



merit equity probity integrity

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Office of the Public Sector Standards Commissioner

HON DR G I GALLOP MLA
MINISTER FOR PUBLIC SECTOR MANAGEMENT

REPORT FOR THE YEAR ENDED 30 JUNE 2003

In accordance with section 62 of the *Financial Administration and Audit Act 1985*, I submit for your information and presentation to Parliament, the Annual Report of the Office of the Public Sector Standards Commissioner for the year ended 30 June 2003.

This report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.

A handwritten signature in black ink that reads "Maxine Murray". The signature is written in a cursive style with a large, flowing 'M' and 'y'.

Maxine Murray
COMMISSIONER FOR
PUBLIC SECTOR STANDARDS

29 August 2003

ABOUT THIS REPORT

This report describes the functions and operations of the Office of the Public Sector Standards Commissioner and the Office of the Director of Equal Opportunity in Public Employment. It also presents the audited financial statements and performance indicators for the year ended 30 June 2003.

This is not a report on the extent of public sector compliance with human resource standards and ethical codes, or a report on equity and diversity outcomes in public authorities. Reports on these matters are tabled separately. The Commissioner submits the report on compliance to Parliament for tabling. The Director submits the report on equity and diversity outcomes to the Minister for Public Sector Management who then tables the report in Parliament.

This report relates to activities designed to achieve the following outcome:

The public sector is accountable for, and is achieving, established standards of:

- *merit, equity and probity in human resource management, and*
- *conduct and integrity in the performance of official duties.*

The report is available in both PDF and HTML format on the Office's website on www.wa.gov.au/opssc/

For people with disabilities, this document and other publications are available in alternative formats on request.

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THE YEAR IN BRIEF

This has been a year of considerable change for the Office of the Public Sector Standards Commissioner (OPSSC). The Office has reviewed its focus and functions and a new structure has been implemented to reflect the new direction. Two new Executive Directors have been appointed and the Office has moved premises temporarily pending a permanent shift to new accommodation. This year has also seen changes in public sector agencies due to amalgamations arising from Machinery of Government recommendations. The Office has needed to adapt its services to meet the changing needs of its clients. In addition, the introduction of the new *Public Interest Disclosure Act 2003* resulted in new roles for the Commissioner and the Office.

Our Statutory Role

The Commissioner for Public Sector Standards is an independent statutory appointment. The Commissioner reports to Parliament. The Director of Equal Opportunity in Public Employment is a separate statutory appointment. The Director reports to the Minister for Public Sector Management. The Commissioner's functions include merit, equity, probity and integrity in the Western Australian public service. Merit and equity are also a major focus of the Director and the two offices have been collocated since the establishment of the OPSSC in October 1994. While the two positions have independent statutory roles, the Commissioner is deemed to be the Chief Executive Officer for the purposes of meeting the legislative and policy requirements covered in this report.

Our Purpose

Our purpose is to contribute to the development of public authorities as leaders of integrity and equity; achieving excellence in employment and serving the public interest. The OPSSC works to achieve better practice by public authorities in people management, workforce diversity and ethical behaviour through education, capacity building and independent oversight.

Our People and Our Work

We are an office of around 30 staff responsible for:

- Developing public sector Standards and ethical codes; assisting public sector agencies to comply; and monitoring and reporting on compliance.
- Assisting public authorities to improve equity and diversity in their organisation, and evaluating and reporting on their progress.
- Developing codes and guidelines for handling public interest disclosures, assisting public authorities to comply, and monitoring and reporting on compliance.
- Advising Ministers on persons suitable for appointment to Chief Executive Officer positions and on reappointments of Chief Executive Officers.

Our Clients

Our clients are the Parliament, Ministers, public authorities and their employees, public boards and committees, and members of the public making public interest disclosures. Ultimately the beneficiaries are the general public who benefit from a public sector based on merit, equity, probity and integrity, and public authorities that have a diverse workforce capable of providing a better service to the diverse Western Australian community.

HIGHLIGHTS FOR 2002-2003

Developing Codes and Guidelines

Developed the *Code of Conduct and Integrity* and *Guidelines on Internal Procedures* to support the introduction of the *Public Interest Disclosure Act 2003*.

Provided the Premier with the first progress report on the *Equity and Diversity Plan 2001-2005*. The Plan's objective is to have a public sector workforce matching the community at all levels of employment. The report highlighted areas needing special focus.

Equity and Diversity Plan

Assisting Public Authorities

Provided assistance and monitored compliance with Standards and ethical codes for 133 public sector agencies. Provided assistance and evaluated progress in EEO for 293 public authorities.

Developed supporting strategies for the Equity and Diversity Plan for women into management positions and for improved public sector employment of Indigenous Australians. Both areas showed some initial improvement by 2002.

Strategies for Equity and Diversity

Monitoring Compliance

Undertook a detailed analysis of how the Office could better monitor the extent of compliance with the Standards and ethical codes in the public sector. Moved to evaluation of the sector as a whole through thematic reviews and strategic audits.

Undertook climate surveys and reviews on human resource management and EEO for seven (7) public authorities. Feedback from corporate executives showed 86% were satisfied with the feedback provided. Undertook an in-depth review of one agency and reported the results to Parliament.

Agency Reviews

Breach Claims

Handled 119 breach claims and found a breach in 10 cases (8%). Most of the claims (85%) related to breaches of the Recruitment, Selection and Appointment Standard. The process for handling breaches was improved with 78% handled within four (4) weeks compared to 70% the previous year.

Provided Ministers with nominations for 14 chief executive officer positions (seven (7) more than last year). All the nominations were accepted. Women made up 42% of appointments resulting in an improved gender balance in CEO positions (now 20% women)

Chief Executive Officer Nominations

Commissioner's Overview



Maxine Murray

**Commissioner for
Public Sector Standards**

This report marks the first full year of my term as Commissioner. During the year, I have taken the opportunity to refocus the activities of the Office (OPSSC). My approach emphasises the monitoring of compliance in a more comprehensive and strategic manner. It is important for us to develop and refine evidence-based measures, which will give a clear picture of merit, equity, probity and integrity in the public sector, not just highlight individual or specific incidences that may or may not be representative.

To enable this change of focus to occur, we have undertaken a thorough planning process. As foreshadowed in my last report, the Office has been restructured to better integrate the OPSSC vision of merit, equity, probity and integrity. We undertook a detailed analysis of our role and examined ways in which we could better monitor the extent of compliance with the *Public Sector Management Act*. Our stakeholders expressed the view that we should take a greater leadership role in relation to education on human resource management and ethics. They said we should be 'enablers' and 'thought leaders' in these areas, rather than focus only on the negative aspects of individual cases of non-compliance.

I have, therefore, consciously directed the efforts of my Office towards developing measures and programs to evaluate the extent of compliance of the sector as a whole. This means that we have channelled our efforts towards thematic reviews and strategic audits of agencies, areas or systems that we believe are at greatest risk of non-compliance. This year, for example, we have begun a thematic review of the performance management standard. I believe that this type of thematic review will assist me to better meet the objectives for monitoring the extent of compliance required of my Office under the *Public Sector Management Act*.

During the year, my Office undertook a review of the Anti-Corruption Commission (ACC), following complaints of poor human resource management and unethical treatment of staff, made by current and former employees of the ACC. The report to Parliament made recommendations to assist the ACC to improve the extent of its compliance.

The Act does not outline a general complaints-taking function for the Commissioner. I see our complaint-taking role in relation to specific breaches of Standards as outlined in sections 97 and 98 of the Act. The breach process is designed for employees to obtain relief from a breach of standard by their employing authority. Employees concerned about ethical issues would initially raise these as grievances. The grievance process used must meet the Grievance Resolution Standard. Where an employee believes this is not the case, they have the option to seek relief by lodging a claim for breach of the Grievance Resolution Standard. The public and employees now also have an avenue for lodging a public interest disclosure under the new *Public Interest Disclosure Act 2003*. This is described later.

A fundamental part of my role under the *Public Sector Management Act* is to assist agencies to meet standards of human resource management and ethical behaviour. This role has been refined and will reflect a more targeted approach, with specific assistance being provided to areas of greatest need. I believe that this approach to assistance will provide greater benefits to the public sector as a whole, while also ensuring that the resources of my Office are utilised most effectively.

To fulfil my assistance role I consider it vital that efforts are made to build capacity within the public sector, to foster ethical decision-making and action. Integrity and corruption can be seen as part of a continuum, with the highest standards of integrity at one end and corrupt behaviour at the other end. The new Corruption and Crime Commission (CCC) Bill provides for an explicit role for anti-corruption education. I look forward to collaborating with the new CCC in relation to ethics education.

The Office has played a major role in the area of ethics since its establishment and this has been sustained in a number of areas this year. For example, we have started work on a public sector wide ethics framework, for which the theme is 'building and sustaining public sector integrity'.

The *Equity and Diversity Plan* managed by the Office of Equal Employment Opportunity also provides a major focus for the achievement of merit and equity within the public sector. In setting out objectives for agencies within the equity area, the Plan complements and supports the human resource standards developed by my Office, and human resources policies and processes developed within individual agencies.

During the year, my Office began a review of the Public Sector Management (Examination and Review) Regulations, enacted in July 2001, to assess their effectiveness. A report based on this review is due early in 2004.

A major achievement for the Office this year has been the development of the *Code of Conduct and Integrity* and the *Guidelines on Internal Procedures* for the introduction of the *Public Interest Disclosure Act*, which came into effect on 1 July 2003. To enable this to occur, we consulted with a broad range of organisations in the public sector, local government, public universities and other public authorities. The resulting views were incorporated in the Code and Guidelines we prepared. The public launch of both the Code and Guidelines on 26 June by the Attorney General at a breakfast and seminar was very successful. The contribution of, and participation by the Deputy Ombudsman for NSW, Mr Chris Wheeler, was both valuable and appreciated.

My role in relation to Chief Executive Officer selection has kept the Office busier than was anticipated with approximately twice the estimated number of selection processes undertaken. A review of the CEO selection processes was also undertaken. This included research using State, Commonwealth and New Zealand CEO selection processes to ascertain the latest trends and innovations. As a result, some amendments were made to CEO selection processes.

Finally, I wish to record special thanks to all the members of my staff, who have approached the tasks of re-positioning the aims and structure of the Office with good humour and professionalism. With their ongoing assistance and enthusiasm, I look forward to the next stages of developing our important program.

Director's Overview



Noela Taylor

**Director of Equal Opportunity
in Public Employment**

The Office of Equal Employment Opportunity (Office of EEO) plays an important role in assisting the public service become a more welcoming and positive workplace for people of all genders, ages, diverse backgrounds, cultures, and abilities. It is a role that envisions a public service that reaps the benefits of its diverse workforce and is representative of the Western Australian community.

I was appointed to the position of Director of Equal Opportunity in Public Employment in February 2003. My Office has had primary responsibility for leading the development of the *Equity and Diversity Plan for the Public Sector Workforce 2001–2005* (EDP). The Plan is groundbreaking in its establishment of objectives and milestones for priority groups such as young people, Indigenous people, people from culturally diverse backgrounds and people with disabilities. The Plan is ambitious but achievable. It identifies how the Government's commitment to developing an equitable and diverse public sector workforce will be achieved through incremental progress over a realistic period of time.

The public sector workforce has progressively become more diverse. The first *Equity and Diversity Plan Progress Report* in April 2003 showed that there have been improvements in the number of Indigenous Australians, people from culturally diverse backgrounds and youth employed in the public sector. The number of Indigenous Australians in senior positions, however, declined in comparison with the previous year and a significant proportion of Indigenous employees are clustered at the lower levels.

The following figures show the proportion of employees in the major priority areas as at June 2002:

- 2.2% Indigenous Australians (slight increase from 2.1% in 2001)
- 1.2% people with disabilities (slight decrease from 1.3% in 2001)
- 4.8% people from culturally diverse backgrounds (increase from 4.3% in 2001)
- 5.0% youth (increase from 4.9% in 2001)
- 20.2% women in the Senior Executive Service (slight decrease from 20.3%)

Annual updates through to 2005 will provide regular measures of progress against the Plan's objectives.

The Premier endorsed and launched the Plan in January 2002. Since that time, my Office has focused on promoting the plan to public sector agencies; assisting agencies to implement change; and to collect, collate and report to the Premier on progress towards achieving the Plan's objectives. On its own, the Plan cannot be expected to achieve results simply by setting objectives. I intend to ensure that my Office provides practical support, encouragement and feedback to authorities as they work to achieve the Plan's objectives.

For the first time, local governments and universities have been involved in EEO Climate Surveys that measure the perceptions of employees about the cultural climate of their organisation. Two local governments and two universities have undertaken the survey and been provided with feedback on the results by my Office. Local government and the public universities are major public employers in Western Australia. There are significant opportunities for them to be actively involved in ensuring that their own workforces more accurately reflect the diversity of the general community.

Indigenous employment in the public sector continues to be a priority. During the year, my Office produced and released a major strategy paper designed to improve the employment rates and career progression of Indigenous public sector employees.

Similarly, the *Executive and Management Recruitment – Encouraging Women Applicants* strategy document has been produced by my Office to assist public sector agencies achieve goals related to increasing the number of women in management.

I maintain responsibility for receiving equal opportunity management plans and yearly reports on progress from public sector authorities. The data produced from these reports provide the basis for identifying demographic profiles and workforce trends. This data will continue to provide an important tool for evaluating progress in the *Equity and Diversity Plan*.

In twelve months time, I anticipate being able to report significant progress in the levels of representation of priority groups in public sector employment. My key strategy for achieving this result will be the provision of customised service and support to agencies, including local governments and universities. In consultation with agencies, specific strategies and action plans will be developed to increase the representation of people with disabilities and people from culturally diverse backgrounds.

My staff and I look forward to working with public authorities to achieve a vital workforce that harnesses the diversity, energy and vibrancy of the Western Australian community for the benefit of everyone.

OUR BUSINESS

Statutory Roles

Commissioner for Public Sector Standards

The Commissioner for Public Sector Standards is an independent statutory officer, appointed by the Governor on the recommendation of the Minister, following consultation with the leader of each party in the Parliament. Ms Maxine Murray was appointed Commissioner for Public Sector Standards on 23 May 2002 for a five-year term. The Commissioner acts independently, reports directly to Parliament and may also submit reports to ministers responsible for public sector agencies. Under the *Public Sector Management Act*, the statutory roles of the Commissioner are to:

- Establish public sector standards in human resource management (the Standards), establish a sector-wide Code of Ethics and assist agencies to develop codes of conduct (the ethical codes)
- Assist WA public sector agencies to comply with the human resource principles set out in Sections 8(1)(a)-(c) and the general principles of official conduct set out in Section 9 of the Act, the Standards and the ethical codes, and monitor and report to Parliament on the extent of compliance and non-compliance
- Implement and oversee the practical application of the procedures that relate to breaches of Standards
- Provide independent advice to Ministers on persons suitable for appointment as Chief Executive Officers and advise the Minister for Public Sector Management (Minister) on Chief Executive Officer reappointments.

Under the *Public Interest Disclosure Act* the Commissioner is required to:

- Establish a Code of Conduct and guidelines for public authorities
- Assist public authorities to comply with the Act and the Code of Conduct
- Monitor and report on their compliance.

Director of Equal Opportunity in Public Employment

The Director of Equal Opportunity in Public Employment is a separate statutory officer, appointed by the Governor, to perform the functions outlined in Part IX of the *Equal Opportunity Act 1984*. The Director reports to the Minister for Public Sector Management. The objects of Part IX of the Act are to:

- Eliminate and ensure the absence of discrimination in employment in public authorities on all the grounds covered by the Act
- Promote equal employment opportunity for all persons in public authorities.

The statutory role of the Director is to:

- Advise and assist public authorities to develop EEO management plans and evaluate the effectiveness of management plans in achieving the objects of the Act
- Monitor and report to the Minister on the operation and effectiveness of management plans.

Public authorities include all public sector agencies (including utilities), public universities and local government authorities.

Collocation of the Offices of Commissioner and Director

The Commissioner's functions cover merit, equity, probity and integrity. Merit and equity are also a major focus of the Director. In recognition of the synergy between the two roles, the Office of the Public Sector Standards Commissioner (OPSSC) and the Office of the Director of Equal Opportunity in Public Employment (the Office of EEO) have been collocated since the establishment of the OPSSC on 1 October 1994.

Commissioner as CEO

While the two positions have independent statutory and reporting roles, the combined Office is a department established under s.35 of the *Public Sector Management Act*. The Commissioner is deemed to be the Chief Executive Officer, a responsibility embracing all of the functions carried out by most public sector chief executive officers under s.29 of the Act. This includes meeting legislative and policy requirements for the efficient and effective use of public resources, including the resources and staff of the Office of EEO.

In the role of Chief Executive Officer, the Commissioner is responsible to the Minister for Public Sector Management for meeting the requirements of the *Financial Administration and Audit Act*. The Commissioner must submit an annual report under this Act and Office expenditure is audited by the Auditor General.

Operating Framework

The key strategic focus for the Office is the Government's strategic focus of: *honest, accountable and inclusive government*.

Key **STRATEGIC FOCUS**

Honest, accountable and inclusive government



Our **VISION**

A respected and responsible public sector



Our **MISSION**

Through monitoring compliance, reporting and assisting public sector bodies, enable the Commissioner to meet Parliament's need for independent and impartial opinion about merit, equity and probity in the Western Australian public sector



The **OUTCOME** we seek

The public sector is accountable for achieving standards of:

- merit, equity and probity in human resource management
- conduct and integrity



OUR OUTPUTS

Compliance Monitoring and Assistance

Evaluation and modification of Standards, monitoring of compliance to Parliament and Ministers

EEO Advice, Assistance and Evaluation

Assessment of public authority compliance with Part IX of the *Equal Opportunity Act* to achieve a more diverse workforce within all public authorities

CEO Selection and Reappointment Advice

Provision of independent advice to the Minister about reappointment and persons suitable for vacant CEO positions by using objective, fair and comprehensive processes

Measured through our Key Effectiveness Indicators

Operating Structure

The Office operates under four main functional groupings.

