



**PSC** | Public Sector  
Commission

# Annual report 2011/12

# 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 30 June 2012.

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



M C Wauchope  
ACCOUNTABLE AUTHORITY  
11 September 2012

## Enquiries:

Public Sector Commission  
Dumas House, 2 Havelock Street, West Perth 6005  
Locked Bag 3002, West Perth WA 6872  
Telephone: (08) 6552 8500 Fax: (08) 6552 8501  
Email: [admin@psc.wa.gov.au](mailto:admin@psc.wa.gov.au)  
Website: [www.publicsector.wa.gov.au](http://www.publicsector.wa.gov.au)

## © State of Western Australia 2012

There is no objection to this publication being copied in whole or part, provided there is due acknowledgement of any material quoted or reproduced from the publication. Published by the Public Sector Commission (Western Australia), September 2012. Copies of this report are available on the Public Sector Commission website at [www.publicsector.wa.gov.au](http://www.publicsector.wa.gov.au)

## Accessibility

Copies of this document are available in alternative formats upon request.

# Contents

- Commissioner’s overview..... 5**
- Executive summary..... 6**
- Agency overview ..... 8**
  - Performance management framework ..... 12
- Significant issues impacting the agency ..... 14**
- Profile of the Commission ..... 15**
- Agency performance..... 20**
  - Financial targets..... 20
  - Summary of key performance indicators ..... 21
- Accountability, policy and performance ..... 23**
  - Directed inquiries ..... 23
  - Assessing compliance with standards and ethical codes ..... 26
  - Public interest disclosure reviews ..... 29
  - Policy advice..... 29
  - Legislation and subsidiary instruments reform ..... 30
  - Performance reporting ..... 32
  - Annual agency survey ..... 33
  - Employee perception survey (EPS)..... 33
  - Human resource minimum obligatory information requirement (HRMOIR) ..... 33
  - Data and information management ..... 34
- Agency support ..... 36**
  - Boards and committees..... 36
  - Chief executive officers ..... 37
  - Disciplinary matters..... 41
  - Machinery of government ..... 41
  - Recruitment and advertising management system (RAMS)..... 41
  - Redeployment and severance..... 42
  - Senior executive service (SES) ..... 43
  - Information and communications technology (ICT) ..... 44

<b>Capability and development.....</b>	<b>45</b>
Leadership.....	45
Workforce and diversity planning.....	49
Recruiting a skilled public sector workforce.....	51
Developing public sector employees.....	53
Ethics and accountability.....	54
Public interest disclosure (PID).....	55
Advising public authorities.....	55
Integrity Coordinating Group (ICG).....	55
Regional development.....	56
Events.....	58
<b>Other services.....</b>	<b>61</b>
Website redevelopment.....	61
Australian Honours System.....	61
Register of lobbyists.....	61
<b>Disclosures and legal compliance.....</b>	<b>62</b>
Certification of financial statements.....	62
Auditor General's report.....	63
Statement of comprehensive income.....	66
Statement of financial position.....	67
Statement of changes in equity.....	68
Statement of cash flows.....	69
Schedule of income and expenses by service.....	71
Schedule of assets and liabilities by service.....	73
Summary of consolidated account appropriations and income estimates.....	74
Notes to the financial statements.....	75
<b>Key performance indicators.....</b>	<b>113</b>
Certification of key performance indicators.....	113
Overview of key performance indicators.....	114
Measurement of agency-level outcomes.....	115
<b>Other legal requirements.....</b>	<b>124</b>
Expenditure reporting in accordance with the Electoral Act.....	124
Compliance with public sector standards and ethical codes.....	124
Disability access and inclusion plan outcomes.....	125
Record keeping plan.....	125
Freedom of information.....	127
<b>Salaries and Allowances Tribunal.....</b>	<b>128</b>

# Commissioner's overview



The *Annual report 2011/12* demonstrates the Public Sector Commission's continuing work to bring leadership and expertise to the public sector to enhance integrity, effectiveness and efficiency.

The Commission continued to deliver a range of services to the sector, including building on reforms introduced by the *Public Sector Reform Act 2010*, and providing ongoing guidance and support to agencies through instructions, policy frameworks and professional development initiatives. The Commission also increased its presence in regional Western Australia, improving access to our services.

Promoting an effective and ethical public sector, the *State of the sector 2011* report, released in November 2011, provided parliament and agencies with an overview of the sector's performance.

The Commission arranged for the undertaking of two high-profile inquiries and provided the necessary administrative support. The causes and circumstances of the Margaret River bushfire were investigated by Mr Michael Keely APM, and the Honourable Peter Blaxell undertook the St Andrew's Hostel inquiry. I thank both Mr Keely and Mr Blaxell for their valuable contributions.

I recognise that the Commission has operated in an environment of financial constraint and will ensure the Commission continues to evaluate its performance to ensure services can be delivered professionally and in a sustainable manner.

As Commissioner, I am committed to the efficient and effective management of the sector. Over the past twelve months the Commission has continued to improve its services, standards, governance and capabilities, and I commend those who have worked with and supported the Commission during this period. In particular, I wish to express my appreciation of the high standard of professionalism and work by Commission staff.

A handwritten signature in blue ink, appearing to read 'M C Wauchope'.

M C Wauchope  
PUBLIC SECTOR COMMISSIONER

# Executive summary

A key focus of the Commission in 2011/12 was to promote an effective and ethical public sector, and continue to position the Commission as an independent authority, balancing its policy, assistance and oversight roles.

The Commission's activities in 2011/12, detailed further in this report, included:

## **Significant matters**

The Commission was directed to undertake special inquiries into the causes of the 2011 Margaret River bushfire and related matters, and into the conduct and response of public officials and government agencies in relation to allegations of sexual abuse at St Andrew's Hostel in Katanning.

The Commission completed 100 matters of referral, including significant matters such as an investigation into the information management practices of the Department of Education as they related to transmittal of a report on the Carson Street School. The Commission also provided policy advice on a number of matters, including advice to the Premier on issues relating to the Kimberley Ultramarathon.

The Commission played a major role in the implementation of machinery of government changes, including the abolition of the Office of Energy and the transfer of its roles and functions to a Public Utilities Office, and the creation of the Metropolitan Redevelopment Authority. The Commission also provided advice to Government and agencies on a range of machinery of government changes, including the proposed abolition of the Western Australian College of Teaching to be effected through the Teacher Registration Bill 2011.

## **Monitoring the sector's performance**

In November 2011, the Commissioner tabled the *State of the sector 2011* report in parliament, in line with his role to monitor and report on the state of administration and management of the public sector. Preparation of the report involved significant input from staff across the Commission, and also from CEOs and public sector employees who contributed by completing surveys and providing case study information.

Considerable work was also undertaken in the period to plan for the tabling of the 2012 report. Two performance reviews were commenced—the first into how agencies promote integrity and the second into employee performance management.

## **Public sector management**

In 2011/12, eight CEOs were appointed and 16 CEO reappointments were undertaken. With regard to CEO performance agreements, the Commission consulted with CEOs and responsible authorities to identify opportunities to improve the efficiency and effectiveness of the process, leading to the development of additional support resources.

Four Commissioner's instructions were approved to come into effect, relating to publishing a public sector notice, workforce data reporting obligations, the code of ethics, and codes of conduct and integrity training. A further eight Commissioner's instructions were drafted and subject to consultation.

The Commission continued to advise boards and committees on appropriate governing structures, best practice in the conduct of board meetings, and board roles and responsibilities. A biannual review of the boards and committees remuneration and policy framework was also undertaken, with amendments to be applied in 2012/13.

In recognition of public sector excellence and achievement, the Commission supported the 17th Premier's Awards and hosted the annual 'Excellence in the public sector' conference.

## **Workforce planning, employment and development**

In collaboration with agencies and Aboriginal employees across the sector, the Commission developed the *Aboriginal employment strategy 2011–2015* and established a dedicated Aboriginal Employment Unit to focus on long-term, sustainable employment opportunities and career pathways for Aboriginal people across the sector. The Commission also employed 30 Aboriginal young people in traineeship positions, who were seconded to a variety of public sector agencies.

The Commission provided a range of recruitment programs, particularly to introduce young people to public sector employment. New employees across the sector also had the opportunity to attend the Commission's induction seminars, supported by the development of a new handbook to complement existing induction tools and agency programs.

To develop those already in the sector, the Commission delivered 460 professional development sessions to more than 11 000 participants. Additionally, the inaugural 'Foundations of government human resources' program was developed to build the capacity of human resource practitioners across the sector, and a framework to develop the capabilities of policy practitioners was drafted.

Identifying emerging and developing current leaders continues to be a priority for the Commission. The Commission conducted a number of Western Australian-focused programs and supported public sector employees to participate in national programs as well.

The Commission continued its commitment to ensuring the regional public sector workforce has access to contemporary human resource and ethics knowledge and assistance. Additionally, the Commission was successful in securing 'Royalties for Regions' funding to support an expansion of services across regional Western Australia.

# Agency overview

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

- positioning the Commission as an independent authority, balancing its policy, assistance and oversight roles
- driving public sector reform to increase efficiency, flexibility and integrity
- leading and assisting the public sector to build a skilled, ethical, diverse and knowledgeable workforce
- broadening and enhancing our evaluation and reporting of public sector management and administration.

## 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 the Commission, a department established under the PSM Act. The Commissioner is responsible for setting and monitoring public sector standards and 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* (PID Act). Part IX of the *Equal Opportunity Act 1984* (EO Act) is administered by the Office of the Director of Equal Opportunity in Public Employment, which resides within the Commission. The Commissioner reports directly to the Parliament of Western Australia on matters within his jurisdiction.

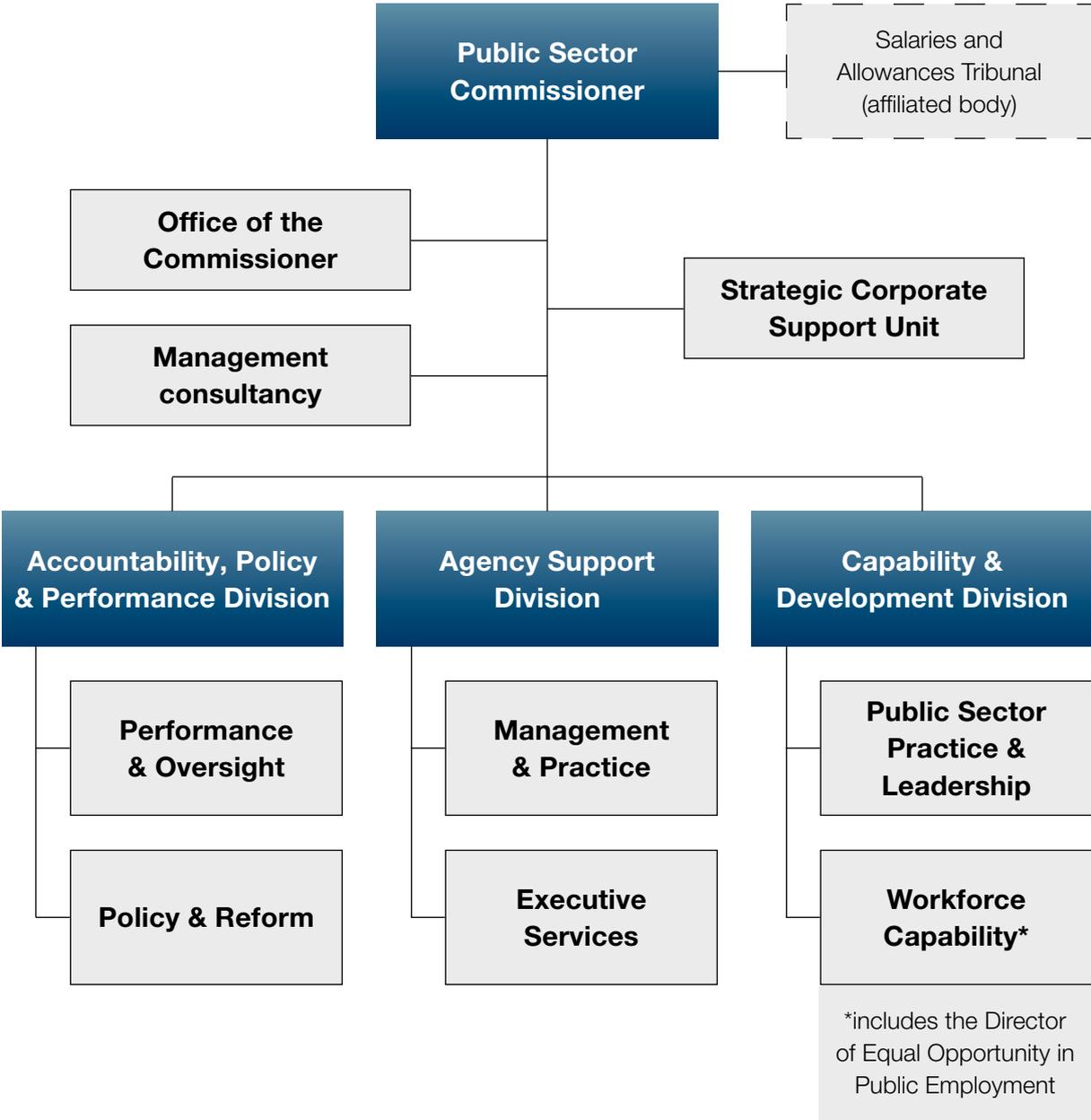
## Responsible minister

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

## Government affiliated bodies

The Salaries and Allowances 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.

# Organisational chart



## Members of the corporate executive

### **Mr Mal Wauchope – Public Sector Commissioner**

Mal gained a Bachelor of Commerce (Hons) and Master of Commerce from the University of Western Australia. He has 39 years public sector experience and 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 has been state representative on the Council for the Order of Australia since July 1998.

### **Mr Dan Volaric – Deputy Commissioner, Agency Support**

Dan has qualifications in business administration and management with a strong focus on organisational development, 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 agency staff 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 the University of Western Australia. He is a Fellow, and the current Western Australian State President, of the Australian Human Resource Institute, concurrently lecturing periodically to postgraduates 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.

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 Carissa Griffiths – Manager, Human Resources Strategy and Support**

Carissa gained a Bachelor of Commerce and Master of Commerce from the University of Western Australia. Carissa has worked in both the Queensland Government and Western Australian Government in Industrial Relations and Human Resources. Prior to this role she spent five years in a variety of human resource roles in the Department of the Premier and Cabinet.

Carissa, with her team in the Strategic Corporate Services Unit, provides high-level organisational and employee relations advice to management and employees as well as contributing to strategic planning, and coordinating performance management and recruitment activities in the Commission.

### **Mr Mal Davey – Chief Finance Officer**

Mal attained a Bachelor of Commerce 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 27 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.



Members of the corporate executive, from left: Ms Ruth Young, Ms Fiona Roche, Dr Kim Schofield, Mr Dan Volaric, Mr Mal Wauchope, Mr Mal Davey and Ms Carissa Griffiths.

# 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.

<b>Desired outcomes</b> <ul style="list-style-type: none"> <li>Effectiveness indicators</li> </ul>	<b>Services provided</b> <ul style="list-style-type: none"> <li>Efficiency indicators</li> </ul>
<p><b>Assisting agencies deliver services to the community with excellence and integrity</b></p> <ul style="list-style-type: none"> <li>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</li> </ul>	<p><b>Advice and assistance</b></p> <ul style="list-style-type: none"> <li>Average cost of advice and assistance services provided per client</li> </ul> <p><b>Public sector reform</b></p> <ul style="list-style-type: none"> <li>Average cost per client of supporting policies and frameworks</li> <li>Average cost per major reform initiative</li> </ul> <p><b>Professional development and training</b></p> <ul style="list-style-type: none"> <li>Average cost per participant</li> <li>Average cost per public sector reform initiative developed for implementation</li> </ul>

## Desired outcomes

- Effectiveness 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
- 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
- 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
- Percentage of breach of standard claims and matters referred to the Public Sector Commission that are handled within specified timeframes

## Services provided

- Efficiency indicators

### **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 PSM Act and for the PID Act

### **Equal employment opportunity 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 EO Act

### **Independent chief executive officer selection and recruitment advice**

- Cost per CEO selection

## **Changes to outcome-based management framework**

The Commission's outcome-based management framework remains unchanged from 2010/11. A new framework has been approved by the Under Treasurer, and is detailed in the 2012/13 Budget Statements. However, it does not become effective for reporting purposes until the 2012/13 financial year.

