

Annual report 2014/15

Statement of Compliance

Hon C J Barnett MEd MLA
PREMIER

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament the annual report for the Public Sector Commission for the year ended 30 June 2015.

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



M C Wauchope
ACCOUNTABLE AUTHORITY
14 August 2015

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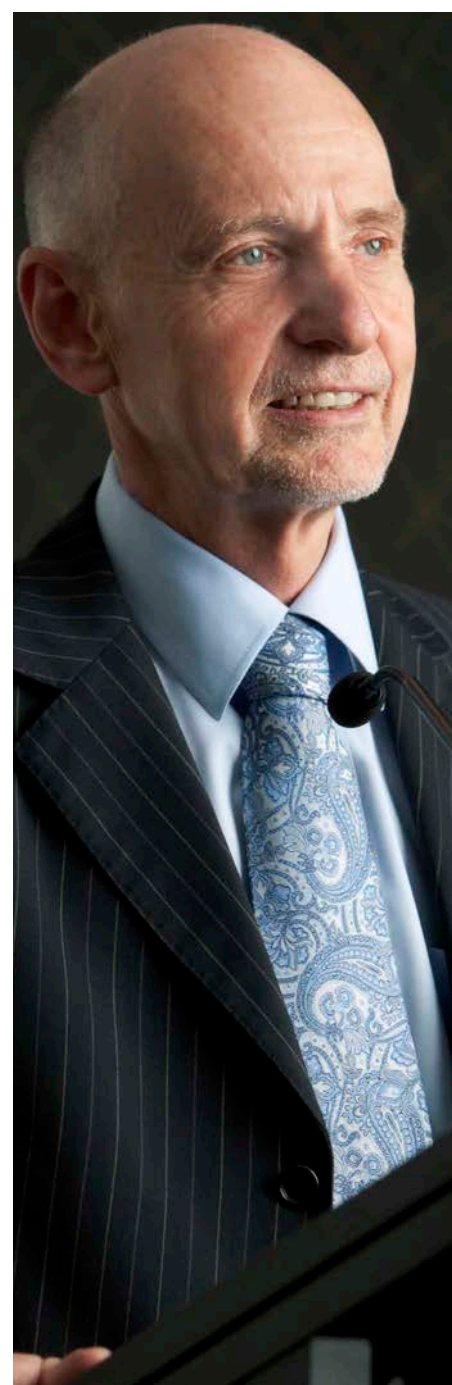
Commissioner's overview

This year was transformational for the Public Sector Commission as we continued our journey to deliver the Government's reform agenda to increase the efficiency and effectiveness of public administration and management. The reform package included the passing by Parliament of the *Workforce Reform Act 2014* and the *Corruption and Crime Commission (Misconduct) Amendment Act 2014* and the introduction of new lobbyist legislation, currently before Parliament. With our legislative and policy foundations almost in place, the time is right for a new approach to public sector renewal.

We know a clear, strategic focus on accountability and integrity is where the most impact can be made across the public sector. A significant body of work this year has been preparing for the transfer of responsibility for the oversight of minor misconduct and misconduct prevention and education. This change provides us all with an opportunity to reset how we think about, and manage integrity. I am optimistic about the opportunities the new framework offers.

We also continued to address issues impacting on public sector performance. A key component of this work was the new *Public Sector Management (Redeployment and Redundancy) Regulations 2014*, which came into operation on 1 May 2015. For the first time, the regulations include the capacity for the involuntary termination of employees who cannot be redeployed within six months and provides public sector leaders with another tool in the employment framework.

These two changes will enable public sector leaders to manage issues more efficiently within their organisations. The Commission's focus will be on developing frameworks, ensuring public sector bodies have appropriate rigour in their processes, providing advice and assistance where appropriate, and reporting on these new regimes to Parliament.



Diversity and inclusiveness in public employment remain areas that require the sector's ongoing attention. While there have been achievements under the inaugural Aboriginal employment and disability employment strategies, more work needs to be done. I am committed to partnering with agencies to provide further opportunities for Aboriginal Australians and people with disability to engage in public sector employment.

There are opportunities to build stronger strategic ties with our national and international colleagues to advance significant initiatives. Among these will be interjurisdictional collaboration, directed towards a uniform national approach to the public sector human resources function to ensure the stewardship of public sectors into the future.

In terms of capability development, we will have a new focus over the next year on building the capacity of chief financial and information and communications technology practitioners. I continue to see our focus on developing our leaders, through initiatives such as 'Leadership essentials' and our partnership with the Australia and New Zealand School of Government, as key to ensuring 'the tone from the top' is clear and consistent.

We will continue to challenge the way we do things, both within the Commission and in relation to our work with the broader sector, in our ongoing quest to deliver better performance and outcomes. I would like to take this opportunity to express my appreciation of the talented staff across the Commission for their commitment to planning for, and implementing, these changes throughout the year. I look forward to bringing you an update of our first year of operation as a 'renewed' Commission in 2016.

A handwritten signature in purple ink, appearing to read 'M C Wauchope', with a stylized flourish at the end.

M C Wauchope

PUBLIC SECTOR COMMISSIONER

About this report

Welcome to the Public Sector Commission's *Annual report 2014/15*. This report is designed to provide you with information about the Commission and its purpose, services and performance.

It presents the Commission's work in the context of the priorities stated in its strategic plan, budget papers and other significant documents, and outlines its contribution to the broader desired outcomes for government. The report is divided into four key sections:

1. **Agency in focus** presents an overview of the Commission, introduces the corporate executive team and reveals its workforce at a glance. It also provides a summary of its outcome-based management framework.
2. **Significant issues impacting the agency** outlines the key challenges and opportunities facing public administration and management in Western Australia and how the Commission is currently addressing them.
3. **Agency performance** presents detailed information against each priority area of the Commission's work and describes its major initiatives and projects.
4. **Disclosures and legal compliance** includes the Commission's key performance indicators and financial statements, providing information on its performance measures and the financial situation. It also includes other legal requirements, such as our commitment to occupational health and safety and a summary of the freedom of information applications finalised during 2014/15.

Highlights

Sponsorship and hospitality

In July 2014, the Public Sector Commissioner (Commissioner) commenced an investigation into Healthway practices associated with the management of tickets, hospitality and other benefits in high value sponsorship agreements. The action was taken after receiving a formal referral from the Office of the Auditor General.

The investigation was undertaken using the Commissioner's authority under s.24(1) of the *Public Sector Management Act 1994* (PSM Act). The investigation considered the appropriateness of Healthway activities in the context of government procurement policy, the adequacy of organisational governance arrangements and whether any public officers had derived a private benefit.

Our investigation concluded that funding decisions were not compromised by any deficiencies, nor did any Healthway officer deliberately set out to procure such resources for the purpose of deriving a private benefit. However, it did establish that integrity risks associated with corporate hospitality were not adequately addressed and some hospitality resources were used in a way that provided a private benefit to some Healthway officers.

The Public Sector Commission (the Commission) concluded the investigation in December 2014, and reports were provided to the responsible Minister and the Healthway Chair in February 2015. The investigation report, *Acquisition and use of hospitality resources by Healthway*, was tabled in Parliament on 19 February 2015.

In light of the report's findings, the Commission has been active in ensuring 'lessons learned' from the investigation are shared and understood by other public sector agencies. This has involved:

- sharing a checklist for assessing risks and controls associated with tickets and hospitality obtained as part of any grant or sponsorship scheme
- working with public sector chief executive officers (CEOs) on managing gifts, benefits and hospitality
- delivering a series of 'lessons learned' seminars to CEOs and senior staff
- providing a review service to assist agencies to update their relevant policies and controls.

The outcome has been an increased awareness around business imperatives and integrity risks associated with the acquisition and management of hospitality resources by public sector agencies, and state-owned commercial entities. The Premier and government ministers, subsequently provided responses in Parliament to two parliamentary questions relating to corporate hospitality.

Following a request from the Premier, the Commissioner has commenced a review to assess the responses to these parliamentary questions, report on specific agency activities, and identify whether any further steps are required to ensure proper governance and transparency around such activities. This work will continue in the next reporting period.

State-wide strategies

This year, two key state-wide strategies were completed:

- *Aboriginal employment strategy 2011-2015: Building a diverse public sector workforce.*
- *Disability employment strategy 2013-2015: Ensuring a representative sector.*

The *Aboriginal employment strategy 2011–2015*, developed in conjunction with agencies and Aboriginal employees, focussed on long-term, sustainable employment opportunities and career pathways for Aboriginal people across the sector. The strategy was part of WA's commitment to the Council of Australian Governments' Indigenous economic national partnership agreement to reach a target of 3.2 per cent of Aboriginal representation across the WA public sector.

In 2014/15, the sector reached 2.8 per cent Aboriginal representation in public sector employment. However, it is noted that during the five year period of the strategy the representation was as high as 3.3 per cent in June 2012. This highlights the ongoing challenge of retention. While falling short of its ambitious target, it is encouraging we continued to outperform all other states, except for the Northern Territory. The Commission now looks toward a new three year strategy aiming to:

- build on the positive outcomes achieved around recruiting Aboriginal trainees (171 trainees over the past three years)
- develop retention and career development strategies for Aboriginal employees
- increase representation of Aboriginal employees across all classification levels, and
- improve cultural competence across the sector.

The *Disability employment strategy 2013-2015* was a joint initiative between the Commission and the Disability Services Commission. The strategy aimed to improve participation, inclusion and access for people with disability at all levels of employment in the public sector.

Key successes of the strategy included the reinvigoration of government traineeships for people with disability, the establishment of a transition from traineeship to employment program and the launch of *Supporting good mental health in the workplace: a resource for agencies*, in partnership with the Mental Health Commission.

People with disability demonstrate strong representation among Commission traineeships, with 16 per cent of full-time trainees and 12 per cent of school-based trainees identifying with a disability. This year, the Commission supported the employment of three full-time trainees and two school-based trainees that identified as having a disability.

While there have been some successes, people with disability continue to be under-represented across the sector. The WA public sector has around 2.2 per cent of its workforce comprising of people with disability and these people are disproportionately represented in certain job groups. Over the year ahead we will work in partnership with the Disability Services Commission and public sector leaders, to examine agency practices and potential barriers to the employment of people with disability.

Enhancing the regions

With around one quarter of the state's public sector workforce located outside the Perth metropolitan area, Royalties for Regions funding has been essential to the Commission delivering programs, information sessions and employment initiatives to the regions.

This year marked the end of the three-year funding initiative that generated practical benefits for regional public sector employees, including an increased understanding of ethics and integrity, public sector renewal, workforce reform and leadership development. During the year, the Commission delivered 24 professional development sessions and placed 19 Aboriginal trainees in regional locations.

The Commissioner also personally visited the west Kimberley, Goldfields and Mid-West to deliver good governance sessions to public sector and local government CEOs and board chairs. These sessions highlighted the integrity risks people face when they live and work in regional areas, and showcased the good work being done by public sector agencies and local governments. The visit to Kalgoorlie coincided with a meeting of the Regional Heads of State Government Agencies Group, where he met with 23 senior public officers holding key roles in the Goldfields region. The Commissioner noted he had a greater appreciation for the good work being carried out by public sector agencies and local government in regional WA, and more insight into the particular integrity risks people face when they live and work in the community they serve.

A legacy of the funding has been the introduction of electronic infrastructure, including video conferencing and webcasting facilities, and recorded content and online training capabilities. This has significantly improved accessibility options for regional stakeholders which the Commission will continue to use over the years ahead.

With the prevention and education role under the new minor misconduct jurisdiction, and the ongoing commitment to promoting integrity within public authorities, the Commission will continue to deliver initiatives to the regional public sector workforce into the future.

Partnership and collaboration

Collaboration across Australian and New Zealand jurisdictions has a role in strengthening public sector reform and renewal. This year, we worked with the Australian Public Service Commission to broaden the membership of the Australian Public Service Commissioners' Conference. The membership will now include the Singaporean Public Service Commissioner who will attend the conference in October 2015.

The Commission also led an inter-jurisdictional working group to produce a joint statement outlining their commitment to develop strategies to reinforce the human resource function as the custodian of organisational capability, culture and leadership. This work will continue into the next reporting period.

These close working relationships enabled the Commissioner and his colleagues, the Australian Public Service and New South Wales Public Service Commissioners, to share their thoughts with the sector. This included the direction of the public service, and its capacity to meet future challenges and opportunities at a national conference held in Perth.

Following the success of this session, the Commissioner invited the New Zealand State Services Commissioner and met with the South Australian Public Sector Commissioner to provide their 'big picture' view on public administration.



Public Sector Renewal Inter-Jurisdictional Conference

Recognising achievement across the sector

The Australian Honours System represents the highest level of national recognition for outstanding achievement and service by Australians. The Commissioner is WA's representative on the Council for the Order of Australia and the Chair of the State selection panel for the Public Service Medal.

In 2014/15, there were 52 WA recipients in the Australia Day Honours List and 45 WA recipients in the Queen's Birthday Honours List, including four WA public sector employees (Mr Ricky Dawson, Mr Alexander Errington, Mr David Hartley and Ms Gail Milner) who received the Public Service Medal which recognises an outstanding contribution to the public service.

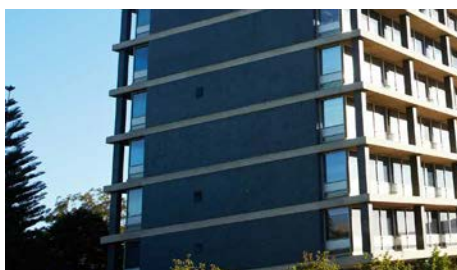
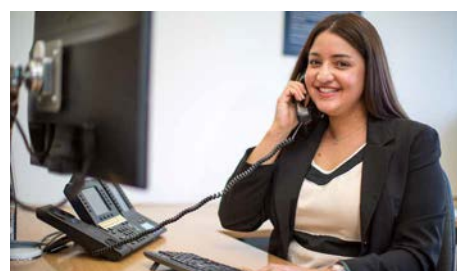
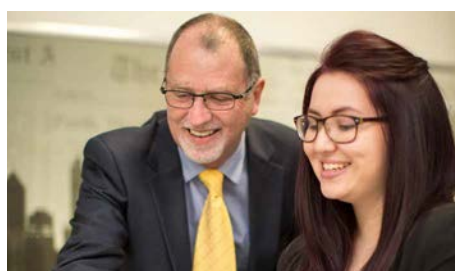
The Commission acts on the Premier's behalf in the promotion, coordination and management of the Premier's Awards for Excellence in Public Sector Management. In 2014/15, 50 nominations were received, all demonstrating a high level of commitment to public service delivery and excellence in public sector management. The Department of Housing's 'Shared Equity EOI program' won the 2014 'Developing the economy' category, and the overall winner's trophy.

We also sponsor the 'Public Sector Commission Award for Good Governance' as part of the annual Institute of Public Administration Australia WA (IPAA WA) WS Lonnie Awards. The 2015 winner of this award was the Economic Regulation Authority.



Premier Hon. Colin Barnett and Mr Grahame Searle, Director General, Department of Housing

Agency in focus



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Profile of the Commission

Our vision

By working together to achieve our priorities and continuing to build relationships with our stakeholders, we can achieve our vision of 'a high performing public sector'.

Our purpose

To enhance the integrity, effectiveness and efficiency of public administration and management.

Achieving our priorities



Our strategic priorities

- Increase efficiency, flexibility and integrity
- Provide and support governance and leadership
- Build an accountable, knowledgeable and diverse workforce
- Promote openness and transparency in evaluation and reporting.

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

We will know we are achieving our priorities when:

- our advice and assistance is sought and valued
- our function and purpose is understood and respected
- our employees are engaged in what they do and developed professionally.

Our values

We commit to being:

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

Our stakeholders

We build relationships and work collaboratively with our key stakeholders including the Government of the day, the Minister for Public Sector Management, Parliament, public sector agencies, public sector boards and committees, local governments, public universities and government trading enterprises (GTEs).

Enabling and administered legislation

The Public Sector Commissioner (the Commissioner) is an independent statutory officer established under the *Public Sector Management Act 1994* (PSM Act). He is supported in his functions by the Commission, a department established under the PSM Act.

On behalf of the Commissioner, the Commission administers the:

- PSM Act
- *Public Interest Disclosure Act 2003* (PID Act).

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

On 1 July 2015, the Commissioner will assume responsibility for the oversight of minor misconduct and the misconduct prevention and education functions under the *Corruption, Crime and Misconduct Act 2003*.

