



Annual report 2012/13

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 2013.

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



M C Wauchope
ACCOUNTABLE AUTHORITY
4 September 2013

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Accessibility

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Commissioner's overview

Western Australia has a long and proud tradition of a public sector providing high quality services to communities across the State.

At the Commission, we built on this tradition in 2012/13 by implementing a substantial machinery of government reform agenda. In doing so, we provided direct assistance and support within the agencies involved and are continuing to support them during the implementation phase.

Together, we continued to progress a significant program of legislative reform on behalf of the Government and are focused on long-term and sustainable employment opportunities for young people, Aboriginal people and people with disabilities across the public sector.

As you read through this annual report, you will see our vision and priorities echoed in our work at every level from our professional approach when undertaking special inquiries to our commitment when providing professional development opportunities within the sector.

You will also see our focus shift to encompass the broader public sector, including boards and committees, local governments and public universities, as we continue to build our relationships with these entities under my other statutory functions.

I am committed to the efficient and effective management of the sector and will ensure we continue to evaluate our performance and standards so our services can be delivered professionally and sustainably.

Looking back over the past year, I am proud of the increased collaboration and strengthened relationships between the Commission and our key stakeholders. I commend my staff for working to deliver on our priorities and building a better public sector.



M C Wauchope
PUBLIC SECTOR COMMISSIONER



Executive summary



About this report

Welcome to our annual report for the 2012/13 financial year. The report is designed to provide you with information about the Commission and its purpose, services and performance.

The report presents our work in the context of the priorities stated in our strategic plan, Budget papers and other strategic documents. It also outlines our contribution to broader Government-desired outcomes and compliance with various legislative and Government policy requirements.

The report is divided into five key sections.

1. **Profile of the Commission** introduces our corporate executive and presents a profile of the Commission's staff.
2. **Performance management framework** provides an overview of our outcome-based management framework.
3. **Significant issues impacting the agency** outlines the challenges and opportunities facing public administration and management in Western Australia and how we are currently addressing them.
4. **Agency performance** presents detailed information against each priority area of our work and describes major initiatives and projects.
5. **Disclosures and legal compliance** includes our key performance indicators and financial statements which provide information about our performance measures and the financial situation. It also includes other legal requirements, such as our commitment to occupational health and safety and a summary of the freedom of information applications finalised during 2012/13.

Annual report online

As only limited copies are printed, the report is also available online at www.publicsector.wa.gov.au. The report is available in full, or alternatively each section can be downloaded separately.

The year at a glance

2 special inquiries were undertaken by the Commission	5 Commissioner's instructions were issued
8424 public sector employees participated in our development programs	157 CEOs participated in our development opportunities
25 CEOs were appointed or reappointed to positions	86 Aboriginal trainees were placed in public sector agencies
49 regional workshops were held by the Commission	16 publications were released to assist the public sector
125 emerging leaders participated in leadership programs	71 nominations for the Premier's Awards were received
116 breach of standard claims were finalised	38 briefings were held with government boards and committees



Highlights

Significant matters

The Commission was directed to undertake special inquiries into the delivery of public health services at the Peel Health Campus 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.

At the request of the Attorney General, we also undertook a review of the *Commissioner for Children and Young People Act 2006*, involving community consultation and the consideration of 40 public submissions.

The Commission also completed 100 matters of referral, including matters relating to those to improve governance, grievance, discipline and workforce management.

Machinery of government

Following Cabinet's approval in April 2013, we played a major role in the implementation of a substantial machinery of government reform agenda, providing direct assistance and support within the relevant departments.

The majority of this work was undertaken in this reporting period and included the establishment of an amalgamated Department of Local Government and Communities, a new stand-alone Department of Lands, and the split of the Department of Environment and Conservation (DEC) into a new Department of Parks and Wildlife and the Department of Environment Regulation. Several others are still being progressed, including the amalgamation of the Mental Health Commission and the Drug and Alcohol Authority, and consideration of the amalgamation of the Department of Water and the Department of Environment Regulation.

Shared perspectives

The inaugural 'Shared perspectives' CEO working group met for the first time in August 2012 and again each quarter throughout the reporting period. Members comprised the Commissioner and eight CEOs of public sector agencies, local government and SES organisations. Key outcomes of the group in 2012/13 were sharing issues and perspectives affecting public sector CEOs, considering integrity and management challenges, and identifying collaborative approaches to implementing solutions.

Severance scheme

With the Government's announcement of an enhanced voluntary severance program, we have offered support to chief executive officers (CEOs) as they manage employees who are, or are likely to become, surplus to agency requirements. This has been achieved through two employment separation strategies:

- voluntary severance under the provisions of the *Public Sector Management (Redeployment and Redundancy) Regulations 1994*
- compensation under section 59 of the *Public Sector Management Act 1994* (PSM Act) for senior executive service (SES) officers employed under Part 3, Division 2 of the PSM Act.

Recent announcements regarding the introduction of involuntary severance to the sector will require legislative amendments to the PSM Act, which are now being progressed by the Commission.

Supporting accountability

Since 2008, the 'Accountable and ethical decision making' (AEDM) training program has been used by agencies, ministerial offices, boards and committees and, increasingly, local governments, to ensure employees understand the expected standards of conduct in the public sector. After a number of changes to the *Public Interest Disclosure Act 2003* (PID Act) came into effect on 21 November 2012, reporting wrongdoing was incorporated into the program and we increased our assistance to PID Officers in handling matters under the new legislation.

State of the sector 2012

The Commissioner tabled the *State of the sector 2012* report in November 2012. The central elements of the 2012 report were governance and organisational performance, integrity and ethical conduct, workforce planning and leadership, and workforce management.

The report highlighted the key issues facing the sector as well as articulating how we are responding to these challenges.



State of the sector 2012 report

Good governance for boards and committees

The importance and value of the work being done by public sector boards and committees is significant. However, the challenges faced in relation to corporate governance and accountability are complex. In the last year, we undertook a review of governance across public sector boards and committees. The review identified a range of reforms to increase the performance of boards and committees, and ensure confidence without compromising their statutory duties. We will work with boards and committees to increase their capacity.

Aboriginal employment

We have continued to gain traction through the *Aboriginal employment strategy 2011–2015*, which focuses on long-term, sustainable employment opportunities and career pathways for Aboriginal people across the sector. A mid-term review of the strategy by the Commission has revealed much work has gone into placing young Aboriginal people into metropolitan and regional agencies.

Martin Jull Professional Development Centre

The Martin Jull Professional Development Centre was opened in July 2012. It comprises five modern training rooms, named after distinguished public servants who made valued contributions to the Western Australian public sector.

The facilities boast space and technology to meet the demands of training and development in the sector including a purpose-built media studio and computer laboratory.

During 2012/13, the Commission delivered 464 professional development sessions and 1041 hours of training to 8424 participants. Participants attending sessions within the centre indicated an increased awareness and understanding of public administration and management issues.



Martin Jull Professional Development Centre

Profile of the Commission

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 drawn from our current *Strategic Plan 2011–2014*:

- 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 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 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; Science.



Government affiliated bodies

The Salaries and Allowances Tribunal has been determined by the Treasurer to be an affiliated body of the 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.

Corporate executive

Mal Wauchope, Public Sector Commissioner

Mal leads and positions the Commission as an independent statutory authority, balancing his policy, assistance and oversight roles.

Fiona Roche, Deputy Commissioner, Accountability, Policy and Performance

Fiona is responsible for managing the Commissioner's statutory responsibilities in relation to reviews and investigations, policy and reform and reporting to Parliament.

Dan Volaric, Deputy Commissioner, Agency Support

Dan provides high level advice and support to ministerial offices, chief executive officers and agency staff on a range of public sector administration and management matters.

Kim Schofield, Deputy Commissioner, Capability and Development

Kim develops the capability and capacity of public sector leaders and practitioners through a range of programs and professional development opportunities.

Rebecca Harris, Director, Office of the Commissioner

Rebecca is responsible for delivering the Commissioner's strategic initiatives in relation to statutory responsibilities and priorities.

Ruth Young, Director, Corporate Services

Ruth provides direction and support to the Commission's corporate, communications and information technology services across the Commission.

Amanda Alderson, Chief Finance Officer

Amanda provides costing, financial and management reporting services across the Commission.

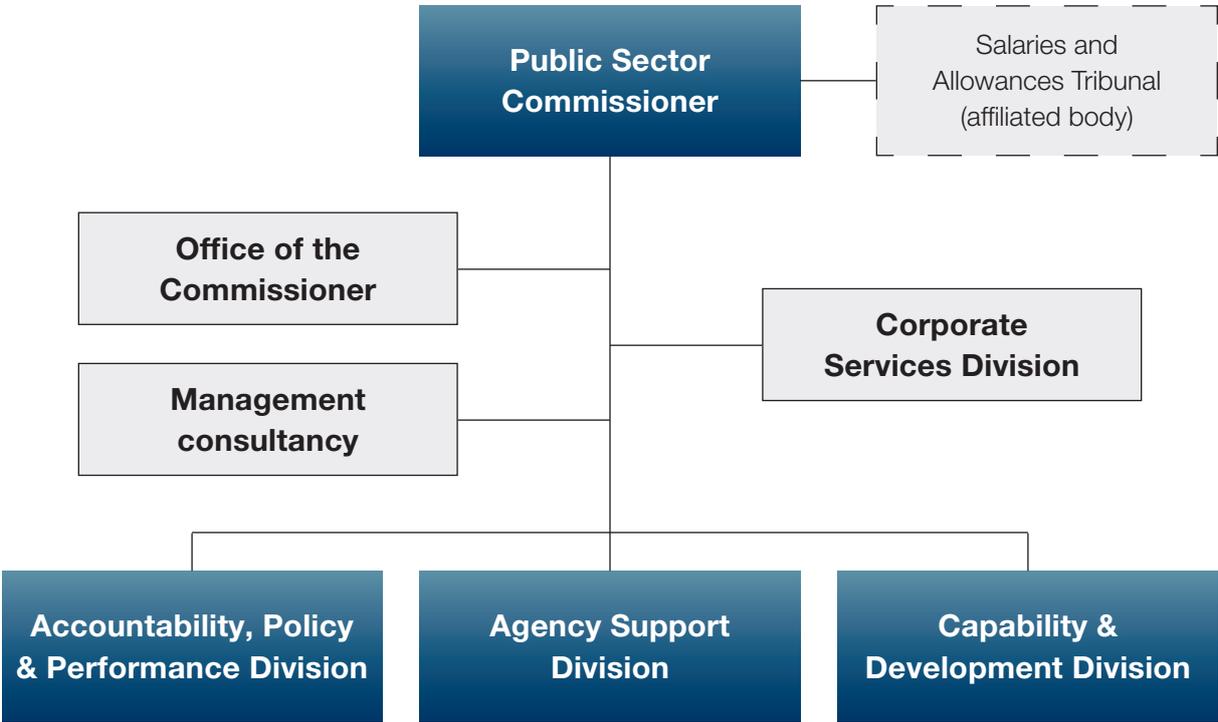
Rachel Mayhew, A/Manager, Human Resource Strategy and Support

Rachel delivers organisational and employee relations advice to management and employees across the Commission.

Carissa Griffiths, Manager, Human Resource Strategy and Support

Carissa delivered organisational and employee relations advice to management and employees across the Commission prior to commencing leave in June 2013.

Organisational structure as at 30 June 2013



What our clients say about us

‘The Commission continues to demonstrate excellent customer service in relation to difficult and sensitive queries in a timely manner.’

‘The depth of experience of the advisory and other staff members is invaluable.’

‘The Commission’s spotlight on the regions is greatly appreciated.’

‘The Commission provides high quality and accessible information. Staff are always courteous, professional and willing to assist.’

Staff profile

As at 30 June 2013, the Commission comprised 177 employees (headcount) which equals 134 full-time equivalents (FTE). For 2012/13, our FTE ceiling was revised from 151 to 146.

The increase in headcount from the previous year can be attributed to the engagement of 35 Aboriginal trainees during the year as part of our commitment to the *Aboriginal employment strategy 2011–2015*.

We support flexible working arrangements where possible, providing opportunities for 36 officers to work part-time in addition to working from home arrangements.

Employment status (by headcount)	2012/13	2011/12	2010/11
Permanent	133	134	115
Fixed-term	15	21	37
Trainees	29	32	3
Total	177	187	155

Employment status (permanent/fixed-term)	2012/13	2011/12	2010/11
Full-time	141	161	119
Part-time	36	26	36
Full-time equivalents (and ceiling)	134 (146)	144 (151)	136 (153)

Gender (by headcount)	2012/13	2011/12	2010/11
Males	64	65	59
Females	113	122	96

Workforce and diversity plan

Our *Workforce and diversity plan 2012–14* outlines initiatives to attract and retain a capable, efficient and effective workforce with the capacity to deliver high quality services.

