



Public Sector
Commission

*We're working for
Western Australia.*

Public Sector Commission

Annual report 2019–20



Statement of compliance

Hon Mark McGowan 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 reporting period ended 30 June 2020. The report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



SHARYN O'NEILL
PUBLIC SECTOR COMMISSIONER
(ACCOUNTABLE AUTHORITY)

18 September 2020

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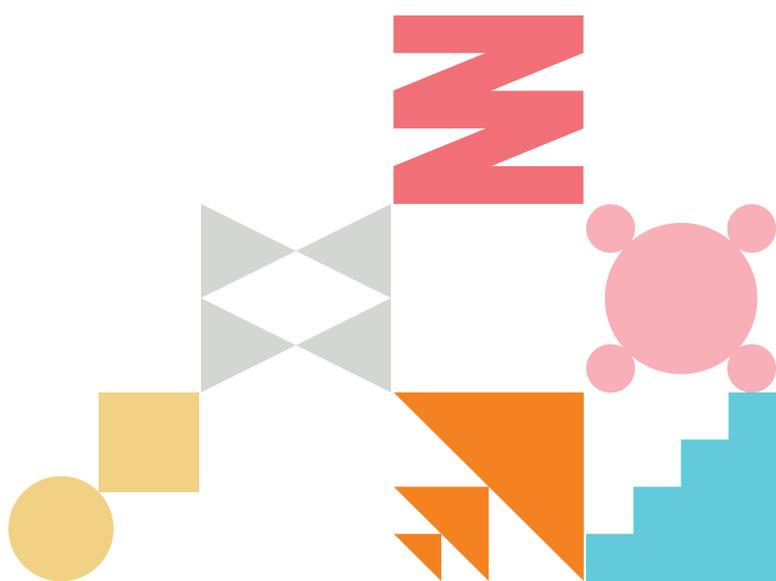
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From the Commissioner



It is my pleasure to present the annual report for the Public Sector Commission for the 2019–20 financial year.

I acknowledge the Commission's staff who, over the year, progressed

initiatives to strengthen the sector and also stepped up to support the sector at a time of incredible uncertainty due to the COVID-19 pandemic.

While the pandemic slowed some of our plans for the year, it did not impact our proactive approach to working with the sector and being a visible leader. Our new approach was recognised by agencies that indicated they saw a renewed sense of drive, optimism and focus. This was extremely important as I came to the position following an independent review of the Commission that called for significant change.

Before the pandemic hit, some significant strategies came to fruition including an action plan to increase employment in the public sector of those with disability; an integrity strategy for the government sector; and a two-year trial of a new approach to managing the performance and development of directors general.

We held off on consulting on other strategies so agencies could focus on pandemic response. In the background we progressed work on leadership, talent, workforce diversification and inclusion, a workforce model, agency capability and organisational culture. We will pursue these important initiatives in the year ahead.

As an agency, we continued to ensure our governance was robust and fit-for-purpose, with a focus on risk management. In line with our strategic plan [Leading with Purpose](#), we set directions and outcomes for the calendar year through Focus 2020.

Like all organisations we acted quickly and decisively when the pandemic took hold, assessing our work to reduce unnecessary burden on the sector while maintaining essential functions and reporting obligations. We supported and advised the sector, especially on workforce and integrity matters.

In the Commission, we managed our response through an active and agile incident management team and operated in a COVID-safe way. We are well prepared to respond quickly to any COVID-19 surges if required.

During the year, I was appointed by the Government to two additional roles to support the pandemic response and recovery – public sector coordinator and State Recovery Controller. As controller, I had responsibility for developing the WA Recovery Plan and WA Impact Statement, and will coordinate and oversee implementation going forward.

I extend my appreciation to chief executive officers and their staff for their work with me and the Commission over the year as together we develop a renewed sense of pride and direction across the sector.

A handwritten signature in black ink, appearing to read 'Sharyn O'Neill'.

SHARYN O'NEILL
PUBLIC SECTOR COMMISSIONER

Commission in focus

Who we are

Establishment

The Commission was established under the *Public Sector Management Act 1994* (PSM Act) in November 2008. Since December 2010, it has supported the independent office of Public Sector Commissioner.

Our Commissioner

The PSM Act underpins the Commissioner's capacity to operate as an independent statutory officer providing an integrated approach to ensuring management efficiency and appropriate standards of conduct and behaviour.

The independent Commissioner works with chief executive officers across the sector as well as the Premier and ministers.

Ms Sharyn O'Neill was appointed Public Sector Commissioner in July 2018.

In March 2020, the Commissioner took on a lead role in the State's response to the COVID-19 pandemic as the public sector coordinator. On 15 April 2020, the Commissioner's concurrent appointment as State Recovery Controller was announced by the Premier in Parliament.

Responsible Minister

The responsible Minister is the Hon Mark McGowan MLA, Premier; Minister for Public Sector Management.

Enabling and administered legislation

On behalf of the Commissioner, the Commission administers:

- the *Public Sector Management Act 1994* (PSM Act)
- the *Public Interest Disclosure Act 2003* (PID Act)
- applicable sections of the *Corruption, Crime and Misconduct Act 2003* (CCM Act)
- the *Integrity (Lobbyists) Act 2016*.

Additionally, the Office of the Director of Equal Opportunity in Public Employment resides in the Commission and administers Part IX of the *Equal Opportunity Act 1984* (EO Act).

Government affiliated bodies

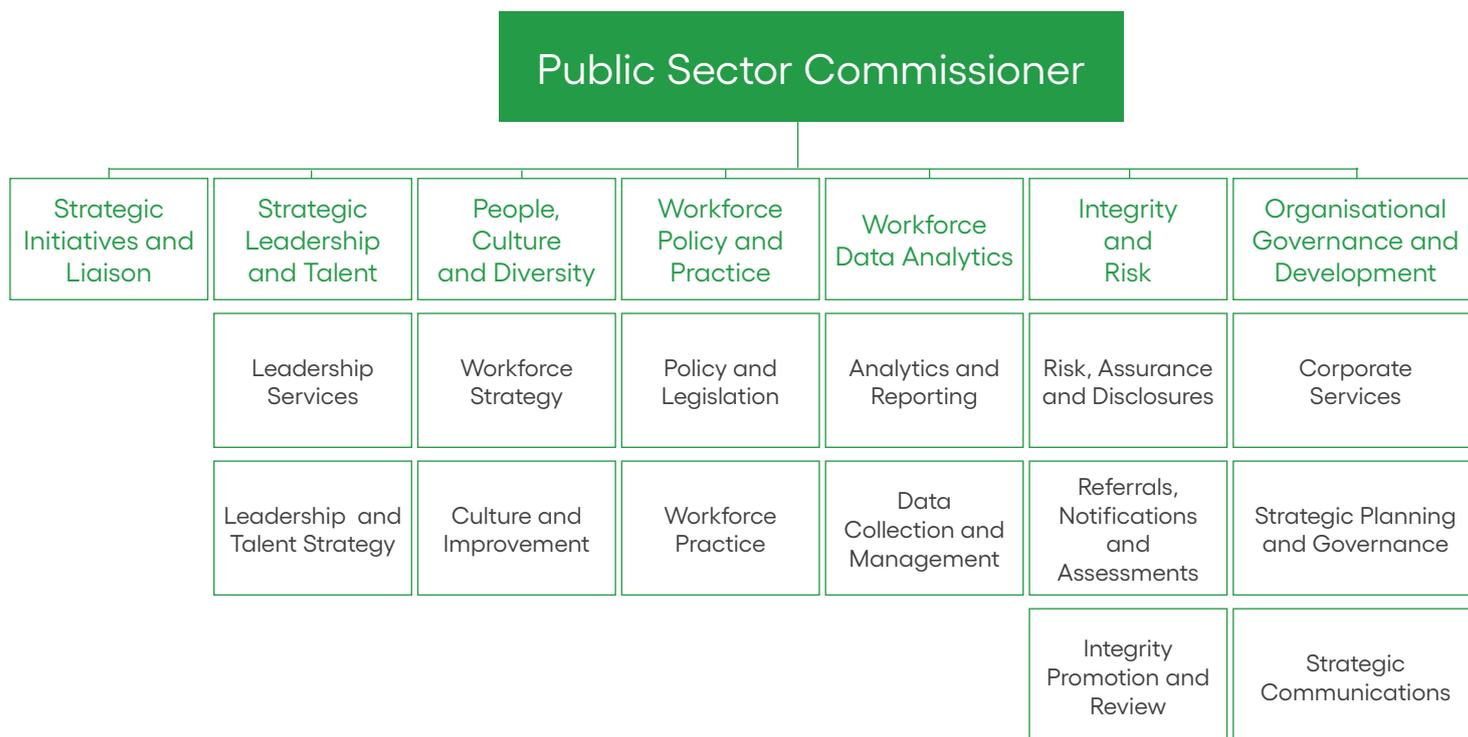
The Treasurer has determined that the Salaries and Allowances Tribunal is an affiliated body of the Commission in accordance with section 60(1)(b) of the *Financial Management Act 2006*.

This report

This report provides information on the performance of the Public Sector Commission in the 2019–20 reporting period. For information about the public sector in general, refer to the [State of the Western Australian Government Sector Workforce](#) report which is published annually.

Our structure

as at 30 June 2020



Strategic Leadership and Talent

Responsible for executive leadership services, talent identification, and leadership support and development for the sector.

People, Culture and Diversity

Responsible for workforce planning, diversity, capability and performance improvement for the sector.

Workforce Policy and Practice

Responsible for guidance on policy and legislation, key instruments and employment frameworks for the sector.

Workforce Data Analytics

Responsible for collecting, analysing and reporting sector workforce information and data.

Integrity and Risk

Responsible for promoting integrity, assisting in the prevention of misconduct and carrying out responsibilities under integrity and public sector management legislation.

Organisational Governance and Development

Responsible for corporate services, strategic planning and governance, and strategic communications.

Strategic Initiatives and Liaison

Responsible for advising and supporting Government committees and boards, local governments, government trading enterprises and non-senior executive service (SES) organisations.

Members of the Corporate Executive

The Commission is led by our Commissioner with executive directors heading up our seven divisions.



Sharyn O'Neill

Public Sector Commissioner

Sharyn O'Neill was appointed Commissioner on 30 July 2018 following 12 years as Director General of the Department of Education. She is the first woman to undertake the role. Ms O'Neill's priority as Commissioner is to strengthen and unify the public sector to better serve the needs of the community. She is leading a major reform agenda with a focus on leadership, talent, diversity, data, workforce, integrity and capability.

Ms O'Neill began her career as a teacher and deputy principal in country schools before moving to policy, governance and system leadership positions in education. She has a Master of Education (Education Administration and Policy). She was awarded the Institute of Public Administration Australia (WA) Patron's Award in 2016 and the Australian College of Educators (WA) Medal in 2019. She is a Fellow of the Institute of Public Administration Australia.



Dan Volaric

Executive Director Strategic Initiatives and Liaison
Executive Director Integrity and Risk

Dan Volaric was appointed to the position of Executive Director Strategic Initiatives and Liaison in December 2018. He is responsible for building and strengthening the Commission's engagement and relationship with key stakeholders.

Since 4 May 2019, he has also undertaken the role of Executive Director Integrity and Risk with responsibility for strategy and advice on integrity and performance across the government sector.

He has extensive experience in public sector management, integrity, governance, corporate services and human resources management. He has worked as a member of the executive of several agencies as part of the Commission's advice and support role, including acting as Director General of the then Department of Environmental Regulation. He has a Diploma of Business Administration.



Sonja O'Leary

Executive Director People, Culture and Diversity

Sonja O'Leary took up this position in September 2018 and is responsible for sectorwide workforce and diversity planning, culture and agency capability. In November 2018 she was appointed to the role of the Director of Equal Opportunity in Public Employment.

