



Government of Western Australia
Public Sector Commission

Annual Report

2009-2010

excellence professionalism
collegiality **integrity**
innovation respect

Contact

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Public Sector Commission

Annual Report 2009 - 2010

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Statement of Compliance

Hon C J Barnett MEd MLA
PREMIER

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report for the Public Sector Commission for the year ended June 2010.

The report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



M C Wauchope
ACCOUNTABLE AUTHORITY
9 September 2010

Commissioner's Overview



The Public Sector Commission (the Commission) was established on 28 November 2008 under the *Public Sector Management Act 1994* to enhance the integrity, professionalism and independence of the Western Australian public sector.

Over the last twelve months, the Commission has been finalising its functions and

organisational structure, including the appointment of two Deputy Commissioners.

Considerable work has been undertaken on public sector reform, with the Public Sector Reform Bill 2009 being introduced into Parliament in November 2009 and passing through the Legislative Assembly in June 2010.

Through my membership of the Economic Audit Committee, the Commission had significant involvement in the consideration of matters and the development of recommendations relating to the improvement of the public sector. This work continues and the Commission is closely involved with the initiatives being developed across a number of agencies following the report of the Committee.

The Commission continues to provide advice and assistance to public sector agencies and Government on whole-of-sector issues

and to work with agencies to identify and develop the expertise required to address issues of management and administration necessary to maintain and enhance service delivery.

There are a number of opportunities and challenges ahead in the coming year. The Commission will be developing a range of initiatives to support the public sector reform program. It will continue to invest in strong leadership and professional skills development, and will assist agencies to meet community expectations in terms of accountability and integrity. In addition, planning is underway for the integration of the Commission and the Office of the Public Sector Standards Commissioner should the Public Sector Reform Bill be enacted.

I thank the staff of the Public Sector Commission for their professional and dedicated approach to the Commission's work over the last year and for their ongoing commitment. I look forward to the work before us with every confidence for another successful year.

A handwritten signature in black ink, appearing to read 'M C Wauchope', written in a cursive style.

M C Wauchope
PUBLIC SECTOR COMMISSIONER

Overview of the Agency

Executive Summary

Purpose

The mission of the Public Sector Commission is to lead and promote excellence and integrity in the Western Australian public sector.

To achieve the vision of an esteemed public sector, it is critical for the Commission to work in collaboration with Government, Chief Executive Officers and other central government and oversight agencies to help position the public sector for future challenges. The Commission's role is to support the public sector to deliver high quality services to the community within a culture of excellence and integrity. The Commission's programs and activities are directed towards:

- building capacity
- creating a legislative foundation that is enabling effective and efficient service delivery
- developing contemporary policies and practices for public sector management
- evaluating performance
- advancing the diversity and accountability agenda.

Positioning the public sector for the future

The foundation of the Government's public sector reform program, and a priority focus of the Commission this year, has

been the development of amendments to the *Public Sector Management Act 1994* (the Act). This foundation will be built on through review and revision of the standards, policies and procedures that sit under the legislation. Work has commenced to support the amendments and to promote the reform objectives through changes to regulations, instructions and other subsidiary instruments. This may involve further amendments to the Act beyond those contemplated through the current Public Sector Reform Bill.

A number of key and interrelated initiatives are currently underway, building upon the recommendations of the Economic Audit Committee Report, to modernise the public sector. In addition to the legislative reform agenda, these initiatives revolve around:

- improving public administration and introducing contemporary management frameworks
- revising the format for Chief Executive Officer performance agreements in line with the changing status of the Commission and other anticipated changes through the reform program
- building the public sector's capability and performance.

Throughout the year, the Commission provided advice and assistance to support the implementation of a number of machinery of government changes. The Commission has also been represented on a number of high level reviews, such as the Economic Audit Committee and a number of Value for Money Audits initiated by the Department of Treasury and Finance.

Developing the public sector

The Commission continues to provide a range of professional development and training programs to build the capacity of the public sector workforce to maintain and improve service delivery in the future. Major achievements include:

- initiating a pilot Senior Executive Service Mentoring Program
- implementing a Joint Applied Learning Program for Senior Executives
- establishing a development forum for the Chairs of Boards and Committees
- introducing an Indigenous Scholarship for the Pathways to Leadership Program
- delivering Accountable and Ethical Decision Making training to Chief Executive Officers and agency executive teams
- exhibiting at career and employment expos
- coordinating the Premier's Awards for Excellence in Public Sector Management
- working with agencies to identify areas in public sector management requiring capacity building
- establishing a series of public sector skills workshops.

Advising the public sector

The Commission continues to provide advice and services to agencies and the Government on a broad range of public sector management matters, including advice on good governance for boards and committees, and the use of information and communications technology initiatives. Major achievements include:

- continued enhancements to the Recruitment Advertising and Management System
- the management of appointments and/or reappointments of 15 Chief Executive Officers
- finalisation of 141 applications for classification or reclassification of positions within the Senior Executive Service
- conducting or providing support to agencies with disciplinary matters, and assisting with the development of a training program in conducting disciplinary investigations
- managing and maintaining the redeployment and redundancy management framework, including managing the Government's targeted employment separation offers, for example, the 2010 Targeted Severance Offer which resulted in 333 confirmed severances
- the provision of an online resource on *Good Governance for Boards and Committees*
- assisting agencies with good governance and management practices in the use of information and communications technology.

Strategic direction for the Commission

Vision: An esteemed public sector

Mission: To lead and promote excellence and integrity in the public sector

Goal 1

Provide expert support and guidance to public sector agencies to enhance their delivery of government services

Goal 2

Position the public sector for the long term future to best support delivery of services to the community

Goal 3

Build the capacity of the public sector

Goal 4

Be recognised as a source of expertise and guidance

Our values: Excellence, Integrity, Innovation, Professionalism, Collegiality and Respect

Structure of the Public Sector Commission

Enabling and administered legislation

The Commission currently operates as a Department established under the *Public Sector Management Act 1994* and is the agency principally responsible for the administration of that Act. The Premier has delegated a number of his powers as Minister to the Commissioner to enable the statutory functions of the Act to be performed independently.

Responsible Minister

The responsible Minister is the Hon C J Barnett MEd MLA, Premier; Treasurer; Minister for State Development.

Government affiliated bodies

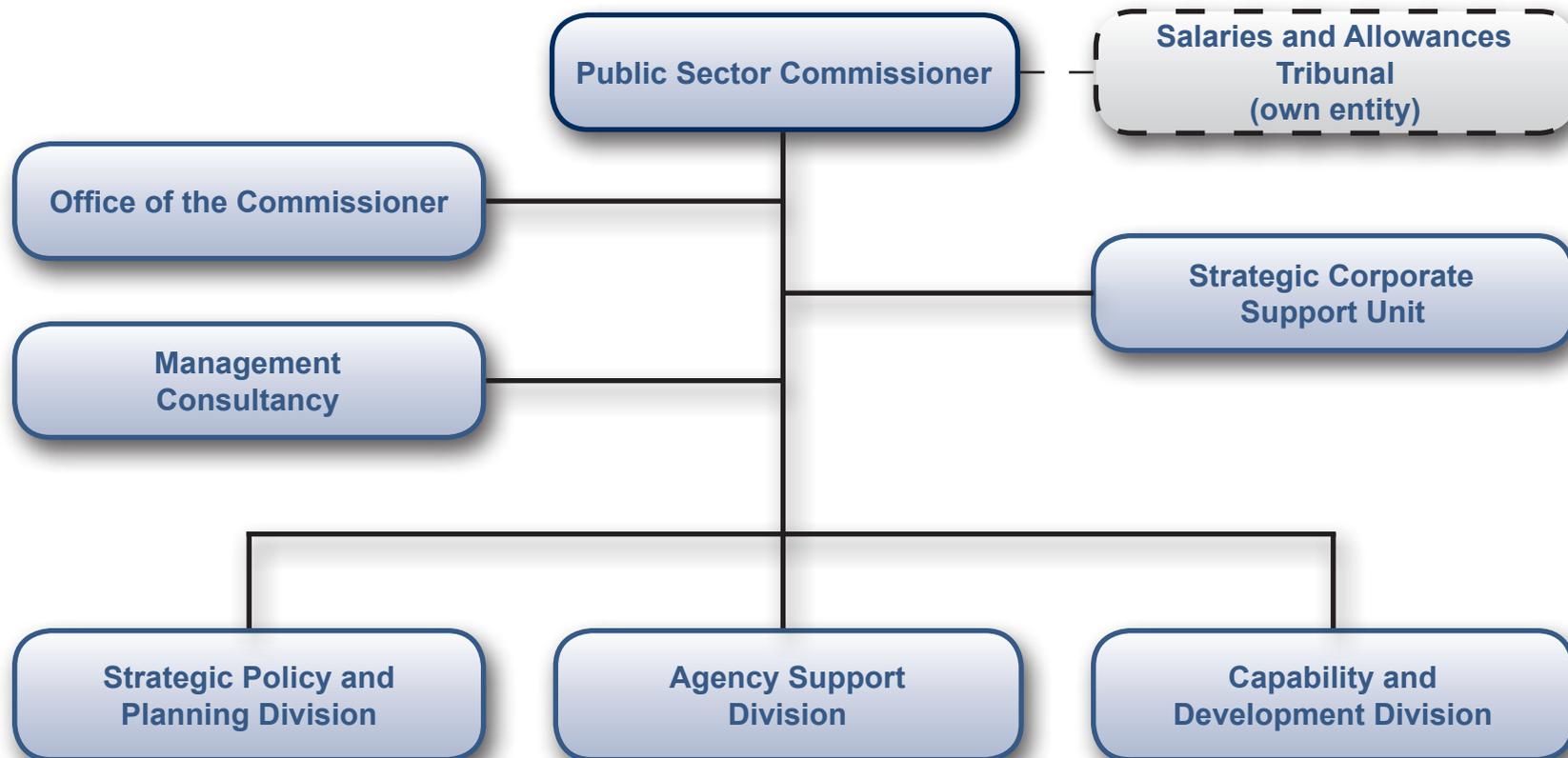
The Salaries and Allowances Tribunal (the Tribunal) has been determined by the Treasurer to be an affiliated body of the Public Sector Commission in accordance with section 60(1)(b) of the *Financial Management Act 2006*. The Tribunal's report appears immediately following the Commission's report.

Key legislation impacting on the Commission's activities

In the performance of its functions, the Commission complies with the following relevant written laws:

- *Auditor General Act 2006*
- *Corruption and Crime Commission Act 2003*
- *Criminal Code Compilation Act 1913*
- *Disability Services Act 1993*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Public Sector Management Act 1994*
- *Public Interest Disclosure Act 2003*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*
- *Electoral Act 1907*
- *State Supply Commission Act 1991*
- *Workers' Compensation and Injury Management Act 1981*

Organisational Chart



Members of the Corporate Executive

Mr Mal Wauchope –
Public Sector Commissioner



Mal gained a Bachelor of Commerce (Hons) and Master of Commerce from the University of Western Australia. He has 37 years public sector experience and has held senior positions in the Treasury Department prior to joining the Department of the Premier and Cabinet. Mal

served as Director General of the Department of the Premier and Cabinet from October 1997 to November 2008 as well as Clerk of the Executive Council from 1987 to 2009. He was appointed Public Sector Commissioner on 28 November 2008 and he is the state representative on the Council for the Order of Australia.

Mrs Petrice Judge –
Acting Deputy Commissioner, Strategic Policy
and Planning



Petrice obtained a Masters degree in Psychology from the University of Western Australia. During her time in the public service, she was selected for, and participated in, the prestigious program *Public Service Executive Development Year*.

Petrice brings to the position of Deputy Commissioner a depth of experience based on many years at the centre of whole-of-government policy development, including being Western Australia's senior official for the Council of Australian Governments. Mrs Judge leads the Strategic Policy and Planning Division with a focus on positioning the public sector for the future, including the development of the Public Sector Reform Bill currently before Parliament.

Mr Dan Volaric –
Deputy Commissioner, Agency Support



Dan has qualifications in business administration and management with extensive experience in, and a very strong focus on, organisational development and human resources and public sector management. With extensive senior management experience, Dan applies a whole-of-government perspective

with line agency knowledge to fulfil this role.

As Deputy Commissioner, he leads the Agency Support Division in providing high level advice and support to ministerial offices, Chief Executive Officers and public sector agencies on a broad range of public sector matters.

Dr Kim Schofield –
Deputy Commissioner, Capability and
Development



Kim holds a Doctor of Business Administration from Curtin University and an MBA in Human Resource Management from UWA. He is a Fellow, and the current WA State President, of the Australian Human Resource Institute, concurrently lecturing periodically to post graduates studying Strategic Human Resource Management at Edith Cowan University.

Kim brings proven organisational leadership skills to this role, applying his depth of experience and knowledge to develop the capability and leadership of the public sector through programs and professional development.

Ms Fiona Roche –
Executive Director, Office of the Public Sector
Commissioner (from 1 July 2009 to 19 March 2010)



Fiona has a Bachelor of Arts (Hons) and Master of Commerce. Fiona lectured in human resource management and industrial relations at Curtin University, whilst concurrently holding a number of senior executive positions, including Assistant Director General of the Public Sector

Management Division in the Department of the Premier and Cabinet. Her previous roles include being Executive Director of Ethics and Human Resources at the Office of the Commissioner for Public Sector Standards, and subsequently leading the Accountability and Support Unit in the Department of the Premier and Cabinet.

While in her role of Executive Director, Fiona managed issues for the Commissioner and coordinated activities and priorities across the Commission.

Mr Malcolm Davey –
Chief Finance Officer



Mal attained a Bachelor of Commerce Degree from the University of Western Australia and has spent most of his career in the public sector in a number of agencies, including the Department for Planning and Infrastructure and 14 years at the Office of the Auditor General. Mal brings 25 years of experience in management reporting, financial reporting and costing, to lead a range of diverse activities performed by the finance team at the Commission.

Ms Elizabeth Delany –
Manager, Strategic Corporate Support Unit



Elizabeth's extensive knowledge and strong leadership skills have been gained from experience as a senior manager in the public sector.

Elizabeth, with her team in the Strategic Corporate Services Unit, provides high-level organisational and employee relations

advice to management and employees as well as contributing to strategic planning, and coordinating performance management and recruitment activities in the Commission.