Since the development of the plan, our focus has been on implementing its initiatives to optimise workforce and diversity outcomes.

The Commission's diversity profile as at 30 June 2013 was:

Diversity group	Representation
Women in tier 2 and 3 combined	39.1%
Indigenous Australians	19%
People from culturally diverse backgrounds	11.4%
People with disabilities	2.5%
Youth	20.3%

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. We are committed to substantive equality and this commitment is reflected in our service delivery.



Public Sector Commission staff

Employee assistance program

The Commission recognises the central role and importance of its officers in the overall achievement of our goals and objectives. It is essential our staff are motivated and satisfied at work, which at times may be impacted by work-related concerns or personal problems.

The 'Employee assistance program' is available to help officers identify, explore and resolve work or personal problems that may adversely affect wellbeing, including anxiety, depression, relationship worries, conflict with others, coping with change and communication breakdowns.

We ensure free, confidential counselling is readily available to staff through a number of providers.

Graduate program

Three university graduates joined us in January 2013 to undertake a 12-month placement. Through rotations in each area of the Commission, our graduates were exposed to a range of experiences while working on strategic projects. Each graduate was provided with professional development opportunities, including undertaking the 'Graduate future leaders program'. They were also encouraged to network with their counterparts from other agencies through cross-agency projects.

In addition, an Integrity Coordinating Group (ICG) graduate commenced a 24-month placement with the Commission in January 2013. During this period, the graduate will rotate through each of the five independent agencies that comprise the ICG. These rotations provide opportunities to strengthen knowledge of oversight and accountability within the public sector, and to work on projects that have implications for the sector.



Public Sector Commissioner Mal Wauchop and ICG graduate David Klup

Traineeships

We value the contribution trainees make in the workplace and provide opportunities for both full-time and part-time trainees across the Commission. This includes, wherever possible, the prospect to transition into permanent positions either during or after their recognised training program (Certificate I, II and III in Government). This year, two school-based trainees commenced their rotations with us.

In addition, as part of the *Aboriginal employment strategy 2011–15*, we have facilitated the recruitment and secondment of 55 Aboriginal full-time trainees in 2012/13.

Internships

In the past year, we engaged one intern from the University of Western Australia, who undertook a review of rewards and recognition within the public sector. This project is now in the consultation phase and will be considered more broadly by key stakeholders.

Personal and professional development

Professional development is a priority for our staff who are encouraged to participate in development opportunities, as well as those workshops and accredited programs provided by the Commission for the sector.

Over the last year we delivered training in first aid, resuscitation and defibrillator use, mental health first aid, cultural awareness, AEDM, grievance officer training, and PID. We also conducted 'CEO perspectives' sessions, a monthly information session for all Commission staff featuring CEOs and other leaders in the public sector.

Performance management framework

Outcome-based management framework

Broad Government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between our services and desired outcome, and the Government goal to which we contribute.

Government goal	Desired outcome	Services
Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	An efficient and effective public sector that operates with integrity.	<ul style="list-style-type: none">• Public sector leadership• Assistance and support• Oversight and reporting



The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Desired outcomes <ul style="list-style-type: none"> Effectiveness indicators 	Services provided <ul style="list-style-type: none"> Efficiency indicators
<p>An efficient and effective public sector that operates with integrity</p> <ul style="list-style-type: none"> The portion of core clients who indicate the Commission has delivered policy, assistance and oversight that has assisted them to enhance integrity within their agencies. The portion of core clients who indicate the Commission has delivered policy, assistance and oversight that has assisted them to enhance the effectiveness and efficiency of their agencies. The portion of public authorities who indicate assistance provided by the Commission has helped them to meet their statutory obligations under Part IX of the EEO Act. The portion of public authorities who indicate assistance provided by the Commission has helped them to meet their statutory obligations under the PID Act. 	<p>Public sector leadership</p> <ul style="list-style-type: none"> Average cost per hour addressing legislative and policy development. <p>Assistance and support</p> <ul style="list-style-type: none"> Average cost per hour of assistance and support provided. Average cost per workforce and diversity program, product or training hour. Average cost per public administration, standards and integrity program, product or training hour. Average cost per leadership development product, program and training hour. <p>Oversight and reporting</p> <ul style="list-style-type: none"> Average cost per hour of performance and oversight activity. Percentage of oversight actions completed within target timeframes.

Significant issues impacting the agency



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

Resource constraints

While the sector is confronting challenging and complex demand issues, it also faces significant resource constraints. It is a priority of ours to maintain a rigorous approach when reviewing and improving our processes, services and programs in order to achieve the savings needed to meet the efficiency dividend and budget outlook.

Ageing workforce

Twenty-three percent of the Western Australian public sector workforce is aged over 55 years, while the percentage of workers under the age of thirty remains low at 15 per cent. Continued investment in workforce planning and capability development will be a focus for the Commission, in order to ensure the public sector attracts high quality employees while retaining important corporate knowledge.

Aboriginal employment

Through the *Aboriginal employment strategy 2011–2015*, the Commission will continue to assist Western Australia's Aboriginal people to obtain long-term employment by providing opportunities that lead to meaningful career pathways in the public sector. The strategy includes a traineeship program that 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.

Accountability and governance

The commitment of every employee to public sector values and principles supports the overall performance of the sector. We will continue to support public sector agencies, local governments, public universities, and boards and committees to maintain a high standard of accountability, governance and integrity. This will help build a strong culture of professionalism, and assist agencies in meeting their obligations under the public sector's accountability framework.

Capacity building

Promoting public sector efficiency and effectiveness and planning for future management of the workforce is a core function of the Commission. In the context of reduced funding and budget constraints, and in keeping with current national trends, we are proposing a new model for capability and development in Western Australia. Shifting from an external focus, this new model will use expertise from within the sector to build the knowledge and skills needed to address current and emerging public administration and management challenges.

Looking ahead

2013 will mark the end of our current strategic plan and significant effort is going into the development of our next strategic plan for 2014–2017. We have decided to build our new plan from the 'ground up' based on a scenario-based planning approach.



Agency performance

Financial targets

	2013 Estimate \$000	2013 Actual \$000	Variance \$000
Total cost of services (expense limit)	30 850	25 154	5696
Net cost of services	29 917	24 215	5702
Total equity	3835	8069	4234
Net increase in cash and cash equivalents	1504	4074	2570
Full-time equivalent (FTE) staff level	151 FTE	134 FTE	17 FTE

Total and net cost of services

The Commission's expenditure limit and net cost of services as detailed in the 2012/13 Budget statements were \$30.850 million and \$29.917 million respectively. The variance of \$5.696 million and \$5.702 million respectively were mainly due to:

- the Commission operating below approved FTE levels
- transfer of the function 'Information Communication Technology Policy, Strategy and Review' out of the Commission
- reduced expenditure in the 'WA Leadership program'
- delays in the commencement of the *Aboriginal employment strategy 2011–2015* program.

Total equity

Total equity at the end of the year was \$4.234 million higher than budgeted primarily due to the Commission's cash asset balances being \$3.464 million higher than anticipated and an increase of \$0.510 million in intangible assets.

Net increase/(decrease) in cash held

The increase in the cash held was mainly due to:

- the Commission operating below approved FTE levels
- reduced expenditure in the 'WA Leadership program'
- delays in the commencement of the *Aboriginal employment strategy 2011–2015* program.

Summary of key performance indicators

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

Outcome: An efficient and effective public sector that operates with integrity

Key effectiveness indicator	Target 2012/13	Actual 2012/13	Actual 2011/12	Actual 2010/11
The portion of core clients who indicate the Commission has delivered policy, assistance and oversight that has assisted them to enhance integrity within their agencies.	95%	98%	NA	NA
The portion of core clients who indicate the Commission has delivered policy, assistance and oversight that has assisted them to enhance the effectiveness and efficiency of their agencies.	95%	95%	NA	NA
The portion of public authorities who indicate assistance provided by the Commission has helped them to meet their statutory obligations under Part IX of the EO Act.	95%	60%	NA	NA
The portion of public authorities who indicate assistance provided by the Commission has helped them to meet their statutory obligations under the PID Act.	95%	78%	NA	NA

Summary of key efficiency indicators

With the implementation of a revised outcome-based management framework, 2012/13 budget results have been recast for comparative purposes and there is no comparative data for 2011/12 actuals and 2010/11 actuals.

Service 1 – Public sector leadership	Target 2012/13	Actual 2012/13	Actual 2011/12	Actual 2010/11
Average cost per hour addressing legislative and policy development	\$105	\$94	NA	NA

Service 2 – Assistance and support	Target 2012/13	Actual 2012/13	Actual 2011/12	Actual 2010/11
Average cost per hour of assistance and support provided	\$91	\$101	NA	NA
Average cost per workforce and diversity program, product or training hour	\$104	\$103	NA	NA
Average cost per public administration, standards and integrity program, product or training hour	\$106	\$85	NA	NA
Average cost per leadership development product, program and training hour	\$157	\$112	NA	NA

Service 3 – Oversight and reporting	Target 2012/13	Actual 2012/13	Actual 2011/12	Actual 2010/11
Average cost per hour of performance and oversight activity	\$95	\$74	NA	NA
Percentage of oversight actions completed within target timeframes	90%	90%	NA	NA

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 statutory 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 2012/13, the Commissioner was directed to arrange a special inquiry into the Peel Health Campus.

Peel Health Campus: Contract management and clinical outcomes

Pursuant to a direction issued on 6 December 2012 under section 24H(2) and (3) of the PSM Act, a special inquiry examining the delivery of public health services at the Peel Health Campus was established on 10 December 2012 with Professor Bryant Stokes AM appointed as Special Inquirer.

The terms of reference related to the construction and management of the contract between the State and the Operator (Health Solutions WA) and the delivery of clinical care for public patients.

On the 28 March 2013, Professor Stokes AM provided his report *Peel Health Campus: Contract management and clinical outcomes* to the Public Sector Commissioner. In fulfilling the terms of reference, the inquiry reviewed more than 700 patient records, heard evidence under summons from 30 individuals, examined the obligations and responsibilities of the agreement compared with contemporary contracts with public service deliverables, undertook audit reviews of financial information and policies, and obtained a significant number of documents under summons and request.

The Inquirer found deficiencies in some aspects of meeting contractual obligations as well as some deficiencies on the part of the Contract Manager, mainly the Department of Health and its delegated officers. In the opinion of the Inquirer, the contract which was signed in 1997 is not a contract which fits with the contemporary requirements of such private management of public services.

Despite these deficiencies, the Inquirer, importantly found:

- no evidence of compromised patient care although some of the issues raised and investigated have a risk of that occurring
- no evidence on a significant sample of cases of clinically improper admissions
- the Clinical Decision Unit was established for appropriate clinical reasons. However its processes exposed Peel Health Campus and its doctors to a significant conflict of interest by the introduction of what could appear to be admission incentive payments
- the payment structure for the services provided to public patients at Peel Health Campus is a satisfactory outcome for the State's investment.

The inquiry concluded the operator has fulfilled satisfactorily their patient care contract as requested in each of the years the agreement has been running and the basis of the contract is that they receive previously determined allocated payment for the service they provide to each individual patient.

In reporting, the Inquirer made eight recommendations relating to modernisation of the contract when it concludes in four years' time and a more holistic management of the contract and its outcomes by the Contract Manager.

The report was tabled in Parliament on 17 April 2013.



Professor Bryant Stokes AM and Public Sector Commissioner Mal Wauchope



Premier of Western Australia

MR MALCOLM WAUCHOPE
PUBLIC SECTOR COMMISSIONER

DIRECTION TO UNDERTAKE SPECIAL INQUIRY

On 30 November 2012 the Estimates and Financial Operations Committee of the Legislative Council tabled its Report 40 titled "Inquiry into Peel Health Campus Payments Reports". The Report followed the evidence given to the Committee by the Director General, Department of Health, that if the Committee had any evidence in relation to the Peel Health Campus then he should be advised so that a full investigation of the matter(s) could be undertaken.

The Committee made a series of recommendations focused on the need for further inquiry into the matters raised and stated that it would provide access to the evidence presented to the Committee as required.

Professor Bryant Stokes has advised that he is available to undertake an inquiry into the matters and to prepare a report. I would like a report to be provided to me as soon as reasonably possible.