Division	Functions
Ethics and Human Resources <ul style="list-style-type: none">Ethics and HR AssistanceCompliance Monitoring	<ul style="list-style-type: none">Assistance for public sector agencies in ethics, human resources and in handling public interest disclosuresAgency audits and sector-wide thematic reviews to monitor complianceHandling of the process to provide relief for breaches of Standards
Equity and Evaluation <ul style="list-style-type: none">Equity and Diversity AssistanceEvaluation and Reporting	<ul style="list-style-type: none">Assistance to public authorities in developing and implementing EEO management plansPromotion of sector-wide EEO strategiesEvaluation and reporting on workforce diversity and the extent of compliance with the principles, Standards and ethical codes
CEO Selection	Independent advice on CEO selection and reappointment
Corporate Services	Internal corporate services to support the other Divisions and the corporate governance requirements of the Office

Customers and Stakeholders

Direct customers of the Office are:

- Ministers and Members of the Parliament of Western Australia
- CEOs of public authorities, their senior managers and human resource managers
- Public boards and committees
- Public sector employees involved in claims of breach of Standards
- Members of the public involved in public interest disclosures.

Ultimately the beneficiaries are the general public who benefit from a public sector based on merit, equity, probity and integrity and public authorities that have a diverse workforce capable of providing a better service to the diverse Western Australian community.

Key Partnerships

In working towards the Government's strategic objective, the Office relies on the cooperation and commitment of other public bodies and employees. The Office endeavours to consult widely with public authorities and other relevant community groups in performing the Commissioner's and Director's functions. It cooperates with public sector bodies in assisting them to achieve the Standards and ethical codes and with public authorities in developing and evaluating their EEO management plans.

Key Goals and Strategies

In achieving our mission, the Office focuses on two key external goals of accountability and agency development and communication. Two internal goals ensure the Office has quality people and systems to enable it to operate effectively.

	Goal	Strategies
EXTERNAL	Accountability Public sector bodies and employees are recognised for achieving excellence in people management, workforce diversity and ethical behaviour	<ul style="list-style-type: none"> Evaluate the extent to which public sector bodies are achieving excellence in people management, workforce diversity and ethical behaviour Publish information that demonstrates the extent to which public sector bodies are meeting requirements Investigate compliance with the public sector standards Review the effectiveness of management systems and EEO management plans Report on compliance and other matters
	Agency Development and Communication Public sector bodies have access to skills, knowledge and services to enable the use of best practice in people management, workforce diversity and ethical behaviour	<ul style="list-style-type: none"> Develop best practice Provide a customized advice and assistance service to agencies on human resource management, workforce diversity and ethics Promote and facilitate access to information and resources Work in partnership with the public sector and others
INTERNAL	Workforce An effective and diverse workforce committed to excellence	<ul style="list-style-type: none"> Undertake annual and ongoing performance management to provide staff with clear goals and feedback Train and develop staff in teams and through individual development plans Encourage and support continuous improvement Develop staff commitment to the goals of the organisation through participation in planning and meaningful measures of performance Develop a diverse staff profile where staff value difference
	Systems Quality systems and processes that support the achievement of the goals	<ul style="list-style-type: none"> Continually improve systems and processes that support output requirements Ensure that information is reliable and accessible Develop networks to enable efficient and effective information sharing Enhance and improve corporate records systems

Our People and Working Environment

The Office of the Public Sector Standards Commissioner aims to provide employees with a working environment modelled on best practice in diversity management, ethics and integrity. Encouraging a mutually supportive and respectful environment is clearly stated as part of the Office's corporate values in its Code of Conduct.

Restructure of Office and Role of Change Agent

The move to new premises and the ongoing restructure have both been undertaken with a great deal of staff consultation at all stages of the processes. In recognition of the potential for significant disruption, a "Change Agent" was appointed by staff ballot for the duration of the change management process to communicate and disseminate information across the organisation in an impartial, professional, non-threatening and non-judgmental manner.

The role of the Change Agent is to support, assist, guide and maintain links between management and employees (regardless of the employee's level or seniority). Issues and concerns raised with the Change Agent are reported directly to the Commissioner, who then reports any pertinent, non-confidential information back to the wider management group.

The role was designed to deal confidentially with issues and concerns relevant to the change process, not to replace existing procedures for addressing individual employee issues or grievances. By providing opportunities for additional communication between staff and the Commissioner, the Change Agent has been able to reduce anxiety by ensuring good two-way communication.

Change Management Team

Prior to the commencement of the Office restructure process, management was vested in two separate bodies: the Corporate Executive and the Management Committee.

With the emphasis in the new structure on greater cooperation across the outputs, it was agreed to have only one management body for the Office during the restructure period in order to ensure a coordinated approach and good communication at all levels. This new Change Management Team met for the first time in September 2002 and thereafter on a fortnightly basis.

The terms of reference for the Change Management Team were as follows:

- To provide leadership, planning and coordination for the outcome, outputs and activities of the Office, including for projects requiring resources from numerous output areas
- To formulate the Office's budget proposals and any alterations to budget requirements during the current financial year
- To monitor the Office's financial performance against the budget and formulate proposals to achieve budgeted outcome
- To provide a forum for staff to raise proposals relating to the management of the Office and to ensure ongoing communication and consultation with staff on all matters relating to them.
- To provide leadership in the development, implementation and monitoring of achievements for internal office policies and procedures
- To determine work priorities and assign responsibility for internal office policies and procedures

The Change Management Team had a diminishing role once the new structure and accommodation had been finalised and the new Corporate Executive Team was in place. Corporate Executive will manage future change initiatives.

Work Practices

Staff are employed under the *Public Service General Agreement 2002*. Under this agreement and OPSSC policies, flexible work options, part-time and job-sharing arrangements are widely accepted as part of a family-friendly approach to working conditions. The new premises have been designed to include a carer's room (where staff can work while caring for family members, or rest if unwell) and a kitchen/dining area where staff can enjoy meals away from their work stations. A senior manager in the Office provided input into the new agreement currently being negotiated for the Public Sector to support the retention and improvement of these practices.

Performance Management

In 2002-2003 the Office commenced the implementation of a consistent performance management system for all employees, based on a twelve month cycle of defining goals, review and feedback. Previous performance management systems were not consistent across different areas of the organisation. A system of 360 degree feedback (from anonymous surveys) was also implemented for senior management.

Diversity in the Workplace

The Office recognises the importance of a diverse workforce in providing a service to our diverse WA community. The Office has a current Disability Service Plan and an Equal Opportunity Management Plan, to ensure a diverse workforce and equitable treatment of staff and clients. The details of these Plans are included in the Compliance Reports section.

In addition the Office has strong policies on equal opportunity and harassment, management is active in ensuring that discrimination and harassment do not occur and staff have a high level of awareness of these issues.

Employee Profile

At 30 June 2003 there were 31 employees. The majority are employed as full-time permanent employees, with seven (7) employed on a part-time permanent basis and four (4) on a fixed-term basis. Contract staff are employed on an 'as-needs' basis for backfilling staff on maternity leave or short-term and unexpected vacancies; to provide specialised short-term expertise; or to assist in peak work-load periods. To provide opportunities for staff development, approval has been given for a number of staff to take up secondments in other agencies. A number of these positions have been filled by secondees into the OPSSC.

Grievance Management

The Office maintains a Grievance Management and Harassment Policy, details of which are available to all staff at induction and through the Office Intranet. In 2002-2003 no grievance issues were raised through this process. This is considered a validation of the successful work of the Change Agent to minimise employee concerns during this period.

Employee Health, Safety, and Welfare

The Office complies with the requirements of the *Occupational Health, Safety and Welfare Act 1984*. Regular training is held in emergency procedures, including building evacuation. A first aid kit is available for staff use, and key staff are trained in first aid administration. Public access to the new Office premises and security in interview rooms in the new accommodation have been designed to provide for the safety and security of employees.

Issues and Trends

Issue

Recent national and international trends have highlighted the benefits of and requirement for a comprehensive ethical framework for conduct and integrity in both public and private organisations. The *Public Interest Disclosure Act 2003* which came into effect on 1 July 2003 shows the expectations of the community and Parliament for open, accountable and ethical behaviour and decision making. Its main objective is to facilitate the making of disclosures in the public interest and to provide protection for those who make disclosures.

Action by OPSSC

- The Office has renewed its focus on ethics with an emphasis on public sector integrity. Work has started on the development of new measurement tools for ethics, including a revised survey of public sector integrity.
- The Office established a *Code of Conduct and Integrity* and *Guidelines for Internal Procedures* to assist public authorities to meet their obligations in the implementation of the *Public Interest Disclosure Act 2003*.

Issue

The 2001 Census has highlighted the changing demographics of the community. Organisations are becoming increasingly aware that, with a aging workforce, they will need to attract and retain people in an increasingly competitive labour market. There is increasing cultural diversity in the Western Australian population with people from culturally diverse backgrounds now making up 17% of the population compared to 12% in 1996. Many public authorities recognise they will need to recruit a more diverse workforce and provide more flexible work practices to enable people to combine work and family responsibilities.

Action by OPSSC

The *Equity and Diversity Plan 2001-2005* has enabled public sector agencies to identify areas where they can increase diversity and the Office of EEO has provided advice and assistance for agencies to set and achieve diversity objectives based on their business needs.

Issue

The Australian Council of Human Rights Agencies comprising the State and Territory equal opportunity and anti-discrimination heads has been formed to tackle national issues. The first priorities are racism and religious vilification. This may have implications for program development if there is a need to coordinate with national initiatives.

Action by OPSSC

Research is being undertaken to identify which groups of people are under-represented in the public workforce in order to develop targeted strategies for more cultural diversity. A sector wide strategy for the employment of more people from culturally diverse backgrounds will be developed next year to support the Government's Anti-Racism Strategy.

Issue

While there is a good level of awareness of the Recruitment, Selection and Appointment Standards, concerns have been expressed about the extent of compliance with some of the other Standards, in particular Performance Management and Acting. These concerns relate to broad systemic issues rather than specific individual cases.

Action by OPSSC

- A thematic review of the Performance Management Standard has been commenced. This signals the new systemic approach to monitoring the extent of compliance with the principles, Standards and ethical codes.
- Compliance with the Acting Standard, and the impact of long-term acting in vacant positions, is of concern. This issue will be looked at closely when decisions are made about the subject of the next thematic review to be conducted by this Office.

Issue

Changes due to the Machinery of Government review resulted in a number of agency amalgamations. The review of the effective delivery of Government priorities (Functional Review) has resulted in further agency amalgamations, identification of areas for expenditure savings and proposals for corporate support reform. This reflects the trend towards providing more resources for direct service delivery through more efficient corporate support practices.

In situations where there are merging organisational cultures the maintenance of high standards of human resource management and ethical treatment of staff is critical. Any changes in corporate support arrangements will also have an impact on how the OPSSC implements its education and monitoring functions.

Action by OPSSC

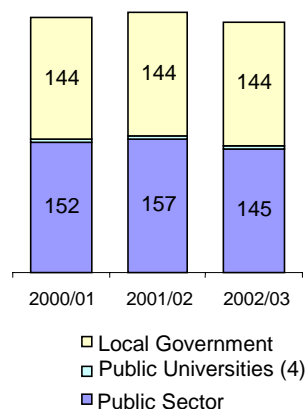
- To streamline the services provided by the Office, work has started on providing customised, integrated services and an enhanced web-based approach to agency assistance. In addition the OPSSC may need to adapt its approach to agency assistance and monitoring in line with any outcomes of the implementation of the Functional Review.
- While the implementation of the Machinery of Government reforms initially reduced the workload in terms of the number of CEO positions to be filled during 2001-2002, there has since been an increase in activity in this area, as the reforms required the filling of a number of vacant CEO positions.
- Arrangements have been made for the OPSSC and the Ombudsman to achieve efficiencies and improved practices in corporate services through shared corporate services.

Organisational Performance

Public Authorities Assisted and Reported On

The number of public sector agencies has declined in the last year due to amalgamations arising from Machinery of Government Changes.

Year	Number of Public Authorities
2002-03	293
2001-02	305
2000-01	300



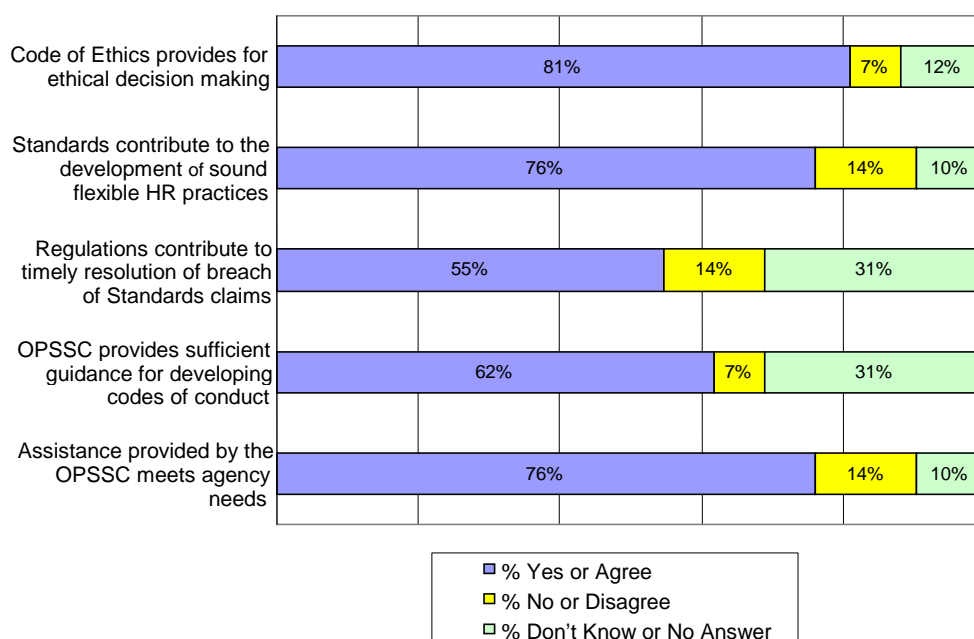
Compliance Monitoring and Assistance

A key role of the OPSSC is to assist public sector agencies to comply with the principles, Standards and ethical codes. Most of the compliance issues that arise are related to human resource management. A survey was conducted of human resource managers to determine the effectiveness of the Code of Ethics, the Standards, the Regulations and the assistance provided by the Office.

HR and Ethics Survey

In June 2003 an emailed survey form was sent to 92 human resource managers in the public sector. Some smaller agencies receive a bureau service from larger organisations and effectively this was a census of all human resources managers. There were 42 responses, giving a response rate of 46%. The Office recognises that with a group of this size, a higher response rate is required to give more confidence in the measure. Nevertheless the feedback from these key clients has provided useful information as shown below.

HR and Ethics Survey of HR Managers - June 2003



Implications for Improved Service Delivery

The majority of respondents were satisfied that the Code of Ethics provides adequate guidance for making ethical decisions (80%), that the Standards contribute toward the development of sound, flexible and efficient human resource management practices (76%) and that assistance provided by the OPSSC met their needs (76%). However comments made by people who were not satisfied will enable improved assistance to be provided by the OPSSC to agencies.

Fewer people agreed that the Regulations contributed to the timely resolution of employee grievances relative to the HR Standards (55%) and that guidance provided by the OPSSC to assist agencies with the development of their codes of conduct was found to be sufficient (62%). This was mainly due to a high "Don't Know" rather than to dissatisfaction. Comments indicated that these people had not needed to use the service. For assistance in developing codes of conduct this may be because many agencies have their codes in place and have not needed assistance with further development in the past year.

The lower satisfaction with the Regulations confirmed concerns that have been raised with the Office through other avenues. In recognition of these concerns the Office has commenced a review of the Regulations.

Allegations of Non-compliance

The Office handles allegations of breach of Standards and in some cases allegations of non-compliance with the principles and ethical codes. The proportion of substantiated allegations is an indication of how well the Standards and ethical codes are operating in the public sector. As can be seen below the proportion of substantiated allegations remains extremely low.

Effectiveness Indicators	2001/2002 Actual	2002/2003 Target	2002/2003 Actual
Substantiated breaches of the Recruitment, Selection and Appointment Standard referred to the Commissioner's Office as a percentage of the number of advertised vacancies filled in the sector	0.04%	5%	0.08%
Substantiated allegations about non-compliance to the general principles and ethical codes as a percentage of the number of allegations	1.2%	5%	2.9%

The Office handled 119 breach claims (compared to 130 in 2001-02) and a breach of the Standard was found in 10 cases or 8% of the claims handled. Most of the claims (85%) related to breaches of the Recruitment, Selection and Appointment Standard. The importance of minimising delays in appointments is recognised by the Office and action has been taken to streamline the process. Of the claims finalised during the year, 78% were handled within 4 weeks compared to 70% in 2001-2002.

Equal Employment Opportunity

The degree to which the workforce of public authorities is showing a better match with the Western Australian community at all levels of employment indicates the effectiveness of equity and diversity planning and strategies.

This can be measured by the representation, usually in percentage form, of the target group (e.g. women and members of other diversity groups) and also by their distribution across the hierarchy of the workforce (the Equity Index). Other diversity groups include Indigenous Australians, people from culturally diverse backgrounds, people with disabilities and youth.

The Equity Index measures the distribution of all employees across different levels in a public authority and compares it to the distribution of women or the diversity group under consideration. The ideal Equity Index is 100, indicating that the group has the same distribution as the workforce as a whole. If there is compression of the group at lower levels the Equity Index is less than 100. An Index of more than 100 means members of the group are more likely to be at the higher levels.

Women are well represented in the workforce but tend to be distributed at the lower levels. The other diversity groups are all under represented. As can be seen below there has been improvement in all of these indicators with the exception of the percentage of people with disabilities. A strategy to increase the representation of people with disabilities is being developed. The Government's *Equity and Diversity Plan 2001-2005* has objectives for 2003. The targets shown below for 2002 are based on the half way point between the 2001 actuals and the 2003 objectives.

Effectiveness Indicators	2001/2002 Actual	2002/2003 Target	2002/2003 Actual
Improvement in the Equity Index for Women in the public sector (ideal is 100)	53	56	55
Improvement of percentage of Indigenous Australians in the public sector (WA community is 3%)	2.1%	2.3%	2.1%
Improvement of percentage of people from culturally diverse backgrounds in the public sector (WA community is 17%)	4.3%	4.9%	4.8%
Improvement of percentage of people with disabilities in the public sector (Aust community is 4% ^a)	1.3%	2.8%	1.2%

^a People with disabilities are people with a moderate core activity restriction aged 15-64 years.