Performance Management Framework

Outcome-based management framework

The Commission operated under an interim outcome-based management structure during 2008-09, and in approving that structure, the Department of Treasury and Finance (DTF) requested that this be reviewed before the 2010-11 budget process. The strategic planning process of the Commission has been refined, and approval has been gained for the outcome-based management structure and key performance indicators, which were subsequently included in the 2010-11 budget papers, with budgets and targets for 2009-10 appearing in this report.

The Commission has now developed and aligned its structure and service delivery to achieve the government goal:

- *Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians*

and has assumed the agency level, government desired goal:

- *To assist agencies to deliver services to the community with excellence and integrity*

There is now a clearer link between the structure of the Commission and the high-level government goal.

The Commission will continue to provide three key services to the Western Australian public sector in order to achieve these goals:

Service 1: Advice and Assistance

Service 2: Public Sector Reform

Service 3: Professional Development and Training

Agency Performance *Report on Operations*

Financial Targets – Actual performance compared with budget targets and 2008-09 actual results

	2008-09 Actual	2009-10 Target	2009-10 Actual	Variation
	\$000 ⁽¹⁾	\$000	\$000	\$000
Total cost of services (expense limit) (sourced from Income Statement)	9,775	22,403	21,109	1,294 (a)
Net cost of services (sourced from Income Statement)	8,846	20,763	18,714	2,049 (b)
Total equity (sourced from Balance Sheet)	4,621	652	8,969	8,317 (c)
Net increase/(decrease) in cash held (sourced from Cash Flow Statement)	4,790	528	4,980	4,452 (d)
	No.	No.	No.	No.
Approved full time equivalent (FTE) staff level	52	114	102.5	11.5 (a)

(1) The Public Sector Commission was established on 28 November 2008. Reported figures are for seven months of operation only.

(a) This result is primarily due to the Commission operating below approved levels. During 2009-10 the Commission further developed its strategic direction and refined its organisational structure accordingly, resulting in deferrals in advertising of certain vacant positions.

(b) This result was due to operating below FTE levels as indicated in (a) above combined with increased salary recoups for seconded staff.

(c) Total equity is higher than target because the Commission has accumulated a significant bank balance due to the reasons in (a) and (b).

(d) The increase in cash held is due to the reasons mentioned at (a) and (b).

Summary of Key Performance Indicators: Actual performance compared with budget targets

During the reporting year, the Commission reviewed its key performance indicators as required by the Department of Treasury and Finance. The review resulted in the development of a single agency effectiveness indicator replacing three that focused on individual service level achievements; the refinement of existing efficiency indicators for each service; and the development of two new efficiency indicators to measure the cost of implementing major public sector reform initiatives.

	Budget/Target 2009-10	Actual 2009-10	Variation (a)
Outcome: To assist agencies deliver services to the community with excellence and integrity			
Key Effectiveness Indicator: Proportion of clients who indicate the advice and guidance offered by the Commission assisted them to promote integrity within their agency and deliver excellent services to the community	90%	98%	8%
Service 1: Advice and Assistance			
Key Efficiency Indicator: Average cost of advice and assistance services provided per client	\$53,628	\$42,021	\$11,607
Service 2: Public Sector Reform			
Key Efficiency Indicators: Average cost per major reform initiative (b)	\$378,041	\$748,827	-\$370,786
Average cost per client of supporting policies and frameworks	\$36,478	\$29,273	\$7,205
Service 3: Professional Development and Training			
Key Efficiency Indicators: Average cost per leadership and workforce development participant	\$3,727	\$3,269	\$458
Average cost per accountability training program participant	\$630,147	\$621,145	\$9,002

(a) Efficiency indicators are better than target (except Service 2: Average cost per major reform initiative) primarily due to lower staffing costs as a result of operating below approved FTE levels whilst the Commission fully developed its strategic direction and refined its organisational structure.

(b) The actual average cost is higher than target due to delays in project start up, and in passing legislation which affected a number of dependent initiatives. Although the target was for 9 initiatives to be completed during the year, only 4 were considered complete for reporting purposes.

Agency Performance *Service One – Advice and Assistance*

Overview

The Agency Support Division of the Commission is primarily responsible for the development and delivery of direct advice and services to agencies and Government on a broad range of matters to do with:

- the employment framework that exists within the public sector, including general human resource management policies, practices and processes
- the operations of relevant public sector legislation
- structural reviews and analysis
- the public sector administrative and regulatory regime
- information and communications technology initiatives
- disciplinary matters and investigations
- boards and committees - good governance and remuneration
- redeployment and severance.

During 2009-10 the Agency Support Division received over 2720 items of correspondence and enquiries to address, and recorded over 200 meetings with stakeholders.

Recruitment Advertising & Management System

The Recruitment Advertising and Management System (RAMS) is an online application that allows agencies to manage various Human Resource (HR) requirements around recruitment, severance, redeployment, traineeships, graduate programs and employment registers. RAMS is provided under contract by BigRedSky Ltd. Following a public tender, the current three year contract started on 29 September 2008, with an option of two one-year extensions.

During the 2009-10 financial year, a total of 16,868 vacancies were advertised on RAMS. Over 133,850 applications were made for these vacancies.

Enhancements made to the system during the past year have allowed agencies to further streamline their HR processes resulting in efficiency gains within Government. The enhancements and/or projects introduced this year to the RAMS system include:

- a revised training syllabus – ensuring RAMS training is up to date with the system
- Indigenous Jobs Australia web interface – allowing relevant jobs to be quickly and easily posted to the www.IndigenousJobsAustralia.com.au website via RAMS
- implementation of measures to improve the management and effectiveness of bandwidth usage and associated costs
- third party jobs boards interface trial – a trial of RAMS-based web interfaces to major third party online jobs boards.

Chief Executive Officers - appointments

The Commission coordinated or assisted with the recruitment, selection and appointment processes for the independent statutory officer positions of the Director of Public Prosecutions and the reappointment of the Western Australian Electoral Commissioner.

In addition, the following Chief Executive Officer (CEO) appointments or reappointments were made during the reporting year:

Agency	CEO	Appointment or Reappointment	Commencement date
Department of Commerce	Mr Brian Bradley PSM	Reappointment	1 August 2009
West Coast Institute of Training	Ms Sue Slavin	Reappointment	17 August 2009
Polytechnic West	Mr Wayne Collyer	Reappointment	18 August 2009
WorkCover	Ms Michelle Reynolds	Appointment	22 September 2009
Wheatbelt Development Commission	Ms Wendy Newman	Appointment	12 October 2009
Library Board of Western Australia	Ms Margaret Allen	Reappointment	1 November 2009
Department of Agriculture and Food	Mr Robert Delane	Appointment	2 November 2009
Botanic Gardens and Parks Authority	Mr Mark Webb	Reappointment	23 November 2009
Department of Training and Workforce Development	Dr Ruth Shean	Appointment	7 December 2009
Durack Institute of Technology	Mr Bert Beevers	Reappointment	18 January 2010
Department of Regional Development and Lands	Mr Paul Rosair	Appointment	9 March 2010
The Western Australian Museum	Mr Alec Coles OBE	Appointment	22 March 2010
Pilbara TAFE	Ms Lyn Farrell	Appointment	19 April 2010
Department of Transport	Mr Reece Waldock	Appointment	3 May 2010
Department of Treasury and Finance	Mr Timothy Marney	Reappointment	20 June 2010

Please note there may be minor variances between the CEO appointment details reported by the Commission and the Office of the Public Sector Standards Commissioner (OPSSC). This is due to the OPSSC reporting on CEO selection processes undertaken by that office, and the Commission reporting on CEO appointments and reappointments that are made following approval by the Governor in Executive Council.

Senior Executive Service

The Act establishes the Senior Executive Service (SES) as a distinct executive group within the public service. The SES comprises senior officers who provide high-level policy advice and senior leadership roles within agencies. SES staff are employed by agencies with positions and classifications being subject to some central controls.

The Commission assesses all applications for classification or reclassification of positions within the SES. During the reporting year 141 assessments were finalised.

As at 30 June 2010 the number of SES members was 413.

Classification Requests (New Positions)	114
Reclassification Requests	15
Temporary Special Allowance Requests	12
Total	141

Disciplinary Matters

The Commission provided ongoing advice and assistance to agencies on the application of disciplinary processes under the Act, and was directly involved in a number of specific cases. Four of those cases involved complex investigations of senior staff in agencies.

To support this work of the Commission and to provide a greater level of guidance to agencies in undertaking investigations, a

training program in conducting investigations specific to the public sector has been developed. This program has now commenced and will assist to enhance the quality of investigations across the sector.

In line with the generally accepted view that the disciplinary provisions of the Act are overly complex and prescriptive, work has been undertaken to amend Part 5 of the Act. Planned amendments will see a streamlined process which removes the high level of prescription and multiple stages in the current legislation, with details of the process being provided in guidelines issued by the Commission.

Agency Support and Advice

The Commission provided an advisory and support service to the public sector on a broad range of matters encompassing public sector legislation and whole-of-government employment and/or Information Communications Technology (ICT) related matters.

Activity	Number
(Based on systems introduced during 2009-2010 to capture relevant details)	
Correspondence	1954
General enquiries received via email or phone	770
Agency visits	202

Redeployment & Redundancy Management

The Commission has responsibility for the management and maintenance of an effective whole-of-government redeployment and redundancy management framework.

The Commission undertakes these duties under Part 6 of the Act and the *Public Sector Management (Redeployment and Redundancy) Regulations 1994*.

Individual agencies retain responsibility and accountability for the management of their own redeployees who undertake work assignments while awaiting redeployment. Redeployees are required to take an active role in the redeployment process and are provided priority access to public sector vacancies through RAMS.

Redeployment and redundancy activity - 1 July 2009 to 30 June 2010

Activity	No.
New redeployees registered	63
Number of agencies that registered redeployees	23
Current number of redeployees at 30 June 2010	86
Current redeployees in secondment positions at 30 June 2010	24
Redeployment placements effected	43
Average number of vacant positions referred for redeployment consideration each month	724

Voluntary Severance

Public sector agencies reported that a total of 802 employees accepted offers of voluntary severance during the reporting period.

The large number is attributable to:

- the Targeted Employment Separation Offer 2009 (469 acceptances) which opened in April 2009 to assist agencies impacted by the Government's 3% efficiency dividend. Agencies had access to central funding to cover severance and other employment separation costs effected under this offer. The closing date for applications under that offer was 15 October 2009.
- the Targeted Employment Separation Offer 2010 (333 acceptances) which opened in March 2010 to assist appropriation-funded agencies to achieve savings. Agencies had access to central funding to cover severance and other employment separation costs effected under this offer. The closing date for applications under that offer was 14 May 2010.

Boards and Committees

Governance

The publicly available Good Governance website enables boards, committees and support staff to access relevant and up-to-date information from one source making it easier to implement and maintain good governance practices.

The website provides a set of principles for good governance for public sector boards and committees along with explanatory guidelines, interactive tools and aids to support the application of the good governance principles.

This online resource also provides links to information sessions and training opportunities, and encourages professional development for board chairs and members.

There are currently over 540 registered users regularly accessing the website having viewed more than 30,700 pages of information in the past 12 months. During this period, the site has had approximately 410 visitors per month. Agency Support staff of the Commission continue to provide advice and support to agencies and boards and committees.

Remuneration

Throughout the 2009-10 financial year, the Public Sector Commissioner made 31 recommendations in relation to the remuneration of members of boards and committees.

Information and Communications Technology Initiatives

The Commission has advised agencies on effective governance and management practices in the use of ICT and created opportunities for information sharing and project collaboration across a range of areas. Specifically, the Commission has:

- developed the *Good Governance Guidelines for Securing Electronic Information of the Public Sector*, designed to assist Directors General and CEOs with addressing issues raised by the Auditor General in relation to information security
- worked with agencies to improve and implement the Website Governance Framework, aimed at achieving a higher level of accessibility, consistency and quality across public sector websites
- provided agencies with advice and support in the areas of information security (including distribution of cyber security alerts), website development and management, general ICT policy and identity and access management
- supported collaboration and information sharing across agencies through forums including the Inter Agency Information Security Management Group, the WA Identity and Access Management Forum and the Website Governance Management Group.

The Commission has continued to foster relationships between State and Commonwealth Government agencies in support of cross-jurisdictional ICT related initiatives that are aimed at achieving improvements in cyber security arrangements, business processes and delivery of Government information and services. Specifically, the Commission has:

- supported the continued involvement of Western Australia in the National Identity Security Strategy (NISS) by ensuring the needs of key WA agencies are represented at national level and by liaising with, and providing strategic identity security advice to, WA government agencies involved with implementing components of NISS
- coordinated the WA sector participation in the international cyber security exercise, Cyber Storm III, which is scheduled to take place at the end of September 2010

The Commission has continued to work on improving access to public sector information and enhancing communication across the sector through the following initiatives:

- CEO Gateway is an online based information resource for new and existing CEOs. In addition to its resource material, CEO Gateway has an e-communication facility which will be used to broadcast items of interest to CEOs
- Agency Information and Senior Executive Service Database (AISES) is a central online database which is being developed to record, maintain and report upon all aspects of public sector entities (including boards and committees), their CEOs and senior executive officers.

Agency Performance *Service Two – Public Sector Reform*

Overview

The Commission provides strategic policy, planning and support to agencies with the aim of positioning the public sector for the future. Policy and support services cover:

- legislative and regulatory reform
- key relationships with other oversight agencies and other jurisdictions in matters relating to public sector management and administration
- major overview of policy and machinery of government matters
- development of management improvement framework on topics such as workforce planning and performance evaluation.

Public Sector Reform

In July 2009, the Government reaffirmed its commitment to reform the public sector. The Commission embarked upon a Public Sector Reform Program involving the core elements:

- legislative reform
- introducing contemporary management frameworks into the public sector
- assisting in improving public sector capability and capacity to meet the future demands for government services
- supporting greater autonomy and flexibility in agency decision making.

Some 17 specific reform initiatives commenced during 2009-10.

The Public Sector Reform Bill 2009 was introduced into Parliament in November 2009 and was subsequently passed through the Legislative Assembly in June 2010. It is currently being considered by the Legislative Council. Key features of the Bill are:

- the creation of the independent office of Public Sector Commissioner reporting to Parliament
- significantly streamlining the disciplinary provisions from a three phase to a single phase process, including improvement actions and the enabling of disciplinary action to be commenced or concluded against a former employee
- the removal of a number of administrative anomalies.

