



Annual report 2013/14

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 2014.

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



M C Wauchope
ACCOUNTABLE AUTHORITY
1 September 2014

Enquiries:

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

© State of Western Australia 2014

There is no objection to this publication being copied in whole or part, provided there is due acknowledgement of any material quoted or reproduced from the publication.

Published by the Public Sector Commission (Western Australia), September 2014.

Copies of this report are available on the Public Sector Commission website at www.publicsector.wa.gov.au

Accessibility

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

Contents

- Commissioner’s overview..... 5**
- About this report..... 6**
 - Accessibility 6
- The year at a glance..... 7**
- Highlights..... 8**
- Profile of the Commission 11**
 - Corporate executive..... 13
 - Staff profile..... 15
- Performance management framework 18**
- Significant issues impacting the agency..... 20**
- Agency performance..... 23**
 - Summary of key performance indicators 24
- Accountability, policy and performance 26**
 - Legislative reform..... 26
 - Providing policy advice..... 29
 - Workforce and diversity planning..... 30
 - Assessing compliance with standards and ethical codes 30
 - Public interest disclosure 32
 - Significant reviews and examinations 33
 - Collecting sector wide data 34
- Agency support 37**
 - Supporting boards and committees 37
 - Accountability and ethics 38
 - Public interest disclosure 39
 - Assisting with performance matters 40
 - Supporting our chief executive officers..... 40
 - Monitoring the recruitment, advertising and management system (RAMS)..... 43
 - Managing redeployment and redundancy 44
- Centre for Public Sector Excellence 46**
 - Skilling the sector..... 47
 - Developing our leaders 48
 - Aboriginal employment 53

Disclosures and legal compliance 56

- Certification of financial statements 56
- Auditor General’s report 57
- Statement of comprehensive income 60
- Statement of financial position 61
- Statement of changes in equity 62
- Statement of cash flows..... 63
- Schedule of income and expenses by service 65
- Schedule of assets and liabilities by service..... 67
- Summary of consolidated account appropriations and income estimates 68
- Notes to the financial statements 69

Key performance indicators..... 107

- Certification of key performance indicators for the year ended 30 June 2014 107
- Overview of key performance indicators 108
- Measurement of agency level outcomes 108

Other legal requirements..... 113

- Electoral Act 1907 Section 175ZE..... 113
- Record keeping plan 113
- Freedom of information 116

Salaries and Allowances Tribunal 117

Commissioner's overview

It is my privilege to present the *Annual report 2013/14* on behalf of the Public Sector Commission.

This year we commenced our new strategic plan for 2014-2017, 'Act with integrity, lead with purpose'. The plan will assist us to achieve our vision of a high performing public sector and our role to enhance the integrity, effectiveness and efficiency of public administration and management.

A natural progression for me as Public Sector Commissioner, is identifying how the Government's investment in people can be enhanced by renewing its focus on employee productivity. It is key that employees have access to ongoing professional development and opportunities to diversify their knowledge, skills and experience. Against this backdrop, we increased our focus on fostering public sector capability and leadership development. This approach culminated in the establishment of the Centre for Public Sector Excellence.

The future of the sector must be framed within the need to respond to complex policy and service delivery priorities, requiring us to build on existing good practice and find new opportunities for innovation and collaboration. Our reform and renewal program over the year ahead will assist us in achieving this goal. We will also continue to progress a significant program of legislative change on behalf of the Government, and provide support and assistance to the public sector to implement these changes.

We can only do this through the continued efforts and commitment of our people. I thank my team for their contribution both within the Commission, and more broadly, the WA public sector. I look forward to continuing this work over the coming year.



M C Wauchope
PUBLIC SECTOR COMMISSIONER



About this report



Welcome to our *Annual report 2013/14*. This report is designed to provide you with information about the Commission and its purpose, services and performance.

It presents our work in the context of the priorities stated in our strategic plan, budget papers and other significant documents and outlines our contribution to broader government desired outcomes.

The report is divided into five key sections.

1. **Profile of the Commission** introduces our corporate executive team and presents an overview of the Commission's staff.
2. **Performance management framework** provides a summary of our outcome-based management framework.
3. **Significant issues impacting the agency** outlines the key 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 our major initiatives and projects.
5. **Disclosures and legal compliance** includes our key performance indicators and financial statements, providing information on 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 2013/14.

Accessibility

This report is available at www.publicsector.wa.com.au in both PDF and accessible online formats.

The year at a glance



10 223 public sector job vacancies were posted

83 matters of referral were finalised

2889 requests for assistance were received on our advisory line

1112 people accepted enhanced voluntary separation offers

70 graduates participated in the Graduate future leaders program

6 public sector employees were awarded the Public Service Medal

110 trainees were placed in public sector agencies

7 new publications were released

1051 enquiries were responded to by our online service

331 whole of sector events were conducted

22 751 surveys were distributed to public sector employees

13 legislative and administrative instructions were progressed

Highlights

Advisory board

The chief executive officer advisory board was established by the Commission to provide assistance and support in the development and implementation of initiatives across the public sector. The board's membership is highly diverse and brings together a variety of skills and perspectives across a range of service delivery areas including local government, environment, Aboriginal affairs and education. This year, the board was instrumental in establishing the Centre for Public Sector Excellence and developing its strategic direction and priorities.



Advisory board from left: Mr Don Punch, Mr Stuart Smith, Mr Ian Cowie PSM, Ms Susan Hunt PSM, Mr Mal Wauchope, Mr Rob Delane PSM, Mr Cliff Weeks, Ms Michelle Hoad

Centre for Public Sector Excellence

Earlier this year, we launched the Centre to build the skill, behaviour and expertise required for a capable, future-focused and sustainable workforce. The Centre employs strategies that encourage experimental, continuous and collaborative learning to improve performance. Over the year ahead, we anticipate the Centre and its professional development programs will assist agencies in driving better outcomes and building a 'pipeline' of future leaders.

Workforce reform

In 2013/14, we collaborated with ministers, agency heads, senior policy practitioners and human resource managers to develop and implement strategies and systems for an improved public sector.

A key component of this work focused upon our program of legislative reform which commenced with the *Workforce Reform Act 2014*. The principal purposes of the *Workforce Reform Act 2014* are to amend the *Industrial Relations Act 1979*, *Public Sector Management Act 1994* and *Salaries and Allowances Act 1975*.

Work has since commenced in preparing the regulatory framework for the legislation. The content of the regulations will be subject to appropriate consultation and will also be considered by Parliament through its Joint Standing Committee on Delegated Legislation.

Board essentials

Over the past year there has been an increase in the number of requests for assistance from boards and committees, particularly in regards to accountability and governance matters. In response to this, the Commissioner has continued to strengthen our relationship with boards and committees through a comprehensive professional development series.

Over the past three years, the Commissioner has personally met with 79 boards and committees. These sessions have informed our new board induction guide, *Board essentials*. This resource is framed by seven core principles to guide boards in their application of good governance and to assist members to understand their obligations and the scope of their role. *Board essentials* is complemented by another newly launched resource, *Conduct for public sector boards and committees: Developing your code of conduct*, designed to assist boards and committees to develop, implement and promote their code of conduct.

More than a matter of trust

In 2013, the Commissioner initiated an examination to consider current arrangements in place for the recruitment and induction of staff into 'positions of trust' such as chief financial officers and procurement managers. Due to the nature of the work undertaken, the level of integrity expected of employees in these positions is considered to be particularly high.

The findings of *More than a matter of trust: An examination of integrity checking controls in recruitment and employee induction processes* indicated that the sample entities effectively incorporated conduct and integrity elements into induction processes. However key aspects of recruitment, selection and appointment processes could be improved. A number of recommendations were made and we continue to work with agencies to strengthen integrity checking controls.

Recognising achievement across the sector

The Australian Honours System, established in 1975, represents the highest level of recognition accorded by the nation for outstanding achievement and service by Australians. 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.

In 2013/14, there were 60 WA recipients in the Australia Day Honour List and 44 WA recipients in the Queen's Birthday Honours List, including six public sector employees (Ms Liz Harris, Mr William Preston, Mr Ian Smith, Mr Ian Cowie, Ms Melissa Vernon and Mr Zbigniew Wilk) who received the award of a Public Service Medal (PSM). The medal recognises outstanding contribution to the public service. We extend our congratulations to all nominees and winners this year.

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 for Excellence in Public Sector Management (Premier's Awards). This year, 62 nominations were received for the Premier's Awards. All nominations clearly illustrated the high level of commitment to public service delivery and excellence in public sector management. We extend our congratulations to the Department of Education, which received the 2013 'Improving government category' and overall winner's trophy.



The Premier's Awards recognise exceptional performance and outstanding service delivery to the WA community.

We also sponsor the Commission Award for Good Governance as part of the annual Institute of Public Administration WA (IPAA WA) WS Lonnie Awards, and extend our congratulations to the winner for 2013, the Office of the Auditor General.

Profile of the Commission

Although we are an independent statutory office, we are of the view that independence doesn't mean operating in isolation of the government of the day. By working together to achieve our priorities and continuing to build relationships with our stakeholders, we can achieve our **vision** of a high performing public sector.

This vision underpins our **purpose** at the Commission to enhance the integrity, effectiveness and efficiency of public administration and management.

To achieve this objective, we have identified the following four strategic priorities outlined in our *Strategic Plan 2014-17* to:

- increase efficiency, flexibility and integrity
- provide and support governance and leadership
- build an accountable, knowledgeable and diverse workforce
- promote openness and transparency in evaluation and reporting.

Through our strategic priorities, we assist the public sector in achieving its broad goal of a greater focus on achieving results in key service areas for the benefit of all Western Australians.

Our values

We commit to being:

- responsive and professional in our service delivery
- accountable in what we do
- forward thinking in our delivery
- collaborative in our relationships.



Enabling and administering legislation

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

In addition to administering the PSM Act, the Commission also administers the *Public Interest Disclosure Act 2003*.

The Office of the Director of Equal Opportunity in Public Employment also resides within the Commission and administers Part IX of the *Equal Opportunity Act 1984*. The Commissioner reports directly to the Parliament of Western Australia on matters within the director's jurisdiction.

Government affiliated bodies

The Salaries and Allowances Tribunal (SAT) 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.

Responsible minister

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



Public Sector Commissioner, Mal Wauchop

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.

Jo Harrison-Ward, Management Consultant, Centre for Public Sector Excellence

Jo leads the Centre for Public Sector Excellence in developing the capability and capacity of public sector leaders and practitioners.

Rebecca Harris, Director, Office of the Commissioner

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

Ruth Young, Director, Corporate Services

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

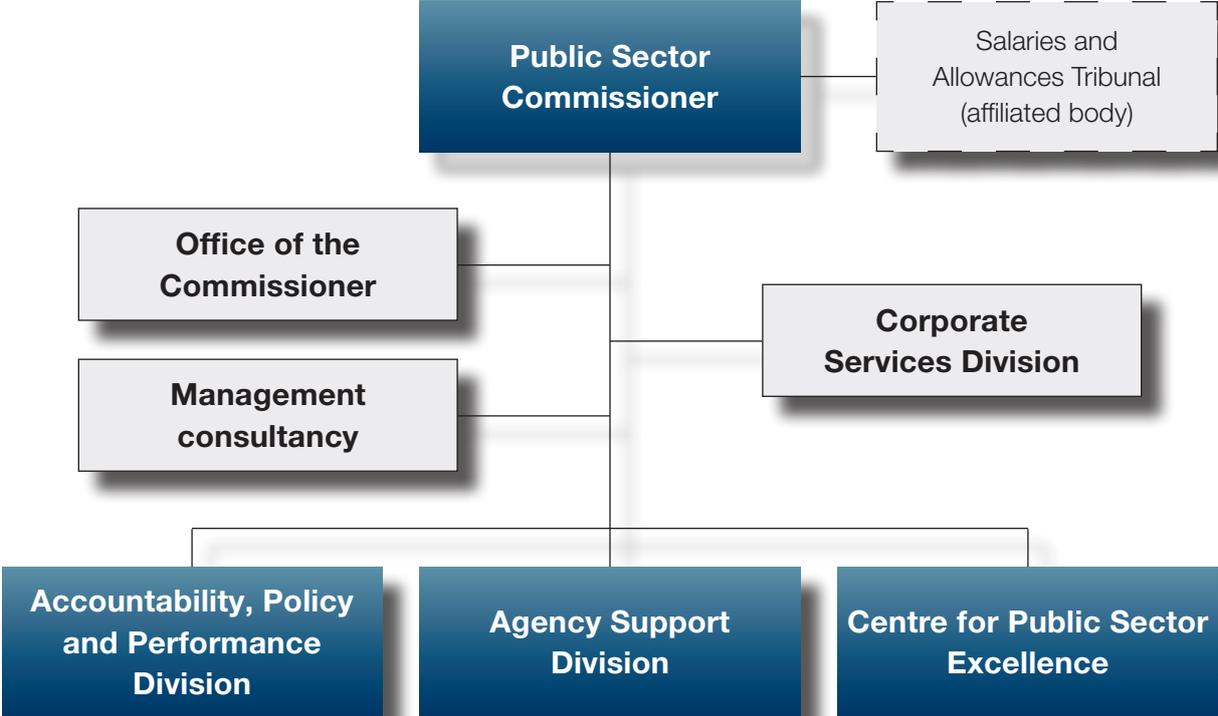
Amanda Alderson, Chief Finance Officer

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.