Responsible minister

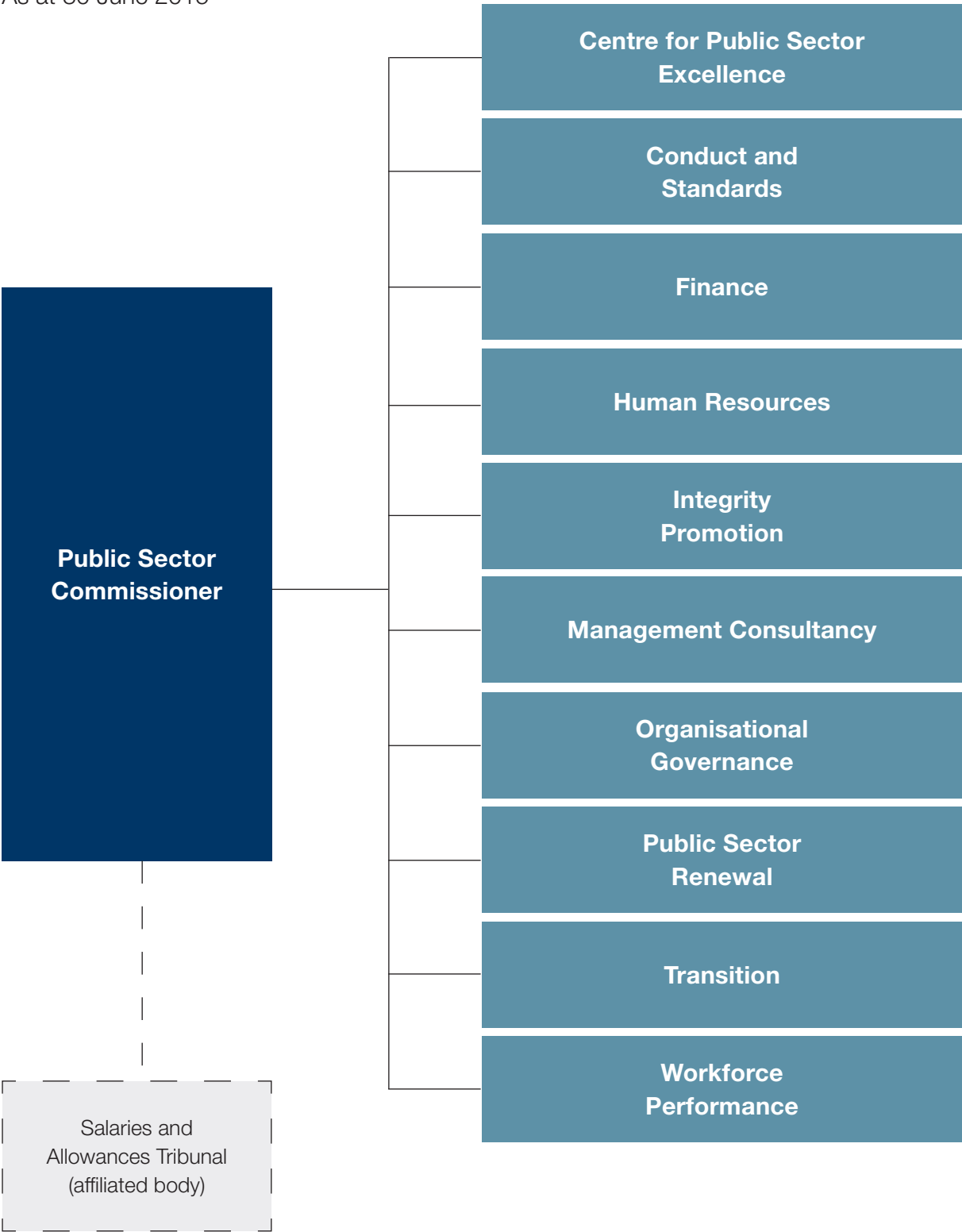
The responsible minister is the Hon. Colin Barnett MEd MLA, Premier; Minister for State Development; Science.

Government affiliated bodies

The Salaries and Allowances Tribunal (SAT) as determined by the Treasurer, is an affiliated body of the Commission in accordance with section 60(1)(b) of the *Financial Management Act 2006*. The Tribunal's report appears immediately following the Commission's report.

Organisational structure

As at 30 June 2015



Corporate Executive



Members of the Corporate Executive, from left: Mr Alan Barrett, Mr Dan Volaric, Ms Rachel Mayhew, Ms Fiona Roche , Mr Mal Wauchope, Mr Andrew Dores, Ms Amanda Alderson, Ms Rebecca Harris, Mr Lindsay Warner. Absent: Mr Vince Hughes

Mal Wauchope, Public Sector Commissioner

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

Fiona Roche, Deputy Commissioner, Integrity and Promotion

Fiona is responsible for managing the Commissioner's statutory responsibilities in relation to the education and prevention of minor misconduct. This includes promoting integrity and building capacity of public authorities.

Dan Volaric, Deputy Commissioner, Conduct and Standards

Dan is responsible for managing the Commissioner's statutory responsibilities in relation to conduct and standards, review and investigations. On 1 July 2015, this will include receiving and assessing minor misconduct notifications.

Rebecca Harris, Director, Organisational Governance

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

Andrew Dores, Director, Workforce Performance

Andrew is responsible for providing high level advice and support to ministerial offices, CEOs and agency staff on public administration, management and workplace performance matters.

Alan Barrett, Director, Transition

Alan is responsible for leading the transition unit, engaging directly with the Corruption and Crime Commission (CCC) to ensure the transfer of the minor misconduct function is both efficient and effective.

Lindsay Warner, Director, Public Sector Renewal

Lindsay is responsible for managing the Commissioner's statutory responsibilities in relation to policy, public sector reform and reporting to Parliament.

Vince Hughes, Executive Director, Centre for Public Sector Excellence

Vince is responsible for leading the Centre for Public Sector Excellence (the Centre) in developing the capability and capacity of public sector leaders and practitioners.

Rachel Mayhew, Manager HR Strategy and Support

Rachel is responsible for delivering organisational and employee relations advice to management and employees across the Commission.

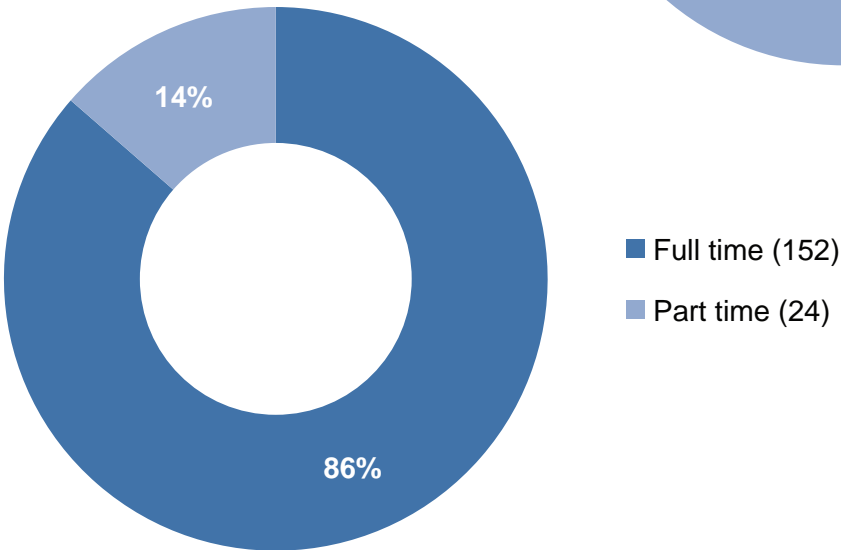
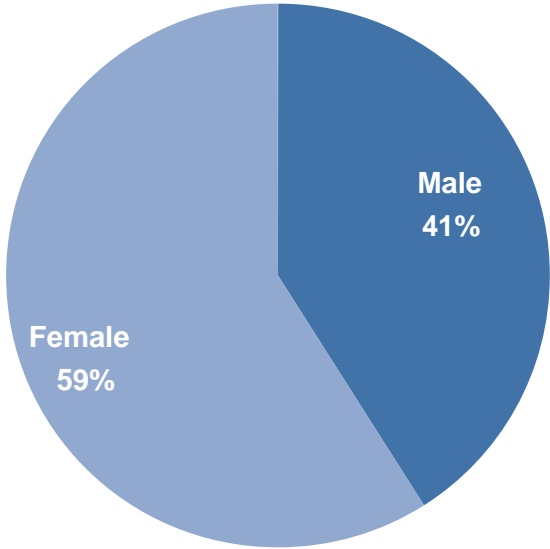
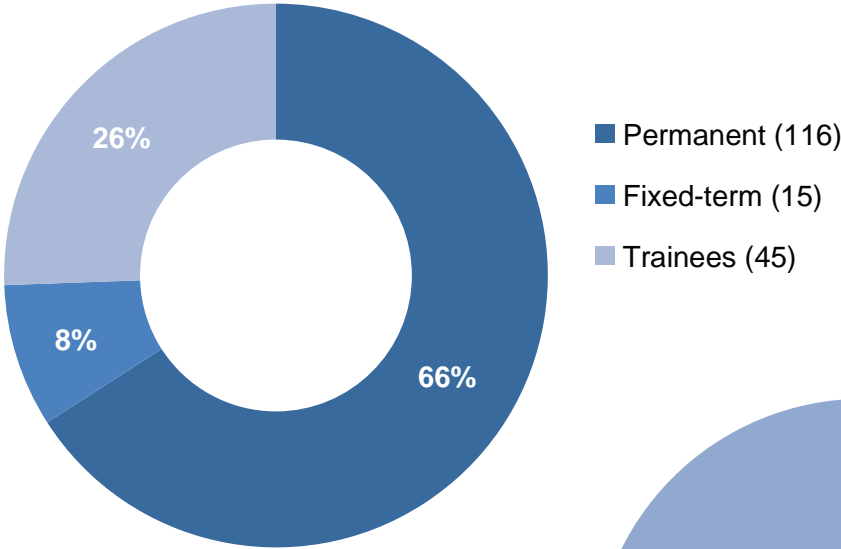
Amanda Alderson, Chief Finance Officer

Amanda is responsible for providing costing, financial and management reporting services across the Commission.

Workforce profile

As at the 30 June 2015, the Commission employed 176 officers (headcount), or 124.5 full-time equivalents (FTE). While the Department of Treasury requires public sector entities to meet a salaries cap rather than an FTE ceiling, we still report on FTE to the Department of Treasury. The Commission's previous FTE ceiling was 146.

The following figures summarise the Commission's 2014/15 workforce profile.



Our diverse workforce

The Commission believes flexibility is important for an inclusive and diverse workforce and provides opportunities for 24 officers to work part-time. We take pride in the fact that our workforce is highly diverse and representative of the wider WA community.

Diverse groups	2014/15 (%)	2013/14 (%)	Public sector average (%)
Aboriginal and Torres Strait Islander	28.8	21	2.8
Women in Senior Executive Service	33.3	41.7	31.7
Culturally diverse background	9	12.4	12.4
Youth	28.2	21	5.1
People with disability	3	3.5	2.6

Disability access and inclusion plan outcome

Through our *Disability access and inclusion plan (DAIP) 2010–2015*, the Commission demonstrated its commitment to implementing a range of strategies that aim to promote an accessible and inclusive environment for people with disability.

During the year, we developed a new DAIP for a further five year period, following an internal and external consultation process. It outlines how the Commission will continue to provide people with disability equitable and inclusive access to its services, facilities and information.

Our employees have also been provided with the opportunity to increase their understanding of diversity awareness through ongoing professional learning.

People development

Building and developing our workforce

The Commission maintains an effective performance management process to enhance individual and organisational performance. Informal and formal processes help managers and staff work together to identify and meet both organisational goals, and individual work and career development needs.

This year, 67 per cent of our staff participated in a formal performance management process, which is an improvement from last year.

Professional development

Over the year, the Commission implemented 'Our Workplace Learning (OWL) program', which aims to improve our organisation's understanding and knowledge of key public administration and management matters, and the full range of the Commissioner's functions and responsibilities.

To prepare for the transfer of the minor misconduct and misconduct prevention and education functions from the CCC, we delivered a series of workshops to assist our staff to better understand the minor misconduct notification process and the local government and public university contexts.

The Commission also continued to build the capacity of its people to undertake workplace investigations by providing the Certificate IV in Government (Investigations), to a range of staff.



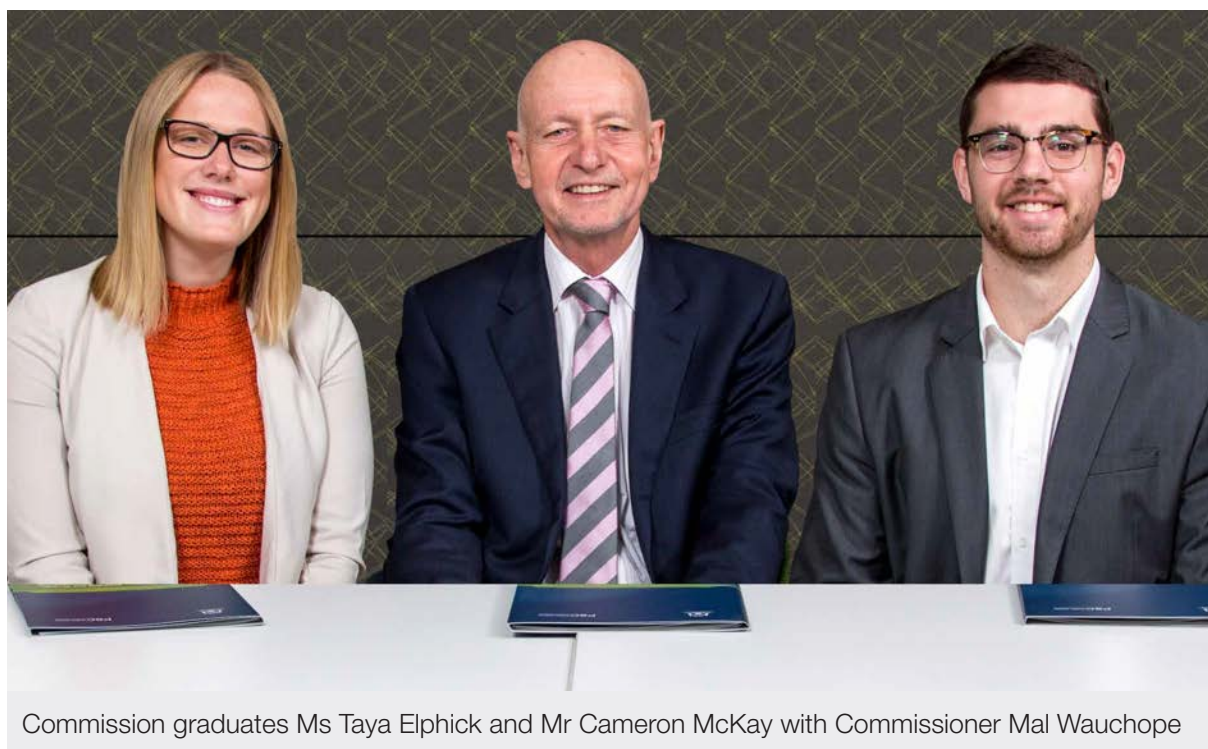
Graduates, our future leaders

At the start of 2015, we welcomed two university graduates on a 12 month graduate development program. Graduate officers are exposed to a diverse range of experiences while working on a number of key strategic and challenging projects across the Commission. A central component of the program is the graduate officers' participation in the 'Graduate future leaders' program.

Trainees, focusing on our youth

The Commission values the contribution trainees make in the workplace and wherever possible, offer a transition into permanent employment after their completion of recognised training programs. This year, we have employed two school-based trainees, and currently have five permanent employees who commenced their public sector career through the school-based traineeship program.

As part of the *Aboriginal Employment Strategy 2011–15*, the Commission employed 61 full-time Aboriginal trainees in the last financial year, who were placed in public sector agencies across the sector.



Commission graduates Ms Taya Elphick and Mr Cameron McKay with Commissioner Mal Wauchope

Performance management framework

Outcome-based management framework

The Commission delivers services to improve the efficiency, effectiveness and integrity of the public sector. In doing this, we contribute to a range of state government objectives related to the government goal of 'Results-based service delivery'. This demands a greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.

The following table outlines the Commission's outcome-based management structure and illustrates the relationship between its services and desired outcomes, and the government goal to which we contribute.

Public Sector Commission outcome-based management structure		
Government goal		
Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians		
Agency desired outcome		
An efficient and effective public sector that operates with integrity		
Services		
<p>Public sector leadership</p> <p>This service is responsible for the identification and development of legislative changes, policy and strategic initiatives that position the public sector to meet future challenges.</p>	<p>Assistance and support</p> <p>This service builds the capacity and develops the public sector workforce by providing advice, assistance and professional development to public authorities.</p>	<p>Oversight and reporting</p> <p>This service provides independent oversight to monitor and report to Parliament and ministers on compliance with the PSM Act and the PID Act.</p>

How the Commission measures its performance

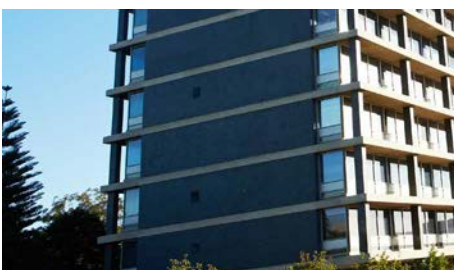
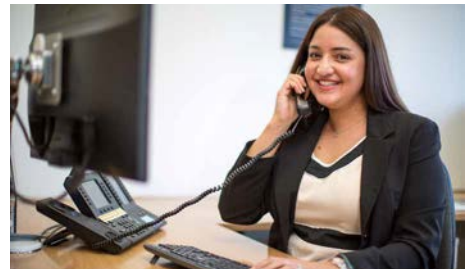
The Commission’s three services are linked to Key Performance Indicators (KPIs) comprised of effectiveness and efficiency indicators which analyse the extent to which the Commission has achieved its desired outcomes, as illustrated below:

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

Note: Core clients comprise:

- Departments created under section 35 of the PSM Act
- Ministerial offices
- Senior executive service (SES) organisations specifies in column two of Schedule 2 of the PSM Act
- Non-SES organisations including government boards and committees that have undertaken the Commission’s good governance and ethical decision making professional development within the financial year.

Significant issues impacting the agency



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Preparing for the transfer of the minor misconduct and misconduct prevention and education functions

This year we progressed a significant body of work to transfer the oversight of minor misconduct by public officers, and the misconduct prevention and education functions, from the Corruption and Crime Commission (CCC) to the Commission.

Delivering these functions will strengthen the integrity, accountability and performance of the WA public sector and see the Commission increase its interaction with local governments, public universities and government trading enterprises (GTEs) beyond its current interface of the PID Act and Part IX of the EO Act.