Chief Executive Officer Performance Framework

The Act requires that a performance agreement is established for CEOs appointed under section 45 of the Act, and is to be completed for each year. The Public Sector Commissioner has responsibility for the administration of CEO performance agreements and for providing advice and support to responsible authorities and/or Ministers in completing the process.

In 2009-10 the Commission revised the format for establishing CEO performance agreements for 2010-11. Templates have been prepared in anticipation of possible changes to employment and accountability arrangements that will be introduced through the

Public Sector Reform Bill 2009. However, changes to the CEO Performance Agreement processes to operate in 2010-11 are not dependent on passage of this Bill. The changes are intended to make performance agreements more strategic with a focus on key deliverables and a more meaningful process of engagement between responsible authorities and/or Ministers, and support the Government's preference for a simplified form of agreement between CEOs and Ministers.

The Performance Agreement framework for 2010-11 comprises two separate documents:

- a CEO Performance Plan between a CEO and a Minister (or Board) to cover key policy and operational priorities
- a Management Performance and Development Plan, established through the Public Sector Commissioner, which documents a CEO's planned contribution to sector-wide management and administrative priorities, and which notes the identification and implementation of professional development and learning objectives.

The process of establishing a CEO Performance Agreement presents a valuable opportunity for CEOs, their Ministers and/or Boards to ensure a shared understanding about agreed priorities, issues and risks.

Strategic Alignment

The Commission plays a role in optimising the strategic alignment of public sector functions and bodies with the service priorities of the Government. This is achieved by supporting and facilitating the implementation of changes sought by Government to the roles, functions and responsibilities of Departments of State, and through the provision of advice about ways to improve the operation of systems and processes that regulate the administration of the public sector generally.

Since its creation, the Commission has provided advice and assistance to give effect to the establishment and significant restructuring of a number of Departments (covered in more detail in Machinery of Government section). The Public Sector Commissioner continued his involvement on the Economic Audit Committee, with the Commission making a particular contribution to that process on matters relating to the structure, effectiveness and efficiency of the sector, and about opportunities to improve the instruments that are used to administer the sector.

In developing submissions and providing input to the Economic Audit process, the Commission focused on machinery of government, the accountability framework governing public sector administration, proposing actions to facilitate more effective workforce management in the public sector, and proposing recommendations on possible improvements to the operation of the Act. The Economic Audit Committee Report was released by the Premier on 14 December 2009.

Machinery of Government

The Public Sector Commissioner has the delegated power under section 10 of the Act to provide advice to the Government on structural changes to improve the efficiency and effectiveness of the public sector. The Commission provided advice and facilitated processes to implement a number of machinery of government changes. In 2009-10 this included the following major changes:

- Establishment of the Department of Transport
- Establishment of the Department of Regional Development and Lands
- Redesignation of the Department for Planning and Infrastructure to the Department of Planning
- Redesignation of the Department of Local Government and Regional Development to the Department of Local Government
- Redesignation of the Department of Education and Training to two new departments - Department of Training and Workforce Development and the Department of Education
- Establishment of the new department called Office of the Environmental Protection Authority
- Establishment of the Mental Health Commission.

Strategic Information and Communications Technology Planning

The Commission provided strategic advice to DTF and other agencies on planning for the transition to a Next Generation Network telecommunications environment.

More widely, the Commission has represented WA on a number of national ICT bodies, including the Cross Jurisdictional Chief Information Officer Committee, and policy working groups under the auspices of the Australian Government Information Management Office.

The Commission has contributed to the development of the Emergency Services Communications Strategy which proposes a common approach to interoperability, data management, continuity of essential services, enhanced public communications and governance across the emergency services sector. A high level implementation plan has been completed with the assistance of Commonwealth Government funding.

Workforce Planning and Information

On 1 May 2009, *Strategic Directions for the Public Sector Workforce 2009 – 2014* (Strategic Directions) was released, including 38 initiatives for central and line agencies to implement to ensure that high quality services continue to be provided to the Western Australian community. The areas of focus within Strategic Directions are:

- Attracting a Skilled Workforce
- Retaining Valued Employees
- Building the Capacity of the Public Sector
- Providing Strategic leadership
- Meeting Regional Needs
- Ensuring an Efficient and Flexible Public Sector.

During 2009-10, significant effort was dedicated to ensure that agency expectations relating to the implementation of Strategic Directions are understood, and a range of workforce planning projects relating to the above strategies were progressed.

Other Workforce Planning initiatives undertaken in 2009-10 include:

- In September 2009, a Workforce Planning survey was undertaken across 35 key public sector agencies. This survey assisted the Commission to identify the workforce planning needs of agencies across the public sector.
- A Workforce Planning Consultative Group was convened. This cross-sector network is a valuable conduit through which the Commission identifies common areas of concern, and provides either appropriate advice, or resources as required. Other networks have also been established, ensuring that all public sector agencies have a direct connection with the Commission for workforce planning matters.
- In February 2010, a *Strategic Workforce Planning Framework* was released to public sector agencies. This publication

outlines the over-arching workforce planning framework that the Commission has adopted, including 'Principles', 'Central and Line Agency responsibilities' and 'Deliverables'. The Framework was developed following consultation with agency representatives from the Workforce Planning Consultative Group of the Commission.

- Accompanying the *Strategic Workforce Planning Framework*, a *Workforce Planning Program of Works* document was also released, outlining the key workforce strategies that the Commission is implementing in 2010 and 2011.
- The Commission has also developed various templates, guidelines and resource materials to assist agencies to progress workforce plans and strategies. Examples of resource materials that were released include:
 - Learning From Leaving – how to develop and implement exit surveys to assist agencies to understand why staff leave
 - Guidelines for Mentoring – a practical guide to harvesting knowledge within an organisation
 - Creating a Flexible SES Workforce – a guide to implementing work practices that may assist to retain SES personnel in agencies
 - Our Sector, Our People – some practical workforce planning measures.

These guidelines, as well as a range of other tools, are available on the Commission's website. Further tools are currently being developed for release in 2010-11, to provide agencies with the resources they will need to complete a sound workforce planning process.

- In March 2010, the Commission released the *Western Australian Public Sector Workforce Profile* (Profile), continuing the Government's annual tradition of publicly releasing workforce information, and ensuring full transparency in government reporting. The publication also serves to address the workforce planning purposes of stakeholders, including public sector agencies, universities, research bodies, training organisations, unions and private sector entities. For the first time the Profile also provides preliminary public sector workforce forecasts over the next decade, a result of a joint project with Curtin University's Centre for Labour Market Research.
- In May 2010, the Commission commenced a project plan to initiate a three year Workforce Data Improvement Program. This program will be released for consultation in September 2010.
- Further workforce data quality improvements continued to be made to the *Human Resource Minimum Obligatory Information Requirements* (HR MOIR) process and system. These improvements have resulted in a higher level of confidence when using workforce data for planning and decision-making purposes.

- The Commission continued to work closely with DTF and the Office of the Premier on a range of workforce planning issues. These include the implementation, monitoring and reporting of the public sector workforce FTE ceiling, DTF's *Workforce Planning: Implications for Demographic Change* project, as well development of a strategy to attract additional youth into the public sector.

Structure of Government Reviews

In response to a request from the Economic and Expenditure Reform Committee, the Minister for Regional Development has arranged for a review of the functions and responsibilities of Regional Development Commissions. To carry out the review, the Minister has appointed a review committee consisting of:

Hon Wendy Duncan MLC	Parliamentary Secretary to the Minister for Regional Development (Chair)
Mr Mal Wauchope	Public Sector Commissioner
Mr Paul Rosair	Director General, Department of Regional Development and Lands
Mr Graham Thomson	Chair, Regional Development Council
Mr Doug Cunningham	Chief of Staff, Office of the Minister for Regional Development; Lands

The Committee is expected to report to the Minister by September 2010.

In January 2010, the Minister for Forestry announced that the Forest Products Commission would take on a redefined role and return to focusing on its core business of supplying wood to the forestry industry. The Public Sector Commission participated on the Taskforce to examine the progress and restructuring of the Forest Products Commission, including the possibility of a sale of the fee for service and share farming division.

Agency Performance *Service Three – Professional Development and Training*

Overview

The Commission provides a range of whole-of-government leadership programs encompassing:

- professional development for existing and aspiring leaders
- leadership capability development
- accountability training
- support to boards and committees
- public sector improvement
- strategic human resource management
- graduate development
- career development.

As part of the Commission's new direction for capability development, a range of new offerings has been provided to the sector during 2009-10. These activities have been guided by consultation with the sector and focus on identified priorities, including key areas such as policy skills, innovation and risk, and citizen-centric service delivery. Work has also progressed to develop an improved leadership assessment tool for the sector, with a focus on senior leaders, to enable assessment of existing skills against required capabilities via a 360 degree feedback tool. The Commission is also developing an approach to talent management through a dedicated system solution to help identify and track capability within the sector.

Australia and New Zealand School of Government

The Commission sponsors participation of public sector officers in two Australian and New Zealand School of Government (ANZSOG) programs, that is, the Executive Fellows Program (EFP) and the Executive Master of Public Administration (EMPA). The EFP was run in November 2009 with three senior representatives from Western Australia completing the course. Of the ANZSOG 2008 EMPA cohort, participants continued to complete their studies and two remaining scholarship recipients are due to complete the same in the next reporting period.

Joint Applied Learning Program for Senior Executives

Participation in ANZSOG affords the Commission access to international expertise. The Commission works closely with ANZSOG to identify and take advantage of these opportunities to add value to, and complement, locally driven activities for senior executives. Throughout the year the Commission had a series of seminars and professional development opportunities designed to inform and promote world class leadership strategies. The program on offer is known as the WA Public Sector Commission Joint Applied Learning program.

WA scholarship recipients from the flagship leadership development programs, such as the ANZSOG EMPA and EFP, are engaged to share their learning from ANZSOG and assist in building public sector capacity by developing and delivering this targeted capacity building program for the SES and equivalent level officers. Scholarship recipients are also called on to offer their expertise to assist with projects that have significant implications for Government or for the public sector.

In 2009-10 the Commission organised three highly successful leadership events as part of the Joint Applied Learning program, drawing on local expertise and practitioners as well as guest speakers sourced through its ANZSOG affiliation and plans more such events for the 2010-11 financial year. The Commission maintains a program of events on its website.

SES Mentoring Program

The SES Mentoring Program was a pilot initiative comprising five SES members (mentees) targeted through the Women in Leadership initiative, who were paired with a Director General or CEO (mentor). The aim was to evaluate the effectiveness of a formal mentoring program to assist SES staff to improve their leadership capabilities. Mentors and mentees attended respective briefing sessions, were matched and introduced formally, created their own schedules and determined the degree of formality in meetings over 12 months. Quarterly surveys, informal communication and exit interviews were conducted by the Commission for qualitative feedback. The pilot's outcome will

inform the Commission's future directions in regards to offering mentoring programs for the SES.

Public Sector Management Program

The key objective of the Public Sector Management Program is to enhance the knowledge and skills of middle to senior public sector managers and emerging leaders. This tertiary program aims to improve capabilities in political management (policy skills, strategic management), accountabilities (decision making, ethics), relationship management (leadership, communication) and delivering results (people, performance, planning, problem solving). The Program takes up to 15 months to complete and successful participants graduate with a Graduate Certificate in Public Sector Management from Flinders University.

The Program provides credit into a range of further postgraduate studies. Outcomes link to the Leadership Capability Profile, reflecting the strategic workforce priorities and leadership skills needed in a modern professional public sector. During the reporting period, three intakes commenced with 78 participants. Fifty-four participants successfully graduated from the program.

In addition, two Indigenous Scholarships were advertised this year and will be undertaken in 2010-11. The scholarship covers all course fees and travel as well as accommodation costs for regional participants.

Foundations of Leadership and Pathways to Leadership Programs

The Foundations of Leadership Program (Foundations) and the Pathways to Leadership Program (Pathways) are designed to build leadership capability across the public sector.

Foundations is open to aspiring and/or early career managers, classified at Levels 5 and 6, who demonstrate emerging leadership qualities and have the potential to move into leadership roles. Pathways is open to middle managers, classified between Levels 7 to 9, who have potential to move into senior executive officer positions within the public sector. Both programs are aligned to the WA Public Sector's Leadership Capability Profile; a unique combination of skills required by public sector leaders to operate in a complex and constantly changing environment.

Embodying a whole-of-government focus, Foundations and Pathways provide participants with the tools, strategies and reflection opportunities to recognise, enhance and build leadership skills as well as increase awareness and understanding of 'big picture' policy and public sector management issues.

Each intake of Foundations and Pathways comprises 25 selected participants from public sector agencies in metropolitan and regional WA. One hundred public sector employees commenced in 2009-10.

This year, the Commission introduced an Indigenous Scholarship for Pathways. The scholarship offered two Indigenous public

sector employees to undertake the program free of charge. The scholarship covered all course fees, and travel and accommodation costs for regional participants. Work is currently underway to offer additional intakes for these successful programs and encourage high calibre public sector employees to apply.

Participants: Selected Development Programs 2009-10

Program	Events/ Programs	Participants	Hours
Coaching Skills for Managers	3	57	456
Foundations of Leadership	28	700	5,600
Graduate Development Program	6	571	1,142
Public Sector Management Program	6	233	5,078
Pathways to Leadership	28	700	5,600
TOTALS	71	2,261	17,876

Accountable and Ethical Decision Making Training

Delivery of Accountable and Ethical Decision Making (AEDM) training to CEOs continued, with another session for ten attendees being run in February 2010. This brings to 114 the total number of CEOs who have completed the training since April 2008. Feedback shows that CEOs find the program very useful, noting that, aside from simply providing a training opportunity around accountable and ethical decision making, it raises the importance of reviewing agency policies and practices.

A pilot online training program for ministerial staff was launched in July 2010. The online program is specifically designed to enable the 217 ministerial officers trained in the first four modules of the program during 2008-09 and 2009-10 to complete the remaining two modules online. The online program was developed in collaboration with the Department of the Premier and Cabinet (DPC). The Commission also assisted DPC to deliver face-to-face AEDM training for approximately 50 new ministerial officers.