Organisational structure as at 30 June 2014



Members of the corporate executive, from top left: Ms Rebecca Harris, Ms Rachel Mayhew, Ms Amanda Alderson, Ms Ruth Young. Front: Ms Jo Harrison-Ward, Mr Dan Volaric, Mr Mal Wauchope, Ms Fiona Roche

Staff profile

As at 30 June 2014, the Commission comprised 167 employees (headcount) which equals 131 full-time equivalents (FTE). While the Department of Treasury now requires public sector entities to meet a salaries cap rather than an FTE ceiling, the Commission still reports on its FTE to the Department of Treasury. Our previous FTE ceiling was 146 in 2012/13.

Employment status (by headcount)	2013/14	2012/13	2011/12	2010/11
Permanent	123	133	134	115
Fixed-term	18	15	21	37
Trainees	26	29	32	3
Total	167	177	187	155
Employment status (permanent/fixed term)				
Full time	141	141	161	119
Part time	26	36	26	36
Full time equivalents (and ceiling)	131 (146)	134 (146)	144 (151)	136 (153)
Gender (by headcount)				
Females	102	113	122	96
Males	65	64	65	59

Workforce at a glance

We believe flexibility is key for an inclusive and diverse workforce and provide opportunities for 26 officers to work part-time.

We take pride that our workforce is representative of the wider WA community comprising:

- 21 per cent Aboriginal and Torres Strait Islander, which is higher than the public sector average of three per cent
- 41.7 per cent women in the corporate executive team, which is similar to the public sector average of 42 per cent
- 12.4 per cent from culturally diverse backgrounds, which is the same as the public sector average
- 21 per cent youth, which is significantly higher than the public sector average of 5.1 per cent
- 3.5 per cent people with a disability, which is higher than the public sector average of 2.6 per cent.

Substantive equality

You will note from this snapshot that we are committed to substantive equality which seeks to eliminate systemic, direct and indirect discrimination.

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 implementing a range of strategies that aim to improve access and inclusion for people with disabilities to our services, facilities and information. These strategies have been successful in providing people with disabilities the same opportunities, rights and responsibilities enjoyed by others in the community. Our staff has also been provided with the opportunity to increase their understanding of diversity principles through ongoing professional learning.

Professional development

In 2013/14, we expanded our investment in capability development by targeting those areas identified of greatest need including strategic human resource leadership, information and communications technology management and legal and investigations training.

In 2014, we held three successful Administrative Law workshops facilitated by Professor Phil Evans, former Dean of the School of Law at Murdoch University and Director of the Western Australian Institute of Dispute Management. Over 50 staff attended the workshops which provided participants with an understanding of the principles and application of administrative law. In response to the need to build knowledge and skills in conducting workplace investigations, we also provided ten staff with the opportunity to undertake a *Certificate IV in Government (Investigations)* through the International Academy of Law Enforcement and Security (IALES).

Personal development

As part of our commitment to supporting the health and wellbeing of our staff, we provided a number of wellness initiatives. Some of the initiatives on offer included complimentary health assessments, influenza vaccinations and corporate health fund discounts, as well as the opportunity to undertake mental health first aid and disability awareness training. Additionally, 80 staff took up the opportunity to participate in the '10 000 steps Australia' walking challenge.

Our future leaders

In January 2014, two university graduates joined the Commission to undertake a 12-month graduate development program. Through rotations across the Commission, our graduates are exposed to a range of experiences while working on a number of key strategic projects. Each graduate is also provided with professional development opportunities, including the 'Graduate future leaders program'.

We value the contribution trainees make in the workplace and this year, two school-based trainees commenced employment with the Commission. While at the Commission, all trainees undertake a Certificate I, II and III in Government and have the prospect of transitioning to permanent positions either during or after their recognised training program.

In addition, as part of the *Aboriginal employment strategy 2011–15*, we have been pleased to facilitate the recruitment and secondment of 46 full-time Aboriginal trainees in a number of public sector agencies.

We will continue to build upon our commitment to youth employment in the public sector by ensuring these programs remain accessible, innovative and forward thinking.

Employee engagement and stakeholder satisfaction

We believe employees who are engaged with their job and committed to their organisation are generally more productive as they are motivated to work with the success of the organisation in mind. The results from the employee perception survey revealed 85 per cent of our employees are satisfied with their job and 88 per cent are happy with the Commission as an employer.

Monitoring customer satisfaction is an important element of evaluation programs and continuous improvement in general. Last year, the Queensland Government undertook a whole-of-government service delivery satisfaction survey which identified WA to have the highest level of satisfaction across all levels of government (*Queensland Government, March 2013, Whole-of-government service delivery research: Summary of outcomes*). In addition, results from the Commission's annual agency survey found 92 per cent of entities monitored service satisfaction. In further recognition of our achievements, 98 per cent of our key stakeholders agreed or strongly agreed that Commission staff are approachable and courteous.



Professional development sessions for staff held in the Martin Jull Professional Development Centre

Performance management framework

Outcome-based management framework

The following table illustrates the relationship between our services and desired outcomes, and the Government goal to which we contribute.

Government goal	Desired outcome	Services
Greater focus on achieving results in key service 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 performance indicators are measured in terms of both effectiveness and efficiency. Effectiveness indicators provide information to assist with the assessment of the extent to which government desired outcomes have been achieved through the resourcing and delivery of services to the community. Efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.



Desired outcomes	Services provided
Effectiveness indicators	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.^(a) • 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) • The portion of core clients who indicate that assistance provided by the Commission has helped them to meet their statutory obligations under the <i>Public Interest Disclosure Act 2003</i> (PID Act).^(c) • The portion of core clients who indicate assistance provided by the Commission has helped them to meet their statutory obligations under Part IX of the <i>Equal Opportunity Act 1984</i> (EO Act).^(d) 	<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.
<p>(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.</p>	
<p>(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.</p>	
<p>(c) This indicator measures how the Commissioner is increasing the understanding of issues related to compliance with the PID Act by public authorities through advisory services, product delivery and professional development. Data for this measure was collected from client perception survey.</p>	
<p>(d) This indicator measures how the Commissioner is increasing the understanding of issues related to compliance with Part IX of the EO Act by public authorities through advisory services, product delivery and professional development. Data for this measure was collected from the client perception survey.</p>	

Significant issues impacting the agency

Resource constraints

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

In order to do so, we will continue to consider opportunities for collaboration both within this state and across other jurisdictions. This will allow us to further develop our current practices and ensure greater efficiency and effectiveness in the delivery of services.

Reform and renewal

As part of our role we implement changes in legislation, as determined by Parliament, that relate to the administration and management of the public sector and our own organisation.

We continued to support the Government's legislative program by providing policy, advice and support on key legislation such as the *Workforce Reform Act 2014*, *Corruption and Crime Commission Amendment (Misconduct) Bill 2014* and the *Integrity Lobbyists Bill 2014*, as well as the review of organisations that support the *Equal Opportunity Act 1984*.

This year we embarked on a partnership of public sector renewal with our colleagues across all public sector jurisdictions. The renewal program, led by the Queensland Department of the Premier and Cabinet, provides opportunities to share good practice policy initiatives and practical success stories. We look forward to continuing this work over the year ahead.

Planning for tomorrow, today

We recognise the current and future workforce issues affecting the sector in the context of a tightening fiscal environment and an ageing workforce, and encourage the sector to tap into underutilised segments of the workforce. We will continue to promote Aboriginal employment, disability employment and youth employment and support agencies to build diverse and capable organisations across all areas of the sector.

Leadership is critical to organisational performance and development and we recognise the importance of developing leaders both across the sector and within our own agency. We will continue to invest in workforce planning and capability development through the Centre for Public Sector Excellence to ensure the public sector prepares the leaders of tomorrow for the challenges they may face. A key feature of our work has been the development of a new series of initiatives, 'Leadership essentials' and 'Management essentials'. These programs provide development opportunities for managers and leaders based around key subject areas such as risk management, critical thinking, accountable decision making and strategic leadership.



Commission staff collaborating on the Commission's strategic plan

Accountability and governance

Integrity is the cornerstone of good governance and is fundamental to strong organisational performance. We will continue to assist the sector to operate with integrity, make accountable and ethical decisions and manage conflicts of interest. This will be achieved through the delivery of training and development programs through the Centre such as Accountable and Ethical Decision Making training, Public Interest Disclosure training and Good Governance training, as well as through our advisory line service.

Improving productivity

The first step to improving public sector productivity is to measure it more carefully. In the year ahead we will consider ways to conduct more detailed assessments of agency performance and employee engagement. When implemented and tracked over time we will be able to gauge the success of initiatives in improving efficiency and effectiveness.

Looking ahead

The year ahead will provide us with the opportunity to expand on our significant achievements for 2013/14 and enhance our current practices so that we have the capability to meet future challenges. With the pace of change and growth in work complexity, our focus over the year ahead will be on improving the sector's agility and flexibility as well as looking for opportunities to increase innovation and collaboration. These opportunities include:

- reviewing the existing Senior Executive Service model to ensure it reflects current workforce and Government requirements
- investigating the current range of flexibilities relating to public sector recruitment and discipline and identifying ways in which we can assist agencies to under these processes more efficiently and effectively
- enhancing our collection and analysis of employee perception data and increasing the number of surveyed employing authorities and employees.

Agency performance

Financial targets

	2014 Estimate \$000	2014 Actual \$000	Variance \$000
Total cost of services (expense limit)	29 677	27 232	2 445
Net cost of service	28 778	26 159	2 619
Total equity	5249	10 318	5 069
Net increase/(decrease) in cash held	1	1 284	1 283
Full time equivalent (FTE) staff level (number of FTEs)	149	131	18

Total and net cost of services

The Commission's expenditure limit and net cost of services as detailed in the 2013/14 Budget statements were \$29.677 million and \$28 778 million respectively. The variance of \$2.445 million and \$2.619 million were primarily a result of the Commission operating below approved FTE levels.

Total equity

Total equity at the end of the year was \$5.069 million higher than estimated, mainly due to cash asset balances being \$3.736 million higher than anticipated and payables and leave provisions being \$1.155 million lower than estimated.

Net increase/(decrease) in cash held

The increase in the Commission's cash held is mainly from operating below approved FTE levels.

Summary of key performance indicators

For a more detailed explanation of the indicators and reasons for variances, please 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 2013/14	Actual 2013/14	Actual 2012/13	Actual 2011/12
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.	85%	95%	98%	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.	85%	90%	95%	NA
The portion of core clients who indicate that assistance provided by the Commission has helped them to meet their statutory obligations under the <i>Public Interest Disclosure Act 2003</i> .	75%	84%	60%	NA
The portion of core clients who indicate assistance provided by the Commission has helped them to meet their statutory obligations under Part IX of the <i>Equal Opportunity Act 1984</i> .	75%	78%	78%	NA

Summary of key efficiency indicators

Service 1 – Public sector leadership	Target 2013/14	Actual 2013/14	Actual 2012/13	Actual 2011/12
Average cost per hour addressing legislative and policy development	\$108	\$116	\$94	NA

Service 2 – Assistance and support	Target 2013/14	Actual 2013/14	Actual 2012/13	Actual 2011/12
Average cost per hour of assistance and support provided	\$126	\$112	\$101	NA
Average cost per workforce and diversity program, product or training hour	\$116	\$146	\$103	NA
Average cost per public administration, standards and integrity program, product or training hour	\$115	\$105	\$85	NA
Average cost per leadership development product, program and training hour	\$109	\$162	\$112	NA

Service 3 – Oversight and reporting	Target 2013/14	Actual 2013/14	Actual 2012/13	Actual 2011/12
Average cost per hour of performance and oversight activity	\$92	\$95	\$74	NA
Percentage of oversight actions completed within target timeframes	90%	91%	90%	NA

Please note, with the implementation of a revised outcome-based management framework in 2012/13 there is no comparative data for 2011/12 actuals.

Accountability, policy and performance

Legislative reform

Workforce Reform Act 2014

The Commission undertook a leading role towards establishing the *Workforce Reform Act 2014* in collaboration with the Department of Commerce and the Department of Treasury.

The *Workforce Reform Act 2014* was given assent by the Governor on 20 May 2014 and proclaimed on 27 June 2014, with some provisions coming into effect on 1 July 2014.

