

**cenitex**

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# Annual Report

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**2022 - 2023**

Ms Gabrielle Williams MP  
Minister for Government Services  
Level 3, 1 Treasury Place  
Melbourne VIC 3000

Dear Minister,

**Cenitex Annual Report FY2022-23**

I am pleased to submit the 2022-23 Annual Report of CenITex, including the Financial Statements for the year ended 30 June 2023, for presentation to Parliament, pursuant to Part 7 of the *Financial Management Act 1994*. CenITex (Cenitex) is a State body under the *State Owned Enterprises Act 1992* (Vic).

Yours sincerely,



**Gayle Porthouse**  
Chair

24 October 2023

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# Part 1

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# Overview





## Chair's Foreword

I am pleased to present the Cenitex Annual Report 2022-23. As newly appointed Chair of the Cenitex Board, I have been provided a comprehensive overview to allow me to effectively build on the work undertaken by the preceding Cenitex Board.

This report summarises the key Cenitex achievements and financial results over the 2022-23 financial year, a year underscored by the challenges arising from environmental and financial factors.

The 2022-23 financial year marked the final year of the Cenitex One-Three-Five Strategy. The One-Three-Five Strategy has driven improvements in the capabilities, service offerings, engagement and culture of Cenitex, resulting in a strong cumulative financial surplus.

By an Order in Council dated 6 June 2023, Cenitex was declared a reorganising body under *the State Owned Enterprise Act 1992*, effective 1 July 2023.

Cenitex is uniquely positioned to deliver on its purpose of being the Victorian Government's trusted IT partner and to support Victoria's digital future. I am grateful to the devotion and hard work that has shaped Cenitex over recent years and extend my thanks to the former Board, the Chief Executive Officer Frances Cawthra, the Executive Leadership Team and all Cenitex people.

On behalf of the Board, we look forward to building on this work and helping Cenitex continue delivering value to its customers and Victorians.

**Gayle Porthouse**

Chair

## CEO's Foreword

Cenitex achievements over the 2022-23 financial year are a reflection of our strong customer focused culture which positions the organisation to meet challenging times. Machinery of Government (MoG) restructures, post-pandemic financial considerations, an evolving cyber security risk environment and increasing demand for IT talent are just some of the many forces impacting Cenitex.

Cenitex has continued to deliver value to Victorians, and it has done so with positivity, inclusivity, ingenuity, and a commitment to putting people at the heart of everything we do.

In 2022-23, Cenitex worked collaboratively with the newly established Department of Government Services (DGS) and all departments to ensure strong governance is in place and the priority technology changes are completed to enact the significant MoG changes.

Cenitex supports DGS in aligning with the Victorian Government Digital Strategy 2021-26 and the Cyber Strategy 2021, and the Victorian Government's three key digital pillars: better, fairer, more accessible services; a digital ready public sector; and a thriving digital economy. Cenitex has supported building a digital Victoria through the delivery of major projects, including:

- Development and establishment of IT capabilities for VPS GovHubs (Regional and Suburban).
- Transitioning Victorian Government services to Cloud Services, including Hybrid Cloud and Multi-Cloud.
- Application development which automates business processes, assisting departments to streamline their workloads in an efficient and cost-effective way.
- Cyber Security Bundle to detect and respond to cyber threats, identify and remediate technical vulnerabilities and meet compliance requirements.
- Working with Department of Transport and Planning (DTP) on the One DoT. One Digital Workplace (OD. ODW) program.
- Building digital capability across Victorian Government through our Office 365 Ways of Working (WoW) service.
- Delivering new products and services, including Disaster Recovery as a Service (DRaaS), Lite Connect and BookIT.



A focus on programs to support the attraction and retention of a high performing, engaged workforce have resulted in a number of awards, including:

- The Institute of Public Administration Australia (IPAA) Leading Employer Award at the Leadership in the Public Sector Awards 2023.
- Certification as a Great Place to Work, the first Victorian Government agency to be certified and only the second government agency in Australia.
- Recognition by Work180 as one of Australia's top workplaces for women.

I am immensely proud of the achievements made by Cenitex over the 2022-23 financial year.

I would like to offer my gratitude and well wishes to the preceding Cenitex Board, whose tenure finished on 30 June 2023, with special thanks to its Chair, Randall Straw PSM.

I welcome the newly appointed Cenitex Board who commenced on 1 July 2023, chaired by Gayle Porthouse. I look forward to working with you to support a digital Victoria.

Finally, I would like to thank the Executive Leadership Team and our people for another productive year. I look forward to the year ahead.

**Frances Cawthra**  
CEO

## Acknowledgement of Country

Cenitex acknowledges the Traditional Owners of the lands in which we operate across Victoria. We pay our respects to Elders past and present. We recognise Victoria has more than 38 Traditional Owner groups, and while each Country is unique in history and culture, they share common principles in maintaining respect for community, land, water and sky.

We acknowledge that the land is of spiritual, cultural importance to Aboriginal people. We embrace the spirit of reconciliation, guaranteeing equality of outcomes and ensuring an equal voice.

## About Cenitex

In July 2008, the Victorian Government established Cenitex as a State Body under the *State Owned Enterprises Act 1992*, responsible for delivering defined customer Information and Communications Technology (ICT) services efficiently and cost-effectively to Victorian Government departments and agencies.

The Cenitex purpose is to serve the people of Victoria through secure, effective, and contemporary IT services for Government entities, including identity and network management, security, user workspace and cloud services. Cenitex is a key delivery partner in support of the Digital Victoria led Victorian Government Digital Strategy 2021-26.

Cenitex supports 45 customers from across Victorian Government including most major Departments. There is no mandate on customers to use the services of Cenitex - it operates on a fee-for-service basis in a commercial, competitive environment, and does not

receive appropriation funding from the State budget.

The Cenitex workforce of over 600 people delivers ICT services to more than 69,000 Victorian public servants, across 45 customer departments and agencies. Cenitex responds to almost 10,000 customer contacts every week, 52 weeks a year. Cenitex network facilitates secure transactions and communication transfers. Each financial year the network carries 181 billion transactions.

Cenitex is governed by a Board of Directors who advise the Minister for Government Services on all matters within the Minister's areas of responsibility as they relate to Cenitex. Each Cenitex Board Director was appointed by the Governor-in-Council on the recommendation of the portfolio minister responsible for Cenitex.

## Purpose

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

## Strategic Goals



### Trust

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



### Partnership

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



### Growth

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

## Cultural Traits

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

## Values

The *Public Administration Act 2004* establishes values to guide conduct and performance in the Victorian Public Sector.

- Responsiveness
- Integrity
- Impartiality
- Accountability
- Respect
- Leadership
- Human Rights

**Part 2**

**Year in Review**



## 2.1 Progress towards strategic goals under the one-three-five strategy

The 2022-23 financial year marks the final year of a three-year One-Three-Five Strategy. Our actions and achievements throughout the year were guided by its one purpose, three strategic goals, and five strategic programs.

This section reports our progress on Cenitex objectives through a range of indicators.

### Strategic Goal 1: Trust

Cenitex continues to build trust and influence by fulfilling our core mandate to high standards and apply our know-how to inform policy, strategy and the IT decisions of customers.

In 2022-23, Cenitex continued to foster trust through its dedication to effective cyber security and service delivery in a changing geopolitical and hybrid work environment.

Over the financial year, Cenitex supported the Victorian Public Sector Commissions' workforce outcomes framework. This framework guides policy development, decision making and future readiness planning to ensure the VPS can meet changing service delivery and support social and economic recovery.

### Performance Measurement

Key Performance Indicator	Specific Measure	Target	Outcome
<b>Trust</b>			
Continue to provide high quality core technology, support, and workplace computing services to customers.	Technology Services Availability	99.8%	99.84%
	Workplace Services Availability	99.8%	99.96%
Notable examples of Cenitex informing Victorian Government IT policy and strategy	Examples of Cenitex working with Government on IT policy and strategy	Qualitative	<ul style="list-style-type: none"> <li>Cenitex has informed DJSIR Digital Industry Engagement Strategy and consolidated approach to events supporting the Victorian Digital Economy.</li> <li>Cenitex contributed to the Victorian Public Sector Commissions' workforce outcomes framework providing expertise on modern technology and how it can support the public sector meet its future needs.</li> </ul>

## Strategic Goal 2: Partnership

The Cenitex partnership vision is to bring industry, education and government together to deliver better services and outcomes for the Victorian people.

### Cenitex Strategic Partnerships

During 2022-23, Cenitex focused on strategic relationships with vendors, and how Cenitex could partner with industry and government to deliver on positive outcomes aligned to the five programs under the One-Three-Five Strategy, and the three pillars of the Victorian Government Digital Strategy 2021-26.

In 2022-23, Cenitex increased the number of services provided to customers through strategic vendor relationships it facilitated or managed.

### Performance Measurement

Key Performance Indicator	Specific Measure	Target	Outcome
<b>Partnership</b>			
Notable examples of collaborative relationships with customers, such as joint centres of excellence	Examples of co-designed services or products with customers	Qualitative	<ul style="list-style-type: none"> <li>In collaboration with the Victorian Government’s Cyber Security working group, Cenitex developed a suite of security products to support and improve the Victorian Government’s cyber resilience.</li> <li>Cenitex partnered with DJCS and DGS to deliver the AWS Cloud Landing zone. This landing zone will be used as the WoVG standard for AWS Cloud.</li> </ul>
An increase in the number of services provided to customers through strategic vendor relationships facilitated or managed by Cenitex	Number of new services through strategic vendor relationships	1	4

### Strategic Goal 3: Growth

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

During the 2022-23 financial year, Cenitex introduced a range of new services, including the Domain Name System (DNS) Self-Service, software-defined wide area network (SDWAN), self-service request forms for penetration testing via ServiceNow GoPortal, and Cenitex automated server patching reporting (CASPR). It also explored new customer opportunities with a number of new entities.

### Performance Measurement

Key Performance Indicator	Specific Measure	Target	Outcome
<b>Growth</b>			
An increase in the overall number of Cenitex customers	Number of new customers	3	4
More Cenitex services consumed by existing customers	Number of new services available for existing customer consumption	2	8

## 2.2 One-Three-Five Strategy Year 3 Delivery Update

In 2022-23, Cenitex dedicated its focus to driving key projects ahead and delivering on the planned actions from the 2022-26 Corporate Plan. The outcomes of the Year 3 programs are reported in the tables below.

### Effective Operating Model Planned Actions for 2022-23

The Effective Operating Model program of work delivers a range of benefits, including a consistent approach to service development, improved customer satisfaction, and stronger product demand. It enhances accountability, streamlines processes, and drives cohesive improvements.

Effective Operating Model also improves employee experience, brand image, and real-time visibility and action on customer networks. The program facilitates the development of new customer offerings and offers scalability to other domains and customer environments, generating new revenue with minimal additional investment.

Key outcome	Key actions	Delivery outcome
The right technology platforms to enable Cenitex to continue supporting customers and government	Renew internal Cenitex Enterprise Platform	Partially Complete*
	Standardise Cenitex internal Enterprise Architecture	Partially Complete*
Improved Business Processes for Customers / Continuous Service Improvement	Implementation of the Cenitex Product Development Lifecycle framework	Complete
	Continue to streamline Cenitex internal business processes through continuous improvement and innovation	Complete
Proactive management of infrastructure operations	Deliver state of the art facilities for the Network Operations Centre and enhance technical operations	Complete

\* The following actions have been listed as “Partially Complete”:

- *Renew internal Cenitex Enterprise Platform* – Cenitex has rolled this project over to next financial year to ensure vendor selection for the implementation phase delivers value for money for the State. This project is anticipated to be delivered in quarter four of FY2023-24. There are no material issues anticipated to arise as a result of the delay.
- *Standardise Cenitex internal Enterprise Architecture*—Cenitex has rolled this project over and it will be completed in the first quarter of FY2023-24. There are no material issues anticipated to arise as a result of the delay.

## Enhanced Capability Planned Actions For 2022-23

The Enhanced Capability program improves Cenitex ability to respond to future workforce needs and business demands by ensuring effective workforce planning and talent management. It brings new skills into the organisation and creates a talent pipeline for future needs.

The program also fosters the development and growth of external partnerships, which can bring valuable resources and expertise. The Enhanced Capability supports increased diversity and inclusion, promoting a more inclusive and equitable work environment.

Key outcome	Key actions	Delivery outcome
Enhancing digital skills in the public sector and for the community	Implement a Workforce Planning program to forecast technical skilled resourcing requirements	Complete
	Support up to ten graduates	Complete
	Support digital internship programs	Complete

### Clear and Refined Offering Planned Actions for 2022-23

The Clear and Refined Offering program reduces dependency on data centres, improving application performance, streamlining site deployment, avoiding redundancy, and achieving savings through operational efficiencies and hardware and licensing costs.

Additionally, it enhances access to Hybrid Cloud data centers and contributes to Cenitex reputation by using cutting-edge technology for customer remote sites.

Key outcome	Key actions	Delivery outcome
Modern, reliable services	Introduce Software-defined wide area network (SDWAN) phase 1	Complete
	Identify opportunities to consolidate or retire technologies Cenitex manages on behalf of government	Complete
	Self service provisioning of service through one common platform	Complete

### Extensive Engagement Planned Actions for 2022-23

The Extensive Engagement program promoted alignment with the Victorian Government Digital Strategy 2021-26, making it easier to do business, and improving the exchange of value with customers. It fosters a high-performance, customer-centric culture, uplifts employee experience and performance, and connects employees to the organisational purpose.