## **Shared responsibility with other agencies**

The Commission did not share any responsibilities with other agencies in 2011/12.

# Significant issues impacting the agency

There are a number of current and emerging issues impacting the Commission:

- The Commission continues to build on the reforms introduced by the *Public Sector Reform Act 2010* by providing greater clarification to agencies and promoting flexibilities through Commissioner's instructions and guidelines.
- The Integrity (Lobbyists) Bill 2011 was introduced into parliament on 9 November 2011 to promote and enhance public confidence in the transparency, integrity and honesty of dealings between lobbyists and government representatives.
- The Corruption and Crime Commission Amendment Bill 2012 was introduced into parliament on 21 June 2012 to transfer responsibility for the management of minor misconduct and the education and corruption prevention functions from the Corruption and Crime Commission (CCC) to the Public Sector Commission, and provide the CCC with the capacity to take on a greater role in organised and major crime.
- Western Australia continues to experience strong economic growth, resulting in increasing community demand for quality public services. Ensuring that the public sector has a skilled workforce to address this demand is a significant challenge. The Commission continues to address this challenge by implementing the *Strategic directions for the public sector workforce 2009–2014* and by facilitating workforce planning across public sector agencies.
- Through the *Aboriginal employment strategy 2011–2015*, the Commission will assist Western Australia's Indigenous people to obtain long-term employment by providing opportunities that lead to meaningful career pathways in the public sector. The 'Aboriginal traineeship' program will place up to 163 trainees in public sector employment by 2015. This initiative contributes to the State's commitment to the Indigenous Economic Participation National Partnership Agreement, which aims to achieve 3.2 per cent Indigenous representation in public sector employment by 2015.
- Maintaining a high standard of accountability, governance and integrity across all parts of the public sector is a priority for the Commission. The Commission will deliver face-to-face education and training to public sector agencies, local governments, public universities and public sector boards and committees. The Commission's programs will help build the capacity of public authorities to understand the principles of corporate governance and meet their requirements under the public sector's accountability framework.

# Profile of the Commission

The Commission finalised its permanent structure in late 2011, and progressed with the recruitment required to undertake the new role of the Commission. In addition, the corporate executive endorsed a workforce and diversity plan to develop and retain current staff while attracting new staff to achieve its priorities.

## Staff profile

At 30 June 2012, the Commission comprised 187 employees (headcount) which equals 144 full-time equivalents (FTE). The Commission's FTE ceiling is set at 151.

The increase in headcount from the previous year was partially attributed to additional staff engaged to assist with the St Andrew's Hostel inquiry.

The Commission supports flexible working arrangements where possible, including providing opportunities for 26 officers working part time and limited working from home arrangements.

Employment status (by headcount)	2011/12	2010/11
Permanent	134	115
Fixed-term	21	37
Trainees	32	3
Total	187	155
Employment status (permanent/fixed-term)		
Full time	161	119
Part time	26	36
Full-time equivalents (and ceiling)	144 (151)	136 (153)
Gender (by headcount)		
Females	122	96
Males	65	59

## Workforce and diversity plan

The Commission's *Workforce and diversity plan 2012–2014* was developed, outlining initiatives to attract and retain a capable, efficient and effective workforce with the capacity to deliver high quality services and meet the needs of the sector, Government and the community.

The plan is supported by the Commission's *Strategic Plan 2011–2014* and builds on the achievements and experience of the previous *Workforce Plan 2010–2012*.

Reflecting the importance of diversity in its workforce, the Commission has also integrated diversity strategies and initiatives into the plan, in line with the *Public Sector Commissioner's Circular 2011-02 - Workforce planning and diversity in the public sector* and in consideration of section 145 of the EO Act.

The workforce strategies and corresponding initiatives directly align with the *Strategic directions for the public sector workforce 2009–2014*, with consideration of a range of cross-government documents, strategies and legislation.

The Commission's diversity profile as at 30 June 2012 is:

Claims	Representation
Women in tier 2 and 3 combined	33.3%
Indigenous Australians	3.8%
People from culturally diverse backgrounds	11.9%
People with disabilities	2.3%
Youth	9.1%

## Substantive equality

Substantive equality seeks to eliminate systemic direct and indirect discrimination in the delivery of public sector services to ethnic and Aboriginal communities, and to promote understanding and sensitivity to the needs of these client groups. The Commission is committed to substantive equality and this commitment is reflected in our service delivery to client groups.

## 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, which at times may be impacted by work-related concerns and personal problems.

The 'Employee assistance program' is available to help officers identify, explore and resolve work or personal problems including stress, depression, relationship worries, parenting concerns, conflict with others, confidence issues and communication breakdowns. The Commission ensures confidential counselling is readily available to staff through a number of providers.

## Graduate program

Two university graduates joined the Commission in January 2012 to undertake a 12-month placement. Through rotations in each area of the Commission, the graduates were exposed to a range of different experiences while working on strategic projects. The graduates were also given professional development opportunities and encouraged to network with their counterparts from other agencies.

## Traineeships

The Commission values the contribution trainees make in the workplace and provides opportunities for both full-time and part-time trainees across the organisation. This includes, wherever possible, the prospects to transition into permanent positions either during or after their recognised training program (Certificate I, II and III in Government).

In addition, as part of the *Aboriginal employment strategy 2011–2015*, the Commission facilitated the recruitment and secondment of 30 Aboriginal full-time trainees (for more information, see the '[Workforce and diversity planning](#)' section).

## Internships

In 2011/12, the Commission engaged one intern from Murdoch University, who worked on a project relating to apprenticeships, traineeships, cadets and graduates within the public sector.

## Personal and professional development

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

In addition to those courses arranged between employees and managers, the Commission organised the following internal courses for staff in the 2011/12 reporting period:

- Accountability and Ethical Decision Making training
- Mental Health First Aid
- First Aid

## 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. The Occupational Safety and Health (OSH) Committee provided oversight of the implementation of a range of safety and health management practices, including education, training, reporting, discussion and accountability.

The committee meets quarterly, or as required, and comprises elected representatives from each division, who are accessible to employees and management to discuss safety and health matters in the workplace. As at 30 June 2012, 71% of managers within the Commission were trained in their OSH and injury management roles and responsibilities.

In addition, the Commission introduced its first wellness program to encourage workplace and personal well-being. The program included health checks, mole scans, mental health first aid, lunch-time walking classes and flu vaccinations. The Commission recognises the continuing importance of workplace well-being for its staff.

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

The Commission has continued to ensure its occupational safety and health management systems meet WorkSafe's criteria as set out in the *WorkSafe Plan*. The Commission also maintains its silver certificate of achievement, awarded in 2011, for its OSH management systems.

## Measures

Actual results for 2011/12 are based on calculations of 144 FTE and one lost time injury. This injury resulted in lost time being less than 60 days and the worker returned to work within 13 weeks.

2011/12	2010/11	Target	Comment
<b>Number of fatalities</b>			
Zero	Zero	Zero	Achieved.
<b>Lost time injury/disease incidence rate</b>			
0.69	Zero	Zero or 10% improvement on the previous three years	The Commission had one lost time injury for the year which increased the incidence rate slightly above target.
<b>Percentage of injured workers returned to work within 26 weeks</b>			
100% within 13 weeks	Zero	Greater than or equal to 80% return to work within	The Commission's one lost time claim resulted in the injured worker returning to work within 13 weeks.
100% within 26 weeks	Zero	26 weeks	Achieved.
<b>Percentage of managers trained in occupational safety, health and injury management responsibilities</b>			
71%	61%	Greater than or equal to 80%	The Commission has rolled out an online OSH training course to educate managers in their OSH responsibilities. It is expected the Commission will reach the 80% target in the coming months.

# Agency performance

## Financial targets

	Target <sup>(a)</sup> 2011/12 \$000	Actual 2011/12 \$000	Variance \$000
Total cost of services (expense limit)	30 983	<b>27 630</b>	3 353
Net cost of services	29 690	<b>26 499</b>	3 191
Total equity	1 263	<b>2 875</b>	1 612
Net increase/(decrease) in cash held	28	<b>(753)</b>	(781)
Full-time equivalent (FTE) staff level	151 FTE	<b>144 FTE</b>	7 FTE

(a) As reported in the 2011/12 Budget Statements for the Commission.

### Total and net cost of services

The Commission's expenditure limit and net cost of services as detailed in the 2011/12 Budget Statements were \$30.983 million and \$29.690 million respectively. In December 2011, these limits were increased by a further \$1.5 million to provide for costs expected to be incurred by the St Andrew's Hostel inquiry. Due to the Commission operating below approved FTE levels, combined with funding delays to its *Aboriginal employment strategy 2011–2015* and regional leadership program, the Commission underspent by \$3.353 million and \$3.191 million respectively.

### Total equity

Total equity at the end of the year was \$1.612 million higher than budget primarily due to the Commission's cash asset balances being \$1.255 million higher than anticipated and a reduction of \$1.157 million in payables which were conservatively estimated in the budget. These movements were offset by a reduction in debtors of \$0.456 million and an increase in leave provisions of \$0.300 million.

### Net increase/(decrease) in cash held

The Commission's cash expenditure exceeded its cash revenue by \$0.781 million during 2011/12. The greater than expected result arose primarily because the Commission used existing fund balances to meet all expenses incurred by the St Andrew's Hostel inquiry.

## Summary of key performance indicators

For 2011/12, the Commission will report the same key performance indicators as the previous year. For a more detailed explanation of the indicators and reasons for variances, refer to the audited '[Key performance indicators](#)' section of this report.

### Summary of key effectiveness indicators

	Target 2011/12	Actual 2011/12	Variance
<b>Outcome: Assisting agencies deliver services to the community with excellence and integrity</b>			
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	98%	<b>89.1%</b>	(8.9%)
<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	100%	<b>100%</b>	-
Percentage of public authorities who have met the minimum requirements	100%	<b>89%</b>	(11%)
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%	<b>100%</b>	-
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	97%	<b>86.4%</b>	(10.6%)
Percentage of breach of standard claims and matters referred to the Public Sector Commission that are handled within specified timeframes	90%	<b>78%</b>	(12%)

## Summary of key efficiency indicators

	Target \$ 2011/12	Actual \$ 2011/12	Variance
<b>Service 1 – Advice and assistance</b>			
Average cost of advice and assistance services provided per client	38 904	<b>34 475</b>	4 429
<b>Service 2 – Public sector reform</b>			
Average cost per client of supporting policies and frameworks	8 412	<b>9 144</b>	(732)
Average cost per major reform initiative	275 506	<b>217 816</b>	57 690
<b>Service 3 – Professional development and training</b>			
Average cost per participant	764	<b>578</b>	186
Average cost per public sector reform initiative developed for implementation	242 752	<b>158 495</b>	84 257
<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 PSM Act and for the PID Act	12 203	<b>13 695</b>	(1 492)
<b>Service 5 – 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 EO Act	4 184	<b>8 516</b>	(4 332)
<b>Service 6 – Independent CEO selection and reappointment advice</b>			
Cost per CEO selection	103 644	<b>39 502</b>	64 142

# Accountability, policy and performance

Activities and achievements associated with accountability, policy and performance have continued to develop and consolidate around new legislative functions and the broader role of the Commission.

## Directed inquiries

Pursuant to section 24H(1) of the PSM Act, the Commissioner may on his own initiative, or under section 24(H)(2) at the direction of the Premier as the minister responsible for the PSM Act, arrange for the holding of a special inquiry into a matter related to the Public Sector. In accordance with section 24H(4) of the PSM Act, the Commissioner is obliged to include the text of a direction given by the Premier in an annual report to parliament. In 2011/12, the Commissioner was directed to arrange for two special inquiries.

### Margaret River bushfire

Pursuant to a direction issued under section 22H(2) and (3) of the PSM Act, a special inquiry into the causes of the November 2011 Margaret River bushfire and related matters was established. The report was tabled in parliament on 23 February 2012.

### St Andrew's Hostel in Katanning

The St Andrew's Hostel inquiry commenced with the announcement by the Premier on 17 November 2011. Former Supreme Court Judge, the Hon. Peter Blaxell was appointed Special Inquirer to investigate the response of government agencies and officials to allegations of sexual abuse at St Andrew's Hostel in Katanning.

The inquiry's terms of reference include examination of allegations made, who they were made to, what action was taken in response to those allegations, and to report with recommendations on any necessary changes to the policies, procedures or operations of government agencies.

The Special Inquirer is due to provide a copy of the report to the Commissioner in August 2012.



## Premier of Western Australia

5 December 2011

**Mr Malcolm Wauchope**  
**Public Sector Commissioner**

### **DIRECTION TO UNDERTAKE SPECIAL INQUIRY**

A prescribed burn conducted by the Department of Environment and Conservation in the Margaret River region on 22 November 2011 resulted in a bushfire that caused extensive damage to public and private property. A review will be commenced regarding the response to the bushfire, however the critical decisions regarding the prescribed burn and its management requires further examination.

Mr Mick Keelty APM the former Commissioner of the Australian Federal Police, having recently undertaken the special inquiry into the Perth Hills bushfire, has advised that he is available to undertake an inquiry and prepare a report. I would like a report to be provided to me by or before 31 January.

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 to examine and report on:

- a. the causes of the November 2011 Margaret River Bushfire;
- b. the basis for and circumstances leading up to DEC prescribed burn BS520 within the Leeuwin-Naturaliste National Park; and
- c. the extent to which this prescribed burn was consistent with departmental policy and standard operating procedures.

Determine whether critical decisions regarding the prescribed burn, and its management, had sufficient regard for relevant risks, particularly the forecast weather conditions over the period of the burn.

Based on such examination, make such recommendations as considered necessary for the prudent management of future prescribed burns.

Colin Barnett MLA  
**PREMIER**

5 DEC 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  
[www.premier.wa.gov.au](http://www.premier.wa.gov.au)



## Premier of Western Australia

Our Ref: 24-101049/AJ

Public Sector Commissioner

### DIRECTION TO UNDERTAKE A SPECIAL INQUIRY

Pursuant to section 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 the conduct and response of relevant public officials and government agencies in relation to allegations of sexual abuse at St Andrew's Hostel in Katanning.

In examining this matter, the Special Inquiry is to:

1. Examine when any allegations were made, who they were made to, what action was taken in response to those allegations, and the appropriateness of any action taken.
2. Consider any evidence of allegations of sexual abuse by any person at or connected with the hostel or related organisations.
3. Report with:
  - Findings about why the behavior of staff the subject of allegations at St Andrews Hostel was able to continue for an extended period; and
  - Recommendations on:
    - any disciplinary action that should be taken against any public official as a consequence of the findings; and
    - any changes that should be made to the policies, procedures or operations of relevant government agencies as a consequence of the findings.

Any issues which go to criminal behavior that arise in the course of the Inquiry are to be referred to the WA Police Service.

Hon Peter Blaxell has the appropriate skills, and has advised that he is available to undertake the inquiry and prepare a report to me by 31<sup>st</sup> May 2012.

Colin Barnett MLA  
PREMIER

15 NOV 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  
www.premier.wa.gov.au

## Assessing compliance with standards and ethical codes

### Breach of standard reviews

The public sector standards in human resource management set out the minimum standards required of Western Australian public sector bodies in the management of a human resource function. The standards relating to discipline, grievance resolution, performance management, redeployment and termination have been in operation since 1 July 2001.

On 21 February 2011, the standards relating to recruitment selection and appointment, temporary deployment and transfer were amalgamated to form *Commissioner's Instruction No. 1 – Employment standard*. Employees and applicants deemed unsuccessful in recruitment and selection processes can lodge a breach claim against the employment standard.

The Commissioner administers a conciliation and review process to resolve breach of standard claims. The process applied is prescribed by the Public Sector Management (Breaches of Public Sector Standards) Regulations 2005.

In 2011/12, the Commissioner made the decision to decline 30 claims, ensuring agency processes were not unduly delayed by matters that were considered lacking in substance, not within jurisdiction or not warranting further action. Commission staff performed the role of conciliation and review officer in the resolution of 122 claims, reducing agency costs associated with resolution.