The principal purposes of the *Workforce Reform Act 2014* are to amend the *Industrial Relations Act 1979*, *Public Sector Management Act 1994* (PSM Act), and *Salaries and Allowances Act 1975* to:

- provide the capacity to implement enhanced and more flexible redeployment arrangements that may ultimately end with the involuntary severance of employees that are surplus to an agency's requirements or whose post, office or position has been abolished and cannot effectively be redeployed
- ensure that decisions made by the Western Australian Industrial Relations Commission (WAIRC) and the Salaries and Allowances Tribunal (SAT) have appropriate regard to the public sector wages policy statement, the State's financial position and fiscal strategy, and in relation to the WAIRC, the financial position of the relevant public sector agency.

Work has since commenced in preparing the regulatory framework. The content of the regulations will be subject to appropriate consultation and will also be considered by Parliament through its Joint Standing Committee on Delegation.

Corruption and Crime Commission (CCC) Amendment (Misconduct) Bill 2014

On 2 April 2014, the Government introduced to Parliament the *Corruption and Crime Commission Amendment (Misconduct) Bill 2014* (Bill) which will amend and rename the *Corruption and Crime Commission Act 2003* to the *Corruption, Crime and Misconduct Act 2003*. We were responsible for drafting the instructions on the Bill and will support the Government when the Bill is debated in Parliament.

The Bill transfers the CCC's oversight of lower level misconduct (disciplinary acts warranting dismissal and offences punishable by less than two years' imprisonment) and its corruption prevention and education function to the Commission.

The CCC will retain responsibility for oversight of all misconduct (minor and serious) and for prevention and education in relation to misconduct in the Police Service (including uniformed officers and public service officers working in that department).

Transitional arrangements will operate so that the CCC completes oversight of all misconduct allegations (including minor misconduct) that are received or initiated by the CCC prior to the commencement date (the date the Bill is proclaimed to come into effect).

Staff from the CCC that were associated with its former minor misconduct and prevention and education roles will either be redirected to other work within the CCC, or transferred to the Commission, as agreed between the two organisations.

Integrity (Lobbyists) Bill 2014 and register

In late 2011, the Government introduced to Parliament the *Integrity (Lobbyists) Bill 2011* to create a statutory framework for the regulation of lobbyists. The Bill was later lapsed when Parliament was prorogued for the 2011 State election. Work has since been undertaken to prepare a new lobbyists bill. The Commission will continue responsible for administering the Register of Lobbyists and the Contact with Lobbyists Code.

As at 30 June 2014, the register contained 100 lobbying businesses.

Review of the *Commissioner for Children and Young People Act 2006*

Consistent with s. 64 of the *Commissioner for Children and Young People Act 2006* (CCYP Act), the Attorney General, the Hon. Michael Mischin MLC, is required to undertake a review of the operation and effectiveness of the CCYP Act. The Attorney General requested that we conduct the review, which was carried out between January to May 2013.

Forty submissions were received and consultation sessions were held with 163 children and young people. A reference group, chaired by the Public Sector Commissioner, also assisted the review by providing information and feedback relating to relevant fields of expertise.

At the request of the Attorney General, we provided further advice regarding the organisational or machinery options available in relation to the Commissioner for Children and Young People in September 2013.

As at 30 June 2014, the Government was finalising its response to the report.

Review of organisational structures under the *Equal Opportunity Act 1984*

Following a request from the Attorney General, a review to examine the role and structure of the Equal Opportunity Commission and the Director of Equal Opportunity in Public Employment (DEOPE) commenced, with a view to making recommendations as to how the objectives of the *Equal Opportunity Act 1984* (EO Act) can be achieved more efficiently and effectively. The review does not consider, or make recommendations about, the grounds of discrimination or the exemptions under the EO Act.

Submissions were invited from stakeholders and a total of 49 were received. An advisory reference group, comprising of representatives from key government and non-government organisations, has been established to assist us in the examination.

The review will conclude with a final report to the Attorney General by 15 August 2014.

Other legislation impacting the structure, management and administration of the public sector

We have also provided further advice and assistance in relation to the development of:

- the *Minerals Research Institute of Western Australia Act 2013*, which established the Minerals Research Institute in place of the former Minerals and Energy Research Institute of Western Australia, with effect from 1 February 2014
- the *Swan and Canning Rivers Management Bill 2014*, which was introduced to Parliament on 7 May 2014 and will, if passed, amalgamate the roles and functions of the Swan River Trust with the Department of Parks and Wildlife
- the *Alcohol and Drug Authority Amendment Bill 2014*, which was introduced to Parliament on 14 May 2014 and will, if passed, amalgamate the functions of the Mental Health Commission with the Western Australian Alcohol and Drug Authority.

Regulations

In response to a request from the Disability Services Commission (DSC), work has been undertaken to amend the *Public Sector Management (General) Regulations 1994* to prescribe social trainers employed by the DSC, such that they become subject to the disciplinary and substandard performance provisions contained within Part 5 of the PSM Act.

The changes are being sought to provide greater flexibility when dealing with disciplinary and substandard performance issues and will also standardise the disciplinary framework applying to DSC's salaried officers.

The amending regulations are expected to be submitted to the Governor in Executive Council for approval in early August 2014.

Commissioner's Instructions and Circulars

In 2013/14, the Commission made amendments to the following Commissioner's Instructions and Commissioner's Circulars:

- *Commissioner's Instruction No. 2 – Filling a Public Sector Vacancy*
- *Public Sector Commissioner's Circular 2013-02: WA Public Employees' Involvement in a Federal Election*
- *Public Sector Commissioner's Circular 2010-03: Policy for Public Sector Witnesses Appearing Before Parliamentary Committees*

A new Instruction, *Commissioner's Instruction No. 9 – Interim arrangements for the Department of Culture and the Arts to fill certain public sector vacancies*, commenced from 20 June 2014.

Providing policy advice

During the year, we prepared material including appearing before and giving evidence to various Parliamentary Committees including:

- The Legislative Council Standing Committee on Public Administration
- The Legislative Assembly Public Accounts Committee inquiry into amendments to the *Public Sector Management Act 1994*
- The Legislative Council Standing Committee on Legislation Report on the *Workforce Reform Bill 2013*
- The Legislative Assembly Education and Health Standing Committee Inquiry into the Department of Health's response to the challenges associated with the commissioning of Fiona Stanley Hospital.

Workforce and diversity planning

To maintain high standards of service, agencies must effectively plan, develop and lead their workforce through various challenges facing the public sector. In 2013/14, we continued to play an active role in assisting agencies to implement workforce and diversity planning.

Public Sector Commissioner's Circular 2013-04: Equal Employment Opportunity Management Plans and Workforce Planning in the Public Sector encourages agencies to meet the requirements of the EO Act through developing and implementing an integrated workforce and diversity plan. As at June 2014, 65 per cent of public sector agencies have an integrated workforce and diversity plan and 32 per cent have separate Equal Employment Opportunity and workforce plans.

Our workforce and diversity planning toolkit is available via our website to assist agencies to develop integrated plans and our *Workforce and diversity planning: A guide for agencies*, product continues to be a valued resource. A number of achievements have been made in workforce planning across the public sector including an audit of workforce plans, a review of survey instruments and the development of a new integrated reporting format.

Assessing compliance with standards and ethical codes

Effective workforce management involves supporting productivity while ensuring compliance with obligations in the PSM Act. The public sector standards, issued by the Commissioner under s. 21(1)(a) of the PSM Act, set out minimum standards of merit, equity and probity required of public sector bodies when managing their workforce. Employee awareness of the standards is high, with more than 80 per cent of respondents to the 2013 Employee perception survey indicating they are aware of each standard.

Breach of standard claims

Employing authorities are required to notify affected individuals when decisions are made regarding types of human resource matters covered by the employment standard and grievance resolution standard. The process applied in the conciliation or review of breach claim matters is prescribed by the *Public Sector Management (Breaches of Public Sector Standards) Regulations 2005*.

In 2013/14, 105 breach of standards cases were considered and finalised by the Commission. The outcome of matters referred to the Commission are as follows:

Breach of standard claim outcomes	
Breach of Standard confirmed	6
Conciliated outcome	3
Dismissed as a 'no breach'	65
Withdrawn	11
Commissioner Declined to review	20
Total	105

Matters of referral

The PSM Act does not establish a general complaint taking role for the Commissioner in matters other than breaches of human resource standards. However, the Commissioner receives unsolicited complaints, letters of concern or referrals about a range of matters involving public sector integrity, management and administration.

In 2013/14, 83 matters of referral cases were finalised by the Commission (100 in 2012/13).

Matters of referral recommendations	
No further action	64
Referred to Agency	11
Recommendation to Agency	6
Referred to Breach Process	2
Total	83

Breach of standard claims, matters of referral and other oversight and review work have varying degrees of complexity. One of three categories are applied to both breach of standard claims and matters of referral - simple, routine and complex. Target timeframes have been established for each category. These targets are used as an efficiency indicator for the oversight function within the Commission.

The categorisation of matters, the volume of relevant cases and the achievement of target timeframes for cases concluded in 2013/14 is shown below:

Complexity of oversight matters finalised in 2013/14

Category and timeframe target	Number of Breach of Standards claims	Number of Matters of referral	Total number of oversight matters considered	Proportion completed within target timeframe	Proportion completed within target timeframe
				2013/14	2012/13
Simple (30 days)	12	18	30	100%	90%
Routine (50 days)	86	44	130	89%	77%
Complex (120 days)	7	21	28	93%	88% ^(a)
Total	105	83	188	91%	83%

(a) The 2012/13 Annual report cited 100 days as the target for complex matters. However, the target timeframe for complex matters should have been reported as 120 days. The 88 per cent figure reported in 2012/13 was in fact based on 120 days.

Public interest disclosure

The Public Interest Disclosure Act 2003 (PID Act), facilitates the disclosure of public interest information and provides protection for those who report wrongdoing. While guidelines supporting the PID Act encourage lodging of public interest disclosures with the accountable authority, a number are lodged directly with the Commission.

In 2013/14, we received 14 public interest disclosure matters which were actioned pursuant to the provisions of the PID Act. This represented a small increase on the 11 PID matters received in 2011/12.

Three PID matters were finalised in 2013/14. The others were ongoing at the end of the reporting period.

Significant reviews and examinations

Each year some matters arise, or a pattern emerges through a number of matters referred to the Commission, that warrant a more detailed examination of an issue within an agency or across a sample of agencies. Such actions are usually undertaken in the interests of supporting improvement in management practices more broadly.

In 2013/14, the following matters were undertaken in this context.

Performance management

In August 2013, we published a report of our review into how agencies conduct performance management.

The report, *Performance management in the public sector - A review of how agencies conduct performance management* outlined how five selected agencies developed, managed and evaluated their employee performance management systems. Each reviewed agency was assessed against a performance management framework that was developed following a literature review.

Promoting integrity

Also in August 2013, we published *A review of how agencies promote integrity* which examined the organisational culture, operational strategies, management environment, and review and evaluation processes of five agencies in relation to promoting integrity.

At the sector-wide level, the review found agencies are consistently working towards meeting the expectations of the Commission in relation to promoting integrity. However there are still opportunities for agencies to develop a more robust culture of accountability and integrity by:

- meeting integrity training obligations under *Commissioner's Instruction No.8—Codes of conduct and integrity training* (Commissioner's Instruction No.8)
- ensuring methods of assessing compliance with ethical codes are sufficiently broad
- meeting accessible information obligations under PID Act.

More than a matter of trust

In 2013, the Commissioner initiated an examination to consider current arrangements in place for the recruitment and induction of staff into 'positions of trust' such as chief financial officers and procurement managers.

The findings of *More than a matter of trust: An examination of integrity checking controls in recruitment and employee induction processes* indicated that the sample entities effectively incorporated conduct and integrity elements into induction processes. However key aspects of recruitment, selection and appointment processes could be improved. For example, the review found agency position descriptions should incorporate honesty and integrity as essential selection criteria, information provided to potential applicants and candidates should be transparent and agencies need to test and/or validate candidate claims about integrity and honesty.

Desk top review

In response to a number of matters, the Commission engaged Mr Keith Hamburger from Knowledge Consulting, to undertake a desk top review of a range of internal and external reports, policies and procedures relating to the Department of Corrective Services (DCS).

Mr Hamburger completed his report in November 2013, which provided advice about opportunities to enhance the efficiency and effectiveness of the agency operations. Since that time, we have continued to support the new Commissioner for the DCS through a substantial reform program to change the organisational culture, management and operational practices within the agency.

Collecting sector wide data

Over the last year, our monitoring and evaluation framework has been refined so data from different sources can be more easily combined to assess how the sector is performing overall. This work includes activities associated with both the collection and management of data as well as the interpretation, analysis and reporting of information about the sector.

The primary components of the 2013/14 monitoring and evaluation framework, and a description of changes and improvements made to this framework throughout the year are as follows.

Human resource minimum obligatory information requirement (HRMOIR)

On a quarterly basis, we collect and report HRMOIR workforce data from public sector bodies through the workforce analysis and collection application (WACA). HRMOIR data is based on definitions issued by the Commission and submitted according to set timeframes and other specified requirements.

