



**PSC** | Public Sector  
Commission

# Public Sector Commission Annual Report 2010-2011

Leading and promoting excellence and integrity in the Public Sector





# Annual Report 2010 - 2011

# Contact Details

<b>Office location:</b>	Public Sector Commission Governor Stirling Tower 197 St Georges Terrace Perth WA 6000
<b>Postal address:</b>	Locked Bag 13 Cloisters Square Perth WA 6850
<b>Telephone:</b>	(08) 9219 6000
<b>Facsimile:</b>	(08) 9219 6001
<b>Email:</b>	<a href="mailto:admin@psc.wa.gov.au">admin@psc.wa.gov.au</a>
<b>Website:</b>	<a href="http://www.publicsector.wa.gov.au">www.publicsector.wa.gov.au</a>

## Accessibility and availability in other formats

This document can be made available in alternative formats on request.

While every effort has been made to follow accessibility guidelines in the production of this report, the nature of some of the financial statements has restricted full compliance.

This report is available in PDF and MS Word format from the Public Sector Commission website ([www.publicsector.wa.gov.au](http://www.publicsector.wa.gov.au)).

To minimise download times and reduce printing, the report is provided in chapters, as well as the entire document. We encourage people to use recycled paper and print double sided if printing a copy of the report or sections of it.

Limited printed copies are available from PSC.

Published by the Public Sector Commission.

September 2011

# Contents

Statement of Compliance .....	6	Disclosures and Legal Compliance .....	49
Commissioner's Overview .....	7	<b>Key Performance Indicators</b> .....	<b>96</b>
Overview of Agency.....	8	Other Legal Requirements .....	108
<b>Executive Summary</b> .....	<b>8</b>	Government Policy Requirements.....	111
Significant Issues Impacting the Agency .....	20	Salaries and Allowances Tribunal.....	112
Agency Performance .....	21	<b>Salaries and Allowances Tribunal</b> .....	<b>112</b>
<b>Report on Operations</b> .....	<b>21</b>		
<b>Positioning the Commission</b> .....	<b>24</b>		
<b>Driving Public Sector Reform</b> .....	<b>26</b>		
<b>Leading and Assisting</b> .....	<b>30</b>		
<b>Evaluation and Reporting</b> .....	<b>41</b>		
<b>The Commission</b> .....	<b>46</b>		

# 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 2011.

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



M C Wauchope  
ACCOUNTABLE AUTHORITY  
20 September 2011

# Commissioner's Overview



The 2010-2011 year has been a period of significant change for the Commission. On 1 December 2010, amendments to the *Public Sector Management Act 1994* came into effect, establishing my role as an independent statutory officer and effectively amalgamating the Public Sector Commission and the Office of the Public Sector Standards Commissioner.

In my new role, reporting directly to Parliament, I have responsibility for the management, administration and performance of the public sector. This includes responsibility for the employment of Chief Executive Officers of all departments and SES organisations in the public sector, and responsibility for Public Interest Disclosure (PID) legislation.

Throughout this period of transition, the Commission has faced the significant challenge of finalising our functions and organisational structure, at the same time as delivering a quality service for the public sector. Through the dedication and professionalism of our staff, I feel we have succeeded in doing this and it was encouraging to receive positive feedback from agencies through our 2010-2011 client perception survey. The challenge for the future is to maintain this level of dedication, and focus our energy and efforts to continuously develop our services, standards, governance and capability while meeting our statutory obligations.

This year we introduced our new Strategic Plan for 2011–2014. The plan guides the functions of the Commission over the next

three years, and provides a blueprint for the development and execution of the services which we provide. Four key priorities have been identified in the plan, alongside a strong set of values. I am confident that the Commission is well positioned to deliver these priorities and achieve our goals to the highest standard.

I acknowledge and value the support and cooperation I have received from Chief Executive Officers and agency staff throughout 2010–2011. I would also like to thank the staff at the Commission for their dedication and professionalism during this challenging period. Their knowledge, experience and enthusiasm has ensured the smoothest transition possible and 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

## Executive Summary

The purpose of the Public Sector Commission is to bring leadership and expertise to the public sector to enhance integrity, effectiveness and efficiency. To work towards achieving this objective, the Commission has identified the following four strategic priorities:

1. Positioning the Commission as an independent authority, balancing its policy, assistance and oversight roles.
2. Driving public sector reform to increase efficiency, flexibility and integrity.
3. Leading and assisting the public sector to build a skilled, ethical, diverse and knowledgeable workforce.
4. Broadening and enhancing our evaluation and reporting of public sector management and administration.

On 1 December 2010, the *Public Sector Reform Act 2010* came into effect, amending the *Public Sector Management Act 1994*. One of the major amendments was the establishment of the office of an independent Public Sector Commissioner. The Commissioner, reporting directly to Parliament, has responsibility for oversight of matters of effectiveness and efficiency in the sector as a whole, and for setting and monitoring public sector standards and codes of ethics.

A key focus of the Commission is to drive public sector reform to increase efficiency, flexibility and integrity. This involves leading and initiating legislative and regulatory reform of public sector management practices, developing strategic policy in relation to modernising the public sector, and facilitating machinery of government changes. Key achievements 2010-2011 included:

- review of existing compliance requirements and the issuing of five Commissioner's Instructions regarding employment and disciplinary matters and public sector notices
- development of new disciplinary provisions to remove unnecessary prescriptive requirements, provide greater flexibility and promote agency and procedural fairness
- development and implementation of a new recruitment, selection and appointment framework and an alternative framework for executive remuneration
- development of a suite of new products and tools to raise awareness of legislative changes and to assist public authorities to comply with public sector standards in human resource management and the *Public Sector Management (Breaches of Public Sector Standards) Regulations 2005*
- development of a Workforce Planning Professional Development and Training program to assist with matters relating to attraction, retention, workforce capacity, regional issues, leadership and public sector flexibility and efficiency
- provision of advice and facilitation of processes to implement a number of machinery of government changes.

The Commission provides advice, assistance and learning and development programs to the public sector with the aim of building a skilled, ethical, diverse and knowledgeable workforce. Key achievements 2010-2011 included:

- management and maintenance of an effective whole-of-government redeployment and redundancy management framework, including managing the Government's Targeted Employment Separation Offer
- provision of enhancements to the Recruitment and Advertising Management System in order to further streamline agency Human Resource processes
- assessment of 196 applications for the establishment and reclassification of positions within the Senior Executive Service
- distribution of the *Good Governance Guidelines for Securing Electronic Information of the Public Sector*
- support for the continued involvement of Western Australia in the National Identity Security Strategy
- arrangement of 147 placements through the Entry Level Employment initiative and 37 Business Trainee placements
- delivery of workshops to over three hundred participants during visits to regional Western Australia
- coordination of the Premier's Awards for Excellence in Public Sector Management
- delivery of Public Interest Disclosure training to 502 participants and Accountable and Ethical Decision Making training to 300 participants
- development of a framework, tools and templates to equip Chief Executive Officers and Human Resource staff to

implement workforce capability strategies

- in collaboration with the Australia and New Zealand School of Government, the coordination of 25 Joint Applied Learning Program events with over 1000 participants, featuring eleven international and national guest speakers
- development of a comprehensive range of new guidance material to assist public sector agencies to develop effective integrated Workforce and Diversity Plans.

The Commission monitors and reports on the extent of compliance with standards, ethical codes and Public Interest Disclosure guidelines. It has commenced a program to broaden and enhance evaluation and reporting on public management and administration. Key achievements 2010-2011 included:

- collection and analysis of workforce profile data from employees across 130 agencies
- development and administration of the Annual Agency Survey and the Employee Perception Survey
- initiation of a Data Quality Improvement Program to improve the quality, reliability and usability of workforce data
- development of a new online tool for the collection of workforce diversity data from local government authorities
- release of comparative reports: *How Does Your Agency Compare?* and *How Does Your University Compare?*

## Strategic direction for the Commission

***Our Vision:*** A high performing public sector serving the needs of our State now and for the future

***Our Purpose:*** To bring leadership and expertise to the public sector to enhance integrity, effectiveness and efficiency

### ***Our Priorities:***



***Our Values:*** professional, responsive, passionate, innovative and collaborative

## Structure of the Public Sector Commission

### Enabling and administering legislation

The Commissioner is an independent statutory officer established under the *Public Sector Management Act 1994* (PSM Act). He is supported in his functions by Public Sector Commission, a department established under the PSM Act. The Commissioner is responsible for setting and monitoring public sector standards, codes of ethics, as well as oversight matters of effectiveness and efficiency within the public sector.

In addition to the PSM Act, the Commission administers the *Public Interest Disclosure Act 2003*. Part IX of the *Equal Opportunity Act 1984* is administered by the Office of the Director of Equal Opportunity in Public Employment.

The Commissioner reports directly to Parliament on matters within his jurisdiction.

### Responsible Minister

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

### Government affiliated bodies

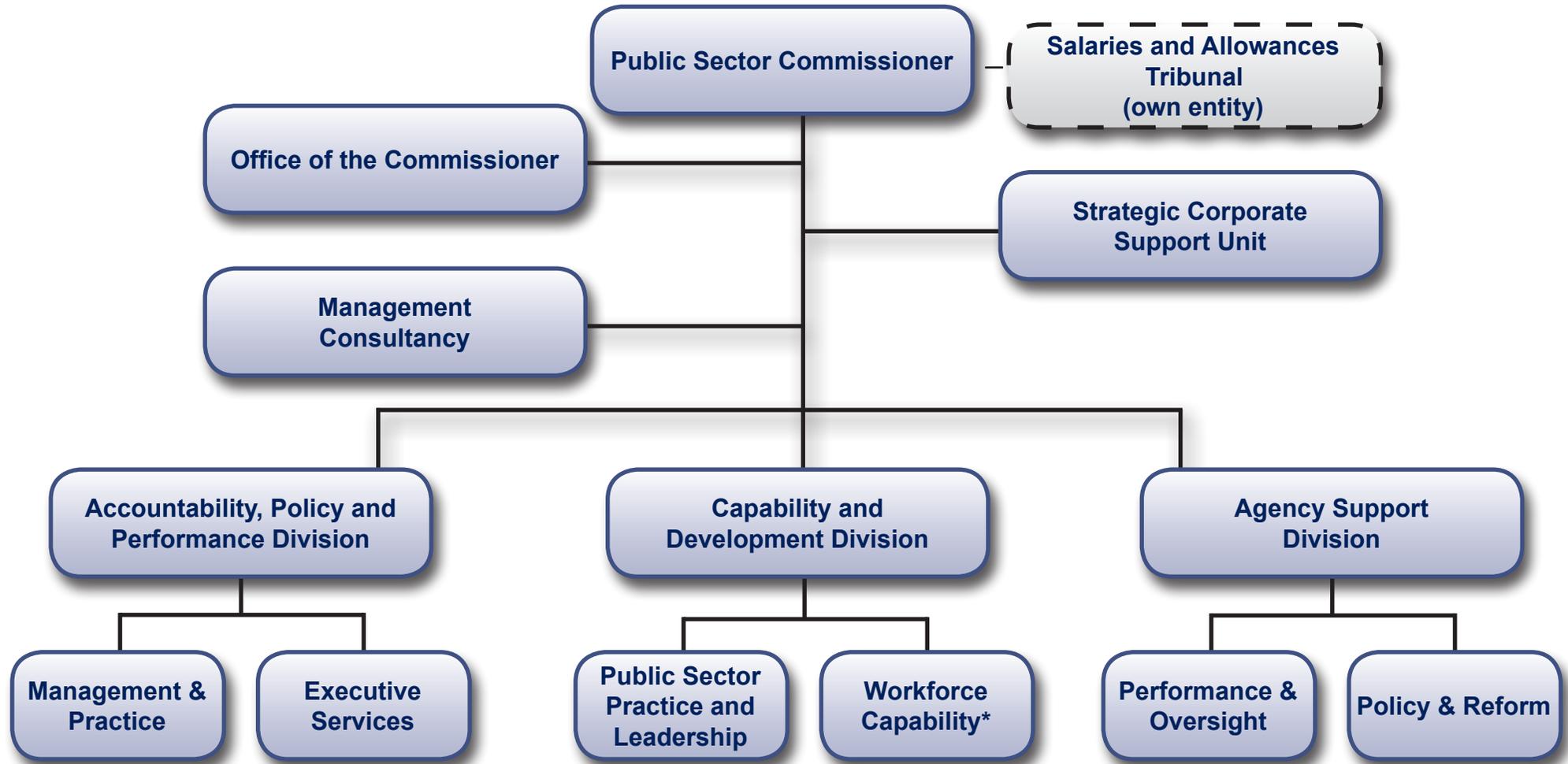
The Salaries and Allowances Tribunal (the Tribunal) has been determined by the Treasurer to be an affiliated body of the Public Sector Commission in accordance with section 60(1)(b) of the *Financial Management Act 2006*. The Tribunal's report appears immediately following the Commission's report.

## 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*
- *Disability Services Act 1993*
- *Electoral Act 1907*
- *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*
- *State Supply Commission Act 1991*
- *Workers' Compensation and Injury Management Act 1981*

# Organisational chart



\* Includes the Director of Equal Employment Opportunity

## 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 38 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.



### **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.



**Ms Fiona Roche - Deputy Commissioner, Accountability, Policy and Performance**

Fiona has worked in the sector for many years, primarily in the areas of accountability and public sector management. She holds a Bachelor of Arts (Hons) and a Master of Commerce, and has previously lectured at Curtin University. Fiona held senior executive positions in the Department of the Premier and Cabinet and the former Office of the Public Sector Standards Commissioner before taking up her current role as Deputy Commissioner at the Commission.

In leading the Accountability, Policy and Performance Division, Fiona has responsibility for managing the Commissioner’s statutory responsibilities in relation to reviews and investigations, policy and reform, and reporting to Parliament.



**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 Ruth Young - Director, Office of the Commissioner**

Ruth has held a number of senior positions within the public sector, including working for several years in the Commonwealth-State relations area of the Department of the Premier and Cabinet as well as undertaking a variety of policy roles in the Department of Education.

In her current role, Ruth provides support for the Commissioner, including leading and directing the Office of the Commissioner's resources to achieve strategic priorities, and coordinating activities across the Commission.



### **Ms Elizabeth Delany - Manager, Strategic Corporate Support Unit**

Elizabeth leads her team with a focus on providing high-level advice in organisational development, management, leadership strategies, strategic planning and compliance with government and legislative requirements.

Elizabeth brings to the Commission extensive knowledge and experience in human resources, public sector administration and strong leadership skills developed over 25 years service in the Victorian, Tasmanian and Western Australian public sectors. Previous to this role, she was the Manager, Human Resource Services in the Department of the Premier and Cabinet.



### Mr Mal 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.



# Performance Management Framework

## Outcome Based Management Framework

Government Goal: Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians

Desired outcomes	Effectiveness indicators	Services provided	Efficiency indicators
To assist agencies deliver services to the community with excellence and integrity	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	Advice and Assistance	Average cost of advice and assistance services provided per client
		Public Sector Reform	Average cost per major reform initiative Average cost per client of supporting policies and frameworks
		Professional Development and Training	Average cost per leadership and workforce development participant Average cost per accountability training program participant

Overview of Agency

Desired outcomes	Effectiveness indicators	Services provided	Efficiency indicators
The principles of merit, equity, probity and integrity underpin official conduct and human resource management of public authorities in Western Australia	Percentage of public authorities who have provided all reports as required by legislation	Development and monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines	Cost of assistance and monitoring per public sector agency for the <i>Public Sector Management Act 1994</i> and for the <i>Public Interest Disclosure Act 2003</i>
	Percentage of public authorities who have met the minimum requirements		
	Percentage of public authorities provided with assistance on the principles of merit, equity, probity and integrity in official conduct and human resource management during the year	Advice and evaluation of Equity and Diversity in Public Employment	Cost of assistance and monitoring per public sector agency and authority for Part IX of the <i>Equal Opportunity Act 1984</i>
	Percentage of public authorities who agree that feedback through the Public Sector Commission survey process has increased their understanding of the principles of merit, equity, probity and integrity in official conduct and human resource management	Independent Chief Executive Officer selection and recruitment advice	Cost per CEO selection
	Percentage of breach of standard claims and matters referred to the Public Sector Commission that are handled within specified timeframes		
	Percentage of CEO appointment recommendations where the Minister for Public Sector Management has indicated he/she is satisfied with the process		

## Changes to Outcome Based Management Framework

Amendments to the PSM Act that became effective on 1 December 2010 resulted in the transfer of all functions previously undertaken by the Office of the Public Sector Standards Commissioner (OPSSC) to PSC. The Commission did not seek changes to its Outcome Based Management Framework prior to the end of the 2010-2011 financial year, preferring instead to merge the transferred functions with its existing ones and allow time for operations to stabilise and its strategic directions to be revised before making any necessary Outcome Based Management changes.

