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| FRD 21 |  |  | Disclosures of responsible persons and executive officers in the financial report (April 2025) |
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| Purpose |  |  | To prescribe disclosure requirements of remuneration in relation to responsible persons and executive officers in the financial report of all public sector agencies. |
| Application |  |  | Applies to any ‘department’ or ‘public body’ as defined in Section 3 of the *Financial Management Act 1994* (FMA). A public sector entity classified as a public financial corporation or a public non-financial corporation within the latest *Financial Report for the State of Victoria* that does not meet the definition of a ‘public body’ is encouraged to refer to this FRD for guidance. |
| Operative date |  |  | Reporting periods commencing on or after 1 July 2024. |
|  |  |  | FRD 21C *Disclosures of responsible persons and executive officers in the financial report* is renamed to FRD 21 *Disclosures of responsible persons and executive officers in the financial report* effective 1 April 2022*.* |
| Requirements |  |  | Responsible persons  The financial report of a reporting entity (including consolidated financial report in relation to an economic entity) must disclose the following in relation to responsible persons at any time during the reporting period:   1. **the number of responsible persons;** 2. **the name of each person holding a position of responsible person; and** 3. **the total remuneration received within a $10 000 range.** |
|  |  |  | Ministers  The names of the relevant Ministers at any time during the reporting period must be disclosed. Ministerial remuneration is only to be disclosed in the financial report of the Department of Parliamentary Services. |
|  |  |  | Executive officers  An entity shall disclose the following in relation to executive officers as defined in paragraph 5.3:   1. **the number of executive officers with total remuneration received or receivable in connection to their position as an executive officer over the reporting period. An executive officer’s remuneration should be disclosed within remuneration categories in a table format;** 2. **the total remuneration received or receivable by executive officers identified in paragraph 4.3(a) over the reporting period;** 3. **the total annualised employee equivalent (AEE) of executive officers identified in paragraph 4.3(a) over the reporting period; and** 4. **the reasons for significant variations between the current and previous reporting period.** |
|  |  |  | Entities that are not defined as a ‘significant entity’ under FRD 101  Pursuant to the requirements of AASB 1060, entities that do not meet the definition of a ‘significant entity’ under FRD 101 do not need to apply paragraph 4.3(a). |
| Definitions |  |  | **Accountable officer** – as defined in section 42 of the FMA, is the Department Head of a department, or the Chief Executive Officer (CEO) or equivalent of a public body, unless the Minister determines otherwise. |
|  |  | 5.2 | **Annualised employee equivalent** (AEE) – shows the time period that the employee worked over the reporting period, compared to point in time reporting such as FTE reporting in FRD 29. AEE is calculated by dividing the total number of ordinary working hours that an employee worked and was paid over the reporting period (including paid leave) by the standard total number of full-time working hours paid per annum. Generally, this is 38 hours per week, for 52 weeks, resulting in a total of 1,976 hours per annum. |
|  |  | 5.3 | **Executive officer** – a person, other than a statutory office holder or an accountable officer, who:  for a department, who is employed as an executive under Part 3 of the *Public Administration Act 2004* (PAA)  for a public body, who is employed as an executive under Part 3 of the PAA, or is a person to whom the Victorian Government’s Public Entity Executive Remuneration (PEER) Policy applies.  The Victorian Government’s PEER Policy can be found on the Victorian Government website at www.vic.gov.au/public-entity-executive-remuneration-policy. |
|  |  | 5.4 | **Responsible person**   * + 1. in relation to a department, the Accountable Officer and the relevant Minister or Ministers (in relation to the individual Minister’s portfolio);     2. in relation to a public body other than a department, the relevant Minister, the accountable officer and members of the governing boards, trustees or boards of management; and     3. any other person occupying or acting in the position of Minister, accountable officer or Board member in relation to a reporting entity. Responsible persons of the reporting entity comprise, in relation to the financial report of a reporting entity, the responsible persons of the entity, and, in relation to the consolidated financial report of an economic entity, the responsible persons of the economic entity, which in normal circumstances, comprise the responsible persons of the parent entity in the economic entity. |