For public authorities, the change will mean all notifications of suspected minor misconduct will be made to the Commission rather than the CCC. With each sector having different cultures and accountability frameworks, our prevention and education focus will be on developing products and programs in the appropriate statutory and cultural context to promote accountable and ethical decision making.

A number of initiatives were developed and/or implemented in preparation for the transfer of functions. Significant gains during this time included the following:

- Group consultation sessions were held by the Commissioner with public university vice chancellors, and CEOs and senior integrity officers from local government, GTEs and public sector agencies.
- In consultation with the CCC, the Commission developed a joint information resource to be launched on 1 July 2015, to assist public authorities understand their notification obligations.
- A series of information products, including fact sheets and web material, were developed to assist public authorities understand the new minor misconduct jurisdiction.
- An 'Understanding the new integrity landscape notification workshop' was developed and delivered to build the capacity of key notifiers when dealing with matters of minor misconduct which will be rolled out in the coming months.



Commissioner Mal Wauchope and Corruption and Crime Commissioner John McKechnie, QC

Improving productivity

The public sector is currently facing a number of significant fiscal challenges. However, the Commission believes that operating in a more fiscally constrained environment is 'the new norm' for public sector agencies. Addressing the challenges this brings will require new thinking and approaches, particularly around how we increase productivity.

From a sector-wide perspective, the Commission is working collaboratively with the Department of the Premier and Cabinet and the Department of Treasury, to progress a number of key initiatives. These identify how budgetary incentives can be more conducive to efficiency, and how we can promote cost reduction behaviours and reduce red tape. Additionally, the Commission is also partnering with the Department of Finance to implement reform to reduce red tape to build productivity, promote innovation and improve service delivery to the community.

Internally, the Commission is reviewing its functions and organisational design to allow its employees to become more mobile, and its services more flexible, as we integrate the new minor misconduct and misconduct prevention and education functions into our existing business.

Building capability

Investing in the strategic development of public sector employees provides long term benefits for the future of the sector. Through the Centre for Public Sector Excellence (the Centre), the Commission is focused on enhancing the capacity of the workforce by providing professional development programs and initiatives to build knowledge and skills.

As outlined in the 'Highlights' section, we have had some success with improving employment opportunities for Aboriginal Australians and people with disability. The Commission will continue to partner with other public sector agencies to reduce the barriers to employment and allow its diversity groups to achieve meaningful and sustained employment in the public sector.

The Commissioner and Public Service Commissioners from other jurisdictions, believe that strengthening the standing of the human resource function as a source of expertise and guidance, is a key priority going forward. Along with this interjurisdictional work, the Commission will continue with its state-based programs to build the capacity and capability of human resource practitioners. Since 2012, through our targeted human resource programs, we have administered a total of 78 events to 2357 human resource practitioners from across the sector.

Over the next year, the Commission will focus on building the capability of two other key occupational groups, chief financial and information and communications technology practitioners.

The importance and value of the work being undertaken by government boards and committees is significant, and at times, can be highly complex. In the past year, the Commissioner personally conducted 23 good governance training sessions to assist members in fully understanding their responsibilities, so that they may contribute judiciously and positively to the community. The nature of board and committee membership is cyclical, so we will continue to support this group to assist them to understand their role over time and build robust governance systems and processes.

Looking ahead

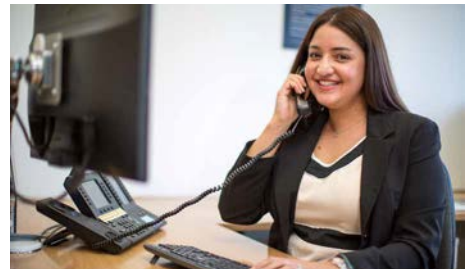
To create a high performance culture, the Commission believes it is essential to have effective systems for managing individual, team and organisational performance. To achieve this, a review of CEO performance agreement systems commenced during the year. This involved updating and amending the current system for all CEOs and in parallel, conducting a review and trial of a new performance agreement system for the future. We are particularly interested in exploring how the system can be strengthened to maximise performance and reduce red tape.

Legislation is also being drafted to alter the arrangements applying to the remuneration setting mechanisms for CEOs of GTEs. Instead of responsibility resting with the relevant management boards, GTEs will be brought under the jurisdiction of the Salaries and Allowances Tribunal to ensure remuneration is more consistent across the sector.

In the past year, the Commission implemented a number of enhancements to its online e-Recruitment system, RAMS, including increased security of applicant and agency data through additional data encryption functionalities, a shift to agency management of redeployment and severance processes, and improved reporting capabilities through the implementation of a new reporting solution. We will continue to liaise with agencies to ensure RAMS is working as efficiently and effectively as possible.



Agency performance



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Targets and indicators

	2015 Estimate \$000	2015 Actual \$000	Variance \$000
Total cost of services (expense limit)	29 403	26 170	3 233
Net cost of service	27 754	25 574	2 180
Total equity	7 327	9 312	1 985
Net increase/(decrease) in cash held	34	(764)	798

The Public Sector Commission's (Commission) expenditure limit and net cost of services as detailed in the 2014/15 budget statements were \$29.403 million and \$27.754 million respectively. The variances between estimate and actual of \$3.233 million and \$2.180 million respectively were primarily a result of the Commission operating below funded FTE levels.

Total equity

Total equity at the end of the year was \$1.985 million higher than estimated, mainly due to the reduction in the net cost of service.

Net increase/(decrease) in cash held

The decrease in the Commission's cash held is largely the result of returning \$3.222 million of surplus funds to Treasury.

Summary of key performance indicators

For a more detailed explanation of the indicators and reasons for variances, please refer to the audited 'Key performance indicators' section of this report.

Summary of key effectiveness indicators

Key effectiveness indicator	Target 2014/15	Actual 2014/15	Variance between target and actual	Actual 2013/14	Actual 2012/13
The portion of core clients who indicate the Commission has delivered policy, assistance and oversight that has assisted them to enhance integrity within their agencies.	85%	97%	12%	95%	98%
The portion of core clients who indicate the Commission has delivered policy, assistance and oversight that has assisted them to enhance the effectiveness and efficiency of their agencies.	85%	89%	4%	90%	95%
The portion of core clients who indicate that assistance provided by the Commission has helped them to meet their statutory obligations under the PID Act.	75%	75%	-	84%	78%
The portion of core clients who indicate assistance provided by the Commission has helped them to meet their statutory obligations under part IX of the EO Act.	75%	69%	(6%)	78%	60%

Summary of key efficiency indicators

Service 1 – Public Sector leadership	Target 2014/15	Actual 2014/15	Variance between target and actual	Actual 2013/14	Actual 2012/13
Average Cost per Leadership Development Product, Program or Training Hour	\$140	\$109	(\$31)	\$135	\$128
Average Cost per Workforce Development Program, Product or Training Hour	\$145	\$118	(\$27)	\$154	\$111

Service 2 – Assistance and Support	Target 2014/15	Actual 2014/15	Variance between target and actual	Actual 2013/14	Actual 2012/13
Average Cost per Hour of Assistance and Support Provided	\$93	\$93	-	\$108	\$92
Average Cost per Public Administration, Standards and Integrity Program, Product or Training Hour	\$101	\$120	\$19	\$105	\$87

Service 3 – Oversight and reporting	Target 2014/15	Actual 2014/15	Variance between target and actual	Actual 2013/14	Actual 2012/13
Average Cost per Hour Addressing Legislative and Policy Development	\$93	\$97	\$4	\$109	\$94
Average Cost per Hour of Performance and Oversight Activity	\$89	\$102	\$13	\$99	\$95
Percentage of Oversight Actions Completed within Target Timeframes	90%	89%	(1%)	91%	83%

Building capacity

We understand that building the capacity and capability of human capital is crucial towards the stewardship of the sector. The Commission, through the Centre for Public Sector Excellence (the Centre), assists public sector employees, from trainees to senior executives, in both metropolitan and regional areas, by supporting and fostering professional capability and leadership development.

Consistent with the Centre's strategic priority to 'build the skill, behaviour and expertise for a capable, future-focused and sustainable public sector', it progressed work and achieved outcomes in three key areas - workforce, leadership and diversity.



Aspiring leaders from across the sector take part in the inaugural 'Leadership essentials' program

Workforce strategies

The Centre intersects with key groups of individuals across the sector including human resource, finance and policy practitioners. It is in the best interests of the Commission, public sector agencies and the individuals themselves that these employees have the appropriate skills, knowledge and abilities to provide accurate and timely advice to their senior leaders.

We administer and deliver a number of programs aimed at building the professional capability of these groups.

Foundations of Government Human Resources program

This program provides participants with foundation knowledge and skills to support them in their role. Participants are paired with an experienced practitioner, in a mentor-mentee relationship, to share knowledge, advice and support. Upon successful completion, participants receive a nationally recognised Certificate IV in Government (Human Resources).

In 2014/15, 44 practitioners from 30 agencies participated in the program, with 15 achieving the qualification, and the remainder continuing to progress.

This year, the Commission explored the feasibility of expanding the program into the regions and hope to make use of new technology, recently installed in the Centre's training facilities, to engage more efficiently with regional participants.

Human resource practitioner forums

The Centre coordinates human resource practitioner forums in collaboration with experts and industry bodies to build human resource capability across the sector. In 2014/15, we delivered three forums to 156 practitioners from 51 agencies. Through the forums, practitioners were updated on changes to redeployment and redundancy frameworks and voluntary severance regulations, Common Use Arrangements and the transfer of the minor misconduct function to the Commission.

Chief finance officer capability project

Through discussion with other central government agencies and the Centre's Advisory Board (established to provide expert advice to the Commissioner), financial services was identified as a skill set that needs to be better understood, and developed from a whole-of-sector perspective.

This year, a reference group of chief finance officers and central agency representatives was established, to explore and assist with developing initiatives to build financial capability across the sector. Over 70 agencies were involved through a survey, consultation with CEOs, and a strategic discussion attended by 50 senior officers and chief finance officers. Next year, the Commission will look to implement the recommendations arising from this project.

Policy practitioner forums

Policy practitioner forums are a co-initiative of the Commission and the Department of the Premier and Cabinet, and provide an opportunity for policy practitioners to exchange ideas, opinions and knowledge. This year, 154 practitioners from 35 agencies participated in three forums and explored two topics: 'Working towards the ideal cabinet submission' and 'Working with the media'.

Employment-based training strategy

The Commission understands the public sector is facing a number of workforce challenges into the future including loss of corporate knowledge and a competitive labour market, among others. The importance of continuous learning through undertaking further study and employment-based training, is an important investment we must make. The Centre has a number of strategies and programs in place to encourage and support continuous learning.

The Commission's *Employment-based training strategy 2013-2015* (EBT) was developed following the launch of the Department of Training and Workforce Development's, *Skilling WA - A Workforce Development Plan for Western Australia*. The EBT strategy highlights the need for practical and targeted employment-based training, including Vocational Educational Training (VET) strategies. Employment-based training pathways include traineeships, apprenticeships, cadetships and graduate programs. Work on the 2016-2018 EBT strategy has commenced.



Cadetships

This year, in partnership with *Future Skills WA* and the Department of Training and Workforce Development, the Commission launched a pilot of public sector cadetships. This new initiative was developed to enhance career pathways and opportunities through on-the-job training, mentorship and assessment in a number of professional areas.

Upon successfully completing a cadetship, participants receive a Diploma of Government (Human Resources) or a Diploma of Government (Financial Services), both nationally accredited qualifications. In 2014/15, 34 participants from 25 agencies commenced cadetships across both human resources and financial services. In early 2015/16 a third cadetship in investigations will commence.

Study assistance scheme

The study assistance scheme encourages the development of public sector employees by supporting aspiring leaders to pursue professional development. In 2014/15, 90 public sector employees accessed this scheme.

Public sector internship program

The Commission partnered with five Western Australian universities to provide a career development opportunity for students. University students enrolled in a participating unit of study undertake a public sector internship project. Projects suitable for final year undergraduate or postgraduate university students are submitted by volunteering agencies.

The internship projects enable students to acquire work-based experience, earn credit towards their degree, and while doing so are encouraged to pursue a career in the public sector. In 2014/15, 90 project proposals were received from 33 public sector organisations. Of these, 60 were allocated an intern from one of the five Perth-based universities.

Leadership

Leadership is required at many levels and in many forms, within the public sector. Building leadership capability is vital to ensuring the public sector responds to current and emerging challenges efficiently and effectively. The Commission, through the Centre, facilitates and delivers a range of programs aimed at developing the sector's senior leaders.

Australian and New Zealand School of Government CEO forum

These forums enable public sector leaders from Australia and New Zealand to share good practice about how to meet contemporary public sector leadership challenges. This year, five scholarships were awarded to the following CEOs:

- Duncan Ord OAM, Department of Culture and the Arts
- Emma White, Department for Child Protection and Family Support
- Ralph Addis, Department of Regional Development
- Gail McGowan, Department of Planning
- Alan Ferris, Perth Theatre Trust

Executive Master of Public Administration

This two year post-graduate qualification program assists future leaders to develop management and policy skills. The program is developed in consultation with public sector CEOs across Australia and New Zealand, and is delivered by leading academics and guest speakers. The following five public sector employees undertook the program during the year:

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

Executive Fellows Program

This three week residential program examines the emerging trends of public sector management and enables senior executives to strengthen their core relationship, leadership and management skills. In 2014/15, the Commission awarded three full scholarships to the following members of the senior executive service:

- Karen Dickinson, Kimberley Training Institute
- Duncan Anderson, South West Institute of Technology
- Raymond Challen, Department of Finance

Public Sector Management Program

The Centre provided 20 mid-level managers from across the public sector with the opportunity to participate in this national post graduate program. This is the final intake via the Commission as from 1 January 2015, Queensland University of Technology assumed full responsibility for the program.

Leadership seminar series

This seminar series provides aspiring leaders across the sector with an opportunity to meet and hear from influential speakers on current administration topics. This year, the Centre delivered three general seminars (588 attendees), one SES workshop (30 participants) and three CEO events (81 attendees).

Leadership essentials

This is the Centre's newest initiative to support the leadership and management capability of public sector leaders. We deliver this program to increase the ethical, strategic and critical thinking skills of leaders to encourage better decision making, leadership and a more innovative sector. The inaugural 'Leadership essentials' commenced in February 2015, with 22 participants representing 20 agencies.

Management essentials

This program supports grass-roots level managers across the sector. This included 11 workshops in the metropolitan area to 254 participants from 44 agencies. In addition, the Centre delivered three workshops funded by Royalties for Regions in which 48 public sector employees from 13 agencies across the Great Southern region, and 31 public sector employees from seven agencies across the Kimberley region took part.

Graduate future leaders program

Sector-wide graduates are provided with a whole-of-government perspective to assist them in understanding the complexities of the public sector. Graduates are involved in an 'action learning project' that enables them, in collaboration with agencies, to develop and present a concept paper based on topics from finalists of the Premier's Awards. During the year, 51 graduates from 16 agencies participated in the program.

Diversity

We are committed to promoting equal opportunity in public employment, which reinforces the Government's commitment to reflect community diversity, and recognising the value of individual differences. Aligning diversity strategies to broader workforce planning is considered best practice.

Workforce and diversity planning

Section 145(1) of the EO Act requires all public authorities to prepare and implement an equal employment opportunity (EEO) management plan. The DEOPE is co-located within the Commission and is responsible for advising and assisting public authorities in preparing management plans, and for evaluating those plans.

This year, the Commission and the DEOPE continued to assist agencies to develop, implement and review workforce and diversity plans to address attraction, retention and workforce development objectives. Our online toolkit, *Workforce and diversity planning: A guide for agencies*, provides further information and tools on workforce planning and diversity.

As at 30 June 2015, 66 per cent of public sector agencies have integrated workforce and diversity plans which meet the requirements of the EO Act, with clear objectives linked to service outcomes and government priorities.

Disability employment strategy

The *Disability Employment Strategy 2013-15: Ensuring a representative sector* is a state-wide initiative. This joint initiative between the Commission and the Disability Services Commission, was developed to improve participation, inclusion and access for people with disability at all levels of employment in the public sector (see 'Highlights' for an overview of our achievements).

Supporting Aboriginal employment

The *Aboriginal Employment Strategy 2011-2015: Building a diverse public sector workforce* is a state-wide initiative and is part of WA's commitment to the Council of Australian Governments' Indigenous economic national partnership. There are several initiatives coming from the strategy which are discussed in more detail below (see 'Highlights' for an overview of our achievements).

Aboriginal traineeship program

The Centre's 'Aboriginal traineeship program' is an employment-based training initiative that allows young Aboriginal people to develop skills, experience and knowledge in public administration. There has been a substantial increase in the retention of trainees in the sector through the Commission's 'Aboriginal traineeship program', as shown in the table below.

Year	Metro intake	Retained in sector	Regional intake	Retained in sector	Cert II	Cert III
2012/13	47	27.4%	17	29.4%	38.6%	35.3%
2013/14	30	60%	16	50%	70%	56.2%
2014/15	41	*	20	*	*	*

*Trainees employed in 2014/15 are yet to complete the program.

The 'Supervising Aboriginal trainee talent program' was developed to increase the retention and completion rates of Aboriginal trainees. This program supports supervisors to understand what is involved in supervising, training and mentoring Aboriginal trainees within a workplace.



Aboriginal trainees Ms Roslyn Ninyette, Ms Caitlan Holley and Ms Shalise Bodney with Commissioner Mal Wauchope

Aboriginal leadership strategy

During the year, the Commission commenced work on the development of a standalone Aboriginal leadership strategy. The Centre worked collaboratively with existing senior Aboriginal employees, as well as agencies, to identify key career development strategies. The strategy will be launched in early 2015/16 and aims to address the under-representation of Aboriginal employees in senior executive service (SES) positions.