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 all aspects of the delivery of public health services at the Peel Health Campus by Health Solutions WA Pty Ltd on behalf of the Department of Health, with specific reference to:

1. whether the contract between the State of Western Australia and Health Solutions WA Pty Ltd has been appropriately constructed, applied and administered over time, with particular reference to alleged illicit incentive payments to doctors;
2. the adequacy of probity controls and financial systems in place and their effectiveness to achieve the objectives of the contract;
3. whether, and to what extent, the effectiveness of arrangements in place between the Department of Health and Health Solutions WA Pty Ltd, and the oversight of those arrangements, has compromised the clinical outcomes of patients to whom services are provided pursuant to the contract;
4. whether the State is getting value for money from the contractual arrangements in place to provide patient services at the Peel Health Campus; and
5. any improvements that could be made to the contractual or statutory governance arrangements in order to enhance patient services to patients, and the cost effectiveness for the State of those services, provided pursuant to the contract at the Peel Health Campus.

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In conducting this review, the inquirer will consult with, and seek advice as appropriate, from a range of sources, including but not limited to the Auditor General and the Department of Finance (Office of Government Procurement).

In addition, the inquirer may concurrently be appointed as, and discharge the functions of, an independent auditor pursuant to clauses 10.11 and 13.1 of, and Item 6 of Schedule 10 to, the contract.

A handwritten signature in black ink, appearing to read 'Col Barnett', written in a cursive style.

Colin Barnett MLA
PREMIER

6 December 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 included 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 report was tabled in Parliament on 19 September 2012 and all of its recommendations were accepted by the Government.

In response to recommendation 5 of the report, the Commission, together with the Department of Education, hosted an Accountability Forum in November 2012 for Country High School Hostels Authority board members, the chairpersons of local hostel boards and residential college managers.

In addition to the forum, we delivered AEDM and PID information sessions to employees and board members at nine residential colleges. The Commissioner also visited employees at the Geraldton Residential College to acknowledge the work that had been progressed following the review.

In response to recommendation 2 of the report, the terms of reference for the statutory review referred to below included consideration of a 'one stop shop' child abuse complaints function for the Commissioner for Children and Young People.



The Hon. Peter Blaxell and Public Sector Commissioner Mal Wauchope

Statutory review

At the request of the Attorney General, the Commissioner agreed to undertake a review of the *Commissioner for Children and Young People Act 2006*. The review was carried out in accordance with section 64 of that Act. The Commissioner chaired a reference group to assist the review by providing guidance, advice, comment and information, and Commission staff supported the review process. The reference group comprised six relevant government and not for profit representatives including:

- Ms Sharyn O'Neill, Director General, Department of Education
- Mr Terry Murphy, Director General, Department for Child Protection
- Ms Michelle Scott, Commissioner for Children and Young People
- Ms Irina Cattalini, Western Australian Council of Social Service
- Professor Colleen Hayward AM, Edith Cowan University
- Mr Craig Comrie, Youth Affairs Council of WA

The review commenced on 21 January 2013 and involved community consultation and consideration of 40 submissions. A final report was completed and submitted to the Attorney General on 31 May 2013.

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, with the *Commissioner's Instruction No. 1 – Employment Standard* taking effect in February 2011.

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 2012/13, the Commissioner made the decision to decline 10 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 finalisation of 95 claims.

Claims	
Carried over from 2011/12	18
Received in 2012/13	107
Finalised in 2012/13	116
Carried over to 2013/14	9

Outcomes	
Not valid	1
Declined	10
Withdrawn or lapsed	10
Dismissed	87
Conciliated	3
Upheld as a breach of standard	5

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 2012/13 can be seen in the table below.

Matters	
Carried over from 2011/12	21
New matters received or identified in 2012/13	102
Completed in 2012/13	100
Carried over to 2013/14	23

Target timeframes

The following table reports on breach of standard and matter of referral cases received and the timeframes taken to complete them in 2012/13.

Matters*	No. completed within timeframe	Total no.	% completed within timeframe
Simple 30 working days	61	68	90%
Routine 50 working days	89	115	77%
Complex 100 working days	22	25	88%
Total	172	208	83%

* Excludes open cases and cases classed as 'Project Defined'.

Public interest disclosure

Changes to the PID Act

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.

A number of changes to the PID Act came into effect on 21 November 2012, following the proclamation of the *Evidence and Public Interest Disclosure Legislation Amendment Act 2012*. The changes to the PID Act:

- enhance protections available for disclosers of public interest information
- expressly enable a person to make an anonymous public interest disclosure
- allow a public interest disclosure to be made to a journalist under certain conditions
- provide another circumstance where the identity of the discloser and the subject of a disclosure can be revealed.

In November, the Commissioner met with agency heads from other named authorities under the PID Act, to discuss how the changes to the PID Act may impact the sector, authorities, PID officers and disclosures.

To communicate these changes to the sector, we developed and distributed information for principal executive officers to agency heads, local governments, CEOs and public university vice-chancellors.

In addition, we developed a new PID officer training program to assist PID officers in handling PID matters under the new legislation. This training was delivered to 249 PID officers over 15 workshops and helped them understand the impact of legislative change.

PID reviews

The Commissioner has responsibilities under the PID Act and is a named authority for the purpose of receiving public interest disclosure matters. The Commissioner received 11 PID matters in 2012/13, which were dealt with pursuant to the PID Act.

Policy advice

We undertake a range of policy initiatives and provide support and advice across government policy activities, largely in the areas of public administration, legislation, employment and personnel management, and governance and integrity. In 2012/13, we were involved in:

- the implementation of the recommendations arising from the special inquiries into the Perth Hills Bushfire and the Margaret River Bushfire
- a Department of Treasury led value-for-money audit of the Department of Housing
- a review and revision of governance guidelines to assist agencies to meet relevant public sector accountability requirements and public sector boards and committees to build and enhance a broad understanding of public sector governance principles and establish an appropriate controls environment
- the development of guidelines for agencies embarking on a review of legislation
- the provision of policy advice and support to cross-jurisdictional working groups resulting from resolutions from the Public Service Commissioners' Conference
- the provision of policy advice on machinery of government reforms announced by the Government on 13 June 2013
- the provision of policy advice on public sector reforms involving an enhanced voluntary severance scheme and the proposed introduction of involuntary severance.

Legislation and subsidiary instruments reform

Integrity (Lobbyists) Bill 2011

The *Integrity (Lobbyists) Bill 2011* was introduced into Parliament on 9 November 2011. The Bill provided 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 Bill completed passage through the Legislative Assembly and was introduced into the Legislative Council on 19 September 2012. The Bill lapsed on the Parliament being prorogued on 14 December 2012.

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 was to:

- amend the *Corruption and Crime Commission Act 2003* and to make consequential amendments to various other Acts
- confer on the Corruption and Crime Commission (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 Bill lapsed on the Parliament being prorogued on 14 December 2012.

Commissioner's instructions

In 2012/13, significant work has been undertaken to draft and consult on a number of Commissioner's instructions.

The following Commissioner's instructions came into effect during the year. They form part of the public sector accountability framework and clarify obligations for agencies in relation to ethical and human resource practices:

- *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)
- *Commissioner's Instruction No. 10 – Review of classification level of employees seconded to special offices to assist a political office holder* (effective 5 February 2013).

Performance reporting

The Commissioner, consistent with the requirements of section 22D of the PSM Act, monitors and reports to Parliament annually 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 Commissioner. While ‘State of the sector’ reporting continues to be the primary vehicle for reporting on public administration and management, we have implemented a program to broaden and enhance its evaluation and monitoring function to address this expanded reporting role.

State of the sector 2012 report

The Commissioner tabled the *State of the sector 2012* report in November 2012. The central elements of the 2012 report were governance and organisational performance, integrity and ethical conduct, workforce planning and leadership, and workforce management.

Preparation of the 2012 report involved significant contributions from our staff, and was largely informed by surveys of public sector entities and employees and case study information. The report showcased examples of good practice and the diversity of public sector services and was communicated throughout the State at a series of regional workshops.

Planning commenced for the ‘State of the sector 2013’ report which is expected to be tabled in November 2013. This year the report will outline the state of play in the Western Australian public sector, focus on key challenges facing administrators and managers, and highlight good practice across a range of public sector entities.

Performance reviews

In 2012/13, the Commission began documenting its findings on two performance reviews—the first into how agencies promote integrity, the second into employee performance management. Our preliminary assessments indicate the reviewed agencies are actively fostering cultures of integrity despite facing a range of common challenges. When managing employee performance, most agencies have systems that cover the key elements of workplace performance. Outcomes of these reviews will inform our support and assistance initiatives in the year ahead.

Survey program

Over the last year, our monitoring and evaluation framework has been refined so data from different sources can be easily linked to assess how the sector is performing. This work has included:

- reviewing the main survey programs so they are more representative and closely aligned
- further developing and implementing reviews and compliance assessments
- monitoring activities for different sector-wide initiatives within CEO performance agreements.

The primary components of the 2013 monitoring and evaluation framework are as follows.

Annual agency survey program

Public sector entities are asked to complete an annual agency survey at the end of each financial year. The survey asks questions across many areas of public administration, such as ethics and integrity (including PIDs), human resource management, workforce development and organisational efficiency.

Between July and September 2012, 101 public sector entities completed the agency survey. In addition 19 PSM Act Schedule 1 entities completed some mandatory sections of the survey.

The 2012 survey results were used to inform the *State of the sector 2012* report and the responses by entity were published in the accompanying *State of the sector 2012 – Statistical bulletin* in December 2012.

In 2013, we streamlined the survey to better assist agencies to provide high quality information in a timely manner.

PID survey program

In July 2012, 144 local government authorities and public universities completed the PID survey. The survey enables authorities to meet their compliance obligation of reporting to the Commissioner annually on the number of PIDs received and the outcomes of any investigations undertaken. The results were reported in the *State of the sector 2012* report and were used by us to tailor a range of assistance initiatives for public authorities.

Boards and committees survey program

An inaugural survey on governance was completed by boards and committees between July and September 2012. Of the 360 surveys distributed, 156 valid responses were received. The results were reported in the *State of the sector 2012* report and were used by us to develop a set of recommendations to improve board governance and performance.

Boards and committees were also sent the PID survey in 2013.

Employee perception survey (EPS) program

The EPS provides an opportunity for public sector employees to give their perspective on how well ethical conduct and human resource management policies and practices are operating in their entities. The EPS also allows us 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 EPS provides participating entities with the opportunity to gain some insight into their organisational culture.

The sampling approach we used is designed to achieve a representative sample by entity size and portfolio. At the conclusion of the process, we provide detailed feedback report to entities.

In 2012/13 the EPS was distributed to 17 070 employees from 19 entities. The average response rate was 31 per cent for all surveys sent within the reporting period.

Employee perceptions confirmed overall a positive perception of the ethical behaviour demonstrated by their leaders. The majority of respondents agreed their agency encouraged ethical behaviour and they were treated with respect by their immediate manager.

Human resource minimum obligatory information requirement (HRMOIR)

Public sector entities are required to submit workforce data to the Commission on a quarterly basis. HRMOIR data is based on definitions issued by us and submitted according to set timeframes and other specified requirements.

In 2012/13, we collected 41 764 566 data points from more than 145 000 employees employed across 126 entities. 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 topics such as regional employment and Aboriginal employment.

Information collected through this monitoring activity informs:

- the 'State of the sector' report
- feedback to entities on how their own profile or staff perceptions compare with the sector
- the compilation of a 'Statistical bulletin' to support entities 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.

Equal employment opportunity data collection

Over the past year, data on the representation of employees in key diversity groups was collected from:

- 126 public sector entities and PSM Act Schedule 1 entities
- 140 local government authorities
- four public universities.

The results were reported in the Director of Equal Opportunity in Public Employment's *Annual report 2012* and were used to inform a range of strategies including supporting women to achieve senior leadership roles, and building on employment opportunities for Aboriginal people, young people and people with disabilities.

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 and a range of database applications. During the year, a number of improvements were made to tools, systems and information handling practices including:

- continuing improvement in the development of automated data validation tools to support entity identification of potential data errors at time of submission
- continued enhancement of online survey tools, allowing for easier progress through online surveys
- replacement of the existing physical online survey environment with an updated and more secure and flexible virtual environment
- improved reporting facilities.

In addition to in-house improvements, we awarded a contract to an external provider for the development of a workflow database system to allow staff to record information about enquiries and issues raised with the Commission. On 1 June 2013, the new system commenced operation as a strategic tool of the Commission. While the new database has only been operational for a short period of time, it has enabled better communication across the Commission around our interaction with key stakeholders as well as providing a systematic approach to identifying trends.

Data quality improvement program

We continue 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 2012/13, we worked to eliminate data quality issues resulting from technical issues in human resources information management systems. The Commission consulted with key public sector entities, government contract managers, and private sector system providers to address these issues. These resolutions are ongoing.

