

cenitex

Annual Report  
**2020-21**

**VICTORIA**  
State  
Government

30 September 2021

The Hon Danny Pearson MP  
Minister for Government Services  
Department of Premier and Cabinet  
1 Treasury Place  
Melbourne VIC 3002

Dear Minister

**CENITEX ANNUAL REPORT FY2020-21**

I am pleased to submit the 2020-21 Annual Report of CenITex, including the Financial Statements for the year ended 30 June 2021, for presentation to Parliament, pursuant to Part 7 of the *Financial Management Act 1994*. CenITex is a State body under the *State-Owned Enterprises Act 1992* ("Cenitex").

Yours sincerely



**Randall Straw PSM**  
Chair

## CONTENTS

<b>1. Overview</b>	<b>5</b>
1.1 About Cenitex	6
1.2 From the Chair	8
1.3 From the Chief Executive Officer	9
1.4 Cenitex Board	10
1.5 Executive Leadership Team	10
<b>2. Year in Review</b>	<b>11</b>
2.1 Purpose	12
2.2 Strategic Goals	12
2.3 Cultural Traits	12
2.4 Values	12
2.5 Customers	13
2.6 Cenitex Response to Covid-19	15
2.7 Progress Towards Strategic Goals Under The 1-3-5 Strategy	16
2.8 1-3-5 Strategy Year 1 Delivery Update	23
<b>3. Financial Report</b>	<b>29</b>
Summary of Financial Results	30
Auditor-General's Report	34
Cenitex Financial Report	36
<b>4. Governance &amp; Organisational Structure</b>	<b>69</b>
4.1 Governance	70
4.2 Board of Directors	70
4.3 Our Customers	72
4.4 Executive Leadership Team Roles and Responsibilities	73
<b>5. Our People</b>	<b>75</b>
5.1 Workforce Profile	76
5.2 Occupational Health and Safety	78
5.3 Employment and conduct principles	82
<b>6. Disclosures</b>	<b>83</b>
6.1 Local Jobs First	84
6.2 Consultancy expenditure	84
6.3 Information and Communication Technology expenditure	86
6.4 Disclosure of major contracts	87
6.5 Freedom of Information	88
6.6 Compliance with the Building Act 1993	89
6.7 Competitive neutrality policy	89
6.8 Compliance with the Public Interest Disclosures Act 2012	89
6.9 Office-based environmental impacts	90
6.10 Social Procurement Framework	91
6.11 Compliance with Data Vic Access Policy	92
6.12 Asset Management Accountability Framework (AMAF) Maturity Assessment	92
6.13 Availability of Other Information	93
<b>Appendices</b>	
Disclosure index	94

# Overview



## 1.1 ABOUT CENITEX

Cenitex provides shared Information and Communications Technology (ICT) services to the Victorian public sector. It enables departments, agencies and more than 50,000 users to deliver services for the Victorian community.

Cenitex also delivers essential ICT services to the Victorian Government, such as identity and network management, security, user workspace and cloud services efficiently and cost-effectively.

The COVID-19 pandemic profoundly changed the way Cenitex delivers services to its customers and has highlighted the fundamental importance of Cenitex services to the security and stability of the Victorian Government. The pandemic has fast tracked the State's shift to remote working, with Cenitex emerging as a key enabler of this rapid shift in workforce design.

Cenitex works with its customers to understand business needs and adopt agile and collaborative methods of working. Cenitex has developed services and technology roadmaps pivotal to refreshing critical assets and meeting customer needs.

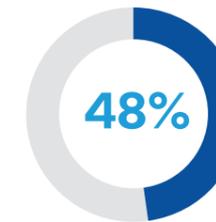
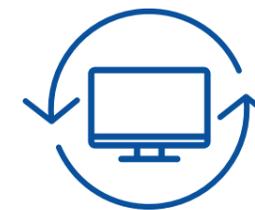
The Cenitex technology roadmap focuses on the next generation of technologies offered by industry and will deliver increased resilience and reliability for customers.

The Cenitex purpose is to serve the people of Victoria through secure, effective, and contemporary IT services for Government entities. Cenitex is a key delivery partner in support of Digital Victoria's digital transformation strategy.

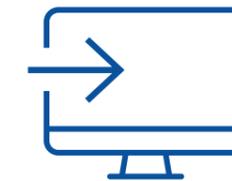
The Minister for Government Services is the Victorian Government Minister responsible for Cenitex.

Cenitex supports 43 customers from across Victorian Government including most major Departments.

### Customer sites located at:



of customer interactions via Live Chat or GO Portal



## 1.2 FROM THE CHAIR



I am proud to present the Cenitex 2020-21 Annual Report outlining the organisation's operational and financial performance in the past financial year.

During FY20-21 the volatility of the COVID-19 pandemic has highlighted the need for robust, secure and resilient infrastructure for our customers. A singular focus for Cenitex was supporting customers and ever shifting priorities including remote working and hybrid working as lockdown restrictions created ongoing uncertainty and challenging conditions. It also meant that some planned activities and projects were re-prioritised and deferred until 2021-22.

This placed unprecedented pressure on the remote working technologies and underlying infrastructure which remained stable despite these challenges. In addition, Cenitex focused on security capability enhancements to respond and protect the State from escalating cyberthreats experienced globally.

As custodian of the State's critical ICT infrastructure, Cenitex is a key digital implementation partner of the Victorian Government's digital strategy, led by Digital Victoria. Cenitex continues to support customers in initiatives to improve the delivery of services to Victorians.

Fulfilling this function supports our core purpose as a shared service provider to deliver customer focused ICT services.

Financially, Cenitex improved its stability by reporting a surplus of \$0.56m. The Board is pleased with the strong turn-around and responsible financial management which resulted in this modest surplus after a forecasted \$7m loss and a \$11.3m deficit in FY19-20.

On a strong path to financial sustainability, the past year has seen Cenitex focus on additional cost-saving measures internally and through strong vendor relationships and buying power. By working with key vendors, Cenitex was able to save the Government \$4.28m through cost savings and cost avoidance.

The year saw one of the largest and most complex Machinery of Government (MoG) changes in Victorian Government history, with the establishment of the Department of Health (DH) and Department of Families, Fairness and Housing (DFFH). Cenitex delivered on the first phase of this significant project, completing the work remotely which has not previously been achieved.

Similarly, Cenitex commenced work integrating VicRoads into the Department of Transport (DoT). VicRoads is a significant new customer that will contribute to efficiencies and an improved DoT user experience through integrated platforms and communications.

Cenitex supported customers with the delivery of the Victorian Government's flexible working policy through the VPS Suburban Hubs and Regional GovHubs developing secure infrastructure and on-site support 'Tech Bars'.

From 22 June 2020, the Cenitex responsible Minister shifted from the Assistant Treasurer to the Minister for Government Services, Hon Danny Pearson MP. Consequently, Cenitex moved to a new home in the Department of Premier & Cabinet from 1 August 2020. Cenitex has benefitted from being close to central government during such a challenging time and we look forward to this partnership prospering over the next year.

I would like to extend my thanks to all Cenitex staff, including the Executive Leadership Team and the Board of Directors. Thank you also to Ms Carolyn DeGois whose term as a Board Director ended in March 2021.

I look forward to Cenitex continuing its work to serve Victoria through the delivery of secure, effective, and contemporary ICT services.

**Randall Straw PSM**  
Chair

## 1.3 FROM THE CHIEF EXECUTIVE OFFICER



Over the past 12 months the COVID-19 pandemic has continued to create significant challenges for customers, staff, and the communities in which we live and work.

This year has been unprecedented in our 13-year history and I am so proud of our team who together have demonstrated resilience and commitment in the face of intense workloads and impacts of public health measures and remote working.

Cenitex strategy in navigating these hurdles was simple – support our customers by keeping critical government services online ensuring each day more than 50,000 users could access applications and information remotely. In FY20-21 our service centre resolved 130,000+ incidents, had 250,000+ phone contacts with customers and fulfilled 150,000+ requests.

In a year of immense challenge, I am pleased to report Cenitex achieved full-year revenue of \$197.9m, up from \$183.8m from the previous year, and importantly recorded a modest surplus of \$0.56m for the period.

Changes to our operating environment as a result of the pandemic emphasised the need for Cenitex to continue its investment in updating its infrastructure. To support this, Cenitex received funding from the State Budget in May 2020. This funding, along with Cenitex internal investments, has been used to support public servants to work from home by bolstering our cybersecurity defense, strengthening service centre support, pre-packaging applications for migration to Digital Workplace, enabling a more secure and stable environment and establishing Disaster Recovery-as-a-service.

Changing environments were not just limited to Cenitex. The pandemic continued to shift the priorities and requirements of our customers, forcing Cenitex to quickly pivot and re-prioritise many key activities and projects during the year.

Cenitex continues to focus on its customers' needs and improving our service. While we continue to make progress, we will always strive to improve and this year implemented a new service management tool which is enabling enhanced reporting on service performance for our customers. Doing the basics brilliantly remains the focus and in FY20-21, Cenitex met or surpassed all technology and workplace service availability metrics.

We onboarded a record number of new customers and delivered several key initiatives and services including Disaster Recovery as a Service (DRaaS), Lite Connect, Unified Communications and Digital Workplace (Workspace One) to cap off a busy year.

We look forward to working with the recently established Digital Victoria and partnering to deliver the Victorian Government digital strategy while continuing to be the trusted delivery partner of secure, effective, and contemporary ICT services.

My thanks to the Chair and Board of Directors for their support and guidance through a challenging and ultimately rewarding year. I would also like to thank the Executive Leadership Team and our talented staff for their hard work and commitment in responding to the extraordinary circumstances of the past year. I look forward to continuing to work with and support you all as we continue our joint focus of delivering for our customers and supporting delivery of the Victorian government digital strategy.

**Frances Cawthra**  
Chief Executive Officer

## 1.4 CENITEX BOARD

**Randall Straw PSM**  
(Chair)

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**Julie Fahey**  
(Board Director)

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**Peter Meehan**  
(Board Director)

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**John Craven**  
(Board Director)

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**Dean Tighe**  
(Board Director)

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**Andrew Minack**  
(Board Director)

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**Carolyn De Gois**  
(Board Director, resigned  
on 25 March 2021)

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## 1.5 CENITEX EXECUTIVE LEADERSHIP TEAM

**Frances Cawthra**  
(Chief Executive Officer)

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**Nigel Cadywould**  
(Executive Director, Customer Engagement)

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**Adrian Carbone**  
(Executive Director, Workplace and Application Services)

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**Sharon Copeland-Smith**  
(Executive Director, Strategy, Governance and Risk)

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**Alexis Ewing**  
(Executive Director, Infrastructure Services)

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**Catherine Ho**  
(Executive Director, Finance and Business Services)

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**Catherine Proud**  
(Executive Director, People and Capability)

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# Year in Review



The Cenitex 1-3-5 Strategy launched in July 2020 and is built on one purpose, three strategic goals and five strategic programs.

## 2.1 PURPOSE

To serve the people of Victoria through secure, effective, and contemporary IT services for Government entities.

## 2.2 STRATEGIC GOALS

### TRUST

- Build trust and influence by fulfilling our core mandate to exceptional standards.
- Apply our know-how to inform policy, strategy, and the IT decisions of customers.

### PARTNERSHIP

- Transform our customer approach towards meaningful, ongoing partnership.
- Establish strategic relationships with vendors to the benefit of all our customers.

### GROWTH

- Increase the public value we add by serving a greater proportion of Victoria’s public entities, reducing duplication and unnecessary IT spend in the State.
- Develop a revenue base to scale with our optimal infrastructure to increase value and reduce price to approximate the market.

## 2.3 CULTURAL TRAITS

- Customer commitment
- Performance
- Urgency to improve
- Positivity
- Inclusiveness

## 2.4 VALUES

- Accountability
- Collaboration
- Initiative
- Courage
- Respect

## 2.5 CUSTOMERS

### Customer Engagement

Cenitex engages with customers through a variety of mechanisms, including regular account meetings, Chief Information Officer (CIO) consultation, customer bridges and meetings with Secretaries and Deputy Secretaries.

The Stakeholder Advisory Committee (SAC) comprising Chief Information Officers is a key forum for strategic group discussions. In FY20-21 six SAC meetings were held operating under new terms of reference revised in March 2020. The SAC allows members to benefit from shared knowledge and Cenitex to shape future service offerings to meet evolving needs. Key topics featured over the past year include:

- Customer and Cenitex strategies and focus areas for FY21-22
- Digital Workplace including how it supports hybrid working
- New cybersecurity services to enhance customer protection
- New Disaster Recovery-as-a-Service
- Return to work plans and flexible working

Cenitex developed individual account management plans in partnerships with customers. These plans are regularly reviewed and updated in collaboration with customers to ensure they remain current and representative of business needs.

Ensuring Cenitex remains aligned to its customers’ business and their frontline services, Cenitex welcomed senior representatives from the former Department of Health and Human Services and Bushfire Recovery Victoria to live broadcasts to all Cenitex staff in July and September 2020.

Customer engagement continues to be a focus for Cenitex under the multi-year organisational strategy.

### Value Proposition

Drawing on customer feedback, Cenitex refreshed its value proposition in FY20-21 which is:

#### ***We know how government works.***

As part of the Victorian Government, Cenitex understands the unique challenges faced by government. Cenitex works closely with Victoria’s public servants to better understand the challenges of tomorrow. Cenitex provides the support and technology services to customers to deliver for all Victorians.

### Business Performance Reporting

Cenitex has re-defined its operational performance measures to ensure it is balancing service management and availability and aligning with the modernisation of services. The implementation of a new service management tool (ServiceNow) in October 2020 and new Genesys cloud telephony for the Service Centre was critical to this transformation in FY20-21. ServiceNow has enabled a Common Services Data Model which is global practice and has supported the introduction of improved performance reporting to the Cenitex Board from February 2021.

Supported by the new service management tool, Cenitex consulted customers on a new approach to service level agreements. Work will continue in the coming year on this important activity, including finalising and documenting targets for the new service level agreements with customers and moving to the contemporary service concept: First Time Right.

#### **What our customers say:**

*“Helpful, knowledgeable and easy to talk to.”*

*“Proactive service, contacted me to learn how to fix the issue next time.”*

### Customer Experience Highlights

With a strong focus on trust, partnership, and growth, Cenitex continued to prioritise and scale customer and employee experience to support the Victorian Public Service. Cenitex prioritised customer needs and feedback via regular CIO consultations, customer bridge forums and dedicated support from Customer Engagement and Service Centre teams. A customer experience improvement plan was developed and implemented focusing on three priority streams (see below).



- Cenitex has been working closely with senior government leaders including Deputy Secretaries via the Public Sector Administration Committee ensuring Cenitex **is meeting the needs of the Whole of Victorian Government.**
- **The introduction of Live Chat.** Customers can now talk to Cenitex in real time (48% of customers now use Live Chat and Go Portal self-service – enabling a more effective and efficient experience in real time).
- **Introduction of the Service Centre self-serve portal.** Enables customers to view and track their IT tickets via Go Portal and includes self-serve reporting and a customised portal. Cenitex brought forward implementation to support customers through the pandemic.
- **A new cloud-based telephony system** was implemented in early 2020. This enabled the Service Centre to swiftly shift to a virtual working from home model during the pandemic and ensured continuity of service to customers.
- **The launch of the Cenitex customer experience real time survey** in November 2020, further strengthened customer insights and customer response rates. The survey tracks customer satisfaction and ease of use when logging an incident or request with the Service Centre. Approximately 10,000 employees responded from November 2020 to June 2021.
- **Voice of Customer and Voice of Employee programs** were launched to identify customer and employee insights within Cenitex, supporting continuous business improvement, overall performance, trust and growth.
- **A customer experience goal** was included in every employee's performance plan ensuring Cenitex customers are always at the forefront of activities.
- 23% of people surveyed say that their rating of IT services has improved over the past year.

Sources: Service Centre Feedback 2021 and Cenitex Annual Customer Experience Survey 2020-2021.