Claims	
Carried over from 2010/11	21
Received in 2011/12	125
Finalised in 2011/12	128
Carried over to 2012/13	18
Outcomes	
Not valid	7
Declined	30
Withdrawn or lapsed	9
Dismissed	65
Conciliated	6
Upheld as a breach of standard	11

## Matters of referral

The PSM Act does not establish a complaint taking role for the Commissioner in matters other than breaches of human resource standards. However, the Commissioner exercises a broad oversight role through specific functions and powers under the provisions of the PSM Act and monitors compliance with standards and ethical codes.

This role is defined very broadly in the legislation and can involve the Commissioner taking action including the assessment, examination, review, investigation or inquiry of certain matters that he becomes aware of, or that are brought to his attention. A decision to act on a matter may be triggered by the following:

- a matter of particular public interest
- issues apparent in breach of standards claims
- matters arising from general monitoring and compliance with ethical codes and principles of human resource management and conduct
- a request to provide advice to CEOs or ministers about implementing improvements to management practices.

The numbers of matters of referral acted on by the Commission in 2011/12 were:

Matters	
Carried over from 2010/11	16
New matters received or identified in 2011/12	105
Completed in 2011/12	100
Carried over to 2012/13	21

## Significant matters of referral

Significant matters considered by the Commission in 2011/12 included:

- an investigation into information management practices in the Department of Education as they related to transmittal of a report on the Carson Street School. This was commenced in 2010/11 and the report was tabled in parliament in August 2011
- a review of accountability and governance arrangements in the National Trust commenced in 2010/11 and concluded in September 2011. The review was undertaken in order to provide advice to the Minister for Heritage and to the Trust. The review report was tabled in parliament by the Minister in February 2012
- oversight of the Department of Housing review of the incident surrounding the discovery of a deceased person in a Wellington Street property
- an examination of the adequacy and accessibility of disciplinary policies and procedures used by the Department of Health and the extent to which policies and procedures were being followed consistently across the organisation
- an assessment report in relation to alleged breaches of the Code of Ethics by ministerial staff, which was completed and tabled in parliament in March 2012
- a review examining the resourcing, structure and delivery of professional conduct functions in the public sector was undertaken to provide advice to Government on whether there is benefit in centralising these functions. The report is due to be finalised in July 2012.

## Effectiveness and efficiency indicators

The Commission conducted a review of the appropriateness of the current key efficiency and effectiveness indicators to its operations and changed role following the *Public Sector Reform Act 2010*, and plans to introduce changes in 2012/13.

The current timeliness indicator of a single target timeframe is likely to be replaced with indicators that recognise the diversity in the complexity of matters that are received by the Commission.

By way of illustration, the following table reports on breach of standard and matter of referral cases received and the timeframes taken to complete them in 2011/12:

Matters	No. completed within timeframe	Total no.	% completed within timeframe
Simple – 30 working days	66	70	94%
Routine – 50 working days	79	96	82%
Complex –100 working days	41	47	87%
<b>Total</b>	<b>186</b>	<b>213</b>	<b>87%</b>

## Public interest disclosure reviews

The Commissioner has responsibilities under the PID Act and is a named authority for the purpose of receiving public interest disclosure matters from outside the organisation. In this capacity, the Commissioner received two public interest disclosure matters in 2011/12, which were dealt with pursuant to the PID Act.

## Policy advice

The Commission undertakes a range of policy initiatives and provides support and advice across government policy activities, largely in the areas of public administration, legislation, employment and personnel management, and governance and integrity. In 2011/12, the Commission was involved in:

- a Department of Treasury led value-for-money audit of the Department of Housing
- implementation of the recommendations arising from the special inquiries into the Perth Hills Bushfire and the Margaret River Bushfire
- provision of significant support to the review of the operation of the Local Government Standards Panel and its supporting legislation. The review was finalised in August 2011 and the report was tabled on 27 March 2012
- development of guidelines for Western Australian public sector employees to participate in the Australian Civilian Corps
- development of guidelines to meet the Government's commitment to volunteering as set out in *Vital Volunteering 2011–2016*
- provision of advice to the Premier on issues relating to the Kimberley Ultramarathon. The Commission commenced an examination of the role that public sector organisations played in relation to the event, but suspended its examination in March 2012 when the Economics and Industry Standing Committee of parliament commenced its inquiry, which is due to be completed in August 2012
- provision of advice on reviews of legislation
- provision of policy advice and support to cross-jurisdictional working groups resulting from resolutions from the Public Service Commissioners' Conference.

## Legislation and subsidiary instruments reform

### **Integrity (Lobbyists) Bill 2011**

The Integrity (Lobbyists) Bill 2011 was introduced into parliament on 9 November 2011. The Bill provides for an Act to promote and enhance public confidence in the transparency, integrity and honesty of dealings between lobbyists and government representatives by:

- providing for the registration of lobbyists
- providing for the issuing of a code of conduct for registered lobbyists in their dealings with the government
- prohibiting registered lobbyists from agreeing to receive payments or other rewards that are dependent on the outcome of lobbying activities.

The Commission is supporting the Premier in the passage of this Bill through parliament.

### **Corruption and Crime Commission Amendment Bill 2012**

The Corruption and Crime Commission Amendment Bill 2012 was introduced into parliament on 21 June 2012. The purpose of this Bill is to:

- amend the *Corruption and Crime Commission Act 2003* and to make consequential amendments to various other Acts
- confer on the CCC an organised crime function, enabling it to use exceptional powers to assist police investigations into serious offences, exercise certain powers under the *Criminal Property Confiscation Act 2000* and implement those recommendations from the Archer Review identified as essential to support the organised crime and serious offences functions
- transfer the CCC's oversight of minor misconduct by public officers, and its corruption prevention and education functions, to the Public Sector Commissioner.

The Commission is supporting the Premier in the passage of this Bill through parliament.

## Commissioner's instructions

In 2011/12, significant work has been undertaken to draft and consult (internally and externally) on a number of Commissioner's instructions.

During the year, the following Commissioner's instructions were approved by the Commissioner to come into effect in the next financial year:

- *Commissioner's Instruction No. 5 – Publishing a public sector notice* (effective 1 July 2012)
- *Commissioner's Instruction No. 6 – Workforce data reporting obligations* (effective 1 July 2012)
- *Commissioner's Instruction No. 7 – Code of Ethics* (effective 3 July 2012)
- *Commissioner's Instruction No. 8: Codes of conduct and integrity training* (effective 3 July 2012)

A number of Commissioner's instructions have been drafted and provided for consultation (including consultation with the State Solicitor's Office). These instructions are expected to be provided to agencies and unions for consultation in 2012/13. The draft instructions are:

- 'Review of classification level of employees seconded to special offices to assist a political office holder'
- 'Redeployment and voluntary severance'
- 'Approved classifications systems and procedures'
- 'Senior executive positions'
- 'Approved contracts for service'
- 'Determining remuneration—specialist positions'
- 'Attraction and retention incentives'
- 'Re-employment of public service officers employed in statutory offices'.

## Performance reporting

The Commissioner monitors and reports to parliament on the state of administration and management and on compliance with standards and ethical codes in the public sector. Amendments to the PSM Act passed in 2010 significantly expanded the reporting role of the Public Sector Commissioner. While the 'State of the sector' report will continue to be the primary vehicle for reporting on public administration, the Commission has implemented a program to broaden and enhance its evaluation and monitoring function to address this expanded reporting role.

### **State of the sector 2011 report**

The Commissioner tabled the *State of the sector 2011* report in November 2011. The Commissioner, consistent with the requirements of section 22D of the PSM Act, reports to parliament annually on the state of administration and management across the public sector, and on compliance with standards and ethical codes.

The 2011 report was the first following proclamation of the *Public Sector Reform Act 2010* and the changes it introduced to the PSM Act, including the expanded monitoring and reporting obligations of the Commissioner. Preparation of the report involved significant input from staff across the Commission, and also from CEOs and public sector employees who contributed by completing surveys and providing case study information. The inclusion of information from CEOs to highlight good practice and showcase the diversity of public sector services was a key feature of the report.

### **Planning for the State of the sector 2012 report**

Considerable work was carried out in 2011/12 to plan for the tabling of the *State of the sector 2012* report. This work has included the decision to structure reports around key themes each year—for the 2012 report, the two key themes will be 'integrity' and 'professionalism'. Once again, good practice across the sector will be a feature of the report. The report is due to be tabled in November 2012.

### **Performance reviews**

In 2011/12, the Commission made significant progress in improving systems to evaluate public administration and management. The Commission commenced two performance reviews—the first into how agencies promote integrity, the second into employee performance management. This review program will continue to be a priority of the Commission.

## Annual agency survey

Public sector agencies are asked to complete an annual agency survey. The survey provides extensive information about a range of different management and administration issues, including the maturity of key compliance systems. In 2011/12, all agencies completed the survey. The results of the survey are provided in the 'State of the sector – Statistical bulletin' published in conjunction with the 'State of the sector' report.

## Employee perception survey (EPS)

The 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 *Code of Ethics* and PID legislation.

The sampling approach used by the Commission 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 presents to the agency's corporate executive group. In 2011/12, the Commission surveyed 4824 employees from 12 agencies and undertook 11 feedback presentations.

## Human resource minimum obligatory information requirement (HRMOIR)

Public sector agencies are required to submit workforce data to the Commission on a quarterly basis. HRMOIR data is based on definitions issued by the Commission and submitted according to set timeframes and other specified requirements. This information informs demographic profiling included in the 'State of the sector' report and helps agencies to benchmark themselves against other agencies and the sector at large.

In 2011/12, the Commission collected 39 606 641 data points from more than 140 000 employees employed across 126 agencies. HRMOIR data analysis supports production of:

- quarterly employee (full-time equivalent) ceiling reports to the Department of Treasury
- 'How does your agency compare?' reports to all public sector authorities and public universities for the Director of Equal Opportunity in Public Employment
- responses to parliamentary questions on regional employment, and Indigenous employment.

Information collected through this monitoring activity informs:

- the 'State of the sector' report
- feedback to agencies on how their own profile or staff perceptions compare with the sector
- the compilation of a detailed statistical bulletin to support agencies to benchmark their own performance and profile
- summary performance reports prepared to assist responsible authorities (boards and ministers) to evaluate the performance of CEOs against public administration priorities.

## **Data and information management**

### **Improving systems and processes**

Data and information collected from the sector is captured, maintained and reported with the aid of web-based tools, a range of database applications and a variety of reporting tools. During the year, a number of improvements were made to tools, systems and information handling practices including:

- development of automated data validation tools to support agency identification of potential data errors at time of submission
- enhanced sophistication of online survey tools, allowing for easier progress through online surveys
- integration of data collection activities associated with website governance data collection
- improved reporting facilities.

In addition to in-house improvements, the Commission:

- outsourced some data collection activities associated with the administration of employee perception surveys
- undertook a procurement exercise to identify a provider for a case management and enquiries workflow database which will improve the ability of the Commission to capture information about, and to examine trends in, cases and issues raised with the Commission.

## Data quality improvement

The Commission continues to sponsor a collective effort across the public sector to improve the completeness and accuracy of information about the public sector's workforce and workforce management systems.

In 2011/12, workforce reporting data definitions were updated in consultation with representative agencies and providers of human resources information management systems in order to promote consistent coding for various workforce information fields.

In addition, a data quality index (DQI) was developed to monitor improvements in the quality of workforce data supplied to the Commission by agencies each quarter. The DQI has three variables that rate the completeness of the data set, the responsiveness of the agency in submitting data and addressing anomalies, and the maturity of agency systems used to integrate workforce data into workforce management and planning activities.

The Commission also released enhanced system maturity descriptors for core administration and governance systems that operate in public sector agencies. These were provided to public sector agencies in association with the annual agency survey. The descriptors are designed to assist agencies with accurately self-assessing the maturity or sophistication of administration and management systems, such as risk management and financial management systems, and support consistent assessment and relevant benchmarking across the sector.



# Agency support

## Boards and committees

### Governance

The 'Good governance for boards and committees' section of the Commission's website provides a framework of what good governance should look like for a public sector board. It provides statements of principles, and supports these with explanatory information to give them practical meaning, and are applicable for the wide range of boards and committees found across the public sector.

The principles were developed following extensive consultation across the sector, and in consideration of best practice and the ongoing challenges facing the public sector and its boards in relation to accountability, probity and transparency.

Ongoing assistance has been provided to boards and committees including advice concerning appropriate governing structures, best practice in the conduct of board meetings, and board roles and responsibilities.

### Boards and committees remuneration framework

A review of the boards and committees remuneration and policy framework was undertaken. With the assistance of an independent advisor (Mercer Consulting Australia Pty Ltd), factors considered included market movements and activity in other jurisdictions. Amendments to the framework will be applied in 2012/13.

## Chief executive officers

### CEO performance framework and development

Section 47 of the PSM Act requires that all CEOs appointed under section 45 of the PSM Act must enter into a performance agreement with the Commissioner and their responsible authority in accordance with Commissioner's instructions. The Commissioner administers the CEO performance agreement process and provides advice and support to responsible authorities and ministers in completing the process.

Completed 2011/12 performance assessment reports are due to be received at the Commission by 31 October 2012. The reporting cycle for TAFE managing directors commences on 1 January and ends on 31 December each year.

In January 2012, the Commission consulted with CEOs and responsible authorities to identify opportunities to improve the efficiency and effectiveness of the performance agreement process. As a result, additional resources to assist CEOs and responsible authorities were developed.

### Independent CEO selection and recruitment advice

Under sections 5, 45 and 46 of the PSM Act, the Commissioner is responsible for the employment of CEOs of all departments and SES organisations (Schedule 2 of the PSM Act). This includes facilitating consultation with responsible authorities and ministers to ensure all relevant factors are taken into account before appointments or reappointments are recommended to the Governor in Executive Council for approval.

In 2011/12, eight CEOs were appointed and 16 CEO reappointments were undertaken.

## CEO recruitment 1 July 2011 to 30 June 2012

Position and agency	Date vacancy received	Date of decision	Outcome
Chief Executive Officer, Fire and Emergency Services Authority	18/08/2011	12/09/2011	Mr Wayne Gregson APM appointed
Director General, Department of Indigenous Affairs	28/06/2011	15/11/2011	Mr Cliff Weeks appointed
Director General, Department of State Development	14/07/2011	29/11/2011	Mr Stephen Wood appointed
Small Business Commissioner, Small Business Development Corporation	1/07/2011	20/12/2011	Mr David Eaton appointed
Chief Executive Officer, Government Employees Superannuation Board	1/06/2011	24/01/2012	Mr Howard Rosario appointed
Chief Executive Officer, Metropolitan Redevelopment Authority	25/11/2011	12/6/2012	Mr Kieran Kinsella appointed
Director General, Department of Water	22/11/2011	12/6/2012	Ms Maree De Lacey appointed
Managing Director, Insurance Commission of Western Australia	17/11/2011	12/6/2012	Mr Rod Whithear appointed

## CEO reappointments 1 July 2011 to 30 June 2012

Agency	CEO	Commencement date
Department of Planning	Mr Eric Lumsden PSM	6/11/2012
Department for Child Protection	Mr Terry Murphy	2/10/2012
Department of the Attorney General	Ms Cheryl Gwilliam	3/08/2012
Lotteries Commission	Ms Jan Stewart PSM	21/08/2011
Gascoyne Development Commission*	Mr Stephen Yule	7/12/2011
Goldfields-Esperance Development Commission*	Mr Robert Hicks	7/12/2011
Great Southern Development Commission*	Mr Bruce Manning	7/12/2011
Kimberley Development Commission*	Mr Jeff Gooding PSM	7/12/2011
Department of Commerce	Mr Brian Bradley PSM	1/8/2012
Department of Education	Ms Sharyn O'Neill	12/6/2012
Central Institute of Technology	Mr Neil Fernandes	11/4/2012
Department of Education Services	Mr Richard Strickland	2/8/2011

Note: As four development commission CEOs were reappointed twice each during the period, the total number of reappointments was 16.

