

cenitex

ANNUAL REPORT  
2018/19



**VICTORIA**  
State  
Government

4 October 2019

The Hon Robin Scott MLA Assistant Treasurer  
Department of Treasury and Finance  
1 Macarthur Street  
East Melbourne VIC 3002

Dear Minister

**CENITEX ANNUAL REPORT**

I am pleased to submit the 2018-19 Annual Report of CenITex, including the Financial Statements for the year ended 30 June 2019, 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**  
Chair

# CONTENTS

<b>About Cenitex</b>	<b>4</b>
<b>1. From the Chair</b>	<b>6</b>
<b>2. From the Chief Executive Officer</b>	<b>7</b>
<b>3. Cenitex Board</b>	<b>8</b>
<b>4. Cenitex Executive Leadership Team</b>	<b>8</b>
<b>5. Year in Review</b>	<b>9</b>
5.1 Improve service quality and drive down costs	11
5.2 Drive a focus on customer service and grow our customer base	18
5.3 Build a high performing and engaged organisation by investing in our people	20
5.4 Embrace innovation and rapidly introduce new ICT services	23
<b>6. Financial Report</b>	<b>27</b>
6.1 Summary of Financial Results	28
Notes to the financial statements	36
Auditor-General's Report	61
<b>7. Governance and Organisational Structure</b>	<b>63</b>
<b>8. Our People</b>	<b>69</b>
8.1 Workforce profile	70
8.2 Occupational Health and Safety	72
8.3 Employment and conduct principles	75
<b>9. Disclosures</b>	<b>77</b>
9.1 Local Jobs First	78
9.2 Consultancy expenditure	78
9.3 Information and communication technology expenditure	80
9.4 Disclosure of major contracts	80
9.5 Freedom of Information	81
9.6 Compliance with the Building Act 1993	81
9.7 Competitive Neutrality Policy	81
9.8 Compliance with the Protected Disclosure Act 2012	81
9.9 Office-based environmental impacts	82
9.10 Procurement	82
9.11 Compliance with DataVic Access Policy	82
9.12 Availability of other information	83
9.13 Disclosure index	84
9.14 Our websites	85
9.15 Glossary of terms	86

## ABOUT CENITEX

Cenitex provides responsive, customer-focused ICT solutions to Victorian Government departments and agencies, helping deliver the very best service and support to the Victorian community.

Created as a State Body under the State Owned Enterprise Act on 16 July 2008, Cenitex delivers essential ICT services including, identity and network management, cyber security, and user workspace and cloud services. Our shared services provide our customers with efficient and cost-effective ICT solutions that could not otherwise be achieved independently.

We work closely with our customers to understand their business needs and adopt more agile and collaborative methods of working. Alongside a maturing customer engagement model, Cenitex has developed services and technology roadmaps that are pivotal to refreshing critical assets necessary to meet our customers' needs. Our technology roadmap in particular, takes advantage of the next generation of technologies offered by industry and will deliver the increased resilience and reliability our customers expect.

Our mission is to support a modern, agile and productive public sector and is driven by the government's commitment to a digital Victoria and better outcomes for our community.

The Assistant Treasurer is the Victorian Government Minister responsible for Cenitex. Cenitex reports to the Department of Treasury and Finance for its corporate planning requirements.

Cenitex supports a total of 32 customers from across Victorian Government departments, portfolio agencies, associated agencies and government entities.



## HIGHLIGHTS



**32**

customers—from across Victorian Government departments, portfolio agencies, associated agencies and government entities



**62%**

of servers migrated to our new software defined network



**25,983**

users migrated to Office 365/Windows 10



**580 million**

total number of cyber security threats blocked



**\$174.9 million**

in revenue



**46,352**

public servants supported



**534**

people in our workforce

## 1 FROM THE CHAIR

Cenitex's mission is to support a modern, agile and productive Victorian Government by delivering contemporary ICT services. Our shared ICT services model realises significant benefits for government.

This year, we commenced our most significant change project, Program Fortify. Program Fortify will see our people, processes and technologies adopt new ways of working and deliver significantly enhanced resilience, reliability and cost-effective services to our customers. We invested efficiency gains realised in 2017-18 into Program Fortify instead of providing a price relief. A cost savings of 1.25% was, however, provided to customers who paid their financial year invoices in advance.

Our organisation ended the year with a surplus of \$1.56 million, well ahead of our budgeted deficit. This surplus was driven in part by revenue gains due to higher consumption by government departments and the slower pace of internal projects as we focused on getting Program Fortify right.

Capturing the benefits of our economies of scale, Cenitex continued to drive the migration of over 25,000 users to Microsoft Windows 10 and Office 365. This provided a significant proportion of the Victorian public service workforce with the latest productivity and collaboration tools. In line with the Victorian State ICT Strategy for a mobile and agile workforce, we commenced the development of a Digital Workplace—a single, consistent desktop experience, allowing for better collaboration on all corporate devices. This new offering is set for release in the 2019–20 financial year.

Cyber security continued to be an area of focus. Cenitex commenced a comprehensive review of its security governance and posture, and enhanced our capabilities with the appointment of a Chief Information Security Officer (CISO). We introduced a reformulated customer security working group and mapped security controls against the National Institute of Standards and Technology (NIST) standards, while commencing the development of an enhanced security offering in the cloud, VicCloud Protect, to be released early in the next financial year.

After eight years, Michael Vanderheide moved on from his role as Chief Executive. Catherine Ho was the Interim Chief Executive before Frances Cawthra commenced in the role of Chief Executive Officer from July 2019. Michael's dedicated leadership and stewardship has prepared the way for our next evolution with enhanced service quality and customer experience.

Our Board composition also saw some changes with Shaun Condron leaving us in February, and the terms of Dr Richard Tait and Conrad Harvey coming to a close at the end of the financial year. I sincerely thank Shaun, Richard and Conrad for their contributions. In late June, John Craven was appointed to the Board effective 1 July 2019, we look forward to his service.

Overall, the year was one characterised by continual change and improvement. Driving our change is the maturing of our customer experience journey from delivering basic ICT infrastructure services to becoming a preferred solutions partner that is easy and efficient for our customers to do business with. The fruits of our hard work will be realised in the coming year as our new core technologies and ways of working deliver a marked increase in service resilience, reliability and cost effectiveness to the whole of government.



**Randall Straw**  
Chair

## 2 FROM THE CHIEF EXECUTIVE OFFICER

The year has been characterised by transformative changes in technology as we strive to provide resilient, innovative and cost-effective services for our customers.

Cenitex commenced technology led reforms to deepen our service capabilities and we farewelled Michael Vanderheide, our Chief Executive of eight years. We closed a chapter in 2018-19 as Cenitex turned ten years old and, early in the new financial year, we will commence the implementation of a new service line-based organisation structure, with new technology platforms and a new Chief Executive Officer, Frances Cawthra.

Delivering improved service quality to our customers is a key outcome of our transformations.

Despite experiencing a severe outage during the year, we achieved a 30% reduction in Severity 1 incidents from the previous year through continual operational improvements.

Five ICT projects were consolidated under Program Fortify, including the build of a resilient network that avoids single points of failure, and the implementation of a software defined environment to help our customers better manage their workloads. This program will also see the security of end point devices enhanced, along with the re-design of our hosting platforms. In addition, an innovation stream will deliver a new digital workplace to enable better collaboration among public sector employees in the Victorian Government.

Together, these capabilities will allow government to bring their cloud-based adoptions to scale, while providing improved mobility, agility and productivity to our customers. These initiatives also enhance government's ability to better manage disaster recovery.

In collaboration with our key vendors, we created more innovative services for our customers in end user computing, hosting and cloud services. Focusing on their need for mobility, security, timeliness and cost effective services, we will deliver a protected cloud environment and deeper capabilities in storage and compute in 2019-20.

During the year, we welcomed eleven new customers to Cenitex, as we continue our vision to support a government that delivers for all Victorians.

By sharing our resources and capabilities, the benefits of government investment in Cenitex is realised through an overall lower cost of services to customers.

None of the above is achievable without the support of our people. We achieved an 6% improvement in our people's engagement during our annual employee survey. Cenitex invested in building our people's skills in leadership, change management and specialist areas of technology in readiness for our new ways of working. Our plans to move to new accommodation in 2020 continues with the completion of the 'SouthBound' workplace strategy which will introduce activity-based working.

Cenitex ended the year reporting a surplus of \$1.5m, despite a budgeted deficit. This positive outcome is the result of a small revenue growth on account of customer consumption and operational efficiencies in baseline services. Cenitex has delivered a surplus for the last five years, while lowering prices to our customers year on year.

Over the coming years, our ability to provide further cost savings is dependent on our customers' take up of our new service offerings in the Digital Workplace and hosting, as well as growing our customer base. We have budgeted for a deficit in 2019-20 as the organisation absorbs the costs of carrying two technology environments as part of the change led by Program Fortify.

I thank our customers for their partnership and support as we change for the future. I thank the Board and Michael Vanderheide for their support and stewardship. To our people, who show up every day with their skills, knowledge and passion, I thank and acknowledge your goodwill and contribution as we build on the story of Cenitex.

Cenitex is changing to do business differently for the benefit of our customers. Together, the Executive and I, look forward to working with Frances in the new year with renewed focus as we implement these changes.



**Catherine Ho**  
Interim Chief Executive Officer

### 3 CENITEX BOARD

Randall Straw (Chair)

---

Richard Tait

---

Conrad Harvey

---

Johanna Barker

---

Kathryn Anderson

---

Julie Fahey

---

Shaun Condron  
(resigned from the Board, February 2019)

---

Carolyn De Gois

---

### 4 CENITEX EXECUTIVE LEADERSHIP TEAM

**Catherine Ho**

Interim Chief Executive

---

**Adrian Carbone**

Director Customer Engagement (acting)

---

**Sharon Copeland-Smith**

Director Strategy and Governance

---

**Nigel Cadywould**

Director Service Delivery (acting)

---

**Duncan McNab**

Director Finance and Business Systems (acting)

---

**Catherine Proud**

Director People and Capability

---

A large, stylized orange number '5' is positioned on the right side of the cover. The background consists of geometric shapes in shades of blue and orange.

Y E A R I N  
R E V I E W

### Our Goal

To deliver customer focused ICT services that support a modern, agile and productive public sector.

### Our Values

Accountability, Courage, Initiative, Collaboration and Respect

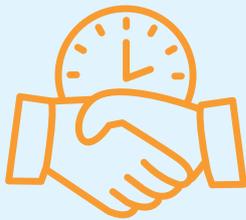
### Our customer promise

We provide reliable, easy to use, contemporary technology to enable our customers to deliver for the Victorian community 24/7.

### Our strategic objectives

The Victorian Government's ICT strategy articulates a digital-first, citizen-centric delivery of government services and transactions. Cenitex supports this strategy through our customer-centric approach to the provisioning of ICT services that directly support new service delivery models. We commit to the following four strategic objectives:

- Improve service quality and drive down costs
- Drive a focus on customer service and grow our customer base
- Build a high performing and engaged organisation by investing in our people
- Embrace innovation and rapidly introduce new ICT services.



#### Great service that meets your needs in a timely manner

Be it resolving an issue or keeping you up to date with technology, our focus is on rapidly responding to your needs. Our team will take ownership of your issues and see them resolved to your satisfaction



#### A highly dependable and secure platform for government

We focus on delivering highly reliable technology so you can focus on delivering great services



#### Value for money

As part of the Victorian Government, our sole focus is on delivering the best value technology to the public sector.

## 5.1 IMPROVE SERVICE QUALITY AND DRIVE DOWN COSTS

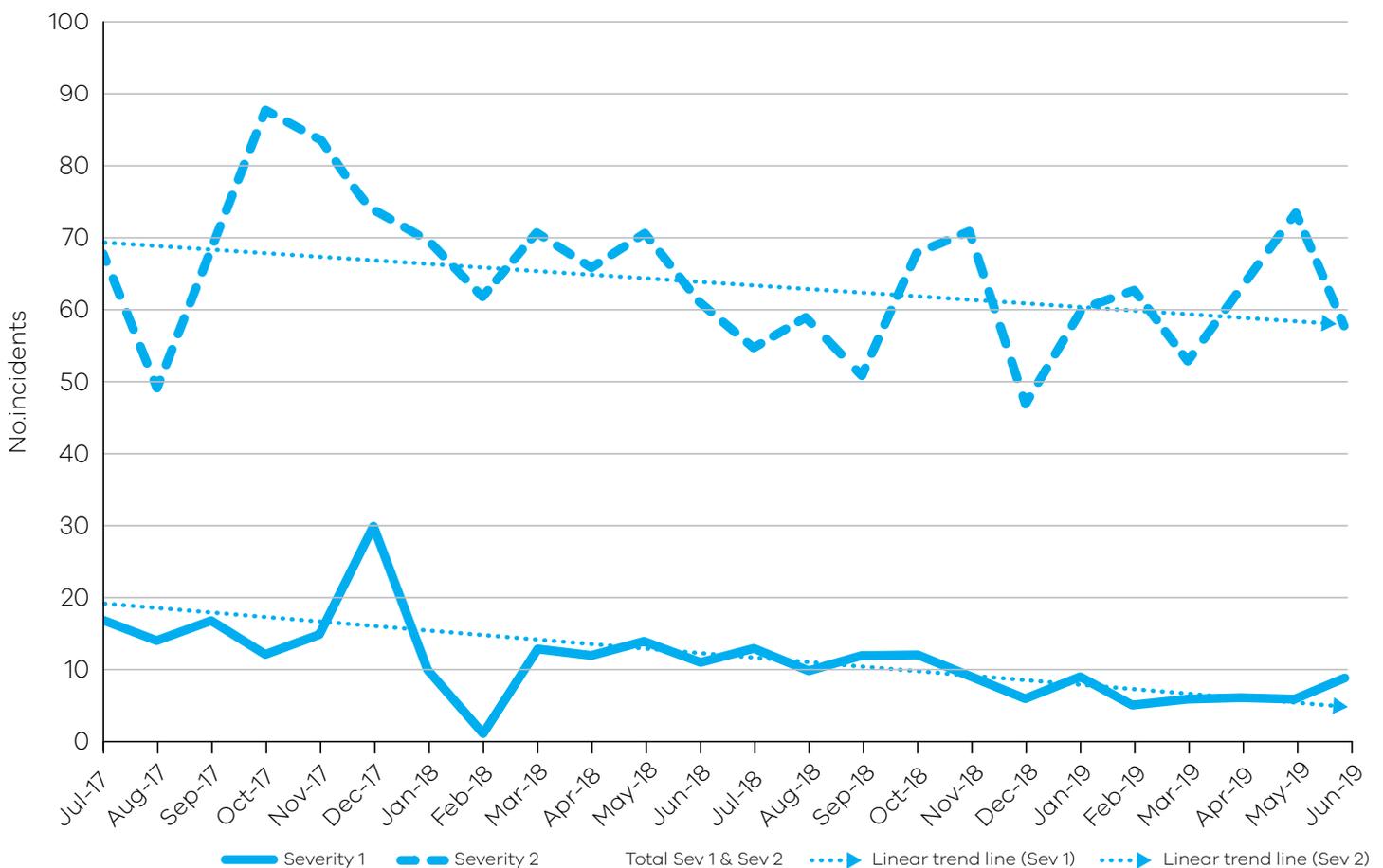
### Achieving significant reductions in high severity incidents

One of the cornerstones for providing robust and reliable services to our customers is understanding why incidents occur and making sure our remediation, problem management and routine processes reduce the likelihood of recurrence.