The Commission has provided advice and support to agencies on the roll out of the program to public sector employees in accordance with Commissioner's Circular 2009-03. The Commission delivered a number of sessions at the agency level to Corporate Executive groups and, in addition to maintaining the curriculum and materials on the Commission's website, regularly meets with agencies to provide general assistance. In 2009-10, the Commission delivered the training to a total of 83 agency

executives. The overall feedback shows that the training content is relevant to the needs of this group. The Commission also played a significant role in having the AEDM program included in the DTF's Training Common Use Arrangements.

In recognition of the particular issues for Regional Development Commissions (RDC) in their role in administering regional grants under the Royalties for Regions scheme, the Commission has offered support to RDCs in delivering the AEDM training. The RDC Board Chairs and the Pilbara RDC received training during 2009-10 and feedback from these sessions indicated a high degree of satisfaction with the session in all regards.

The AEDM program has been adapted for presentation to government boards and committees, including the development of new case studies and scenarios tailored to the needs of this audience. Between August 2009 and June 2010, AEDM training was provided to members of ten boards and committees, including regulatory, governing and advisory boards. In total, 101 board members have received the training. The overall feedback shows that the training materials are relevant and useful. The attendees found the discussions on the case scenarios useful in raising the importance of areas such as conflicts of interest which continue to be an issue for boards and committees in the execution of their functions.

Agency Performance *Strategic Corporate Support*

Strategic Corporate Support

The Strategic Corporate Support Unit provides advice and support on organisation development, including strategic human resource management, job design and structures, fleet management, financial management, budgeting and reporting, procurement and contract management. Through a Service Level Agreement, the Department of the Premier and Cabinet provides an extensive range of corporate services to the Commission, including recruitment and payroll, information technology, corporate information and facilities management.

The focus and direction of the Commission continues to provide opportunities to determine the appropriate skill mix for new roles, and strategies for attracting and retaining valued staff. All are critical areas for development in the new financial year, and in anticipation of the amended Act.

Positions advertised	2009-2010
Permanent	9
Fixed Term (including secondments and acting opportunities)	29
Pools (future opportunities)	10

Graduate Employment

The Graduate Development Officer program is conducted in a supportive, learning environment and continues to provide excellent opportunities to work with senior experienced officers on specific projects. Two graduates joined the agency's program in January 2010 and have been exposed to a range of different work areas within the Commission. The Commission has developed its first Commission specific Graduate Development Officer recruitment and employment program, and is seeking to extend the program by increasing both the number of graduates recruited and the opportunities it can provide to them in the coming year.

Traineeships

The Commission participates in both the Business Traineeship Program and the School-Based Traineeship Program. The Business Trainees are employed on a full-time basis with School-Based Trainees being employed on a part-time basis while they complete Years 11 and 12. The Commission will continue to employ both full time Business Trainees and part-time School-Based Trainees in 2010-2011.

Trainees employed by the Commission as at 30 June 2010:

Business Trainees	School-Based Trainees	Total
1	3	4

Staff Profile

The staff profile for the Commission at 30 June 2010 comprised 117 individuals and 102 FTE. The Commission's ceiling is set at 114 FTE. A number of vacant positions continue to be filled by short-term acting, secondment or fixed-term contracts pending finalisation of structure and skills assessment.

Flexible working arrangements are supported when operationally possible and options available to staff include working from home, purchased leave and flexible working hours. There are 28 officers working part time.

	2009-2010	2008-2009
Employment Status (by headcount)		
Full-time Permanent	91	105
Full-time Fixed Term	22	12
Trainees	4	3
TOTAL	117	120
Employment Status (Permanent/ Fixed Term)		
Full-time	89	101
Part-time	28	19
Gender (by headcount)		
Females	67	
Males	50	

Equity and Diversity

The Commission's *Equity and Diversity Plan 2009-11* identifies and sets specific priorities to achieve actions designed to promote and achieve diversity and demonstrates the Commission's commitment to the principles of equal opportunity and diversity management. The Plan focuses on identified strategies to reinforce the Commission's values, maximise the potential of staff and enhance productivity in order to meet corporate goals and objectives.

The Commission sought to ensure its diversity data was accurate, and resurveyed employees in 2009-10. This increased the completeness of its data from 57% to 85%, allowing the Commission to undertake informed and targeted workforce planning.

Figures below are reflective of data collected in the 2009-10 financial year:

	% Actual Representation (30 June 2010)	Equity Index %
Women in Tier 2&3 combined	60.5	74.2
Indigenous Australians	36.4	N/A*
People with Disabilities	1	N/A*
People from diverse backgrounds	18.1	75.8
Youth	7	N/A**

* The Equity Index cannot be calculated for groups with less than 10 employees.

** The Equity Index is not used for Youth due to the correlation between age and salary.

Training and Development

Continuous personal and professional development is recognised as a priority for the Commission. Staff are encouraged to participate in relevant development courses and attend seminars. This includes participation in the range of strategic programs and workshops provided by the Commission.

In 2009-10, the Commission organised the following internal courses for staff:

- Accountability and Ethical Decision Making training
- Business process sessions for administrative staff
- Grievance Officer training

Introductory Occupational Safety and Health training has also been provided for elected employee representatives.

Agency Performance *Other Services*

Freedom of Information

The Commission aims to assist Freedom of Information (FOI) applicants to access available documents at the least possible cost. Eight new valid applications were received during the year.

The table below provides a breakdown of the FOI applications that were finalised during this period. A more comprehensive breakdown of the statistics of the Commission are provided in the Annual Report of the Western Australian Information Commissioner at www.foi.wa.gov.au

FOI APPLICATIONS 2009-10	Total
Received	8
Total handled	7
Applications Decided in Year	6
Full Access	0
Edited Access	6
Deferred Access	0
Section 28 Access	0
Access Refused	1
Total Decisions	6
Transfer to other agencies	1
Withdrawn	0
Total Applications Finalised	6
Carried Forward	2

Senior Executive Service Consulting

Senior Executive Service personnel attached to this Unit assist Directors General and CEOs across the public sector by undertaking investigations and a broad range of strategic management and reform initiative projects as required. Agencies assisted during the last financial year include the Department of Local Government, the Pilbara Development Commission, the Port Hedland Port Authority, the Department of State Development and the Department of the Premier and Cabinet.

Australian Honours System

The Australian Honours System was established in 1975 and represents the highest level of recognition accorded by the nation for outstanding achievement and service by Australians who have contributed to our country in a way that encourages and reinforces the highest community values and enhances national identity.

The Public Sector Commissioner is Western Australia's Representative on the Council for the Order of Australia and the Chair of the state selection panel for the Public Service Medal.

There were 103 Western Australian recipients in the Australia Day and Queen's Birthday Honours Lists for 2010.

In addition, four Western Australian public sector employees received the award of a Public Service Medal. Recipients were from a diverse range of public sector agencies, namely the Department of Education, Zoological Parks Authority, Auditor General and Department of Environment and Conservation.

Register of Lobbyists

The Commission continues to administer the Government's Register of Lobbyists with 92 lobbying businesses being listed on the Register. Work is underway to develop legislation to regulate the activities of lobbyists.

Significant Issues Impacting the Agency

Public Sector Reform

The Government announced a major commitment to reform the public sector in July 2009. These reforms require significant legislative amendment, supported by changes to subsidiary instruments, policies and procedures. The reform is aimed at improving the flexibility and integrity of the public sector. The legislative reforms have been progressed as a matter of priority with the Public Sector Reform Bill 2009 currently before Parliament.

The Bill:

- merges the roles of Commissioner for Public Sector Standards and Minister for Public Sector Management to create an independent statutory role of the Public Sector Commissioner
- amends the *Public Sector Management Act 1994* to streamline the disciplinary process and remove administrative anomalies.

The Commission continues to progress other reforms aimed at simplifying the complex and sometimes confusing administrative framework that governs the public sector. The reform program seeks to provide greater capacity for public sector bodies to act and make decisions quickly, in the public interest and without unnecessary bureaucracy and red tape, while being responsive to the policy priorities of the Government.

Along with the Government's legislative program, the Public Sector Commissioner is reviewing the compliance framework that regulates the recruitment, management and discipline of public

sector employees in order to remove unnecessary prescription, and to place greater decision making and accountability in the hands of CEOs.

With individual agencies having greater freedom to meet their obligations, the collective interest of Government and the community will be better served by the new independent role of the Public Sector Commissioner and the requirement to report on a broad range of issues to Parliament.

Building the capacity of the public sector

The year 2009-10 saw a consolidation of the work commenced in the previous year following the establishment of the Commission. Although economic conditions cooled demand for labour, there are still other population and service delivery pressures that continue to challenge the public sector.

In addition to its work focused on career development and attracting new employees to the sector through initiatives such as traineeships, the Commission recognises that future capacity of the public sector is reliant on a commitment to, and investment in, the development of strong leadership and professional development at the highest levels. Provision of contemporary leadership skills and ongoing professional development within the sector is a priority. Consequently, the Commission has continued its core programs for leadership and professional development, including: the Leadership Development Strategy; the ANZSOG EMPA and EFP; the Pathways to Foundations and Foundations of Leadership programs; and the Graduate Development Program.

The Commission has also worked collaboratively with public sector agencies to develop programs designed to build the skills of HR managers in promoting good practice in workforce management, that is increasing organisational capacity to manage change and stay abreast of contemporary good practice. Work is also underway to formally recognise those who participate in Commission programs by examining options for recognition through external education providers.

In addition to meeting the demands of the current workforce, the Commission is also planning for future workforce needs. Between 2006 and 2026, Western Australia's population is projected to increase by 30%. During this period, the population's demographic profile is also expected to change with a forecast 16% decrease in the proportion of youth under 15 years and a 66.9% increase in the proportion of people aged 65 and over.

As a result, the demographic of the public sector workforce is also changing; almost 50% is aged 45 years or over, and nearly 20% is 55 years or over. To ensure that the public sector continues to attract and retain appropriately skilled staff, the Commission has developed *Strategic Directions for the Public Sector Workforce* comprising 38 initiatives to be implemented over the next five years that will assist agencies respond to these factors so that they have access to a skilled workforce now and into the future.

Disclosures and Legal Compliance



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

PUBLIC SECTOR COMMISSION FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010

I have audited the accounts, financial statements, controls and key performance indicators of the Public Sector Commission.

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Public Sector Commissioner's Responsibility for the Financial Statements and Key Performance Indicators

The Public Sector Commissioner is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**Public Sector Commission
Financial Statements and Key Performance Indicators for the year ended 30 June 2010**

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Public Sector Commission at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) the controls exercised by the Commission provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended 30 June 2010.



COLIN MURPHY
AUDITOR GENERAL
26 August 2010

Financial Statements

Certification of Financial Statements for the period ended 30 June 2010

The accompanying financial statements of the Public Sector Commission have been prepared in compliance with the provisions of the *Financial Management Act 2006*, from proper accounts and records, to present fairly the financial transactions for the financial period ending 30 June 2010 and the financial position as at 30 June 2010.

At the date of signing we are not aware of any circumstances that would render any particulars included in the financial statements misleading or inaccurate.



M Davey
Chief Finance Officer
2 August 2010



M C Wauchope
ACCOUNTABLE AUTHORITY
2 August 2010

PUBLIC SECTOR COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

	2010	2009
	\$000	\$000
COST OF SERVICES		
Expenses		
Employee benefits expense	14,134	5,913
Supplies and services	4,659	2,748
Depreciation and amortisation expense	71	41
Accommodation expenses	1,593	974
Grants and subsidies	620	24
Other expenses	32	75
Total cost of services	21,109	9,775
Income		
Revenue		
User charges and fees	764	319
Commonwealth grants and contributions	-	68
Other revenue	1,631	542
Total Revenue	2,395	929
Total income other than income from State Government	2,395	929
NET COST OF SERVICES	18,714	8,846
INCOME FROM STATE GOVERNMENT		
Service appropriation	21,764	11,201
Resources received free of charge	1,298	844
Total income from State Government	23,062	12,045
SURPLUS/(DEFICIT) FOR THE PERIOD	4,348	3,199
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,348	3,199

Refer to the 'Schedule of Income and Expenses by Service'.

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**PUBLIC SECTOR COMMISSION
STATEMENT OF FINANCIAL POSITION**

As at 30 June 2010

	2010	2009
	\$000	\$000
ASSETS		
Current Assets		
Cash and cash equivalents	9,570	4,704
Receivables	1,550	791
Amounts receivable for services	33	33
Other current assets	619	369
Total Current Assets	<u>11,772</u>	<u>5,897</u>
Non-Current Assets		
Restricted cash and cash equivalents	200	86
Amounts receivable for services	3,234	2,923
Property, plant and equipment	172	222
Total Non-Current Assets	<u>3,606</u>	<u>3,231</u>
TOTAL ASSETS	<u>15,378</u>	<u>9,128</u>
LIABILITIES		
Current Liabilities		
Payables	2,436	499
Provisions	3,208	3,141
Total Current Liabilities	<u>5,644</u>	<u>3,640</u>
Non-Current Liabilities		
Provisions	765	867
Total Non-Current Liabilities	<u>765</u>	<u>867</u>
TOTAL LIABILITIES	<u>6,409</u>	<u>4,507</u>
NET ASSETS	<u>8,969</u>	<u>4,621</u>
Equity		
Contributed Equity	1,422	1,422
Accumulated surplus/(deficiency)	7,547	3,199
TOTAL EQUITY	<u>8,969</u>	<u>4,621</u>

See also the 'Schedule of Assets and Liabilities by Service'.
The Balance Sheet should be read in conjunction with the accompanying notes.