Jawun Indigenous Corporate Partnership Program

Jawun is a not for profit organisation that supports innovative programs of change in Aboriginal communities. We engaged Jawun to provide non-Aboriginal public sector employees with short-term secondments into Aboriginal organisations and communities. Jawun requires participants to work and live for six weeks in remote locations within the East and West Kimberley, and promotes the sharing of expertise to assist in improved stakeholder engagement and corporate strategy for Aboriginal organisations. In 2015, we funded four public sector employees to participate in the program.



School-based traineeship program

While completing years 11 and 12 at secondary school, school-based trainees undertake employment-based training in a participating agency two days out of a regular school week. Upon successful completion of the program, trainees receive a Certificate II in Government. This year, 19 trainees from the 2014 cohort are on track to complete their traineeship at the end of 2015, and 20 trainees have commenced their traineeship in 2015.

Additionally this year, the Commission partnered with the Department of the Attorney General to support the recruitment of three African school-based trainees through its traineeship program (under sections 50D and 51D of the EO Act).

Public sector traineeship program

This 12-month program provides people under 25 years of age with an entry pathway to the public sector. Participants learn administration skills within a public sector environment, and receive a Certificate II or III in Government upon successful completion. The Centre recruits for three streams: people with a disability, Aboriginal and Torres Strait Islanders and a general stream. This year, nine full-time trainees from the Aboriginal and Torres Strait Islander stream and one trainee from the general stream, from three agencies, participated in the program.

Trainee transition to employment program

This program is designed to increase the number of trainees engaged in full-time permanent or fixed-term employment for Level 1 administrative roles. It provides agencies with a pool of candidates who have completed their traineeship and are interested and available for entry level vacancies as they arise.

Agencies have access to the pool, eliminating the need to advertise (in accordance with part 4.1.c of *Commissioner's Instruction No. 2 – Filling a Public Sector Vacancy*). During the year, two trainees transitioned to full time permanent employment and seven into fixed-term employment via the program.

Trainee professional development workshops

These workshops are run to support trainees to increase their skills and development. Since July 2014, 98 trainees attended seven free workshops focussing on telephone techniques, customer excellence, conflict management and emotional intelligence.

Supporting supervisors of trainees

This program supports supervisors of school-based trainees to understand what is involved in supervising, training and mentoring school-based trainees within a workplace. Thirteen supervisors from 10 different agencies attended a workshop during the year.

Enhancing the regions

In March 2012, the Commission secured three years' of Royalties for Regions funding to enable the regional delivery of programs, information sessions and employment initiatives. In 2014/15, \$959 000 was spent to achieve the following outcomes:

- Delivery of 16 ethics and integrity workshops to 283 employees in the Kimberley, Pilbara, Mid-West, Great Southern and Goldfields-Esperance regions. Targeted at public sector human resource practitioners, managers, supervisors and employees likely to be involved in recruitment decisions and policy development, the sessions increased public sector employee awareness of ethical codes and requirements.
- Delivery of eight public sector reform information sessions to 163 employees in the Kimberley, Pilbara, Mid-West and Great Southern regions. The sessions communicated key legislative changes, and provided practical information for managing integrity risks affecting the public sector, and in particular, risks faced by employees in regional WA.
- Delivery of three Management Essentials workshops to 89 public sector employees from 29 agencies in the Great Southern and Kimberley regions.
- Delivery of information sessions promoting public sector traineeships to 56 employees in the Kimberley, Mid-West, Great Southern, South West, Pilbara, Wheatbelt and Goldfield-Esperance regions.
- The placement of 19 Aboriginal trainees in agencies across the Kimberley, Pilbara, Mid-West, Wheatbelt, South West, Goldfields-Esperance and Great Southern regions. These trainees are due to complete their traineeships in 2015/16. Of the 17 trainees that successfully completed their traineeship in the 2013/14 intake, eight have gained ongoing employment in regional WA.
- The installation of new technology in the Centre's training facilities allowing regional employees to use electronic mediums, including video conferencing, recorded content and online training capabilities that connect to the Commission's programs. The equipment, online from 1 July 2015, allows more efficient delivery to the regions.

Assistance and support

Advisory and consultancy services

The Commission recognises that public authorities operate in a challenging environment and often face complex issues. Our advisory and consultancy service supports public authorities through these challenges, assisting them to interpret and apply the public sector standards in human resource management, associated instructions, regulations and applicable sections of the *Public Sector Management Act 1994* (PSM Act). The Commission also provides advice to both the sector and the public on the *Public Interest Disclosure Act 2003* (PID Act).

Throughout the year, our advisory and consultancy service assisted individuals and agencies on many issues including the application of the employment standard, the operation of breach regulations, integrity training, agency codes of conduct and public interest disclosure. Of the 2616 enquiries the Commission received, the two largest areas of contact related to human resource management issues (54 per cent) and conduct, ethics and integrity matters (20 per cent).

Over the coming year, the advisory and consultancy service will also handle enquires relating to notification obligations resulting from the transfer of the minor misconduct functions under the *Corruption, Crime and Misconduct Act 2003* (CCM Act). We will update our products and training programs to ensure that public sector bodies and their employees are aware of the Commission's role in relation to minor misconduct and agency reporting requirements.



Chief Executive Officers

The Commissioner is responsible for the appointment and reappointment of chief executive officers (CEOs) of all departments, and senior executive service (SES) organisations, under s.45 and s.46 of the PSM Act. We support the Commissioner in his role as the employer of CEOs in the following areas: recruitment, transfer, acting appointments, remuneration, performance agreements, discipline and separation.

In 2014/15, ten CEOs were appointed and twelve CEOs were reappointed as outlined below.

CEO appointments 1 July 2014 to 30 June 2015

Position and agency	Outcome	Commencement date
Director General, Department of Health	Dr David Russel-Weisz	3/08/2015
Executive Director, Department of the State Heritage Office	Mr Graeme Gammie	23/06/2015
Under Treasurer, Department of Treasury	Mr Michael Barnes	21/04/2015
Director General, Department of Fisheries	Ms Heather Brayford	14/04/2015
Chief Executive Officer, Lotterywest	Mr Paul Andrew	2/02/2015
Director General, Department of Regional Development	Mr David (Ralph) Addis	11/11/2014
Director, Goldfields- Esperance Development Commission	Mr Shayne Flanagan	14/10/2014
Director General, Department Environmental Regulation	Mr Jason Banks	19/08/2014
Director General, Department of Child Protection and Family Support	Ms Emma White	19/08/2014
Director General, Department of Culture and the Arts	Mr Duncan Ord OAM	1/07/2014

CEO reappointments 1 July 2014 to 30 June 2015

Position and agency	CEO	Commencement date
Director General, Disability Service Commission	Dr Ron Chalmers	6/11/2015
Commissioner, Mental Health Commission	Mr Timothy Marney	20/06/2015
Chief Executive Officer of the Commissioner of Main Roads	Mr Reece Waldock (concurrent appointment)	3/05/2015
Chief Executive Officer of the Public Transport Authority	Mr Reece Waldock (concurrent appointment)	3/05/2015
Director General, of the Department of Transport	Mr Reece Waldock (concurrent appointment)	3/05/2015
Director, Western Australian Museum	Mr Alec Coles OBE	22/03/2015
Director General, Department of Training and Workforce Development	Dr Ruth Shean	7/12/2014
Chief Executive Officer, Botanic Gardens and Parks Authority	Mr Mark Webb PSM	23/11/2014
Director General, Department of Agriculture and Food	Mr Robert Delane PSM (concurrent appointment)	2/11/2014
Chief Executive Officer, Rural Business Development Corporation	Mr Robert Delane PSM (concurrent appointment)	2/11/2014
State Librarian, State Library of Western Australia	Ms Margaret Allen	1/11/2014
Chief Executive Officer, WorkCover Western Australia	Ms Michelle Reynolds	22/09/2014

CEO performance agreement framework

In accordance with s.47 of the PSM Act, all CEOs are required to enter into a performance agreement with the Commissioner and their responsible authority. We administer the CEO performance agreement framework and provide support to CEOs, responsible authorities and ministers.

The purpose of the 2014/15 CEO performance agreement was to support high level leadership and accountability across the public sector. During the year, the framework was amended to include a new sector-wide initiative that focused on fiscal responsibilities. CEOs are now required to report against the financial targets in their agency resource agreement and outline strategies to manage agency leave liability.

In response to recommendations made by the WA Legislative Assembly Public Accounts Committee in the *Report of the Inquiry into Amendments to the PSM Act 1994*, the Commission commenced a review of the CEO performance agreement framework and intends to develop a new model for the 2016/17 performance agreement cycle.

Senior Executive Service

The purpose of the SES is to provide a group of senior officers for the sector, capable of delivering high level policy advice and undertaking managerial responsibilities. As at 30 June 2015, there were 505 members of the SES.

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

This year, the Commission assessed 102 SES submissions. Of these 63 were supported, 12 were not supported, two were withdrawn and 25 are yet to be finalised.

Boards and committees

Remuneration

The Commission recommends remuneration rates for the majority of government boards and committees. We also issue the *Public Sector Commissioner's Circular – Reimbursement of Travel Expenses for Members of Government Boards and Committees*. The circular, which is currently under review and will soon be updated, provides guidance for board and committee members on travel reimbursement while undertaking official duties.

Supporting good governance

This year, an increasing number of accountability and governance matters related to government boards and committees were brought to the Commission's attention. Issues included:

- limited understanding of the public sector environment and accountabilities
- partial knowledge of government objectives
- insufficient identification and management of conflicts of interest
- lack of context and framework for ethical decision making
- inadequate governance frameworks in relation to gifts, benefits, hospitality and sponsorships
- limited expertise and competencies represented on the board.

The Commission continues to support government boards and committees by providing information and advice for establishing and maintaining good governance practices. This year, the Commissioner personally delivered good governance training to 23 government boards and committees, taking the total to 96 over the past four years. We also continue to promote our products designed specifically for boards and committees.



Redeployment and redundancy

The Commissioner is responsible for administering the public sector's redeployment and redundancy framework. We provide advice and support to agencies on case management, registration and severance arrangements.

During the year, the Commission facilitated the Targeted Voluntary Separation Scheme, and the introduction of the new *Public Sector Management (Redeployment and Redundancy) Regulations 2014* (Regulations). The public sector's redeployment and redundancy framework supports, where practicable, the retention of staff and skills within the public sector.

Between 1 July 2014 and 30 June 2015, there were 17 new redeployees registered for redeployment by 10 agencies. On average, 903 vacant positions were referred for deployment consideration each month. As at 30 June 2015, there were 20 registered redeployees.

Targeted Voluntary Separation Scheme

In October 2014, the Premier announced the 'Targeted voluntary separation scheme' for 1500 public sector employees. The Commission assisted in 1359 separations through voluntary severance under the provisions of the Regulations. Three Section 59 payments were made to executive officers employed under Part 3, Division 2 of the PSM Act. Two-hundred individuals participated outside the Targeted Voluntary Separation Scheme for the year ending 2014/15.

New regulations

The new redeployment and redundancy arrangements for the public sector came into effect 1 May 2015, as set out in the Regulations. The new arrangements provide more flexible redeployment and redundancy approaches to assist agencies in managing their employees who are surplus to requirements, by the end of the redeployment period. The regulations are supported by *Commissioner's Instruction No. 11 – Redeployment Standard* and *Commissioner's Instruction No. 12 – Redeployment and Redundancy*, which set out further procedural requirements.

During the year, the Commission informed the sector of the new redeployment and redundancy arrangements through:

- consultation with CEOs
- development and delivery of guidelines on case management
- publication of the new regulatory framework
- delivery of information sessions to 261 agency staff implementing the new framework, representing 62 agencies.

We will continue to provide training and support at agency level.

Accountability and ethics

The Commissioner established the Code of Ethics under s.21 of the PSM Act. All public sector bodies and their employees must comply with this code. To support the legislative requirements, the Commissioner has issued two Commissioner's Instructions:

- *Commissioner's Instruction No. 7 – Code of Ethics*, outlines the minimum standards of conduct and integrity to be complied with by all public sector bodies and employees.
- *Commissioner's Instruction No.8 – Codes of conduct and integrity training*, requires all public sector bodies to develop their own code of conduct and provide training to employees and board members on accountable and ethical decision making.

The Commission supports public sector bodies to deliver the 'Accountable and ethical decision making' (AEDM) training program. During the year, the program was customised for government boards and committees, with board chairs encouraged to deliver the training themselves. We provided AEDM training to CEOs (taking the total of CEOs trained since 2008 to 153) and their corporate executives, 23 government boards and committees and 65 ministerial staff. An introduction to the AEDM program was also delivered to 40 agency officers responsible for delivering the program within their agency.

As part of the Commission's advisory and consultancy service, 18 peer reviews of agencies' codes of conduct and associated policies were completed. Peer reviews offer agencies an independent perspective on addressing risks and promoting good practice. We also provided a number of specialist reviews to agencies around integrity controls in relation to tickets and hospitality, arising from our investigation report, *Acquisition and use of hospitality resources by Healthway*.



Public interest disclosure

The Commission continues to advise the sector on the PID Act, and assist and support those making disclosures. Across the year, we delivered nine 'Navigating the Public Interest Disclosure Act 2003' information sessions to 100 participants. In 2014/15 we also responded to, or initiated, 149 consultations on public interest disclosures.

In partnership with Ombudsmen from a number of jurisdictions as well as Griffith University, the Commission has secured funding through the Australian Research Council to progress further research into whistleblowing. The research hopes to better understand how public authorities navigate the disclosure process and assist individuals who have made a public interest disclosure. We will contribute to this research throughout the next year.

Workplace behaviour and performance

The Commission assists agencies to interpret and apply legislation relating to disciplinary matters and substandard performance. We support agencies by investigating matters that are particularly sensitive, complex or where an agency does not have the resources available to resolve the matter. The Commission assisted in four workplace investigations during the year.

As part of our assistance role, training is provided to the sector in relation to managing workplace behaviour, substandard performance and discipline. During the year, the Commission held two metropolitan 'Workplace behaviour: Is it discipline?' sessions that focused on the management of issues arising from problematic or unwanted workplace behaviour. The training session 'Performance management: is it discipline?' is a component of the 'Foundations of government human resources' program.

Recruitment, advertising and management system

The Recruitment, Advertising and Management System (RAMS) is an online e-Recruitment solution that allows agencies to manage human resources activities around recruitment, severance, redeployment, traineeships, graduate programs and university internships.

The RAMS service is provided to Government via a contract arrangement and in 2013, a new three year contract was established. Enhancements implemented to the system over the last 12 months have:

- increased the security of applicant and agency data through additional data encryption functionalities
- enabled a shift to agency management of redeployment and severance processes
- improved reporting capabilities through the implementation of a new reporting solution.

This year, 13 857 vacancies were posted on RAMS compared to 10 223 in 2013/14 and 13 939 in 2012/13.

Machinery of Government

The Commissioner provides advice to ministers and CEOs on changes that improve the efficiency and effectiveness of the sector, while maintaining operational responsiveness and flexibility. These machinery of government changes might involve the establishment, designation, amalgamation, division or abolition of public sector agencies.

Significant progress was made towards the machinery of government reform agenda during the year, including:

- The establishment of the Department of the State Heritage Office with effect from 1 July 2014. The functions were previously undertaken by the State Heritage Office as part of the Department of Local Government and Communities.
- The amalgamation of the Mental Health Commission and the Drug and Alcohol Office effective 1 July 2015. This change was made to improve the integration of the state's network of services relating to the prevention, treatment, professional education, training and research activities in the drug and alcohol and mental health sectors.
- The creation of the Road Safety Commission with effect from 1 July 2015. The formation of a stand-alone department was the key recommendation of the Browne Review into road safety governance in WA.
- The establishment of the Government Chief Information Office as a sub-department within the Department of Finance, and the creation of WA's first Government Chief Information Officer, effective 1 July 2015. These changes were made to guide Information and Communications Technology (ICT) reform across the WA Government.

The Commission also supported the establishment of the Chief Psychiatrist as an independent statutory position reporting to the Minister for Mental Health. We have been working with the Chief Psychiatrist and relevant agencies to support the transition arrangements, with a likely proclamation date of 30 November 2015.



Oversight and reporting

Legislative reform

Corruption and Crime Commission Amendment (Misconduct) Act 2014

Parliament passed the *Corruption and Crime Commission Amendment (Misconduct) Act 2014* (Misconduct Act), with proclamation of some parts occurring in December 2014, and the remainder on 1 July 2015. As the instructing agency, we were responsible for ensuring changes to the Misconduct Act provided for the transfer of the minor misconduct, and misconduct prevention and education from the CCC to the Commission. The CCC will retain responsibility for oversight of all serious misconduct and for misconduct prevention and education in relation to WA Police.

Workforce Reform Act 2014

The *Workforce Reform Act 2014* came into effect on 1 July 2014. Following extensive consultation, the Regulations were approved by the Governor and published in the Government Gazette on 30 December 2014. The Regulations repeal and replace the *Public Sector Management (Redeployment and Redundancy) Regulations 1994*.

The new Regulations, which came into operation on 1 May 2015, are supported by *Commissioner's Instruction No. 11 – Redeployment Standard* and *Commissioner's Instruction No 12 – Redeployment and Redundancy*, that combined provides employers with procedural guidance. The Commission consulted extensively with employers and public sector unions and issued supporting guidelines to assist in the practical application of the framework.

The Alcohol and Drug Authority Amendment Act 2015

The Commission supported the Minister for Mental Health in the drafting and passage of the *Alcohol and Drug Authority Amendment Act 2015* (Amendment Act), for proclamation on 1 July 2015. The Amendment Act amalgamates the Mental Health Commission and the Drug and Alcohol Office (DAO).