By implementing new processes and governance controls, together with enhanced collaboration and reporting between key teams, Cenitex achieved a 30% reduction in the number of Severity 1 incidents compared to the previous financial year, across a range of services. In addition, Severity 2 incidents decreased by 20%. This is the second year running we have achieved a downward trend in high severity incidents.

Our Project Delivery team, had a 70% reduction in incidents from the previous year. Out of 2,695 changes, only four resulted in an incident. Our goal is zero in the new year.

Another significant influence on the reduction in incidents was due to our customers transitioning to newer, more robust technologies, such as Office 365.



Frequency of severe incidents from FY2018 to FY 2019

### Program Fortify: Improving resilience and reliability with the new software defined network and data centres

The traditional hardware-based design Cenitex has used to run its data centres and network is becoming a thing of the past. With the rapidly increasing shift to the cloud, we are moving towards more resilient and cost-effective technologies that leverage the benefits and opportunities the cloud provides.

We have partnered with Cisco, VMware and Hewlett Packard Enterprise to build and deploy software defined data centres and a software defined network. In the software defined environment, hardware based servers, storage and network components are virtualised, making them easy to provision, deploy, monitor and maintain through a single software interface.

The new platform requires less hardware to resource, power and manage, resulting in the return of cost savings back to customers. Moreover, it reduces our carbon footprint and delivers a more sustainable service.

Our software defined environment makes us market competitive and able to offer faster, scalable consumption based services by taking advantage of inbuilt automation capabilities.

Customers will be able to self-provision assets and use new scalability options. Unconstrained by limitations of available hardware and network resources, they can flexibly design, run and manage applications and services that are tailored to their business needs.

Migration of applications and databases onto the software defined platform began in March, with over 60 per cent completed by June 30. The remainder will be completed by September 2019, with the legacy network decommissioned by November 2019.

### Streamlining Machinery of Government Changes

Following the return of the Andrews Labor Government in November 2018, a number of Machinery of Government changes were introduced. Major changes involved the Department of Economic Development, Jobs, Transport and Resources transitioning into two new departments—the Department of Transport (DoT) and the Department of Jobs, Precincts and Regions (DJPR); and the Department of Justice and Regulation becoming the Department of Justice and Community Safety (DJCS). Each major department also saw business units and staff shift to new home entities.

To support our customers' transition through the Machinery of Government changes, a dedicated project team was set up to plan and implement the ICT and accommodation changes required. Twenty government entities and approximately 9,000 government staff were affected.

These individual changes and user migrations can be complex, as some business units moved from outside our managed network to our Government Shared Platform.

Critical to our customers' success was the project team's close collaboration with customers and vendors.

Our ability to assist our customers to efficiently shift departments is due largely to the use of Cenitex's Government Shared Platform and our Office 365 tenancy. Having departments and agencies utilise the same operating systems and Microsoft office platforms allows a streamlined approach to these shifts



*"I was impressed with the way Cenitex progressed the project and the way all departments were engaged ... Cenitex demonstrated flexibility and showed that they had learnt many lessons from previous MoGs. It was great working with Cenitex to reach a successful outcome."*

— Elisabeth Howson,  
Manager, Strategy and Compliance,  
Department of Treasury and Finance

*"DPC was early to transition its staff, and this meant Cenitex had to learn on the go given the new Office 365 environment, developing processes to be repeated across other future MoGs. The end result was that we offered smooth transitions for staff into their new departments."*

— Rob Jackson,  
ICT Manager, Information & Communication  
Technology, Department of Premier and Cabinet

### Smarter internet security with Smart Guard

Smart Guard is a new internet security service implemented for customers this financial year. The cloud-based service is capable of providing protection to any device, anywhere in the world.

Now, our customers are no longer reliant on data centre infrastructure to keep their devices secure. Web traffic bypasses the data centre network with a direct internet link, while remaining protected. This means faster speeds and more resilient internet services.

With more and more work performed on mobile devices away from the office, Smart Guard extends government-level security to any corporate device, wherever it is used. Corporate devices now carry the same security policies and features as when they are in the office. Smart Guard has also been rolled out to our Guest Wi-Fi service, further securing our customers' network and internet services.

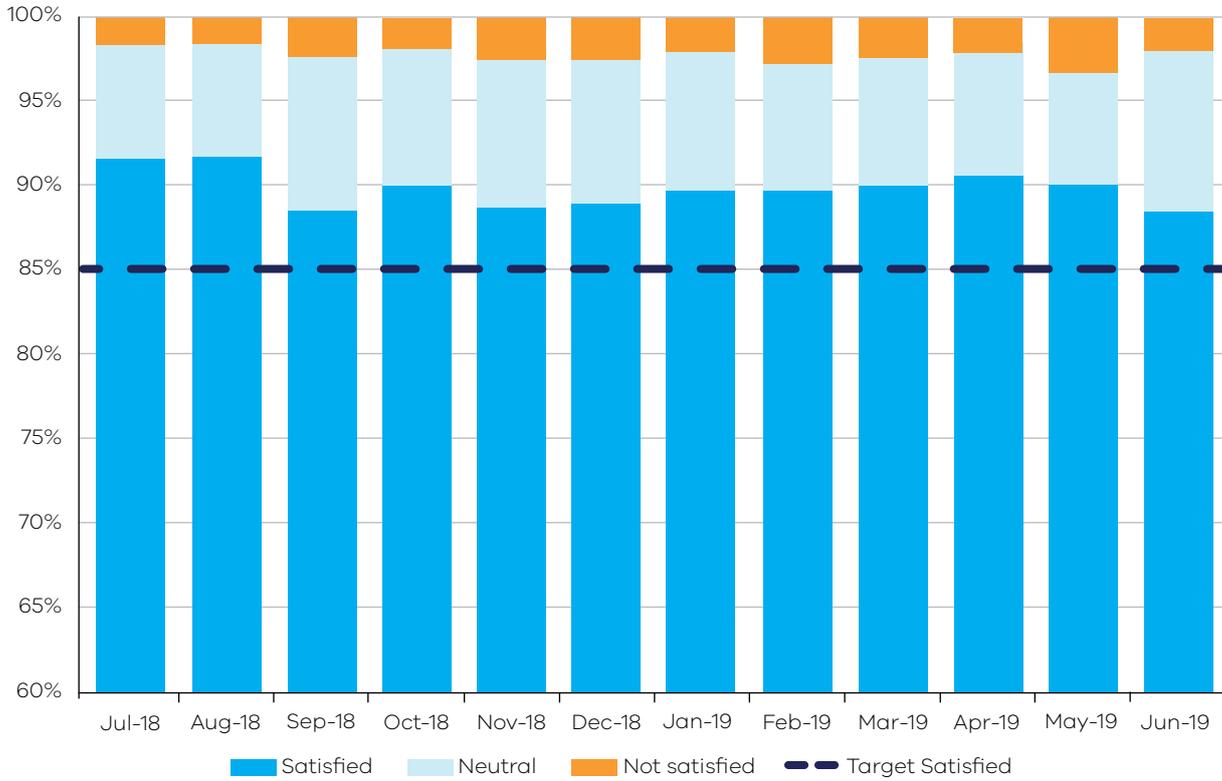
Smart Guard adds to Cenitex's strategy to reduce dependencies on our physical infrastructure, helping to build increased resilience across all our services.

### Performance of IT Service Centre

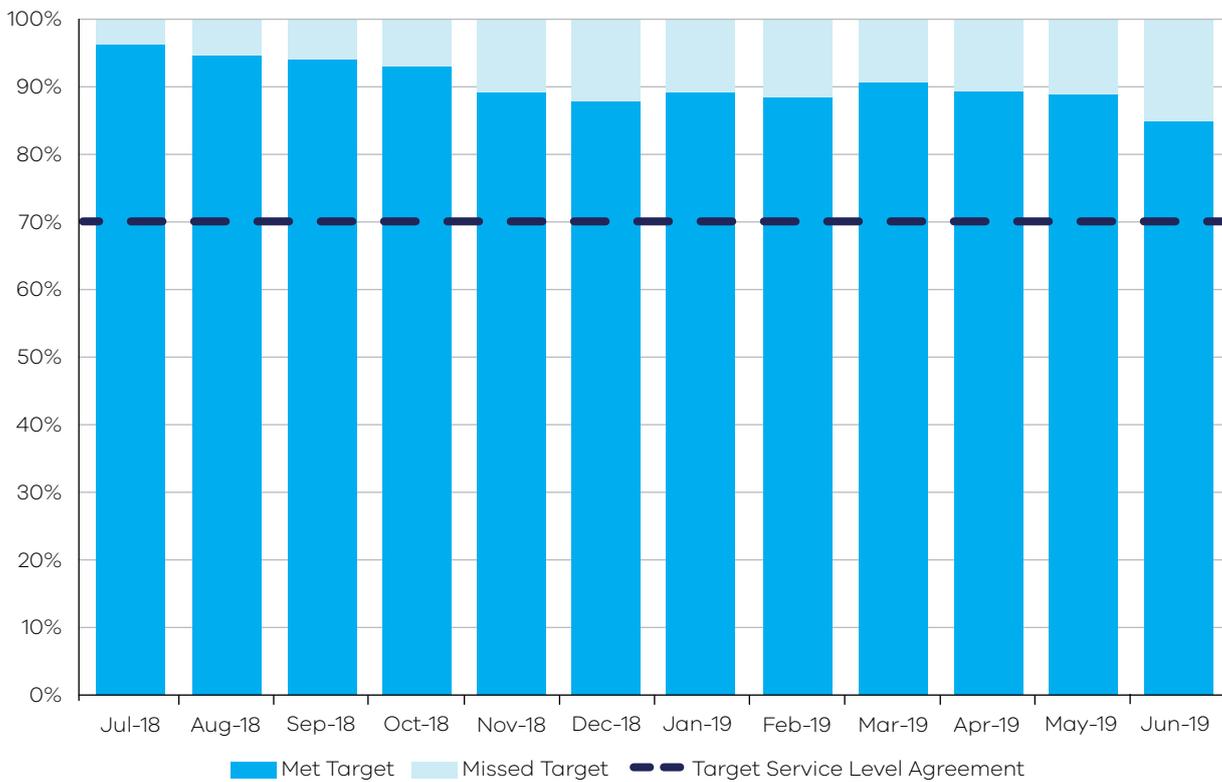
The IT Service Centre receives around 16,000 service requests via phone and email each month. To measure our performance and continuously improve our customers' experience, we send a monthly survey to approximately 1,000 customers.

The past twelve months has seen us exceed performance targets every month, with 85% of our customers reporting their satisfaction with the support they receive from our IT Service Centre.

The IT Service Centre provides standard and premium service level support. Quickly answering and resolving customer service requests and complaints is the foundation of our customer Service Level Agreement (SLA). Cenitex's performance during the 2018–19 financial period has consistently exceeded our SLA to resolve 70 per cent of service requests and faults within two hours.



Customer satisfaction with the IT Service Centre—FY2019



First-level resolution of requests and faults—FY2019

## A WORKPLACE REIMAGINED

The new Digital Workplace for Victorian Government increases mobility, simplicity, efficiency and collaboration for all our customers.

Part of Program Fortify, the Digital Workplace meets the needs of an increasingly mobile and collaborative Victorian Government, supporting flexible working styles for users that enhance their productivity and services to the community.

Designed to support collaboration, the Digital Workplace offers seamless and secure access, through single sign-on, to all corporate applications across multiple devices and operating systems, wherever our customers choose to work.

Our new app store gives users the ability to self-provision, and download the applications they require in as little as 30 minutes, without the need to contact the IT Service Centre.

The Digital Workplace will be available on corporate desktops, laptops, tablets and smartphones running Windows, Apple or Chrome operating systems.



## Evolving our cyber security capabilities

A critical concern for any government is the protection of its data and ICT environments from cyber security incidents.