Before joining the Commission, Ms O'Leary held various senior positions in the Department of Justice and WA Police Force leading strategy, policy, planning and asset investment. She has a Bachelor of Arts (Criminal Justice Administration), Executive Master of Public Administration and is a Fellow of Leadership Western Australia.



Lorraine Gregoriadis

Executive Director Strategic Leadership and Talent

Lorraine Gregoriadis commenced in this role in January 2019 and is responsible for progressing sectorwide strategies for leadership and talent management. Before joining the Commission, she held a range of executive roles in leadership development, innovation and disability services in both the public and private sectors.

Ms Gregoriadis has also worked in health, education and community services. She began her career as a speech pathologist and has a Bachelor of Arts (Speech and Hearing Therapy) and a Master of Arts (General Linguistics)(Cum Laude). She is a non-executive director of 100 Women, graduate of the Australian Institute of Company Directors and Fellow of Leadership Western Australia.



Lindsay Warner

Executive Director Workforce Policy and Practice

Lindsay Warner took up this position in December 2018 and is responsible for the workforce policy and practice functions of the Commission. He was acting Commissioner from April 2018 until Ms O'Neill's appointment in July 2018. Before this he held a number of senior leadership roles in the Commission.

Mr Warner has worked in a range of government agencies in the areas of human services and economic development. He has also worked in central agencies. He has a Bachelor of Economics.



Tanya Milici

Acting Executive Director Workforce Data Analytics

Tanya Milici took up this position in October 2019 and is responsible for leading reform in workforce data analytics. Ms Milici is currently on secondment from the Department of the Premier and Cabinet where she holds the position of Director Infrastructure and Major Projects. Before this, she held senior roles in the WA Police Force, Department of Treasury and Australian Bureau of Statistics.

Ms Milici has expertise and experience in data analytics, strategy and reform. She has a Bachelor of Psychology, Post Graduate Certificate in Organisational Human Resources and Safety, and Certificate IV in Government (Investigation). She is an alumnus of the Australian and New Zealand School of Government Executive Fellows Program.



Jane Machin-Everill

Executive Director Organisational Governance and Development

Jane Machin-Everill took up this position in August 2018 and is responsible for the executive functions of the Commission including strategic communications, planning and governance, and corporate services. Before joining the Commission, she spent 16 years at the Department of Education (and Training) in a range of leadership roles with responsibility for policy, governance, communications, executive services and ministerial liaison.

Ms Machin-Everill has worked in a number of government agencies, universities and education sectors. She has a Bachelor of Arts, Graduate Diploma in Library and Information Studies, and Diploma of Education. She is a Fellow of the Public Relations Institute of Australia.

Performance management framework

Outcome based management framework

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

Government goal

Grow and diversify the economy, create jobs and support skills development.

Agency level government desired outcome

An efficient and effective public sector that operates with integrity.

Services

Our three services are linked to key performance indicators comprised of effectiveness and efficiency indicators. They consider the extent to which we achieve our desired outcome.

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 Parliament and ministers on compliance with the PSM Act, CCM Act, PID Act and Part IX of the EO Act.

Effectiveness indicators

The portion of core clients who indicate that the Commission has delivered policy, assistance and oversight that has helped them to enhance integrity within their organisations.

The portion of core clients who indicate that the Commission has delivered policy, assistance and oversight that has helped them to enhance the effectiveness and efficiency of their organisations.

The portion of core clients who indicate that the Commission has delivered policy, assistance and oversight that has helped them to enhance diversity and inclusion within their organisations.

Efficiency indicators

Service 1: Public sector leadership

- Average cost per leadership development program, product or training hour
- Average cost per workforce development program, product or training hour

Service 2: Assistance and support

- Average cost per hour of assistance and support provided
- Average cost per public administration, standards and integrity program, product or training hour

Service 3: Oversight and reporting

- 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

Performance summary

Actual results versus budget targets

Financial targets	2020 Target ¹ \$000	2020 Actual \$000	Variance ² \$000
Total cost of services (expense limit)	26 275	26 322	47
Net cost of services	25 875	25 918	43
Total equity	14 204	17 498	3 294
Net increase/(decrease) in cash held	577	1 711	1 134 ^A
Approved salary expense level	15 831	16 048	217

¹ As specified in Budget Statements.

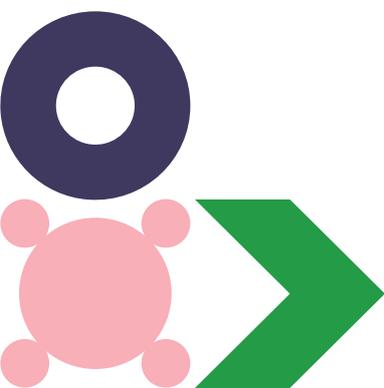
² Further explanations in Note 8.9 Explanatory statement to financial statements.

^A Variation mainly due to timing difference between budget and actual payments of supplies and services.

Working cash targets	2020 Agreed limit \$000	2020 Target ¹ / Actual ² \$000	Variance \$000
Agreed working cash limit (at budget)	1 243	1 243	N/A
Agreed working cash limit (at actuals)	1 243	1 167	(76)

¹ As specified in Budget Statements.

² Explanations for variations between target and actual results in Note 8.9 Explanatory statement to financial statements.



Achievement against key performance indicators

Key effectiveness indicators

Table 1 is a summary of achievements against key effectiveness indicators and table 2 is a summary of achievements against key efficiency indicators. A more detailed explanation of the indicators and reasons for variances is in [Key performance indicators](#).

Table 1: Summary of achievements against key effectiveness indicators

Key effectiveness indicator	Target 2019–20	Actual 2019–20	Variance
The portion of core clients who indicate that the Commission has delivered policy, assistance and oversight that has helped them to enhance integrity within their organisations.	86%	87%	1%
The portion of core clients who indicate that the Commission has delivered policy, assistance and oversight that has helped them to enhance the effectiveness and efficiency of their organisations.	75%	85%	10%
The portion of core clients who indicate that the Commission has delivered policy, assistance and oversight that has helped them to enhance diversity and inclusion within their organisations.	75%	73%	(2%)

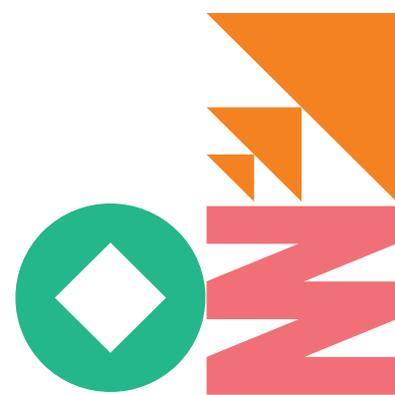
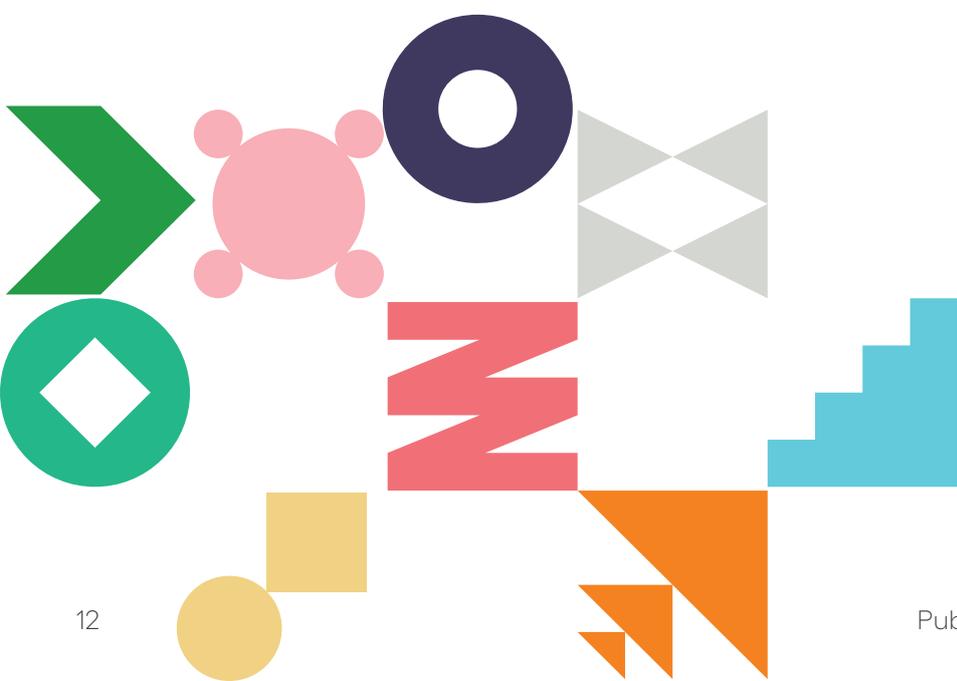


Table 2: Summary of achievement against key efficiency indicators

Key efficiency indicator	Target 2019–20	Actual 2019–20	Variance
Service 1: Public sector leadership			
Average cost per leadership development program, product or training hour	\$123	\$101	(\$22)
Average cost per workforce development program, product or training hour	\$140	\$109	(\$31)
Service 2: Assistance and support			
Average cost per hour of assistance and support provided	\$112	\$103	(\$9)
Average cost per public administration, standards and integrity program, product or training hour	\$139	\$102	(\$37)
Service 3: Oversight and reporting			
Average cost per hour addressing legislative and policy development	\$105	\$90	(\$15)
Average cost per hour of performance and oversight activity	\$103	\$97	(\$6)
Percentage of oversight actions completed within target timeframes	85%	94%	9%



Our people

At 30 June 2020, we had 141 staff or 134.4 full-time equivalents (FTE). This compared with 108 staff or 100.2 FTE in the previous reporting period. This increase was attributable to a number of temporary positions being created until 30 June 2020 to progress work over a short but concerted time period on specific projects related to diversity, leadership, talent and integrity.

The median age of our staff was 41 years (42 years in 2018–19). We had a diverse workforce with continued strong representation of women, and culturally and linguistically diverse people.

We increased the representation of women in our senior leadership from 40% last year to 71.4% this year. During the year we appointed three women to Senior Executive Service (SES) positions in our structure.

Given the number of temporary positions created during the year, the percentage of staff employed on a permanent basis reduced from 93.5% last year to 73%. The percentage of permanent staff is expected to increase in the next reporting period as many temporary positions will have ceased.

Table 3: Staff representation at 30 June 2020

Group	2018–19(%)	2019–20 (%)
Aboriginal and Torres Strait Islander people	5.6	5.0
People with disability	3.7	3.5
Women in management (tiers 2 and 3)	76.5	61.9
Women in the Senior Executive Service ¹	40.0	71.4
Culturally and linguistically diverse people	19.4	22.7
Youth (24 years old and under)	8.3	5.7
People 25 to 44 years old	51.9	57.4
People 45 years old and over	39.8	36.9

¹Excludes Commissioner (non-SES position) and substantive Level 8 employee on secondment to SES position.

Figure 1: Staff in each salary band at 30 June 2020¹



¹Excludes CEOs on other functions and externally placed trainees.

Developing our people

Given one-third of our workforce had line management responsibilities, we continued to focus on developing and building management and leadership capabilities. We also continued to upskill staff. We arranged 16 opportunities for managers and staff, including in the areas of performance management, Crucial Conversations, PRINT, continuous improvement, change management, data capability and mental health first aid training.

To increase our data capability, we partnered with the Australian Bureau of Statistics to develop an online training program on collecting, using and communicating data, which was made available to all staff.

We targeted programs for executives and upcoming leaders through the Australian Institute of Company Directors course (for executives) and Leadership WA's Rising Leaders and Signature Leadership programs for selected staff.