The program shifts the focus from being technology-forward to being more human-centric.

Key outcome	Key actions	Delivery outcome
Strengthened relationships with Cenitex customers	Update Partnership Plans and build strategic account plans with customers to promote alignment with Digital Strategy	Complete
	Develop and deploy customer insights program (voice of customer) to measure and improve customer ease and satisfaction	Complete
	Develop a customer experience improvement strategy, including customer masterclass workshops for Cenitex employees	Complete
Strengthened partnerships with key government stakeholders	Partner with Digital Victoria to support delivery of the Cyber Security Strategy	Complete
	Partner with Digital Victoria to develop the next generation Protected Security Operations Centre	Complete

### The Right Culture Planned Actions for 2022-23

The Right Culture program enhances the Employee Value Proposition (EVP) by recognising employees as individuals and emphasising emotional value. It leads to benefits like increased employee satisfaction, improved wellness, and higher intent to stay.

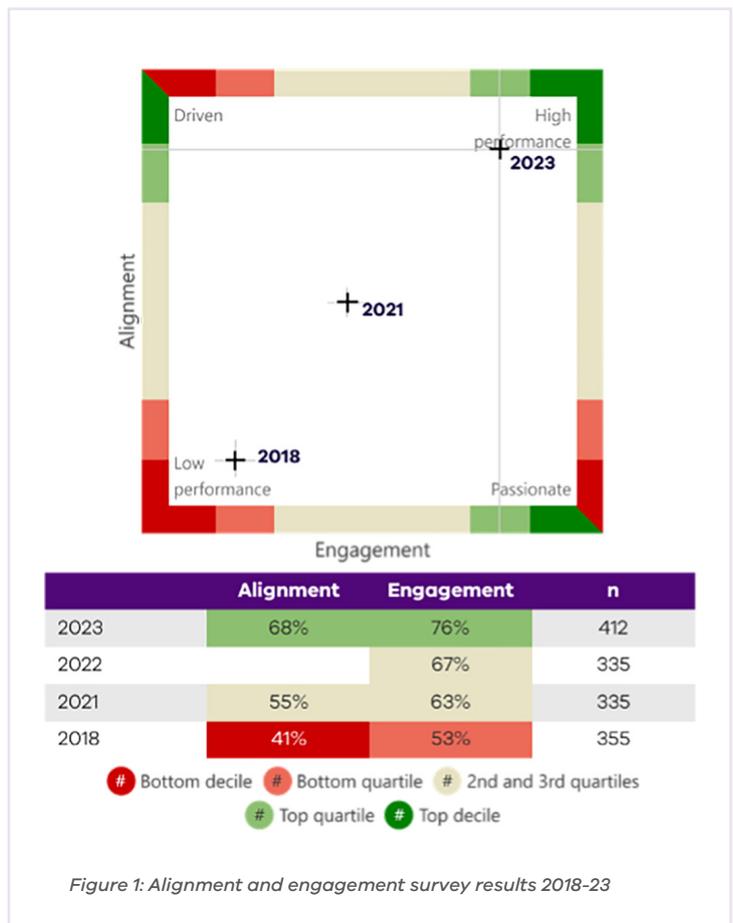
By embedding culture traits, the program aligns behaviours with the Cenitex strategy, fostering connectedness among employees.

Key outcome	Key actions	Delivery outcome
A more equitable and inclusive culture at Cenitex	Introduce the Human Deal Framework to further focus Cenitex culture on flexibility, purpose, connections, growth and wellbeing	Complete
Cenitex employees understand and demonstrate Cenitex culture traits	Plan, promote and implement a culture traits program within Cenitex	Complete

### Alignment and Engagement Outcomes

Cenitex recorded its best ever staff Alignment and Engagement Survey results, with all nine categories achieving top quartile or decile results against 800 employers, compared to none achieving top quartile or decile performance in 2021 (see Figure 1).

66% of employees responded with an ‘engagement’ score of 76% - an increase of 9% from last year and of 23% over the past five years. The ‘alignment’ of Cenitex people has also significantly increased to 68%.



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## Part 3

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# Financial Statements



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## Summary of Financial Results

	2023 \$'000	2022 \$'000	2021 \$'000
Services provided to other Government entities	212,556	218,176	187,358
Total income from transactions	219,275	219,389	197,944
Total expenses from transactions	(218,325)	(206,470)	(199,846)
Net results from transactions before depreciation and amortisation	22,036	34,927	20,486
Net result from transactions	950	12,919	(1,902)
Net result for the period	658	11,153	563
Net cash flow from operating and investing activities	26,218	11,016	3,490
Total assets	165,033	166,403	155,113
Total liabilities	78,205	80,233	81,896

Revenue growth and cost management are the basis for the financial sustainability of Cenitex. Of particular importance is the financial management and performance of the core service catalogue which constitutes 88% of Cenitex revenue.

Cenitex achieved an \$11.5 million surplus against a planned gain of \$9.4 million on its core service catalogue in the 2022-23 financial year and a total net surplus of \$0.7 million against a planned gain of \$3.2 million.

The financial result included the following achievements:

- Realising new revenue streams of \$2.7 million from new services and customers.
- Delivering \$26.9 million in investments to remediate residual technology risk and develop services, including:
  - » addressing legacy hardware refresh and residual technology risks of \$13.1 million,
  - » developing new service and technology capabilities aligned to future roadmaps of \$9.1 million, and
  - » enterprise capability improvements of \$0.8 million.
- \$21.4 million in project deliverables for customers including the following significant projects:
  - » Continued on-boarding of Cenitex services to VicRoads within the Department of Transport and Planning,
  - » Several hospitals on-boarding to the Disaster Recovery as-a-Service (DRaaS), and
  - » Supporting customers with machinery of government changes during the financial year.
- Realising planned cost efficiencies of \$3.7 million in vendor expenditure.

## Cenitex Financial Report for the Financial Year Ended 30 June 2023

### How this report is structured

Cenitex has presented its audited general-purpose financial statements for the financial year ended 30 June 2023 in the following structure to provide users with the information about Cenitex's stewardship of resources entrusted to it.

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## 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 2023 and financial position of Cenitex at 30 June 2023.

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 31/08/2023.



**Gayle Porthouse**  
Chair



**Frances Cawthra**  
Chief Executive Officer



**Duncan McNab**  
Chief Financial Officer

Melbourne  
31/08/2023

## VAGO Declaration

For the financial year ended 30 June 2023



### Independent Auditor's Report

#### To the Board Members of Cenitex

<b>Opinion</b>	<p>I have audited the financial report of Cenitex which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2023</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• declaration in the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Cenitex as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of Cenitex in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>The Board Members' responsibilities for the financial report</b>	<p>The Board Members of Cenitex are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board Members are responsible for assessing the Cenitex's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 Members
- conclude on the appropriateness of the Board Members's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Cenitex's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Cenitex to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE  
7 September 2023

Janaka Kumara

*as delegate for the Auditor-General of Victoria*

## Comprehensive Operating Statement

For the financial year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Revenue and income from transactions</b>			
Services provided to other government entities	2.1	212,556	218,176
Government grant	2.2	4,349	566
Investment income		2,370	647
<b>Total revenue and income from transactions</b>		<b>219,275</b>	<b>219,389</b>
<b>Expenses from transactions</b>			
Employee & Contractor expense	3.1.1	104,008	93,813
ICT expenditure	3.2	87,407	86,608
Depreciation and amortisation	4.1.2	21,086	22,008
Occupancy expenses		1,842	1,410
Other operating expenses		3,982	2,631
<b>Total expenses from transactions</b>		<b>218,325</b>	<b>206,470</b>
<b>Net result from transactions</b>		<b>950</b>	<b>12,919</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on financial instruments *		705	(1,505)
Net gain/(loss) on disposal of non-financial assets **		(1,160)	(130)
Net gain/(loss) from revaluation of long service leave liability		163	2,002
Net gain/(loss) on Asset revaluation ***		-	(2,133)
<b>Total other economic flows included in net result</b>		<b>(292)</b>	<b>(1,766)</b>
<b>Net Result</b>		<b>658</b>	<b>11,153</b>
<b>Comprehensive result</b>		<b>658</b>	<b>11,153</b>

\* Net gain/(loss) on financial instruments represent gain / (loss) from VFMC investments.

\*\* Net gain/(loss) on disposal of non-financial assets - represents value of assets sold and impairment losses.

\*\*\* Net gain / (loss) on Asset revaluation represents loss on account of VGV revaluation of assets.

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

## Balance Sheet

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.2	46,150	29,628
Receivables	5.1	10,900	24,492
Contract Assets	5.4	10,821	17,145
Investments and other financial assets	4.3	18,126	16,882
<b>Total financial assets</b>		<b>85,997</b>	<b>88,147</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	49,617	52,815
Intangible assets	4.2	-	-
Prepayments	5.3	29,419	25,441
<b>Total non-financial assets</b>		<b>79,036</b>	<b>78,256</b>
<b>Total assets</b>		<b>165,033</b>	<b>166,403</b>
<b>Liabilities</b>			
Payables	5.2	14,016	11,180
Lease liability		26,597	26,523
Employee-related provisions	3.1.2	23,908	21,853
Contract liabilities	5.4	13,684	20,677
<b>Total liabilities</b>		<b>78,205</b>	<b>80,233</b>
<b>Net assets</b>		<b>86,828</b>	<b>86,170</b>
<b>Equity</b>			
Accumulated deficit		(43,962)	(44,620)
Contribution by owners		130,790	130,790
<b>Net worth</b>		<b>86,828</b>	<b>86,170</b>

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

## Cash Flow Statement

For the financial year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from other government entities		233,786	208,876
Receipts from government grant		4,349	1,565
Interest received		1,663	92
Goods and services tax received from the ATO*		4,217	6,728
<b>Total receipts</b>		<b>244,015</b>	<b>217,261</b>
<b>Payments</b>			
Payments to suppliers		(110,876)	(111,532)
Payments to employees		(97,001)	(85,438)
Interest and other costs of finance paid	6.1.3	(641)	(393)
<b>Total payments</b>		<b>(208,518)</b>	<b>(197,363)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>6.2.1</b>	<b>35,497</b>	<b>19,898</b>
<b>Cash flows from investing activities</b>			
Purchases of non-financial assets		(9,279)	(8,882)
<b>Net cash flows from/(used in) investing activities</b>		<b>(9,279)</b>	<b>(8,882)</b>
<b>Cash flows from financing activities</b>			
Repayment of principal portion of lease liability. **	6.1.3	(9,696)	(10,882)
Owner contribution by State Government - appropriation for capital expenditure purposes		-	1,800
<b>Net cash flows from/(used in) financing activities</b>		<b>(9,696)</b>	<b>(9,082)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>16,522</b>	<b>1,934</b>
Cash and cash equivalents at the beginning of the financial year		29,628	27,694
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6.2</b>	<b>46,150</b>	<b>29,628</b>

\*Goods and Services Tax is presented on a net basis of sales and purchases

\*\*Cenitex has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

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 2023

	Accumulated deficit	Contributions by owners	Total
	\$'000	\$'000	\$'000
<b>Balance at 1 July 2021</b>	(55,773)	128,990	73,217
Net result for the year	11,153	-	11,153
Contributed capital	-	1,800	1,800
<b>Balance at 30 June 2022</b>	<b>(44,620)</b>	<b>130,790</b>	<b>86,170</b>
Net result for the year	658		658
<b>Balance at 30 June 2023</b>	<b>(43,962)</b>	<b>130,790</b>	<b>86,828</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 year ended 30 June 2023. The financial statements cover Cenitex as an individual reporting entity.

On 16 July 2008, Cenitex was established by an Order in Council as a 'State Body' under section 14 of the *State-Owned Enterprise Act 1992 (Vic)* (the SOE Act). On 8 June 2023, the Governor in Council declared Cenitex as a 'reorganising body' effective 1 July 2023 under section 7(1) of the SOE Act pursuant to Order in Council No. G23 (dated 8 June 2023).

Its principal address is:

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

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

### Basis of Preparation

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

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

Judgements, estimates, and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

### Compliance Information

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

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

## 2. Funding Delivery of Our Services

### Introduction

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

### Structure

- 2.1 Services provided to other government entities
- 2.2 Government grant

### 2.1 Services Provided to Other Government Entities

Cenitex recognises revenue when the performance obligations for the sale of services to the customer are satisfied. Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (refer Note 5.4). Where the performance obligations are satisfied but not yet billed (i.e., for projects that are completed based on milestones), a contract asset is recorded until the customer is subsequently invoiced in accordance with the terms of the service agreement (refer to Note 5.4).

	2023 \$'000	2022 \$'000
<b>*GSP (Revenue recognised at a point in time)</b>		
Work place support	161,337	177,027
Hosting	29,652	6,607
<b>Projects (Revenue recognition over time)</b>		
Projects	19,124	29,021
Projects - customer funded capital	2,306	5,433
Victorian Government Electronic Messaging System (VGEMS)	137	88
<b>Total revenue from rendering services to other government entities</b>	<b>212,556</b>	<b>218,176</b>

\*GSP refers to Government Shared Platform – Customers consuming services from common service management and platforms.