Cenitex is continually evolving our security services, processes and posture to keep one step ahead of threats. A major security project this financial year involved replacing our current web proxy technologies—one of the core building blocks for securing an organisation's ICT environment. A web proxy is the infrastructure and software that blocks websites with malicious or inappropriate content and performs virus scanning. By developing the new web proxy service, Smart Guard, for our customers, we were able to not only increase efficiencies and cost savings by decommissioning 32 proxy appliances and servers, but we were also able to offer web filtering for all devices, no matter where they are used. As customers increasingly demand more flexibility and mobility for their staff, we are meeting this demand with more secure, reliable and cost-effective services.

Cyber security is a shared responsibility and we work closely with our customers, vendors and other stakeholders to enhance our collective security. Cenitex has been a key contributor to the creation of the Victorian Government's first Cyber Security Incident Management Plan. Our main customer committee on cyber security has transformed into the Shared Cyber Security Working Group. The new group brings our customers' key cyber security officers together to share knowledge, coordinate activities and strengthen our collective posture.

The group have endorsed the National Institute of Standards and Technology (NIST) Cybersecurity Framework. Following this, Cenitex produced a current state cyber security profile, identifying risk across various services such as Office 365 and End User Computing, and associated Cyber Security Action Plans. Tasks for completion in the new year include completing the risk assessments across all service lines, determining our target state profile and implementing our prioritised cyber security roadmap.

Within Cenitex we have added to our cyber security team a Chief Information Security Officer (CISO) and a Security Architect. Two virtual teams were also formed, the Cyber Security Management Group and the Security Specialist Group, who split management and tactical tasks when responding to cyber security incidents.

By bolstering our internal cyber security experience and capabilities, adopting innovative new technologies and collaborating closely with our customers and vendors, we are ensuring the Victorian Government is protected and well prepared to meet the increasingly sophisticated and evolving cyber security threats.

## Performance against Corporate Plan

Outcome	Target	Status
Software Defined Network migration	Quarter 4 2018-19	Commenced
Software Defined Data Centre migration	Quarter 4 2018-19	Commenced
Smart internet security service launched (Smart Guard)	Quarter 2 2018-19	Complete
VicGov Desktop as-a-Service ready for deployment	Quarter 4 2018-19	Commenced
Compliance Self-Assessment Review of the Victorian Protected Data Security Standards	Agreed actions implemented by due dates	Complete

## 5.2 DRIVE A FOCUS ON CUSTOMER SERVICE AND GROW OUR CUSTOMER BASE

### Responding to a fire crisis with DELWP

An unprecedented emergency hit the Department of Environment, Land, Water and Planning (DELWP) when fire broke out at 8 Nicholson Street on 22 August 2018. It took thirty firefighters over four hours to get the fire under control. Although the fire damage wasn't extensive, smoke entered the air-conditioning system causing the building to be deemed unsafe. Roughly 1,900 DELWP staff were unable to return to work, leaving many without computer or network access.

Cenitex swung into action, helping to relocate the displaced staff and reinstate their ICT capabilities. Working closely together, our people showed commitment and determination, putting in many hours of overtime, including on Fathers' Day, to get DELWP staff back to work as quickly as possible.

Working with our customers, Cenitex established new work sites, including network links within a two-week period.

Some five weeks after the event, half of DELWP's staff had resumed their work at 8 Nicholson Street with Cenitex's emergency response activities winding down.



*“Without the team’s responsiveness and empathy in such a difficult circumstance the deployment activity underway at 2 Lonsdale would not be as effective or as well received as it has been to date.”*

— Russell Henthorn,  
Manager of Workplace and Service  
Management at Department of  
Environment, Land, Water and Planning

## Growing our customer base

Cenitex achieved significant growth in the number of customers in the 2018–19 financial year. We welcomed the following eleven new customers:

- Forensicare
- State Electricity Commission
- WorkSafe
- City of Melbourne
- Emergency Management Victoria
- Emergency Services Telecommunication Authority
- Ambulance Victoria
- The Department of Education and Training
- Essential Services Commission
- Architects Registration Board of Victoria
- Victorian Building Authority

The large growth in customers this year is testament to our redefined approach towards customer engagement and our changing perception in the market, where the value proposition of working within government is readily apparent. By engaging deeply with our customers around their ICT journey, challenges and opportunities ahead, our New Business team has been successful in identifying solutions to best fit each new customer.

Our customer acquisition over the financial year has been supported by growing our New Business team as we look to deliver more value to government and the Victorian community.

## Uplifting the ICT experience of regional sites

We know the experience for some of our regional customers has been below par compared to their CBD or metro colleagues.

A major factor affecting poor network performance has been older network infrastructure, including switches and routers. Working closely with customers and our vendor, Dimension Data, we began monitoring end user performance at a number of regional pilot sites. We established weekly governance meetings to track activities and collaborate together on problem solving to find solutions. By systematically planning and testing our activities in a collaborative, iterative manner, we are creating a detailed roadmap to implement demonstrable improvements across our whole Government Shared Platform network.

Planning has also commenced for an \$8.5m replacement program for regional network switches and routers. This large investment demonstrates Cenitex's commitment to ensuring that our customers located in regional areas experience the same level of service and reliability as sites located in the CBD. This work has already seen the replacement of the routers at most regional sites, with the addition of 4G internet to provide an extra layer of network redundancy. Upgrades to our Wi-Fi services that have improved network stability and performance are also significantly improving the user experience.

## Performance against Corporate Plan

Outcome	Target	Status
Customer Account Plans approved by customers	Quarter 1 2018-19	Complete
Establish initiatives to prioritise addressing issues identified in Customer Satisfaction Surveys	Quarter 2 2018-19	Complete
Complete market testing for a cloud-based Service Desk solution	Quarter 4 2018-19	Tender process for this item remains in progress
Number of new customers	Four by Quarter 4 2018-19	Complete

## 5.3 BUILD A HIGH PERFORMING AND ENGAGED ORGANISATION BY INVESTING IN OUR PEOPLE

### Program Fortify: Restructuring our workforce to improve customer experience

With the introduction of new technologies through Program Fortify, we reviewed our current structure to ensure it would continue to meet the needs of our customers.

A proposed new structure was put to our Cenitex staff in May 2019 and finalised after a seven-week consultation period.

Aligning our structure to distinct service lines provides clear end-to-end clarity, accountability and responsibility for creating, developing and maintaining customer services, and achieving the desired outcomes for our customers. With clearly defined responsibilities in the new service line structure, customers will have greater visibility of service accountabilities and cost of services.

In this new structure, Cenitex teams will focus on delivering consistently positive outcomes for customers, specifically:

- Faster delivery of proposals
- Proposals that accurately reflect customer needs
- Fewer project variations
- Faster access to services, through access with the right subject matter experts
- Quicker problem resolution
- Improved delivery times for projects and requests

The structural changes primarily impact the Service Delivery and Customer Engagement divisions. Service Delivery will be split into two divisions: Infrastructure Services and Workplace Application Services.

Moving to the Customer Engagement division is our Service Management function and the Project Management Office—both first contact points for many of our end-user customers. Customer Engagement will lead the relationships with our customers from Chief Information Officer level through to end-users.

The new structure will be subject to a three-month transition program commencing 1 October 2019. At the close of the financial year, critical processes had been identified and were being reviewed with subject matter experts across the business to ensure their alignment to the new structure. Our People and Capability division will continue to work across the business to understand our required capabilities as we transition to our new ways of working.

## Developing our people

An important focus for Cenitex this year has been providing development opportunities for our people, with our biggest staff training and development investment to date.

Under Program Fortify, a \$1.5 million learning and development budget offered an extensive suite of courses and seminars to our people to help ready them for our new ways of working. Technical training and development was provided to 368 staff to help equip them for our changes. Our learning opportunities also encompassed career and professional development, and support through our continuing wellbeing program, Mind Body Life.

A particular focus this year was providing change management training to our staff to increase their capability to support the transitions taking place with Program Fortify, both internally at Cenitex and externally with our customers. Over the financial year, 60 staff undertook change management training, with 40 people going on to complete their Change Management Practitioner level accreditation.

A significant investment has also been made in developing leadership skills across Cenitex. This included the design and delivery of a Leadership Pathways program that ninety current and potential future leaders attended. A senior Leadership Development Program at the Melbourne Business School was also provided to our General Managers, Executive Leadership Team and nominated high performers.

An unprecedented level of investment in developing our people has increased our organisational capability to transition to our new technologies and ways of working in the coming years.

## SouthBound: Preparations for our move to new accommodation

In May 2020, Cenitex will move to the South Tower at 80 Collins Street with a redesign of our office space to support a shift in the way we work.

The SouthBound Workplace Strategy outlined what we need from our workplace—to get the job done now and into the future—and recommended a space designed with Activity Based Working principles as a key enabler. SouthBound will deliver a workplace that enables a cross-functional, project-based style of working aimed at breaking down silos and improving collaboration. The new offices have been designed to bring together people, technology and space in a state-of-the-art, purpose-designed environment. The SouthBound project will facilitate the organisation's transition to our future workplace, including the office fit out design, an Organisational Change Management (OCM) strategy and by influencing our technology capability uplift.

### Our new Chief Executive Officer

In January 2019 our Chief Executive Officer, Michael Vanderheide, announced his intention to decline the Board’s offer to extend his tenure. At the time of his departure in June 2019, he had led Cenitex for a total of eight years, demonstrating a considerable and lengthy commitment to our mission. Under his stewardship, Cenitex’s probity and governance processes were strengthened and the organisation was managed through periods of fiscal restraint and financial management, which saw a return to surplus in the 2014–15 financial year, and a surplus recorded every year after that. Michael led the Victorian Government in the adoption of cloud services, a significant achievement which continues in our work today.

In June, the Board announced our new Chief Executive Officer, Frances Cawthra, who will commence on 29 July 2019. Frances joins us from the Australian Taxation Office (ATO) where she has been the Chief Financial Officer for seven years. She has held senior roles in the public and private sectors, and draws on extensive experience in information technology, large transaction processing centres, customer contact centres and client relationship management. Frances has also been recognised for her leadership in the areas of financial and resource management, investment strategy, procurement and contract management.

### Graduate program

At Cenitex we see our graduates as our future leaders and we are fortunate that six talented graduates from our 2018 program accepted roles across the organisation to continue their careers and contribution to Cenitex beyond the program.

Our Graduate Program is a key part of our strategy to attract, retain and develop the best people. The program continues this year, with five graduates working in rotation across Cenitex and contributing to real-world ICT projects that support a modern, agile and productive Victorian Government.

### Improved overall engagement from our people

Cenitex conducts an annual staff engagement survey. This year our people’s engagement score was 58 percent, an improvement of 6% from last year.

Other significant findings were:

- team leadership has improved overall
- increasing active collaboration across divisions is a key area for improvement
- females and those that identify outside of the gender binary have markedly lower engagement than males

The findings of the survey inform improvement initiatives for business process and cultural change, and will be developed at both team and senior leadership levels for our new operational environment.

### Performance against Corporate Plan

Outcome	Target	Status
SouthBound Workplace Strategy completed	Quarter 2 2018-19	Complete
Employee Lifecycle Program implemented	Quarter 4 2018-19	Item placed under review
Resource Management Framework project implemented	Quarter 4 2018-19	Item deferred to 2019-20
Staff Engagement and Alignment ‘Pulse’ Survey improved engagement	5 per cent increase in overall engagement	Complete 6% increase for FY2018–19

## 5.4 EMBRACE INNOVATION AND RAPIDLY INTRODUCE NEW ICT SERVICES



### Smart Guard

Security against malicious threats for any internet enabled corporate device



### Dual VLAN

Seamlessly increase the bandwidth of internet-bound web traffic



### VicCloud Protect

Secure hosting for applications with classified information up to Protected level



### Desktop Express

Pre-loads the latest desktop operating environment onto devices at the manufacturer so users can start working faster

## New services and solutions delivering for government

We have continued to deliver and develop new services and solutions to enhance our customer's security, productivity and service experience.

New Service Catalogue items include the Smart Guard service, which provides internet security for devices wherever they are used; and Desktop Express, which pre-loads desktop operating systems at the manufacturer, speeding up computer deployments.

Coming to the Service Catalogue next financial year is Dual VLAN. This service provides our customers with a cost-effective increase in the bandwidth of their internet-bound traffic without the need to upgrade or install new hardware. By providing an internet-direct link and the ability to seamlessly increase internet bandwidth, we are making our customers' services faster and more resilient.

Another important service developed and due for release 1 August 2019 is VicCloud Protect. This new catalogue service provides up to Protected level security controls in our Microsoft Azure cloud hosting platform.

Our existing cloud hosting services, VicCloud in both Azure and AWS were redesigned with new pricing and support models. Our customers can now also provision 64-bit workstations on the Standard Operating Environment.

Updates to Office 365 have introduced PowerApps—a data platform and suite of apps, services and connectors that offers a development environment to rapidly build custom apps—and Flow Premium, an extension to Microsoft's powerful workflow automation program.



### Transitioning our customers to Office 365

Cenitex completed over 25,000 user migrations—the majority of the Victorian Public Service—to Microsoft's Office 365 this financial year. The move away from older email and desktop application technologies, such as Notes, to Office 365 is a big step towards government realising the productivity benefits of a common, 'evergreen', powerfully-integrated suite of collaboration tools.

There are many benefits for our customers and government in adopting the cloud-based Office 365. The evergreen nature of the Office 365 application suite means that users always have the most up to date software with the ability for new applications to be instantly available for installation by the user—no managed deployments required. The cloud also offers higher availability of services and increased redundancy, with enhanced mobility through use on multiple devices.

The large program of works migrating the majority of our customers to Office 365 is due for completion in the new financial year. The next step for our customers is to mature their use of the new tools available, for example by harnessing new automated workflows and increasing productivity across the whole of government.