Performance management

The performance management process we established last year required managers and staff to have regular, meaningful and forward thinking performance conversations. As well as a formal review and assessment at the end of each cycle, we initiated a mid-cycle review to provide staff with feedback to ensure they were on track to meet their performance goals.

During the final quarter of 2019–20, we moved our performance management process to an online system to improve efficiency and more easily identify staff training and development needs.

Trainees

Two full-time Aboriginal trainees continued their placements at the Commission during the year. On successful completion of their traineeships, they will each receive a nationally recognised qualification. At 30 June 2020, we had four permanent staff who commenced their careers through one of our traineeship programs.

Figure 2: Working arrangements, gender and employment type at 30 June 2020

Working arrangements	Full-time 85.1%	Part-time 14.9%	
Gender	Female 69.5%	Male 30.5%	
Employment type	Permanent ¹ 73.0%	Fixed-term 13.5%	Other ² 13.5%

¹ Includes SES staff with right of reversion.

² Includes staff seconded in, SES staff with no right of reversion and internally placed trainees.

Our governance

Strategic planning

In the first half of 2019–20, we developed and released a three-year strategic plan, [Leading with Purpose](#). This plan sets directions and outcomes for the Commission under five strategic priorities: four focused on our work for the sector and one on building our performance and capability as a Commission.

To drive and guide our work under the strategic plan, we also developed Focus 2020 with areas of significant work for 2020 to move towards a stronger position to lead, influence and support the sector.

Some of our timeframes stretched due to the impact of the COVID-19 pandemic, however overall we remained on track to deliver the work planned for 2020. Work to develop Focus 2021 will be progressed in the first half of the new financial year.

Governance

Following the endorsement by Corporate Executive of a revised and updated Code of Conduct at the end of the last reporting period, we released the code in July and embedded it, along with behaviour expectations in our performance agreements with all staff. We also developed and released a guide to the code containing an explanation of terminology, recommended procedures and practical examples to assist staff.

In August, we provided the Premier with a formal response to the Independent Review of the Public Sector Commission by Carmel McGregor PSM. The majority of the key deliverables committed to in the response were completed during the year or were nearing completion. Some commitments formed the basis of our ongoing work and progressed accordingly.

To strengthen our focus and capability on data systems and assets, in November we realigned the work of the Policy and Data Analytics division and formed two new divisions. The new Workforce Data Analytics division was set up to lead and manage our data holdings, governance and use,

and frame a new data strategy for the sector. The new Workforce Policy and Practice division provides guidance to the sector on workforce policy and legislation, key instruments and employment frameworks.

As part of our ongoing improvement process, Corporate Executive formally reviewed our governance framework in July. Changes from the review included updating the regularity of Corporate Executive meetings from fortnightly to monthly and the Occupational Safety and Health Committee to report to Corporate Executive quarterly or as needed.

Recommendations from completed reviews on internal human resources, information and technology, and stakeholder engagement were accepted by Corporate Executive and implemented through a range of activities. These included a revised customer service charter, updated feedback and complaints management procedures, an internal functional model, and the development and review of a number of IT policies, procedures and guidelines.

Following a series of workshops on evaluative thinking in program design and delivery, we updated our Project and Program Governance Committee templates to better support the evaluation of our work.

Delegations

Delegations were monitored and assessed throughout the year to ensure they provided appropriate authority. Several delegations of the Commissioner's authority were updated and expanded to provide greater administrative efficiency. We also reviewed and updated our human resources and procurement delegation schedules.

Policies

Corporate Executive approved 12 policies and associated procedures in the 2019–20 reporting period. We continued to refine our policy framework to ensure adequate consultation, consistency with other instruments and strategic alignment.

Internal response to the COVID-19 pandemic

In response to the COVID-19 pandemic, we updated our business continuity management plan and developed a new pandemic plan. Both plans were activated by the Commissioner on 30 March 2020.

Activation of the plans gave effect to our incident management team taking operational ownership of our internal response to the pandemic. We developed and put into operation a terms of reference and governance structure for the team and related internal response activities.

The team met 17 times and completed 98 actions related to scenario planning, essential functions, working from home, IT systems coordination, business logistics, staff communications and returning to the office. During the peak of the pandemic, around 64% of staff were working from home. The team was formally stood down by the Commissioner on 25 May 2020. A lessons learned workshop will be held in the new financial year.

Internal audit and risk

Internal audits of our general financial controls, contracting, procurement and restructure were commenced and completed during the year. These were referred to the Audit and Risk Committee to advise the Commissioner on actions taken to respond to matters raised, and help identify and disseminate good practice.

We developed a new risk management framework to identify and understand risks in the context of our risk profile. In line with risk management principles, our risks and corresponding control measures were evaluated and informed business planning and resource allocation. The framework supported our revised risk management policy and was integrated with our internal corporate governance function.

We also developed and implemented a register to track corrective actions arising from internal and external audits.

We commenced a review of our operational and strategic risks to ensure appropriate controls and treatment actions are in place for us to deliver on our remit and responsibilities and progress our strategies.



Our committees

Corporate Executive

Corporate Executive met 12 times during the year and oversaw our governance, risk and decision making frameworks in the areas of finance, workforce, policy, audit, information and technology, occupational safety and health, integrity, and project and program governance.

The Commissioner was unable to attend two meetings in April and May due to her key role in the State's response to the COVID-19 pandemic. The Corporate Executive terms of reference were amended to enable the Commissioner to nominate a Corporate Executive member to chair meetings. All final decisions and outcomes from these meetings were determined by the Commissioner out of session.

Project and Program Governance Committee

The Project and Program Governance Committee met nine times during this period. Between April and June, due to the pandemic, monitoring and reporting of projects and programs was facilitated electronically by the committee secretariat.

During 2019–20, 17 new projects were recommended to Corporate Executive and approved by the Commissioner and 19 projects were closed. The status of 31 programs was tracked throughout the year.

Audit and Risk Committee

The Audit and Risk Committee met three times and oversaw the completion of three internal audits during the reporting period. A new Audit and Risk Committee charter was developed and approved by the committee.

In May, the committee also welcomed two new independent members.

For details of our internal audit and risk function, see [Internal audit and risk](#).

Occupational Safety and Health Committee

The Occupational Safety and Health Committee met five times during the year. New terms of reference were developed and approved by Corporate Executive in March.

The committee discussed and resolved matters, reviewed hazard and incident reports, and reported quarterly to Corporate Executive. Committee member appointments, locations and details were communicated to all staff so any matters could be brought to their attention.

For details of other activities in this area, see [Occupational safety and health](#).



Report on operations

Helping the sector respond to the COVID-19 pandemic

From early 2020, we worked with the Department of the Premier and Cabinet, Public Sector Labour Relations and other agencies to develop workforce policy settings, products and resources to support the sector during the COVID-19 pandemic.

We used our existing workforce data holdings to provide insights into the possible impacts of the pandemic on the public sector. We prepared information on rates of potentially vulnerable people in the workforce and opportunities to consider alternative working locations.

Additionally, we initiated weekly workforce data collections on working from home and mobilised employee rates for the public service. This provided up to date information to support decision making.

In May, we rapidly developed and implemented a staff mobilisation initiative called Switch to support the State's efforts.

Also in May, we collected qualitative data on the impacts of the pandemic on Western Australian public sector agencies, and sourced information to help the sector learn, improve and adapt going forward.

We collected information from about 47 entities that provided rich insights into the impacts of the pandemic across the work of the sector.

Leadership and talent

Leadership and capability framework

In 2019–20 we progressed work on a new framework to embed cohesive strong leadership and capability across the sector.

Between October and April, we got feedback from nearly 250 people from 25 public sector agencies to ensure the Expectations Framework was easy to understand, practical and would meet the diverse needs of the sector.

The consultation included face-to-face workshops, individual meetings and surveys. It also included feedback through the new delivery and performance agreement for chief executive officers that is being trialled with directors general.

Implementation of the framework is expected to commence in the 2020–21 reporting period.

Talent management

We continued developing a strategic and systematic approach to determining high quality leadership across the sector through talent management.

We drafted a talent management research paper, drawing on successful agency, jurisdictional and international models. This helped inform our approach to identifying, engaging, developing and managing high potential senior leaders. We expect to finalise and validate the approach next year.

Delivery and performance approach for directors general

We finalised a contemporary approach to managing the performance and development of directors general, and commenced a two-year trial in October. The approach includes agency-specific deliverables, whole of government priorities, measures to determine performance as well as ongoing development and support to enhance leadership capabilities and achieve deliverables. Self assessment combined with peer and colleague feedback mechanisms were introduced into the performance process to provide insight into strengths and growth areas for directors general.

The approach incorporates elements of the Expectations Framework and aims to address the professional development needs of directors general and strengthen their relationship with the Commissioner.

Capacity building

We delivered 36 workshops and programs last year to build the capacity of current and emerging leaders in the sector. They included the Graduate Program, Management Essentials, Leadership Conversations and curated webinars linked to COVID-19 pandemic topics.

We supported sector employees in the regions by shifting Management Essentials modules and the Graduate Program to be virtual rather than traditional face-to-face delivery.

Scholarships for the Australia and New Zealand School of Government (ANZSOG) Executive Fellows Program and Executive Master in Public Administration were delivered to the sector.

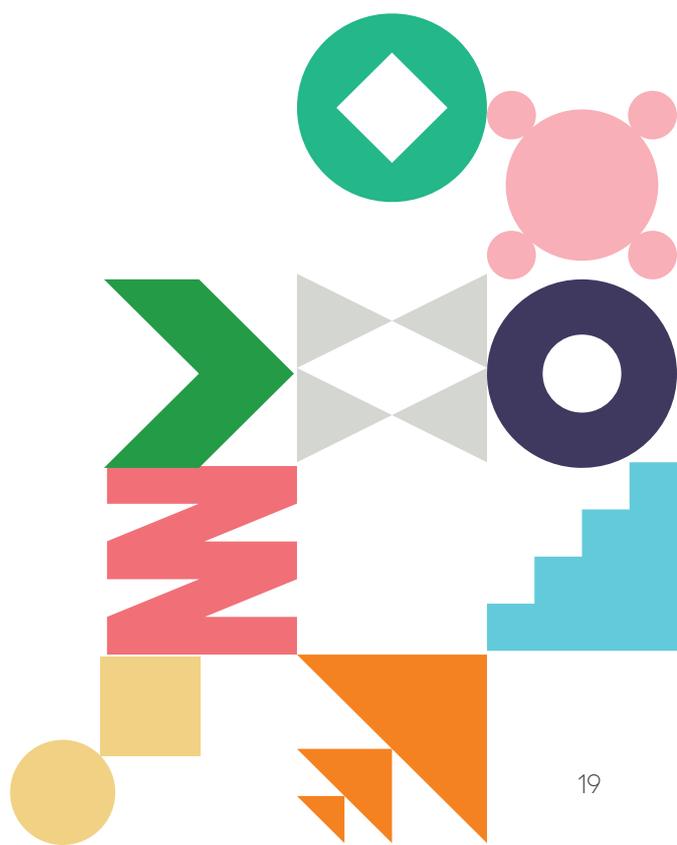
Government board and committee remuneration

We made 29 recommendations to Ministers and Cabinet on remuneration rates for members of government boards and committees (31 last year).

CEO appointments, reappointments and directions to act

In 2019–20, the Commissioner facilitated the appointment of eight people to nine CEO offices and the appointment of four statutory office holders. The Commissioner also facilitated the reappointment of eight CEOs to 13 CEO offices and directed 15 people to act in 17 CEO offices and two statutory offices.

A full list is at [Appendix 1](#).



