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Statement of Compliance

Hon. C J Barnett MLA
PREMIER

In accordance with section 63 of the *Financial Management Act 2006* I hereby submit for your information and presentation to the Parliament of Western Australia the annual report for the Public Sector Commission for the year ended 30 June 2016.

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



M C Wauchope
PUBLIC SECTOR COMMISSIONER
(ACCOUNTABLE AUTHORITY)

9 September 2016

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Commissioner's message

1

Change in the public sector is inevitable. What defines our success is how we anticipate, manage and capitalise on change from within—shaping the way we deliver services to our clients and the community.



Adapting to change

The end of 2015/16 saw the conclusion of our first 12 months of operation implementing legislative changes emanating from proclamation of the *Corruption, Crime and Misconduct Act 2003* on 1 July 2015. As a consequence the year was one of significant adjustment for the Public Sector Commission (Commission) as we continued to fine-tune the arrangements put in place for the transfer of minor misconduct and misconduct prevention and education functions. I believe we have successfully integrated these functions into our core business and adapted to our new role.

We know that the key to any good organisation is an appreciation and understanding of its clients. In delivering the new functions much of our work has focused on getting to know our new stakeholders and understanding their business. Our jurisdiction has effectively expanded to an additional 40 000 stakeholders, including employees from local governments, public universities and Government Trading Enterprises. Beyond this the new functions have, for the first time, required us to engage directly with the community, which I believe we have embraced and continued to refine over the past year.

The legislative changes necessitated a review of our business, taking into consideration our new functions, our new jurisdictions and our new approach to strategic engagement. As a result the structure of the Commission was streamlined and an acting executive was established. Over time this will enable our services to be more flexible and our employees more mobile. However, our transformation has not

Change in the public sector is inevitable. What defines our success is how we anticipate, manage and capitalise on change from within— shaping the way we deliver services to our clients and the community.



been without its challenges, with the recruitment freeze and the need to prepare for an Agency Expenditure Review in 2016/17 having significant impact. Going forward this will provide us with further opportunities to make adjustments to the way we do business, to ensure that we are in the best position to meet future challenges.

Assisting with change

Adapting the machinery of government is vital when responding to Government policy priorities, environmental pressures and opportunities for better performance. Over the past year we have seen the transformation of two significant sectors in Western Australia—health and training. I have been pleased to assist the health sector to establish and deliver the new health governance model, as well as the training sector to implement their functional reforms and governance arrangements. We have also worked collaboratively with chief executives undertaking significant reform programs by embedding senior staff within their agencies to assist them in delivering organisational change. This is an approach I have trialled since 2013 with success and one which we will continue to employ in the future.

In January 2016 at the direction of the Premier, the Hon. C J Barnett MLA, under sections 24H(2) and (3) of the *Public Sector Management Act 1994*, I arranged for a Special Inquiry to examine the system of fire management in the rural area of Waroona during the bushfire that occurred earlier in that month. The Special Inquiry report, entitled *Reframing Rural Fire Management: Report of the Special Inquiry into the January 2016 Waroona Fire*, was tabled in the Parliament of Western Australia on 23 June 2016. The report highlighted the urgent need to effect fundamental changes to the system of rural fire management in order to improve the systems of community safety and bushfire risk management in Western Australia. Looking ahead we will continue to assist the Government to implement the necessary structural reforms to reshape the industry for the benefit of the community.

It is important to remember that with change comes opportunity and I encourage all public authorities to be optimistic about what they can achieve.

Advocating for change

Diversity and inclusion remains an ongoing priority of mine. The progression of the public sector and our service delivery is dependent on ensuring that the diverse perspectives, experiences and backgrounds of the community are reflected in the workforce and what we do. To stimulate this change I collaborated with the Director of Equal Opportunity in Public Employment to develop our joint commitment, *Time for Action: Diversity and inclusion in public employment*. A suite of diversity strategies are to follow as part of this commitment and I will continue to support public authorities as they engage with the diversity and inclusion agenda over the next three years. This will include exploring new approaches to talent supply and recruitment, incorporating diversity and inclusion into relevant system priorities, and providing better statistical and best practice information to agencies.

It is important to remember that with change comes opportunity and after 18 years of representing Western Australia on the Council for the Order of Australia I have now relinquished the role. I thank the State for the opportunity to see first-hand the efforts of our citizens rewarded for their significant service and contribution to the fabric of our society. It has been a rewarding and humbling experience.

Finally, key staff in the Commission have been and will be critical to the achievement of our outcomes and I thank them for their professionalism, integrity and loyalty. We will continue to challenge the way we do things as we strive to deliver better outcomes and I look forward to overseeing how we evolve in the coming year.



M C Wauchope
COMMISSIONER

9 September 2016

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About this report

Welcome to the *Annual report 2015/16* of the Public Sector Commission (Commission). 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 four key sections.

- **Agency in focus** provides an overview of the Commission's workforce and strategic goals. It introduces our corporate executive team and provides a summary of our outcome-based management framework.
- **Significant issues impacting the agency** outlines the key challenges and opportunities facing public administration and management in Western Australia and how the Commission is addressing them, now and into the future.
- **Agency performance** presents detailed information against each priority area of the Commission's work and describes our major initiatives and projects.
- **Disclosures and legal compliance** includes our key performance indicators and financial statements, providing information on our performance measures and 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 2015/16.

The 'Annual report 2015/16' is designed to provide you with information about the Commission and its purpose, services and performance and presents our work in the context of the priorities stated in our strategic plan.

OUR YEAR IN NUMBERS

2015 /16



3

Agency in focus

Commission profile

Who we are

The Commission is an independent authority with policy, assistance and oversight roles. Our objective is to bring leadership and expertise to the public sector to support the integrity, effectiveness and efficiency of public administration and management. To achieve these goals we have identified four strategic priorities:

- 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.

Responsible Minister

Our responsible Minister is the Hon. C J Barnett MLA, Premier.

Enabling and administered legislation

The Commissioner is an independent statutory officer established under the PSM Act and is supported in his functions by the Commission, a department established under the PSM Act.

On behalf of the Commissioner, the Commission administers the:

- *Public Sector Management Act 1994*
- *Public Interest Disclosure Act 2003*
- applicable sections of the *Corruption, Crime and Misconduct Act 2003*.

Additionally, the Office of the DEOPE resides within the Commission and administers Part IX of the *Equal Opportunity Act 1984* (EO Act).

What we do

We support the Public Sector Commissioner (Commissioner) who:

- is the employing authority of Chief Executive Officers (CEOs) appointed by the Governor pursuant to section 45 of the *Public Sector Management Act 1994* (PSM Act)

- is responsible for the administration of the Senior Executive Service (SES) and the broader Public Service
- administers the redeployment and redundancy framework for the public sector
- has a primary role in the setting of remuneration for boards and committees
- can be directed by the Government to
 - conduct special inquiries
 - review part or all of the functions, management or operations of one or more public sector bodies, pursuant to section 24B.(2) of the PSM Act
 - action machinery of government changes—when government departments are established, amalgamated, divided or abolished
- is responsible for the prevention, education and oversight of minor misconduct under the *Corruption, Crime and Misconduct Act 2003* (CCM Act)
- has responsibility for arrangements under the *Public Interest Disclosure Act 2003* (PID Act)
- works closely with the Director of Equal Opportunity in Public Employment (DEOPE) on workforce, diversity and equal opportunity in public employment.

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.

Our stakeholders

We maintain a strong relationship with public sector agencies, public sector boards and committees, local governments, public universities, Government Trading Enterprises (GTEs), the Parliament of Western Australia (the Parliament), the government of the day and the community.

Government affiliated bodies

The Salaries and Allowances Tribunal has been determined by the Treasurer, the Hon. Mike Nahan MLA, to be an affiliated body of the Commission in accordance with section 60(1)(b) of the *Financial Management Act 2006*.

To fulfil its purpose of supporting the Government and the people of Western Australia, the public sector must be efficient, effective and retain the confidence of the community, the Government and the Parliament.

Corporate Executive

Mal Wauchope, Public Sector Commissioner

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

Dan Volaric, Deputy Commissioner, Conduct, Compliance and Internal Governance

Dan manages the Commissioner's statutory responsibilities in relation to standards, reviews, investigations and misconduct.

Rebecca Harris, Acting Executive Director, Strategic Engagement and Coordination

Rebecca delivers the Commissioner's strategic initiatives in relation to statutory responsibilities and strategic priorities.

Lindsay Warner, Acting Executive Director, Public Sector Renewal

Lindsay manages the Commissioner's statutory responsibilities in relation to policy and reform.

Andrew Dores, Acting Executive Director, Workforce Performance and Advisory Services

Andrew provides high level advice and support to ministerial offices, CEOs and agencies on public administration matters.

Alan Barrett, Acting Executive Director, Information Systems, Evaluation and Reporting

Alan delivers system level intelligence and assurance about public sector administration and management performance.

Amanda Alderson, Chief Finance Officer

Amanda provides costing, financial and management reporting services.

Stephanie Boyd, Acting Manager Human Resource Strategy and Support

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

Our objective is to bring leadership and expertise to the public sector to support the integrity, effectiveness and efficiency of public administration and management.

Executive framework

Corporate Executive

The Corporate Executive, chaired by the Commissioner, is responsible for making key strategic decisions regarding the priorities and direction of the Commission going forward. Formal Corporate Executive meetings are supported with more frequent senior management meetings attended by all members of the executive team.

Audit and Risk Committee

The Audit and Risk Committee strengthens the Commission's control environment by overseeing and monitoring the Commission's governance, risk and control frameworks and its external accountability requirements. The responsibility of the Audit and Risk Committee is to review and monitor the adequacy of arrangements to ensure that risks are effectively identified and managed, and that risk management is appropriately embedded in the Commission's planning and budgetary process.

Information Systems Governance Group

The Information Systems Governance Group (ISGG) provides Information and Communications Technology (ICT) systems planning support and endorsed policies and projects to the Corporate Executive of the Commission. The ISGG is a working group that maximises the return on the Commission's investment in systems and ICT through integration, consolidation and assessing opportunities for improvement. The ISGG also works to develop business-focused ICT policy and ensure appropriate, secure management of, and access to, Commission systems in keeping with sector-wide policies published by the Government Chief Information Officer (GCIO), Mr Giles Nunis.

In 2015/16 the ISGG considered a range of significant ICT issues and projects, including the transition of the minor misconduct function from the Corruption and Crime Commission (CCC) to the Commission's systems, and reviewing system and information security in line with recommendations published by the Office of the Auditor General throughout the year, and provided ongoing contract performance for the provision of ICT services related to the Commission's key systems and websites.

Delegations

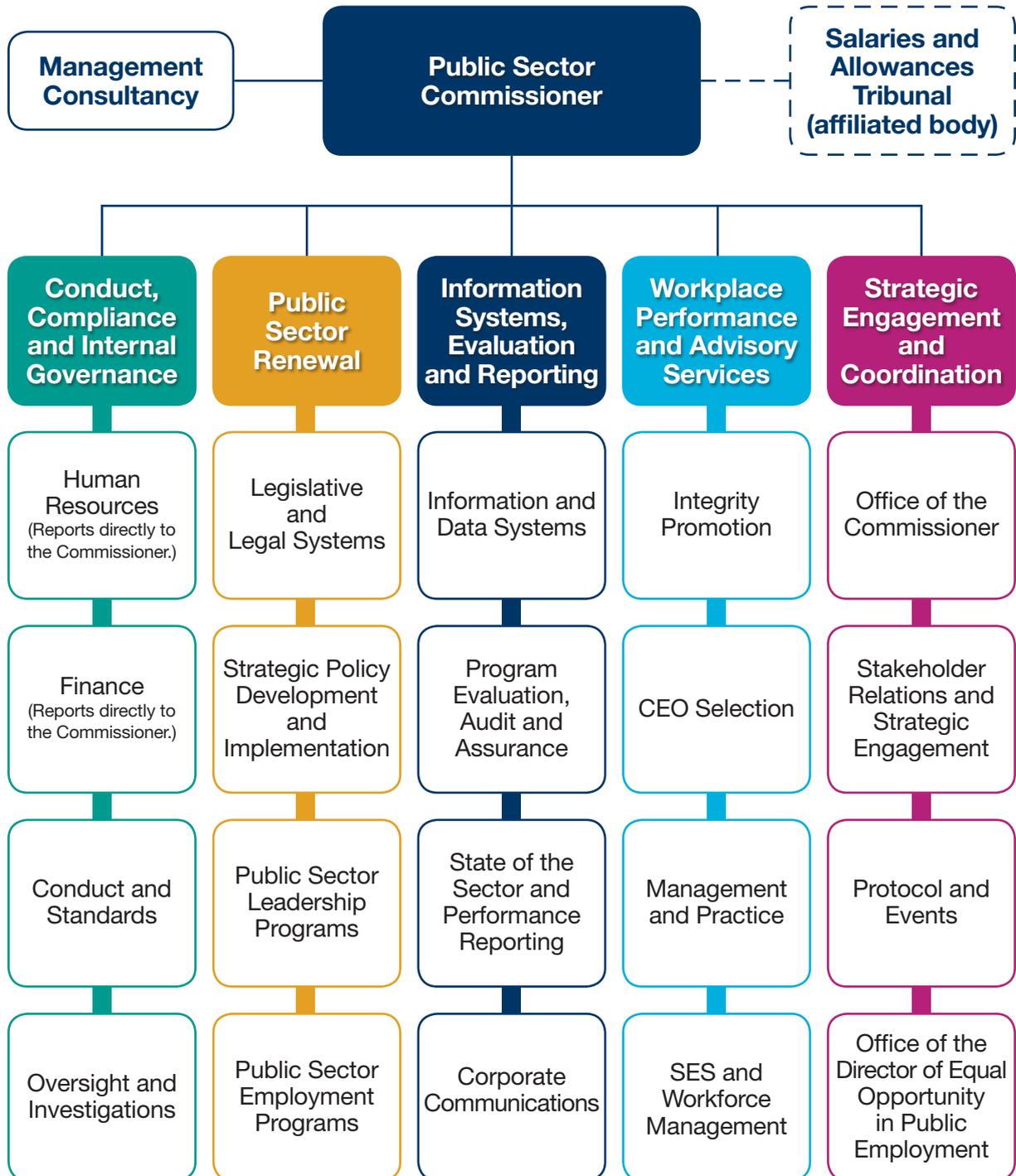
In 2015/16 the Commission conducted a review of our central legislative delegations register. During the review, the validity of delegations was assessed to ensure accountability and responsibility requirements were consistent with our relevant legislative obligations.

The Corporate Executive, chaired by the Commissioner, is responsible for making key strategic decisions regarding the priorities and direction of the Commission.

OUR ORGANISATIONAL STRUCTURE

as at 30 June 2016

2015/16



OUR WORKFORCE PROFILE

2015/16

40.5%
men

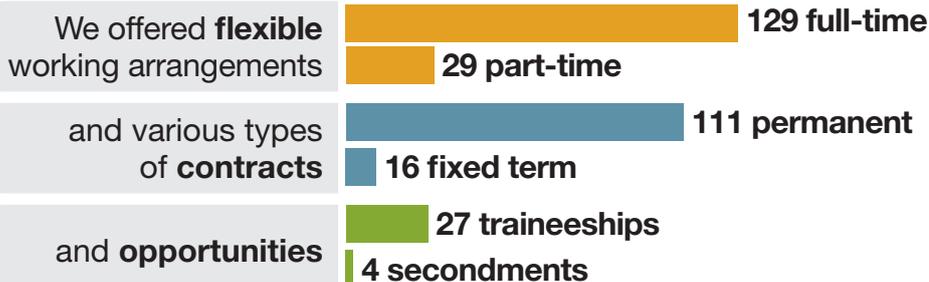


59.5%
women



158
headcount

129.6
FTE



We are committed to employing a diverse workforce

Group	Public sector average	Representation %		
		2013/14	2014/15	2015/16
Aboriginal Australians	2.7%	21.0	28.8	19.1
People with disability	2.0%	3.5	3.0	5.1
Women in management	32.9%	41.7	33.3	46.2
People from culturally and linguistically diverse backgrounds	12.6%	12.4	9.0	17.2
People 24 and under	4.4%	21.0	28.2	22.9
People 45 and over	52.6%	32.3	32.0	31.8

Disability access and inclusion plan

Under the *Disability Services Act 1993* the Commission is required to report each year on progress in implementing our Disability Access and Inclusion Plan (DAIP). In 2015/16 we released a new DAIP, which outlines our disability access and inclusion priorities for the next five years and builds upon our past achievements.

Since the implementation of our first DAIP in 2010 the Commission has introduced a range of initiatives to support equitable and inclusive access for people with disability to our services, facilities and information, including:

- partnering with the Disability Services Commission to improve participation, inclusion and access for people with disability in our organisation
- partnering with the Mental Health Commission to support good mental health in the workplace
- providing mental health first aid and disability awareness training for our employees.

Developing our talent

Performance management

Performance development processes are important in aligning individuals' goals and career development needs with the overarching outcomes of the Commission. During 2015/16 we updated our performance development process to a more contemporary and streamlined approach. A series of 'Constructive performance conversations workshops' were delivered to increase the capability of our managers to conduct effective professional development discussions. This year 70 per cent of staff participated in a performance development discussion. This is an increase on the previous year where 67 per cent of staff completed a performance development discussion.

Professional development

To assist staff to more effectively deal with clients exhibiting difficult and challenging behaviour the Commission provided 33 employees with the opportunity to attend a training session entitled 'Managing Challenging Behaviours of Clients', which focused on clients with mental health issues. The session has assisted our staff to better understand, recognise and manage challenging and difficult behaviour.

Additionally, to support our focus on the transfer of minor misconduct, we continued to build our capacity to undertake workplace investigations by providing the *Certificate IV in Government (Investigation)* to 17 employees.

Graduate program

This year the Commission recruited two university graduates as part of its annual graduate recruitment program. Throughout the year the graduates undertook a range of challenging projects and also participated in the Graduate Future Leaders Program, where they had the opportunity to network with senior leaders and other graduates from across the sector.

