



integrity

merit equity probity

Annual Report **2003 - 2004**



Office of the Public Sector
Standards Commissioner

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Public Interest Disclosures <http://www.wa.gov.au/opssc/html/disclosure03.htm>



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 2004

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 2004.

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 'Noela Taylor'.

Ms Noela Taylor
Delegate for
COMMISSIONER FOR PUBLIC SECTOR STANDARDS

30 AUGUST 2004

ABOUT THIS REPORT

What this Report is About

This report provides an account of the functions and operations of the Office of the Public Sector Standards Commissioner (OPSSC) and the Office of the Director of Equal Opportunity in Public Employment (Office of EEO). It also presents the audited financial statements and performance indicators for these collocated offices for the year ending 30 June 2004.

The report relates to all 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.*

What this Report is *not* About

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. This information is provided in two separate reports.

- The Commissioner's Annual Compliance Report is submitted directly to Parliament and covers the extent of compliance and non-compliance with the human resources standards and ethical codes.
- The Annual Report of the Director of Equal Opportunity in Public Employment covers all matters associated with Part IX of the *Equal Opportunity Act 1984* and the equity and diversity outcomes for public authorities. This report is submitted to the Minister for Public Sector Management who then tables the report in Parliament.

Where can the Report be Obtained

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

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

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The Year in Brief

Overview of the OPSSC

This year has seen continuing changes for public sector agencies due to the move towards shared service centres for corporate service functions and the OPSSC will need to continue to adapt services to meet the changing needs of its clients. One aspect of adapting services has been the implementation of the *Public Interest Disclosure Act 2003* (PID Act) which came into effect on 1 July 2003. A new Director position has been created to oversee compliance and education related activities. There is no doubt that this position will play a critical role in implementing the new legislation.

For the Office of the Public Sector Standards Commissioner (OPSSC) the 2003-2004 year has been a year of consolidation. The strategic direction and focus established by the Commissioner in 2002-2003 has been consolidated and the office restructure has been implemented.

Our Statutory Roles

The Office has two independent statutory appointments, the Commissioner for Public Sector Standards and the Director of Equal Opportunity in Public Employment. Their offices are collocated and share facilities and common corporate services. 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

The purpose of the OPSSC is to contribute to the development of public authorities that are valued as leaders of integrity and equity, achieving excellence in employment and serving the public interest. The OPSSC works to facilitate 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

Our Office consists of 30 staff, who have responsibility for:

- Establishing and communicating ethical codes, human resource management (HRM) standards, public interest disclosure guidelines and sector diversity objectives.
- Assisting public authorities to build capacity to integrate HRM, ethical and diversity principles, standards and codes into decision making and practices.
- Monitoring, evaluating and reporting on the extent of compliance or non-compliance with the principles, standards and codes and achievement of diversity objectives.
- Providing independent selection and nomination of chief executive officer selection and reappointment.

Our Key Clients and Stakeholders

Our clients comprise Parliament, Ministers, Chief Executive Officers of public authorities and their senior managers, public boards and committees, public sector employees making claims of a breach of Standards and members of the public making public interest disclosures. Ultimately the beneficiaries are the general public who expect a public sector that embraces 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 2003-2004

| | | |
|---|--|---|
| OUR VISION Public authorities valued as leaders of integrity and equity | Public Interest Disclosure Codes and Guidelines | Developed and promoted the Code of Conduct and Integrity Guidelines on Internal Procedures to support the introduction of the <i>Public Interest Disclosure Act 2003</i> . |
| | Equity and Diversity Plan Progress | Provided the Hon. Premier with the second progress report on the <i>Equity and Diversity Plan 2001-2005</i> which highlighted areas for special focus. The Plan's objective is to have a public sector workforce which matches the community at all levels of employment. |
| | Ethics Framework | Devoted considerable effort to drafting an ethics framework for the public sector. When implemented, such a framework will provide an opportunity to revitalise interest in the Code of Ethics and the agency codes of conduct. |
| | Insights CD ROM | Developed and launched an interactive CD ROM as a learning tool to help public sector agencies build an environment that affirms and respects Indigenous cultural values in the workplace and provide tips and strategies for both managers and Indigenous employees. |
| | Disability Strategy | Developed a strategy to assist public authorities to increase the representation of people with disabilities employed in the public sector to achieve objectives in the <i>Equity and Diversity Plan</i> . |
| | Public Authority Development | Provided assistance to 266 public sector authorities to assist them achieve better practice and improved compliance for people management, workforce diversity, ethical behaviour and management of public interest disclosures. |
| | Major Reviews on Extent of Compliance | Undertook a thematic review of compliance with the Performance Management Standard in four agencies and a major review of compliance with the Standards and ethical codes in the Royal Street Divisions of Health. Reports will be tabled in Parliament in 2004/05. |
| | Climate Surveys and Presentations | Undertook reviews, including climate surveys, in 15 public authorities and presented the findings on the extent of compliance with the Standards, ethical codes and equity and diversity to seven. |
| | Breach of Standards Claims | Handled 134 breach of Standard claims referred to the OPSSC for examination. Of these, 93% related to recruitment, selection and appointment. Most claims (84%) were handled within four weeks. |
| | Chief Executive Officer Nominations | Provided the Minister with 12 CEO nominations. For the seven positions where appointment decisions were made all nominations were accepted. Women made up 43% of these appointments. |



From the Commissioner's Desk

The vision of my Office is for public authorities in Western Australia to be valued as leaders in integrity and equity. The broad direction established last year in the pursuit of this vision has been sustained through the 2003-04 reporting year and has been strengthened by the ongoing development of new functions and in the activities and achievements of highly committed and professional employees. The Office has continued to focus on our leadership role in assisting with compliance in human resources and ethics and on the integration of equity concepts in the way that the sector defines merit.

In last year's report I indicated my intention to assist agencies build on their capacity to foster ethical decision-making. The work of the Ethics and Human Resources Division in shaping a new ethics framework around the theme of 'building and sustaining public sector integrity' has been very rewarding. This has been both in terms of the results achieved and in the level of engagement and interest from public sector agencies and other key stakeholders involved in the consultation and development phase. It also allowed us to focus on how we can work with the new Corruption and Crime Commission to provide support to agencies in achieving high standards of ethical behaviour and corruption prevention strategies. The Framework, to be launched in September 2004, will offer a practical values based approach that will educate and assist staff in agencies to interpret, manage and lead in ethical conduct and decision making.