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

### Performance Obligations and Revenue Recognition Policies

Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed, over time when the customer simultaneously receives and consumes the services as it is provided or where Cenitex has an enforceable right to payment for performance completed to date.

#### Baseline Services:

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

#### Projects:

The majority of project revenue is recognised over time as work is undertaken on a time and materials basis. Cenitex has an enforceable right to payment for work completed up to the end of the reporting period for these projects.

## 2.2 Government Grant

	2023 \$'000	2022 \$'000
Specific purpose grant	4,349	566
<b>Total grant</b>	<b>4,349</b>	<b>566</b>

Cenitex has determined grant revenue to be enforceable and with sufficiently specific performance obligations to be accounted for as revenue from contracts with customers in accordance with AASB 15. Revenue is recognised when Cenitex satisfies the performance obligations by providing the relevant services to customers for which it received the grant. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

## 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

### Summary of Expenses

	Note	2023 \$'000	2022 \$'000
<b>Expenses from transactions</b>			
Employee & Contractor expense	3.1.1	104,008	93,813
ICT Expenditure	3.2	87,407	86,608
Depreciation and amortisation	4.1.2	21,086	22,008
Occupancy expenses		1,842	1,410
Other operating expenses		3,982	2,631
<b>Total expenses from transactions</b>		<b>218,325</b>	<b>206,470</b>

### 3.1 Employee Benefits

#### 3.1.1 Employee Benefits in the Comprehensive Operating Statement

	Note	2023 \$'000	2022 \$'000
<b>Post employment benefits</b>			
- Defined contribution superannuation expense	3.1.3	8,021	6,927
- Defined benefit superannuation expense	3.1.3	111	120
Termination benefits		644	342
Salaries, wages, leave entitlements		90,442	80,282
<b>Total employee benefits</b>		<b>99,218</b>	<b>87,671</b>
Contractor expense		4,790	6,142
<b>Total Employee &amp; Contractor expense</b>		<b>104,008</b>	<b>93,813</b>

Contractor expenses relate to agency staff engaged to undertake work activities under the management of Cenitex. They are separate from consultants operating under Statement of Work arrangements which are reported elsewhere in the operating statement. They are included in table 3.1.1 for completeness.

Employee benefits expenses include all costs related to employment, including wages and salaries, contractor payments, leave entitlements, termination payments, fringe benefits tax, WorkCover premiums 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.

	2023 \$'000	2022 \$'000
<b>Current</b>		
<b>Annual leave</b>		
- Unconditional and expected to be settled within 12 months	5,397	5,080
- Unconditional and expected to be settled after 12 months	2,286	2,652
<b>Long service leave</b>		
- Unconditional and expected to be settled within 12 months	437	380
- Unconditional and expected to be settled after 12 months	9,714	9,099
<b>Provisions for on-costs:</b>		
- Unconditional and expected to be settled within 12 months	1,054	934
- Unconditional and expected to be settled after 12 months	2,169	2,009
<b>Other Provisions</b>		
- Provisions for restructuring *	475	-
<b>Total current provisions</b>	<b>21,532</b>	<b>20,154</b>
<b>Non-current</b>		
Employee benefits	2,012	1,451
On-costs	364	248
<b>Total non-current provisions</b>	<b>2,376</b>	<b>1,699</b>
<b>Total provisions for employee benefits</b>	<b>23,908</b>	<b>21,853</b>

\* Prior years provision for restructuring was included in payables.

## Reconciliation of Movement In Provisions For On-Costs

	2023 \$'000	2022 \$'000
<b>Opening balance</b>	<b>3,191</b>	<b>2,824</b>
Additional provisions recognised	894	1,331
Reductions arising from payments	(498)	(964)
<b>Closing balance</b>	<b>3,587</b>	<b>3,191</b>
Current	3,223	2,943
Non-current	364	248
<b>Total</b>	<b>3,587</b>	<b>3,191</b>

### Wages And Salaries, Annual Leave, And Sick Leave

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

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

Annual leave disclosed as a current liability is 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. Annual leave disclosed as a current liability and discounted to present value where it is not expected to be settled within 12 months.

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 comprehensive operating statement 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.

	Contribution for the year		Contribution outstanding at year end	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Defined benefit plans <sup>(a)</sup>:</b>				
State Employees Retirement Benefits Scheme (SERBS)	111	120	-	-
<b>Defined contribution plans:</b>				
Victorian Superannuation Fund – VicSuper scheme	3,217	3,075	-	-
Other	4,804	3,852	-	-
<b>Total</b>	<b>8,132</b>	<b>7,047</b>	<b>-</b>	<b>-</b>

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

### 3.2 ICT Expenditure

	2023 \$'000	2022 \$'000
Software licences and maintenance	53,184	47,625
Hardware maintenance	15,306	15,986
Telecommunications	7,862	12,766
Outsourced ICT	11,055	10,231
<b>Total ICT expenditure</b>	<b>87,407</b>	<b>86,608</b>

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

## 4. Key Assets Available to Support Output Delivery

### Introduction

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

### Structure

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

Significant judgement: 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 \$'000	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Buildings - leasehold improvements at cost	9,983	9,983	(6,430)	(4,652)	3,553	5,331
Plant and equipment:						
Facilities at fair value	373	334	(187)	(3)	186	331
Network at fair value	20,165	19,212	(9,768)	(3,141)	10,397	16,071
Servers at fair value	1,525	1,696	(1,275)	(35)	250	1,661
Storage at fair value	2,993	3,230	(1,272)	(434)	1,721	2,796
Office machines & equipment at fair value	472	31	(274)	(21)	198	10
<i>PP&amp;E sub-total</i>	<i>35,511</i>	<i>34,486</i>	<i>(19,206)</i>	<i>(8,286)</i>	<i>16,305</i>	<i>26,200</i>
Right-of-use (ROU) assets:						
Motor vehicles at cost	321	230	(107)	(74)	214	156
Accommodation	57,684	46,945	(33,368)	(24,656)	24,316	22,289
Technology	6,703	7,762	(6,109)	(4,594)	594	3,168
<i>ROU Assets sub-total</i>	<i>64,708</i>	<i>54,937</i>	<i>(39,584)</i>	<i>(29,324)</i>	<i>25,124</i>	<i>25,613</i>
Construction in progress	8,188	1,002	-	-	8,188	1,002
<b>Total</b>	<b>108,407</b>	<b>90,425</b>	<b>(58,790)</b>	<b>(37,609)</b>	<b>49,617</b>	<b>52,815</b>

#### 4.1.1 Total Right-Of-Use Assets: Motor Vehicles at Cost, Accommodation, and Technology.

	Motor vehicles at cost \$'000	Accommodation at fair value \$'000	Technology at fair value \$'000	Total \$'000
<b>Opening balance - 1 July 2022</b>	156	22,289	3,168	25,613
Additions	91	-	-	91
Lease modifications		10,739	(198)	10,541
Impairment	-	-	(861)	(861)
Depreciation	(33)	(8,712)	(1,515)	(10,260)
<b>Closing balance - 30 June 2023</b>	<b>214</b>	<b>24,316</b>	<b>594</b>	<b>25,124</b>
<b>Opening balance - 1 July 2021</b>	<b>189</b>	<b>31,610</b>	<b>4,933</b>	<b>36,732</b>
Additions	-	-	-	-
Depreciation	(33)	(9,321)	(1,765)	(11,119)
<b>Closing balance - 30 June 2022</b>	<b>156</b>	<b>22,289</b>	<b>3,168</b>	<b>25,613</b>

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.

#### Right-Of-Use Asset Acquired by Lessee – Initial Measurement

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

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

#### Subsequent Measurement

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

#### Revaluations

Revaluations are performed annually for assets on a cyclical basis in accordance with FRD 103 Non-financial physical assets such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period. A full revaluation normally occurs every five years, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations. The Valuer-General Victoria (VGV) is Cenitex's independent valuation agency.

Revaluation increases or decreases arise from difference between an asset's carrying value and fair value. Net impact of revaluation are recognised in the net result.

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

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

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

### Impairment of Right of Use Assets

In the current financial year Cenitex has recorded a \$861,261 impairment loss to its technology sub-class Right of Use assets and liabilities due to early termination of its existing lease contract for Oracle hardware.

### Impairment of Non-Financial Assets

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

4.1.2 Depreciation and amortisation	Note	2023 \$'000	2022 \$'000
Buildings - Leasehold improvements	4.1.3	1,779	1,779
Plant and equipment	4.1.3	9,047	9,110
Motor vehicles RoU	4.1.1	33	33
Accommodation under lease	4.1.1	8,712	9,321
Technology under lease	4.1.1	1,515	1,765
Intangible assets	4.2.1	-	-
<b>Total depreciation and amortisation expense</b>		<b>21,086</b>	<b>22,008</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:

Assets	Useful Life (Years)
Building - Leasehold improvements	5
Plant and equipment	5 to 10
Intangible assets	3 to 5

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

ROU Assets	Useful Life (Years)
Motor vehicles	3
Accommodation	5
Technology	5

#### 4.1.3. Reconciliation of Movements in Carrying Amount Of Property, Plant, and Equipment Including ROU Assets.

	Buildings leasehold improvements - at cost	Plant and equipment - at fair value					RoU Assets			Construction in progress - at cost	Total
		Facilities	Network	Servers	Storage	Office Machines & Equipment	Motor vehicles at cost	Accommodation at fair value	Technology at fair value		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>											
<b>Opening balance</b>	<b>5,331</b>	<b>331</b>	<b>16,071</b>	<b>1,661</b>	<b>2,796</b>	<b>10</b>	<b>156</b>	<b>22,289</b>	<b>3,168</b>	<b>1,002</b>	<b>52,815</b>
Additions		28	897	-	-	-	91			7,681	8,697
Disposals		(8)	(182)	(50)	(57)	-	-	-	-	-	(297)
Adjustments	-	(1)	(37)	(3)	(9)	-	-	-	-	(143)	(193)
Transfers	-	14	112	33	-	193				(352)	-
Impairment	-	-	-	-	-	-	-	-	(861)	-	(861)
Depreciation expense	(1,778)	(178)	(6,464)	(1,391)	(1,009)	(5)	(33)	(8,712)	(1,515)	-	(21,085)
Lease Modifications	-	-	-	-	-	-	-	10,739	(198)	-	10,541
<b>Closing balance</b>	<b>3,553</b>	<b>186</b>	<b>10,397</b>	<b>250</b>	<b>1,721</b>	<b>198</b>	<b>214</b>	<b>24,316</b>	<b>594</b>	<b>8,188</b>	<b>49,617</b>

	Buildings leasehold improvements - at cost	Plant and equipment - at fair value					RoU Assets			Construction in progress - at cost	Total
		Facilities	Network	Servers	Storage	Office Machines & Equipment	Motor vehicles at cost	Accommodation at fair value	Technology at fair value		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>											
<b>Opening balance</b>	<b>7,110</b>	<b>273</b>	<b>12,252</b>	<b>1,308</b>	<b>1,504</b>	<b>15</b>	<b>189</b>	<b>31,610</b>	<b>4,933</b>	<b>9,009</b>	<b>68,203</b>
Additions	-	84	6,519	-	1,753	-	-	-	-	530	8,886
Disposals	-	-	(67)	-	(8)	-	-	-	-	-	(75)
Adjustments	-	-	-	-	-	-	-	-	-	(4)	(4)
Transfers	-	-	7,761	32	740	-	-	-	-	(8,533)	-
Impairment	-	-	-	-	(55)	-	-	-	-	-	(55)
Depreciation expense	(1,779)	(102)	(6,917)	(709)	(1,377)	(5)	(33)	(9,321)	(1,765)	-	(22,008)
Lease Modifications	-	-	-	-	-	-	-	-	-	-	-
Revaluations*	-	76	(3,477)	1,030	239	-	-	-	-	-	(2,132)
<b>Closing balance</b>	<b>5,331</b>	<b>331</b>	<b>16,071</b>	<b>1,661</b>	<b>2,796</b>	<b>10</b>	<b>156</b>	<b>22,289</b>	<b>3,168</b>	<b>1,002</b>	<b>52,815</b>

\*Revaluations included in Other Economic Flows in the Comprehensive Operating Statement as there are no asset revaluation surpluses to draw on.

## 4.2 Intangible Assets

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Intangible assets	11,263	11,263	(11,263)	(11,263)	-	-
<b>Total Intangible assets</b>	<b>11,263</b>	<b>11,263</b>	<b>(11,263)</b>	<b>(11,263)</b>	<b>-</b>	<b>-</b>

Cenitex has internally generated intangible assets covering a range of IT capabilities that are still actively in use to deliver services. These assets have a zero net carrying amount at the end of the reporting period. Cenitex elects to continue to include them as they represent assets delivering services to customers.

### Initial Recognition

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

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

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

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

### Subsequent Measurement

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

### Impairment of Intangible Assets

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

## 4.3 Investments and Other Financial Assets

Cenitex holds investments of \$18,125,727 (2022: \$16,882,009) in managed investment schemes.