The analysis of HRMOIR data supports the preparation of a range of reports, statistical bulletins and responses to Parliamentary questions as well as leave liability and full-time equivalent (FTE) ceiling requests from the Department of Treasury.

Employee perception survey program

The EPS program provides participating entities with the opportunity to gain some insight into their organisational culture and enables them to benchmark their performance. It also delivers valuable information to the Commission about the level of employee awareness and understanding of core accountability measures and policies such as the *Code of Ethics* and PID legislation.

In 2014, the EPS was distributed to 14 428 employees from 21 entities with an average response rate of 48 per cent. While in 2013, the EPS was distributed to 17 entities with an average response rate of 38 per cent.

Public sector entity survey program

Public sector entities are asked to complete a Public sector entity survey (previously annual agency survey) at the end of each financial year. The survey covers questions across many areas of public administration, such as ethics and integrity, human resource management, workforce development and organisational efficiency. The survey results streamline several reporting requirements providing a more efficient planning and diagnostic tool for agencies.

In 2013/14 the survey instrument was amended enabling agencies employing less than 100 staff to complete a simplified questionnaire, while those with less than 20 employees were required to complete the PID survey only.

The results from the Public sector entity survey form the *Statistical bulletin* the analysis of which informs and accompanies the 'State of the sector' (SOTS) report.

PID survey program

The PID 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 SOTS 2013 report and assisted us to identify areas requiring greater focus. The PID survey is completed by a larger number of entities than are covered by the PSM Act, including public universities and local government. For many organisations, the PID survey is integrated as a section within the entity survey described above.

Equal employment opportunity data collection

As part of the reporting obligations under s. 146 of the *Equal Opportunity Act 1984*, all public authorities provide the DEOPE with workforce data indicating the number of employees identifying in particular equity groups by salary band.

The results for PSM Act Schedule 2 agencies are identified in the SOTS report while workforce profile information for public authorities covered by Schedules 1 and 2 are highlighted in the DEOPE annual report. All data is used to inform a range of strategies including those aimed at improving employment outcomes for women in senior leadership roles, Aboriginal people, people from cultural and linguistically diverse backgrounds, people with disabilities and young people who are statistically under-represented in the public sector workforce.

State of the sector (SOTS)

The Commissioner tabled the SOTS report in November 2013. The central elements of the 2013 report were integrity and ethical conduct, governance and innovation, and workforce management and planning.

Preparation of SOTS involved significant contributions from our staff, and was largely informed by surveys of public sector entities and employees, and case study information. To ensure the report was well-communicated throughout the state, a series of regional workshops were held to distribute the findings.

Planning is now well underway for the next SOTS report which is expected to be tabled in November 2014. The report will outline the state of play in the public sector, focus on key challenges facing administrators and managers, and highlight good practice across a range of public sector entities.



The Commissioner reports to parliament annually on the state of administration and management across the public sector, and on compliance with standards and ethical codes.

Supporting boards and committees

Governance

The importance and value of the work being done by government boards and committees is significant. However, the challenges faced in relation to corporate governance and accountability can be highly complex.

Over the past year, we have provided ongoing assistance to boards and committees including advice on appropriate governance structures and examples of best practice in the conduct of meetings and information regarding the various roles and responsibilities of board and committee members.

During 2013/14, we delivered good governance training to 35 boards and committees taking the total number to 79 over the past three years.

Advice and support

Recently, there has been an increasing number of accountability and governance matters related to boards and committees brought to our attention. We identified a range of initiatives to increase the performance of boards and committees and ensure confidence without compromising their statutory duties. As a result of this review, we launched a suite of new products for boards and committees including a comprehensive induction program, governance framework and conduct guide.

Accountability and ethics

Sustaining integrity

We actively work to ensure the public sector operates within the accountability framework. The Commissioner has established the *Commissioner's Instruction No. 7 - Code of Ethics*, which outlines the minimum standards of conduct and integrity to be complied with by all public sector bodies and employees.

Data collected by the Commission indicates that across the sector there is a high level of compliance with the Code of Ethics and Commissioner's Instruction No. 8. The increased familiarity and awareness of ethical codes is an upward trend which we believe is associated with our work in promoting integrity, particularly through our advisory service.

Building accountability

Our 'Accountable and ethical decision making (AEDM) training program' continues to create a common understanding among public sector officers about their ethical requirements. All chief executive officers (CEOs) and board and committee chairs, are required to deliver or provide AEDM training, as articulated in Commissioner's Instruction No.8.

The AEDM program was revised and updated in December 2013, incorporating updated material and case studies, to reflect contemporary integrity issues. To support the release of the revised program, we conducted a number of AEDM briefing sessions for representatives from public sector agencies and providers of the training through the *Common use arrangement for training courses – CUATRA 2012*. The sessions discussed ways to customise the program to reflect an agency's operating context and accountability requirements, and presented tips for engaging participants.

This financial year, an AEDM refresher session was developed to ensure agencies revisit key AEDM messages and discuss any changes to their code of conduct and relevant policies and procedures.

First Steps questions

- Am I doing the right thing?
- How would others judge my actions?
- How could my actions impact on others?
- Should I discuss this with someone else?

The First Steps checklist is a key component of AEDM and is based on the guiding principles of honesty, transparency, diligence and consistency.

Public interest disclosure

Public interest disclosure training

The *Public Interest Disclosure Act 2003* (PID Act) is an avenue employees and members of the public can use to raise issues of wrongdoing in public authorities. The PID Act facilitates the disclosure of public interest information and provides protection for those making disclosures, as well as those who are the subject of disclosures. The PID Act requires that where an appropriate disclosure is made, it is investigated and reasonable action taken.

We have continued to assist public authorities and PID officers to comply with the PID Act through PID officer training sessions across metropolitan and regional WA. In 2013/14, we facilitated 11 general training sessions and a further four sessions for specific agencies.

To promote information sharing with other jurisdictions, we also presented at two conferences in 2013/14, the Australian Public Sector Anti-Corruption Conference in Sydney, and the PID Oversight Forum in Canberra.

Whistleblowing research

In March 2014, we participated in an inter-jurisdictional meeting of PID oversight agencies and other Commonwealth agencies where there was broad support to develop a new research project to examine our understanding around best practice management of whistleblowing across the public and private sectors.

One of our planned initiatives for 2014/15 includes partnering with other PID oversight agencies and Griffith University in a research project to enable public sector and corporate practice in Australia to be benchmarked against practice in other countries. This research project will assist us in exploring solutions to specific challenges arising from our oversight role.

Advisory services

Our advisory service receives calls from public sector CEOs and senior executives, human resource line managers and practitioners, public sector employees and government board and committee members, as well as members of the public. This service assists the sector to interpret and apply the public sector standards in human resource management, associated instructions, regulations and applicable sections of the PSM Act.

The service also advises public authorities, public officers and members of the public about the PID Act, as well as the disclosure process.

Assisting with performance matters

Performance management

Performance management can be particularly challenging for managers where employees are underperforming. In 2013/14, we provided ongoing advice and assistance to a range of agencies on substandard performance matters and discipline processes carried out in the public sector, particularly under Part 5 of the *Public Sector Management Act 1994* (PSM Act).

Our officers assisted in disciplinary processes and investigations where agencies were not equipped to deal with matters internally. Our officers also carried out an examination of matters raised regarding the governance arrangements at two government boards, specifically relating to the behaviour of board members and employees within organisations.

As part of our assistance role, we also conducted training for public sector managers and staff on managing inappropriate or unwanted workplace behaviour and released *Managing workplace behaviour: A guide for agencies* to assist agencies in identifying the most appropriate process for dealing with behavioural issues in the workplace.

Managing substandard performance: A guide for agencies was also released this year and provides assistance in identifying substandard performance, understanding possible causes and managing substandard performance processes.

Supporting our chief executive officers

Performance framework and development

Section 47 of the PSM Act requires all CEOs appointed under s. 45 of the PSM 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 operates on a calendar year commencing 1 January to 31 December each year.

A review and subsequent amendments were made to the performance agreement framework in this reporting period, to include CEOs' contribution to sector-wide initiatives supporting innovation in their organisation. In 2014/15, we plan to introduce a new sector-wide initiative focusing on fiscal responsibilities. This will include the requirement to meet resource agreement targets and outline strategies to manage agency leave liability.

Independent selection and recruitment advice

Under ss. 45 and 46 of the PSM Act, the Commissioner is responsible for the employment of CEOs of all departments and SES organisations (as defined under the PSM Act). 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 2013/14, six CEOs were appointed and 14 CEOs were reappointed as shown in the tables below.

CEO recruitment 1 July 2013 to 30 June 2014

Position at agency	Date of appointment	Outcome
Commissioner, Department of Corrective Services	30/10/13	Mr James McMahon DSC DSM appointed
Director General, Department of Lands	02/01/14	Mr Colin Slattery appointed
Chief Executive Officer and Registrar, Western Australian Industrial Relations Commission	02/01/14	Ms Susan Bastian appointed
Managing Director, Pilbara Institute	13/01/14	Ms Marlene Boundy appointed
Director General, Department of Parks and Wildlife	18/03/14	Mr James Sharp appointed
Director General, Department of Planning	07/04/14	Ms Gail McGowan appointed

CEO reappointments 1 July 2013 to 30 June 2014

Agency	CEO	Commencement date
Director General, Department of Finance	07/07/13	Ms Anne Nolan
Director, Art Gallery of Western Australia	22/07/13	Dr Stefano Carboni
Director General, Chief Executive Officer, General Manager, Department of Housing, Country Housing Authority and Housing Authority	21/10/13	Mr Grahame Searle

Agency	CEO	Commencement date
Managing Director, Challenger Institute of Technology	21/10/13	Ms Liz Harris PSM
Director General, Department of Fisheries	05/11/13	Mr Stuart Smith
Director General, Department of the Premier and Cabinet	28/11/13	Mr Peter Conran AM
Chief Executive Officer, Zoological Parks Authority	30/03/14	Ms Susan Hunt PSM
Chief Executive Officer, Western Australian Tourism Commission	19/04/14	Ms Stephanie Buckland
Director General, Department of Mines and Petroleum	02/06/14	Mr Richard Sellers
Director General, Department of Sport and Recreation	07/06/14	Mr Ron Alexander
Chief Executive Officer, Rottnest Island Authority	08/06/14	Mr Paolo Amaranti
Chief Executive Officer, ChemCentre	08/06/14	Mr Peter Millington
Chief Executive Officer, Land Information Authority (Landgate)	19/06/14	Mr Mike Bradford
Managing Director, Kimberley Training Institute	29/06/14	Ms Karen Dickinson

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 or abolition of departments.

During 2013/14, we played a major role in the implementation of a substantial machinery of government reform agenda. The following changes were effective from 1 July 2013:

- The Department of Local Government and Department for Communities were amalgamated by means of abolishing the Department of Local Government, and renaming the Department for Communities as the Department of Local Government and Communities.
- The Department of Environment and Conservation was renamed the Department of Parks and Wildlife and a new Department of Environment Regulation was established.
- The Department of Regional Development and Lands was renamed to the Department of Regional Development and a new Department of Lands was established.
- The Office of Science commenced operating within the Department of the Premier and Cabinet following relocation from the Department of Commerce.
- The Art Gallery of WA, WA Museum, Perth Theatre Trust and State Library of WA were delegated employing authority powers under the PSM Act along with budget appropriations arrangements.
- The Economic Reform Division in the Department of Treasury, which consists of the Regulatory Gatekeeping Unit and the Regulatory Reform Branch, was transferred to the Department of Finance.

A number of additional changes also came into effect after this period, including:

- The designation of the Department of Child Protection and Family Support to the Department for Child Protection and Family Support with effect on and from 23 August 2013.
- The establishment of the Department of the State Heritage Office as a Department of State with effect on and from 1 July 2014.

Additionally, significant progress has also been made to amalgamate the Mental Health Commission with the Drug and Alcohol Office. This decision was made to improve the integration of the State's network of services relating to the prevention, treatment, professional education, training and research activities, in the drug and alcohol and mental health sectors.

Monitoring the 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.

We provide this service to the WA public sector via a contract arrangement. In 2014, a new three year contract was established. With the commencement of the new contract, a range of additional enhancements were implemented, including providing agencies with the option to generate free automated selection reports for human resources processes. The usability of the system has improved considerably with the introduction of a cross-browser and the ability for users to access the system via mobile devices. In addition, free online training was provided to agency users across a range of topics to ensure more effective use of the system.

In 2013/14, 10 223 vacancies were posted on RAMS compared to 13 939 in the previous financial year. The decrease in vacancies posted was largely attributed to the recruitment freeze imposed from 16 April to 30 June 2014.

Managing redeployment and redundancy

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

We undertake 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.

Between 1 July 2013 and 30 June 2014, 51 new redeployees were registered by 21 agencies. On average, 555 vacant positions were referred for redeployment consideration each month. As at 30 June there were 76 redeployees.

Enhanced voluntary severance offer

In June 2013, the availability of an enhanced voluntary separation program was announced. The offer, targeting up to 1000 surplus employees across the WA public sector, was subsequently increased to 1200 by means of appropriation funds.