People, culture and diversity

Agency capability reviews

We continued to develop a mechanism to help leaders assess the health and performance of their agencies and improve sector capability. We worked with ANZSOG on a review model tailored to the unique challenges faced by public sector leaders. We aim to pilot the model during the 2020–21 reporting period.

iThink (WA Public Sector)

Our ideas platform, iThink, opened in August to give the State's 140 000 public sector employees the opportunity to share their knowledge, experiences and ideas to help shape public sector policy and services.

In March, we extended access to iThink to all Western Australians so they could contribute information and ideas to support the State's response to and recovery from the COVID-19 pandemic. We ran three public challenges related to response and six related to recovery.

In total during 2019–20 we ran 15 closed and open challenges.

Review of the functions of the Director of Equal Opportunity in Public Employment

The Commission continued to support the statutory function of the Director. We progressed a review of the activities performed by the Director to deliver a modern and refreshed approach to workforce and diversity planning, and improve employment outcomes for people from diverse groups.

Workforce diversification

During the year we consulted extensively with more than 800 public sector employees, agency leaders, unions and peak bodies to finalise the public sector workforce diversification and inclusion strategy and accompanying action plans for selected diverse groups.

The diverse groups are women, youth, Aboriginal and Torres Strait Islander people, culturally and linguistically diverse people, people with disability, and people of diverse sexualities and genders.

In December, coinciding with International Day of People with Disability, the Government released the first of these plans, [People with Disability: Action Plan to Improve WA Public Sector Employment Outcomes 2020–2025](#). The plan includes an aspirational target of 5% for the representation of people with disability in public employment, with practical actions for agencies to adopt to achieve greater representation and inclusion of people with disability.

The strategy and other action plans will be progressed for government endorsement early in the next reporting period.

Disability employment

We developed a partnership with the National Disability Service (NDS) in 2019–20 and were one of eight public sector agencies to pilot a new training package to increase confidence in disability employment.

Under the pilot of the Adult People with Disability Traineeship, the final three trainees completed their traineeships in January and were offered ongoing employment in the sector.

Aboriginal employment

An independent review of the Aboriginal Traineeship Program was finalised during the last reporting period. The 2019 intake for the program was put on hold while we addressed the recommendations which included reviewing the program's operational manual and revising the program for future intakes.

The program's 2020 intake commenced in February with 35 trainees, five of whom were hosted in regional Western Australia. Face-to-face mentoring was replaced with virtual support while COVID-19 pandemic restrictions were in place.

In July, we started to pilot a new Aboriginal school-based traineeship which offered 10 students in Year 11 paid employment and experience while working towards their Western Australian Certificate of Education and Certificate II in Government. The students will complete their traineeships in the 2020–21 reporting period.

This year we coordinated one six-week secondment opportunity in Broome through the Jawun Indigenous Corporate Partnerships program.

Youth employment

We continued to manage a database of suitably screened young people ready for employment with agencies.

In 2019–20 we referred candidates to agencies in response to 53 vacancy requests for trainees and entry level positions. This was a reduction from 101 requests last year due to the impact of the pandemic and adoption of the Public Sector CSA Award 2019 in November 2019 which resulted in trainees being paid more.

We also coordinated 52 placements in agencies as part of the school-based traineeship program (down from 63 last year). We provided advice to agencies and off-the-job training sessions to the trainees. Some trainees graduated during the year while others are due to graduate in the 2020–21 and 2021–22 reporting periods.

Internships

Through the McCusker Centre for Citizenship Internship Program at The University of Western Australia, 17 agencies supported 32 interns during the year (an increase of eight agencies and 18 interns from last year).

For the wider university sector, 20 internship opportunities were available in 12 agencies, a decrease from 34 internships and 14 agencies the previous year. The Commission hosted two interns in 2019–20.

Integrity and risk

Reviews

During 2019–20, we commenced, progressed or finalised the following reviews:

- [Department of Communities: Housing Authority review](#) – tabled in Parliament on 11 August 2020
- [Systems to prevent and manage the risk of sexual misconduct](#): An analysis at WA public universities – published in March 2020
- [Governance review of the Department of the Premier and Cabinet](#): As it relates to the Corruption and Crime Commission's Report on the WA Commissioner in Japan – tabled in Parliament on 26 November 2019
- [Governance review of North Metropolitan Health Service and response by the Department of Health](#) – tabled in Parliament on 5 September 2019
- Examination of a discipline process at the Department of Primary Industries and Regional Development.

Lobbyists

Each quarter, lobbyists are required to confirm or update their registration details on the Government's Register of Lobbyists which is maintained by the Commission. This includes information about the company, lobbyist and their client details. During 2019–20, we confirmed 686 sets of registration details (735 last year).

At 30 June, there were 114 registrants on the register and 238 individuals listed as lobbyists compared to 120 registrants and 245 individuals last year.

Public interest disclosures

We received three public interest disclosure matters in relation to other agencies in 2019–20 (three last year). As the Commission, we received one public interest disclosure (none last year). All matters were actioned as required under the *Public Interest Disclosure Act 2003*.

Overseeing minor misconduct

In 2019–20, we received 473 minor misconduct matters (478 last year) which we assessed and took appropriate action on. We also reviewed action taken by public authorities where appropriate. At 30 June 2020, we had handled 98.7% of the matters (94.6% last year), with the remainder pending assessment or requiring further enquiries.

Breach of public sector standards

We completed 130 breach of standards claims in 2019–20 (123 last year). Of these, eight were substantiated: one against the Employment Standard and seven against the Grievance Resolution Standard. Claims against these standards continued to make up the majority of claims received. When managing claims, we assisted agencies by identifying opportunities for improvement in human resources processes.

Matters of referral

Unsolicited correspondence and contact about matters involving public sector integrity, management and administration are collectively called matters of referral. We completed nine matters of referral in 2019–20 (29 last year). Matters of referral continued trending down.

Complexity of oversight matters

We use the percentage of matters (excluding minor misconduct) resolved in target timeframes as an efficiency indicator.

The table shows the percentage of cases in 2019–20 completed in the target timeframe for each category. We improved our average in this reporting period.

Table 4: Percentage of matters of referral and breach of standard claims completed within timeframes

Category	2018–19 (%)	2019–20 (%)
Simple (30 days)	96	95
Routine (50 days)	88	95
Complex (120 days)	91	93
Average	90	94

Misconduct data

Further integrity and misconduct data relating to the sector is published in the [State of the Western Australian Government Sector Workforce](#) report.

Whole of sector strategy

Following extensive consultation, in December we released the [Integrity Strategy for WA Public Authorities 2020–2023](#). The strategy is based on the premise that all public officers have a role in promoting integrity and preventing misconduct. The strategy provides an overarching set of initiatives for the Commission to develop and a cohesive suite of practical and achievable actions for public authorities and individuals to undertake.

At the same time, we published an [Integrity Snapshot Tool](#) to help authorities assess their approach to promoting integrity and reducing misconduct risks.

Following the strategy's release, we began developing a guide to help public authorities develop their own comprehensive integrity framework and a tool to assist them to assess the maturity of their integrity processes. These will be released in the new financial year.

Other integrity initiatives

Throughout the year we delivered 18 integrity sessions to 566 participants (64 sessions to 1984 participants last year) which included a public sector leadership session with Gill Callister from ANZSOG and an ethical leadership session for public sector chief executive officers. This year's program was reduced due to COVID-19 pandemic restrictions.

We developed a resource to help public authorities promote International Anti-Corruption Day, published two guides to assist public authorities understand and manage integrity risks during challenging times (such as the pandemic), and delivered a session at the Australian Public Sector Anti-Corruption Conference 2019 in Melbourne on ensuring a responsive and sustainable approach to prevention through a whole of sector integrity strategy.

Advisory and consultancy

In 2019–20, we responded to or initiated 756 enquiries to assist individuals and public authorities with conduct, integrity and ethical matters. The number reduced from 1481 last year as we set up a new advisory telephone line specifically for workforce enquires late in the 2018–19 reporting period. This resulted in workforce enquiries going to the new line and integrity enquiries remaining with the current advisory service.

We conducted 32 consultation meetings with newly established consultative groups like the Integrity Practitioners' Group. We continued quarterly meetings with a number of public sector notifier agencies and regular meetings with the Corruption and Crime Commission.

Government board and committee governance

In 2019–20, we continued to strengthen our support for government boards and committees through resources such as Board Essentials and good governance principles for boards and committees.

We conducted 16 formal presentations to boards and committees (four last year). We helped boards and committees implement effective systems and procedures, and build a greater understanding of the public sector environment and appropriate frameworks.

Workforce policy and practice

Job security and stable employment

During the year, we continued to give effect to the Government's commitment to better job security for public sector employees, and a more stable and efficient sector through continuity of experienced employees.

In February, we rescinded Commissioner's Instruction No 22: Interim arrangements for TAFE colleges to appoint certain fixed-term contract lecturers to permanent positions as it had concluded. We continued with [Commissioner's Instruction No 23: Converting and appointing fixed-term contract and casual employees to permanency](#). These instructions complemented [Commissioner's Instruction No 2: Filling a public sector vacancy](#) which provides for transition from non-secure to permanent employment in certain circumstances.

Agencies reported to us that, in 2019–20, 10,482 employees were made permanent. This comprised 2304 employees under Commissioner's Instruction No 23 and 8178 employees under Commissioner's Instruction No 2. This was a significant increase on the 2691 employees made permanent in 2018–19 and reflected agency commitment to a permanent workforce.

We met regularly throughout the year with staff from Public Sector Labour Relations and Unions WA to monitor and evaluate progress.

Advisory service

The workforce advisory line, established in February 2019, provided advice to agencies to improve human resources capability. We responded to 827 enquiries related to workforce policy, legislation and practice, including 56 enquiries related to the COVID-19 pandemic.

Recruitment, redeployment and redundancy

We continued to manage the recruitment advertising management system (RAMS) which facilitates employment across the sector, including the WA Government Jobs Board.

During the year, we provided advice and support to agencies on redundancy matters and severance schemes.

Further sector recruitment, redeployment and redundancy data is published in the [State of the Western Australian Government Sector Workforce](#) report.

Machinery of government support

We supported progress towards the administrative merger of LandCorp and the Metropolitan Redevelopment Authority, with the new entity named DevelopmentWA. We also supported structural changes to the functions of the Housing Authority, with land development and related commercial functions to be merged with DevelopmentWA.

Compliance instruments

We continued consolidating the suite of compliance instruments we issue and administer to ensure they remain contemporary, and to minimise compliance and reporting obligations for agencies.

Managing temporary personnel

We finalised the review of agency compliance with [Approved Procedure 5: Approved contracts for services procedures](#) required under the Public Sector CSA Agreement 2019. The review covered 168 engagements of temporary personnel across the sector and informed proposed changes to procedures.

Legislative and policy reforms

We continued to provide administrative and advisory services to the Government to support the Public and Health Sector Legislation Amendment (Right of Return) Bill 2018 passage through the Legislative Council.

We amended the Public Sector Management (General) Regulations 2014 to enable TAFE employees to be dealt with under the disciplinary and substandard performance provisions of the PSM Act. This provided greater clarity and consistency for TAFE employees and employers.

We developed and finalised a consultation approach for the review of Part 6 of the PSM Act which covers redeployment and redundancy of public sector employees. Due to a number of external factors, further progress on the review was deferred.

Data analytics and reporting

Data reform

Following the creation of the new Workforce Data Analytics division in November, we began drafting a data strategy to coordinate and plan how we acquire, store, manage, share and use workforce data in the Commission and across the sector. We also enhanced our internal processes, increasing data quality, timeliness and relevance.

In the reporting period we saw a marked improvement in the publication time for quarterly workforce reporting, reducing from 28 weeks to 18 weeks. Further improvements to timeliness and quality will continue to be a focus.