Traineeship programs

The Commission recognises the contribution of trainees to the sector and supports initiatives to help young people find employment in the public sector. Over the course of the year we employed two school-based trainees and one full-time Aboriginal trainee. We currently have seven permanent employees who commenced their public sector career through one of our traineeship programs.

Performance management framework

Outcome-based management framework

We support the broad government goal of 'Results-based service delivery' by providing services that are designed to enhance the efficiency, effectiveness and integrity of the public sector. The diagram below illustrates the relationship between our services and desired outcomes, and the broad government goal to which we contribute.



The Commission’s three services are linked to Key Performance Indicators (KPIs) comprised of effectiveness and efficiency indicators which consider the extent to which the Commission has achieved its desired outcomes, as illustrated below.

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

Note: Core clients comprise:

- departments created under section 35 of the PSM Act
- ministerial offices
- SES organisations specified in column two of Schedule 2 of the PSM Act
- 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.

Significant issues impacting the agency

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Strengthening integrity and accountability

Public administration is largely dependent on the community's trust in its institutional integrity and ability to uphold the public interest. The Commissioner has a legislative role to monitor and report on the state of the sector's administration and management, assess compliance with standards and ethical codes and, more recently, oversee minor misconduct.

The end of the 2015/16 financial year saw the conclusion of our first 12 months of operation implementing legislative changes emanating from the proclamation of the CCM Act on 1 July 2015. These changes gave the Commission responsibility for the oversight of minor misconduct of public officers and the misconduct prevention and education functions. The transition of functions from the CCC has been smooth and cost effective, with the new functions integrated seamlessly into our core business.

Providing programs, products and guidance to authorities to educate and inform CEOs and practitioners about misconduct prevention has been a key focus of our work over the past year. The initiatives associated with this focus have contributed to ensuring notifications about minor and serious misconduct have been made appropriately. In the year ahead we will continue to work with agencies to ensure minor misconduct is managed efficiently and effectively across the sector.

As part of our monitoring and oversight role the Commission may at times be required to investigate matters of a serious nature where there is a clear and heightened public interest. On 20 January 2016 the Premier directed the Commissioner, under sections 24H(2) and (3) of the PSM Act, to arrange a Special Inquiry to examine the system of fire management in the rural area of Waroona during the bushfire that occurred earlier in that month. The Special Inquiry report, entitled *Reframing Rural Fire Management: Report of the Special Inquiry into the January 2016 Waroona Fire*, was tabled in the Parliament on 23 June 2016. The report highlighted the urgent need to effect fundamental changes to the system of rural fire management in order to improve the systems of community safety and bushfire risk management in Western Australia. The Commission is currently considering the report's recommendations, in particular, those made in relation to structural reform.

Matters that do not require a comprehensive investigation in the form of a Special Inquiry are assessed through reviews or investigations. In April 2015 the Commission commenced a thematic review of ticket use by government bodies for sponsored or

financially supported events. The review arose from a written request from the Premier to assess information and provide advice in relation to answers provided to a series of parliamentary questions about the acquisition and provision by all public sector agencies of ticket and box access for sporting and cultural events. The report of review findings, entitled *Ticket use for sponsored or financially supported events*, was tabled in the Parliament in February 2016.

Increasing efficiency and flexibility

As the public sector evolves over time, it is important the Commission promotes a flexible approach to service delivery and continually seeks ways to become more efficient and effective. The Commission is currently subject to the Agency Expenditure Review (AER) process announced by Government with the release of the 2016/17 budget. The AER process, which has also been extended to 53 other public sector agencies, intends to increase the transparency of agency operations and drive a critical examination and re-definition of agency programs.

The entirety of the Commission's recurrent operations are within the AER's scope and the focus of the first stage of the process will be programs that can either be wholly ceased, materially altered in their delivery or Government policy shifted to reduce the extent of program delivery. This will be a significant body of work for the Commission and will help shape the future direction of our organisation. It will also provide an opportunity to rethink the Commission's vision in the context of how we think the public sector will operate in the future and the challenges it will face.

Promoting transparency in evaluation and reporting

Timely access to accurate data and information is essential to our core functions. The Commission sources system-level intelligence about public sector administration and management performance through a range of tools. This information supports the advice we provide to our key stakeholders including CEOs and Ministers. The year ahead will bring fundamental changes to the way in which we collect and manage public sector data.

The *Western Australian Whole-of-Government Open Data Policy* aims to facilitate greater release of government data to the public in appropriate and useful ways to generate value and productivity. The Commission has embraced this approach, publishing on its website information about what we collect, why it is collected and how it is published, including the scope and volume of its evaluation and assurance activities. Assurance exercises examining how agencies collect and report data and proactive performance evaluations to identify risk issues relevant to all public authorities will continue as a key priority.

As the public sector evolves over time, it is important the Commission promotes a flexible approach to service delivery and continually seeks ways to become more efficient and effective.

Building an inclusive and diverse workforce

Diversity and inclusion is an increasing focus of the Commission and reflects a growing economic and business interest in ensuring diverse perspectives, experiences and backgrounds are reflected in the workforce to meet the expectations of the community. It is widely recognised the public sector needs to have cultural competence and confidence in responding to an increasingly diverse State.

In collaboration with the DEOPE the Commissioner has committed to a collective statement of priority, entitled *Time for Action: Diversity and inclusion in public employment*. This statement expresses our joint commitment to support public authorities to create diverse and inclusive workplaces and provided the launch pad for *See my abilities: An employment strategy for people with disability*. A suite of other diversity strategies, as part of *Time for Action*, will be released in late 2016.

During the year ahead we will support chief executives to lead change through their agencies by coordinating a collective response to key diversity and inclusion issues. This includes:

- providing better statistical and best practice information
- ensuring diversity and inclusion becomes more central to leadership and talent identification
- incorporating diversity and inclusion into relevant system priorities
- exploring new approaches to talent supply and recruitment through the development of awareness about unconscious biases and how these can impact on the composition of the workforce, de-identified recruitment and a review of panel interview processes.

Expanding our partnerships

Collaboration across jurisdictions is key to strengthening public sector reform and further building connections with our national and international counterparts. Working effectively with other sectors and the community ensures that we are best placed to confront the evolving challenges faced by the public sector, now and into the future.

Over the past year the Commission has worked to strengthen our inter-jurisdictional relationships to promote information sharing across sectors and deliver outcomes for the benefit of the Western Australian community. In August 2015, at the request of the Hon. Joe Francis MLA, Minister for Veterans, we worked with former Australian Defence Force (ADF) members to undertake Australia's first ADF 'talent attraction project' to better understand the transition of employment. Based on the key findings arising from research undertaken as part of the project, a Veterans Employment Transition Support (VETS) guide was developed and a mentor network established to support ADF members seeking employment in the public sector.

Over the past 12 months we have also lead two significant inter-jurisdictional projects. In collaboration with the Australian and New Zealand jurisdictions we developed a joint success profile and associated measures for Chief Human Resource Officers (CHROs) to build human resource capability and promote a more strategic contribution by human resource professionals across the Australian and New Zealand public sectors. We also became the lead Western Australian partner organisation with Griffith University to deliver an Australian Research Council Linkage Project entitled 'Whistling While They Work #2: Improving Managerial Responses to Whistleblowing in Public & Private Sector Organisations'. The three-year project will investigate the effectiveness of public interest whistleblowing laws, policies and systems.

Asia continues to play an important part in Western Australia's future and developing stronger and more sustainable relationships with our Asian counterparts is an ongoing priority of the Commission. Over the past year we successfully worked with the Department of Foreign Affairs and Trade to foster a solid partnership and exchange program with the Indonesian and Bruneian civil services. In partnership with the Australia and New Zealand School of Government (ANZSOG) we have introduced a professional learning opportunity with the Lee Kuan Yew School of Public Policy, Singapore University, during the last year and we will continue to seek opportunities to further develop our relationship with our neighbours going forward.

Recognising achievement

The Australian Honours System recognises the outstanding achievement and exceptional service of its citizens to encourage and reinforce national ideals by identifying role models. In 2015/16, 37 Western Australians appeared on the Australia Day Honours List and 45 were acknowledged on the Queen's Birthday Honours List.

Dr Diane Patricia Mohen, Obstetrician and Gynaecologist, Bunbury, was awarded the Public Service Medal (PSM) for outstanding public service through the development and provision of maternity health programs and service delivery in regional Western Australia and our own General Counsel, Mr John Lightowlers, was awarded a PSM for outstanding service through the provision of high level strategic advice in Western Australia.

After 18 years of representing Western Australia on the Council for the Order of Australia and serving as the Chair of the State Selection Panel the Commissioner has relinquished his position.

As part of the Commission's role in promoting leadership and excellence in the public sector we administer the Premier's Awards for Excellence in Public Sector Management. In 2015 the winner in the 'Strengthening Families and Communities' category and overall winner was the Housing Authority for the 'Foyer Oxford' project, which brings together a range of stakeholders to deliver a holistic response to youth homelessness.

Going forward we will continue to recognise the significant accomplishments of the public sector and encourage all public sector employees to strive for excellence.

Agency performance

5

Targets and key performance indicators

Actual results versus budget targets

Financial targets

Category	2015/2016 Target ⁽¹⁾ \$000	2015/2016 Actual \$000	Variance ⁽²⁾ \$000
Total cost of services (expense limit)	30 071	25 709	4362 ^(a)
Net cost of service	29 626	25 327	4299 ^(b)
Total equity	6950	12 482	(5532) ^(c)
Net increase/(decrease) in cash held	(546)	2713	(3259) ^(d)
Approved salary expense level	18 711	17 038	1673 ^(d)

⁽¹⁾ As specified in the Budget Statements.

⁽²⁾ Further explanations are contained in Note 31 'Explanatory statement' to the financial statements.

^(a) The variation is mainly due to an underspend in employee benefits expense of \$3.697 million due to vacancies not being filled during a functional review and realignment of the Commission's operations and structure in the first half of 2015/16 and a whole of sector recruitment freeze during the second half of 2015/16.

^(b) The variation is covered by the explanation above.

^(c) The variance is a result of the explanations provided above in addition to a further reduction in resources received free-of-charge from the Department of the Premier and Cabinet of \$431 000.

^(d) The variation is a result of the underspend in employee benefits expense above.

The Commission's key effectiveness indicators measure the extent to which our activities are achieving, or are progressing towards, our agency-level outcome. Key efficiency indicators provide a measure of the cost of inputs required to achieve outcomes.

Working cash targets

Category	2015/2016 Agreed limit \$000	2015/2016 Target/ ⁽¹⁾ actual ⁽²⁾ \$000	Variance \$000
Agreed working cash limit (at budget)	1439	1415	24 ^(e)
Agreed working cash limit (at actuals)	1439	1244	195 ^(f)

^(e) The variation is a result of a reduction in the expected total costs of services after the 2015/16 mid-year review, particularly in relation to Royalties for Regions initiatives.

^(f) The variation is a result of a reduction in the actual total costs of services which was due to reduced employee benefits expenditure during the reporting period.

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

Key effectiveness indicator	Target 2015/16	Actual 2015/16	Variance between target and actual	Actual 2014/15	Actual 2013/14
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%	95.5%	10.5%	97%	95%
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%	85.6%	0.6%	89%	90%

Key effectiveness indicator	Target 2015/16	Actual 2015/16	Variance between target and actual	Actual 2014/15	Actual 2013/14
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.	75%	83.8%	8.8%	75%	84%
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.	75%	72.1%	(2.9%)	69%	78%

Summary of key efficiency indicators

Service 1 – Public sector leadership	Target 2015/16	Actual 2015/16	Variance between target and actual	Actual 2014/15	Actual 2013/14
Average cost per Leadership Development Product, Program or Training Hour	\$87	\$117	\$30	\$109	\$135
Average cost per Workforce Development Program, Product or Training Hour	\$139	\$117	(\$22)	\$118	\$154

Service 2 – Assistance and support	Target 2015/16	Actual 2015/16	Variance between target and actual	Actual 2014/15	Actual 2013/14
Average cost per hour of assistance and support provided	\$93	\$92	(\$1)	\$93	\$108

Average cost per Public Administration, Standards and Integrity Program, Product or Training Hour	\$80	\$85	\$5	\$120	\$105
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Service 3 – Oversight and reporting	Target 2015/16	Actual 2015/16	Variance between target and actual	Actual 2014/15	Actual 2013/14
Average cost per hour addressing legislative and policy development	\$95	\$91	(\$4)	\$97	\$109
Average cost per hour of performance and oversight activity	\$93	\$98	\$5	\$102	\$99
Percentage of oversight actions completed within target timeframes	90%	93%	3%	89%	91%

Building capacity

Developing our diverse workforce

As a citizen-centric public sector we need a workforce that is representative of the community we serve. We can achieve this by strategically aligning corporate planning and workforce planning processes, and offering programs that focus on developing employees from key diversity groups.

Aboriginal Australians

As the largest employer in the State the public sector is well positioned to contribute in a meaningful way to the achievement of employment outcomes for Aboriginal people. We recognise that there is not a 'one-size fits all' solution and that to achieve tangible outcomes key public sector agencies need to partner and work together. In 2015/16 the Commission collaborated with the Department of Aboriginal Affairs and the Regional Services Reform Unit (Department of Regional Development) to develop strategies to provide more employment opportunities and will continue to do so in 2016/17 under the State Government's 'Resilient Families, Strong Communities' roadmap for regional and remote Aboriginal communities. This collaboration and a significant amount of engagement with elders, community members and peak bodies contributed to the development of the Commission's new Aboriginal Employment Strategy. It is anticipated that this joint commitment between the Commissioner, DEOPE, Director General, Department of Aboriginal Affairs, and the head of the Regional Services Reform Unit will release the new Aboriginal Employment Strategy in late 2016.

In fulfilling outcomes from the current Aboriginal Employment Strategy the Commission employed 48 full-time Aboriginal trainees and arranged for their placement in agencies across the public sector during 2015/16. Ten of these positions were funded as part of the Royalties for Regions project, 'Element 6: Indigenous employment'. To support trainees and improve retention rates, the Commission delivers the Supervising Aboriginal Trainee Talent Program to assist supervisors understand what is involved in mentoring Aboriginal trainees in the workplace. Of the 20 Aboriginal trainees that commenced their traineeship in 2014/15 through Royalties for Regions, 13 trainees completed the program in 2015/16.

The Jawun Indigenous Corporate Partnerships Program aims to bring together corporate, government, philanthropic and Indigenous organisations to build the capability of Indigenous people and organisations across Australia. Jawun supports our Aboriginal Employment Strategy by offering opportunities for public sector employees to participate in a short-term secondment program to share their skills and experience through placement in Aboriginal organisations and communities. In 2015/16 the Commission provided funding to enable four public sector employees, representing four agencies, to participate in the program, where they worked on a range of projects aiming to improve the capability of Indigenous people and organisations.

IMPROVING ABORIGINAL OUTCOMES

ACHIEVEMENTS TO DATE



People with disability

The Commission was pleased to work with the Hon. Susan Ryan AO, Age and Disability Discrimination Commissioner, as she examined the barriers to employment for people with disability and older Australians as part of the 2016 national inquiry by the Australian Human Rights Commission, entitled *Willing to Work: National Inquiry into Employment Discrimination Against Older Australians and Australians with Disability* (Inquiry).

The Commission considers people with disability to be valuable and dynamic members of our community—but are under-represented in the workforce. In June 2016 the Commissioner, mindful of the recommendations made by the Inquiry and in collaboration with the DEOPE and the Disability Services Commissioner, launched *See my abilities: An employment strategy for people with disability*. This strategy will, amongst other initiatives, be supported by our new pilot People With Disability Traineeship Program, an academic program designed to encourage people with disability to consider the public sector as an employer of choice. The program is planned to run over a three-year period, employing up to 10 trainees annually until 2018.

People 24 and under

The Commission, and the public sector in general, have a number of initiatives to promote sustainable career opportunities for people 24 and under.

As part of our commitment to increasing the representation of people 24 and under in the public sector the Commission maintains a pool of candidates who are eager to start their career with a traineeship in the public sector. In 2015/16, 51 trainees participated in the Public Sector Traineeship Program and will receive a *Certificate II or III in Government (Public Administration)* upon successful completion. Additionally, 22 school-based trainees completed their traineeship at the end of 2015 and 22 are on track to complete theirs at the end of 2016.

We offer several programs to support trainees to develop their full potential and assist supervisors to support and develop trainees. In 2015/16 the Commission facilitated 13 trainee professional development workshops for 221 participants to foster the skills required for a career in the public sector and encourage agencies to retain trainees following the completion of their traineeships. Additionally, the Commission delivered 14 workshops to 133 trainee supervisors to provide practical tools and best practice examples to increase the level of support offered through traineeship programs.

To retain trainee talent in the public sector and assist trainees to engage in full-time, permanent or fixed term employment subsequent to the successful completion of their traineeship, the Commission offers the Trainee Transition to Employment Program. The program provides agencies with access to a pool of skilled candidates who are interested and available for specified vacancies that arise without the need to advertise. In 2015/16 seven trainees transitioned to full-time permanent employment and 11 into fixed-term employment via the program.