### VicCloud Protect: Bringing protected level classification to the cloud

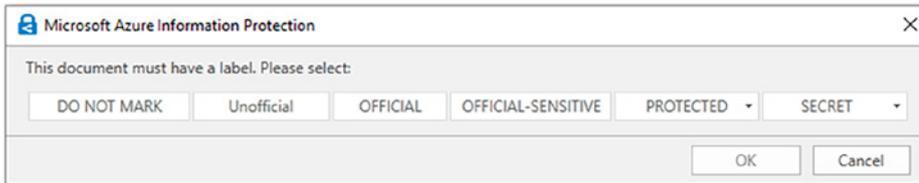
As more and more customers leverage the power of the cloud for their data and application hosting, Cenitex has transformed our customers cloud security landscape with VicCloud Protect. Developed in association with Microsoft Australia and oobe, VicCloud Protect allows customers to safely manage applications and data rated up to Protected level in the cloud.

VicCloud Protect sets a new security benchmark for Victorian Government data in the cloud and represents the highest security level offered by a government shared services provider.

The development of the new service demonstrates the value Cenitex returns to government by being able to develop a 'fit for government' product working with third party vendors and then offering this at scale to our customers.

*"This [VicCloud Protect] is a great example of where shared services work really well because the benefit of doing it once and paying for it once means the customers are only paying for the consumption costs."*

— Nigel Cadywould,  
Cenitex Service Delivery Director



When saving a new document in Office 365 users are required to apply the appropriate protective marking

### Cyber security: Introducing intelligent Protective Markings for government

As more of our customers move from Notes to Office 365, departments and agencies are able to take advantage of the sophisticated email security protocols and controls within Microsoft’s cloud environment.

The Department of Premier and Cabinet (DPC) and the Department of Treasury and Finance (DTF) have worked closely with Cenitex to incorporate these capabilities during their Office 365 migration projects with the implementation of intelligent Protective Markings controls.

Protective Markings refer to the administrative security labels assigned to official information which signal the business impact level arising from the compromise of confidentiality and also inform the minimum security requirements during use, storage, transmission, transfer and disposal.

Recently the Office of the Victorian Information Commissioner (OVIC) updated the Victorian Government’s Protective Marking requirements, taking into consideration the Commonwealth reforms in October 2018. The new markings are OFFICIAL, OFFICIAL: Sensitive, PROTECTED, SECRET, and Cabinet-In-Confidence.

The enforced application of these markings to all new documents created within Office 365 is now a reality for our customers DPC and DTF. Leveraging Microsoft’s Azure Information Protection (AIP) technology, rules have been set up that, for example, restrict the distribution of documents to colleagues who do not possess the necessary security clearance.

This new functionality is being packaged into a service that will include further document security protections and will be available to all our customers as a catalogue item in the next financial year.

By working closely with our customers, Microsoft, OVIC and other stakeholders, Cenitex has been able to leverage the advanced security controls offered by the latest shared cloud services.

### Customer Project Delivery Performance

Cenitex earned \$25.17 million from customer projects in the 2018-19 financial year—\$4.17 million in excess of budget.

There was a significant increase in the number of customer projects and Managed Service Requests (smaller customer requests) compared to last financial year, with a total of 744 opened in the FY2018-19 period.

Of these 744 project activities, 77 were major projects valued at over \$100,000.

Outcome	Target	Status
Security Strategy – Years 4–6 approved	Quarter 2 2018-29	Item placed under review
Core Data Systems Governance Model	Business Case – Quarter 1 2018-19 Master Data Sets and Model defined – Quarter 4 2018-2019	Pending — Transition of new structure
Launch of new services in line with our Service Roadmap	Quarterly	9 services launched or enhanced, 4 services remain in progress



FINANCIAL  
REPORT

## 6.1 SUMMARY OF FINANCIAL RESULTS

	2017	2018	2019
	\$'000	\$'000	\$'000
Services provided to other government entities	166,344	171,548	172,814
Total income from transactions	167,807	173,225	174,931
Total expenses from transactions	(161,255)	(171,703)	170,431
Net results from transactions before depreciation and amortisation	19,434	14,480	15,544
Net result from transactions	6,552	1,522	4,500
Net result for the period	7,039	1,018	1,564
Net cash flow from operating and investing activities	(12,550)	(3,942)	(87)
Total assets	111,488	113,291	120,911
Total liabilities	29,757	30,233	36,598

Cenitex reports a surplus of \$1.56m for 2018–19. The result is consistent with the introduction of a new service catalogue effective 1 July 2018, following extensive work to realign service costing and pricing. New catalogue pricing saw significant equalisation of pricing across Cenitex's customer base and services, thus increasing financial transparency.

Revenue continued to grow into 2018-19 through additional workplace consumption, customer project work and a small contribution from a growing number of new customers. During the year a significant proportion of our customers migrated to Office 365 and realised a price saving of 7% while significantly benefitting from the enhanced user experience.

Cenitex invested \$21.6m in projects that focused on improving the resilience of our core network, and workplace and hosting services through Program Fortify by refreshing legacy technologies with contemporary vendor-led solutions. In addition,

Cenitex commenced the refresh of network hardware for 185 regional sites and began initiatives to improve security and services related to our service desk. The nature of these investments led to a heavy reliance on operating investment expenditure.

Depreciation continues on a downward trend as Cenitex shifts contracts supporting service delivery from traditional on-premise capital models to consumption based managed services and cloud solutions.

In 2019-20 Cenitex will transition to a new organisation structure as it implements new processes flowing from Program Fortify and relocates to new accommodation. Consequently, it is budgeting for a deficit. This deficit is necessary to position the organisation to meet its future challenges and are mainly transition costs from carrying concurrent old and new technology environments and implementing the new organisational structure.

## 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 2019 and financial position of Cenitex at 30 June 2019.

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 30 August 2019.



**Randall Straw**  
Chairman



**Frances Cawthra**  
Chief Executive Officer



**Catherine Ho**  
Director Finance and  
Business Services

Melbourne  
30/08/2019

# CENITEX FINANCIAL REPORT

for the financial year ended 30 June 2019

## How this report is structured

Cenitex has presented its audited general purpose financial statements for the financial year ended 30 June 2019 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>32</b>
<b>Balance sheet</b>	<b>33</b>
<b>Cash flow statement</b>	<b>34</b>
<b>Statement of changes in equity</b>	<b>35</b>

## Notes to the financial statements

<b>1. About this report</b>	<b>36</b>
<b>2. Funding delivery of our services</b>	<b>37</b>
2.1 Services provided to other government entities	37
<b>3. The cost of delivering services</b>	<b>38</b>
3.1 Employee benefits	38
3.2 ICT expenditure	41
3.3 Occupancy expense	41
<b>4. Key assets available to support output delivery</b>	<b>42</b>
4.1 Property, plant and equipment	42
4.2 Intangible assets	46
4.3 Investments and other financial assets	46

<b>5. Other assets and liabilities</b>	<b>47</b>
5.1 Receivables	47
5.2 Payables	48
5.3 Prepayments	48
<b>6. Financing our operations</b>	<b>49</b>
6.1 Cash flow information and balances	49
6.2 Commitments for expenditure	50
<b>7. Risks, contingencies and valuation judgements</b>	<b>51</b>
7.1 Financial instruments specific disclosures	51
7.2 Contingent assets and contingent liabilities	54
7.3 Fair value determination	54
<b>8. Other disclosures</b>	<b>56</b>
8.1 Responsible persons	56
8.2 Remuneration of executives	57
8.3 Related parties	57
8.4 Remuneration of auditors	58
8.5 Subsequent events	59
8.6 Other accounting policies	59
8.7 Change in accounting policies	59
8.8 Australian Accounting Standards issued that are not yet effective	60

## COMPREHENSIVE OPERATING STATEMENT

For the financial year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Income from transactions</b>			
Services provided to other government entities	2.1	172,814	171,548
Investment income		2,117	1,488
Fair value of assets received free of charge or for nominal consideration		–	189
<b>Total income from transactions</b>		<b>174,931</b>	<b>173,225</b>
<b>Expenses from transactions</b>			
Employee benefits	3.1.1	82,614	82,558
ICT expenditure	3.2	63,896	59,490
Depreciation and amortisation	4.1.1	11,044	12,958
Occupancy expenses	3.3	10,157	13,140
Other operating expenses		2,720	3,557
<b>Total expenses from transactions</b>		<b>170,431</b>	<b>171,703</b>
<b>Net result from transactions</b>		<b>4,500</b>	<b>1,522</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on financial instruments		10	214
Net gain/(loss) on non-financial assets		(1,389)	(710)
Net gain/(loss) from revaluation of long service leave liability		(1,557)	(8)
<b>Total other economic flows included in net result</b>		<b>(2,936)</b>	<b>(504)</b>
<b>Net result</b>		<b>1,564</b>	<b>1,018</b>
<b>Other economic flows – other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes to the fair value of financial assets measured at fair value through other comprehensive income		(309)	–
<b>Items that may be reclassified subsequently to net result</b>			
Changes to financial assets available-for-sale revaluation surplus		–	309
<b>Comprehensive result</b>		<b>1,255</b>	<b>1,327</b>

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

## BALANCE SHEET

As at 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.1	28,040	28,174
Receivables	5.1	16,127	15,181
Investments and other financial assets		16,438	15,626
<b>Total financial assets</b>		<b>60,605</b>	<b>58,981</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	31,594	31,988
Intangible assets		–	615
Prepayments	5.3	28,712	21,707
<b>Total non-financial assets</b>		<b>60,306</b>	<b>54,310</b>
<b>Total assets</b>		<b>120,911</b>	<b>113,291</b>
<b>Liabilities</b>			
Payables	5.2	16,720	11,588
Finance lease liability		133	181
Employee-related provisions	3.1.2	19,198	16,743
Unearned Revenue		547	1,721
<b>Total liabilities</b>		<b>36,598</b>	<b>30,233</b>
<b>Net assets</b>		<b>84,313</b>	<b>83,058</b>
<b>Equity</b>			
Accumulated loss		(44,677)	(46,241)
Financial assets available for sale revaluation surplus		–	309
Contribution by owners		128,990	128,990
<b>Total equity</b>		<b>84,313</b>	<b>83,058</b>

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

## CASH FLOW STATEMENT

For the financial year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from other government entities		177,241	167,793
Interest received		1,598	1,171
Goods and Services Tax received from the ATO		3,067	5,632
<b>Total receipts</b>		<b>181,906</b>	<b>174,596</b>
<b>Payments</b>			
Payments to suppliers		(95,302)	(101,797)
Payments to employees		(75,206)	(71,418)
Interest and other costs of finance paid		(5)	(5)
<b>Total payments</b>		<b>(170,513)</b>	<b>(173,220)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>6.1.1</b>	<b>11,393</b>	<b>1,376</b>
<b>Cash flows from investing activities</b>			
Payments for non-financial assets		(11,480)	(5,327)
Proceeds from sale of non-financial assets		–	9
<b>Net cash flows from/(used in) investing activities</b>		<b>(11,480)</b>	<b>(5,318)</b>
<b>Cash flows from financing activities</b>			
Repayment of finance leases		(47)	(40)
<b>Net cash flows from/(used in) financing activities</b>		<b>(47)</b>	<b>(40)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(134)</b>	<b>(3,982)</b>
Cash and cash equivalents at the beginning of the financial year		28,174	32,156
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6.1</b>	<b>28,040</b>	<b>28,174</b>

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

## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2019

	<i>Accumulated loss</i>	<i>Financial assets available-for-sale revaluation surplus</i>	<i>Contributions by Owners</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2017</b>	<b>(47,259)</b>	–	<b>128,990</b>	<b>81,731</b>
Net result for the year	1,018	–	–	1,018
Other comprehensive income for the year	–	309	–	309
<b>Balance at 30 June 2018</b>	<b>(46,241)</b>	<b>309</b>	<b>128,990</b>	<b>83,058</b>
Change in accounting policy	309	(309)	–	–
<b>Restated balance at 1 July 2018</b>	<b>(45,932)</b>	–	<b>128,990</b>	<b>83,058</b>
Net result for the year	1,564	–	–	1,564
Other comprehensive income for the year	(309)	–	–	(309)
<b>Balance at 30 June 2019</b>	<b>(44,677)</b>	–	<b>128,990</b>	<b>84,313</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 2019. 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 effected by Order in Council No. G28 of 14 July 2016.

Its principal address is:

Cenitex  
Level 18, 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 mission is to provide Information and Communication Technology (ICT) workplace and hosting services to the Victorian Government in an industry competitive, integrated and reliable manner, delivering efficient customer service and value. 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.

### Structure

2.1 Services provided to other government entities

### 2.1 Services provided to other government entities

	2019 \$'000	2018 \$'000
Workplace support	116,066	121,831
Hosting	31,188	26,573
Projects	21,677	20,876
Projects – customer funded capital	3,698	1,895
Victorian Government Electronic Messaging System (VGEMS)	185	373
<b>Total revenue from services provided to other government entities</b>	<b>172,814</b>	<b>171,548</b>

Cenitex derives revenue from services provided to Victorian Government departments and agencies. Revenue is recognised when services have been provided or when a usage or service charge has been made.

### 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
- 3.3 Occupancy expense

#### 3.1 Employee benefits

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

	Note	2019 \$'000	2018 \$'000
Post employment benefits			
– Defined contribution superannuation expense	3.1.3	5,394	5,101
– Defined benefit superannuation expense	3.1.3	200	214
Termination benefits		554	485
Salaries, wages, leave entitlements and contractor payments		76,466	76,758
<b>Total employee benefits</b>		<b>82,614</b>	<b>82,558</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.