CEO Selection

The percentage of Commissioner's nominations accepted by the Minister is an indicator of the effectiveness of the CEO selection process.

	2001/2002 Actual	2002/2003 Target	2002/2003 Actual
Percentage of Commissioner's nominations accepted by Minister for Public Sector Management	86%	100%	100%

The Minister was provided with advice on the selection of 14 chief executive officer appointments (seven (7) more than last year). For positions where appointments have been announced, all of the Commissioner's nominations were accepted. Women made up 42% of the appointments during the year resulting in an improved gender balance in chief executive officers in the public sector with women now comprising 20% of these positions.

Summary Of Financial Performance

Financial Performance	2000/01 \$'000	2001/02 \$'000	2002/03 \$'000
Total Income	2,958	2,975	3,300
Revenue	245	173	280
Net Cost of Services	2,713	2,802	3,020

Notes :

1. Most of the revenue received relates to expense costs for CEO nominations met from the treasurer's Advance Account and recouped from agencies. Fluctuations in revenue are therefore largely due to differing numbers of CEO vacancies each year.
2. A substantial part of the increase in net cost of services this year is due to costs associated with relocation of the Office.

CORPORATE GOVERNANCE

The Office of the Public Sector Standards Commissioner aims to achieve high standards of Corporate Governance to inspire the confidence of the Western Australian Parliament, Government and the community in the ethics and integrity of corporate actions.

Corporate Values

The corporate values of the Office are clearly set out in the Code of Conduct and include:

- Encouraging a mutually supportive and respectful environment
- Treating all public authorities and other customers consistently and impartially, and without influence by bias or partisan interests
- Providing customers with prompt and courteous service that is equitable and non-discriminatory.

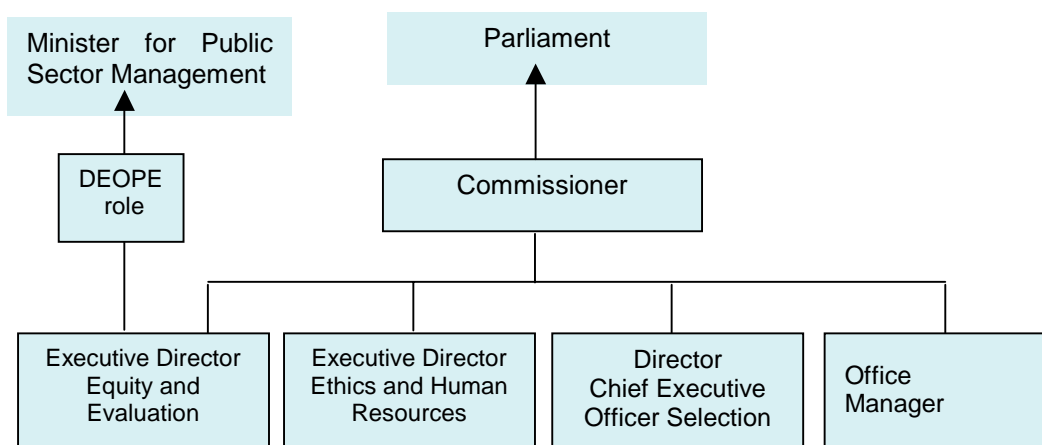
Corporate Structure

During the year, a new organisational structure was introduced for the Office to expand the role of assisting agencies while addressing the broader view of compliance for Parliament. The new structure recognises the operational synergies of the Office of the Public Sector Standards Commissioner and the Office of EEO and includes an integrated approach to agency assistance and to monitoring and evaluation. The creation of the position of Executive Director, Equity and Evaluation combines the role of DEOPE with the evaluation and reporting functions of the Commissioner.

Corporate Executive, consisting of the Commissioner, the leaders of the three business Divisions and the Office Manager, is the decision making body for the Office (see diagram below).

There are clearly areas where the statutory role of the Director of Equal Opportunity in Public Employment has end-of-line accountability to the Minister and, therefore, it would not be appropriate for the Corporate Executive of an Independent Office to be approving or endorsing strategies and policies.

Obviously this requires a clear understanding of role and responsibilities. The Commissioner is required to act independently and reports to Parliament, the Director is part of Executive Government and reports to the Minister for Public Sector Management.



Corporate Executive Team

Maxine Murray, Commissioner for Public Sector Standards



Maxine Murray holds a Bachelor of Arts degree and a Diploma in Education from the University of Western Australia. She has substantial experience as a regulator working with government agencies. Her work has involved wide-ranging experience in the fields of merit and equity and in ensuring compliance with legislation. She has experience in research, policy development, evaluation, change management and working across government to achieve outcomes.

She has working experience in a range of agencies, including the Office of Women's Interests, the Equal Opportunity Commission, the Department of Occupational Health, Safety and Welfare and the Department of State Services. Prior to her appointment as Commissioner for Public Sector Standards in May 2002, she had an eight year tenure in the statutory position of Director of Equal Opportunity in Public Employment for Western Australia.

Suzanne McCavanagh, Executive Director Human Resources & Ethics



Suzanne McCavanagh holds a Bachelor of Arts degree and a Graduate Diploma in Public Sector Public Policy. She has worked for the most part of her career in the field of labour relations and has implemented significant workplace reforms across the public sector. Her work has involved her in public sector negotiations, awards and enterprise agreements, introduction of changed labour relations laws, and the introduction of a workplace consultancy service for public sector agencies. Suzanne has also had experience in developing central policy and in business management policy and practices across the public sector.

She has worked in a wide range of agencies, including the Fire Brigades Board, the Department of Occupational Health Safety and Welfare and the Department of Productivity and Labour Relations. Prior to her appointment as Executive Director Ethics and Human Resources, she was for three years the Executive Director Corporate Services with the Department of Planning and Infrastructure.

Noela Taylor, Executive Director, Equity and Evaluation, and Director of Equal Opportunity in Public Employment



Noela Taylor holds a Bachelor of Arts (Honours) degree from the University of Western Australia and a Master of Philosophy (Politics) from Murdoch University. She has successfully worked with government agencies as a regulator in the disability access area and in ensuring compliance with legislation. She has extensive experience in strategic policy, planning and service delivery across the public service.

She has worked in a range of agencies, including the Department of Consumer and Employment Protection, Disability Services Commission, Office for Women's Policy, Department of Land Administration and the Local Government Grants Commission. She was appointed to the statutory position of Director of Equal Opportunity in Public Employment in February 2003.

Brian Boylen, Director, Chief Executive Officer Selection

Brian Boylen has 25 years experience in the public sector, working in a number of central agencies. He holds a Diploma of Business Administration.

He has substantial knowledge of the machinery of government, legislation and the operations of numerous government agencies. He has been involved with changes to the structure of the public sector and has conducted functional reviews of agencies.

He has a variety of skills and experience in industrial relations and human resource management. He has provided administrative support and policy advice to statutory office holders, chief executive officers and to Ministers over a number of years.

More recently, he has been responsible for the management of the process to select suitable persons for vacant chief executive officer positions, the delivery of corporate services for the Office of the Public Sector Standards Commissioner and policy support to the Commissioner for Public Sector Standards.



Zarin Milambo, Office Manager

Zarin Milambo holds a Bachelor of Business degree, with a major in Accounting and Computing, from Edith Cowan University. She has primarily worked in the corporate services field for the past 20 years and has experience in the areas of Finance, Budgeting, Procurement, Records Management, Human Resources and Administrative Services.

The agencies she has worked for include the Department of the Premier and Cabinet, The Parliamentary Commissioner for Administrative Investigations (State Ombudsman), The Commission on Government and The Royal Commission into the City of Wanneroo. She has been with the Office of the Public Sector Standards Commissioner since 1996.



Corporate Management

Established in February 2003, the new Corporate Executive ensures responsible stewardship and accountability. It meets fortnightly and is responsible for:

- Setting and monitoring strategic directions
- Monitoring Office performance, progress against targets and resource use
- Overseeing an effective control environment
- Achieving accountability and compliance with Government requirements.

Shared Corporate Services

To give effect to the *Machinery of Government* Report recommendations, in February 2003 the Commissioner for Public Sector Standards and the Director of Equal Opportunity in Public Employment moved into shared accommodation with the Parliamentary Commissioner for Administrative Investigations (the Ombudsman) and the Office of Health Review.

Arrangements to share corporate services are currently being developed. A shared approach to support structures and services will place increased emphasis on corporate governance planning over the next year. In 2002-03, a joint steering committee, consisting of staff from the Ombudsman's Office, Office of the Public Sector Standards Commissioner and Office of Health Review was established. This resulted in the creation of a joint classification committee and a shared reception as the first tasks.

Code of Conduct

As the agency responsible for ensuring compliance with the *Public Sector Code of Ethics* across the public sector, the Office aspires to lead by example. The Office's Code of Conduct is an integral part of the service standards adhered to by employees. The Code of Conduct is available to all staff on the Office's intranet, is linked to the *Code of Ethics* and is part of the induction program for all new staff.

Ethics Committee

The Office has an Ethics Committee to promote awareness of the Code of Conduct and to monitor conduct in the workplace. The committee is also responsible for reviewing the code from time to time and, in 2003-04, will ensure that all employees are retrained in the requirements of the Code.

Staff Declarations

All new staff sign a document at induction to confirm they are aware of their obligations under the *Code of Ethics* and Code of Conduct, policies in relation to Equal Employment Opportunity, access to the Office's facilities and physical assets, and use of the Internet.

Risk Management

A new risk management framework is being developed to provide a comprehensive and systematic methodology for managing risks, following the rationalisation of structures and services across the collocated Offices.

Internal Audit

An internal auditor has been contracted to carry out an examination of the Office's activities during 2002-03 and is due to report by September 2003. The Office is currently examining the establishment of an internal audit and compliance committee to plan and co-ordinate internal audits on an ongoing basis, having regard for the shared services initiative and activities of the Functional Review Implementation Team.

Policies

A Policy Review Committee was formed to co-ordinate policy development and a regular policy review program. The committee will also identify gaps in policies and modifications to existing policies arising from legislative and organisational requirements.

Compliance Reports

Disability Service Plan Outcomes

The Disability Service Plan has five key outcomes:

- **Existing services are adapted to ensure they meet the needs of people with disabilities.**

The services provided by the Office have been adapted to reduce barriers to people with disabilities through better access and the availability of information in various formats on request. Staff have been trained in emergency building evacuation procedures and are aware of the needs of people with disabilities in the event of an emergency. When recruiting for vacant positions, people with disabilities are encouraged to apply and, where appropriate, a disability recruitment agency or the person's advocate is consulted to ensure equitable access to the opportunity is provided.

- **Access to buildings and facilities is improved.**

The Disability Services Commission guidelines on access were used to design the layout of the offices and the facilities such as electrical outlets in the new accommodation fit out in 2003. This means the accommodation and facilities meet the needs of people with disabilities as far as practicable within the limitations of the building framework. The reception area and the café amenities also provide for access for people with disabilities.

- **Information about services is provided in formats that meet the communication requirements of people with disabilities.**

The Office strives to publish all documents in plain English. Publications are available in alternative formats on request and this information is provided in all new publications. Information published on the Office website provides for the information to be viewed and printed in alternative formats.

- **Advice and services are delivered by staff that are aware of and understand the needs of people with disabilities.**

In-house training sessions have raised the awareness of staff in relation to their obligations in dealing with people with disabilities. Training in this area will be on-going to ensure staff have sufficient training to be able to assist any clients with disabilities.

- **Opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and decision-making processes.**

Any members of staff with a disability have an equal opportunity to participate in consultations, decision making, grievance process and any other consultative process within the Office. In addition consultation is held with people with disabilities, their advocates and disability recruitment agencies and service providers when developing policies relating to the employment of people with disabilities in the OPSSC and across the sector.

EEO Outcomes

This year a working party reviewed the Equal Opportunity Management Plan, taking into account the objectives in the Government's *Equity and Diversity Plan 2001-2005*. Currently the representation of Indigenous staff is 3% and people from culturally diverse backgrounds make up 13% of staff. This exceeds the objectives in the Plan and is close to community representation levels. People with disabilities are not represented in the Office and will be encouraged to apply for vacancies and traineeships to be filled in 2003-2004.

The Office has continued to practice equal employment opportunity in the workplace and to develop staff awareness. The policy review committee considers EEO implications when developing and reviewing policies. Policies for flexible working arrangements are well used with a number of staff taking up flexible working conditions, including part-time employment, job sharing, working from home and paid parental leave.

Cultural Diversity and Language Service Outcomes

Our Office deals mostly with management and employees in public authorities. Because of the nature of public employment, most of these people have good English language skills. This means our communication and publications are generally designed for public employees who are competent in the English language.

The Office has the following arrangements to meet the needs of clients and the public who are not proficient in spoken or written English.

- Translation services, where necessary, arranged through the Telephone Interpreter Service.
- Consultation with Indigenous Australians is designed to ensure there are local translators for Indigenous people whose first language is a language other than English.
- Provision of telephone access for people with a hearing or speech impairment, publications and the website include the following information. "People who have a hearing or speech impairment may call the ACE National Relay Service on 133677 and quote the telephone number (08) 9260 6600"
- Translators for people with a hearing impairment are used in public forums where appropriate. An example is the use of Auslan translators during a forum focussed on improving access to employment for people with disabilities.

Youth Outcomes

In May 2002, the Office employed a trainee under the 2002-2003 WA Public Sector Part-Time Clerical Traineeship Program. At the successful conclusion of this program, the trainee will receive a nationally recognised Certificate II in Business (Office Administration) and will be entered on the Department of the Premier and Cabinet's recruitment database to be considered for future entry-level employment opportunities in the Western Australian public sector.

Information Statement (FOI Act)

The Office has an Information Statement as required by the *Freedom of Information Act 1992*. This statement is updated in March of each year and is available to the public on request. Arrangements are being made to include information on access to the document on the OPSSC Website.

Compliance with Public Sector Standards

Human Resource Management Standards

OPSSC policies relating to human resource management have all been designed to comply with the Standards and include checks of compliance where appropriate. Managers and staff are required to comply with these policies and they are accessible to all staff. A Policy Review Committee has been reviewing all internal policies and will ensure that all current and new policies comply with the Standards and include provisions for monitoring compliance where necessary. This review process has been completed for the acting and secondment policies. Examples of monitoring provisions include:

- For Recruitment, Selection and Appointment, there is an individual review of each process prior to the final decision to ensure compliance with the Standard.
- A review process is in place to ensure that for acting and secondments there are no inadvertent extensions that result in long term opportunities without appropriate expressions of interest and where appropriate a merit based process is used.

There have been no breach of Standards claims lodged. Internal checks against policies have shown compliance with the Standards or processes have been able to be corrected before the final decision. This indicates a high level of compliance with the Standards.

Ethical Codes

OPSSC policies include provision for statements of ethical principles and an Ethics Committee monitors compliance and provides an avenue for people to raise concerns. In addition, during the restructure a change agent was elected by staff and provides a mechanism for staff to raise any concerns about the office restructure and the move to new office accommodation. The Code of Ethics is displayed around the Office and the OPSSC Code of Conduct is available to all staff on the intranet. In addition internal audits are conducted to check there is appropriate use of public resources in financial management, purchasing goods and engaging contractors.

No internal grievances were lodged relating to non-compliance with the ethical codes and no complaints were made to external authorities. Audits have found no areas of non-compliance.

Advertising and Sponsorship Expenditure (Electoral Act)

The Office has not engaged any companies or organisations relating to advertising, market research, polling, direct mail or media advertising that require disclosure under s.175ZE of the *Electoral Act 1907*.

Waste Paper Recycling

Due to the confidential nature of our documents the Office uses security shredding arrangements. During 2002-2003 paper from 28 bins of 240 litre capacity has been recycled.

Evaluations

There have not been any detailed evaluations of the functions of the OPSSC undertaken during 2002-2003. However, the results of the survey of human resource managers (see Effectiveness Indicator 1) and the feedback from corporate executives and training participants shown in the quality indicator for Output 2 are used to improve the assistance and evaluation services provided to public authorities.

Energy Smart Government Program

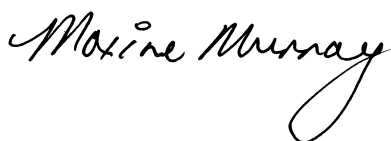
In accordance with the Energy Smart Government policy the Office of the Public Sector Standards Commissioner has committed to achieve a 12% reduction in non-transport related energy use by 2006-07 with a 5% reduction targeted for 2002-03. This target was exceeded with a reduction of 8% as shown in the table below.

Energy Smart Government program	Baseline Data	2002/2003 Actuals	Variation %
Energy Consumption (GJ)	288	265	-8%
Energy Cost (\$)	12252	10350	
Greenhouse Gas Emissions (tonnes of CO ₂)	74	68	
Performance indicators			
MJ/sqm	428	425	
MJ/Occupancy.	9277	8845	

During the year the following energy saving initiatives were undertaken: -

- The Office Manager, Zarin Milambo was appointed the Energy Executive
- The Corporate Executive has the overall responsibility for Energy Management and participated in energy awareness sessions for staff
- Staff have been informed regularly and reminded about their responsibilities in term of the energy saving initiatives
- Fit outs of the new accommodation used energy saving initiatives such as lighting wherever possible.

In February the Office moved premises and the new office has different layout and lighting arrangements. This means that the figures for 2002-2003 may not be directly comparable with last year. The issue will also arise next year when there will be a full year in the new offices.



Maxine Murray
COMMISSIONER FOR PUBLIC SECTOR STANDARDS

29 August 2003

REPORT ON OPERATIONS

Output 1 – Compliance Monitoring and Assistance

Total Cost of Service : \$1,742,875

Staff : 17 FTEs

This output involves the evaluation and modification of Standards, monitoring of compliance and reporting on compliance to Parliament

Focus of Activities

The Compliance Monitoring and Assistance Program enables the Commissioner to fulfil her assistance and monitoring roles under the *Public Sector Management Act* (PSM Act) and the *Public Interest Disclosure Act* (PID Act). The main activities of the Program are to :

- Establish and review Standards and ethical codes under the *PSM Act* and codes and Guidelines under the *PID Act*
- Provide a consultancy service to assist public authorities to develop their capacity to operate with merit, equity and probity in their human resource management and to act with integrity in their official conduct and when handling public interest disclosures.
- Operate a monitoring program to assess and report on the extent of compliance in the public sector with the principles, Standards and ethical codes under the *PSM Act* and the extent of compliance of public authorities with the procedures for handling public interest disclosures.