Cenitex classifies all its managed investment schemes as financial assets at fair value through other comprehensive income, as they are not held for trading and Cenitex has elected that they be treated as such at initial recognition. 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
- 5.4 Contract Assets and Contract Liabilities

### 5.1 Receivables

	2023 \$'000	2022 \$'000
<b>Contractual</b>		
Trade receivables	7,836	24,016
Allowance for impairment losses of contractual receivables	(286)	(455)
<b>Total contractual receivables</b>	<b>7,550</b>	<b>23,561</b>
<b>Statutory</b>		
GST input tax credit recoverable	3,350	931
<b>Total statutory receivables</b>	<b>3,350</b>	<b>931</b>
<b>Total receivables</b>	<b>10,900</b>	<b>24,492</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 Impairment of Contractual Receivables at Amortised Cost

Cenitex applies the simplified approach to calculate expected credit losses which uses a lifetime expected loss allowance for contractual receivables based on known disputes, customer history and historical credit loss experiences. The assessment is completed at the end of each reporting period.

To measure the expected credit losses, trade receivables have been grouped on shared customer profile characteristics and the days past due. 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.

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

	Current \$'000	More than 30 days past due \$'000	More than 90 days past due \$'000	Total \$'000
<b>30 June 2023</b>				
Expected loss rate	0.00%	0.00%	15.02%	
Gross carrying amount - trade debtors	5,507	380	1,949	7,836
<b>Loss Allowance</b>	-	-	<b>286</b>	<b>286</b>

	Current \$'000	More than 30 days past due \$'000	More than 90 Days Past due \$'000	Total \$'000
<b>30 June 2022</b>				
Expected loss rate	0.08%	0.00%	12.91%	
Gross carrying amount - trade debtors	9,449	11,100	3,467	24,016
<b>Loss Allowance</b>	<b>8</b>	-	<b>447</b>	<b>455</b>

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

There are no material financial assets that are individually determined to be impaired. The closing allowance for expected credit losses for trade receivables reconciles to the opening loss allowances as follows:

	2023 \$'000	2022 \$'000
Balance at 1 July	(455)	(59)
(Increase)/decrease in provision recognised in the net result		(430)
<b>Receivables written off during the year as uncollectible</b>		<b>34</b>
Reversal of unused provision recognised in the net result	169	-
<b>Balance at 30 June</b>	<b>(286)</b>	<b>(455)</b>

## 5.2 Payables

	2023 \$'000	2022 \$'000
<b>Contractual</b>		
Supplies and services	13,123	10,895
Other payables	893	285
<b>Total contractual payables</b>	<b>14,016</b>	<b>11,180</b>
<b>Statutory</b>		
Fringe Benefits Tax payable	-	-
<b>Total statutory payables</b>	<b>-</b>	<b>-</b>
<b>Total current payables</b>	<b>14,016</b>	<b>11,180</b>

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

Payable for supply and services normally have an average credit period of 10 working days, with all payables are due and payable within 12 months.

### 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

	2023 \$'000	2022 \$'000
<b>Current</b>		
Software licences and maintenance and other ICT expenditure	29,178	25,031
Occupancy expenses	241	410
<b>Total prepayments</b>	<b>29,419</b>	<b>25,441</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.

## 5.4 Contract Assets and Liabilities

	2023 \$'000	2022 \$'000
<b>Contract assets</b>		
Accrued Revenue	10,818	17,140
Other receivables	3	5
<b>Total contract assets</b>	<b>10,821</b>	<b>17,145</b>

	2023 \$'000	2022 \$'000
<b>Contract Liabilities</b>		
Prepaid revenue	13,684	20,677
<b>Total contract liabilities</b>	<b>13,684</b>	<b>20,677</b>

**Contract assets** primarily relate to Cenitex's rights to consideration for baseline services rendered or project work undertaken but not invoiced at the reporting date. Contract assets will be transferred to receivables when rights become unconditional. This usually occurs when Cenitex invoices the customer.

**Accrued revenue** is recognised to account for baseline and project services that have been provided to customers at balance date but not yet billed.

Baseline services accrued revenue is calculated based on estimate volume of customers consumption for catalogue services multiplied by the catalogue price for those services.

Project services accrued revenue is calculated based on work completed on project deliverables on a time & materials basis.

**Contract liabilities** represents consideration received in advance of Cenitex performing its contract obligations and will be recognised as revenue when the services are performed. Refer Note 2 for further details of the performance obligation.

## 6. Financing Our Operations

### Introduction

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

This section includes disclosures of balances that are financial instruments (such as cash balances).

Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

### Structure

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

### 6.1 Leases

#### Cenitex Leasing Activities

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

#### 6.1.1 Right-Of-Use Assets

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

#### 6.1.2 Amounts Recognised in the Comprehensive Operating Statement

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

	2023 \$'000	2022 \$'000
Other operating expense		
Interest expense on lease liabilities	641	393
<b>Total amount recognised in the Comprehensive operating statement</b>	<b>641</b>	<b>393</b>

#### 6.1.3 Amounts Recognised in the Cash Flow Statement

The following amounts are recognised in the cash flow statement for the year ending 30 June 2023 relating to leases.

	2023 \$'000	2022 \$'000
Repayment of leases	9,696	10,882
Interest and other costs of finance paid	641	393
<b>Total cash outflow for leases</b>	<b>10,337</b>	<b>11,275</b>

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

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

#### **Separation of Lease and Non-Lease Components**

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

#### **Recognition and Measurement of Leases as a Lessee**

##### **Lease Liability – initial measurement**

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

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

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

##### **Lease Liability – subsequent measurement**

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

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

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

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

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

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

### 6.1.4 Maturity Analysis of Lease Liability

	Carrying Amount \$'000	Nominal Amount \$'000	Maturity dates \$'000				
			Less than 1 month	1-3 months	"3 months - 1 year"	1-5 years	5+ years
<b>2023</b>							
Lease liabilities	26,597	28,730	-	-	419	16,017	12,294
<b>Total</b>	<b>26,597</b>	<b>28,730</b>	<b>-</b>	<b>-</b>	<b>419</b>	<b>16,017</b>	<b>12,294</b>
<b>2022</b>							
Lease liabilities	26,523	28,417	-	-	141	28,276	-
<b>Total</b>	<b>26,523</b>	<b>28,417</b>	<b>-</b>	<b>-</b>	<b>141</b>	<b>28,276</b>	<b>-</b>

### 6.2 Cash Flow Information and Balances

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

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

	2023 \$'000	2022 \$'000
Total cash and deposits disclosed in the balance sheet	46,150	29,628
<b>Balance as per Cash Flow Statement</b>	<b>46,150</b>	<b>29,628</b>

### 6.2.1 Reconciliation of Net Result for the Period to Net Cash Flows From Operating Activities

	2023 \$'000	2022 \$'000
<b>Net result for the period</b>	<b>658</b>	<b>11,153</b>
<b>Non-cash movements</b>		
(Gain)/loss on sale or disposal of non-current assets	1,160	130
Net gain/(loss) on Asset revaluation	-	2,133
Depreciation and amortisation of non-current assets	21,086	22,008
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables <sup>(a)</sup>	19,917	(25,827)
(Increase)/decrease on financial assets	(1,244)	601
(Increase)/decrease in prepayments	(3,978)	482
Increase/(decrease) in payables	2,836	(3,777)
Increase/(decrease) in contract liability	(6,993)	12,764
Increase/(decrease) in provisions	2,055	231
<b>Net cash flows from/(used in) operating activities</b>	<b>35,497</b>	<b>19,898</b>

(a) includes cumulative movement in Receivables and Contract Assets on the Balance Sheet

### 6.3 Commitments for expenditure

Commitments include those operating and capital commitments arising from non-cancellable contractual sources and are disclosed at their nominal value and inclusive of the GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

Nominal amounts	Less than 1 year \$'000	1 year - 5 years \$'000	> 5 years \$'000	Total \$'000
<b>2023</b>				
Capital expenditure commitments - plant and equipment	2,203	27	-	2,230
Operating expenditure commitments	9,956	83,130	1	93,087
<b>Total commitments (inclusive of GST)</b>	<b>12,159</b>	<b>83,157</b>	<b>1</b>	<b>95,317</b>
<b>Less GST Recoverable</b>				<b>(8,665)</b>
<b>Total commitments (Exclusive of GST)</b>				<b>86,652</b>
<b>2022</b>				
Capital expenditure commitments - plant and equipment	2,854	455	-	3,309
Operating expenditure commitments	18,883	4,572	-	23,455
<b>Total commitments (inclusive of GST)</b>	<b>21,737</b>	<b>5,027</b>	<b>-</b>	<b>26,764</b>
<b>Less GST Recoverable</b>				<b>(2,433)</b>
<b>Total commitments (Exclusive of GST)</b>			<b>-</b>	<b>24,331</b>

## 7. Risks, Contingencies, and Valuation Judgements

### Introduction

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

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

### Structure

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

### 7.1 Financial Instruments Specific Disclosures

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

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

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

#### Financial Assets at Amortised Cost

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

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

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

Cenitex recognises the following assets in this category:

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

#### Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

### Financial Liabilities at Amortised Cost

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

Cenitex recognises the following liabilities in this category:

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

**Derecognition of financial assets:** A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired
- Cenitex retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement
- Cenitex has transferred its rights to receive cash flows from the asset and either:
  - » has transferred substantially all the risks and rewards of the asset
  - » has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where Cenitex has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Cenitex's continuing involvement in the asset.

**Derecognition of financial liabilities:** A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

## Financial Instruments: Categorisation

2023	Cash and deposits \$'000	Financial assets measured at fair value through other comprehensive income (FVOCI) \$'000	Financial assets at amortised cost (AC) \$'000	Financial liabilities at amortised cost (AC) \$'000	Total \$'000
<b>Contractual financial assets</b>					
Cash and deposits	46,150	-	-	-	46,150
<b>Receivables* (a)</b>					
Sale of goods and services	-	-	7,836	-	7,836
<b>Investments and other contractual financial assets</b>					
Managed investment schemes	-	18,126	-	-	18,126
<b>Total contractual financial assets</b>	<b>46,150</b>	<b>18,126</b>	<b>7,836</b>	<b>-</b>	<b>72,112</b>
<b>Contractual financial liabilities</b>					
<b>Payables (a)</b>					
Supplies and services	-	-	-	13,123	13,123
Other payables	-	-	-	893	893
<b>Borrowings</b>					
Lease liabilities	-	-	-	26,597	26,597
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,613</b>	<b>40,613</b>
2022	Cash and deposits \$'000	Financial assets measured at fair value through other comprehensive income (FVOCI) \$'000	Financial assets at amortised cost (AC) \$'000	Financial liabilities at amortised cost (AC) \$'000	Total \$'000
<b>Contractual financial assets</b>					
Cash and deposits	29,628	-	-	-	29,628
<b>Receivables* (a)</b>					
Sale of goods and services	-	-	24,016	-	24,016
<b>Investments and other contractual financial assets</b>					
Managed investment schemes	-	16,882	-	-	16,882
<b>Total contractual financial assets</b>	<b>29,628</b>	<b>16,882</b>	<b>24,016</b>	<b>-</b>	<b>70,526</b>
<b>Contractual financial liabilities</b>					
<b>Payables (a)</b>					
Supplies and services	-	-	-	10,894	10,894
Other payables	-	-	-	285	285
<b>Borrowings</b>					
Lease liabilities	-	-	-	26,522	26,522
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,701</b>	<b>37,701</b>

\* FY2021-22 annual report erroneously included Other Receivables of \$17,145 (\$'000) in this note disclosure. This has been removed.

(a) The total amounts disclosed here exclude statutory amounts (e.g., amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

## Financial Instruments – Net holding Gain/(Loss) on Financial Instruments by Category

2023	Net holding gain/(loss) \$'000	Total \$'000
<b>Contractual financial assets</b>		
Equity investments designated at fair value through other comprehensive income – recognised in other comprehensive income	536	536
Financial assets at amortised cost – other than on derecognition	-	-
<b>Total contractual financial assets</b>	<b>536</b>	<b>536</b>
<b>Contractual financial liabilities</b>		
Financial liabilities at amortised cost	-	-
Financial liabilities designated at fair value through profit/loss	-	-
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>
2022	Net holding gain/(loss) \$'000	Total \$'000
<b>Contractual financial assets</b>		
Equity investments designated at fair value through other comprehensive income – recognised in other comprehensive income	(1,109)	(1,109)
Financial assets at amortised cost – other than on derecognition	-	-
<b>Total contractual financial assets</b>	<b>(1,109)</b>	<b>(1,109)</b>
<b>Contractual financial liabilities</b>		
Financial liabilities at amortised cost	-	-
Financial liabilities designated at fair value through profit/loss	-	-
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>

Note: Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

### 7.1.1 Financial Risk Management Objectives and Policies

Cenitex's principal financial instruments comprise:

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

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

The main purpose in holding financial instruments is to prudentially manage Cenitex's financial risks within the government's policy parameters. Cenitex's main financial risk is market risk. Cenitex receives a significant portion of its revenue in advance due to which liquidity and credit risk are considered to be minimal. Cenitex manages this financial risk in accordance with its Treasury and Investment Risk Management Policy.