### 2.6 CENITEX RESPONSE TO COVID-19

The COVID-19 pandemic made 2020-21 a year of pronounced change for Cenitex customers, the public service and the communities we serve. Cenitex supported large parts of the Victorian Public Service, ensuring each day more than 50,000 users could access critical applications and information remotely keeping the Victorian Government online.

The Cenitex Service Centre handled a record number of enquiries, while technical field staff helped to connect and support customers in challenging circumstances.

Sustained remote working and ongoing high workloads, coupled with the ongoing health and economic challenges of COVID-19, has had a significant impact on the overall well-being of Cenitex staff at all levels. Cenitex recognised the need to increase support for the mental health and well-being of staff under these challenging conditions. A key initiative was the establishment of a revised Mental Health Plan to support employees during the pandemic, including support for people managers and targeted support for those most in need.

Cenitex focused on helping the Victorian Government deliver on its flexible working policy. Through contemporary services and infrastructure, Cenitex supported public servants working where needed – at home, in the office or regional or suburban Government hubs.

Flexible working included a greater shift to collaboration for workforces. Cenitex provided a variety of solutions including Digital Workplace and unified communications through Microsoft Teams to ensure public servants could deliver for the people of Victoria in new ways.

With the continued increase of global cyber threats, Cenitex enhanced its infrastructure, updated and added products and services to ensure the Victorian Government was secure. Cenitex also increased its collaboration with the Department of Premier and Cabinet forming an Incident Response working group to better respond to security threats.

The COVID-19 pandemic highlighted the importance of partnerships with customers and suppliers. The pandemic accelerated some innovative initiatives including:

- Increased customer and end-user engagement to support adoption of new technology through workshops.
- A Centre of Excellence (CoE) for Office 365 (O365) to centralise support and adoption of O365 across the Victorian Public Service reducing fragmentation and significantly increasing productivity.
- A revamped vendor relationship model ensuring Cenitex gets the best of its vendors and their expertise through increased engagement and putting the Victorian Government at the front of the queue for in-demand products and services.
- A new customised support service for Government officials in the most critical roles.

Other important activities included:

- More than 50,000 users supported with remote working
- Peak of 50,000 contacts made (per month) at Service Centre
- Remote access connections rose from 1,780 pre-pandemic to 23,591 concurrent users
- 10 live broadcasts delivered to staff by CEO and executive
- 181 staff bulletins issued
- Cenitex staff re-deployed to support the COVID-19 call centre and contact tracing program
- Cenitex Army reservists deployed for 78 days.

## 2.7 PROGRESS TOWARDS STRATEGIC GOALS UNDER THE 1-3-5 STRATEGY

From 1 July 2020, Cenitex commenced operating under a new framework through its renewed organisational strategy known as 1-3-5, as outlined in the 2020-23 Corporate Plan. The 1-3-5 Strategy outlines one purpose, three strategic goals, and five strategic programs.

### STRATEGIC GOAL 1: TRUST

Cenitex achievements in 2020-21 include delivering reliable services to support remote working for most end-customers; embedding a suite of high-performance security products; furthering the roll-out of a Digital Workplace service based on VMware’s market-leading Workspace One; and contributing to the development of Digital Victoria’s digital transformation strategy.

In FY20-21 Cenitex:

- Blocked 6.5m potentially harmful activities such as phishing and suspected malware links
- Negated 4.4m interactions with malicious websites with known attackers
- Delivered 635 projects
- Managed 16 Priority 1 and 233 Priority 2 incidents

### Aligning with Digital Victoria

The Department of Premier and Cabinet engaged Cenitex during the development of the Digital Strategy for the Victorian Government. Cenitex will continue to work in collaboration with Digital Victoria as an implementation agent.

Cenitex has supported outcomes sought by Digital Victoria including secure, trusted, reliable services to support citizen access. Cenitex has also supported the Victorian public sector through resilient services that facilitate new digital ways of working. As a shared services provider, common platforms, and integration necessary for digital transformation continues to be a focus.

### Supporting remote working

Cenitex has supported more than 50,000 users to work from locations outside of corporate offices. Before the pandemic, Cenitex was supporting around 1,780 remote connections per day across its customer base. Since March 2020, more than

23,000 remote daily connections have been supported ensuring access to critical applications.

Throughout 2020-21, we have developed secure and robust Remote Access Service offerings to support public servants; supported departments to deploy Azure Information Protection Sensitivity labels across their data and records, and rapidly developed a Cloud Management Gateway to cater for the deployment of software packages and updates to staff working remotely.

The introduction of a new service, LiteConnect further supported customers throughout the pandemic. LiteConnect provides connectivity for working from any remote secure sites needing to access Government Shared Platform (GSP) corporate applications, such as internet hosted resources. LiteConnect enabled customers such as COVID-19 Quarantine Victoria to rapidly stand-up sites with access to the GSP. The product also reduces customer costs with lower carrier costs and as a cloud managed service provides customers with rapid deployment options to support urgent responses to Government needs.

### Securing services

With rising cyber threats globally and the shift to flexible and mobile work environments, trusted security services are critical. In 2020-21 Cenitex enhanced capabilities to change its security posture in response to these environmental factors.

Cenitex introduced enhanced tools to enable the detection and automatic management of potentially harmful devices. A range of other leading practices and tools have also been introduced to enhance protection for customers.

During the financial year, Cenitex detected and prevented approximately 350 million cyber security threats across all security controls including firewall and email security. The improved Cenitex Cyber Security offerings, enhanced infrastructure and new and updated products and services ensured the Victorian Government remained secure.

### Piloting Digital Workplace

In 2018 the Department of Premier & Cabinet led a series of co-design workshops with Cenitex and other government departments to develop and inform the future Digital Workplace Strategy. This engagement with Cenitex customers and Government led to creation and build of the Cenitex Digital Workplace service (Workspace One).

The product was released in the Cenitex service catalogue in FY20-21 with the following customers participating in programs to ensure the product meets customer needs:

1. Department of Job, Precincts and Regions
2. Department of Justice and Community Safety
3. (Former) Department of Health and Human Services

4. Department of Environment, Land, Water and Planning
5. Department of Treasury and Finance
6. VicForests
7. Commercial Passenger Vehicles Victoria
8. Court Services Victoria
9. Victorian Public Sector Commission

Several customers have moved to the implementation phase. Increased uptake of the Digital Workplace helps reduce costs for Cenitex customers while improving security and services across government.

### Performance Measurement

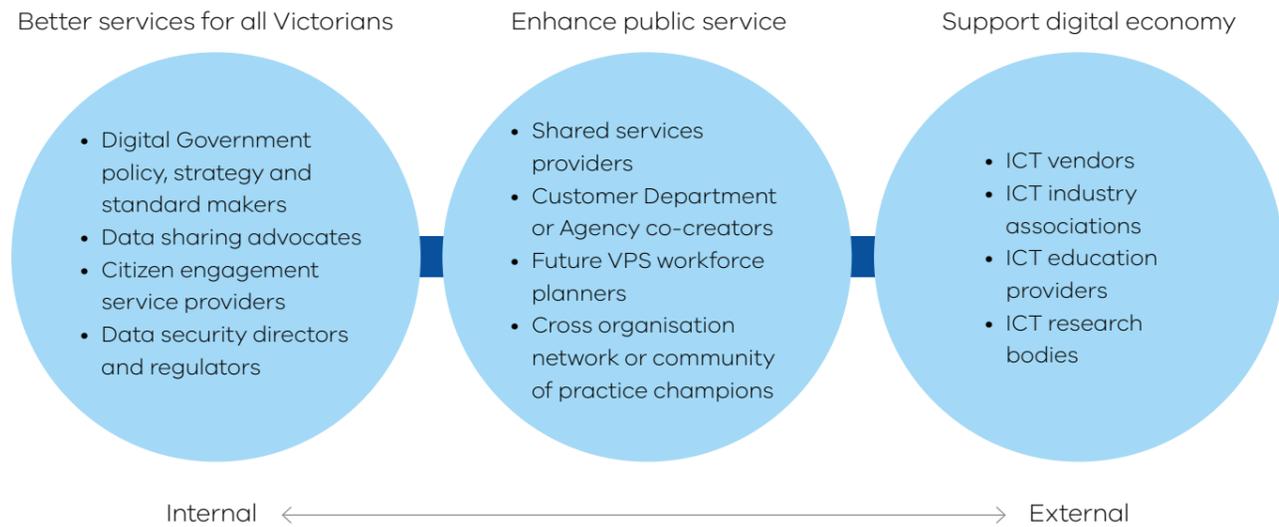
Key Performance Indicator	Specific Measure	Target	Outcome
<b>Trust</b>			
Continue to provide high quality core technology, support, and workplace computing services to customers.	Technology Services Availability	99.8%	99.87%
	Workplace Services Availability	99.8%	99.95%
Notable examples of Cenitex informing Victorian Government IT policy and strategy	Examples of Cenitex working with Government on IT policy and strategy	Qualitative	Cenitex was engaged by the Department of Premier and Cabinet during the development of the Digital Strategy.

Note: Performance measures were redefined under the new framework (1-3-5 Strategy) and will be continually improved.

### STRATEGIC GOAL 2: PARTNERSHIP

During FY20-21 Cenitex developed a new partnership model which identified opportunities to engage with Victorian Government entities, industry partners, vendors, the education sector, and customers to co-design services, develop talent and improve the customer experience.

Partnership map – who Cenitex will be partnering with



Achievements in FY20-21 include:

- partnering with the Victorian Government to provide IT infrastructure for regional and suburban government hubs
- collaborating with IBM and Eastern Health to develop a Disaster Recovery-as-a-Service (DRaaS) product
- establishing a joint project with the Department of Premier and Cabinet to assess the State Government's data centre and hybrid cloud requirements
- supporting digital internships for public servants transitioning to careers in IT.

#### Regional and suburban government hubs

In partnership with the Department of Premier and Cabinet, Victorian Public Sector Commission, Regional Development Victoria and the Department of Jobs, Precincts and Regions, Cenitex is supporting the delivery of regional government hubs in the Latrobe Valley, Ballarat and Bendigo, and suburban hubs in Footscray, Dandenong, Mulgrave, Williams Landing and Essendon Fields.

In FY20-21 hubs were opened in Footscray, Mulgrave and Williams Landing with Cenitex providing Whole of Victorian Government Wi-Fi and onsite IT support through Cenitex Tech Bars.

#### Disaster Recovery-as-a-Service (DRaaS)

Cenitex developed a solution for customers to keep critical applications online in the event of a disruption. Cenitex partnered with IBM to leverage their scalable and robust platforms to create Disaster Recovery-as-a-Service (DRaaS).

The Department of Treasury and Finance and Cenitex invested \$2.3 million to build the secure platform that can work for any Victorian Public Sector entity. The program has been delivered to schedule and customer demand is strong with several customers purchasing the service, particularly from the health sector.

#### Data Centre Discovery and Hybrid Cloud Initiative

A steering committee chaired by the Department of Premier and Cabinet and including Cenitex commenced a major project to conduct an audit of the data centres at East Burwood and Ballarat for Government Shared Platform (GSP) customers.

Cenitex commenced planning with the Department of Premier and Cabinet on a hybrid cloud initiative to support the rollout of seamless integration of workloads between cloud providers, leading to an improved end-user experience and competitive options for customers.

Key Performance Indicator	Specific Measure	Target	Outcome
<b>Partnership</b>			
Notable examples of collaborative relationships with customers, such as joint centres of excellence	Examples of co-designed services or products with customers	Qualitative	<p>Disaster Recovery-as-a-Service was developed in consultation with Digital Health to ensure it would meet the needs of customers.</p> <p>The Departments of Justice and Community Safety and Transport piloted the newly developed executive support service for senior government officials including Ministerial Offices.</p> <p>The Digital Workplace Kiosk was a custom service developed in conjunction with COVID-19 Quarantine Victoria to meet their needs for multi-users per device at quarantine sites.</p>
An increase in the number of services provided to customers through strategic vendor relationships facilitated or managed by Cenitex	Number of new services through strategic vendor relationships	1	<p>Partnership established with VMWare to implement the Digital Workplace to support future flexible working; and</p> <p>Partnership established with Microsoft on a O365 Centre of Excellence and Ways of Working</p>

Note: Performance measures were redefined under the new framework (1-3-5 Strategy) and will be continually improved.

### STRATEGIC GOAL 3: GROWTH

As a government business enterprise, increasing the number of customers and increasing revenue allows Cenitex to negotiate better arrangements for the Victorian Government and to invest in shared services ICT infrastructure. Cenitex uses any surplus to either reduce prices for customers or to invest in better infrastructure and services.

#### Financial sustainability

A surplus of \$0.56 million was reported for the 20-21 financial year. This result was stronger than expected and primarily driven by focused cost discipline, procurement contract savings and increased demand due to the pandemic and unplanned major projects such as Machinery of Government changes. Cenitex fiscal management is positive – transitioning from an \$11 million planned deficit in FY19-20 and a forecasted loss of \$7 million for FY20-21.

In FY20-21 Cenitex increased its overall revenue to \$197.9 million, up from \$183.8m million the previous year. Much of this increase was driven by the greater consumption of services by customers due to the pandemic.

FY20-21 also saw Cenitex focus on additional savings through strong vendor relationships and buying power. By working with key vendors, Cenitex was able to save \$4.28m through cost savings and cost avoidance.

#### New signings

Cenitex signed new Memoranda of Understanding with the following organisations in FY20-21:

1. Parks Victoria
2. Office of Public Prosecutions
3. Hume Rural Health Alliance
4. Royal Victorian Eye and Ear Hospital
5. Eastern Health
6. Victorian Institute of Forensic Medicine
7. Breakthrough Victoria Fund

Many of these new customers will consume Cenitex services in 2021-22. These customers were signed with the new Memorandum of Understanding (MOU) which was developed in June 2020. Existing customers with maturing MOUs are being offered the new MOU, with the following two existing customers transferring to the new agreement:

- Department of Jobs, Precincts and Regions
- Department of Transport

Engagement continues with other customers as Cenitex works towards onboarding all customers to new MOUs.

Cenitex also supported two substantial Machinery of Government changes during FY20-21. This year saw one of the largest and most complex Machinery of Government changes in Victorian Government history, with the establishment of Department of Health and Department of Families, Fairness and Housing. In FY20-21 Cenitex delivered on the first phase of this significant project with another first – completion of the work remotely – with the two new departments now Cenitex customers.

Similarly, Cenitex commenced work integrating VicRoads into the Department of Transport. VicRoads is a significant new customer that will contribute to efficiencies and an improved DoT user experience through integrated platforms and communications.

#### New services introduced

In April 2021, Cenitex technology and services roadmaps were shared with customers at the Stakeholder Advisory Committee. The roadmaps plot evolving and future services developed in response to customer demand and are developed for the service lines: workplace, business applications, applications development, network facilities, hosting, cloud and security.

Key services established by Cenitex in FY20-21 include:

- Disaster Recovery-as-a-Service — A disaster recovery and business continuity capability offered in partnership with IBM.

- LiteConnect — providing rapid connectivity to the Government Shared Platform supporting immediate government needs.
- Unified Communications — a platform offering a cloud-only, highly available service to customers to replace their existing on-premises telephony systems and improve interoperability across government.
- Digital Workplace Pilot programs — programs that continue to gain momentum with successful pilots delivered to several customers including Commercial Passenger Vehicles Victoria, Department of Treasury and Finance, VicForests and Department of Environment, Land, Water and Planning.
- Cenitex Executive Support Service — a service that provides heightened level support for Ministers and Senior Executives within the VPS, delivering high quality responsiveness to ensure business continuity.

Cenitex delivered key projects to the value of \$14.1m in FY20-21, including Network Access Control, Network Detection & Response, Security Incident Event Management, Vulnerability Management, and Active Directory, jointly funded from the Department of Treasury and Finance and the Cenitex budget.

Preparation was also undertaken in FY20-21 to develop new services available in the coming year including applications development to assist customers to move from legacy applications.

These new service offerings are designed to meet the evolving needs of customers and continue to be a focus for Cenitex under the 1-3-5 Strategic Program – Clear and Refined Offering.