Performance Measures	2002/2003 Target	2002/2003 Actual
Quality		
Satisfaction with the standards and ethical code and the assistance provided by the Office	70%	78%
Quantity		
Public Authorities assisted and reported on	129	133
Timeliness		
Breach of standards claims handled within 4 weeks	80%	78%
Cost		
Average cost per public authority	\$12,829	\$13,105

Major Achievements for 2002-03

- Commenced a review of the Public Sector Management (Examination and Review Procedures) Regulations 2001.
- Established and launched a Code of Ethics and Guidelines for Internal Procedures for all public authorities, as required in the *Public Interest Disclosure Act 2003*.
- Commenced a thematic review of performance management across the public sector. This examines compliance with the Performance Management Standard and the general principles of the *Public Sector Management Act*.
- Developed a framework for conducting reviews of the degree of compliance with public sector standards and codes and, subsequently completed a review of compliance in one public sector body.
- Implemented an integrated database that will enable identification of areas of risk across the public sector.
- Completed an in-depth review of compliance with human resource management principles and ethical treatment of staff at the Anti-Corruption Commission.
- Conducted significant research into public sector ethics and integrity as part of the development of the ethics framework.
- Established an agency portfolio management system to provide an integrated, customised assistance program in human resource management, ethics and equity.

Major Initiatives for 2003-04

- Develop an ethics framework for the public sector, which includes outcome based ethics measures, to assess the status of ethics across the sector and within individual agencies.
- Develop systems to monitor and report on compliance with the *Public Interest Disclosure Act 2003*.
- Complete a review of the Public Sector Management (Examination and Review Procedures) Regulations 2001.
- Continue development and implementation of a review program that examines major themes associated with the public sector standards and ethical codes.
- Finalise the thematic review of Performance Management and offer targeted assistance to public sector bodies on compliance with the Performance Management Standard and the general principles of the *Public Sector Management Act*.
- Develop an agency assistance program to enable public sector bodies to achieve improved compliance with human resource management and ethics and to develop codes of conduct.

Report on Activities

Developing Codes, Standards and Regulations

Public Interest Disclosure Act

In the latter part of the year, the Office conducted workshops with a broad range of organisations across the public sector, local government, public universities and other public authorities. The purpose of the consultation process was to invite agency comment on the development of the Code of Conduct and Integrity and Guidelines for Internal Procedures to accompany the implementation of the *Public Interest Disclosure Act* (PID Act).

Organisations asked for very practical guidelines, templates and proformas for receiving and managing disclosures and for reporting to this Office. Overwhelmingly, people asked for a streamlined Code that would articulate with the public sector Code of Ethics, local government codes and specific public sector agency codes. In developing the Code and Guidelines, the Office has worked very hard to meet the needs expressed during this consultation phase.

Code of Conduct and Integrity for PID Officers

The Code of Conduct and Integrity has the force of law and clarifies the major standards of conduct and integrity for public officers receiving disclosures under the Act. It seeks to make explicit the implicit ethical obligations for individuals in such an important role. It also clarifies ethical issues for 'whistleblowers' who read the Code. The Code was designed to be succinct and clear, short, practical and accessible, and to work well with other relevant codes.

Guidelines for Procedures for Public Interest Disclosures

The Guidelines for Internal Procedures are designed for the use of all proper authorities under the *Public Interest Disclosure Act*. A proper authority is responsible for receiving disclosures, investigating them, taking appropriate action and reporting to this Office each year. The Act places the responsibility to develop internal procedures clearly on the shoulders of each proper authority. The document should not be mistaken for the procedures themselves, rather it is a set of guidelines providing a framework for developing and implementing internal procedures to suit each agency's needs. Importantly, internal procedures must be consistent with the guidelines.

Review of the Public Sector Management (Examination and Review Procedures) Regulations 2001

The Regulations are designed to allow employees and other people to obtain relief when an employing authority has breached a Public Sector Standard in human resource management. The current regulations replaced the 1995 regulations on 1 July 2001 and were implemented in response to business needs identified within the sector.

The current regulations have improved the ability of agencies to resolve claims internally, in the first instance. They also aim to save time by focusing on a person's concerns, rather than routinely reviewing entire transactions. The examination process aims at dismissing claims that are identified at the outset to have no substance.

Despite these improvements, the Office has identified the need to review the Regulations and to explore alternative, more efficient and flexible regulatory options to ensure that individuals can obtain relief when a standard is breached.

Moves to undertake an extensive consultation process involving key public sector stakeholders are underway to determine if a new regulatory model is required. It is expected the review will be finished in the new reporting period, depending on the outcome of the consultation process and the extent of regulatory change required.

Assistance for Public Authorities

Public Sector Ethics Framework

There is, today, a much greater awareness among agencies of the need for a current, relevant Code of Conduct, and of the importance of making explicit statements of organisational values to employees. Government boards and committees have continued to seek advice from the Office of the Public Sector Standards Commissioner in relation to the development of their Codes of Conduct.

To build on the work already achieved in the ethics area, the Office has developed a preliminary project scope for the development of an ethics framework to take the sector forward for the next two years. We are about to commence a broad consultation process to assist us to develop ethics strategies that will be practical, business-focussed and beneficial for all public sector agencies. The Office also submitted a paper to the Parliamentary Joint Standing Committee on the Anti-Corruption Commission entitled *Integrity within the Public Sector*. This focussed on ethics education in the WA public sector.

During the year, a significant amount of research into ethics and organisational integrity has been conducted to ensure a strong foundation for the development of an ethics framework for the WA public sector. The Office has established several partnerships with ethics and integrity specialists in other States. The aim is to work in collaboration with public sector agencies to evaluate and improve ethical behaviour.

The proposed ethics framework includes outcome-based ethics measures, to assess the status of ethics across the sector and within individual agencies. These measures must also be capable of serving the broader strategic aim of building capacity within the public sector and to contribute ultimately to the educative focus of the Office. They will also be reported to Parliament to provide information on the extent of compliance with ethical principles and codes across the sector.

Assistance to Implement the *Public Interest Disclosure Act*

Launch of the *Public Interest Disclosure Act*

The *Public Interest Disclosure Act 2003* was launched officially by the Attorney General at a breakfast on 26 June this year. A seminar was held following the launch, at which the Code of Conduct and Integrity and the Guidelines were also launched. The Office was privileged to have the Deputy Ombudsman for NSW, Mr Chris Wheeler as the keynote speaker at the seminar. Mr Wheeler provided a very engaging and valuable insight into his experience in New South Wales, which has had 'whistleblower' legislation for nearly a decade. Mr Wheeler illustrated his speech with a host of useful, practical examples related to the implementation of this sort of legislation.

New Website for Public Interest Disclosures

The OPSSC website has been enhanced to include the Code and the Guidelines and provides useful assistance for public authorities to plan for and deal with public interest disclosures. The Guidelines, proformas and reporting system are all available on the website. The Guidelines and forms can be downloaded and readily adapted to the individual needs of agencies.

Coordination Committee for Named Authorities

A Coordination Committee has been formed and will meet regularly to discuss and resolve issues relating to the implementation of the *Public Interest Disclosure Act*, policy and procedures for individual agencies and the sector as a whole. Members of this Committee include the central named authorities, the Auditor General, Ombudsman, Anti-Corruption Commission and Police. Local Government is also represented on the Committee. The committee will be coordinated and chaired by the Office of the Commissioner for Public Sector Standards.

Advisory and Consultancy Service

The Office has continued to provide advice to agencies by telephone, email and face-to-face presentations in the areas of human resource management, ethics and equity. The Commissioner, the Executive Director and staff have conducted agency visits and delivered speeches and presentations in a variety of public forums. During the year, an agency portfolio management system was developed to provide an integrated, customised assistance program across these areas. This system is currently being further refined to enable the Office to develop a single entry point for agency and individual requests for assistance. We have continued to provide advice on Codes of Conduct for both public sector agencies and Government boards and committees. The majority of Government boards and committees now have Codes of Conduct.

The Office's assistance programs are developed to include strategies that integrate, where possible, equity, ethics and human resource management planning initiatives.

Monitoring Compliance

During the year, the Office moved to a more systemic appraisal of key issues across the sector. This has resulted in a move towards thematic reviews and conclusions that will benefit the entire sector.

Under the *Public Sector Management Act 1994*, the Commissioner's functions do not include a specific complaint-taking role in relation to non-compliance with the principles and ethical codes. A complaint taking role is only specified for alleged breaches of Public Sector Standards in human resource management. These are dealt with under the Public Sector Management (Examination and Review Procedures) Regulations 2001.

Thematic Review of the Performance Management Standard

During the year, the Office commenced a thematic review of the extent of public sector compliance with the Performance Management Standard.

The Performance Management Standard was selected as the subject for review based on the following:

- An assessment of information analysed from the OPSSC consultation database
- Consideration of 'allegations of non compliance' information received about performance management
- Comments received by the Commissioner from various Chief Executive Officers about performance management
- The importance of performance management in human resource practices in the public sector and its influence on the effectiveness and efficiency of public sector agencies
- The importance of performance management to individual employees in public sector agencies
- The possible relationship between inadequate procedures and the application of performance management and grievances lodged with agencies and the OPSSC.

The objectives of the review are:

- To review the practice of performance management and its role in the public sector
- To assess the extent of compliance with the Performance Management Standard
- To assess the appropriateness and relevance of the Performance Management Standard

This review will generally look at the practice of performance management in a number of public sector agencies. It will also report on the extent of compliance with the performance management standard and make recommendations about management systems and processes that support good people management. Its aim is to benefit organisations across the sector.

It is intended that the review be completed by the end of 2003 and a report issued to Parliament subsequently, under section 21(1)(h) of the Act.

Agency Reviews

Climate Surveys and Presentations

Four yearly evaluations and reviews of public sector agencies continued this year. The review involves conducting a climate survey of staff perceptions about ethics, human resource management and equal employment opportunity in their agency. The results of this review and other information relating to the agency (such as their demographic data on equity and their history of breaches) are analysed and the agency is benchmarked against the sector and other similar agencies. Feedback is provided to corporate executives through a presentation.

The purpose of these agency reviews is to:

- Assist agencies to achieve better practice in ethics, human resource management and equity
- Enable the Commissioner to maintain a database that will enable monitoring of the extent of compliance across the sector as a whole and improvements over time.

In 2002-03 meetings were held with six Chief Executive Officers to commence the process for undertaking a review in their agency. The program aims to conduct reviews in around 15 public sector agencies each year.

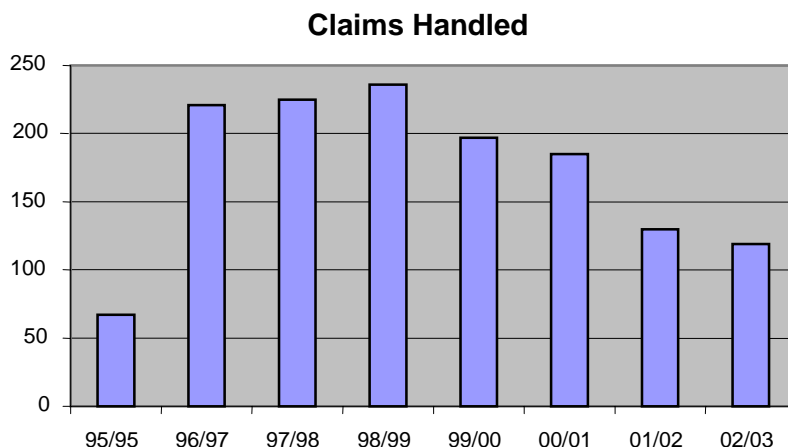
Major Reviews

An in-depth review was undertaken after 12 staff from the Anti-Corruption Commission (ACC) raised issues with the previous Commissioner about poor human resource management and unethical treatment of staff. Rather than conduct individual investigations into these matters, the Commissioner decided to conduct a broader review of the key issues raised.

The resulting report assesses the extent of compliance by the Anti-Corruption Commission with certain human resource management principles and standards, and ethical principles and codes, referred to in the *Public Sector Management Act*. The report makes recommendations to assist the ACC improve the extent of its compliance with the principles and standards. It was submitted to Parliament under the provisions of section 21 of the *Public Sector Management Act 1994* on 16 April 2003.

Breach of Standards Reviews

During 2002-2003, there were 119 alleged breaches of the Standards managed by the Office. This is a slight decline from 2001-02 where there were 130 claims handled and continues the decline that has occurred in recent years as seen below.



Eighty five percent (85%) of these claims related to the Recruitment, Selection and Appointment Standard. Of the remaining claims, eight percent (8%) related to the Grievance Resolution Standard with the remaining percentage of claims (7%) relating equally to the Transfer and Acting Standards.

Recruitment, Selection and Appointment matters continue to be prominent issues. This level of activity appears consistent with the number of departmental changes and the subsequent advertising of positions. Notwithstanding, an increasing number of claims against the Recruitment, Selection and Appointment Standard also made reference to the quality of post selection feedback, as well as instances of excessively long-term 'acting' and 'fixed term' employment. Employees do not appear to be accessing other Standards such as Temporary Deployment (Acting), possibly due a lack of awareness. Compliance with the Acting Standard, and the impact of long-term acting, are issues that will be looked at closely when decisions are made about the subject of the next thematic review to be conducted by this Office.

Of the 119 claims managed, approximately twenty percent (20%) were referred to a full review of the facts and circumstances. Following the reviews, the Commissioner determined 10 breaches of Standards. In all cases, the agencies provided appropriate relief for the claimant. Of the breach determinations made by the Commissioner, two were made against the Grievance Resolution Standard and the remaining eight breaches related to the Recruitment, Selection and Appointment Standard.

Allegations of Non-Compliance with the Principles and Codes

The Commissioner received information from public sector employees and members of the public about alleged non-compliance via telephone, email and in writing. Where appropriate, allegations or information that did not fall within the jurisdiction of the Commissioner were referred to other relevant public sector bodies.

This breach of Standards process does not apply to members of the public, who may contact the Office about alleged non-compliance with the Code of Ethics and/or s.9 (c) of the *Public Sector Management Act*. This states that public sector bodies and employees are to exercise proper courtesy, consideration and sensitivity in their dealings with members of the public and employees. Some of these matters could now fall within the sphere of the new *Public Interest Disclosure Act*. Other matters raised by members of the

public about general issues of alleged non-compliance with s.9, or the Code of Conduct are treated as reference information and used to assist us in our oversight monitoring role.

Members of the public (and employees who choose not to lodge a breach of standard claim) are told that the information they provide is very valuable and will be dealt with appropriately. It offers an insight into workplace issues and trends across the public sector. Details of issues are recorded. These, along with other information collected, are used to determine the topics or agencies to audit or review for compliance. These reviews are part of the Office's ongoing role to monitor compliance across the sector.

While the focus of the Office has shifted to systemic reviews, there were a number of allegations relating to non-compliance with the principles and ethical codes. During the year, the Office managed 99 allegations of non-compliance, sixty five (65) of which were carried over from 2001-02. This compares with 144 in the previous reporting year and 123 during 2000-01. In total, 85 of the 99 cases managed were finalised.

Development of Ethics Measures

Currently, there is no formal measure of ethical standards within the WA public sector. Measurement tools and indicators of performance in other areas, such as the public sector Standards in Human Resource Management and surveys of perceptions conducted by the Office of EEO, have been developed since the Office was established. It is proposed, however, that a broader and more comprehensive range of tools and methodologies be developed in order to provide qualitative and quantitative information on compliance with the ethical standards and values of the WA public sector.

Integrated Database

The Office acknowledged some time ago that it handled large amounts of information that focused mainly on breach of Standards matters. Although the information captured was sufficient for each work area within the Office, it was stored separately and did not provide an overall picture of the activity across the Office.

To capitalise on the information obtained, the Office has implemented an integrated database to capture data from all areas of the OPSSC's business in a commonly coded format. This information, which ranges from consultation data to investigations, not only helps fulfil the Office's compliance reporting role, but also allows the identification of trends across the sector. The Office will use this trend analysis when developing monitoring and assistance programs across the sector.

Reporting

Information obtained as a result of breach of Standard reviews, thematic and agency reviews and other information provided to this Office is used to assist the Commissioner to inform the Parliament about the status of merit, equity and probity in the public sector.

During the year, the Office:

- Advised chief executive officers of their Annual Report responsibilities relating to the extent of their compliance with the principles, standards and ethical codes as required under Section 31(1) and (2) of the *Public Sector Management Act*.
- Analysed information from agency reports on the extent of compliance and from climate surveys conducted in agencies and included these results in the Annual Compliance Report to Parliament for 2001-2002. This was tabled on 28 November 2002.
- Submitted a detailed report on the Anti-Corruption Commission to Parliament. This was tabled on 16 April 2003 (see details above).
- Identified the reporting requirements under the *Public Interest Disclosure Act* and included this information in the Guidelines for Internal Procedures.

Output 2 – Equal Employment Opportunity

EEO Advice, Assistance and Evaluation

Total Cost of Service : \$968,932

Staff : 9 FTEs

Assessment of public authority compliance with Part IX of the *Equal Opportunity Act* in order to achieve a more diverse workforce within all public authorities.

Focus of Activities

The Equal Employment Opportunity Program enables the Director of Equal Opportunity in Public Employment to meet the statutory role of assisting public authorities to achieve improved equity and diversity in their organisation. The vision for this role is *A more diverse workforce that better matches the community at all levels of public employment and that promotes equal opportunity in a work environment that is inclusive and free from discrimination.*

The main activities of the Program are to:

- Coordinate and evaluate sector-wide strategies and initiatives such as the *Equity and Diversity Plan 2001-2005*
- Provide a consultancy service to assist public authorities to focus on self-assessment and develop their capacity to plan and implement EEO and diversity strategies suited to their business needs.
- Operate an evaluation and reporting program to enable government and public authorities to monitor and improve progress in EEO and diversity.