The objective of the Amendment Act was to expand the purpose statement of the resulting Act, ensuring that the scope covers those people with co-occurring health issues that include mental illness. In addition, the Amendment Act:

- establishes a ministerial body for the purpose of entering into contractual arrangements for real property
- provides the power for the CEO to be the employing authority for all staff
- establishes a new alcohol and other drug use advisory board
- removes the responsibility for the functions of the existing Act from DAO to the CEO.

Integrity (Lobbyists) Bill 2014

The Commission was the instructing agency for the *Integrity (Lobbyists) Bill 2014* which was introduced into Parliament in November 2014. The purpose of the Bill is to promote and enhance public confidence in dealings between government and lobbyists by creating a statutory framework for the regulation of third-party lobbyists. We currently operate a lobbyists register as an administrative arrangement. The 2014 Bill was drafted in substantially the same terms as the *Integrity (Lobbyists) Bill 2011* that lapsed when Parliament was prorogued for the 2013 State election.

On proclamation, the Commission will be responsible for administering the statutory Register of Lobbyists and Code of conduct for lobbyists, and will continue to assess registration applications. As at 30 June 2015, the Register of Lobbyists contained 254 registrants and 103 listed lobbyists.

Review of organisational structures under the Equal Opportunity Act 1984

The Commissioner was requested by the Attorney General to carry out a review of the organisational structures established under the EO Act. The terms of reference for the review were to 'examine what organisational structures would enable the efficient and effective achievement of the objectives of the *Equal Opportunity Act 1984*'.

The review examined the role and structure of the Equal Opportunity Commission (EOC) and the Director of Equal Opportunity in Public Employment (DEOPE), with a focus on how the objectives of the EO Act could best be achieved in WA today. The final report was tabled in Parliament by the Attorney General on 26 March 2015.

Commissioner's Instructions and Circulars

During the year, the Commission amended the following Commissioner's Instructions and Circulars:

- *Commissioner's Instruction No. 10 – Review of classification level of employees seconded to special offices to assist a political office holder*
- *Public Sector Commissioner's Circular 2013-01 – Annual Reporting*

A review of the Public Sector Commissioner's Circular on Public Sector Witnesses Appearing Before Parliamentary Committees is currently underway.

Providing policy advice

During the year, the Commission prepared material for various Parliamentary Committees including the:

- Joint Standing Committee on the CCC – evidence and written submission regarding the *Corruption and Crime Commission (Misconduct) Amendment Act 2014* (March–April 2015)
- Standing Committee on Legislation – evidence and written submission regarding the *Custodial Legislation (Officers Discipline) Amendment Bill 2013* (September 2014)

We also finalised a review of:

- ‘Agency use of human resource flexibilities’ (June 2015)
- ‘Compliance obligations – A good practice approach’ (June 2015)

Additionally, the Commission provided:

- advice to the Government in response to the Public Accounts Committee Inquiry into Amendments to the *Public Sector Management Act 1994* (released August 2014)
- a submission to the Economic Regulation Authority’s Inquiry into the Efficiency and Performance of Western Australian Prisons (December 2014)
- a submission to the Department of Training and Workforce Development’s review of the *Vocational Education and Training Act 1996*.

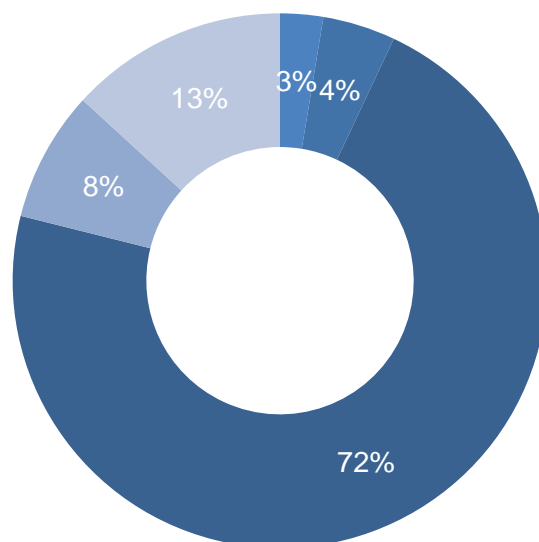


Assessing compliance with standards and ethical codes

Breach of standard claims

A breach of standard claim allows a person to seek relief if they believe an agency's decision has breached a human resource standard, and they have been adversely affected by that breach. The process followed in the review or conciliation of breach claim matters is set out by the *Public Sector Management (Breaches of Public Sector Standards) Regulations 2005*. Employing authorities are required to notify affected individuals when decisions are made regarding human resource matters covered by the employment standard and the grievance resolution standard.

In 2014/15, 114 breach of standard cases were considered and finalised by the Commission. The outcomes of these cases are shown in the diagram to the right.

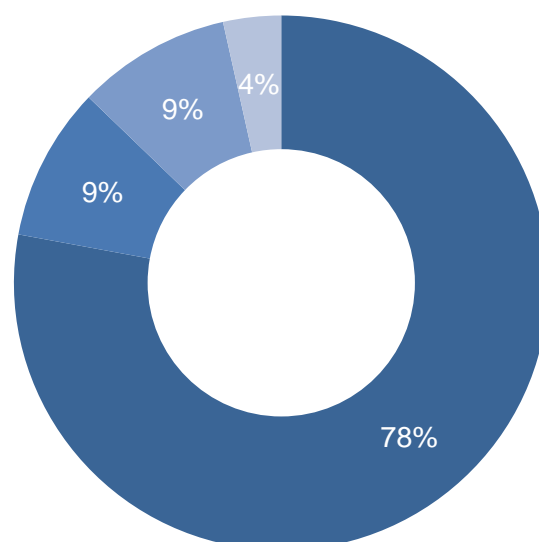


- breach of standards confirmed (3)
- conciliated outcomes (5)
- dismissed as a 'no breach' (82)
- withdrawn (9)
- Commissioner declined to review (15)

Matters of referral

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

In 2014/15, 86 matters of referral were finalised by the Commission. This represented a small increase on the 83 matters received on 2013/14. The outcome of matters referred to the Commission are shown in the diagram to the right.



- no further action (67)
- referred to agency (8)
- recommendation to agency (8)
- referred to breach process (3)

Complexity of oversight matters finalised in 2014/15

Breach of standard claims, matters of referral and other oversight and review work have varying degrees of complexity – simple, routine and complex. These categories are defined by target timeframes. The completion of matters within these target timeframes are used as an efficiency indicator for the Commission’s oversight function.

The categorisation of matters, the volume of relevant cases and the achievement of target timeframes for cases concluded in 2014/15 is shown below:

Category and timeframe target	Breach of Standard claims	Matters of referral	Oversight matters considered	Proportion completed within target timeframe 2014/15	Proportion completed within target timeframe 2013/14
Simple (30 days)	20	29	49	94%	100%
Routine (50 days)	84	37	121	88%	89%
Complex (120 days)	10	20	30	87%	93%
Total	114	86	200	89%	91%

Public interest disclosure

The *Public Interest Disclosure Act 2003* (PID Act) facilitates the disclosure of public interest information and provides protection for those who report wrongdoing. While guidelines supporting the PID Act encourage lodgement of public interest disclosures with the accountable authority, in some circumstances we may become involved where the authority does not have the resources to deal with the matter.

During the year, the Commissioner received five public interest disclosures matters, which were actioned under the provisions of the PID Act. This represented a substantial decline on the 14 PID matters received in 2013/14.

Thirteen PID matters were finalised in 2014/15. There were two PID matters still under consideration at the end of the reporting period.

Collecting sector wide data

In 2014/15, the Commission's approach to data collection and analysis was changed to better measure, support and improve performance in the public sector. This involved identifying the drivers of business performance and moving to link these with measurable outcomes. This work is ongoing as we seek more effective ways to align public sector performance with priorities through improving business processes.

During the year, the Commission made de-identified workforce information available for public access on an online data portal (data.gov.au) in accordance with the *Western Australian Whole of Government Open Data Policy*. This provides an opportunity for the data to be used in new and diverse ways, to deliver better value and services.

State of the sector report

Under the PSM Act, the Commissioner reports annually to Parliament on the state of the public sector. This report seeks to highlight examples of best practice and identify key issues across the sector. The primary sources of information for the report are the 'Human resource minimum obligatory information requirement', 'Employee perception survey', 'Public sector entity survey' and the 'Equal employment opportunity survey'. In accordance with the PID Act, the PID survey also informs the relevant section of the report to Parliament.

The Commissioner tabled the 'State of the sector report' (SOTS report) in November 2014. Key issues emerging from the report include supporting integrity and accountability, developing capability and building partnerships through collaboration. The 2014 report includes an employee engagement model for the first time, which enabled benchmarking of public sector performance both nationally and internationally.

SOTS statistical bulletin

The SOTS statistical bulletin accompanies the main report, and is a detailed, data driven document that is published on the Commission's website only. It provides more detail on how the public sector has changed over time in response to changing capability needs and management practices. The bulletin enables public sector entities to benchmark their performance against other entities of a similar size or business function.

Human resource minimum obligatory information requirement

This data collection process supports sector-wide workforce planning, monitoring, analysis and reporting. Workforce data is collected quarterly from 105 public sector entities' human resources management information systems.

The quality of workforce diversity data improved in 2014/15 as non-response issues were identified and addressed. Greater quality assurance in collaboration with public sector entities has also facilitated better information to support evidence-based decision making.

The Commission responded to approximately 100 requests for specific information over the financial year, from within the State and across the country. Some of its activities included:

- Department of Finance's '10-year strategic operational accommodation plan' – supporting the department to identify opportunities to better use government accommodation.
- Department of Treasury's 'Public sector workforce renewal policy' – verifying information collected to support policy implementation.
- Department of Commerce's 'Pay equity' reports – producing relevant statistics and information for the department.

Employee perception survey

This survey captures employee views on workplace issues such as leadership, innovation, job satisfaction and wellbeing. The survey also tests employee perceptions of workplace behaviour and awareness of ethical codes and standards.

The survey aims to cover all public sector entities once every five years. In June 2015, the survey was distributed to 37 353 employees in 20 entities for a response rate of 37 per cent. This was a significantly larger sample than the previous year (14 428 employees in 2014 for a response rate of 48 per cent), due to the participation of the North Metropolitan regions of both the Health and Education departments in 2015.

In August 2014, the Commission developed an employee engagement model enabling for the first time, a measure of employee performance and the key drivers and outcomes of this performance. We also sought to better analyse workforce performance and behaviour and link to measurable outcomes. To reduce red tape associated with administering the survey, employees were surveyed over one four-week period significantly lowering administrative duplication and overlap.

Public sector entity survey

At the end of each financial year, approximately 100 public sector entities complete a survey about their human resource management policies and practices, workplace behavioural trends and performance development activities.

Feedback indicates the survey continues to be a useful organisational assessment tool, with 52 per cent of entities reporting in July 2014 that their survey responses had been discussed at corporate executive and/or board level, and 36 per cent indicating this would occur within the next 12 months. Thirty-six per cent indicated their systems and processes had improved as a result of considering their performance in areas highlighted by the survey.

Following consultation with stakeholders, the 2015 survey will be streamlined to improve collection efficiency, with simpler reporting obligations based on organisational size. In addition, the survey will include new questions to better capture activities undertaken by entities to prevent misconduct. This will assist with our ongoing commitment to reduce the costs and burden of compliance reporting.

Equal employment opportunity survey

Under the EEO Act, public authorities provide the DEOPE with annual workforce diversity statistics. While public sector entities provide this data through the HRMOIR process, the Commission also assisted 138 local governments, four public universities and 20 government trading enterprises in meeting their reporting obligations by administering an annual Equal Employment Opportunity survey.

This survey helps target internal monitoring and planning activities but it also helps evaluate the effectiveness of diversity programs and initiatives across government. The 2014 results were published in the DEOPE Annual report in September 2014.

While self-nomination is voluntary and confidential, during the year work continued with public authorities to identify opportunities to improve staff response to requests for diversity status. This has contributed to a clearer picture of EEO representation in government employment to inform our associated programs and priorities.

To support the release of the 2015 survey to authorities, new advice and information was published on the Commission's website in May. Engagement also occurred between March and June to support local governments in improving data quality and completing the 2015 survey.

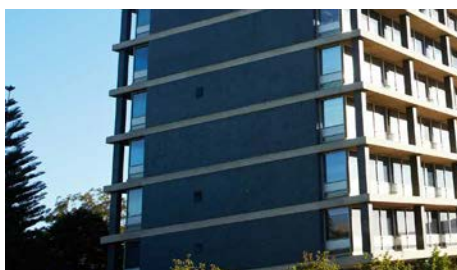
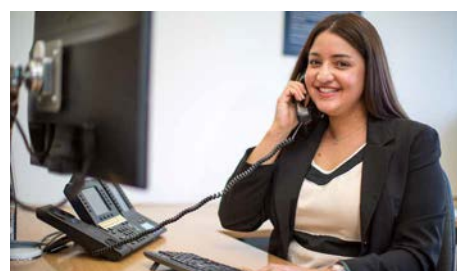
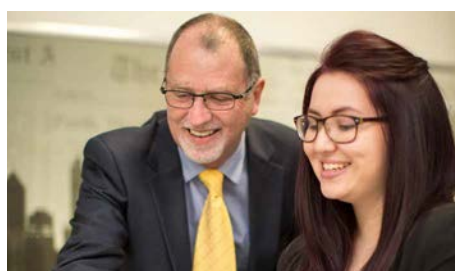
PID survey

Under the PID Act, public authorities report annually to the Commissioner on the number of public interest disclosures received, their designated PID officers and their awareness raising strategies. Some public sector entities provide this information through the 'Public sector entity survey' and others are required to respond through the annual PID survey. This year we assisted 138 local governments, four public universities, 20 government trading enterprises, one body established by Cabinet decision (WA Institute of Sport) and 98 government boards and committees to complete their PID survey.

The Commission reviewed the survey structure and supporting information provided during the year to better guide completion of the 2014 survey, particularly by boards and committees. More portfolio departments completed the PID survey in July 2014 on behalf of boards and committees, reducing the reporting burden for small authorities.

As a result of the transfer of the minor misconduct and the prevention and education functions from the CCC, the PID survey will be repurposed as an integrity and conduct survey for 2015.

Disclosures and legal compliance



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Financial statements

Certification of financial statements for the year ended 30 June 2015

The accompanying financial statements of the Public Sector Commission have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2014 and the financial position as at 30 June 2015.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



M C Wauchope
ACCOUNTABLE AUTHORITY
12 August 2015



A Alderson
CHIEF FINANCE OFFICER
12 August 2015

Auditor General's report



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PUBLIC SECTOR COMMISSION

Report on the Financial Statements

I have audited the accounts and financial statements of the Public Sector Commission.

The financial statements comprise the Statement of Financial Position as at 30 June 2015, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Public Sector Commissioner's Responsibility for the Financial Statements

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

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Public Sector Commissioner, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Public Sector Commission at 30 June 2015 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

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7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500 FAX: 08 6557 7800

Report on Controls

I have audited the controls exercised by the Public Sector Commission during the year ended 30 June 2015.

Controls exercised by the Public Sector Commission are those policies and procedures established by the Public Sector Commissioner to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Public Sector Commissioner's Responsibility for Controls

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the controls exercised by the Public Sector Commission are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2015.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Public Sector Commission for the year ended 30 June 2015.

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

Public Sector Commissioner's Responsibility for the Key Performance Indicators

The Public Sector Commissioner is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Public Sector Commissioner determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

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

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

Opinion

In my opinion, the key performance indicators of the Public Sector Commission are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2015.