In addition, we formalised a quarterly entity profile publication to:

- provide entities with a consistent feedback loop on the quality of their data as part of the 'Data quality improvement program' by incorporating quantifiable elements of the 'Data quality index'
- enable workforce planning discussions using uniform data between the Commission and public sector entities
- provide entities with whole-of-sector comparative information on a regular basis
- increase awareness of workforce information utilisation across the sector.

We also reviewed and amended the methodologies used for equity and diversity reporting and surveying. These amendments are now aligned to other workforce reporting standards utilised by the Commission and have improved the accuracy of diversity statistics, particularly the under-representation of employees in diversity groups.

Over the past year we consulted with various public sector entities to improve the accuracy, consistency and reliability of occupational coding based on the Australian and New Zealand Standard Classification of Occupations (ANZSCO). This culminated in the development of the *ANZSCO coding guide*.

We also reviewed our workforce data collection and surveying in 2012/13. This resulted in limiting HRMOIR workforce data collection to all public sector entities only, as defined in the PSM Act.

In the past year we also released enhanced maturity rating descriptors for key administrative capabilities in public sector entities. These were provided to entities in the annual agency survey. The descriptors are designed to assist entities with self-assessing the maturity or sophistication of their administration and management capabilities, such as risk management and strategic planning.

Activities and achievements associated with supporting and assisting the sector have continued to develop and expand around new legislative functions and the broader statutory role of the Commission.

Boards and committees

Governance

The importance and value of the work being done by public sector boards and committees is significant. However, the challenges faced in relation to corporate governance and accountability are complex.

Over the past year, we provided ongoing assistance to boards and committees including providing advice on appropriate governance structures, best practice in the conduct of board meetings, board roles and responsibilities. This is supported by information detailed on the Commission's website, which provides a framework and principles for good governance by a public sector board. It includes statements of principles, accompanied by information explaining how the principles operate in practice. In addition, the website notes the ongoing challenges facing the public sector and Government boards, particularly in relation to accountability, probity and transparency.

Over the past year, the Commissioner personally addressed 38 boards on matters relating to good governance, conflict of interest and integrity in decision making.

Review

Recently, there has been an increasing number of accountability and governance matters related to government boards and committees brought to our attention. In response, we undertook a review of governance across public sector boards and committees. The review identified a range of reforms to increase the performance of boards and committees and ensure confidence without compromising their statutory duties. We anticipate a number of these reforms will be delivered in the year ahead.

Remuneration framework

The Commission continues to provide advice and support to ministerial offices and agencies on matters relating to remuneration for board and committee members.

A Remuneration of the Government boards and committees – boards and committees fact sheet has been developed and is available on the Commission's website. This document provides information on the key considerations involved in remunerating board and committee members and determining appropriate fee structures.



Hon. Peter Collier, Minister for Education and the Teacher Registration Board meet with Public Sector Commissioner Mal Wauchope

Chief executive officers

Performance framework and development

Section 47 of the PSM Act requires all CEOs appointed under section 45 of the Act to enter into a performance agreement with their responsible authority in accordance with Commissioner's instructions. We administer the CEO performance agreement framework and provide advice and support to responsible authorities and ministers.

The usual reporting cycle for CEOs operates from 1 July to 30 June each financial year, while the reporting cycle for state training provider managing directors commences on 1 January and ends on 31 December each year.

Independent selection and recruitment advice

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

In 2012/13, 14 CEOs were appointed and 11 CEOs were reappointed as shown in the tables below.

CEO recruitment 1 July 2012 to 30 June 2013

Position at agency	Date of appointment	Outcome
Director, Goldfields-Esperance Development Commission	07/09/2012	Mr Robert Hicks appointed
Director, Kimberley Development Commission	07/09/2012	Mr Jeff Gooding PSM appointed
Director, South West Development Commission	07/09/2012	Mr Don Punch appointed
Director, Great Southern Development Commission	07/09/2012	Mr Bruce Manning appointed
Director, Wheatbelt Development Commission	07/09/2012	Ms Wendy Newman appointed
Director, Gascoyne Development Commission	07/10/2012	Mr Stephen Webster appointed
Director, Peel Development Commission	15/10/2012	Ms Mellisa Teede appointed
Director, Mid-West Development Commission	17/10/2012	Mr Gavin Treasure appointed
Chief Executive Officer, School Curriculum and Standards Authority	30/10/2012	Mr Allan Blagaich appointed
Director, Pilbara Development Commission	14/01/2013	Dr Ken King appointed
Managing Director, Goldfields Institute of Technology	14/01/2013	Mr Kevin Doig appointed
Managing Director, West Coast Institute of Training	25/01/2013	Ms Michelle Hoad appointed
Managing Director, Polytechnic West	01/02/2013	Ms Jill Jamieson appointed
Managing Director, South West Institute of Technology	25/03/2013	Mr Duncan Anderson appointed

CEO reappointments 1 July 2012 to 30 June 2013

Agency	CEO	Commencement date
Department of Commerce	Mr Brian Bradley PSM	01/08/2012
Department of the Attorney General	Ms Cheryl Gwilliam	03/08/2012
Department of Fire and Emergency Services	Mr Wayne Gregson APM	19/09/2012
Other functions	Mr Jason Banks	25/09/2012
Department for Child Protection	Mr Terry Murphy	02/10/2012
Department of Planning	Mr Eric Lumsden PSM	05/11/2012
Department of Racing, Gaming and Liquor	Mr Barry Sargeant PSM	10/03/2013
Department of Local Government	Ms Jennifer Mathews	31/03/2013
Other functions	Ms Allanah Lucas	06/05/2013
C Y O'Connor Institute	Mr John Scott	03/06/2013
Perth Theatre Trust	Mr Alan Ferris	17/06/2013

Disciplinary and substandard performance matters

Throughout 2012/13 we provided ongoing advice and assistance to a range of agencies on disciplinary and substandard performance matters and processes carried out in the public sector, particularly under Part 5 of the PSM Act.

Where required, our officers actively participated in disciplinary processes where agencies were not equipped to deal with matters internally. Our officers also carried out an examination of matters raised regarding the governance of several Government boards, including conduct issues relating to the behaviour of board members and employees within organisations.

As part of our assistance role, we conducted training for public sector managers and staff on problematic workplace behaviour. To assist in this regard, publications were developed to guide agencies in dealing with workplace behaviour issues such as disciplinary investigations and providing guidance on choosing the most appropriate process for dealing with this behaviour.

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. In exercising these functions, the Commissioner may recommend to the Governor a range of machinery of government changes concerning the establishment, designation, amalgamation, division and abolition of departments.

During 2012/13, we played a major role in the implementation of a substantial machinery of government reform agenda that included the:

- establishment of the Department of Local Government and Communities via the amalgamation of the previously two separate departments
- establishment of the Department of Parks and Wildlife and Department of Environment Regulation from the previous Department of Environment and Conservation
- establishment of the Department of Lands as a separate department from the Department of Regional Development
- transfer of the Economic Reform Division from the Department of Treasury to the Department of Finance
- delegation of employing authority arrangements from the Department of Culture and the Arts to the Art Gallery of WA, WA Museum, Perth Theatre Trust and State Library of WA
- creation of arrangements whereby the Drug and Alcohol Office and the Mental Health Commission progressed towards the control of a single chief executive
- redesignations for the newly titled Department of Aboriginal Affairs and Department for Child Protection and Family Support.

To give effect to these changes, our staff provided direct assistance and support, including being placed within the relevant departments.

Recruitment, advertising and management system (RAMS)

RAMS is an online application that allows agencies to manage various human resources requirements around recruitment, severance, redeployment, traineeships, graduate programs and employment.

The service is provided to Western Australian Government via a contract arrangement. The existing contract expires on 27 September 2013. In February 2012, we commenced a thorough contract renewal process to identify an external provider to continue to provide this service. A new contract was awarded in May 2013 and will commence on 27 September 2013, ensuring continuity of service for agencies and users.

As part of the new contract request requirements, and subsequent negotiations with the successful provider, new enhancements and improvements to the system will be implemented. This is expected to result in more efficient human resources processes, reporting and management outcomes.

Usage of RAMS over the last three financial years is shown below.

	2012/13	2011/12	2010/11
Vacancies advertised on RAMS	13 957	16 841	15 872
Applications received via RAMS	248 968	178 889	123 778

Redeployment and severance

Redeployment and redundancy management

We are responsible for the management and maintenance of a 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*.

To support these regulatory functions, we provide guidance to agencies on case management, redeployment registration, and voluntary severance matters.

Redeployment and redundancy activity 1 July 2012 to 30 June 2013

Activity	
New redeployees registered	34
Number of agencies that registered redeployees	15
Number of redeployees at 30 June 2013	71
Redeployees in temporary positions at 30 June 2013	11
Redeployment placements effected	18
Average number of vacant positions referred for redeployment consideration each month	662

Voluntary severance

Public sector agencies reported a total of 94 employees accepted offers of voluntary severance during 2012/13.

Senior executive service (SES)

The SES refers to a specific group of executive officers appointed under Part 3 Division 2 of the PSM Act. The purpose of the SES is to provide executive officers who are capable of providing high level policy advice, undertaking managerial responsibilities and being deployed within and between agencies to promote efficiency of the public sector and individual agencies.

As at 30 June 2013 there were 507 members recorded in the SES.

Review of the SES

As the requirement of the sector continue to change, the Commission is keen to examine ways in which we can enhance the agility, flexibility and mobility of the public sector's senior staff to ensure the effective operations of the sector to meet the objectives of the Government and the community. Over the past year, a review of the current SES arrangements commenced. The review will:

- identify and discuss the common issues identified from past reports in relation to the SES
- compare the composition, structure and management arrangements for the SES across other Australian jurisdictions
- identify models for the operation of the SES to meet the policy intent of mobility and agility
- identify any necessary amendments to the PSM Act.

Classification determination

We provide advice and assistance on the classification system and procedures to be used across the public sector. Two introductory classification determination training sessions were conducted during the reporting year.

Individual agencies have the authority to determine the classification of positions up to and including the Level 8 classification contained in the *Public Service and General Officers General Agreement 2011*.

We assess and determine classification, reclassification and payment of temporary special allowance proposals of all public services positions above the Level 8 classification, with the exception of positions that are the subject of a specified calling. As part of this process, the Commission also assesses if the proposed position is suitable for inclusion in the SES.

In undertaking an assessment of a position, the Commission may forward a request to Mercer Consulting (Australia) Pty Ltd for an assessment of work value and indicative classification. The Commission makes classification decisions based on agency submissions and Mercer reviews.

During the reporting year, the Commission assessed 105 proposals. Of these, 80 proposals were supported and 25 were not supported.

Capability and development

Activities and achievements associated with capability and development have continued to broaden around new initiatives and the broader statutory role of the Commission.

Accountable and ethical decision making (AEDM) training

The AEDM training is the Commissioner's flagship ethics training program. All chief employees, CEOs, directors general and board chairs are required to complete this training and deliver it to their employees under *Commissioners Instruction No. 8 – Codes of conduct and integrity training*.

AEDM training continues to be a priority as a way to create a common understanding among public officers about ethical requirements in the public sector. During the year, we have assisted agencies to understand the principles of the two new conduct categories—gifts and benefits, and reporting suspected breaches of the code—and integrating these categories into agency codes of conduct and AEDM training.

In May 2013, nine newly appointed public sector CEOs and directors general completed the AEDM training. The session was facilitated by the Commissioner as part of his commitment to personally delivering the training to his employees—the Commissioner is the employer of 76 public sector CEOs. This takes the total number of agency heads trained in ethical decision making to 146.

Several sessions were also conducted across the year for 86 ministerial staff and staff from the Leader of the Opposition's office. The returning Government and subsequent changes to Cabinet prompted another round of training late in the year.



Accountable and ethical decision making training

Integrity Coordinating Group (ICG)

The Commissioner commenced his rotation as the Chair of the ICG in August 2012. The ICG comprises five independent officers who collaborate to promote and strengthen integrity in Western Australian public bodies. They are the:

- Public Sector Commissioner
- Auditor General
- Corruption and Crime Commissioner
- Western Australian Ombudsman
- Information Commissioner.

During the period, the Commissioner led the development of the ICG's sector-wide integrity product around the offer, acceptance and provision of gifts, benefits and hospitality. The launch of the product to the State public sector, local government and public universities coincided with the ICG's annual Perth Forum in July 2013.

Fifty-three public officers attended the ICG's inaugural regional forum in Geraldton.

Supporting the regions

In March 2012, we were 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 improve access to leadership development programs
- provide training in AEDM and the PID Act
- increase opportunities for entry-level employment and traineeships
- increase Aboriginal employment programs
- review the effectiveness of the project.