Treasurer's Instruction 904 provides that, in the absence of approved changes to an agency's Outcome Based Management structure and indicators of performance, the services, desired outcomes and related key performance indicators existing for each agency at the time of the transfer should be reported in the annual report of the transferee agency. For the year ended 30 June 2011, the key performance indicators reported by the Commission are a combination of the indicators reported in the 2010-2011 Budget Statements for PSC together with the indicators of the former OPSSC.

## Shared responsibility with other agencies

The Commission did not share any responsibilities with other agencies in 2010-2011.

# Significant Issues Impacting the Agency

## Public Sector Reform

The Commission has consolidated and built on the reforms introduced by the *Public Sector Reform Act 2010* on 1 December 2010 by developing new Commissioner's Instructions in the areas of recruitment and selection and discipline that are designed to enhance flexibilities and improve outcomes. This work is continuing with a review of the Code of Ethics, the remaining HR Standards and approved procedures to reflect that the principal mechanism for regulating the management and conduct of the sector is through Commissioner's Instructions and Circulars. Other compliance instruments and guidelines are also being reviewed to ensure they best serve a responsive and less risk averse public sector.

Reforms are also being progressed in related public sector management areas. Draft legislation to regulate the conduct of lobbyists is being developed, and amendments to the *Corruption and Crime Commission Act 2003* are being progressed to transfer responsibility for the management of minor misconduct and the education and prevention functions from the Corruption and Crime Commission to the Public Sector Commission.

## Reporting Frameworks

The Commission remains committed to providing the Government, Parliament and the community with quality information about the profile of the public sector workforce and the state of public sector management and administration. The year 2010-2011 saw significant progress in improved reporting frameworks and systems, particularly given the Commissioner's broadened reporting obligations. This work will continue to be a strategic

priority of the Commission, and reflects a commitment to balancing the policy, assistance and oversight roles. Consistent with this, the Commissioner's State of the Sector Report will continue to be a high priority, with enhanced reporting and more reader friendly attributes being introduced.

## Workforce Planning

The Commission released *Strategic Directions for the Public Service Workforce (2009-2014)* in May 2009, acknowledging the projected future requirements of the State's growing population, and the demographic changes in the workforce. The Commission is continuing to support agencies to develop workforce planning strategies and tools through a variety of development programs and initiatives that aim to build a skilled, ethical and diverse workforce. In 2011-2012, existing and new initiatives will be implemented, broadly relating to the attraction and retention of staff, and workforce skills capability.

## Building Capacity and Integrity

The Commission continues to undertake activities to build the capacity and integrity of the public sector through programs such as Accountable and Ethical Decision Making workshops, regional visits and publications to support the Commissioner's Instructions. Information gained through the monitoring and reporting functions of the Commission assists in the development of the content of such programs and publications.

## Report on Operations

### Actual performance compared with budget targets

#### Financial Targets:

	2010-11 Actual \$000	2010-11 Target \$000 <sup>(1)</sup>	Variation \$000
Total cost of services (expense limit)	20,706	22,451	1,745
Net cost of services	19,927	20,915	988
Total equity	3,877	4,880	(1,003)
Net increase/(decrease) in cash held	(6,133)	(4)	(6,129)
Full time equivalent (FTE) staff level (Number of FTEs)	130.8	114	(16.8)

#### Total and Net Cost of Services

The Commission commenced 2010-2011 with an approved total service cost of \$22.451 million. The merger between OPSSC and PSC resulted in 39 FTE being transferred to PSC and additional appropriations totalling \$2.715 million to meet expenses of operations transferred after 1 December 2010. Despite this, the actual result was lower than budgeted primarily due to the Commission operating below approved FTE levels. Salaries account for the majority of PSC operating costs, and savings in

this area of expenditure significantly impact the total and net cost of services.

#### Total Equity

The Commission transferred \$10 million in surplus cash to the Consolidated Account in 2010-2011, reducing actual cash holdings to \$3.3 million at 30 June 2011. Cash was reflected in the budget at \$5.06 million and combined with other smaller movements in assets and liability balances which are mostly due to the merger with OPSSC resulting in the lower than budgeted equity amount.

#### Net increase/decrease in cash held

The reduction in cash is primarily due to a transfer to the Consolidated Account of \$10 million surplus cash, as previously stated, which was offset by \$0.7 million cash being transferred to PSC from OPSSC following the merger and the PSC operating below full FTE levels throughout the year resulting in an operating surplus of \$3.0 million.

1. As specified in the 2010-2011 Budget Statements for PSC

## Summary of Key Performance Indicators

For the 2010-2011 financial year, the Commission is reporting against the same key performance indicators it reported against last year. In addition, as a consequence of the transfer of functions from OPSSC, those key performance indicators reported by OPSSC in its 2009-2010 Annual Report will be included. To enable comparison, the target measures for all indicators transferred from OPSSC are reported as shown in the 2010-2011 Budget Papers for that agency, and the costs for each efficiency indicator transferred to PSC include all costs for both agencies for the year.

For a more detailed explanation of the indicators and reasons for variances, refer to the audited “Key Performance Indicators for the year ended 30 June 2011” section of this report.

## Summary of Key Effectiveness Indicators

	Actual 2010-11	Target 2010-11	Variance
<b>Outcome:</b> To assist agencies deliver services to the community with excellence and integrity			
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	97.1%	95%	2.1%
<b>Outcome:</b> The principles of merit, equity, probity and integrity underpin official conduct and human resource management of public authorities in Western Australia			
Percentage of public authorities who have provided all reports as required by legislation	100%	100%	-
Percentage of public authorities who have met the minimum requirements	94%	100%	(4%)
Percentage of public authorities provided with assistance on the principles of merit, equity, probity and integrity in official conduct and human resource management during the year	100%	100%	-
Percentage of public authorities who agree that feedback through the Public Sector Commission survey process has increased their understanding of the principles of merit, equity, probity and integrity in official conduct and human resource management	93%	95%	-
Percentage of breach of standard claims and matters referred to the Public Sector Commission that are handled within specified timeframes	72%	87%	(15%)
Percentage of CEO appointment recommendations where the Minister for Public Sector Management has indicated he/she is satisfied with the process	100%	100%	-

## Summary of Key Efficiency Indicators

	Actual 2010-11	Target 2010-11	Variance
<b>Service 1: Advice and Assistance</b>			
Average cost of advice and assistance services provided per client	\$30,409	\$40,830	\$10,421
<b>Service 2: Public Sector Reform</b>			
Average cost per major reform initiative	\$396,390	\$402,263	\$5,873
Average cost per client of supporting policies and frameworks	\$5,736	\$5,115	(\$621)
<b>Service 3: Professional Development and Training</b>			
Average cost per public sector reform initiative for implementation	\$582,342	\$583,009	\$667
Average cost per accountability training program participant	\$435	\$1,286	\$851
<b>Service 4: Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines</b>			
Cost of assistance and monitoring per public sector agency for the <i>Public Sector Management Act 1994</i> and for the <i>Public Interest Disclosure Act 2003</i>	\$10,372	\$10,206	(\$166)
<b>Service 5: Equal Employment Opportunity Advice and Evaluation of Equity and Diversity in Public Employment</b>			
Cost of assistance and monitoring per public sector agency and authority for Part IX of the <i>Equal Opportunity Act 1984</i>	\$7,766	\$4,412	(\$3,354)
<b>Service 6: Independent Chief Executive Officer Selection and Reappointment Advice</b>			
Cost per CEO selection	\$128,980	\$66,996	(\$61,984)

## Positioning the Commission

*“Position the Commission as an independent authority, balancing its policy, assistance and oversight roles”*

### Establishment of the Commission as an independent authority

On 1 December 2010 the *Public Sector Reform Act 2010* came into effect, amending the PSM Act and establishing the independent office of the Public Sector Commissioner. This effectively amalgamated the functions of the Minister responsible for Public Sector Management and the Commissioner for Public Sector Standards.

The Commissioner, reporting directly to Parliament, has responsibility for oversight of matters of effectiveness and efficiency in the sector as a whole, setting and monitoring public sector standards, and establishing codes of ethics.

The Commissioner is not subject to direction by Executive Government, other than in the limited areas of:

- Undertaking special inquiries
- Reviews into the function, management or operations of a public sector body
- Machinery of government changes.

The Commissioner may refuse to comply with such a direction if he thinks there are exceptional circumstances for not complying. He must, however, publish his reasons for not complying in the Annual Report.

## Balancing the Commission’s policy, assistance and oversight roles

The Commission is responsible for a number of policy, assistance and oversight functions, including:

- establishing, and providing advice and monitoring compliance with, the regulatory framework that applies to public sector bodies and employees. This includes the relevant legislation, codes of ethics, standards of conduct and human resource management, and Commissioner’s Instructions
- reporting to Parliament on the state of administration and management of the public sector
- promoting the overall efficiency and effectiveness of the public sector, including the implementation of broad reforms, and undertaking reviews, investigations and special inquiries
- employment of CEOs of all departments and SES organisations and management of the Senior Executive Service
- administering frameworks and providing advice to the sector on employment matters, such as recruitment and retention, redeployment and severance, accountability, governance and integrity, remuneration for members of boards and committees, and disciplinary investigations
- building the future capacity of the sector by providing leadership programs, entry level and graduate programs, skills training and advice in areas such as accountability and integrity, workforce planning and other identified priority capability building areas

- advising ministers, CEOs and chief employees on changes and practices that will improve the management and administration of the sector.

A key challenge for the Commission is balancing these roles effectively. One example of how the Commission is achieving this is through a new approach to monitoring and reporting. This approach seeks to optimise all three roles to ensure that:

- monitoring and oversight activities support policy improvement and inform continuous improvement processes
- adverse findings in standards breach claim reviews lead to process improvement in the agency concerned
- lessons learned in specific transactions are shared across the sector through professional development and awareness raising initiatives.

The Commission continues to seek additional approaches that best balance its policy, assistance and oversight roles to achieve these outcomes.

# Driving Public Sector Reform

*“Drive public sector reform to increase efficiency, flexibility and integrity”*

## Legislative Reform

As well as creating the independent office of the Public Sector Commissioner, the amendments to the PSM Act:

- streamlined the disciplinary provisions from a three phase to a single phase process
- broadened the capacity of employers by giving them greater discretion to deal with disciplinary matters, including the capacity to commence or conclude action against a former employee
- removed a number of administrative anomalies that constrained the decision making of CEOs.

These changes resulted in the review, and subsequent streamlining, of administrative instruments governing the activities and decisions of public sector CEOs. In addition, the Commission sought to introduce arrangements that allow CEOs to have clearer decision-making responsibility. For example:

- The Commission reviewed all existing compliance requirements contained in standards, codes, directions, public service notices, approved procedures and classification systems and is in the process of converting them to Commissioner’s Instructions. To date, five Commissioner’s Instructions and associated guidelines have been issued, as well as a new employment standard to replace the four

recruitment, secondment, transfer and acting standards.

- New disciplinary provisions, supported by a Commissioner’s Instruction, were developed. These provisions remove unnecessary prescriptive requirements from legislation and develop instructions and guidelines that provide agency and procedural fairness to employees.
- In conjunction with the Salaries and Allowances Tribunal, the Commission has worked to develop and implement an alternative framework for executive remuneration to simplify the existing arrangements and provide greater flexibility to employing authorities.
- A new recruitment, selection and appointment framework, including a Commissioner’s Instruction, was introduced after extensive agency consultation, providing for a flexible and principle-based approach to employing staff.
- A discussion paper was released examining impediments to mobility and deployment of employees within the public sector and identifying mechanisms to address or minimise these impediments. Feedback from the sector will be used to finalise and implement the proposals.

## Changes to appeal processes and reviewable decisions

Employees who believe that an agency has mismanaged an employment process that they were a party to can lodge a breach of standards claim against one of the Standards in Human Resource Management. Under this process, the Commissioner makes an independent determination on whether there has been a breach of the standard and notifies both parties, giving reasons

for the decision. If there has been a breach of the standard, the Commissioner may recommend what relief, if any, should be provided to a claimant.

Changes to the process introduced this year provide an option for the Commissioner to decline to review a claim in circumstances where a claim is considered vexatious, frivolous, lacks substance, is only about the claimant's merit, or does not warrant further action. This ensures that agency processes are not delayed.

Decisions on breach of standards matters are communicated to the agency concerned and to the claimant. Decisions are not published or made publicly available. Issues of note arising through breach processes influence other activities and actions taken by the Commission. This includes:

- follow-up actions to assist an agency to address a process problem in its management of a transaction or type of transaction
- broader education activities, such as guidelines and practitioner forums
- initiation of broader system-level assessments or reviews.



To raise awareness of the legislative changes, and to assist public authorities to comply with Public Sector Standards in Human Resource Management and the *Public Sector Management (Breaches of Public Sector Standards) Regulations 2005*, the Commission developed a suite of new products and tools. These included:

- *Breach Claims: An Agency Guide*
- *Employment Standard: Questions and Answers*
- *Filling a Public Sector Vacancy: Questions and Answers.*

In addition, the Commission conducted a number of information sessions and workshops, including video conferences and broadcasts, across the state. These included:

- 89 agency-based workshops attended by 3,912 participants
- 23 whole of sector sessions attended by 749 participants
- 16 video conferences to regionally based agencies
- 3 Westlink broadcasts across the state
- 2 common use agreements sessions attended by 103 private providers
- 2 workshops for public sector unions attended by 42 representatives.



Agency Performance

## Other Legislative Reform

In 2009, work commenced on the drafting of a Bill to amend the *Corruption and Crime Commission Act 2003* to enable the Corruption and Crime Commission to assist police or other crime fighting bodies in investigations related to serious and/or organised crime. Under the amendments, the Corruption and Crime Commission will continue to deal with serious misconduct in the public sector, while having matters of minor misconduct and corruption prevention and education overseen by the Public Sector Commissioner.

Work has also commenced on the development of legislation to regulate the activities of lobbyists.

## Workforce Planning

Workforce planning has continued to be a high priority of the Commission. The Office of Equal Employment Opportunity (OEEO) being consolidated into the Commission resulted in the integration of diversity into all aspects of workforce planning.

Workforce planning is promoted throughout the public sector via an advice and consultation service and the continued implementation of the initiatives contained in *Strategic Directions for the Public Sector Workforce 2009-2014*, which was released in May 2009.