PUBLIC SECTOR COMMISSION
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2010

	Note	Contributed equity		Reserves	Accumulated surplus/ (deficit)		Total equity
		\$'000	\$'000		\$'000	\$'000	
Balance at 28 November 2008	23	-	-	-	-	-	-
Changes in accounting policy or correction of prior period errors		-	-	-	-	-	-
Restated balance at 28 November 2008		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	3,199	3,199	3,199
Transactions with owners in their capacity as owners:							
Capital appropriations		-	-	-	-	-	-
Other contributions by owners		1,422	-	-	-	1,422	1,422
Distributions to owners		-	-	-	-	-	-
Total		1,422	-	-	3,199	4,621	4,621
Balance at 30 June 2009		1,422	-	-	3,199	4,621	4,621
Balance at 1 July 2009		1,422	-	-	3,199	4,621	4,621
Total comprehensive income for the year		-	-	-	4,348	4,348	4,348
Transactions with owners in their capacity as owners:							
Capital appropriations		-	-	-	-	-	-
Other contributions by owners		-	-	-	-	-	-
Distributions to owners		-	-	-	-	-	-
Total		1,422	-	-	7,547	8,969	8,969
Balance at 30 June 2010		1,422	-	-	7,547	8,969	8,969

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**PUBLIC SECTOR COMMISSION
STATEMENT OF CASH FLOWS**
for the year ended 30 June 2010

	2010	2009
Note	\$000	\$000
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation	21,420	11,122
Holding account drawdowns	33	13
Contributions by owners	-	2,016
Net cash provided by State Government	21,453	13,151
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	(13,160)	(5,587)
Supplies and services	(2,963)	(2,068)
Accommodation	(1,603)	(923)
Grants and subsidies	(787)	(24)
GST payments on purchases	(608)	(340)
GST payments to taxation authority	(174)	(19)
Receipts		
User charges and fees	887	227
Commonwealth grants and contribution	-	68
GST receipts on sales	155	46
GST receipts from taxation authority	709	123
Other receipts	1,083	151
Net cash provided by/(used in) operating activities	24	(8,346)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current physical assets	(12)	(15)
Net cash provided by/(used in) investing activities	(12)	(15)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash provided by/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	4,980	4,790
Cash and cash equivalents at the beginning of period	4,790	-
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	24	9,770
	4,770	4,790

The Cash Flow Statement should be read in conjunction with the accompanying notes.

PUBLIC SECTOR COMMISSION

Schedule of Income and Expenses by Service

for the year ended 30 June 2010

	Advice and Assistance		Public Sector Reform		Professional Development & Training		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
COST OF SERVICES	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses								
Employee benefits expense	5,830	3,168	3,538	1,787	4,766	958	14,134	5,913
Supplies and services	1,638	1,051	789	579	2,232	1,118	4,659	2,748
Depreciation and amortisation expense	32	35	8	3	31	3	71	41
Accommodation expenses	565	375	468	414	560	185	1,593	974
Grants and subsidies	-	1	5	18	615	5	620	24
Other expenses	9	15	8	46	15	14	32	75
Total cost of services	8,074	4,645	4,816	2,847	8,219	2,283	21,109	9,775
Income								
User charges and fees	-	11	-	-	764	308	764	319
Commonwealth grants and contributions	-	-	-	68	-	-	-	68
Other revenues	1,114	403	257	84	260	55	1,631	542
Total income other than income from State Government	1,114	414	257	152	1,024	363	2,395	929
NET COST OF SERVICES	6,960	4,231	4,559	2,695	7,195	1,920	18,714	8,846
INCOME FROM STATE GOVERNMENT								
Service appropriation	8,452	6,645	5,845	3,061	7,467	1,495	21,764	11,201
Resources received free of charge	497	480	351	235	450	129	1,298	844
Total income from State Government	8,949	7,125	6,196	3,296	7,917	1,624	23,062	12,045
Surplus/deficit for the period	1,989	2,894	1,637	601	722	(296)	4,348	3,199

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

PUBLIC SECTOR COMMISSION

Schedule of Assets and Liabilities by Service

As at 30 June 2010

	Advice and Assistance		Public Sector Reform		Professional Development & Training		General-Not Attributed		Total	
COST OF SERVICES	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS										
Current assets	1,325	1,257	697	719	1,228	875	8,522	3,046	11,772	5,897
Non-current assets	1,427	1,987	932	832	1,247	412	-	-	3,606	3,231
Total assets	2,752	3,244	1,629	1,551	2,475	1,287	8,522	3,046	15,378	9,128
LIABILITIES										
Current liabilities	1,963	1,881	1,668	1,107	1,749	595	264	57	5,644	3,640
Non-current liabilities	312	459	230	268	223	140	-	-	765	867
Total Liabilities	2,275	2,340	1,898	1,375	1,972	735	264	57	6,409	4,507
NET ASSETS	477	904	(269)	176	503	552	8,258	2,989	8,969	4,621

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.

PUBLIC SECTOR COMMISSION

Summary of Consolidated Account Appropriations and Income Estimates

for the year ended 30 June 2010

	2010 \$000 ESTIMATE	2010 ACTUAL \$000	VARIANCE \$000	2010 ACTUAL \$000	2009 ACTUAL \$000	VARIANCE \$000
DELIVERY OF SERVICES						
Item - Net amount appropriated to deliver services	20,742	20,876	(134)	20,876	340	20,536
Section 25 Transfer of service appropriation ^(a)	-	-	-	-	10,861	(10,861)
Amount Authorised by Other Statutes						
- Salaries and Allowances Act 1975	408	888	(480)	888	-	888
Total appropriations provided to deliver services	21,150	21,764	(614)	21,764	11,201	10,563
CAPITAL						
Item - Capital Contribution	-	-	-	-	-	-
GRAND TOTAL	21,150	21,764	(614)	21,764	11,201	10,563
Details of Expenses by Service						
Advice and Assistance	9,595	8,074	1,521	8,074	4,645	3,429
Public Sector Reform	5,508	4,816	692	4,816	2,847	1,969
Professional Development and Training	7,300	8,219	(919)	8,219	2,283	5,936
Total Cost of Services	22,403	21,109	1,294	21,109	9,775	11,334
Less Total Income	(1,640)	(2,395)	755	(2,395)	(929)	(1,466)
Net Cost of Services	20,763	18,714	2,049	18,714	8,846	9,868
Adjustments	387	3,050	(2,663)	3,050	2,355	695
Total appropriations provided to deliver services	21,150	21,764	(614)	21,764	11,201	10,563
Capital Expenditure						
Purchase of non-current physical assets	33	21	12	21	15	6
Adjustment for other funding sources	(33)	(21)	(12)	(21)	(15)	(6)
Capital Contribution (appropriation)	-	-	-	-	-	-

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 29 "Explanatory statement" provides details of any significant variations between estimates and actual results for 2010 and between the actual results for 2009 and 2010.

PUBLIC SECTOR COMMISSION NOTES TO THE FINANCIAL STATEMENTS

for the year ending 30 June 2010

1 Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Commission has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 "Application of Australian Accounting Standards and Other Pronouncements". No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Commission for the annual reporting period ended 30 June 2010.

2 Summary of significant accounting policies

(a) General Statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The judgements that have been made in the process of applying the Commission's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 3 'Judgements made by management in applying accounting policies'.

(c) Reporting Entity

The reporting entity comprises the Commission.

Mission

The Commission's mission is to lead and promote excellence and integrity in the Public Sector.

The Commission is mainly funded by Parliamentary appropriations. It provides certain training services on a fee for service basis. The financial statements encompass all funds through which the Commission controls resources to carry on its functions.

Services

The Commission provides the following services:

Service 1: Assistance and Advice Services

Provide advice, support and assistance to Ministers and public sector agencies.

Service 2: Public Sector Reform

Strategic policy, planning and support is provided to agencies to position the public sector for the future.

Service 3: Professional Development and Training

Provision of professional development and training skills to develop the workforce and build the capacity of the public sector to assist in meeting current and future delivery requirements.

(d) Contributed Equity

AASB Interpretations 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by Treasurer's Instruction 955 "Contributions by Owners made to Wholly Owned Public Sector Entities" and have been credited directly to Contributed Equity.

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

(e) Income

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Provision of Services

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

Service Appropriations

Service Appropriations are recognised as revenues in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited into the Commission's bank account or credited to the 'Amounts Receivable for Services' (holding account) held at Treasury.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Commission. In accordance with the determination specified in the 2009-10 budget statements, the Commission retained \$2,395,000 in 2010 (\$929,000 in 2009) from the following:

- * Proceeds from fees and charges
- * Commonwealth grants and contributions
- * Other revenue
- * GST input credits
- * GST receipts on sales

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Commission obtains control over the assets comprising the contributions which is usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

(f) Property, Plant and Equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement

The Commission does not hold land, buildings or infrastructure assets. All, items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Furniture and fittings	10 years
Plant and equipment	5 years
Computer hardware	3 years

Works of art controlled by the Commission are classified as property, plant and equipment which are anticipated to have very long and indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and so no depreciation has been recognised.

(g) Intangible Assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Commission have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software	3 Years
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Computer software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Web site costs

Web site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(h) Impairment of Assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Commission is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(i) Leases

The Commission holds operating leases for its office accommodation, and motor vehicles. Lease payments are expensed on a straight line basis over the the lease term as this represents the pattern of benefits derived from the leased property and vehicles.

(j) Financial Instruments

In addition to cash, the Commission has two categories of financial instrument:

- Receivables; and
- Financial liabilities.

Financial instruments have been disaggregated into the the following classes:

Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amount Receivable for services

Financial Liabilities

- Payables

Initial recognition and measurement of the financial instruments is at fair value which normally equates to the transaction cost or the face value.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalents) asstes comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(l) Accrued Salaries

Accrued salaries (refer note 21 "Payables") represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to its net fair value.

The accrued salaries suspense account (see note 15 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(m) Amounts Receivable for Services (Holding Account)

The Commission receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

(n) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Commission will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(o) Payables

Payables are recognised when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(p) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting period.

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members.

The Commission has no liabilities under the Pension or the GSS Schemes. The liabilities for the unfunded Pension Scheme and the unfunded GSS Scheme transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by the Commission to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Commission makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share.

(ii) Provisions - Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Commission's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(q) Superannuation Expense

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

The GSS Scheme is a defined benefit scheme for the purpose of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to the GESB extinguishes the agency's obligations to the related superannuation liability.

(r) Resources Received Free of Charge or for Nominal Cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(s) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year. The Commission was created on 28 November 2008, and as such, the figures for the 2008-09 financial year represent only 7 months of operations.

3 Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Commission evaluates these judgements regularly.

4 Key sources of estimation uncertainty

The Commission makes key estimates and assumptions concerning the future. These estimates and assumptions are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

In calculating the Commission's long service leave provision, several estimations and assumptions have been made. These include expected future salary rates, salary inflation, discount rates, employee retention rates and expected future payments. Any changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

5 Disclosure of Accounting Policy and Estimates

Initial application of an Australian Accounting Standard

The Commission has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Commission.

AASB 101

Presentation of Financial Statements (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

ASSB 2007-10

Further Amendments to Australian Accounting Standards arising from AASB 101. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2009-2

Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

Future impact of Australian Accounting Standards not yet operative

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Commission has not applied early any of the following Australian Accounting Standards that have been issued and which may impact the Commission. Where applicable, the Commission plans to apply these Australian Accounting Standards from their application date.

Operative for reporting periods beginning on/after

AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]. The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Commission does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.

1/1/2013

	2010 \$000	2009 \$000
6 Employee benefits expense		
Wages and salaries ^(a)	13,413	5,239
Superannuation - defined contribution plans ^(b)	1,062	476
Long service leave ^(c)	16	163
Annual leave ^(c)	(357)	35
	14,134	5,913
<p>(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.</p> <p>(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).</p> <p>(c) Includes a superannuation contribution component.</p> <p>Employment on-costs such as workers' compensation insurance are included at note 11 'Other expenses'. The employment on-costs liability is included at note 22 'Provisions'.</p>		
7 Supplies and services		
Communications	132	99
Consultants and contractors	3,999	2,443
Consumables	365	152
Travel	63	27
Other	100	27
	4,659	2,748

	2010 \$000	2009 \$000
8 Depreciation and amortisation expense		
Depreciation		
Computer hardware	2	1
Furniture and fittings	54	33
Office equipment	15	7
Total depreciation	71	41
9 Accommodation expenses		
Lease rentals and outgoings	1,577	971
Repairs and maintenance	10	2
Cleaning	6	1
	1,593	974
10 Grants and subsidies		
<u>Recurrent</u>		
Government agency grants	2	18
External grants	618	6
	620	24

	2010 \$000	2009 \$000
11 Other Expenses		
Employment on-costs ^(a)	(16)	1
Impairment losses ^(b)	2	32
Other ^(c)	46	42
	<u>32</u>	<u>75</u>
(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 22 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.		
(b) Write down of furniture and fittings as a result of relocation of office accommodation.		
(c) Audit fees, see also note 28 "Remuneration of Auditor".		
12 Revenue		
User charges and fees		
Fees	764	319
	<u>764</u>	<u>319</u>
Other Revenues		
Recoups	1,610	511
Contributions by senior officers to the Government Vehicle Scheme	21	31
	<u>1,631</u>	<u>542</u>

	2010 \$000	2009 \$000
13 Commonwealth grants and contributions		
This is funding from the Commonwealth Department for Broadband, Communications and the Digital Economy to undertake the Clever Networks and Building on Broadband projects.	-	68
	<u>-</u>	<u>68</u>
14 Income from State Government		
Appropriation received during the year:		
Service appropriations ^(a)	21,764	11,201
	<u>21,764</u>	<u>11,201</u>
Resources received free of charge ^(b)		
Determined on the basis of the following estimates provided by agencies:		
Department of the Premier and Cabinet - Corporate support services	1,244	813
Department of Treasury and Finance - lease administration services	11	9
Department of the Attorney General - legal services	43	22
	<u>1,298</u>	<u>844</u>
	<u>23,062</u>	<u>12,045</u>

	2010 \$000	2009 \$000
(a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.		
(b) Where assets or services have been received free of charge or for nominal cost, the Commission recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the Commission makes the adjustment direct to equity.		

15 Restricted cash and cash equivalent assets

Non Current

Accrued salaries suspense account ^(a)	200	86
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- (a) Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

	2010 \$000	2009 \$000
16 Receivables		
<u>Current</u>		
Receivables	1,512	650
GST receivable	38	141
	1,550	791

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of year		
Doubtful debts expense recognised in the statement of comprehensive income	-	-
Amounts written off during the year	-	-
Amount recovered during the year	-	-
Balance at end of year	-	-

The Commission does not hold any collateral as security or other credit enhancements relating to receivables.