### Assistance with appointment/reappointment of statutory office holders

Position and agency	Name	Commencement date
Parliamentary Commissioner for Administrative investigations, State Ombudsman Office	Mr Chris Field	26/03/2012
Perth Market Authority	Mr Steven Ward	16/8/2011
Forest Products Commission	Mr David Hartley	3/4/2012
Electoral Commission (Deputy Electoral Commissioner)	Mr Chris Avent	18/10/2011
Director of Equal Opportunity in Public Employment	Mr Michael Palermo	9/8/2011

### Assistance with concurrent appointments of chief executive officers

Position and agency	Name	Concurrent substantive position	Commencement date
Chief Executive Officer, Rural Business Development Corporation	Mr Rob Delane PSM	Director General, Department of Agriculture and Food	13/12/2011
Chief Executive Officer, Country Housing Authority General Manager, Housing Authority	Mr Grahame Searle	Director General, Department of Housing	13/12/2011
Chief Executive Officer, Country High School Hostels Authority	Ms Sharyn O'Neill	Director General, Department of Education	13/12/2011

## **Disciplinary matters**

The Commission provided ongoing advice and assistance to agencies on the application of disciplinary processes carried out under the PSM Act—particularly in relation to amendments to Part 5 of the PSM Act, which introduced a streamlined disciplinary process. The Commissioner’s instructions relating to discipline were also reviewed.

## **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 (the establishment, designation, amalgamation, division and abolition of departments).

In 2011/12, the Commission played a major role in the implementation of the following machinery of government changes:

- The Office of Energy was abolished and its roles and functions transferred to a Public Utilities Office located within the Department of Finance.
- The Subiaco, East Perth, Armadale and Midland redevelopment authorities were consolidated into a single Metropolitan Redevelopment Authority.

In addition, advice and assistance has been provided to Government and agencies on a range of proposed machinery of government changes including the proposed abolition of the Western Australian College of Teaching (WACOT) to be effected through the Teacher Registration Bill 2011.

## **Recruitment and advertising management system (RAMS)**

The recruitment and advertising management system (RAMS) is an online application that allows agencies to manage various HR requirements around recruitment, severance, redeployment, traineeships, graduate programs and employment.

In 2011/12, a total of 16 841 vacancies were advertised on RAMS, with 178 889 job applications received online.

Enhancements introduced to the system during the past year have allowed agencies to streamline human resource processes further, resulting in efficiency gains across the sector.

## Redeployment and severance

### Redeployment and redundancy management

The Commission is responsible for the management and maintenance of an effective whole-of-government redeployment and redundancy management framework to support, where practicable, the retention of staff and skills within the public sector.

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 2011 to 30 June 2012

Activity	
New redeployees registered	26
Number of agencies that registered redeployees	16
Number of redeployees at 30 June 2012	60
Redeployees in temporary positions at 30 June 2012	15
Redeployment placements effected	31
Average number of vacant positions referred for redeployment consideration each month	877

### Voluntary severance

Public sector agencies reported that a total of 136 employees accepted offers of voluntary severance during 2011/12.

In addition, 274 severances and section 59 compensation payments were supported under the Government's 2011 targeted employment separation offer.

## Senior executive service (SES)

'The SES' refers to a specific group of executive officers appointed under Part 3 Division 2 of the PSM Act. SES members undertake high-level policy advice and managerial roles in the public sector. The provisions of the PSM Act provide for SES officers to be transferred across agencies, promoting the efficiency and effectiveness of the sector.

As at 30 June 2012 there were 479 members recorded in the SES.

### Assessments

Under section 29 of the PSM Act, CEOs are responsible for the appropriate deployment of resources and assignment of functions and division of responsibilities within their agency. This includes the establishment and classification of SES positions subject to the endorsement of the Commission.

Agencies are required to seek endorsement from the Commission for the creation, variation and reclassification of SES positions. In undertaking this assessment, the Commission may forward any requests received to Mercer Consulting (Australia) Pty Ltd for a preliminary assessment of work value and indicative classification. The Commission makes classification decisions based on agency submissions and Mercer reviews.

In 2011/12, 119 requests for review were assessed, encompassing:

- the creation of new SES positions or the reclassification of existing positions into the SES as a result of machinery of government changes, new Government priorities or new initiatives to meet the community's growing expectations and demand for services
- the payment of a temporary special allowance equivalent to the SES level.

Many of these requests were offset by the abolition, redesign or restructure of existing positions.

### Training

Three introductory training sessions on classification determination were undertaken, with further training to be provided in 2012/13.

## Information and communications technology (ICT)

In 2011/12, the Commission continued to represent the WA Government on a number of ICT bodies and policy working groups under the auspices of the Australian Government Information Management Office, including the Cross Jurisdictional Chief Information Officer Committee, the National Collaboration Framework (Communication Strategy) Governance Committee and the Emerging Technologies Working Group. This role fosters relationships between State and Commonwealth Government agencies in developing cross-jurisdictional ICT strategies which improve business processes and the delivery of Government information and services.

The Department of Commerce is collaborating with the Commission to represent WA for the 'AusGOAL' program, which provides support and guidance to government and related sectors to facilitate open access to publicly funded information. An immediate result of this collaboration is the incorporation of AusGOAL principles in the latest (draft) revision of the WA Government's intellectual property policy.

The Commission also maintained its representation of public sector ICT policy and strategy, and good ICT project governance, on major agency steering groups such as the eHealthWA Project Council Committee and the Revenue Systems Modernisation Project Board.

### Website governance framework

The Commission continued to support agencies in the application of the website governance framework (WGF), which included:

- circulating the key principles for managing the public sector's websites, which provides an overview of the principles that underpin the WGF
- updating all components of the framework including the publication of two new website policies (website policy and domain name policy) and four new guidelines (website planning guide, social media, web usability guidelines and website design guidelines)
- conducting awareness sessions for the public sector on web accessibility standards, and workshops on web accessibility requirements and key accessibility topics.

### Identity and access management

The Commission represented WA in national forums on identity security and information access management issues, including formulation of a new Australian National Identity Security Strategy (NISS) and the continuing roll out of the Document Verification Service.

### Transfer of functions

In 2011/12, the functions associated with information and communications technology, including the WGF and identity and access management, were transferred to the Department of Finance.

# Capability and development

## Leadership

Identifying emerging and developing current leaders continues to be a priority for the Commission. During 2011/12, the Commission delivered its long-term strategic initiative to enable the profiling of the public sector's senior executives and leadership cohorts.

### Future leaders

The revitalised 'Graduate future leaders' program launched in 2012 was redesigned for graduates who have recently commenced employment in the public sector. The competencies are aligned to the Public Sector Training Package, Certificate IV in Government.

Thirty-five graduates were provided with a cross-sector perspective on the political, legislative, policy and operational environment in which they work. The program complements agency-specific induction and development programs, and provides opportunities to meet public sector leaders, senior executives and technical experts.



Ms Francine Goss contributes to discussion at the 'Graduate future leaders' program.

## Foundations of leadership and Pathways to leadership programs

In 2011/12, 50 places were awarded to participants across the 'Foundations of leadership' and 'Pathways to leadership' programs. Emerging leaders (levels 5–9) from metropolitan and regional agencies were selected to participate.

The programs provide participants with opportunities to enhance and build their leadership skills, and increase their awareness and understanding of public sector policy and management issues. This is achieved through the teaching of leadership tools and strategies, and the opportunity to participate in individual and group learning modelled on contemporary leadership and management theory and practice. During the period, 20 participants graduated from each program.

## 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.

The program allows managers and emerging leaders from the Commonwealth, State and local government sectors to combine tertiary study with experiential learning, providing valuable opportunities for improved workplace performance.

In the program's 20th year, 68 Western Australian public sector employees graduated. The Commissioner acknowledged this milestone with a ceremony attended by recent and past graduates as well as agency heads.



Dr Kim Schofield congratulates 'Pathways to leadership' graduate Ms Tracey Cullen.

## Australia and New Zealand School of Government

The Australia and New Zealand School of Government (ANZSOG) 'Executive Fellows Program' commenced in November 2011, with four senior executive service representatives from WA completing the course.

Ten scholarships to the ANZSOG's 'Executive Master of Public Administration' were awarded to public sector employees. In 2011/12, previous WA scholarship recipients were engaged to develop and implement Commission programs.

## Joint applied learning program

The 'Joint applied learning' program is a formal collaborative partnership between ANZSOG and the Commission. It provides a structured program of leadership development events for sector CEOs, senior executives and aspiring leaders.

Participation in ANZSOG affords the Commission access to international and national expertise. This enables scholarship recipients from the ANZSOG programs to build public sector capacity.

The Commission presented 24 leadership events, attended by more than 1200 participants and featuring eight international and national guest speakers. These events included:

- 'Leadership in challenging times', presented by Professor Paul Porteous
- 'Delivering good policy: myths, challenges, systems and opportunities', presented by Associate Professor Anne Tiernan
- 'Supporting good decision making: learning to write the killer briefing note', presented in the Kimberley region by Monica Pfeffer.



Professor Paul Porteous conducts a seminar for senior executives.

## Leadership forums

Through these forums attended by heads of agencies, the Commissioner responded to identified public sector issues, including the streamlined accountability instruments, greater support for ethical decision making training, increased breadth of skills and development programs and new strategies such as the *Aboriginal employment strategy 2011–2015*. In 2011/12, the forums included:

- presentations to 29 agency corporate executives
- six applied learning workshops attended by 80 CEOs
- nine forums attended by 72 regional managers
- one 'Women in leadership' forum attended by 23 CEOs.

## Mentoring

The Commission has established and delivered a model to support participants in leadership development programs. Mentoring is an important component of the model and has been integrated into a number of development programs including the 'Aboriginal traineeship' program, 'Foundations of government human resources' program, and both the 'Foundations of leadership' and 'Pathways to leadership' programs.

## Leadership development system

The leadership development system is a talent management system that includes an employee profile and capability assessment. This tool has enabled the Commission to establish alumni groups from previous development programs and will assist in identifying and tracking high-potential employees. This system will support the Commission to tailor targeted development opportunities to agency heads, the senior executive service and aspiring leaders.

## Workforce and diversity planning

Workforce planning continued to be a high priority for the Commission, promoted via an advice and consultation service, professional development and training, and resource materials for public sector agencies.

In 2011/12, workforce planning initiatives included the commencement of a mid-point evaluation of *Strategic directions for the public sector workforce 2009–2014* as well as its inclusion in CEO performance agreements. The Commission expanded the online workforce planning toolkit for public sector agencies (comprising more than 80 tools) and delivered 16 workshops relating to attraction, retention, workforce capacity, regional issues, leadership, and public sector flexibility and efficiency.

*Commissioner's Circular 2011-02 – Workforce planning and diversity in the public sector* encourages agencies to develop a workforce plan by 30 June 2012 to ensure they are well-positioned to respond to an anticipated increase in demand on public services due to economic, social, technological, environmental and political factors.



Mr Stephen Psaila-Savona presents a workforce planning session.

As at 30 June 2012, workforce plans were received from 61 of 102 public sector agencies, with a further 28 agencies being provided with an extension (22 of this 28 are expected to be received by 30 September 2012). Once submitted, 99 per cent of the public sector workforce (134 833 employees) will be covered by a workforce plan.

In 2012/13, the Commission will shift its focus from developing workforce plans to assisting agencies with implementing the plans.

### Equal opportunity in public employment

The Director of Equal Opportunity in Public Employment (DEOPE) is a statutory officer with responsibility for the functions outlined in Part IX of the EO Act. Part IX aims to remove discrimination in employment and promotes equal opportunity for all employees within public authorities. The DEOPE is co-located with the Commission and works towards common objectives associated with supporting quality practices in equal employment opportunity and diversity.

For full details on the functions and activities of the DEOPE, see the *DEOPE Annual report 2011/12* on the Commission's website.

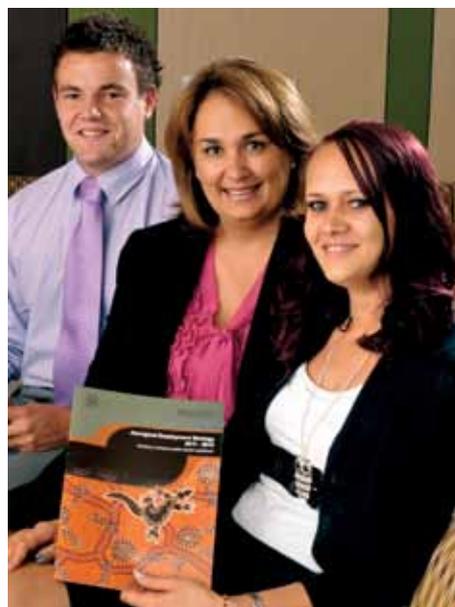
## ***Aboriginal employment strategy 2011–2015*** **– Building a diverse public sector workforce**

The Commission, in collaboration with agencies and Aboriginal employees, developed the *Aboriginal employment strategy 2011–2015* for the Western Australian public sector. The strategy focuses on long term, sustainable employment opportunities and career pathways for Aboriginal people across the sector.

Launched by the Minister for Indigenous Affairs, the Hon. Peter Collier MLC and the Commissioner on 5 October 2011, the strategy is a key component in Western Australia's commitment to the Council of Australian Government's Indigenous Economic Participation National Partnership. The strategy provides the sector with a blueprint for achieving the State's commitment to increase Aboriginal employment in the public sector to 3.2 per cent by 2015.

The Commission has established a dedicated Aboriginal Employment Unit responsible for the implementation of the strategy. A key component of implementing the strategy is the employment of 30 Aboriginal young people in government traineeship positions. The trainees have been seconded to metropolitan-based agencies for the duration of their traineeship. The Commission has also commenced employment of regional Aboriginal trainees.

To build the capability of Aboriginal leaders, the Commission funded four Aboriginal scholarships in 2011/12. These scholarship provided two placements in the 'Public Sector Management' program, and one placement in each of the 'Foundations of leadership' and 'Pathways to leadership' programs.



Mr Trent Davies, Ms Tracey Cullen and Ms Chloe Davidson form part of the Commission's new Aboriginal Employment Unit.

## Recruiting a skilled public sector workforce

### 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. To this end, the Commission liaises with educational institutions promoting specific programs as well as general entry-level employment opportunities.

In 2011/12, the Commission presented to high school students on career paths and delivered information sessions to university career advisory services and vocational education and training coordinators.

### Entry-level employment program

The Commission coordinates the 'Entry-level employment' program which provides agencies with access to job seekers who are interested in entry-level public administration positions. Agencies sourced candidates from the program for level 1 administrative positions on a fixed-term or permanent basis.

In 2011/12, the Commission facilitated 232 placements across the public sector.

### Traineeships

In February 2012, the Commission successfully launched the 'Government traineeship' program. This is an employment-based training initiative for young people aged 25 years and under to develop entry-level employment skills while earning a wage and completing either a Certificate II, III or IV in Government.

Designed to replace the 'Business traineeship' program, the program prepares young people for a career in the public sector, developing sector-specific skills while focusing on the ethical and legislative aspects of public sector employment. In 2011/12, the Commission placed 87 full-time trainees within 21 public sector agencies.

Working in partnership with the Swan Education Industry Training Association, the Commission continued to facilitate the 'School-based traineeship' program. This initiative provides year 11 and 12 students with employment in a public sector agency for two days per week as part of their school program.

In 2011/12, 45 school-based traineeships were offered.

### **Internship program**

The public sector internship program provides final year university students with work experience opportunities on a range of initiatives across the sector. The program also aims to raise the profile of the sector amongst university students and increase awareness of the diversity of career opportunities available.

In 2011/12, 44 students were placed in agencies for one day per week over the course of one semester. Students were engaged on an unpaid basis to complete a project for the agency under the guidance of an agency supervisor. Eighty-four per cent of interns indicated they would pursue a career in the public sector after the program.

### **Public sector induction**

The *Induction to the Western Australian public sector – a handbook for new employees* was developed to support the Commission's whole-of-sector monthly induction seminars. The seminars give participants an understanding of what it means to be a public sector employee and where they fit in the broader public sector, while complementing agency-based inductions, codes of conduct and relevant policy and procedures.

In 2011/12, 486 new public sector employees attended the seminars, with presentations on accountability and integrity requirements from three of the sector's leading integrity bodies.



Ms Amy Manners attends the Commission's whole-of-sector induction seminar.