Workforce planning initiatives that were progressed in 2010-2011 included:

- continuing to implement Strategic Directions
- the inclusion of Strategic Directions in CEO performance agreements
- developing a framework, model, tools and templates to equip CEOs and Human Resource staff to implement workforce capability strategies
- releasing a Public Sector Commissioner's Circular requiring CEOs to develop a Workforce Plan by June 2012
- establishing a Workforce Planning and Diversity "Advice and Consultation Service" to provide strategic and operational support to public sector agencies
- developing an on-line workforce planning toolkit (comprising 54 tools) for public sector agency use
- continuing a Workforce Planning Consultative Group that meets bi-monthly and comprises 25 of the largest public sector agencies

- developing a Workforce Planning Professional Development and Training program from March 2011, to include training sessions relating to attraction, retention, workforce capacity, regional issues, leadership and public sector flexibility and efficiency
- improving the quality of public sector workforce data, as well as the establishment of a sector-wide three-year "Workforce Data Improvement Program"
- developing a talent management system to assist to identify and track future leaders, and to support leadership mobility and succession planning
- expanding initiatives to increase the number of apprenticeships, traineeships, cadets and graduates
- establishing a Public Administration Industry Working Group to identify Vocational Education and Training workforce development solutions.



The Commission has also been developing an Aboriginal Employment Strategy. This strategy is intended to be a blueprint to assist agencies achieve the Government's commitments under the Indigenous Economic Participation National Partnership Agreement by increasing Indigenous employment in the public sector to meet the Indigenous working age population share by 2015. The development of the strategy is a collaborative effort between the Commission and other central and line agencies with Aboriginal employees being members of the working group. The strategy will be launched in 2011-2012.

## Machinery of Government

The Commissioner has functions under the PSM Act to provide advice to Ministers and CEOs on changes to improve the efficiency and effectiveness of the public sector, and to recommend to the Governor machinery of government changes concerning the establishment, designation, amalgamation, division and abolition of departments. In 2010–2011 the Commission played a major role in the implementation of the following Machinery of Government changes:

- division of the Department of Treasury and Finance by redesignating the Department as the Department of Treasury and establishing a new Department of Finance
- abolition of the department called the Office of the Public Sector Standards Commissioner
- abolition of the Grain Licensing Authority consequent on commencement of the *Grain Marketing Repeal Act 2010*

- transfer to the Commonwealth jurisdiction of various health professional licensing bodies consequent on passage of the *Health Practitioner Regulation National Law (WA) Act 2010*
- abolition of various occupational licensing boards consequent on commencement of the *Acts Amendment (Fair Trading) Act 2010*.

In addition, advice and assistance has been provided to the Government and agencies on a range of proposed machinery of government changes.

## Leading and Assisting

*“Lead and assist the public sector to build a skilled, ethical, diverse and knowledgeable workforce”*

The Commission continues to provide a range of professional development and training programs to build the capacity of the public sector and its professional skills base to assist in meeting current and future stakeholder requirements.

### Promoting public sector employment and government skills

The Commission has a key role in promoting public sector employment to prospective employees and advancing the development of career skills for employees within the public sector.

#### Promoting public sector employment

The Commission implemented two recruitment initiatives for job seekers eligible and interested in entry level and traineeship employment opportunities in the public sector. These included the public sector Entry Level Employment program and both school-based and full-time traineeships. Through the Entry Level Employment initiative, the Commission arranged 147 placements across the public sector.

#### Traineeships

Business Traineeships and School-Based Traineeships target young people (under 25), who may not have any formal qualifications. In 2010-2011, the Commission registered 336 new

Business Trainees and placed them within 37 public sector agencies.

Working in partnership with the Swan Education Industry Training Association, a branch of the Department of Education, the Commission facilitated the School-Based Trainee initiative. This initiative provided year 11 and 12 students with employment in a public sector agency for two days per week as part of their school program. Thirty-three School-Based Traineeships were offered during this year.



#### Placements across targeted recruitment initiatives

Initiative	General	Aboriginal and Torres Strait Islanders	People with Disabilities	Total
Entry level placements	123	3	21	147
School-based traineeships	29	2	2	33
Business traineeships	14	23	0	37
Totals	166	28	23	217

## Recruitment and Employment

### Recruitment, Advertising and Management System

The Recruitment, Advertising and Management System (RAMS) is an online application that allows agencies to manage various HR requirements around recruitment, severance, redeployment, traineeships, graduate programs and employment registers.

During 2010-2011, a total of 14,238 vacancies were advertised on RAMS, with 108,382 applications received.

Enhancements and projects introduced to the system during the past year, have allowed agencies to streamline their HR processes further, resulting in efficiency gains. Details of the enhancements and projects can be obtained from the Commission's website.

### Senior Executive Service

The PSM Act establishes the SES as a distinct executive cohort within the public service. The SES comprises senior officers who provide high-level policy advice and senior leadership roles within agencies.

As at 30 June 2011, the number of SES members was 442.

In addition to providing advice and assistance to the SES, the Commission also assesses all applications for the establishment and reclassification of positions within the SES. During the reporting year, 196 applications were assessed.

### Independent CEO selection and recruitment advice

Under sections 45 and 46 of the PSM Act, the Commissioner is responsible for the employment of CEOs of all departments and SES organisations. This includes facilitating consultation with responsible authorities and Ministers to ensure all relevant factors are taken into account before an appointment or reappointment is recommended to the Governor in Executive Council for approval.

During 2010-2011, eight CEOs were appointed and nine were reappointed.

### Redeployment and redundancy management

The Commission is responsible 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 PSM Act and the *Public Sector Management (Redeployment and Redundancy) Regulations 1994*.

### Redeployment and redundancy activity 1 July 2010 to 30 June 2011

Activity	Number
New redeployees registered	67
Number of agencies that registered redeployees	30
Number of redeployees at 30 June 2011	82
Redeployees in temporary positions at 30 June 2011	14
Redeployment placements effected	34
Average number of vacant positions referred for redeployment consideration each month	832

## Voluntary severance

Public sector agencies reported that a total of 247 employees accepted offers of voluntary severance during 2010-2011. Additionally, 38 severances relating to the Government's 2010 Targeted Employment Separation Offer (in 2009-2010) were confirmed in 2010-2011.

A significant number of acceptances were associated with Cabinet endorsed agency specific severance offers for the Department of Agriculture and Food and the Forest Products Commission.

In March 2011, the Government announced a new Targeted Employment Separation Offer for 2011 to assist appropriation-funded agencies to achieve savings.

## Public Sector Capability and Capacity

### CEO performance framework and development

The Commission introduced a new CEO performance agreement framework that incorporated consultation feedback. Supporting guidelines and templates for the revised framework were also prepared, and the framework was implemented for the 2010-2011 performance year with Ministers, CEOs and governing boards.

As part of the new CEO performance agreement framework, a CEO development program was introduced to enhance leadership and build the capability of public sector CEOs to meet current and future challenges. This program is intended to assist CEOs in identifying and addressing their personal and professional development needs.

Work has also been carried out to develop a CEO Induction Manual to assist new CEOs in understanding their role and various aspects of public sector management and administration.

### Human Resource Capability Framework

To build the skills and knowledge of human resource practitioners within public sector agencies, the Commission delivered its landmark product, the Human Resource Capability Framework. This framework, based on the Commission's Leadership and Capability Framework and Australian Human Resource Institute's Model of Excellence, has assisted both public sector agencies and the Commission to identify and seek to address the current skills gaps within the profession.

In recognition of the important role human resource practitioners play in managing the public sector workforce, the Commission delivered a range of contemporary learning and development opportunities.

In addition, the Commission, in collaboration with Government Skills Australia, undertook a skills audit of public sector human resource practitioners. The Human Resource Personnel Skills Report, which will be available to the sector in the new financial year, has been central to informing the development of the Commission's Foundations in Human Resource Management.

## Delivering Customised Training

The Commission implemented innovative and customised training initiatives during 2010-2011, assisting public authorities to respond to workforce challenges.

### Policy skills capability

The Commission has delivered a range of development opportunities to build policy capacity with the sector. A range of topics were included in the facilitated workshops:

- Building Policy Capacity in Government
- Citizen Engagement in Public Policy
- Delivering Public Value
- Implementing major change: Managing the relationship between the bureaucracy and Ministers
- Beyond Evidence-Based Policy.

## Regional visits

The Commission's commitment to building the capacity of regional agencies and public sector employees has been reflected in a series of visits to regional Western Australia. The Commission conducted workshops on a range of topics, including innovations in human resource management, ethics and accountability and public interest disclosure.

Sessions were conducted in:

- Albany
- Broome
- Bunbury
- Geraldton
- Kalgoorlie
- Karratha
- Kununurra
- Northam

Agency-based workshops and meetings also occurred with local government and university annexes, giving employees the opportunity to attend the workshops to discuss any issues.

Regional sessions were supported by the Commission through video conferences and broadcasts.



Dr Schofield with staff from the Department of Housing in Kalgoorlie

## Advancing government skills

The Commission is committed to building the capacity of the public sector through the development of public sector-specific skills that support the sector's ability to deliver on priorities and outcomes.

In collaboration with the Electrical Utilities Public Administration Training Council, the Commission established the Public Administration Industry Working Group to explore the development of the skills required to operate within the sector and build a solid foundation for a career in government.

The Commission is promoting government qualifications from the Public Sector Training Package as the means to develop these skills and has progressed the development of the WA Public Sector Traineeship Program and Graduate Development Program to advance government skill development.

The Commission has also developed a *VET Information for Training Providers* webpage to support Registered Training Organisations to develop public sector-specific learning materials and has partnered with Government Skills Australia to secure funded training places for government skills development.

## Graduate Development Program

The Graduate Development Program encourages new graduates to build networks across the public sector and provides an opportunity for them to understand the features, values and principles of working in the sector. It complements each agency's in-house graduate development programs by providing a whole-of-government perspective and insight of the sector.

In 2010-2011, the Commission established a Public Sector Graduate Development Reference Group to explore and identify solutions for graduate recruitment and development. The working group has guided the redevelopment of a graduate webpage on the *Getting a Job* website, and is driving the redevelopment and redesign of the 2012 Graduate Development Program.

## Identifying and Managing Talent in the Public Sector

Identifying, aspiring and developing current leaders continues to be a priority for the Commission. The Commission commenced development of a long term strategic initiative to profile the public sector's senior executive service and leadership cohorts. This talent management initiative, combined with a contemporary leadership assessment tool, will assist the Commission to create a mobile senior executive and track and retain talent within the sector. A range of professional development opportunities were assembled and delivered through a series of programs and events, such as the ones described below, designed to inform and promote world class leadership strategies.



## Australia and New Zealand School of Government

The Australia and New Zealand School of Government (ANZSOG) Executive Fellows Program commenced in November 2010 with three senior representatives from Western Australia completing the course.

ANZSOG Executive Master of Public Administration scholarship recipients continued with the program. It is anticipated that at least nine of the ten participants will complete the program before the end of the next reporting period.

WA scholarship recipients from the ANZSOG development programs are engaged in developing and implementing the Commission's programs, specifically those that have significant implications for the public sector. This is one strategy employed to assist the Commission to promote a mobile aspirant pool and senior executive service.

## Joint Applied Learning Program

The Joint Applied Learning Program is a formal partnership and collaboration between ANZSOG and the Commission designed to provide a structured program of leadership development events for CEOs, senior executives and aspiring leaders in the public sector.

Participation in ANZSOG affords the Commission access to international and national expertise and enables scholarship recipients from the ANZSOG flagship leadership development programs to assist in building public sector capacity by developing and assisting the delivery of this targeted capacity building program.

The Commission presented 25 leadership events, with over one thousand participants, featuring eleven international and national guest speakers. The most popular events included:

- Unravelling Risk, presented by Professor Malcolm Sparrow
- Beyond Evidence-Based Policy: the Role of Emotion in the Policy Process, presented by Professor Arie Freiberg
- Two worlds that never meet? Managing the relationship between the bureaucracy and ministers, presented by Monica Pfeffer.

## Public Sector Management Program

The Public Sector Management Program enhances the knowledge and skills of middle to senior public sector managers and emerging leaders. This tertiary program awards participants with a Graduate Certificate in Public Sector Management from Flinders University, and aims to improve capabilities in the area of public administration.

## Foundations of Leadership and Pathways to Leadership Programs

The Foundations of Leadership Program (Foundations) and the Pathways to Leadership Program (Pathways) are open to aspiring (Levels 5 - 6) and/or career managers (Levels 7 - 9), who demonstrate emerging leadership qualities and have the potential to move into leadership roles or senior executive positions.

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 whole of sector policy and public sector management issues.

Each intake of Foundations and Pathways comprises 25 selected participants from public sector agencies in metropolitan and regional Western Australia.

### CEO forums

During this reporting period, the Commission has placed a focus on the effectiveness and efficiency of the public sector. As part of ensuring key flexibilities and efficiencies are led and adopted by CEOs, the Commission has undertaken an extensive communication program with agency heads.

This has included:

- presentations to 33 agency Corporate Executives
- five applied learning workshops attended by 89 Directors General and CEOs
- three forums attended by 192 Directors General and CEOs
- one Women in Leadership forum attended by 29 Directors General and CEOs.

### At a glance: Participants in development programs 2010-2011

Development Opportunity	Sessions	Participants
CEO Events	9	353
Senior Leadership Programs (including CEOs)	26	1128
Joint Applied Learning Program	25	1000
Foundations of Leadership	12	50
Public Sector Management Program	59	241
Pathways to Leadership	12	50
<b>Total</b>	<b>143</b>	<b>2822</b>

### Women in leadership

To celebrate the centenary of International Women’s Day, the Public Sector Commissioner hosted Elizabeth Broderick, Sex Discrimination Commissioner and Commissioner responsible for Age Discrimination, to reflect on the achievements of Australian women and their contribution to society over the past 100 years.

As part of the Commission’s Women in Leadership strategy, the Commissioner extended an invitation to all female Directors General and CEOs, including those from local government. The Commissioner and Ms Broderick focused on the area of women in leadership, discussed the progress that has been made, key challenges that remain and proposed a course of action to strengthen the representation of women at decision-making levels.

## Excellence in the Public Sector

The Commission, in collaboration with the Institute of Public Administration Australia (WA), hosted the inaugural Excellence in the Public Sector conference. The event was attended by over 135 participants and showcased 14 speakers from across the public sector. Mr Peter Allen, Deputy Dean of ANZSOG and Public Sector Standards Commissioner of Victoria, was the keynote speaker. The event also featured presentations from the Public Sector Commissioner and a number of Directors General who showcased examples of innovation in public sector management and excellence in service delivery.

Initiatives	Sessions	Participants
Public Sector Reform	161	5369
Human Resource Capability	28	1041
Policy Practitioner Capability	14	743
Regional Visits	56	443
Total	259	7596

## Premier's Awards for Excellence in Public Sector Management

The Premier's Awards for Excellence in Public Sector Management is in its sixteenth year and offers an opportunity for agencies to promote projects that best serve the community of Western Australia.

The Commission, on behalf of the Premier, promotes, coordinates and manages the awards. In 2010, over 44 submissions were received from 41 eligible organisations.

The Overall Winner of the 2010 Premier's Award for Excellence in Public Sector Management was the Department of Agriculture and Food for its Indigenous Landholder Service. More information on the 2010 category winners can be found on the Commission's website.



Premier Colin Barnett congratulates the Minister for Agriculture and Food Terry Redman MLA, the Department of Agriculture and Food's Manager Regional Management, Mr Mark Chmielewski and Executive Director of Regional Operations and development, Mr Greg Paust

## Accountable and Ethical Practices

### Accountable and Ethical Decision Making

The Accountable and Ethical Decision Making (AEDM) training continues to be a priority for the Commission to inform and educate employees about ethical requirements in the public sector.

In this reporting period, the Commission delivered AEDM training to a range of CEOs, SES and Ministerial Officers across the metropolitan and regional areas. Approximately 300 participants were involved during 2010-2011.

### Boards and Committees - Governance

The *Good Governance for Boards and Committees* webpage enables boards, committees and support staff to access relevant and up-to-date information, making it easier to implement and maintain good governance practices.

The webpage provides a set of principles, along with explanatory guidelines, interactive tools and aids, to support the application of good governance. This webpage also provides links to information sessions and training opportunities, and encourages professional development of board members.