	2019 \$'000	2018 \$'000
<b>Current</b>		
<b>Annual leave</b>		
– Unconditional and expected to be settled within 12 months	3,982	3,556
– Unconditional and expected to be settled after 12 months	1,671	1,301
<b>Long service leave</b>		
– Unconditional and expected to be settled within 12 months	484	546
– Unconditional and expected to be settled after 12 months	9,279	6,387
<b>Provisions for on-costs:</b>		
– Unconditional and expected to be settled within 12 months	675	656
– Unconditional and expected to be settled after 12 months	1,655	1,230
<b>Other Provisions</b>		
– Provisions for restructuring	–	228
<b>Total current provisions</b>	<b>17,746</b>	<b>13,904</b>
<b>Non-current</b>		
Employee benefits	1,261	2,447
On-costs	191	392
<b>Total non-current provisions</b>	<b>1,452</b>	<b>2,839</b>
<b>Total provisions for employee benefits</b>	<b>19,198</b>	<b>16,743</b>

### Reconciliation of movement in provisions for on-costs

The provision for on-costs increased from the recognition of additional provisions by \$799,000 (2018: \$970,000) and decreased from payments by \$556,000 (2018: \$866,000).

### 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	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Defined benefit plans<sup>(a)</sup>:</b>				
State Employees Retirement Benefit Scheme (SERBS)	200	214	–	–
<b>Defined contribution plans:</b>				
Victorian Superannuation Fund – VicSuper scheme	2,647	2,545	–	–
Other	2,747	2,556	–	–
<b>Total</b>	<b>5,594</b>	<b>5,315</b>	<b>–</b>	<b>–</b>

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

### 3.2 ICT expenditure

	2019 \$'000	2018 \$'000
Software licences and maintenance	31,729	30,009
Hardware maintenance	11,317	10,911
Telecommunications	11,100	10,672
Outsourced ICT	9,750	7,898
<b>Total ICT expenditure</b>	<b>63,896</b>	<b>59,490</b>

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

### 3.3 Occupancy expense

Occupancy expense represents operating lease rental costs for data centres and office accommodation, which 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 Investment 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	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Buildings – leasehold improvements at cost	1,593	1,697	(1,578)	(1,638)	15	59
Plant and equipment:						
Facilities at fair value	2,052	2,887	(1,655)	(2,330)	397	557
Network at fair value	57,781	58,335	(41,858)	(44,982)	15,923	13,353
Servers at fair value	30,755	33,759	(26,031)	(25,430)	4,724	8,329
Storage at fair value	25,427	27,721	(20,585)	(20,197)	4,842	7,524
Office machines and equipment at fair value	6	6	(4)	(2)	2	4
Motor vehicles under finance lease at cost	255	255	(123)	(76)	132	179
Construction in progress	5,559	1,983	–	–	5,559	1,983
<b>Total</b>	<b>123,428</b>	<b>126,643</b>	<b>(91,834)</b>	<b>(94,655)</b>	<b>31,594</b>	<b>31,988</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.

### Subsequent measurement

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. 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 4.1.2 by asset category.

### 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.

#### 4.1.1 Depreciation and amortisation

	Note	2019 \$'000	2018 \$'000
Buildings - Leasehold improvements	4.1.2	44	196
Plant and equipment	4.1.2	10,340	11,176
Motor vehicles under finance lease	4.1.2	47	47
Intangible assets		613	1,539
<b>Total depreciation and amortisation expense</b>		<b>11,044</b>	<b>12,958</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:

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

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

	Buildings leasehold improvements – at cost	Plant and equipment – at fair value			
	\$'000	Facilities \$'000	Network \$'000	Servers \$'000	Storage \$'000
<b>2019</b>					
<b>Opening balance</b>	59	557	13,352	8,329	7,525
Additions	–	–	5,694	123	15
Disposals	–	(9)	(13)	(9)	(34)
Adjustments	–	–	–	–	–
Transfers	–	–	1,935	85	–
Impairment	–	–	(622)	(704)	–
Depreciation expense	(44)	(151)	(4,423)	(3,100)	(2,664)
<b>Closing balance</b>	<b>15</b>	<b>397</b>	<b>15,923</b>	<b>4,724</b>	<b>4,842</b>

	Buildings leasehold improvements – at cost	Plant and equipment – at fair value			
	\$'000	Facilities \$'000	Network \$'000	Servers \$'000	Storage \$'000
<b>2018</b>					
<b>Opening balance</b>	255	729	13,845	10,692	10,819
Additions	–	1	3,636	348	152
Disposals	–	–	(6)	(279)	(436)
Adjustments	–	–	(1,148)	–	56
Transfers	–	–	1,126	898	505
Impairment	–	–	–	–	–
Depreciation expense	(196)	(173)	(4,101)	(3,330)	(3,571)
<b>Closing balance</b>	<b>59</b>	<b>557</b>	<b>13,352</b>	<b>8,329</b>	<b>7,525</b>

		Construction in progress – at cost	Motor vehicles under finance lease – at cost	Total
Office Machines & Equipment	\$'000	\$'000	\$'000	\$'000
	4	1,983	179	31,988
	–	5,596	–	11,428
	–	–	–	(65)
	–	–	–	–
	–	(2,020)	–	–
	–	–	–	(1,326)
	(2)	–	(47)	(10,431)
	<b>2</b>	<b>5,559</b>	<b>132</b>	<b>31,594</b>

		Construction in progress – at cost	Motor vehicles under finance lease – at cost	Total
Office Machines & Equipment	\$'000	\$'000	\$'000	\$'000
	5	1,991	203	38,539
	–	2,885	33	7,055
	–	–	(10)	(731)
	–	(196)	–	(1,288)
	–	(2,697)	–	(168)
	–	–	–	–
	(1)	–	(47)	(11,419)
	<b>4</b>	<b>1,983</b>	<b>179</b>	<b>31,988</b>

## 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 begins 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:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) an intention to complete the intangible asset and use or sell it;
- c) the ability to use or sell the intangible asset;
- d) the intangible asset will generate probable future economic benefits;
- e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) 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 life. Produced intangible assets have useful lives of between three and five 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 \$16,438,000 (2018: \$15,626,000) in managed investment schemes.

Cenitex designates all its managed investment schemes as available-for-sale financial assets, and 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

	2019 \$'000	2018 \$'000
<b>Contractual</b>		
Trade receivables	9,575	8,516
Provision for doubtful contractual receivables	(49)	(136)
Other receivables	5,294	5,924
<b>Total contractual receivables</b>	<b>14,820</b>	<b>14,304</b>
<b>Statutory</b>		
GST input tax credit recoverable	1,307	877
<b>Total statutory receivables</b>	<b>1,307</b>	<b>877</b>
<b>Total receivables</b>	<b>16,127</b>	<b>15,181</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.

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 a decrease in the provision for doubtful contractual receivables of \$87,000 (2018: decrease of \$214,000) that was recognised in the net result.

## 5.2 Payables

	2019 \$'000	2018 \$'000
<b>Contractual</b>		
Supplies and services	14,670	8,311
Other payables	2,039	3,267
<b>Total contractual payables</b>	<b>16,709</b>	<b>11,578</b>
<b>Statutory</b>		
Fringe Benefit Tax payable	11	10
<b>Total statutory payables</b>	<b>11</b>	<b>10</b>
<b>Total payables</b>	<b>16,720</b>	<b>11,588</b>

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (see Note 71). 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

	2019 \$'000	2018 \$'000
<b>Current</b>		
Software licences and maintenance and other ICT expenditure	28,523	21,532
Occupancy expenses	189	175
<b>Total prepayments</b>	<b>28,712</b>	<b>21,707</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 commitments for future use of those sources.

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 Cash flow information and balances

6.2 Commitments for expenditure

### 6.1 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:

	2019 \$'000	2018 \$'000
Total cash and deposits disclosed in the balance sheet	28,040	28,174
<b>Balance as per Cash Flow Statement</b>	<b>28,040</b>	<b>28,174</b>

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

	2019 \$'000	2018 \$'000
Net result for the period	1,564	1,018
<b>Non-cash movements</b>		
(Gain)/loss on sale or disposal of non-current assets	1,390	710
Depreciation and amortisation of non-current assets	11,044	12,958
Resources provided free of charge or for nominal consideration	–	(189)
(Gain)/loss on financial instruments	76	(214)
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	(946)	(7,591)
Increase/(decrease) on financial assets	(1,196)	–
(Increase)/decrease in prepayments	(7,005)	(6,105)
Increase/(decrease) in payables	5,185	1,583
Increase/(decrease) in unearned revenue	(1,174)	(695)
Increase/(decrease) in provisions	2,455	(99)
<b>Net cash flows from/(used in) operating activities</b>	<b>11,393</b>	<b>1,376</b>

## 6.2 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 GST.

<b>Nominal amounts</b>	<b>Less than 1 year</b>	<b>1 – 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2019</b>				
Capital expenditure commitments – plant and equipment	5,392	–	–	5,392
Operating lease commitments payable	13,378	35,061	2115	50,554
<b>Total commitments (inclusive of GST)</b>	<b>18,770</b>	<b>35,061</b>	<b>2,115</b>	<b>55,946</b>
<b>2018</b>				
Capital expenditure commitments – plant and equipment	2,454	–	–	2,454
Operating lease commitments payable	12,710	44,747	6,198	63,655
<b>Total commitments (inclusive of GST)</b>	<b>15,164</b>	<b>44,747</b>	<b>6,198</b>	<b>66,109</b>

Operating leases relate to buildings with lease terms of three to five years, with an option to extend for a further three years. All operating lease contracts contain market review clauses in the event that Cenitex exercises its option to renew. Cenitex does not have an option to purchase the leased asset at the expiry of the lease period.

Commitments for expenditure are not included in any totals on the Balance Sheet.

## 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.

From 1 July 2018, 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.

#### Categories of financial assets under AASB 9

##### **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.

##### **Categories of financial assets previously under AASB 139**

##### **Loans and receivables**

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are 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).

**Available-for-sale financial assets**

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset.

Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value recognised in 'Other economic flows – other comprehensive income' until the investments are disposed.

Movements resulting from impairment are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'other economic flows – other comprehensive income' is transferred to other economic flows in the net result.

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

**Categories of financial liabilities under AASB 9 and previously under AASB 139****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
- finance 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
- finance 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.

	<i>Weighted average interest rate (%)</i>	<i>Interest rate exposure</i>			
		<i>Carrying amount <sup>(a)</sup></i>	<i>Fixed interest rate</i>	<i>Variable interest rate</i>	<i>Non- interest bearing</i>
<b>2019</b>					
<b>Financial assets</b>					
Cash and deposits	1.65%	28,040	–	28,040	–
<b>Total financial assets</b>		28,040	–	28,040	–
<b>Financial liabilities</b>					
Borrowings					
Finance lease liabilities	3.25%	133	133		
<b>Total financial liabilities</b>		133	133	–	–
<b>2018</b>					
<b>Financial assets</b>					
Cash and deposits	1.70%	28,174	20,000	8,174	–
<b>Total financial assets</b>		<b>28,174</b>	<b>20,000</b>	<b>8,174</b>	–
<b>Financial liabilities</b>					
Borrowings					
Finance lease liabilities	3.25%	181	181	–	–
<b>Total financial liabilities</b>		<b>181</b>	<b>181</b>	–	–

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

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.

## 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

Cenitex had no contingent assets at 30 June 2019 (2018: \$ 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.

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

#### *Non-quantifiable contingent liabilities*

In May 2019, Cenitex commenced an organisational restructure to which AASB 137 Provision, Contingent Liabilities and Contingent Assets applies. The implementation of the restructure was incomplete as at 30 June 2019. It is disclosed as a contingent liability because a reliable estimate of redundancy costs cannot be made for the obligation that has arisen.

At 30 June 2019, Cenitex is subject to a vendor claim in relation to software expenditure which is in dispute because there is insufficient information from the vendor to prove or validate the claim. Cenitex continues to investigate the claim.

## 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.

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
- 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 2019-20 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 2019. 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 \$27,475 (2018: \$25,306) and the cost per unit is between \$5,000 to \$1,166,544 (2018: \$5,000 to \$1,166,544). The useful life of plant and equipment is disclosed in Note 4.1.1.

Significant unobservable inputs remain unchanged since June 2018.

## 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 Change in accounting policies
- 8.8 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 and Minister for Veterans	The Hon. Robin Scott MP	1 July 2018 to 30 June 2019
Chair	Randall Straw	1 July 2018 to 30 June 2019
Chief Executive	Michael Vanderheide	1 July 2018 to 30 June 2019
Board Member	Johanna Barker	1 July 2018 to 30 June 2019
Board Member	Dr Richard Tait	1 July 2018 to 30 June 2019
Board Member	Conrad Harvey	1 July 2018 to 30 June 2019
Board Member	Kathryn Anderson	1 July 2018 to 30 June 2019
Board Member	Carolyn De Gois	1 July 2018 to 30 June 2019
Board Member	Julie Fahey	1 July 2018 to 30 June 2019
Board Member	Shaun Condron	1 July 2018 to 18 February 2019

#### Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of Cenitex during the reporting period was in the range: \$380,000 to \$389,999 (\$370,000 to \$379,999 in 2017-18).

## 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 provides 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.

	2019	2018
	\$'000	\$'000
<b>Remuneration of executive officers</b>		
Short-term employee benefits	777	803
Post-employment benefits	79	83
Other long-term benefits	–	–
Termination benefits	142	7
<b>Total remuneration</b>	<b>998</b>	<b>893</b>
<b>Total number of executives</b>	<b>4</b>	<b>5</b>
<b>Total annualised employee equivalents<sup>(a)</sup></b>	<b>3.4</b>	<b>3.6</b>

(a) 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, The Hon. Robin Scott MP, Assistant Treasurer and Minister for Veterans, the Chairperson, members of the Board of Directors and the Chief Executive. The compensation detailed below excludes the salaries and benefits the relevant Minister receives. 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.

<b>Compensation</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>
Salaries and other short term employee benefits	532	511
Post-employment benefits	36	46
Other long-term employment benefits	–	–
Termination benefits	–	–
Board member fees	14	12
<b>Total key management personnel compensation</b>	<b>582</b>	<b>569</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 2018-19 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 \$1.5 million in the year.