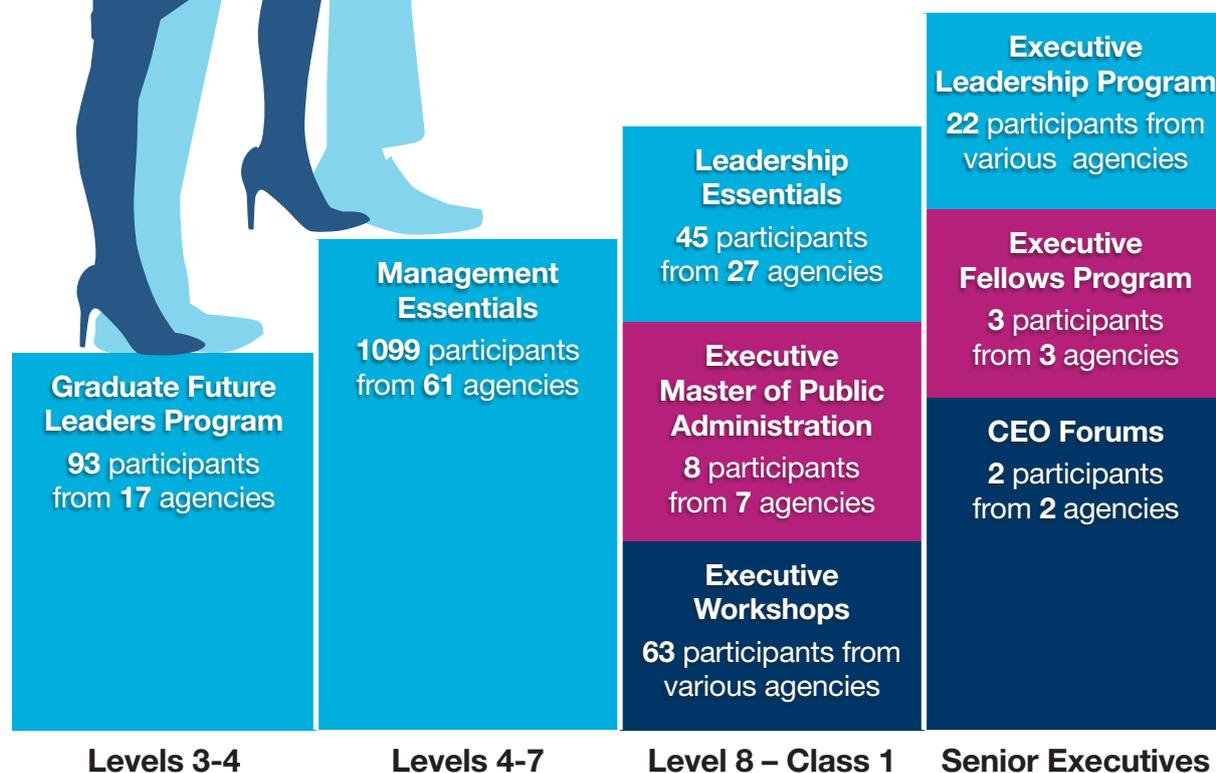
Supporting our leaders

Leadership takes many forms and occurs across all levels of the public sector. Building leadership capacity is essential to equip the sector to respond efficiently and effectively to any challenges or opportunities that may arise. The Commission facilitates and delivers a range of programs aimed at developing leaders, now and into the future. The diagram on page 32 illustrates the progression of, and target audience for, these programs.

THE LEADERSHIP DEVELOPMENT JOURNEY

2015/16

- PSC program
- ANZSOG program (academic)
- ANZSOG program (workshop)



Australia and New Zealand School of Government (ANZSOG) programs

- **Executive Master of Public Administration**

The Executive Master of Public Administration (EMPA) is a two-year part-time post graduate qualification designed to assist future leaders to develop the management and policy skills needed in the public sector today, with an emphasis on 'live' issues confronting governments. The following Western Australian public sector representatives were accepted into the 2016 EMPA intake:

1. Ms Jane Hammond, Department of Mines and Petroleum
2. Mr Stephen Psaila-Savona, Health and Disability Services Complaints Office
3. Ms Christine Thompson, Department of Fisheries
4. Mr Simon Grieve, Department of Transport
5. Mr Blair Marsh, Polytechnic West
6. Ms Cheryl Smith, WA Country Health Service
7. Mr Shaun Whitmarsh, Department of Finance
8. Mr Andrew Chaplyn, Department of Mines and Petroleum.

- **Executive Fellows Program**

The Executive Fellows Program brings together 80 senior executives—leading academics and experienced practitioners from across Australia, New Zealand and overseas. It is a three-week residential program during which participants examine emerging trends in public sector management. In 2015/16 scholarships were awarded to the following senior executives:

1. Ms Peta Mabbs, Corruption and Crime Commission
2. Mr Simon Ridge, Department of Mines and Petroleum
3. Mr David MacLennan, Department of Planning.

- **CEO Forums**

The CEO Forums present an opportunity for senior government leaders in Australia and New Zealand to come together to reflect on their work with the aim of improving their strategic management techniques. In 2015/16 we provided scholarships to the following CEOs:

1. Mr Kim Papalia, Road Safety Commissioner
2. Ms Heather Brayford, Director General of the Department of Fisheries.

- **Executive Workshops**

The Executive Workshops aim to equip senior executives with the necessary knowledge and skills to lead and influence change. They focus on managing increasingly complex accountabilities in the context of shifting government priorities, limited finances and in many cases, entrenched organisational cultures. In partnership with ANZSOG in 2015/16 the Commission delivered workshops on *Applying Behavioural Insights and Project Management for Policy Design and Implementation*.

- **Leadership Seminar Series**

The Leadership Seminar Series provides a structured program of timely, relevant and influential events for public sector employees aspiring to leadership positions. In 2015/16 the Commission hosted 16 separate speaking events with the following speakers:

1. Dr Zina O’Leary (July 2015), The University of Sydney and ANZSOG
2. Associate Professor Liam Smith (September 2015), Director of BehaviourWorks Australia, Monash Sustainability Institute
3. Mr David Albury (March 2016), a Board Director of Innovation Unit, ANZSOG
4. Dr Adrian Kuah, Head of Case Study Unit, and Ms Cheryl Chung, Deputy Director, Strategic Planning (April 2016), Lee Kuan Yew School of Public Policy
5. Emeritus Professor Arie Freiberg AM (May 2016), Adjunct Faculty appointment at ANZSOG and is a fellow of the Academy of Social Sciences in Australia and the Australian Academy of Law, Monash University
6. Professor Gary Sturgess AM (June 2016), Premier of New South Wales ANZSOG Chair of Public Service Delivery, University of New South Wales.

Public Sector Commission programs

- **Executive Leadership Program**

The pilot Executive Leadership Program is the Commission’s newest leadership initiative. As part of this program, we provide scholarships to senior executives from management Tiers 2 and 3 across the sector to help them identify and address their skills and capability gaps.

- **Leadership Essentials**

Leadership Essentials is designed to engage and develop authentic, ethical and innovative leaders who create value for agencies and the sector as a whole. Targeted at aspiring SES leaders, Leadership Essentials develops strategic and critical thinking to assist leaders to make decisions that have a positive impact on their environment.

- **Management Essentials**

Management Essentials is a series of modules delivered as individual workshops, designed to empower managers to lead and make good decisions. In 2015/16 the Commission delivered 41 workshops in the metropolitan area and three workshops in regional areas—Kalgoorlie, Geraldton and Karratha.

- **Graduate Future Leaders Program**

The Graduate Future Leaders Program is designed to provide public sector graduates with a whole-of-government perspective on the political, legislative, policy and operational environment. Graduates are exposed to a variety of inspiring work through workshops, an action-learning project and the opportunity to network.

- **Public Sector Management Program**

In 2015/16 we continued to work with the Queensland University of Technology to deliver the Public Sector Management Program, which is a national post graduate program to 50 participants from State and local governments.

As a citizen-centric public sector we need a workforce that is representative of the community we serve. We can achieve this by strategically aligning corporate planning and workforce planning processes, and offering programs that focus on developing employees from key diversity groups.

Harnessing our technical expertise

The Commission regularly engages with technical specialists across the sector, including ICT specialists, financial officers, policy practitioners and human resource officers. In 2015/16 we initiated and facilitated a number of projects and programs to enhance the technical capability of these specialists.

Following its success in 2014/15 the Commission's pilot Public Sector Cadetship Program continued this year. Developed in collaboration with the Department of Training and Workforce Development and *Future Skills WA*, the cadetship program focuses on addressing the skill gaps identified across the public sector in financial services, human resources and investigations.

Investigations capability

The end of the financial year saw the conclusion of the Commission's first full year of operation following the transfer of the minor misconduct oversight, prevention and education functions. Development of the skills and abilities of public sector employees has been critical in ensuring the smooth and cost effective transition of functions.

In 2015/16 the Commission provided *Certificate IV in Government (Investigation)* training to 114 public authority employees to enhance their capability to successfully undertake investigations within their organisation. The certificate provides participants with practical skills and knowledge to investigate non-compliance, conduct interviews and prepare investigation reports.

Further to the certificate qualification the Commission also offered senior staff who have oversight of investigations within their agencies a *Diploma in Government (Investigation) Cadetship*. This 18-month course is currently being delivered to 21 participants from 16 agencies.

Human resources capability

At the request of the Australian and New Zealand Public Service Commissioners, the Commission collaborated with the New South Wales Public Service Commission to develop a joint CHRO leadership success profile and associated measurement system as a reference point for all jurisdictions. In 2015/16 the Commission also established a network of CHROs from the public sector, local governments, public universities and GTEs through the delivery of regular events and communities of practice.

In addition, the Commission offered the *Diploma of Government (Human Resources)* to 19 participants (4 regional and 15 metropolitan) from 14 agencies with the aim of investing in and building the sector's existing human resource expertise.

ICT capability

This year, in collaboration with the GCIO, the Commission developed the ICT capability framework to advance and shape the ICT workforce. Adopting a whole-of-government approach, the framework maps the capability requirements for ICT practitioners to promote consistency across the sector. The framework was developed through extensive consultation with Chief Information Officers (CIOs), ICT practitioners and senior executives across the sector.

To support the framework's implementation, the Commission is currently delivering awareness sessions to IT managers, CIOs and human resource managers and is developing an online tool to attract and assist agencies to navigate the framework.

Policy capability

Policy practitioner forums are a co-initiative of the Commission and the Department of the Premier and Cabinet and provide an opportunity for public sector employees to exchange ideas, opinions and knowledge. In 2015/16 we delivered two forums to 92 participants, entitled *Engaging with the process—working towards the ideal cabinet submission*. The forums explored the cabinet submission process with an emphasis on outlining the various key roles and responsibilities, defining the target audience, understanding how to effectively consult with relevant stakeholders and interested parties and understanding how to manage competing or contentious issues.

Finance capability

In 2015/16, to enhance the financial skills of the sector, the Commission conducted a review of the current financial capability of the Western Australian public sector. The review involved discussions with 50 senior officers and Chief Financial Officers (CFOs), consultation with public sector CEOs and the distribution of a survey to over 70 agencies. Input from a reference group of CFOs and central agency representatives also contributed to the review. The Commission has seconded the CFO from the Department of Finance to assist with the implementation of recommendations arising from the review, including the development of a Finance Capability Framework.

To continue to build the financial capability of the sector the Commission also offered the *Diploma of Government (Financial Services)* to 15 participants (1 regional and 14 metropolitan) from 11 agencies.

Engaging with our stakeholders

Engaging with our stakeholders is a priority for the Commission and a key means of sharing good practice and creating opportunities for collaboration.

Regional engagement

With around one quarter of the public sector workforce located outside the Perth metropolitan area, Royalties for Regions funding has been essential to enabling the Commission to deliver capability and development programs and employment initiatives in the regions. This year marked the finalisation of our last funding initiative from Royalties for Regions, as we have integrated our regional activities into our core programs.

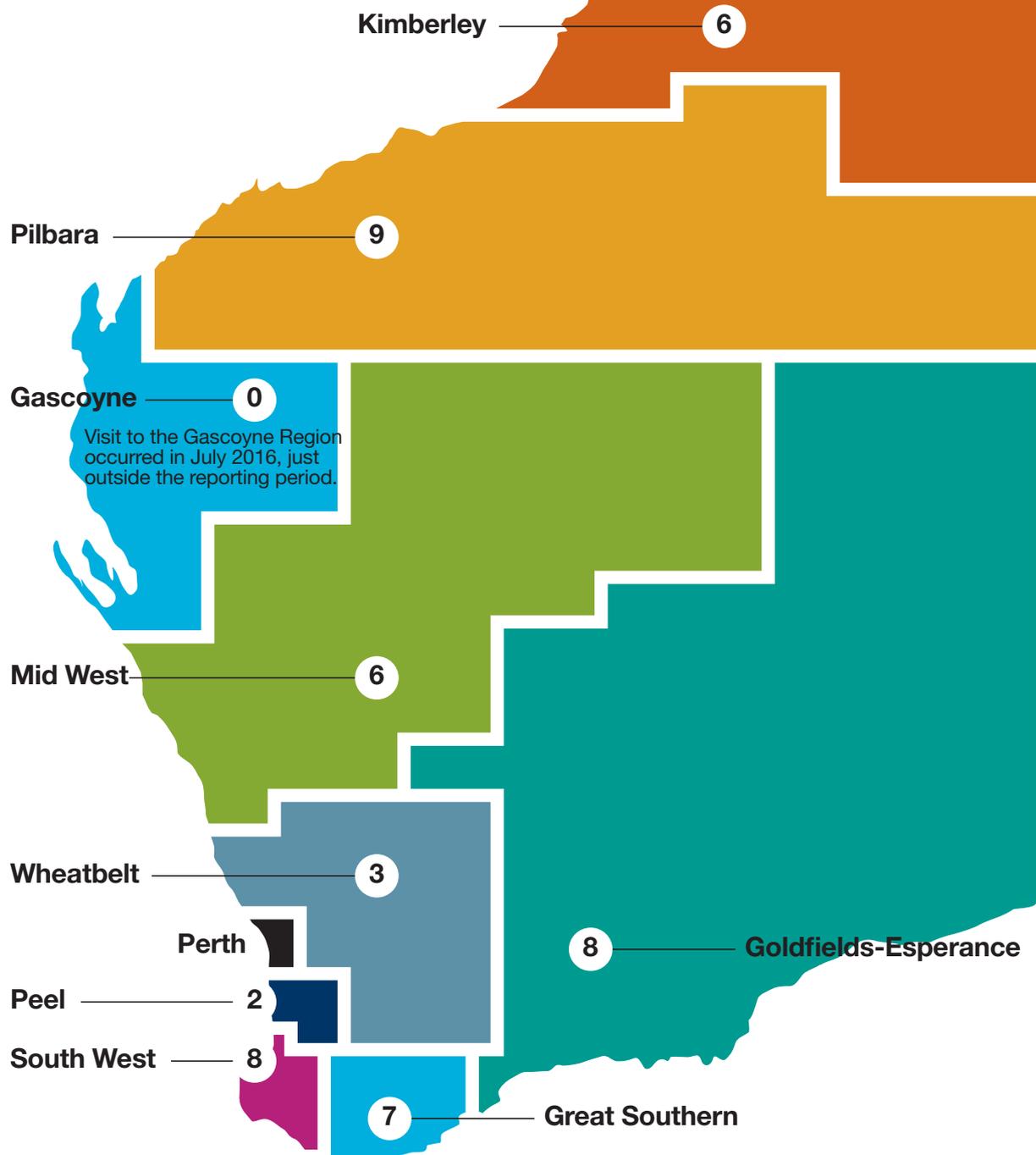
Throughout the year the Commission generated practical benefits for regional employees in public authorities, including an increased understanding of ethics and integrity, leadership and management development through the delivery of 49 professional development sessions in regional areas. Over the past year we were pleased to provide these opportunities in all regions of the State, although our sessions in the Gascoyne were delivered in July 2016, just outside the reporting period. Electronic infrastructure, including video conferencing and webcasting facilities has enabled 1091 employees from regional public authorities to access real-time professional development initiatives delivered by the Commission over the last year.

In 2015/16 the Commissioner also personally visited the Wheatbelt, Great Southern and Peel regions. These visits provided an insight into the regional perspective on the unique challenges and ethical issues faced in regions. A highlight of the regional program was the Commissioner's visit to Albany with the Commissioner of the CCC, the Hon. John McKechnie QC, to update the region on the new arrangements for reporting allegations of serious and minor misconduct of public officers.

The diagram on page 38 illustrates the number of visits to each of the regions by the Commission during the reporting period.

OUR REGIONAL VISITS

2015/16



Local Government engagement

Since the transfer of minor misconduct and prevention and educations functions from the CCC to the Commission on 1 July 2015, we have sought to increase our engagement with local government and build strong relationships across this sector.

In 2015/16 the Commissioner had personal contact with 58 local governments over the course of the reporting period. Central to this was ongoing communication with the Local Government Managers Australia (LGMA) (WA) and the Western Australian Local Government Association (WALGA), the peak bodies for local government in Western Australia.

In October 2015 the Commissioner spoke at the LGMA (WA) State Conference. This was the Commissioner's first presentation at a whole-of-local government sector event and was a positive step forward in continuing to forge our relationship with this sector. The Commissioner used the opportunity to share his vision of where the Commission is heading with its integrity promotion program, particularly around building ethical cultures, good governance and capability. In November 2015 the Commissioner also spoke at the WALGA Breakfast with the Commissioner of the CCC about how the relationship between elected members and local government employees is critical in ensuring effective governance.

Local government plays an important role in the communities of Western Australia through the delivery of a diverse range of services. While the roles of elected members and employees are different, all officers have a responsibility to perform their duties in the public interest and make accountable and ethical decisions.

Under the *Local Government Act 1995* local governments are required to prepare or adopt a code of conduct to be observed by elected members, committee members and employees. In 2016 the Commission developed a guide to assist local governments to develop, implement, promote or review their codes of conduct, with particular emphasis on employees. The guide is complemented by a range of other governance resources available on our website. In addition, the Commission has developed an Accountable and Ethical Decision Making (AEDM) program customised for local government – supported by workshop materials. The program is intended to support local governments in the development and delivery of an accountability program that enables employees to gain a better understanding of the expected standards of conduct and their obligations as public officers within the unique local government context.

Community engagement

The Commission is increasingly engaging with new stakeholders in the not-for-profit and community sectors. We have established links with peak bodies such as Volunteering WA, Western Australian Council of Social Services, Reconciliation WA and Linkwest to plan and conduct collaborative events. In addition, we continued to work with key organisations in the disability, LGBTI¹ and youth sectors, as well as directly with the community. In collaboration with the Ombudsman and the Office of the Information Commissioner we have also held a series of informal conversations at Community Neighbourhood and Learning Centres.

¹ Lesbian, gay, bisexual, transgender and intersex (LGBTI).