Using and sharing data

For our annual data and information collections, we worked to minimise the burden on entities by focusing on statutory obligations. We repurposed other components to capture information specifically on the impacts of the COVID-19 pandemic on entities.

Piloting modern tools

As an action from the [Integrity Strategy for Public Authorities 2020–2023](#) we developed and tested an integrity reporting dashboard to provide an overview of key agency risk areas to inform prevention and oversight activities. This tool has only been deployed internally, but we plan to make it available to the sector in the future.

Similarly, we updated our approach to providing workforce diversity information to public sector agencies. We created a diversity dashboard to help agencies identify representation of various diversity groups, how this aligned with targets, as well as simplified information on employees sharing their diversity status.

Other legal and policy requirements

Disability access and inclusion

Through our Disability Access and Inclusion Plan 2015–2020 we continued to provide equitable and inclusive access for people with disability to our services, facilities and information.

During the year we:

- piloted a partnership with the National Disability Services, together with eight other agencies, to build disability employment confidence and improve employment outcomes for people with disability
- completed the National Disability Services' self-assessment and action plan to identify actions not currently undertaken for consideration in our strategic and business operations
- promoted all externally advertised opportunities through disability employment providers
- conducted accessibility testing as part of the migration of our website content to WA.gov.au.

In accordance with the *Disability Services Act 1993*, we submitted a report to the Department of Communities on progress against strategies in our plan.

Record keeping

Our record keeping plan recognised that record keeping services were provided through an arrangement with the Department of the Premier and Cabinet. Accordingly, we shared common records management procedures and a controlled vocabulary with the department.

Our record keeping plan was updated and approved by the State Records Office in April 2020.

We provided online records awareness training to staff as part of our induction program.

Advertising expenditure

In accordance with Section 175ZE of the *Electoral Act 1907*, we report expenditure of \$129,890 with advertising agencies and media advertising organisations. We did not incur any expenditure with market research, polling and direct mail companies.

Table 5: Incurred advertising expenditure

Advertising agencies	
Rare Advertising and Digital ¹	\$33 126
Cooch ³	\$2 680
Media advertising organisations	
Initiative Media Australia Pty Ltd ²	\$94 084

¹ Provided design work to the Commission, not advertising.

² CEO recruitment expenditure that is recouped from agencies.

Compliance with public sector standards and codes

We complied with the [Public Sector Standards in Human Resource Management](#) and [Public Sector Code of Ethics](#). We informed new staff of these standards as part of our induction, ran accountable and ethical decision making training, and published information on our intranet. Our human resources team provided advice, support and guidance to managers and staff in relation to the standards. Notification of the right to lodge breach of standards claims was provided as required by the Public Sector Management (Breaches of Public Sector Standards) Regulations 2005.

There were no applications lodged for breaches of standards in 2019–20.

Unauthorised use of credit cards

Staff were reminded regularly of their obligations under our corporate credit card policy. In 2019–20, one member of staff inadvertently used the corporate credit card for personal use expenditure which was settled promptly.

Table 7: Unauthorised use of credit cards in 2019–20

Indicator	2019–20
Aggregate amount of personal use expenditure for the reporting period	\$28.62
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	\$28.62

Salaries and Allowances Tribunal

The Salaries and Allowances Tribunal is an independent statutory body established under Section 5 of the *Salaries and Allowances Act 1975*.

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

As an affiliated body, the Tribunal's statutory operational independence is recognised. This independence is also recognised by the Tribunal's separate Parliamentary budget appropriation and resource agreement with the Premier and Treasurer.

Under these financial arrangements we are obliged to provide the Tribunal with certain financial services during the year, including the preparation of financial information to facilitate the discharge of statutory reporting obligations.

As a consequence of the Tribunal's affiliated body status, Note 8.5 is included in our financial statements.

Occupational safety and health

To further support the commitment of leadership to a safe and healthy workplace, during the year Corporate Executive appointed one of its members to chair our occupational safety and health (OSH) committee. The Human Resources Manager chaired the first meeting in July 2019 and the Executive Director People, Culture and Diversity chaired the remaining four meetings for the year (November 2019 and January, March and June 2020).

We provided training, support and resources for staff including monthly toolbox talks on relevant topics, and organised activities as part of National Safety Month (OSHtober). OSH continued as an agenda item at all division meetings.

We updated our workplace health and safety policy and procedures which outline our OSH injury management system and advice on return to work programs. This work was supported by a process to identify and assess hazards and risks; and consultation, education and monitoring of our work environment as far as is practicable in accordance with OSH legislation.

Our OSH management system aligned with Worksafe criteria as set out in its WorkSafe plan. Our system continued to meet compliance requirements with 100% of agreed actions completed.

Table 6: Safety, health and injury management performance reporting

Indicator	2018–19	2019–20	Target	Comment
Number of fatalities	0	0	0	Achieved
Lost time injury/disease incidence rate	0	0	0 or 10% improvement on previous three years	Achieved
Lost time injury/disease severity rate	0	0	0 or 10% improvement on previous three years	Achieved
Percentage of injured workers returned to work within (i) 13 weeks and (ii) 26 weeks	(i) N/A (ii) N/A	(i) N/A (ii) N/A	Greater than or equal to 80% return to work within 26 weeks	Achieved
Percentage of managers and supervisors trained in OSH and injury management responsibilities	83%	94%	Greater than or equal to 80%	Exceeded

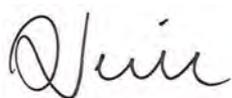
Financial statements

Certification of financial statements

For the reporting period ended 30 June 2020

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 reporting period ended 30 June 2020 and the financial position as at 30 June 2020.

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.



Sharyn O'Neill
PUBLIC SECTOR COMMISSIONER

1 September 2020



Shaun McLeod
CHIEF FINANCE OFFICER

1 September 2020

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Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PUBLIC SECTOR COMMISSION

Report on the financial statements

Opinion

I have audited the financial statements of the Public Sector Commission which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and Summary of Consolidated Account Appropriations for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Public Sector Commission for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Commission in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Commissioner for the financial statements

The Commissioner is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Commission.

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. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Public Sector Commission. The controls exercised by the Commission are those policies and procedures established by the 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

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 2020.

The Commissioner's responsibilities

The Commissioner is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Public Sector Commission for the year ended 30 June 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

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 agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

The Commissioner's responsibility for the key performance indicators

The 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 internal control as the Commissioner determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Commissioner is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory 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 2020 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 contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
2 September 2020

Statement of comprehensive income

For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1(a)	17 610	14 096
Supplies and services	2.3	5 750	5 347
Depreciation expense	4.1(c) 4.1(d)	129	31
Finance costs	6.2	2	-
Accommodation expenses	2.4	2 295	2 323
Grants and subsidies	2.2	467	487
Other expenses	2.5	69	57
Total cost of services		26 322	22 341
Revenue and income			
User charges and fees	3.2	85	231
Other revenue	3.3	319	355
Total revenue		404	586
Total income other than income from State Government		404	586
NET COST OF SERVICES		25 918	21 755
INCOME FROM STATE GOVERNMENT			
Service appropriation	3.1	24 935	24 257
Services received free of charge	3.1	1 469	1 340
Royalties for Regions Fund	3.1	-	11
Total income from State Government		26 404	25 608
SURPLUS/(DEFICIT) FOR THE PERIOD		486	3 853
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		486	3 853

The statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
ASSETS			
Current assets			
Cash and cash equivalents	6.3	14 811	13 150
Receivables	5.1	877	1 316
Amounts receivable for services	5.2	90	117
Other current assets	5.3	460	355
Total current assets		16 238	14 938
Non-current assets			
Restricted cash and cash equivalents	6.3	223	173
Amounts receivable for services	5.2	6 835	6 831
Property, plant and equipment	4.1 (a)	240	133
Right-of-use assets	4.1 (b)	78	-
Other non-current assets	5.3	30	14
Total non-current assets		7 406	7 151
TOTAL ASSETS		23 644	22 089
LIABILITIES			
Current liabilities			
Payables	5.4	2 113	1 405
Lease liabilities	6.1	27	-
Employee related provisions	2.1(b)	3 141	3 027
Contract liabilities	5.5	-	20
Total current liabilities		5 281	4 452
Non-current liabilities			
Lease liabilities	6.1	52	-
Employee related provisions	2.1(b)	813	668
Total non-current liabilities		865	668
TOTAL LIABILITIES		6 146	5 120
NET ASSETS		17 498	16 969
EQUITY			
Contributed equity	8.7	43	-
Accumulated surplus/(deficit)	8.7	17 455	16 969
TOTAL EQUITY		17 498	16 969

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 2020

	Note	Contributed equity \$000	Accumulated surplus/(deficit) \$000	Total equity \$000
Balance at 1 July 2018		-	13 116	13 116
Surplus/(deficit)		-	3 853	3 853
Total comprehensive income for the period		-	3 853	3 853
Balance at 30 June 2019	8.7	-	16 969	16 969
Balance at 1 July 2019		-	16 969	16 969
Surplus/(deficit)		-	486	486
Total comprehensive income for the period		-	486	486
Transactions with owners in their capacity as owners:				
Capital appropriations		1 324	-	1 324
Distribution to owners		(1 281)	-	(1 281)
Total		43	-	43
Balance at 30 June 2020	8.7	43	17 455	17 498

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 2020

	Note	2020 \$000	2019 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		24 931	24 188
Capital appropriations		43	-
Holding account drawdown		27	104
Royalties for Regions Fund		-	11
Net cash provided by State Government		25 001	24 303
<i>Utilised as follows</i>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(17 464)	(15 142)
Supplies and services		(3 236)	(4 082)
Finance costs		(2)	-
Accommodation		(2 295)	(2 323)
Grants and subsidies		(308)	(778)
GST payments on purchases		(716)	(682)
GST payments to taxation authority		(9)	-
Receipts			
User charges and fees		85	123
GST receipts on sales		9	21
GST receipts from taxation authority		703	609
Other receipts		194	261
Net cash provided by/(used in) operating activities		(23 039)	(21 993)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(217)	(37)
Net cash provided by/(used in) investing activities		(217)	(37)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment of lease		(34)	-
Net cash provided by/(used in) financing activities		(34)	-
Net increase/(decrease) in cash and cash equivalents		1 711	2 273
Cash and cash equivalents at the beginning of period		13 323	11 050
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6.3	15 034	13 323

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

Summary of Consolidated Account appropriations

For the year ended 30 June 2020

	2020 Budget Estimate \$000	2020 Supplementary Funding \$000	Revised Budget \$000	2020 Actual \$000	Variance \$000
DELIVERY OF SERVICES					
Item 6 - Net amount appropriated to deliver services	24 368		- 24 368	24 288	(80)
Amount authorised by other statutes					
• <i>Salaries and Allowances Act 1975</i>	791		- 791	647	(144)
Total appropriations provided to deliver services	25 159		- 25 159	24 935	(224)
CAPITAL					
Item 94 capital appropriation ^(a)	1 324		- 1 324	43	(1 281)
GRAND TOTAL	26 483		- 26 483	24 978	(1 505)

(a) Capital appropriation totalling \$1 281 000 was returned to the Consolidated Account as a result of a change in the accounting treatment relating to the amounts received for Government Office Accommodation.

Notes to the financial statements

For the year ended 30 June 2020

Note 1 Basis of preparation

The Public Sector Commission is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Commission is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities has been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Public Sector Commissioner on 1 September 2020.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

1. the *Financial Management Act 2006* (FMA)
2. Treasurer's Instructions (the Instructions or TIs)
3. Australian Accounting Standards (AASs) - Reduced Disclosure Requirements
4. those AAS paragraphs applicable for not-for-profit entities, where appropriate.