These initiatives realised a range of real benefits, including an increased understanding of ethical and human resource obligations and approaches to leadership development through the delivery of 48 regional workshops.

A regional leadership feasibility study was also conducted by the Commission. We consulted with regional leaders, regional development commissions, the Department of Regional Development and Lands, and the Workforce Planning Consultative Group. The feasibility study report will be delivered to the Department of Regional Development in 2013.



Leadership

Leadership initiatives offered by the Commission support whole-of-government priorities, strategic thinking, policy planning and service delivery, and cross-sector relationship building. The large number of leaders who attended leadership initiatives and events throughout 2012/13 indicates the strong demand for whole-of-sector leadership development.

Future leaders

Sixty-nine graduates commenced the 'Graduate future leaders program'. This program is aligned to the Certificate IV in Government and brings together graduates from across the sector to develop their knowledge of government.

During 2012/13 the program was refined to provide further opportunities for graduates to build their interpersonal skills, self-awareness and emotional intelligence. Award winners and finalists from the 2012 Premier's Awards supported graduates through the group project stage of the program.

Aspiring leaders

The 'Foundations of leadership' and 'Pathways to leadership' programs offer a blended learning approach to leadership development. Combining individual coaching, group study and workplace application, the programs provide participants with practical skills to develop their leadership capabilities and increase their understanding of public sector administration and management. In this reporting period, 25 participants graduated from each program.

Public Sector Management (PSM) program

The PSM program is a tertiary qualification that increases the public sector knowledge, skills and capabilities of middle to senior managers. As a national program, it attracts participants from across state, local and Commonwealth agencies. In 2012/13, 58 participants commenced the program, and 65 participants from the 2011/12 intake graduated in May. Completion of the course is recognised with a Graduate Certificate in Public Sector Management.

Partnership with the Australia and New Zealand School of Government (ANZSOG)

Together, the Commission and ANZSOG offer the 'Executive Fellows Program', the 'Executive Master of Public Administration' and the 'Joint Applied Learning Program' to increase leadership capability across the sector.

Three SES leaders completed the fellowship in 2012, while 11 public sector leaders commenced year two of the executive masters.

The Joint Applied Learning Program is a series of leadership development events for CEOs, senior executives and emerging leaders. Leading national and international academics covered contemporary public sector issues and leadership strategies over 26 events in the past year.

Leadership development system

The 'Leadership development system' is an online human resource management tool designed to keep people connected across the sector. The system allows us to track emerging leaders as they progress through our leadership programs. It also supports the Commission to report on the leadership capability profile.

A key feature of the system is the development hub, which facilitates communication between leadership program coordinators and participants, and is used to provide course material and professional development links. The hub is used by the Commission's alumni groups to network and to promote leadership initiatives. In 2012/13, more than 600 leaders were invited to participate in the system.

Commemorative events

The Commission also hosted collaborative and commemorative events, outlined below.

Excellence in public sector management

In 2012/13, the Premier's Awards for Excellence in Public Sector Management celebrated its 18th year of recognising exceptional performance and outstanding service delivery to the Western Australian community.

The Commission collaborates with the Office of the Premier and acts on the Premier's behalf in the promotion, coordination and management of the Premier's Awards program.

This year, the 71 nominations received for the Premier's Awards illustrated the level of commitment to public service delivery and excellence in public sector management by State government agencies, local government authorities and public universities across all seven Premier's Awards categories.

The Department of Training and Workforce Development won the 2012 Premier's Awards, for the 'Joining the Dots: Aboriginal workforce development centres' project. As part of this project, Aboriginal workforce development centres were opened in Perth, Broome, Bunbury, Geraldton and Kalgoorlie-Boulder, thereby supporting the Government's initiative to increase levels of Aboriginal employment and workforce participation.



Left to right: Mr Keith Spence, Chair State Training Board and Chair Joint Steering Committee, Ms Sue Lapham, Executive Director Service Delivery, the Premier, the Honourable Colin Barnett, Dr Ruth Shean, Director General, Department of Training and Workforce Development, Dr Susan Gordon, Joint Steering Committee, and Ms Karen Ho, Director Service Delivery Strategy

A new award category: Western Australia in Asia

In 2013, the Premier announced the introduction of a seventh Premier's Awards category, 'Western Australia in Asia'. This category recognises the greater international opportunities for partnerships in Asia that promote Western Australia within the region.

The 'Western Australia in Asia' category is an Australian first and highlights the importance of our State's involvement with Asia across a broad range of economic and cultural endeavours. In its first year, the 'Western Australia in Asia' category has received a great deal of interest with six nominations in its field.

The category will be judged by Professor Ming-Hao Zheng, from the University of Western Australia, who formed part of the Governor's delegation on his recent visit to China, and Debbie Hsu, an Australia and New Zealand School of Government graduate from the Department of Health.

Excellence and innovation in the Western Australian public sector

Excellence and innovation in the public sector was recognised and celebrated at the Excellence and Innovation conference hosted by the Commission in December 2013.

The 2012 Premier's Awards winners, finalists and agencies featured in the *State of the sector 2012* report shared highlights and 'lessons learnt' from a range of innovative initiatives. The conference successfully demonstrated that despite how diverse, innovative and creative the public sector is, the issues and challenges we face are strikingly similar.

National Commissioner's Conference

The Commission also hosted the national Public Service Commissioner's conference in November 2012.

Discussion centred upon relevant issues and challenges faced by all jurisdictions, such as: performance management; the application of codes of conduct to national bodies; collecting and analysing workforce information; and reviews of the senior executive service.

The conference also included a visit to the Botanic Gardens and Parks Authority and a presentation from Government Skills Australia. General discussion occurred around standing interest items of equity and diversity, sustainability of workforce and key organisational changes.

International delegation

The Commissioner facilitated an ethics and integrity session with delegates from the Hong Kong Education Bureau.

The Hong Kong Education Bureau is conducting a pilot project to assist schools in Hong Kong to establish school-based mechanisms for handling complaints, through a review of the processes used in Australian jurisdictions. Western Australia and Victoria were identified as the two jurisdictions with the most robust complaint mechanisms in place.

International Women's Day

The Commissioner recognised International Women's Day on 7 March 2013 with a luncheon for public sector female CEOs including those from local government and public universities.

The key note address was delivered by Ms Sharyn O'Neill, Director General, Department of Education. Ms O'Neill shared her career journey and discussed the successes and challenges she experienced.



Sharyn O'Neill shares her insights as part of International Women's Day

Workforce and diversity planning

Workforce planning continues to be underpinned by the implementation of *Strategic directions for the public sector workforce 2009–2014*. During 2012/13, a mid-point review was undertaken. The review identified that 1078 new workforce initiatives had been established across 78 agencies. In 2012/13, the Commission also committed to be the lead agency for priority actions identified in the Department of Training and Workforce Development's *Skilling WA*, as well as regional workforce development plans. Significant progress in these areas was achieved.

Public Sector Commissioner's Circular 2011-02: Workforce planning and diversity in the public sector encouraged agencies to develop and commence implementing a workforce plan by 30 June 2012. This was achieved by agencies, with 99 per cent of the public sector workforce now being covered by a documented workforce plan, individually endorsed by agency CEOs. Agencies were also provided with support to develop equal opportunity management plans in order to meet the statutory obligations of the EO Act. During 2012/13, 100 per cent compliance was achieved.

In 2012/13, we adjusted our focus to support agencies to implement their plans. This was achieved by:

- providing advice and consultation to agencies on a range of workforce matters
- delivering a range of workshops to public sector agencies
- chairing a cross-sector Workforce Planning Consultative Group
- supporting agencies to improve the quality of their workforce data
- making resources available to agencies to encourage cross-sector sharing, and to minimise duplication of effort
- consulting with corporate executives from key public sector agencies.

Recruiting and skilling the public sector workforce

Promoting public sector employment and government skills

The Commission promotes public sector employment to prospective employees and advances the development of career skills.

We also promoted the 'Investing in experience – skills recognition and training' initiative across the sector by providing an advice and consultation service to agencies. This is a new Commonwealth Government initiative to support mature age workers (50 years and over) to undertake a skills assessment and complete any required gap training to attain a nationally recognised qualification (Certificate III to Advanced Diploma level from a nationally endorsed training package) that is relevant to their current or future employment.

Entry level employment program (ELEP)

We coordinate the ELEP which provides agencies with access to job seekers who are interested in entry level public administration. Agencies sourced candidates from the program for Level 1 or 2 administrative positions on a fixed-term or permanent basis. In 2012/13, the Commission coordinated 42 placements across the public sector.

Traineeships

The 'Government traineeship program' 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 a Certificate II, III or IV in Government.

This program prepares young people for a career in the public sector, specifically focusing on the ethical and legislative aspects of public sector employment. Candidates for the program are able to self-elect their diversity status as an Aboriginal or Torres Strait Islander or a person with disability to assist agencies to address specific workforce planning initiatives. During 2012/13, the program was expanded into all nine regional areas of Western Australia, and the Commission placed 55 full-time trainees into 25 agencies, with five of those being in regionally-based locations.

Working in partnership with the Swan Education Industry Training Association, we 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 2012/13, 23 school-based traineeships were offered.

Aboriginal employment

The 'Aboriginal traineeship program' (ATP) is an integrated employment, training and mentoring support service that is centrally coordinated and funded by the Commission, as part of the *Aboriginal employment strategy 2011–2015*. The ATP provides young Aboriginal and Torres Strait Islander people (aged 25 years and under) with an opportunity to develop public administration skills and competencies through a Government traineeship. Qualifications have been introduced at Certificate II and III in Government.

In 2012/13, three metropolitan intakes placed 40 young Aboriginal people in the public sector to undertake a 12-month traineeship, with the possibility of ongoing employment at the successful completion of the program. The ATP has been expanded into regional Western Australia with placements in the Kimberley, Pilbara, Wheatbelt, South West and the Goldfields-Esperance regions.

We also redeveloped the 'Supervising talent program' to up-skill supervisors of metropolitan-based Aboriginal trainees. This program includes three units of competency from the Certificate IV Training and Assessment qualification. The program was offered to all supervisors of trainees through the ATP with the view of increasing completion and retention rates of our Aboriginal trainees across the Western Australian public sector.

In this reporting period, we facilitated three short-term secondments into Aboriginal organisations for non-Aboriginal participants through the Jawun Indigenous Corporate Partnerships. This program was based in the East Kimberley region and provided participants with valuable insights into living and working in Aboriginal communities.

In conjunction with an Aboriginal reference group, we developed the 'Sharing culture' online module. Designed to complement 'Diverse WA' – an online training module developed by the Office of Multicultural Interests that focuses on developing a multicultural awareness and acceptance of community group diversity within Western Australia – the 'Sharing culture' online module focuses on Aboriginal and Torres Strait Islander peoples and their culture. Together with our professional development programs, the online module assists public sector employees to develop a greater knowledge, awareness and acceptance of Aboriginal and Torres Strait Islanders in the workplace.



Partnering with academic providers

Study assistance scheme

The four Western Australian public universities provide public sector employees with savings on the cost of a government-related qualification. The scheme allows public sector employees to receive a 10 per cent discount on courses for a range of postgraduate and masters programs.

As at 30 June 2013, there are more than 110 eligible courses across a range of disciplines. We are currently researching the study intentions of public sector employees with a view to further expanding the scheme. During 2012/13, 122 study assistance applications were endorsed by the Commission.

Internship program

The 'Internship program' raises the profile of the public sector among university students and increases awareness of the diversity of career opportunities available. In 2012/13, 46 tertiary 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.

Supervising talent program

During 2012/13 we continued the 'Supervising talent program', a professional development opportunity for supervisors of trainees within public sector agencies that develops the supervision, mentoring and training capabilities. This program was further enhanced to provide a specialisation for supervisors of Aboriginal trainees.

Seventeen participants received a nationally recognised skill set from the Certificate IV in Training and Assessment.

Developing public sector employees

Human resource practitioners

We have continued to deliver quarterly forums for human resource practitioners as part of our commitment to develop human resource knowledge and skills across the sector. These sessions received more than 700 registrations, and covered a range of topics such as managing structural change, workplace behaviour and machinery of government changes.

Our 'Foundations of government human resources' (FoGHR) program continues to be highly valued by public sector human resource practitioners. The program is designed to keep pace with contemporary human resource theory and practice within the government context.

In 2012/13, 110 practitioners from 57 agencies participated in the FoGHR program. Sixty-five participants from the first three intakes graduated with a Certificate IV in Government, representing a 91.5 per cent completion rate.

The program's success is reinforced by the support from the sector with experienced human resource professionals contributing as content experts, presenters, guest speakers and mentors to participants.