Another major undertaking this year was the commencement of a review of the Public Sector Management (*Examination and Review Procedures*) Regulations 2001. This will be finalised in 2004-05 and progress this year promises a more streamlined and simplified approach with increased opportunity for conciliation.

In addition to these two significant policy initiatives the Human Resources and Ethics team has concluded a thematic review of Performance Management. This review implements one plank of our new approach to monitoring compliance. It involved a review of a cross sector sample of agencies to identify the extent of compliance and any business risks to be addressed by agencies through enhanced internal monitoring and scrutiny of practices.

A second major review undertaken in the 2003-04 year examined the extent of compliance with public sector standards and ethical codes at the Royal Street of the Department of Health. Beyond specific findings, which are the subject of a separate report to Parliament, the review gave the Office an opportunity to refine approaches to issues where public interest disclosure matters and standards compliance issues overlap or intersect.

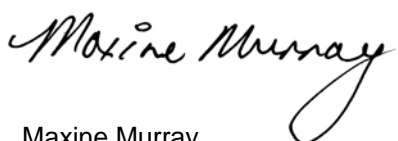
Through the year the Office has maintained an active interest in the development of shared corporate service models and the possible opportunities and risks to be addressed in the establishment of associated systems and processes. New structures and service models operated by the Shared Service Centres are likely to have a direct impact on the way the Office operates and on the nature of partnership projects that it works within and brokers.

This year has been the first year after commencement of the *Public Interest Disclosure Act* in 2003 and a key year for establishing guidelines and approaches. Guidelines have been developed and some research commissioned to establish baseline data on the level of awareness of provisions of the Act and about the various responsibilities and accountabilities it covers. Networks of contact officers are being established and this group will play a key role in enhancing the understanding about the Act. The 2004-05 year is likely to see an expansion in the communication program to try to improve the understanding in the sector about public interest disclosure and instil a high level of public confidence in its operation.

The launch of the Insights CD-ROM and the development of the Accessing Abilities Strategy have been highlights in the Equity and Evaluation Division. These initiatives address areas of greatest under-performance identified in the second progress report on the *Equity and Diversity Plan 2001-2005* completed by the Director of Equal Opportunity in Public Employment and issued under a Premier's Circular in March. These initiatives have been developed in the Office but championed and supported by the CEO Diversity Forum across the public sector.

In addition, the Evaluation and Reporting group have processed many thousands of survey responses, revised data collection processes and reviewed the definitions for people with disabilities and people from culturally diverse background used in the monitoring of the profile of the sector. The application of these new definitions and the commitment of agencies to improving their own data will have considerable benefits as we move into the final year of the *Equity and Diversity Plan* and seek to measure progress and quantify improvements.

If all of the above was not enough, the Office has coordinated twelve chief executive officer selection processes for a variety of agencies. These processes have ensured strong and balanced fields and have highlighted and contributed to the abundance of talent in the leadership of the public sector. It is pleasing to note that women made up 43 per cent of the seven appointments finalised at 30 June 2004. In conclusion, I commend this report to you and trust that you will find its contents both interesting and informative.



Maxine Murray

COMMISSIONER FOR PUBLIC SECTOR STANDARDS

From the Director's Desk

The pursuit of equity in public employment is central to my statutory role as the Director of Equal Opportunity in Public Employment and is a key area of synergy in addressing both the objects of the *Equal Opportunity Act* and the mission of the Office of the Public Sector Standards Commissioner.



The 2003-04 planning and reporting year has been both exciting and productive. Reading the lines of this report will give you an indication of the activity and achievements of a small group of committed staff. Reading between the lines of the report you will see, as I have, a level of enthusiasm and creativity that owes much to an inclusive and dynamic culture capitalising on its own diversity.

The second progress report of the *Equity and Diversity Plan 2001-2005* identified areas of greatest achievement and also priorities for improvement. Our major initiatives over the past year have been designed to assist public authorities to achieve improved workforce diversity for all groups.

The development and launch of the interactive *Insights* CD ROM in April 2004 provided a learning tool to help public sector agencies build an environment that affirms and respects Indigenous cultural values. A strategy to assist public authorities increase the representation of people with disabilities in the public sector workforce was developed and will be launched in 2004-05.

In commending this report to you I would like to acknowledge the support of the both the Commissioner and of the CEO Diversity Forum who have played a key role in the initiation, development and implementation of a number of initiatives described in this report.

A handwritten signature in black ink that reads "Noela Taylor". The script is fluid and cursive.

Noela Taylor

DIRECTOR OF EQUAL OPPORTUNITY
IN PUBLIC EMPLOYMENT

Issues and Trends

A number of issues and trends, from both within and outside the Western Australian government, have had a continuing influence and impact on the OPSSC's activities. Some key issues are outlined below along with the action being taken by the OPSSC as a result.

Issue

There is a need to ensure that public sector bodies and employees view ethical principles and good human resources management practice as an integral part of business processes. While there is good coverage across the public sector in relation to codes of conduct, more assistance is required in order to assist agencies to integrate ethics into everyday work practices.

Action by the OPSSC

- The Office will launch a new strategy for integrating ethics across the public sector and will continue to develop consultancy material to support agencies to build and sustain integrity. Work has started on the investigation of appropriate measurement tools for ethics, including a revised survey of public sector integrity.

Issue

The Commissioner has a role in assisting public authorities and public officers to comply with the *Public Interest Disclosure Act 2003* (the PID Act) and associated Code of Conduct and Integrity. Communication of the requirements of the legislation to agencies and employees is critical to this role.

Action by the OPSSC

- Market research is being conducted on current perceptions and knowledge of the PID Act within the public sector, local government and public universities.
- A communications strategy will be developed based on the market research to raise awareness of the PID Act.

Issue

The Office continues to focus on raising awareness in relation to the Standards. While there is a good level of awareness of the Recruitment, Selection and Appointment Standard, concerns have been expressed about the extent of compliance with some of the other Standards, in particular Temporary Deployment (Acting). The impact of long-term acting in vacant positions remains of concern.

Action by the OPSSC

- Compliance with the Standards will continue to be assessed on a systemic level with a view to improving compliance across the sector.
- A thematic review of the Temporary Deployment (Acting) Standard has commenced.

Issue

Feedback to the OPSSC from agencies and claimants has indicated a need for a more efficient and timely method of administering breach claims. Reviews have also indicated that public sector employees and line management have a low level of awareness about the breach claim process and how and when to use it.