International engagement

The Western Australian public sector has a long history of engagement with its overseas neighbours. The Commission, in collaboration with the Department of Foreign Affairs and Trade, has led the sector's engagement to develop stronger and more sustainable relationships with our counterparts in Asia.

In 2015/16 the Commission was pleased to join the Indonesian Consul General, the President of the Indonesia Institute, and colleagues from the Department of State Development and Curtin University to successfully deliver the International Leadership Program: Indonesia to 27 participants from the Government of Indonesia ministries. The program provides Indonesian Australian Award scholarship recipients with an understanding of the Western Australian public sector through a series of seminars, discussions and site visits.

Throughout 2016 the Commission has also been involved in facilitating the Australia-Indonesia CAFE (Connection, Association, Friendship and Exchange) Program which aims to connect Indonesian civil servants with people in the public sector in a peer-to-peer or peer-to-mentor scheme. This year 18 Indonesian CAFE participants have been paired with one Western Australian public officer, with efforts made to link people with similar profiles.

The Commission has also formed a collaborative relationship with the Bruneian Public Service Department to improve cross-country understanding of government structures and processes. In 2015 we welcomed two interns from Brunei as part of an inaugural exchange between the Australian and Bruneian Governments.

In addition, we continued to embrace opportunities for closer relationships with our international counterparts and share our recent experiences of changes in the integrity landscape. In 2015/16 we hosted six international delegations and met with several senior public servants from Indonesia (including the Executive Council of Indonesian Ombudsman), Ghana, Sri Lanka and Papua New Guinea.

In the future we will:

- partner with the DEOPE to release a range of diversity strategies
- develop a leadership success profile to establish a common set of expectations, accountabilities and experiences that can apply to all CEOs
- partner with the University of New South Wales in a research project evaluating how successfully government agencies implement initiatives to progress gender equality
- continue to strengthen our strategic ties with our international neighbours, the community and non-government sectors.

Assistance and support

Advisory and consultancy services

The Commission acknowledges that public authorities operate in a complex and challenging environment and at times require additional guidance and support.

Our advisory and consultancy services assist agencies to interpret and apply the public sector standards in human resource management, provisions of the PSM Act, Commissioner's Instructions, associated regulations and other instruments relevant to the Commissioner's functions. We also provide advice on the PID Act and relevant sections of the CCM Act to public authorities and members of the community.

Embedded assistance activity

As part of the Commission's assistance role several staff have been embedded in agencies across the public sector to provide support during periods of organisational change. In 2015/16 a total of seven staff were embedded in six agencies.

In certain cases the Commission may also investigate matters on behalf of agencies where they are particularly sensitive or complex or where the agency does not have the resources to resolve the matter. In 2015/16 the Commission assisted two agencies with three investigations examining conduct issues.

Advisory line

The Commission provides an advisory line service to assist public authorities with inquiries around a variety of issues from the application of employment standards and the operation of breach of standard provisions, to the notification of minor misconduct matters and the development of agency codes of conduct.

In 2015/16 the Commission responded to or initiated 2840 enquiries, of which 610 (21.5 per cent) related to minor misconduct. Of these calls 52 (8.5 per cent) related to conflicts of interest, 24 (3.9 per cent) related to gifts, benefits or hospitality, 21 (3.4 per cent) were about personal behaviour, eight (1.3 per cent) related to the use of public resources, four (0.7 per cent) were about fraudulent or corrupt behaviour and four (0.7 per cent) were about use of information and record keeping.

In the wake of the public sector external recruitment freeze the Commission provided a greater level of support and assistance to agencies particularly around:

- *Public Sector Commissioner's Circular 2015-05: 2015 – 16 Budget – Additional Corrective Measures – Recruitment Freeze*
- *Public Sector Commissioner's Circular 2015-16: Mid-Year Review – Additional Corrective Measure External Recruitment Freeze Procedures For Agencies.*

These documents defined the scope and application of principles to be applied during the freeze.

Workplace behaviour, performance and investigations

To support agencies to manage workplace behaviour and performance, the Commission delivered two metropolitan *Workplace behaviour: Is it discipline?* sessions focusing on the management of issues arising from problematic or unwanted workplace behaviour.

Accountable and Ethical Decision Making (AEDM)

The Commissioner is responsible for providing AEDM training to chief executives. In 2015/16 he personally delivered training to 22 groups comprising CEOs, corporate executives and local government leaders. Commission staff delivered 38 AEDM training sessions to agencies, boards and committees, and also delivered AEDM training to ministerial staff.

As part of our consultancy service we are available to review agency codes of conduct and associated policies upon request and completed 34 peer reviews in 2015/16. We also conducted 64 presentations on good governance to metropolitan and regional boards, local governments and other agencies.

Public Interest Disclosure

As part of our assistance role we support authorities to comply with the PID Act by distributing a range of material to assist agencies to meet their obligations under the PID Act and delivering specialised training to Public Interest Disclosure (PID) officers.

To support the public interest disclosure process in 2015/16 the Commission delivered 24 *Navigating the 'Public Interest Disclosure Act 2003'* information sessions to 551 participants. A new suite of PID products to encourage disclosers to speak out against wrongdoing and assist agencies to appropriately manage disclosures was released in 2016.

Advisory and consultancy services provided by the Commission assist agencies to interpret and apply the public sector standards in human resource management, provisions of the PSM Act, Commissioner's Instructions, associated regulations and other instruments relevant to the Commissioner's functions. The Commission also provides advice on the PID Act and relevant sections of the CCM Act to public authorities and members of the community.

Human resource management

Redundancy and redeployment

The Commissioner is responsible for administering the public sector's redeployment and redundancy framework. As part of assisting the public sector to implement this framework the Commission provides general advice and support to agencies on legislative requirements and case management. In 2015/16 there were 1241 voluntary severances across the public sector, 10 employees registered for redeployment received a redundancy payment and an average of 734 vacant positions were posted for redeployment clearance each month. As at 30 June 2016 there were six registered redeployees.

Recruitment Advertising Management System

The Recruitment Advertising Management System (RAMS) is a whole-of-government e-recruitment solution that allows agencies to manage their recruitment and candidate management practices, severances, redeployment and redundancies, and employment registers.

The Commission is responsible for managing the contract and funding of the system, which includes day-to-day support for agencies and job seekers. Significant system projects have been undertaken over the past 12 months in order to:

- meet the new redeployment and redundancy arrangements that came into effect in 2015
- improve agency recruitment practices, such as the Aboriginal Workforce Development Centre jobs board that aims to better assist Aboriginal job seekers in finding employment
- integrate the Commission's Internship Program to streamline processes and achieve improved outcomes
- ensure the *WA Government Jobs Board* meets appropriate accessibility standards.

During the reporting period there were 11 427 advertisements created in RAMS compared with 13 857 in 2014/15 and 10 233 in 2013/14.

Machinery of government

In 2015/16 the Commission assisted the State Government with the implementation of the following machinery of government changes:

- establishment of the Office of Road Safety Commissioner as a department with effect from 1 July 2015
- establishment of the Office of Chief Information Officer as a sub-department under the *Financial Management Act 2006* with effect from 1 July 2015
- establishment of the Conservation and Parks Commission as a new statutory body combining the former Marine Parks and Reserves Authority and the former Conservation Commission with effect from 7 May 2016.

Additionally, the Commission provided advice on the proposed deregulation of the Potato Marketing Board announced on 15 April 2016 to take effect on 1 July 2016 and machinery of government issues associated with proposals for new heritage laws ('exposure draft' released August 2015).

As part of the Government's asset sale program the Perth Market Authority (PMA) was sold to a company outside the public sector on 31 March 2016. Commission staff assisted the Department of Treasury's Strategic Project Team and the Minister for Agriculture and Food in putting in place appropriate arrangements for the management of existing PMA employees.

The Training Sector Reform Project implemented key changes to the structure of the Western Australian public training sector, with the number of State Training Providers streamlined from 11 to 5. The new structure commenced operation from 11 April 2016. The Commission supported the Minister and the Department for Training and Workforce Development in implementing the reform measures. This included the formation of new Governing Councils, the appointment of acting Managing Directors and arrangements for employees affected by the reform measures.

Chief executive officers and statutory office holders

The Commissioner is responsible for the appointment and reappointment of CEOs of public authorities under sections 45 and 46 of the PSM Act respectively. As part of this, advice is provided to the Commissioner by our officers on recruitment, transfer, acting appointments, remuneration, performance agreements, discipline and separation. In 2015/16 six new CEOs were appointed and 10 were reappointed, as outlined below.

CEO appointments 1 July 2015 to 30 June 2016

Position and agency	Appointee
Executive Director, Department of the State Heritage Office	Mr Graeme Gammie
Managing Director, Durack Institute of Technology	Mr William Swetman
Managing Director, Challenger Institute of Technology	Ms Terry Durant
Commissioner of Road Safety, Office of the Commissioner of Road Safety	Mr Kim Papalia
General Manager, Perth Theatre Trust (position held concurrently with the office of Director General, Department of Culture and the Arts)	Mr Duncan Ord OAM
Director General, Department of Water	Mr Michael Rowe

The Commissioner is the employing authority of CEOs appointed by the Governor pursuant to section 45 of the PSM Act.

CEO and Deemed CEO reappointments 1 July 2015 to 30 June 2016

Position and agency	Appointee
Director General, Disability Services Commission	Dr Ron Chalmers
Director, Kimberley Development Commission	Mr Jeff Gooding PSM
Director, South West Development Commission	Mr Don Punch
Director, Great Southern Development Commission	Mr Bruce Manning
Director, Wheatbelt Development Commission	Ms Wendy Newman
Director, Mid-West Development Commission	Mr Gavin Treasure
Chief Executive Officer, Metropolitan Cemeteries Board	Mr Peter Deague
Chief Executive Officer, Department of Education Services	Mr Richard Strickland
General Manager, Office of the Environmental Protection Authority	Mr Kimberley Taylor
Chief Executive Officer, Minerals Research Institute of Western Australia	Mr Mark Woffenden

In 2015/16 we also assisted with the appointment of the following statutory office holders:

- Mr Colin Pettit, Commissioner for Children and Young People
- Ms Sarah Cowie, Director of the Health and Disability Complaints Office
- Ms Nicola Cusworth, Chairperson of the Economic Regulation Authority
- Mr Stuart West, General Manager of the Forest Products Commission.

CEO performance agreements

CEO performance agreements and assessments support high level leadership and accountability across the public sector by documenting and promoting a shared understanding between a responsible authority, a CEO and the Commissioner as their employer. The performance agreements detail high level outcomes and timeframes being sought by a responsible authority with respect to Government priorities, agency specific objectives and sector-wide initiatives.

In 2015/16 the Commission amended the CEO performance agreement template to include measurement against departmental financial performance and budget appropriation. We are also reviewing the current process and guidelines to develop a more robust and meaningful framework.

During the next reporting period the Commission will develop a discrete CEO success profile and a discrete CFO success profile. Each success profile will describe and support high level leadership and business-focused role requirements across the Western Australian public sector by outlining role expectations, accountabilities and experiences deemed critical to overall individual, agency and whole-of-sector performance. The profiles will act as tools to provide building blocks towards future recruitment, performance management, key performance measurement, and learning and development systems.

Senior Executive Service

The SES is a group of senior officers who deliver high level strategic policy advice for the sector and undertake managerial responsibility. As at 30 June 2016 there were 500 members of the SES comprising 169 females and 331 males.

The Commission provides advice and guidance to agencies in relation to SES contracts of employment, the creation and variation of SES positions and the appointment of senior executives. The Commission is instrumental in the determination of classifications, reclassifications and payment of temporary special allowance submissions for all public service positions above the Level 8 classification.

This year the Commission assessed 87 SES submissions of which 80 were supported, four were not supported and three were withdrawn.

Boards and committees

Remuneration

The Commission recommends remuneration rates for the majority of government boards and committees. This year the Commission provided recommendations for 28 boards. This included the new WA Health Governing Boards due to commence on 1 July 2016. Board and committee remuneration received by members in a financial year is generally published in the annual reports of public authorities.

Advice and assistance

In 2015/16 the Commission assisted in a number of matters relating to conflicts of interest. We continue to support government boards and committees by providing information and advice for establishing and maintaining good governance practices. To this end, the Commissioner addressed 16 government boards and committees on good governance procedures, taking the total to 112 over the last five years.

In the future we will:

- release products to encourage disclosers to speak out against wrongdoing and to assist agencies in managing PID disclosures
- enhance the performance of CEOs through the development of a CEO success profile and a renewed approach to CEO performance agreements
- continue to make public authorities aware of their obligations under the PSM Act, PID Act and CCM Act
- continue to provide assistance and support to agencies on a range of public administration and workforce management issues.

SECTOR SUPPORT IN NUMBERS

2015/16



Minor misconduct

The end of the reporting period saw the conclusion of our first full-year of operations arising from implementation of legislative changes arising from proclamation of the CCM Act on 1 July 2015. These changes have given the Commission responsibility for the oversight of minor misconduct by public officers and misconduct prevention and education, and enabled the CCC to focus on serious misconduct by public officers, including police misconduct. The CCM Act defines all misconduct by police as serious misconduct.

It is important to note that minor misconduct, as defined in the CCM Act, can have a significant outcome, if proved, in that to meet the definition under section 4(d) of the CCM Act the misconduct constitutes or could constitute a disciplinary offence providing reasonable grounds for the termination of a public officer's employment.

The transfer of responsibility for minor misconduct and the prevention and education functions from the CCC to the Commission has been led by the Commissioners who have worked collaboratively to ensure communication with public authorities has been clear and consistent. The two agencies developed a joint information resource which provided advice on the requirement to notify and about 'tests' to be applied in making an informed judgement about whether a matter should be treated as suspected minor or serious misconduct. The Commission delivered 74 *Navigating the integrity landscape* information sessions either face-to-face in both metropolitan and regional Western Australia or online through WebEx. This collaborative and consistent approach has contributed to a seamless and cost effective transition of functions.

The Commissioners have also jointly, and individually, engaged in a number of significant events including the:

- Joint Commissioners' Forum, *Understanding the new integrity framework*, for CEOs in July and SES members in August 2015
- Australian Public Sector Anti-Corruption Conference (APSACC) in Brisbane in November 2015
- Western Australian Local Government Association (WALGA) Breakfast in November 2015
- Joint Commissioners' Forum, *Navigating the new integrity framework* in Albany in March 2016
- Joint Commissioners' Forum, *Reflections of the first 12 months*, for CEOs in June 2016.

Notification of minor misconduct

The Commission has implemented a number of prevention and education initiatives aimed to improve awareness of notification requirements of public authorities, and understanding of the misconduct oversight framework. As a result, it seems public authorities are generally making informed notifications about misconduct.

However, we considered it timely that an evaluation be conducted of the general arrangements used by public authorities to manage misconduct and notify minor misconduct. The evaluation commenced in May 2016 and covers leadership and culture, systems, policies and processes, and the application of these arrangements by public authorities. It is anticipated outcomes from the evaluation will be provided to the Commissioner in late 2016.

Prevention and education

The Commission has always had a role in ensuring an ethical public sector and has long had responsibility for the oversight of the *Public Interest Disclosure Act 2003* across public authorities. The transfer of the prevention and education functions from the CCC has added an additional dimension to the Commission's existing integrity role. Preventing misconduct provides the Commission with the opportunity to adapt a number of existing products and programs to a wider audience. Recognising the importance of communicating a shared understanding of expected standards of conduct the *Accountable and ethical decision making* curriculum, delivered by agency heads across the State public sector, has been adapted for the use of local government. This complements our new *Guide to developing a code of conduct* for local governments which was released in 2016.

A key component of our prevention and education role has been developing the capability of integrity practitioners and officers who undertake investigations. The Commission has provided a specialist qualification, *Certificate IV in Government (Investigation)* to 114 officers, enhancing their capability to successfully undertake investigations within their organisation. A step-up from the certificate qualification is the *Diploma in Government (Investigation)*. The Commission is currently delivering this 18-month course to 21 senior staff who have oversight of investigations within their agencies.

To support our activities we have designed a range of integrity promotion resources and fact sheets, including the *I think it's misconduct – What should I do?* brochure for community members which is available in 10 different languages. The Commissioner met with 40 community leaders from culturally and linguistically diverse groups to discuss the minor misconduct landscape and the recent changes to reporting.

Assessment process

Under the CCM Act the Commission is required to assess every report or notification it receives. Many complainants who report matters to the Commission have expectations that their concerns will be investigated. However, there are a number of key issues that need to be taken into consideration when assessing matters. These include:

- whether the matter falls within the Commission's jurisdiction—if not, we may refer it to another appropriate authority or take no further action
- the seniority of the public officer involved and the position the public officer holds

- whether the matter has system-level implications within the agency concerned or for the broader sector
- whether the public authority has the resources and capability to investigate the matter itself
- whether the public authority has robust quality and assurance mechanisms in place
- whether the matter raised is of particular interest to the Commission or the CCC, in relation to broader patterns of conduct or particular themes in ongoing prevention and education work.

The Commission aims to assess notifications and reports as quickly as possible. This process is assisted by detailed reports and notifications that reference or include all available evidence. Following an assessment, there are a number of options available to the Commission. These include:

- taking no further action in relation to the matter
- referring the matter back to the public authority for it to manage
- referring the matter back to the public authority for it to manage, with the Commission monitoring the process undertaken and/or the outcome
- investigating the matter using investigation or inquiry powers that are available to the Commissioner
- investigating cooperatively with the CCC or another appropriate authority
- referring the matter to the CCC or to another appropriate authority.

In 2015/16, upon assessment, the Commission took the following actions in relation to minor misconduct matters.

Action	Number
Referred to Authority – outcome requested	183
Referred to Authority – report requested for review	76
Referred to CCC or other agency	67*
Referred to Authority – no response required	11
No action taken	140
Total matters	477

* 66 matters referred to the CCC and one matter referred to the Department of Local Government and Communities.