Performance Measures	2002/2003 Target	2002/2003 Actual
Quality		
• Satisfaction of agency corporate executives with feedback provided in effectiveness review (evaluation)	75%	86%
• Satisfaction of training participants	75%	92%
Quantity		
Public Authorities assisted and reported on	288	293
Timeliness		
• Timeframe between request for assistance and response	3 work days	0.4 work days
• Timeframes between receipt of annual reports and distribution of analysis	10 weeks	10 weeks
Cost		
Average cost per public authority	\$3,257	\$3,307

Major Achievements

- Developed analytical tools and provided consultancy services to assist the public sector identify individual agency contributions to sector wide objectives in the Government's *Equity and Diversity Plan 2001-2005*.
- Provided analysis of agency and portfolio progress towards the achievement of the Government's *Equity and Diversity Plan* objectives in comparative reports to individual agencies and Ministers.
- Commenced the development of a strategy to assist public authorities to increase the representation of people with disabilities employed in the public sector.
- Developed and distributed the strategies, *Indigenous Employment in the WA Public Sector – Valuing the Difference*, and *Executive and Management Recruitment – Encouraging Women Applicants* to support the implementation of the Government's *Equity and Diversity Plan*.
- Contributed to the Ministerial Advisory Committee on Women in Local Government to develop and implement strategies to support and encourage women's employment and career development in Local Government.
- Developed a pilot, interactive, electronic training course for managers of Indigenous staff in public authorities.

Major Initiatives for 2003-2004

- Contribute to the achievement of the Government's *Equity and Diversity Plan* by providing assistance to public sector agencies to enable them to identify further aspirational objectives for their workforce representation of people with disabilities, people from culturally diverse backgrounds, youth and women in Management Tiers.
- Finalise and distribute revised indicators of cultural diversity and disability status of employees in public authorities to enable the development of targeted strategies to employ more people in these groups.
- Finalise the development and distribution of a strategy to assist public authorities to increase the representation of people with disabilities in the public sector.
- Develop a better practice model for classification of identified Indigenous positions that recognises skill levels and enables consistent application across the public sector.
- Develop a strategy for improved representation of women in management positions in Local Government.
- Develop a mechanism to provide access to accredited equity and diversity training for managers and staff in public authorities.

Report on Activities

Equity and Diversity Plan

The *Equity and Diversity Plan for the Public Sector Workforce 2001-2005* (EDP) was launched by the Premier in February 2002. It is part of the Government's commitment to developing an equitable and diverse public sector workforce that is representative of the Western Australian community at all levels of employment and enables employees to combine work and family responsibilities.

The EDP sets interim and long-term objectives for priority areas, namely:

- Improved distribution of women, particularly in management positions
- Improved representation at all levels for Indigenous Australians, people from culturally diverse backgrounds and people with disabilities
- Increased representation of youth.

The Office reports annually to the Premier on progress across the public sector.

In 2002-2003 the Director and Office focused on providing advice and assistance on equity and diversity issues to public authorities. This was achieved despite significant internal changes to the leadership, organisational structure and to the physical relocation of the Office. Continuing to support the implementation of the *Equity and Diversity Plan for the Public Sector Workforce 2001-2005* (EDP) provided the context for the advice and assistance given and was the primary driver of activity in 2002-2003.

In particular, two supporting strategies have been developed to assist agencies:

- Executive and Management Recruitment – Encouraging Women Applicants (Office of EEO, August 2002)
- Indigenous Employment in the WA Public Sector – Valuing the Difference (Office of EEO, December 2002)

Public sector agencies with more than 50 employees have been required to contribute to the Government's sector-wide objectives by developing realistic objectives for their own organisations. The Office has collected these initial objectives from agencies and collated them for the *First Progress Report* on the EDP (released by the Premier in April 2003). In June 2003, this Progress Report was distributed to Chief Executive Officers of all public sector agencies with more than 200 employees, together with an analysis showing how their individual results compared with those for the public sector. The Report was also distributed to all agencies with less than 50 employees (53 agencies), together with a resources kit and strategies for implementing the EDP.

The two strategy documents, together with the *Equity and Diversity Plan* and the *First Progress Report*, have been widely distributed to the public sector and are freely available on the Office website. Consultation has commenced on the development of a third supporting strategy for the EDP. This will assist public authorities to increase the representation of people with disabilities employed in the public sector.

The Office is continuing to develop an interactive electronic training course for managers of Indigenous Australians in public authorities. This course will be based on the very popular Office publication, *Insights – Strategies for Success*.

In addition, the Office has provided agencies with tools for data analysis of objectives, consultancy services and analysis of their 2002 demographic data and comparative reports.

Achievement of a More Diverse Workforce in the Public Sector

The results of the *First Progress Report* on the EDP are summarised in the Director's overview. Further details can be found in the *2002-03 Annual Report of the Director of Equal Opportunity in Public Employment* to be forwarded to the Minister on 30 September 2003 for tabling in Parliament and available after that on the website.

Advice and Assistance for Public Authorities

A portfolio approach to managing the diverse needs of public authorities results in clients generally having one point of contact with the Office for all their needs. This improves the access to, and customisation of, services available to them. The consultancy service is designed to assist public authorities to focus on self-assessment and develop their capacity to plan and implement EEO and diversity strategies suited to their business needs.

Advice and Assistance with EEO Management Plans

Equal Employment Opportunity Management Plans, required under Part IX of the *Equal Opportunity Act*, provide the framework for monitoring advancements. Chief executive officers of public authorities (State government agencies, local government and public universities) must prepare and implement an Equal Employment Opportunity Management Plan to achieve the objects of the Act. They must forward a copy of the plan to the Director of Equal Opportunity in Public Employment, and report to the Director each year on the implementation of equal employment opportunity in their organisation.

Advice and assistance are provided to public authorities through several mechanisms. Advisory and consultancy services are provided by a team of consultants. They assist agencies plan and implement effective strategies for achieving equity and diversity. Publications and other resource materials are developed, promoted and made freely available through the Office website and by other means. Best practice initiatives are identified, developed and promoted. Partnerships are encouraged with universities, researchers and other Government authorities undertaking research on equity issues.

Advisory Committees

The Director has contributed to the Ministerial Advisory Committee on Women in Local Government to identify issues relating to women's employment and career development in local government. In addition, the first EEO Climate Surveys were conducted with some local governments.

CEO Diversity Forum, The Key and the Equity Practitioners' Forum

The CEO Diversity Forum is a group of Chief Executive Officers from the WA public sector with a strong commitment to improving organisational performance through workforce diversity. The group is a sub Committee of the Strategic Management Council that meets bi-monthly. Current membership (by invitation) stands at thirty. In 2002-2003 the CEO Diversity Forum has worked with the Director on:

- Establishing a Youth Employment sub-group to focus on developing strategies for attracting young people (aged 16-25 years) into the public sector, and to identify retention strategies for people aged 25-35 years.
- Working to implement and pilot a culturally validated recruitment test for Indigenous Australians that may be offered in place of the current public sector Level 1 entry exam.
- Developing the Equity and Diversity Plan strategy for the recruitment and retention of Indigenous Australians (*Valuing the Difference*), through the Indigenous Employment sub-group.
- Establishing a new sub-group to report on compliance monitoring.
- Commencing development of an Equity and Diversity Plan strategy for the recruitment and retention of people with disabilities.

The Director published information about equity and diversity issues, relevant particularly to employment in the WA public sector, through the quarterly electronic publication, *The Key*. This popular newsletter is distributed free of charge via e-mail and through the Office website.

The quarterly Diversity Forum for equity practitioners continues to be hosted by the Director. This Forum presents, free of charge, a range of interesting and informative sessions on equity and diversity issues in the public sector. Invitations are distributed across the State via the electronic bulletin board, PSWA Announce.

Evaluation and Reporting on Effectiveness of Plans

Part IX of the *Equal Opportunity Act* requires the Director to evaluate the effectiveness of public authority management plans in achieving the objectives of the Act (to eliminate discrimination and promote equal opportunity in public employment). The principal strategies used to evaluate the effectiveness of EEO management plans are:

- Assessment of changes to the public sector demographic profile through analysis of data collected from public authority yearly reports
- Benchmarking against sector-wide objectives and against other organisations within each sector
- Assessment of how people feel about equity in their organisation through EEO Climate Surveys that seek the perceptions of employees about the cultural climate of their organisation, and provision of feedback on the survey results through presentations to members of the organisation's corporate executive
- Monitoring of EEO management plans submitted by authorities and provision of feedback
- Monitoring of cases related to public employment handled by the Commissioner for Equal Opportunity.

Agency Reviews

Climate Surveys and Presentations

The EEO Climate Survey asks employees a range of questions on their personal attitude to their agency's human resource management and equity climate. Feedback on the results of the Climate Survey, together with analysis of the agency's demographic data, EEO management plan and any agency-specific issues are provided to the senior executive of each agency. EEO Climate Surveys and Review Presentations were delivered in 2002-2003 by the Director and senior management to South West TAFE, the City of Perth, the City of Swan, Curtin University of Technology, the Department of Education and the University of Western Australia. A Climate Survey was also administered in the Anti-Corruption Commission. Feedback from participants at presentations showed 86% were satisfied with the reviews, demonstrating the usefulness of this strategy.

Major Reviews

In-depth reviews of two public sector agencies were conducted. While the Director's report, *Sworn Recruitment and Career Development for Women: An Examination of the Issues in the Western Australian Police Force*, had been completed in 2001-2002, a senior manager from the Office was invited to assist the WA Police Service in implementing the report's recommendations. In 2002-2003 the senior manager was involved in a two-day presentation of the report's findings to the State Executive of the WA Police Service and was a member of the discussion panel.

As a result of this work, the senior manager was also invited to discuss the cultural environment of the WA Police Service and its effect on the recruitment and promotion of women with members of the Royal Commission Into Whether There Has Been Any Corrupt or Criminal Conduct by WA Police Officers.

The Commissioner for Public Sector Standards conducted the second in-depth review of the Anti-Corruption Commission. Senior staff from the Office of EEO assisted the Commissioner with the findings, particularly providing expertise for an analysis of gender issues.

Demographic Data Collection and Reporting

This year the Office worked with the Australian Bureau of Statistics and the Disability Services Commission to develop new indicators for identifying people with a disability and people from culturally diverse backgrounds.

As in previous years, the Director received EEO Yearly Reports on demographic data from all public sector authorities:

- 145 public sector agencies in August 2002 (as at 30 June 2002)
- 144 local government authorities in December 2002 (as at 30 June 2002)
- 4 public universities in June 2002 (as at 31 March 2002).

Data collected allows identification of employment trends for women and men, Indigenous Australians, people from culturally diverse backgrounds, people with disabilities, and for age groups. Reports analysing the data were provided to all public sector agencies with more than 100 employees (the *How Does Your Agency Compare?* reports).

Full details of progress can be found in the *Annual Report 2002-03 of the Director of Equal Opportunity in Public Employment* to be forwarded to the Minister on 30 September 2003 for tabling in Parliament and available after that on the website.

Equal Opportunity Tribunal Matters

Under the *Equal Opportunity Act 1984*, the Director may sometimes be a party to matters before the Tribunal, or be involved in receiving reports from agencies as directed by the Tribunal. In 2002-2003 the Director was not involved in any matters relating to Tribunal findings.

Research

The Director continues to be a partner in four research projects.

- An Australia-wide investigation into the role of women executives in the transformation and maintenance of managerial cultures (the ATN-WEXDEV project). In September 2002, a progress report was provided by the University of Technology, Sydney, to the WA Department of the Premier and Cabinet. Final findings are expected to be available later in 2003.
- An industry partnership with researchers from Edith Cowan University and the University of Western Australia to produce resources for managers working with cultural diversity. It is envisioned that a publication will be produced, identifying key multiculturalism issues in the workplace, the implications for service delivery, and the effectiveness of human resource strategies in fostering diversity.
- A continuing research partnership with the University of Western Australia to examine the validity of the questions used in the Climate Survey, and to provide analysis of the diversity of respondents.
- A partnership with the Queensland University of Technology, using data provided by the Office, to examine the effects on career progression in gender dominated agencies. Results of this research were published by Kerry Brown and Stacy Ridge as "Moving Into Management: Gender Segregation and its Effect on Managerial Attainment", in *Women In Management Review* (Vol 17, 7, 2002 pp. 318-327). The full text archive of this journal is available at www.emeraldinsight.com/0964-9425.htm.

Output 3 – Chief Executive Officer Selection

Total Cost of Service : \$588,002

Staff : 3 FTEs

Provide independent advice to the Minister about reappointment and persons suitable to be considered for vacant Chief Executive Officer positions by using objective, fair and comprehensive processes

Focus of Activities

The Chief Executive Officer Selection output enables the Commissioner to provide independent advice to Ministers about the suitability of persons for appointment following examination of applicants in a merit-based process.

The current process managed by the Office typically includes the following components:

- Public advertising of vacant positions.
- Appointment of executive recruitment consultants to conduct executive searches, assist in the examination of applicants, provide administrative support and advice to applicants and selection panel members.
- Establishing independent selection panels of typically four persons who provide a variety of perspectives to the examination of applicants.
- Examination of applicants using a variety of selection techniques to determine their relative merits.
- Provision of independent reports by the Commissioner to Ministers about persons most suitable for vacant CEO positions based on the outcome of merit assessments of applicants.

The Commissioner also provides independent advice to the Minister for Public Sector Management about the appropriateness or otherwise of proposals to not reappoint, or to remove, existing chief executive officers. Information on the performance of a chief executive officer and other matters that may be relevant to that particular case are taken into account before formulating the Commissioner's advice on each occasion.

Major Achievements

- The Commissioner's nominations of applicants considered suitable for appointment were accepted in every case by the Minister for Public Sector Management.
- Completed a review of the chief executive officer selection process. Began the implementation of changes to provide a more robust process, in particular the gathering and assessment of more detailed and relevant information about each applicant.
- Issued a tender for the provision of specialist selection assistance, executive search and candidate assessment support services.

Major Initiatives for 2003-2004

- Develop partnerships with key central agencies to broaden field of applicants through the identification of a range of people in the public sector that may be encouraged to apply for vacant chief executive officer positions.
- Refine and improve information and techniques used in the assessment of applicants.

Report on Activities

Chief Executive Officer Selection

The Commissioner provided nominations of suitable persons for 14 chief executive officer positions during 2002-03. Decisions had been announced for 11 of these positions by year's end. The Minister also announced his decision on one other position for which the Commissioner's advice was provided during the previous financial year. The Commissioner's nominations were accepted in all cases.

Included in the 14 positions above, are the two statutory positions of Gas Access Regulator and the Gas Disputes Arbitrator, for which the Commissioner provided advice to the Minister for Energy in accordance with the *Gas Access Regulation Act 1998*.

The average time taken, per position, to provide the Commissioner's nomination was eleven weeks.

Chief Executive Officer Reappointments

The Minister was provided with advice on the reappointment of two chief executive officers during the year. The performance agreements for the officers and other relevant matters were taken into account in formulating the Commissioner's recommendations to the Minister.

Performance Measures	2002/2003 Target	2002/2003 Actual
Quality Commissioner's acceptance that the processes conducted by the Office meet all the requirements for a merit process	100%	100%
Quantity Positions for which advice was provided to the Minister	7	14
Timeliness Average time to complete Commissioner's responsibilities	10 weeks	11 weeks
Cost Average cost per chief executive officer selection	\$45,571	\$42,000

Corporate Services

Corporate Services Bureau Support

The Office operates with four corporate services staff. Some corporate service functions are provided by the Department of the Premier and Cabinet including:

- Financial – account payments, financial reporting, chart maintenance.
- Human resource management – salary payments, personnel records, leave processing.
- Other – asset management, purchasing and supply, fleet management, permanent connection to the Internet.

Accommodation

The Office moved to temporary premises in St Martins Tower in mid February, before moving into permanent offices in the same building. The move is scheduled for September 2003. The fit-out of the permanent offices is progressing well. Shared corporate service arrangements will begin when the corporate services sections of this Office and the State Ombudsman's Office move to another level of the building. Corporate services will be shared by the OPSSC, the State Ombudsman and the Office of Health Review. The Commonwealth Ombudsman will also share the reception services.

Supply Function

During the reporting period, the Supply Business Management Plan and the Supply Procedures Plan were reviewed as part of the annual review process. Detailed training sessions in the purchasing function will be provided for all staff in November 2003.

In addition, the 2001-2002 annual supply report was completed in August 2002 and returned to the State Supply Commission. The Offices' purchasing function will be included in the internal audit plan currently being developed.

Records

The Office started work on a records plan to comply with the State Records Principles and Standards 2002. It is anticipated that this project will be completed ahead of the March 2004 deadline.

During the year, staff from the corporate services area undertook administrator level training in TRIM software. This enabled the capabilities of the existing records system to be maximised. Once staff became aware of additional system functions, a 'whiteboarding' session was held to workshop ideas on simplifying records work and making it more efficient.

Following the training sessions, all files were updated to include the approved retention and disposal triggers. Once trials had taken place to ensure the integrity of the new data, the Records Officer and Office Manager agreed on, and implemented, a plan to complete as much as possible of the retention and disposal work on the files before the move to the permanent offices. Retention and disposal will now be done on a regular basis.

When the files were relocated to the new premises there was a major reorganisation to combine what had become three separate records areas into one centralised records function. Fortnightly or monthly integrity tests are done on the information entered into TRIM to ensure that even with temporary staff, the standard remains constant.

Since new procedures have been put in place, the system is working more efficiently, however it is hoped that the appointment of a dedicated, higher-level records officer will mean the achievement of best practice in the Records section.

With the advent of Public Interest Disclosure (PID) at the end of the year, consideration was given to methods of dealing with in-house PID records. A plan was formulated to preserve the confidentiality requirements of the legislation.

A scanning project will be started next year in advance of moving to an electronic records storage system. In preparation for this, the Office has purchased a colour copier/scanner, which is capable of managing the move. The Office is still to purchase the document management software.

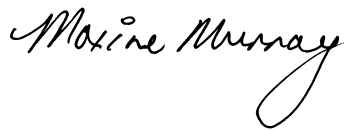
FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS

FINANCIAL STATEMENTS

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

The accompanying financial statements of the Office of the Public Sector Standards Commissioner have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2003 and the financial position as at 30 June 2003.