Action by the OPSSC

- A review of the Public Sector Management (*Examination and Review Procedures*) Regulations 2001 has been initiated. It is anticipated that new regulations based on extensive consultation will be proclaimed in October 2004.
- Education and training sessions will be conducted throughout the public sector to assist agencies to apply the amended Regulations.

Issue

The 2004-05 reporting year will be the last year of operation of the *Equity and Diversity Plan 2001-2005* (EDP). Ongoing evaluation of achievement against objectives has taken place and periodic progress reports have been issued. Improvements in the position of women in senior positions and in the representation of Indigenous employees have been noted and under-achievement in the representation of people with disabilities and in the Equity Index for Indigenous Australians has been acknowledged and responded to through new strategies and promotional products. The relationship of the EDP to the *Better Planning: Better Services* planning framework and the State Sustainability Strategy is being examined to ensure there is a consistency of approach for agencies.

Action by the OPSSC

- Additional support in defining EEO group membership is being offered to assist in the collection of accurate and useful data.
- Workshops in the application of recruitment, retention and development strategies will be run for agencies wanting to enhance employment outcomes for Indigenous staff.
- The Accessing Abilities strategy will be launched to encourage and support improvements in the employment of people with disabilities.
- The framework of the current Equity and Diversity Plan will be reviewed and opportunities for improvement identified for future diversity planning.

Issue

The current level of gender pay equity and the characteristics, causes and consequences of gender pay inequity in public sector agencies is being investigated by a number of jurisdictions around Australia. Research completed to date indicates that this is a complex issue that goes far beyond a simple look at salary bands. The issues also involve work value assessment and classification regimes as well as structural and cultural barriers to flexible work practices and interpretations of merit at senior levels.

Action by the OPSSC

- CEO selection processes will continue to monitor applicant pools for gender balance and executive search specialists will be contracted, in part, on their ability to target and identify balanced fields of candidates.
- The Office of Equal Employment Opportunity will participate in, and contribute to, joint research initiatives.
- The Director of Equal Opportunity in Public Employment will develop and pilot a targeted initiative in partnership with local government.

Issue

Through the year the Office has maintained an active interest in the development of shared corporate service models and the possible opportunities and risks to be addressed in the establishment of associated systems and processes. As Shared Service Centres are established it is anticipated that human resource activities will increase and it will be important to ensure that the Public Sector Standards In Human Resource Management and the ethical codes are met.

Action by the OPSSC

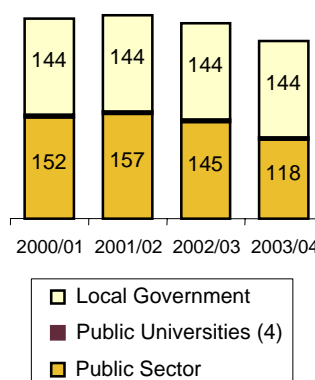
- The OPSSC is well represented on Functional Review forums to ensure that the Standards, ethical codes and equity and diversity objectives are considered when required and will continue to provide input to ensure the requirements of the Standards and ethical codes are met in any new arrangements.
- The Office will consider new approaches to agency assistance and monitoring following consideration of the outcomes of the implementation of the Functional Review.

Organisational Performance

Public Authorities Assisted and Reported Upon

The number of public authorities assisted and reported upon by the Office of Public Sector Standards has declined in recent years due to amalgamations arising from machinery of government changes.

| Year | Number of Public Authorities |
|---------|------------------------------|
| 2003-04 | 266 |
| 2002-03 | 293 |
| 2001-02 | 305 |
| 2000-01 | 300 |

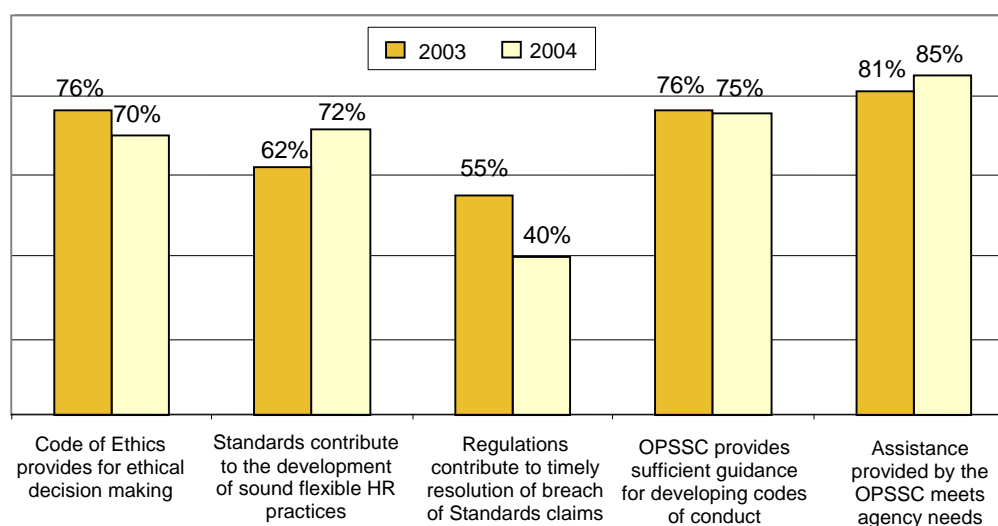


Compliance Monitoring and Assistance

Effectiveness Indicators for 2002/2003 and 2003/2004

A key role of the OPSSC is to assist public sector authorities to comply with the principles, Standards and ethical codes. Most of the compliance issues that arose are related to human resource management. A survey was conducted in 2003 and 2004 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 of HR Managers % Agreement – June 2003 and June 2004



Implications for Improved Service Delivery

The area of key concern relates to the regulations. In 2004 there was a decrease in respondents who agreed that the Regulations contributed to timely resolution of breach claims (from 55% to 40%). Comments from respondents who disagreed indicated that they considered the process was protracted, unwieldy, costly and bureaucratic. New regulations scheduled for next year will be designed to address these concerns.

Equal Employment Opportunity

The degree to which the workforce of public authorities are 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 of women and members of the other diversity groups, and also by their distribution across the hierarchy of the workforce (the Equity Index)¹. Other diversity groups include Indigenous Australians, people with disabilities, people with culturally diverse backgrounds and youth.