The FMA and the TIs take precedence over AASs. Several AASs are modified by the Instructions to vary application, disclosure format and wording. 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.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

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 transfer is non-discretionary and non-reciprocal.

Comparative figures

Comparatives figures are, where appropriate, reclassified to be comparable with the figures presented in the current reporting period.

Note 2 Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Commission's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Commission in achieving its objectives and the relevant notes are:

	Note	2020 \$000	2019 \$000
Employee benefits expenses	2.1 (a)	17 610	14 096
Employee related provisions	2.1 (b)	3 954	3 695
Grants and subsidies	2.2	467	487
Supplies and services	2.3	5 750	5 347
Accommodation expenses	2.4	2 295	2 323
Other expenses	2.5	69	57

Note 2.1 (a) Employee benefits expenses

	2020 \$000	2019 \$000
Employee benefits	15 650	12 530
Termination benefits	519	325
Superannuation - defined contribution plans	1 441	1 241
Total employee benefits expense	17 610	14 096
Add: AASB 16 Non-monetary benefits	43	-
Less: Employee contributions	24	-
Net employee benefits	17 629	14 096

Employee benefits

Include wages, salaries, accrued and paid leave entitlements and paid sick leave; and non-monetary benefits such as cars for employees.

Termination benefits

Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Commission is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation

The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

AASB 16 Non-monetary benefits

Non-monetary employee benefits, that are employee benefits expenses, predominately relate to the provision of vehicle benefit is measured at the cost incurred by the Commission.

Note 2.1 (b) Employee related provisions

	2020 \$000	2019 \$000
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.		
Current		
Employee benefits provisions		
Annual leave ^(a)	1 483	1 099
Long service leave ^(b)	1 640	1 912
	3 123	3 011
Other provisions		
Employment on-costs ^(c)	18	16
Total current employee related provisions	3 141	3 027
Non-current		
Employee benefits provisions		
Long service leave ^(b)	808	664
	808	664
Other provisions		
Employment on-costs ^(c)	5	4
Total non-current employee related provisions	813	668
Total employee related provisions	3 954	3 695

- (a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

- (b) **Long service leave liabilities:** 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.

Pre-conditional and 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.

The provision for long service leave is calculated at present value as the Commission does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using 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 outflows.

- (c) **Employment on-costs:** 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.

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 Note 2.5 Other expenses (apart from the unwinding of the discount (finance cost))' and are not included as part of the Commission's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2020 \$000	2019 \$000
Employment on-costs provision		
Carrying amount at start of period	20	24
Additional/(reversals of) provisions recognised	3	-
Payments/other sacrifices of economic benefits		(4)
Unwinding of the discount	-	-
Carrying amount at end of period	23	20

Key sources of estimation uncertainty - long service leave

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.

Several estimates and assumptions are used in calculating the Commission's long service leave provision. These include:

- expected future salary rates
- discount rates
- employee retention rates
- expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

Note 2.2 Grants and subsidies

	2020 \$000	2019 \$000
Government agency grants	58	40
Sponsorships	14	20
External grants	395	427
Total grants expenses	467	487

Transactions in which the Commission provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants, which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

Note 2.3 Supplies and services

	2020 \$000	2019 \$000
Communications	19	24
Consultants and contractors	4 408	3 948
Consumables	417	442
Repairs and maintenance	16	29
Travel	31	42
Insurance premiums	88	86
Licences, fees and registration	430	214
Operating lease, rental and hire cost	1	56
Non-staff training initiatives	118	289
Other	222	217
Total supplies and services	5 750	5 347

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Repairs and maintenance

Recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Other

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Note 2.4 Accommodation expenses

	2020 \$000	2019 \$000
Rental	2 295	2 323
Total accommodation expenses	2 295	2 323

Rental expenses include:

- i) short-term leases with a lease term of 12 months or less
- ii) low-value leases with an underlying value of \$5 000 or less
- iii) variable lease payments, recognised in the period in which the event or condition that triggers those payments occurs.

Note 2.5 Other expenses

	2020 \$000	2019 \$000
Employment on-costs	2	(3)
Professional services	66	59
Bad debts - Written off	1	1
Total other expenses	69	57

Employment on-cost

Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note 2.1 (b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Professional services

Includes audit fees, see also Note 8.6 Remuneration of auditor.

Note 3 Our funding sources

How we obtain our funding

This section provides additional information about how the Commission obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Commission and the relevant notes are:

	Note	2020 \$000	2019 \$000
Income from State Government	3.1	26 404	25 608
User charges and fees	3.2	85	231
Other revenue	3.3	319	355

Note 3.1 Income from State Government

	2020 \$000	2019 \$000
Appropriation received during the period:		
Service appropriation ^(a)	24 935	24 257
Services received free of charge from other State government agencies during the period:		
Department of the Premier and Cabinet - corporate support services ^(b)	684	577
Department of Finance - accommodation leasing and fit-out depreciation ^(b)	719	671
Department of Justice - legal services ^(b)	60	91
Department of Education - recruitment panel service and intranet presentation ^(b)	2	1
Department of Water and Environmental Regulation - Committee representation ^(b)	4	-
Total services received	1 469	1 340
Royalties for Regions Fund:		
Regional Community Services Account - Regional Workers Incentive ^(c)	-	11
Total Royalties for Regions Fund	-	11
Total income from State Government	26 404	25 608

(a) **Service appropriations** are recognised as income at the fair value of consideration received 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 in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered. Appropriation revenue comprises:

- a cash component
- a receivable (asset).

The receivable (holding account - note 5.2) comprises:

- the budgeted depreciation expense for the year; and
- any agreed increase in leave liabilities during the year.

(b) **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.

- (c) **The Regional Community Services Accounts** is a sub-fund within the overarching Royalties for Regions Fund. The recurrent fund is committed to projects and programs in WA regional areas and are recognised as income when the Commission receives the funds. The Commission has assessed Royalties for Regions agreements and concludes that they are not within scope of AASB 15 as they do not meet the 'sufficiently specific' criterion.

The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income from State Government.

Note 3.2 User charges and fees

	2020 \$000	2019 \$000
Training and development courses	85	231
Total charges and fees	85	231

The Commission delivers a number of training and development courses to the public sector. The training courses are structured programs that involve either:

- a number of modules and/or sessions delivered over a period of time
- workshops delivered within or over a few days.

Public sector employees are required to enrol in the programs and agree to pay the course fee. The course fees are calculated based on recovery of estimated external costs incurred to run the program. This course fees are reviewed and approved annually through the State Budget Tariffs, Fees and Charges review process.

Until 30 June 2019, revenue was recognised and measured at the fair value of consideration received or receivable.

From 1 July 2019, revenue is recognised in the accounting period over time when the module, session/ workshop is delivered. The estimated external cost to deliver each module, session or workshop is used to determine the amount of revenue to be recognised in the financial year.

Note 3.3 Other revenue

	2020 \$000	2019 \$000
Recoups	57	11
Contributions by other government agencies	221	180
Contributions by senior officers to the Government Vehicle Scheme	24	15
Australian Apprenticeships Incentive Program	15	107
Other miscellaneous revenue	2	42
Total other revenue	319	355

Other revenue is recognised and measured at the fair value of consideration received or receivable.

Note 4 Key assets

Assets the Commission utilises for economic benefit or service potential

This section includes information regarding the key assets the Commission utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Note	2020 \$000	2019 \$000
Property, plant and equipment	4.1 (a)	240	133
Right-of-use assets	4.1 (b)	78	-
Total key assets		318	133

Note 4.1 (a) Property, plant and equipment

	Computer hardware \$000	Office equipment \$000	Leasehold improvement \$000	Furniture and fittings \$000	Total \$000
1 July 2019					
Gross carrying amount	6	128	46	57	237
Accumulated depreciation	(6)	(62)	(18)	(18)	(104)
Carrying amount at start of period	-	66	28	39	133
Additions	-	13	182	-	195
Depreciation	-	(24)	(58)	(6)	(88)
Carrying amount at 30 June 2020	-	55	152	33	240
Gross carrying amount	6	141	228	57	432
Accumulated depreciation	(6)	(86)	(76)	(24)	(192)
Carrying amount at 30 June 2020	-	55	152	33	240

Initial recognition

Items of property, plant and equipment costing \$5 000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at fair value at the date of acquisition. Items of property, plant and equipment costing less than \$5 000 are immediately expensed direct to the 'Statement of Comprehensive Income' (other than where they form part of a group of similar items which are significant in total).

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of lease or the estimated useful life of the leasehold improvement.

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.

Note 4.1 (b) Right-of-use assets

	Note	2020 \$000	2019 \$000
Right-of-use assets			
Vehicles		78	-
Net carrying amount at 30 June 2020		78	-

Additions to right-of-use assets during the 2020 financial year was \$19 600.

The Commission has secured the right-of-use assets against the related lease liabilities (Note 6.1). In the event of default, the rights to the leased assets will revert to the lessor.

Initial recognition

Right-of-use assets are measured at cost including:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs, including dismantling and removing the underlying asset.

The Commission has elected not to recognise right-of-use assets and lease liabilities for short term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5 000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Commission at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing of impairment is outlined in Note 4.1 (d).

Note 4.1 (c) Depreciation charge for right-of-use assets

The following amounts relating to leases have been recognised in the Statement of Comprehensive Income:

	2020 \$000	2019 \$000
Right-of-use assets		
Vehicles	41	-
Total right-of-use asset depreciation	41	-
Lease interest expense (included in Finance Cost)	2	-

The total cash outflow for leases in 2020 was \$36 000.

The Commission has leases for vehicles and office accommodation.

The Commission has also entered into Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

Up to 30 June 2019, the Commission classified leases as either finance leases or operating leases. From 1 July 2019, at 1 July 2019, the Commission recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in Note 6.1.

Note 4.1 (d) Depreciation and impairment

Charge for the period

	Note	2020 \$000	2019 \$000
Depreciation			
Leasehold improvement	4.1 (a)	58	6
Computer hardware	4.1 (a)	-	-
Furniture and fittings	4.1 (a)	6	6
Office equipment	4.1 (a)	24	19
Total depreciation for the period		88	31

As at 30 June 2020, there were no indications of impairment to property, plant and equipment.

Finite useful lives

All property, plant and equipment 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, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for the current and prior years are:

- computer hardware - 3 years
- office equipment - 5 years
- furniture, fixtures and fittings - 10 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Impairment

Non-financial assets including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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 is measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation, if no impairment loss has been recognised in prior years.

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 reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

Note 5 Other assets and liabilities

This section sets out those assets and liabilities that arose from the Commission's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations.

	Note	2020 \$000	2019 \$000
Receivables	5.1	877	1 316
Amounts receivable for services	5.2	6 925	6 948
Other current assets	5.3	490	369
Payables	5.4	2 113	1 405
Contract liabilities	5.5	-	20

Note 5.1 Receivables

	2020 \$000	2019 \$000
Current		
Receivables	324	905
GST receivable	133	120
	457	1 025
Other debtors	420	295
Allowance for impairment of receivables	-	(4)
	420	291
Total current	877	1 316

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

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The carrying amount of net receivables is equivalent to fair value as it is due for settlement within 30 days.

Note 5.2 Amounts receivable for services (Holding account)

	2020 \$000	2019 \$000
Current	90	117
Non-current	6 835	6 831
Balance at end of period	6 925	6 948

Amount receivables for services 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.

Amount receivables for services are considered not impaired (i.e. there is no expected credit loss of the Holding account).