Independence

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

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

This auditor's report relates to the financial statements and key performance indicators of the Public Sector Commission for the year ended 30 June 2015 included on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
13 August 2015

Statement of comprehensive income for the year ended 30 June 2015

	Note	2015 \$000	2014 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	18 540	18 717
Supplies and services	7	4 724	5 081
Depreciation and amortisation expense	8	225	221
Accommodation expenses	9	2 082	1 986
Grants and subsidies	10	512	1 150
Loss on disposal of non-current assets	11	-	1
Other expenses	12	87	76
Total cost of services		26 170	27 232
Income			
Revenue			
User charges and fees	13	361	660
Commonwealth grants and contributions	15	-	-
Other revenue	14	235	413
Total revenue		596	1 073
Total income other than income from State Government		596	1 073
NET COST OF SERVICES		25 574	26 159
INCOME FROM STATE GOVERNMENT			
Service appropriation		25 380	26 664
Services received free of charge		1 533	1 565
Royalties for Regions Fund		850	179
Total income from State Government	16	27 763	28 408
SURPLUS/(DEFICIT) FOR THE PERIOD		2 189	2 249
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2 189	2 249

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

Statement of financial position

as at 30 June 2015

	Note	2015 \$000	2014 \$000
ASSETS			
Current assets			
Cash and cash equivalents	28	6 674	7 685
Restricted cash and cash equivalents	17	804	-
Receivables	18	442	708
Amounts receivable for services	19	173	173
Other current assets	20	986	609
Total current assets		9 079	9 175
Non-current assets			
Restricted cash and cash equivalents	17	-	557
Amounts receivable for services	19	6 627	6 469
Property, plant and equipment	21	210	190
Intangible assets	22	168	348
Total non-current assets		7 005	7 564
TOTAL ASSETS		16 084	16 739
LIABILITIES			
Current liabilities			
Payables	24	1 309	1 274
Provisions	25	4 469	3 973
Other current liabilities	26	66	117
Total current liabilities		5 844	5 364
Non-current liabilities			
Provisions	25	928	1 057
Total non-current liabilities		928	1 057
TOTAL LIABILITIES		6 772	6 421
NET ASSETS		9 312	10 318
Equity			
Contributed equity	27	-	-
Accumulated surplus	27	9 312	10 318
TOTAL EQUITY		9 312	10 318

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

Statement of changes in equity

for the year ended 30 June 2015

	Note	Contributed equity \$000	Accumulated surplus/(deficit) \$000	Total equity \$000
Balance at 1 July 2013	27	-	8 069	8 069
Surplus/(deficit)		-	2 249	2 249
Total comprehensive income for the period		-	2 249	2 249
Balance at 30 June 2014		-	10 318	10 318
Balance at 1 July 2014		-	10 318	10 318
Surplus/(deficit)		-	2 189	2 189
Total comprehensive income for the period		-	2 189	2 189
Transactions with owners in their capacity as owners:				
Capital appropriations		27	-	27
Distribution to owners		(3 222)	-	(3 222)
Transfer of contributed equity to Accumulated Surplus		3 195	(3 195)	-
Balance at 30 June 2015		-	9 312	9 312

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 2015

	Note	2015 \$000	2014 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		25 049	26 116
Holding account drawdowns		173	164
Non-retained revenue distributed to owner		(3 222)	-
Royalties for Regions Fund		877	179
Net cash provided by State Government		22 877	26 459
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(18 106)	(19 186)
Supplies and services		(3 688)	(3 880)
Accommodation		(2 082)	(1 986)
Grants and subsidies		(512)	(1 150)
GST payments on purchases		(672)	(739)
GST payments to taxation authority		(92)	(106)
Receipts			
User charges and fees		540	851
Commonwealth grants and contributions		-	-
GST receipts on sales		104	63
GST receipts from taxation authority		696	715
Other receipts		235	412
Net cash provided by/(used in) operating activities	28	(23 577)	(25 006)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(64)	(169)
Net cash provided by/(used in) investing activities		(64)	(169)
Net increase/(decrease) in cash and cash equivalents		(764)	1 284
Cash and cash equivalents at the beginning of period		8 242	6 958
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	28	7 478	8 242

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

Schedule of income and expenses by service for the year ended 30 June 2015

	Service 1 Public sector leadership	
	2015 \$000	2014 ^(a) \$000
COST OF SERVICES		
Expenses		
Employee benefits expense	5 787	5 458
Supplies and services	1 738	2 020
Depreciation and amortisation expense	21	18
Accommodation expenses	718	654
Grants and subsidies	509	918
Carrying amount of non-current assets disposed	-	-
Other expenses	48	33
Total cost of services	8 821	9 101
Income		
User charges and fees	359	659
Commonwealth grants and contributions	-	-
Other revenue	170	241
Total income other than income from State Government	529	900
NET COST OF SERVICES	8 292	8 201
INCOME FROM STATE GOVERNMENT		
Service appropriation	8 595	8 635
Services received free of charge	486	393
Royalties for Regions Fund	850	179
Total income from State Government	9 931	9 207
Surplus/(deficit) for the period	1 639	1 006

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

(a) The distribution of income and expenses between Services for 2013/14 has been re-cast to reflect the current structure of the Commission.

Service 2 Assistance and support		Service 3 Oversight and reporting		Total	
2015 \$000	2014 ^(a) \$000	2015 \$000	2014 ^(a) \$000	2015 \$000	2014 \$000
7 007	6 888	5 746	6 371	18 540	18 717
1 726	1 612	1 260	1 449	4 724	5 081
12	11	192	192	225	221
633	597	731	735	2 082	1 986
-	232	3	-	512	1 150
-	1	-	-	-	1
21	21	18	22	87	76
9 399	9 362	7 950	8 769	26 170	27 232
1	1	1	-	361	660
-	-	-	-	-	-
40	135	25	37	235	413
41	136	26	37	596	1 073
9 358	9 226	7 924	8 732	25 574	26 159
8 610	8 807	8 175	9 222	25 380	26 664
548	528	499	644	1 533	1 565
-	-	-	-	850	179
9 158	9 335	8 674	9 866	27 763	28 408
(200)	109	750	1 134	2 189	2 249

Schedule of assets and liabilities by service as at 30 June 2015

	Service 1		Service 2	
	Public sector leadership		Assistance and support	
	2015 \$000	2014 ^(a) \$000	2015 \$000	2014 ^(a) \$000
ASSETS				
Current assets	1 598	751	1 607	1 336
Non-current assets	2 070	1 984	2 566	2 501
Total assets	3 668	2 735	4 173	3 837
LIABILITIES				
Current liabilities	1 666	1 704	2 081	1 830
Non-current liabilities	372	356	368	420
Total liabilities	2 038	2 060	2 449	2 250
NET ASSETS	1 630	675	1 724	1 587

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

(a) The distribution of income and expenses between Services for 2013/14 has been re-cast to reflect the current structure of the Commission.

Service 3 Oversight and reporting		General – Not attributed		Total	
2015 \$000	2014 ^(a) \$000	2015 \$000	2014 ^(a) \$000	2015 \$000	2014 \$000
957	779	4 917	6 309	9 079	9 175
2 369	3 079	-	-	7 005	7 564
3 326	3 858	4 917	6 309	16 084	16 739
1 530	1 510	567	320	5 844	5 364
188	281	-	-	928	1 057
1 718	1 791	567	320	6 772	6 421
1 608	2 067	4 350	5 989	9 312	10 318

Summary of consolidated account appropriations and income estimates for the year ended 30 June 2015

	2015 Estimate \$000	2015 Actual \$000	Variance \$000	2015 Actual \$000	2014 ^(a) Actual \$000	Variance \$000
DELIVERY OF SERVICES						
Item 7 – Net amount appropriated to deliver services	24 606	24 263	343	24 263	25 380	(1 117)
Amount authorised by other statutes						
<i>Salaries and Allowances Act 1975</i>	1 117	1 117	-	1 117	1 284	(167)
Total appropriations provided to deliver services	25 723	25 380	343	25 380	26 664	(1 284)
Details of expenses by service						
Service 1 – Public sector leadership	9 811	8 821	990	8 821	9 101	(280)
Service 2 – Assistance and support	9 536	9 399	137	9 399	9 362	37
Service 3 – Oversight and reporting	10 056	7 950	2 106	7 950	8 769	(819)
Total cost of services	29 403	26 170	3 233	26 170	27 232	(1 062)
Less total income	(1 649)	(596)	(1 053)	(596)	(1 073)	477
Net cost of services	27 754	25 574	2 180	25 574	26 159	(585)
Adjustments	(2 031)	(194)	(1 837)	(194)	505	(699)
Total appropriations provided to deliver services	25 723	25 380	343	25 380	26 664	(1 284)
Capital expenditure						
Purchase of non-current physical assets	173	64	109	64	169	(105)
Adjustment for other funding sources	(173)	(37)	(136)	(37)	(169)	132
Capital appropriations	-	27	(27)	27	-	27

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

'Explanatory statement' provides details of any significant variations between estimates and actual results for 2015 and between the actual results for 2015 and 2014.

(a) With the implementation of a revised Outcome Based Management framework, the 2014 results have been recast for comparative purposes

Notes to the financial statements

for the year ended 30 June 2015

1. Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2015 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by *Treasurer's Instruction 1101 - Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Commission for the annual reporting period ended 30 June 2015.

2. Summary of significant accounting policies

a) General statement

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

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

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

b) Basis of preparation

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

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

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

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

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

c) Reporting entity

The reporting entity comprises the Commission.

Mission

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

The Commission is predominantly funded by Parliamentary appropriations.

Services

The Commission provides the following services:

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

d) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by *Treasurer's Instruction 955 Contributions by Owners Made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Provision of services

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

Service appropriations

Service appropriations are recognised as revenues at fair value in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited into the Commission's bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Net appropriation determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Commission. In accordance with the determination specified in the 2014/15 Budget Statements, the Commission retained \$2 336 000 in 2015 (\$1 722 000 in 2014) from the following:

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

Grants, donations, gifts and other non-reciprocal contributions

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

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

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

Gains

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

f) Property, plant and equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5000 are immediately expensed direct to the 'Statement of Comprehensive Income' (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement

The Commission does not hold land, buildings or infrastructure assets. All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

- computer hardware - 3 years
- office equipment - 5 years
- leasehold improvement - 7 to 10 years

g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5000 or more and internally generated intangible assets costing \$50 000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below these thresholds are immediately expensed directly to the 'Statement of Comprehensive Income'.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Commission have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

- software (a) - 3 years
- licences - 3 years

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

Licences

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

Computer software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5000 is expensed in the year of acquisition.

Website costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

h) Impairment of assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Commission is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

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

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

i) Leases

The Commission holds operating leases for its office accommodation and motor vehicles. Operating lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased property and vehicles.

j) Financial instruments

In addition to cash, the Commission use two categories of financial instruments, which are:

- loans and receivables; and
- financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

Financial assets

- cash and cash equivalents.
- restricted cash and cash equivalents.
- receivables.
- amounts receivable for services.

Financial liabilities

- payables.

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

k) Cash and cash equivalents

For the purpose of the 'Statement of Cash Flows', cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

l) Accrued salaries

Accrued salaries (refer note 24 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see note 17 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

m) Amounts receivable for services (holding account)

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

n) Receivables

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

o) Payables

Payables are recognised at the amounts payable when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions—employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave and long service leave

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

Annual and long service leave not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using the market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

The provision for annual leave is classified as a current liability as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Unconditional long service leave provisions are classified as current liabilities as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Conditional long service leave provisions are classified as non-current liabilities because the Commission has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

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

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the 'West State Superannuation Scheme' (WSS). Employees commencing employment on or after 16 April 2007 became members of the 'GESB Super Scheme' (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Commission makes contributions to GESB or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Commission's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Commission to GESB extinguish the agency's obligations to the related superannuation liability.

The Commission has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Commission to the GESB.

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

Provisions - other

Employment on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Commission's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

q) Superannuation expense

Superannuation expense is recognised in the profit or loss of the 'Statement of Comprehensive Income' and comprises employer contributions paid to the GSS (concurrent contributions), the WSS and the GESBS or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

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

Assets or services received free of charge or for nominal cost, that the Commission would otherwise purchase if not donated, are recognised as income at fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

s) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Commission evaluates these judgements regularly.

Operating lease commitments

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

4. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long service leave

Several estimations and assumptions used in calculating the Commission's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Commission has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2014 that impacted on the Commission.

AASB 13 - Fair Value Measurement

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

AASB 119 - Employee Benefits

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

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

AASB 1048 - Interpretation of Standards

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

AASB 2011-8

Amendments to Australian Accounting Standards arising from AASB 13

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

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

AASB 2011-10

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

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

AASB 2012-2

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

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

There is no financial impact.

AASB 2012-5

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

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

AASB 2012-6

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

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

AASB 2013-9

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

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

Future impact of Australian Accounting Standards not yet operative

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by *Treasurer's Instruction 1101 Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Commission has applied early any of the following Australian Accounting Standards that have been issued that may impact the Commission. Where applicable, the Commission plans to apply these Australian Accounting Standards from their application date.

Int 21 Levies

Operative for reporting periods beginning on/after 1 January 2014

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

AASB 9 - Financial Instruments

Operative for reporting periods beginning on/after 1 January 2018

This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The mandatory application date of this Standard was amended to 1 January 2018 by AASB 2014-1 *Amendments to Australian Accounting Standards*. The Commission has not yet determined the application or the potential impact of the Standard.

AASB 1031 - Materiality

Operative for reporting periods beginning on/after 1 January 2014

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

AASB 1055 - Budgetary Reporting

Operative for reporting periods beginning on/after 1 July 2014

This Standard requires specific budgetary disclosures in the financial statements of not-for-profit entities within the General Government Sector. The Commission will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.

AASB 2009-11

Operative for reporting periods beginning on/after 1 January 2015

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

[modified by AASB 2010-7]

AASB 2010-7

Operative for reporting periods beginning on/after 1 January 2015

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

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

AASB 2012-3

Operative for reporting periods beginning on/after 1 January 2014

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

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The Commission does not routinely hold financial assets and financial liabilities that it intends to settle on a net basis, therefore there is no financial impact.

AASB 2013-3

Operative for reporting periods beginning on/after 1 January 2014

Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets. This Standard introduces editorial and disclosure changes. There is no financial impact.

AASB 2013-9

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

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

This omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014 (Part B), and defers the application of AASB 9 to 1 January 2017 (Part C). The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Commission has not yet determined the application or the potential impact of AASB 9, otherwise there is no financial impact for Part B.

6. Employee benefits expense

	2015 \$000	2014 \$000
Wages and salaries ^(a)	16 965	17 139
Superannuation – defined contribution plans ^(b)	1 575	1 578
	18 540	18 717

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component and leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State, GESB and other eligible funds.

Employment on-costs expenses such as workers' compensation insurance are included at note 12 'Other expenses'. Employment on-costs liability is included at note 25 'Provisions'.

7. Supplies and services

	2015 \$000	2014 \$000
Communications	29	29
Freight and mail services	8	13
Consultants and contractors	3 741	3 834
Consumables	328	334
Repair and maintenance	55	54
Travel	63	85
Insurance premiums	89	100
License, fees and registration	121	127
Operating lease, rental and hire cost	119	120
Other	171	385
	4 724	5 081

8. Depreciation and amortisation expenses

	2015 \$000	2014 \$000
Depreciation		
Leasehold improvement	17	14
Computer hardware	1	-
Office equipment	27	27
Total depreciation	45	41
Amortisation		
Computer software	77	77
Licenses	103	103
Total amortisation	180	180
Total depreciation and amortisation	225	221

9. Accommodation expenses

	2015 \$000	2014 \$000
Lease rentals	2 082	1 985
Repairs and maintenance	-	1
	2 082	1 986

10. Grants and subsidies

	2015 \$000	2014 \$000
Government agency grants	475	681
Scholarships	35	460
External grants	2	9
	512	1 150

11. Loss on disposal of non-current assets

	2015 \$000	2014 \$000
Cost of disposal of non-current assets		
Office equipment	-	1
Net loss	-	(1)

12. Other expenses

	2015 \$000	2014 \$000
Employment on-costs	(4)	3
Professional services ^(a)	56	72
Doubtful debts expense	35	-
Other	-	1
	87	76

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

13. User charges and fees

	2015 \$000	2014 \$000
Fees	361	660
	361	660

14. Other revenue

	2015 \$000	2014 \$000
Recoups	39	116
Recoup insurance	-	22
Contributions by senior officers to the Government Vehicle Scheme	21	18
Regional workers' incentive	57	125
Australian Apprenticeships Incentive Program	89	83
Other miscellaneous revenue	29	49
	235	413

15. Commonwealth grants and contributions

	2015 \$000	2014 \$000
Recurrent grant	-	-

16. Income from State Government

	2015 \$000	2014 \$000
Appropriation received during the year		
Service appropriation ^(a)	25 380	26 664
Services received free of charge from other State Government agencies during the period: ^(b)		
Department of the Premier and Cabinet – corporate support services	916	1 084
Department of Finance – accommodation lease services	465	401
Department of the Attorney General – legal services	152	80
	1 533	1 565
Royalties for Regions Fund		
Regional Community Services Account ^(b)	850	179
	850	179
	27 763	28 408

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

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

17. Restricted cash and cash equivalent assets

	2015 \$000	2014 \$000
Current		
Royalties for Regions Fund ^(a)	149	-
Accrued salaries suspense account ^(b)	655	-
	804	-
Non-current		
Accrued salaries suspense account ^(b)	-	557

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

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

18. Receivables

	2015 \$000	2014 \$000
Current		
Receivables	289	508
Allowance for impairment of receivables	(35)	-
GST receivable	131	167
	385	675
Loans and advances:		
Other debtors	57	33
	57	33
Total current	442	708
Reconciliation of changes in the allowance for impairment of receivables		
Balance at start of period	-	-
Doubtful debts expense	35	-
Amounts written off during the period	-	-
Impairment losses reversed during the period	-	-
Balance at end of period	35	-

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

19. Amounts receivable for services (Holding Account)

	2015 \$000	2014 \$000
Current	173	173
Non-current	6 627	6 469
	6 800	6 642

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

20. Other assets

	2015 \$000	2014 \$000
Current		
Prepayments	986	609
	986	609

21. Property, plant and equipment

	2015 \$000	2014 \$000
Computer hardware		
At cost	29	22
Accumulated depreciation	(23)	(22)
	6	-
Office equipment		
At cost	171	146
Accumulated depreciation	(65)	(71)
	106	75
Leasehold improvement		
At cost	129	129
Accumulated depreciation	(31)	(14)
	98	115
Total property, plant and equipment	210	190

	2015 \$000	2014 \$000
Reconciliation - Computer hardware		
Carrying amount at start of period	-	-
Additions	7	-
Depreciation	(1)	-
Carrying amount at end of period	<u>6</u>	-
Reconciliation - Office equipment		
Carrying amount at start of period	75	63
Additions	58	40
Other disposals	-	(1)
Depreciation	(27)	(27)
Carrying amount at end of period	<u>106</u>	75
Reconciliation - Leasehold improvements		
Carrying amount at start of period	115	-
Additions	-	129
Depreciation	(17)	(14)
Carrying amount at end of period	<u>98</u>	115
Reconciliation - Total		
Carrying amount at start of period	190	63
Additions	65	169
Other disposals	-	(1)
Depreciation	(45)	(41)
Carrying amount at end of period	<u>210</u>	190

22. Intangible assets

	2015 \$000	2014 \$000
Licenses		
At cost	310	310
Accumulated amortisation	(223)	(120)
Carrying amount at end of period	87	190
Computer software		
At cost	248	248
Accumulated amortisation	(167)	(90)
Carrying amount at end of period	81	158
Total intangible assets	168	348
Reconciliation – Licenses		
Carrying amount at start of period	190	293
Amortisation expense	(103)	(103)
Carrying amount at end of period	87	190
Reconciliation – Computer software		
Carrying amount at start of period	158	217
Additions	-	18
Amortisation expense	(77)	(77)
Carrying amount at end of period	81	158

23. Impairment of assets

There were no indications of impairment to property, plant and equipment and intangible assets at 30 June 2015.