The Commission provided development opportunities for board chairs based on its *Good Corporate Governance for Boards and Committee* principles and resources. The Commission's Good Corporate Governance webpage continues to be the first point of contact for public sector boards and committees.

Professional development provided to boards and committees was attended by approximately 120 participants.

### Public Interest Disclosure

The *Public Interest Disclosure Act 2003* (PID Act) facilitates the disclosure of public interest information, and provides protection for those making disclosures and those who are the subject of disclosures. The PID Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

Under the PID Act, the Commissioner's role is to assist public authorities (public sector agencies, local government and public universities) to comply with the PID Act. Activities undertaken to support the Commissioner's role included conducting audits of PID officers within public authorities, responding to PID enquiries and presenting training to PID officers, Corporate Executives and regional officers.



## Integrity Coordinating Group

In 2010-2011 the Commissioner was welcomed as a member of the Integrity Coordinating Group, which was established to promote and strengthen integrity in Western Australian public authorities. In collaboration with other integrity members, the Commission launched two new publications at their annual forum attended by CEOs and employees from state government, local government and public universities. The titles of the new publications are: *Integrity in Decision Making* and *Conflict of Interest Guidelines*.

### At a glance: Participants in ethics events 2010-2011

Event	Events	Participants
Accountable and Ethical Decision Making	17	307
Good Governance	5	119
Public Interest Disclosure	26	502
Integrity Coordinating Group	1	254
Total	49	1182

### Advising public authorities

The Commission assisted public sector managers and practitioners to meet the Public Sector Standards in Human Resource Management and develop contemporary codes of ethics. This assistance was provided through a range of advisory services, ranging from responding to phone or email inquiries, meeting with agencies and reviewing policies and/or codes.

## Disciplinary matters

The Commission provided ongoing advice and assistance to agencies on the application of disciplinary processes under the PSM Act. Recent amendments to Part 5 of the PSM Act saw the introduction of a streamlined disciplinary process. These changes took effect from 28 March 2011, with essential procedural requirements now articulated in Commissioner's Instructions, and supported by guidelines produced by the Commission.

## Equal Opportunity in Public Employment

The Director of Equal Opportunity in Public Employment (DEOPE) joined the Commission on 1 December 2010, with the merge of the former OPSSC into PSC.

The DEOPE is a statutory officer with responsibility for performing the functions outlined in part IX of the *Equal Opportunity Act 1984* (the EO Act). Part IX aims to eliminate and ensure the absence of discrimination in employment within public authorities on all grounds covered by the EO Act and promotes equal opportunity for all people within public authorities.

Public authorities were assisted with the development of new Equal Employment Opportunity (EEO) Management Plans compliant with Part IX of the EO Act. The Commission supported this through the:

- provision of a consultancy service to public authorities on the collection of equity and diversity data, data definitions and legislative reporting requirements

- preparation of the Public Sector Commissioner's Circular *Workforce Planning and Diversity in the Public Sector*, which encourages the integration of the EEO Management Plans into Workforce and Diversity Plans
- development of a comprehensive range of new guidance material to assist public sector agencies to develop effective integrated Workforce and Diversity Plans.

## Information and Communications Technology Initiatives

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

- circulated the *Good Governance Guidelines for Securing Electronic Information of the Public Sector*, designed to assist with addressing information security issues raised by the Auditor General
- 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, website development and management, general ICT policy, identity and access management
- developed CEO Gateway, an online information and communication resource for CEOs and an Agency Information and Senior Executive Service Database (AISES).

The Commission represents the State on a number of ICT bodies, including the Cross Jurisdictional Chief Information Officer Committee, the Cross Jurisdictional Interoperability Group and the National Collaboration Framework (Communication Strategy) Governance Committee. This role fosters relationships between State and Commonwealth Government agencies and supports the development of cross-jurisdictional ICT strategies aimed at achieving improvements in cyber security arrangements, business processes and delivery of government information and services. Specifically, the Commission has:

- supported Western Australia's continued involvement in the National Identity Security Strategy (NISS)
- coordinated WA participation in the international cyber security exercise, Cyber Storm III
- convened and participated in a consultation session with the Department of the Prime Minister and Cabinet held to canvass views on the strengths and weaknesses of the Commonwealth Government's current approach to cyber policy architecture.

# Evaluation and Reporting

*“Broaden and enhance our evaluation and reporting of public sector management and administration”*

## Monitoring Compliance and Sector Performance

### A new approach to monitoring and reporting

Changes to legislation have expanded the monitoring and reporting functions of the Commissioner (from those previously in place for the Commissioner for Public Sector Standards).

The Commissioner has a legislative role to assess the extent of compliance with standards, ethical codes and public interest disclosure guidelines, and has commenced a program to broaden and enhance evaluation and reporting on public management and administration. The information gained through the implementation of these strategies is reported annually in the Commissioner’s State of the Sector Report, which is tabled in Parliament in accordance with section 22D of the PSM Act. The first report under the amended legislation is expected to be tabled in November 2011.

### Performance reporting framework

Following passage of the *Public Sector Reform Act 2010*, work was undertaken to establish some parameters for performance monitoring and reporting under the new legislative regime. Under the amended legislation, the Commissioner is authorised to implement an expanded monitoring and reporting function. The

monitoring and reporting function has a connection to a number of different aspects of the PSM Act including:

- the general principles of public administration and management
- human resource management principles
- principles of conduct
- generic management and leadership functions conferred on CEOs.

The Commission has established a working model framework that incorporates elements of public sector administration and management covered by the PSM Act, as well as various compliance instruments. This has informed the development of evaluation and reporting approaches and is being used as the basis for ongoing consultation with other oversight and compliance bodies in the public sector that have a role in one or more of the elements in the model.

## Monitoring and Reporting Activities

### Workforce profile data collection

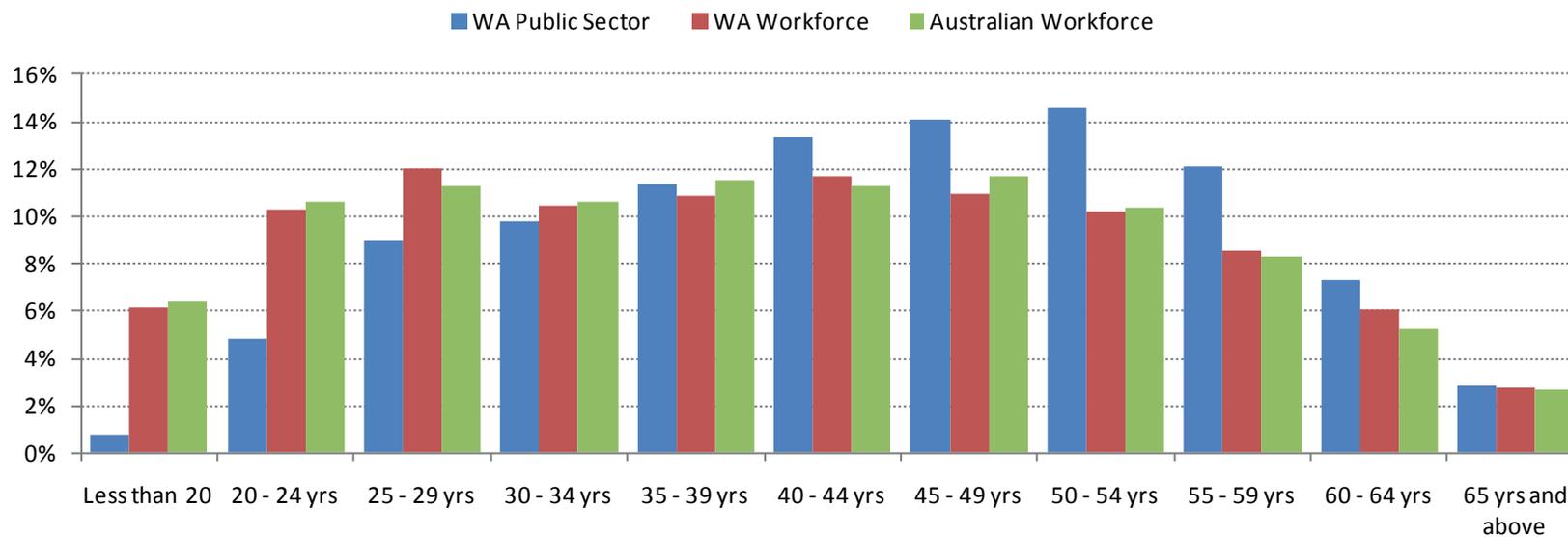
During 2010-2011, employee record data from approximately 130 agencies was collected on four occasions. The workforce profile data collection supports:

- monitoring the Government’s FTE ceiling (reported quarterly)
- workforce management benchmarking activities across the public sector

- monitoring the equity and diversity profile of the public sector, university sector and the local government sector by the Director of Equal Opportunity in Public Employment
- the development of whole-of-sector strategies.

The Commission provides comprehensive analysis of this data in the State of the Sector Report. The data is used to support workforce planning activities and the administration of the Government's FTE ceiling.

The ageing workforce is a key strategic issue for the public sector. Comparative analysis of HR MOIR data supports workforce planning activities in agencies and across the sector. An example of such an analysis is provided in the graph below.



## Data Quality Improvement Program

The Commission has initiated a Data Quality Improvement Program (DQIP) to improve the quality, reliability and usability of workforce data collected. The program was launched at the end of 2010 and stage 1 of the program involved agency consultation and planning. The Commission is in the process of consulting on the results of the process with agencies in the public sector.

Some initiatives are being implemented immediately at the agency level. Others, that may require whole-of-system level changes, will continue to be rolled out from 2011, ending in 2013.

## Annual agency survey

Public sector agencies are asked to complete an annual agency survey. In addition to providing information for monitoring and reporting purposes, the survey assists the Commission to identify agencies that may be requiring additional assistance, and areas of management where additional compliance monitoring may be required. In 2010-2011, the annual agency survey asked questions of all public sector agencies about a broad range of different management and administration issues, including the maturity of key compliance systems.

## Employee Perception Survey

The Employee Perception Survey (EPS), provides an opportunity for employees in public sector agencies to give their perspective on how well integrity and human resource management policies and practices are operating in their agency. It also allows the Commission to assess the level of employee awareness and understanding about core accountability measures and policies such as the Public Sector Code of Ethics and PID legislation.

The sampling approach is designed to achieve a representative sample by size and portfolio. The EPS also provides participating agencies with insight into the culture of their organisation. At the conclusion of the process, the Commission provides a detailed feedback report and presentation to the agency's corporate executive group.

In the period 2010-2011 (covering OPSSC and PSC), the EPS was provided to 25,000 officers employed in 21 agencies. The average response rate was 45 per cent on a per agency basis and 28 per cent for all surveys sent within the reporting period.

## Examinations and reviews

Under the provisions of the PSM Act, the Commissioner may examine matters or undertake reviews and investigations for a variety of reasons, including monitoring general compliance with standards and codes, in order to promote effective and efficient management by agencies, or in order to provide advice to CEOs or Ministers. The Commissioner also has responsibilities under the PID Act.

Included in this work were the following three reviews:

- the review into the Perth Hills Bushfires (see the section Ministerial Direction). The report was provided to the Public Sector Commissioner on 16 June 2011 and the Commissioner sent a copy to the Premier on 23 June 2011
- review of accountability and governance arrangements in the National Trust (ongoing as at 30 June)
- the review into Department of Education information management practices associated with the transmittal of a report on the Carson St School (ongoing as at 30 June).

For the period 2010-2011 the numbers of reviews or investigations that were undertaken are as follows:

	Undertaken when function administered by OPSSC	Undertaken when function administered by PSC	Total for reporting period
Breaches of Human Resource Standards	61	96	157
Assessment of relevant matters referred to Commissioner but not covered by the Standards	36	56	92
Examinations or reviews undertaken in agencies as part of the Commissioner's general functions to monitor, assist and to provide advice	0	9	9
Inquiries and investigations undertaken in accordance with provisions of the PSM Act	2	3	5

## Monitoring and Reporting on Equity and Diversity in Public Employment

The Director of Equal Opportunity in Public Employment (DEOPE) has an oversight role, ensuring compliance by all public authorities with sections 143, 145 and 146 of the EO Act. This involves:

- evaluating the effectiveness of EEO Management Plans in achieving the objectives of part IX of the Act
- monitoring and reporting to the Minister on the operation and effectiveness of EEO Management Plans
- undertaking investigations into matters regarding the development and implementation of EEO Management Plans.

Significant achievements since 1 December 2010 included the:

- development of a new online tool for the collection of workforce diversity data from local government authorities
- release of comparative reports entitled *How Does Your Agency Compare?* and *How Does Your University Compare?*
- collaborative effort with public sector agencies to improve the quality of workforce diversity data, by increasing the response rate for the voluntary diversity questionnaire.

The DEOPE is required to report annually to the Premier detailing the work, activities and administration of the functions of the DEOPE. This DEOPE annual report is available on the PSC website.

## Other Services

### Freedom of Information

The Commission aims to assist Freedom of Information (FOI) applicants to access available documents at the least possible cost. Ten 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 Office of the Information Commissioner.

FOI Applications 2010-11	Total
Received	10
Total handled	11
Applications Decided in Year	11
Full Access	2
Edited Access	7
Deferred Access	0
Section 28 Access	0
Access Refused	2
Total Decisions	11
Transfer to other agencies	0
Withdrawn	0
Total Applications Finalised	11
Carried Forward	3

## Australian Honours System

The Australian Honours System was established in 1975. It 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 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 101 Western Australian recipients in the Australia Day and Queen's Birthday Honours Lists for 2011, including six Western Australian public sector employees who received the award of a Public Service Medal. Recipients were from a diverse range of public sector agencies, namely the Department of Racing, Gaming and Liquor, Parliament House, Department of Commerce, Department of Transport, Environmental Protection Authority and Horizon Power.

## Register of Lobbyists

The Commission is responsible for the administration of the Register of Lobbyists. The public register contains 96 lobbying businesses, including over 250 individuals. Registered lobbyists and public sector employees are required to adhere to the Contact with Lobbyists Code.

## The Commission

With a new strategic plan in place and the finalisation of its permanent structure, the Commission is recruiting the appropriate skill mix for new roles, and is developing strategies for attracting and retaining valued staff to assist in achieving its priorities.

## Graduate Employment

The Graduate Development Officer program is conducted in a supportive learning environment that continues to provide excellent opportunities to work with senior experienced officers on specific projects. Three graduates joined the agency's program in January 2011, and they 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 the opportunities it can provide to graduates in the upcoming year.

## Traineeships

The Commission participates in both the Business Traineeship Program and the School-Based Traineeship Program. Business Trainees are employed on a full-time basis and the School-Based Trainees are 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 School-Based Trainees in 2011-2012.

## Staff Profile

The staff profile for the Commission at 30 June 2011 comprised of 155 (headcount) and 136 (FTE). The Commission's ceiling is set at 153 FTE. A number of vacant positions continue to be filled by short term acting, secondment or fixed term contracts, as the Commission moves to finalise its structure.

Flexible working arrangements are supported when operationally possible. Options available to staff include working from home, purchased leave and flexible working hours. There are 36 officers working part time.

	2010/2011	2009/2010
<b>EMPLOYMENT STATUS (by headcount)</b>		
Full time Permanent	115	91
Full time Fixed Term	37	22
Trainees	3	4
<b>TOTAL</b>	<b>155</b>	<b>117</b>
<b>EMPLOYMENT STATUS (Permanent/Fixed Term)</b>		
Full Time	119	89
Part time	36	28
<b>GENDER (by headcount)</b>		
Females	96	67
Males	59	50

## Employee Assistance Program

The Commission recognises the central role and importance of its officers in 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 of the 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.