## Developing public sector employees

### Foundations of government human resources program

The Commission collaborated with public sector agencies to build the capacity of human resource practitioners across the sector through the development of the inaugural 'Foundations of government human resources' program.

The program keeps pace with contemporary human resource theory and practice, is mapped to the human resources capability framework for the public sector, and covers eight elective units of competency from the Certificate IV in Government. The six-month program comprises six modules delivered as a series of one-day workshops. Upon successful completion of the program, participants achieve the Certificate IV in Government or the Certificate IV in Government Human Resources.

### Policy capability framework

The Executive Coordinating Committee (ECC) is a committee of CEOs established to oversee the implementation of endorsed recommendations of the Economic Audit Committee. A priority of the ECC is to build the policy capacity and capability of the public sector. In 2012, the Commission became the lead agency in a collaborative project to develop a policy capability framework to improve policy skills within the sector.

A draft framework has been developed in consultation with the Department of the Premier and Cabinet and the Policy Capability Framework Reference Group. Feedback from agency heads will be sought prior to submission to the Committee for implementation.

### Supervising talent program

The Commission piloted a 'Supervising talent' program, providing professional development for supervisors of trainees across the public sector. The program develops the supervision, mentoring and training capabilities of trainee supervisors.

In 2011/12, 23 participants received a nationally-recognised skill set from the Certificate IV in Training and Assessment.

### Study assistance scheme

The Commission has established alliances with four Western Australian universities to provide public sector employees a 10 per cent discount on courses for a range of government-related postgraduate and masters programs.

In 2011/12, the Commission negotiated with the universities to expand the list from 35 to 126 courses available under the scheme. Also during the period, 186 study assistance applications were processed.

## Ethics and accountability

### Conduct guide

In 2011/12, the Commission prepared two Commissioner's instructions; the first reissuing the Code of Ethics and the second requiring all public sector bodies to develop and promote a code of conduct and provide employees with training on accountable and ethical decision making. The *Conduct guide* has been published to support these instructions, assisting public sector bodies to develop or review their codes.

### Accountable and ethical decision making

The 'Accountable and ethical decision making' program continues to be a priority for the Commission to inform and educate employees about ethical requirements in the public sector.

In 2011/12, the program was reviewed and resulted in two changes. First, the 'conflict of interest' module has been updated to include an emphasis on the risks associated with the acceptance of gifts and benefits. Second, a new module on 'the reporting of wrongdoing' has been developed to ensure agencies are aware of—and actively address—their own integrity issues.

In this reporting period, the Commission delivered the program to:

- seven new CEOs and directors general, taking the total of agency heads trained in ethical decision making to 132
- 98 ministerial staff across all ministerial offices
- 278 regional employees across a range of agencies
- 1179 public sector employees from a range of metropolitan agencies.



Ms Rebecca Harris presents the Commission's 'Accountable and ethical decision making' training.

## Public interest disclosure (PID)

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

As well as being a named authority under the PID Act (as outlined in the Public interest disclosure reviews section), the Commission has responsibility to issue a code, raise awareness of PID and assist public authorities (public sector agencies, local government and public universities) to comply with the PID Act. In addition, the Commission provides training to PID officers in handling PID matters.

The Commission was represented as a best practice integrity body at the national Public Interest Disclosure Oversight Forum in May 2012. The Forum—hosted by the New South Wales Ombudsman’s office—was attended by key agencies from Australian jurisdictions who work with PID legislation. The Commission facilitated discussions on the provision of best practice advice and guidance materials to public authorities.

In 2011/12, the Commissioner met with the four WA public universities and the Western Australian Local Government Association to discuss local governments’ obligations under the PID Act and notify of potential changes to the PID Act proposed by the Attorney General.

Also during the period, the Commission contacted 237 PID Officers, trained 119 PID officers and responded to 473 requests for assistance on the PID advisory and information line.

## Advising public authorities

The Commission assisted public authorities with questions regarding ethical obligations through a range of advisory services, including responding to phone and email enquiries, and meeting with public authorities to review their policies and codes of conduct.

## Integrity Coordinating Group (ICG)

The Commissioner continued to be an active member of the ICG, which was established to promote and strengthen integrity in Western Australian public authorities.

The ICG works collaboratively on developing common resource materials around integrity issues that cover the work of all agencies. In 2011/12, the Commission continued to deliver workshops around the ICG’s premier products: *Conflicts of interest* and *Integrity in decision making*.

## Regional development

The Commission conducts regular regional training and development sessions as part of its commitment to ensuring the regional workforce has access to contemporary human resource and ethics knowledge and assistance.

Information sessions and workshops conducted have included:

- highlights from the Commission's *State of the sector 2011* report
- modules from the 'Accountable and ethical decision making' program
- information to assist agencies to create a positive reporting culture
- good governance training specifically for regional boards.

Twelve regions have been visited since July 2011, with the Commission presenting to 319 regional employees. Regional sessions were supported by the Commission through six video conferences and four regional broadcasts.



Public Sector Commissioner Mal Wauchope meets the Kalgoorlie-Esperance regional manager's network.

Photo © Kalgoorlie Miner

## Supporting the regions

In March 2012, the Commission was successful in securing 'Royalties for Regions' funding to support an expansion of services across regional Western Australia. Specifically, funding of \$2.425 million was approved by Cabinet to enhance program delivery over a three year period to:

- implement *Strategic directions for the public sector workforce 2009–2014*
- establish contemporary learning and development programs and access to leadership development programs
- provide training in accountable and ethical decision making and the PID Act
- increase opportunities for entry-level employment and traineeships
- increase Aboriginal employment programs
- review the effectiveness of the project.

These initiatives will realise a range of real benefits, including an increased capacity to progress the public sector's workforce planning agenda in a regional context.

Between March and June 2012, six memoranda of understanding were negotiated to ensure clarity and accountability for regional workforce initiatives that will be progressed in 2012–2015. In addition, three regional workshops relating to leadership and accountable and ethical decision making were delivered, attended by 70 people.

## Regional development commissions

Following Cabinet endorsement in July 2011 of the Government response to the review of the functions and responsibilities of regional development commissions, the Commission was tasked to undertake:

- a skills assessment of each regional development commission (RDC) in light of recommendation 8 of the Government's response, which specifies the development of a new model for RDCs and the Regional Development Council through amendments to the current legislation
- an assessment of whether the 'non-core' functions of each RDC could be undertaken by the Department of Regional Development and Lands
- a review of the remuneration of RDC Board Members.

The Commission finalised its report in December 2011, with broad recommendations subsequently approved by Government. The recommendations will guide the next phase of the project which is the implementation of the model. The Regional Development Council, Department of Regional Development and Lands and the individual RDCs will jointly take on the responsibility to implement the recommendations, with the Public Sector Commission's continuing oversight and assistance.

## Events

In 2011/12, the Commission delivered 460 professional development sessions to more than 11 000 participants, increasing awareness and understanding of whole-of-sector administration and management issues. The Commissioner also hosted a number collaborative and commemorative events, outlined below.

### Excellence in public sector management

The 'Premier's Awards for Excellence in Public Sector Management' is in its 17th 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. The overall winner of the 2011 Premier's Award was the Western Australian Museum for its collaborative project with Woodside Energy, 'Exploring the marine diversity of northern Western Australia'. The awards were hosted at the State Reception Centre and were attended by 159 guests, including ministers and officials from public sector agencies, local governments, and universities.

For the first time, the awards were followed by an official tour of the winning agency, the Western Australian Museum. The Premier, Public Sector Commissioner and Director General of the Department of Culture and the Arts celebrated this achievement with the Western Australian Museum's CEO, board members and staff.

### Excellence and innovation

To recognise and reward innovative thinking across the sector, the Commission showcased Premier's Award winners and other examples of best practice at the Commission's annual 'Excellence in the public sector' conference. The Commission, in collaboration with the Institute of Public Administration Australia (WA), hosted the event attended by 135 participants and featuring speakers from across the public sector, local government and public universities.

In 2012, the Commission published an article 'Reform and innovation: A partnership' in *Public Administration Today* to highlight Western Australia's achievements in these areas.



Mr Grahame Searle presents the Department of Housing's innovative practice at the 'Excellence in the public sector' conference.

### **Sir Charles Court memorial**

A statue commemorating the life and service of Sir Charles Court was unveiled on 29 September 2011, marking what would have been the 100th birthday of the former Premier.

The Commissioner facilitated the development of the memorial statue including providing support for the Steering Committee chaired by Alastair Bryant PSM. The memorial was originally proposed by former Premier, the Hon. Alan Carpenter, and became a symbol of bipartisan support for an important figure of Western Australia's political history. Artist Tony Jones—known for Eliza, a much loved statue in the shallows of the Swan River at Crawley—was commissioned to complete the work.

Following speeches from the Premier of Western Australia, the Hon. Colin Barnett MLA, and former Premier, the Hon. Richard Court AC, the Governor, His Excellency Malcolm McCusker AO QC officially unveiled the memorial.



Former Premier, the Hon. Richard Court AC (on left), and the Premier of Western Australia, the Hon. Colin Barnett MLA officially unveil the Sir Charles Court memorial.

## Mission to Singapore

During this reporting period the Commission, in collaboration with the Department of State Development, identified an exchange program to further the interests of the Singapore and Western Australian Governments. The program fosters closer cooperation and collaboration between the two governments to help grow and further develop the respective countries and the region into the future.

On 15 March 2012, the Commissioner presented the 'Public service exchange' program to Mr Lee Hsien Loong, Prime Minister of Singapore. The presentation was part of the Premier of Western Australia's official Mission to Singapore. To promote the program and develop relationships with allied agencies in Singapore the Commissioner met with the Office of the Prime Minister Public Service Division, Singapore Civil Service College, Corrupt Practices Investigation Bureau and the Auditor General.

Possible exchange options have been developed by the Commission in consultation with the Commonwealth Department of Foreign Affairs and the Government of Western Australia's Trade Office. It is anticipated the Commission will facilitate the first exchange in 2012/13.

## International Women's Day

In support of the 2012 International Women's Day in March, the Commissioner invited all female CEOs and directors general, including those from local government and public universities, to hear from the former Agent General, Ms Kerry Sanderson AO.

Ms Sanderson shared her personal career journey through the public sector, with a focus on women in leadership roles. She discussed the progress made in this area over the years, key challenges that remain and proposed a course of action to strengthen the representation of women at senior levels.



Former Agent General, Ms Kerry Sanderson AO, and Public Sector Commissioner Mal Wauchope recognise the 2012 International Women's Day.

## Website redevelopment

In 2011/12, the Commission undertook a project to redevelop a number of websites. The [wa.gov.au](http://wa.gov.au) website and the [Public Sector Commission's website](#) were redeveloped, with refreshed design, updated content and improved compliance with the *Web content accessibility guidelines*. These redevelopments were undertaken in line with the website governance framework and related policies. The Commission continues to enhance functionality and content to meet stakeholder needs.

The Commission has begun planning the next stage of the project, which includes redeveloping the [InterSector website](#), [Integrity Coordinating Group website](#) and [jobs.wa.gov.au](http://jobs.wa.gov.au) home page.

## 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 85 Western Australian recipients in the Australia Day and Queen's Birthday Honours Lists for 2012, including 2 Western Australian public sector employees who received the award of a Public Service Medal. The medal recognises outstanding contribution to public service. Recipient Mr Peter Mitchell was distinguished for his role as the Sheriff of Western Australia, while Dr Shayne Silcox was distinguished for his work in Western Australian local government.

## Register of lobbyists

The Commission is responsible for the administration of the register of lobbyists. As at 30 June 2012, the public register contains 99 lobbying businesses, including 257 individuals. Registered lobbyists and public sector employees are required to adhere to the *Contact with lobbyists code*.

# Disclosures and legal compliance

## **Certification of financial statements for the year ended 30 June 2012**

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 2012 and the financial position as at 30 June 2012.

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  
3 September 2012



M Davey  
CHIEF FINANCE OFFICER  
3 September 2012

# Auditor General's report



## 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 2012, 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 2012 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Page 1 of 3

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500 FAX: 08 6557 7600

XOFAGL001

**Report on Controls**

I have audited the controls exercised by the Public Sector Commission during the year ended 30 June 2012.

Controls exercised by the Public Sector Commission are those policies and procedures established by the Public Sector Commissioner to ensure 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.

*Public Sector Commissioner's Responsibility for Controls*

The Public Sector Commissioner is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Commission complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

**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 during the year ended 30 June 2012.

**Report on the Key Performance Indicators**

I have audited the key performance indicators of the Public Sector Commission for the year ended 30 June 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

*Public Sector Commissioner's Responsibility for the Key Performance Indicators*

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 and for such controls as the Public Sector Commissioner determines necessary to ensure that the key performance indicators fairly represent indicated performance.

*Auditor's Responsibility*

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 and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Public Sector Commissioner's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

**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 2012.

**Independence**

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

**Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**

This auditor's report relates to the financial statements and key performance indicators of the Public Sector Commission for the year ended 30 June 2012 included on the Commission's website. The Commission's management are responsible for the integrity of the Commission's website. I have not been engaged to report on the integrity of the Commission's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY  
AUDITOR GENERAL  
Auditor General for Western Australia  
Perth, Western Australia  
7 September 2012

## Statement of comprehensive income for the year ended 30 June 2012

	Note	2012 \$000	2011 \$000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	<a href="#">6</a>	18 034	13 582
Supplies and services	<a href="#">7</a>	5 912	4 760
Depreciation and amortisation expense	<a href="#">8</a>	81	108
Accommodation expenses	<a href="#">9</a>	2 224	1 964
Grants and subsidies	<a href="#">10</a>	1 176	252
Loss on disposal of non-current assets	<a href="#">11</a>	138	-
Other expenses	<a href="#">12</a>	65	40
Total cost of services		<b>27 630</b>	20 706
<b>Income</b>			
<b>Revenue</b>			
User charges and fees	<a href="#">13</a>	865	702
Commonwealth grants and contributions	<a href="#">14</a>	12	20
Other revenue	<a href="#">13</a>	254	57
<b>Total revenue</b>		<b>1 131</b>	779
<b>Total income other than income from State Government</b>		<b>1 131</b>	779
<b>NET COST OF SERVICES</b>		<b>26 499</b>	19 927
<b>INCOME FROM STATE GOVERNMENT</b>			
Service appropriation		24 121	21 616
Assets assumed/(transferred)		-	(41)
Resources received free of charge		1 337	1 395
Royalties for Regions Fund		231	-
Total income from State Government	<a href="#">15</a>	<b>25 689</b>	22 970
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(810)</b>	3 043
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(810)</b>	3 043

See also the '[Schedule of income and expenses by service](#)'. The 'Statement of comprehensive income' should be read in conjunction with the accompanying notes.

## Statement of financial position

as at 30 June 2012

	Note	2012 \$000	2011 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	<a href="#">26</a>	2 288	3 325
Restricted cash and cash equivalents	<a href="#">16</a>	212	-
Receivables	<a href="#">17</a>	839	805
Amounts receivable for services	<a href="#">18</a>	145	105
Other current assets	<a href="#">19</a>	696	765
<b>Total current assets</b>		<b>4 180</b>	5 000
<b>Non-current assets</b>			
Restricted cash and cash equivalents	<a href="#">16</a>	384	312
Amounts receivable for services	<a href="#">18</a>	5 432	4 993
Property, plant and equipment	<a href="#">20</a>	96	253
Intangible assets	<a href="#">21</a>	-	192
<b>Total non-current assets</b>		<b>5 912</b>	5 750
<b>TOTAL ASSETS</b>		<b>10 092</b>	10 750
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	<a href="#">23</a>	1 641	1 635
Provisions	<a href="#">24</a>	4 527	4 343
<b>Total current liabilities</b>		<b>6 168</b>	5 978
<b>Non-current liabilities</b>			
Provisions	<a href="#">24</a>	1 049	895
<b>Total non-current liabilities</b>		<b>1 049</b>	895
<b>TOTAL LIABILITIES</b>		<b>7 217</b>	6 873
<b>NET ASSETS</b>		<b>2 875</b>	3 877
<b>Equity</b>			
Contributed equity	<a href="#">25</a>	-	-
Accumulated surplus/(deficiency)		2 875	3 877
<b>TOTAL EQUITY</b>		<b>2 875</b>	3 877

See also the '[Schedule of assets and liabilities by service](#)'. The 'Statement of financial position' should be read in conjunction with the accompanying notes.