#### Cenitex workforce capability and inclusion

Supporting the Victorian Public Sector during the pandemic saw many Cenitex people managing significantly increased workloads under challenging personal circumstances.

In July 2020 Cenitex moved to new office accommodation which, due to its innovative and contemporary design, provided leading health and safety practices and supported flexible working.

A staff survey from May 2021 showed positive trends for staff alignment and engagement. Customer satisfaction, retention, innovation, and performance also improved with increased levels of employee engagement. Alignment and engagement scores both increased (14% to 55% and 13% to 63% respectively).

A key program for Cenitex under the 1-3-5 Strategy is The Right Culture. Cenitex is creating an inclusive working environment where equal opportunity and diversity are celebrated and advanced, that reflects the communities we serve, and are consistent with the *Gender Equality Act 2020*. Having established its inaugural Diversity and Inclusion Council in August 2020, progress was made across the priority themes which guide the work of the Council – Age, Cultural, Dis/Ability, Gender Equality, Indigenous and LGBTIQ+.

Our Diversity and Inclusion reference groups have been instrumental in our commitment to celebrating, advancing, and fostering diversity and inclusion. Some of the key achievements during the year include:

- Inaugural Cenitex Disability Action Plan endorsed; development of the Gender Equality Action plan is underway.
- Partnered with the VPS Pride Network to support their important work, and have staff supporting inclusion across the VPS in key leadership roles on the VPS Enablers and Women of Colour networks.
- Selected for the VPSC Barring Djinang program to build Aboriginal cultural capability.
- Partnered with Work180, a global platform providing a directory of job opportunities targeted at women to showcase employers who value diversity.

In FY20-21 Cenitex provided placements for ten graduates selected from a pool of over 600 applicants. In addition to building capability within the public sector, Cenitex recognises the important role digital skills development contributes to economic growth.

Nearly 5,000 hours of development was undertaken by Cenitex staff during the year across 100 different courses and programs. Over one third of this training was technical training, followed by professional development and leadership including programs supporting our frontline leaders. Cenitex also leverages vendor relationships to augment capability. In FY20-21, training credits and Innovation funds were utilised to deliver nearly 200 hours of development with Microsoft and VMWare.

**Performance against Corporate Plan**

Key Performance Indicator	Specific Measure	Target	Outcome
An increase in the overall number of Cenitex customers	Number of new customers	3	Seven (7) new MOU signings including: <ul style="list-style-type: none"> <li>• Parks Victoria</li> <li>• Office of Public Prosecutions</li> <li>• Hume Rural Health Alliance</li> <li>• Royal Victorian Eye and Ear Hospital</li> <li>• Eastern Health</li> <li>• Victorian Institute of Forensic Medicine</li> <li>• Breakthrough Victoria Fund</li> </ul>
More Cenitex services consumed by existing customers	Number of new services available for existing customer consumption	2	Nine (9) including: <ul style="list-style-type: none"> <li>• Digital Workplace</li> <li>• Unified Communications</li> <li>• Lite Connect</li> <li>• Disaster Recovery</li> <li>• Privileged Access Management</li> <li>• Executive IT Support</li> <li>• Password Blacklisting</li> <li>• TechBar Support</li> <li>• O365 Ways of Working</li> </ul>

Note: Performance measures were redefined under the new framework (1-3-5 Strategy) and will be continually improved

**2.8 1-3-5 STRATEGY YEAR 1 DELIVERY UPDATE**

The Cenitex 1-3-5 Strategy commenced in July 2020. During this time Cenitex had to re-prioritise its commitment in supporting the Victorian Government through the COVID-19 pandemic which delayed the launch of the 1-3-5 program by six months. Several programs were delivered within the year but not to original timeframes, with some programs rolling over to the next financial year (FY21-22).

The outcomes of the Year 1 programs are in the tables below.

**Effective Operating Model Planned Actions for 2020-21**

<b>Office relocation</b>	Move to new offices with minimal disruption
<b>The recently established operational flow diagram will be trial tested, adjusted, embedded and operational</b>	Most critical priority processes operational
	All other processes operational
	Review, modification and refinement as required
	Progressive focus on automation of business process
<b>Realisation of FORTIFY business case benefits</b>	All business case benefits planned for 2020-2021 realised
<b>The roles and terms of reference of each Management, Governance and Advisory body in Cenitex will be redefined</b>	Design new governance
	New framework implemented

**Effective Operating Model Year 1 Results**

Delivered on time	Delayed but still delivered FY20-21	Rolled over to FY21-22
<ul style="list-style-type: none"> <li>• Move to new offices with minimal disruption</li> </ul>	<ul style="list-style-type: none"> <li>• Critical priority processes operational</li> <li>• Reporting on Fortify business case benefits</li> <li>• Design new internal governance framework</li> </ul>	<ul style="list-style-type: none"> <li>• Operationalise other processes and review, modify and refine</li> <li>• Automation of business processes</li> <li>• Implementation of internal governance framework</li> </ul>

## 2.8 1-3-5 STRATEGY YEAR 1 DELIVERY UPDATE CONTINUED

### Enhanced Capability Planned Actions for 2020-21

<b>Dynamic talent development and acquisition program established and implemented</b>	Current and future talent requirements and market mapped and planned
	Sophisticated recruitment and retention practices established
	Alignment of programs for development with the strategy and business requirements
	BAU
<b>Performance management program refined to align with the strategy and values</b>	New system tested
	Evolution of new system
	Implementation of system
<b>Strong body of strategic partners established to augment Cenitex capabilities</b>	Vendor managers deliver plans for value-add of vendor partnerships
	Targeted implementation of vendor plans

### Enhanced Capability Year 1 Results

Delivered on time	Delayed but still delivered FY20-21	Rolled over to FY21-22
<ul style="list-style-type: none"> <li>Implementation of vendor plans</li> </ul>	<ul style="list-style-type: none"> <li>Future talent and market mapped</li> <li>Enhanced recruitment and retention practices</li> <li>Alignment of development programs, embedded as BAU</li> <li>Value-add from vendors</li> </ul>	<ul style="list-style-type: none"> <li>Test, evaluate and implement new performance management system</li> </ul>

### Clear and Refined Offering Planned Actions for 2020-21

<b>Prepare business case to strengthen business continuity and disaster recovery position (Phase 1)</b>
<b>Prepare business case to strengthen business continuity and disaster recovery position (Phase 2)</b>
<b>Catalogue of services redeveloped</b>
<b>Product/service lifecycle management framework developed and implemented</b>
<b>Clear marketing plans developed and implemented for new and existing services</b>
<b>Sales enablement and account management program established</b>
<b>Evolved risk-based mode developed</b>

### Clear and Refined Offering Year 1 Results

Delivered on time	Delayed but still delivered FY20-21	Rolled over to FY21-22
<ul style="list-style-type: none"> <li>Business case preparation (phases 1 and 2)</li> <li>Marketing plans for services</li> <li>Risk-based pricing model developed</li> </ul>	<ul style="list-style-type: none"> <li>Sales enablement and account management program established</li> </ul>	<ul style="list-style-type: none"> <li>Catalogue redevelopment</li> <li>Service lifecycle framework</li> </ul>

## 2.8 1-3-5 STRATEGY YEAR 1 DELIVERY UPDATE CONTINUED

### Extensive Engagement Planned Actions for 2020-21

Customer Experience measurement designed and implemented

Stakeholder maps developed, and targeted communication implemented

Business development plan for new and existing customers developed and implemented

Detailed communication plan developed and implemented

### Extensive Engagement Year 1 Results

Delivered on time	Delayed but still delivered FY20-21	Rolled over to FY21-22
	<ul style="list-style-type: none"> <li>Customer experience measurement designed and implemented</li> <li>Stakeholder maps developed and targeted communications implemented</li> <li>Business development plan for new and existing customers</li> <li>Communications plan developed and implemented</li> </ul>	

### The Right Culture Planned Actions for 2020-21

Established benchmark measure for culture traits

Dedicated culture program established

Cenitex culture traits actively promoted and reinforced at all levels of the organisation

Traits and values integrated in the performance management system

Culture progress survey conducted

### The Right Culture Year 1 Results

Delivered on time	Delayed but still delivered FY20-21	Rolled over to FY21-22
<ul style="list-style-type: none"> <li>Culture traits promoted and reinforced at all levels of the organisation<sup>#</sup></li> <li>Traits and values integrated into performance management system</li> </ul>	<ul style="list-style-type: none"> <li>Benchmarking for cultural traits</li> <li>Communications plan developed and implemented</li> </ul>	<ul style="list-style-type: none"> <li>Culture program established</li> <li>Culture progress survey</li> </ul>

<sup>#</sup> Focused on the trait of 'inclusiveness' in year 1

# Financial Report

# 3

## SUMMARY OF FINANCIAL RESULTS

	2019 \$'000	2020 \$'000	2021 \$'000
Services provided to other Government entities	172,814	180,034	187,358
Total income from transactions	174,931	183,838	197,944
Total expenses from transactions	(170,431)	(194,177)	(199,846)
Net results from transactions before depreciation and amortisation	15,544	6,367	20,486
Net result from transactions	4,500	(10,339)	(1,902)
Net result for the period	1,564	(11,328)	563
Net cash flow from operating and investing activities	(87)	13,733	3,490
Total assets	120,911	173,761	155,113
Total liabilities	36,598	101,107	81,896

The 2020-21 financial year has seen Cenitex achieve its financial goal of returning to surplus ahead of its plans. Cenitex reports a gain of \$0.6m against a planned deficit of \$7.0m. This variance was driven by increase in consumption because of the pandemic and significant improvements in labour efficiencies delivered by Cenitex employees.

Customer consumption of workplace services in the Victorian public sector grew in response to the COVID-19 pandemic. At the same time, Cenitex maintained strong financial discipline in its management of costs, including realising \$2m in labour and vendor savings and absorbing \$1.1m in unplanned EBA labour costs. It recognises the significant contribution made by its employees who adjusted to working from home effectively and met savings targets.

Cenitex continues to support Victorian public sector employees in on-going work from home arrangements, it utilised \$10.2m in deferred funding received from the Department of Treasury and Finance in financial year 2019-20 along with \$3.7m of its own funds to enable this.

Cenitex invested \$27.8m in delivering the following key outcomes which mitigated risks, refreshed service life cycles, delivered new service capabilities and progressed its 1-3-5 strategy:

- Data Centre Core Network Refresh
- 2008 Windows Server Uplift
- Asset Refresh for bespoke customer environments on the GSP platform
- Regional site and resilience performance improvements
- Developed the Application Development platform capability (Phase 1)
- Pre-packaged almost 1000 customer applications in anticipation of uptake for Digital Workplace
- Established an Office 365 Centre of Excellence for our customers
- Delivered new services including Privileged access management, Meraki as a Service and Azure protected platform
- Established foundational programs to progress our 1-3-5 Strategy

## DECLARATION IN THE FINANCIAL STATEMENTS

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and financial position of Cenitex at 30 June 2021.

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

We authorise the attached financial statements for issue on 26/08/2021.



**Randall Straw PSM**  
Chair



**Frances Cawthra**  
Chief Executive Officer



**Catherine Ho**  
Executive Director Finance  
and Business Services

Melbourne  
26/08/2021

## CENITEX FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### How this report is structured

Cenitex has presented its audited general-purpose financial statements for the financial year ended 30 June 2021 in the following structure to provide users with the information about Cenitex's stewardship of resources entrusted to it.

### Financial statements

<b>Comprehensive operating statement</b>	<b>36</b>
<b>Balance sheet</b>	<b>37</b>
<b>Cash flow statement</b>	<b>38</b>
<b>Statement of changes in equity</b>	<b>39</b>
<b>1. About this report</b>	<b>40</b>
<b>2. Funding delivery of our services</b>	<b>41</b>
2.1 Services provided to other government entities	41
2.2 Government grant	42
<b>3. The cost of delivering services</b>	<b>43</b>
3.1 Employee benefit	43
3.2 ICT expenditure	46
<b>4. Key assets available to support output delivery</b>	<b>47</b>
4.1 Property, plant and equipment	47
4.2 Intangible assets	52
4.3 Investments and other financial assets	52
<b>5. Other assets and liabilities</b>	<b>53</b>
5.1 Receivables	53
5.2 Payables	54
5.3 Prepayments	54
<b>6. Financing our operations</b>	<b>55</b>
6.1 Leases	55
6.2 Cash flow information and balances	57
6.3 Commitments for expenditure	58
<b>7. Risks, contingencies and valuation judgements</b>	<b>59</b>
7.1 Financial instruments specific disclosures	59
7.2 Contingent assets and contingent liabilities	62
7.3 Fair value determination	62
<b>8. Other disclosures</b>	<b>64</b>
8.1 Responsible persons	64
8.2 Remuneration of executives	65
8.3 Related parties	65
8.4 Remuneration of auditors	66
8.5 Subsequent events	67
8.6 Other accounting policies	67
8.7 Australian Accounting Standards issued that are not yet effective	67

# Independent Auditor's Report

## To the Board Members of Cenitex

<b>Opinion</b>	<p>I have audited the financial report of Cenitex which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2021</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• declaration in the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of Cenitex as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of Cenitex in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board Member's responsibilities for the financial report</b>	<p>The Board Members of Cenitex are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board Members are responsible for assessing Cenitex's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's responsibilities for the audit of the financial report** As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cenitex's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members
- conclude on the appropriateness of the Board Member's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Cenitex'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 Cenitex to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE  
1 September 2021

  
Timothy Maxfield  
as delegate for the Auditor-General of Victoria

## COMPREHENSIVE OPERATING STATEMENT

For the financial year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Income from transactions</b>			
Services provided to other government entities	2.1	187,358	180,034
Government grant	2.2	10,151	2,849
Investment income		435	955
<b>Total income from transactions</b>		<b>197,944</b>	<b>183,838</b>
<b>Expenses from transactions</b>			
Employee benefits	3.1.1	87,909	86,890
ICT expenditure	3.2	85,444	83,738
Depreciation and amortisation	4.1.2	22,388	16,706
Occupancy expenses		1,892	3,267
Other operating expenses		2,213	3,576
<b>Total expenses from transactions</b>		<b>199,846</b>	<b>194,177</b>
<b>Net result from transactions</b>		<b>(1,902)</b>	<b>(10,339)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on financial instruments		506	(330)
Net gain/(loss) on disposal of non-financial assets		95	(220)
Net gain/(loss) from revaluation of long service leave liability		1,864	(439)
<b>Total other economic flows included in net result</b>		<b>2,465</b>	<b>(989)</b>
<b>Comprehensive result</b>		<b>563</b>	<b>(11,328)</b>

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

## BALANCE SHEET

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.2	27,694	34,811
Receivables	5.1	15,810	17,561
Investments and other financial assets		17,483	16,708
<b>Total financial assets</b>		<b>60,987</b>	<b>69,080</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	68,203	82,561
Intangible assets	4.2	–	–
Prepayments	5.3	25,923	22,120
<b>Total non-financial assets</b>		<b>94,126</b>	<b>104,681</b>
<b>Total assets</b>		<b>155,113</b>	<b>173,761</b>
<b>Liabilities</b>			
Payables	5.2	14,957	20,273
Lease liability		37,404	44,673
Employee-related provisions	3.1.2	21,622	20,313
Unearned Revenue		7,913	15,848
<b>Total liabilities</b>		<b>81,896</b>	<b>101,107</b>
<b>Net assets</b>		<b>73,217</b>	<b>72,654</b>
<b>Equity</b>			
Accumulated loss		(55,773)	(56,336)
Contribution by owners		128,990	128,990
<b>Net Worth</b>		<b>73,217</b>	<b>72,654</b>

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

## CASH FLOW STATEMENT

For the financial year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from other government entities		188,909	195,364
Receipts from government grant		3,700	13,000
Interest received		135	397
Goods and services tax received from the ATO		8,693	323
<b>Total receipts</b>		<b>201,437</b>	<b>209,084</b>
<b>Payments</b>			
Payments to suppliers		(113,827)	(101,054)
Payments to employees		(79,004)	(77,521)
Interest and other costs of finance paid	6.1(c)	(517)	(387)
<b>Total payments</b>		<b>(193,348)</b>	<b>(178,962)</b>
<b>Net cash flows from/(used in) operating activities</b>	6.2.1	<b>8,089</b>	<b>30,122</b>
<b>Cash flows from investing activities</b>			
Payments for non-financial assets		(4,599)	(16,389)
<b>Net cash flows from/(used in) investing activities</b>		<b>(4,599)</b>	<b>(16,389)</b>
<b>Cash flows from financing activities</b>			
Repayment of leases	6.1(c)	(10,607)	(6,962)
<b>Net cash flows from/(used in) financing activities</b>		<b>(10,607)</b>	<b>(6,962)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7,117)</b>	<b>6,771</b>
Cash and cash equivalents at the beginning of the financial year		34,811	28,040
<b>Cash and cash equivalents at the end of the financial year</b>	6.2	<b>27,694</b>	<b>34,811</b>

The above cash flow statement should be read in conjunction with the accompanying notes.  
Goods and Services Tax is presented on a net basis of sales and purchases.

## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2021

	Accumulated loss \$'000	Contributions by owners \$'000	Total \$'000
<b>Balance at 1 July 2019</b>	<b>(45,008)</b>	<b>128,990</b>	<b>83,982</b>
Net result for the year	(11,328)	–	(11,328)
<b>Balance at 30 June 2020</b>	<b>(56,336)</b>	<b>128,990</b>	<b>72,654</b>
Net result for the year	563	–	563
<b>Balance at 30 June 2021</b>	<b>(55,773)</b>	<b>128,990</b>	<b>73,217</b>

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

## 1. ABOUT THIS REPORT

These annual financial statements represent the audited general-purpose financial statements for Cenitex for the period ended 30 June 2021. The financial report covers Cenitex as an individual reporting entity.

Cenitex is a State Body established on 16 July 2008 by Order in Council (establishing order) under section 14 of the *State Owned Enterprise Act 1992* (the Act) and declared a re-organising body on 24 April 2012 by Order in Council under section 7(1) of the Act. Cenitex's status as a re-organising body was revoked on 14 July 2016 and reverted to a State Body under section 14 of the Act. These changes were affected by Order in Council No. G28 of 14 July 2016, which was varied under section 16 of the Act by replacing the text with Order in Council No. G44 of 2 November 2017.

Its principal address is:

Cenitex  
Level 10, South Tower, 80 Collins Street  
Melbourne VIC 3000

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

### Basis of preparation

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

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

Judgements, estimates, and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

### Compliance information

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

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

## 2. FUNDING DELIVERY OF OUR SERVICES

### Introduction

Cenitex's purpose is to serve the people of Victoria through secure, effective and contemporary IT services for Government entities. Cenitex is predominantly funded by customer departments and agencies for the provision of services. The fees charged for these services are based on a cost recovery model.

In order to support the significant increase in public sector employees working from home during the COVID-19 pandemic, Cenitex has implemented several emergency initiatives which were funded with the balance of Government grant revenue received from DTF in FY2019-20.

### Structure

2.1 Services provided to other government entities

2.2 Government grant

### 2.1 Services provided to other government entities

	2021 \$'000	2020 \$'000
Work place support	137,622	134,797
Hosting	32,945	26,420
Projects	14,642	17,200
Projects – customer funded capital	2,030	1,500
Victorian Government Electronic Messaging System (VGEMS)	119	117
<b>Total revenue from services provided to other government entities</b>	<b>187,358</b>	<b>180,034</b>

The services provided to other government entities included in the table above are transactions that Cenitex has determined to be classified as revenue from contracts with customers in accordance with AASB 15.

### Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. Cenitex recognises revenue when the performance obligations for the sale of services to the customer are satisfied.

- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

For baseline services rendered, i.e. workplace support and hosting, revenue is recognised where customers simultaneously receive and consume the services as it is provided.

For projects that are completed based on milestones, revenue is recognised progressively as contract asset until the customer is subsequently invoiced in accordance with the terms of the service agreement.

For projects that are only available for customers to consume the services when they have been completed, revenue is only recognised upon completion and delivery of the services. In rare circumstance where there may be a change in the scope of services provided, the customer will be provided with a new contract for the additional services to be rendered and revenue is recognised consistent with accounting policy above.

## 2.2 Government grant

	2021 \$'000	2020 \$'000
Specific purpose grant	10,151	2,849
<b>Total grant</b>	<b>10,151</b>	<b>2,849</b>

Cenitex has determined grant revenue to be enforceable and with sufficiently specific performance obligations to be accounted for as revenue from contracts with customers in accordance with AASB 15. Revenue is recognised when Cenitex satisfies the performance obligations by providing the relevant services to customers for which it received the grant. The grant payment was received in advance of delivering on the obligations (FY2019-20).

## 3. THE COST OF DELIVERING SERVICES

### Introduction

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

### Structure

3.1 Employee benefits  
3.2 ICT expenditure

### 3.1 Employee benefits

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

	Note	2021 \$'000	2020 \$'000
Post employment benefits			
– Defined contribution superannuation expense	3.1.3	5,926	5,481
– Defined benefit superannuation expense	3.1.3	134	150
Termination benefits		441	3,093
Salaries, wages, leave entitlements and contractor payments		81,408	78,166
<b>Total employee benefits</b>		<b>87,909</b>	<b>86,890</b>

Employee benefits expenses include all costs related to employment, including wages and salaries, contractor payments, leave entitlements, termination payments and superannuation contributions.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. Cenitex does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

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

#### 3.1.2 Employee benefits in the balance sheet

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

	2021 \$'000	2020 \$'000
<b>Current Annual leave</b>		
– Unconditional and expected to be settled within 12 months	4,825	4,196
– Unconditional and expected to be settled after 12 months	2,696	2,044
<b>Long service leave</b>		
– Unconditional and expected to be settled within 12 months	333	414
– Unconditional and expected to be settled after 12 months	9,624	9,941
<b>Provisions for on-costs:</b>		
– Unconditional and expected to be settled within 12 months	776	696
– Unconditional and expected to be settled after 12 months	1,853	1,811
<b>Other Provisions</b>		
– Provisions for restructuring	26	–
<b>Total current provisions</b>	<b>20,133</b>	<b>19,102</b>
<b>Non-current</b>		
Employee benefits	1,294	1,052
On-costs	195	159
<b>Total non-current provisions</b>	<b>1,489</b>	<b>1,211</b>
<b>Total provisions for employee benefits</b>	<b>21,622</b>	<b>20,313</b>

**Reconciliation of movement in provisions for on-costs:**

	2021 \$'000
<b>Opening balance</b>	<b>2,666</b>
Additional provisions recognised	754
Reductions arising from payments	(596)
<b>Closing balance</b>	<b>2,824</b>
Current	2,629
Non-current	195
<b>Total</b>	<b>2,824</b>

**Wages and salaries, annual leave and sick leave**

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

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

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

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

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

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

The components of this current LSL liability are measured at:

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

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

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

### 3.1.3 Superannuation contributions

Cenitex employees are entitled to receive superannuation benefits and Cenitex contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

Fund	Contribution for the year		Contribution outstanding at year end	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Defined benefit plans<sup>(a)</sup>:</b>				
State Employees Retirement Benefits Scheme (SERBS)	134	150	–	–
<b>Defined contribution plans:</b>				
Victorian Superannuation Fund – VicSuper scheme	2,800	2,666	–	–
Other	3,126	2,815	–	–
<b>Total</b>	<b>6,060</b>	<b>5,631</b>	<b>–</b>	<b>–</b>

(a) The basis for contributions is determined by the various schemes.

### 3.2 ICT expenditure

	2021 \$'000	2020 \$'000
Software licences and maintenance	48,911	40,435
Hardware maintenance	12,605	11,667
Telecommunications	11,827	13,649
Outsourced ICT	12,101	17,987
<b>Total ICT expenditure</b>	<b>85,444</b>	<b>83,738</b>

ICT expenditures are recognised in the period in which they are incurred.

## 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

### Introduction

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

### Structure

- 4.1 Property, plant and equipment
- 4.2 Intangible assets
- 4.3 Investments and other financial assets

### Fair value measurement

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

### 4.1 Property, plant and equipment

Non-Current Assets	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Buildings – leasehold improvements at cost	9,983	1,593	(2,873)	(1,593)	7,110	–
Plant and equipment:						
Facilities at fair value	2,165	1,922	(1,892)	(1,649)	273	273
Network at fair value	55,279	51,706	(43,027)	(38,535)	12,252	13,171
Servers at fair value	26,741	26,321	(25,433)	(23,668)	1,308	2,653
Storage at fair value	20,580	20,352	(19,076)	(17,462)	1,504	2,890
Office machines and equipment at fair value	31	31	(16)	(10)	15	21
PP&E sub-total	114,779	101,925	(92,317)	(82,917)	22,462	19,008
Right-of-use (ROU) assets:						
Motor vehicles at cost	230	322	(41)	(77)	189	245
Accommodation	46,945	46,945	(15,335)	(6,009)	31,610	40,936
Technology	7,762	4,404	(2,829)	(1,079)	4,933	3,325
ROU Assets sub-total	54,937	51,671	(18,205)	(7,165)	36,732	44,506
Construction in progress	9,009	19,047	–	–	9,009	19,047
<b>Total</b>	<b>178,725</b>	<b>172,643</b>	<b>(110,522)</b>	<b>(90,082)</b>	<b>68,203</b>	<b>82,561</b>

**4.1.1 Total right-of-use assets: motor vehicles at cost, accommodation, and technology.**

	Motor vehicles at cost	Accommodation at fair value	Technology at fair value	Total
<b>Opening balance – 1 July 2020</b>	245	40,936	3,325	44,506
Additions	31	–	3,358	3,389
Disposals	(51)	–	–	(51)
Depreciation	(36)	(9,326)	(1,750)	(11,112)
<b>Closing balance – 30 June 2021</b>	<b>189</b>	<b>31,610</b>	<b>4,933</b>	<b>36,732</b>
<b>Opening balance – 1 July 2019</b>	132	–	–	132
Additions	200	46,945	4,404	51,549
Disposals	(47)	–	–	(47)
Depreciation	(40)	(6,009)	(1,079)	(7,128)
<b>Closing balance – 30 June 2020</b>	<b>245</b>	<b>40,936</b>	<b>3,325</b>	<b>44,506</b>

**Initial recognition**

Items of property, plant and equipment are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction and direct labour on the project.

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

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

**Right-of-use asset acquired by lessee – Initial measurement**

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

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred.

**Subsequent measurement**

Property, plant and equipment as well as right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation and impairment with the exception of Motor Vehicles which are held at cost. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised in Note 4.1.1 and 4.1.2 by asset category.

**Right-of-use asset – Subsequent measurement**

Cenitex depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

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

**Impairment of non-financial assets**

Assets are tested annually for indications of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the comprehensive operating statement, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

**4.1.2 Depreciation and amortisation**

	Note	2021 \$'000	2020 \$'000
Buildings – Leasehold improvements	4.1.3	1,790	15
Plant and equipment	4.1.3	9,486	9,563
Motor vehicles under lease	4.1.1	36	40
Accommodation under lease	4.1.1	9,326	6,009
Technology under lease	4.1.1	1,750	1,079
Intangible assets		–	–
<b>Total depreciation and amortisation expense</b>		<b>22,388</b>	<b>16,706</b>

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Building Leasehold improvements	5 years
Plant and equipment	5 to 10 years
Motor vehicles under lease	3 years
Intangible assets	3 to 5 years

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where Cenitex obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that Cenitex will exercise a purchase option, Cenitex depreciates the right-of-use asset over its useful life. The useful lives for the different categories of right-of-use assets are included in the table below:

Vehicles	3 years
Accommodation	5 years
Technology	5 years

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

	Buildings leasehold improvements – at cost	Plant and equipment – at fair value					Construction in progress – at cost	Total
	\$'000	Facilities \$'000	Network \$'000	Servers \$'000	Storage \$'000	Office Machines & Equipment \$'000	\$'000	\$'000
<b>2021</b>								
<b>Opening balance</b>	–	273	13,172	2,653	2,890	20	19,047	38,055
Additions	–	26	2,411	–	–	–	1,902	4,339
Disposals	–	–	(23)	–	(54)	–	–	(77)
Adjustments	–	116	(118)	81	54	1	296	430
Transfers	8,900	–	2,632	476	228	–	(12,236)	–
Impairment	–	–	–	–	–	–	–	–
Depreciation expense	(1,790)	(142)	(5,822)	(1,902)	(1,614)	(6)	–	(11,276)
<b>Closing balance</b>	<b>7,110</b>	<b>273</b>	<b>12,252</b>	<b>1,308</b>	<b>1,504</b>	<b>15</b>	<b>9,009</b>	<b>31,471</b>

	Buildings leasehold improvements at cost	Plant and equipment – at fair value					Construction in progress – at cost	Total
	\$'000	Facilities \$'000	Network \$'000	Servers \$'000	Storage \$'000	Office Machines & Equipment \$'000	\$'000	\$'000
<b>2020</b>								
<b>Opening balance</b>	15	397	15,923	4,724	4,842	2	5,559	31,462
Additions	–	22	1,898	–	–	24	14,453	16,397
Disposals	–	–	(135)	(14)	(87)	–	–	(236)
Adjustments	–	–	–	10	–	–	–	10
Transfers	–	–	789	176	–	–	(965)	–
Impairment	–	–	–	–	–	–	–	–
Depreciation expense	(15)	(146)	(5,303)	(2,243)	(1,865)	(6)	–	(9,578)
<b>Closing balance</b>	<b>–</b>	<b>273</b>	<b>13,172</b>	<b>2,653</b>	<b>2,890</b>	<b>20</b>	<b>19,047</b>	<b>38,055</b>

Note: \$10,000 adjustment has been made to increase Servers depreciation for the 2020 comparative due to an error. This impact has been offset in the Adjustments line for Servers.

## 4.2 Intangible assets

### Initial Recognition

Intangible assets represent identifiable non-monetary assets without physical substance.

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begin when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An internally generated intangible asset arising from development is recognised only if all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

### Subsequent Measurement

Intangible produced assets with finite useful lives, are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Produced intangible assets have useful lives of between 3 and 5 years.

### Impairment of intangible assets

Intangible assets are tested annually for indications of impairment. The policy in connection with testing for impairment is outlined in Note 4.1.

## 4.3 Investments and other financial assets

Cenitex holds investments of \$17,482,604 (2020: \$16,707,815) in managed investment schemes.

Cenitex designates all its managed investment schemes as financial assets at fair value through comprehensive income. They are classified as non-current, as the intention is to hold these for a period longer than 12 months. All managed investments are invested through the Victorian Funds Management Corporation.

## 5. OTHER ASSETS AND LIABILITIES

### Introduction

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

### Structure

- 5.1 Receivables
- 5.2 Payables
- 5.3 Prepayments

### 5.1 Receivables

	2021 \$'000	2020 \$'000
<b>Contractual</b>		
Trade receivables	6,824	4,674
Provision for doubtful contractual receivables	(59)	(91)
Other receivables	7,984	6,830
<b>Total contractual receivables</b>	<b>14,749</b>	<b>11,413</b>
<b>Statutory</b>		
GST input tax credit recoverable	1,061	6,148
<b>Total statutory receivables</b>	<b>1,061</b>	<b>6,148</b>
<b>Total current receivables</b>	<b>15,810</b>	<b>17,561</b>

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. Cenitex holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.

Other receivables include assets that relate to Cenitex's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. These are transferred to receivables when the rights become unconditional, at this time an invoice is issued. This usually occurs when Cenitex issues an invoice to the customer. The balance of other receivables at 30 June 2021 were impacted by timing of the works completed and is not billable at this stage. The works are expected to be completed and recovered early in the next financial year.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes.

All receivables are classified as current.

#### 5.1.1 Movement in the provision for doubtful contractual receivables

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debt may not be collected, and bad debts are written off when identified. A provision is also made for estimated irrecoverable amounts from the sale of goods and services when there is objective evidence that an individual receivable is impaired. Any change in the provision for the year is recognised in the net result.