Separation outcomes were achieved through two employment strategies involving voluntary severance under the provisions of the *Public Sector Management (Redeployment and Redundancy) Regulations 1994* and compensation under s. 59 of the PSM Act for senior executive service (SES) officers employed under Part 3, Division 2 of the PSM Act.

In summary, we received a total of 1414 applications of which 1201 were approved by the Commission. A total of 1112 people accepted separation offers and left the sector by 31 March 2014.

Outside of the enhanced voluntary separation offer, public sector agencies reported a total of 46 employees who accepted offers or voluntary severance during 2013/214.

Recruitment freeze

In April 2014, the following corrective budgetary measures were introduced for general government sector agencies, unless otherwise approved:

- an immediate freeze on recruitment until 30 June 2014
- an immediate freeze on all general government agency advertising until 30 June 2014.

The recruitment freeze applied to all job vacancies, including pools, regional vacancies, fixed term, casual and permanent placements.

Throughout the freeze, the Commission provided ongoing support to agencies and managed requests for exemptions to the freeze.



Commission staff provided support to agencies and managed requests for exemptions during the April to June recruitment freeze

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 the sector with executive officers, capable of delivering high level policy advice and undertaking managerial responsibilities. SES officers are deployed within and between agencies to promote the efficiency of the public sector and individual agencies. There were 510 members of the SES recorded as at 30 June 2014.

We assess and determine the classification, reclassification and payment of temporary special allowance proposals of all public services positions above the Level 8 classification. Positions that are the subject of a specified calling are outside of this process.

In undertaking an assessment of a position, we may forward a request to an independent consultant for an assessment of work value and indicative classification. This year, we assessed 93 SES proposals, of these 73 proposals were supported, 19 not supported and one was withdrawn.

Centre for Public Sector Excellence

The Centre for Public Sector Excellence (Centre) was launched in February 2014 to support our vision of a high performing public sector through building skill, expertise and behaviour for a future-focused and sustainable public sector.

The Centre is guided by the 70:20:10 principle of development and employs strategies that encourage experimental, continuous and collaborative learning. The 70:20:10 principle suggests effective development efforts should focus 70 percent of development on challenging assignments in the workplace, 20 per cent on relationships and others, and 10 per cent on formal learning and training. It recognises that some of the most effective learning and development takes place from challenging on-the-job experiences and provokes our efforts to build the capacity of the sector.

Objectives

We are informed by a range of initiatives, frameworks and stakeholder information to ensure quality workforce and organisational development initiatives for the sector.

A capable and sustainable workforce to meet future needs

Highly competent public sector leaders

Robust public sector governance

Increased representation of diversity groups

Sector-wide knowledge sharing

Skilling the sector

Foundations of government human resources program

The 'Foundations of government human resources program' is a professional development program aimed at developing human resource knowledge and skills across the sector. In 2013/14, 109 practitioners from 50 agencies participated in the program, with 42 achieving the qualification this year and the remainder continuing to progress.

A new qualification, Certificate IV in Government (HR), was introduced and included an additional session on the role of the HR Practitioner in grievance management. Given its success, we are keen to extend the program into regional areas in 2014/15.

Policy practitioner forums

In partnership with the Department of the Premier and Cabinet, we delivered three policy practitioners forums throughout the year. The first two forums explored the policy journeys of the South West Settlement and Kimberley Science and Conservation Strategy. The final forum, 'Engaging with the media', explored the relationship between the implementation of a public policy decision and the role of the media in its communication to the wider community.

Policy skills development

This year, we commenced work on learning and development initiatives to help build policy capability within the sector. The first initiative involved a collaborative initiative between Institute of Public Administration Australia (IPAA) and the Nous Group, resulting in our participation in a metropolitan and regional pilot of the 'Policy in practice program'. The program supports our policy capability framework and provides participants with an opportunity to trial different skills, explore emerging trends and understand a range of internal and external drivers that influence the making and delivery of policy.

Financial skills development

We have partnered with the Department of Treasury and chief financial officers to identify and confirm development issues, explore options for addressing skill gaps and recommend a range of possible initiatives to build both financial literacy and capability of practitioners who work in finance across the sector.



The Commission received positive feedback from attendees to its programs and events

Developing our leaders

Australian and New Zealand School of Government CEO Forum

The Australian and New Zealand School of Government (ANZSOG) CEO Forum is an opportunity for CEOs to reflect, share practices with peers and develop thinking about how best to meet contemporary public sector challenges. In 2014, we awarded six scholarships to the following CEOs:

- Mr Alan Blagaich, School Curriculum and Standards Authority
- Mr Mike Bradford, Landgate
- Mr Wayne Gregson APM, Department of Fire and Emergency Services
- Ms Cheryl Gwilliam, Department of the Attorney General
- Ms Michelle Hoad, West Coast Institute
- Mr James McMahon DSC DSM, Department of the Corrective Services.

Executive Fellows Program

The Executive Fellows Program is a tailored three week residential program to assist our senior executives build on the core skills needed to manage public sector organisations.

In 2013, we conducted a merit selection process and awarded three full scholarships for the November 2013 program to the following members of the senior executive service:

- Mr Richard May, Department of the Premier and Cabinet
- Mr Michael Juliff, Challenger Institute of Technology
- Mr Michael D'Souza, Department of Transport.

Positive feedback was received from our senior executives who considered topics such as 'measuring public value', 'lean innovation' and 'new ways to deliver services through people and organisations external to government', as strengths of the program.

Executive Masters of Public Administration

The Executive Masters of Public Administration is designed to assist officers broaden their management and policy skills against shifting political, economic and organisational environments.

Scholarships are awarded to public sector participants on a bi-annual basis covering all tuition fees and travel costs. The following five public sector employees were provided with the opportunity to commence the two year program in 2014:

- Mr Justin Breeze, Department of Planning
- Ms Nicole Eastough, Department of Treasury
- Ms Fleur Hill, Disability Services Commission
- Mr Shaun Hodges, Western Australia Police
- Ms Lorissa Kelly, Department of the Premier and Cabinet.

Graduate future leaders program

The 'Graduate future leaders program' provides a centralised whole-of-government profession development opportunity for new graduates and assists them in developing an appreciation of the complexity, importance and breadth of the WA public sector. In 2013/14, 70 graduates from 18 agencies across the sector participated in the program.

Through interactive sessions, the program provides a broad perspective of the sector and opportunities for graduates to meet with key public sector leaders, understand parliamentary processes and procedures, build their interpersonal, networking and stakeholder management skills, understand leadership styles, and appreciate the importance of inter-agency collaboration and innovation within a whole-of-government perspective.

To achieve this, the program incorporates group action learning based on the projects of Premier's Awards for Excellence in Public Sector Management winners and finalists. This action learning exposes graduates to real public sector success stories and provides them with the opportunity to present a concept paper on an innovative opportunity to a wider public sector audience at the conclusion of the program.



Commission graduate Ms Emma Storey and Commissioner Mr Mal Wauchope

Seminar Series

The 'Leadership Seminar Series' provides leadership development events for CEOs, senior executives and emerging leaders. In 2013/14, we delivered three CEO events in partnership with ANZSOG which were attended by 56 directors general and CEOs, as well as a further four events attended by 139 emerging leaders.

In 2013/14 we also delivered five events attended by over 330 senior leaders through our Spotlight series, featuring presentations by international key note speakers including Charles Jennings, Founder of the 70:20:10 framework, and Professor Malcolm Sparrow from Harvard University.

Foundations of leadership and Pathways to leadership programs

The 'Foundations of leadership (Foundations) program' provides Level 4 through to 5 officers with an opportunity to participate in learning experiences modelled on contemporary leadership and management theory and practice.

The 'Pathways to leadership (Pathways) program' equips Level 6 through to 8 officers with the knowledge and skills required to be committed and responsive leaders in the public sector.

Since March 2014, one cohort of Foundations and one cohort of Pathways totalling 60 participants have commenced the six month program. This represents the final cohorts of both programs as Foundations and Pathways will no longer be offered in 2014/15.

Public Sector Management Program

The Public Sector Management Program is a national post graduate program designed to enhance the management capability of mid-level managers across all tiers of the public sector. In 2013/14, three cohorts commenced with a total of 79 participants.

In WA, the current contract for delivery is with Murdoch University and the graduate certificate is articulated through Flinders University in South Australia. From 1 January 2015, Queensland University of Technology will assume responsibility for all program delivery and assessment in conjunction with the Centre.

Promoting youth employment

School-based traineeship program

The 'School-based traineeship program' is aimed at attracting and recruiting the next generation of public sector employees by providing public high school students with a unique opportunity to undertake employment-based training within the sector.

We have been working with our registered training organisation to improve program delivery methods, review the content of the program, identify relevant off the job training and review the assessment processes for the qualification. A pilot program also commenced in the Wheatbelt and Peel regions during 2013/14, with four trainees commencing employment.

An additional new initiative to the program will be the introduction of the 'Supervising talent program'. This program provides supervisors of trainees with VET knowledge through the completion of three units of the Certificate IV in Training and Assessment.

Public sector government traineeship program

The 'Public sector traineeship program' is a youth employment strategy aimed at recruiting young people under 25 years of age to undertake a traineeship in the WA public sector. The program provides young people with the opportunity to learn administration skills and knowledge within a public sector environment over a 12 month period. Upon completion, trainees attain a nationally recognised qualification of either a Certificate II or III in Government. The program actively recruits candidates for the following three streams:

- General
- Aboriginal and Torres Strait Islander
- People with disabilities.

During 2013/14, a concentrated effort was placed on the further expansion of the program into all nine regional areas of WA. Since 1 July 2013, we have placed 48 full-time trainees into 15 agencies in the metropolitan area and an additional 16 trainees in regionally based locations. This is in addition to the 'Aboriginal traineeship program', where 30 trainees were appointed in the metropolitan area and 16 trainees in regional WA in July 2013.

Transition to employment program

One of our new initiatives to improve youth diversity within the public sector is the trainee 'Transition to employment program'. This program is designed to increase the number of trainees that are engaged in full time permanent employment for Level 1 administrative job opportunities at the completion of their traineeship.

Trainees who are registered in the program are able to seek available job opportunities using part 4.1.c of *Commissioner's Instruction No. 2 – Filling a Public Sector Vacancy* by being referred to contract positions until they are able to obtain permanent employment. They are able to access the program for a period of 12 months.

Aboriginal employment

In 2013/14, we continued our work to implement the *Aboriginal employment strategy 2011-2015: Building a diverse public sector workforce*.

The cornerstone of the strategy is the Aboriginal traineeship program, an integrated employment, training and mentoring support service for the sector, centrally coordinated and funded by the Commission. The program provides young Aboriginal and Torres Strait Islander people (aged 25 years and under) with the opportunity to develop public administration skills and competencies through the 'Government traineeship program'.



From left: Trent Davis, Chloe Davidson, Tracey Cullen, Chris Rusden, Denika Seelander and Dwayne Hayden

In 2013/14, we placed 30 young Aboriginal people in our metropolitan program to undertake a 12 month traineeship, with the possibility of ongoing employment in their host agency at the successful completion of the program. The program was expanded into regional WA and placed a further 16 trainees in the Kimberley, Pilbara, Southwest, Midwest and Goldfields regions. All Aboriginal trainees were offered mentoring and additional professional learning programs to prepare them for employment.

During 2013/14, we saw an increase in the retention rate into employment from 28 per cent to 67 per cent from the previous year in the metropolitan area, generating positive outcomes for individuals, communities and the sector as a whole.

This year, in partnership with various training providers, we delivered two 'Supervising Aboriginal trainee talent programs' in the metropolitan area and one in regional WA. We also provided a full scholarship for an aspiring Aboriginal leader to undertake the Public Sector Management Program and two scholarships for Aboriginal employees to undertake the 'Foundations of government human resources program'.

The Commission also facilitated the placement of public sector employees into the Jawun Indigenous Corporate Partnership Program, a not-for-profit organisation which supports innovative programs of change in Aboriginal communities. In 2013/14, there were two placements—one in the East Kimberley and one in the West Kimberley.

In order to enhance culturally inclusive workplaces, the online Aboriginal and Torres Strait Islander cultural confidence module, 'Sharing culture', was designed and launched to the sector in July 2013. The module was designed to complement the Office of Multicultural Interests' 'Diverse WA' module. Since the launch, there has been a steady increase in the number of registered users (1835) with 13 agencies being provided with individual quarterly reports.

It is important that we remain accountable and focused on our goals. A mid-point review of the *Aboriginal Employment Strategy 2011-2015: Building a diverse public sector workforce* has been undertaken and recommendations from that review will be implemented during 2014/15.

Supporting the regions

In March 2012, we were successful in securing Royalties for Regions funding to support an expansion of services across regional WA. Specifically, funding of \$2.425 million was approved by Cabinet to enable us to deliver programs, information sessions and employment initiatives to the regions over a three year period.