17 Amounts receivable for services

Current	33	33
Non-current	3,234	2,923
	3,267	2,956

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

	2010 \$000	2009 \$000
18 Other assets		
Prepayments	619	369
19 Property, plant and equipment		
Computer Hardware		
At cost	6	6
Accumulated depreciation	(3)	(1)
Accumulated impairment losses	-	-
	3	5
Furniture and Fittings		
At cost	249	249
Accumulated depreciation	(87)	(33)
Accumulated impairment losses	(32)	(32)
	130	184

	2010 \$000	2009 \$000
Office Equipment		
At cost	61	40
Accumulated depreciation	(22)	(7)
Accumulated impairment losses-	-	-
	39	33
Total	172	222

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

	Computer Hardware \$000	Furniture and Fittings \$000	Office Equipment \$000	Total \$000
2010				
Carrying amount at start of year	5	184	33	222
Additions	-	-	21	21
Transfers	-	-	-	-
Impairment losses	-	-	-	-
Depreciation	(2)	(54)	(15)	(71)
Carrying amount at end of year	3	130	39	172

	Computer Hardware	Furniture and Fittings	Office Equipment	Total
	\$000	\$000	\$000	\$000
2009				
Carrying amount at start of year	-	-	-	-
Additions	6	-	9	15
Transfers	-	249	31	280
Impairment losses	-	(32)	-	(32)
Depreciation	(1)	(33)	(7)	(41)
Carrying amount at end of year	5	184	33	222

20 Impairment of assets

As at 30 June 2009, an impairment of \$32,014 of furniture and fittings resulted from relocation of office accommodation.

2010	2009
\$000	\$000

-	32
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The Commission held no goodwill or intangible assets with an indefinite useful life during the reporting period and at the end of the reporting period there were no intangible assets not yet available for use.

21 Payables

Current

Trade payables	157	24
Accrued salaries	1,119	103
Accrued expenses	1,160	372
	<u>2,436</u>	<u>499</u>

See also note 3(o) Payables and note 30 'Financial instruments.'

	2010 \$000	2009 \$000
22 Provisions		
<u>Current</u>		
Employee benefits provision		
Annual leave ^(a)	1,471	1,305
Long service leave ^(b)	1,731	1,813
48/52 leave arrangements	4	9
	3,206	3,127
Other provisions		
Employment on-costs ^(c)	2	14
	3,208	3,141
<u>Non-current</u>		
Long service leave ^(b)	765	863
Other provisions		
Employment on-costs ^(c)	0	4
	765	867

	2010 \$000	2009 \$000
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of the end of the reporting period	590	901
More than 12 months after the reporting period	885	413
	1,475	1,314
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of the end of the reporting period	1,287	1,414
More than 12 months after the reporting period	1,209	1,262
	2,496	2,676
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 11 'Other expenses'.		

	2010 \$000	2009 \$000
Movement in Other Provisions		
<u>Employment on-cost provision</u>		
Carrying amount at start of year	18	-
Additional provisions recognised	-	18
Payments/other sacrifices of economic benefits	(16)	-
Carrying amount at end of year	<u>2</u>	<u>18</u>

23 Equity

Equity represents the residual interest in the net assets of the Commission. The Government holds the equity interest in the Commission on behalf of the community.

Contributed equity

Balance at start of period	1,422	-
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Contributions by owners:

Capital appropriation (a)	-	-
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Transfer of net assets from other agencies (b) (c)	-	1,422
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Total contributions by owners	<u>1,422</u>	<u>1,422</u>
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Balance at end of period	<u>1,422</u>	<u>1,422</u>
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	2010 \$000	2009 \$000
(a) Under TI 955 Contributions by Owners Made to Wholly Owned Public Sector Entities Capital appropriations have been designated as contributions by owners in accordance with AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.		
(b) Under AASB 1004 'Contributions', transfers of net assets as a result of a restructure of administrative arrangements are to be accounted for as contributions by owners and distributions to owners.		

Where activities are transferred from one agency to another agency as a result of a restructure of administrative arrangements, AASB 1004 (paragraph 57) requires the transferee agency to disclose the expenses and income attributable to the transferred activities for the reporting period, showing separately those expenses and income recognised by the transferor agency during the reporting period. Furthermore, AASB 1004 (paragraph 58) requires disclosures for each material transfer of assets and liabilities in relation to a restructure of administrative arrangements together with the name of counterparty transferor/transferee agency. In respect of transfers that are individually immaterial, the assets and liabilities are to be disclosed on an aggregate basis.

(c) Under TI 955, non-discretionary (non-reciprocal) transfers net assets between State government agencies have been designated as contributions by owners in accordance with AASB Interpretation 1038, where the transferee agency accounts for a non-discretionary (non-reciprocal) transfer of net assets as a contribution by owners and the transferor agency accounts for the transfer as a distribution to owners.

A restructure of administrative arrangement resulted in various functions of the Department of the Premier and Cabinet being transferred to the Public Sector Commission with effect from 28 November 2008. For the reporting period, the Department of the Premier and Cabinet recognised the following expenses, income, assets, and liabilities attributed to the transferred activities:

Expenses

	2010 \$000	2009 \$000
Employee benefits expense	-	3,772
Supplies and services	-	1,972
Depreciation and amortisation expense	-	40
Accommodation expenses	-	537
Grants and subsidies	-	13
Other expenses	-	17
	-	6,351

Income

User charges and fees	-	315
Other Revenues	-	135
Resources received free of charge	-	34
	-	484

	2010 \$000	2009 \$000
Assets		
Current assets	-	1,141
Non-current assets	-	332
	-	1,473
Liabilities		
Current liabilities	-	1,785
Non-current liabilities	-	840
	-	2,625
Accumulated Surplus/(Deficit) (Retained Earnings)		
Balance at the start of the year	3,199	-
Result for the period	4,348	3,199
Income and expense recognised directly in equity	-	-
Balance at the end of the year	7,547	3,199

24 Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	9,570	4,704
Restricted cash and cash equivalents (refer to note 15)	200	86
	9,770	4,790

	2010 \$000	2009 \$000
<u>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</u>		
Net cost of services	(18,714)	(8,846)
Non-cash items:		
Depreciation and amortisation expense (Note 8)	71	41
Impairment losses (Note 20)	-	32
Resources received free of charge (Note 14)	1,298	844
<u>(Increase)/decrease in assets:</u>		
Current receivables (b)	(862)	(601)
Other current assets	(250)	(368)
<u>Increase/(decrease) in liabilities:</u>		
Current payables (b)	1,927	499
Current provisions	68	1,867
Non current provisions	(102)	(1,673)
Change in GST in receivables / payables (a)	103	(141)
Net cash provided by/(used in) operating activities	<u>(16,461)</u>	<u>(8,346)</u>

	2010 \$000	2009 \$000
(a) This reverses out the GST in the receivables and payables.		
(b) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of assets are not included in these items as they do not form part of the reconciling items.		

25 Resources provided free of charge

During the year, resources were provided to other agencies free of charge for functions outside the normal operations of the Commission as follows:

Office of the Public Sector	97
Standards Commissioner - floor space	-

26 Commitments

Lease commitments

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

Non-cancellable operating lease commitments:

	2010 \$000	2009 \$000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	1,158	1,168
Later than 1 year and not later than 5 years	1,140	2,244
Later than 5 years	-	-
	2,298	3,412
Motor vehicle leases as part of the "whole of Government" arrangement:		
Within 1 year	56	66
Later than 1 year but not later than 5 years	38	40
Later than 5 years	-	-
	94	106
Accommodation leases occupied by the Commission:		
Within 1 year	1,102	1,102
Later than 1 year and not later than 5 years	1,102	2,204
Later than 5 years	-	-
	2,204	3,306

Comparatives have been amended to correctly disclose commitments at future values.

These commitments are all inclusive of GST.

	2010 \$000	2009 \$000
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27 Remuneration of Senior Officers

Remuneration

The number of senior officers, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

\$	2010	2009
10,001 - 20,000	-	1
30,001 - 40,000	-	2
50,001 - 60,000	-	1
60,001 - 70,000	-	1
70,001 - 80,000	-	2
90,001 - 100,000	-	1
120,001 - 130,000	2	-
180,001 - 190,000	1	-
200,001 - 210,000	1	-
210,001 - 220,000	1	-
230,001 - 240,000	-	1
440,001 - 450,000	1	-

The total remuneration of senior officers is: 1,302 675

The total remuneration includes the superannuation expense incurred by the Commission in respect of senior officers.

No senior officers are members of the Pension Scheme.

28 Remuneration of Auditor

Remuneration payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2010 \$000	2009 \$000
Auditing the accounts, financial statements and performance indicators	46	42

29 Explanatory statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 5% or \$100,000.

Government Gazette, WA, No. 195, dated Friday, 21 November 2008, under section 35(1)(a) of the Public Sector Management Act 1994 established and designated the Public Sector Commission, with effect from 28 November 2008. Amounts for the 2008-09 year are for 7 months only and are not comparable with the 2009-10 figures.

As a consequence of this, the amounts reported for the 2008-09 financial year are for 7 months of operations only, and are not directly comparable to the operations for 2009-10.

Total appropriations provided to deliver services

Significant variances between estimate and actual for 2010

Although there was no significant variance in the total appropriation, there was significant movement in the Amount Authorised by Other Statutes.

	2010 ESTIMATE \$000	2010 ACTUAL \$000	VARIANCE \$000
Salaries and Allowances Act 1975	408	888	(480)

The variance is the result of the Deputy Commissioner positions being classified as special division offices with effect from the 8 October 2009.

Service expenditure

Significant variances between estimate and actual for 2010

Advice and Assistance	9,595	8,074	1,521
Public Sector Reform	5,508	4,816	692
Professional Development and Training	7,300	8,219	(919)

The Commission was created on 28 November 2008 from functions and funding transferred from the Department of the Premier and Cabinet. The 2009-10 Budget was constructed based on transferred functions which best fitted the newly created services at the time. The variances are primarily a result of the developing structure and operations of the Commission since establishment.

Advice and Assistance - The variance is due to the transfer of functions to other services as the Commission evolved and developed its operational plans and strategies.

Public Sector Reform - The developing nature of the Commission has contributed to the variance due to the transfer of workforce planning functions to Professional Development and Training during the course of the financial year.

Professional Development and Training - A redistribution of functions across the Commission resulted in an expansion of this service during the year and led to the higher than budgeted costs.

30 Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Commission are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. The Commission has limited exposure to financial risks. The Commission's overall risk management program focuses on managing the risks below.

Credit risk

Credit risk arises when there is the possibility of the Commission's receivables defaulting on their contractual obligations resulting in financial loss to the Commission.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 30(c) 'Financial Instruments Disclosures' and Note 16 'Receivables'.

Credit risk associated with the Commission's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Commission trades only with recognised, creditworthy third parties. The Commission has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. At the end of the reporting period there are no significant concentrations of credit risk.

Allowance for impairment of financial assets is calculated based on objective evidence such as observable data indicating changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 30(c) 'Financial Instruments Disclosures'.

Liquidity risk

Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due. The Commission is exposed to liquidity risk through its trading in the normal course of business.

The Commission has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Commission's income or the value of its holdings of financial instruments. The Commission does not trade in foreign currency and is not materially exposed to other price risks. Other than as detailed in the Interest rate sensitivity analysis table at Note 30(c), the Commission is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing, and have no borrowings.

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2010	2009
	\$000	\$000
Financial Assets		
Cash and cash equivalents	9,570	4,704
Restricted cash and cash equivalents	200	86
Receivables ^(a)	4,779	3,606
Financial Liabilities		
Financial liabilities	2,436	499

(a) The amount of receivables excludes GST recoverable from ATO (statutory receivable).

(c) Financial Instrument Disclosures

Credit Risk and Interest Rate Exposures

The following table details the Commission's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Commission's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Commission.

The Commission does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Commission does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets (a)

	Weighted average effective interest rate	Interest rate exposure			Past due but not impaired							Impaired financial assets
		Carrying Amount	Variable interest rate	Non-interest bearing	Up to 3 months	3-12 months	1-2 years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years	
Financial Assets	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2010												
Cash and cash equivalents		9,570	-	9,570	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents		200	-	200	-	-	-	-	-	-	-	-
Receivables(a)		1,512	-	1,512	230	-	-	-	-	-	-	-
Amounts receivable for services		3,267	-	3,267	-	-	-	-	-	-	-	-
		14,549	-	14,549	230	-	-	-	-	-	-	-
2009												
Cash and cash equivalents		4,704	-	4,704	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents		86	-	86	-	-	-	-	-	-	-	-
Receivables(a)		650	-	650	38	10	-	-	-	-	-	-
Amounts receivable for services		2,956	-	2,956	-	-	-	-	-	-	-	-
		8,396	-	8,396	38	10	-	-	-	-	-	-

(a) The amount of receivables excludes the GST recoverable from ATO (statutory receivable).

Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes both interest and principal cash flows. An adjustment has been made where material.

Interest Rate exposures and maturity analysis of financial liabilities

	Weighted average effective interest rate	<u>Interest rate exposure</u>					<u>Maturity dates</u>						
		Carrying Amount	Variable interest rate	Non interest bearing	Adjustment for discounting	Total Nominal Amount	Up to 3 months	3-12 months	1-2 years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years
<u>Financial Liabilities</u>													
2010													
Payables		2,436	-	2,436	-	-	2,436	-	-	-	-	-	-
Other liabilities		-	-	-	-	-	-	-	-	-	-	-	-
		2,436	-	2,436	-	-	2,436	-	-	-	-	-	-
2009													
Payables		499	-	499	-	-	499	-	-	-	-	-	-
Other liabilities		-	-	-	-	-	-	-	-	-	-	-	-
		499	-	499	-	-	499	-	-	-	-	-	-

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Fair Values

All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

31 Events occurring after the end of the reporting period

There were no events occurring after the reporting date that impact on the financial statements.

32 Affiliated Bodies

Salaries and Allowances Tribunal

The Tribunal, established by section 5 of the *Salaries and Allowances Act 1975*, is a government affiliated body that received administrative support from, but is not subject to operational control by, the Commission. It is funded by parliamentary appropriation of \$581,000 for 2009-10 (\$585,000 in 2008-09) received via the Commission.

33 Contingent liabilities and contingent assets

Contingent Liabilities

The Commission has no contingent liabilities.

Contaminated sites

Under the *Contaminated Sites Act 2003*, the Commission is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated - remediation required or possibly contaminated - investigation required, the Commission may have a liability in respect of investigation or remediation expenses. The Commission has no known or suspected contaminated sites.

Contingent Assets

The Commission has no contingent assets.

Certification of Key Performance Indicators

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Public Sector Commission's performance, and fairly represent the performance of the Public Sector Commission for the financial year ended 30 June 2010.