## Equity and Diversity

The Commission's *Equity and Diversity Plan 2009–2011* identifies and sets specific priorities to achieve actions designed to promote and achieve diversity across the Commission. It 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.

These actions and strategies will be used in the coming months to inform the Commission's new *Workforce and Diversity Action Plan*.

Figures below reflect data from the 2010-2011 reporting period:

	<b>% Actual Representation (30 June 2011)</b>
Women in Tier 2&3 combined	33.0
Indigenous Australians	1.4
People with Disabilities	3.0
People from diverse backgrounds	14.1
Youth	5.2

## 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.

The Commission organised the following internal courses for staff in the 2010-2011 reporting period:

- Accountability and Ethical Decision Making training
- Business Process sessions for administrative staff
- Occupational Safety and Health and Injury Management Training for Managers

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

## Development Program

The Commission's Development Program is a professional development initiative aimed at recognising and increasing the skills of the Commissions employees.

In 2010-2011, the Commission was awarded 24 partly funded training placements through the Commonwealth Department of Education, Employment and Workplace Relations (the Federal Enterprise Based Productivity Places Program). This initiative assisted the Commission to increase productivity and meet the demand for higher level skills through the vocational and education framework. Employees from the Commission will be awarded with either a Certificate III in Government or a Diploma in Government.

# Disclosures and Legal Compliance

## PUBLIC SECTOR COMMISSION CERTIFICATION OF FINANCIAL STATEMENTS

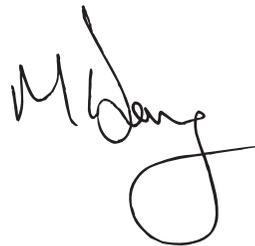
### for the year ended 30 June 2011

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 year ended 30 June 2011 and the financial position as at 30 June 2011.

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



M C Wauchope  
ACCOUNTABLE AUTHORITY  
4 August 2011



M Davey  
CHIEF FINANCE OFFICER  
4 August 2011



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### PUBLIC SECTOR COMMISSION

#### Report on the Financial Statements

I have audited the accounts and financial statements of the Public Sector Commission.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, 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, and Notes comprising a summary of significant accounting policies and other explanatory information.

#### *Public Sector Commissioner's Responsibility for the Financial Statements*

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 for such internal control as the Public Sector Commissioner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Public Sector Commissioner, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Public Sector Commission at 30 June 2011 and financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

## Public Sector Commission

### Report on Controls

I have audited the controls exercised by the Public Sector Commission. The Public Sector Commissioner is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Public Sector Commissioner based on my audit conducted in accordance with Australian Auditing Standards.

### Opinion

In my opinion, the controls exercised by the Public Sector Commission are sufficiently adequate to 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.

### Report on the Key Performance Indicators

I have audited the key performance indicators of the Public Sector Commission. The Public Sector Commissioner is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

### Opinion

In my opinion, the key performance indicators of the Public Sector Commission are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2011.

### Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.



COLIN MURPHY  
AUDITOR GENERAL  
19 September 2011

**PUBLIC SECTOR COMMISSION  
STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2011

	Note	2011 \$000	2010 \$000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	6	13,582	14,134
Supplies and services	7	4,760	4,659
Depreciation and amortisation expense	8	108	71
Accommodation expenses	9	1,964	1,593
Grants and subsidies	10	252	620
Other expenses	11	40	32
<b>Total cost of services</b>		<b>20,706</b>	<b>21,109</b>
<b>Income</b>			
<b>Revenue</b>			
User charges and fees	12	702	764
Commonwealth grants and contributions	13	20	-
Other revenue	12	57	1,631
<b>Total Revenue</b>		<b>779</b>	<b>2,395</b>
<b>Total income other than income from State Government</b>		<b>779</b>	<b>2,395</b>
<b>NET COST OF SERVICES</b>			
		19,927	18,714
<b>INCOME FROM STATE GOVERNMENT</b>			
Service appropriation		21,616	21,764
Assets assumed/(transferred)		(41)	-
Resources received free of charge		1,395	1,298
<b>Total income from State Government</b>	14	<b>22,970</b>	<b>23,062</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>			
		3,043	4,348
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			
		<b>3,043</b>	<b>4,348</b>

See also 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 2011

	Note	2011 \$000	2010 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	25	3,325	9,570
Receivables	16	805	1,550
Amounts receivable for services	17	105	33
Other current assets	18	765	619
<b>Total Current Assets</b>		5,000	11,772
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	15	312	200
Amounts receivable for services	17	4,993	3,234
Property, plant and equipment	19	253	172
Intangible assets	20	192	-
<b>Total Non-Current Assets</b>		5,750	3,606
<b>TOTAL ASSETS</b>		10,750	15,378
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	22	1,635	2,436
Provisions	23	4,343	3,208
<b>Total Current Liabilities</b>		5,978	5,644
<b>Non-Current Liabilities</b>			
Provisions	23	895	765
<b>Total Non-Current Liabilities</b>		895	765
<b>TOTAL LIABILITIES</b>		6,873	6,409
<b>NET ASSETS</b>			
		3,877	8,969
<b>Equity</b>			
Contributed Equity	24	-	1,422
Accumulated surplus/(deficiency)		3,877	7,547
<b>TOTAL EQUITY</b>		3,877	8,969

See also the 'Schedule of Assets and Liabilities by Service'.

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**PUBLIC SECTOR COMMISSION  
STATEMENT OF CHANGES IN EQUITY  
for the year ended 30 June 2011**

		Contributed equity	Reserves	Accumulated surplus/(deficit)	Total equity
	Note	\$000	\$000	\$000	\$000
<b>Balance at 1 July 2009</b>	<b>24</b>	1,422	-	3,199	4,621
Changes in accounting policy or correction of prior period errors		-	-	-	-
<b>Restated balance at 1 July 2009</b>		1,422	-	3,199	4,621
Total comprehensive income for the year		-	-	4,348	4,348
Transactions with owners in their capacity as owners:					
Capital appropriations		-	-	-	-
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
<b>Total</b>		1,422	-	7,547	8,969
<b>Balance at 30 June 2010</b>		1,422	-	7,547	8,969
<b>Balance at 1 July 2010</b>		1,422	-	7,547	8,969
Changes in accounting policy or correction of prior period errors		-	-	43	43
<b>Restated Balance as at July 2010</b>		1,422	-	7,590	9,012
Total comprehensive income for the year		-	-	3,043	3,043
Transactions with owners in their capacity as owners:					
Capital appropriations		-	-	-	-
Other contributions by owners		1,822	-	-	1,822
Distributions to owners		(10,000)	-	-	(10,000)
Transfer of Contributed Equity to Accumulated Surplus		6756	-	(6,756)	-
<b>Total</b>		-	-	3,877	3,877
<b>Balance at 30 June 2011</b>		-	-	3,877	3,877

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 2011**

	Note	2011 \$'000	2010 \$'000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		21,172	21,420
Holding account drawdowns		105	33
Contribution/(Distribution) by owners		(9,104)	-
<b>Net cash provided by State Government</b>		<b>12,173</b>	<b>21,453</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(13,544)	(13,160)
Supplies and services		(3,737)	(2,963)
Accommodation		(2,055)	(1,603)
Grants and subsidies		(281)	(787)
GST payments on purchases		(668)	(608)
GST payments to taxation authority		(215)	(174)
<b>Receipts</b>			
User charges and fees		714	887
Commonwealth grants and contribution		20	-
GST receipts on sales		208	155
GST receipts from taxation authority		609	709
Other receipts		849	1,083
<b>Net cash provided by/(used in) operating activities</b>	<b>25</b>	<b>(18,100)</b>	<b>(16,461)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of non-current physical assets		(206)	(12)
<b>Net cash provided by/(used in) investing activities</b>		<b>(206)</b>	<b>(12)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash provided by/(used in) financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(6,133)</b>	<b>4,980</b>
Cash and cash equivalents at the beginning of period		9,770	4,790
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>25</b>	<b>3,637</b>	<b>9,770</b>

The Statement of Cash Flows 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 2011**

	Advice and Assistance		Public Sector Reform		Professional Development and Training	
<b>COST OF SERVICES</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Expenses</b>						
Employee benefits expense	4,591	5,830	1,598	3,538	4,112	4,766
Supplies and services	1,532	1,638	495	789	1,986	2,232
Depreciation and amortisation expense	39	32	13	8	42	31
Accommodation expenses	632	565	368	468	553	560
Grants and subsidies	18	-	-	5	234	615
Other expenses	5	9	(3)	8	11	15
<b>Total cost of services</b>	<b>6,817</b>	<b>8,074</b>	<b>2,471</b>	<b>4,816</b>	<b>6,938</b>	<b>8,219</b>
<b>Income</b>						
User charges and fees	(115)	-	-	-	673	764
Commonwealth grants and contributions	-	-	-	-	20	-
Other revenue	51	1,114	-	257	-	260
<b>Total income other than income from State Government</b>	<b>(64)</b>	<b>1,114</b>	<b>-</b>	<b>257</b>	<b>693</b>	<b>1,024</b>
<b>NET COST OF SERVICES</b>	<b>6,881</b>	<b>6,960</b>	<b>2,471</b>	<b>4,559</b>	<b>6,245</b>	<b>7,195</b>
<b>INCOME FROM STATE GOVERNMENT</b>						
Service appropriation	5,730	8,452	3,330	5,845	7,486	7,467
Assets assumed/(transferred)	(10)	-	(5)	-	(13)	-
Resources received free of charge	383	497	178	351	419	450
<b>Total income from State Government</b>	<b>6,103</b>	<b>8,949</b>	<b>3,503</b>	<b>6,196</b>	<b>7,892</b>	<b>7,917</b>
<b>Surplus/deficit for the period</b>	<b>(778)</b>	<b>1,989</b>	<b>1,032</b>	<b>1,637</b>	<b>1,647</b>	<b>722</b>

The Schedule of Income and Expenses by Service 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 2011**

	Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines		Advice and Evaluation of Equity and Diversity in Public Employment		Independent Chief Executive Officer Selection and Recruitment Advice		Total	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>COST OF SERVICES</b>								
<b>Expenses</b>								
Employee benefits expense	2,159	-	867	-	255	-	13,582	14,134
Supplies and services	510	-	171	-	66	-	4,760	4,659
Depreciation and amortisation expense	10	-	3	-	1	-	108	71
Accommodation expenses	299	-	86	-	26	-	1,964	1,593
Grants and subsidies	-	-	-	-	-	-	252	620
Other expenses	20	-	8	-	-1	-	40	32
<b>Total cost of services</b>	<b>2,998</b>	<b>-</b>	<b>1,135</b>	<b>-</b>	<b>347</b>	<b>-</b>	<b>20,706</b>	<b>21,109</b>
<b>Income</b>								
User charges and fees	-	-	-	-	144	-	702	764
Commonwealth grants and contributions	-	-	-	-	-	-	20	-
Other revenue	5	-	1	-	-	-	57	1,631
<b>Total income other than income from State Government</b>	<b>5</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>144</b>	<b>-</b>	<b>779</b>	<b>2,395</b>
<b>NET COST OF SERVICES</b>	<b>2,993</b>	<b>-</b>	<b>1,134</b>	<b>-</b>	<b>203</b>	<b>-</b>	<b>19,927</b>	<b>18,714</b>
<b>INCOME FROM STATE GOVERNMENT</b>								
Service appropriation	3,479	-	1,155	-	436	-	21,616	21,764
Assets assumed/(transferred)	(9)	-	(3)	-	-1	-	(41)	-
Resources received free of charge	295	-	88	-	32	-	1,395	1,298
<b>Total income from State Government</b>	<b>3,765</b>	<b>-</b>	<b>1,240</b>	<b>-</b>	<b>467</b>	<b>-</b>	<b>22,970</b>	<b>23,062</b>
<b>Surplus/deficit for the period</b>	<b>772</b>	<b>-</b>	<b>106</b>	<b>-</b>	<b>264</b>	<b>-</b>	<b>3,043</b>	<b>4,348</b>

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 2011**

	Advice and Assistance		Public Sector Reform		Professional Development and Training		Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines	
<b>COST OF SERVICES</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>ASSETS</b>								
Current assets	972	1,325	253	697	1,013	1,228	427	-
Non-current assets	1,390	1,427	693	932	1,718	1,247	1,159	-
<b>Total assets</b>	<b>2,362</b>	<b>2,752</b>	<b>946</b>	<b>1,629</b>	<b>2,731</b>	<b>2,475</b>	<b>1,586</b>	<b>-</b>
<b>LIABILITIES</b>								
Current liabilities	1,380	1,963	620	1,668	1,692	1,749	957	-
Non-current liabilities	142	312	55	230	361	223	210	-
<b>Total Liabilities</b>	<b>1,522</b>	<b>2,275</b>	<b>675</b>	<b>1,898</b>	<b>2,053</b>	<b>1,972</b>	<b>1,167</b>	<b>-</b>
<b>NET ASSETS</b>	<b>840</b>	<b>477</b>	<b>271</b>	<b>(269)</b>	<b>678</b>	<b>503</b>	<b>419</b>	<b>-</b>

The Schedule of Assets and Liabilities 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 2011**

	Advice and Evaluation of Equity and Diversity in Public Employment		Independent Chief Executive Officer Selection and Recruitment Advice		General-Not Attributed		Total	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>COST OF SERVICES</b>								
<b>ASSETS</b>								
Current assets	127	-	47	-	2,161	8,522	5,000	11,772
Non-current assets	343	-	129	-	318	-	5,750	3,606
<b>Total assets</b>	<b>470</b>		<b>176</b>	<b>-</b>	<b>2,479</b>	<b>8,522</b>	<b>10,750</b>	<b>15,378</b>
<b>LIABILITIES</b>								
Current liabilities	285	-	44	-	1,000	264	5,978	5,644
Non-current liabilities	54	-	58	-	15	-	895	765
<b>Total Liabilities</b>	<b>339</b>	<b>-</b>	<b>102</b>	<b>-</b>	<b>1,015</b>	<b>264</b>	<b>6,873</b>	<b>6,409</b>
<b>NET ASSETS</b>	<b>131</b>	<b>-</b>	<b>74</b>	<b>-</b>	<b>1,464</b>	<b>8,258</b>	<b>3,877</b>	<b>8,969</b>

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 2011**

	2011 Estimate \$000	2011 Actual \$000	Variance \$000	2011 Actual \$000	2010 Actual \$000	Variance \$000
<b>DELIVERY OF SERVICES</b>						
Item - Net amount appropriated to deliver services	18,040	17,791	249	17,791	20,876	(3,085)
Section 25 Transfer of service appropriation	-	2,643	(2,643)	2,643	-	2,643
Amount Authorised by Other Statutes	1,180	1,182	(2)	1,182	888	294
- <i>Salaries and Allowances Act 1975</i>	19,220	21,616	(2,396)	21,616	21,764	(148)
<b>Total appropriations provided to deliver services</b>						
<b>CAPITAL</b>						
Item - Capital Contribution	-	-	-	-	-	-
<b>GRAND TOTAL</b>	19,220	21,616	(2,396)	21,616	21,764	(148)
<b>Details of Expenses by Service</b>						
Advice and Assistance	7,552	6,817	735	6,817	8,074	(1,257)
Public Sector Reform	4,510	2,471	2,039	2,471	4,816	(2,345)
Professional Development and Training	10,389	6,938	3,451	6,938	8,219	(1,281)
Development and Monitoring of Human Resource Standards	-	2,998	(2,998)	2,998	-	2,998
Ethical Codes and Public Interest Disclosure	-	1,135	(1,135)	1,135	-	1,135
Advice and Evaluation of Equity and Diversity in Public Employment	-	347	(347)	347	-	347
Independent Chief Executive Officer Selection and Recruitment Advice						
Total Cost of Services	22,451	20,706	1,745	20,706	21,109	(403)
Less Total Income	(1,536)	(779)	(757)	(779)	(2,395)	1,616
Net Cost of Services	20,915	19,927	988	19,927	18,714	1,213
Adjustments	(1,695)	1,689	(3,384)	1,689	3,050	(1,361)
<b>Total appropriations provided to deliver services</b>	19,220	21,616	(2,396)	21,616	21,764	(148)
<b>Capital Expenditure</b>						
Purchase of non-current physical assets	33	197	(164)	197	21	176
Adjustment for other funding sources	(33)	(197)	164	(197)	(21)	(176)
<b>Capital Contribution (appropriation)</b>	-	-	-	-	-	-

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

Note 30 "Explanatory statement" provides details of any significant variations between estimates and actual results for 2011 and between the actual results for 2010 and 2011

## PUBLIC SECTOR COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS for the year ending 30 June 2011

#### 1. Australian Accounting Standards

##### General

The Commission's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes 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 2011.