These initiatives have generated a variety of real benefits for regional employees, including an increased understanding of ethics and integrity, public sector reform, leadership development and human resource obligations, among others. In 2013/14, we delivered 40 sessions across regional WA to over 400 public sector employees, with the Commissioner also facilitating a series of workshops in Bunbury in early 2014.

We committed a component of the Royalties for Regions funding to undertake a regional leadership feasibility study. The review included an analysis of the regional employment profile and current regional leadership development offerings as well as a significant round of consultation to investigate regional leaders experiences, needs and expectations.

As a result of this work we developed and released *Leading for the regions - a resource for agencies*, designed to build leadership through a range of strategies and good practice examples.

Providing opportunities

Disability employment strategy

The *Disability employment strategy 2013-2015: Ensuring a representative sector* is a joint initiative between the Public Sector Commission and the Disability Services Commission. This strategy supports the vision of a high performing public sector which is reflective of our diverse community.

Disability awareness training and the facilitation of inclusive employment information sessions are delivered to all public sector employees. This complements our *Diverse WA cultural awareness package* and creates culturally appropriate and supportive working environments where people with a disability feel valued and included in the workplace.

In 2014/15, we will continue to identify opportunities to promote the importance of disability employment and the benefits to agencies. In order to achieve this, we intend to develop career and employment pathways for agencies to select, employ and retain people with a disability.

Leadership and management essentials

A key feature of our work has been the development of a new series of initiatives 'Leadership essentials' and 'Management essentials'. Pilot workshops were developed and delivered targeting Level 8 officers and SES members for the Leadership series, and Levels 5 through to 8 for the management series. The pilots were very well received and we are currently considering feedback to prepare for the next phase of development.



Commissioner Mr Mal Wauchope congratulates PSM program graduate Ms Rebecca Rosher

Disclosures and legal compliance

Certification of financial statements for the year ended 30 June 2014

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 2014 and the financial position as at 30 June 2014.

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
8 August 2014



A Alderson
CHIEF FINANCE OFFICER
8 August 2014

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 2014, 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 2014 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Page 1 of 3

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6949 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 2014.

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 2014.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Public Sector Commission for the year ended 30 June 2014.

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 2014.

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 2014 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
13 August 2014

Statement of comprehensive income for the year ended 30 June 2014

	Note	2014 \$000	2013 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	18 717	17 373
Supplies and services	7	5 081	5 327
Depreciation and amortisation expense	8	221	63
Accommodation expenses	9	1 986	2 045
Grants and subsidies	10	1 150	267
Loss on disposal of non-current assets	11	1	-
Other expenses	12	76	79
Total cost of services		27 232	25 154
Income			
Revenue			
User charges and fees	13	660	597
Commonwealth grants and contributions	15	-	7
Other revenue	14	413	335
Total revenue		1 073	939
Total income other than income from State Government		1 073	939
NET COST OF SERVICES		26 159	24 215
INCOME FROM STATE GOVERNMENT			
Service appropriation		26 664	27 730
Services received free of charge		1 565	1 282
Royalties for Regions Fund		179	397
Total income from State Government	16	28 408	29 409
SURPLUS/(DEFICIT) FOR THE PERIOD		2 249	5 194
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2 249	5 194

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 2014

	Note	2014 \$000	2013 \$000
ASSETS			
Current assets			
Cash and cash equivalents	28	7 685	6 284
Restricted cash and cash equivalents	17	-	159
Receivables	18	708	857
Amounts receivable for services	19	173	164
Other current assets	20	609	559
Total current assets		9 175	8 023
Non-current assets			
Restricted cash and cash equivalents	17	557	515
Amounts receivable for services	19	6 469	6 094
Property, plant and equipment	21	190	63
Intangible assets	22	348	510
Total non-current assets		7 564	7 182
TOTAL ASSETS		16 739	15 205
LIABILITIES			
Current liabilities			
Payables	24	1 274	1 463
Provisions	25	3 973	4 480
Other current liabilities	26	117	141
Total current liabilities		5 364	6 084
Non-current liabilities			
Provisions	25	1 057	1 052
Total non-current liabilities		1 057	1 052
TOTAL LIABILITIES		6 421	7 136
NET ASSETS		10 318	8 069
Equity			
Accumulated surplus	27	10 318	8 069
TOTAL EQUITY		10 318	8 069

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 2014

	Note	Accumulated surplus/(deficit) \$000	Total equity \$000
Balance at 1 July 2012	27	2 875	2 875
Surplus/(deficit)		5 194	5 194
Other comprehensive income		-	-
Total comprehensive income for the period		5 194	5 194
Balance at 30 June 2013		8 069	8 069
Balance at 1 July 2013		8 069	8 069
Surplus/(deficit)		2 249	2 249
Other comprehensive income		-	-
Total comprehensive income for the period		2 249	2 249
Balance at 30 June 2014		10 318	10 318

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 2014

	Note	2014 \$000	2013 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		26 116	26 904
Holding account drawdowns		164	145
Royalties for Regions Fund		179	397
Net cash provided by State Government		26 459	27 446
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(19 186)	(17 245)
Supplies and services		(3 880)	(4 372)
Accommodation		(1 986)	(2 038)
Grants and subsidies		(1 150)	(267)
GST payments on purchases		(739)	(777)
GST payments to taxation authority		(106)	(138)
Receipts			
User charges and fees		851	664
Commonwealth grants and contribution		-	7
GST receipts on sales		63	128
GST receipts from taxation authority		715	845
Other receipts		412	360
Net cash provided by/(used in) operating activities	28	(25 006)	(22 833)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(169)	(539)
Net cash provided by/(used in) investing activities		(169)	(539)
Net increase/(decrease) in cash and cash equivalents		1 284	4 074
Cash and cash equivalents at the beginning of period		6 958	2 884
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	28	8 242	6 958

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 2014

	Service 1 Public sector leadership	
	2014 \$000	2013 \$000
COST OF SERVICES		
Expenses		
Employee benefits expense	2 146	2 012
Supplies and services	457	312
Depreciation and amortisation expense	5	3
Accommodation expenses	255	212
Grants and subsidies	9	18
Carrying amount of non-current assets disposed	-	-
Other expenses	7	7
Total cost of services	2 879	2 564
Income		
User charges and fees	-	-
Commonwealth grants and contributions	-	-
Other revenue	15	29
Total income other than income from State Government	15	29
NET COST OF SERVICES	2 864	2 535
INCOME FROM STATE GOVERNMENT		
Service appropriation	3 149	2 881
Services received free of charge	221	142
Royalties for Regions Fund	-	-
Total income from State Government	3 370	3 023
Surplus/(deficit) for the period	506	488

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

Service 2 Assistance and support		Service 3 Oversight and reporting		Total	
2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
13 010	12 670	3 561	2 691	18 717	17 373
3 831	4 516	793	499	5 081	5 327
58	32	158	28	221	63
1 345	1 513	386	320	1 986	2 045
1 141	220	-	29	1 150	267
1	-	-	-	1	-
57	66	12	6	76	79
19 443	19 017	4 910	3 573	27 232	25 154
660	597	-	-	660	597
-	7	-	-	-	7
381	275	17	31	413	335
1 041	879	17	31	1 073	939
18 402	18 138	4 893	3 542	26 159	24 215
18 584	20 278	4 931	4 571	26 664	27 730
1 005	927	339	213	1 565	1 282
179	397	-	-	179	397
19 768	21 602	5 270	4 784	28 408	29 409
1 366	3 464	377	1 242	2 249	5 194

Schedule of assets and liabilities by service as at 30 June 2014

	Service 1		Service 2	
	Public sector leadership		Assistance and support	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
ASSETS				
Current assets	263	239	2 178	2 072
Non-current assets	917	714	4 927	4 861
Total assets	1 180	953	7 105	6 933
LIABILITIES				
Current liabilities	533	669	3 675	4 283
Non-current liabilities	144	108	789	745
Total liabilities	677	777	4 464	5 028
NET ASSETS	503	176	2 641	1 905

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

Service 3 Oversight and reporting		General – Not attributed		Total	
2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
425	386	6 309	5 326	9 175	8 023
1 720	1 607	-	-	7 564	7 182
2 145	1 993	6 309	5 326	16 739	15 205
836	880	320	252	5 364	6 084
124	199	-	-	1 057	1 052
960	1 079	320	252	6 421	7 136
1 185	914	5 989	5 074	10 318	8 069

Summary of consolidated account appropriations and income estimates for the year ended 30 June 2014

	2014 Estimate \$000	2014 Actual \$000	Variance \$000	2014 Actual \$000	2013 Actual \$000	Variance \$000
DELIVERY OF SERVICES						
Item 6 – Net amount appropriated to deliver services	25 380	25 380	-	25 380	26 955	(1 575)
Section 25 Transfer of service appropriation	-	-	-	-	(466)	466
Amount authorised by other statutes						
<i>Salaries and Allowances Act 1975</i>	1 284	1 284	-	1 284	1 241	43
Total appropriations provided to deliver services	26 664	26 664	-	26 664	27 730	(1 066)
GRAND TOTAL	26 664	26 664	-	26 664	27 730	(1 066)
Details of expenses by service						
Service 1 – Public sector leadership	2 928	2 879	49	2 879	2 564	315
Service 2 – Assistance and support	22 261	19 443	2 818	19 443	19 017	426
Service 3 – Oversight and reporting	4 488	4 910	(422)	4 910	3 573	1 337
Total cost of services	29 677	27 232	2 445	27 232	25 154	2 078
Less total income	(899)	(1 073)	174	(1 073)	(939)	(134)
Net cost of services	28 778	26 159	2 619	26 159	24 215	1 944
Adjustments	(2 114)	505	(2 619)	505	3 515	(3 010)
Total appropriations provided to deliver services	26 664	26 664	-	26 664	27 730	(1 066)
Capital expenditure						
Purchase of non-current physical assets	264	169	95	169	539	(370)
Adjustment for other funding sources	(264)	(169)	(95)	(169)	(539)	370
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 2014 and between the actual results for 2014 and 2013.

Notes to the financial statements

for the year ended 30 June 2014

1. Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2014 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).

We have 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*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Commission for the annual reporting period ended 30 June 2014.

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 our 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*.

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 2013/14 Budget statements, the Commission retained \$1 722 000 in 2014 (\$1 878 000 in 2013) from the following:

- proceeds from fees and charges
- GST input credits
- GST receipts on sales
- other receipts.

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
- leasehold improvement – seven to 10 years.

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:

- software^(a) – three years
- licenses – three years.

(a) Software that is not integral to the operation of any related hardware.

Licenses

Licenses have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

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 that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

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. Operating 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:

- loans and 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. Subsequent measurement is at amortised cost using the effective interest method.

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 or 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

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employees benefits'.

Annual and long service leave not expected to be settled within 12 months after the end of 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 end of 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 end of 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' (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the 'West State Superannuation' (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 have been able to choose their preferred superannuation fund provider. The Commission makes 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 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 Scheme or the GSS. 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.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from 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 is recognised in the profit or loss of the 'Statement of Comprehensive Income' and comprises employer contributions paid to the GSS (concurrent contributions), the WSS and the GESBS or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back 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 are recognised as income at fair value of the assets and/or the fair value of those services that can be reliably measured and the Commission would otherwise pay for. A corresponding expense is recognised for services received. 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

Initial application of an Australian Accounting Standard

The Commission has applied the following Australian accounting standards effective for annual reporting periods beginning on or after 1 July 2013 that impacted on the Commission.

AASB 13 – Fair Value Measurement

This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures for assets and liabilities measured at fair value. There is no financial impact.

AASB 119 – Employee Benefits

This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements.

The Commission assessed employee leave patterns to determine whether annual leave is a short-term or other long-term employee benefit. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.

AASB 1048 – Interpretation of Standards

This Standard supersedes AASB 1048 (June 2012), enabling references to the Interpretations in all other Standards to be updated by reissuing the service Standard. There is no financial impact.

AASB 2011-8 – Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]

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

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

This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.

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

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 2012-5 – Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]

This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.

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

This Standard amends the mandatory effective date of AASB 9 Financial Instruments to 1 January 2015 (instead of 1 January 2013). Further amendments are also made to numerous consequential amendments arising from AASB 9 that will now apply from 1 January 2015. There is no financial impact.

AASB 2013-9 – Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.

Part A of this omnibus Standard makes amendments to other Standards arising from revisions to the Australian Accounting Conceptual Framework for periods ending on or after 20 December 2013. Other Parts of this Standard become operative in later periods. There is no financial impact for Part A of the Standard.

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 that may impact the Commission. Where applicable, the Commission plans to apply these Australian Accounting Standards from their application date.

Int 21 Levies

Operative for reporting periods beginning on/after 1 January 2014

This Interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for the Authority at reporting date.

AASB 9 - Financial Instruments

Operative for reporting periods beginning on/after 1 January 2017

This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The mandatory application date of this Standard was amended to 1 January 2017. The Authority has not yet determined the application or the potential impact of the Standard.