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

24. Payables

	2015 \$000	2014 \$000
Current		
Payables	634	679
Accrued salaries	454	379
Accrued expenses	221	216
	1 309	1 274

25. Provisions

	2015 \$000	2014 \$000
Current		
Employee benefits provision		
Annual leave including superannuation ^(a)	1 493	1 493
Long service leave including superannuation ^(b)	2 956	2 458
	4 449	3 951
Other provisions		
Employment on-costs ^(c)	20	22
	4 469	3 973
Non-current		
Employee benefits provision		
Long service leave including superannuation ^(b)	924	1 051
	924	1 051
Other provisions		
Employment on-costs ^(c)	4	6
	928	1 057

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	(1 198)	(1 003)
More than 12 months after the end of the reporting period	(295)	(490)
	(1 493)	(1 493)

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

Within 12 months of the end of the reporting period	(1 508)	(962)
More than 12 months after the end of the reporting period	(2 371)	(2 547)
	(3 879)	(3 509)

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 12 'Other expenses'.

Movement in other provisions

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

	2015	2014
	\$000	\$000
Employment on-cost provision		
Carrying amount at start of period	28	26
Additional provisions recognised	(4)	2
Payments/other sacrifices of economic benefits	-	-
Carrying amount at end of period	24	28

26. Other liabilities

	2015	2014
	\$000	\$000
Current		
Income received in advance	66	117
	66	117

27. Equity

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

	2015 \$000	2014 \$000
Contributed equity		
Balance at start of period	-	-
Contributions by owners		
Capital appropriations	27	-
Total contributions by owners	<u>27</u>	-
Distributions to owners		
Transfer of surplus cash to the Consolidated Account	(3 222)	-
Total distributions to owners	<u>(3 222)</u>	-
Transfer of debit balance to Accumulated Surplus	3 195	-
Balance at end of period	<u>-</u>	-
Accumulated surplus		
Balance at the start of period	10 318	8 069
Transfer of debt balance to Accumulated Surplus	(3 195)	-
Result for the period	2 189	2 249
Balance at end of period	<u>9 312</u>	10 318
Total Equity at the end of the period	<u>9 312</u>	10 318

28. Notes to the 'Statement of cash flows'

	2015 \$000	2014 \$000
Reconciliation of cash		
Cash at the end of the financial year as shown in the 'Statement of cash flows' is reconciled to the related items in the 'Statement of financial position' as follows:		
Cash and cash equivalents	6 674	7 685
Restricted cash and cash equivalents (note 17)	804	557
	7 478	8 242
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(25 574)	(26 159)
Non-cash items:		
Depreciation and amortisation expense (note 8)	225	221
Net (gain)/loss on disposal of non-current assets (note 11)	-	1
Services received free of charge (note 16)	1 534	1 565
(Increase)/decrease in assets:		
Current receivables ^(a)	230	216
Other current assets	(377)	(50)
Increase/(decrease) in liabilities:		
Current payables ^(a)	14	(231)
Current provisions	495	(507)
Non-current provisions	(130)	5
Net GST receipts/(payments) ^(b)	41	(79)
Change in GST receivables/payables ^(c)	(35)	12
Net cash provided by/(used in) operating activities	(23 577)	(25 006)

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

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

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

29. Services provided free of charge

During the year, resources were provided to other agencies free of charge for functions outside the normal operations of the Commission:

	2015 \$000	2014 \$000
Salaries and Allowances Tribunal		
Corporate Services	14	18
	<u>14</u>	<u>18</u>

30. Commitments

The commitments below are inclusive of GST.

	2015 \$000	2014 \$000
Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Within 1 year	2 704	2 547
Later than 1 year and not later than 5 years	5 531	37
Later than 5 years	-	-
	<u>8 235</u>	<u>2 584</u>
Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	73	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>73</u>	<u>-</u>
Other expenditure commitments		
Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year	2 098	1 441
Later than 1 year and not later than 5 years	1 807	940
Later than 5 years	-	24
	<u>3 905</u>	<u>2 405</u>

31. Remuneration of senior officers

The number of senior officers whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

Remuneration Band (\$)	2015	2014
60 001 - 70 000	1	-
70 001 - 80 000	2	-
100 001 - 110 000	1	-
130 001 - 140 000	1	2
150 001 - 160 000	2	-
160 001 - 170 000	-	1
180 001 - 190 000	-	1
190 001 - 200 000	-	-
200 001 - 210 000	1	-
210 001 - 220 000	-	1
220 001 - 230 000	1	-
250 001 - 260 000	-	1
280 001 - 290 000	2	-
290 001 - 300 000	-	1
410 001 - 420 000	-	1
460 001 - 470 000	-	1
520 001 - 530 000	1	-

	2015 \$000	2014 \$000
Base remuneration and superannuation	2 184	2 312
Annual leave and long service leave accruals	26	(114)
Other benefits	78	55
Total remuneration of senior officers	2 288	2 253

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

No senior officers are members of the Pension Scheme.

32. Remuneration of auditor

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

	2015 \$000	2014 \$000
Auditing the accounts, financial statements and performance indicators	56	54

33. Explanatory statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than ten per cent or \$10 000 000.

	Variance note	Original budget 2015 \$000
Statement of Comprehensive Income		
(Controlled Operations)		
Employee benefits expense		19 093
Supplies and services	1	7 203
Depreciation and amortisation expense	2	331
Accommodation expenses	3	2 325
Grants and subsidies	4, A	307
Loss on disposal of non-current assets		-
Other expenses	5, B	144
Total cost of services		29 403
Income		
Revenue		
User charges and fees	6, C	1 541
Commonwealth grants and contributions	7	78
Other revenue	8, D	30
Total revenue		1 649
Total income other than income from State Government		1 649
NET COST OF SERVICES		27 754
INCOME FROM STATE GOVERNMENT		
Service appropriation		25 723
Services received free of charge	9	1 343
Royalties for Regions Fund	10, E	713
Total income from State Government		27 779
SURPLUS/(DEFICIT) FOR THE PERIOD		25
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		25

Actual 2015 \$000	Actual 2014 \$000	Variance between estimate and actual \$000	Variance between actual results for 2015 and 2014 \$000
18 540	18 717	553	(177)
4 724	5 081	2 479	(357)
225	221	106	4
2 082	1 986	243	96
512	1 150	(205)	(638)
-	1	-	(1)
87	76	57	11
26 170	27 232	3 233	(1 062)
361	660	1 180	(299)
-	-	78	-
235	413	(205)	(178)
596	1 073	1 053	(477)
596	1 073	1 053	(477)
25 574	26 159	2 180	(585)
25 380	26 664	343	(1 284)
1 533	1 565	(190)	(32)
850	179	(137)	671
27 763	28 408	16	(645)
2 189	2 249	(2 164)	(60)
2 189	2 249	(2 164)	(60)

	Variance note	Original budget 2015 \$000
Statement of Financial Position		
(Controlled Operations)		
ASSETS		
Current assets		
Cash and cash equivalents	11, F	5 019
Restricted cash and cash equivalents	12, G	-
Receivables	13, H	773
Amounts receivable for services		173
Other current assets	14, I	628
Total current assets		6 593
Non-current assets		
Restricted cash and cash equivalents	15, G	674
Amounts receivable for services		6 848
Property, plant and equipment	16, W	260
Intangible assets	17, J	150
Total non-current assets		7 932
TOTAL ASSETS		14 525
LIABILITIES		
Current liabilities		
Payables		1 407
Provisions	K	4 322
Other current liabilities	18, L	717
Total current liabilities		6 446
Non-current liabilities		
Provisions	19, M	752
Other Non-current liabilities		-
Total non-current liabilities		752
TOTAL LIABILITIES		7 198
NET ASSETS		7 327
EQUITY		
Contributed equity		-
Accumulated surplus/(deficit)	20, N	7 327
TOTAL EQUITY		7 327

Actual 2015 \$000	Actual 2014 \$000	Variance between estimate and actual \$000	Variance between actual results for 2015 and 2014 \$000
6 674	7 685	(1 655)	(1 011)
804	-	(804)	804
442	708	331	(266)
173	173	-	-
986	609	(358)	377
9 079	9 175	(2 486)	(96)
-	557	674	(557)
6 627	6 469	221	158
210	190	50	20
168	348	(18)	(180)
7 005	7 564	927	(559)
16 084	16 739	(1 559)	(655)
1 309	1 274	98	35
4 469	3 973	(147)	496
66	117	651	(51)
5 844	5 364	602	480
928	1 057	(176)	(129)
-	-	-	-
928	1 057	(176)	(129)
6 772	6 421	426	351
9 312	10 318	(1 985)	(1 006)
-	-	-	-
9 312	10 318	(1 985)	(1 006)
9 312	10 318	(1 985)	(1 006)

	Variance note	Original budget 2015 \$000
Statement of Cash Flows		
(Controlled Operations)		
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation		25 171
Holding account drawdowns		173
Non-retained revenue distributed to owner	21, O	-
Royalties for Regions Fund	22, P	713
Receipts paid into the Consolidated Account		-
Net cash provided by State Government		26 057
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits		(19 006)
Supplies and services	23	(5 873)
Accommodation	24	(2 325)
Grants and subsidies	25, Q	(307)
GST payments on purchases	26	(588)
GST payments to taxation authority	R	(87)
Receipts		
User charges and fees	27, S	1 541
Commonwealth grants and contributions	28	78
GST receipts on sales	29, T	87
GST receipts from taxation authority	30	600
Other receipts	31, U	30
Net cash provided by/(used in) operating activities		(25 850)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments		
Purchase of non-current assets	32, V	(173)
Net cash provided by/(used in) investing activities		(173)
Net increase/(decrease) in cash and cash equivalents		34
Cash and cash equivalents at the beginning of period		5 659
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		5 693

Actual 2015 \$000	Actual 2014 \$000	Variance between estimate and actual \$000	Variance between actual results for 2015 and 2014 \$000
25 049	26 116	122	(1 067)
173	164	-	9
(3 222)	-	3 222	(3 222)
877	179	(164)	698
-	-	-	-
22 877	26 459	3 180	(3 582)
(18 106)	(19 186)	(900)	1 080
(3 688)	(3 880)	(2 185)	192
(2 082)	(1 986)	(243)	(96)
(512)	(1 150)	205	638
(672)	(739)	84	67
(92)	(106)	5	14
540	851	1 001	(311)
-	-	78	-
104	63	(17)	41
696	715	(96)	(19)
235	412	(205)	(177)
(23 577)	(25 006)	(2 273)	1 429
(64)	(169)	(109)	105
(64)	(169)	(109)	105
(764)	1 284	798	(2 048)
8 242	6 958	(2 583)	1 284
7 478	8 242	(1 785)	(764)

Major variance narratives (controlled operations)

Variances between estimate and actual

1. Supplies and services underspent by \$2.479 million (34 per cent) mainly due to a further refinement of training programs delivered (\$0.8 million) as part of the 2015-16 Fees and Charges Review which include the Public Sector Management Program being transferred to the Queensland University of Technology from 1 January 2015 as a result of a tender process in 2014 and realignment of expenditure to employee benefits expense.
2. Depreciation and amortisation expense underspent by \$106 000 (32 per cent) mainly due to a delay in the purchase of additional equipment and software.
3. Accommodation expenses underspent by \$243 000 (10.5 per cent) mainly due to utility expenses of \$73 000 actual expenditure being reported under supplies and services and lower costs from outgoing expenditure associated with lease.
4. Grants and subsidies exceeded estimates by \$205 000 (67 per cent) mainly due to higher grants related to The Australia and New Zealand School of Government (ANZSOG).
5. Other expenses underspent by \$57 000 (40 per cent) mainly due to external audit (\$49 000) actual expenditure being reported under supplies and services.
6. User charges and fees was lower than estimate by \$1.2 million (77 per cent) mainly due to the transfer of the Public Sector Management Program to the Queensland University of Technology from 1 January 2015 as a result of a tender process in 2014 and the projected increase in trainees did not eventuate.
7. The Commonwealth grants and contributions was reclassified to other revenue as it relates to the Australian Government Australian Apprenticeships. Please refer to note no. 8 below.
8. Other revenue was higher than estimated by \$205 000 (683 per cent) mainly from the Australian Government Australian Apprenticeships of \$78 000, additional income from prior years of \$38 000 and IT Helpdesk and training rebates of \$26 000.
9. Services received free of charge was higher than estimated by \$190 000 (14 per cent) mainly due to increased cost of services provided by the Department of Premier and Cabinet.
10. Royalties for Regions Fund was higher than estimated by \$137 000 (19 per cent) mainly due to additional recurrent funding as part of the 2014-15 Mid-Year Review in November 2014.
11. Cash and cash equivalents was higher than estimates by \$1.655 million (33 per cent) mainly due to the cash management saving measure where \$3.222 million was returned to the Consolidated Account, a reduction to Current Liabilities of \$602 000 and offset by an operating cash surplus of \$2.164 million.
12. Restricted cash and cash equivalents (current) of \$804 000 (100 per cent) was transferred from non-current assets to current assets in 2014-15 and comprised of accrued salaries (\$655 000) and unspent funds committed to projects and programs in WA regional areas (\$149 000).

13. Receivables was lower than estimate by \$331 000 (43 per cent) mainly due to reduced income from user charges and fees.
14. Other current assets was higher than estimate by \$358 000 (57 per cent) mainly due to a prepayment for ANZSOG training grants of \$473 000.
15. Restricted cash and cash equivalents (non-current) was transferred from non-current assets to current assets in 2014-15. Please refer to note no. 12.
16. Property, plant and equipment was lower than estimate of \$50 000 (19 per cent) mainly due to the expense of purchased computer hardware that did not meet the capitalisation threshold.
17. Intangible assets was higher than estimate of \$18 000 (12 per cent) mainly due to lower intangibles budget.
18. Other current liabilities was lower than estimate of \$651 000 (91 per cent) mainly due to reduced income received in advance related to user charges and fees.
19. Provisions (non-current) was higher than estimate of \$176 000 (23 per cent) mainly due to delays in staff taking Long Service Leave and increases in the discounted bond rate from the actuarial assessment.
20. Accumulated surplus was higher than estimate of \$1.985 million (27 per cent) mainly due to an operating surplus of \$2.164 million and offset by movements in assets and liabilities.
21. Non-retained revenue distributed to owner of \$3.222 million (100 per cent) was due to the cash management saving measure where \$3.222 million was returned to the Consolidated Account.
22. Please refer to note no.10 above.
23. Supplies and Services payment was lower than estimate of \$2.185 million (37 per cent) mainly due to a further refinement of training programs delivered (\$0.8 million) as part of the 2015-16 Fees and Charges Review which include the Public Sector Management Program being transferred to the Queensland University of Technology from 1 January 2015 as a result of a tender process in 2014 and realignment of expenditure to employee benefits expense.
24. Accommodation payment was lower than estimate by \$243 000 (10.5 per cent) mainly due to utility expenses of \$73 000 actual payment being reported under supplies and services and lower costs from outgoing expenditure associated with lease.
25. Grants and Subsidies payment was higher than estimate by \$205 000 (67 per cent) mainly due to higher payments related grants from The Australia and New Zealand School of Government (ANZSOG).
26. GST payment on purchases was higher by \$84 000 (14 per cent) mainly due to timing differences when purchases were paid.
27. User charges and fees was lower than estimate by \$1.001 million (65 per cent) mainly due to the transfer of the Public Sector Management Program to the Queensland University of Technology from 1 January 2015 as a result of a tender process in 2014 and the projected increase in trainees did not eventuate.

28. The Commonwealth grants and contributions was reclassified to other receipts as it relates to the Australian Government Australian Apprenticeships.
29. GST receipts on sales was higher than estimate by \$17 000 (20 per cent) mainly due to timing differences of receipts.
30. GST receipts from taxation authority was higher than estimate by \$96 000 (16 per cent) mainly due to timing differences of receipts.
31. Other receipts was higher than estimate by \$205 000 (683 per cent) mainly from the Australian Government Australian Apprenticeships of \$78 000, additional income from prior years of \$38 000 and IT Helpdesk and training rebates of \$26 000.
32. Purchase of non-current assets was lower than estimate by \$109 000 (63 per cent) mainly due to the expense of purchased computer hardware that did not meet the capitalisation threshold and delay in the purchase of additional equipment and software.

Variances between actual results for 2015 and 2014

- A. Grants and subsidies decreased by \$638 000 (55 per cent) mainly due to one-off scholarships related to leadership development offered in 2014.
- B. Other expenses increased by \$11 000 (14 per cent) mainly due to doubtful debt allowance offset by \$35 000 and offset by lower professional services expenditure.
- C. User charges and fees decreased by \$299 000 (45 per cent) mainly due to lower number of participants from the Public Sector Leadership course (\$314 000).
- D. Other revenue decreased by \$178 000 (43 per cent) mainly due to reduced regional workers incentive of \$70 000 and recoups of \$95 000.
- E. Royalties for Regions fund increased by \$671 000 (375 per cent) mainly due to a disbursement adjustment of \$279 000 in the 2014-15 Mid-Year Review in November 2014 and a reflow of 2012-13 funding of \$382 000.
- F. Cash and cash equivalents decreased by \$1.011 million (13 per cent) mainly due to the cash management saving measure where \$3.222 million was returned to the Consolidated Account and offset by an operating cash surplus of \$2 million.
- G. Restricted cash and cash equivalents (current) of \$804 000 (100 per cent) was transferred from non-current assets to current assets in 2014-15 and comprised of accrued salaries (\$655 000) and unspent funds committed to projects and programs in WA regional areas (\$149 000).
- H. Receivables decreased by \$266 000 (38 per cent) mainly due to lower user charges and fees.
- I. Other current assets increased by \$377 000 (62 per cent) mainly due to an increase in the prepayment of ANZSOG training programs and offset by other training programs.
- J. Intangible assets decreased by \$180 000 (52 per cent) mainly due to the accumulated amortisation of assets.