Note 5.3 Other assets

	2020 \$000	2019 \$000
Current		
Prepayments	460	355
Total current	460	355
Non-current		
Prepayments	30	14
Total non-current	30	14
Balance at end of period	490	369

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Note 5.4 Payables

	2020 \$000	2019 \$000
Current		
Payables	1 365	870
Accrued salaries	184	50
Accrued expenses	564	485
Balance at end of period	2 113	1 405

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.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period. The Commission considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see Note 6.3 Restricted cash and cash equivalents) consists of amounts paid annually from agency appropriations for salaries expense into Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

Note 5.5 Contract liabilities

	2020 \$000	2019 \$000
Opening balance at the beginning of the period	20	114
Additions	65	137
Revenue recognised in the reporting period	(85)	(231)
Closing balance at the end of the period	-	20
Current	-	20
Non-current	-	-

The Commission's contract liabilities relate to the training and development courses yet to be performed at the end of the reporting period. Typically, full training and development course fees were received upfront when the participants enrolled in the programs.

Implementation of AASB 15 Revenue from Customers had resulted in 2019 comparative 'Other current liabilities' to be reclassified and disclosed as 'Contract liabilities'.

Note 6 Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Commission.

	Note	2020 \$000	2019 \$000
Lease liabilities	6.1	79	-
Finance cost	6.2	2	-
Cash and cash equivalents	6.3	15 034	13 323

Note 6.1 Lease liabilities

	Note	2020 \$000	2019 \$000
Current		27	-
Non-current		52	-
		79	-

The Commission measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Commission uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Commission as part of the present value calculation of lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options (where these are reasonably certain to be exercised)
- payments for penalties for terminating a lease, where the lease term reflects the agency exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Commission if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Commission in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with Note 4.1 (b).

Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

Note 6.2 Finance costs

	Note	2020 \$000	2019 \$000
Finance costs			
Lease interest expense		2	-
Finance costs expensed		2	-

Note 6.3 Cash and cash equivalents

	2020 \$000	2019 \$000
Cash and cash equivalents	14 811	13 150
Restricted cash and cash equivalents	-	-
- Accrued salaries suspense account ^(a)	223	173
Balance at end of period	15 034	13 323

(a) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years.

For the purpose of the statement of cash flows, cash and cash equivalents (and restricted cash and cash equivalent) assets comprise cash on hand and at bank.

Note 7 Financial instruments and contingencies

	Note
Financial instruments	7.1
Contingent assets	7.2.1
Contingent liabilities	7.2.2

Note 7.1 Financial instruments

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

	2020	2019
	\$000	\$000
Financial assets		
Cash and cash equivalents	15 034	13 323
Financial assets at amortised cost ^(a)	7 669	8 144
Total financial assets	22 703	21 467
Financial liabilities		
Financial liabilities at amortised cost	2 192	1 405
Total financial liability	2 192	1 405

(a) The amount of financial assets at amortised cost excludes GST recoverable from Australian Taxation Office (statutory receivable).

Note 7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Note 7.2.1 Contingent assets

The Commission has no contingent assets.

Note 7.2.2 Contingent liabilities

The Commission has no contingent liabilities.

Note 8 Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Note
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related party transactions	8.4

	Note
Affiliated bodies	8.5
Remuneration of auditors	8.6
Equity	8.7
Supplementary financial information	8.8
Explanatory statement	8.9

Note 8.1 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.

Note 8.2 Initial application of Australian Accounting Standards

(a) AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue and AASB 111 Construction Contracts for annual reporting periods on or after 1 January 2019. Under the new model, the Commission shall recognise revenue when (or as) the Commission satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers.
- Identifying separate performance obligations.
- Determining the transaction price of the contract.
- Allocating the transaction price to each of the performance obligations.
- Recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other from contracts with customers are subject to AASB 1058 Income of Not-for-Profit Entities. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Commission.

The Commission adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information will be restated under this approach. Due to the small amount of revenue generated from the training programs, the cumulative effect of initially applying the standard is immaterial. Accordingly, no adjustment is made to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Commission elects to apply the standards retrospectively to only non-completed contracts at the date of initial application.

Refer to Note 3.1, 3.2 and 3.3 for the revenue and income accounting policies adopted from 1 July 2019.

The effect of adopting AASB 15 and AASB 1058 was assessed as not material, and therefore no adjustment was required to be recognised directly in the opening balance of Accumulated Surplus.

(b) AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases and related interpretations.

AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The Commission applies AASB 16 Leases from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of accumulated surplus/(deficit).

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5 000). The operating lease and finance lease distinction for lessees no longer exists.

Under AASB 16, the Commission takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- (a) right of use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 July 2019;
- (b) depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income; and
- (c) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Statement of Cash Flows.

The Commission measures concessionary leases that are of low value terms and conditions at cost at inception. There is no financial impact as the Commission is not in possession of any concessionary leases at the date of transition.

The right-of-use assets are assessed for impairment at the date of transition and the Commission has not identified any impairments to its right-of-use assets.

On transition, the Commission has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

- (a) single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- (b) the Commission relied on its assessment of whether existing leases were onerous in applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

The Commission has adjusted the Right-of-Use asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the statement of financial position at 30 Jun 2019;

- (c) Where the lease term at initial application ended within 12 months, the Commission has accounted for these as short-term leases;
- (d) Initial direct costs have been excluded from the measurement of the right-of-use asset;
- (e) Hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

The Commission has not reassessed whether existing contracts are, or contained a lease at 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

a. Measurement of lease liabilities

	\$000
Operating lease commitments disclosed as at 30 June 2019	102
Discounted using incremental borrowing rate as at of initial application	98
<i>Add:</i>	
Finance lease liabilities recognised as at 30 June 2019	-
<i>Less:</i>	
Short term leases not recognised as liability	-
Low value leases not recognised as liability	-
Lease liability recognised at 1 July 2019	98
Current lease liabilities	33
Non-current lease liabilities	65

Note 8.3 Key management personnel

The Commission has determined that key management personnel includes Cabinet ministers and senior officers of the Commission. The Commission does not incur expenditure to compensate ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Commission for the reporting period are presented within the following bands:

Compensation band (\$)	2020	2019
540 001 - 550 000	1	-
500 001 - 510 000	-	1
280 001 - 290 000	-	1
230 001 - 240 000	1	-
210 001 - 220 000	2	-
200 001 - 210 000	1	-
190 001 - 200 000	1	1
170 001 - 180 000	-	1
150 001 - 160 000	-	2
130 001 - 140 000	1	-
90 001 - 100 000	-	1
70 001 - 80 000	-	1
30 001 - 40 000	-	2
20 001 - 30 000	-	1
10 001 - 20 000	-	2
	2020	2019
	\$000	\$000
Total compensation of senior officers	1 741	1 759

Total compensation includes the superannuation expense incurred by the Commission in respect of senior officers.

Note 8.4 Related party transactions

The Commission is a wholly-owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Commission include:

- all Cabinet ministers and their close family members, and their controlled or jointly controlled entities
- all senior officers and their close family members, and their controlled or jointly controlled entities
- other agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e wholly-owned public sector entities)
- associates and joint ventures of wholly-owned public sector entity
- the Government Employees Superannuation Board (GESB).

Material transactions with related parties

Outside of normal citizen type transactions with the Commission, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

Note 8.5 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 receives administrative support from, but is not subject to operational control by, the Commission. It is funded by a Parliamentary appropriation of \$1 018 000 for 2019–20 (\$1 101 000 for 2018–19).

Note 8.6 Remuneration of auditors

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

	2020 \$000	2019 \$000
Auditing the accounts, financial statements, controls and key performance indicators	59	59
Total remuneration of auditor	59	59

Note 8.7 Equity

	2020 \$000	2019 \$000
Contributed equity		
Balance at start of period	-	-
<u>Contributions by owners</u>		
Capital appropriations	1 324	-
Total contributions by owners	1 324	-
<u>Distributions to owners</u>		
Return of capital appropriations to Consolidated Account	(1 281)	-

	2020 \$000	2019 \$000
Total distributions to owners	(1 281)	-
Balance at end of period	43	-
Accumulated surplus/(deficit)		
Balance at the start of period	16 969	13 116
Result for the period	486	3 853
Balance at end of period	17 455	16 969
Total equity at the end of the period	17 498	16 969

Note 8.8 Supplementary financial information

(a) Write-offs

During the financial year \$4 548 (2019: \$1 145) was written off as bad debts under the authority of:

	2020 \$000	2019 \$000
The Accountable Authority	5	1
The Minister	-	-
Executive Council	-	-
	5	1

(b) Losses through theft, defaults and other causes

	2020 \$000	2019 \$000
Losses of public money through default - salary overpayments deemed unrecoverable	5	1

Note 8.9 Explanatory statement (Controlled Operations)

All variances between estimates (original budget) and actual results for 2020, and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key major variances, which are greater than 10% and \$1 million for the Statements of Comprehensive Income, Cash Flows, and the Statement of Financial Position.

	Variance note	Estimate 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between estimate and actual for 2020 \$000	Variance between actual results for 2020 and 2019 \$000
Statement of Comprehensive Income						
Expenses						
Employee benefits expense	A	17 509	17 610	14 096	101	3 514
Supplies and services		5 246	5 750	5 347	504	403
Depreciation expense	1	1 467	129	31	(1 338)	98
Finance costs		176	2	-	(174)	2
Accommodation expenses	1	1 230	2 295	2 323	1 065	(28)
Grants and subsidies		591	467	487	(124)	(20)
Other expenses		56	69	57	13	12
Total cost of services		26 275	26 322	22 341	47	3 981
Income						
Revenue						
User charges and fees		292	85	231	(207)	(146)
Other revenue		108	319	355	211	(36)
Total revenue		400	404	586	4	(182)
Total income other than income from State Government		400	404	586	4	(182)
NET COST OF SERVICES		25 875	25 918	21 755	43	4 163
INCOME FROM STATE GOVERNMENT						
Service appropriation		25 159	24 935	24 257	(224)	678
Services received free of charge		1 346	1 469	1 340	123	129
Royalties for Regions Fund		22	-	11	(22)	(11)
Total income from State Government		26 527	26 404	25 608	(123)	796
SURPLUS/(DEFICIT) FOR THE PERIOD		652	486	3 853	(166)	(3 367)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		652	486	3 853	(166)	(3 367)

	Variance Note	Estimate 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between estimate and actual \$000	Variance between actual results for 2020 and 2019 \$000
Statement of Financial Position						
ASSETS						
Current assets						
Cash and cash equivalents		10 400	14 811	13 150	4 411	1 661
Receivables		763	877	1 316	114	(439)
Amounts receivable for services		117	90	117	(27)	(27)
Other current assets		228	460	355	232	105
Total current assets		11 508	16 238	14 938	4 730	1 300
Non-current assets						
Restricted cash and cash equivalents		267	223	173	(44)	50
Amounts receivable for services		8 181	6 835	6 831	(1 346)	4
Property, plant and equipment		213	240	133	27	107
Right-of-use assets	1	4 233	78	-	(4 155)	78
Other non-current assets		-	30	14	30	16
Total non-current assets		12 894	7 406	7 151	(5 488)	255
TOTAL ASSETS		24 402	23 644	22 089	(758)	1 555
LIABILITIES						
Current liabilities						
Payables		1 073	2 113	1 405	1 040	708
Lease liabilities		-	27	-	27	27
Employee related provisions	2	4 154	3 141	3 027	(1 013)	114
Other current liabilities		114	-	20	(114)	(20)
Total current liabilities		5 341	5 281	4 452	(60)	829
Non-current liabilities						
Lease liabilities	1	4 326	52	-	(4 274)	52
Employee related provisions		531	813	668	282	145
Total non-current liabilities		4 857	865	668	(3 992)	197
TOTAL LIABILITIES		10 198	6 146	5 120	(4 052)	1 026
NET ASSETS		14 204	17 498	16 969	3 294	529
EQUITY						
Contributed equity		-	43	-	43	43
Accumulated surplus/(deficit)		14 204	17 455	16 969	3 251	486
TOTAL EQUITY		14 204	17 498	16 969	3 294	529