M C Wauchope
ACCOUNTABLE AUTHORITY
2 August 2010

Key Performance Indicators

for the year ending 30 June 2010

The Western Australian government has determined a number of broad goals that it requires agencies to achieve through the delivery of services.

The Commission is charged with the responsibility of assisting with the achievement of the government goal of:

- greater focus on achieving results in key service delivery areas for the benefit of all Western Australians

It realises this goal by providing services that achieve its agency level government desired goal:

- to assist agencies deliver services to the community with excellence and integrity

The Commission has established a structure that provides the following services to agencies comprising the public sector:

- Advice and Assistance
- Public Sector Reform
- Professional Development and Training

The Public Sector Commission is charged with the task of enhancing the integrity, professionalism and independence of the Western Australian public sector, and commenced operation on the 28 November 2008. Its principal clients are the Ministers

and the major departments in their portfolios. At the time the 2009-10 budget was prepared, the Commission was a relatively newly formed agency, and was granted approval to publish interim key performance indicators, with the view that they would be reviewed and formalised prior to the 2010-11 budget process. The newly developed indicators were to be used to report its 2009-10 performance.

The three effectiveness indicators that reported the performance of each of the Commission's services for 2008-2009 have been replaced with a single indicator that reports the performance of the Commission as a whole. This measure provides a better picture of the Commission's overall performance as seen by its key stakeholders, that is, Chief Executive Officers of government departments and Ministers.

The efficiency indicators have also been developed to detail the cost per initiative of the Commission's public sector reform program. Development of initiatives is shared between two of the Commission's service areas:

1. Public Sector Reform, which includes making the necessary legislative changes
2. Professional Development and Training, which includes developing training programs to ensure public sector agencies can implement the initiatives effectively and efficiently.

These efficiency indicators are provided in addition to those that previously reported its performance in providing advice and assistance to agencies on their operational and strategic

development. In some cases, previous indicators have been combined to allow comparison of performance over the Commission's life to date.

Measurement of Agency Level Outcome

Key Effectiveness Indicator

The Commission's key effectiveness indicator provides a measure of the extent to which its activities are achieving, or have made progress towards achieving the agency level outcome.

To measure how effective the Commission was at assisting agencies to deliver services to the community with excellence and integrity during 2009-10, a survey was developed which included the following questions:

1. What rating would you give PSC for the support and guidance we provided to help your agency to deliver excellent services to the community?
2. What rating would you give PSC for the support and guidance we provided to help to promote integrity within your agency?

Additional questions were asked in order to assess how well the Commission's services were being received by agencies and to obtain feedback upon which to base service improvements.

The survey was conducted during face-to-face discussions between the Public Sector Commissioner and the CEOs of all Departments defined under Section 35 of the Act and Ministers

and/or their Chiefs of Staff. These are the key agencies that deliver services to the community, and are therefore the primary focus of its three services. Respondents answered either 'excellent', 'good', 'fair', 'poor' or 'undecided'. Performance was measured as the percentage of clients who responded to the questions with ratings of 'fair' to 'excellent'.

A total of 46 clients out of 52 responded to the survey providing a significant overall response rate of 88.5%.

Key Effectiveness Indicator	Budget 2009-10	Actual 2009-10	Actual 2008-09
Proportion of clients who indicate that the advice and guidance offered by the Commission assisted them to promote integrity within their agency and deliver excellent services to the community. (1)	90 %	97.9%	N/A
Proportion of clients who indicated that the provision of advice and assistance was independent and professional. (2)	N/A	N/A	61%

Key Effectiveness Indicator	Budget 2009-10	Actual 2009-10	Actual 2008-09
Proportion of clients who indicated that the provision of strategic policy advice and support provided for public sector reform processes was independent and professional. (2)	N/A	N/A	56%
Proportion of professional development participants who indicated that they will be able to apply their learning on their workplace for the benefit of their agency, or within the public sector generally. (2)	N/A	N/A	93%

(1) This is a new indicator for 2009-10 and comparative data is not available.

(2) Previous year indicators have been included for additional information.

The indicator shows that the Commission was very successful at providing advice and assistance to agencies that helped them promote integrity within their agency and to deliver excellent services to the community. The result of almost 98% significantly exceeded the target for the year of 90%. The excellent performance was attributed to each of the Commission's services but in particular, the well run training courses that the Commission has developed, and continues to refine. These courses provide

relevant and clear lessons with simple but believable examples that reinforce the type of behaviour and values expected of a public servant. Prompt and detailed advice from courteous staff regarding operations of policies and procedures including ways to streamline human resource processes were also highly regarded. Clients also thought that online services were a very useful source of information.

Key efficiency indicators

Key efficiency indicators provide a measure of the cost of inputs required to achieve outcomes. This year, the indicators have been reviewed and additional indicators have been developed to reflect the cost of implementing the Commission's public sector reform program.

Key efficiency indicators include all direct costs associated with the particular service identified and capture and report the total cost of the Commission's operations, including Corporate and Executive Support costs which are distributed across services on an FTE basis. The value of grants paid during the year (\$620,000) and the cost of redeployees from other agencies (\$2,434,000) are excluded from key efficiency indicators since it is considered that they are not a cost of delivering its services.

Service 1 Advice and Assistance

This service provides advice, assistance and support to Ministers and public sector agencies on operational matters including:

- the application of the public sector's employment framework, including public sector and human resource management policies, practices and procedures
- the application of the public sector's administrative and regulatory regime, including the Act and subsidiary legislation
- the review and establishment of executive structures, and the creation, classification and remuneration of CEOs and SES positions
- the recruitment and appointment of CEOs and principal Statutory Office Holders, and their supporting terms and conditions of employment
- disciplinary matters and investigations
- information and communications technology initiatives
- boards and committees good governance and remuneration
- redeployment and severance policy and advice.

Efficiency Indicator for Service 1	2009-10 Budget/Target \$	2009-10 Actual \$	2008-09 Actual \$
Average cost of advice and assistance services provided per client (a)	53,628	32,737	24,648

(a) The Commission commenced operations on 28 November 2008. Costs reported for the 2008-09 Actual measure are for seven months of operations.

This indicator remains unchanged from last year, and measures the cost to the Commission of providing advice and assistance services to its clients. Over time, it is anticipated that this will reflect the Commission's ability to improve the knowledge of its clients and reduce the need and therefore cost to provide this service. The actual average costs for 2009-10 are less than budget primarily because the service operated below full FTE during 2009-10 and the impact of internal restructuring during the year affecting the allocation of overheads.

Service 2 Public Sector Reform

This service provides advice, policies and direction in public sector reform in order to better position the public sector for the future.

Principal activities associated with this service include:

- strategic policy development in relation to modernising the public sector
- Leading, initiating and implementing legislative and regulatory reform of public sector management practices
- facilitating structural reform through Machinery of Government;
- strategic information communications technology planning
- development of CEO, employee and agency performance frameworks.

Efficiency Indicators for Service 2	2009-10 Budget/Target \$	2009-10 Actual \$	2008-09 Actual \$
Average cost per client of supporting policies and frameworks (a)	36,478	29,273	18,730 (b)
Average cost per major reform initiative	378,041	748,827	N/A

- (a) Grants of \$18,182 in 2008-09 and \$5,490 for 2009-10 have been excluded from this indicator as they are not considered to be a cost of delivering service.
- (b) The Commission commenced operations on 28 November 2008. Costs reported are for seven months of operations.

The actual average cost per client for 2009-10 is lower than budgeted due to the shift of workforce planning resources to services provided by Professional Development and Training and the redirection of resources from providing client support to progression of public sector reform initiatives.

The average cost per reform initiative is new this financial year, and comparative data is not available. Its purpose is to show the cost of planning and executing initiatives that will provide long-term future benefits for the public service and facilitate flow on affects to services provided by agencies to the community. The Public Sector Reform program has 17 initiatives. nine initiatives have two major parts, being the development of the initiative which is managed by this service area, and implementation. This latter part of the process usually requires training of agency staff and is the responsibility of Professional Development and Training (Service 3). Some initiatives are dependent on the successful implementation of others. The program is expected to be completed over three financial years.

The increase in average cost between the 2009-10 Actual and the 2009-10 Target is due to the lower number of projects finalised than budgeted, which is partially due to a later than expected commencement of the program, and the delay in getting legislation necessary for further initiatives passed through Parliament. The cost includes the cost to progress all initiatives for the year, not just those completed during the year.

Service 3 Professional Development and Training

This service provides professional development and training courses focused on leadership skills, improving knowledge of government operations, and reinforcing public sector values and ethical requirements. This training will improve management and decision making, and officer behaviour that will impact on services provided by agencies. Principal activities associated with this service include:

- leadership and skills development
- graduate and traineeship programs
- development of contemporary workforce management tools and resources
- accountability and good governance training
- workforce planning
- CEO and SES development.

Efficiency Indicators for Service 3	2009-10 Budget/Target \$	2009-10 Actual \$	2008-09 Actual \$
Average cost per participant (a) (c)	3,727	3,269	3,666(b)
Average cost per public sector reform initiative developed for implementation	630,147	621,145	N/A

- (a) Formerly, Average cost per accountability training program participant and, Average cost per leadership and workforce development participant. The 2008-09 measures for these two indicators, \$1,304 and \$2,362 respectively, have been combined into one figure to enable comparison of performance.
- (b) The Commission commenced operations on 28 November 2008. Costs reported are for seven months of operations.
- (c) Grants of \$5,484 in 2008/09 Actual, \$743,000 in 2009-10 Budget/Target and \$615,010 in 2009-10 Actual have been excluded from this efficiency indicator as they are not considered to be a cost of delivering service.

The average cost per participant is lower than last year and budget due to a higher number of training courses being run during 2009-10.

The average cost per reform initiative is a new indicator this financial year. Its purpose is to show the cost of planning and executing initiatives that will provide long term future benefits for the public service, and facilitate flow on affects to services

provided by agencies to the community. The reform program has 17 initiatives, nine of which have two major parts that separate the development of the initiative from its implementation.

Professional Development and Training is responsible for implementing initiatives that require staff training, and has carriage of eight initiatives. Implementing initiatives is dependent on the development phase reaching certain milestones, as a result, not all of the eight projects have commenced. Those initiatives that have commenced are at various stages of completion. Although at the end of this financial year only one initiative had been completed, the measure reported above includes the costs of work to date on progressing all reforms.

Other Financial Disclosures

Pricing Policies

The Commission charges for the professional development courses that it provides. Fees and charges for professional development activities are generally increased in line with CPI as advised by DTF. Normally fees are structured to recover all costs including overheads. However, in cases where specific funding has been received to assist with professional development activities, fees are reduced accordingly. All fees are approved by the Premier and DTF through the budgeting process.

Governance Disclosures

As at the date of reporting the Commission has not received any disclosures from any senior officer of any interest in any existing or proposed contract pursuant to *T1903 (14)*.

Ministerial Directives

No Ministerial directives were received during the financial year.

Other Legal Requirements

Compliance with Public Sector Standards and Ethical Codes

Public Sector Management Act 1994, s. 31(1)

The following guidelines are provided by the Commissioner for Public Sector Standards in accordance with the Act:

In accordance with section 31(1) of the *Public Sector Management Act 1994* the Commission fully complied with the public sector standards, the WA Code of Ethics and the Commission's Code of Conduct.

The Commission continues to develop policies and procedures in accordance with the Public Sector Standards in Human Resource Management to ensure compliance and relevancy. In all new and amended Job Description Forms, the Commission includes the vision, mission and values as well as supporting equal employment opportunities for existing and potential officers. Also included is a statement requiring Commission officers to adhere to the Public Sector Code of Ethics and to show a willingness to learn new approaches and acquire new skills and knowledge.

The Commission is committed to continually seeking opportunities for improving current practices through internal auditing, reviewing of policies and procedures and through performance management and feedback. Information sessions form an integral part of the ongoing learning and raising awareness of officers. Training in Accountability and Ethical Decision Making and Records

Electoral Act 1907 Section 175ZE

In accordance with Section 175ZE of the *Electoral Act 1907*, the Commission incurred the following expenditure in advertising, market research, polling, direct mail and media advertising:

1. Total expenditure for 2009-10 was \$52,224.62
2. Expenditure was incurred in the following areas:

Advertising agencies		\$52,224.62
Adcorp	\$48,710.36	
Marketforce	\$3,514.26	
Market research organisations		Nil
Polling organisations		Nil
Direct mail organisations		Nil
Media advertising organisations		Nil

Disability Access & Inclusion Plan Outcomes

Disability Services Act 1993, s. 29

The Commission has commenced work in developing its inaugural Disability Access and Inclusion Plan (DAIP) and is working closely with the Disability Services Commission to ensure its DAIP meets the needs of customers and clients who access services of the Commission. The Commission has established a reference group and has a planned strategy for developing and implementing the DAIP in the coming months.

Awareness forms part of the induction for new officers.

Record Keeping Plan

Statement of Compliance with the State Records Act 2000 - Section 19 and State Records Commission Standards, Standard 2, Principle 6

Section 19 of the *State Records Act 2000* requires all agencies to have an approved Record Keeping Plan that must be complied with by the organisation and its officers.

At its meeting on 4 December 2009, the State Records Commission approved the Record Keeping Plan (the Plan) for the Commission. The Plan covers records of the Commission and recognises that record keeping services are provided through a bureau service arrangement with the Department of the Premier and Cabinet (DPC).

In accordance with State Records Commission Standard 2, Principle 6 the following compliance information is provided:

Whether the efficiency and effectiveness of the organisation's record keeping systems has been evaluated or alternatively when such evaluation is proposed

Record keeping systems have been established to manage paper and select electronic records. Record keeping policy documents have been prepared and recently evaluated by the State Records Commission. The Plan primarily focuses on improving compliance with State Records Commission Standard 8 (Digital Record Keeping).

To support compliance with Standard 8, the Commission is continuing to implement a system to capture electronic records; this year 127 sessions and 165 hours of training were provided to support a general records system user base of 70 people.

The Commission shares common records management procedures and controlled vocabulary with DPC. These are reviewed annually and approved before use.

On 4 December 2009 the State Records Commission approved the disposal actions and restricted access recommendations for the Commission's Retention and Disposal Schedule RD 2009034.

The nature and extent of the record keeping training program conducted by or for the organisation

The Commission uses the online self paced Records Awareness Training system (RAT) endorsed by the State Records Office.