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

#### **Financial Instruments: Market Risk**

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

##### *Interest rate risk*

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

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

## Financial Interest Rate Exposure of Financial Instruments

2023	Weighted average interest rate (%)	Interest rate exposure			
		Carrying amount <sup>(a)</sup> \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
<b>Financial assets</b>					
Cash and deposits	3.08%	46,150	-	46,150	-
Receivables		7,550	-	-	7,550
Investments and other financial assets		18,126	-	-	18,126
<b>Total financial assets</b>		<b>71,826</b>	<b>-</b>	<b>46,150</b>	<b>25,676</b>
<b>Financial liabilities</b>					
Borrowings					
Lease liabilities	2.66%	26,597	26,597	-	-
Payables		14,016	-	-	14,016
<b>Total financial liabilities</b>		<b>40,613</b>	<b>26,597</b>	<b>-</b>	<b>14,016</b>
2022	Weighted average interest rate (%)	Interest rate exposure			
		Carrying amount <sup>(a)</sup> \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
<b>Financial assets</b>					
Cash and deposits	0.30%	29,628	-	29,628	-
Receivables #		23,561	-	-	23,561
Investments and other financial assets		16,882	-	-	16,882
<b>Total financial assets</b>		<b>70,071</b>	<b>-</b>	<b>29,628</b>	<b>40,443</b>
<b>Financial liabilities **</b>					
Borrowings					
Lease liabilities	2.35%	26,523	26,523	-	-
Payables		11,180	-	-	11,180
<b>Total financial liabilities</b>		<b>37,703</b>	<b>26,523</b>	<b>-</b>	<b>11,180</b>

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

# Prior year included Contractor assets and statutory receivables which are not financial instruments - \$18,076 (\$'000)

\*\* Prior year included Employee related provisions which are not financial instruments \$21,583 (\$'000)

### Equity Price Risk

Cenitex is exposed to equity price risk through its investments in managed investment schemes. Such investments are allocated to match the investment objectives appropriate for Cenitex. 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

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

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Cenitex had no contingent assets on 30 June 2023 (2022: Nil).

### Contingent Liabilities

Contingent liabilities are:

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

These are classified as either quantifiable or non-quantifiable. Cenitex had no contingent liabilities on 30 June 2023 (2022: Nil).

## 7.3 Fair Value Determination

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

### Fair Value Hierarchy

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

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

### 7.3.1 Fair Value Determination: Financial Assets and Liabilities

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

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

Cenitex currently holds a range of financial instruments that are recorded in the financial statements at their carrying amounts which approximate to fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2023-24 reporting period.

These financial instruments include:

- Financial assets
  - Cash and deposits
  - Receivables
- Financial liabilities
  - Payables
    - Supplies and services
    - Other payables

There have been no transfers between levels during the period.

#### Financial Assets Measured at Fair Value

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 are 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 current replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2023. 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:

Asset Type	Valuation Technique	Significant unobservable inputs	2023 range (weighted average)	2022 range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Plant & Equipment	Current replacement cost (deemed fair value)	Cost per unit	\$5,000-\$375,289 per unit	\$5,000-\$1,161,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
			\$4,753 per unit	\$20,567 per unit	
		Useful life of plant & equipment	5-10 years	5-10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
			5 years	5 years	

The useful life of plant and equipment is disclosed in Note 4.1.2.

## 8. Other Disclosures

### Introduction

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

### Structure

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

### 8.1 Responsible Persons

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

#### Names

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

Position	Name	Period
Minister for Government Services	Danny Pearson	1 July 2022 to 30 June 2023
Chair	Randall Straw	1 July 2022 to 30 June 2023
Chief Executive Officer	Frances Cawthra	1 July 2022 to 30 June 2023
Board Director	John Craven	1 July 2022 to 30 June 2023
Board Director	Peter Meehan	1 July 2022 to 30 June 2023
Board Director	Andrew Minack	1 July 2022 to 12 December 2022
Board Director	Julie Fahey	1 July 2022 to 30 June 2023
Board Director	Dean Tighe	1 July 2022 to 30 June 2023

See Note 8.5 – Subsequent events for change to Cenitex’s responsible persons effective 1 July 2023.

### Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of Cenitex during the reporting period was in the range: \$449,000 to 479,999 (2022: \$449,000 to \$479,999).

### 8.2 Remuneration of Executives

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

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

- **Short-term employee benefits** include amounts such as wages, salaries and annual leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

- **Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.
- **Other long-term benefits** include long service leave, other long service benefits or deferred compensation.
- **Termination benefits** include termination of employment payments, such as severance packages.

	2023 \$'000	2022 \$'000
<b>Remuneration of executive officers</b>		
Short-term employee benefits	2,832	2,038
Post-employment benefits	225	195
Other long-term benefits	-	-
Termination benefits	-	-
<b>Total remuneration</b>	<b>3,057</b>	<b>2,233</b>
<b>Total number of executives</b>	<b>10</b>	<b>10</b>
<b>Total annualised employee equivalents <sup>(a)</sup></b>	<b>9.97</b>	<b>9.7</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, Danny Pearson MP, Assistant Treasurer, Minister for Regulatory Reform and Minister for Government Services, the Chairperson, members of the Board of Directors and the Chief Executive Officer. The compensation detailed below excludes the salaries and benefits the relevant Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Annual Financial Report of the State of Victoria.

Compensation of KMP's	2023 \$'000	2022 \$'000
Salaries and other short term employee benefits	569	585
Post-employment benefits	41	39
Termination benefits	-	-
Board member fees	12	12
<b>Total key management personnel compensation</b>	<b>622</b>	<b>636</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.

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

Transactions with Datacom Systems Pty Ltd involved the provision ICT professional services with a value of \$0.43 million in the year.

The transaction with Seek Limited involved talent advertising services with a value of \$0.02 million in the year.

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

## 8.4 Remuneration of Auditors

Victorian Auditor - General's Office	2023 \$'000	2022 \$'000
Audit of the financial report	113	100
<b>Total remuneration of auditors</b>	<b>113</b>	<b>100</b>

## 8.5 Subsequent Events

Following Cenitex being declared a 'reorganising body' under section 7(1) of the SOE Act pursuant to Order in Council No. G23 (dated 8 June 2023), a new Board was appointed effective 1 July 2023. The Chair and Board Directors reported in note 8.1 ceased as appointments to the Board effective 30 June 2023.

The Board effective 1 July 2023 consists of Gayle Porthouse (Chair), Steve Wlazly (Board Director), David Cullen (Board Director) and the General Counsel, Department of Government Services (ex-officio Board Director).

On 9 July 2023, the Treasurer placed the Cenitex Corporate Plan for 2023 to 2027 in abeyance while Cenitex is under reorganising status. In lieu of a Corporate Plan, an interim 12-month operational plan for FY2023–24 is required.

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

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

## 8.6 Other Accounting Policies

### Goods and Services Tax (GST)

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

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

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

### Equity

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

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

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

### 8.7 Australian Accounting Standards Issued That Are Not Yet Effective

Certain new and revised accounting standard have been issued but are not effective for the 2022-23 reporting period. These accounting standards have not been applied to Cenitex's financial statements.

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

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

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-6 Amendments to Australian

Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date to defer the application by one year to periods beginning on or after 1 January 2023. Cenitex will adopt the Standard effective 1 July 2023.

#### **AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Sector Entities**

AASB 2022-10 amends AASB 13 to guide not-for-profit entities in fair value measurement of non-financial assets. It establishes conditions for considering an asset's 'highest and best use', defines 'financial feasibility', and outlines how to handle non-observable market data. It also provides guidance on applying the cost approach to fair value and identifying economic obsolescence. The effective date for the implementation of AASB 2022-10 is for reporting periods on or after 1 January 2024. Cenitex will adopt this change in FY 24-25 and is yet to determine the full impact of adopting this Standard.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on Cenitex's reporting.

- AASB 17 Insurance Contracts.
- AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current and was applicable to annual reporting periods beginning on or after 1 January 2023
- AASB 16 Leases to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements for sale in AASB 15 Revenue from Contracts with Customers.

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## Part 4

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# Governance and Organisational Structure



# 4

## 4.1 Governance

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

The Cenitex Board of Directors included Julie Fahey, Peter Meehan, John Craven, Dean Tighe, Andrew Minack, and the Chair, Randall Straw PSM.

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

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

- Minister for Government Services, Hon. Danny Pearson MP (1 July 2022 - 30 June 2023)
- Chief Executive Officer, Frances Cawthra (1 July 2022 - 30 June 2023)

### **Relationship to the Minister**

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

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

## 4.2 Board of Directors

The Board Directors in FY2022-23 were:

**Randall Straw PSM (Chair)** has over 30 years of experience in government ICT, formerly serving as Deputy Secretary of Innovation and Technology at the then-Department of Business and Innovation. Prior to that Randall served as Executive Director at Multimedia Victoria and a range of other ICT and technology related positions. He has extensive knowledge of and experience in the management of large-scale ICT and technology related reform projects in government. In 2012, Randall was awarded the Public Service Medal for his contribution to technology and innovation in Victoria.

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

Mr Minack's term on the Cenitex Board ended in December 2022.

**Dean Tighe** is the Deputy Secretary of Investment and Technology at the Department of Transport and Planning. He has a wide range of experience across the Victorian Government and has previously served in Executive Director roles at the Department of Treasury and Finance and the Department of Education and Training. Dean brings a unique and valuable customer perspective to the Board and insights across investment strategy, commercial transactions, finance, enterprise technology and procurement.

**John Craven** has more than 45 years of experience in management consulting and information technology. As part of his management consultancy John has worked with clients from Australia and Asia in the communications industry as well as in government, banking, manufacturing, and distribution. John is a non-executive Director of Harvey Norman and Chairman of Specialisterne Australia. John has a Bachelor of Science degree from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors.

**Julie Fahey** has over 35 years' experience in technology through an executive career spanning IT consulting, IT software and services businesses and as an IT executive, leading strategy development and operational delivery of IT services. Julie was also a management consulting partner in the IT advisory practice with KPMG for over 10 years, and was a member of KPMG's National Executive Committee, as the Managing Partner Markets for four years before retiring in 2014. Julie has a portfolio of directorships spanning public and private companies in the technology and telecommunications industry, and the government sector.

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

## Board Meetings

There were nine Board meetings in 2022-23.

Board Director	Number of meetings attended	Number of meetings eligible to attend
Randall Straw PSM (Chair)	9	9
Andrew Minack	3	4
Dean Tighe	6	9
John Craven	9	9
Julie Fahey	9	9
Peter Meehan	8	9

## Governance Committees

### Audit and Risk Committee

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

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

### Membership

The ARC consists of a mix of independent members and non-executive Board Directors, all of whom are independent of Cenitex management. During 2022-23 the members were:

- Peter Meehan (Chair)
- Dean Tighe (Director)
- John Craven (Director)
- Rajitha Srikhanta (external member)
- Russell Hogg (external member)

### Meetings

The Audit and Risk Committee met four times in 2022-23.

### People Culture and Remuneration Committee

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

#### Membership

- Julie Fahey (Chair)
- Randall Straw PSM (Director)
- Andrew Minack (Director – term ended December 2022)
- Mikki Swindon (external member)
- Alison Lendon (external member, appointed in March 2023)

#### Meetings

The People Culture and Remuneration Committee met twice in 2022-23.

### Customer Committee

The Customer Committee was established in late 2021 as a standing committee that reports to the Cenitex Board. The purpose of the Committee is to provide advice to the Board on mechanisms and activities to improve customer satisfaction. The Customer Committee provides advice and recommendations to the Board on Operational Customer Performance and Customer Service Strategy.

#### Membership

The Customer Committee consists of a mix of independent members, Cenitex customers and non-executive Board Directors, all of whom are independent of Cenitex management. The members appointed to the Committee are:

- John Craven (Chair)
- Randall Straw PSM (Director)
- Julie Fahey (Director)
- Alison Lendon (external member)
- Brett Turner (external member)
- Andrew Larkin (customer, DFFH)
- Martin Janssen (customer, DTP)

#### Meetings

The Customer Committee met four times in 2022-23.

## 4.3 Our Customers

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

In 2022-23, Cenitex derived revenue from the following organisations for the provision of ICT services:

1. Austin Health
2. Breakthrough Victoria
3. City of Greater Bendigo
4. Court Services Victoria
5. COVID-19 Quarantine Victoria
6. Department of Education
7. Department of Energy, Environment and Climate Action
8. Department of Families, Fairness and Housing
9. Department of Health
10. Department of Jobs, Skills, Industry and Regions
11. Department of Justice and Community Safety
12. Department of Premier and Cabinet
13. Department of Transport and Planning
14. Department of Treasury and Finance
15. Digital Health
16. Emergency Management Victoria
17. Environment Protection Authority
18. Essential Services Commission
19. Forensicare
20. Gippsland Health Alliance
21. Government House
22. Grampians Rural Health Alliance
23. Hume Rural Health Alliance
24. Labour Hire Authority
25. Major Transport Infrastructure Authority
26. Office of Public Prosecutions
27. Office of the Chief Parliamentary Counsel
28. Parliament of Victoria
29. Portable Long Service Authority
30. Public Record Office Victoria
31. Royal Victorian Eye and Ear Hospital
32. Royal Women's Hospital
33. Safe Transport Victoria
34. Service Victoria
35. State Revenue Office
36. Transport Accident Commission
37. VicForests
38. VicRoads
39. Victorian Building Authority
40. Victorian Gambling and Casino Control Commission
41. Victorian Fisheries Authority
42. Victorian Pharmacy Authority
43. Victorian Public Sector Commission
44. Wage Inspectorate Victoria
45. Worksafe Victoria

## Customer Committees

### Stakeholder Advisory Committee

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

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

*Meetings: The Stakeholder Advisory Committee met six times in 2022-23.*

### Shared Cyber Security Working Group

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

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

Cenitex has established a Shared Cyber Security Working Group with customers for the purpose of providing input into Cenitex security product roadmap to ensure that Cenitex security offerings align with the risks of the customer base. The group consists of members from Cenitex ELT and representatives from each of Cenitex customers. On a regular basis, the Working Group meets to discuss information security issues and to debrief the Monthly Cyber Security Threat Report.