#### 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).

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Commission's accounting policies resulting in the most significant effect on the amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 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 training services on a fee for service basis.

#### Services

The Commission provides the following services:

##### Service 1: Advice and Assistance

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 learning and development programs to build the capacity of the public sector and its professional skills base to assist in meeting current and future stakeholder requirements.

##### Service 4: Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines

Develop Standards and Codes, assist public authorities to comply and provide independent oversight to monitor and report to Parliament and Ministers on compliance with the *Public Sector Management Act 1994* and the *Public Interest Disclosure Act 2003*.

##### Service 5: Advice and Evaluation of Equity and Diversity in Public Employment

Advise and assist public authorities to achieve their equal employment opportunity and diversity objectives and evaluate and report on progress in meeting their responsibilities under Part IX of the *Equal Opportunity Act 1984*.

## **Service 6: Independent Chief Executive Officer Selection and Recruitment Advice**

Provide independent advice to the Minister about reappointment and persons suitable for vacant CEO positions by using fair and comprehensive processes.

### **d. Contributed Equity**

AASB Interpretations 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions, 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 at fair value 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 2010-11 Budget Statements, the Commission retained \$779,000 in 2011 (\$2,395,000 in 2010) 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*

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:

- Computer hardware                      3 years
- Office equipment                            5 years
- Furniture and fittings                      10 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 \$50,000 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 which is reviewed annually) on the straight line basis. 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:

- Computer software      3 Years

#### *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

#### *Website costs*

Website 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 website, 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 assets' depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of asset is reviewed annually to verify that the accumulated depreciation/ amortisation reflects the level of consumption or expiration of assets' 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 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
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into 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 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) assets 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 22 'Payables') represent the amount due to staff but unpaid at 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. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

#### **n. Receivables**

Receivables are recognised 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 against the allowance account. 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 at the amount payable 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 settlement is generally 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 the end of each reporting period.

##### **i. Provisions - Employee Benefits**

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

##### *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 liability is settled. Annual and long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using the 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 flow.

The provision for annual leave is classified as a current liability as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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. Conditional long service leave provisions are classified as non-current liabilities because the Commission has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

#### *Superannuation*

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

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members since 1987, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

The GSS is a defined benefit scheme for the purposes 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 Commission to GESB extinguishes the agencies obligations to the related superannuation liability.

The Commission has no liabilities under the Pension

or the GSS Schemes. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Commission to the GESB.

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, 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 employer contribution paid to the GESB in respect of the GSS is paid back to the Consolidated Account by the GESB.

#### **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 at fair value. Where the resource received represents a service that the Commission would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies 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. All functions of the Office of the Public Sector Standards Commissioner were transferred under a restructure of administrative arrangements to the Public Sector Commission

with effect from 1 December 2010. As such, the figures for the 2010-11 financial year include 7 months of combined 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**

Key estimates and assumptions concerning the future 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*

Several estimations and assumptions used in calculating the Commission's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

## 5. Disclosure of Changes in 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 2010 that impacted on the Commission.

Further amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 8, 101, 107, 117, 118, 136 & 139)

### *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.

	<b>Operative for reporting periods beginning on/after</b>
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.	1/01/2013

	2011 \$000	2010 \$000
<b>6. Employee benefits expense</b>		
Wages and salaries <sup>(a)</sup>	12,339	13,072
Superannuation - defined contribution plans <sup>(b)</sup>	1,243	1,062
	<u>13,582</u>	<u>14,134</u>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component and leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

Employment on-costs expenses such as workers' compensation insurance are included at note 11 'Other expenses'. The employment on-costs liability is included at note 23 'Provisions'.

<b>7. Supplies and services</b>		
Communications	159	132
Consultants and contractors	3,849	3,999
Consumables	431	365
Travel	59	63
Other	262	100
	<u>4,760</u>	<u>4,659</u>

**8. Depreciation and amortisation expense**

**Depreciation**

Computer hardware	9	2
Furniture and fittings	76	54
Office equipment	23	15
	<u>108</u>	<u>71</u>



	2011 \$000	2010 \$000
<b>Other Revenues</b>		
Recoups	38	1,610
Contributions by senior officers to the Government Vehicle Scheme	19	21
	57	1,631
<b>13. Commonwealth grants and contributions</b>		
Funding provided by Government Skills Australia to undertake staff training.	20	-
<b>14. Income from State Government</b>		
Appropriation received during the year:		
Service appropriations <sup>(a)</sup>	21,616	21,764
The following assets have been assumed from/(transferred to) other state government agencies during the financial year <sup>(b)</sup>		
Office Equipment	(28)	-
Furniture and fittings	(13)	-
Total assets assumed/(transferred)	(41)	-
Resources received free of charge <sup>(c)</sup>		
Determined on the basis of the following estimates provided by agencies:		
Department of the Premier and Cabinet - corporate support services	1,351	1,244
Department of Treasury and Finance - lease administration services	25	11
Department of the Attorney General - legal services	19	43
	1,395	1,298
	22,970	23,062

	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
(c) Service appropriations fund the net cost of services delivered. 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.		
(d) Discretionary transfers of assets between State Government agencies are reported as assets assumed/(transferred) under Income from State Government. Non-discretionary non-reciprocal transfers of net assets (i.e. restructuring of administrative arrangements) designated as Contributions by Owners (CBOs) under TI 955 are recognised directly to equity.		
(a) 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 <sup>(a)</sup>	312	200
--	-----	-----

(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.

## 16. Receivables

### Current

Receivables	713	1,512
GST receivable	92	38
	<b>805</b>	<b>1,550</b>

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

	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
<b>17. Amounts receivable for services (Holding Account)</b>		
Current	105	33
Non-current	4,993	3,234
	<u>5,098</u>	<u>3,267</u>

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.

**18. Other assets**

Current		
Prepayments	765	619

**19. Property, plant and equipment**

Computer Hardware		
At cost	83	6
Accumulated depreciation	(62)	(3)
Accumulated impairment losses	-	-
	<u>21</u>	<u>3</u>
Furniture and Fittings		
At cost	633	249
Accumulated depreciation	(413)	(87)
Accumulated impairment losses	(32)	(32)
	<u>188</u>	<u>130</u>

	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
Office Equipment		
At cost	136	61
Accumulated depreciation	(92)	(22)
Accumulated impairment losses	-	-
	44	39
Total	253	172

### 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:

			2011 \$000	2010 \$000
	Computer Hardware	Furniture and Fittings	Office Equipment	Total
	\$000	\$000	\$000	\$000
<b>2011</b>				
Carrying amount at start of year	3	130	39	172
Additions	-	-	5	5
Transfers	27	134	23	184
Impairment losses	-	-	-	-
Depreciation	(9)	(76)	(23)	(108)
Carrying amount at end of year	21	188	44	253
<b>2010</b>				
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

	2011 \$000	2010 \$000
<b>20. Intangible assets</b>		
Computer software		
At cost	192	-
Accumulated depreciation	-	-
Accumulated impairment losses	-	-
<b>Total intangible assets</b>	<b>192</b>	<b>-</b>
Reconciliation:		
Computer software		
Carrying amount at start of year	-	-
Additions	192	-
Classified as held for sale	-	-
Revaluation increments	-	-
Impairment losses recognised in Statement of Comprehensive Income	-	-
Impairment losses reversed in Statement of Comprehensive Income	-	-
Amortisation expense	-	-
<b>Carrying amount at end of year</b>	<b>192</b>	<b>-</b>

## 21. Impairment of assets

There were no indications of impairment to property, plant and equipment at June 30, 2011.

The Commission held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period the Commission held intangible assets comprising of software that were not yet available for use.

	2011 \$000	2010 \$000
<b>22. Payables</b>		
<b>Current</b>		
Trade payables	125	157
Accrued salaries	915	1,119
Accrued expenses	595	1,160
	1,635	2,436
<b>23. Provisions</b>		
<b>Current</b>		
Employee benefits provision		
Annual leave <sup>(a)</sup>	1,856	1,471
Long service leave <sup>(b)</sup>	2,485	1,731
48/52 leave arrangements	-	4
	4,341	3,206
Other provisions		
Employment on-costs <sup>(c)</sup>	2	2
	4,343	3,208
<b>Non-current</b>		
Long Service Leave <sup>(b)</sup>	894	765
Other provisions		
Employment on-costs <sup>(c)</sup>	1	0
	895	765

	2011 \$000	2010 \$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	934	590
More than 12 months after the reporting period	923	885
	1,857	1,475

(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	1,041	1,287
More than 12 months after the reporting period	2,340	1,209
	3,381	2,496

(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'.

#### Movement in Other Provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

#### Employment on-cost provision

Carrying amount at start of period	2	18
Additional provisions recognised	2	-
Payments/other sacrifices of economic benefits	(1)	(16)
Carrying amount at end of period	3	2

	2011 \$000	2010 \$000
<b>24. Equity</b>		
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.		
<b>Contributed equity</b>		
Balance at start of period	1,422	1,422
<b>Contributions by owners</b>		
Capital appropriation	-	-
<b>Transfer of net assets from other agencies <sup>(a)</sup></b>		
Net assets from the Office of the Public Sector Standards Commissioner	1,822	-
<b>Total Contributions by owners</b>	<b>3,244</b>	<b>1,422</b>
<b>Distributions to owners</b>		
Transfer of surplus cash to the Consolidated Account	(10,000)	-
<b>Total distributions to owners</b>	<b>(10,000)</b>	<b>-</b>
Transfer of debit balance to Accumulated Surplus	6,756	-
<b>Balance at end of period</b>	<b>-</b>	<b>1,422</b>

	2011 \$000	2010 \$000
<b>Accumulated Surplus/(Deficit) (Retained Earnings)</b>		
Balance at the start of the year	7,547	3,199
Result for the period	3,043	4,348
Income and expense recognised directly in equity	43	-
Transfer of debit balance from Contributed Equity	(6,756)	-
<b>Balance at the end of the year</b>	<b>3,877</b>	<b>7,547</b>
<b>Total Equity at the end of the period</b>	<b>3,877</b>	<b>8,969</b>

(a) A restructure of administrative arrangement resulted in all functions of the Office of the Public Sector Standards Commissioner being transferred to the Public Sector Commission with effect from 1 December 2010. For the reporting period, the Office of the Public Sector Standards Commissioner recognised the following expenses, income, assets, and liabilities attributed to the transferred activities:

### Expenses

Employee benefits expense	1,422	-
Supplies and services	183	-
Depreciation and amortisation expense	30	-
Accommodation expenses	164	-
Other expenses	44	-
	<b>1,843</b>	<b>-</b>

### Income

Service Appropriation	2,132	-
Other Revenues	3	-
Resources received free of charge	164	-
	<b>2,299</b>	<b>-</b>

	2011 \$000	2010 \$000
<b>Assets</b>		
Current assets		
Cash and cash equivalents	700	-
Receivables	363	-
Amounts receivable for services	72	-
	1,135	-
Non-current assets		
Restricted cash and cash equivalents	55	-
Amounts receivable for services	1,416	-
Plant and equipment	225	-
	1,696	-
<b>Liabilities</b>		
Current liabilities		
Payables	148	-
Provisions	462	-
	610	-
Non-current liabilities		
Provisions	399	-
	399	-

	2011 \$000	2010 \$000
<b>25. Notes to the Statement of Cash Flows</b>		
<b>Reconciliation of cash</b>		
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	3,325	9,570
Restricted cash and cash equivalents (refer to note 15)	312	200
	<u>3,637</u>	<u>9,770</u>
<b>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</b>		
Net cost of services	(19,927)	(18,714)
Non-cash items:		
Depreciation and amortisation expense (Note 8)	108	71
Impairment losses (Note 19)	-	-
Resources received free of charge (Note 14)	1,395	1,298
<b>(Increase)/decrease in assets:</b>		
Current receivables <sup>(a)</sup>	774	(862)
Other current assets	(146)	(250)

	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
<b>Increase/(decrease) in liabilities:</b>		
Current payables <sup>(a)</sup>	(722)	1,927
Current provisions	673	68
Non current provisions	(268)	(102)
Net GST receipts/(payments) <sup>(b)</sup>	66	
Change in GST in receivables /payables <sup>(c)</sup>	(53)	103
<b>Net cash provided by/(used in) operating activities</b>	<b>(18,100)</b>	<b>(16,461)</b>

(a) 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.

(b) This is the net GST paid/received, i.e. cash transactions.

(c) This reverses out the GST in the receivables and payables.

## 26. 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 Standards Commissioner - Accommodation	129	97
--	-----	----

**27. Commitments**

The commitments below are inclusive of GST where relevant

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:

Commitments for minimum lease payments are payable as follows:

	2011 \$000	2010 \$000
Within 1 year	1,697	1,158
Later than 1 year and not later than 5 years	78	1,140
Later than 5 years	-	-
	<u>1,775</u>	<u>2,298</u>

Motor vehicle leases as part of the "whole of Government" arrangement:

Within 1 year	75	56
Later than 1 year but not later than 5 years	53	38
Later than 5 years	-	-
	<u>128</u>	<u>94</u>

Accommodation leases occupied by the Commission:

Within 1 year	1,622	1,102
Later than 1 year and not later than 5 years	25	1,102
Later than 5 years	-	-
	<u>1,647</u>	<u>2,204</u>

**2011**  
**\$000**

**2010**  
**\$000**

## 28. Remuneration of Senior Officers

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:

\$	2011	2010
20,001 - 30,000	1	-
60,001- 70,000	1	-
70,001 - 80,000	1	-
100,001 - 110,000	1	-
120,001 - 130,000	-	2
130,001 - 140,000	2	-
140,001 - 150,000	1	-
180,001 - 190,000	-	1
200,001 - 210,000	-	1
210,001 - 220,000	-	1
240,001 - 250,000	1	-
250,001 - 260,000	1	-
440,001 - 450,000	-	1
470,001 - 480,000	1	-

Total remuneration of senior officers

1,652      1,302

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.

**29. Remuneration of Auditor**

2011	2010
\$000	\$000

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

Auditing the accounts, financial statements and performance indicators	62	46
--	----	----

**30. 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.

**Total appropriations provided to deliver services****Significant variances between estimate and actual for 2011**

	2011 Estimate \$000	2011 Actual \$000	Variance \$000
Net amount appropriated to deliver services	18,040	17,791	249
Section 25 Transfer of service appropriation	-	2,643	(2,643)

The Net amount appropriated to deliver services variance is primarily the result of a reduction to funding of \$292,000 for costs of staff who accepted a targeted severance package at the end of 2009-10. This is offset by reinstatement of Shared Services HR costs savings of \$96,000, CPI increases of \$7,000 and a reduction to accrual appropriations of \$60,000.

The section 25 transfer variance is due to the transfer of all functions of the Office of the Public Sector Standards Commissioner to the Commission effective 1 December 2010.