	Variance Note	Estimate 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between estimate and actual \$000	Variance between actual results for 2020 and 2019 \$000
Statement of Cash Flows						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		23 692	24 931	24 188	1 239	743
Capital appropriations	1	1 324	43	-	(1 281)	43
Holding account drawdown		117	27	104	(90)	(77)
Royalties for Regions Fund		22	-	11	(22)	(11)
Net cash provided by State Government		25 155	25 001	24 303	(154)	698
Utilised as follows						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	A	(17 366)	(17 464)	(15 142)	(98)	(2 322)
Supplies and services	3	(4 474)	(3 236)	(4 082)	1 238	846
Finance costs		(176)	(2)	-	174	(2)
Accommodation	1	(930)	(2 295)	(2 323)	(1 365)	28
Grants and subsidies		(591)	(308)	(778)	283	470
GST payments on purchases		(415)	(716)	(682)	(301)	(34)
GST payments to taxation authority		(87)	(9)	-	78	(9)
Receipts						
User charges and fees		292	85	123	(207)	(38)
GST receipts on sales		87	9	21	(78)	(12)
GST receipts from taxation authority		415	703	609	288	94
Other receipts		108	194	261	86	(67)
Net cash provided by/(used in) operating activities		(23 137)	(23 039)	(21 993)	98	(1 046)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		(117)	(217)	(37)	(100)	(180)
Net cash provided by/(used in) investing activities		(117)	(217)	(37)	(100)	(180)

	Variance Note	Estimate 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between estimate and actual \$000	Variance between actual results for 2020 and 2019 \$000
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal repayment of lease	1	(1 324)	(34)	-	1 290	(34)
Net cash provided by/(used in) financing activities		(1 324)	(34)	-	1 290	(34)
Net increase/(decrease) in cash and cash equivalents		577	1 711	2 273	1 134	(562)
Cash and cash equivalents at the beginning of period		10 090	13 323	11 050	3 233	2 273
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		10 667	15 034	13 323	4 367	1 711

Major variance narratives

Variances between estimate and actual 2020

1. The 2019–20 Budget was prepared on the assumption that Government Office Accommodation (GOA) would be considered a lease in accordance with AASB 16 Leases. Subsequent to publication of the 2019–20 Budget, it was determined that the Standard does not apply to GOA.
2. The budget for employee related provision was set based on 2017–18 actual.
3. The variance is a result of timing differences between the budget and actual payments.

Variances between actual results for 2020 and 2019

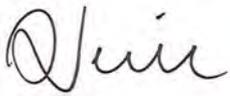
- A. The variance is due to lower vacancies in 2019–20.

Key performance indicators

Certification of key performance indicators

For the year ended 30 June 2020

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 2020.



Sharyn O'Neill
PUBLIC SECTOR COMMISSIONER

1 September 2020

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Overview of key performance indicators

The Commission is responsible for assisting Government through the delivery of services to achieve the broad goal to grow and diversify the economy, create jobs and support skill development.

To realise this goal, the Commission provides services to public sector entities to achieve its 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 measure the extent to which our activities are achieving, or are progressing towards, our agency level outcome. To measure how we are performing against these indicators, an annual client perception survey (CPS) is issued to our core clients.

In 2017, the Under Treasurer approved changes to the Commission's Outcome Based Management framework, including changes to the core clients and key effectiveness indicators. As a result, the 2019–20 indicators are only comparable to 2017–18 and 2018–19.

In total, the 2019–20 CPS was distributed to 279 core clients comprising

- 24 departments created under section 35 of the *Public Sector Management Act 1994*
- 17 ministerial offices
- 30 SES organisations specified in Schedule 2, Column 2 of the *Public Sector Management Act 1994* ^(a)
- 44 non-SES organisations ^(b)
- 145 local governments, including 9 regional councils ^(c)
- 4 public universities
- 15 government trading enterprises (GTEs).

(a) Variance in number from 2018–19 is due to the addition of Infrastructure WA to the survey distribution list.

(b) WA Institute of Sport was removed while PathWest was added to this year's survey distribution list.

(c) Variance in number from 2018–19 is due the removal of Christmas Island, Cocos Keeling Islands and Pilbara Regional Council from the survey distribution list.

The 2019–20 CPS asked core clients to rate how the advice and guidance offered by the Commission assisted them with the promotion of integrity, effectiveness and efficiency, and diversity and inclusion in their organisations.

The survey comprised a five-step rating from strongly agree to strongly disagree, with an additional 'did not interact with the Commission in this way' option.

To reduce the burden on our core clients in the context of the COVID-19 pandemic we minimised follow up during the collection of results. This had a foreseen effect on our response rate which was 39%, down from 43% in 2018–19.

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

Key effectiveness indicator	Actual 2017–18	Actual 2018–19	Target 2019–20	Actual 2019–20	Variance
The portion of core clients who indicate that the Commission has delivered policy, assistance and oversight that has helped them to enhance integrity within their organisations.	86%	87%	86%	87%	1% ^(a)
The portion of core clients who indicate that the Commission has delivered policy, assistance and oversight that has helped them to enhance the effectiveness and efficiency of their organisations. ^(a)	71%	80%	75%	85%	10% ^(a)
The portion of core clients who indicate that the Commission has delivered policy, assistance and oversight that has helped them to enhance diversity and inclusion within their organisations. ^(b)	53%	66%	75%	73% ^(c)	(2%) ^(b)

(a) The variance between the targeted and actual key effectiveness indicator continue to reflect steady improvement in the Commission's performance. Comments indicate satisfaction with the Integrity Strategy 2020-23 released in November 2019 and timely COVID-19 pandemic related workforce advice.

(b) The variance between the targeted and actual key effectiveness indicator responses may be attributed to core clients having established practices and policies in place.

(c) Increase from 2018–19 may be attributed to agencies involved in consultation on the Workforce Diversification and Inclusion Strategy for the Public Sector 2020-25, particularly those agencies who implemented guidance contained in consultation drafts.

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 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. The indicators reflect core business activities only.

An exception to this is the value of grants and termination payments paid during the year which are excluded because they are not considered costs 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	Actual 2017–18	Actual 2018–19	Target 2019–20 ^(a)	Actual 2019–20	Variance
Average cost per leadership development program, product or training hour	\$85	\$115	\$123	\$101	(\$22) ^(b)
Average cost per workforce development program, product or training hour	\$124	\$115	\$140	\$109	(\$31) ^(c)

- (a) The 2019–20 target figures were calculated prior to the change in methodology made during the period ending 2018–19. This contributed to the variance between the target and actual.
- (b) The variance is primarily due to an increase in the number of hours applied to directly support diversity, culture and talent development programs in 2019–20.
- (c) The variance is mainly due to lower than anticipated expenditure in activities such as the Aboriginal Traineeship Program.

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	Actual 2017–18	Actual 2018–19	Target 2019–20 ^(a)	Actual 2019–20	Variance
Average cost per hour of assistance and support provided	\$91	\$108	\$112	\$103	(\$9)
Average cost per public administration, standards and integrity program, product or training hour	\$80	\$96	\$139	\$102	(\$37) ^(b)

- (a) The 2019–20 target figures were calculated prior to the change in methodology made during the period ending 2018–19. This contributed to the variance between the target and actual.
- (b) The variance is primarily due to lower expenditure from the realignment of resources within the service to provide a greater focus on assistance and support provided to the sector.

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 Parliament and ministers on compliance with the *Public Sector Management Act 1994*, *Corruption, Crime and Misconduct Act 2003*, *Public Interest Disclosure Act 2003* and Part IX of the *Equal Opportunity Act 1984*.

Key efficiency indicator	Actual 2017–18	Actual 2018–19	Target 2019–20 ^(a)	Actual 2019–20	Variance
Average cost per hour addressing legislative and policy development	\$78	\$85	\$105	\$90	(\$15) ^(b)
Average cost per hour of performance and oversight activity	\$82	\$101	\$103	\$97	(\$6) ^(c)
Percentage of oversight actions completed within target timeframes.	86%	90%	85%	94%	9% ^(d)

- (a) The 2019–20 target figures were calculated prior to the change in methodology made during the period ending 2018–19. This contributed to the variance between the target and actual.
- (b) The variance is primarily due to reduced expenditure and hours applied resulting from the realignment of resources within the service to provide greater focus on performance and oversight activities.
- (c) The variance is mainly due to an increase in the number of hours applied to directly support performance and oversight activities offset by additional costs incurred for inquiries and reviews such as the Housing Authority review.
- (d) The variance is mainly due to ongoing process improvements which resulted in more efficient outcomes and a lower number of complex claims was managed in 2019–20.

Appendix 1

CEO appointments, reappointments and directions to act

Appointments

Mr Tym Duncanson	Director, Gascoyne Development Commission
Mr Kris Starcevich	Director, Goldfields Esperance Development Commission
Ms Susan Hunt PSM	Chief Executive Officer, Lotterywest Executive Director, Healthway
Mr Peter McCafferty	Chief Executive Officer, ChemCentre
Mr Chris White	Chief Executive Officer, WorkCover Western Australia
Ms Melissa Teede	Director, South West Development Commission
Mr Colin Walker	Director, Art Gallery of Western Australia
Mr Robert Cossart	Director, Wheatbelt Development Commission
Dr John Byrne AM	Commissioner, Equal Opportunity Commission
Ms Sonja O'Leary	Director of Equal Opportunity in Public Employment
Ms Catherine Fletcher	Information Commissioner, Office of the Information Commissioner
Mr Robert Kennedy	Electoral Commissioner, Western Australian Electoral Commission

Reappointments

Ms Gail McGowan PSM	Director General, Department of Planning, Lands and Heritage
Mr Duncan Ord OAM	Director General, Department of Local Government, Sport and Cultural Industries General Manager, Perth Theatre Trust
Mr Ralph Addis	Director General, Department of Primary Industries and Regional Development Chief Executive Officer, Rural Business Development Corporation
Mr Mark Webb PSM	Director General, Department of Biodiversity, Conservation and Attractions Chief Executive Officer, Botanic Gardens and Parks Authority Chief Executive Officer, Zoological Parks Authority Chief Executive Officer, Rottnest Island Authority
Mr David Eaton	Commissioner, Small Business Development Corporation
Mr Alec Coles OBE	Director, Western Australian Museum
Mr Michael Barnes PSM	Under Treasurer, Department of Treasury
Ms Susan Hunt PSM	CEO Other Functions

Directions to Act

Ms Jennifer McGrath	Commissioner, Mental Health Commission
Ms Sue Lapham	Managing Director, South Regional TAFE
Mr Sean Henriques	Chief Executive Officer, Metropolitan Redevelopment Authority
Ms Rebecca Brown	Director General, Department of the Premier and Cabinet
Mr Peter Woronzow	Director General, Department of Transport Commissioner, Main Roads Western Australia Chief Executive Officer, Public Transport Authority
Ms Jodi Cant	Chief Executive Officer, State Supply Commission

Directions to Act

Mr Richard Sellers	Director General, Department of Jobs, Tourism, Science and Innovation Chief Executive Officer, Western Australian Tourism Commission
Mr Colin Walker	Director, Art Gallery of Western Australia
Mr Gavin Robins	Director, Wheatbelt Development Commission
Mr Tym Duncanson	Director, Gascoyne Development Commission
Mr Ashley Clements	Director, South West Development Commission
Mr Chris White	Chief Executive Officer, WorkCover Western Australia
Mr Kris Starcevich	Director, Goldfields Esperance Development Commission
Ms Susan Hunt PSM	Chief Executive Officer, Lotterywest Executive Director, Healthway
Mr Peter McCafferty	Chief Executive Officer, ChemCentre