Other than transactions disclosed in Note 2.1, all other transactions that have occurred with key management personnel 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 the Agency'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

	<b>2019 \$'000</b>	<b>2018 \$'000</b>
<b>Victorian Auditor – General's Office</b>		
Audit of the financial report	129	151
<b>Total remuneration of auditors</b>	<b>129</b>	<b>151</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 for recognising subsequent 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 Change in accounting policies

Cenitex has elected to apply the limited exemption in AASB 9 Paragraph 7.2.15, relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. On initial application of AASB 9 on 1 July 2018, Cenitex's management has assessed all financial assets based on Cenitex's business models for managing the assets.

As a result, managed investment schemes previously classified as available-for-sale under AASB 139 are now classified as fair value through net result under AASB 9 because their cash flows do not represent solely payments of principal and interest, thus not meeting the AASB 9 criteria for classification at amortised cost.

As the result of this change in classification, the related fair value gain of \$309,000 was transferred from the available-for-sale revaluation surplus to accumulated loss on 1 July 2018.

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

The following AAS become effective for reporting periods commencing after 30 June 2019:

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases

### AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 118 Revenue, AASB 111 Construction Contracts and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. Cenitex intends to adopt this standard in 2019-20 when it becomes effective.

AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

Cenitex will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated loss at 1 July 2019, with no restatement of comparative information.

Cenitex has performed a detailed impact assessment of AASB 15 and the potential impact in the initial year of application has been estimated as follows:

- Increase in accumulated loss (\$811,000)

### AASB 16 Leases

AASB 16 Leases replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases-Incentives, and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Cenitex intends to adopt this standard in 2019-20 when it becomes effective.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a right-of-use asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below \$10,000).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Cenitex will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Cenitex has performed a detailed impact assessment of AASB 16 and the potential impact in the initial year of application has been estimated as follows:

- Increase in RoU (\$44,016,000)
- Increase in related depreciation (\$44,364,000)
- Increase in lease liability (\$8,129,000)
- Increase in related interest (\$1,297,000)
- Decrease in rental expenses (\$12,162,000)

# AUDITOR-GENERAL'S REPORT



## Independent Auditor's Report

### To the Board of Cenitex

#### Opinion

I have audited the financial report of Cenitex which comprises the:

- balance sheet as at 30 June 2019
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- declaration in the financial statements.

In my opinion the financial report presents fairly, in all material respects, the financial position of Cenitex as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

#### Basis for opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. 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 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Board's responsibilities for the financial report

The Board of Cenitex are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board 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.

In preparing the financial report, the Board 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.

**Auditor's responsibilities for the audit of the financial report**

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cenitex's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 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  
30 August 2019



Timothy Maxfield  
*as delegate for the Auditor-General of Victoria*



**G O V E R N A N C E   A N D  
O R G A N I S A T I O N A L  
S T R U C T U R E**

## Governance

Cenitex is governed by an eight-person Board, the members of which are appointed by the Governor-in-Council on the recommendation of Cenitex's portfolio minister, the Assistant Treasurer. On 18 February 2019, Shaun Condrón resigned from the Board.

The terms of Dr Richard Tait and Conrad Harvey also expired on 30 June 2019. John Craven was appointed to the Board by an Order in Council dated 25 June 2019, effective from 1 July 2019.

The Cenitex Executive Leadership Team has operational responsibility and is supported by operational and advisory groups, most of which include departmental representatives. During the 2018-19 financial year, the positions of Minister and Accountable Officer responsible for Cenitex were held by:

- Assistant Treasurer, the Hon. Robin Scott MLA
- Chief Executive, Michael Vanderheide

## Relationship to the Minister

The Victorian Government Minister responsible for Cenitex is the Assistant Treasurer.

It is the responsibility of the Board to advise the Minister directly on all matters within the Minister's areas of responsibility as they relate to Cenitex.

## Board of Directors

**Randall Straw PSM** (Chair) has over thirty years' experience in government ICT, formerly serving as the Deputy Secretary of Innovation and Technology at the former Department of Business and Innovation, and prior to that as Executive Director Multimedia Victoria, and having held 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. Randall was awarded a Public Service Medal in 2012.

**Kathryn Anderson** is Deputy Secretary Corporate Services with the Department of Environment, Land, Water and Planning. She is responsible for the delivery of a range of corporate support and advisory services, including people and culture, finance and planning, business operations, legal, information and communications services. Kathryn has more than twenty-five years' experience as a public servant across Commonwealth, Queensland and Victorian jurisdictions, including six years with the Queensland Department of Premier and Cabinet.

**Johanna (Joh) Barker** has extensive corporate, banking and IT management experience, in particular, in the establishment and management of shared services. She is a former Executive Manager of the ANZ Bank and has held senior finance, IT and business positions at SMS Ltd and IBM. She is also a former member of the Victorian Government Shared Services Advisory Board.

**Shaun Condrón** has over twenty years' experience as a finance professional in the Victorian Government. In November 2016, he was appointed Deputy Secretary Finance, Infrastructure and Governance for the Department of Justice and Regulation. Before that he was the department's Chief Finance Officer for nine years following four years as Chief Finance Officer for the Department of Primary Industries. He has also worked at the Department of Treasury and Finance as Deputy Secretary, Market Engagement and Corporate. Shaun holds a Bachelor of Business majoring in Accounting and is a Fellow of both CPA Australia and the Institute of Public Administration Australia (IPAA).

**Carolyn De Gois** was appointed to the Cenitex Board on 13 June 2018 and is the Deputy Secretary Corporate Services at the Department of Health and Human Services. Carolyn is a proven international business and technology executive with a demonstrated track record of transformational leadership and successful organisational change. She has influenced and collaborated with executives in politically challenging situations across a variety of companies both in Australia and internationally, and within public and private domains. She has diverse industry and functional experience across a range of high profile international organisations such as NBN and KPMG.

**Julie Fahey** has over thirty years' experience in technology with KPMG, SAP, General Motors, Exxon and Western Mining, and has fulfilled roles including Program Management, Chief Information Officer, software vendor, and consultant. Julie retired from KPMG in June 2014 where she spent ten years in leadership roles including, National Lead Partner Telecommunications, Media and Technology; and National Managing Partner – Markets. She is currently a board member of Datacom; disability services organisation, Yooralla; and a Non-Executive Director of Seek.

**Conrad Harvey** brings a wealth of experience in the innovative use of ICT in service delivery. He is a former Group General Manager of Coles, where he led the transformation of service delivery through information technology and digital delivery channels. He is currently Chief Information Officer of logistics and supply chain company Linfox.

**Dr Richard Tait** is one of Australia's most experienced information technology executives, having served in a range of strategically important Chief Technologist and Chief Information Officer roles, including at Goldman Sachs, JB Were and ANZ Bank. He is a recognised authority on risk management and the delivery of major transformation programs.

**John Craven** was appointed to the Board by Order in Council on 25 June 2019, effective from 1 July. With more than 40 years of experience in management consulting and information technology, John has worked with Australian and Asian clients within the communications industry, as well as in government, banking, manufacturing and distribution.

## Board meetings

There were eight Board meetings in 2018-19.

Director	Number of meetings attended	Number of meetings eligible to attend
Randall Straw (Chair)	8	8
Richard Tait	6	8
Conrad Harvey	5	8
Johanna Barker	7	8
Kathryn Anderson	7	8
Julie Fahey	7	8
Shaun Condron	2	5
Carolyn De Gois	7	8

## GOVERNANCE COMMITTEES

### Audit and Risk Committee

The Audit and Risk Committee (ARC) is an independent standing committee reporting to the Cenitex Board. Its purpose is to assist the Board to fulfil responsibilities relating to:

- the integrity and quality of Cenitex's financial reporting and disclosures
- the adequacy of the internal control framework that Cenitex uses to identify and manage key business, financial, fraud and regulatory risks
- the external auditor's annual audit of Cenitex's financial statements
- Cenitex's compliance with relevant laws, regulations, standards and codes
- the effective operation of the Cenitex risk management framework, which includes risks to cyber security; service continuity, financial sustainability, and staff retention and engagement

#### Membership

The ARC consists of five non-executive members who are independent of Cenitex management. During 2018-19 the members consisted of:

Johanna Barker (Chair)

Richard Tait

Conrad Harvey

Peter Goddard (external member)

John Craven (external member)

#### Meetings

There were four meetings during the year.

### People Strategy and Remuneration Committee

The newly formed People Strategy and Remuneration Committee is a standing committee of the Cenitex Board, replacing the former Remuneration Committee. 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)

Kathryn Anderson

Randall Straw

Mikki Swindon (external member)

#### Meetings

There were two meetings during the year.

### Our customers

As at 30 June 2019, Cenitex provides ICT services to the following Victorian Government departments and their agencies:

- Department of Jobs, Precincts and Regions (DJPR)
- Department of Transport (DoT)
- Department of Environment, Land, Water and Planning (DELWP)
- Department of Health and Human Services (DHHS)
- Department of Justice and Community Safety (DJCS)
- Department of Premier and Cabinet (DPC)
- Department of Treasury and Finance (DTF)
- Department of Education and Training (DET)
- Commercial Passenger Vehicles Victoria (CPVV)
- Court Services Victoria (CSV)
- Environment Protection Authority (EPA)
- Public Transport Victoria (PTV)
- Service Victoria
- VicForests
- VicRoads
- Victorian Ombudsman

Cenitex also services the following customer associated agencies and government entities:

- Metropolitan Waste and Resource Recovery Group
- Office of the Chief Parliamentary Counsel
- Office of the Governor
- Public Record Office Victoria
- Transport Safety Victoria
- Victorian Multicultural Commission
- Victorian Public Sector Commission
- Forensicare
- State Electricity Commission
- WorkSafe
- City of Melbourne
- Emergency Management Victoria
- Emergency Services Telecommunication Authority (ESTA)
- Ambulance Victoria
- Essential Services Commission
- Architects Registration Board of Victoria
- Victorian Building Authority

## CUSTOMER COMMITTEES

### Stakeholder Advisory Committee

The Stakeholder Advisory Committee (SAC) ensures that Cenitex develops and maintains strong and open relationships with our customers at a senior management level. This committee includes customer representatives from all major departments and major agencies. This group ensures Cenitex's continued focus on key customer challenges and that improvement activities are aligned to their strategic needs. SAC membership consists of the Cenitex Chief Executive (Chair), Cenitex Director Customer Engagement and relevant departmental senior ICT executives and/or Chief Information Officers.

### Shared Cyber Security Working Group

The former Cyber Security Customer Group was reformulated at the end of quarter two as the Shared Cyber Security Working Group. This group was established to provide cyber security vision and leadership for our customers. The group provides a clear view on cyber security issues and risks, while building consensus on shared responsibilities and initiatives to protect our common environment. The group is comprised of senior cyber security representatives from all major customers and is chaired by a customer Chief Information Officer (CIO) or Chief Information Security Officer (CISO). Group membership includes the Cenitex Director Customer Engagement (Chair) and relevant departmental senior ICT executives and/or Chief Information Officers.

### Service Operations Forum

The Service Operations Forum focuses on operational performance and the development and approval of strategies and activities for Cenitex and its customers to improve service management processes and practices, including service levels, responsiveness, priorities, new services, tools, reporting and operational needs. The forum is chaired by a customer delegate and facilitated by Cenitex.

### Organisational Structure

Cenitex is structured around five functional areas:

- Customer Engagement
- Finance and Business Services
- People and Capability
- Service Delivery
- Strategy and Governance

The leaders of each area and the Chief Executive make up the Executive Leadership Team (ELT).

## EXECUTIVE LEADERSHIP TEAM ROLES AND RESPONSIBILITIES

After eight years with Cenitex as the Chief Executive Officer, Michael Vanderheide decided to pursue a new opportunity and has departed the organisation. Our new Chief Executive, Frances Cawthra, will commence on 29 July 2019. The roles detailed below reflect the acting arrangements in place until this date.