Foundations of government human resources graduates from intake 2

Policy practitioners

We launched a *Policy capability framework* and self-assessment tool to provide a common basis on which to build the policy capability across the sector.

The development of the framework was a collaborative effort, incorporating a wide range of perspectives and needs from senior policy practitioners, senior executives, directors general and CEOs across the sector.

A policy capability framework reference group has been established to assist in identifying future training and capability development initiatives for policy practitioners and provide feedback and valuable expert support on the development of various elements of program curriculum and assessment tools to ensure they meet the sector's expectations. Some initiatives under development include an online 'community of practice' and a trial of an inter-agency mentoring program for policy officers.



Other services



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 92 Western Australian recipients in the Australia Day Honour List and Queen's Birthday Honours List for 2013, including six Western Australian public sector employees who received the award of a Public Service Medal. The medal recognises outstanding contribution to the public service.

Lobbyist Register

The Commission is responsible for the administration of the register of lobbyists. As at 30 June 2013, the public register contained 93 lobbying businesses. Registered lobbyists and public sector employees are required to adhere to the *Contact with lobbyists code*.

Website redevelopment

The Commission continued work on the website redevelopment project that commenced in 2011/12.

The new [ICG website](#) was launched in February 2013 with a new look design and increased focus on news from member agencies.

The redeveloped [InterSector website](#) was announced in June 2013 and is due to go live in July 2013. The new website will bring increased focus to public sector news; include an events calendar outlining seminars and courses relevant to public sector employees; and provide discussion forums for public sector employees to share information and network online with their colleagues from across the sector.

The Commission is also redeveloping the [jobs.wa.gov.au](#) home page to improve the design, content and compliance with the website governance framework and related policies. While the launch date is yet to be determined, the Commission will coordinate with the RAMS provider to ensure the redeveloped home page and search systems are consistent and user-friendly for job seekers.



Disclosures and legal compliance

Certification of financial statements for the year ended 30 June 2013

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 2013 and the financial position as at 30 June 2013.

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
30 August 2013



A Alderson
CHIEF FINANCE OFFICER
30 August 2013

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 2013, 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 2013 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.

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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

Report on Controls

I have audited the controls exercised by the Public Sector Commission during the year ended 30 June 2013.

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 2013.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Public Sector Commission for the year ended 30 June 2013.

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 2013.

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 2013 included on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance 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
FOR WESTERN AUSTRALIA
Perth, Western Australia
30 August 2013

Statement of comprehensive income for the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	17 373	18 034
Supplies and services	7	5 332	5 912
Depreciation and amortisation expense	8	63	81
Accommodation expenses	9	2 040	2 224
Grants and subsidies	10	267	1 176
Loss on disposal of non-current assets	11	-	138
Other expenses	12	79	65
Total cost of services		25 154	27 630
Income			
Revenue			
User charges and fees	13	597	865
Commonwealth grants and contributions	15	7	12
Other revenue	14	335	254
Total revenue		939	1 131
Total income other than income from State Government		939	1 131
NET COST OF SERVICES		24 215	26 499
INCOME FROM STATE GOVERNMENT			
Service appropriation		27 730	24 121
Services received free of charge		1 282	1 337
Royalties for Regions Fund		397	231
Total income from State Government	16	29 409	25 689
SURPLUS/(DEFICIT) FOR THE PERIOD		5 194	(810)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5 194	(810)

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 2013

	Note	2013 \$000	2012 \$000
ASSETS			
Current assets			
Cash and cash equivalents	28	6 284	2 288
Restricted cash and cash equivalents	17	159	212
Receivables	18	857	839
Amounts receivable for services	19	164	145
Other current assets	20	559	696
Total current assets		8 023	4 180
Non-current assets			
Restricted cash and cash equivalents	17	515	384
Amounts receivable for services	19	6 094	5 432
Property, plant and equipment	21	63	96
Intangible assets	22	510	-
Total non-current assets		7 182	5 912
TOTAL ASSETS		15 205	10 092
LIABILITIES			
Current liabilities			
Payables	24	1 463	1 641
Provisions	25	4 480	4 527
Other current liabilities	26	141	-
Total current liabilities		6 084	6 168
Non-current liabilities			
Provisions	25	1 052	1 049
Total non-current liabilities		1 052	1 049
TOTAL LIABILITIES		7 136	7 217
NET ASSETS		8 069	2 875
Equity			
Accumulated surplus	27	8 069	2 875
TOTAL EQUITY		8 069	2 875

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 2013

	Note	Accumulated surplus/(deficit) \$000	Total equity \$000
Balance at 1 July 2011	27	3 877	3 877
Changes in accounting policy or correction of prior period errors		(192)	(192)
Restated balance at 1 July 2011		3 685	3 685
Total comprehensive income for the year		(810)	(810)
Balance at 30 June 2012		2 875	2 875
Total comprehensive income for the year		5 194	5 194
Balance at 30 June 2013		8 069	8 069

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 2013

	Note	2013 \$000	2012 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		26 904	23 642
Holding account drawdowns		145	-
Royalties for Regions Fund		397	231
Net cash provided by State Government		27 446	23 873
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(17 245)	(18 186)
Supplies and services		(4 372)	(4 647)
Accommodation		(2 038)	(1 946)
Grants and subsidies		(267)	(962)
GST payments on purchases		(777)	(904)
GST payments to taxation authority		(138)	(165)
Receipts			
User charges and fees		664	796
Commonwealth grants and contribution		7	12
GST receipts on sales		128	171
GST receipts from taxation authority		845	878
Other receipts		360	390
Net cash provided by/(used in) operating activities	28	(22 833)	(24 563)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(539)	(63)
Net cash provided by/(used in) investing activities		(539)	(63)
Net increase/(decrease) in cash and cash equivalents		4 074	(753)
Cash and cash equivalents at the beginning of period		2 884	3 637
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	28	6 958	2 884

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 2013

	Service 1 Public sector leadership	
	2013 \$000	2012 \$000
COST OF SERVICES		
Expenses		
Employee benefits expense	2 012	1 737
Supplies and services	312	305
Depreciation and amortisation expense	3	7
Accommodation expenses	212	309
Grants and subsidies	18	-
Carrying amount of non-current assets disposed	-	9
Other expenses	7	9
Total cost of services	2 564	2 376
Income		
User charges and fees	-	-
Commonwealth grants and contributions	-	-
Other revenue	29	18
Total income other than income from State Government	29	18
NET COST OF SERVICES	2 535	2 358
INCOME FROM STATE GOVERNMENT		
Service appropriation	2 881	2 060
Assets assumed/(transferred)	-	-
Resources received free of charge	142	113
Royalties for Regions Fund	-	-
Total income from State Government	3 023	2 173
Surplus/(deficit) for the period	488	(185)

The 'Schedule of income and expenses by service' should be read in conjunction with the accompanying notes. Note 2(c) explains the restructure of the six services reported for 2011/12 to the three services reported for 2012/13.

Service 2 Assistance and support		Service 3 Oversight and reporting		Total	
2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
12 670	13 553	2 691	2 744	17 373	18 034
4 521	5 085	499	522	5 332	5 912
32	67	28	7	63	81
1 508	1 638	320	277	2 040	2 224
220	1 176	29	-	267	1 176
-	111	-	18	-	138
66	43	6	13	79	65
19 017	21 673	3 573	3 581	25 154	27 630
597	865	-	-	597	865
7	12	-	-	7	12
274	226	31	10	335	254
878	1 103	31	10	939	1 131
18 139	20 570	3 542	3 571	24 215	26 499
20 278	17 946	4 571	4 115	27 730	24 121
-	-	-	-	-	-
927	997	213	227	1 282	1 337
397	231	-	-	397	231
21 602	19 174	4 784	4 342	29 409	25 689
3 463	(1 396)	1 242	771	5 194	(810)

Schedule of assets and liabilities by service as at 30 June 2013

	Service 1		Service 2	
	Public sector leadership		Assistance and support	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
ASSETS				
Current assets	239	187	2 072	2 310
Non-current assets	714	501	4 861	4 416
Total assets	953	688	6 933	6 726
LIABILITIES				
Current liabilities	669	617	4 283	4 353
Non-current liabilities	108	71	745	762
Total liabilities	777	688	5 028	5 115
NET ASSETS	176	-	1 905	1 611

The 'Schedule of assets and liabilities by service' should be read in conjunction with the accompanying notes. Note 2(c) explains the restructure of the six services reported for 2011/12 to the three services reported for 2012/13.

Service 3 Oversight and reporting		General – Not attributed		Total	
2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
386	359	5 326	1 324	8 023	4 180
1 607	995	-	-	7 182	5 912
1 993	1 354	5 326	1 324	15 205	10 092
880	864	252	334	6 084	6 168
199	216	-	-	1 052	1 049
1 079	1 080	252	334	7 136	7 217
914	274	5 074	990	8 069	2 875

Summary of consolidated account appropriations and income estimates for the year ended 30 June 2013

	2013 Estimate \$000	2013 Actual \$000	Variance \$000	2013 Actual \$000	2012 Actual \$000	Variance \$000
DELIVERY OF SERVICES						
Item 6 – Net amount appropriated to deliver services	27 779	26 955	824	26 955	22 915	4 040
Section 25 Transfer of service appropriation	-	(466)	466	(466)	-	(466)
Amount authorised by other statutes						
<i>Salaries and Allowances Act 1975</i>	1 224	1 241	(17)	1 241	1 206	35
Total appropriations provided to deliver services	29 003	27 730	1 273	27 730	24 121	3 609
GRAND TOTAL	29 003	27 730	1 273	27 730	24 121	3 609
Details of expenses by service						
Service 1 – Public sector leadership	4 129	2 564	1 565	2 564	2 376	188
Service 2 – Assistance and support	20 020	19 017	1 003	19 017	21 673	(2 656)
Service 3 – Oversight and reporting	7 251	3 573	3 678	3 573	3 581	(8)
Contribution to Responsible Financial Management	(550)	-	(550)	-	-	-
Total cost of services	30 850	25 154	5 696	25 154	27 630	(2 476)
Less total income	(933)	(939)	6	(939)	(1 131)	192
Net cost of services	29 917	24 215	5 702	24 215	26 499	(2 284)
Adjustments	(914)	3 515	(4 429)	3 515	(2 378)	5 893
Total appropriations provided to deliver services	29 003	27 730	1 273	27 730	24 121	3 609
Capital expenditure						
Purchase of non-current physical assets	145	539	(394)	539	63	476
Adjustment for other funding sources	(145)	(539)	394	(539)	(63)	(476)
Capital contribution (appropriation)	-	-	-	-	-	-

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation. Note 33

'[Explanatory statement](#)' provides details of any significant variations between estimates and actual results for 2013 and between the actual results for 2013 and 2012. Note 2(c) explains the restructure of the six services reported for 2011/12 to the three services reported for 2012/13.

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 2013 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 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 2013.

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 AAAB 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 – Public sector leadership** – To identify and develop policy and strategic initiatives that will position the public sector to meet future challenges.
- **Service 2 – Assistance and support** – To develop the effectiveness of the public sector workforce by providing advice, assistance and training to Ministers, agencies and employees.
- **Service 3 – Oversight and reporting** – To monitor and report to parliament and ministers on compliance with the *Public Sector Management Act 1994* and the *Public Interest Disclosure Act 2003*.

A review and restructure of the Commission's services has resulted in the six (6) services reported for 2011/12 being amalgamated into three (3) services effective from 1 July 2012. The six former services (which appeared in the 2012/13 Budget papers) were:

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

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 2012/13 Budget statements, the Commission retained \$1 878 000 in 2013 (\$1 991 000 in 2012) from the following:

- proceeds from fees and charges
- Commonwealth grants and contributions
- other revenue
- GST input credits
- GST receipts on sales.

Grants, donations, gifts and other non-reciprocal contributions

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

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

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
- licenses – 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. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. 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 24 '[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 fair value.

The accrued salaries suspense account (see note 17 '[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 amounts 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 fund providers 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 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 were 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 providers. The Commission makes concurrent contributions to GESB or other fund providers 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 of 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 into the Consolidated Account by the GESB.

r) Assets and services received free of charge or for nominal cost

Assets and services 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.

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.

Operating lease commitments

The Commission has entered into a number of leases for office accommodation and vehicle fleet whereby it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

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 2015

This Standard supersedes *AASB 139 – Financial Instruments: Recognition and measurement*, introducing a number of changes to accounting treatments. *AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* amended the mandatory application date of this standard to 1 January 2015. The Commission has not yet determined the application or the potential impact of the Standard.

AASB 13 – Fair Value Management

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 additional 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), making changes to the recognition, presentation and disclosure requirements. 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 1053 – Application of Tiers of Australian Accounting Standards

Operative for reporting periods beginning on/after 1 July 2013

This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.