## Statement of changes in equity

for the year ended 30 June 2012

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/(deficit) \$000	Total equity \$000
<b>Balance at 1 July 2010</b>	<a href="#">25</a>	1 422	-	7 547	8 969
Changes in accounting policy or correction of prior period errors		-	-	43	43
<b>Restated balance at 1 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
Distribution to owners		(10 000)	-	-	(10 000)
Transfer of contributed equity to accumulated surplus		6 756	-	(6 756)	-
Total		(1 422)	-	(3 713)	(5 135)
<b>Balance at 30 June 2011</b>		-	-	3 877	3 877
<b>Balance at 1 July 2011</b>		-	-	3 877	3 877
Changes in accounting policy or correction of prior period errors		-	-	(192)	(192)
<b>Restated balance at 1 July 2011</b>		-	-	3 685	3 685
Total comprehensive income for the year		-	-	(810)	(810)
Transactions with owners in their capacity as owners:					
Capital appropriations		-	-	-	-
Other contributions by owners		-	-	-	-
Distribution to owners		-	-	-	-
Transfer of contributed equity to accumulated surplus		-	-	-	-
Total		-	-	(810)	(810)
<b>Balance at 30 June 2012</b>		-	-	2 875	2 875

The 'Statement of changes in equity' should be read in conjunction with the accompanying notes.

## Statement of cash flows

for the year ended 30 June 2012

	Note	2012 \$000	2011 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		23 642	21 172
Holding account drawdowns		-	105
Non-retained revenue distributed to owner		-	(9 104)
Royalties for Regions Fund		231	-
Net cash provided by State Government		<b>23 873</b>	12 173
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(18 186)	(13 544)
Supplies and services		(4 647)	(3 737)
Accommodation		(1 946)	(2 055)
Grants and subsidies		(962)	(281)
GST payments on purchases		(904)	(668)
GST payments to taxation authority		(165)	(215)
<b>Receipts</b>			
User charges and fees		796	714
Commonwealth grants and contribution		12	20
GST receipts on sales		171	208
GST receipts from taxation authority		878	609
Other receipts		390	849
<b>Net cash provided by/(used in) operating activities</b>	<a href="#">26</a>	<b>(24 563)</b>	(18 100)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of non-current physical assets		(63)	(206)
<b>Net cash provided by/(used in) investing activities</b>		<b>(63)</b>	(206)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash provided by/(used in) financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(753)</b>	(6 133)
Cash and cash equivalents at the beginning of period		3 637	9 770
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<a href="#">26</a>	<b>2 884</b>	3 637

The 'Statement of cash flows' should be read in conjunction with the accompanying notes.

**Schedule of income and expenses by service**  
for the year ended 30 June 2012

	Service 1		Service 2		Service 3		Service 4		Service 5		Service 6		Total	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
<b>COST OF SERVICES</b>														
<b>Expenses</b>														
Employee benefits expense	5 997	4 591	2 202	1 598	4 633	4 112	3 275	2 159	1 693	867	234	255	18 034	13 582
Supplies and services	1 544	1 532	490	495	2 553	1 986	764	510	514	171	47	66	5 912	4 760
Depreciation and amortisation expense	27	39	8	13	21	42	10	10	14	3	1	1	81	108
Accommodation expenses	638	632	397	368	536	553	377	299	245	86	31	26	2 224	1 964
Grants and subsidies	492	18	-	-	683	234	-	-	-	-	-	-	1 176	252
Carrying amount of non-current assets disposed	44	-	12	-	40	-	19	-	22	-	1	-	138	-
Other expenses	9	5	6	(3)	21	11	19	20	8	8	2	(1)	65	40
<b>Total cost of services</b>	<b>8 751</b>	<b>6 817</b>	<b>3 115</b>	<b>2 471</b>	<b>8 487</b>	<b>6 938</b>	<b>4 465</b>	<b>2 998</b>	<b>2 496</b>	<b>1 135</b>	<b>316</b>	<b>347</b>	<b>27 630</b>	<b>20 706</b>
<b>Income</b>														
User charges and fees	-	(115)	-	-	808	673	-	-	57	-	-	144	865	702
Commonwealth grants and contributions	-	-	-	-	12	20	-	-	-	-	-	-	12	20
Other revenue	168	51	9	-	53	-	13	5	10	1	1	-	254	57
<b>Total income other than income from State Government</b>	<b>168</b>	<b>(64)</b>	<b>9</b>	<b>-</b>	<b>873</b>	<b>693</b>	<b>13</b>	<b>5</b>	<b>67</b>	<b>1</b>	<b>1</b>	<b>144</b>	<b>1 131</b>	<b>779</b>
<b>NET COST OF SERVICES</b>	<b>8 583</b>	<b>6 881</b>	<b>3 106</b>	<b>2 471</b>	<b>7 614</b>	<b>6 245</b>	<b>4 452</b>	<b>2 993</b>	<b>2 429</b>	<b>1 134</b>	<b>315</b>	<b>203</b>	<b>26 499</b>	<b>19 927</b>
<b>INCOME FROM STATE GOVERNMENT</b>														
Service appropriation	6 610	5 730	3 181	3 330	7 411	7 486	4 354	3 479	2 226	1 155	339	436	24 121	21 616
Assets assumed/(transferred)	-	(10)	-	(5)	-	(13)	-	(9)	-	(3)	-	(1)	-	(41)
Resources received free of charge	356	383	179	178	395	419	242	295	146	88	19	32	1 337	1 395
Royalties for Regions Fund	-	-	-	-	231	-	-	-	-	-	-	-	231	-
<b>Total income from State Government</b>	<b>6 966</b>	<b>6 103</b>	<b>3 360</b>	<b>3 503</b>	<b>8 037</b>	<b>7 892</b>	<b>4 596</b>	<b>3 765</b>	<b>2 372</b>	<b>1 240</b>	<b>358</b>	<b>467</b>	<b>25 689</b>	<b>22 970</b>
<b>Surplus/deficit for the period</b>	<b>(1,617)</b>	<b>(778)</b>	<b>254</b>	<b>1 032</b>	<b>423</b>	<b>1 647</b>	<b>144</b>	<b>772</b>	<b>(57)</b>	<b>106</b>	<b>43</b>	<b>264</b>	<b>(810)</b>	<b>3 043</b>

**Service 1** – Advice and assistance

**Service 2** – Public sector reform

The 'Schedule of income and expenses by service' should be read in conjunction with the accompanying notes.

**Service 3** – Professional development and training

**Service 4** – Development and monitoring of HR standards, ethical codes and PID guidelines

**Service 5** – Advice and evaluation of equity and diversity in public employment

**Service 6** – Independent CEO selection and recruitment advice

## Schedule of assets and liabilities by service

as at 30 June 2012

	Service 1		Service 2		Service 3		Service 4		Service 5		Service 6		General - Not attributed		Total	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000										
<b>ASSETS</b>																
Current assets	<b>1 045</b>	972	<b>254</b>	253	<b>918</b>	1 013	<b>484</b>	427	<b>104</b>	127	<b>28</b>	47	<b>1 347</b>	2 161	<b>4 180</b>	5 000
Non-current assets	<b>1 603</b>	1 390	<b>748</b>	693	<b>1 841</b>	1 718	<b>1 401</b>	1 159	<b>237</b>	343	<b>82</b>	129	<b>-</b>	318	<b>5 912</b>	5 750
<b>Total assets</b>	<b>2 648</b>	2 362	<b>1 002</b>	946	<b>2 759</b>	2 731	<b>1 885</b>	1 586	<b>341</b>	470	<b>110</b>	176	<b>1 347</b>	2 479	<b>10 092</b>	10 750
<b>LIABILITIES</b>																
Current liabilities	<b>1 952</b>	1 380	<b>871</b>	620	<b>1 416</b>	1 692	<b>1 271</b>	957	<b>191</b>	285	<b>73</b>	44	<b>394</b>	1 000	<b>6 168</b>	5 978
Non-current liabilities	<b>301</b>	142	<b>97</b>	55	<b>285</b>	361	<b>277</b>	210	<b>47</b>	54	<b>2</b>	58	<b>40</b>	15	<b>1 049</b>	895
<b>Total liabilities</b>	<b>2 253</b>	1 522	<b>968</b>	675	<b>1 701</b>	2 053	<b>1 548</b>	1 167	<b>238</b>	339	<b>75</b>	102	<b>434</b>	1 015	<b>7 217</b>	6 873
<b>NET ASSETS</b>	<b>395</b>	840	<b>34</b>	271	<b>1 058</b>	678	<b>337</b>	419	<b>103</b>	131	<b>35</b>	74	<b>913</b>	1 464	<b>2 875</b>	3 877

**Service 1** – Advice and assistance

**Service 2** – Public sector reform

**Service 3** – Professional development and training

The 'Schedule of assets and liabilities by service' should be read in conjunction with the accompanying notes.

**Service 4** – Development and monitoring of HR standards, ethical codes and PID guidelines

**Service 5** – Advice and evaluation of equity and diversity in public employment

**Service 6** – Independent CEO selection and recruitment advice

## Summary of consolidated account appropriations and income estimates for the year ended 30 June 2012

	2012 Estimate \$000	2012 Actual \$000	Variance \$000	2012 Actual \$000	2011 Actual \$000	Variance \$000
<b>DELIVERY OF SERVICES</b>						
Item 6 – Net amount appropriated to deliver services	25 915	22 915	3 000	22 915	17 791	5 124
Section 25 Transfer of service appropriation	-	-	-	-	2 643	(2 643)
Amount authorised by other statutes						
<i>Salaries and Allowances Act 1975</i>	1 206	1 206	-	1 206	1 182	24
<b>Total appropriations provided to deliver services</b>	<b>27 121</b>	<b>24 121</b>	<b>3 000</b>	<b>24 121</b>	<b>21 616</b>	<b>2 505</b>
<b>GRAND TOTAL</b>	<b>27 121</b>	<b>24 121</b>	<b>3 000</b>	<b>24 121</b>	<b>21 616</b>	<b>2 505</b>
<b>Details of expenses by service</b>						
Advice and assistance	6 785	8 751	(1 966)	8 751	6 817	1 934
Public sector reform	3 651	3 115	536	3 115	2 471	644
Professional development and training	14 805	8 487	6 318	8 487	6 938	1 549
Development and monitoring of HR Standards, ethical codes and PID	3 990	4 465	(475)	4 465	2 998	1 467
Advice and evaluation of equity and diversity in public employment	1 130	2 496	(1 366)	2 496	1 135	1 361
Independent CEO selection and recruitment advice	622	316	306	316	347	(31)
Total cost of services	30 983	27 630	3 353	27 630	20 706	6 924
Less total income	(1 293)	(1 131)	(162)	(1 131)	(779)	(352)
Net cost of services	29 690	26 499	3 191	26 499	19 927	6 572
Adjustments	(2 569)	(2 378)	(191)	(2 378)	1 689	(4 067)
<b>Total appropriations provided to deliver services</b>	<b>27 121</b>	<b>24 121</b>	<b>3 000</b>	<b>24 121</b>	<b>21 616</b>	<b>2 505</b>
<b>Capital expenditure</b>						
Purchase of non-current physical assets	125	63	62	63	197	(134)
Adjustment for other funding sources	-	(63)	63	(63)	(197)	134
<b>Capital contribution (appropriation)</b>	<b>125</b>	<b>-</b>	<b>125</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Note 31 '[Explanatory statement](#)' provides details of any significant variations between estimates and actual results for 2012 and between the actual results for 2011 and 2012.

# Notes to the financial statements

## for the year ended 30 June 2012

### 1. Australian Accounting Standards

#### General

The Commission's financial statements for the year ended 30 June 2012 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 Treasurer's Instruction (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 2012.

### 2. Summary of significant accounting policies

#### a) General statement

The Commission is a not-for-profit entity that prepares general purpose financial statements prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 impose legislative provisions that govern the preparation of financial statements and take precedence over Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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 recognised and 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 2011/12 Budget Statements, the Commission retained \$1 991 000 in 2012 (\$2 482 000 in 2011) from:

- 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.

Royalties for Regions funds are recognised as revenue at fair value in the period in which the Commission obtains control over the funds. The Commission obtains control of the funds at the time the funds are deposited into the Commission's bank account.

## **f) Property, plant and equipment**

### **Capitalisation/expensing of assets**

Items of property, plant and equipment costing \$5000 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 \$5000 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—three years
- Office equipment—five 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 \$5000 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 lives. Costs incurred below these thresholds are immediately expensed directly to the '[Statement of comprehensive income](#)'.

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—three 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 \$5000 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 website, 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 asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

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

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

## **i) Leases**

The Commission holds operating leases for its office accommodation and motor vehicles. Lease payments are expensed on a straight line basis over the 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 23 '[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 16 '[Restricted cash and cash equivalent assets](#)') 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.

### **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 flows.

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) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

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 agency's 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). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. The Commission makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Commission's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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

## **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 employer contributions paid to the GSS (concurrent contributions), the WSS and the GESBS or other superannuation funds. 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 seven 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**

### **Future impact of Australian Accounting Standards not yet operative**

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by *Treasurer's Instruction 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.

#### ***AASB 9 – Financial instruments***

Operative for reporting periods beginning on/after **1 January 2013**

This standard supersedes *AASB 139 – Financial Instruments: Recognition and measurement*, introducing a number of changes to accounting treatments.

The standard was reissued in December 2010. The Department of Treasury has not yet determined the application or the potential impact of the Standard for the Commission.

#### ***AASB 13 – Fair value measurement***

Operative for reporting periods beginning on/after **1 January 2013**

This standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.

#### ***AASB 119 – Employee benefits***

Operative for reporting periods beginning on/after **1 January 2013**

This standard supersedes AASB 119 (October 2010). As the Commission does not operate a defined benefit plan, the impact of the change is limited to measuring annual leave as a long-term employee benefit. The resultant discounting of the annual leave benefit has an immaterial impact.

#### ***AASB 2009-11***

Operative for reporting periods beginning on/after **1 July 2013**

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 Int 10 & 12] [Modified by AASB 2010-7]

### ***AASB 2010-2***

Operative for reporting periods beginning on/after **1 July 2013**

Amendments to Australian Accounting Standards arising from reduced disclosure requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]

This standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.

### ***AASB 2010-7***

Operative for reporting periods beginning on/after **1 January 2013**

Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]

This standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The Department of Treasury has not yet determined the application or the potential impact of the standard for agencies.

### ***AASB 2011-2***

Operative for reporting periods beginning on/after **1 July 2013**

Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – reduced disclosure requirements [AASB 101 & 1054]

This standard removes disclosure requirements from other standards and incorporates them in a single standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.

### ***AASB 2011-8***

Operative for reporting periods beginning on/after **1 January 2013**

Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]

This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.

### ***AASB 2011-9***

Operative for reporting periods beginning on/after **1 July 2012**

Amendments to Australian Accounting Standards – Presentation of items of other comprehensive income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]

This standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The Commission has not yet determined the application or the potential impact of the standard.

### ***AASB 2011-10***

Operative for reporting periods beginning on/after **1 January 2013**

Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]

This standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is limited financial impact.

### ***AASB 2011-11***

Operative for reporting periods beginning on/after **1 July 2013**

Amendments to AASB 119 (September 2011) arising from reduced disclosure requirements.

This standard gives effect to Australian Accounting Standards – reduced disclosure requirements for AASB 119 (September 2011). There is no financial impact.

### ***AASB 2012-1***

Operative for reporting periods beginning on/after **1 July 2013**

Amendments to Australian Accounting Standards – fair value measurement – reduced disclosure requirements [AASB 3, 7, 13, 140 & 141]

This standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.

## 6. Employee benefits expense

	2012 \$000	2011 \$000
Wages and salaries <sup>(a)</sup>	16 556	12 339
Superannuation – defined contribution plans <sup>(b)</sup>	1 478	1 243
	<b>18 034</b>	13 582

(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 12 '[Other expenses](#)'. The employment on-costs liability is included at note 24 '[Provisions](#)'.