## Service expenditure

	2011 Estimate \$000	2011 Actual \$000	Variance \$000
<b>Significant variances between estimate and actual for 2011</b>			
Advice and Assistance	7,552	6,817	735
Public Sector Reform	4,510	2,471	2,039
Professional Development and Training	10,389	6,938	3,451
Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines	-	2,998	(2,998)
Advice and Evaluation of Equity and Diversity in Public Employment	-	1,135	(1,135)
Independent Chief Executive Officer Selection and Recruitment Advice	-	347	(347)

Advice and Assistance - The variance is due to the division operating below full FTE level for the year. In addition, the cost structure of the Commission changed following the merger with OPSSC on 1 December 2010 resulting in a change to the allocation of corporate and executive overheads.

Public Sector Reform - The variance is due to the division operating below full FTE level for the year. In addition, the cost structure of the Commission changed following the merger with OPSSC on 1 December 2010 resulting in a change to the allocation of corporate and executive overheads. There was also a shift of resources to the monitoring of compliance with the *Public Sector Management Act 1994* and the Public Interest Disclosure Act 2003 - one of the three services that transferred to the Commission following the merger.

Professional Development and Training - The variance is due to the division operating below full FTE level for the year. In addition, the cost structure of the Commission changed following the merger with OPSSC on 1 December 2010 resulting in a change to the allocation of corporate and executive overheads.

All functions of the Office of the Public Sector Standards Commissioner were transferred under a restructure of administrative arrangements to the Public Sector Commission with effect from 1 December 2010. The functions transferred related to services for the Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines, Advice and Evaluation of Equity and Diversity in Public Employment and Independent Chief Executive Officer Selection and Recruitment Advice. As such, the figures for the 2010-11 financial year include 7 months of combined operations.

**Total appropriations provided to deliver services**  
**Significant variances between the actual for 2011 and for 2010**

	<b>2011</b>	<b>2010</b>	<b>Variance</b>
	<b>Actual</b>	<b>Actual</b>	<b></b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Net amount appropriated to deliver services	17,791	20,876	(3,085)
Amount Authorised by Other Statutes	1,182	888	294

The Net amount appropriated to deliver services variance is primarily due to a reduction in funding in 2011 due to the cessation of the Accountability, Governance and Integrity program \$1.53 million and the Public Sector Improvement Initiative program of \$1.58 million.

The increase in funding for the Amount Authorised by Other Statutes is due to the full year impact of establishing Deputy Commissioner as SAT positions in 2010.

**Service expenditure**

**Significant variances between the actual for 2011 and for 2010**

Advice and Assistance	6,817	8,074	(1,257)
Public Sector Reform	2,471	4,816	(2,345)
Professional Development and Training	6,938	8,219	(1,281)
Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines	2,998	-	2,998
Advice and Evaluation of Equity and Diversity in Public Employment	1,135	-	1,135
Independent Chief Executive Officer Selection and Recruitment Advice	347	-	347

The variances are due to all division operating below full FTE level for the year. In addition, the cost structure of the Commission changed following the merger with OPSSC on 1 December 2010 resulting in a change to the allocation of corporate and executive overheads which were allocated across a larger number of services.

## 31. 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 31(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 31(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. 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:

<b>Financial Assets</b>	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents	3,325	9,570
Restricted cash and cash equivalents	312	200
Receivables <sup>(a)</sup>	5,811	4,779
<b>Financial Liabilities</b>		
Financial liabilities	1,635	2,436

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

## a. 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)

	Interest rate exposure				Past due but not impaired							Impaired Financial assets
	Weighted average effective interest rate	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
<b>2011</b>												
Cash and cash equivalents	-	3,325	-	3,325	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	312	-	312	-	-	-	-	-	-	-	-
Receivables (a)	-	713	-	713	35	-	-	-	-	-	-	-
Amounts receivable for services	-	5,098	-	5,098	-	-	-	-	-	-	-	-
		9,448	-	9,448	35	-	-	-	-	-	-	-
<b>2010</b>												
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	-	-	-	-	-	-	-

(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	Interest rate exposure				Adjustment for discounting	Total Nominal Amount	Maturity dates					
		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
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial Liabilities</b>													
<b>2011</b>													
Payables	-	1,635	-	1,635	-	-	1,635	-	-	-	-	-	-
Other liabilities		-	-	-	-	-	-	-	-	-	-	-	-
		1,635	-	1,635	-	-	1,635	-	-	-	-	-	-
<b>2010</b>													
Payables	-	2,436	-	2,436	-	-	2,436	-	-	-	-	-	-
Other liabilities		-	-	-	-	-	-	-	-	-	-	-	-
		2,436	-	2,436	-	-	2,436	-	-	-	-	-	-

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.

### 32. Events occurring after the end of the reporting period

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

### 33. 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 \$599,000 for 2010-11 (\$581,000 in 2009-10) received via the Commission.

### 34. 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.

# Key Performance Indicators

## Certification of Key Performance Indicators for the year ended 30 June 2011

I hereby certify that the key 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 2011.



M C Wauchope  
ACCOUNTABLE AUTHORITY  
4 August 2011

# Key Performance Indicators

## for the year ending 30 June 2011

Amendments to the PSM Act that became effective on 1 December 2010 provided in part for the merger of OPSSC with PSC. On 30 November 2010 OPSSC ceased operations with all functions previously undertaken by OPSSC transferring to PSC.

Treasurer's Instruction 904 provides that if there are no approved changes to an agency's outcome based management structure and indicators of performance, the services, desired outcomes and related key performance indicators existing for each agency at the time of the merger should be reported in the annual report of the transferee agency for the year that the merger occurred. As such, for the year ending 30 June 2011 the key performance indicators reported by the Commission are the indicators reported in previous years by each of the Public Sector Commission and the former Office of Public Sector Standards Commissioner. For subsequent years the Commission will develop and report against performance indicators that are better aligned with its strategic goals and government outcomes.

The Western Australian Government has determined broad goals that it requires agencies to achieve through the delivery of services. Both agencies were 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”.

As a result of the merger, the Commission realises this goal by providing services that achieve the following two agency level

government desired outcomes:

“To assist agencies deliver services to the community with excellence and integrity”, and since the merger,

“The principles of merit, equity, probity and integrity underpin official conduct and human resource management of public authorities in Western Australia”.

The Commission provides the following services to public sector agencies:

- Advice and Assistance
- Public Sector Reform
- Professional Development and Training
- Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines
- Advice and Evaluation of Equity and Diversity in Public Employment
- Independent Chief Executive Officer Selection and Recruitment Advice

The last three services became the responsibility of the Commission following the merger with OPSSC on 1 December 2010.

## Measurement of Agency Level Outcomes

### Key Effectiveness Indicators

The Commission’s key effectiveness indicators provide a measure of the extent to which its activities are achieving, or have made progress towards achieving the two agency level outcomes. Departments and Ministerial offices are considered to be the key agencies that deliver services to the community, and are therefore the primary focus of the Commission’s services. However in certain circumstances legislation for which the Commission is responsible also impacts upon statutory authorities, universities, local governments and boards and committees.

To measure how effective the Commission was at “Assisting agencies to deliver services to the community with excellence and integrity” during 2010-11, a survey was mailed to the Chief Executive Officers of Departments defined under Section 35 of the PSM Act, and Ministers and/or their Chiefs of Staff. The survey included the following questions with the measure for the effectiveness performance indicator calculated as the average of these two 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?

A total of 37 (46 in 2009-10) CEOs and Chiefs of Staff out of 50 (52 in 2009-10) responded to the survey providing a very high response rate of 74% (88.5% in 2009-10). As was the case for

2009-10, respondents were required to answer either excellent, good, fair, poor or undecided, and performance was measured as the percentage of clients who responded to the questions with ratings of ‘fair’ to ‘excellent’. Although the key survey questions remained unchanged from that conducted in 2009-10, last year’s survey was conducted face-to-face between the Public Sector Commissioner and the relevant CEO or Chief of Staff.

The 2010-11 result of 97% is slightly lower than last year but exceeds the target measure of 95%.

Key Effectiveness Indicator	Budget 2010-11	Actual 2010-11	Actual 2009-10
Outcome: “Assisting agencies to deliver services to the community with excellence and integrity”			
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.	95%	97.1%	97.9%

Respondents felt that the Commission provided high quality advice and training on the implications of the changes to the PSM Act and the new Commissioner’s Instructions. Other important services rated highly by respondents were: professional leadership training courses including, resources and tools; ethical and accountable decision making training and tools; and the Commission’s ability to work closely with agencies on a variety of matters.

To measure how effective the Commission was at ensuring that “The principles of merit, equity, probity and integrity underpin official conduct and human resource management of public authorities in Western Australia” a series of key performance indicators used by the former OPSSC were adopted by the Commission. The merged structure of the Commission ensured that the services provided by OPSSC remained distinct from other Commission operations and were performed by the same staff. This was done to maintain continuity of service and service level from the time the merger occurred. As a consequence, the following measures of performance apply to both the pre- and post-merge period of the 2010-11 financial year.

Key Effectiveness Indicator	Budget 2010-2011	Actual 2010-2011	Actual 2009-2010
<b>Outcome: The principles of merit, equity, probity and integrity underpin official conduct and human resource management of public authorities in Western Australia</b>			
Percentage of public authorities who have provided all reports as required by legislation (a)	100%	100%	95%
Percentage of public authorities who have met the minimum requirements (a)	100%	94%	95%
Percentage of public authorities provided with assistance on the principles of merit, equity, probity and integrity in official conduct and human resource management during the year (b)	100%	100%	100%
Percentage of public authorities who agree that feedback through the Public Sector Commission survey process has increased their understanding of the principles of merit, equity, probity and integrity in official conduct and human resource management (c)	95%	93%	87%
Percentage of breach of standard claims and matters referred to the Public Sector Commission that are handled within specified timeframes (d)	87%	72%	79%
Percentage of CEO appointment recommendations where the Minister for Public Sector Management has indicated he/she is satisfied with the process (e)	100%	100%	100%

(a) This indicator refers to mandatory reporting by public sector agencies and authorities under Section 31 of the PSM Act, the *Public Interest Disclosure Act 2003* (PID Act); and Part IX, S.146 of the Equal Opportunity Act 1984 (EO Act). Reports received are assessed to determine the proportion of agencies and authorities that have met minimum requirements of ensuring and monitoring that the principles of merit, equity, probity and integrity in official conduct and human resource management have been met. Data for the measure is collected through the Annual Agency Survey which contains over 60 questions. Submission of the completed survey provides sufficient information to determine whether the public authority has provided all reports required by legislation. Review of the responses identifies whether the minimum requirements have been met. In 2010-11 the survey was sent to 126 public authorities with 118 (94%) respondents.

(b) This indicator measures how much the Commission has penetrated public authorities through direct awareness raising activities focusing on the principles of merit, equity, probity and integrity in official conduct and human resource management, as specified in the PSM Act; the PID Act and Part IX, s.146 of the EO Act. It refers to direct assistance (including newsletters and email updates) and consultancy services, customised agency presentations and general public sector presentations. In 2010-11, the Commission created a range of specific products for use within the public sector and offers a full range of consultancy services, education and customised training packages and online learning tools. The Commission also assisted agencies through its community of practice which supported professional networks for practitioners and contacted agencies through a range of online networks including HR Share, Policy Net and PSWA Announce.

(c) This indicator refers to increased understanding of issues related to compliance with Section 31 of the PSM Act; the PID Act; and Part IX, s.146 of the EO Act, measured using client satisfaction surveys issued at training workshops, forums and presentations conducted by the Commission. This includes surveys of chief executive officers and director generals as well as public sector employees. Only questions in surveys that include the wording 'increased understanding of issues' are included in the measure for this key performance indicator.

(d) This indicator measures the Commission's effectiveness in assessing breach claims and matters of referrals. It measures the time taken to complete the investigation into and report on breach of standards and other matters referred to the Commission against predetermined time frames, usually 90 days. This was chosen in preference to the proportion of breach claims upheld, as the latter figure could be significantly influenced by how much the Commission penetrates the sector. For example, increased assistance and education activities may increase the number of claims lodged. Alternatively, low breach claim activity could also indicate that the sector is meeting the principles of merit, equity, probity and integrity in official conduct and human resource management, when in reality it may simply reflect a lack of awareness of the principles and/or the claim process.

(e) Amendments to the PSM Act effective 1 December 2010 transferred primary responsibility under section 45 and 46 for the appointment and reappointment of Chief Executive Officers from the Minister for Public Sector Management to the Public Sector Commissioner. Therefore this indicator relates only to the period of the financial year prior to 1 December 2010. The measure for this indicator for the period prior to 1 December 2010 was obtained via direct survey of the Minister (or delegate). For that period,

the Minister (or delegate) was the single key customer and hence the Minister's (or delegate's) satisfaction with the process was considered to be a reasonable indicator of performance.

### Key efficiency indicators

Key efficiency indicators provide a measure of the cost of inputs required to achieve outcomes. In all instances the Commission's indicators include all direct costs associated with the particular service and, a share of the corporate and executive support costs allocated to each service in accordance with the number of Full-Time Equivalent (FTE) employed. Exceptions to this are the value of grants paid during the year, that is \$252,000 (\$620,000 in 2009-10) and the cost of redeployees from other agencies, that is \$1,568,000 (\$2,434,000 in 2009-10) which are excluded because it is considered that they are not a cost of delivering services.

This year, the indicators have been expanded to include three indicators reported for services provided by the former OPSSC. Efficiency indicators reported for the three services transferred to the Commission following the merger with OPSSC include the direct costs and allocated overheads for OPSSC for the period up until the merger on 1 December 2010, and show separately the portion of the indicator that relates to this period and also the period since the merger date.

### Service 1 Advice and Assistance

This indicator measures the cost to the Commission of providing advice and assistance services to client agencies on 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 PSM Act and subsidiary legislation
- the review and establishment of executive structures, and the creation, classification and remuneration of CEOs and senior executive service (SES) positions
- redeployment and severance policy and advice
- information and communication technology initiatives
- disciplinary matters and investigations
- boards and committees good governance and remuneration.

The actual average cost for 2010-11 is less than the target and the 2009-10 actual cost primarily because the service operated below full FTE levels during 2010-11 resulting in significantly lower than expected direct costs. In addition, as a consequence of the merger, the Commission has a different cost structure affecting the allocation of corporate and executive overheads which has resulted in a reduction in the allocation of overheads to this service.

Efficiency Indicator for Service 1 <sup>(1)</sup>	2010-2011 Budget/Target \$	2010-2011 Actual \$	2009-2010 Actual \$
Average cost of advice and assistance services provided per client	40,830	30,409	32,737

<sup>1</sup> Grants of \$18,182 for 2010-11 have been excluded from this indicator as they are not considered to be a cost of delivering service.

## Service 2 Public Sector Reform

This service provides advice, policies and direction in public sector reform in order to 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; and developing CEO, employee and agency performance frameworks.

The average cost per reform initiative indicates the average 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 comprised 17 initiatives, most of which 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 involves the 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 commenced in 2009-10 and is expected to be completed over three financial years.

The actual average cost per client of supporting policies and frameworks for 2010-11 is in line with the target. It is however considerably lower than the 2009-10 actual due to the shift of resources during 2010-11 to ensure agencies and authorities are complying with requirements of the PSM Act and PID Act (Service 4). There is also a continued but reduced focus on implementing reform initiatives and a slight reduction in corporate and executive costs allocated to this service due to a change to the Commission's cost structure as a consequence of the merger with OPSSC.

The average cost per major reform for 2010-11 is similar to the budget target but is significantly less than the 2009-10 actual. Despite the same number of projects being completed, the average cost has fallen because there were fewer resources applied to establishing the reform program and planning individual reform initiatives in 2010-11 compared with 2009-10. For 2010-11 staff could concentrate on completing projects. In addition, costs have reduced due to a shift of resources away from reform work towards ensuring agency compliance with the PSM Act and other legislative and policy requirements (Service 4).