Women are well represented in the workforce but tend to be distributed at the lower levels (an Equity Index less than 100). The other diversity groups are all under represented. It is of particular concern that the representation of people with disabilities is well below the objective set in the Government's *Equity and Diversity Plan 2001 to 2005* which requires agencies to set objectives for each diversity group. A strategy is currently being developed to increase the employment of People with Disabilities.

| Effectiveness Indicators | 2002/2003 Actual | 2003/2004 Target | 2003/2004 Actual |
|--|---------------------|---------------------|---------------------|
| Improvement in the Equity Index for Women in the Public Sector (ideal is 100) | 55 | 59 | 58 |
| Improvement of percentage of Indigenous Australians in the Public Sector (WA community is 3%) | 2.1% | 2.5% | 2.4% |
| Improvement of percentage of people from culturally diverse backgrounds in the public sector (WA community is 17%) | 4.8% | 5.5% | 6.0% |
| Improvement of percentage of people with disabilities in the public sector (WA community is 4%) | 1.2% | 2.8% | 1.4% |

Chief Executive Officer Selection

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

| Effectiveness Indicators | 2002/2003 Actual | 2003/2004 Target | 2003/2004 Actual |
|--|---------------------|---------------------|---------------------|
| Percentage of Commissioner's nominations accepted by Minister for Public Sector Management | 86% | 100% | 100% |

Summary of Financial Performance

| Financial Performance | 2002/2003 \$000 | 2003/2004 \$000 |
|-----------------------|--------------------|--------------------|
| Total Income | 3,300 | 3,667 |
| Revenue | 280 | 243 |
| Net cost of services | 3,020 | 3,424 |

Notes:

- 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.
- A substantial part of the increase in net cost of services in the last two years is due to costs associated with relocation of the Office.

¹ 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 a group at lower levels, the Equity Index will be less than 100.

Our Business

Statutory Roles

Within the Office of the Public Sector Standards Commissioner (OPSSC), the Commissioner and the Director of Equal Opportunity in Public Employment (the Director) have separate statutory roles. As both roles integrate merit and equity, it is logical that the offices of the Commissioner and the Director work closely together and they have been collocated since the establishment of the OPSSC as a department under Section 35 of the *Public Sector Management Act 1994* on 1 October 1994.

The Commissioner is the OPSSC's Chief Executive Officer (CEO), and employing authority for all staff and is the accountable authority for the organisation as an entity. The Director has a dual accountability and reports independently to the Minister for Public Sector Management as required.

Commissioner for Public Sector Standards

The Commissioner for Public Sector Standards is appointed by the Governor on the Minister's recommendation, following consultation with the leader of each party in Parliament. The Commissioner acts independently and reports directly to Parliament. Under the *Public Sector Management Act 1994*, the Commissioner is required to :

- Establish public sector standards in human resource management (the Standards) and a public sector Code of Ethics and assist agencies develop codes of conduct (ethical codes);
- Implement and oversee the application of procedures relating to breaches of Standards;
- Assist public sector agencies to comply with the human resource management principles and general principles of official conduct set out in sections 8 and 9 of the Act (the principles), the Standards and the ethical codes and monitor and report to Parliament on the extent of compliance and non-compliance by public sector bodies and employees; and
- Provide independent advice to Ministers on persons suitable for appointment as chief executive officers and advise the Minister for Public Sector Management on the potential reappointment of chief executive officers.

Under the *Public Interest Disclosure Act 2003*, the Commissioner must establish a Code of Conduct and guidelines for public authorities, assist public authorities to comply with the Act and the Code of Conduct and monitor and report to Parliament on their compliance.

Director of Equal Opportunity in Public Employment

The Director of Equal Opportunity in Public Employment is appointed by the Governor and reports directly to the Minister for Public Sector Management. The Director's statutory role is covered by Part IX of the *Equal Opportunity Act 1984*. The objects of Part IX are to eliminate and ensure the absence of discrimination in employment in public authorities on all grounds covered by the Act and promote equal employment opportunity for all persons in public authorities.

The functions of the Director and staff of the Office of Equal Employment Opportunity (EEO), a team of people within the OPSSC are to:

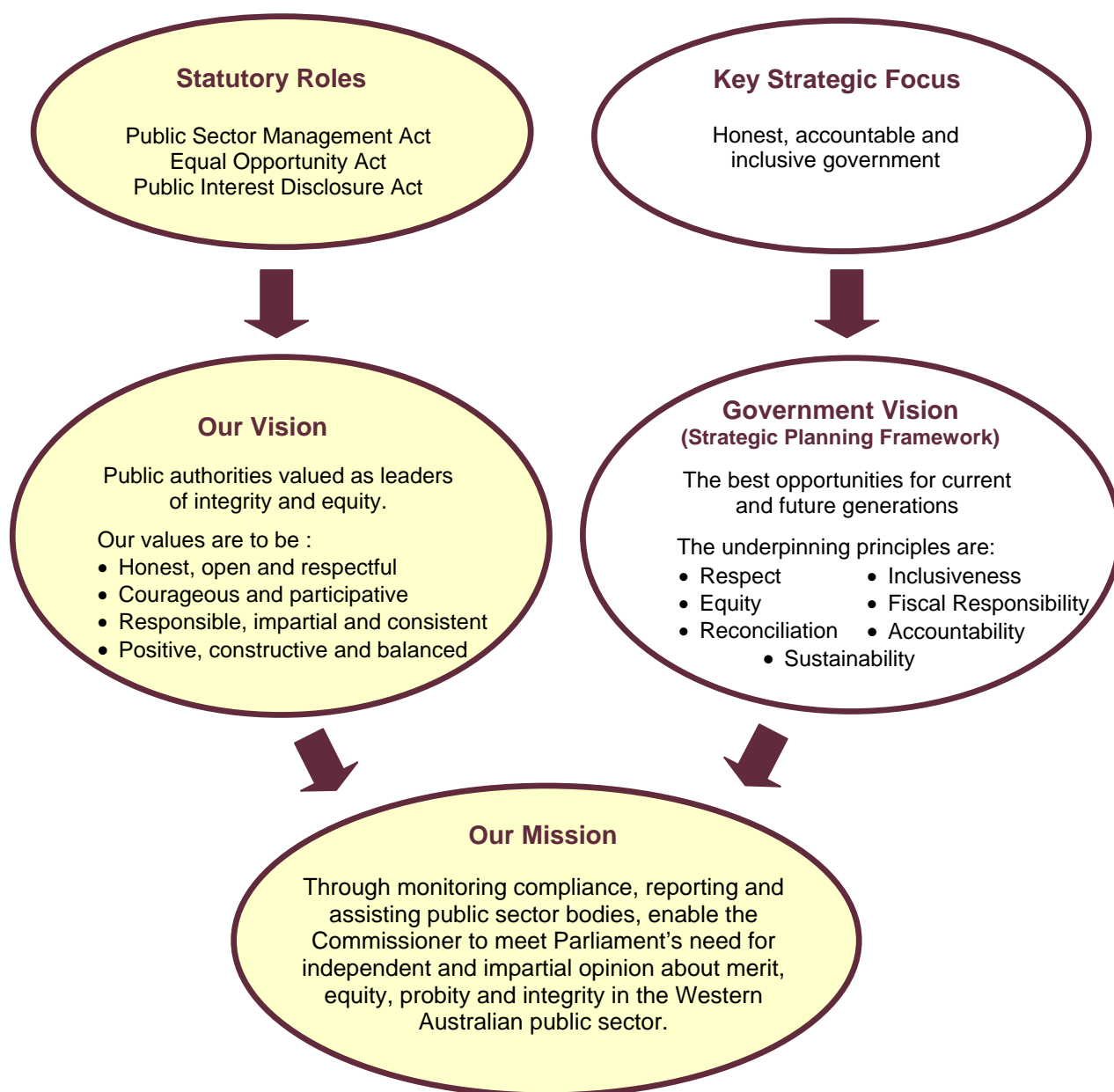
- Advise and assist public authorities to develop EEO management plans and evaluate the effectiveness of those management plans in achieving the objectives of the Act; and
- Monitor and report to the Minister on the operation and effectiveness of management plans.