- K. Provisions (current) increased by \$496 000 (12 per cent) mainly due to delays in staff taking Long Service Leave and increases in the discounted bond rate from the actuarial assessment.
- L. Other current liabilities decreased by \$51 000 (44 per cent) mainly due to reduced income received in advance from user charges and fees.
- M. Provisions (non-current) decreased by \$129 000 (12.2 per cent) mainly due to the resignation of long serving staff or the transfer to other agencies.
- N. Accumulated surplus/(deficit) decreased by \$1.006 million (10 per cent) mainly due to the cash management saving measure where \$3.222 million was returned to the Consolidated Account and offset by an operating surplus of \$2 million.
- O. Non-retained revenue distributed to owner of \$3.222 million (100 per cent) was due to the cash management saving measure where \$3.222 million was returned to the Consolidated Account in 2015.
- P. Royalties for Regions fund increased by \$698 000 (390 per cent) mainly due to a disbursement adjustment of \$279 000 in the 2014-15 Mid-Year Review in November 2014 and a reflow of 2012-13 funding of \$382 000.
- Q. Grants and subsidies decreased by \$638 000 (55 per cent) mainly due to one-off scholarships related to leadership development offered in 2014.
- R. GST payments to taxation authority decreased by \$14 000 (13 per cent) mainly due to lower expenditure that included GST.
- S. User charges and fees decreased by \$311 000 (37 per cent) mainly due to lower number of participants to the Public Sector Leadership course of \$314 000.
- T. GST receipts on sales was higher than actual by \$41 000 (65 per cent) mainly due to timing differences of receipts.
- U. Other receipts decreased by \$177 000 (43 per cent) mainly due to reduced regional workers incentive of \$70 000 and recoups of \$95 000.
- V. Purchase of non-current assets decreased by \$105 000 (62 per cent) mainly due to purchased computers that did not meet the capitalisation threshold and were expensed.
- W. Property, plant and equipment increased by \$20 000 (11 per cent) mainly due to purchase of \$65 000 of computer hardware and office equipment and offset by \$45 000 depreciation expenditure.

34. Financial instruments

a) Financial risk management objectives and policies

Financial instruments held by the Commission are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables and payables. The Commission has limited exposure to financial risks. The Commission's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Commission's receivables defaulting on their contractual obligations resulting in financial loss to the Commission.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment, as shown in the table at note 34(c) 'Financial instruments disclosures' and note 18 'Receivables'.

Credit risk associated with the Commission's financial assets is minimal because the main receivable is the amount receivable for services (holding account). For receivables other than government, the Commission trades only with recognised, creditworthy third parties. The Commission has policies in place to ensure that sales of services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due. The Commission is exposed to liquidity risk through its trading in the normal course of business.

The Commission has appropriate procedures to manage cash flows including drawdown of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Commission's income or the value of its holdings of financial instruments. The Commission does not trade in foreign currency and is not materially exposed to other price risks. The Commission is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing, and the Commission has no borrowings.

b) Categories of financial instruments

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

	2015 \$000	2014 \$000
Financial assets		
Cash and cash equivalents	6 674	7 685
Restricted cash and cash equivalents	804	557
Loans and Receivables ^(a)	7 111	7 183
Financial liabilities		
Payables	1 309	1 274

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

c) Financial Instrument Disclosures

Credit risk

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

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

Ageing analysis of financial assets

	Carrying amount \$000	Not past due and not impaired \$000	Past due but not impaired					Impaired financial assets \$000
			Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000	
2015								
Cash and cash equivalents	6 674	6 674	-	-	-	-	-	-
Restricted cash and cash equivalents	804	804	-	-	-	-	-	-
Receivables ^(a)	311	200	14	23	6	33	-	35 ^(b)
Amounts receivable for services	6 800	6 800	-	-	-	-	-	-
	14 589	14 478	14	23	6	33	-	35
2014								
Cash and cash equivalents	7 685	7 685	-	-	-	-	-	-
Restricted cash and cash equivalents	557	557	-	-	-	-	-	-
Receivables ^(a)	541	366	54	87	18	16	-	-
Amounts receivable for services	6 642	6 642	-	-	-	-	-	-
	15 425	15 250	54	87	18	16	-	-

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

(a) Impairment provided for potential uncollectable debts.

Liquidity risk and interest rate exposure

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

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

	Weighted average effective interest rate %	Interest rate exposure				Nominal amount \$000	Maturity dates								
		Carrying amount \$000	Fixed interest rate \$000	Variable interest bearing \$000	Non-interest bearing \$000		Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	> 5 years \$000				
2015															
Financial assets															
Cash and cash equivalents	-	6 674	-	-	6 674	6 674	-	-	-	6 674	-	-	-	-	-
Restricted cash and cash equivalents	-	804	-	-	804	804	-	-	-	804	-	-	-	-	-
Receivables ^(a)	-	311	-	-	311	311	-	-	23	249	6	33	-	-	-
Amounts receivable for services	-	6 800	-	-	6 800	6 800	-	-	-	-	173	6 627	-	-	-
		14 589	-	-	14 589	14 589	-	-	23	7 727	23	179	6 660	-	-
Financial liabilities															
Payables	-	1 309	-	-	1 309	1 309	-	-	151	1 158	-	-	-	-	-
		1 309	-	-	1 309	1 309	-	-	151	1 158	-	-	-	-	-

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

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

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

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

35. Events occurring after the end of the reporting period

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

36. Affiliated bodies

Salaries and Allowances Tribunal

The Tribunal, established by section 5 of the *Salaries and Allowances Act 1975*, is a government affiliated body that received administrative support from, but is not subject to operational control by, the Commission. It is funded by parliamentary appropriation of \$1 023 000 for 2014/15 (\$1 007 000 for 2013/14).

37. Contingent liabilities and contingent assets

Contingent liabilities

The Commission has no contingent liabilities.

Contaminated sites

Under the *Contaminated Sites Act 2003*, the Commission is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated - remediation required or possibly contaminated - investigation required, the Commission may have a liability in respect of investigation or remediation expenses.

The Commission has no known or suspected contaminated sites.

Contingent assets

The Commission has no contingent assets.

Key performance indicators

Certification of key performance indicators for the year ended 30 June 2015

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 2015.



M C Wauchope
ACCOUNTABLE AUTHORITY
12 August 2015

Overview of key performance indicators

The Commission is responsible for assisting Government through the delivery of services to achieve the broad goal of a 'greater focus on achieving results in key service delivery areas for the benefit of all Western Australians'.

To realise this goal, the Commission provides services to public sector entities to achieve its agency-level Government-desired outcome of an efficient and effective public sector that operates with integrity.

The Commission provides the following three service areas to public authorities:

1. Public sector leadership
2. Assistance and support
3. Oversight and reporting

Measurement of agency level outcomes

Key effectiveness indicators

The Commission's key effectiveness indicators (KEIs) measure the extent to which our activities are achieving, or are progressing towards our agency-level outcome. To measure how we are performing against our KEIs, an annual Client Perception Survey is issued to the CEOs and ministers of the Commission's core clients.

Following internal and external stakeholder engagement, the definition of the Commission's core clients was amended for the 2013/14 financial year to more accurately reflect the Commission's key stakeholders and, therefore, provide a better indication of our performance against our KEIs. The 2014/15 survey adopted the same definition, with a total of 155 core clients engaged to complete the survey.

The Commission's core clients for 2014/15 captured a large scope of clients, comprising of:

- 39 departments created under section 35 of the PSM Act
- 17 ministerial offices
- 49 SES organisations specified in column Two of Schedule Two of the PSM Act
- 50 Non-SES organisations including government boards and committees that have undertaken the Commission's good governance and ethical decision making professional development within the financial year.

The 2014/15 Client Perception Survey asked our core clients to rate how the advice and guidance offered by the Commission assisted them with the promotion of integrity, effectiveness and efficiency within their organisation. The survey also asked clients to rate how the Commission's assistance has helped them meet their statutory obligations under the *Public Interest Disclosure Act 2003* (PID Act) and under part IX of the *Equal Opportunity Act 1984* (EO Act).

The survey offered a four-step rating from strongly agree to strongly disagree, with an additional 'not-applicable' option. The Commission received a 72 per cent response rate to the survey, an improvement of 2 per cent on last year's response rate.

For a population of 155, responses must be received from 111 organisations to achieve a confidence interval of within +/- 5 per cent at the 95 per cent confidence level. This was achieved in the current year, however the Commission will actively seek opportunities to improve the response rate in the following financial years as a result of not exceeding the lowest required response rate in order to provide sufficient confidence.

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

Key effectiveness indicator	Target 2014/15	Actual 2014/15	Variance between target and actual	Actual 2013/14	Actual 2012/13
The portion of core clients who indicate the Commission has delivered policy, assistance and oversight that has assisted them to enhance integrity within their agencies. ^(a)	85%	97%	12% ⁽ⁱ⁾	95%	98%
The portion of core clients who indicate the Commission has delivered policy, assistance and oversight that has assisted them to enhance the effectiveness and efficiency of their agencies. ^(b)	85%	89%	4%	90%	95%
The portion of core clients who indicate that assistance provided by the Commission has helped them to meet their statutory obligations under the PID Act. ^(c)	75%	75%	-	84%	78%
The portion of core clients who indicate assistance provided by the Commission has helped them to meet their statutory obligations under part IX of the EO Act. ^(d)	75%	69%	(6%) ⁽ⁱⁱ⁾	78%	60%

(a) This indicator measures the Commission’s capability at enhancing integrity in agencies through the minimum requirements of the principles of merit, equity, probity, integrity in official conduct, ethical codes and human resource management. Data for this measure was collected from the client perception survey.

(i) The variance between the targeted and actual key effectiveness indicator responses likely reflects the continued delivery of high quality policy, assistance and oversight by the Commission to its core clients.

(b) This indicator measures the Commission’s capacity at enhancing effectiveness and efficiency of public administration and management in agencies through legislative reform, the accountability framework, policies, advisory services and professional development. Data for this measure was collected from the client perception survey.

(c) This indicator measures how the Commissioner is increasing the understanding of issues related to compliance of the PID Act in public authorities through advisory services, product delivery and professional development. Data for this measure was collected from client perception survey (note- 23 per cent selected ‘non-applicable’).

(d) This indicator measures how the Commissioner is increasing the understanding of issues related to compliance of Part IX of the EO Act in public authorities through advisory services, product delivery and professional development. Data for this measure was collected from the client perception survey.

(ii) The variance between the targeted and actual key effectiveness indicator responses may be attributed to agencies having established strong equal opportunity mechanisms over previous years, resulting in a decreased need to seek advice from the Commission in this area. It should be noted that 28 per cent of respondents selected ‘non-applicable’.

Key efficiency indicators

Key efficiency indicators provide a measure of the cost of inputs required to achieve outcomes. In all instances, the Commission’s indicators include all direct costs associated with the particular service and a share of the corporate and executive support costs allocated to each service in accordance with the number of full-time equivalent (FTE) employed.

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



Service 1 – Public sector leadership

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

Key effectiveness indicator	Target 2014/15	Actual 2014/15	Variance between target and actual	Actual 2013/14	Actual 2012/13
Average Cost per Leadership Development Product, Program or Training Hour	\$140	\$109	(\$31) ⁽¹⁾	\$135	\$128
Average Cost per Workforce Development Program, Product or Training Hour	\$145	\$118	(\$27) ⁽²⁾	\$154	\$111

With the implementation of a revised Outcome Based Management framework, the prior year actuals have been recast for comparative purposes.

(1) The actual average cost for supporting authorities with leadership and development in 2014/15 is lower than budgeted due to the Centre for Excellence's new approach to delivering professional development programs. This has moved from an outsourcing methodology to an in-house delivery model.

(2) The actual average cost for supporting authorities through workforce development and diversity programs in 2014/15 is lower than budgeted, mainly due to the Commission's focus on the efficient delivery of development programs with reduced FTE levels and associated operating costs.

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 effectiveness indicator	Target 2014/15	Actual 2014/15	Variance between target and actual	Actual 2013/14	Actual 2012/13
Average Cost per Hour of Assistance and Support Provided	\$93	\$93	-	\$108	\$92
Average Cost per Public Administration, Standards and Integrity Program, Product or Training Hour	\$101	\$120	\$19 ⁽ⁱ⁾	\$105	\$87

With the implementation of a revised Outcome Based Management framework, the prior year actuals have been recast for comparative purposes.

(i) The actual average cost for assisting and supporting authorities to sustain standards of ethics and integrity in 2014/15 is higher than budgeted, due to internal structural changes within the Commission, including the transfer of the integrity promotion function to this area.

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*, the PID Act and part IX of the EO Act.

Key effectiveness indicator	Target 2014/15	Actual 2014/15	Variance between target and actual	Actual 2013/14	Actual 2012/13
Average Cost per Hour Addressing Legislative and Policy Development	\$93	\$97	\$4	\$109	\$94
Average Cost per Hour of Performance and Oversight Activity	\$89	\$102	\$13 ⁽¹⁾	\$99	\$95
Percentage of Oversight Actions Completed within Target Timeframes	90%	89%	(1%)	91%	83%

With the implementation of a revised Outcome Based Management framework, the prior year actuals have been recast for comparative purposes.

(1) The actual average cost per hour of performance and oversight activity in 2014/15 is higher than budgeted, due to an increase in the complexity of investigations and reviews involved in the oversight program.

Other legal requirements

Electoral Act 1907 Section 175ZE

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

1. Total expenditure for 2014/15 was \$125 337
2. Expenditure was incurred in the following areas:

Applications	2014/15 expenditure
Advertising agencies	
• Adcorp	\$120 668
• Career Hub	\$164
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	Nil
Media advertising organisations	
Radio advertising – Aboriginal traineeship program	\$4 505

Record keeping plan

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

Occupational safety and health

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

The OSH committee provides oversight of a range of safety and health management practices including education, training, reporting, discussion and accountability. The OSH committee meets quarterly, or as required, and comprises of elected representatives from across the Commission who are accessible to employees and management to discuss safety and health matters in the workplace.

These OSH initiatives are further supported by our health and wellness program to encourage workplace and personal wellbeing. In 2014/15, key achievements include at-work influenza vaccinations, promotion of corporate health fund discounts, provision of a superannuation and retirement planning seminar to assist a positive transition to retirement, recognition and participation in community events as well as the opportunity to undertake Mental Health First Aid training.

The Commission takes a proactive approach to injury management and has established workers' compensation, injury management and return to work policies, procedures and documentation in accordance with the *Occupational Safety and Health Act 1984* and the *Workers' Compensation and Injury Management Act 1981*. All OSH related policies and procedures are available to staff on the intranet.

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

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

Measures

Actual results for 2014/15 are based on calculations of 124.5 FTE and one lost time injury. This injury resulted in lost time being less than 60 days and the employee returned to work within 13 weeks.

	2014/15	2013/14	2012/13	2011/12	Target	Comment
Number of fatalities	0	0	0	0	0	Achieved
Percentage of lost time injury/disease incidence rate	0.80%	0.76%	1.49%	0.69%	0 or 10% improvement on the previous three years	The one lost time injury for the financial year increased the incidence rate slightly above target.
Percentage of lost time injury/disease severity rate	0	0	0	0	Zero or 10% reduction (actual target can be stated)	Achieved
Percentage of injured workers returned to work within 26 weeks	100% within 13 weeks	100% within 13 weeks	100% within 13 weeks	100% within 13 weeks	Greater than or equal to 80% return to work within 26 weeks	The Commission's one lost time claim resulted in the injured employee returning to work within 13 weeks.
Percentage of managers trained in occupational safety, health and injury management responsibilities	95%	97%	82%	71%	Greater than or equal to 80%	The Commission has exceeded the 80% target.

Substantive equality

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

The Commission's commitment to the state government's *Substantive Equality Policy Framework* is reflected in its Code of Conduct and Workforce and diversity plan, which are available to all staff via the Commission's intranet.

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

Compliance with public sector standards and ethical codes

The administration of the Commission complies with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and the Commission's Code of Conduct. The applications made for breach of standards review and the corresponding outcomes for the reporting period are detailed in the following table.

Applications for breach of standard and corresponding outcomes for 2014/15	
Number lodged	0
Number of breaches found	0
Number still under review	0

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

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

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

Freedom of information

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

The table below provides a summary of the FOI applications finalised during 2014/15. A more comprehensive breakdown of our statistics is provided in the annual report of the Office of the Information Commissioner.

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

Outcomes	2014/15	2013/14	2012/13	2011/12
Full access	0	0	0	0
Edited access	8	3	4	15
Deferred access	0	0	0	0
Section 26 access	0	0	1	2
Section 28 access	0	0	0	0
Accessed refused	0	0	3	3
Total decisions	8	3	8	20
Transferred to other agencies	0	1	0	0
Withdrawn	0	0	1	4
Total applications	8	4	9	24

Salaries and Allowances Tribunal

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

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

As an affiliated body of an agency under the *Public Sector Management Act 1994*, the SAT's statutory operational independence is recognised. This independence is also recognised by the SAT's separate parliamentary budget appropriation and resource agreement with the Premier and Treasurer.

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

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