|  |  | 5.5 | **Remuneration** – includes all employee benefits (as defined in AASB 119 *Employee Benefits*) which are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for service rendered. It also includes amounts paid on behalf of a parent of the entity in respect of the entity. |
|  |  | 5.6 | **Remuneration categories** – include the following five categories as prescribed by AASB 124 *Related Party Disclosures*:  salaries and other short-term benefits;  post-employment benefits:  other long-term benefits;  termination benefits; and  share-based payments. |
| Guidance |  | 6.1 | This section provides guidance on the disclosure requirements of this FRD in relation to responsible persons and executive officers. |
|  |  | 6.2 | Responsible persons  The following should be disclosed in regard to **responsible persons**:   * + 1. the name of each person holding a position that meets the definition of a responsible person of the reporting entity, at any time during the reporting period;     2. where there is more than one responsible person during any reporting period, the total remuneration of all responsible persons received or receivable in connection to their position as responsible person; and     3. the remuneration of each responsible person in an income range of $10 000. |
|  |  | 6.3 | Executive officers  The following should be disclosed in regard to **executive officers**:   * + 1. total remuneration of all executive officers received or receivable in connection to their position as an executive officer (including the remuneration of executive officers acting in the position of an accountable officer at any time during the reporting period), and details of the components of that remuneration. Details on remuneration components are required to mitigate against erroneous conclusions, for example where remuneration is high due to the payout of residual entitlements (e.g. annual leave) on termination of contracts;     2. the disclosure of the annualised employee equivalent (AEE) applies to all executive officers; and     3. accrual principles apply to all amounts received or receivable in connection to the position as an executive officer over the reporting period are disclosed. |
|  |  | 6.4 | For the purpose of this FRD, holding financial and/or human resource management delegation is not a pre-requisite for undertaking significant management responsibilities. |
| Relevant pronouncements |  | 7.1 | AASB 119 *Employee Benefits*  AASB 124 *Related Party Disclosures*  FRD 15 *Executive officer disclosures in the Report of Operations by departments*  AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*  FRD 101 *Application of Tiers of Australian Accounting Standards* |
| Background |  | 8.1 | FRD 21 *Responsible person and executive officer disclosures in the financial report* was issued in 2005 to prescribe disclosure requirements on remuneration and related party transactions in relation to responsible persons and executive officers over the reporting period. |
|  |  | 8.2 | This FRD was updated in:   * July 2011 to:   introduce a new measure in the form of ‘annualised employee equivalent’ in addition to the headcount disclosure for executive officers; and  extend the scope to contractors charged with significant management responsibilities in an entity.  May 2017 to align the definition of ‘remuneration’ with the requirements of AASB 124 *Related Party Disclosures,* and to clarify the definition of accountable officer and executive officer for departments and public bodies. The disclosure table was amended to:  remove the $100 000 threshold on remuneration reporting for executive officers;  remove the $10 000 banding; and;  incorporate the remuneration disclosure categories prescribed by AASB 124.  Separate disclosure of other personnel was removed as these are contractors with significant management responsibilities who are captured in the related parties disclosure as key management personnel under AASB 124. The term ‘responsible Minister’ was also updated to ‘relevant Minister’ to align with the terminology used in the FMA and to clarify the respective definitions in the FRD and 2016 Standing Directions. In addition, related party transaction disclosures for responsible persons were deleted as they will be reported in the related party disclosure note to the financial statements in accordance with AASB 124.  April 2022 to remove Appendix A since an identical illustration is included in the Model Report.  April 2025 to clarify the definition of ‘AEE’; update references to the PEER Policy; and clarify the reporting requirements of executive officers for entities that are not defined as a ‘significant entity’ under FRD 101. |
| Model for Disclosure |  | 9.1 | *Model Report for Victorian Government Departments* - Report of Operations - Section 3: Workforce data |