Misconduct matters

In 2015/16 the Commission was notified about 477 minor misconduct matters, of which:

- 384 were notifications from notifying authorities and other individuals obliged to notify minor misconduct under section 45H of the CCM Act

- 93 were reports from other individuals made under section 45E of the CCM Act
- none were propositions about minor misconduct made by the Commissioner under section 45F of the CCM Act.

The number of minor misconduct matters notified to the Commission by each sector are provided in the table below.

Sector	Notifications (section 45H)	Reports (section 45E)	Total matters
Western Australian public sector	272	53	325
Local governments	36	24	60
GTEs	59	4	63
Public universities	16	5	21
Out of jurisdiction	1	7	8
Totals	384	93	477

The 477 matters comprised 824 allegations of minor misconduct and with a total of 200 016 employees across four jurisdictions this represents approximately one allegation per every 250 employees. As illustrated by the graphic on page 53, just under 57 per cent of these concerned personal behaviour—this is consistent with our experience that the areas of greatest risk are those which involve decision making by individuals directly relating to another individual.

Of the 824 allegations received, 616 have been finalised by the Commission. Of these 616 allegations finalised, 238 allegations were referred to another more appropriate authority or the Commission decided to take no further action in relation to them. Of the remaining 378 allegations finalised by the Commission:

- discipline investigations were conducted in relation to 256 allegations
- discipline investigations were not conducted by the relevant employing authority in relation to 122 allegations.

Circumstances where an allegation may not result in a discipline investigation are when:

- the employee resigned and the employer considers that it is not in the public interest to pursue the matter
- the employment contract was not renewed
- counselling or improvement action was taken.

Of the 256 allegations for which a discipline investigation was conducted, 195 allegations were substantiated. The final outcome for these substantiated allegations are provided in the table on page 52.

Outcome	Western Australian Public Sector	Local governments	GTEs	Public universities	Total
Training, counselling or other improvement action mandated	39	10	18	1	68
Employment terminated	26	5	30	3	64
Not terminated, but other sanction applied	51	5	4		60
No sanction applied	2		1		3
Totals	118	20	53	4	195

The Commission's internal assessment team monitors trends in reporting to ensure there are no serious issues of concern. Consistent with our focus on prevention and education, the Commission was only required to undertake one investigation of minor misconduct this year.

A broader analysis of public sector ethical conduct, as well as the range of behaviours that could reasonably lead to the termination of employment (minor misconduct), will be provided in the *State of the WA public sector 2016* report.

The end of the reporting period saw the conclusion of the first full-year of operations arising from implementation of legislative changes arising from proclamation of the CCM Act on 1 July 2015. These changes have given the Commission responsibility for the oversight of minor misconduct by public officers and misconduct prevention and education.

MINOR MISCONDUCT ALLEGATIONS

2015/16

65 Does not relate to the conduct of a public officer as defined within the CCM Act

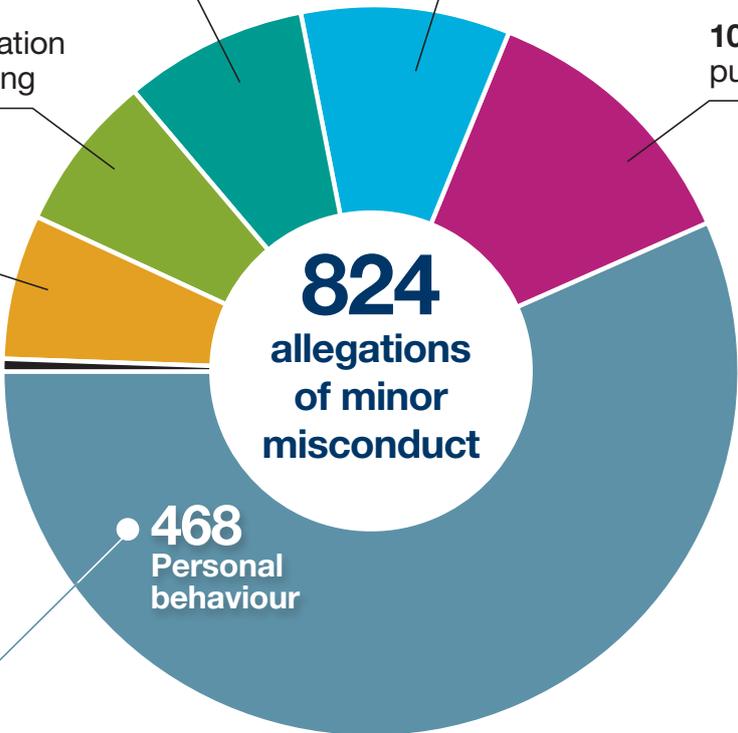
76 Fraudulent or corrupt behaviour

59 Use of information and record keeping

101 Use of public resources

53 Conflicts of interest

2 Inappropriate provision of gifts or hospitality



120 Offensive or inappropriate personal behaviour – other

77 Disobeys or disregards a lawful order

74 Careless or negligent behaviour in the performance of official duties

69 Failing to act with integrity

58 Assault

33 Sexual assault and/or harassment

23 Threatening or abusive conduct

12 Bullying

2 Racism or other discriminatory behaviour

Oversight and reporting

Legislative reform

We recognise that changes to legislation provide significant opportunities for improving the efficiency and effectiveness of the sector. The Commission is currently supporting the Premier with two pieces of legislation, both of which have been introduced into the Parliament.

Integrity (Lobbyists) Bill 2014

The Commission was the instructing agency for the Integrity (Lobbyists) Bill 2014, which the Government introduced to the Parliament in the Legislative Assembly on 26 November 2014. The 'Third Reading' of the Bill in the Legislative Assembly occurred on 26 November 2015 and the Bill was introduced to the Legislative Council on 2 December 2015. The 'Third Reading' of the Bill in the Legislative Council occurred on 30 June 2015 and 'Royal Assent' was given on 11 July 2016, with Part 1 of the *Integrity (Lobbyists) Act 2016* (IL Act) commencing on that date and the rest of the IL Act on date(s) to be fixed by proclamation.

The IL Act aims to promote and enhance public confidence in the transparency, integrity and honesty of dealings between lobbyists and government representatives by:

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

The IL Act is consistent with the current administrative regime and formalises arrangements in statute. Under the terms of the IL Act the Commissioner will continue to be responsible for administering a Register of Lobbyists and a Code of conduct, as well as continuing to assess registration applications. The Commission will report on those matters in its annual report for the 2016/17 reporting period.

At the end of June 2016 there were 110 registrants on the Register of Lobbyists and 276 listed lobbyists.

Executive Officer Remuneration (Government Entities) Legislation Amendment Bill 2015

As the Government's instructing agency for the Executive Officer Remuneration (Government Entities) Legislation Amendment Bill 2015 the Commission supported amendments to the *Salaries and Allowances Act 1975* to ensure remuneration is more consistent across the sector. The Bill was read a second time by the Premier in November 2015 and remains before the Legislative Assembly.

The principal purpose of the Bill is to provide a mechanism to bring the remuneration determination for CEOs of listed GTEs within the jurisdiction of the Salaries and Allowances Tribunal. Where the jurisdiction is not activated or ceases to be activated the Bill also requires the remuneration for a CEO to be determined on the recommendation of the responsible Minister for the relevant GTE.

Policy advice

The Commission continues to provide policy advice to agencies to refine the different regulatory instruments applied in the sector and achieve improvement objectives. Over the course of the year the following policy advice was provided by the Commission.

- Provided advice and support to the Department of Health concerning governance arrangements under the Health Services Bill 2016 (given 'Royal Assent' on 26 May 2016, becoming the *Health Services Act 2016*).
- Provided assistance to the Economic Regulation Authority in assuming the remaining functions and staff of the Independent Market Operator as part of the Government's electricity market reforms. In particular, the Commission issued *Commissioner's Instruction No. 14 - Interim arrangements for the Economic Regulation Authority* to fill certain public sector vacancies, which provided a temporary variation to the application of *Commissioner's Instruction No. 2 - Filling a public sector vacancy* to facilitate the movement of the relevant staff.
- Progressed a revision of *Public Sector Commissioner's Circular 2010-03: Policy for Public Sector Witnesses Appearing Before Parliamentary Committees* to develop a more contemporary and comprehensive policy, in consultation with relevant stakeholders.

Appearances by the Commissioner before committees

To strengthen public sector accountability and transparency the Commission continues to provide high level information and advice to the Government. In 2015/16 the Commissioner appeared before the following parliamentary committees:

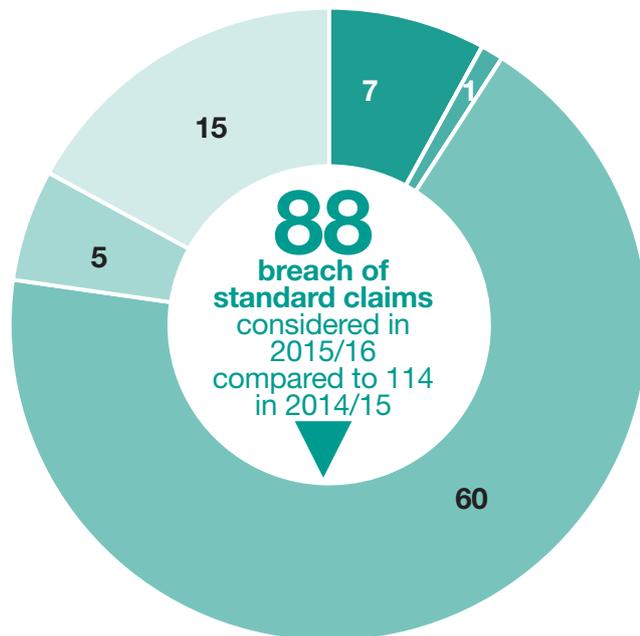
- Legislative Assembly Budget Estimates Committee (May 2016)
- Procedure and Privileges Committees of the Legislative Council and the Legislative Assembly (June 2016)
- Public Administration Committee of the Legislative Council (June 2016).

The Commission was the instructing agency for the Integrity (Lobbyists) Bill 2014 which was passed by the Parliament on 30 June 2015. Under the terms of the 'Integrity (Lobbyists) Act 2016' the Commission will be responsible for administering a Register of Lobbyists and a Code of conduct, as well as continuing to assess registration applications.

Compliance with standards and ethical codes

Breach of standard claims

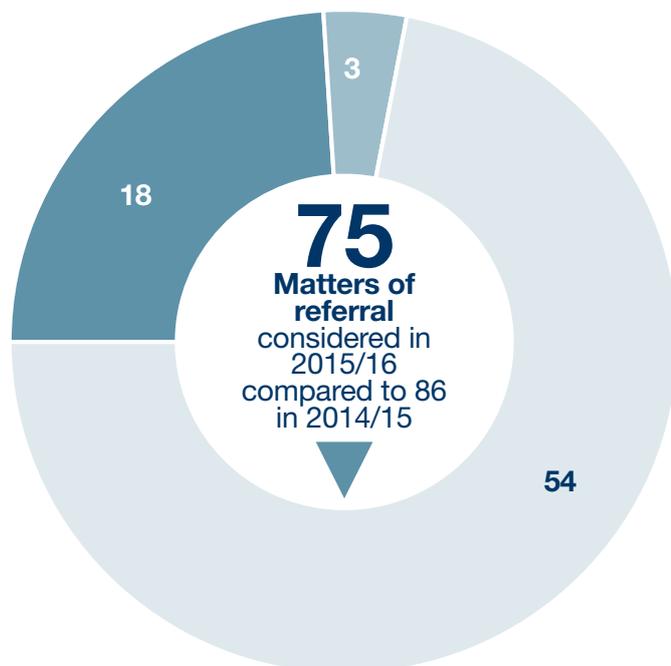
Individuals who believe they have been adversely affected by an agency's decision that contravenes a human resource standard may make a claim for review or conciliation under the *Public Sector Management (Breaches of Public Sector Standards) Regulations 2005*. Employing authorities are required to notify affected individuals when decisions are made with respect to human resource matters covered by the employment standard and the grievance resolution standard. The graphic (to the right) provides a breakdown of outcomes during the 2015/16 reporting period.



- breach of standard confirmed (7)
- lapsed (1)
- dismissed as no breach (60)
- withdrawn (5)
- review declined by Commissioner (15)

Matters of referral

The Commission receives many unsolicited complaints, letters of concern and referrals that do not fall within its jurisdiction under the PSM Act. These matters range from questions on public sector integrity to general complaints about management or administrative processes. Collectively, these matters are referred to as 'matters of referral'. The graphic (to the right) provides a breakdown of outcomes during the 2015/16 reporting period.



- referred to breach process (3)
- no further action (54)
- referred to agency (18)

Complexity of oversight matters resolved in 2015/16

The Commission assesses the complexity of oversight matters (excluding minor misconduct) as either simple, routine or complex. These categories are assigned to target timeframes. The resolution of matters within these target timeframes is used as an efficiency indicator of the Commission's oversight function. The table below details the number of cases in 2015/16 that fell into each category, the success rate for completing those matters within the target timeframe and an indication of whether these completion rates have progressed since 2014/15.

Category	Breach of standard claims	Matters of referral	Total oversight matters	Completed within timeframe 2015/16	Progress
Simple (30 days)	7	20	27	85%	↓
Routine (50 days)	74	49	123	93%	↑
Complex (120 days)	7	6	13	96%	↑
Totals	88	75	163	93%	↑

Public interest disclosure

The PID Act facilitates the disclosure of public interest information and provides protection for those making such disclosures and those who are the subject of disclosures.

In 2015/16 the Commissioner received six public interest disclosure matters, which were actioned under the PID Act. This is comparable to the five PID matters received in 2014/15. Five PID matters were finalised in 2015/16, while three matters were still under consideration by the end of the reporting period.

Special inquiry, review and assurance projects

By strengthening public sector accountability and transparency through our involvement in special inquiries and reviews, the Commission continued to highlight key integrity risks existing in the sector and assist stakeholders to mitigate these risks.

Special inquiry into the Waroona bushfire

The Commissioner was directed by the Premier, under sections 24H (2) and (3) of the PSM Act, to arrange for a Special Inquiry to examine the system of fire management in the rural area of Waroona during the bushfire that occurred earlier in that month. In particular, the Special Inquiry examined the effectiveness of: planning and implementation of strategies for bushfire prevention and suppression; emergency procedures; incident management; and communication and assistance provided to those affected by the fire.

The Special Inquiry report, entitled *Reframing Rural Fire Management: Report of the Special Inquiry into the January 2016 Waroona Fire*, was tabled in the Parliament on 23 June 2016. The report highlighted the urgent need to effect fundamental changes to the system of rural fire management in order to improve the systems of community safety and bushfire risk management in Western Australia. The Commission is currently considering the report's recommendations, in particular, those made in relation to structural reform.

Review of ticket use for sponsored or financially supported events

In April 2015 the Commission commenced a thematic review of ticket use by government bodies for sponsored or financially supported events. The review arose from a written request from the Premier to assess information and provide advice in relation to answers provided to a series of parliamentary questions about the acquisition and provision by all public sector agencies of ticket and box access for sporting and cultural events.

Using the Commissioner's authority under section 24B of the PSM Act, the specific activities of Government bodies during the period 1 July 2013 to April 2015 were assessed. Steps to ensure proper governance and transparency of these arrangements in the future were also considered.

The report, entitled *Ticket use for sponsored or financially supported events*, was tabled in the Parliament in February 2016 and recommended that agencies:

- ensure ticket use arrangements take into account government and agency policies and other relevant guidelines, instructions and delegations
- obtain appropriate ministerial, CEO or delegate approvals for events
- periodically review terms of arrangements to ensure proper oversight
- take an informed and conservative approach when making decisions about sponsored and financially supported events.

Survey responses assurance project

The Commission relies heavily on survey data when reporting to the Parliament and the community on the state of the sector. In 2016 the Commission conducted an assurance exercise to examine the reliability of data collected from 10 agencies — based on a sample of questions from the 2015 Public Sector Entity Survey (PSES). As part of this assurance project agencies were asked to provide primary evidence supporting some of their responses to the 2015 PSES.

The outcomes of the assurance project confirmed that, in most cases, agencies in the sample had reasonable data assurance processes in place. However, it did identify isolated areas where local data collection, collation and reporting practices could be improved. The project also identified opportunities to improve the clarity of the wording of some questions. These were put in place for the 2016 data collection program. In the coming year the Commission intends to expand its assurance projects to encompass further agencies.

Collecting and reporting sector-wide data

Access to a broad range of data about the public sector workforce and about equitable, efficient and effective management practices is vital to the monitoring, reporting and policy functions of the Commission. The data collection instruments involved in our 2015/16 survey program and associated reporting mechanisms are described below.

Public Sector Entity Survey

The PSES is distributed at the end of each financial year to the chief executives of public sector agencies. The survey covers human resource management policies and practices, workplace behavioural trends and performance development activities. It includes questions regarding:

- compliance with the PID Act
- ethics and integrity
- human resource management
- workforce development
- efficiency and effectiveness.

The Commission, in conjunction with its emerging assurance program, is reviewing its current survey program to build upon our commitment to improve clarity and reduce the costs and burdens of compliance reporting.

Integrity and Conduct Survey

While all other public sector agencies complete the PSES annually, the Integrity and Conduct Survey (ICS) is designed for agencies with less than 20 Full-Time Equivalent (FTE) staff. The ICS is also sent annually to the principal officer of other public authorities, including local governments, public universities and GTEs.

As one of the methods to evaluate compliance with the PID Act and the CCM Act, the ICS includes a range of questions about activities relating to PID and minor misconduct, including:

- the number of PIDs received, designated PID Officers and awareness raising strategies
- strategies undertaken to respond effectively to and prevent minor misconduct.

As with the Equal Employment Opportunity (EEO) Survey, the Commission assists local governments, public universities, GTEs and government boards to complete the ICS.

Human Resource Minimum Obligatory Information Requirement

Public sector agencies are required to submit Human Resource Minimum Obligatory Information Requirement (HRMOIR) workforce data on a quarterly basis. The HRMOIR process aims to provide high quality data for agency and whole-of-government workforce monitoring, analysis, planning and reporting purposes.