AASB 1055 – Budgetary Reporting

Operative for reporting periods beginning on/after 1 July 2014

This Standard specifies the nature of budgetary disclosures, the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the GGS. The Commission will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.

AASB 2010-2 – 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]

Operative for reporting periods beginning on/after 1 July 2013

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 – 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]

Operative for reporting periods beginning on/after 1 January 2015

This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.

AASB 2012-6 amended the mandatory application date of this standard to 1 January 2015. The Commission has not yet determined the application or the potential impact of the Standard.

AASB 2011-8 – Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 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]

Operative for reporting periods beginning on/after 1 January 2013

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 2011-10 – Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]

Operative for reporting periods beginning on/after 1 January 2013

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 – Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements

Operative for reporting periods beginning on/after 1 July 2013

This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.

AASB 2012-1 – Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]

Operative for reporting periods beginning on/after 1 July 2013

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.

AASB 2012-2 – Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]

Operative for reporting periods beginning on/after 1 January 2013

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.

AASB 2012-3 – Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]

Operative for reporting periods beginning on/after 1 January 2014

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.

AASB 2012-6 – Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]

Operative for reporting periods beginning on/after 1 January 2013

This Standard amends the mandatory effective date of AASB 9 Financial instruments to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.

AASB 2012-7 – Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 & 127]

Operative for reporting periods beginning on/after 1 July 2013

This Standard adds to or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general financial statements. There is no financial impact.

AASB 2012-10 – Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, & 2011-7 and Int 12]

Operative for reporting periods beginning on/after 1 January 2013

This Standard makes amendments to AASB 10 and related standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

The Standard was issued in December 2012. The Commission has not yet determined the application or the potential impact of the Standard.

6. Employee benefits expense

	2013 \$000	2012 \$000
Wages and salaries ^(a)	15 818	16 556
Superannuation – defined contribution plans ^(b)	1 555	1 478
	17 373	18 034

(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, GESB and other eligible funds.

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 25 '[Provisions](#)'.

7. Supplies and services

	2013 \$000	2012 \$000
Communications	64	136
Consultants and contractors	4 374	4 894
Consumables	449	658
Travel	130	93
Other	315	131
	5 332	5 912

8. Depreciation and amortisation expense

	2013 \$000	2012 \$000
Depreciation		
Computer hardware	7	11
Furniture and fittings	-	52
Office equipment	26	18
Amortisation		
Computer software	13	-
Licenses	17	-
	63	81

9. Accommodation expenses

	2013 \$000	2012 \$000
Lease rentals and outgoings	2 038	2 221
Repairs and maintenance	2	2
Cleaning	-	1
	2 040	2 224

10. Grants and subsidies

	2013 \$000	2012 \$000
Recurrent		
Government agency grants	231	445
External grants	36	731
	267	1 176

11. Loss on disposal of non-current assets

	2013 \$000	2012 \$000
Proceeds from disposal of non-current assets		
Computer hardware	-	1
	-	1
Cost of disposal of non-current assets		
Furniture and fittings	-	136
Computer hardware	-	3
	-	139
Net loss	-	138

12. Other expenses

	2013 \$000	2012 \$000
Employment on-costs	21	16
Other ^(a)	58	49
	79	65

(a) Audit fees, see also note 32 '[Remuneration of auditor](#)'.

13. User charges and fees

	2013 \$000	2012 \$000
Fees	597	865
	597	865

14. Other revenue

	2013 \$000	2012 \$000
Recoups	111	148
Recoup insurance ^(a)	27	-
Contributions by senior officers to the Government Vehicle Scheme	23	27
Other miscellaneous revenue	174	79
	335	254

(a) Insurance recoups were not separately identified in 2011/12

15. Commonwealth grants and contributions

	2013 \$000	2012 \$000
Recurrent grant	7	12

The recurrent grant was a non-reciprocal grant of \$6607.58 from Government Skills Australia. The grant was for 2013 and the terms specified that it was to be used for staff training across the public sector. The grant has been recognised in its entirety on receipt as the only condition applying to its use is how it is expended and it is not subject to performance measures in terms of service delivery.

16. Income from State Government

	2013 \$000	2012 \$000
Appropriation received during the year		
Service appropriations ^(a)	27 730	24 121
Services received free of charge from other State Government agencies during the period:		
Department of the Premier and Cabinet – corporate support services	838	1 134
Department of Finance – accommodation lease services	355	154
Department of the Attorney General – legal services	89	49
	1 282	1 337
Royalties for Regions Fund		
Regional Community Services Account ^(b)	397	231
	397	231
	29 409	25 689

(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 budgeted depreciation expense for the period and any agreed increase in leave liabilities during the year.

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

17. Restricted cash and cash equivalent assets

	2013 \$000	2012 \$000
Current		
Royalties for Regions Fund ^(a)	159	212
Non-current		
Accrued salaries suspense account ^(b)	515	384

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

18. Receivables

	2013 \$000	2012 \$000
Current		
Receivables	745	682
GST receivable	100	157
	845	839
Loans and advances		
Other debtors	12	-
	12	-
Total current	857	839

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

19. Amounts receivable for services (Holding Account)

	2013 \$000	2012 \$000
Current	164	145
Non-current	6 094	5 432
	6 258	5 577

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.

20. Other assets

	2013 \$000	2012 \$000
Current		
Prepayments	559	696
	559	696

21. Property, plant and equipment

	2013 \$000	2012 \$000
Computer hardware		
At cost	22	22
Accumulated depreciation	(22)	(15)
Accumulated impairment losses	-	-
	<u>-</u>	<u>7</u>
Office equipment		
At cost	136	136
Accumulated depreciation	(73)	(47)
Accumulated impairment losses	-	-
	<u>63</u>	<u>89</u>
	<u>63</u>	<u>96</u>
Reconciliation – Computer hardware		
Carrying amount at start of period	7	21
Additions	-	-
Transfers	-	-
Other disposals	-	(3)
Impairment losses	-	-
Depreciation	(7)	(11)
Carrying amount at end of period	<u>-</u>	<u>7</u>
Reconciliation – Office equipment		
Carrying amount at start of period	89	44
Additions	-	63
Transfers	-	-
Other disposals	-	-
Impairment losses	-	-
Depreciation	(26)	(18)
Carrying amount at end of period	<u>63</u>	<u>89</u>

22. Intangible assets

	2013 \$000	2012 \$000
Licenses		
At cost	310	-
Accumulated amortisation	(17)	-
	<u>293</u>	-
Computer software		
At cost	230	-
Accumulated amortisation	(13)	-
	<u>217</u>	-
Total intangible assets	<u>510</u>	-
Reconciliation – Licenses		
Carrying amount at start of period	-	-
Additions	310	-
Amortisation expense	(17)	-
Carrying amount at end of period	<u>293</u>	-
Reconciliation – Computer software		
Carrying amount at start of period	-	-
Additions	230	-
Amortisation expense	(13)	-
Carrying amount at end of period	<u>217</u>	-

23. Impairment of assets

There were no indications of impairment to property, plant and equipment at 30 June 2013.

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.

24. Payables

	2013 \$000	2012 \$000
Current		
Payables	1 032	327
Accrued salaries	346	347
Accrued expenses	85	967
	<u>1 463</u>	<u>1 641</u>

25. Provisions

	2013 \$000	2012 \$000
Current		
Employee benefits provision		
Annual leave ^(a)	1 611	1 677
Long service leave ^(b)	2 433	2 420
Superannuation on-cost	415	428
	4 459	4 525
Other provisions		
Employment on-costs ^(c)	21	2
	4 480	4 527
Non-current		
Employee benefits provision		
Long service leave ^(b)	942	956
Superannuation on-cost	105	92
	1 047	1 048
Other provisions		
Employment on-costs ^(c)	5	1
	5	1
	1 052	1 049

(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	1 069	950
More than 12 months after the reporting period	701	891
	1 770	1 841

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the end of the reporting period	1 047	1 231
More than 12 months after the reporting period	2 689	2 504
	3 736	3 735

(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 period, other than employee benefits, are set out below:

	2013 \$000	2012 \$000
Employment on-cost provision		
Carrying amount at start of period	3	3
Additional provisions recognised	23	1
Payments/other sacrifices of economic benefits	-	(1)
Carrying amount at end of period	<u>26</u>	<u>3</u>

26. Other liabilities

	2013 \$000	2012 \$000
Current		
Income received in advance	141	-
	<u>141</u>	<u>-</u>

27. 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.

	2013 \$000	2012 \$000
Accumulated surplus/(deficit) (retained earnings)		
Balance at the start of the year	2 875	3 877
Result for the period	5 194	(810)
Income and expense recognised directly in equity	-	(192)
Balance at the end of the year	<u>8 069</u>	<u>2 875</u>
Total equity at the end of the period	<u>8 069</u>	<u>2 875</u>

28. Notes to the 'Statement of cash flows'

	2013 \$000	2012 \$000
Reconciliation of cash		
Cash at the end of the financial year as shown in the 'Statement of cash flows' is reconciled to the related items in the 'Statement of financial position' as follows:		
Cash and cash equivalents	6 284	2 288
Restricted cash and cash equivalents (note 17)	674	596
	6 958	2 884
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(24 215)	(26 499)
Non-cash items:		
Depreciation and amortisation expense (note 8)	63	81
Net gain/(loss) on disposal of non-current assets	-	138
Resources received free of charge (note 16)	1 282	1 337
(Increase)/decrease in assets:		
Current receivables ^(a)	(75)	31
Other current assets	137	69
Increase/(decrease) in liabilities:		
Current payables ^(a)	(36)	6
Current provisions	(47)	184
Non-current provisions	1	154
Net GST receipts/(payments) ^(b)	58	18
Change in GST receivables/payables ^(c)	(1)	(82)
Net cash provided by/(used in) operating activities	(22 833)	(24 563)

(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.

29. Services 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:

	2013 \$000	2012 \$000
Salaries and Allowances Tribunal		
Corporate Services	11	-

30. Commitments

The commitments below are inclusive of GST.

	2013 \$000	2012 \$000
Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Within one year	2 404	2 464
Later than one year and not later than five years ^(a)	1 501	8 911
Later than five years	-	-
	3 905	11 375

Other expenditure commitments

Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:

Within one year	1 773	-
Later than one year and not later than five years	1 028	-
Later than five years	4	-
	2 805	-

(a) The significant reduction reflects changed arrangements in relation to accommodation.

31. 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:

\$	2013	2012
130 001 – 140 000	1	1
150 001 – 160 000	1	2
180 001 – 190 000	1	-
210 001 – 220 000	-	1
250 001 – 260 000	1	2
260 001 – 270 000	1	-
270 001 – 280 000	1	-
500 001 – 510 000	-	1
510 001 – 520 000	1	-

	2013 \$000	2012 \$000
Total remuneration of senior officers	1 788	1 678

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.

32. Remuneration of auditor

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

	2013 \$000	2012 \$000
Auditing the accounts, financial statements and performance indicators	50	45

33. 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 2013

	2013 Estimate \$000	2013 Actual \$000	Variance \$000
Net amount appropriated to deliver services	27 779	26 489	1 290

The reduction is primarily due to a combination of changes such as corrective measures to cap FTE ceiling, section 25 transfer of functions and repositioning of appropriation to better match expenditure.

Service expenditure – significant variances between estimate and actual for 2013

	2013 Estimate \$000	2013 Actual \$000	Variance \$000
Service 1 – Public sector leadership	4 129	2 564	1 565
Service 2 – Assistance and support	20 020	19 017	1 003
Service 3 – Oversight and reporting	7 251	3 573	3 678

- Service 1 – Public sector leadership
The saving was a result of lower FTEs over the course of the financial year together with the resultant reduction in the share of corporate overheads applied to this Service. It also reflects a portion of the savings required to meet the Commission's contribution to responsible financial management.
- Service 2 – Assistance and support
The saving was a result of lower FTEs over the course of the financial year together with the resultant reduction in the share of corporate overheads applied to this Service. It also reflects a portion of the savings required to meet the Commission's contribution to responsible financial management.
- Service 3 – Oversight and reporting
The saving was a result of lower FTEs over the course of the financial year together with the resultant reduction in the share of corporate overheads applied to this Service. It also includes savings on the allocation for the St Andrews Hostel Inquiry and delays in implementing the *Aboriginal employment strategy 2011–2015*.

Note 2(c) explains the restructure of the six services reported for 2011/12 to the three services reported for 2012/13.

	2013 Estimate \$000	2013 Actual \$000	Variance \$000
Capital expenditure	145	539	(394)

The higher expenditure is due to the purchase of software system and associated licences.