Efficiency Indicators for Service 2 <sup>(1)</sup>	2010-2011 Budget/Target \$	2010-2011 Actual \$	2009-2010 Actual \$
Average cost per client of supporting policies and frameworks	5,115	5,736	29,273
Average cost per major reform initiative	402,263	396,390	748,827

<sup>1</sup> Grants of \$5,490 for 2009-10 have been excluded from this indicator as they are not considered to be a cost of delivering service.

### Service 3 Professional Development and Training

This service provides professional development and training courses focussed 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 Senior Executive Service development.

The average cost per participant is lower than the budget target and the 2009-10 actual amount due to a significant increase in the number of courses run to explain to the sector the implications of legislative changes and new Commissioner's Instructions. Additional courses have also been run for ethical and accountable decision making and other key training courses. The additional courses have created a five fold increase in participants thus reducing the per participant cost considerably. The number of courses run was significantly greater than had been anticipated in the budget.

The average cost per reform initiative was consistent the budget target. It was however markedly less than the 2009-10 Actual. This year 3 reform projects were completed compared to one

last financial year. The cost differences reflect that resources were applied late last financial year as initiatives had not been developed sufficiently by the Reform Group (refer Service 2) to allow Professional Development and Training resources to be applied. For 2010-11, milestones had been reached where more effective progress could be made on projects.

Efficiency Indicators for Service 3 <sup>(1)</sup>	2010-2011 Budget/Target \$	2010-2011 Actual \$	2009-2010 Actual \$
Average cost per participant	1,286	435	3,269
Average cost per public sector reform initiative developed for implementation	583,009	582,342	621,145

### Service 4 Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines

The Commissioner's main functions under this service area include:

- establishing standards of merit, equity and probity, ethical codes under the PSM Act and codes and guidelines under the PID Act
- monitoring compliance with public sector standards, code of ethics, codes of conduct, the general principles of human resource management and official conduct under the PSM Act
- reporting on the extent of compliance in the public sector with

<sup>1</sup> Grants of \$233,944 in the 2010-11 actual, \$414,000 in 2010-11 Budget/target and \$615,010 in 2009-2010 actual have been excluded from this efficiency indicator as they are not considered to be a cost of service delivery.

the general principles, standards and ethical codes under the PSM Act and the extent of compliance by public authorities with the PID Act

- assisting public authorities to develop their capacity to operate in accordance with agency specific codes of conduct, consistent with the Western Australian Public Sector Code of Ethics, principles of official conduct, ethical codes, and Public Sector Standards in Human Resource Management.

This indicator illustrates the average cost per public authority for developing, monitoring and assisting compliance with the principles, standards and ethical codes under the PSM Act and provisions of the PID Act.

The indicator is consistent with the target and exceeds the 2009-10 actual indicator because the Commission is applying more resources to monitoring of legislative compliance by agencies. In addition, the Commission's cost structure following the merger resulted in higher corporate and executive overheads being applied to this service than the previous year.

The average cost prior to the 1 December 2010 merger based on the figures in the audited final report for OPSSC is \$3,539 compared with the average cost after that date of \$6,833. Due to the different time periods, number of agency contacts and different cost structure between OPSSC and the PSC, the figures are not comparable.

Efficiency Indicators for Service 4	2010-11 Budget/ Target \$ <sup>(a)</sup>	2010-11 Actual \$ <sup>(b)</sup>	2009-10 Actual \$ <sup>(c)</sup>
Cost of assistance and monitoring per public sector agency for the <i>Public Sector Management Act 1994</i> and for the <i>Public Interest Disclosure Act 2003</i>	10,206	10,372	8,964

### Service 5 Equal Employment Opportunity Advice and Evaluation of Equity and Diversity in Public Employment

This service area works to create a workforce matching the diversity of people found in the Western Australian community at all levels of public employment as well as promoting a work environment that is inclusive and free from discrimination. The main activities performed under this service in 2010-11 included:

- providing assistance to public authorities in developing business focused Equal Employment Opportunity (EEO) Management Plans consistent with their obligations under Part IX of the EO Act, government policy objectives and best practice in human resource management
- coordinating or participating in the development and implementation of sector-wide and targeted strategies and initiatives to increase workforce equity and diversity and as well as supporting legislative compliance

a) As printed in the 2010-11 Budget Statements for OPSSC.

b) Includes costs totalling \$1,192,766 reported by OPSSC in the Final Report for the period to 30 November 2010 to provide full year costs for comparison purposes.

c) As reported in the 2009-10 Annual Report for OPSSC.

- monitoring, evaluating and reporting on the progress of public authorities and whole-of-government in equal employment opportunity and diversity.

This indicator shows the average cost per public authority for reporting on compliance with Part IX of the EO Act and helping public authorities achieve a more diverse workforce.

The indicator is higher than target and the 2009-10 actual indicator because the Commission is employing additional resources to this service, by ensuring that the principles of EEO are applied in all aspects of its training and advice to agencies. In addition, the Commission's cost structure results in higher corporate and executive overheads being applied to this service than the previous year.

The average cost prior to the 1 December 2010 merger based on the figures in the audited final report for OPSSC was \$2,587 compared with the average cost after that date of \$6,004. Due to the different time periods and different cost structures between the OPSSC and the PSC, the figures are not readily comparable.

<b>Efficiency Indicators for Service 5</b>	<b>2010- 2011 Budget/ Target \$</b> (a)	<b>2010- 2011 Actual \$ (b)</b>	<b>2009- 2010 Actual \$</b> (c)
Cost of assistance and monitoring per public sector agency and authority for Part IX of the <i>Equal Opportunity Act 1984</i>	4,412	7,766	4,450

## Service 6: Independent Chief Executive Officer Selection and Reappointment Advice

Until changes to the PSM Act became effective on 1 December 2010, this service supported the Acting Commissioner for Public Sector Standards in the provision of independent advice to the Premier as Minister for Public Sector Management about the suitability of persons for appointment as Chief Executive Officers. The process typically included performing or arranging for independent executive recruitment consultants to perform all or some of the aspects of the recruitment process from advertising vacant positions, executive searches and applicant assessment to final recommendation for a position. The Acting Commissioner also provided independent advice when requested to the Premier about the reappointment of existing Chief Executive Officers.

Following the legislative changes on 1 December 2010, primary responsibility for recommending the appointment and reappointment of CEOs transferred from the Premier as Minister for Public Sector Management to the Public Sector Commissioner.

This indicator shows the average cost per selection for providing independent chief executive officer selection advice to the Minister under section 45 and 48 of the PSM Act. Vacancy numbers vary from year to year but costs may not vary in line with these movements.

a) As printed in the 2010-11 Budget Statements for OPSSC.

b) Includes costs totalling \$481,208 reported by OPSSC in the Final Report for the period to 30 November 2010 to provide full year costs for comparison purposes.

c) As reported in the 2009-10 Annual Report for OPSSC.

The indicator is higher than target and the 2009-10 actual indicator because the number of appointments made during 2010-11 was significantly less than anticipated and less than last year. A number of appointments expected to be made in 2010-11 were delayed pending the outcome of reviews of agencies and agency structures. The cost for the year also included additional overhead allocation following the merger.

The average cost prior to the 1 December 2010 merger based on the figures in the audited final report for OPSSC is \$84,753 compared with the average cost after that date of \$173,207. Due to the different time periods and different cost structures between OPSSC and the PSC, the figures are not readily comparable.

Efficiency Indicators for Service 6	2010-11 Budget/Target \$ <sup>(a)</sup>	2010-11 Actual \$ <sup>(b)</sup>	2009-10 Actual \$ <sup>(c)</sup>
Cost per CEO selection	66,996	128,980	98,567

## Other Financial Disclosures

### Pricing policies

The Commission charges for certain professional development courses that it provides. Fees and charges for professional development activities are based on full cost recovery principles except where it is deemed that full cost recovery will result in a significant fall in participants and impact the dissemination of key messages to the public sector. Where full cost recovery is

a) As printed in the 2010-11 Budget Statements for OPSSC.

b) Includes costs totalling \$169,505 reported by OPSSC in the Final Report for the period to 30 November 2010 to provide full year costs for comparison purposes.

c) As reported in the 2009-10 Annual Report for OPSSC.

not deemed appropriate, a portion of full cost, usually 50 per cent, is applied. All fees were approved by the Premier and the Department of Treasury and Finance as part of the annual budget process.

## Act of Grace Payment

In May 2011, the Commission made an Act of Grace Payment of \$884.22 to assist with the cost of returning personal possessions of a deceased staff member to Queensland.

## 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 TI903 (14).

## Ministerial Directives

The Premier directed the Commissioner to arrange for a Special Inquiry into the Perth Hills Bushfire pursuant to section 24H(2) of the PSM Act. According to section 24H(4) of the PSM Act, the text of the direction to the Public Sector Commissioner is to be included in the Annual Report.



### Premier of Western Australia

Mr Malcolm Wauchope  
Public Sector Commissioner

#### DIRECTION TO UNDERTAKE A SPECIAL INQUIRY

During the weekend of 5 and 6 February 2011, Perth experienced major bushfires in the hills area resulting in an extensive loss of private and public property. Although a review has already commenced regarding the role and response of the Fire and Emergency Services Authority, broader issues require examination, including the role, response and coordination of the public sector and all other levels of government.

Mr Mick Keelty APM the former Commissioner of the Australian Federal Police has the appropriate skills and has advised that he is available to undertake an inquiry and prepare a report. I would like a report to be provided to me within 4 months.

Accordingly, pursuant to sections 24H(2) and (3) of the *Public Sector Management Act 1994* I hereby direct you to arrange for the holding of a special inquiry into all aspects of bushfire risk management in the Perth hills area with specific reference to:

1. The adequacy of current preventative measures specifically prescribed burning and other bushfire mitigation activities.
2. The impact of land use, environmental and building laws, practices and policies in the affected areas, affecting bushfire prevention, mitigation and response and what, if any changes may be required.
3. The actions that can and should be taken by landowners, residents and tenants in relation to bushfire risk management including undertaking vegetation clearance, operation of evaporative air-conditioners and storage and/or removal of hazardous inflammable material surrounding their dwellings and building. This should include consideration of associated enforcement regimes and penalties.
4. The adequacy and effectiveness of information and communication campaigns and mechanisms, including systems for alerting residents in relation to the fire or potential fires.
5. Improvements that can be made in relation to the coordination of activities across all levels of government, including with volunteer groups.

Colin Barnett MLA  
PREMIER

23 FEB 2011

197 St Georges Terrace, Perth, Western Australia 6000  
Telephone: +61 8 9222 9888 Facsimile: +61 8 9322 1213 Email: [WA-Government@dpc.wa.gov.au](mailto:WA-Government@dpc.wa.gov.au)  
[www.premier.wa.gov.au](http://www.premier.wa.gov.au)

# Other Legal Requirements

## 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 2010-2011 was \$106,308
2. Expenditure was incurred in the following area

Advertising agencies	\$101,808.00
Adcorp Marketforce	Nil
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	Nil
Media advertising organisations	\$4,500.00

## Compliance with Public Sector Standards and Ethical Codes

### *Public Sector Management Act 1994, section 31(1)*

The following guidelines are provided by the Commission, in accordance with section 31(1) of the PSM Act:

In accordance with section 31(1) of the PSM Act, the Commission fully complied with regard to 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 its vision, purpose and values as well as a statement setting out how the Commission will measure its success in achieving these aims. All Job Description Forms also state that the Commission supports equal employment opportunities for existing and potential officers.

The Commission is committed to continually seeking opportunities to improve 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 awareness raising of officers. Training in Accountability and Ethical Decision Making, and Records Awareness forms part of the induction for new Officers.

## Disability Access and Inclusion Plan Outcomes

### *Disability Services Act 1993, section 29*

In September 2010, the Commission lodged its finalised Disability Access and Inclusion Plan (DAIP) with the Disabilities Services Commission, and in December 2010 was advised that the DAIP met the requirements of the *Disability Services Act 1993*. The DAIP outlines the Commission's commitment to ensuring people with disabilities, their families and carers are able to access the Commission's services, facilities and information, thereby providing them with the same opportunities, rights and responsibilities enjoyed by all other people in the community.

The Commission has submitted its first DAIP Progress Report to the Disability Services Commission and is planning its actions and strategies for the upcoming year.

## 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.

The Commission's Record Keeping 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**

Under section 28(2) of the *State Records Act 2000*, a government organisation must review its Record Keeping Plan, whenever there is significant change to the organisation's functions.

With the abolition of OPSSC, as from and including 1 December 2010, relevant functions of the OPSSC are performed by the Public Sector Commissioner. In addition, the *Public Sector Reform Act 2010* provided new roles and status of the Public Sector Commissioner.

As such, the Commission's Record Keeping Plan was revised to reflect legislative changes, submitted to the State Records

Commission for consideration and was approved on 8 April 2011.

The Record Keeping Plan continues to focus on improving compliance with State Records Commission Standard 8 (Digital Recordkeeping), especially with the impending relocation to Dumas House in early 2012.

To support compliance with Standard 8, the Commission is continuing the ongoing implementation of TRIM electronic records system and digitisation of hard copy records. This year, 76 sessions and 65 hours of training were provided to support a general records system user base of 62 people.

The Commission shares common records management procedures and controlled vocabulary with DPC. These are reviewed annually by the File Classification Working Group and approved before use.

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

Records Awareness Training (RAT) online service has been provided by DPC since the inception of the Commission. However, the Commission has now acquired its own RAT licensing, to complement the employee induction online services provided by Techniworks. The RAT system is endorsed by the State Records Office. Training is offered to all staff, giving them a standardised understanding of record keeping roles and responsibilities.

Participation statistics for the Commission are 31 enrolled and 100% complete.

This year 32 record related internal publications were produced and made available to the Commission, including induction books, service updates and training manuals.

### **Review of efficiency and effectiveness of the record keeping training program**

Last year's RAT feedback indicated a high approval rate for the course content and understanding of recordkeeping roles and responsibilities. The awareness of record keeping is further complemented with Section 6 of the Commission's Code of Conduct.

A new survey is planned after the relocation to Dumas House to keep a more accurate assessment and feedback from new and existing staff. The last survey 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. TRIM training is also provided to new employees as required, to encourage effective use of the recordkeeping abilities of the electronic database.

Record keeping roles and responsibilities are also included in AEDM training and the 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*.

## 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' safety and health management practices, including education, training, reporting, discussion and accountability.

The Commission established its OSH Committee in February 2010. Each division has an elected representative, who is accessible to all employees and management for discussion and consultation on safety and health matters in the workplace. The OSH Committee comprises the 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 has been critical in developing and implementing the Commission's OSH policies and procedures. One of this year's achievements was training 61% of managers in their OSH and injury management roles and responsibilities.

The Commission takes a proactive approach to injury management, and has established its 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.

A major project this year involved working closely with an external assessor to ensure the Commission's occupational safety and health management systems met WorkSafe's criteria, as set out in the WorkSafe Plan. The Commission was awarded a silver certificate of achievement for its OSH management systems. The Commission has achieved the following against the targets:

Indicator	Target	Performance
Number of Fatalities	Zero	Zero fatalities
Lost time injury/disease incidence rate	Zero or 10% reduction on the previous year	Zero lost time injuries
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
Percentage of managers trained in occupational safety, health and injury management responsibilities	Greater than or equal to 50%	61% of managers trained

# Salaries and Allowances Tribunal

## Salaries and Allowances Tribunal

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.

The Treasurer has determined that the Tribunal is to be an “affiliated body” of the Commission in accordance with section 60(1)(b) of the *Financial Management Act 2006* (FMA).

As an affiliated body of an agency under the FMA, the Tribunal’s statutory operational independence is recognised. This independence is also recognised by the Tribunal’s separate parliamentary budget appropriation and resource agreement with the Premier and Treasurer.

Under these financial arrangements, the 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 Commission.



responsive  
professional  
collaborative  
innovative  
passionate

