years. The main drivers of change to our environment are outlined below.



Regulators are increasingly being challenged to take effective and appropriate compliance and enforcement action. Recent legislative reforms enable us to take a broader range of compliance and enforcement actions.

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The economic and fiscal environment has changed resulting in increased cost-of-living pressures for consumers, stress on supply chains, low unemployment and fiscal constraints on government.

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The energy market is transitioning as Victoria moves to net zero by 2050. Significant investments in transmission networks and renewable energy are being fast-tracked to meet governments' climate goals.

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The increasing use of data and knowledge and the emergence of AI is driving changes to technology requirements, cyber and information security, privacy considerations and decision-making.

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Climate change and the increased frequency and intensity of extreme weather is driving demand for greater energy efficiency and innovation and putting greater demands on infrastructure.

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Understanding how our role affects customers experiencing vulnerability has become critical to our work in promoting the long-term interests of Victorians.

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## Delivering for Victorians

To achieve our purpose, and respond to the changing external context, we will focus on four goals:

1

### We will be a strong and fair regulator

To increase trust that we will deliver in the best interests of consumers we will:

- hold regulated businesses to account and deter behaviour that is not consistent with the rules we administer
- promote behaviour in the best interests of consumers
- make use of all the powers available to us in our legislation.

2

### We will be an active regulator

To continue to respond effectively to the changing environment and solve real problems we will:

- engage with the community and stakeholders to understand their needs and expectations
- use data sources and intelligence to assess what is happening in regulated sectors
- continuously improve our regulatory processes and reform our codes
- look for ways to proactively solve issues
- break down barriers to consumers accessing essential services.

3

### We will create incentives for regulated businesses to provide value for customers

To ensure regulated businesses deliver value for customers we will:

- ensure our regulatory frameworks and practices are designed to create effective relationships between those who deliver essential services and their customers
- create incentives for regulated businesses and markets to have strong governance, systems and culture
- promote transparency and accountability for and in regulated businesses
- hold events and campaigns to inform consumers about their rights.

4

### We will deliver value to Victorian consumers

To enable us to deliver our services effectively and efficiently we will:

- prioritise to ensure resources are focused on the areas that deliver the most value
- be innovative in our delivery of projects
- have a clear understanding of our effectiveness
- make quality and timely decisions.

## Creating the right culture, systems and processes

We will ensure our business processes are set up to support us in achieving our goals.



### Teams that focus on engaging with stakeholders

Effective engagement and building trust with the community, regulated businesses and other stakeholders is critical for all aspects of our regulatory process.

We will:

- ensure our engagement approaches are inclusive
- listen and learn to continue to adapt our engagement processes
- use a range of methods for stakeholders to contribute meaningfully to our work.



### Systems and data that drive regulatory outcomes

All our goals require us to effectively manage technology, data and information associated with cases, evidence and analysis.

We will:

- build our capability to deliver value to the community through technology
- ensure our information management is appropriately designed and integrated to ensure the confidentiality, integrity and availability of our information
- build our data analysis capability to enable the effective use of data
- use technology and data to inform regulatory outcomes.



### Engaged people with the right capabilities

As we reform the different core processes that deliver outcomes for customers, we need to ensure that we have the right mix of people to get the job done.

We will:

- define the core capabilities that will deliver our strategy and upskill our people
- invest in building the capability of leaders at all levels
- build our First Nations capabilities
- continue to build a culture that attracts and retains the best people.



### A workplace that is diverse, inclusive and flexible

To deliver on our goals we must attract the best talent, and provide a modern, safe and supportive workplace for our people. To achieve this, we will:

- continue to foster a truly flexible environment where all our people can thrive
- deliver our Diversity, Equity and Inclusion Action Plan
- deploy technology that supports new ways of working.

## Our focus areas for 2023–24

We have identified the following priorities for 2023–24 to help us achieve our strategic goals.

### Implement reforms to the Victorian Energy Upgrades program

We will implement the reforms, including:

- establishing Victorian Energy Upgrades program compliance and enforcement functions and capability
- implementation of new accreditation and audit processes, policies and guidance
- improving communications with customers and stakeholders about the scheme, its benefits and promoting clear channels for raising concerns
- enhancing the overall integrity of the program to ensure its aims are met.

### Build the maturity of our enforcement capability

Having an effective enforcement capability is critical to delivering our goal of being a strong and fair regulator, and preventing and deterring contraventions of relevant laws, rules and determinations. Our enforcement powers and regulatory tools have recently been significantly increased.

We will:

- have an established and appropriately resourced enforcement capability that enables us to deliver appropriate action in a timely way
- ensure our case management systems are effective and secure
- utilise a range of enforcement tools as appropriate
- promote consistency in our processes across the sectors we regulate
- be recognised by stakeholders as an effective regulator with respect to our compliance and enforcement role.

### Transform our processes for supporting consumers

As outlined in our *Getting to Fair strategy*, achieving our strategic goals includes supporting consumers who may be experiencing vulnerability. We will:

- complete the planned actions outlined in *Getting to Fair*
- continue to focus on our engagement approaches and how we understand customer experiences, as well as how effective regulatory interventions are for consumers experiencing payment difficulties and family violence
- reach out to ensure individuals and representatives of those experiencing vulnerability can engage with us
- ensure our policies support these consumers in accessing essential services
- review our strategy to reflect the current environment.



### **Adapt our responses to climate change**

To ensure our work is aligned with the government's climate change objectives, we must support consumers and regulated businesses in the transition to net zero emissions and climate change resilience.

We will:

- complete an internal framework that sets out how climate change is affecting the sectors we regulate
- identify critical priorities to support responses to climate change and net zero targets
- implement changes to the Victorian Energy Upgrades program that will further reduce emissions.

### **Use technology to deliver value to the community**

Using technology and data to increase our ability to look for risks and patterns in the sectors we regulate is vital for informing regulatory outcomes in an increasingly complex environment.

We will:

- build our technological, information and data management capability
- better understand how regulated businesses are using technology, information and data
- build a culture where we actively seek out opportunities for appropriate new technology solutions
- develop a strategy to work towards integration of systems across the commission that allow for a single view about regulated businesses and greater knowledge sharing within the commission.

**Our vision:** Better essential services for Victorian communities.

**Our purpose:** To promote the long-term interests of Victorian consumers with respect to the price, quality and reliability of essential services.

## Our goals

- 1 We will be a strong and fair regulator**
- 2 We will be an active regulator**
- 3 We will create incentives for regulated businesses to deliver value for customers**
- 4 We will deliver value to Victorian consumers**

### Our enablers are:

- effective processes for engaging with stakeholders
- effective data, information, and evidence management
- staff with the right mix of skills and knowledge
- a workplace is diverse, inclusive and flexible.

### In 2023–24 we will:

- implement reforms in the VEU program
- build the maturity of our enforcement capability
- transform our processes for supporting consumers
- adapt our responses to climate change
- use technology to deliver value to the community.

**Our values:** Integrity      Collaboration      Impartiality      Excellence      Respect

## What we do