In 2015/16 the Commission responded to a number of requests for specific information including:

- producing relevant statistics and information to support *Time for action: Diversity and inclusion in public employment* and *See my abilities: An employment strategy for people with disability*
- collecting information relating to the employment conditions of public sector employees for the CPSU/CSA (Community & Public Sector Union/Civil Service Association of WA)
- collating workforce statistics to support the Department of Regional Development, Regional Services Reform.

Equal Employment Opportunity Survey

The EO Act requires public authorities to provide the DEOPE with diversity statistics on an annual basis. While public sector agencies provide this data through the HRMOIR process, the Commission assists 138 local governments, four public universities and 17 GTEs in meeting their reporting obligations by administering an EEO Survey.

The survey helps agencies to keep track of internal programs and allows the Commission to evaluate diversity initiatives across government. The results are published annually in the DEOPE annual report. Although results are kept confidential, reporting one's diversity status remains voluntary. The Commission continued to work with agencies to encourage current employees to feel empowered to disclose their diversity status.

In 2016 we piloted an alternate platform for local governments to submit their EEO data, and will look to expanding the use of the platform in the coming year.

Employee Perception Survey

The Commission conducts the Employee Perception Survey (EPS) across the Western Australian public sector to capture the views of employees about the extent to which behaviour in their agency is consistent with human resource standards, *Commissioner's Instruction No. 7 - Code of Ethics*, and equity and diversity principles. The survey also collects employee views about leadership, innovation and job satisfaction.

The Commission aims to distribute the EPS to public sector agencies once every five years. In June 2016 the survey was distributed to 7390 employees, in 11 agencies, with a response rate of 52.5 per cent. This was a smaller sample than the previous year, in which a response rate of 31 per cent was received from 37 347 employees.

During 2015/16 the Commission explored improvements to the EPS to enable more efficient and effective reporting on workforce performance and behaviour. This included consideration of technology solutions to expand the size of the survey to a census and to provide automated 'self-service' reports, thereby improving the access and quality of data available to the sector. A pilot will be undertaken in 2016/17 to trial the proposed approach.

State of the sector report

The PSM Act requires the Commissioner to report annually to the Parliament on the state of administration and management of the public sector and on the compliance or non-compliance by public sector bodies or employees with the principles set out in section 8(1)(a-c) and section 9 of the PSM Act, public sector standards, Code of Ethics and codes of conduct.

The *State of the WA public sector 2015: Creating opportunities* report was tabled in the Parliament in November 2015. Key issues emerging from the report included promoting a more diverse and inclusive public sector, streamlining business processes, leveraging technology and innovative partnerships, and strengthening governance around gifts, benefits and hospitality. The 2015 report continues to reflect a more contemporary style and benchmarks the Western Australian public sector's performance against other jurisdictions for a variety of performance indicators.

In the future we will:

- use our current evaluation of minor misconduct notifications to inform our prevention and education priorities and provide advice to public authorities on strategies to combat misconduct
- focus on improving the breadth, scope and quality of data to ensure our data collection, management and security is robust
- improve the clarity and reduce the costs of compliance reporting
- pilot new technology solutions to expand the size of the EPS to a census and to provide automated 'self-service' reports.

6 Disclosures and legal compliance

Financial statements

Certification of financial statements for the year ended 30 June 2016

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 2016 and the financial position as at 30 June 2016.

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
16 August 2016



A Alderson
CHIEF FINANCE OFFICER
16 August 2016

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 2016, 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.

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 2016 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.

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 for the Audit of the Financial Statements

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.

Report on Controls

I have audited the controls exercised by the Public Sector Commission during the year ended 30 June 2016.

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.

Opinion

In my opinion, in all material respects, 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 2016.

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 for the Audit of Controls

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.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Public Sector Commission for the year ended 30 June 2016.

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

Opinion

In my opinion, in all material respects, 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 2016.

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 for the Audit of Key Performance Indicators

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.

Independence

In conducting the above audits, 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 2016 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
19 August 2016

**Statement of comprehensive income
for the year ended 30 June 2016**

	Note	2016 \$000	2015 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	17 745	18 540
Supplies and services	7	4 469	4 724
Depreciation and amortisation expense	8	204	225
Accommodation expenses	9	2 181	2 082
Grants and subsidies	10	1 032	512
Other expenses	11	78	87
Total cost of services		25 709	26 170
Income			
Revenue			
User charges and fees	12	155	361
Other revenue	13	227	178
Total Revenue		382	539
Total income other than income from State Government		382	539
NET COST OF SERVICES		25 327	25 631
INCOME FROM STATE GOVERNMENT			
Service appropriation		27 478	25 380
Services received free of charge		1 093	1 533
Royalties for Regions Fund		26	907
Total income from State Government	14	28 597	27 820
SURPLUS/(DEFICIT) FOR THE PERIOD		3 270	2 189
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3 270	2 189

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 2016

	Note	2016 \$000	2015 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	26	10 191	6 674
Restricted cash and cash equivalents	15	-	804
Receivables	16	812	442
Amounts receivable for services	17	173	173
Other current assets	18	422	986
Total current assets		11 598	9 079
Non-current Assets			
Amounts receivable for services	17	6 813	6 627
Property, plant and equipment	19	224	210
Intangible assets	20	-	168
Other non-current assets	18	104	-
Total non-current assets		7 141	6 350
TOTAL ASSETS		18 739	15 429
LIABILITIES			
Current Liabilities			
Payables	22	836	1 309
Provisions	23	4 432	4 469
Other current liabilities	24	73	66
Total current liabilities		5 341	5 844
Non-current Liabilities			
Provisions	23	916	928
Total non-current liabilities		916	928
TOTAL LIABILITIES		6 257	6 772
NET ASSETS		12 482	8 657
EQUITY			
Accumulated surplus/(deficit)	25	12 482	9 312
TOTAL EQUITY		12 482	9 312

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 2016**

	Note	Contributed equity \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
Balance as at 1 July 2014		-	10 318	10 318
Surplus/(deficit)		-	2 189	2 189
Total comprehensive income for the period		-	2 189	2 189
Transactions with owners in their capacity as owners:				
Capital appropriations		27	-	27
Distribution to owners		(3 222)		(3 222)
Transfer of contributed equity to Accumulated Surplus		3 195	(3 195)	-
Balance as at 30 June 2015	25	-	9 312	9 312
Balance as at 1 July 2015		-	9 312	9 312
Surplus/(deficit)		-	3 270	3 270
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	3 270	3 270
Transactions with owners in their capacity as owners:				
Distribution to owners		(100)	-	(100)
Transfer of contributed equity to Accumulated Surplus		100	(100)	-
Balance as at 30 June 2016	25	-	12 482	12 482

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 2016

	Note	2016 \$000	2015 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		27 119	25 049
Holding account drawdowns		173	173
Non-retained revenue distributed to owner		(100)	(3 222)
Royalties for Regions Fund		26	934
Net cash provided by State Government		27 218	22 934
Utilised as follows			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(17 956)	(18 106)
Supplies and services		(3 709)	(3 687)
Accommodation		(2 181)	(2 082)
Grants and subsidies		(926)	(512)
GST payments on purchases		(595)	(672)
GST payments to taxation authority		(45)	(92)
Receipts			
User charges and fees		167	540
GST receipts on sales		34	104
GST receipts from taxation authority		560	696
Other receipts		214	178
Net cash provided by/(used in) operating activities	26	(24 437)	(23 633)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(68)	(65)
Net cash provided by/(used in) investing activities		(68)	(65)
Net increase/(decrease) in cash and cash equivalents		2 713	(764)
Cash and cash equivalents at the beginning of period		7 478	8 242
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	26	10 191	7 478

The 'Statement of Cash Flows' should be read in conjunction with the accompanying notes.

**Summary of Consolidated Account Appropriations and Income Estimates
for the year ended 30 June 2016**

	2016 Estimate \$000	2016 Actual \$000	Variance \$000	2016 Actual \$000	2015 Actual \$000	Variance \$000
DELIVERY OF SERVICES						
Item 7 - Net amount appropriated to deliver services	26 328	26 328	-	26 328	24 263	2 065
Amount authorised by Other Statutes						
- <i>Salaries and Allowances Act 1975</i>	1 150	1 150	-	1 150	1 117	33
Total appropriations provided to deliver services	27 478	27 478	-	27 478	25 380	2 098
Details of Expenses by Service						
Service 1 - Public sector leadership	10 267	7 157	3 110	7 157	8 821	(1 664)
Service 2 - Assistance and support	10 976	9 891	1 085	9 891	9 399	492
Service 3 - Oversight and reporting	8 828	8 661	167	8 661	7 950	711
Total Cost of Services	30 071	25 709	4 362	25 709	26 170	(461)
Less Total Income ^(a)	(445)	(382)	(63)	(382)	(539)	157
Net Cost of Services	29 626	25 327	4 299	25 327	25 631	(304)
Adjustments	(2 148)	2 151	(4 299)	2 151	(251)	2 402
Total appropriations provided to deliver services	27 478	27 478	-	27 478	25 380	2 098
Capital Expenditure						
Purchase of non-current assets	173	68	105	68	65	3
Adjustments for other funding sources	(173)	(68)	(105)	(68)	(37)	(31)
Capital appropriations	-	-	-	-	28	(28)

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation. Note 31 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2016 and between the actual results for 2016 and 2015.

^(a) The 2015 actual has been recast to match current year's reporting parameters.

**Schedule of income and expenses by service
for the year ended 30 June 2016**

	Service 1 Public sector leadership	
	2016 \$000	2015 \$000
COST OF SERVICES		
Expenses		
Employee benefits expense	4 751	5 787
Supplies and services	1 307	1 738
Depreciation and amortisation expense	57	21
Accommodation expenses	656	718
Grants and subsidies	354	509
Other expenses	32	48
Total cost of services	7 157	8 821
Income		
User charges and fees	154	359
Other revenue ^(a)	189	113
Total income other than income from State Government	343	472
NET COST OF SERVICES	6 814	8 349
INCOME FROM STATE GOVERNMENT		
Service appropriation	8 434	8 595
Services received free of charge	220	486
Royalties for Regions Fund ^(a)	26	907
Total income from State Government	8 680	9 988
Surplus/(deficit) for the period	1 866	1 639

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

^(a) The 2015 actual has been recast to match current year's reporting parameters.

Service 2 Assistance and support		Service 3 Oversight and reporting		Total	
2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
6 541	7 007	6 453	5 746	17 745	18 540
1 829	1 726	1 333	1 260	4 469	4 724
68	12	79	192	204	225
752	633	773	731	2 181	2 082
678	-	-	3	1 032	512
23	21	23	18	78	87
9 891	9 399	8 661	7 950	25 709	26 170
1	1	-	1	155	361
20	40	18	25	227	178
21	41	18	26	382	539
9 870	9 358	8 643	7 924	25 327	25 631
9 934	8 610	9 110	8 175	27 478	25 380
423	548	450	499	1 093	1 533
-	-	-	-	26	907
10 357	9 158	9 560	8 674	28 597	27 820
487	(200)	917	750	3 270	2 189

**Schedule of assets and liabilities by service
as at 30 June 2016**

	Service 1 Public sector leadership	
	2016 \$000	2015 \$000
ASSETS		
Current assets	2 855	3 166
Non-current assets	1 748	2 070
Total assets	4 603	5 236
LIABILITIES		
Current liabilities	1 209	1 937
Non-current liabilities	282	372
Total liabilities	1 491	2 309
NET ASSETS	3 112	2 927

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

Service 2 Assistance and support		Service 3 Oversight and reporting		Total	
2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
4 531	3 552	4 212	2 361	11 598	9 079
2 586	2 566	2 807	2 369	7 141	7 005
7 117	6 118	7 019	4 730	18 739	16 084
2 247	2 270	1 885	1 637	5 341	5 844
287	368	347	188	916	928
2 534	2 638	2 232	1 825	6 257	6 772
4 583	3 480	4 787	2 905	12 482	9 312

Notes to the Financial Statements for the year ended 30 June 2016

1. Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2016 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by *Treasurer's Instruction 1101 - Application of Australian Accounting Standards and Other Pronouncements*. 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 2016.

2. Summary of significant accounting policies

a) General statement

The Commission is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

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

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

b) Basis of preparation

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

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

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

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

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

c) Reporting entity

The reporting entity comprises the Commission.

Mission

The Commission's mission is to lead and promote excellence and integrity in the public sector.

The Commission is predominantly funded by Parliamentary appropriations. It provides training services on a fee-for-service basis. The fees charged are determined on a cost-recovery basis unless subsidised by the Commission and agreed upon with Treasury.

Services

The Commission provides the following services.

- **Service 1 - Public sector leadership** - This service develops and supports current and future leaders and builds the capacity of the public sector workforce through the delivery of leadership and workforce development products, programs and training.
- **Service 2 - Assistance and support** - This service provides advice, assistance and support to public sector bodies and employees on a range of administration, management, integrity and governance matters.
- **Service 3 - Oversight and reporting** - This service progresses changes to legislation and develops policies to improve public administration and management and provides independent oversight to monitor and report to the Parliament of Western Australia and Ministers on compliance with the *Public Sector Management Act 1994*, the *Corruption, Crime and Misconduct Act 2003*, the *Public Interest Disclosure Act 2003* and part IX of the *Equal Opportunity Act 1984*.

d) Contributed equity

AASB Interpretation 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 most recent determination, as quantified in the 2015/16 Budget Statements, the Commission retained \$1 038 000 (\$2 336 000 in 2015) 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, 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.

Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and revaluations of non-current assets.

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 - 3 years
- Office Equipment - 5 years
- Leasehold Improvement - 5 to 10 years dependent on the life of the lease
- Furniture, Fixtures and Fittings - 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) - 3 years
- Licences - 3 years.

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

Licences

Licences 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 recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised 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 a specialised 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
- Amounts 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 equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

l) Accrued salaries

Accrued salaries (refer note 22 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to its fair value.

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

m) Amounts receivable for services (holding account)

The Commission receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

n) Receivables

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

o) Payables

Payables are recognised at the 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.

q) 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 vary according to commencement and implementation dates.

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

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 Scheme' (WSS). Employees commencing employment on or after 16 April 2007 became members of the 'GESB Super Scheme' (GESBS). From 30 March 2012 existing members of the WSS or GESBS and new employees 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 extinguish 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 GESB.

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'.

Superannuation expense

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, GESBS or other superannuation funds. The employer contribution paid to GESB in respect of the GSS is paid back into the Consolidated Account by GESB.

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

Assets or services received free of charge or for nominal cost, that the Commission would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. 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 fleet vehicles and 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 2015 that impacted on the Commission.

AASB 2013-9

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

Part C of this Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Commission has not yet determined the application or the potential impact of AASB 9.

AASB 2014-8

Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) - Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)].

This Standard makes amendments to AASB 9 *Financial Instruments* (December 2009) and AASB 9 *Financial Instruments* (December 2010), arising from the issuance of AASB 9 *Financial Instruments* in December 2014. The Commission has not yet determined the application or the potential impact of AASB 9.

AASB 2015-3

Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.

This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.

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* or by an exemption from TI 1101. Where applicable, the Commission plans to apply the following Australian Accounting Standards from their application date.

AASB 9 - Financial Instruments

Operative for reporting periods beginning on/after **1 January 2018**

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 is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 *Amendments to Australian Accounting Standards*. The Commission has not yet determined the application or the potential impact of the Standard.

AASB 15 Revenue from Contracts with Customers

Operative for reporting periods beginning on/after **1 January 2018**

This Standard establishes the principles that the Commission shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Commission has not yet determined the application or the potential impact of the Standard.

AASB 16 Leases

Operative for reporting periods beginning on/after **1 January 2019**

This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Commission has not yet determined the application or the potential impact of the Standard.

AASB 1057 Application of Australian Accounting Standards

Operative for reporting periods beginning on/after **1 January 2016**

This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.

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

Operative for reporting periods beginning on/after **1 January 2018**

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

The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Commission has not yet determined the application or the potential impact of the Standard.

AASB 2014-1 - Amendments to Australian Accounting Standards

Operative for reporting periods beginning on/after **1 January 2018**

Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Commission to determine the application or potential impact of the Standard.

AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]

Operative for reporting periods beginning on/after **1 January 2016**

The Commission establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]

Operative for reporting periods beginning on/after **1 January 2016**

The adoption of this Standard has no financial impact for the Commission as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.

AASB 2014-5 - Amendments to Australian Accounting Standards arising from AASB 15

Operative for reporting periods beginning on/after **1 January 2018**

This Standard gives effect to the consequential amendments to other Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Commission has not yet determined the application or the potential impact of the Standard.

AASB 2014-7 - Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

Operative for reporting periods beginning on/after **1 January 2018**

This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Commission has not yet determined the application or the potential impact of the Standard.

AASB 2014-9 - Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]

Operative for reporting periods beginning on/after **1 January 2016**

This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Commission has not yet determined the application or the potential impact of the Standard.

AASB 2014-10 - Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]

Operative for reporting periods beginning on/after **1 January 2016**

This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Commission has not yet determined the application or the potential impact of the Standard.

AASB 2015-1 - Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]

Operative for reporting periods beginning on/after **1 January 2016**

These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to *IFRSs 2012–2014 Cycle* in September 2014, and editorial corrections. The Commission has determined that the application of the Standard has no financial impact.

AASB 2015-2 - Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]

Operative for reporting periods beginning on/after **1 January 2016**

This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.

AASB 2015-6 - Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]

Operative for reporting periods beginning on/after **1 July 2016**

The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.

AASB 2015-8 - Amendments to Australian Accounting Standards – Effective Date of AASB 15

Operative for reporting periods beginning on/after **1 January 2017**

This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. The Commission has not yet determined the application or the potential impact of AASB 15.

AASB 2015-10 - Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 & 128

Operative for reporting periods beginning on/after **1 January 2016**

This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. The Commission has not yet determined the application or the potential impact of AASB 2014-10.

AASB 2016-2 - Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

Operative for reporting periods beginning on/after **1 January 2017**

This Standard amends AASB 107 *Statement of Cash Flows* (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.