Bad debts are considered as written off after all avenues for collection are exhausted and are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

There was an increase in the provision for doubtful contractual receivables of \$59,204 (2020: \$42,000) that was recognised in the net result.

## 5.2 Payables

	2021 \$'000	2020 \$'000
<b>Contractual</b>		
Supplies and services	12,307	16,224
Other payables	2,639	4,038
<b>Total contractual payables</b>	<b>14,946</b>	<b>20,262</b>
<b>Statutory</b>		
Fringe Benefits Tax payable	11	11
<b>Total statutory payables</b>	<b>11</b>	<b>11</b>
<b>Total current payables</b>	<b>14,957</b>	<b>20,273</b>

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (see Note 7.1). Statutory payables are recognised and measured similarly to contractual payables but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

All payables are classified as current.

### 5.2.1 Maturity analysis of contractual payables

Contractual and other payables are carried at their nominal amount, with a maturity date of less than one month.

## 5.3 Prepayments

	2021 \$'000	2020 \$'000
<b>Current</b>		
Software licences and maintenance and other ICT expenditure	25,532	22,120
Occupancy expenses	391	–
<b>Total prepayments</b>	<b>25,923</b>	<b>22,120</b>

Prepayments represent payments in advance of receipt of goods or services, or the payments made for services covering a term extending beyond that financial accounting period.

## 6. FINANCING OUR OPERATIONS

### Introduction

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

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

### Structure

6.1 Leases  
6.2 Cash flow information and balances  
6.3 Commitments for expenditure

### 6.1 Leases

#### Cenitex leasing activities

Cenitex leases various properties, technology equipment and motor vehicles. The lease contracts are typically made for fixed periods of 3-5 years with an option to renew the lease after that date.

#### 6.1 (a) Right-of-use assets

Right-of-use assets are presented in note 4.1.

#### 6.1 (b) Amounts recognised in the Comprehensive operating statement

The following amount is recognised in the Comprehensive operating statement relating to leases:

	2021 \$'000	2020 \$'000
Other operating expense		
Interest expense on lease liabilities	517	387
<b>Total amount recognised in the Comprehensive operating statement</b>	<b>517</b>	<b>387</b>

#### 6.1 (c) Amounts recognised in the Cash flow statement

The following amounts are recognised in the Cash flow statement for the year ending 30 June 2021 relating to leases.

	2021 \$'000	2020 \$'000
Repayment of leases	10,607	6,962
Interest and other costs of finance paid	517	387
<b>Total cash outflow for leases</b>	<b>11,124</b>	<b>7,349</b>

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

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

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

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

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

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

##### Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Cenitex's incremental borrowing rate.

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

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

##### Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. [AASB 16.39]

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

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

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

Cenitex presents right-of-use assets as 'property, plant and equipment', and lease liabilities are presented as 'lease liability' in the balance sheet.

## 6.2 Cash flow information and balances

Cash and deposits comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, cash includes cash on hand and in banks, net of outstanding bank overdrafts. Cash at the end of the financial year as shown on the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2021 \$'000	2020 \$'000
Total cash and deposits disclosed in the balance sheet	27,694	34,811
<b>Balance as per Cash Flow Statement</b>	<b>27,694</b>	<b>34,811</b>

### 6.2.1 Reconciliation of net result for the period to net cash flows from operating activities

	2021 \$'000	2020 \$'000
<b>Net result for the period</b>	<b>563</b>	<b>(11,328)</b>
<b>Non-cash movements</b>		
(Gain)/loss on sale or disposal of non-current assets	(95)	220
Depreciation and amortisation of non-current assets	22,388	16,706
Other non-cash movements	–	(331)
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables <sup>(a)</sup>	1,752	(1,434)
(Increase)/decrease on financial assets	(775)	(270)
(Increase)/decrease in prepayments	(3,803)	6,591
Increase/(decrease) in payables	(5,316)	3,553
Increase/(decrease) in unearned revenue	(7,934)	15,300
Increase/(decrease) in provisions	1,309	1,115
<b>Net cash flows from/(used in) operating activities</b>	<b>8,089</b>	<b>30,122</b>

<sup>(a)</sup> This includes the movement of provision of doubtful debts that were separately shown as gain or loss on financial instruments in prior years.

### 6.3 Commitments for expenditure

Commitments include those operating and capital commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value and inclusive of the GST.

Nominal amounts	Less than 1 year \$'000	1 year – 5 years \$'000	> 5 years \$'000	Total \$'000
<b>2021</b>				
Capital expenditure commitments – plant and equipment	856	3,325	–	4,181
Operating expenditure commitments	6,421	18,080	–	24,501
<b>Total commitments (inclusive of GST)</b>	<b>7,277</b>	<b>21,405</b>	<b>–</b>	<b>28,682</b>
<b>2020</b>				
Capital expenditure commitments – plant and equipment	2,784	–	–	2,784
Operating expenditure commitments	12,519	5,526	–	18,045
<b>Total commitments (inclusive of GST)</b>	<b>15,303</b>	<b>5,526</b>	<b>–</b>	<b>20,829</b>

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### Introduction

Cenitex is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for Cenitex related mainly to fair value determination.

### Structure

7.1 Financial instruments specific disclosures  
7.2 Contingent assets and contingent liabilities  
7.3 Fair value determination

### 7.1 Financial instruments specific disclosures

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

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

Cenitex applies AASB 9 *Financial Instruments* and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

#### **Financial assets at amortised cost**

Financial assets are measured at amortised costs if both the following criteria are met and the assets are only designated as fair value through net result:

- the assets are held by Cenitex to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

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

Cenitex recognises the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables).

#### **Financial assets at fair value through other comprehensive income**

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and Cenitex has irrevocably elected at initial recognition to recognise in this category.

These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income. Upon disposal of these equity instruments, any related balance in the fair value reserve is reclassified to retained earnings.

Fair value is determined in the manner described in Note 7.3 Fair value determination.

Cenitex recognises investments in equities and managed investment schemes in this category.

#### **Financial liabilities at amortised cost**

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

Cenitex recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- lease liabilities.

### 7.1.1 Financial risk management objectives and policies

Cenitex's principal financial instruments comprise:

- cash and deposits;
- receivables (excluding statutory receivables);
- investments in managed investment schemes;
- payables (excluding statutory payables); and
- lease liabilities

Details of significant accounting policies and methods adopted in respect of each class of financial asset and financial liability including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised are disclosed throughout the notes to these financial statements.

The main purpose in holding financial instruments is to prudentially manage Cenitex's financial risks within the government's policy parameters. Cenitex's main financial risk is market risk. Cenitex manages this financial risk in accordance with its Treasury and Investment Risk Management Policy.

Cenitex uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and oversight of financial risks rests with Cenitex's Audit and Risk Committee.

#### Financial instruments: Market risk

Cenitex's exposure to market risk is primarily through interest rate risk and equity price risk, with only insignificant exposure to foreign currency risk and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

#### Interest rate risk

Exposure to interest rate risk through variable interest rates is relatively low on the basis that it relates solely to cash balances held in operating accounts.

A sensitivity table is not disclosed as the impact with all other variables held constant on Cenitex's net result is not material.

#### Equity price risk

Cenitex is exposed to equity price risk through its investments in managed investment schemes. Such investments are allocated and traded to match the investment objectives appropriate for Cenitex's liabilities. Cenitex has appointed a State organisation to manage its investment portfolio in accordance with the Investment Risk Management Plan approved by the Treasurer. The fund manager on behalf of Cenitex closely monitors performance and manages the equity price risk through diversification of its investment portfolio.

A sensitivity table is not disclosed as the impact with all other variables held constant on Cenitex's net result is not material.

	Weighted average interest rate (%)	Interest rate exposure			
		Carrying amount <sup>(a)</sup> \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
<b>2021</b>					
<b>Financial assets</b>					
Cash and deposits	0.50%	27,694	–	27,694	–
<b>Total financial assets</b>		<b>27,694</b>	<b>–</b>	<b>27,694</b>	<b>–</b>
<b>Financial liabilities</b>					
Borrowings					
Lease liabilities	2.35%	37,404	37,404	–	–
<b>Total financial liabilities</b>		<b>37,404</b>	<b>37,404</b>	<b>–</b>	<b>–</b>

	Weighted average interest rate (%)	Interest rate exposure			
		Carrying amount <sup>(a)</sup> \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
<b>2020</b>					
<b>Financial assets</b>					
Cash and deposits	0.65%	34,811	–	34,811	–
<b>Total financial assets</b>		<b>34,811</b>	<b>–</b>	<b>34,811</b>	<b>–</b>
<b>Financial liabilities</b>					
Borrowings					
Lease liabilities	2.64%	44,673	44,673	–	–
<b>Total financial liabilities</b>		<b>44,673</b>	<b>44,673</b>	<b>–</b>	<b>–</b>

<sup>(a)</sup> The carrying amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and GST payables).

## 7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, measured at nominal value.

### Contingent Assets

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

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable. Cenitex had no contingent assets at 30 June 2021 (2020: Nil).

### Contingent Liabilities

Contingent liabilities are:

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

These are classified as either quantifiable or non-quantifiable. Cenitex had no contingent liabilities at 30 June 2021 (2020: Nil).

## 7.3 Fair value determination

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

### Fair value hierarchy

Consistent with AASB 13 *Fair Value Measurement*, where it is applicable, assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy (refer 7.3.1).

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

The Valuer-General Victoria (VGV) is Cenitex's independent valuation agency.

### 7.3.1 Fair value determination: financial assets and liabilities

The fair values and net fair values of financial instrument assets and liabilities are determined according to the fair value hierarchy as follows:

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

Cenitex currently holds a range of financial instruments that are recorded in the financial statements at their carrying amounts which approximate to fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2021-22 reporting period. These financial instruments include:

#### Financial assets

Cash and deposits Receivables

- Trade receivables
- Other receivables

#### Financial liabilities

Payables

- For supplies and services
- Other payables

These financial instruments are classified at Level 1 of the fair value hierarchy. There have been no transfers between levels during the period.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction

between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair value.

**Managed investment schemes:** Cenitex invests in managed funds, which are not quoted in an active market. They are recorded at fair value as determined by the fund manager or valuations by other skilled independent third parties. In determining fair values, observable market transactions of the units and the underlying assets are used where available and applicable. Some of the underlying assets of these financial instruments are valued using valuation models and techniques that include inputs which are not based on observable market data.

The managed investment schemes are classified at Level 2 of the fair value hierarchy. There have been no transfers between levels during the period.

### 7.3.2 Fair value determination: non-financial physical assets

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2021. For all assets measured at fair value, the current use is considered the highest and best use.

Non-financial physical assets are classified at Level 3 of the fair value hierarchy. There have been no transfers between levels during the period.

### Description of significant unobservable inputs to Level 3 valuation:

Plant and equipment is valued at depreciated replacement cost where the weighted average cost per asset is \$24,695 (2020: \$22,214) and the cost per unit is between \$5,000 to \$8,145,680 (2020: \$5,000 to \$1,166,544). The useful life of plant and equipment is disclosed in Note 4.1.2.

Significant unobservable inputs remain unchanged since June 2020.

## 8. OTHER DISCLOSURES

### Introduction

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

### Structure

- 8.1 Responsible persons
- 8.2 Remuneration of executives
- 8.3 Related parties
- 8.4 Remuneration of auditors
- 8.5 Subsequent events
- 8.6 Other accounting policies
- 8.7 Australian Accounting Standards issued that are not yet effective

### 8.1 Responsible persons

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

#### Names

The persons who held positions of Ministers, Accountable Officers and members of the Board responsible for Cenitex during the financial year were:

Position	Name	Period
Assistant Treasurer, Minister for Government Services *	Danny Pearson	1 July 2020 to 30 June 2021
Chair	Randall Straw	1 July 2020 to 30 June 2021
Chief Executive Officer	Frances Cawthra	1 July 2020 to 30 June 2021
Board Director	John Craven	1 July 2020 to 30 June 2021
Board Director	Peter Meehan	1 July 2020 to 30 June 2021
Board Director	Julie Fahey	1 July 2020 to 30 June 2021
Board Director	Dean Tighe	1 July 2020 to 30 June 2021
Board Director	Andrew Minack	1 July 2020 to 30 June 2021
Board Director	Carolyn De Gois	1 July 2020 to 25 March 2021

\* As per Administrative Arrangements Order (No. 235) 2020 dated 30 June 2020

#### Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of Cenitex during the reporting period was in the range: \$430,000 to \$439,000 (2020: \$390,000 to \$399,999).

### 8.2 Remuneration of executives

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

Remuneration comprises employee benefits (as defined in AASB119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories:

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

	2021 \$'000	2020 \$'000
<b>Remuneration of executive officers</b>		
Short-term employee benefits	1,282	1,141
Post-employment benefits	116	106
Other long-term benefits	–	–
Termination benefits	–	–
<b>Total remuneration</b>	<b>1,398</b>	<b>1,247</b>
<b>Total number of executives</b>	<b>5</b>	<b>5</b>
<b>Total annualised employee equivalents <sup>(a)</sup></b>	<b>4.9</b>	<b>5.0</b>

<sup>(a)</sup> Annualised employee equivalent is based on the time fraction worked over the reporting period.

### 8.3 Related parties

Cenitex is a wholly owned and controlled entity of the State of Victoria and provides ICT services to other wholly owned entities of the State of Victoria.

Related parties of Cenitex include:

- all key management personnel, their close family members and 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 consolidated into the whole of State consolidated financial statements.

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

#### Key management personnel

Key management personnel of Cenitex include the relevant Minister, Danny Pearson MP, Assistant Treasurer, Minister for Regulatory Reform and Minister for Government Services, the Chairperson, members of the Board of Directors and the Chief Executive Officer. The compensation detailed below excludes the salaries and benefits the relevant Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services Financial Report.

	2021 \$'000	2020 \$'000
<b>Compensation</b>		
Salaries and other short term employee benefits	565	546
Post-employment benefits	35	37
Termination benefits	–	34
Board member fees	12	13
<b>Total key management personnel compensation</b>	<b>612</b>	<b>630</b>

#### Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public, e.g. stamp duty and other government fees and charges. Further, employment processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Victorian Rail Track provides telecommunications services to Cenitex. Randall Straw, the Chair of the Cenitex Board, was during the 2020-21 year a member of the Victorian Rail Track Board. Victorian Rail Track was awarded a contract with Cenitex under a State purchase contract on terms and conditions equivalent for those that prevail in arm's length transactions under the State's procurement process.

The transaction involved the provision of ICT services to support the intra-Government Secured Network with a value of \$1.32 million in the year.

Board member Julie Fahey is a Board member for both Vocus Pty Ltd and Datacom Systems Pty Ltd. Vocus Pty Ltd provides telecommunications services to Cenitex, while Datacom provides IT professional services. Both companies have been awarded contracts with Cenitex on terms and conditions equivalent for those that prevail in arm's length transactions under the State's procurement process.

The transaction with Vocus Pty Ltd involved the provision of network services with a value of \$0.05 million in the year.

The transaction with Datacom Systems Pty Ltd involved the provision of ICT professional services with a value of \$0.37 million in the year.

Other than transactions disclosed in Note 2.1, all other transactions that have occurred with Key Management Personnel (KMP) and their related parties have not been considered material for disclosure. In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that Cenitex's financial position and profit or loss may have been affected by the existence of related parties, and by transactions and outstanding balances, including commitments, with such parties.

#### 8.4 Remuneration of auditors

	2021 \$'000	2020 \$'000
<b>Victorian Auditor – General's Office</b>		
Audit of the financial report	105	129
<b>Total remuneration of auditors</b>	<b>105</b>	<b>129</b>

#### 8.5 Subsequent events

No matters and/or circumstances have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of Cenitex, the results of those operations, or the state of affairs of Cenitex in future financial years.

The policy in connection with recognising subsequent events, that are, for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date; and/or
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

#### 8.6 Other accounting policies

##### Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that were recovered from, or paid to, the taxation authority, are presented as an operating cash flow.