AASB - 1031 Materiality

Operative for reporting periods beginning on/after 1 January 2014

This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality that is not available in IFRSs and refers to other Australian pronouncements that contain guidance on materiality. There is no financial impact.

AASB 1055 - Budgetary Reporting

Operative for reporting periods beginning on/after 1 July 2014

This Standard requires specific budgetary disclosures in the financial statements of not for profit entities within the General Government Sector. 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 2009-11

Operative for reporting periods beginning on/after 1 January 2015

Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Int 10 & 12] [modified by AASB 2010-7]

AASB 2010-7

Operative for reporting periods beginning on/after 1 January 2015

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

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

AASB 2012-3

Operative for reporting periods beginning on/after 1 January 2014

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

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. The Commission does not routinely hold financial assets and financial liabilities that it intends to settle on a net basis, therefore there is no financial impact.

AASB 2013-3

Operative for reporting periods beginning on/after 1 January 2014

Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.

This Standard introduces editorial and disclosure changes. There is no financial impact.

AASB 2013-9

Operative for reporting periods beginning on/after 1 January 2014 and 1 January 2017

Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments.

This omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014 (Part B), and, defers the application of AASB 9 to 1 January 2017 (Part C). The Commission has not yet determined the application or the potential impact of AASB 9, otherwise there is no financial impact for Part B.

6. Employee benefits expense

	2014 \$000	2013 \$000
Wages and salaries ^(a)	17 139	15 818
Superannuation – defined contribution plans ^(b)	1 578	1 555
	18 717	17 373

(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

	2014 \$000	2013 \$000
Communications	29	46
Freight and mail services	13	17
Consultants and contractors	3 834	3 971
Consumables	334	343
Repair and maintenance	54	69
Minor works	4	32
Travel	85	130
Insurance premiums	100	122
License, fees and registration	127	159
Operating lease, rental and hire cost	120	119
Other	381	319
	5 081	5 327

8. Depreciation and amortisation expense

	2014 \$000	2013 \$000
Depreciation		
Leasehold improvement	14	-
Computer hardware	-	7
Furniture and fittings	-	-
Office equipment	27	26
Total depreciation	41	33
Amortisation		
Computer software	77	13
Licenses	103	17
Total amortisation	180	30
Total amortisation and depreciation	221	63

9. Accommodation expense

	2014 \$000	2013 \$000
Lease rentals	1 985	2 038
Repairs and maintenance	1	7
	1 986	2 045

10. Grants and subsidies

	2014 \$000	2013 \$000
Government agency grants	681	231
Scholarships	460	-
External grants	9	36
	1 150	267

11. Loss on disposal of non-current assets

	2014 \$000	2013 \$000
Proceeds from disposal of non-current assets		
Office equipment	-	-
	<u>-</u>	<u>-</u>
Cost of disposal of non-current assets		
Office equipment	1	-
	<u>1</u>	<u>-</u>
Net loss	<u><u>(1)</u></u>	<u><u>-</u></u>

12. Other expenses

	2014 \$000	2013 \$000
Employment on-costs	3	21
Other ^(a)	73	58
	<u>76</u>	<u>79</u>

(a) Includes Audit fees, see also note 32 'Remuneration of auditor'.

13. User charges and fees

	2014 \$000	2013 \$000
Fees	660	597
	<u>660</u>	<u>597</u>

14. Other revenue

	2014 \$000	2013 \$000
Recoups	116	111
Recoup insurance	22	27
Contributions by senior officers to the Government Vehicle Scheme	18	23
Regional worker's incentive	125	-
Australian Apprenticeships Incentive Program	83	46
Contribution for office fit-out	-	100
Refund	29	23
Other miscellaneous revenue	20	5
	413	335

15. Commonwealth grants and contributions

	2014 \$000	2013 \$000
Recurrent grant	-	7

16. Income from State Government

	2014 \$000	2013 \$000
Appropriation received during the year		
Service appropriation ^(a)	26 664	27 730
Services received free of charge from other State Government agencies during the period: ^(b)		
Department of the Premier and Cabinet – corporate support services	1 084	838
Department of Finance – accommodation lease services	401	355
Department of the Attorney General – legal services	80	89
	1 565	1 282
Royalties for Regions Fund		
Regional Community Services Account ^(c)	179	397
	179	397
	28 408	29 409

- (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) Discretionary transfers of assets (including grants) and liabilities between State Government agencies are reported under 'Income from State Government'. Transfers of assets and liabilities in relation to a restructure of administrative arrangements are recognised as distribution to owners by the transferor and contribution by owners by the transferee under AASB 1004 in respect of net assets transferred. Other non-discretionary non-reciprocal transfers of assets and liabilities designated as contributions by owners under TI 955 are also recognised directly to equity.
- (c) 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

	2014 \$000	2013 \$000
Current		
Royalties for Regions Fund ^(a)	-	159
Non-current		
Accrued salaries suspense account ^(b)	557	515

- (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

	2014 \$000	2013 \$000
Current		
Receivables	508	745
GST receivable	167	100
	<u>675</u>	<u>845</u>
Loans and advances:		
Other debtors	33	12
	<u>33</u>	<u>12</u>
Total current	<u>708</u>	<u>857</u>

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

19. Amounts receivable for services (Holding Account)

	2014 \$000	2013 \$000
Current	173	164
Non-current	6 469	6 094
	<u>6 642</u>	<u>6 258</u>

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

20. Other assets

	2014 \$000	2013 \$000
Current		
Prepayments	609	559
	<u>609</u>	<u>559</u>

21. Property, plant and equipment

	2014 \$000	2013 \$000
Computer hardware		
At cost	22	22
Accumulated depreciation	(22)	(22)
Accumulated impairment losses	-	-
	<u>-</u>	<u>-</u>
Office equipment		
At cost	146	136
Accumulated depreciation	(71)	(73)
Accumulated impairment losses	-	-
	<u>75</u>	<u>63</u>
Leasehold improvement		
At cost	129	-
Accumulated depreciation	(14)	-
Accumulated impairment losses	-	-
	<u>115</u>	<u>-</u>
Total property, plant and equipment	<u><u>190</u></u>	<u><u>63</u></u>
Reconciliation - Computer hardware		
Carrying amount at start of period	-	7
Depreciation	-	(7)
Carrying amount at end of period	<u>-</u>	<u>-</u>

	2014 \$000	2013 \$000
Reconciliation - Office equipment		
Carrying amount at start of period	63	89
Additions	40	-
Transfers	-	-
Other disposals	(1)	-
Impairment losses	-	-
Depreciation	(27)	(26)
Carrying amount at end of period	<u>75</u>	<u>63</u>
Reconciliation - Leasehold improvements		
Carrying amount at start of period	-	-
Additions	129	-
Transfers	-	-
Other disposals	-	-
Impairment losses	-	-
Depreciation	(14)	-
Carrying amount at end of period	<u>115</u>	<u>-</u>
Reconciliation - Total		
Carrying amount at start of period	63	96
Additions	169	-
Transfers	-	-
Other disposals	(1)	-
Impairment losses	-	-
Depreciation	(41)	(33)
Carrying amount at end of period	<u>190</u>	<u>63</u>

22. Intangible assets

	2014 \$000	2013 \$000
Licenses		
At cost	310	310
Accumulated amortisation	(120)	(17)
Accumulated impairment losses	190	293
Computer software		
At cost	248	230
Accumulated amortisation	(90)	(13)
Accumulated impairment losses	158	217
Total intangible assets	348	510
Reconciliation – Licenses		
Carrying amount at start of period	293	-
Additions	-	310
Amortisation expense	(103)	(17)
Impairment losses	-	-
Carrying amount at end of period	190	293
Reconciliation – Computer software		
Carrying amount at start of period	217	-
Additions	18	230
Amortisation expense	(77)	(13)
Impairment losses	-	-
Carrying amount at end of period	158	217

23. Impairment of assets

There were no indications of impairment to property, plant and equipment at 30 June 2014.

The Commission held no goodwill or intangible assets with an indefinite useful life during the reporting period.

24. Payables

	2014 \$000	2013 \$000
Current		
Payables	679	1 032
Accrued salaries	379	346
Accrued expenses	216	85
	1 274	1 463

25. Provisions

	2014 \$000	2013 \$000
Current		
Employee benefits provision		
Annual leave including superannuation ^(a)	1 493	1 769
Long service leave including superannuation ^(b)	2 458	2 690
	3 951	4 459
Other provisions		
Employment on-costs ^(c)	22	21
	3 973	4 480
Non-current		
Employee benefits provision		
Long service leave including superannuation ^(b)	1 051	1 047
	1 051	1 047
Other provisions		
Employment on-costs ^(c)	6	5
	1 057	1 052

(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	(1 003)	1 069
More than 12 months after the reporting period	(490)	701
	(1 493)	1 770

(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	(962)	1 047
More than 12 months after the reporting period	(2 547)	2 690
	(3 509)	3 737

(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:

	2014	2013
	\$000	\$000
Employment on-cost provision		
Carrying amount at start of period	26	3
Additional provisions recognised	2	23
Payments/other sacrifices of economic benefits	-	-
Carrying amount at end of period	28	26

26. Other liabilities

	2014	2013
	\$000	\$000
Current		
Income received in advance	117	141
	117	141

27. Equity

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

	2014 \$000	2013 \$000
Accumulated surplus		
Balance at the start of period	8 069	2 875
Result for the period	2 249	5 194
Balance at the end of period	10 318	8 069
Total equity at the end of the period	10 318	8 069

28. Notes to the 'Statement of cash flows'

	2014 \$000	2013 \$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	7 685	6 284
Restricted cash and cash equivalents (note 17)	557	674
	8 242	6 958
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(26 159)	(24 215)
Non-cash items:		
Depreciation and amortisation expense (note 8)	221	63
Net gain/(loss) on disposal of non-current assets (note 11)	1	-
Resources received free of charge (note 16)	1 565	1 282
(Increase)/decrease in assets:		
Current receivables ^(a)	216	(75)
Other current assets	(50)	137
Increase/(decrease) in liabilities:		
Current payables ^(a)	(231)	(36)
Current provisions	(507)	(47)
Non-current provisions	5	1

	2014 \$000	2013 \$000
Net GST receipts/(payments) ^(b)	(79)	58
Change in GST receivables/payables ^(c)	12	(1)
Net cash provided by/(used in) operating activities	(25 006)	(22 833)

(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:

	2014 \$000	2013 \$000
Salaries and Allowances Tribunal		
Corporate Services	18	11
	18	11

30. Commitments

The commitments below are inclusive of GST.

	2014 \$000	2013 \$000
Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Within one year	2 547	2 404
Later than one year and not later than five years	37	1 501
Later than five years	-	-
	2 584	3 905

Other expenditure commitments

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

	2014 \$000	2013 \$000
Within one year	1 441	1 773
Later than one year and not later than five years	940	1 028
Later than five years	24	4
	2 405	2 805

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:

Remuneration Band (\$)	2014	2013
130 001 – 140 000	2	1
150 001 – 160 000	-	1
160 001 – 170 000	1	-
180 001 – 190 000	1	1
210 001 – 220 000	1	-
250 001 – 260 000	1	1
260 001 – 270 000	-	1
270 001 – 280 000	-	1
290 001 – 300 000	1	-
410 001 – 420 000	1	-
460 001 – 470 000	1	-
510 001 – 520 000	-	1

	2014 \$000	2013 \$000
Base remuneration and superannuation	2 312	1 579
Annual leave and long service leave accruals	(114)	123
Other benefits	55	86
Total remuneration of senior officers	2 253	1 788

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:

	2014 \$000	2013 \$000
Auditing the accounts, financial statements and performance indicators	54	50

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 2014

	2014 Estimate \$000	2014 Actual \$000	Variance \$000
Net amount appropriated to deliver services	25 380	25 380	-

	2014 Estimate \$000	2014 Actual \$000	Variance \$000
Service 1 – Public sector leadership	2 928	2 879	49
Service 2 – Assistance and support	22 261	19 443	2 818
Service 3 – Oversight and reporting	4 488	4 910	(422)

- Service 2 – Assistance and support
The saving was primarily due to an internal restructure within this Service area, therefore operating at lower than anticipated FTEs resulting in a reduction in operational costs and share of corporate overheads.
- Service 3 – Oversight and reporting
The higher expenditure is mainly due to payments provided under the Government enhanced voluntary severance scheme.

	2014 Estimate \$000	2014 Actual \$000	Variance \$000
Capital expenditure	264	169	95

The lower expenditure is due to the expensing of computing equipment which did not meet the asset capitalisation threshold.

Total appropriations provided to deliver services – significant variances between the actual results for 2014 and for 2013

	2014 Actual \$000	2013 Actual \$000	Variance \$000
Net amount appropriated to deliver services	25 380	26 489	(1 109)

The reduction in Appropriation largely reflects decreased funding for external leadership programs and the Commission's contribution to external data improvement programs.