### Interim Chief Executive – Catherine Ho (acting)

- advises the Board on the establishment and implementation of the Cenitex strategy 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 and agencies
- engages with senior customer stakeholders and industry representatives
- provides leadership to the Cenitex organisation and builds a constructive and customer-oriented culture

### Director Customer Engagement – Adrian Carbone (acting)

- the key interface between Cenitex and its customers
- account management, service delivery management and customer satisfaction
- new customer acquisition and onboarding
- service strategy, customer service catalogue and bringing new services to market
- customer and internal communications
- customer reporting

### Director Strategy and Governance – Sharon Copeland-Smith

- corporate strategy, business trends and strategic research
- 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
- development of the corporate plan

### Director Service Delivery – Nigel Cadywould (acting)

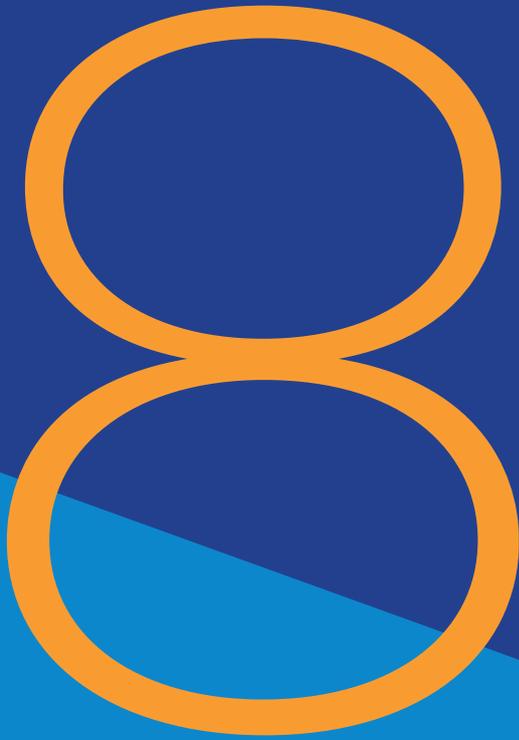
- infrastructure and workplace services
- project delivery services
- asset management
- operational security
- IT Service Centre, request fulfilment and incident and problem management

### Director Finance and Business Services – Duncan McNab (acting)

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

### Director People and Capability – Catherine Proud

- organisational development, including capability development, management and leadership development
- workforce planning, recruitment, onboarding and staff movement
- occupational health and safety, and employee wellbeing
- entitlement management (including payroll), industrial relations
- accommodation services



O U R

P E O P L E

## 8.1 WORKFORCE PROFILE

Table 1: Full-time equivalents (FTE) and contractor staffing trends 2014-19

		Jun-19	Jun-18	Jun-17	Jun-16	Jun-15	Jun-14
<b>Full time equivalents (FTE) staffing trends</b>		525.7	521.3	483.1	468.2	466.1	531.9
<b>Contractors/Temporary staff</b>		36	18	81	60	22	9
<b>Ongoing employees</b>	Number (headcount)	466	479	454	454	447	449
	Full time (headcount)	447	466	439	435	431	435
	Part time (headcount)	19	13	15	19	16	14
	FTE	461.2	475.5	449.9	449.2	442.1	444.9
<b>Fixed-term &amp; Casual</b>	FTE	64.5	45.8	33.2	19.0	24.0	87.0

		June 2019							
		All employees		Ongoing			Fixed term and casual		
		Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	
<b>Demographic data</b>	<b>Gender</b>	Women	110	105.7	78	14	88.1	18	17.6
		Men	424	420.0	369	5	373.1	50	46.9
		Self-described	0	0.0	0	0	0.0	0	0.0
		<b>Total</b>	<b>534</b>	<b>525.7</b>	<b>447</b>	<b>19</b>	<b>461.2</b>	<b>68</b>	<b>64.5</b>
	<b>Age</b>	15-24	17	14.7	5	1	5.8	11	8.9
		25-34	103	101.8	76	5	80.2	22	21.6
		35-44	205	201.9	176	6	179.9	23	22.0
45-54		125	124.1	114	4	117.1	7	7.0	
55-64		76	75.6	69	2	70.6	5	5.0	
65+		8	7.6	7	1	7.6	0	0.0	
<b>Total</b>	<b>534</b>	<b>525.7</b>	<b>447</b>	<b>19</b>	<b>461.2</b>	<b>68</b>	<b>64.5</b>		
<b>Classification data</b>	<b>Classification</b>	Grade 2	9	8.0	1	2	2.6	6	5.4
		Grade 3	114	110.0	81	6	85.9	27	24.1
		Grade 4	82	81.2	74	3	76.2	5	5.0
		Grade 5	146	145.2	130	3	132.2	13	13.0
		Grade 6	154	152.5	140	4	142.5	10	10.0
		<b>Total</b>	<b>505</b>	<b>496.9</b>	<b>426</b>	<b>18</b>	<b>439.4</b>	<b>61</b>	<b>57.5</b>
	<b>Senior employees</b>	STS	25	24.8	21	1	21.8	3	3.0
		Executives	4	4.0	0	0	0.0	4	4.0
		<b>Total</b>	<b>29</b>	<b>28.8</b>	<b>21</b>	<b>1</b>	<b>21.8</b>	<b>7</b>	<b>7.0</b>
		<b>Total employees</b>	<b>534</b>	<b>525.7</b>	<b>447</b>	<b>19</b>	<b>461.2</b>	<b>68</b>	<b>64.5</b>
<b>Excludes</b>	Board Members	5.0							
	Temp Staff	0.0							
	Contractors	36.0							
	Secondment	0.0							

**Table 2: Employment levels in June 2019 and 2018.**

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 2018 to the last full pay period in June 2019

June 2018						
All employees		Ongoing			Fixed term and casual	
Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
107	103.7	84	11	91.9	12	11.8
418	417.6	382	2	383.6	34	34.0
0	0.0	0	0	0.0	0	0.0
<b>525</b>	<b>521.3</b>	<b>466</b>	<b>13</b>	<b>475.5</b>	<b>46</b>	<b>45.8</b>
13	13.0	4	0	4.0	9	9.0
106	105.5	920	2	93.5	12	12.0
197	195.3	181	6	185.3	10	10.0
127	126.3	115	2	116.5	10	10.0
76	75.6	69	2	70.6	5	5.0
6	5.6	5	1	5.6	0	0.0
<b>525</b>	<b>521.3</b>	<b>1294</b>	<b>13</b>	<b>475.5</b>	<b>46</b>	<b>46.0</b>
9	9.0	0	0	0.0	9	9.0
101	100.2	86	3	88.2	12	12.0
86	85.2	77	3	79.2	6	6.0
152	150.7	142	4	144.7	6	6.0
145	144.6	138	2	139.6	5	5.0
<b>493</b>	<b>489.7</b>	<b>443</b>	<b>12</b>	<b>451.7</b>	<b>38</b>	<b>38.0</b>
27	26.8	23	1	23.8	3	3.0
5	4.8	0	0	0.0	5	4.8
<b>32</b>	<b>31.6</b>	<b>23</b>	<b>1</b>	<b>23.8</b>	<b>8</b>	<b>7.8</b>
<b>525</b>	<b>521.3</b>	<b>466</b>	<b>13</b>	<b>475.5</b>	<b>46</b>	<b>45.8</b>

## 8.2 OCCUPATIONAL HEALTH AND SAFETY

Cenitex is committed to Occupational Health and Safety (OH&S) and aims to ensure that all staff remain safe and healthy at work.

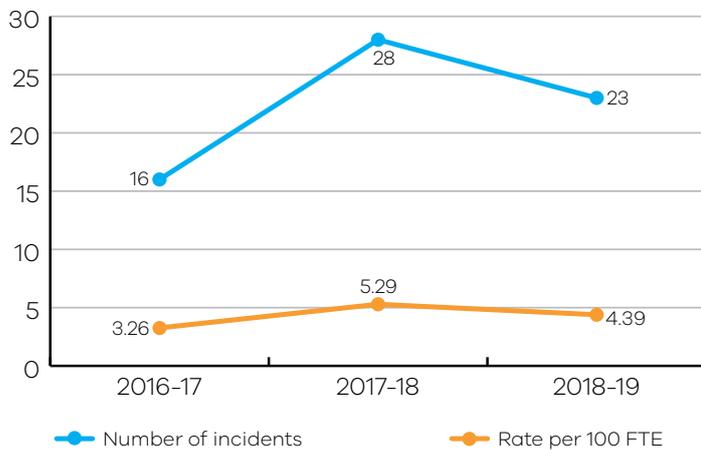
Over the past year, the OH&S function of Cenitex has expanded from a single person to the Health, Safety and Environment (HSE) department. The Manager, Health Safety and Environment was appointed in September 2018, and the function of building facilities was brought into the HSE function. Incorporating facilities management into the HSE team has allowed for proactive building maintenance and fast action on identified hazards, and has also centralised emergency management activities.

### Incident management

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

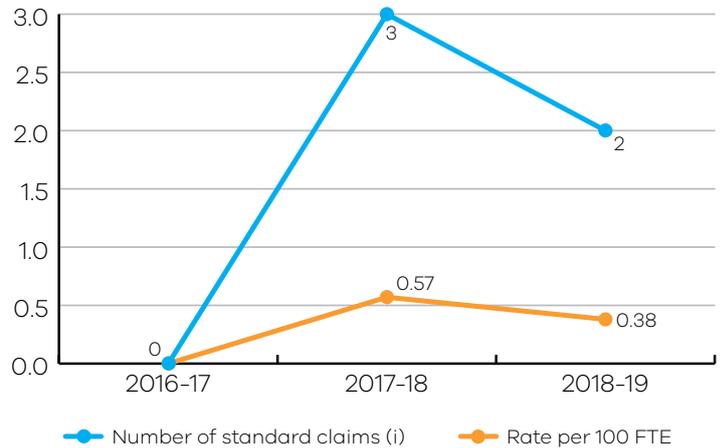
Between 2017–19, the incident rate has remained stable.

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

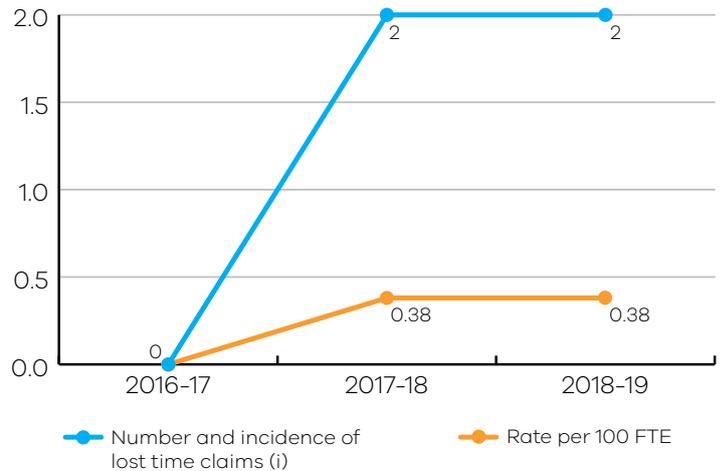


The number of claims has continued to be low. Of the claims accepted within the reporting period, one occurred external to the Cenitex tenancy, caused by a lift malfunction.

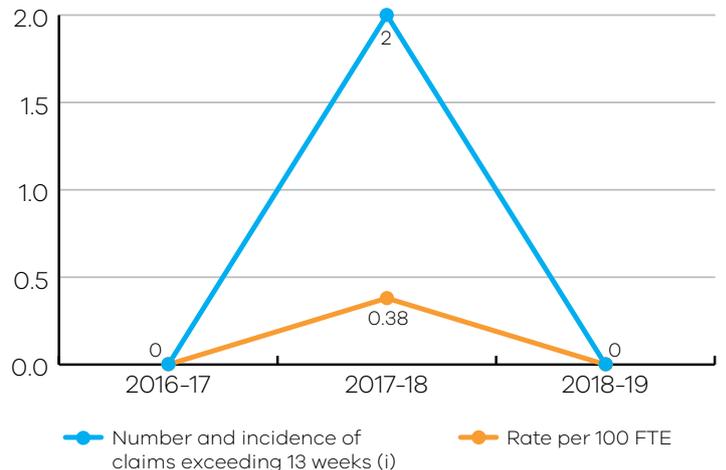
**Figure 2: No. of standard claims and rate per 100 FTE**



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



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



## Cenitex's performance against OH&amp;S management measures

Measure	KPI	2016-17	2017-18	2018-19
Incidents	Number of incidents	16	28	23
	Rate per 100 FTE	3.3	5.3	4.4
	Number of incidents requiring first aid and/or further medical treatment	Not collated	Not collated	9
Claims	Number of standard claims (i)	0	3	2
	Rate per 100 FTE	0	0.6	0.4
	Number and incidence of lost time claims (i)	0	2	2
	Rate per 100 FTE	0	0.4	0.4
	Number and incidence of claims exceeding 13 weeks (i)	0	2	0
	Rate per 100 FTE	0	0.4	0
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per standard claim (i)	\$0	\$124,129	\$94,728
	Estimate of outstanding claim costs (i)	\$0	\$322,560	\$58,219
Return to work	Percentage of claims with RTW Plan <30 days	0	0	0
Management commitment	Evidence of OH&S policy	Policy statement on intranet and displayed in office foyer	Policy statement on Cenitex Intranet	Policy statement on Cenitex intranet
	Regular reporting to senior management	Monthly reporting completed to 1st quarter 2016-17	(ii) Six-monthly report to Board/People Strategy and Remuneration Committee	(ii) Six-monthly report to Board/People Strategy and Remuneration Committee
Consultation and participation	Evidence of agreed structure of designated work groups (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	7	6	6

## Cenitex's performance against OH&amp;S management measures – continued

Measure	KPI	2016-17	2017-18	2018-19	
Risk management	Number of internal audits/ inspections completed (ii)	0	3	1	
	Percentage of reported incidents investigated (iii)	Not reported	Not reported	100%	
	Number of managers and staff that have received OH&S training:				
	Number of improvement Notices issued across the Department by WorkSafe Inspector	0	0	0	
	Percentage of issues identified and actioned:				
	• hazard reports	100%	83%	0%	
	• internal audits or inspections	0%	0%	0%	
	• HSR provisional improvement notices	0%	0%	0%	
	• WorkSafe notices	0%	0%	0%	
	Training	Number of managers and staff that have received OHS training:			
• induction/annual		125	492	280	
• management training (ii)		0	90	28	
Percentage of HSRs training (not a legislative requirement): (iv)					
• acceptance of role		100%	37%	100%	
• annual refresher training		0%	0%	0%	

(i) Source - CGU Insurance. Does not include rejected claims.

(ii) Internal desktop audit completed against ISO 45001

(iii) Completed for 100% incidents that were assessed as requiring an investigation.

(iv) Based on % of HSRs who request training. All HSRs offered training upon acceptance of role.

## 8.3 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 (VPS) Enterprise Agreement 2016*.

### Code of Conduct

Cenitex applies the VPS Code of Conduct 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





**D I S C L O S U R E S**

## 9.1 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.

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

## 9.2 CONSULTANCY EXPENDITURE

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

In 2018-19, there were 23 consultancies where the total fee payable to each of the consultants was \$10,000 or greater. The total expenditure incurred during 2018-19 in relation to these consultancies was \$1,075,538. Details of individual consultancies are outlined right.