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



Maxine Murray
COMMISSIONER FOR
PUBLIC SECTOR STANDARDS



Glenn McAullay
PRINCIPAL ACCOUNTING
OFFICER

15 August 2003

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2002/2003 \$	2001/2002 \$
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	4	1,927,155	1,703,627
Superannuation		157,437	168,280
Other staffing costs		89,559	114,322
Other expenses from ordinary activities	5	15,430	13,988
Travelling expenses		2,342	6,781
Administration expenses	6	743,777	643,947
Accommodation expenses		246,715	238,241
Depreciation expense	7	85,104	80,735
Capital user charge	8	32,290	5,279
Total cost of services		<u>3,299,809</u>	<u>2,975,200</u>
Revenues from ordinary activities			
User charges and fees	9	<u>280,010</u>	<u>172,567</u>
Total revenues from ordinary activities		<u>280,010</u>	<u>172,567</u>
NET COST OF SERVICES			
		<u>3,019,799</u>	<u>2,802,633</u>
REVENUES FROM STATE GOVERNMENT			
Output appropriations	10	3,104,000	2,805,000
Resources received free of charge	10	123,264	103,944
Liabilities assumed by the Treasurer	10	<u>1,518</u>	<u>31,764</u>
Total revenues from State Government		<u>3,228,782</u>	<u>2,940,708</u>
Change in net assets resulting from operations		208,983	138,075
Total changes in equity other than those resulting from transactions with WA State Government as owners		<u>208,983</u>	<u>138,075</u>

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	Notes	2002/2003 \$	2001/2002 \$
Current Assets			
Cash assets	11	436,449	225,263
Restricted cash assets	11	593,735	224,626
Prepayments	12	1,075	21,979
Receivables	13	93,916	95,237
Amounts receivable for outputs	14	93,000	85,000
Total Current Assets		<u>1,218,175</u>	<u>652,105</u>
Non-Current Assets			
Restricted cash assets	11	62,000	55,476
Amounts receivable for outputs	14	266,000	0
Furniture and fittings	15	2,184	1,500
Computer equipment	15	100,030	63,600
Office equipment	15	87,353	90,551
Office establishment	15	56,524	17,867
Total Non-Current Assets		<u>574,091</u>	<u>228,994</u>
TOTAL ASSETS		<u>1,792,266</u>	<u>881,099</u>
Current Liabilities			
Payables	16	99,345	37,625
Other liabilities	17	47,309	37,600
Provisions	18	351,000	209,064
Amounts due to the Treasurer	19	300,000	300,000
Total Current Liabilities		<u>797,654</u>	<u>584,289</u>
Non-Current Liabilities			
Provisions	18	172,804	144,985
Total Non-Current Liabilities		<u>172,804</u>	<u>144,985</u>
Total Liabilities		<u>970,458</u>	<u>729,274</u>
Equity	20		
Contributed equity		531,000	70,000
Accumulated surplus		290,808	81,825
Total Equity		<u>821,808</u>	<u>151,825</u>
TOTAL LIABILITIES AND EQUITY		<u>1,792,266</u>	<u>881,099</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2002/2003 \$	2001/2002 \$
CASH FLOWS FROM STATE GOVERNMENT			
Output appropriations			
Recurrent appropriations		2,513,000	2,330,000
Special Acts		232,000	390,000
Capital contributions		461,000	70,000
Holding account drawdowns		85,000	0
Net cash provided by State Government		<u>3,291,000</u>	<u>2,790,000</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Salaries		(1,767,421)	(1,835,395)
Other staffing costs		(71,520)	(77,632)
Superannuation		(153,011)	(136,516)
Travelling expenses		(2,342)	(6,781)
Administration expenses		(607,206)	(539,026)
Accommodation expenses		(219,134)	(258,222)
Capital user charge		(32,290)	(5,279)
GST payments on purchases		(104,987)	(92,922)
Receipts			
User charges and fees		286,522	154,086
GST receipts on sales		27,745	11,275
GST receipts from taxation authority	21	67,958	68,458
Net cash used in operating activities	22	<u>(2,575,686)</u>	<u>(2,717,954)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(128,495)	(110,001)
Proceeds from sale of non-current physical assets		0	0
Net cash used in investing activities		<u>(128,495)</u>	<u>(110,001)</u>
Net increase/(decrease) in cash held		586,819	(37,955)
Cash assets at the beginning of the financial year		505,365	543,320
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	11	<u><u>1,092,184</u></u>	<u><u>505,365</u></u>

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

SUMMARY OF CONSOLIDATED FUND APPROPRIATIONS AND REVENUE ESTIMATES AS AT 30 JUNE 2003

	2002/2003 Estimate \$	2002/2003 Actual \$	Variance \$	2002/2003 Actual \$	2001/2002 Actual \$	Variance \$
PURCHASE OF OUTPUTS						
Item 10 Net amount appropriated to purchase outputs	2,580,000	2,872,000	(292,000)	2,872,000	2,415,000	457,000
Section 25A transfer	0	0	0	0	0	0
Amount authorised by other Statutes						
- Salaries and Allowances Act 1975	232,000	232,000	0	232,000	390,000	(158,000)
Total appropriations provided to purchase outputs	2,812,000	3,104,000	(292,000)	3,104,000	2,805,000	299,000
CAPITAL						
Item 123 Capital Contribution	431,000	461,000	(30,000)	461,000	70,000	391,000
GRAND TOTAL OF APPROPRIATIONS	3,243,000	3,565,000	(322,000)	3,565,000	2,875,000	690,000
Details Of Expenses by Outputs						
Compliance Monitoring and Assistance	1,655,000	1,742,875	(87,875)	1,742,875	1,650,654	92,221
Equal Employment Opportunity	938,000	968,932	(30,932)	968,932	891,677	77,255
Chief Executive Officer Selection	319,000	588,002	(269,002)	588,002	432,869	155,133
Total cost of output	2,912,000	3,299,809	(387,809)	3,299,809	2,975,200	324,609
Less:						
Total revenues from ordinary activities	(96,000)	(280,010)	184,010	(280,010)	(172,567)	(107,443)
Net cost of outputs	2,816,000	3,019,799	(203,799)	3,019,799	2,802,633	217,166
Adjustment (i)	(4,000)	84,201	(88,201)	84,201	2,367	81,834
Total appropriations provided to purchase outputs	2,812,000	3,104,000	(292,000)	3,104,000	2,805,000	299,000
Capital Expenditure						
Purchase of non current physical assets	516,000	173,107	342,893	173,107	89,552	83,555
Adjustments for other funding sources	(85,000)	287,893	(372,893)	287,893	(19,552)	307,445
Capital Contribution	431,000	461,000	(30,000)	461,000	70,000	391,000

(i) Adjustments are related to movements in cash balances and other accrual items such as receivables, payables and superannuation.

The Summary of Consolidated Fund Appropriations, Variance to Budget and Actual should be read in conjunction with the accompanying notes.

This Summary provides the basis for the Explanatory Statement information requirements of TI 945. Refer note 24

OUTPUT SCHEDULE OF EXPENSES AND REVENUE

FOR THE YEAR ENDED 30 JUNE 2003

	Compliance Monitoring and Assistance 2002/2003 \$	Compliance Monitoring and Assistance 2001/2002 \$	Equal Employment 2002/2003 \$	Equal Employment 2001/2002 \$	Chief Executive Officer Selection 2002/2003 \$	Chief Executive Officer Selection 2001/2002 \$	Total 2002/2003 \$	Total 2001/2002 \$
COST OF SERVICES								
Expenses from ordinary activities								
Employee expenses	1,130,116	1,017,445	596,777	517,989	200,262	168,193	1,927,155	1,703,627
Superannuation	84,786	87,576	41,952	46,957	30,699	33,747	157,437	168,280
Other staffing costs	55,314	72,936	27,740	34,072	6,505	7,314	89,559	114,322
Other expenses from ordinary activities	9,515	7,728	4,053	4,298	1,862	1,962	15,430	13,988
Travelling expenses	2,005	5,949	255	313	82	519	2,342	6,781
Administration expenses	244,734	265,134	186,408	190,530	312,635	188,283	743,777	643,947
Accommodation expenses	146,423	140,562	80,723	78,619	19,569	19,060	246,715	238,241
Depreciation expenses	50,931	50,209	20,368	17,157	13,805	13,369	85,104	80,735
Capital user charge	19,051	3,115	10,656	1,742	2,583	422	32,290	5,279
Total cost of services	1,742,875	1,650,654	968,932	891,677	588,002	432,869	3,299,809	2,975,200
Revenues from ordinary activities								
User charges and fees	2,555	2,432	15,700	52,176	261,755	117,959	280,010	172,567
Total revenues from ordinary activities	2,555	2,432	15,700	52,176	261,755	117,959	280,010	172,567
NET COST OF SERVICES	1,740,320	1,648,222	953,232	839,501	326,247	314,910	3,019,799	2,802,633
REVENUES FROM STATE GOVERNMENT								
Output appropriations	1,822,196	1,665,909	980,169	860,336	301,635	278,755	3,104,000	2,805,000
Resources received free of charge	72,726	61,327	40,677	34,301	9,861	8,316	123,264	103,944
Liabilities assumed by the Treasurer	896	18,741	501	10,482	121	2,541	1,518	31,764
Total Revenues from State Government	1,895,818	1,745,977	1,021,347	905,119	311,617	289,612	3,228,782	2,940,708
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	155,498	97,755	68,115	65,618	-14,630	-25,298	208,983	138,075

The Output Schedule of Expenses and Revenues should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

1. Office Mission and Funding

The mission of the Office of the Public Sector Standards Commissioner is, through monitoring compliance, reporting and assisting public sector bodies to enable the Commissioner to meet Parliament's need for independent and impartial opinion about merit, equity and probity in the WA public sector.

The Office is funded from Parliamentary Appropriations. A determination by the Treasurer, pursuant to Section 23A of the *Financial Administration and Audit Act*, provides for the retention of moneys received by the Office of the Public Sector Standards Commissioner.

2. Significant Accounting Policies

(a) General statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views 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 Administration and Audit Act* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

(b) Basis of accounting

The financial statements have been prepared in accordance with Accounting Standard AAS 29.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

(c) Output appropriations

Output Appropriations are recognised as revenues in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited into the Office's bank account or credited to the holding account held at the Department of Treasury and Finance.

(d) Contributed equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial

statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. Capital appropriations which are repayable to the Treasurer are recognised as liabilities.

(e) Operating accounts

Amounts appropriated are deposited into the account and any revenues which are the subject of net appropriation determinations are also deposited into the account. All payments of the Office are made from the operating account.

(f) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits. Depreciation has been charged on a straight line basis using rates which are reviewed annually. Expected useful lives for each class of depreciable asset are:

Furniture and Fittings	5 years
Computer Equipment	3 years
Office Equipment	5 years
Office Establishment	10 years

(g) Employee benefits

Annual leave

This entitlement is recognised at current remuneration rates.

Long Service Leave

Leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled. A liability for long service leave is recognised after an employee has completed three years of service. An actuarial assessment of long service leave undertaken for financial year 2001-2002 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

This method of measurement of the liability is consistent with the requirements of Accounting Standard AASB 1028 "Employee Benefits".

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. Staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

- (i) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and

- (ii) employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees as this does not constitute part of the cost of services provided by the Office in the current year.

A revenue "Liabilities assumed by the Treasurer", equivalent to (i) is recognised under Revenues from State Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Office is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

Employee Benefit On-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses.

(h) Leases

The accommodation occupied by the Office is under a head lease between the lessor and the Commercial Property Branch of the Department of Housing and Works. Certain vehicles are leased for operational purposes. The lessors effectively retain all the risks and benefits incidental to ownership. Lease payments under these operating leases are recognised as expenses over the term of the leases.

(i) Payables, accrued salaries and amounts due to the Treasurer.

Accrued salaries suspense account 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 11th year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to the net fair value.

Payables, including accruals not yet billed, are recognised when the Office becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days

The amount due to the Treasurer is a Treasurer's Advance, approval of which is renewed for each financial year. The amount is therefore repayable within a maximum period of one year. No interest is charged on this advance.

(j) Net fair values of financial assets and liabilities

As monetary financial assets and liabilities are not traded in an organised financial market the carrying amounts of debtors, payables, and accruals approximate the net fair value.

(k) Resources received free of charge

Resources received free of charge which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(l) Revenue Recognition

Revenue from the rendering of services is recognised when the Office has delivered the service to the customer.

(m) Net Appropriation Determination

Pursuant to section 23A of the *Financial Administration and Audit Act*, the net appropriation determination by the Treasurer provides for retention of the following moneys received by the Office:

- (i) user charges and fees
- (ii) other departmental revenue

Retained revenues may only be applied to the outputs specified in the 2002-2003 Budget Statements.

(n) Comparative Figures

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

(o) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

(p) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets.

(q) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

(r) Rounding

Amounts in the financial statements have been rounded to the nearest dollar.

3 Outputs of the Office

Output 1: Compliance Monitoring and Assistance

Description: The evaluation and review of Standards and ethical codes, monitoring of compliance and reporting on compliance to Parliament. Specific activities include:

- a. Monitoring and reporting to Parliament on the extent of compliance of public sector agencies through claims of breach of Human Resource Standards, reviews and audits of agencies and thematic reviews across the sector.
- b. Handling allegations of breaches of Standards.
- c. Assisting agencies in the development of codes of conduct and assisting agencies and employees with information about compliance with the Standards and ethical codes.
- d. The evaluation and review of Standards and the Code of Ethics.

Output 2: Equal Employment Opportunity – Advice, assistance and evaluation

Description: Assessment of public authority compliance with Part IX of the *Equal Opportunity Act 1984* in order to achieve a more diverse workforce within all public authorities. This is achieved through the provision of advice and assistance to public authorities, evaluation of the effectiveness of EEO Management Plans, receipt of annual EEO reports from public authorities and reports and recommendations to the Minister.

Output 3: Chief Executive Officer Selection

Description: this output incorporates appropriate processes to select suitable persons for chief executive officer positions in public sector bodies. The Commissioner provides advice to the minister on persons suitable for appointment as Chief Executive Officers. Advice is also provided to the minister when it is proposed that a Chief Executive Officer not be reappointed, or that a Chief Executive Officer be removed.

	2002/2003 \$	2001/2002 \$
4 Employee expenses		
Salaries and wages	1,776,920	1,816,678
Annual and long service leave expense	150,235	(113,051)
	<u>1,927,155</u>	<u>1,703,627</u>
5 Other expenses from ordinary activities		
Carrying amount of non current assets disposed of	15,430	13,988
Net profit/(loss) on disposal of non-current assets		
Net loss on disposal of		
office equipment	935	13,945
computer hardware	1,923	43
office establishment	12,572	0
	<u>15,430</u>	<u>13,988</u>
6 Administration expenses		
Communication	48,249	58,429
Services and contract	600,992	494,859
Consumables	94,536	90,659
	<u>743,777</u>	<u>643,947</u>
7 Depreciation expense		
Computer equipment	50,025	47,963
Furniture and fittings	470	894
Office equipment	30,063	28,495
Office establishment	4,546	3,383
	<u>85,104</u>	<u>80,735</u>
8 Capital user charge	32,290	5,279
A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Office used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.		
9 User charges and fees		
Contributions by senior officers to the Executive Vehicle Scheme	4,955	5,532
Revenue from other services	15,174	52,018
Recoup from CEO selection costs	259,881	115,017
	<u>280,010</u>	<u>172,567</u>
10 Revenues from State Government		
a Appropriation revenue received during the year		
Output appropriations (i)		
Recurrent appropriations	2,872,000	2,415,000
Special Act appropriations	232,000	390,000
	<u>3,104,000</u>	<u>2,805,000</u>
(i) Output appropriations are accrual amounts reflecting the full cost of outputs delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.		

		2002/2003	2001/2002
		\$	\$
b	Resources received free of charge		
	Have been determined on the basis of the following estimates provided by the agencies:		
	Office of the Auditor General Audit services	15,000	15,000
	Department of Housing and Works Property management	1,338	1,034
	Department of Justice -Crown Solicitors Office Legal services	10,209	1,470
	Department of the Premier and Cabinet Human resources and payroll services	28,374	40,310
	Financial management services including library services	66,558	46,130
	Transport services	1,785	0
		<u>123,264</u>	<u>103,944</u>
c	Liabilities assumed by the Treasurer		
	Superannuation (i)	1,518	31,764
(i)	The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit entitlement under the Gold State scheme.		
11	Cash and amounts in suspense		
	For the purpose of the Statement of Cash Flows, cash included cash at bank and amounts in suspense. 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:-		
	Restricted cash assets		
	Current		
	Bank account - capital	396,350	29,296
	Operating bank account - CEO selection	<u>197,385</u>	<u>195,330</u>
		593,735	224,626
	Non-Current		
	Accrued salaries suspense account	<u>62,000</u>	<u>55,476</u>
		655,735	280,102
	Cash assets		
	Operating bank account at Treasury - controlled	<u>436,449</u>	<u>225,263</u>
		<u>1,092,184</u>	<u>505,365</u>
	Accrued salaries suspense account is represented by a cash balance and is therefore equivalent to the net fair value. The amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.		
	The operating bank account - CEO selection is used to meet expenditure for carrying out the function of nominating persons suitable for appointment as Chief Executive Officers.		