Training is offered to all staff to give them a standardised understanding of record keeping roles and responsibilities.

Participation statistics for the Commission are 98 enrolled and 98% complete.

This year 35 records related documents were produced and made available to the Commission, including induction books, service updates and training manuals.

Whether the efficiency and effectiveness of the record keeping training program has been reviewed or alternatively when this is planned to be done

The RAT includes a feedback process to assist in improving course content. To date participants have indicated a 93% approval of content and 93% of participants have indicated an improved understanding of record keeping roles and responsibilities.

A survey of Archives and Record Keeping was conducted to determine awareness of and satisfaction with services. Results indicated an approval rating of 92%.

Assurance the organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan

In addition to the RAT, the record keeping induction book is revised and new versions released annually. This induction book is included in the Commission's staff induction package and intranet.

Record keeping roles and responsibilities are also included in Accountability and Ethical Decision Making training and the Commission's Code of Conduct.

Government Policy Requirements

Substantive Equality

The Commission is currently working with the Equal Opportunity Commission to consider the service that has the greatest impact on Aboriginal and ethnic minority groups, and to develop a strategy for progressing all levels of the *Policy Framework for Substantive Equality*.

Internal Audit

The internal Audit Committee ensures that the Commissioner is provided with adequate timely advice and information on the effectiveness, efficiency and economy of the Commission's internal control systems and operations. The performance and effectiveness of the internal audit function is monitored against planned audit activities outlined in the Commission's Strategic and Annual Audit Plans.

The Strategic Audit Plan 2009-10 to 2011-12 has been endorsed by the Commission's Internal Audit Committee.

An exception report to record and manage audit recommendations made by Stantons and the Office of the Auditor General has been implemented.

Risk Management

Comprehensive risk management workshops facilitated by RiskCover were completed during 2009-10. This process involved the formulation and implementation of strategies to achieve the missions, goals and objectives of the Commission.

The Commission has implemented the RiskCover RiskBase web application to capture and manage strategic risk information in a structured and logical way to assist with due diligence and appropriate decision making.

Employee Assistance Program

The Commission recognises the importance of its officers in a central role for the overall achievement of the Commission's goals and objectives. It is essential for Commission staff to be motivated and satisfied at work and these critical factors can be influenced by work-related concerns and personal problems. The Employee Assistance Program is available to help officers identify, explore and resolve everyday work or personal problems that are an inevitable part of life. Some issues may include stress, depression, relationship worries, parenting concerns, conflict with others, confidence issues and communication breakdowns. Confidential counselling is readily available through a number of providers.

Occupational Safety, Health and Injury Management

The Commission is committed to ensuring the health, safety and welfare of its employees and any other people who may be affected by its operations. Through the Occupational Safety and Health (OSH) Committee and its employees, the Commission aims to engage in 'best practice' occupational safety and health management practices, including education, training, reporting, discussion and accountability.

The Commission appointed its first elected occupational safety and health representatives in late 2009 and established an OSH Committee in February 2010. Each division has an elected representative who is accessible to both employees and management for discussion and consultation on safety and health matters in the workplace. The OSH Committee comprises elected representatives plus a member of the Corporate Executive to provide input from management. The OSH Committee is instrumental in developing relevant policies for the Commission in consultation with employees and management, and is finalising the Commission's OSH policy and hazard reporting procedures.

The Commission takes a proactive approach to injury management, establishing a workers' compensation, injury management and return to work policies, procedures and documentation in accordance with the Workers' Compensation and Injury Management Act 1981. All occupational safety and health related policies and procedures are available to staff on the intranet.

The Commission will ensure its occupational safety and health management system is evaluated by a qualified external assessor every three years.

The Commission has achieved the following:

Indicator	Target	Performance
Number of fatalities	Zero	Zero
Lost time injury or disease incidence rate	Zero (or 10% reduction on the previous year)	Zero
Lost time injury severity rate	Zero (or 10% reduction on the previous year)	Zero
Percentage of injured workers returned to work within 28 weeks		N/A

The Commission is rolling out online training in OSH and injury management. It is expected that all staff will complete this training.

Salaries and Allowances Tribunal Establishment

The Salaries and Allowances Tribunal is an independent statutory body established under section 5 of the *Salaries and Allowances Act 1975*. Consisting of a Chairman and two members, the Tribunal is appointed by the Governor to determine and report on the remuneration of parliamentarians, the judiciary, and a range of senior government office holders.

In exercising its powers and functions, the Tribunal has all the powers, rights and privileges of a Royal Commission. In addition, any remuneration payable under a determination of the Tribunal, must be paid and charged to the Consolidated Account. This provides the Tribunal with a high degree of independence in conducting its inquiries and performing its functions. The Tribunal's independence and operational autonomy are also recognised by a separate budget appropriation approved by the Parliament.

Affiliation

The Tribunal has been determined by the Treasurer to be an 'affiliated body' of the Public Sector Commission in accordance with section 60(1)(b) of the *Financial Management Act 2006*.

Under these financial arrangements, the Public Sector Commission is obliged to provide the Tribunal with certain financial services during the year, including the preparation of financial information to facilitate the discharge of statutory reporting obligations.

As a consequence of the Tribunal's affiliated body status, this report appears in the Annual Report of the Public Sector Commission.

FUNCTIONS

The *Salaries and Allowances Act 1975* requires the Tribunal to enquire into, and determine at intervals of not more than twelve months, the remuneration to be paid to:

- Ministers of the Crown and the Parliamentary Secretary of the Cabinet;
- A Parliamentary Secretary appointed under section 44A(1) of the *Constitution Acts Amendment Act 1899*;
- Parliamentary Secretaries, Chairmen, Deputy Chairmen and members of standing and joint standing committees of the Parliament;
- Officers and members of the Parliament;
- The Clerk of the Legislative Council or Clerk of the Legislative Assembly or the Deputy Clerk of either House;
- Officers of the Public Service holding offices included in the Special Division of the Public Service;
- A Person holding any other office of a full-time nature, created or established under a law of the State, that is prescribed for the purposes of this section, but not being an office the remuneration for which is determined by or under any industrial award or agreement made or in force under any other law of the State;
- The Chief Commissioner, Senior Commissioner and Commissioners of the Western Australian Industrial Relations Commission (WAIRC); and
- Non-judicial members of the State Administrative Tribunal.

For Parliamentarians the Tribunal determines such entitlements as:

- basic salary;
- additional salary for Ministers of the Crown and Officers of the Parliament;
- electorate allowances;
- motor vehicle entitlements;
- travelling expenses (including air charter and car hire) and accommodation allowances; and
- postage and telephone allowances.

For the Clerk of the Legislative Council or the Clerk of the Legislative Assembly or the Deputy Clerk of either House, Officers of the Public Service holding offices in the Special Division of the Public Service, persons holding prescribed offices and the Chief Commissioner, Senior Commissioner and Commissioners of the WAIRC, the Tribunal determines the salaries to be paid to the holders of these positions and the motor vehicle entitlement.

The Tribunal also is required to enquire into and report at intervals of not more than twelve months on the remuneration to be paid to judicial office holders:

- Judges of the Supreme Court, the Masters of the Supreme Court and Judges of the District Court;
- Magistrates; and
- The Parliamentary Inspector of the Corruption and Crime Commission.

The judicial report, with recommendations to the Minister, must be tabled before each House of Parliament and the recommendations may be disallowed.

The Tribunal is responsible for determining (before an appointment is made to the office) the remuneration to be paid to the Governor of Western Australia.

The Tribunal also enquires into and makes a recommendation report on the total reward package to be paid to chief executive officers of local government areas at intervals of not more than twelve months. The Tribunal's recommendations are published in the *Western Australian Government Gazette*.

The Tribunal also is required from time to time as it sees fit, to determine aspects of Parliamentary Superannuation. Changes to the *Parliamentary Superannuation Act 1970* in October 2000 significantly increased the responsibilities of the Tribunal in this area.

The benefits and entitlements granted to former Premiers, Ministers of the Crown and members of the Parliament are determined from time to time by the Tribunal.

Tribunal Membership & Executive

Mr William Coleman AM, Chairman

Mr Coleman is a former Chief Commissioner and Commissioner of the Western Australian Industrial Relations Commission serving from 1986 to 2004. As Chief Commissioner for 17 years, Mr Coleman has presided over all major public and private sector wage and salary cases in Western Australia. He was appointed to the Tribunal as a member on 25 September 2007 and as Chairman on 24 February 2009.

Mrs Catherine Broadbent, Member

Mrs Broadbent is a Certified Practising Accountant who operates her own taxation and accounting practice following 21 years' employment with a global chartered accounting group. Mrs Broadbent has extensive experience in the remuneration of senior executives and related taxation issues. Mrs Broadbent's three year appointment to the Salaries and Allowances Tribunal commenced on 24 February 2009.

Mr Brian Moore, Member

Mr Moore is currently President of the Shire of Bridgetown-Greenbushes. He is a former Chair of the Parliamentary Remuneration Reference Group and was Executive Officer to the Salaries and Allowances Tribunal for eighteen years. Mr Moore has an extensive background in classification issues, parliamentary and judicial remuneration. His three year appointment to the Tribunal commenced on 13 January 2009.

Mr John Lukin, Executive Officer

Mr Lukin holds a Bachelor of Arts (Hons) and a Master of Arts in Public Policy from Murdoch University. He brings to the Executive Officer's role a whole-of-government policy perspective drawn from extensive experience in the Department of the Premier and Cabinet's Policy Office, senior roles on Government inquiries and executive support roles to high level Government committees.

Mr Lukin was appointed as Executive Officer to the Tribunal in 2007 to provide strategic advice, manage the provision of executive support and to perform the role of the accountable officer on all financial matters.

MAJOR ACTIVITIES

During the 2009-10 financial year, 20 formally constituted meetings of the Tribunal were held. The Tribunal issued 18 determinations and reports in the reporting period. These included the following general determinations and reports on five different classes of office holder:

- August 2009 - a determination was issued maintaining the base salary for parliamentarians at the existing rate of \$128,980 per annum while increasing the base electorate allowance by \$2,500 (reflecting increased postage charges) to \$53,183 per annum with effect from 1 September 2009;
- November 2009 - the Tribunal issued a recommendation report for an increase of 3 per cent for the judiciary from 1 December 2009 with a further 3 per cent from 1 July 2010;
- November 2009 - the Tribunal issued a determination providing for the increases recommended for the judiciary to flow through to the non-judicial members of the State Administrative Tribunal;
- April 2010 - a determination was issued for the Special Division of the Public Service, Prescribed Office holders, the Clerks of the Parliament and Industrial Relations Commissioners providing a general increase of 3.5 per cent with an additional \$5,000 payable to chief executive officers; and

- June 2010 – a report was issued for local government chief executive officers recommending a general increase of 3.5 per cent, an adjustment to salary bands reflecting the positioning of remuneration relative to the market and changes to the salary band allocation of 16 local governments.

Additional determinations were produced throughout the year in respect of the holders of 30 particular Special Division and Prescribed Offices where changes in circumstances warranted those determinations.

SIGNIFICANT ISSUES

In the State Government sector, the Tribunal has noted a trend towards the inclusion of more positions into the Special Division of the Public Service which are at the second and third tier of management. In the 2009-10 year there were nine such positions referred to the Tribunal for classification and remuneration. A further four positions were referred to the Tribunal as a result of machinery of government changes.

The Tribunal has commenced a review of its framework for remunerating Special Division and Prescribed Office holders. In so doing, the Tribunal has been conscious of the legislative framework in which it is working and the need to be able to adequately take into account both the responsibilities of the positions being classified and the skills and performance of the individual office holders. The Tribunal has been working with the Public Sector Commission in this review process.

In the Local Government sector the Tribunal has been closely monitoring the State Government's reform program which is encouraging amalgamations and cooperative arrangements. The Tribunal has also taken into account the impact of Royalties for Regions funding on the responsibilities of many local government Chief Executive Officers in rural and regional locations.

The resilience of the Western Australian economy by comparison with other Australian jurisdictions has created a challenging environment for the Tribunal in which to determine fair and equitable remuneration outcomes.



Appendix

Public Sector Commission Publications

- 2008/09 Workforce Profile for the Western Australian Public Sector
- 2010 ANZSOG Executive Master of Public Administration Scholarship Guidelines
- Address Management Policy for the WA Public Sector
- Annual Reporting Framework 2009-2010
- Chart of the Western Australian Government
- Creating a Flexible SES Workforce booklet
- Good Governance Guidelines for Securing the Western Australian Public Sector's Electronic Information
- Graduate Development Program Flyer
- Identity and access management for Western Australian public sector framework and standards
- InterSector
- Maximising Data Quality: Quality Assurance for Human Resource Minimum Obligatory Information Requirements (HR MOIR) Workforce Information
- Professional Development Calendar
- Public Administration Industry Working Group Package
- Public Sector Commissioner's Circulars
- Public Sector Commission Website
- WA Government Address Change Facility for Citizens & Business directions paper

- Workforce Analysis and Collection Application (WACA) Quick Reference Guide
- Workforce Planning Toolkit

CEO Performance Agreements

- 2009-10 Performance Agreement template for TAFE Colleges
- 2010 Guidelines for TAFE Colleges
- Aboriginal and Torres Strait Islander flyer
- CEO Management Performance and Development Plan – Part B
- CEO Performance Plan – Part A (for agreements between CEO and a Minister)
- CEO Performance Plan – Part A (for CEOs of a Statutory Authority)
- Chief Executive Officer Performance Agreement Framework: Information and Guidelines 2010-2011
- Disability Employment Program flyer
- Guideline for WA State Government Internships information booklet
- Jobs.wa.gov.au booklet

Accountable and Ethical Decision Making (AEDM) Program

- Business Card
- Facilitator's Guide
- First Steps Poster
- Participants' Handbook

Employment Programs

- School-Based Traineeship Program (SBTP)
 - Flyer
 - Guide for Trainees booklet
 - Information for Schools booklet
 - Sourcing and Appointing booklet
 - Student brochure
 - Supervisor Guide booklet
 - Trainee Wages Guide
 - Where are they Now brochure
- Business Trainee Program (BTP)
 - Flyer
 - Sourcing and Appointing booklet



HR MOIR

- Maximising Data Quality brochure
- Workforce Analyse and comparison application (WACA) quick start guide
- Workforce Analyse and comparison application (WACA) user guide