##### Equity

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

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

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

#### 8.7 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2020-21 reporting period. These accounting standards have not been applied to Cenitex's financial statements. Cenitex is reviewing its existing policies and assessing the potential implications of these accounting standards.

Cenitex is in the process of analysing the impacts of the following accounting standard, and it is not anticipated to have a material impact.

##### AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

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

# Governance and organisational structure



## 4.1 GOVERNANCE

Cenitex is governed by a Board of Directors. Each Board Director was appointed by the Governor-in-Council on the recommendation of the portfolio minister responsible for Cenitex.

The Cenitex Board of Directors includes Julie Fahey, Peter Meehan, John Craven, Dean Tighe, Andrew Minack, and the Chair, Randall Straw PSM. Board Director Carolyn De Gois resigned effective from 25 March 2021.

The Chief Executive Officer and the Executive Leadership Team (ELT) has operational responsibility for Cenitex and is supported by several operational and advisory groups, most of which include departmental representatives.

During the year, the positions of Minister and accountable officer responsible for Cenitex were held by:

- Minister for Government Services, Hon. Danny Pearson MP (1 July 2020 – 30 June 2021)
- Chief Executive Officer, Frances Cawthra (1 July 2020 – 30 June 2021)

### Relationship to the Minister

The Board advises the Minister on all matters within the Minister's areas of responsibility as they relate to Cenitex.

The Victorian Government Minister responsible for Cenitex is the Minister for Government Services.

## 4.2 BOARD OF DIRECTORS

**Randall Straw PSM** (Chair) has over 30 years of experience in government ICT, formerly serving as Deputy Secretary of Innovation and Technology at the then-Department of Business and Innovation. Prior to that Randall served as Executive Director at Multimedia Victoria and a range of other ICT and technology related positions. He has extensive knowledge of and experience in the management of large-scale ICT and technology related reform projects in government.

**John Craven** has more than 40 years of experience in management consulting and information technology. As part of his management consultancy John has worked with clients from

Australia and Asia in the communications industry as well as in government administration, banking, manufacturing, and distribution. John has a Bachelor of Science degree from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors.

**Carolyn De Gois** was the Special Advisor to the Victorian Government, where she was responsible for leading a Whole-of-Government reform agenda, focused on providing transparent and effective integrated services to the community and building on a One VPS vision. Carolyn is an international business and technology executive with a proven track record of transformational leadership and organisational change. She has influenced and collaborated with executives in politically challenging situations across a variety of companies in Australia and internationally and within public and private domains.

**Julie Fahey** has over 30 years of experience in technology with KPMG, SAP, General Motors, Exxon, and Western Mining, and has fulfilled roles including Program Management, CIO, software vendor, and consultant. Julie retired from KPMG in June 2014 where she spent 10 years in leadership roles including National Lead Partner Telecommunications, Media and Technology, and National Managing Partner – Markets.

**Peter Meehan** has a wide range of experience across financial management, shared services, and risk management. Peter was a member of the Council of Deakin University for more than 10 years, where he chaired their Audit and Risk Committee; was a Deputy Chancellor; and was part of the Chancellor's Advisory, Remuneration and Honorary Degrees Committees. He has previously served as a Chief Executive Officer of the Group of 100 and the Chief Financial Officer for Australia Post. He is a Fellow of the Australian Institute of Chartered Accountants and the Australian Society of Certified Practising Accountants.

**Dean Tighe** is the Deputy Secretary of Investment and Technology at the Department of Transport. He has a wide range of experience across the Victorian Government and has previously served in Executive Director roles at the Department of Treasury and Finance and the Department of Education and Training. Dean brings a unique and valuable customer perspective

to our Board and insights across investment strategy, commercial transactions, finance, enterprise technology and procurement.

**Andrew Minack** is the Deputy Secretary of Corporate and Delivery Services at the Department of Families, Fairness, and Housing. Andrew has had an extensive public sector career working at an executive level in several state and local government agencies. He was responsible for leading the work on several highly complex reform projects, including the government's fire services reform package and establishment of new legislation that governs the funding of political parties and donations. He has also held executive roles in Victoria Police where he was responsible for corporate strategy, stakeholder engagement and performance improvement. Andrew has also worked as an executive at Parks Victoria and Warrnambool City Council.

### Board meetings

There were thirteen Board meetings in 2020-21.

Director	Number of meetings attended	Number of meetings eligible to attend
Randall Straw PSM (Chair)	13	13
Carolyn De Gois	9	10
Julie Fahey	13	13
John Craven	13	13
Peter Meehan	13	13
Dean Tighe	11	13
Andrew Minack	12	13

## GOVERNANCE COMMITTEES

### Audit and Risk Committee

The Audit and Risk Committee (ARC) is a standing committee that reports to the Cenitex Board. Its purpose is to assist the Board through independent review and assessment of the effectiveness of Cenitex's systems and controls for financial management, performance, and sustainability, including effective risk management. The ARC also reviews and assesses:

- the integrity and quality of financial reporting and disclosures, including the annual audit of financial statements by an external auditor
- compliance with laws, regulations, standards, and codes
- the adequacy of identifying and managing fraud and regulatory issues, incidents, and risks.

#### Membership

The ARC consists of a mix of independent members and non-executive Board Directors, all of whom are independent of Cenitex management. During 2020-21 the members were:

- Peter Meehan (Chair)
- John Craven
- Russell Hogg (external member)
- Claire Keating (external member)
- Dean Tighe

#### Meetings

There were four meetings during the year.

### People Strategy and Remuneration Committee

The People Strategy and Remuneration Committee (PSRC) is a standing committee of the Cenitex Board. Its key roles include the development of people and culture strategies, remuneration and employment policy, and providing recommendations for the annual executive remuneration review, remuneration compliance and appointment of the Cenitex Chief Executive Officer.

#### Membership

- Julie Fahey (Chair)
- Randall Straw PSM
- Mikki Swindon (external member)

#### Meetings

There were two meetings during the year.

## 4.3 OUR CUSTOMERS

The list of Cenitex customers can change from year to year. These changes are influenced by the signing of new customers, Machinery of Government changes, how entities are billed, and changes in which signed customers consume services in any given financial year.

In 2020-21, Cenitex derived revenue from the following organisations for the provision of ICT services:

- Agriculture Victoria Services
- City of Melbourne
- Commercial Passenger Vehicle Victoria
- Court Services Victoria
- Covid Quarantine Victoria
- Department of Education and Training
- Department of Environment, Land, Water & Planning
- Department of Families, Fairness and Housing
- Department of Health
- Department of Jobs, Precincts and Regions
- Department of Justice and Community Safety
- Department of Premier and Cabinet
- Department of Transport
- Department of Treasury and Finance
- Digital Health
- Environment Protection Authority
- Essential Services Commission
- Forensicare
- Game Management Authority
- Labour Hire Authority
- Level Crossing Removal Project
- Metropolitan Waste and Resource Recovery Group
- Office of Chief Parliamentary Counsel
- Office of Public Prosecution
- Office of the Governor
- Office of the Victorian Information Commissioner
- Parks Victoria
- Parliament of Victoria
- Portable Long Service Authority
- Public Record Office Victoria
- Public Transport Victoria
- State Revenue Office
- Transport Accident Commission
- VicForests
- VicRoads
- Victorian Building Authority
- Victorian Commission for Gambling & Liquor Regulation
- Victorian Equal Opportunity & Human Rights Commission

- Victorian Fisheries Authority
- Victorian Inspectorate
- Victorian Ombudsman
- Victorian Public Sector Commission
- Worksafe

## CUSTOMER COMMITTEES

### Stakeholder Advisory Committee

The role of the Stakeholder Advisory Committee (SAC) is to ensure that Cenitex develops and maintains strong and open relationships with its customers at a senior management level. The committee includes customer representatives from all departments and major agencies for whom Cenitex provides services. The Committee provides a forum where customers can collaborate with Cenitex to maintain a focus on challenges faced by customers and potential improvements that are aligned with their strategic needs.

The SAC is chaired by the Executive Director for Customer Engagement and membership includes Chief Information Officers (CIOs) or equivalent roles from all departments and major agencies.

### Shared Cyber Security Working Group

The purpose of the Shared Cyber Security Working Group is to provide cyber security vision and leadership for customers. The group provides a clear view on cyber security issues and risks, while building consensus on shared responsibilities and initiatives to protect common IT environments while moving cyber capabilities further towards a target maturity state.

The Shared Cyber Security Working Group is normally chaired by the Cenitex Chief Information Security Officer (CISO) and membership includes senior cyber security representatives from all major customers as well as the Victorian Government CISO.

### Service Operations Forum

The role of the Service Operations Forum is to bring together experts who can focus on what is the best possible operating model, tools, and processes for Cenitex to deliver a high standard of service to its customers. The Forum looks for improvements to existing service provision but

also what might be required in the future. High profile customer impacting projects are also discussed and showcased with a view to keep departments continually updated on progress.

The Service Operations Forum is chaired by a customer operational lead and membership includes senior operations representatives from all major customers.

## 4.4 EXECUTIVE LEADERSHIP TEAM ROLES AND RESPONSIBILITIES

Frances Cawthra is the Chief Executive Officer (CEO) of Cenitex.

There are six Divisions responsible for operations and customer service. They are:

- Customer Engagement
- Finance and Business Services
- Infrastructure Services
- People and Capability
- Strategy, Governance and Risk
- Workplace and Application Services

The CEO is supported by the Executive Leadership Team (ELT). The ELT advises the CEO on matters concerning the operation and governance of the organisation. The roles and responsibilities of the CEO and ELT are detailed below.

### Frances Cawthra

#### Chief Executive Officer

- advises the Board on the establishment and implementation of a strategy for Cenitex and then delivers the agreed strategy
- ensures that the necessary people, processes, and systems are in place to deliver infrastructure, network, operating system projects and upgrades across the customer departments
- engages with senior customer stakeholders and industry representatives
- provides leadership to the Cenitex organisation and builds a constructive and customer-oriented culture.

**Nigel Cadywould****Executive Director, Customer Engagement**

- the key interface between Cenitex and its customers
- account management and customer experience
- service management
- new customer acquisition and onboarding
- customer service catalogue and bringing new services to market

**Sharon Copeland-Smith****Executive Director, Strategy, Governance and Risk**

- development of corporate strategy, corporate plan, and annual report
- secretariat and strategic support to the Board, ARC and ELT
- enterprise risk, audit, service assurance and compliance services including Privacy, Freedom of Information, and protected disclosure communications and marketing.
- oversight, advice, and support across Strategy and Governance, Risk and Assurance, and Communications and Marketing

**Alexis Ewing****Executive Director, Infrastructure Services**

- design, build, run and monitoring of infrastructure services to customers
- manages Cenitex server hosting platform, networks, security, identity, storage, and recovery capabilities
- strategic development, lifecycle management and pricing of infrastructure services
- commercial management of vendors and contracts
- implement, monitor, and review services strategy and delivery
- manage Cenitex Architecture Services
- manage Cenitex Project Services

**Adrian Carbone****Executive Director, Workplace and Application Services**

- design, build, run and monitoring of all workplace and application services, including unified communications, device management, application platforms and cloud services for customers
- strategic development, lifecycle management and pricing of workplace and application services and technologies
- commercial management of vendors and contracts
- implement, monitor, and review services strategy and delivery.

**Catherine Ho****Executive Director, Finance and Business Services**

- financial analysis, reporting and finance business partnering
- cash management, governance on asset management
- budgeting and financial modelling
- procurement
- legal services
- information management and business technology.

**Catherine Proud****Executive Director, People and Capability**

- organisational development and change management
- capability development, management and leadership development, performance management
- business partnering and employee relations
- talent and resourcing including workforce planning, recruitment
- occupational health and safety, and employee wellbeing
- HR services including payroll, onboarding, reporting
- accommodation services.

# Our People



## 5.1 WORKFORCE PROFILE

**Table 1: Full-time equivalents (FTE) and contractor staffing trends 2016-21**

		Jun-21	Jun-20	Jun-19	Jun-18	Jun-17	Jun-16
<b>Full time equivalents (FTE) staffing trends</b>		522.53	508.78	525.72	521.29	483.14	468.15
<b>Contractors/Temporary staff</b>		23	28	36	18	81	60
<b>Ongoing employees</b>	Number (headcount)	442	443	466	479		
	Full time (headcount)	431	430	447	466		
	Part time (headcount)	11	13	19	13		
	FTE	438.92	439.78	461.19	475.49		
<b>Fixed-term &amp; Casual</b>	FTE	83.61	69.00	64.53	45.80		

**Table 2: Employment levels in June 2021 and 2020**

The head count and Full-time Staff Equivalent (FTE) of all active public service employees of Cenitex, employed from the last full pay period in June 2020 to the last full pay period in June 2021.

		June 2021							June 2020							
		All employees		Ongoing			Fixed term and casual		All employees		Ongoing			Fixed term and casual		
		Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	
<b>Demographic data</b>	<b>Gender</b>	Women	121	118.13	84.00	10.00	91.13	27.00	27.00	113	110.44	81.00	11.00	89.44	21.00	21.00
		Men	405	404.41	347.00	1.00	347.80	57.00	56.61	399	398.33	349.00	2.00	350.33	48.00	48.00
		Self-described	0	0	0.00	0.00	0.00	0.00	0.00	0	0.0	0	0	0.0	0	0.0
		<b>Total</b>	<b>526</b>	<b>522.53</b>	<b>431.00</b>	<b>11.00</b>	<b>438.93</b>	<b>84.00</b>	<b>83.61</b>	<b>512</b>	<b>508.78</b>	<b>430.00</b>	<b>13.00</b>	<b>439.78</b>	<b>69.00</b>	<b>69.00</b>
	<b>Age</b>	15-24	15	15	5.00	0.00	5.00	10.00	10.00	10	10	5.00	0.00	5.00	5.00	5.00
		25-34	104	103.60	72.00	0.00	72.00	32.00	31.61	107	106.6	77.00	1.00	77.60	29.00	29.00
		35-44	176	173.99	147.00	6.00	150.99	23.00	23.00	182	179.92	159.00	8.00	164.92	15.00	15.00
45-54		139	138.34	125.00	3.00	127.34	11.00	11.00	132	131.66	118.00	2.00	119.66	12.00	12.00	
55-64		82	81.6	73.00	2.00	74.60	7.00	7.00	73	72.6	63.00	2.00	64.60	8.00	8.00	
Over 64		10	10	9.00	0.00	9.00	1.00	1.00	8	8	8.00	0.00	8.00	0.00	0.00	
	<b>Total</b>	<b>526</b>	<b>522.53</b>	<b>431.00</b>	<b>11.00</b>	<b>438.93</b>	<b>84.00</b>	<b>83.61</b>	<b>512</b>	<b>508.78</b>	<b>430.00</b>	<b>13.00</b>	<b>439.78</b>	<b>69.00</b>	<b>69.00</b>	
<b>Classification data</b>	<b>Classification</b>	Grade 2	11	11	1.00	0.00	1.00	10.00	10.00	7	7	2.00	0.00	2.00	5.00	5.00
		Grade 3	121	120.13	85.00	2.00	86.53	34.00	33.61	116	115.46	89.00	2.00	90.46	25.00	25.00
		Grade 4	68	67.80	58.00	1.00	58.80	9.00	9.00	71	70.59	61.00	2.00	62.59	8.00	8.00
		Grade 5	131	130.20	121.00	3.00	123.20	7.00	7.00	134	132.93	121.00	4.00	123.93	9.00	9.00
		Grade 6	152	150.6	133.00	4.00	135.60	15.00	15.00	144	143	127.00	4.00	130.00	13.00	13.00
		<b>Total</b>	<b>483</b>	<b>479.73</b>	<b>398</b>	<b>10</b>	<b>405.13</b>	<b>75</b>	<b>74.61</b>	<b>472</b>	<b>468.98</b>	<b>400</b>	<b>12</b>	<b>408.98</b>	<b>60</b>	<b>60.00</b>
	<b>Senior employees</b>	STS	37	36.8	33.00	1.00	33.80	3.00	3.00	33	32.8	29.00	1.00	29.80	3.00	3.00
Executives	6	6	0.00	0.00	0.00	6.00	6.00	7	7	1.00	0.00	1.00	6.00	6.00		
	<b>Total</b>	<b>43</b>	<b>42.8</b>	<b>33</b>	<b>1.00</b>	<b>33.80</b>	<b>9.0</b>	<b>9.0</b>	<b>40</b>	<b>39.80</b>	<b>30</b>	<b>1</b>	<b>30.80</b>	<b>9.00</b>	<b>9.00</b>	
	<b>Total employees</b>	<b>526</b>	<b>522.53</b>	<b>431</b>	<b>11</b>	<b>438.93</b>	<b>84</b>	<b>83.6</b>	<b>512</b>	<b>508.78</b>	<b>430</b>	<b>13</b>	<b>439.78</b>	<b>69.00</b>	<b>69.00</b>	
	<b>Excludes</b>	Board Directors	4.0													
		Temp Staff	0.0													
		Contractors	23.0													
		Secondment	0.0													

## 5.2 OCCUPATIONAL HEALTH AND SAFETY

**Table 3: Annualised total salary, by \$20,000 bands, for executives and other senior non-executive staff**

Income band (salary)	Executives	STS
< \$160,000		1^^
\$160,000 – \$179,999		12
\$180,000 – \$199,999		17
\$200,000 – \$219,999	1	
\$220,000 – \$239,999	1	7
\$240,000 – \$259,999	1	
\$260,000 – \$279,999		
\$280,000 – \$299,999		
\$300,000 – \$319,999	2	
\$320,000 – \$339,999		
\$340,000 – \$359,999		
\$360,000 – \$379,999		
\$380,000 – \$399,999		
\$400,000 – \$419,999	1	
\$420,000 – \$439,999		
\$440,000 – \$459,999		
\$460,000 – \$479,999		
\$480,000 – \$499,999		
<b>TOTAL</b>	<b>6</b>	<b>37</b>

^^ This employee was employed on a part-time at a 0.8 FTE rate.