## 7. Supplies and services

	2012 \$000	2011 \$000
Communications	136	159
Consultants and contractors	4 894	3 849
Consumables	658	431
Travel	93	59
Other	131	262
	<b>5 912</b>	4 760

## 8. Depreciation and amortisation expense

	2012 \$000	2011 \$000
<b>Depreciation</b>		
Computer hardware	11	9
Furniture and fittings	52	76
Office equipment	18	23
	<b>81</b>	108

## 9. Accommodation expenses

	2012 \$000	2011 \$000
Lease rentals and outgoings	2 221	1 962
Repairs and maintenance	2	-
Cleaning	1	2
	<u>2 224</u>	<u>1 964</u>

## 10. Grants and subsidies

	2012 \$000	2011 \$000
<b>Recurrent</b>		
Government agency grants	-	-
External grants	1 176	252
	<u>1 176</u>	<u>252</u>

## 11. Loss on disposal of non-current assets

	2012 \$000	2011 \$000
<b>Proceeds from disposal of non-current assets</b>		
Computer hardware	1	-
	<u>1</u>	<u>-</u>
<b>Cost of disposal of non-current assets</b>		
Furniture and fittings	136	-
Computer hardware	3	-
	<u>139</u>	<u>-</u>
Net loss	<u>138</u>	<u>-</u>

## 12. Other expenses

	2012 \$000	2011 \$000
Employment on-costs	16	(22)
Impairment losses <sup>(a)</sup>	-	-
Other <sup>(b)</sup>	49	62
	<b>65</b>	40

(a) Write down of furniture and fittings as a result of relocation of office accommodation.

(b) Audit fees, see also note 30 '[Remuneration of auditor](#)'.

## 13. User charges and fees

	2012 \$000	2011 \$000
Fees	865	702
	<b>865</b>	702
<b>Other revenues</b>		
Recoups	227	38
Contributions by senior officers to the Government Vehicle Scheme	27	19
	<b>254</b>	57

## 14. Commonwealth grants and contributions

	2012 \$000	2011 \$000
Funding provided by Government Skills Australia to undertake staff training	12	20

## 15. Income from State Government

	2012 \$000	2011 \$000
<b>Appropriation received during the year</b>		
Service appropriations <sup>(a)</sup>	<b>24 121</b>	21 616
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)
<b>Resources received free of charge <sup>(c)</sup></b>		
Determined on the basis of the following estimates provided by agencies:		
Department of the Premier and Cabinet		
– corporate support services	<b>1 134</b>	1 351
Department of Finance		
– accommodation lease services	<b>154</b>	25
Department of the Attorney General – legal services	<b>49</b>	19
	<b>1 337</b>	1 395
<b>Royalties for Regions Fund</b>		
Regional Community Services Account <sup>(d)</sup>	<b>231</b>	-
	<b>25 689</b>	22 970

(a) 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.

(b) 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.

(c) 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.

(d) This is a sub-fund within the overarching Royalties for Regions Fund. The current funds are committed to projects and programs in regional areas.

## 16. Restricted cash and cash equivalent assets

	2012 \$000	2011 \$000
<b>Current</b>		
Royalties for Regions Fund <sup>(a)</sup>	<b>212</b>	-
<b>Non-current</b>		
Accrued salaries suspense account <sup>(b)</sup>	<b>384</b>	312

(a) Unspent funds are committed to projects and programs in regional areas.

(b) 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.

## 17. Receivables

	2012 \$000	2011 \$000
<b>Current</b>		
Receivables	<b>682</b>	713
GST receivable	<b>157</b>	92
	<b>839</b>	805

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

## 18. Amounts receivable for services (holding account)

	2012 \$000	2011 \$000
Current	<b>145</b>	105
Non-current	<b>5 432</b>	4 993
	<b>5 577</b>	5 098

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.

## 19. Other assets

	2012 \$000	2011 \$000
<b>Current</b>		
Prepayments	696	765

## 20. Property, plant and equipment

	2012 \$000	2011 \$000
<b>Computer hardware</b>		
At cost	22	83
Accumulated depreciation	(15)	(62)
Accumulated impairment losses	-	-
	7	21
<b>Furniture and fittings</b>		
At cost	-	633
Accumulated depreciation	-	(413)
Accumulated impairment losses	-	(32)
	-	188
<b>Office equipment</b>		
At cost	136	136
Accumulated depreciation	(47)	(92)
Accumulated impairment losses	-	-
	89	44
<b>Total</b>	<b>96</b>	<b>253</b>

See the next page for reconciliations.

## 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:

2012	Computer hardware \$000	Furniture & fittings \$000	Office equipment \$000	Total \$000
Carrying amount at start of year	21	188	44	<b>253</b>
Additions	-	-	63	<b>63</b>
Transfers	-	-	-	-
Other disposals	(3)	(136)	-	<b>(139)</b>
Impairment losses	-	-	-	-
Depreciation	(11)	(52)	(18)	<b>(81)</b>
Carrying amount at end of year	7	-	89	<b>96</b>

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

## 21. Intangible assets

	2012 \$000	2011 \$000
<b>Computer software</b>		
At cost	-	192
Accumulated depreciation	-	-
Accumulated impairment losses	-	-
Total intangible assets	-	192
<b>Reconciliation – Computer software</b>		
Carrying amount at start of year	192	-
Additions	-	192
Prior period adjustment	(192)	-
Carrying amount at end of year	-	192

## 22. Impairment of assets

There were no indications of impairment to property, plant and equipment at 30 June 2012.

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

## 23. Payables

	2012 \$000	2011 \$000
<b>Current</b>		
Trade payables	327	125
Accrued salaries	347	915
Accrued expenses	967	595
	1 641	1 635

## 24. Provisions

	2012 \$000	2011 \$000
<b>Current</b>		
Employee benefits provision		
Annual leave <sup>(a)</sup>	<b>1 840</b>	1 856
Long service leave <sup>(b)</sup>	<b>2 685</b>	2 485
	<b>4 525</b>	4 341
Other provisions		
Employment on-costs <sup>(c)</sup>	<b>2</b>	2
	<b>4 527</b>	4 343
<b>Non-current</b>		
Long service leave <sup>(b)</sup>	<b>1 048</b>	894
Other provisions		
Employment on-costs <sup>(c)</sup>	<b>1</b>	1
	<b>1 049</b>	895

(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	<b>950</b>	934
More than 12 months after the reporting period	<b>891</b>	923
	<b>1 841</b>	1 857

(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	<b>1 231</b>	1 041
More than 12 months after the reporting period	<b>2 504</b>	2 340
	<b>3 735</b>	3 381

(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 12 '[Other expenses](#)'.

## Movement in other provisions

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

	2012 \$000	2011 \$000
<b>Employment on-cost provision</b>		
Carrying amount at start of period	3	2
Additional provisions recognised	1	2
Payments/other sacrifices of economic benefits	(1)	(1)
Carrying amount at end of period	<u>3</u>	<u>3</u>

## 25. Equity

Equity represents the residual interest in the net assets of the Commission.

The Government holds the equity interest in the Commission on behalf of the community.

	2012 \$000	2011 \$000
<b>Contributed equity</b>		
Balance at start of period	-	1 422
Contributions by owners		
Capital appropriations	-	-
Transfer of net assets from other agencies <sup>(a)</sup>		
Net assets from the Office of the Public Sector Standards Commissioner	-	1 822
Total contributions by owners	-	<u>3 244</u>
Distributions to owners		
Transfer of surplus cash to the Consolidated Account	-	(10 000)
Total distributions to owners	-	<u>(10 000)</u>
Transfer of debit balance to Accumulated Surplus	-	6 756
Balance at end of period	-	<u>-</u>
<b>Accumulated surplus/(deficit) (retained earnings)</b>		
Balance at the start of the year	3 877	7 547
Result for the period	(810)	3 043
Income and expense recognised directly in equity	(192)	43
Transfer of debit balance from contributed equity	-	(6 756)
Balance at the end of the year	<u>2 875</u>	<u>3 877</u>
<b>Total equity at the end of the period</b>	<u>2 875</u>	<u>3 877</u>

(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 that reporting period, the Office of the Public Sector Standards Commissioner recognised the following expenses, income, assets, and liabilities attributed to the transferred activities:

	2012 \$000	2011 \$000
<b>Expenses</b>		
Employee benefits expense	-	1 422
Supplies and services	-	183
Depreciation and amortisation expense	-	30
Accommodation expenses	-	164
Other expenses	-	44
	-	1 843
<b>Income</b>		
Service appropriation	-	2 132
Other revenues	-	3
Resources received free of charge	-	164
	-	2 299
<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

## 26. Notes to the 'Statement of cash flows'

	2012 \$000	2011 \$000
<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	2 288	3 325
Restricted cash and cash equivalents (refer to note 16)	596	312
	<b>2 884</b>	<b>3 637</b>
<b>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</b>		
Net cost of services	<b>(26 499)</b>	(19 927)
Non-cash items:		
Depreciation and amortisation expense (note 8)	81	108
Net gain/(loss) on disposal on non-current assets	138	-
Resources received free of charge (note 15)	1 337	1 395
(Increase)/decrease in assets:		
Current receivables <sup>(a)</sup>	31	774
Other current assets	69	(146)
Increase/(decrease) in liabilities:		
Current payables <sup>(a)</sup>	6	(722)
Current provisions	184	673
Non-current provisions	154	(268)
Net GST receipts/(payments) <sup>(b)</sup>	18	66
Change in GST receivables/payables <sup>(c)</sup>	<b>(82)</b>	(53)
Net cash provided by/(used in) operating activities	<b>(24 563)</b>	(18 100)

(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.

## 27. 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:

	2012 \$000	2011 \$000
Office of the Public Sector Standards Commissioner – Accommodation	-	129

## 28. 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:

	2012 \$000	2011 \$000
<b>Non-cancellable operating lease commitments</b>		
Commitments for minimum lease payments are payable as follows:		
Within one year	2 464	1 697
Later than one year and not later than five years	8 911	78
Later than five years	-	-
	<b>11 375</b>	<b>1 775</b>
<b>Motor vehicle leases as part of the 'whole-of-government' arrangement</b>		
Within one year	82	75
Later than one year and not later than five years	84	53
Later than five years	-	-
	<b>166</b>	<b>128</b>
<b>Accommodation leases occupied by the Commission</b>		
Within one year	2 382	1 622
Later than one year and not later than five years	8 827	25
Later than five years	-	-
	<b>11 209</b>	<b>1 647</b>

## 29. 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:

\$	2012	2011
20 001 – 30 000	-	1
60 001 – 70 000	-	1
70 001 – 80 000	-	1
100 001 – 110 000	-	1
130 001 – 140 000	1	2
140 001 – 150 000	-	1
150 001 – 160 000	2	-
210 001 – 220 000	1	-
240 001 – 250 000	-	1
250 001 – 260 000	2	1
470 001 – 480 000	-	1
500 001 – 510 000	1	-

	2012 \$000	2011 \$000
Total remuneration of senior officers	<b>1 678</b>	1 652

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.

## 30. Remuneration of auditor

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

	2012 \$000	2011 \$000
Auditing the accounts, financial statements and performance indicators	<b>45</b>	43

### 31. 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 five per cent or \$100 000.

#### **Total appropriations provided to deliver services – significant variances between estimate and actual for 2012**

	<b>2012 Estimate \$000</b>	<b>2012 Actual \$000</b>	<b>Variance \$000</b>
Net amount appropriated to deliver services	25 915	<b>22 915</b>	3 000

The \$3.0 million variance for the net amount appropriated to deliver services occurred because the Commission used surplus funds in its bank account to partly fund its 2011/12 operations rather than appropriation funds. The surplus bank balance arose due to the Commission operating below full FTE levels in previous financial years.

## Service expenditure

### – significant variances between estimate and actual for 2012

Service	2012 Estimate \$000	2012 Actual \$000	Variance \$000
Service 1 – Advice and assistance	6 785	<b>8 751</b>	(1 966)
Service 2 – Public sector reform	3 651	<b>3 115</b>	536
Service 3 – Professional development and training	14 805	<b>8 487</b>	6 318
Service 4 – Development and monitoring of HR standards, ethical codes and PID guidelines	3 990	<b>4 465</b>	(475)
Service 5 – Advice and evaluation of equity and diversity in public employment	1 130	<b>2 496</b>	(1 366)
Service 6 – Independent CEO selection and recruitment advice	622	<b>316</b>	306

- Service 1 – Advice and assistance

The variance is due to higher than anticipated costs including severance payouts for SES staff coupled with the cost of the Sir Charles Court statue which has been allocated differently in the budget. In addition, the service operated with proportionately higher FTE numbers attracting a greater share of corporate and executive overheads.

- Service 3 – Professional development and training

The variance is partly due to the division operating below full FTE level for the year which impacted on the allocation of corporate and executive overheads. Two programs, the Aboriginal Employment Strategy and Regional Leadership Program were subject to start-up delays significantly reducing actual expenditure for the year.

- Service 4 – Development and monitoring of human resource standards, ethical codes and public interest disclosure guidelines

The service operated with proportionately higher FTE numbers attracting a greater share of direct costs and corporate and executive overheads.

- Service 5 – Advice and evaluation of equity and diversity in public employment

The service operated with proportionately higher FTE numbers attracting a larger share of direct costs and corporate and executive overheads.

- Service 6 – Independent CEO selection and recruitment advice

The service operated with proportionately fewer FTE numbers attracting a smaller share of direct costs and 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 4, 5 and 6. As such, the figures for the 2010/11 financial year include seven months of combined operations.

**Total appropriations provided to deliver services  
– significant variances between the actual for 2012 and for 2011**

	<b>2012 Actual \$000</b>	<b>2011 Actual \$000</b>	<b>Variance \$000</b>
Net amount appropriated to deliver services	<b>22 915</b>	17 791	5 124
Amount authorised by other statutes	<b>1 206</b>	1 182	24

The variance of \$5.124 million for the net amount appropriated to deliver services is due to increased funding for accountability, governance and integrity programs (\$1.107 million), public sector improvement initiatives (\$1.183 million), leadership program (\$2.198 million) and the *Aboriginal employment strategy* (\$1.557 million).

In addition, the full year impact for the transfer of funds from OPSSC following the merger increased 2012 funding by \$2.3 million. These increases were offset by the Public Sector Commission not drawing down its full funding in 2012 by \$3.0 million due to operating below full FTE levels.

The increase in funding for the amount authorised by other statutes is due primarily to Salaries and Allowances Tribunal determinations.

## Service expenditure

### – significant variances between the actual for 2012 and for 2011

Service	2012 Actual \$000	2011 Actual \$000	Variance \$000
Service 1 – Advice and assistance	<b>8 751</b>	6 817	1 934
Service 2 – Public sector reform	<b>3 115</b>	2 471	644
Service 3 – Professional development and training	<b>8 487</b>	6 938	1 549
Service 4 – Development and monitoring of HR standards, ethical codes and PID guidelines	<b>4 465</b>	2 998	1 467
Service 5 – Advice and evaluation of equity and diversity in public employment	<b>2 496</b>	1 135	1 361
Service 6 – Independent CEO selection and recruitment advice	<b>316</b>	347	(31)

- Service 1 – Advice and assistance  
The variance is due to higher than anticipated costs including severance payouts for SES staff coupled with the cost of the Sir Charles Court statue which has been allocated differently in the budget. In addition, there was a minor shift in FTE numbers affecting corporate and executive overhead allocation.
- Service 3 – Professional development and training  
The variance is mostly due to increased expenditure on programs for which new funding had been approved. The service operated at a slightly higher FTE levels resulting in an increased allocation of corporate and executive overheads.
- Service 4 – Development and monitoring of human resource standards, ethical codes and public interest disclosure guidelines  
The variance represents the full year impact of operations following the merger with OPSSC in December 2010, combined with an increase in resources increasing direct costs and corporate and executive overheads.
- Service 5 – Advice and evaluation of equity and diversity in public employment  
The service operated with proportionately more FTE numbers attracting a greater share of direct costs and corporate and executive overheads.

## **32. 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 32(c) '[Financial instrument disclosures](#)' and note 17 '[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 32(c) '[Financial instrument 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:

	2012 \$000	2011 \$000
<b>Financial assets</b>		
Cash and cash equivalents	2 288	3 325
Restricted cash and cash equivalents	596	312
Receivables <sup>(a)</sup>	6 259	5 811
<b>Financial liabilities</b>		
Financial liabilities	1 641	1 635

(a) The amount of receivables excludes GST recoverable from the Australian Tax Office (statutory receivable).