### Consultant

ALLEGRA CONSULTING

ALLEGRA CONSULTING

ANDREWS GROUP PTY LTD

APPTIO INC

ARCBLUE CONSULTING (AUS) PTY LTD

BAE SYSTEMS

BARRINGTON GROUP AUSTRALIA

BRIGHTEN CONSULTING GROUP

CATALYST IT PTY LTD

CLAYTON UTZ

CT ALLIANCE

DATA#3 GROUP

DELOITTE TOUCHE TOHMATSU

DIMENSION DATA AUSTRALIA PTY LTD

DLA PIPER

FISHER IT ASSET CONSULTING AUST PTY LTD

OPTUS NETWORKS PTY LTD

PEDDLE THORP INTERIORS PTY LTD

RISK LOGIC PTY LTD

RSM AUSTRALIA PTY LTD

SENSEI PRODUCTIVITY PTY LTD

TALASCH INVESTMENTS PTY LTD

VITAE PARTNERS PTY LTD

\* Work for these services has completed but finalisation of invoicing was outstanding at 30 June 2019.

<b>Purpose of consultancy</b>	<b>Start date</b>	<b>End date</b>	<b>Total approved project fee (excluding GST)</b>	<b>Expenditure 2018-19 (excluding GST)</b>	<b>Future Expenditure (excluding GST)</b>
Incident and service request taxonomy assessment	11/06/2019	30/06/2019	\$45,455	NIL*	\$45,455
Knowledge management assessment	11/06/2019	30/06/2019	\$45,455	NIL*	\$45,455
Customer satisfaction benchmarking 2018-19	1/07/2018	30/06/2019	\$59,750	\$15,894	\$43,856
Delivery of Cenitex cost model review	10/12/2018	28/02/2019	\$35,409	NIL*	\$35,409
Early preparation phase for eProcurement solution	27/05/2019	31/07/2019	\$99,923	NIL	\$99,923
Provision of cyber security incident response	1/07/2018	14/12/2019	\$53,624	NIL	\$53,624
Schematic design of 80 Collins Street South Tower	30/07/2018	29/02/2020	\$24,750	\$15,000	\$9,750
Business process specialists for Program Fortify	18/03/2019	24/12/2019	\$465,000	\$99,100	\$365,900
Enterprise monitoring and event management capability assessment	24/05/2019	30/06/2019	\$36,300	NIL*	\$36,300
General legal advice regarding Cenitex's lease of 80 Collins Street	1/07/2018	30/03/2020	\$22,727	\$7,129	\$15,598
Probity review of Digital Desktop project	11/12/2018	16/08/2019	\$16,140	\$5,290	\$5,425
Data centre network design and implementation	1/07/2018	31/05/2019	\$463,986	\$463,986	NIL
Pricing strategy implementation support	28/03/2019	28/06/2019	\$264,000	\$253,215	NIL
Network Infrastructure bulletproof analysis	9/07/2018	30/07/2018	\$31,959	\$31,959	NIL
Legal services for Digital Desktop Services RFQ	23/07/2018	30/06/2019	\$146,909	\$16,000	\$90,702
Defence advisory services for IBM Audit	1/05/2019	30/04/2020	\$49,000	NIL	\$49,000
Security governance, risk and compliance services	13/05/2019	30/06/2021	\$334,800	NIL	\$334,800
Construction architectural consulting services	9/07/2018	31/03/2020	\$68,281	\$50,635	\$17,646
Business continuity review	23/10/2018	15/03/2019	\$23,185	\$23,185	NIL
Probity advisory services for Digital Desktop Services RFQ	6/08/2018	30/05/2019	\$17,700	\$2,695	NIL
ERP support services	20/05/2019	30/08/2019	\$32,000	NIL	\$32,000
Catalogue SLA review	24/09/2018	31/10/2018	\$30,000	\$30,000	NIL
Independent assurance advisor for Fortify	15/08/2018	28/06/2019	\$95,700	\$61,450	\$34,250

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

In 2018-19, one consultancy was engaged, where the total fees payable to the individual consultant was less than \$10,000. Total expenditure incurred during 2018-19 in relation to this consultancy was \$4,068.00 (excl. GST).

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2018-19 (excluding GST)	Future Expenditure (excluding GST)
COURTHEATH CONSULTING	Probity advice for IT Service Management (ITSM) tender process	4/04/2019	30/08/2019	\$9,091	\$4,068	\$5,023

## 9.3 INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

For the 2018-19 reporting period, Cenitex had a total ICT expenditure of \$3,052,000 as detailed below.

(\$ thousand)

<b>Business As Usual (BAU) ICT expenditure</b>	1,592
<b>Non-Business As Usual (non-BAU) ICT expenditure</b>	1,460
<b>Operational Expenditure</b>	1,353
<b>Capital Expenditure</b>	106

ICT expenditure refers to Cenitex's costs in consuming business-enabling ICT services to support our 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 Cenitex's 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.

## 9.4 DISCLOSURE OF MAJOR CONTRACTS

In accordance with the requirements of government policy and accompanying guidelines, Cenitex discloses all contracts greater than \$10 million in value which it entered into during the year ended 30 June 2019.

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 and/or government guidelines.

## 9.5 FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* allows the public a right of access to documents held by Cenitex. For the 12 months ending 30 June 2019, Cenitex received no requests for access under Freedom of Information.

### Making a request

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in section 17 of the *Freedom of Information Act 1982*. In summary, the requirements for making a request are:

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

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

Freedom of Information Officer Cenitex  
PO Box 2750  
Melbourne VIC 3001

Access charges may also apply once documents have been processed and a decision on access is made; for example, photocopying and search and retrieval charges.

Further information regarding Freedom of Information can be found at <http://www.foi.vic.gov.au>.

## 9.6 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.

## 9.7 COMPETITIVE NEUTRALITY POLICY

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership 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. The Competitive Neutrality Policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

Cenitex is working to ensure Victoria fulfils its requirements on competitive neutrality reporting for technological based businesses against the enhanced principles as required under the Competition Principles Agreement and Competition and Infrastructure Reform Agreement.

Cenitex continues to establish prices for services that are fully cost reflective.

## 9.8 COMPLIANCE WITH THE PROTECTED DISCLOSURE ACT 2012

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

Disclosures about Cenitex, its employees, officers and members should only be made to the IBAC. According to the Independent Broad-based Anti-corruption Commission IBAC, Cenitex is a public body that cannot receive disclosures. The Protected Disclosure Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by Cenitex or any of its employees are available on the Cenitex website (Protected Disclosure Procedures 2018.docx available for download at <https://www.cenitex.vic.gov.au/protected-disclosure>).

## 9.9 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

	2018-19		2017-18	
	Offices	Data centres	Offices	Data centres
Electricity consumption (megajoules – MJ)	5,064,495	15,961,072	4,905,412	18,945,024
MJ per square metre (m <sup>2</sup> )	639	9,422	619	11,184
MJ per full-time employee ( FTE)	9,032	28,466	9,410	36,341
Paper consumption (reams)	1,832		1,753	
Reams per FTE	3		3.36	
Motor vehicle use (kilometres) <sup>1</sup>	118,776		117,542	
km per FTE	211.83		223	

FTE = 560.70 FY 2018–19

FTE = 528.08 FY 2018–19

#### Notes: FY 2018-19

(1) Motor Vehicle kilometres is based on FBT year April 2018 to March 2019.

### 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 fifty floors. This is standard practice in leased buildings.

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

## 9.10 PROCUREMENT

Cenitex procures a significant portion of its requirements from state purchasing contracts (SPC) to take advantage of pre-negotiated contract terms and/or pricing arrangements. The SPCs we purchase from include:

- Stationery and Workplace Consumables
- Multifunctional devices and printers contract
- WoVG Data Centre contracts
- End User Computing Equipment contract
- eServices register
- IT Infrastructure register
- Telecommunications (TPAMS2025) service contract

Cenitex is implementing the Social Procurement Framework and is drafting its inaugural Social Procurement Strategy, to launch in FY2019-20.

## 9.11 COMPLIANCE WITH DATAVIC ACCESS POLICY

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, Cenitex has made four data sets available on the DataVic website in 2018-19. Information included in this Annual Report will also be available at [www.data.vic.gov.au](http://www.data.vic.gov.au) in electronic readable format.

## 9.12 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
- b) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- c) details of publications produced by the entity about itself, and how these can be obtained
- d) details of changes in prices, fees, charges, rates and levies charged by the entity
- e) details of any major external reviews carried out on the entity
- f) 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
- g) details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services
- h) details of assessments and measures undertaken to improve the occupational health and safety of employees
- i) a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes
- j) a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved
- k) details of all consultancies and contractors including:
  - i) consultants/contractors engaged
  - ii) services provided
  - iii) expenditure committed to for each engagement



## 9.13 DISCLOSURE INDEX

Legislation	Requirement	Section reference
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	About Cenitex
FRD 22H	Purpose, functions, powers and duties	About Centex
FRD 8D	Departmental objectives, indicators and outputs	5
FRD 22H	Key initiatives and projects	5
FRD 22H	Nature and range of services provided	About Cenitex, 5
<b>Management and structure</b>		
FRD 22H	Organisational structure	7
<b>Financial and other information</b>		
FRD8D	Performance against output performance measures	
FRD 10A	Disclosure index	9.13
FRD 12B	Disclosure of major contracts	9.4
FRD 15D	Executive officer disclosures	Financial Report 8.2
FRD 22H	Employment and conduct principles	8.3
FRD 22H	Occupational health and safety policy	8.2
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	<i>Application and operation of Freedom of Information Act 1982</i>	9.5
FRD 22H	<i>Compliance with building and maintenance provisions of Building Act 1993</i>	9.6
FRD 22H	Statement on National Competition Policy	9.7
FRD 22H	<i>Application and operation of the Protected Disclosure Act 2012</i>	9.8
FRD 22H	Details of consultancies over \$10 000	9.2
FRD 22H	Details of consultancies under \$10 000	9.2
FRD 22H	Disclosure of ICT expenditure	9.3
FRD 22H	Statement of availability of other information	9.12
FRD 24C	Reporting of office based environmental impacts	9.9
FRD 25D	Local Jobs First	9.1
FRD 29B	Workforce Data disclosures	8.1
SD 5.2	Specific requirements under Standing Direction 5.2	Financial Report

## 9.13 DISCLOSURE INDEX – continued

Legislation	Requirement	Section reference
<b>Compliance attestation and declaration</b>		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	9
SD 5.2.3	Declaration in report of operations	Letter to Minister, Page 2
<b>Financial statements</b>		
Declaration		
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 1
SD 5.2.1 (a)	Compliance with Standing Directions	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
<b>Legislation</b>		
	<i>Freedom of Information Act 1982</i>	9.5
	<i>Building Act 1993</i>	9.6
	<i>Protected Disclosure Act 2012</i>	9.8
	<i>Local Jobs Act 2003</i>	9.1
	<i>Financial Management Act 1994</i>	Letter to Minister, Page 2

## 9.14 OUR WEBSITES

Cenitex has an online presence in three website environments:

Website	Audience
Staff intranet	Cenitex staff
inslTe	Cenitex staff and customers
Internet	General public, Cenitex customers and staff <a href="http://www.cenitex.vic.gov.au">www.cenitex.vic.gov.au</a>

## 9.15 GLOSSARY OF TERMS

ARC	Audit and Risk Committee
CFO	Chief Finance Officer
CIO	Chief Information Officer
Departments	Department of Jobs, Precincts and Regions (DJPR), Department of Transport (DoT), Department of Environment, Land, Water and Planning (DELWP), Department of Health and Human Services (DHHS), Department of Justice and Community Safety (DJCS), Department of Premier and Cabinet (DPC), Department of Treasury and Finance (DTF), and Department of Education and Training (DET).
Executive	In the Victorian Public Service, a person employed as a public service body head or other executive under Part 3, Division 5 of the <i>Public Administration Act 2004</i> . The definition of an executive officer does not include statutory officers unless they are specifically declared to be employed under the executive employment provisions of the <i>Public Administration Act 2004</i> .
FTE	Full-time equivalent. One FTE is the equivalent of one person working full-time for one financial year. For example, two persons, each working 2.5 days per week (or 0.5 of standard hours) equals one FTE.
GSP	Government Shared Platform
ICT	Information and Communications Technology
MoU	Memorandum of Understanding
Public sector	All organisations (i.e. VPS departments and agencies, as well as public entities) covered by the <i>Public Administration Act 2004</i> .
Remedy	Tool for managing internal service desk calls
SAC	Stakeholder Advisory Committee
SOC	Security Operations Centre
State agencies	Administrative unit of state government providing community and other services. State agencies mentioned in this report:  Public Transport Victoria (PTV), Victorian Ombudsman, VicForests  Environment Protection Authority (EPA), Commercial Passenger Vehicles Victoria (CPVV), Office of the Governor  Victorian Public Sector Commission Office of the Chief Parliamentary Counsel Public Record Office Victoria  Victorian Multicultural Commission, Transport Safety Victoria  Metropolitan Waste and Resource Recovery Group, Court Services Victoria
Victorian public sector	All Victorian organisations (i.e. Victorian Public Service departments and agencies, as well as public entities) covered by the <i>Public Administration Act 2004</i>
VPS	Victorian public service (see also Victorian public sector)
WoVG	Whole of Victorian Government

## ATTESTATION FOR FINANCIAL MANAGEMENT COMPLIANCE WITH MINISTERIAL STANDING DIRECTION 5.1.4

I, Randall Straw, 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**

Chair

4 October 2019

Cenitex  
Level 18, 80 Collins Street  
Melbourne VIC 3000  
Australia

Tel: +61 3 8688 1872

Fax: +61 3 8688 1300

Website: [www.cenitex.vic.gov.au](http://www.cenitex.vic.gov.au)

Authorised by the Victorian Government,  
1 Treasury Place, Melbourne

© Copyright State of Victoria 2016

ISSN 1837-4913

Published 11 October 2018



cenitex