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

Strategic Framework

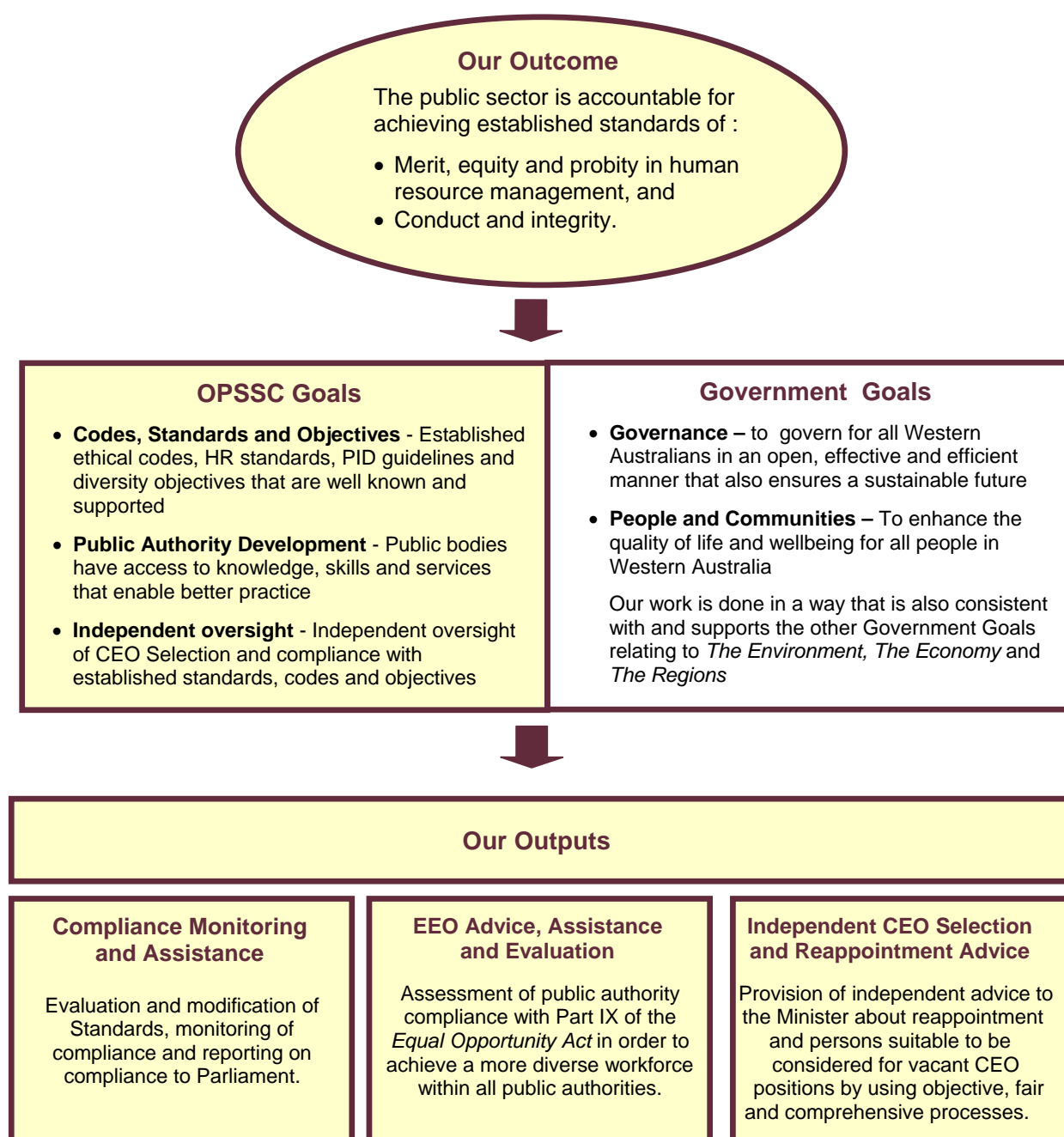
The OPSSC works within a strategic framework that integrates the OPSSC legislative framework and its *Vision with Values* with the government's key strategic focus and the vision and principles outlined in the strategic planning framework, *Better Planning: Better Services*. This approach provides alignment for agencies but also ensures that the Commissioner's role to provide independent and impartial information to Parliament is not compromised.