*Meetings: The Shared Cyber Security Working Group met eleven times in 2022-23.*

### Service Operations Forum

The purpose of the Cenitex Service Operations Forum is to ensure that Cenitex is communicating (at a high level) to the key Operational Stakeholders across various customer departments as a group. The aim is to not only inform but to encourage collaboration, ideas and ensure we are all collectively receiving the same messaging at the same time. This assists in driving through operational changes and works to create context as to the operational projects and how they fit into the overall strategy.

The Service Operations Forum is chaired by the Director of Customer Engagement and membership includes senior operations representatives from all major customers.

*Meetings: The Service Operations Forum met six times in 2022-23.*

## 4.4 Executive Leadership Team Roles and Responsibilities

There are five Cenitex divisions:

- Customer Engagement
- Infrastructure Services
- Service Management
- Strategic Corporate Services
- Workplace and Application Services

Frances Cawthra is the Chief Executive Officer (CEO) of Cenitex. The CEO is supported by the Executive Leadership Team which manage the operations and governance of the organisation.

### **Frances Cawthra** **Chief Executive Officer**

The CEO is responsible for the overall direction and success of the organisation.

### **Sharon Copeland-Smith** **Chief Operating Officer and Executive Director, Strategic Corporate Services**

Oversees the development of corporate strategy, board and committees and corporate governance. Responsibility includes communications, culture, talent acquisition, human resources, finance, risk and legal services.

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

Manages design, implementation, and maintenance of workplace and applications, lifecycle management and pricing of services and technologies.

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

Oversees the design, implementation, and monitoring of infrastructure services including Cenitex server hosting platform, networks, security, identity, storage and recovery capabilities.

### **Andrew Closey** **Executive Director, Service Management**

Ensures business and services continuity, managing services asset and configuration and responsibility for service assurance, procurement, vendor management, service centre, customer support and incident, problem, change and release management.

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

Acts as the primary interface between Cenitex and its customers, responsible for account management and customer experience.

### **Catherine Ho** **Executive Director, Finance and Business Services (Resigned 16 December 2022)**

Management of financial analysis and reporting, budgeting, procurement, and legal services.

Part 5

# Our People



5

## 5.1 Workforce Profile

**Table 1:** Full-time equivalents (FTE) and contractor staffing trends 2019-23

		Jun-23	Jun-22	Jun-21	Jun-20	Jun-19
<b>Full time equivalents (FTE) staffing trends</b>		646.42	584.01	522.53	508.78	525.72
<b>Contractors/Temporary staff</b>		20	16	23	28	36
<b>Ongoing employees</b>	Number (Headcount)	529	493	442	443	466
	Full time (Headcount)	517	481	431	430	447
	Part time (Headcount)	12	12	11	13	19
	FTE	526.12	489.98	438.92	439.78	461.19
<b>Fixed-term &amp; Casual</b>	FTE	120.30	94.03	83.61	69.00	64.53

The Cenitex workforce expands and contracts in line with customer demand. The workforce has grown over the last two years with the increased need for skills and capabilities to support evolving service offerings, particularly in Cloud computing and security. These workforce increases have been balanced with tight fiscal management, cost savings, and productivity gains.

**Table 2:** Employment levels in June 2023. 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 2023, and in the full pay period in June 2022.

		Jun-23							
		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	168.00	165.89	118.00	9.00	124.99	41.00	40.90
		Men	482.00	480.53	399.00	3.00	401.13	80.00	79.40
		Self-described	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		<b>Total</b>	<b>650.00</b>	<b>646.42</b>	<b>517.00</b>	<b>12.00</b>	<b>526.12</b>	<b>121.00</b>	<b>120.30</b>
	<b>Age</b>	15-24	10.00	10.00	6.00	0.00	6.00	4.00	4.00
		25-34	136.00	135.60	100.00	0.00	100.00	36.00	35.60
		35-44	198.00	196.40	154.00	6.00	158.40	38.00	38.00
45-54		195.00	194.39	164.00	4.00	167.39	27.00	27.00	
55-64		94.00	93.2263	80.00	2.00	81.33	12.00	11.90	
Over 64		17.00	16.80	13.00	0.00	13.00	4.00	3.80	
	<b>Total</b>	<b>650.00</b>	<b>646.42</b>	<b>517.00</b>	<b>12.00</b>	<b>526.12</b>	<b>121.00</b>	<b>120.30</b>	
<b>Classification Data</b>	<b>Classification</b>	Grade 2	12.00	12.00	0.00	0.00	0.00	12.00	12.00
		Grade 3	144.00	143.84	103.00	1.00	103.84	40.00	40.00
		Grade 4	61.00	61.00	60.00	0.00	60.00	1.00	1.00
		Grade 5	168.00	167.15	143.00	5.00	147.25	20.00	19.90
		Grade 6	206.00	203.63	165.00	5.00	168.23	36.00	35.40
		<b>Total</b>	<b>591.00</b>	<b>587.62</b>	<b>471.00</b>	<b>11.00</b>	<b>479.32</b>	<b>109.00</b>	<b>108.30</b>
	<b>Senior Employees</b>	STS	49.00	48.80	46.00	1.00	46.80	2.00	2.00
	Executive	10.00	10.00	0.00	0.00	0.00	10.00	10.00	
	<b>59.00</b>	<b>58.80</b>	<b>46.00</b>	<b>1.00</b>	<b>46.80</b>	<b>12.00</b>	<b>12.00</b>		
	<b>Total Employees</b>	<b>650.00</b>	<b>646.42</b>	<b>517.00</b>	<b>12.00</b>	<b>526.12</b>	<b>121.00</b>	<b>120.30</b>	
	<b>Excludes</b>	Board Directors 5 Temp Staff 0 Contractors 20 Secondment 0							

		Jun-22							
		All Employees		Ongoing			Fixed term and Casual		
		Number (Headcount)	FTE	Full-time (Headcount)	Part-time (Headcount)	FTE	Number (Headcount)	FTE	
Demographic Data	Gender	Women	141.00	138.18	101.00	11.00	109.18	29.00	29.00
		Men	448.00	445.83	380.00	1.00	380.80	67.00	65.03
		Self-described	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		<b>Total</b>	<b>589.00</b>	<b>584.01</b>	<b>481.00</b>	<b>12.00</b>	<b>489.98</b>	<b>96.00</b>	<b>94.03</b>
	Age	15-24	16.00	16.00	7.00	0.00	7.00	9.00	9.00
		25-34	117.00	115.85	90.00	1.00	90.72	26.00	25.13
		35-44	192.00	190.32	159.00	6.00	163.32	27.00	27.00
		45-54	164.00	163.34	141.00	3.00	143.34	20.00	20.00
55-64		91.00	89.70	76.00	2.00	77.60	13.00	12.10	
Over 64		9.00	8.80	8.00	0.00	8.00	1.00	0.80	
<b>Total</b>		<b>589.00</b>	<b>584.01</b>	<b>481.00</b>	<b>12.00</b>	<b>489.98</b>	<b>96.00</b>	<b>94.03</b>	
Classification Data		Classification	Grade 2	12.00	11.53	1.00	0.00	1.00	11.00
	Grade 3		132.00	131.74	101.00	1.00	101.74	30.00	30.00
	Grade 4		60.00	60.00	58.00	0.00	58.00	2.00	2.00
	Grade 5		163.00	161.92	145.00	5.00	148.92	13.00	13.00
	Grade 6		174.00	172.12	143.00	4.00	145.72	27.00	26.40
	<b>Total</b>		<b>541.00</b>	<b>537.31</b>	<b>448.00</b>	<b>10.00</b>	<b>455.38</b>	<b>83.00</b>	<b>81.93</b>
	Senior Employees	STS	38.00	37.20	33.00	2.00	34.6	3.00	2.60
		Executive	10.00	9.50	0.00	0.00	0.00	10.00	9.50
		<b>Total</b>	<b>48.00</b>	<b>46.70</b>	<b>33.00</b>	<b>2.00</b>	<b>34.60</b>	<b>13.00</b>	<b>12.10</b>
	<b>Total Employees</b>	<b>589.00</b>	<b>584.01</b>	<b>481.00</b>	<b>12.00</b>	<b>489.98</b>	<b>96.00</b>	<b>94.03</b>	
<b>Excludes</b>	Board Directors 6 Temp Staff 0 Contractors 16 Secondment 0								

The following table discloses the annualised total salary for senior employees of Cenitex, categorised by classification. The salary amount is reported as the full-time annualised salary.

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

Income band	SES1	SES2	SES3	STS	Grand Total
\$160 000 – \$179 999				6	6
\$180 000 – \$199 999	1			29	30
\$200 000 – \$219 999	1			14 (a)	15
\$220 000 – \$239 999	2				2
\$240 000 – \$259 999		2			2
\$280 000 – \$299 999		1			1
\$300 000 – \$319 999		2			2
\$400 000 – \$419 999			1		1
<b>Grand Total</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>49</b>	<b>59</b>

(a) There is one employee employed on a part-time basis at a 0.8 FTE rate.

## 5.2 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.

During 2022-23, Cenitex has continued to recognise the need to increase the focus on and support the mental and emotional health of staff. The Cenitex workforce remains vulnerable to high levels of ongoing mental health challenges.

To support the workforce and prioritise the mental and emotional health of employees Cenitex has moved further towards a proactive support approach.

The established three-tiered approach to providing employee mental health support has continued, focusing on:

1. Support for people leaders
2. Promotion to all
3. Targeted support to those in need

Furthermore, Cenitex has developed a mental health and wellbeing framework that provides the foundations and planning to foster a positive workplace where employees flourish. Employees are actively encouraged to manage their own wellbeing while all levels of leadership are committed to providing a supportive experience.

### Incident Management

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

Reported incidents more than halved compared to the previous reporting period. The decrease equates to five fewer incidents reported compared with the previous year.

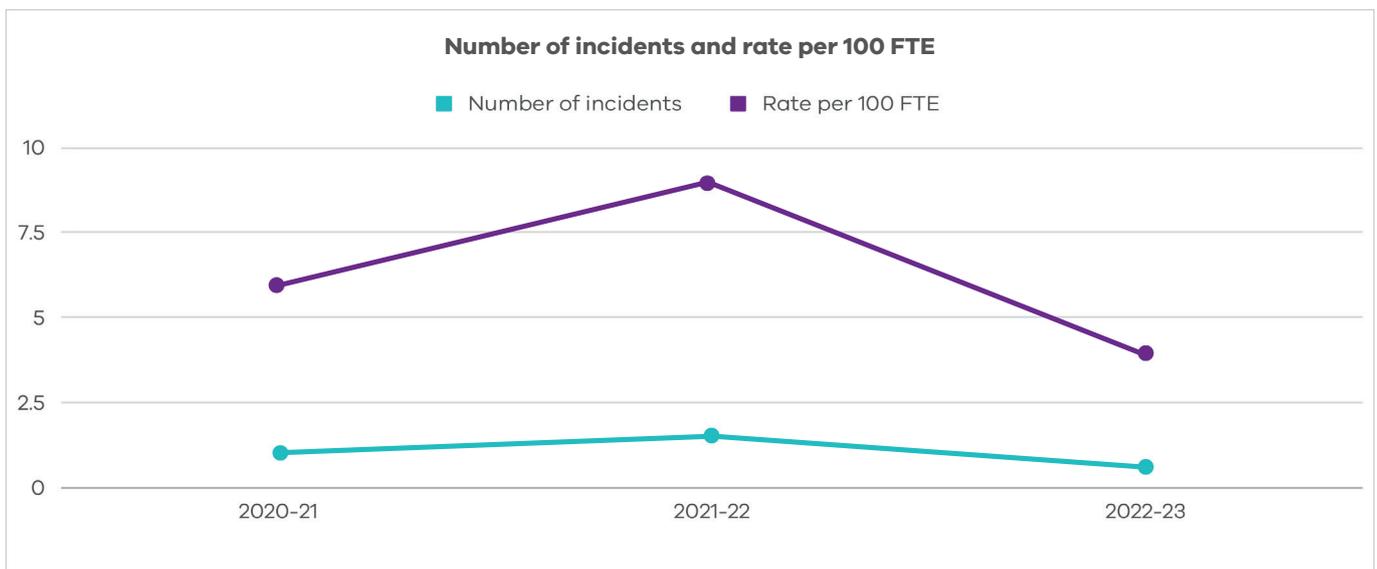
There were no notifiable incidents. Notifiable incidents are those which require the Regulator to be notified.