Cenitex is committed to occupational health and safety (OH&S) and aims to ensure that all staff remain safe and healthy at work.

During 2020-21, and in response to the COVID-19 pandemic, the initial response of Cenitex was centred around enabling staff to work remotely and safely. However, it quickly became evident that, with the isolation of extended lock-down, challenging work environments, and ongoing high workloads, the Cenitex workforce remained vulnerable to high levels of ongoing mental health pressures.

Cenitex recognised the immediate need to increase the focus on and support the mental and emotional health of staff under these challenging conditions.

A key initiative was the establishment of a revised Mental Health Plan which had a three-tiered approach to providing employee mental health support during the pandemic:

1. Support for People Managers
2. Promotion to all
3. Targeted support to those in need

Acknowledging the significant potential occupational health and safety risks arising from COVID-19, Cenitex continued to revise the range of measures introduced by the organisation to keep staff safe. Cenitex conducted a review of the physical workspace of the 80 Collins Street location in line with Safe Work Australia COVID-19 guidelines. Several control measures were identified and implemented, ensuring the risk of possible transmission was minimised.

In addition, consultation and communication with elected health and safety representatives from the various Designated Work Groups continued to be critical during this time of significant change and uncertainty.

### Incident management

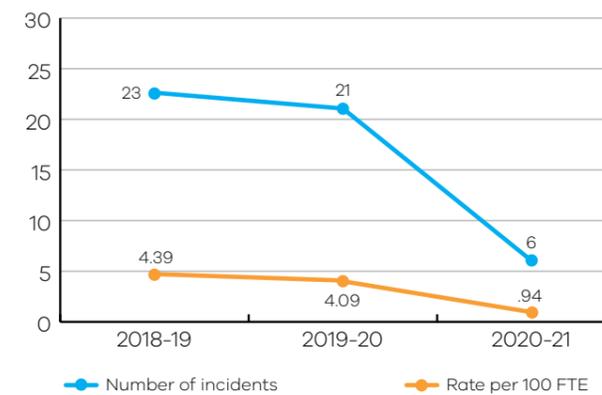
Incidents reported include injuries, near-misses, and detected workplace hazards.

The decline in incidental minor injuries and incidents from the previous reporting period is likely attributable to the government work from home directions, which were in place for most of the reporting period.

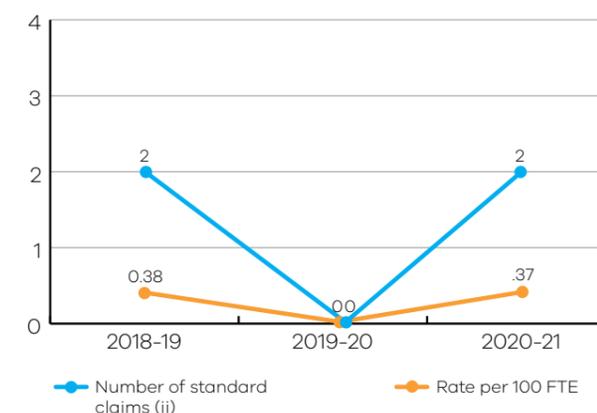
No standard claims were accepted in the previous reporting period which is reflected in the drop-in premium rate.

**Figure 1: No. of incidents and rate per 100 FTE**

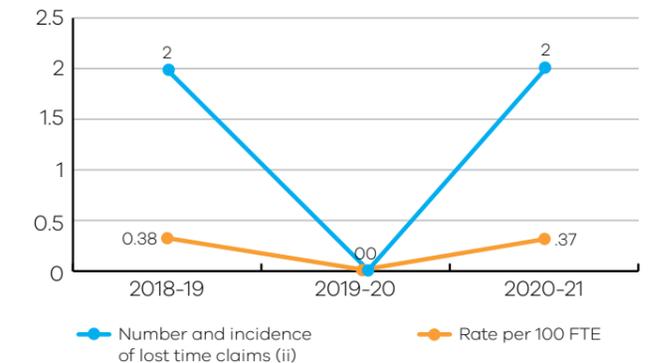
One standard claim was submitted but rejected after investigation.



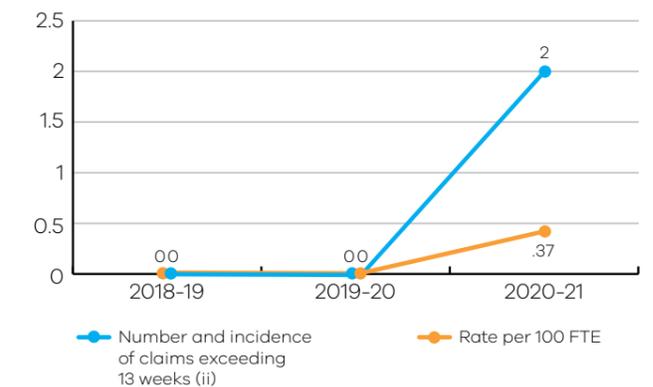
**Figure 2: No. of standard claims and rate per 100 FTE**



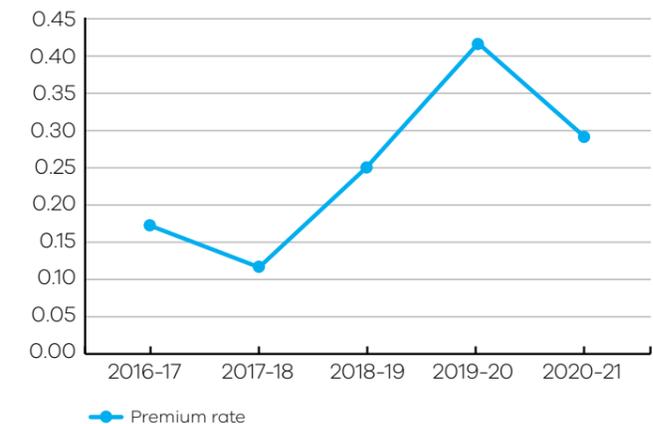
**Figure 3: Lost time claims and rate per 100 FTE**



**Figure 4: Claims exceeding 13 weeks and rate per 100 FTE**



**Figure 5: Cenitex worker's compensation premium rate 2016-2021**



Performance against OH&S management measures – continued

Measure	KPI	2018-19	2019-20	2020-21
Incidents	Number of incidents (i)	23	21	6
	Rate per 100 FTE	4.39	4.09	0.94
	No. of incidents requiring first aid and/or further medical treatment	9	7	4
Claims	Number of standard claims (i)	2	0	2
	Rate per 100 FTE	0.38	0	0.37
	Number and incidence of lost time claims (ii)	2	0	2
	Rate per 100 FTE	0.38	0	0.37
	Number of lost time claims (i)	0	0	2
	Rate per 100 FTE	0	0	0.37
	Number of claims exceeding 13 weeks (i)	0	0	2
Fatalities	Fatality claims	0	0	0
	Rate per 100 FTE	0	0	0.37
Claim costs	Average cost per standard claim (ii)	\$94,728.40	0	\$26,037.00
Return to work	Percentage of claims with RTW Plan <30 days (ii)	0	0	0
Management commitment	Evidence of OH&S policy, OH&S objectives, regular reporting to senior management of OH&S, and OH&S plans (signed by CEO or equivalent)	Policy statement on Cenitex intranet	Policy statement on Cenitex intranet	Policy statement on Cenitex intranet
	Regular reporting to senior management	Six-monthly report to Board/People Strategy and Remuneration Committee	Six-monthly report to Board/People Strategy and Remuneration Committee	Six-monthly report to Board/People Strategy and Remuneration Committee
	Evidence of OH&S in purchasing guidelines (including goods, services, and personnel)			Yes
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs) and issue resolution procedures (IRPs)	Yes	Yes	Yes
	Compliance with agreed structure on DWGs, HSRs and issue resolution procedures	Yes	Yes	Yes

	Number of OHS committee meetings	6	7	6	
Risk management	Number of internal audits/ inspections completed. Percentage of internal audits/inspections conducted as planned	1	0	0	
	Percentage of reported incidents investigated	100%	100%	100%	
	No. of improvement Notices issued across the Department by WorkSafe Inspector	0	0	0	
	Percentage of issues identified, actioned arising from:				
	• hazard reports	0%	100%	0%	
	• internal audits or inspections	0%	0%	0%	
	• HSR provisional improvement notices	0%	0%	0%	
	• WorkSafe notices	0%	0%	0%	
	Training	Percentage of managers and staff that have received OHS training:			
		• induction/annual	280 (45%)	272	222 (40%)
Additional specific induction for existing staff returning to onsite work at new premises		–	–	257 (47%)	
• management training		28 (32%)	37	31 (39%)	
Percentage of HSRs training (not a legislative requirement): (iii)					
• upon acceptance of role	100%	29%	80%		
• annual refresher training	0	0	0		

(i) Source – Allianz.

(ii) Does not include minor claims

(iii) New DWG structure implemented during the reporting period with 80% of newly elected HSRs having completed 5-day HSR training in previous reporting periods.

## 5.3 EMPLOYMENT AND CONDUCT PRINCIPLES

### Employee relations

Cenitex is committed to providing a workplace that encourages constructive, respectful, open, and ethical working relationships at all levels in the organisation. People and Capability provide support and guidance to managers and staff to ensure compliance with employment legislation.

### Workplace Enterprise Agreement

All non-executive employees are employed under the Victorian Public Service Enterprise Agreement 2020.

### Code of Conduct

Cenitex applies the Code of Conduct for Victorian Public Sector Employees that encompasses standards and behaviours for all employees. The Code of Conduct is issued to all new employees and changes to the Code are immediately notified to employees.

### Merit and equity

Cenitex maintains programs and policies to ensure that the workplace remains free from discrimination.

They are:

- Conflict of Interest Policy
- Recruitment Policy
- Grievance Policy and Process
- Human Rights Policy
- Appropriate Workplace Behaviour Policy and online learning tool
- Employee Assistance Program
- VPS Code of Conduct
- Induction training
- Managing Diversity Policy

# Disclosures



## 6.1 LOCAL JOBS FIRST

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

Departments and public sector bodies are required to apply the Local Job first policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for statewide projects, or \$1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more.

The MPSG guidelines and VIPP guidelines will continue to apply to MPSG applicable and VIPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

During 2020-21, Cenitex commenced one Local Jobs First Standard project totaling \$5 million. This project was statewide, with a commitment of 43 per cent local content. The MPSG did not apply to this project.

The outcomes expected from the implementation of the Local Jobs First policy to this project where information was provided are as follows:

- a 43 per cent local content commitment was made; and
- a total of 2 jobs were committed, consisting of the creation of one new job and the retention of one existing job.

Cenitex did not complete any standard Local Jobs First projects.

Cenitex did not commence or complete any strategic Local Jobs First projects.

Cenitex did not provide any grants during 2020-21.

## 6.2 CONSULTANCY EXPENDITURE

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

In 2020-21, there were 22 consultancies where the total fee payable to each of the consultants was \$10,000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies was \$795,889 (excl. GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Start Date	End Date	Total Approved Project Fee (excluding GST)	Expenditure 2020-21 (excluding GST)	Future Expenditure (excluding GST)
ACCENTURE AUST PTY LTD	Priority 1 incident review	10/05/2021	31/05/2021	\$25,000	\$25,000	\$0.00
AQUITAINE CONSULTING SERVICES	Review and alignment of 1-3-5 Strategy	7/05/2021	6/07/2021	\$90,000	\$0.00	\$90,000
AUSTRALIAN SOFTWARE ADVISERS	Software Asset Management maturity assessment	1/04/2021	31/03/2022	\$160,869	\$0.00	\$160,869
BAE SYSTEMS	Provision of cyber security incident response	1/07/2020	31/12/2021	\$97,280	\$51,200	\$46,080
BEING CONSULTING	Assistance with strategy planning	19/11/2020	28/02/2021	\$16,800	\$16,800	\$0.00
CLAYTON UTZ	Legal advice for Cenitex leases	1/07/2020	31/12/2021	\$28,038	\$14,746	\$13,292
DELOITTE TOUCHE TOHMATSU	Apptio cost transparency module review	19/04/2021	30/04/2021	\$14,000	\$0.00	\$14,000
DLA PIPER	Legal Services to support unplanned workload in BAU	20/04/2021	31/07/2021	\$57,000	\$16,418	\$40,582
DXC TECHNOLOGY AUSTRALIA PTY LTD	Configuration Management Capability Uplift	1/07/2020	30/06/2020	\$21,450	\$21,450	\$0.00
ERNST & YOUNG	Development of business case bid for Broader Victorian Government Business Continuity and Disaster Recovery	1/07/2020	31/01/2021	\$188,189	\$161,600	\$26,588
ETBS GROUP PTY LTD	Benchmarking of Cenitex service models	7/10/2020	31/01/2021	\$86,995	\$86,995	\$0.00
FOI SOLUTIONS	Legal advice for FOI requests	14/08/2020	20/06/2022	\$36,363	\$3,457	\$32,906
INDEPENDENT GOVERNANCE PARTNERSHIPS PTY LTD	Professional advisory services for Board reporting	1/07/2020	30/11/2020	\$139,120	\$114,730	\$0.00

Continued next page

**Details of consultancies under \$10,000**

In 2020-21, there were two consultancy engagements, where the total fees payable to the individual consultant was less than \$10,000. Total expenditure incurred during 2020-21 in relation to these consultancies was \$3,750 (excl. GST).