Total appropriations provided to deliver services – significant variances between the actual results for 2013 and for 2012

	2013 Actual \$000	2012 Actual \$000	Variance \$000
Net amount appropriated to deliver services	26 489	22 915	3 574

The increased appropriation largely reflects \$1.5m for the St Andrews Hostel Inquiry and \$1m for the *Aboriginal employment strategy 2011–2015* to place trainees in public sector employment.

Service expenditure – significant variances between the actual results for 2013 and for 2012

	2013 Actual \$000	2012 Actual \$000	Variance \$000
Service 1 – Public sector leadership	2 564	2 376	188
Service 2 – Assistance and support	19 017	21 673	(2 656)

- Service 1 – Public sector leadership
The minor increase is primarily associated with an increased level of activities in this Service area.
- Service 2 – Assistance and support
The saving was a result of lower FTEs over the course of the financial year together with the resultant reduction in the share of corporate overheads applied to this Service. It also reflects a portion of the savings required to meet the Commission's contribution to responsible financial management.

	2013 Actual \$000	2012 Actual \$000	Variance \$000
Capital expenditure	539	63	476

The higher expenditure is due to the purchase of software system and associated licences.

34. 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 identified 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 allowance for impairment, as shown in the table at note 34(c) '[Financial instrument disclosures](#)' and note 18 '[Receivables](#)'.

Credit risk associated with the Commission's financial assets is minimal because the main receivable is the amount 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 were no significant concentrations of credit risk.

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 drawdown 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 the Commission has no borrowings.

b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2013 \$000	2012 \$000
Financial assets		
Cash and cash equivalents	6 284	2 288
Restricted cash and cash equivalents	674	596
Receivables ^(a)	7 015	6 259
Financial liabilities		
Payables	1 463	1 641

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

c) Financial instrument disclosures

Credit risk and interest rate risk exposures

The '[Interest rate exposures and ageing analysis of financial assets](#)' table details the Commission's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Commission's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on the 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 details the contractual maturity analysis for financial assets and liabilities. The table includes both interest and principal cash flows. The interest exposure section analyses only the carrying amount of each item.

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 values 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
2013												
Cash and cash equivalents		6 284	-	6 284	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents		674	-	674	-	-	-	-	-	-	-	-
Receivables ^(a)		757	-	757	687	70	-	-	-	-	-	-
Amounts receivable for services		6 258	-	6 258	-	-	-	-	-	-	-	-
		13 973	-	13 973	687	70	-	-	-	-	-	-
2012												
Cash and cash equivalents		2 288	-	2 288	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents		596	-	596	-	-	-	-	-	-	-	-
Receivables ^(a)		682	-	682	658	24	-	-	-	-	-	-
Amounts receivable for services		5 577	-	5 577	-	-	-	-	-	-	-	-
		9 143	-	9 143	658	24	-	-	-	-	-	-

(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
2013												
Payables	1 463	-	1 463	-	-	1 463	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
	1 463	-	1 463	-	-	1 463	-	-	-	-	-	-
2012												
Payables	1 641	-	1 641	-	-	1 627	14	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
	1 641	-	1 641	-	-	1 627	14	-	-	-	-	-

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

35. Events occurring after the end of the reporting period

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

36. 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 \$985 000 for 2012/13 (\$647 000 for 2011/12).

37. 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 Regulation (DER). In accordance with the Act, the DER 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 2013

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 2013.



M C Wauchope
ACCOUNTABLE AUTHORITY
30 August 2013

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 a '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 our key agency-level Government-desired outcome of an efficient and effective public sector that operates with integrity.

A realignment of the Commission's services resulted in the conversion of six service areas reported in 2011/12 into three service areas, effective from 1 July 2012. The six former services reported in 2011/12 were:

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 CEO selection and recruitment advice.

The Commission's structure now provides the following three service areas to public authorities:

1. public sector leadership
2. assistance and support
3. oversight and reporting.

Measurement of agency-level outcomes

Key effectiveness indicators

The Commission's key effectiveness indicators measure the extent to which our activities are achieving, or are progressing towards the one agency-level outcome.

To measure the effectiveness of the Commission during 2012/13, the CEOs of departments created under section 35 of the PSM Act, and ministers or their chiefs of staff were surveyed and asked to rate how the advice and guidance offered by the Commission assisted them to promote integrity, effectiveness and efficiency within their organisation. The Commission received a 77 per cent response rate.

In addition, statutory authorities, public universities and local governments were surveyed to measure the effectiveness of assistance provided by the Commission to help them meet their statutory obligations under the PID Act and Part IX of the EO Act. The Commission received a 46 per cent response rate.

The rating was a five-step rating from strongly agree to strongly disagree.

Outcome: An efficient and effective public sector that operates with integrity

Key effectiveness indicator	Target 2012/13	Actual 2012/13	Actual 2011/12	Actual 2010/11
The portion of core clients who indicate the Commission has delivered policy, assistance and oversight that has assisted them to enhance integrity within their agencies. ^(a)	95%	98%	NA	NA
The portion of core clients who indicate the Commission has delivered policy, assistance and oversight that has assisted them to enhance the effectiveness and efficiency of their agencies. ^(b)	95%	95%	NA	NA
The portion of public authorities who indicate assistance provided by the Commission has helped them to meet their statutory obligations under Part IX of the EO Act. ^(c)	95%	60%	NA	NA
The portion of public authorities who indicate assistance provided by the Commission has helped them to meet their statutory obligations under the PID Act. ^(d)	95%	78%	NA	NA
(a) This indicator measures the Commission’s capability at enhancing integrity in agencies through the minimum requirements of the principles of merit, equity, probity, integrity in official conduct, ethical codes and human resource management. Data for this measure was collected from the client perception survey.				
(b) This indicator measures the Commission’s capacity at enhancing effectiveness and efficiency of public administration and management in agencies through legislative reform, the accountability framework, policies, advisory services and professional development. Data for this measure was collected from the client perception survey.				
(c) This indicator measures how the Commissioner is increasing the understanding of issues related to compliance of Part IX of the EO Act in public authorities through advisory services, product delivery and professional development. Data for this measure was collected from the client perception survey.				
(d) This indicator measures how the Commissioner is increasing the understanding of issues related to compliance of the PID Act in public authorities through advisory services, product delivery and professional development. Data for this measure was collected from client perception survey.				

The effectiveness indicators show the Commission is meeting its projected targets.

The difference between the target and actual achievement for services provided in relation to Part IX of the EO Act can be attributed to the increased profile of workforce planning initiatives undertaken by the Commission, of which diversity is one element. This—together with employment programs for Aboriginal people, young people and people with disabilities being progressed under the broader Commission profile—may have resulted in clients not recognising those programs as having an equal opportunity focus. It should also be noted that equal opportunity is a mature function, with agencies experienced in delivering these services since 1984.

Similarly, the difference between the target and actual achievement for services provided in relation to the PID Act can be attributed the delivery of service to a broader stakeholder group. With the recent changes to the PID Act, the Commission has recommenced delivery of this service.

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 they are not a cost of delivering services.

Service 1 – Public sector leadership

This service is responsible for the identification and development of legislative changes, policy and strategic initiatives that position the public sector to meet future challenges.

	Target 2012/13	Actual 2012/13	Actual 2011/12	Actual 2010/11
Average cost per hour addressing legislative and policy development	\$105	\$94	NA	NA
With the implementation of a revised outcome-based management framework, 2012/13 budget results have been recast for comparative purposes. There is no comparative data for 2011/12 actuals and 2010/11 actuals.				

The actual average cost for supporting authorities through legislative and policy development in 2012/13 is lower than budgeted due to the Commission functioning with reduced FTE levels and operating costs.

Service 2 – Assistance and support

This service builds the capacity and develops the public sector workforce by providing advice, assistance and professional development to public authorities.

	Target 2012/13	Actual 2012/13	Actual 2011/12	Actual 2010/11
Average cost per hour of assistance and support provided	\$91	\$101	NA	NA
Average cost per workforce and diversity program, product or training hour	\$104	\$103	NA	NA
Average cost per public administration, standards and integrity program, product or training hour	\$106	\$85	NA	NA
Average cost per leadership development product, program and training hour	\$157	\$112	NA	NA
With the implementation of a revised outcome-based management framework, 2012/13 budget results have been recast for comparative purposes. There is no comparative data for 2011/12 actuals and 2010/11 actuals.				

Grants of \$106 747 in 2012/13 have been excluded as they are not considered to be a cost of service delivery.

The actual average cost per hour for assistance and support in 2012/13 is higher than targeted due to the *Aboriginal employment strategy 2011–2015* being considered in the budget as a grant to agencies. This grant was excluded from the calculation of average cost for assistance and support.

The actual average cost per hour for workforce planning is on target.

The actual average cost per hour for public administration, standards and integrity and leadership development is lower than budgeted due to the Commission functioning with reduced FTE levels and operating costs. The Commission's recent approach to developing products and delivering professional development in-house is also a contributing factor.

Service 3 – Oversight and reporting

This service provides independent oversight to monitor and report to Parliament and ministers on compliance with the PSM Act and the PID Act.

	Target 2012/13	Actual 2012/13	Actual 2011/12	Actual 2010/11
Average cost per hour of performance and oversight activity	\$95	\$74	NA	NA
Percentage of oversight actions completed within target timeframes	90%	90%	NA	NA
With the implementation of a revised outcome-based management framework, 2012/13 budget results have been recast for comparative purposes. There is no comparative data for 2011/12 actuals and 2010/11 actuals.				

The actual average cost per hour of performance and oversight activity in 2012/13 is lower than targeted. Increased efficiencies in delivering performance and oversight activities, particularly in relation to reduced time frames, have contributed to the reduction in average cost per hour.

Other legal requirements

Electoral Act 1907 Section 175ZE

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

1. Total expenditure for 2012/13 was \$113 712.
2. Expenditure was incurred in the following areas:

Applications	2012/13
Advertising agencies	
• Adcorp	\$113 712
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	Nil
Media advertising organisations	Nil

Disability access and inclusion plan outcomes

Disability Services Act 1993, section 29

Through our *Disability access and inclusion plan 2010–2015* we demonstrated our commitment to implement a range of strategies that aim to improve access and inclusion for people with disabilities to our services, facilities and information. The implemented strategies have been successful in providing people with disabilities the same opportunities, rights and responsibilities enjoyed by others in the community. Understanding equal employment opportunity and diversity principles by staff were raised through professional learning.

Occupational safety and health

The Commission is committed to ensuring the occupational health, safety and welfare of its employees and any other people who may be affected by the Commission's operations. Creating these environments requires the commitment of our corporate executive and Occupational Safety and Health (OSH) Committee, as well as all employees working together to achieve a standard of excellence in OSH and injury management in the workplace. Our commitment to health, safety and wellbeing is evidenced in its inclusion to the *Workforce and diversity plan 2012–2014*.

The 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.

These key initiatives are further supported by our wellness program to encourage workplace and personal wellbeing. In 2012/13, the program included mental health first aid, lunch-time fitness classes, blood donations, flu vaccinations and manual handling training. We recognise the continuing importance of workplace wellbeing for our 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 OSH related policies and procedures are available to staff on the intranet.

Over the last 12 months, the Committee reviewed its OSH policies and procedures, provided training, undertook regular workplace inspections and provided quarterly OSH reports to the corporate executive to ensure continuous improvement.

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

Measures

Actual results for 2012/13 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.

	2012/13	2011/12	2010/11	Target	Comment
Number of fatalities	0	0	0	0	Achieved
Lost time injury/disease incidence rate	1.49%	0.69%	0	0 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
Percentage of injured workers returned to work within 26 weeks	100% within 13 weeks	100% within 13 weeks	0	Greater than or equal to 80% return to work within 26 weeks	The Commission's one lost time claim resulted in the injured worker returning to work within 13 weeks
	100% within 26 weeks	100% within 26 weeks	0		Achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities	82%	71%	61%	Greater than or equal to 80%	The Commission has exceeded the 80% target.

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	2012/13	2011/12
Received during the year	10	24
Finalised during the year	9	24
Average time to process (days)	28	29

Outcomes	2012/13	2011/12
Full access	0	0
Edited access	4	15
Deferred access	0	0
Section 26 access	1	2
Section 28 access	0	0
Access refused	3	3
Total decisions	8	20
Transferred to other agencies	0	0
Withdrawn	1	4
Total applications finalised	9	24

Salaries and Allowances Tribunal

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

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

As an affiliated body of an agency under the PSM 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 Salaries and Allowances Tribunal with certain financial services during the year, including the preparation of financial information to facilitate the discharge of statutory reporting obligations.

As a consequence of the Tribunal's affiliated body status, this report appears in the annual report of the Commission.