12 Prepayments	2002/2003	2001/2002
Amounts prepaid in respect of goods and services as at:-	\$	\$
30 June 2002	0	21,979
30 June 2003	1,075	0
13 Receivables		
Represents		
Net GST receivable		
GST receivable	29,333	19,547
GST payable	940	(5,981)
	<u>30,273</u>	<u>13,566</u>
CEO debtors	60,415	80,577
EEO debtors	3,228	1,094
	<u>93,916</u>	<u>95,237</u>
14 Amounts receivable for outputs		
Current	93,000	85,000
Non-current	266,000	0
	<u>359,000</u>	<u>85,000</u>

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

15 Property, plant, equipment		
Furniture and fittings		
At cost	16,356	18,952
Accumulated depreciation	(14,172)	(17,452)
	<u>2,184</u>	<u>1,500</u>
Office equipment		
At cost	189,468	163,768
Accumulated depreciation	(102,115)	(73,217)
	<u>87,353</u>	<u>90,551</u>
Computer equipment		
At cost	269,843	242,127
Accumulated depreciation	(169,813)	(178,527)
	<u>100,030</u>	<u>63,600</u>
Office establishment		
At cost	62,837	26,772
Accumulated depreciation	(6,313)	(8,905)
	<u>56,524</u>	<u>17,867</u>
Total		
At cost	538,504	451,619
Accumulated depreciation	(292,413)	(278,101)
	<u>246,091</u>	<u>173,518</u>

Reconciliation of non-current assets 2002/2003

	Furniture and fittings	Computer equipment	Office equipment	Office establishment	Total
Carrying amount at the start of the year	1,500	63,600	90,551	17,867	173,518
Additions	1,154	88,378	27,800	55,775	173,107
Disposals					
cost	3,750	60,662	2,100	19,709	86,221
accumulated depreciation	3,750	58,739	1,165	7,137	70,791
Revaluation increments	0	0	0	0	0
Depreciation	470	50,025	30,063	4,546	85,104
Carrying amount at the end of the year	<u>2,184</u>	<u>100,030</u>	<u>87,353</u>	<u>56,524</u>	<u>246,091</u>

Reconciliation of non-current assets 2001/2002

	Furniture and fittings	Computer equipment	Office equipment	Office establishment	Total
Carrying amount at the start of the year	2,394	71,849	83,195	21,250	178,688
Additions	0	39,757	49,796	0	89,553
Disposals					
cost	0	16,195	28,784	0	44,979
accumulated depreciation	0	16,152	14,839	0	30,991
Revaluation increments	0	0	0	0	0
Depreciation	894	47,963	28,495	3,383	80,735
Carrying amount at the end of the year	1,500	63,600	90,551	17,867	173,518

16 Payables	2002/2003	2001/2002
Amounts payable for goods and services received as at:-	\$	\$
30 June 2002	0	37,625
30 June 2003	99,345	0

The carrying amount of accounts payable approximates their fair values.

17 Other liabilities		
Accrued salaries owing for the working days between the end of the last pay period for the financial year and 30 June		
2002 - 6 working days	0	37,600
2003 - 7 working days	47,309	0

Accrued salaries are settled within a few days of the financial year end.
The carrying amount of accrued salaries is equivalent to the net fair value.

18 Provisions		
Current liabilities		
Annual leave	120,931	72,428
Long service leave	192,241	116,874
48/52 leave arrangements	1,330	0
Other (i)	36,498	19,762
	<u>351,000</u>	<u>209,064</u>
Non-current liabilities		
Long service leave	156,072	131,245
Other (i)	16,732	13,740
	<u>172,804</u>	<u>144,985</u>

- (i) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and workers compensation premiums. The liability for such on-costs is included here.

Employee benefit liabilities

The aggregate employee benefit liability recognised and included in the financial statements is as follows:

Provision for employee benefits:		
Current	351,000	209,064
Non-current	172,804	144,985
	<u>523,804</u>	<u>354,049</u>

19 Amounts due to the Treasurer		
Treasurer's advance	300,000	300,000

20 Equity

2002/2003	2001/2002
\$	\$

Equity represents the residual interest in the net assets of the Office of the Public Sector Standards Commissioner. The Government holds the equity interest in the Office on behalf of the community.

Contributed equity

Opening balance	70,000	0
Capital contributions (i)	461,000	70,000
Closing balance	531,000	70,000

- (i) Capital Contributions have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.

Accumulated surplus

Opening balance	81,825	(56,250)
Change in net assets resulting from operations	208,983	138,075
Closing balance	290,808	81,825

21 GST receipts from taxation authority

Represents net proceeds from the Australian taxation authority

GST receipts from ATO	102,469	84,729
GST paid to ATO	(34,511)	(16,271)
	67,958	68,458

22 Reconciliation of net cost of services to net cash flows in operating activities.

For the purpose of the Statement of Cash Flows, "Cash" has been deemed to include cash on hand and amounts in suspense.

Net cost of services	(3,019,799)	(2,802,633)
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Non cash items

Depreciation expenses	85,104	80,735
Superannuation expenses	1,518	31,764
Resources received free of charge	123,264	103,944
(Profit)/Loss on sale of property, plant and equipment	15,430	13,988

(Increase) / Decrease in assets

Prepayments	20,904	(21,979)
Receivables	18,028	(25,317)

Increase / (Decrease) in liabilities

Payables	17,107	(7,367)
Accrued salaries	9,709	1,733
Provisions	169,755	(88,828)

Net GST receipts / (payments)

	0	0
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Change in GST in receivables / payables

	(16,706)	(3,994)
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Net cash used in operating activities

	(2,575,686)	(2,717,954)
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23 Remuneration of senior officers

Remuneration

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

		2002/2003	2001/2002
20001-	30000	1	0
30001-	40000	2	1
40001-	50000	0	1
50001-	60000	1	0
60001-	70000	1	0
70001-	80000	0	3
80001-	90000	2	1
90001-	100000	2	1
100001-	110000	1	0
110001-	120000	0	1
150001-	160000	0	1
240001-	250000	1	0
340001-	350000	0	1

The superannuation included here represents the superannuation expense incurred by the Office in respect of senior officers.

The total remuneration of senior officers is:

917,688 1,092,890

Number of senior officers who are members of the Pension Scheme

0 1

24 Explanatory Statement

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments into the Consolidated Fund. Appropriations are now on an accrual basis.

The following explanations are provided in accordance with Treasurer's Instruction 945. Significant variations are considered to be those greater than 10%.

a Significant variances between estimate and actual - Total appropriation to purchase outputs

	2002/2003 Estimate \$	2002/2003 Actual \$	Variance \$
Amount of appropriation provided to purchase outputs for the year	2,580,000	2,872,000	-292,000

The (\$292,000) variation is explained by:

- * Additional funding of \$107,000 for the temporary relocation of the Office in February 2003;
- * (\$51,000) reduction in Depreciation; and
- * \$236,000 increase in employee entitlements due to changes in staff during the year.

Amount authorised by other Statutes

-Salaries and Allowances Act 1975	232,000	232,000	0
	2,812,000	3,104,000	(292,000)

Output Expenditure

Compliance Monitoring and Assistance	1,655,000	1,742,875	(87,875)
Equal Employment Opportunity	938,000	968,932	(30,932)
Chief Executive Officer Selection	319,000	588,002	(269,002)
	2,912,000	3,299,809	-387,809

(\$87,875) - Not a significant variation.

(\$30,932) - Not a significant variation.

(\$269,002) - This variation relates to additional Chief Executive Officer Selection positions being advertised in 2002/03. It should be noted that these additional costs are expended from a Treasurer's Advance which is then recouped from agencies at the completion of the Chief Executive Officer appointment.

	2002/2003 Estimate	2002/2003 Actual	Variance
	\$	\$	\$
Total revenues from ordinary activities	96,000	280,010	(184,010)

Again, this variation is explained by a higher number of CEO Selection positions being advertised in the year and resulting in more revenue recoups being claimed back from agencies of monies expended from the Treasurer's Advance.

b Significant variances between actual and prior year actual - Total appropriation to purchase outputs.

	2002/2003 \$	2001/2002 \$	Variance \$
Amount of appropriation provided to purchase outputs for the year	2,872,000	2,415,000	457,000

The \$457,000 variation is explained as follows:

* Additional funding of \$107,000 was obtained in 2002/03 for the temporary relocation of the Office in February 2003;

* \$185,000 was required to formalise parameter changes identified in the mid year review with a (\$51,000) reduction in Depreciation and a \$236,000 increase in employee entitlements;

In 2001/02 the appropriation was reduced by \$99,000 for depreciation and employee entitlements and \$31,000 for superannuation.

* The balance relates to general cost escalations.

Amount authorised by other Statutes			
<i>Salaries and Allowances Act 1975</i>	232,000	390,000	-158,000

The \$158,000 relates to supplementary funding sought in 2001/02 for the retirement of the then Commissioner and the appointment costs for the new Commissioner.

Total revenues from ordinary activities	280,010	172,567	107,443
---	---------	---------	---------

Again, this variation is explained by a higher number of CEO Selection positions being advertised in the year and resulting in more revenue recoups being claimed back from agencies of monies expended from the Treasurer's Advance.

	2002/2003 \$	2001/2002 \$	Variance \$
Output Expenditure			
Compliance Monitoring and Assistance	1,742,875	1,650,654	92,221
Equal Employment Opportunity	968,932	891,677	77,255
Chief Executive Officer Selection	588,002	432,869	155,133
	<u>3,299,809</u>	<u>2,975,200</u>	<u>324,609</u>

(\$92,221) - Not a significant variation and is inflated due to carry-over of monies from 2001/02 and with the additional expenditure for the Temporary relocation and parameter changes for depreciation and employee entitlements.

(\$77,255) - Not a significant variation and is inflated due to carry-over of monies from 2001/02 and with the additional expenditure for the Temporary relocation and parameter changes for depreciation and employee entitlements.

(\$155,133) - This variation relates to additional Chief Executive Officer Selection positions being advertised in 2002/03. It should be noted that these additional costs are expended from a Treasurer's Advance which is then recouped from agencies at the completion of the Chief Executive Officer appointment.

c Significant variances between estimate and actual - Capital Contribution

2002/2003 Estimate	2002/2003 Actual	Variance
\$	\$	\$
431,000	461,000	(30,000)

The \$30,000 is a Section 25 transfer of funds from the Parliamentary Commissioner for Administrative Investigations as part of the Collocation of Accountable Agencies. This enables the State Ombudsman to be part of this office's telephone system and allows the sharing of a centralised reception in preparation for the implementation of the shared services model.

d Significant variances between actual and prior year actual - Capital Contribution

	2002/2003 \$	2001/2002 \$	Variance \$
Capital contribution	461,000	70,000	391,000

\$426,000 was incorporated into the Capital works program for the relocation of the Office at the end of the lease which expired on 4 September 2004. The new fit-out did commence in March 2003 and was expected to be completed by August 2003. The Section 25 transfer from the State Ombudsman of \$30,000 is also included in this variation

	2002/2003 \$	2001/2002 \$	Variance \$
Capital expenditure	173,107	89,552	83,555

The capital expenditure is based on the Office's asset replacement program. Variations will occur each year depending of what assets fall due for replacement in that period.

25 Operating leases

The Office of the Public Sector Standards Commissioner leases motor vehicles under operating leases. These leases are cancellable leases in terms of Australian Accounting Standard AAS17 Accounting for Leases.

The total of rental expenses included in the net cost of services for the year is:

2002/2003 \$	2001/2002 \$
34,219	31,560

The Office of the Public Sector Standards Commissioner also has an operating lease for office accommodation which is managed by the Commercial Property Branch of the Department of Housing and Works.

The total accommodation expenses included in the net cost of services for the year is:

246,715	238,241
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26 Commitments

Commitments in relation to motor vehicles and office accommodation leases contracted for at the reporting date but not recognised as liabilities, are payable:

Within 1 year	94,058	31,708
Later than 1 year and not later than 5 years	231,845	0
Later than 5 years	0	0
	<u>325,903</u>	<u>31,708</u>

27 Additional financial instruments disclosures

Interest rate risk exposure

The Office's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments are:-

	2002/2003		2001/2002	
	Non-interest bearing	Total	Non-interest bearing	Total
Assets				
Cash assets	436,449	436,449	225,263	225,263
Restricted cash assets	655,735	655,735	280,102	280,102
Receivable	93,916	93,916	95,237	95,237
Amounts receivable for outputs	359,000	359,000	85,000	85,000
Total financial assets	<u>1,545,100</u>	<u>1,545,100</u>	<u>685,602</u>	<u>685,602</u>
Liabilities				
Payables	99,345	99,345	37,625	37,625
Other liabilities	47,309	47,309	37,600	37,600
Amounts due to Treasurer	300,000	300,000	300,000	300,000
Total financial liabilities	<u>446,654</u>	<u>446,654</u>	<u>375,225</u>	<u>375,225</u>

Opinion Of The Auditor General Financial Statements



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

OFFICE OF THE PUBLIC SECTOR STANDARDS COMMISSIONER FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

Audit Opinion

In my opinion,

- (i) the controls exercised by the Office of the Public Sector Standards Commissioner provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Office at June 30, 2003 and its financial performance and cash flows for the year ended on that date.

Scope

The Public Sector Standards Commissioner's Role

The Public Sector Standards Commissioner is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON
AUDITOR GENERAL
September 30, 2003

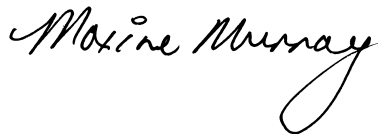
PERFORMANCE INDICATORS

CERTIFICATION OF PERFORMANCE INDICATORS

I hereby certify that the following Performance Indicators are:

- based on proper records;
- relevant and appropriate for assisting users to assess performance; and
- fairly represent the performance

of the Office of the Public Sector Standards Commissioner for the year ended 30 June 2003.



Maxine Murray
COMMISSIONER FOR
PUBLIC SECTOR STANDARDS

15 August 2003

PERFORMANCE INDICATORS 2002-2003

Introduction

Under s.21 of the *Public Sector Management Act 1994*, the Commissioner for Public Sector Standards has a responsibility to develop standards of human resource management and the Western Australian Public Sector Code of Ethics. The Commissioner also has a role to assist public sector bodies to comply with these standards and codes and to monitor the extent of compliance and non-compliance.

During 2002-2003 the Commissioner undertook a thorough planning process to refocus the activities of the Office towards assisting agencies and monitoring compliance in a more comprehensive and strategic manner. This resulted in a greater emphasis on education in human resource management and ethics rather than only focussing on individual cases of non-compliance.

In the longer term this will mean that evidence based measures are developed and refined to give a clear picture of merit, equity, probity and integrity in the public sector rather than focusing on specific incidents that may not be representative. Future performance indicators will be based on these outcome based measures. In the interim some changes were made to the indicators used by the Office in 2002-2003 to reflect the change in focus and changed activities.

To reflect the changed focus towards proactive assistance for agencies the quantity indicator for Output 1 has been changed to the number of agencies assisted. The details of the revised indicators are in the budget papers for the 2003-2004 financial year.

The indicators for Outputs 2 and 3 have not changed as the activities in these areas are consistent with the new direction of the Office.

Outcome for 2002-2003

The public sector is accountable for achieving established standards of :

- merit, equity and probity in human resource management, and
- conduct and integrity.

Mission

Through monitoring compliance, reporting and assisting public sector bodies, enable the Commissioner to meet Parliament's need for independent and impartial opinion about merit, equity, probity and integrity in the Western Australian public sector.

Effectiveness Indicator 1

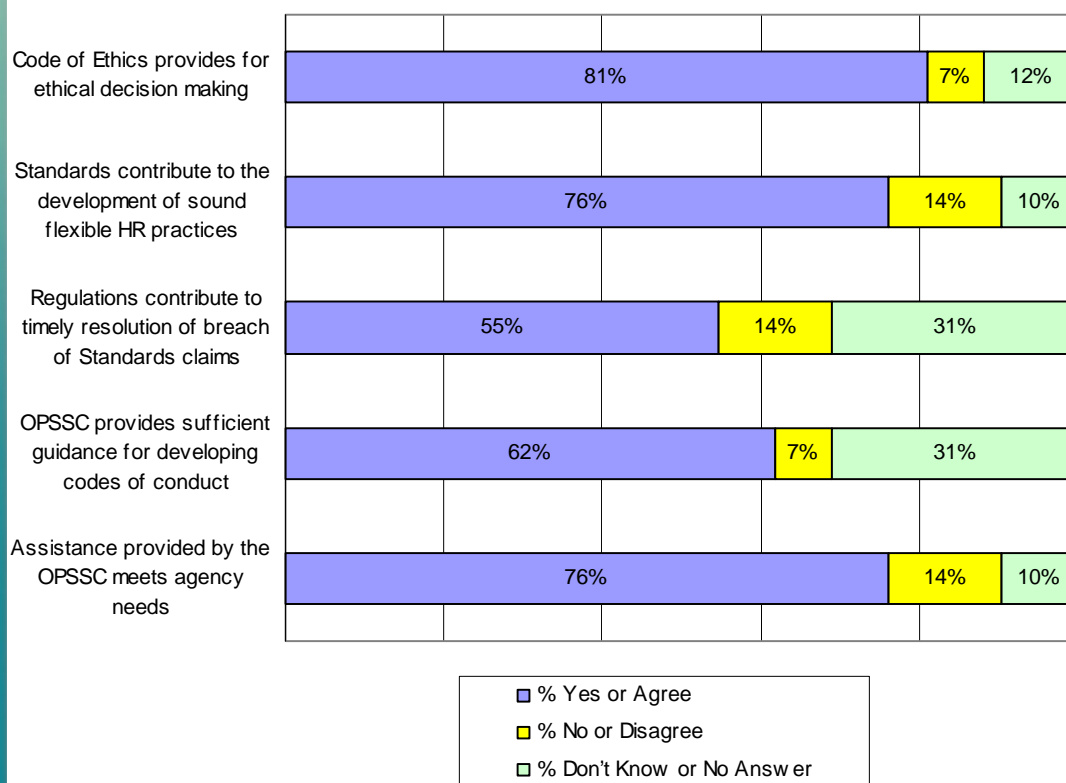
This measure indicates the effectiveness of the Standards, Regulations and Code of Ethics in assisting public sector bodies to comply with the principles of merit, equity, probity and integrity.

A survey was sent to all human resource managers within the public sector. The purpose was to obtain information on the extent to which the:

- Western Australian Public Sector Code of Ethics provides for ethical decision-making.
- Public Sector Standards in Human Resource Management contribute to the development of sound, flexible and efficient human resource management practices.
- Public Sector Management (*Examination and Review Procedures*) Regulations 2001 contribute to the timely resolution of employee grievances about the Standards.
- Office of the Public Sector Standards Commissioner provides organisations with sufficient guidance in developing codes of conduct.
- Office of the Public Sector Standards Commissioner meets organisations' needs for assistance.