## c) Financial instrument disclosures

### Credit risk and interest rate risk exposures

The 'Interest rate exposures and ageing analysis of financial assets' table on page 110 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.

### Liquidity risk

The 'Interest rate exposures and maturity analysis of financial liabilities' table on page 111 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.

### 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.

### Interest rate exposures and ageing analysis of financial assets

	Weighted average effective interest rate %	Carrying amount \$000	Interest rate exposure		Past due but not impaired							Impaired financial assets \$000
			Variable interest rate \$000	Non-interest bearing \$000	Up to 3 months \$000	3–12 months \$000	1–2 years \$000	2–3 years \$000	3–4 years \$000	4–5 years \$000	> 5 years \$000	
<b>2012</b>												
Cash and cash equivalents		2 288	-	2 288	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents		596	-	596	-	-	-	-	-	-	-	-
Receivables <sup>(a)</sup>		682	-	682	658	24	-	-	-	-	-	-
Amounts receivable for services		5 577	-	5 577	-	-	-	-	-	-	-	-
		9 143	-	9 143	658	24	-	-	-	-	-	-
<b>2011</b>												
Cash and cash equivalents		3 325	-	3 325	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents		312	-	312	-	-	-	-	-	-	-	-
Receivables <sup>(a)</sup>		713	-	713	35	-	-	-	-	-	-	-
Amounts receivable for services		5 098	-	5 098	-	-	-	-	-	-	-	-
		9 448	-	9 448	35	-	-	-	-	-	-	-

(a) The amount of receivables excludes GST recoverable from the Australian Tax Office (statutory receivable).

### Interest rate exposures and maturity analysis of financial liabilities

Weighted average effective interest rate %	Carrying amount \$000	Interest rate exposure				Maturity dates						
		Variable interest rate \$000	Non-interest bearing \$000	Adjustment for discounting \$000	Total nominal amount \$000	Up to 3 months \$000	3–12 months \$000	1–2 years \$000	2–3 years \$000	3–4 years \$000	4–5 years \$000	> 5 years \$000
<b>2012</b>												
Payables	1 641	-	1 641	-	-	1 627	14	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
	1 641	-	1 641	-	-	1 627	14	-	-	-	-	-
<b>2011</b>												
Payables	1 635	-	1 635	-	-	1 635	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
	1 635	-	1 635	-	-	1 635	-	-	-	-	-	-

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

### **33. Events occurring after the end of the reporting period**

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

### **34. 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 \$647 000 for 2011/12 (\$599 000 for 2010/11).

### **35. 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, the 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 2012**

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 2012.



M C Wauchope  
ACCOUNTABLE AUTHORITY  
3 September 2012

## Overview of key performance indicators

The Commission is charged with the responsibility of assisting the Government, through the delivery of services, to achieve the broad goal of 'Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians'.

To realise this goal, the Commission provides services to public authorities that achieve two agency-level Government-desired outcomes:

- 'Assisting agencies deliver services to the community with excellence and integrity'
- 'The principles of merit, equity, probity and integrity underpin official conduct and human resource management of public authorities in Western Australia'.

The Commission has adopted a structure that provides the following six services to public sector agencies:

1. Advice and assistance
2. Public sector reform
3. Professional development and training
4. Development and monitoring of human resource standards, ethical codes and public interest disclosure guidelines
5. Advice and evaluation of equity and diversity in public employment
6. Independent chief executive officer selection and recruitment advice.

The last three services became the responsibility of the Commission following the merger with the Office of the Public Sector Standards Commissioner (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 2011/12, the chief executive officers of departments created under section 35 of the PSM Act, and ministers and/or their chiefs of staff were surveyed and asked how they rate whether the advice and guidance offered by the Commission assisted them to promote integrity within their agency and deliver excellent services to the community. The rating was a five-step rating from strongly agree to strongly disagree.

### Outcome: Assisting agencies to deliver services to the community with excellence and integrity

Key effectiveness indicator	Target 2011/12	Actual 2011/12	Actual 2010/11	Actual 2009/10
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	98%	<b>89.1%</b>	97.1%	97.9%

The 2011/12 result of 89.1 per cent is lower than previous years and the target measure of 98 per cent. This may be due to the low response rates from ministerial offices as a consequence of cabinet changes occurring at the time the survey was issued. Respondent comments were generally favourable with no clear trend that may indicate areas for improvement noted.

To measure the Commission's effectiveness at ensuring that 'The principles of merit, equity, probity and integrity underpin official conduct and human resource management of public authorities in Western Australia', agencies were surveyed to determine the extent to which they comply with public sector standards, codes of ethics, and any relevant code of conduct.

**Outcome: The principles of merit, equity, probity and integrity underpin official conduct and human resource management of public authorities in Western Australia**

Key effectiveness indicator	Target 2011/12	Actual 2011/12	Actual 2010/11	Actual 2009/10
Percentage of public authorities who have provided all reports as required by legislation <sup>(a)</sup>	100%	<b>100%</b>	100%	95%
Percentage of public authorities who have met the minimum requirements <sup>(a)</sup>	100%	<b>89%</b>	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 <sup>(b)</sup>	100%	<b>100%</b>	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 <sup>(c)</sup>	97%	<b>86.4%</b>	93%	87%
Percentage of breach of standard claims and matters referred to the Public Sector Commission that are handled within specified timeframes <sup>(d)</sup>	90%	<b>78%</b>	72%	79%

- (a) This indicator refers to mandatory reporting by public sector agencies and statutory authorities under section 31 of the PSM Act, the PID Act, and Part IX, s146 of the 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 more than 60 questions. Submission of the completed survey provides sufficient information to determine whether the public authority has provided all reports required by legislation.
- (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, s146 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.
- (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 directors general as well as public sector employees.
- (d) This indicator measures the Commission's effectiveness in assessing breach claims and matters of referral. 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 or the claim process.

**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 and the cost of redeployees from other agencies, which are excluded because it is considered that they are not a cost of delivering services.

**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
- the application of practices, procedures, the PSM Act and subsidiary legislation
- redeployment and disciplinary matters
- the review and establishment of executive structures
- the creation, classification and remuneration of CEOs and SES positions.

Key efficiency indicator for Service 1	Target \$ 2011/12	Actual \$ 2011/12	Actual \$ 2010/11	Actual \$ 2009/10
--	----------------------	----------------------	----------------------	----------------------

Average cost of advice and assistance services provided per client <sup>(a)</sup>	38 904	<b>34 475</b>	30 409	32 737
---	--------	---------------	--------	--------

(a) Grants of \$492 000 for 2011/12 and \$18 182 for 2010/11 have been excluded from this indicator as they are not considered to be a cost of delivering service.

The actual average cost for 2011/12 is lower than budgeted due to operating below FTE levels, and higher than previous years primarily because the service operated with comparatively more staff resulting in more direct and corporate costs, the latter apportioned across services based on FTE levels.

## 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. Key components of this service include strategic policy development aimed at modernising the public sector and initiating and implementing legislative and regulatory reform of public sector management practices.

The average cost per reform initiative indicates the cost of providing long-term future benefits for the public service, which are intended to improve the quality of services provided to the community. The public sector reform program comprised 17 initiatives, most of which had an initiative development phase and a separate implementation phase. The implementation phase generally involved training agency staff and is the responsibility of 'Professional development and training' (Service 3). Some initiatives were dependent on the successful implementation of others. The program commenced in 2009/10 and most initiatives have now been incorporated into normal operations.

Key efficiency indicators for Service 2	Target \$ 2011/12	Actual \$ 2011/12	Actual \$ 2010/11	Actual \$ 2009/10
Average cost per client of supporting policies and frameworks <sup>(a)</sup>	8 412	<b>9 144</b>	5 736	29 273
Average cost per major reform initiative	275 506	<b>217 816</b>	396 390	748 827
(a) Grants of \$5490 for 2009/10 have been excluded from this indicator as they are not considered to be a cost of delivering service.				

The actual average cost per client of supporting policies and frameworks for 2011/12 is in line with the budget target, however it is higher than the 2010/11 actual due to increased FTE in this service attracting a comparatively larger amount of corporate costs.

The average cost per major reform initiative is lower than the budget target because the budget assumed a higher allocation of resources. The cost is lower this year compared with last year due to a higher number of completed initiatives.

### Service 3 – Professional development and training

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

Key efficiency indicators for Service 3	Target \$ 2011/12	Actual \$ 2011/12	Actual \$ 2010/11	Actual \$ 2009/10
Average cost per participant <sup>(a)</sup>	764	<b>578</b>	435	3 269
Average cost per public sector reform initiative developed for implementation	242 752	<b>158 495</b>	582 342	621 145
(a) Grants of \$683 000 in 2011/12, (\$233 944 in 2010/11 and \$615 010 in 2009/10) have been excluded as they are not considered to be a cost of delivering service.				

The average cost per participant is lower than the budget target because comparatively fewer resources were applied to this service as resources were redirected to equal opportunity employment. However, compared with the previous year, more resources were applied to the development and delivery of training courses with an increased focus on delivering quality training courses, some with recognised qualifications, and on ensuring public sector staff in regional areas receive training.

The average cost per reform initiative was below the budget target and the 2010/11 actual. The cost differences reflect costs incurred last year that had benefits this year, together with a larger number of initiatives completed than in previous years.

**Service 4 – Development and monitoring of human resource standards, ethical codes and public interest disclosure guidelines**

The Commission’s functions under this service area include:

- establishing standards of merit, equity and probity, and ethical codes
- monitoring and reporting on the extent of agency compliance with these standards and codes
- assisting public authorities to develop their capacity to operate in accordance with these standards and codes.

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.

Key efficiency indicator for Service 4	Target \$ 2011/12	Actual \$ 2011/12	Actual \$ 2010/11 <sup>(a)</sup>	Actual \$ 2009/10 <sup>(b)</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>	12 203	<b>13 695</b>	10 372	8 964
(a) Includes costs totalling \$1 192 766 reported by OPSSC in the <i>Final report for the period to 30 November 2010</i> to provide full year costs for comparison purposes.				
(b) As reported in the <i>2009/10 Annual report</i> for OPSSC.				

The cost is higher than the budget target and previous years, reflecting the increasing significance of this service and the investment in systems and processes to ensure its effective operation.

**Service 5 – 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 include:

- assisting public authorities to develop quality business-focused equal employment opportunity management plans
- coordinating or participating in the development and implementation of strategies and initiatives to increase workforce equity and diversity
- monitoring, evaluating and reporting on progress made in equal employment opportunity and diversity endeavours.

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.

Key efficiency indicator for Service 5	Target \$ 2011/12	Actual \$ 2011/12	Actual \$ 2010/11 <sup>(a)</sup>	Actual \$ 2009/10 <sup>(b)</sup>
Cost of assistance and monitoring per public sector agency and authority for Part IX of the <i>Equal Opportunity Act 1984</i>	4 184	<b>8 516</b>	7 766	4 450
(a) Includes costs totalling \$481 208 reported by OPSSC in the <i>Final report for the period to 30 November 2010</i> to provide full year costs for comparison purposes.				
(b) As reported in the <i>2009/10 Annual report</i> for OPSSC.				

The indicator is higher than the budget target and previous year primarily due to the implementation of new initiatives, particularly the *Aboriginal employment strategy 2011–2015*.

## Service 6 – Independent chief executive officer selection and reappointment advice

This service has responsibility for recommending the appointment and reappointment of CEOs, and involves performing or arranging for independent executive recruitment consultants to perform all or some of the aspects of the recruitment process including advertising vacant positions, executive searches and applicant assessment to final recommendation for a position.

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

Key efficiency indicator for Service 6	Target \$ 2011/12	Actual \$ 2011/12	Actual \$ 2010/11 <sup>(a)</sup>	Actual \$ 2009/10 <sup>(b)</sup>
Cost per CEO selection	103 644	<b>39 502</b>	128 980	98 567
(a) Includes costs totalling \$169 505 reported by OPSSC in the <i>Final report for the period to 30 November 2010</i> to provide full year costs for comparison purposes.				
(b) As reported in the <i>2009/10 Annual report</i> for OPSSC.				

The indicator is lower than target and previous year actual costs because the number of appointments made this year was significantly more than anticipated. In addition, due to its small size, the service attracts comparatively less corporate overhead costs.

# Other legal requirements

## Expenditure reporting in accordance with the Electoral Act *Electoral Act 1907, section 175ZE*

The Commission incurred the following expenditure in advertising, market research, polling, direct mail and media advertising:

Applications	2011/12
Advertising agencies	
• Adcorp	\$77 669
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	Nil
Media advertising organisations	
• Fairfax media group	\$4 950
<b>Total</b>	<b>\$82 619</b>

## Compliance with public sector standards and ethical codes *Public Sector Management Act 1994, section 31(1)*

The Commission fully complied with regard to the public sector standards, the *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 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. Training in accountable and ethical decision making and records awareness forms part of the induction for new officers, and all staff are supported with regular information sessions.

## **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 DAIP progress report to the Disability Services Commission and is planning its actions and strategies for the upcoming year.

## **Record keeping plan**

### **State Records Commission (SRC) Standard 2, Principle 6**

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 Corporate Information from the Department of the Premier and Cabinet (DPC).

With the relocation to Dumas House, service areas captured records prior to the move. Storage areas onsite were greatly reduced with the digitisation of many records. Non-essential records were stored offsite to assist in planning with the relocation to overcome storage space constraints. Operations were minimally disrupted and services were still maintained to ensure record keeping compliance.

### **Evaluation of recordkeeping systems**

An external audit was carried out by Stantons International Audit & Consulting Pty Ltd on the SRC's principles, policies, standards, and the Commission's recordkeeping plan in November and December 2011. There were no major issues and the Commission complied with the SRC requirements.

The Commission shares common records management procedures and controlled vocabulary with the DPC. These are reviewed annually by the DPC's Corporate Information team and approved before use. Records management procedures and the controlled vocabulary were reviewed and updated after the relocation to Dumas House. Updates were also made to the Commission's intranet.

The ongoing digitisation of significant hard copy records continue to be part of the contingency plan to ensure records are easily recovered electronically.

### **Record keeping training**

The DPC has provided online records awareness training since the inception of the Commission. In 2011/12, the Commission acquired its own online records training system licensing and used it to complement the online employee induction provided by Techniworks, with all new employees completing the training.

In 2011/12, 35 sessions and 28.25 hours of training were provided to support a general records system user base of the 151 people enrolled. Also during the year, 69 records-related internal publications were produced and made available to staff including induction books, service updates and training manuals.

The records awareness training program provides a greater awareness and understanding of the Commission's staff's recordkeeping roles and responsibilities. The Deputy Commissioners and the Commissioner have been instrumental in ensuring compliance by all employees. Continuing emphasis is made in the Commission's code of conduct and, for those who undertook their training more than three years ago, there will be a new survey conducted and refresher training.

### **Inclusion of record keeping in employee induction**

The record keeping induction booklet is revised periodically and has been modified to suit the Commission's needs at Dumas House. With the records awareness training complementing the induction process, the Commission ensures that its induction programs meet the compliance requirements of the record keeping plan. Record keeping roles and responsibilities are also included in accountability and ethical decision making training and the code of conduct.

## Freedom of information

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

The table below provides a summary of the FOI applications finalised during this period. A more comprehensive breakdown of the statistics of the Commission is provided in the annual report of the [Office of the Information Commissioner](#).

Applications	2011/12	2010/11
Received during the year	24	10
Finalised during the year	24	11
Average time to process (days)	29	48
Outcomes		
Full access	0	2
Edited access	15	7
Deferred access	0	0
Section 26 access	2	0
Section 28 access	0	0
Access refused	3	2
<b>Total decisions</b>	<b>20</b>	<b>11</b>
Transferred to other agencies	0	0
Withdrawn	4	0
<b>Total applications finalised</b>	<b>24</b>	<b>11</b>

# 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*. Comprising 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 Public Sector Commission in accordance with section 60(1)(b) of the *Financial Management Act 2006* (FM Act).

As an affiliated body of an agency under the FM Act, 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 Public Sector Commission.





**PSC** | Public Sector  
Commission