Our Vision, Values and Mission



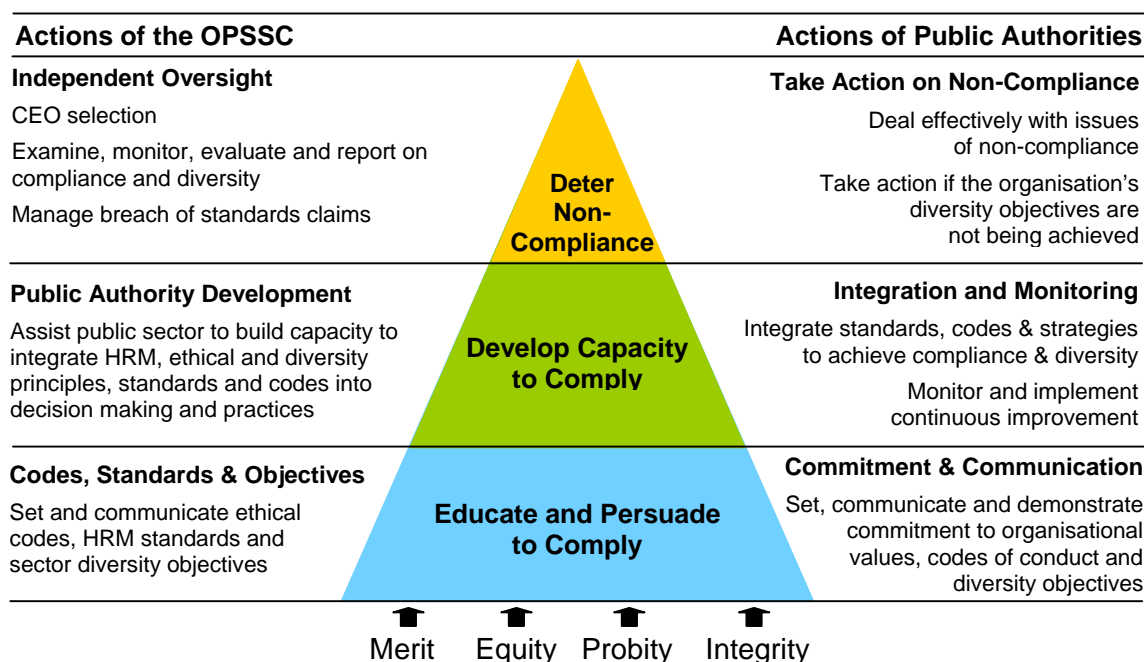
In achieving our mission the OPSSC has identified the following outcome, goals and outputs. The OPSSC goals have been identified as key areas of focus to support the statutory roles of the Commissioner and Director and enable public authorities to comply with their legislative obligations. The achievement of these goals will also be a major contribution to the Government's goals of *Governance* and *People and Communities* outlined in the Strategic Planning Framework, *Better Planning : Better Services*. While the activities of the OPSSC are not specifically related to the strategies included under the other goals identified in the framework, the Office will contribute to their achievement by working in ways that are consistent with and supportive of them. Details of strategies that the OPSSC contributes to are included under the report on operations for each output.

Our Outcome, Key Goals and Outputs



Regulatory Framework

During 2003-2004 the OPSSC further developed the strategic focus for the Office. The respective roles of the Commissioner and public bodies were clarified in a regulatory framework developed from widely recognised models of regulation and compliance.



Key Goals and Strategies

Goals and strategies were identified to enable the statutory functions to be undertaken and support public authorities to enable them to meet their obligations. Changes were also made to our performance indicators for 2004-05 to make them consistent with this approach.

| Goals | Strategies |
|---|---|
| Ethical Codes, HR Standards and Diversity Objectives Established ethical codes, human resource management standards, public interest disclosure guidelines and sector equity and diversity objectives that are well known and widely supported. | <ul style="list-style-type: none"> Establish and review ethical codes; HRM Standards, procedures for relief for breaches of Standards; guidelines for PID; and sector equity and diversity plans and objectives. Transparent policies and practice statements. Provide exemptions based on the public interest. Persuade and educate public bodies to achieve merit, equity, probity and integrity. |
| Public Authority Development Public bodies have access to knowledge, skills and services that enable better practice in people management, workforce diversity, ethical behaviour and managing public interest disclosures. | <ul style="list-style-type: none"> Develop frameworks and sector strategies for ethics, human resource management and workforce diversity. Provide a customised and integrated advice and assistance service to agencies that promotes better practice. Facilitate access to information and resources for public authorities. Develop strategic alliances and work in partnership with the public sector and others. |
| Independent Oversight of Public Authorities Independent oversight of CEO Selection and compliance with established standards for ethical behaviour, people management, workforce diversity and managing public interest disclosures | <ul style="list-style-type: none"> Monitor, evaluate and report on the extent of compliance and non-compliance through outcomes based measures and other information; and sector, agency and thematic reviews. Manage the process for claims for relief from breaches of Standards and investigation of public interest disclosures. Independent selection and nomination of CEOs to serve in the public interest. |

Operating Model and Structure

The OPSSC is conscious of its parliamentary role and monitoring function but seeks, where possible to act in partnership with clients and stakeholders. The Office recognises that the successful achievement of strategic objectives is dependent upon building and maintaining strong partnerships with other public sector agencies. Our resources are focussed on extensive consultation with agencies to provide assistance with and monitoring of compliance with Standards, ethical codes and public interest disclosures and the development and evaluation of effective EEO management plans. To achieve this and our outputs, the OPSSC operates under four main functional groupings.

| | |
|---|---|
| Ethics and Human Resources <ul style="list-style-type: none"> • Ethics and HR Assistance • Compliance Monitoring | <ul style="list-style-type: none"> • Assistance for public sector agencies in ethics, human resources; • Agency audits and sector-wide thematic reviews to monitor compliance; and • Managing the process to provide relief for breaches. |
| Equity and Evaluation <ul style="list-style-type: none"> • Equity and Diversity Assistance • Evaluation and Reporting | <ul style="list-style-type: none"> • Assistance to public authorities in developing and implementing EEO management plans; • Promotion of sector-wide EEO strategies; and • Evaluation and reporting on workforce diversity and the extent of compliance with the principles, Standards and ethical codes. |
| Policy and Strategic Services <ul style="list-style-type: none"> • CEO Selection • Policy and Strategic Services • Public Interest Disclosures | <ul style="list-style-type: none"> • Independent advice on CEO selection and reappointment; • Policy development on key and emerging issues; and • Handling Public Interest Disclosure matters. |
| Corporate Services | <ul style="list-style-type: none"> • Internal corporate services to support the other divisions and the corporate governance requirements of the Office. |

Our People and Working Environment

The Office is committed to providing a workforce characterised by best practice in leadership, diversity management, ethics and integrity. These factors form the basis of the Office's corporate values in its Code of Conduct.