Consultant	Purpose of consultancy	Start Date	End Date	Total Approved Project Fee (excluding GST)	Expenditure 2020-21 (excluding GST)	Future Expenditure (excluding GST)
MINTER ELLISON	Legal advice and support for specialist contract requirements	21/12/2020	30/09/2021	\$72,727	\$25,265	\$47,462
PERRY WATSON DESIGN PTY LTD	Graphic design, printing, and delivery of annual report	10/07/2020	30/08/2020	\$10,275	\$9,697	\$0.00
PUBLICIS SAPIENT AUSTRALIA PTY LTD	Service development support and advice	11/01/2021	30/06/2021	\$135,750	\$135,750	\$0.00
PUBLICIS SAPIENT AUSTRALIA PTY LTD	Review and advice on Cenitex Service Desk	14/06/2021	30/09/2021	\$87,699	\$87,699	\$0.00
RAPID CIRCLE PTY LTD	Design and configuration of the SharePoint knowledge hub	2/06/2021	30/06/2021	\$12,750	\$0.00	\$12,750
RISK LOGIC PTY LTD	Business Continuity policy review	19/10/2020	18/11/2020	\$10,373	\$9,430.00	\$0.00
RISK LOGIC PTY LTD	Disaster Recovery and Business Continuity Planning framework development	2/06/2021	30/06/2022	\$45,454	\$0.00	\$45,454
RISK LOGIC PTY LTD	Disaster Recovery documentation gap analysis	21/06/2021	30/06/2022	\$34,500	\$0.00	\$34,500
THE TRUSTEE FOR N & N DAWES FAMILY TRUST	Customer experience research services	15/07/2020	30/06/2021	\$15,650	\$15,650	\$0.00

**6.3 INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE**

For the 2020-21 reporting period, Cenitex had a total ICT expenditure of \$4.36m, with the details shown below:

Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT expenditure	Operational Expenditure	Capital Expenditure
\$000's	\$000's	\$000's	\$000's
2,499	1,860	1,718	142

ICT expenditure refers to the organisation's costs in consuming business-enabling ICT services to support its own business operations. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

**6.4 DISCLOSURE OF MAJOR CONTRACTS**

In accordance with the requirements of Government policy and accompanying guidelines, Cenitex has disclosed all contracts greater than \$10m in value which it entered during the year ended 30 June 2021.

Details of contracts that have been disclosed in the Victorian Government contracts publishing system can be viewed at: [www.procurement.vic.gov.au](http://www.procurement.vic.gov.au).

Contractual details have not been disclosed

for contracts where disclosure is exempted under the *Freedom of Information Act 1982* (the Act) and/or government guidelines.

## 6.5 FREEDOM OF INFORMATION

The Act allows the public a right of access to documents held by Cenitex. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers, and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by an agency. This comprises documents both created by Cenitex or supplied to Cenitex by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

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

From 1 September 2017, the Act has been amended to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

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

### Making a request

FOI requests can be lodged either by email or by post. An application fee of \$29.60 applies. Access charges may also be payable if the document pool is large, and the search for material is time consuming.

Access to documents can also be obtained through a written request to Cenitex Strategy, Governance & Risk team, as detailed in s17 of the Act.

Email FOI requests should be sent to corporate.communications@cenitex.vic.gov.au.

Postal FOI requests should be addressed to:

Strategy, Governance & Risk  
Cenitex  
PO Box 2750  
Melbourne VIC 3000

FOI requests must be in writing and should clearly identify what types of material/documents are being sought.

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

Cenitex has a Part II statement on its website outlining the functions of Cenitex and providing a non-exhaustive list of the types of information and documents we hold in relation to our functions.

### FOI statistics/timeliness

During 2020-21, Cenitex received one application, which was from a member of the public. Cenitex made one FOI decision during the 12 months ended 30 June 2021. The documents sought did not exist.

This decision was made within the statutory 30-day period. There were no access decisions made. The average time taken to finalise requests in 2020-21 was 16 days.

During 2020-21, no requests were subject to a complaint/internal review by OVIC. No requests progressed to the Victorian Civil and Administrative Tribunal (VCAT).

### Further information

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

## 6.6 COMPLIANCE WITH THE BUILDING ACT 1993

Cenitex does not own nor control any government buildings. Consequently, it is exempt from notifying its compliance with the building and maintenance provisions of the Building Act 1993.

## 6.7 COMPETITIVE NEUTRALITY POLICY

Cenitex continues to comply with the requirements of the National Competition Policy, including the Competition Principles Agreement (CPA), under which Victoria is obliged to apply competitive neutrality policy and principles to all significant business activities undertaken by government agencies.

Competitive neutrality requires government businesses to ensure that where services compete, or potentially compete, with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned and thus be fully cost-reflective.

Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

Cenitex continues to ensure Victoria fulfils its requirements on competitive neutrality reporting for government businesses against the enhanced principles, as required under the CPA.

## 6.8 COMPLIANCE WITH THE PUBLIC INTEREST DISCLOSURES ACT 2012

The *Public Interest Disclosures Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The FOI Act 1982 provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

Cenitex does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

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

### Reporting procedures

Disclosures of improper conduct or detrimental action by Cenitex or any of its employees may be made directly to the Independent Broad-based Anti-Corruption Commission:

Level 1, North Tower, 459 Collins Street  
Melbourne, VIC 3000  
Phone: 1300 735 135  
Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)  
Email: [See IBAC's website above for secure email disclosure process, which also provides for anonymous disclosures].

### Further information

The Public Interest Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by Cenitex or any of its employees and/or officers, is available on the

Cenitex website. Cenitex is not aware of any disclosures that have been made to the Independent Broad-based Anti-Corruption Commission in relation to Cenitex during 2020-21 or 2019-20.

## 6.9 OFFICE-BASED ENVIRONMENTAL IMPACTS

Cenitex collects data for environmental impacts reporting. The data presented below includes our office-based environmental impacts in three areas: energy, paper, and transport.

### Environmental Reporting

	2020-2021		2019-2020	
	Offices	Data centres	Offices	Data centres
Electricity consumption (megajoules – MJ)	788,560	12,432,168	3,302,993	13,756,774
MJ per square metre (m2)	100	7,339	417	8,121
MJ per full-time employee (FTE)	1,451	22,881	5,415	22,552
Paper consumption (reams)	30		198	
Reams per FTE	0.06		0.32	
Motor vehicle use (kilometres)	74,003		121,635	
– Diesel	58,614		28,681	
– Unleaded	15,389		92,954	
km per FTE	136		225	

FTE = 545.53 FY 2020-21  
FTE = 536.78 FY 2019-20

#### Notes:

Motor Vehicle kilometres is based on financial year (July to June), with additional details provided on fuel type.

FTE numbers above include contractors.

#### Water and waste

Cenitex pays indirectly for water consumption and waste disposal as part of the 80 Collins

Street lease, billed as a percentage of the whole of the property budget across its floors.

This is standard practice in leased buildings.

We do not keep data as we do not process direct accounts from these suppliers.

Cenitex procures a significant portion of its requirements from state purchasing contracts (SPC) to take advantage of pre-negotiated contract terms, pricing arrangements and social procurement initiatives.

Achievements in sustainable procurement and/or efforts to reduce Cenitex's office based environmental impact include:

- leveraging the SPC for large site energy consumption, which includes the provision of renewable energy certificates, noting a significant reduction in office energy consumption due to staff working from home during the pandemic
- leveraging the SPC for stationery for the provision of paper, which consists of 95.24% Australian made and recycled content, noting a significant reduction in ream usage per annum due to staff working from home during the pandemic
- leveraging the uniforms and protective personal equipment (PPE) ethical supplier register to acquire workwear and PPE from small to medium enterprises with Ethical Clothing Australia accreditation or independently verified ethical local manufacturing
- relocating to our new 6-star energy efficient NABERS rated office building
- banning single-use plastics in the provision of office supplies to the new building, in support of the goal to phase out single-use plastics across the Victorian Public Service by February 2022
- Cenitex has updated its Social Procurement Strategy during 2020-21, maintaining environmentally sustainable outputs as a priority objective.

## 6.10 SOCIAL PROCUREMENT FRAMEWORK

Victoria is committed to social procurement and has established the Social Procurement Framework. The Framework enables buyers and suppliers to use the Government's buying power to deliver social, economic, and environmental outcomes that benefit the Victorian community, the economy, and the environment.

Cenitex updated its social procurement strategy during FY2020-21 to a 2-year duration effective until 30 June 2022, enabling us to further imbed and mature social procurement at Cenitex.

In 2020-21, Cenitex has retained the following priority Social Procurement Framework objectives from its inaugural strategy:

- opportunities for Victorian Aboriginal people;
- women's equality and safety; and
- environmentally sustainable outputs.

Cenitex has continued to progress several initiatives identified in its social procurement strategy, primarily related to capability development and reporting maturity. These ongoing initiatives are targeted for completion over the 2-year duration of the current strategy, which will be achieved via:

- a shift from a centralised to a centre-led procurement model;
- modernised systems; and
- updated processes.

Cenitex's annual report includes achievements in social procurement and covers activity between 1 July 2020 to 30 June 2021. In reviewing this year's performance, Cenitex is pleased to report that total social enterprise expenditure has doubled from last year, maintaining a consistent number of social enterprises engaged year-on-year.

Social procurement metric	Expenditure 2020-21 (excluding GST)	Number of businesses engaged
Total expenditure with Victorian Aboriginal businesses	\$54,667	1
Total expenditure with Victorian social enterprises, including expenditure to those led by a mission for the disadvantaged	\$19,346	3
Total expenditure with Victorian social enterprises	\$74,013	4

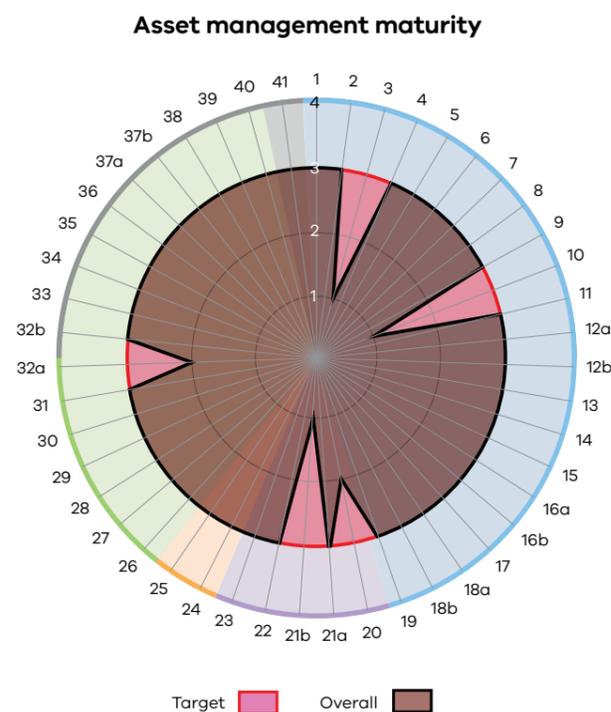
### 6.11 COMPLIANCE WITH DATAVIC ACCESS POLICY

Cenitex did not make any data sets available on the DataVic website in 2020-21. Information included in this Annual Report and the 2019-20 Annual Report will be made available at [www.data.vic.gov.au](http://www.data.vic.gov.au) in electronic readable format.

### 6.12 ASSET MANAGEMENT ACCOUNTABILITY FRAMEWORK (AMAF) MATURITY ASSESSMENT

The following sections summarise Cenitex’s assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website (<https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework>).

The organisations target maturity rating is ‘competence’, meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.



**LEGEND**

Status	Scale
Not Applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A

#### Leadership and Accountability (requirements 1-19)

The organisation has met its target maturity level under most requirements within this category.

The organisation did not comply with some requirements in the areas of resourcing and skills and allocating asset management responsibility in relation to other organisations. There is no material non-compliance reported in this category. A plan for improvement is in place to improve the organisation’s maturity rating in these areas.

#### Planning (requirements 20-23)

The organisation has met its target maturity level under most requirements within this category.

The organisation did not comply with some requirements in the areas of asset management strategy. There is no material non-compliance reported in this category. A plan for improvement is in place to improve the organisation’s maturity rating in these areas.

#### Acquisition (requirements 24 and 25)

The organisation has met its target maturity level in this category.

#### Operation (requirements 26-40)

The organisation has met its target maturity level under most requirements within this category.

The organisation did not comply with some requirements in the area of maintenance of assets. There is no material non-compliance reported in this category. A plan for improvement is in place to improve the organisation maturity rating in these areas.

#### Disposal (requirement 41)

The organisation has met its target maturity level in this category.

### 6.13 AVAILABILITY OF OTHER INFORMATION

In compliance with the requirements of the Standing Directions 2018 under the Financial Management Act 1994, details in respect of the

items listed below have been retained by Cenitex and are available on request, subject to the provisions of the Freedom of Information Act 1982:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- details of publications produced by the entity about the entity, and how these can be obtained.
- details of changes in prices, fees, charges, rates, and levies charged by the entity.
- details of any major external reviews carried out on the entity.
- details of major research and development activities undertaken by the entity.
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services.
- details of assessments and measures undertaken to improve the occupational health and safety of employees.
- general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes.
- list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved.
- details of all consultancies and contractors including:
  - consultants/contractors engaged.
  - services provided; and
  - expenditure committed to for each engagement

The information is available on request from:

Executive Director Strategy Governance & Risk  
Cenitex  
PO Box 2750  
Melbourne VIC 3000  
Email: [corporate.communications@cenitex.vic.gov.au](mailto:corporate.communications@cenitex.vic.gov.au)

## DISCLOSURE INDEX

Legislation	Requirement	Section reference
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	1, 4
FRD 22H	Purpose, functions, powers, and duties	1
FRD 8D	Departmental objectives, indicators, and outputs	2
FRD 22H	Key initiatives and projects	2
FRD 22H	Nature and range of services provided	1, 2
<b>Management and structure</b>		
FRD 22H	Organisational structure	4
<b>Financial and other information</b>		
FRD8D	Performance against output performance measures	2
FRD 10A	Disclosure index	Page 94
FRD 12B	Disclosure of major contracts	6.4
FRD 15E	Executive officer disclosures	Financial Report 8.2
FRD 22H	Employment and conduct principles	5.3
FRD 22H	Occupational health and safety policy	5.2
FRD 22H	Summary of the financial results for the year	Financial Report
FRD 22H	Significant changes in financial position during the year	Financial Report
FRD 22H	Subsequent events	Financial Report 8.5
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	6.5
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	6.6
FRD 22H	Statement on National Competition Policy	6.7
FRD 22H	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	6.8
FRD 22H	Details of consultancies over \$10,000	6.2
FRD 22H	Details of consultancies under \$10,000	6.2
FRD 22H	Disclosure of ICT expenditure	6.3
FRD 22H	Statement of availability of other information	6.13
FRD 24D	Reporting of office-based environmental impacts	6.9
FRD 25D	Local Jobs First	6.1
FRD 29C	Workforce Data disclosures	5.1
SD 5.2	Specific requirements under Standing Direction 5.2	Financial Report

## DISCLOSURE INDEX

Legislation	Requirement	Section reference
<b>Compliance attestation and declaration</b>		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	Page 96
SD 5.2.3	Declaration in report of operations	Letter to the Minister
<b>Financial statements</b>		
<b>Declaration</b>		
SD 5.2.2	Declaration in financial statements	Financial Report
<b>Other requirements under Standing Directions 5.2</b>		
SD 5.2.1 (a)	Compliance with Australian accounting standards and other authoritative pronouncements	Financial Report
SD 5.2.1 (a)	Compliance with Ministerial Directions	Financial Report
SD 5.2.1 (b)	Compliance with Model Financial Report	Financial Report
<b>Other disclosures as required by FRDs in notes to the financial statements</b>		
FRD 21C	Disclosures of Responsible Persons, Executive Officers, and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	Financial Report 8.1
FRD 103H	Non-Financial Physical Assets	Financial Report 4.1
FRD 110A	Cash Flow Statements	Financial Report
FRD 112D	Defined Benefit Superannuation Obligations	Financial Report 3.1.3
FRD 114C	Financial Instruments – general government entities and public non-financial corporations	Financial Report 7.1
<b>Legislation</b>		
	<i>Freedom of Information Act 1982</i>	6.5
	<i>Building Act 1993</i>	6.6
	<i>Public Interest Disclosures Act 2012</i>	6.8
	<i>Local Jobs First Act 2003</i>	6.1
	<i>Financial Management Act 1994</i>	Letter to the Minister

## Attestation for Financial Management Compliance with Ministerial Standing Direction 5.1.4

I, Randall Straw PSM, on behalf of Cenitex, certify that Cenitex has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.



**Randall Straw PSM**  
Chair  
7 September 2021

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