There were no accepted claims over the period. The slight increase in premium is attributable to ongoing claim impacts.

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

The number of reported incidents more than halved in 2022-23

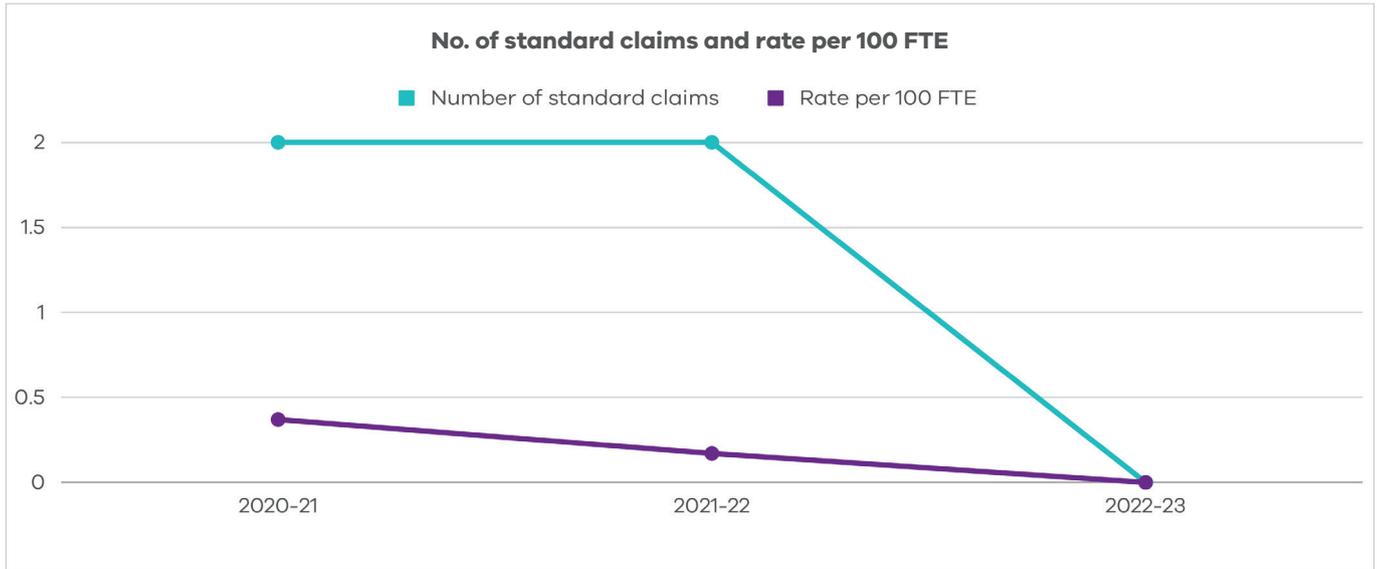
KPI	2020-21	2021-22	2022-23
Number of incidents	6	9	4
Rate per 100 FTE	0.94	1.5	0.62



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

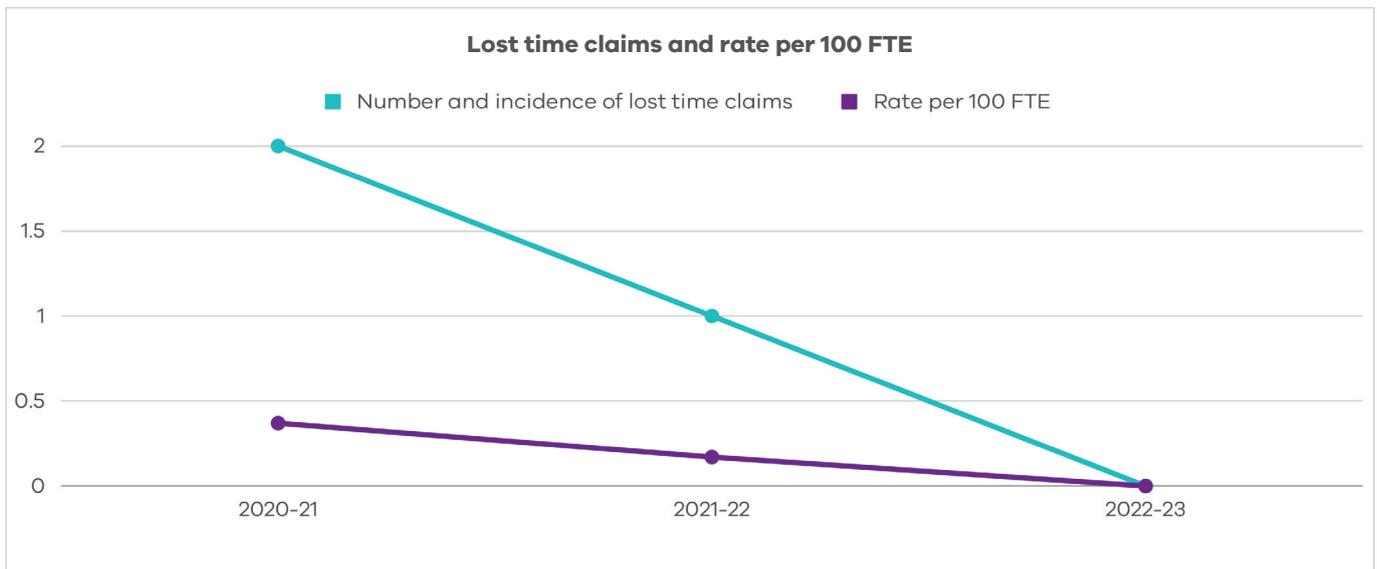
The total number of WorkCover claims lodged and accepted decreased in 2022-23. Effective early intervention strategies have assisted in a reduced claims rate

KPI	2020-21	2021-22	2022-23
Number of standard claims	2	2	0
Rate per 100 FTE	0.37	0.17	0



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

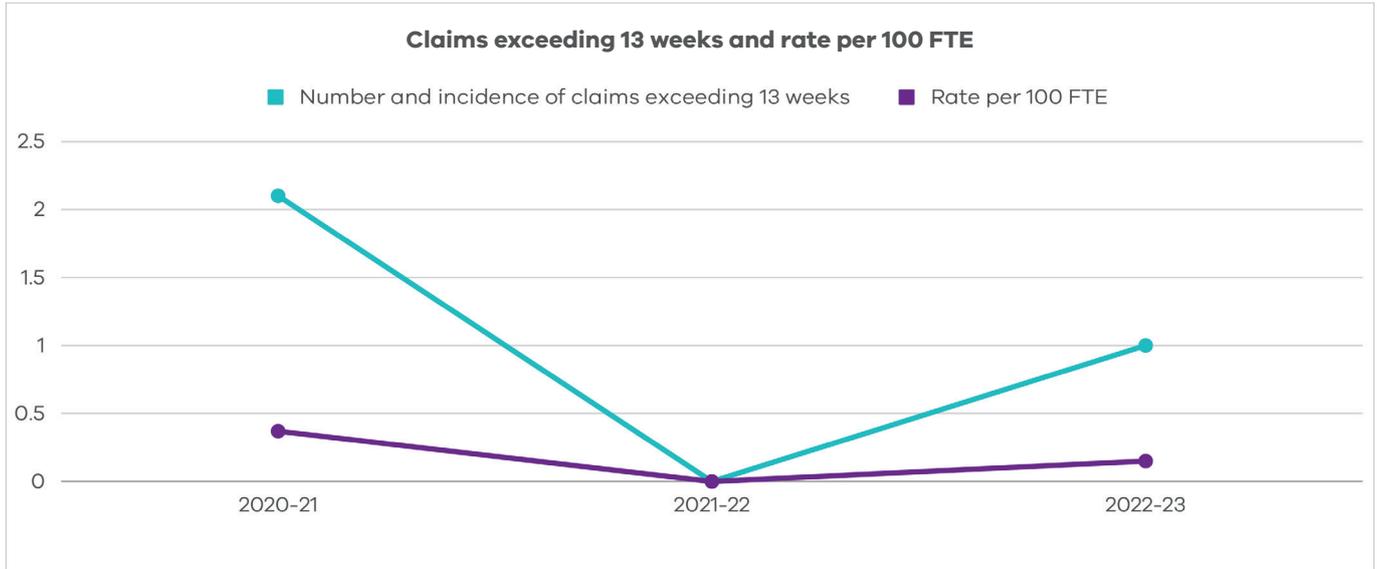
KPI	2020-21	2021-22	2022-23
Number and incidence of lost time claims	2	1	0
Rate per 100 FTE	0.37	0.17	0



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

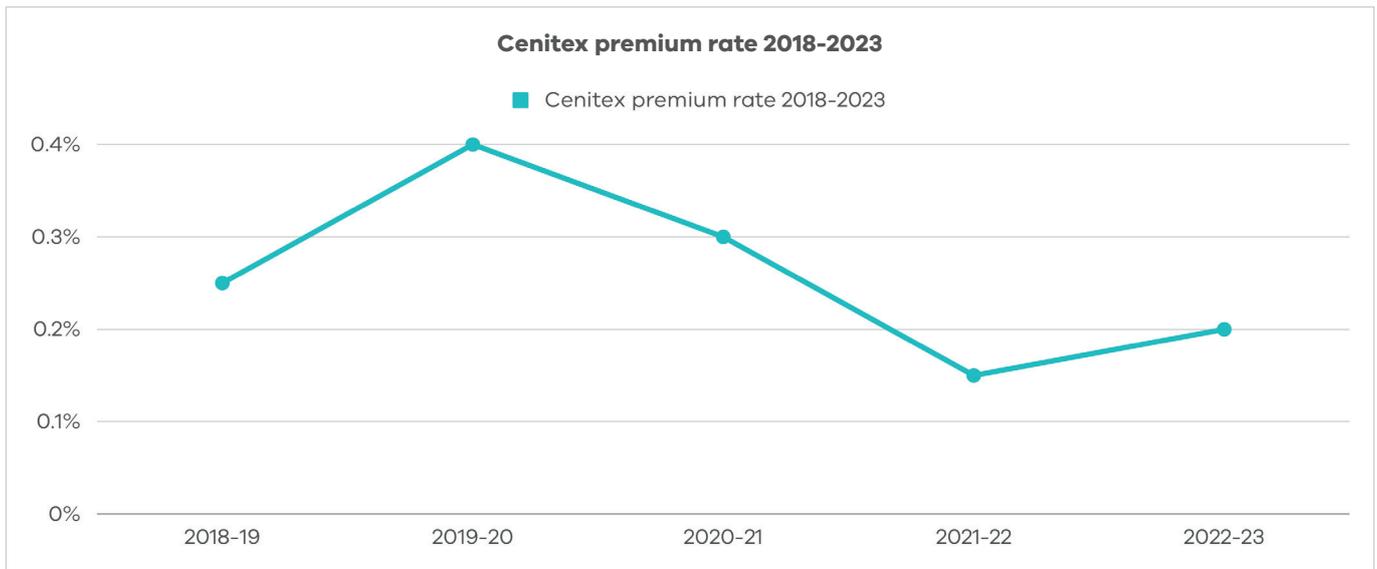
Claims exceeding 13 weeks have been impacted by a claim from the previous period.

KPI	2020-21	2021-22	2022-23
Number and incidence of claims exceeding 13 weeks	2	0	1
Rate per 100 FTE	0.37	0	0.15



**Figure 5: Cenitex premium rate 2018-2023**

2018-19	2019-20	2020-21	2021-22	2022-23
0.25%	0.4%	0.3%	0.15%	0.20%



## Performance Against OH&S Management Measures

Measure	KPI	2020-21	2021-22	2022-23
<b>Incidents</b>	Number of incidents	6	9	4
	Rate per 100 FTE	0.94	1.5	0.62
	No. of incidents requiring first aid and/or further medical treatment	4	2	0
<b>Claims</b>	Number of standard claims (i)	2	1	0
	Rate per 100 FTE	0.37	0.17	0
	Number of lost time claims (ii)	2	1	0
	Rate per 100 FTE	0.37	0.17	0
	Number of claims exceeding 13 weeks (ii)	2	0	1
	Rate per 100 FTE	0.37	0	0.15
<b>Fatalities</b>	Fatality claims	0	0	0
<b>Claim costs</b>	Average cost per standard claim (ii)	\$26,037.00	\$36,189.00	\$48,252.00
<b>Return to work</b>	Percentage of claims with RTW Plan <30 days (ii)	0%	100%	0%
<b>Management commitment</b>	Evidence of OH&S policy statement, OH&S objectives, regular reporting to senior management of OH&S, and OH&S plans (signed by CEO or equivalent)	Policy statement on Cenitex intranet	Policy statement on Cenitex intranet	Policy statement on Cenitex intranet
	Evidence of OH&S in purchasing guidelines (including goods, services and personnel)	Yes	Yes	Yes
<b>Consultation and participation</b>	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs) and issue resolution procedures (IRPs)	Yes	Yes	Yes
	Compliance with agreed structure on DWGs, HSRs and IRP's	Yes	Yes	Yes
	Number of OHS committee meetings	6	5	5

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(i) Source – Allianz.