Office Structure and Strategic Direction

The Office structure and strategic direction which were successfully implemented in 2002/2003 have been in effect for some months now. The new focus was embodied in our strategic directions document which serves to put into words our purpose and direction. This included the key goals and strategies highlighted in the previous section. In addition two internal goals and associated strategies were identified that related to our workforce and our systems.

| Goals | Strategies |
|---|--|
| Workforce An effective and diverse workforce committed to excellence. | <ul style="list-style-type: none"> • Develop effective teams. • Undertake annual and ongoing performance management to provide staff with clear goals and feedback linked to organisational goals. • Train and develop staff through team and individual development plans. • Encourage and support continuous improvement and innovation. • 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"> • Provide effective planning and corporate governance, along with appropriate resources. • Develop effective databases that support access to strategic information. • Develop comprehensive corporate services policies, mapped procedures and delegations. • Ensure that records and other information systems are reliable and accessible. • Develop networks to enable efficient and effective information sharing. |

To ensure a smooth transition and optimise participation in ongoing improvement in the way we work, an external consultant was contracted in 2004 to work with staff to develop our *Vision with Values* document.

Vision with Values

This year extensive consultation was undertaken with all staff to identify an external vision that encapsulates what we are trying to achieve and an internal vision that identifies how we work together. This enabled staff to participate in and mould the values and culture of the Office in line with our strategic direction and resulted in a document *Vision with Values*. The values identified apply to both our work with clients and the way we operate within the organisation. The document also outlines how we can coach each other to make the vision and values integral to the way we work. These visions and our values are included under the corporate governance section.

Staff Profile

As at 30 June 2004, 30 employees were working in the Office. The majority were employed as full time permanent employees, with seven (7) employed on a permanent part-time basis. Contract staff are employed on an "as needs basis" to backfill staff on maternity leave, or unexpected vacancies, to provide short-term expertise, or to assist in peak work-load periods. To provide opportunities for personal and professional development, and to ensure that the Office has a keen appreciation of the business of line agencies, approval has been granted for a number of staff to participate in secondments to other agencies.

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 current Disability Service and Equal Opportunity Management plans to ensure a diverse workforce and equitable treatment of staff and clients. In addition, the Office has policies on equal opportunity and harassment, and is committed to upholding them to ensure that all forms of direct and indirect discrimination are eliminated. Currently there is a good level of cultural diversity (20%) and a balance of men and women in senior positions.

Performance Management

This year a consistent performance management process was used across the Office and a monitoring system ensures all employees have performance management in place. The Office has contracted an external consultancy firm to support a review and enhancement of the performance management system to better integrate the OPSSC *Vision with Values* for all staff. This will also enable the process to be based on better practice initiatives identified during the review of performance management across the sector conducted by the Office this year. It is anticipated that this system will be implemented in 2004-05.

Flexible 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. Many staff take up these flexible work options and staff in all areas and at all levels have access to and use part time or 48 in 52 arrangements.

Grievance Management and Public Interest Disclosures

The Office has developed and implemented Grievance Management and Harassment Policies, details of which are available to all staff at induction and through the Office Intranet. This year a Public Interest Disclosure Officer was appointed to handle internal disclosures made by staff under the *Public Interest Disclosure Act 2003*. In 2003-04 there were no formal grievances or public interest disclosures about the activities of the OPSSC.

Employee Health, Safety and Welfare

The Office complies with the requirement 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 and key staff have been trained in the application of first aid techniques. Public access to our Office premises and security in interview rooms, have been designed to maximise the safety and security of employees. Confidential employee welfare programs are also available.

Corporate Governance

The Office's commitment to high standards of corporate governance is important and necessary from two perspectives. Firstly, good corporate governance leads to good management practices, which in turn leads to improved employee morale. Secondly, the Office recognises that external agencies expect that the Office will be an exemplar of good corporate governance. Hence, living up to those expectations means that agencies will view the Office with higher levels of integrity and confidence.

Vision with Values

The OPSSC *Vision with Values* provides the Office with an external vision about what we are trying to achieve and an internal vision about how we will work together. It also identifies our values and how we can support each other to achieve our vision. The visions and values are shown below and are currently being integrated into all aspects of how we work.

External Vision : *Public Authorities valued as leaders of integrity and equity*

Internal Vision : *Inspired people working and learning together*

Values : *Honest, open and respectful*
 Courageous and participative
 Responsible, impartial and consistent
 Positive, constructive and balanced

Corporate Structure

The corporate structure which was implemented in the previous year has been in operation for some months. This new structure was designed to broaden the role of the Office in assisting agencies while addressing the broader view of compliance for Parliament.

The OPSSC Corporate Executive consist of the five corporate leaders of the organisation:

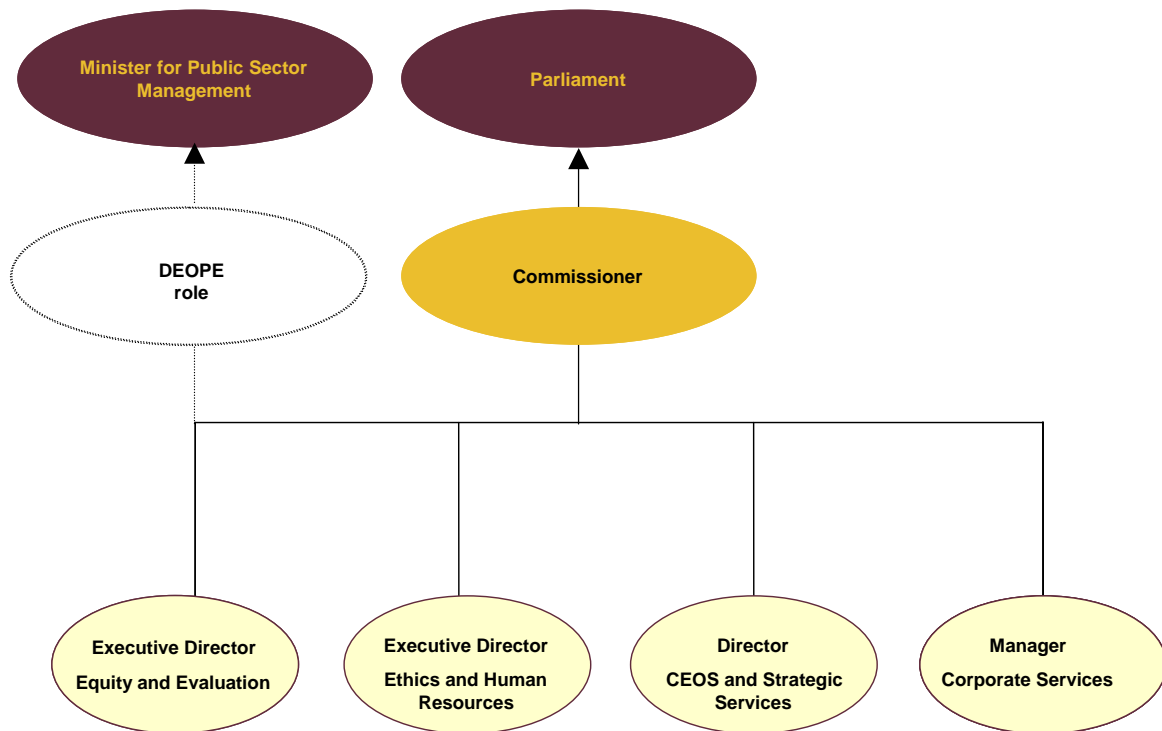
- Commissioner
- Executive Director, Equity and Evaluation
- Executive Director, Ethics and Human Resources
- Director, Chief Executive Officer Selection and
- Manager Corporate Services