AASB 2016-3 - Amendments to Australian Accounting Standards – Clarifications to AASB 15

Operative for reporting periods beginning on/after **1 January 2018**

This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and provides further transitional provisions to AASB 15. The Commission has not yet determined the application or the potential impact.

AASB 2016-4 - Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

This Standard clarifies that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*. The Commission has not yet determined the application or the potential impact.

6. Employee benefits expense

	2016 \$000	2015 \$000
Wages and salaries ^(a)	16 113	16 965
Superannuation - defined contribution plans ^(b)	1 632	1 575
	17 745	18 540

^(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, 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 11 'Other expenses'.

Employment on-costs liability is included at Note 23 'Provisions'.

7. Supplies and services

	2016 \$000	2015 \$000
Communications	27	29
Freight and mail services	8	8
Consultants and contractors	3 008	3 741
Consumables	349	328
Repair and maintenance	50	55
Travel	54	63
Insurance premiums	133	89
Licences, fees and registration	182	121
Operating lease, rental and hire cost	145	119
Non-staff training initiatives	380	-
Other	133	171
	4 469	4 724

8. Depreciation and amortisation expense

	2016 \$000	2015 \$000
Depreciation		
Leasehold improvement	18	17
Computer hardware	2	1
Furniture and fittings	1	-
Office equipment	33	27
Total depreciation	54	45
Amortisation		
Computer Software	63	77
Licences	87	103
Total amortisation	150	180
Total depreciation and amortisation	204	225

9. Accommodation expenses

	2016 \$000	2015 \$000
Lease rentals	2 181	2 082
	2 181	2 082

10. Grants and subsidies

	2016 \$000	2015 \$000
Government agency grants	516	475
Scholarships	39	35
External grants	477	2
	1 032	512

11. Other expenses

	2016 \$000	2015 \$000
Employment on-costs	2	(4)
Professional services ^(a)	72	56
Doubtful debts expense	4	35
	78	87

^(a) Includes Audit fees, see also Note 30 'Remuneration of auditor'.

12. User charges and fees

	2016 \$000	2015 \$000
Fees	155	361
	155	361

13. Other Revenue

	2016 \$000	2015 \$000
Recoups	22	39
Contributions by senior officers to the Government Vehicle Scheme	23	21
Australian Apprenticeships Incentive Program	178	89
Other miscellaneous revenue	4	29
	227	178

14. Income from State Government

	2016 \$000	2015 \$000
Appropriation received during the period		
Service appropriation ^(a)	27 478	25 380
Services received free of charge from other State Government agencies during the period:		
Department of the Premier and Cabinet - corporate support services	485	916
Department of Finance - accommodation lease services	453	465
Department of the Attorney General - legal services.	155	152
	1 093	1 533
Royalties for Regions Fund		
Regional Community Services Account ^(b)	2	850
Regional Workers Incentive ^(c)	24	57
	26	907
	28 597	27 820

^(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the period and any agreed increase in leave liabilities during the year.

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

^(c) The 2015 actual has been recast to match current year's reporting parameters.

15. Restricted cash and cash equivalents

	2016 \$000	2015 \$000
Current		
Royalties for Regions Fund ^(a)	-	149
Accrued salaries suspense account ^(b)	-	655
	-	804

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

^(b) Amount held in the suspense account is for the purpose of meeting the 27th pay in a financial year that occurs every 11th year.

16. Receivables

	2016 \$000	2015 \$000
Current		
Receivables	628	289
Allowance for impairment of receivables	(17)	(35)
GST receivable	177	131
	788	385
Loans and advances		
Other debtors	24	57
	24	57
Total current	812	442
Reconciliation of changes in the allowance for impairment of receivables		
Balance at start of period	35	-
Doubtful debts expense	4	35
Amounts written off during the period	(19)	-
Amounts recovered during the period	(1)	-
Impairment losses reversed during the period	(2)	-
Balance at end of period	17	35

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

17. Amounts receivable for services (Holding Account)

	2016 \$000	2015 \$000
Current	173	173
Non-current	6 813	6 627
	6 986	6 800

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

18. Other assets

	2016 \$000	2015 \$000
Current		
Prepayments	422	986
Non-Current		
Prepayments	104	-
	526	986

19. Property, plant and equipment

	2016 \$000	2015 \$000
Computer hardware		
At cost	29	29
Accumulated depreciation	(25)	(23)
	4	6
Office equipment		
At cost	171	171
Accumulated depreciation	(98)	(65)
	73	106
Leasehold improvement		
At cost	158	129
Accumulated depreciation	(49)	(31)
	109	98
Furniture and fittings		
At cost	39	-
Accumulated depreciation	(1)	-
	38	-
Total property, plant and equipment	224	210

19. Property, plant and equipment continued

	2016 \$000	2015 \$000
Reconciliation - Computer hardware		
Carrying amount at start of period	6	-
Additions	-	7
Depreciation	(2)	(1)
Carrying amount at end of period	4	6
Reconciliation - Office equipment		
Carrying amount at start of period	106	75
Additions	-	58
Depreciation	(33)	(27)
Carrying amount at end of period	73	106
Reconciliation - Leasehold improvements		
Carrying amount at start of period	98	115
Additions	29	-
Depreciation	(18)	(17)
Carrying amount at end of period	109	98
Reconciliation - Furniture and fittings		
Carrying amount at start of period	-	-
Additions	39	-
Depreciation	(1)	-
Carrying amount at end of period	38	-
Reconciliation - Total		
Carrying amount at start of period	210	190
Additions	68	65
Depreciation	(54)	(45)
	224	210

20. Intangible assets

	2016 \$000	2015 \$000
Licences		
At cost	310	310
Accumulated amortisation	(310)	(223)
Carrying amount at end of period	-	87
Computer software		
At cost	230	248
Accumulated amortisation	(230)	(167)
Carrying amount at end of period	-	81
Total intangible assets	-	168
Reconciliation - Licences		
Carrying amount at start of period	87	190
Amortisation expense	(87)	(103)
Carrying amount at end of period	-	87
Reconciliation - Computer software		
Carrying amount at start of period	81	158
Additions	-	-
Other disposals	(18)	-
Amortisation expense	(63)	(77)
Carrying amount at end of period	-	81
Reconciliation - Total		
Carrying amount at start of period	168	348
Other disposals	(18)	-
Amortisation expense	(150)	(180)
Carrying amount at end of period	-	168

21. Impairment of assets

There were no indications of impairment to property, plant and equipment and intangible assets as at 30 June 2016.

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

22. Payables

	2016 \$000	2015 \$000
Current		
Payables	399	634
Accrued salaries	245	454
Accrued expenses	192	221
	836	1 309

23. Provisions

	2016 \$000	2015 \$000
Current		
Employee benefits provision		
Annual leave including superannuation ^(a)	1 470	1 493
Long service leave including superannuation ^(b)	2 941	2 956
	4 411	4 449
Other provisions		
Employment on-costs ^(c)	21	20
	4 432	4 469
Non-current		
Employee benefits provision		
Long service leave including superannuation ^(b)	911	924
	911	924

23. Provisions continued

	2016 \$000	2015 \$000
Other provisions		
Employment on-costs ^(c)	5	4
	916	928

^(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 end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows.

Within 12 months of the end of the reporting period.	1 127	1 198
More than 12 months after the end of the reporting period.	343	295
	1 470	1 493

^(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 end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows.

Within 12 months of the end of the reporting period.	1 523	1 508
More than 12 months after the end of the reporting period.	2 329	2 371
	3 852	3 879

^(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in Note 11 'Other expenses'.

23. Provisions continued

Movement in other provisions

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

	2016 \$000	2015 \$000
Employment on-cost provision		
Carrying amount at start of period	24	28
Additional provisions recognised	2	(4)
Payments/other sacrifices of economic benefits	-	-
Carrying amount at end of period	26	24

24. Other liabilities

	2016 \$000	2015 \$000
Current		
Income received in advance	73	66
	73	66

25. 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.

	2016 \$000	2015 \$000
Contributed equity		
Balance at start of period	-	-
Contributions by owners		
Capital appropriations	-	27
Total contributions by owners	-	27

25. Equity continued

	2016 \$000	2015 \$000
Distributions to owners		
Transfer of surplus cash to the Consolidated Account	(100)	(3 222)
Total distributions to owners	(100)	(3 222)
Transfer of debit balance to Accumulated Surplus	100	3 195
Balance at end of period	-	-
Accumulated surplus/(deficit)		
Balance at the start of period	9 312	10 318
Transfer of debit balance to Accumulated Surplus	(100)	(3 195)
Result for the period	3 270	2 189
Balance at end of period	12 482	9 312
Total Equity at the end of the period	12 482	9 312

26. Notes to the Statement of Cash Flows

	2016 \$000	2015 \$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	10 191	6 674
Restricted cash and cash equivalents (note 15)	-	804
	10 191	7 478
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services ^(a)	(25 327)	(25 631)
Non-cash items		
Depreciation and amortisation expense (note 8)	204	225
Services received free of charge (note 14)	1 093	1 533
(Increase)/decrease in assets		
Current receivables ^(b)	(324)	230
Other current assets	564	(377)
Other non-current assets	(104)	-
Increase/(decrease) in liabilities		
Current payables ^(b)	(448)	16
Current provisions	(37)	495
Non-current provisions	(12)	(130)
Net GST receipts/(payments) ^(c)	17	41
Change in GST in receivables/payables ^(d)	(63)	(35)
Net cash provided by/(used in) operating activities	(24 437)	(23 633)

^(a) The 2015 actual has been recast to match current year's reporting parameters.

^(b) Note that the Australian Taxation Office receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

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

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

27. Services provided free of charge

During the period the following services were provided to other agencies free of charge for functions outside the normal operations of the Commission.

	2016 \$000	2015 \$000
Equal Opportunity Commission		
Executive Support	128	-
Salaries and Allowances Tribunal		
Corporate Services	15	14
	143	14

28. Commitments

The commitments below are inclusive of GST.

	2016 \$000	2015 \$000
Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows.		
Within 1 year	2 649	2 704
Later than 1 year and not later than 5 years	2 696	5 531
	5 345	8 235
Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows.		
Within 1 year	-	73
	-	73
Other expenditure commitments		
Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows.		
Within 1 year	1 954	2 098
Later than 1 year and not later than 5 years	510	1 807
	2 464	3 905

29. Remuneration of senior officers

The number of senior officers whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the various remuneration bands are as follows.

	2016 \$000	2015 \$000
30 001 - 40 000	1	-
60 001 - 70 000	1	1
70 001 - 80 000	1	2
100 001 - 110 000	-	1
110 001 - 120 000	1	-
130 001 - 140 000	1	1
150 001 - 160 000	-	2
190 001 - 200 000	1	-
200 001 - 210 000	1	1
210 001 - 220 000	1	-
220 001 - 230 000	1	1
250 001 - 260 000	1	-
280 001 - 290 000	-	2
470 001 - 480 000	1	-
520 001 - 530 000	-	1
Base remuneration and superannuation	1 955	2 184
Annual Leave and long service leave accruals	(35)	26
Other benefits	60	78
Total remuneration of senior officers	1 980	2 288

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

No senior officers are members of the Pension Scheme.

30. Remuneration of auditor

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

	2016 \$000	2015 \$000
Auditing the accounts, financial statements and performance indicators	57	56

31. Explanatory statement

All variances between estimates (original budget) and actual results for 2016, and between the actual results for 2016 and 2015 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

- 5% and \$523 000 for the Statements of Comprehensive Income and Cash Flows
- 5% and \$322 000 for the Statement of Financial Position.

31. Explanatory statement continued

	Variance Note	Original Budget 2016 \$000
Statement of Comprehensive Income (Controlled Operations)		
Employee benefits expense	1, A	21 442
Supplies and services	2	5 058
Depreciation and amortisation expense		359
Accommodation expenses		2 389
Grants and subsidies		589
Other expenses		234
Total cost of services		30 071
Income		
Revenue		
User charges and fees		337
Other revenue ^(a)		108
Total revenue		445
Total income other than income from State Government		445
NET COST OF SERVICES		29 626
INCOME FROM STATE GOVERNMENT		
Service appropriation	B	27 478
Services received free of charge		1 358
Royalties for Regions Fund ^(a)	3, C	669
Total income from State Government		29 505
SURPLUS/(DEFICIT) FOR THE PERIOD		(121)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(121)

^(a) The 2015 actual has been recast to match current year's reporting parameters.

Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
17 745	18 540	(3 697)	(795)
4 469	4 724	(589)	(255)
204	225	(155)	(21)
2 181	2 082	(208)	99
1 032	512	443	520
78	87	(156)	(9)
25 709	26 170	(4 362)	(461)
155	361	(182)	(206)
227	178	119	49
382	539	(63)	(157)
382	539	(63)	(157)
25 327	25 631	(4 299)	(304)
27 478	25 380	-	2 098
1 093	1 533	(265)	(440)
26	907	(643)	(881)
28 597	27 820	(908)	777
3 270	2 189	3 391	1 081
3 270	2 189	3 391	1 081

31. Explanatory statement continued

	Variance Note	Original Budget 2016 \$000
Statement of Financial Position (Controlled Operations)		
ASSETS		
Current assets		
Cash and cash equivalents	4, D	4 518
Restricted cash and cash equivalents	E	-
Receivables	F	698
Amounts receivable for services		173
Other current assets	G	630
Total current assets		6 019
Non-current assets		
Amounts receivable for services		6 813
Property, plant and equipment		198
Intangible assets		78
Other non-current assets		81
Total non-current assets		7 170
TOTAL ASSETS		13 189
LIABILITIES		
Current liabilities		
Payables	H	1 092
Provisions	5	3 885
Other current liabilities		139
Total current liabilities		5 116
Non-current liabilities		
Provisions		1 117
Other non-current liabilities		6
Total non-current liabilities		1 123
TOTAL LIABILITIES		6 239
NET ASSETS		6 950
EQUITY		
Contributed equity		
Accumulated surplus/(deficit)	6, I	6 950
TOTAL EQUITY		6 950

Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
10 191	6 674	5 673	3 517
-	804	-	(804)
812	442	114	370
173	173	-	-
422	986	(208)	(564)
11 598	9 079	5 579	2 519
6 813	6 627	-	186
224	210	26	14
-	168	(78)	(168)
104	-	23	104
7 141	6 350	(29)	136
18 739	15 429	5 550	2 655
836	1 309	(256)	(473)
4 432	4 469	547	(37)
73	66	(66)	7
5 341	5 844	225	(503)
916	928	(201)	(12)
-	-	(6)	-
916	928	(207)	(12)
6 257	6 772	18	(515)
12 482	8 657	5 532	3 170
-	-	-	-
12 482	9 312	5 532	3 170
12 482	9 312	5 532	3 170

31. Explanatory statement continued

	Variance Note	Original Budget 2016 \$000
Statement of Cash Flows (Controlled Operations)		
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation	J	27 119
Holding account drawdowns		173
Non-retained revenue distributed to owner	K	-
Royalties for Regions Fund ^(a)	7, L	669
Receipts paid into the Consolidated Account		-
Net cash provided by State Government		27 961
Utilised as follows		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	8	(22 019)
Supplies and services		(3 790)
Accommodation		(2 389)
Grants and subsidies		(589)
GST payments on purchases		(498)
GST payments to taxation authority		(87)
Receipts		
User charges and fees		337
Commonwealth grants and contributions		-
GST receipts on sales		87
GST receipts from taxation authority		506
Other receipts ^(a)		108
Net cash provided by/(used in) operating activities		(28 334)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments		
Purchase of non-current assets		(173)
Net cash provided by/(used in) investing activities		(173)
Net increase/(decrease) in cash and cash equivalents		(546)
Cash and cash equivalents at the beginning of period		5 064
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		4 518

^(a) The 2015 actual has been recast to match current year's reporting parameters.

Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
27 119	25 049	-	2 070
173	173	-	-
(100)	(3 222)	(100)	3 122
26	934	(643)	(908)
-	-	-	-
27 218	22 934	(743)	4 284
(17 956)	(18 106)	4 063	150
(3 709)	(3 687)	81	(22)
(2 181)	(2 082)	208	(99)
(926)	(512)	(337)	(414)
(595)	(672)	(97)	77
(45)	(92)	42	47
167	540	(170)	(373)
-	-	-	-
34	104	(53)	(70)
560	696	54	(136)
214	178	106	36
(24 437)	(23 633)	3 897	(804)
(68)	(65)	105	(3)
(68)	(65)	105	(3)
2 713	(764)	3 259	3 477
7 478	8 242	2 414	(764)
10 191	7 478	5 673	2 713

Major Variance Narratives (Controlled Operations)

Variances between estimate and actual

- 1 Employee benefits expense underspent by \$3.697 million (17 per cent) mainly due to vacancies not being filled during a functional review and realignment of the Commission's operations and structure in the first half of 2015/16, a decline in the number of Aboriginal trainees (down from expected 48 FTEs to 30 FTEs as at 30 June 2016) and a whole of sector recruitment freeze during the second half of 2015/16.
- 2 Supplies and services underspent by \$589 000 (12 per cent) mainly due to lower resources received free of charge from the Department of the Premier and Cabinet of \$431,000 and an underspend of \$100 000 on IT Development and Implementation.
- 3 Royalties for Regions Fund was lower than estimated by \$643 000 (96 per cent) mainly due to the completion of the Royalties for Regions projects and recurrent funding was revised and endorsed by Cabinet as part of the 2016/17 Budget process.
- 4 Cash and cash equivalents were higher than estimate by \$5.673 million (126 per cent) mainly due to an operating cash surplus of \$3.260 million and changes in receivables and payables.
- 5 Provisions (current) are higher than estimated by \$547 000 (14 per cent) mainly due to delays in staff taking long service leave and a reduction in the discount rate from the actuarial assessment, in line with change in the bond yield.
- 6 Accumulated surplus was higher than estimated by \$5.777 million mainly due to an operating surplus of \$3.515 million and changes in receivables and payables.
- 7 Royalties for Regions Fund was lower than estimated by \$643 000 (96 per cent) mainly due to the completion of the Royalties for Regions projects and recurrent funding was revised and endorsed by Cabinet as part of the 2016/17 Budget process.
- 8 Employee benefits expense underspent by \$4.063 million (18 per cent) mainly due to vacancies not being filled during a functional review and realignment of the Commission's operations and structure in the first half of 2015/16, a decline in the number of Aboriginal trainees (down from expected 48 FTEs to 30 FTEs as at 30 June 2016) and a whole of sector recruitment freeze during the second half of 2015/16.