Service expenditure – significant variances between the actual results for 2014 and for 2013

	2013 Actual \$000	2012 Actual \$000	Variance \$000
Service 1 – Public sector leadership	2 879	2 564	315
Service 2 – Assistance and support	19 443	19 017	426
Service 3 – Oversight and reporting	4 910	3 573	1 337

- Service 1 – Public sector leadership
The increase is primarily associated with the Service area functioning at an increased level of FTE and attracting a higher share of corporate overhead costs.
- Service 3 – Oversight and reporting
The increase reflects this Service area operating at a higher FTE level resulting in an increase in the share of corporate overheads. It also includes payments provided under the Government enhanced voluntary severance scheme.

	2014 Actual \$000	2013 Actual \$000	Variance \$000
Capital expenditure	169	539	(370)

The higher expenditure in 2012-13 was due to the purchase of software system and associated licences. Expenditure in 2013-14 was related to minor office fitout and replacement of office equipment.

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, loans and 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 instruments 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 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:

	2014 \$000	2013 \$000
Financial assets		
Cash and cash equivalents	7 685	6 284
Restricted cash and cash equivalents	557	674
Loans and receivables ^(a)	7 183	7 015
Financial liabilities		
Payables	1 274	1 463

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

c) Financial instrument disclosures

Credit risk

The 'Ageing analysis of financial assets' table details the Commission's maximum exposure to credit risk 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 financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Commission.

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

Liquidity risk and interest rate exposure

The 'Interest rate exposures and maturity analysis of financial assets and financial liabilities' table details the Commission's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Ageing analysis of financial assets

	Carrying amount \$000	Not past due and not impaired \$000	Past due but not impaired					Impaired financial assets \$000
			Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000	
2014								
Cash and cash equivalents	7 685	7 685	-	-	-	-	-	-
Restricted cash and cash equivalents	557	557	-	-	-	-	-	-
Receivables ^(a)	541	366	54	87	18	16	-	-
Amounts receivable for services	6 642	6 642	-	-	-	-	-	-
	15 425	15 250	54	87	18	16		
2013								
Cash and cash equivalents	6 284	6 284	-	-	-	-	-	-
Restricted cash and cash equivalents	674	674	-	-	-	-	-	-
Receivables ^(a)	757	574	10	90	77	6	-	-
Amounts receivable for services	6 258	6 258	-	-	-	-	-	-
	13 973	13 790	10	90	77	6		

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

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

	Weighted average effective interest rate %	Interest rate exposure				Nominal amount \$000	Maturity dates							
		Carrying amount \$000	Fixed interest rate \$000	Variable interest bearing \$000	Non-interest bearing \$000		Up to 1 month \$000	1-3 months \$000	3 months to a year \$000	1-5 years \$000	> 5 years \$000			
2014														
Financial assets														
Cash and cash equivalents		7 685		7 685		7 685				7 685				
Restricted cash and cash equivalents		557		557		557				-			557	
Receivables ^(a)		541		541		541				541				
Amounts receivable for services		6 642		6 642		6 642					173	6 469		
		15 425	-	15 425		15 425	-	-		8 226	-	173	7 026	
Financial liabilities														
Payables		1 274		1 274		1 274				1 205		69		
		1 274	-	1 274		1 274	-	-		1 205	-	69	-	-

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

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

	Weighted average effective interest rate %	Interest rate exposure				Nominal amount \$000	Maturity dates			
		Carrying amount \$000	Fixed interest rate \$000	Variable interest bearing \$000	Non-interest bearing \$000		Up to 1 month \$000	1-3 months \$000	3 months to a year \$000	1-5 years \$000
2013										
Financial assets										
Cash and cash equivalents		6 284		6 284	6 284	6 284				
Restricted cash and cash equivalents		674		674	674	159			515	
Receivables ^(a)		757		757	757	757				
Amounts receivable for services		6 258		6 258	6 258			164	6 094	
		13 973	-	13 973	13 973	7 200	-	164	6 069	
Financial liabilities										
Payables		1 463		1 463	1 463	1 463				
		1 463	-	1 463	1 463	1 463	-	-	-	-

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

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 \$1 007 000 for 2013-14 (\$985 000 for 2012-13).

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 and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated - remediation required or possibly contaminated - investigation required, the Commission may have a liability in respect of investigation or remediation expenses.

The Commission has no known or suspected contaminated sites.

Contingent assets

The Commission has no contingent assets.

Key performance indicators

Certification of key performance indicators for the year ended 30 June 2014

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 Commission for the financial year ended 30 June 2014.



M C Wauchope
ACCOUNTABLE AUTHORITY
8 August 2014

Overview of key performance indicators

The Commission is responsible for assisting 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, we provide services to public sector entities to achieve our agency-level government-desired outcome of an efficient and effective public sector that operates with integrity.

The Commission 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 (KEIs) measure the extent to which our activities are achieving, or are progressing towards, our agency-level outcome. To measure how we are performing against our KEIs, an annual client perception survey is issued to the chief executive officers (CEOs) and ministers of the Commission's core clients.

In 2012/13, our core clients comprised of 37 departments and 17 ministerial offices. Following internal and external stakeholder engagement, this definition was changed for the 2013/14 financial year to more accurately reflect the Commission's key stakeholders and, therefore, provide a better indication of our performance against our KEIs. Our core clients for 2013/14 capture a much larger scope of 155 clients comprising of:

- 38 departments created under section 35 of the *Public Sector Management Act 1994* (PSM Act)
- 17 ministerial offices
- 49 SES organisations (as defined under the PSM Act) specified in column 2 of Schedule 2 of the PSM Act
- 51 non-SES organisations including government boards and committees that have undertaken the Commission's good governance and ethical decision-making professional development within the financial year.

The 2013/14 client perception survey asked our core clients to rate how the advice and guidance offered by the Commission assisted them with the promotion of integrity, effectiveness and efficiency within their organisation. The survey also asked clients to rate how our assistance has helped them meet their statutory obligations under the *Public Interest Disclosure Act 2003* (PID Act) and under Part IX of the *Equal Opportunity Act 1984* (EO Act).

The rating was a four-step rating from strongly agree to strongly disagree with an additional 'not applicable' option. The Commission received a 70 per cent response rate to the survey.

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

Key effectiveness indicator	Target 2013/14	Actual 2013/14	Actual 2012/13	Actual 2011/12
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)	85%	95%	98%	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)	85%	90%	95%	NA
The portion of core clients who indicate that assistance provided by the Commission has helped them to meet their statutory obligations under the PID Act. ^(c)	75%	84%	78%	NA
The portion of core clients who indicate assistance provided by the Commission has helped them to meet their statutory obligations under Part IX of the EO Act. ^(d)	75%	78%	60%	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 with the PID Act by 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 with Part IX of the EO Act by public authorities through advisory services, product delivery and professional development. Data for this measure was collected from the client perception survey.

The 2013/14 effectiveness indicators show that the Commission is meeting its projected targets across all areas. The difference between the first two actual indicators for 2012/13 and 2013/14 can be attributed to the much larger scope of our core clients that were issued the survey for the 2013/14 financial year.

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 staff employed—full-time equivalent (FTE).

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.

Service 1 – Public sector leadership	Target 2013/14	Actual 2013/14	Actual 2012/13	Actual 2011/12
Average cost per hour addressing legislative and policy development	\$108	\$116	\$94	NA
With the implementation of a revised outcome-based management framework in 2012/13, there is no comparative data for 2011/12 actuals.				

The actual average cost for supporting authorities through legislative and policy development in 2013/14 is higher than budgeted due to internal structural changes within the Commission that included the transference of the workforce planning function and the Director of Equal Opportunity in Public Employment to this service area.

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.

Service 2 – Assistance and support	Target 2013/14	Actual 2013/14	Actual 2012/13	Actual 2011/12
Average cost per hour of assistance and support provided	\$126	\$112	\$101	NA
Average cost per workforce and diversity program, product or training hour	\$116	\$146	\$103	NA
Average cost per public administration, standards and integrity program, product or training hour	\$115	\$105	\$85	NA
Average cost per leadership development product, program and training hour	\$109	\$162	\$112	NA
With the implementation of a revised outcome-based management framework in 2012/13, there is no comparative data for 2011/12 actuals.				

The actual average cost for assisting and supporting authorities in 2013/14 is lower than budgeted due to the Commission functioning with reduced FTE levels, associated operating costs attributed to the whole of sector recruitment freeze and our commitment to reducing the leave liability during this financial year.

Our actual average cost for assisting and supporting authorities with workforce and diversity programs in 2013/14 is higher than budgeted due to the introduction of a range of new workforce initiatives and training programs, developed through a series of tender processes and delivered at no cost to participants across the sector.

Our actual average cost for assisting and supporting authorities to sustain standards of ethics and integrity in 2013/14 is lower than budgeted due to the Commission functioning with reduced FTE levels, associated operating costs attributed to the whole of sector recruitment freeze and our commitment to reducing leave liability of our staff during this financial year.

The actual average cost for assisting and supporting authorities with leadership and professional development in 2013/14 is higher than budgeted due to the introduction of the Centre for Public Sector Excellence and a change in the divisional structure to support the Centre, including change in salary of the divisional head. Further increase is attributed to the associated development opportunities provided to directors general, CEOs, members of the senior executive service and high potential employees across the sector.

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.

Service 3 – Oversight and reporting	Target 2013/14	Actual 2013/14	Actual 2012/13	Actual 2011/12
Average cost per hour of performance and oversight activity	\$92	\$95	\$74	NA
Percentage of oversight actions completed within target timeframes	90%	91%	83%	NA
With the implementation of a revised outcome-based management framework in 2012/13, there is no comparative data for 2011/12 actuals.				

The percentage of oversight actions completed within the targeted timeframes can be attributed to a new case management system and attention to timeliness in acquitting cases.

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 2013/14 was \$170 407.
 2. Expenditure was incurred in the following areas:

Applications	2012/13
Advertising agencies	
• Adcorp	\$147 351
• CareerHub	\$164
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	Nil
Media advertising organisations	
• Radio advertising - Aboriginal traineeship program	\$7020
• The West Australian	\$9649
• Various publications - Aboriginal traineeship program	\$5747
• Government Gazette	\$476

Record keeping plan

Our record keeping plan covers records of the Commission and recognises these services are provided through a bureau service arrangement with the Department of the Premier and Cabinet (DPC). Accordingly, we share common records management procedures and a controlled vocabulary with DPC which are reviewed annually. We provide an online records awareness training to our staff which complements the record awareness component of our employee induction program.

Occupational safety and health

The Commission is committed to ensuring the occupational health, safety and welfare of our and any other people who may be affected by our 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 in the *Workforce and diversity plan 2012–2014*.

The OSH committee provides oversight of a range of safety and health management practices, including education, training, reporting, discussion and accountability. The OSH 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 2013/14, some of the initiatives on offer included complimentary health assessments, influenza vaccinations and corporate health fund discounts, as well as the opportunity to undertake mental health first aid and disability awareness training. Staff also took up the opportunity to participate in the '10 000 steps Australia' walking challenge.

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 our intranet.

Over the last 12 months, the OSH 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 OSH management systems meet WorkSafe's criteria as set out in the *WorkSafe plan*.

Measures

Actual results for 2013/14 are based on calculations of 131 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.

	2013/14	2012/13	2011/12	Target	Comment
Number of fatalities	0	0	0	0	Achieved
Percentage of time lost injury/disease incidence rate	0.76%	1.49%	0.69%	0 or 10% improvement on the previous three years	The Commission had one lost time injury for the financial year which increased the incidence rate slightly above target.
Percentage of time lost injury/disease severity rate	0	0	0	0 or 10% reduction (actual target can be stated)	
Percentage of injured workers returned to work within 26 weeks	100% within 13 weeks	100% within 13 weeks	100% within 13 weeks	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	100% within 26 weeks		Achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities	97%	82%	71%	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 2013/14. A more comprehensive breakdown our statistics is provided in the annual report of the Office of the Information Commissioner.

Applications	2013/14	2012/13	2011/12	
Received during the year		4	10	24
Finalised during the year		4	9	24
Average time to process (days)		40	28	29

Outcomes	2013/14	2012/13	2011/12	
Full access		0	0	0
Edited access		3	4	15
Deferred access		0	0	0
Section 26 access		0	1	2
Section 28 access		0	0	0
Access refused		0	3	3
Total decisions		3	8	20
Transferred to other agencies		1	0	0
Withdrawn		0	1	4
Total applications finalised		4	9	24

Salaries and Allowances Tribunal

The Salaries and Allowances Tribunal (SAT) is an independent statutory body established under section 5 of the *Salaries and Allowances Act 1975*. Consisting of a chairman and two members, the SAT 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 SAT 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 *Public Sector Management Act 1994*, the SAT's statutory operational independence is recognised. This independence is also recognised by the SAT's separate parliamentary budget appropriation and resource agreement with the Premier and Treasurer.

Under these financial arrangements, the Commission is obliged to provide the SAT 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 SAT's affiliated body status, this report appears in the annual report of the Commission.