(ii) Does not include minor claims

(iii) This training related to new premises and has been finalised

Measure	KPI	2020-21	2021-22	2022-23
<b>Risk management</b>	Number of internal audits/inspections completed. Percentage of internal audits/inspections conducted as planned	0	0	0
	Percentage of reported incidents investigated	100%	100%	100%
	No. of improvement Notices issued across the Department by WorkSafe Inspector	0	0	0
	Percentage of issues identified actioned arising from:			
	• hazard reports	0%	100%	100%
	• internal audits or inspections	0%	0%	0%
	• HSR provisional improvement notices	0%	0%	0%
	• WorkSafe notices	0%	0%	0%
<b>Training</b>	Percentage of managers and staff that have received OHS training:			
	• induction/annual	222 (40%)	478 (82%)	666 (92%)
	• additional specific induction for existing staff returning to onsite work at new premises (iii)	257 (47%)	95 (16%)	-
	• management training	31 (39%)	49 (56%)	94 (88%)
	Percentage of HSRs training (not a legislative requirement):			
	• upon acceptance of role	80%	0%	0%
	• annual refresher training	0%	20%	0%

(i) Source – Allianz.

(ii) Does not include minor claims

(iii) This training related to new premises and has been finalised

## 5.3 Employment and Conduct Principles

### Employee Relations

Cenitex is committed to providing a workplace that encourages constructive, respectful, open, and ethical working relationships at all levels of the organisation. Cenitex provides support and guidance to people leaders and employees to ensure compliance with employment legislation.

### Workplace Enterprise Agreement

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

### Code of Conduct

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

### Merit and Equity

Cenitex maintains programs and policies to promote a positive workplace, free from discrimination.

They are:

- Conflict of Interest Policy
- Recruitment Process and Manager Training
- Human Rights Policy
- Diversity and Inclusion Framework
- Flexible Work Arrangements Policy
- Appropriate Workplace Behaviour Policy
- Employee Assistance Program
- VPSC Code of Conduct for VPS Employees
- Induction Policy
- Diversity and Inclusion Policy
- Review of Actions Policy

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## Part 6

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# Disclosures



## 6.1 Local Jobs First

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

Departments and public sector bodies are required to apply the Local Jobs 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.

### **Projects commenced – Local Jobs First Standard**

During 2022-23, Cenitex commenced one Local Jobs First Standard project totaling \$4.5 million. This project was statewide. The MPSG did not apply to this project.

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

- a total of 2,745 hours of ANZ cadet employment created
- a total of 2,745 hours of ANZ cadet employment retained
- a total of 2,745 hours of ANZ standard employment created
- a total of 3,107 hours of ANZ standard employment retained
- a total of 2,558 hours of VIC standard employment created
- a total of 1,460 hours of VIC standard employment retained

### **Projects completed – Local Jobs First Standard**

Cenitex did not complete any standard Local Jobs First projects.

### **Projects commenced – Local Jobs First Strategic**

Cenitex did not commence any strategic Local Jobs First projects.

### **Projects completed – Local Jobs First Strategic**

Cenitex did not complete any strategic Local Jobs First projects.

### **Grants**

Cenitex did not provide any grants during 2022-23.

## 6.2 Consultancy Expenditure

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

In 2022-23, there were 25 consultancies where the total fee payable to each of the consultants was \$10,000 or greater. The total expenditure incurred during 2022-23 in relation to these consultancies was \$4,461,743 (excl. GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Start Date	End Date	Total Approved Project Fee (excluding GST)	Expenditure 2022-23 (excluding GST)	Future Expenditure (excluding GST)
ARCBLUE CONSULTING (AUS) PTY LTD	Consultancy services for the design and implementation of Contract Management and Third-Party Risk Management solution	5/08/2022	31/12/2022	\$45,455	\$34,109	\$0
BEING CONSULTING	Assistance with strategy planning	1/07/2022	30/06/2023	\$148,663	\$84,950	\$63,713
CLAYTON UTZ	Provision of external legal advice	1/07/2022	31/07/2022	\$29,699	\$29,699	\$0
DELOITTE TOUCHE TOHMATSU	Development of Cenitex Procurement's Strategy Roadmap	16/01/2023	15/05/2023	\$99,825	\$99,825	\$0
DELOITTE TOUCHE TOHMATSU	VFMC performance and risk assessment	24/01/2023	23/02/2023	\$10,000	\$10,000	\$0
DELOITTE TOUCHE TOHMATSU	Review of Cenitex's Sustainability Roadmap	30/06/2023	30/06/2023	\$114,965	\$83,975	\$30,990
DLA PIPER	Provision of external legal advice	1/10/2022	30/06/2023	\$61,659	\$2,574	\$0
ERNST & YOUNG	Provision of audit services	1/07/2022	30/06/2023	\$2,394,370	\$1,104,135	\$1,290,235
HERBERT SMITH FREEHILLS	Provision of external legal advice	28/03/2022	30/06/2023	\$18,182	\$14,509	\$3,673
IAN FORSYTH	Provision of executive consulting services	11/06/2023	30/06/2023	\$30,000	\$18,200	\$11,800
JONES LANG LASALLE (VIC) PTY LTD	Provision of commercial real estate leasing advice	29/06/2023	30/06/2023	\$28,200	\$0	\$28,200
KEYSTONE NEGOTIATION PTY LTD	Advisory services relating to the Microsoft Enterprise Agreement	3/10/2022	30/06/2023	\$434,000	\$434,000	\$0
KIANDRA IT PTY LTD	Workstream management optimization	12/09/2022	30/11/2022	\$43,636	\$43,636	\$0
LOGICALIS AUSTRALIA PTY LTD	Design services relating to optimization of Microsoft Endpoint Manager for Cenitex	12/12/2022	24/03/2023	\$46,560	\$46,350	\$0

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Consultant	Purpose of consultancy	Start Date	End Date	Total Approved Project Fee (excluding GST)	Expenditure 2022-23 (excluding GST)	Future Expenditure (excluding GST)
MINTER ELLISON	Provision of external legal advice	29/05/2023	30/06/2023	\$22,727	\$0	\$22,727
PEDDLE THORP INTERIORS PTY LTD	Provision of construction architectural consulting services	1/07/2022	30/06/2023	\$202,818	\$21,000	\$0
PUBLICIS SAPIENT AUSTRALIA PTY LTD	Cenitex data service architecture engagement	29/05/2023	30/06/2023	\$220,067	\$117,515	\$102,552
PUBLICIS SAPIENT AUSTRALIA PTY LTD	O365 WoW Strategic Roadmap	15/08/2022	31/10/2022	\$94,406	\$50,020	\$0
PUBLICIS SAPIENT AUSTRALIA PTY LTD	Cenitex Data Roadmap Engagement	1/08/2022	3/02/2023	\$488,526	\$484,861	\$0
ROYAL MELBOURNE INSTITUTE OF TECHNOLOGY	Provision of research and analysis services	17/03/2023	30/06/2023	\$100,000	\$0	\$100,000
SLALOM AUSTRALIA PTY LTD	Advisory services for the development of Multi-Cloud capability	1/07/2022	2/09/2022	\$370,245	\$370,245	\$0
SLALOM AUSTRALIA PTY LTD	Advisory services for design and execution of Cenitex's Cloud Centre of Excellence	9/01/2023	30/06/2023	\$1,086,808	\$1,086,808	\$0
SLALOM AUSTRALIA PTY LTD	WoVG Digital Victoria - Cloud Strategy Development	6/04/2023	30/06/2023	\$288,900	\$288,900	\$0
VICTORIAN GOVERNMENT SOLICITOR	Provision of external legal advice	30/09/2022	31/12/2022	\$12,799	\$12,799	\$0
VMWARE AUSTRALIA PTY LTD	Advisory services on Horizon product cloud migration	2/12/2022	28/02/2023	\$23,634	\$23,634	\$0

### Details of Consultancies Under \$10,000

In 2022-23, there were seven consultancy engagements, where the total fees payable to the individual consultant was less than \$10,000. Total expenditure incurred during 2022-23 in relation to these consultancies was \$20,864 (excl. GST).

## 6.3 Information and Communication Technology Expenditure

For the 2022-23 reporting period, Cenitex had a total ICT expenditure of \$5.62m, with the details shown below.

All Operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT Capabilities		
Business As Usual (BAU) ICT expenditure \$000's	Non-Business As Usual (non-BAU) ICT expenditure \$000's	Operational Expenditure \$000's	Capital Expenditure \$000's
2,709	2,915	2,782	133

## 6.4 Disclosure of Major Contracts

In accordance with the requirements of government policy and accompanying guidelines, Cenitex has disclosed all contracts greater than \$10m in value which it entered during the year ended 30 June 2023. Details of contracts that have been disclosed in the Victorian Government contracts publishing system can be viewed at: [www.tenders.vic.gov.au](http://www.tenders.vic.gov.au).

## 6.5 Freedom of Information

The *Freedom of Information Act 1982* (the Act) allows the public a right of access to documents held by Cenitex. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by an agency. This comprises documents both created by Cenitex or supplied to Cenitex by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by Cenitex is available on the Cenitex website under its Part II Information Statement.

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

Under the Act, the FOI processing time for requests received is 30 days. However, when external consultation is required under sections 29, 29A, 31, 31A, 33, 34 or 35, the processing time is 45 days. Processing time may also be extended by periods of 30 days in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

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

### Making a Request

FOI requests for documents in the possession of Cenitex can be lodged by email or post to Cenitex Strategic Corporate Services, as detailed in section 17 of the Act.

An FOI request must be accompanied by the appropriate application fee (which may be waived if it would cause hardship to the applicant).

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

Email FOI requests should be sent to [corporate.communications@cenitex.vic.gov.au](mailto:corporate.communications@cenitex.vic.gov.au).

Postal FOI requests should be addressed to:

Strategic Corporate Services  
Cenitex  
PO Box 2750  
Melbourne VIC 3000

### FOI Statistics/Timeliness

During 2022–23, Cenitex received no applications.

Cenitex made no FOI decisions during the 12 months ended 30 June 2023.

During 2022–23, no requests were subject to a complaint/internal review by OVIC. No requests progressed to the Victorian Civil and Administrative Tribunal (VCAT).

### Further Information

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

## 6.6 Compliance With The Building Act 1993

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

## 6.7 Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure that where services compete, or potentially compete, with the private sector, any advantage arising solely from their government ownership is 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. 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 ensures Victoria fulfils its requirements on competitive neutrality reporting as required under the Competition Principles Agreement and Competition and Infrastructure Reform Agreement.

## 6.8 Compliance With The Public Interest Disclosures Act 2012

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

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

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

### Reporting Procedures

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

Level 1, North Tower, 459 Collins Street  
Melbourne, VIC 3000  
Phone: 1300 735 135

Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

Email: See IBAC's website above for secure email disclosure process, which also provides for anonymous disclosures.

### Further Information

The Public Interest Disclosure Procedure, which outlines the system for reporting disclosures of improper conduct or detrimental action by Cenitex or any of its employees and/or officers, is available on the Cenitex website. Cenitex is not aware of any disclosures that have been made to the IBAC in relation to Cenitex during 2022-23 or 2021-22.

## 6.9 Social Procurement Framework

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

Cenitex did not update its social procurement strategy during 2022-23, opting to extend its previous 2-year strategy into a third year, effective until 30 September 2023. In 2022-23, Cenitex committed to the following priority Social Procurement Framework objectives from its strategy:

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

Cenitex continues to progress initiatives identified in its social procurement strategy and where relevant, these have been aligned to its Diversity and Inclusion programs. The initiatives included:

- assigning a procurement advisor to the Diversity and Inclusion Council;
- implemented a contract management system to improve vendor management;
- established a catering panel comprised entirely of social enterprises, and
- procured Aboriginal artwork, training, catering and stationery to contribute to the Victorian Government’s target of 1% of government procurement from small to medium enterprises to be from Aboriginal Businesses.

Social procurement objective	Expenditure 2022-23 (excluding GST)	Number of businesses engaged
Opportunities for Victorian Aboriginal People	\$53,221	5
Opportunities For Victorians With Disability	\$845	1
Opportunities For Disadvantaged Victorians	\$20,395	3
Sustainable Victorian Social Enterprises & Aboriginal Businesses (total across all objectives)	\$74,461	9

## 6.10 Compliance With Datavic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, Cenitex made two data sets available on the DataVic website in 2022-23. 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.

## 6.11 Availability of Other Information

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained by Cenitex and are available on request, subject to the provisions of the *Freedom of Information Act 1982*:

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

The information is available on request from:

Executive Director Strategic Corporate Services  
Cenitex  
PO Box 2750  
Melbourne VIC 3000

Email: [corporate.communications@cenitex.vic.gov.au](mailto:corporate.communications@cenitex.vic.gov.au)

## 6.12 Disclosure of Emergency Procurement

In 2022-23 Cenitex did not activate Emergency Procurement in accordance with the requirements of government policy and accompanying guidelines.

## 6.13 Environmental Performance

Cenitex utilises central government contracts for provision of its services. Data will be reported on in Whole of Victorian Government reporting. Office accommodation is leased to Cenitex, and there are no plans for new construction or substantial fit-outs of that accommodation.

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	<i>Financial Management Act 1994</i>	Letter to Minister

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

I, Gayle Porthouse, on behalf of Cenitex, certify that Cenitex has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Gayle Porthouse  
Chair  
30 September 2023

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