Variances between actual results for 2016 and 2015

- A. Employee benefits expense decreased by \$795 000 (4 per cent) mainly due to vacancies not being filled during a functional review and realignment of the Commission's operations and structure in the first half of 2015/16, a decline in the number of Aboriginal trainees (down from expected 48 FTEs to 30 FTEs as at 30 June 2016) and a whole of sector recruitment freeze during the second half of 2015/16.
- B. Service Appropriation increased by \$2.098 million (8 per cent) mostly due to the transfer of responsibility for minor misconduct (\$1.600 million) and Streamlined Budget Process of \$480 000.
- C. Royalties for Regions Fund has decreased by \$881 000 (97 per cent) due to the phased completion of the Royalties for Regions projects.
- D. Cash and cash equivalents increased by \$3.517 million (53 per cent) mainly due to an operating cash surplus of \$3.477 million.
- E. Restricted cash and cash equivalent decreased by \$804 000 (100 per cent) mainly due to 27 pay periods (\$655,000) and the return of unspent funds (\$100 000) for the completed Royalties for Regions projects to the Department of Regional Development in 2015/16.
- F. Receivables increased by \$370 000 (84 per cent) mainly due to increased income from the CEO/Classification review and recruitment recoup.
- G. Other assets (current) decreased by \$564 000 (57 per cent) mainly due to lower prepaid expenses.
- H. Payables (current) decreased by \$473 000 (36 per cent) mainly due to the accrual of eight days of salaries and wages in 2014/15.
- I. Accumulated surplus increased by \$3.415 million (37 per cent) mainly due to an operating surplus of \$3.515 million and changes in receivables and payables.
- J. Service Appropriation increased by \$2.070 million (8 percent) mostly due to the transfer of responsibility for minor misconduct \$1.600 million and Streamlined Budget Process of \$480 000.
- K. Non-retained revenue distributed to owner decreased by \$3.122 million (97 per cent) mainly due to the cash management saving measure in 2014/15 where \$3.222 million was returned to the Consolidated Account and the return of unspent funds (\$100 000) for the completed Royalties for Regions projects to the Department of Regional Development in 2015/16.
- L. Royalties for Regions Fund decreased by \$908 000 (97 per cent) mainly due to the completion of the Royalties for Regions projects.

32. Financial instruments

a) Financial risk management objectives and policies

Financial instruments held by the Commission are cash and cash equivalents, restricted cash and cash equivalents, 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 32(c) 'Financial instruments disclosures' and note 16 'Receivables'.

Credit risk associated with the Commission's financial assets is minimal because the main receivable is the amount receivable for services (holding account). For receivables other than government, the Commission trades only with recognised and 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 all cash and cash equivalents and restricted cash are non-interest bearing, and the Commission has no borrowings. As a result of not being exposed to interest rate risk, the Commission is not required to undertake an interest rate sensitivity analysis.

b) Categories of financial instruments

The carrying amounts for each of the various categories of financial assets and financial liabilities at the end of the reporting period are as follows.

	2016 \$000	2015 \$000
Financial assets		
Cash and cash equivalents	10 191	6 674
Restricted cash and cash equivalents	-	804
Loans and receivables ^(a)	7 621	7 111
Financial liabilities		
Payables	836	1 309

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

c) Financial instrument disclosures

Credit risk

The following 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.

32. Financial instruments continued

Ageing analysis of financial assets

	Carrying amount \$000	Not past due and not impaired \$000	Past due but not impaired					Impaired financial assets
			Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000	
2016								
Cash and cash equivalents	10 191	10 191	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables ^(a)	635	502	83	22	28	-	-	17 ^(b)
Amounts receivable for services	6 986	6 986	-	-	-	-	-	-
	17 812	17 679	83	22	28	-	-	17
2015								
Cash and cash equivalents	6 674	6 674	-	-	-	-	-	-
Restricted cash and cash equivalents	149	149	-	-	-	-	-	-
Receivables ^{(a), (c)}	311	235	14	23	6	33	-	35 ^(b)
Amounts receivable for services	6 800	6 800	-	-	-	-	-	-
	13 934	13 858	14	23	6	33	-	35

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

(b) Impairment provided for potential uncollectable debts.

(c) The 2015 actual has been recast to match current year's reporting parameters.

32. Financial instruments continued

Liquidity risk and interest rate exposure

The following 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.

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

	Interest rate exposure					Maturity dates					
	Weighted average effective interest rate %	Carrying amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	Nominal amount \$000	Up to 1 month \$000	1-3 months to 1 year \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2016											
<u>Financial Assets</u>											
Cash and cash equivalents	-	10 191	-	-	10 191	10 191	10 191	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Receivables ^(a)	-	635	-	-	635	635	585	22	28	-	-
Amounts receivable for services	-	6 986	-	-	6 986	6 986	-	-	173	6 813	-
		17 812	-	-	17 812	17 812	10 776	22	201	6 813	-
<u>Financial Liabilities</u>											
Payables	-	836	-	-	836	836	836	-	-	-	-
		836	-	-	836	836	836	-	-	-	-

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

32. Financial instruments continued
Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Interest rate exposure				Nominal amount \$000	Maturity dates					
	Weighted average effective interest rate %	Carrying amount \$000	Fixed interest rate \$000	Variable interest rate \$000		Non-interest bearing \$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
2015											
<u>Financial Assets</u>											
Cash and cash equivalents	-	6 674	-	-	6 674	6 674	-	-	-	-	-
Restricted cash and cash equivalents	-	804	-	-	804	804	-	-	-	-	-
Receivables ^(e)	-	311	-	-	311	249	23	6	33	-	
Amounts receivable for services	-	6 800	-	-	6 800	-	-	173	6 627	-	
		14 589	-	-	14 589	7 727	23	179	6 660	-	
<u>Financial Liabilities</u>											
Payables	-	1 309	-	-	1 309	1 158	151	-	-	-	
		1 309	-	-	1 309	1 158	151	-	-	-	

^(e) The amount of receivables excludes the GST recoverable from the Australian Taxation Office (statutory receivable).

33. Events occurring after the end of the reporting period

There were no events occurring after the end of the reporting period that impact on the financial statements.

34. Affiliated bodies

Salaries and Allowances Tribunal

The Tribunal, established by section 5 of the *Salaries and Allowances Act 1975*, is a government affiliated body that received administrative support from, but is not subject to operational control by, the Commission. It is funded by Parliamentary appropriation of \$1 077 000 for 2015/16 (\$1 023 000 for 2014/15).

35. Contingent liabilities and contingent assets

Contingent liabilities

The Commission has no contingent liabilities.

Contaminated sites

Under the *Contaminated Sites Act 2003* the Commission is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act 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.

36. Supplementary financial information

Write-offs

During the financial year \$23 205.59 (2014/15: nil) was written off the Commission's receivables relating to salary overpayments deemed unrecoverable under the authority of:

	2016 \$000	2015 \$000
The Accountable Authority.	23	0
	23	0

Key performance indicators

Certification of key performance indicators for the year ended 30 June 2016

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 2016.



M C Wauchope
ACCOUNTABLE AUTHORITY

16 August 2016

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 the Commission provides 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's service delivery areas are:

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 CEOs and Ministers of the Commission's core clients.

The 2015/16 survey retained the set of 150 core clients, identified in the previous financial year, to complete the survey.

The Commission's core clients for 2015/16 captured a large scope of clients, comprised of:

- 39 Departments created under section 35 of the PSM Act
- 17 ministerial offices
- 48 SES organisations specified in Schedule 2, Column 2, of the PSM Act
- 46 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 2015/16 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 the Commission's assistance has helped them meet their statutory obligations under the PID Act and under Part IX of the EO Act.

The survey offered a four-step rating from strongly agree to strongly disagree, with an additional 'not-applicable' option. The Commission received a 74 per cent response rate to the survey, an improvement of 2 per cent on last year's response rate.

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

Key effectiveness indicator	Target 2015/16	Actual 2015/16	Variance between target and actual	Actual 2014/15	Actual 2013/14
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%	95.5%	10.5% ⁽ⁱ⁾	97%	95%
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%	85.6%	0.6%	89%	90%
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%	83.8%	8.8% ⁽ⁱ⁾	75%	84%
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%	72.1%	(2.9%) ⁽ⁱⁱ⁾	69%	78%

- (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.
- (i) The variance between the targeted and actual key effectiveness indicator responses likely reflects the continued delivery of high quality policy, assistance and oversight by the Commission to its core clients.
- (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 Commission is increasing the understanding of issues related to compliance of the PID Act in public authorities through advisory services, product delivery and professional development. Data for this measure was collected from Client Perception Survey.
- (d) This indicator measures how the Commission is increasing the understanding of issues related to compliance of Part IX of the EO Act in public authorities through advisory services, product delivery and professional development. Data for this measure was collected from the Client Perception Survey
- (ii) The variance between the targeted and actual key effectiveness indicator responses may be attributed to agencies having established strong equal opportunity mechanisms over previous years, resulting in a decreased need to seek advice from the Commission in this area.

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 FTE employed.

Exceptions to this are the value of grants paid during the year, which are excluded because it is considered this is not a cost of delivering services.

Service 1 – Public sector leadership

This service develops and supports current and future leaders and builds the capacity of the public sector workforce through the delivery of leadership and workforce development products, programs and training.

Key efficiency indicator	Target 2015/16	Actual 2015/16	Variance between target and actual	Actual 2014/15	Actual 2013/14
Average cost per leadership development product, program or training hour	\$87	\$117	\$30 ⁽¹⁾	\$109	\$135
Average cost per workforce development program, product or training hour	\$139	\$117	(\$22) ⁽²⁾	\$118	\$154

- (1) The actual average cost for supporting authorities with leadership and development in 2015/16 is higher than budgeted mainly due to an increased focus on the delivery of executive leadership workshops, management and leadership essentials programs.
- (2) The actual average cost for supporting authorities through workforce development and diversity programs in 2015/16 is lower than budgeted, mainly due to the Commission’s continuous focus on the efficient delivery of development programs with reduced FTE levels and associated operating costs, and in line with the whole-of-sector recruitment freeze.

Service 2 – Assistance and Support

This service provides advice, assistance and support to public sector bodies and employees on a range of administration, management, integrity and governance matters.

Key efficiency indicator	Target 2015/16	Actual 2015/16	Variance between target and actual	Actual 2014/15	Actual 2013/14
Average cost per hour of assistance and support provided	\$93	\$92	(\$1)	\$93	\$108
Average cost per public administration, standards and integrity program, product or training hour	\$80	\$85 ⁽ⁱ⁾	\$5	\$120 ⁽ⁱ⁾	\$105

- (i) The actual average cost for assisting and supporting authorities to sustain standards of ethics and integrity in 2015/16 is lower than the average cost in 2014/15 mainly due to the Commission functioning at reduced associated operating costs attributed to an internal functional review and realignment of the Commission's operations and structure.

Service 3 – Oversight and Reporting

This service progresses changes to legislation and develops policies to improve public administration and management, and provides independent oversight to monitor and report to the Parliament and Ministers on compliance with the PSM Act, the CCM Act, the PID Act and Part IX of the EO Act.

Key efficiency indicator	Target 2015/16	Actual 2015/16	Variance between target and actual	Actual 2014/15	Actual 2013/14
Average cost per hour addressing legislative and policy development	\$95	\$91	(\$4)	\$97	\$109
Average cost per hour of performance and oversight activity	\$93	\$98	\$5	\$102	\$99
Percentage of oversight actions completed within target timeframes	90%	93%	3% ^(a)	89%	91%

- (a) The percentage of oversight actions completed within the targeted timeframes can be attributed to improvements in assessment processes, attention to timeliness in acquitting cases and structural changes to the oversight teams in conjunction with the transfer of the minor misconduct function from the CCC.

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.

Applications	2015/16 Expenditure
Advertising agencies	
• Adcorp	\$152 590
• Seek	\$255
• Innovatek Limited	\$300
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	Nil
Media advertising organisations	
• Radio advertising: Aboriginal Traineeship Program	\$5272
Total expenditure	\$158 417

Record keeping plan

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

Occupational health and safety

The Commission is committed to ensuring the occupational health, safety and welfare of its employees, contractors and visitors by maintaining a safe working environment. Creating this environment requires the commitment of our corporate executive, Occupational Safety and Health (OSH) committee and all employees to achieving a standard of excellence in OSH and injury management.

The OSH committee oversees a range of safety and health management practices, including education, training, reporting, discussion and accountability. The OSH committee comprises elected representatives from across the Commission who are available to meet quarterly, or as required, to discuss safety and health matters.

In 2015/16 the Commission promoted employee health and wellbeing by providing at-work influenza vaccinations, corporate health fund discounts, ergonomic assessments, superannuation and retirement planning sessions and by participating in community events. Employees also had the opportunity to undertake mental health awareness training and are entitled to an eyesight screening and testing subsidy every two years. The Commission continues to provide employees and their family members access to an Employee Assistance Program.

The Commission takes a proactive approach to injury management. We have established workers' compensation, injury management and return to work policies, and developed procedures and documentation in accordance with the *Occupational Safety and Health Act 1984* and the *Workers' Compensation and Injury Management Act 1981*. All OSH-related policies and procedures are available to staff on the intranet. First aid officers are located throughout the Commission to ensure that immediate assistance is available when required.

Over the last 12 months the OSH committee undertook regular workplace inspections and provided quarterly OSH reports to the corporate executive to ensure continuous improvement.

The Commission has continued to ensure its occupational safety and health management systems meet WorkSafe's criteria as set out in the WorkSafe plan.

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', that is:

- *public sector leadership*
- *assistance and support*
- *oversight and reporting.*

Measures

Actual results for 2015/16, as provided in the table on page 129, are based on calculations of 129.59 FTE and two lost time injuries. These injuries resulted in lost time being less than 60 days and the employees returned to work within 13 weeks.

Commission's performance against targets specified in Public Sector Commissioner's Circular 2012-05: Code of Practice-Occupational Safety and Health in the Western Australian Public Sector

Target	2015/16	2014/15	2013/14	2012/13	2011/12	Target	Comment
Number of fatalities	0	0	0	0	0	0	Achieved
Percentage of lost time injury/disease incidence rate	1.5%	0.80%	0.76%	1.49%	0.69%	0 or 10% improvement on the previous three years	The two lost time injuries for the financial year increased the incidence rate slightly above target.
Percentage of lost time injury/disease severity rate	0	0	0	0	0	Zero or 10% reduction (actual target can be stated)	Achieved
Percentage of injured workers returned to work within 26 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 workers returning to work within 13 weeks.				
Percentage of managers trained in occupational safety, health and injury management responsibilities	100% within 26 weeks	Greater than or equal to 80%	The Commission has exceeded the 80% target.				

Substantive equality

Substantive equality seeks to eliminate systemic forms of discrimination in the delivery of public sector services and to promote awareness of the different needs of client groups.

The Commission’s commitment to the State Government’s *Substantive Equality Policy Framework* is reflected in its Code of conduct and *Workforce and diversity plan*, which are both available to staff on the intranet. *Our people, our future - Workforce and diversity plan 2015-17* reflects our commitment to providing a fair and equitable working environment. The plan is reviewed regularly to ensure that the strategies and indicators continue to reflect the requirements of the Commission.

The principles of the policy framework form part of the Commission’s business practices and service delivery to client groups, and is embedded into our human resource policies, procedures and guidelines.

Compliance with public sector standards and ethical codes

The Commission complies with the *Public Sector Standards in Human Resource Management* and the *Western Australian Public Sector Code of Ethics*. Applications made for breach of standards review and the corresponding outcomes for the reporting period are provided in the table below.

Applications for breach of standard and corresponding outcomes for 2015/16	
Number lodged	0
Number of breaches found	0
Number still under review	0

The Commission has procedures and policies in place designed to ensure compliance with public sector standards, and the public sector Code of Ethics and standards in human resource management. In addition, the Commission’s internal Code of conduct specifies appropriate standards of employee behaviour, with direct relevance to the Commission’s unique role and responsibilities.

Measures we use to inform our employees of these standards and requirements include providing information to new employees as part of the induction process, publishing the documentation on the Commission’s intranet and hosting regular information sharing sessions for all employees.

Human resource officers provide advice, support and guidance to managers and employees in relation to the *Public Sector Standards in Human Resource Management*. Notification of the right to lodge a breach of standard claim is provided as required by the *Public Sector Management (Breaches of Public Sector Standards) Regulations 2005*.

Freedom of information

The Commission assists Freedom of Information (FOI) applicants to access available documents at the lowest possible cost. The table below provides a summary of the FOI applications finalised during 2015/16. A more comprehensive breakdown of our statistics is provided in the annual report of the Office of the Information Commissioner.

Applications	2015/16	2014/15	2013/14	2012/13	2011/12
Received during the year	6	9*	4	10	24
Finalised during the year	6	8	4	9	24
Average time to process (days)	45	42	40	28	29

* One application incomplete.

Applications	2015/16	2014/15	2013/14	2012/13	2011/12
Full access	0	0	0	0	0
Edited access	4	8	3	4	15
Deferred access	0	0	0	0	0
Section 26 access	0	0	0	1	2
Section 28 access	0	0	0	0	0
Accessed refused	0	0	0	3	3
Total decisions	4	8	3	8	20
Transferred to other agencies	1	0	1	0	0
Withdrawn	1	0	0	1	4
Total applications	6	8	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 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 PSM Act SAT's statutory operational independence is recognised. This independence is also recognised by SAT's separate parliamentary budget appropriation and resource agreement with the Premier and Treasurer.

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