Responses were sought from human resource managers for all public sector agencies. Names and email addresses were obtained from the database maintained by the Department of the Premier and Cabinet. In some cases the same person was listed for several agencies as they provided a bureau service for smaller agencies. These were sent only one survey form. In June 2003 an emailed survey form was sent to all 95 of the human resource managers on the list. Three could not be contacted at the email address provided leaving a sample of 92. There were 42 responses, giving a response rate of 46%. The Office recognises that with a group of this size, a higher response rate is required to achieve more confidence in the measure, if it is to be used in the future.

HR and Ethics Survey of HR Managers - June 2003



Code of Ethics

Approximately 80% of respondents agreed that the Code of Ethics provides adequate guidance for making ethical decisions. Comments by two people who did not agree indicated they considered the code to be broad and generic and its practical use on a day to day basis is therefore somewhat limited.

Standards

The majority of respondents (76%) agreed that the Standards contribute toward the development of sound, flexible and efficient human resource management practices. Three people who did not agree indicated that the standards were sound and provided for transparent decision making but were not flexible or efficient. Comments by two others who disagreed were that the standards contributed to an environment of policing or risk aversion.

Regulations

Only 55% of respondents agreed that the Regulations (2001) contributed to the timely resolution of employee grievances relative to the HR Standards. A high proportion (31%) did not know. Comments indicated that these respondents had not needed to use the regulations. In recognition of some of the concerns that have been raised the Office has commenced a review of the regulations.

Codes of Conduct

The guidance provided by the OPSSC to assist agencies with the development of their codes of conduct was found to be sufficient by 62% of respondents, 7% disagreed that it was sufficient and 31% did not know or gave no answer. This may be because many agencies have their codes of conduct in place and have not needed assistance with development of their code in the past year.

Assistance Provided by the OPSSC

The majority of respondents (76%) agreed or strongly agreed that the assistance provided by the OPSSC met their needs. Comments by people who disagreed indicated they would prefer the Office to provide more definitive advice rather than advice of a general nature.

Effectiveness Indicator 2

This measure indicates the increase in the proportion of EEO group members at levels where they are under represented.

The achievement of a workforce that better matches the community at all levels of public employment can be measured by the representation, usually in percentage form, of the target group (e.g. women and members of other diversity groups) and also by their distribution across the hierarchy of the workforce (the Equity Index). Other diversity groups include Indigenous Australians, people from culturally diverse backgrounds and people with disabilities and youth.

Percentages for 2002 on the three other diversity groups are based on a sample of 82% of the public sector workforce, 86% of local government, 62% of public university academics and 61% of public university general staff. Percentage calculations are based on all employees, including casuals and sessionals.

The Equity Index measures the distribution of all employees across different levels in a public authority and compares it to the distribution of women or the other diversity group under consideration. The ideal Equity Index is 100, indicating that the group has the same distribution as the workforce as a whole. If there is compression of the group at lower levels the Equity Index is less than 100. An Index of more than 100 means members of the group are more likely to be at the higher levels. The Equity Index calculation is based on permanent and fixed term employees.

EEO in Public Authorities

	Data at Baseline Year		Data at June 2002		Variation from Baseline	
	Workforce %	Equity Index	Workforce %	Equity Index	Workforce %	Equity Index
Women (WA community = 52%)						
Public Sector	57.7% (1997)	50 (2000)	62.0%	55	+4.3%	+5
Local Govt	45.1% (1997)	75 (2000)	44.8%	77	-0.3%	+2
Universities:	45.0% (1999)	51 (1999)	44.9%	53	-0.1%	+2
Acad	61.1% (1999)	66 (1999)	62.5%	71	+1.4%	+5
Universities: HEW						
Indigenous Australians (WA community = 5%)						
Public Sector	1.8% (2000)	28 (2000)	2.2%	24	+0.4%	-4
Local Govt	2.2% (1998)	46 (2000)	2.0%	29	-0.2%	-17
Universities:	3.2% (2000)	39 (2000)	1.8%	45	-1.4%	+6
Acad	1.9% (2000)	34 (2000)	1.4%	39	-0.5%	+5
Universities: HEW						
People from Culturally Diverse Backgrounds (WA community = 17%)						
Public Sector	4.3% (2000)	117 (2000)	4.8%	135	+0.5%	Remains >100
Local Govt	3.4% (1998)	67 (2000)	5.0%	75	+1.6%	+8
Universities:	14.3% (2000)	100 (2000)	21.6%	101	+7.3%	+1
Acad	8.1% (2000)	101 (2000)	19.6%	100	+11.5%	Remains =100
Universities: HEW						
People with Disabilities (Australian community for moderate disabilities = 4%)						
Public Sector	1.1% (2000)	94 (2000)	1.2%	94	+0.1%	No Change
Local Govt	0.7% (1998)	60 (2000)	0.9%	52	+0.2%	-8
Universities:	2.8% (2000)	141 (2000)	1.8%	144	-1.0%	Remains >100
Acad	2.8% (2000)	75 (2000)	2.3%	103	-0.5%	
Universities: HEW						+28

Notes:

- Acad = Academics, HEW = Higher Education Workers.
- People with disabilities include people with a core activity restriction aged 15-64 years.
- These measures aim to provide a five-year comparison with the current year. However, at this stage the five-year comparison would not always be statistically valid where sample sizes have changed substantially or where the Equity Index has been based on different pay rates. In these cases the most recent, statistically valid comparison is provided which is closest to a five-year trend.
- For percentages, the variation from baseline figures is the difference in percentage between 2002 and the baseline year. It is not a percentage increase in the number in the group.
- The Equity Index for local government is based on local government award salary ranges and does not take into account pay rises due to enterprise and workers' agreements. This means the Equity Index may be an overestimate due to 'bracket creep'.

6. Baseline data for Universities has changed slightly due to an audit of data for previous years in 2002-2003.

Effectiveness Indicator 3

This measure indicates the degree of acceptance by the Minister of the Commissioner's nominations. The indicator is shown compared to the actuals in 2001-02 and 2000-01.

	2000/2001 Actual	2001/2002 Actual	2002/2003 Actual
Percentage of Commissioner's nominations accepted by Minister for Public Sector Management	96%	86%	100%

Output 1: Compliance Monitoring and Assistance

Efficiency Indicator 1

Average Cost per Public Sector Agency for Compliance Monitoring and Assistance

This indicator shows the average cost per public sector agency for monitoring their compliance with the *Public Sector Management Act* principles, standards and ethical codes and assisting agencies to achieve merit, equity and probity in human resource management and integrity in their official conduct.

Year	Costs (\$ 000)	Number of Public Sector Agencies	Average Cost per Public Sector Agency
2002-03	1,743	133	\$13,104
2001-02	1,650	145	\$11,379
2000-01	1,575	140	\$11,250

Notes:

1. In 2002-03 the total costs for each output have been higher than usual partly due to extra costs associated with the relocation of the Office.
2. The total costs for the financial year for delivering this output are divided by the total number of public sector agencies covered by the *Public Sector Management Act*.
3. The number of public authorities is based on the most recent available data for the public sector as at 30 June 2002.

Output 2: Equal Employment Opportunity – Advice, Assistance and Evaluation

Efficiency Indicator 2 - Average Cost per Public Authority for EEO

This indicator shows the average cost per public authority for reporting on their compliance with Part IX of the *Equal Opportunity Act 1984* and assisting them to achieve a more diverse workforce.

Year	Costs (\$000)	Number of Public Authorities	Average Cost per Public Authority
2002-03	969	293	\$3,307
2001-02	892	305	\$2,924
2000-01	895	300	\$2,983

Notes:

1. In 2002-03 the total costs for each output have been higher than usual partly due to extra costs associated with the relocation of the Office.
2. The total costs for the financial year for delivering this output are divided by the total number of public authorities in the public sector, local government and the universities. Costs include costs recouped from agencies for the delivery of training and the analysis of climate survey results.
3. The number of public authorities is based on the most recent available data for the public sector as at 30 June 2002, universities as at 31 March 2002 and local government as at 30 June 2002.

Output 3: Independent Chief Executive Officer Selection and Reappointment Advice

Efficiency Indicator 3 - Average cost per CEO selection

This indicator shows the average cost per CEO selection for providing independent CEO selection advice to Ministers.

Year	Costs (\$ 000)	Number of Positions	Average Cost Per CEO Selection
2002-03	588	14	\$42,000
2001-02	433	7	\$61,857
2000-01	454	14	\$32,429

Notes:

1. In 2002-03 the costs for each output have been higher than usual partly due to extra costs associated with the relocation of the Office.
2. The total costs for the financial year for delivering this output are divided by the total number of CEO selection nominations to Ministers. Costs include expense costs for all positions met from the Treasurer's Advance Account and recouped from agencies.

Because vacancy numbers may vary from year to year, costs may not vary in a consistent manner. The significant variation in average cost between 2001-02 and 2002-03 is due to the small number of positions dealt with in 2001-2002.

OPINION OF THE AUDITOR GENERAL

Performance Indicators



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

OFFICE OF THE PUBLIC SECTOR STANDARDS COMMISSIONER
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2003

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Office of the Public Sector Standards Commissioner are relevant and appropriate to help users assess the Office's performance and fairly represent the indicated performance for the year ended June 30, 2003.

Scope

The Public Sector Standards Commissioner's Role

The Public Sector Standards Commissioner is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of efficiency and effectiveness.

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

D D R PEARSON
AUDITOR GENERAL
September 30, 2003

ATTACHMENTS

Attachment 1 – Legislation Affecting Activities

Enabling Legislation

The following three pieces of enabling legislation that relate to the functions of the OPSSC.

- *Public Sector Management Act 1994*. The Office was established under this Act and the functions of the Commissioner are outlined in Sections 21-25, 45, 48 and 97.
- *Equal Opportunity Act 1984*. The Director of Equal Opportunity in Public Employment is responsible, under Part IX of the Act, for ensuring compliance by all public authorities with sections 145 and 146.
- *Public Interest Disclosure Act 2003*. The Commissioner has a number of functions under the *Public Interest Disclosure Act* which was assented to on 22 May 2003 and came into operation on 1 July 2003.

Other Legislation

In the performance of her functions as Chief Executive Officer, the Commissioner exercises controls that provide reasonable assurance that she has complied with the following relevant written laws:

- *Financial Administration and Audit Act 1985*
- *State Supply Commission Act 1991*
- *Freedom of Information Act 1992*
- *State Records Act 2000*
- *Library Board of Western Australia Act 1951*
- *Anti-Corruption Commission Act 1988*
- *Australian Disability Services Act 1993*
- *Government Employees Superannuation Act 1987*
- *Salaries and Allowances Act 1975*
- *Industrial Relations Act 1979*
- *Public and Bank Holidays Act 1972*
- *Occupational Health Safety and Welfare Act 1987*
- *Workers Compensation and Assistance Act 1981*

Attachment 2 - Publications

The following publications and reports have been produced by the Office. Some can be viewed on the Office web pages at <http://www.wa.gov.au/opssc/> and <http://www.oeeo.wa.gov.au>. Limited numbers of these booklets are available to the public free of charge. For people with disabilities this document and other publications can be made available in alternative formats on request.

Office of the Public Sector Standards Commissioner

- Building a Better Public Sector
- Public Sector Standards Commission Annual Report (1995 & 1996)
- Office of the Public Sector Standards Commissioner Annual Reports (1997 to 2002)
- Public Sector Standards in Human Resource Management
- Western Australian Public Sector Code of Ethics
- Western Australian Public Sector Code of Ethics Interview (Video and CD ROM)
- Guidelines for Developing Codes of Conduct
- Putting Ethics to Work (training manual)
- Self Assessment Guidelines (to assist agencies to review compliance with Public Sector Standards in Human Resource Management and ethical codes)
- Template Code of Conduct for Government Boards and Committees
- Revitalising Codes of Conduct
- Your Questions Answered: Standards, Regulations and Code of Ethics

Office of Equal Employment Opportunity

- Director of Equal Opportunity in Public Employment Annual Reports (1986 to 2002)
- Accent on Ability
- Acts of Courage: Public Sector CEOs on Men, Women and Work
- Are You Employing Aboriginal Staff? A Resource Kit for Non-Aboriginal Supervisors of Aboriginal Staff
- Breaking Through: Women Executives in the WA Public Sector
- EEO and Diversity Management Planning: A Guide for Equity Planners and Practitioners
- Equity and Diversity Plan for the Public Sector Workforce 2001-2005
- Equity and Diversity Planning Strategies
- Implementing Flexible Working Arrangements: A Resource Kit
- Innovative Recruitment
- Insights: Strategies for Success. Indigenous and Non-Indigenous People on Work
- Mentoring: A Strategy for Achieving Equity and Diversity
- Overcoming Workplace Barriers for Aboriginal Staff – A Resource Kit for Managers and Supervisors Working with Aboriginal Staff
- Searching for Public Sector Executives: Equity Principles
- Tapping Into Talent: A Review Guide
- Understanding EEO in WA
- Voices of Diversity
- Women In Management: Good Ideas for Improving Diversity

The Key is a quarterly publication, produced electronically by the Office of EEO, dealing with current issues in equity and diversity. It is distributed free of charge via e-mail. For enquiries about *The Key* or any other publication, or to join the distribution list, please contact the Office on (08) 9260 6633 or via e-mail to deope@opssc.wa.gov.au.

Attachment 3 - Staff Profile at 30 June 2003

POSITION	LEVEL	EMPLOYEE
COMMISSIONER'S OFFICE		
Commissioner	Special 7	M. MURRAY BA Dip Ed
Executive Assistant	Level 4	A. E. ANDREW
COMPLIANCE MONITORING AND ASSISTANCE		
Executive Director	Class 2	S. McCAVANAGH BA, Grad Dip PS Mgmt
Director Monitoring Compliance	Level 8	G. WASHER
Manager Ethics Program Services	Level 7	H. SAUNDERS MEd Man, BA (Hons) Dip Ed, Grad Dip Counselling
A/Manager HR Program Services	Level 7	D. J. SOLOSY BAppSc, Grad Dip PS Mgmt
Senior Consultant	Level 6	M. CLIFFORD BSc, MA (HRM)
Senior Consultant	Level 6	Occupant undertaking higher duties
A/Senior Consultant	Level 6	A. PITTOCK B.Bus
Consultant	Level 5	J. MATTHEWS BappSc
Consultant	Level 5	M. WATSON B.Com RMHN
A/Consultant	Level 5	D. OXLEY BA (Hons), Grad Dip HRM
Research Officer (0.5)	Level 3	Occupant undertaking higher duties
Administrative Assistant	Level 2	L. WEIR & C. LEANO-CONSTANTINE
Administrative Assistant	Level 1	G. CARROLL BSc (Hons)
OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY		
Executive Director	Class 1	N. TAYLOR BA (Hons), M Phil (Politics)
Director, Evaluation & Reporting	Level 8	G.M. WHITE BSc, Dip Ed, Grad Dip Public Policy
A/Manager, Equity & Diversity	Level 7	N.S. KAIN Grad Dip HRD
A/Senior Consultant	Level 6	K. ANNING
A/Senior Consultant (0.5)	Level 6	M.L BUNN BA (Hons) English
A/Senior Consultant (0.5)	Level 6	S. HUNTER B. Bus Public Admin & Bus Law
Consultant	Level 5	S.J. THOMSON BA (Soc Sc)
A/Consultant (0.5)	Level 5	C. BRADFORD BA
A/Executive Officer (0.5)	Level 4	J. VAN OSTA
Data & Systems Officer	Level 4	Vacant
Administrative Assistant	Level 2	J. VAN OSTA
Administrative Assistant & Training Support Officer	Level 2	J. CLISSA
Officer (0.5)	Level 1	Vacant
School Based Trainee	Trainee	H. JOY

POSITION	LEVEL	EMPLOYEE
CEO SELECTION		
Director	Level 8	B. BOYLEN Dip Bus Admin

CORPORATE SERVICES

Office Manager	Level 5	Z. MILAMBO BBus
Information Officer	Level 3	R. KHAN BSc Comp Sc
Administrative Assistant	Level 2	S. M. MORRISSEY
Reception Services Officer	Level 1	Y. LOMBARDO
Records/Reception Officer	Level 1	Occupant on secondment

Officers on Secondment, Maternity Leave, Leave Without Pay

F. ROBINSON, L. PIERSON, D. FRICKER, M. DENNISON and L. GUEST

Attachment 4 - Glossary of Terms

Breach of Standard	A determination by the Commissioner that one or more of the requirements of a Public Sector Standard has not been complied with
CEO	Chief Executive Officer
Climate survey	A questionnaire measuring employee perceptions of equity and diversity within an agency
Compliance monitoring	Monitoring the extent of compliance with the Standards and ethical codes at either an agency or sector level
Code of conduct	A formal written policy documenting the behaviour expected of all employees of a public sector body. Each public sector body is expected, under the <i>Public Sector Management Act</i> , to develop a code of conduct consistent with the <i>Public Sector Code of Ethics</i> .
Code of Ethics	The <i>Western Australian Public Sector Code of Ethics</i> which outlines the minimum standards of conduct and integrity for public sector bodies and employees
DEOPE	Director of Equal Opportunity in Public Employment
EEO	Equal Employment Opportunity
Ethical Codes	The <i>Western Australian Public Sector Code of Ethics</i> together with the individual codes of conduct of public sector bodies
Indigenous Australians	Persons of Australian Aboriginal and Torres Strait Islander origin
Management Tiers	The top tiers in the management structure of an organisation. Management tiers are linked to decision-making rather than salary.
OPSSC	Office of the Public Sector Standards Commissioner
People from culturally diverse backgrounds	People born in countries other than those categorised by the Australian Bureau of Statistics as Main English Speaking (MES) countries
People with Disabilities	People with an ongoing disability that requires adaptation in the workplace
Public Interest Disclosure	A disclosure made under the <i>Public Interest Disclosure Act 2003</i>
Public Sector Standards	see <i>Standards</i>
SES	Senior Executive Service

Standards

The *Public Sector Standards in Human Resource Management*. There are nine Standards:

- Recruitment, Selection and Appointment
- Transfer
- Secondment
- Performance Management
- Redeployment
- Termination
- Discipline
- Temporary Deployment (Acting)
- Grievance Resolution

Thematic Review

A review of an agency focusing on a particular subject or theme

Youth

People aged less than 25 years