Corporate Executive meets monthly to ensure responsible stewardship and accountability. It is responsible for:

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

Because of the statutory role of the Director of Equal Employment in Public Employment, there are clear areas in which this role is directly accountable to the Minister. In such cases, it would be inappropriate for the Corporate Executive of an independent Office to be approving or endorsing government strategies and policies. Knowing where these boundaries lie requires a clear delineation of the respective roles and responsibilities of each statutory office. As such, the Commissioner is required to act independently and reports to Parliament; and the Director is part of Executive Government and reports directly to the Minister for Public Sector Management.

Corporate Structure of the OPSSC



Corporate Executive Team



Maxine Murray, BA, Dip Ed
Commissioner for Public Sector Standards

Maxine Murray brings to her position a wealth of experience as a regulator within various government agencies. Maxine has been involved extensively in the fields of merit, equity and compliance with legislation, as well as research, policy development, evaluation, change management and working across-government to achieve outcomes. These agencies include the Office of Women's Interests, Equal Opportunity Commission, Department of Occupational Health, Safety and Welfare and the Department of State Services.

Immediately prior to her appointment as Commissioner in May 2002, Maxine occupied the position of Director of Equal Employment in Public Employment in Western Australia for eight years.



Noela Taylor, BA (Hons), M Phil
Director of Equal Opportunity in Public Employment and
Executive Director, Equity and Evaluation

Noela Taylor has successfully worked as a regulator within disability access areas and compliance with legislation, as well as strategic policy, planning and service delivery across a range of government agencies. These agencies include the Department of Consumer and Employment Protection, Disability Services Commission, Office of Women's Policy, Department of Land Administration and the Department of Local Government.

Brian Boylen
Acting Executive Director Ethics and Human Resources

Brian Boylen has more than 25 years of invaluable experience working in a variety of central agencies. Such experience includes substantial exposure to the intricacies of machinery of government, legislation and the operation of numerous government agencies, as well as industrial relations and human resource management. Brian has been involved with changes to the structure of the public sector and has conducted functional reviews of agencies. He has also provided administrative support and policy advice to statutory office holders, chief executive officers and Ministers.



Mary White, B Sc, Dip Ed, Dip Public Policy
Acting Director, Chief Executive Officer Selection

Mary White has worked in project and operational teams in a range of areas including human resource management, equal employment opportunity, corporate services, strategic and workforce planning and evaluation. She has worked within the Public Sector for almost twenty years in service delivery and central government agencies including the Department of Education and Training, Main Roads and the Equal Opportunity Commission.

Paul O'Connor, BB
Manager Corporate Services

Paul O'Connor has extensive experience in large and small agencies in the areas of Corporate Services, Internal Audit, and Program Management across the non-government sector. Paul has worked in the public service for 27 years in agencies that include the Department of Treasury and Finance, Department of Employment and Training, Department of the Premier and Cabinet, the Office of Youth Affairs and Ministerial Offices. Paul's position is a shared resource between the Office of the Public Sector Standards Commissioner and the Ombudsman's Office.



Corporate Management

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 Code of Conduct is an integral part of the service standards adhered to by employees. The Code of Conduct is linked to the Public Sector Code of Ethics, is available to all staff on the Office intranet and is part of the induction of all new staff.

Our Code of Conduct also provides guidance for our conduct in the way we work and treat each other. It is consistent with our *Vision with Values* but includes more detail such as :

- 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; and
- Providing customers with prompt and courteous service that is equitable and non-discriminatory.

Staff Declarations

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

Risk Management

A risk management framework has been developed and implemented to provide a comprehensive and systematic methodology for managing risks.

Internal Audit

An internal auditor was contracted to carry out an examination of the Office's activities during 2003-2004 and is due to report by September 2004.

Policies

The Office has engaged a human resource consultant to develop a number of HR policies and a new performance management process to incorporate the Office *Vision with Values*. It is anticipated that the policies will be completed and implemented by September 2004.

Shared Corporate Services

The Office of the Commissioner for Public Sector Standards is collocated with the Parliamentary Commissioner for Administrative Investigations (the Ombudsman), the Office of Health Review, and the Freedom of Information Commissioner.

The Ombudsman's Office and the Office of the Commissioner for Public Sector Standards have developed a shared approach to support structures and services.

Compliance Reports

People and Communities

Disability Service Plan

The Office is committed to providing optimum access and service to people with disabilities, their families and carers. It is envisaged that the OPSSC Disability Service Plan will become an integral part of the terms of reference for the Audit and Compliance Sub Committee of Corporate Executive when formed in the new year.

Following the now complete and successful relocation of the Office to new premises, a full review in accordance with the Access Resource Kit will be undertaken shortly to review the existing Disability Service Plan. The current 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.
- **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. There were no formal complaints received during the year about provision of appropriate facilities or access to services by the OPSSC.
- **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.
- 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.

Cultural Diversity and Language Service Outcomes

The Office works with a diverse range of customers and recognises the language and cultural diversity this presents.

As part of meeting its Language Services Outcomes and reflective of its commitment to valuing diversity, the Office disseminates information on the provision of language services to its customers as required. The Office will produce its material in various languages and provide interpreters and telephone access for people with hearing or speech impairment where appropriate.

Youth Outcomes

Corporate Executive has given a firm commitment to youth outcomes within the public sector. Following the successful completion of a Certificate II in Business (Office Administration), the trainee engaged by the Office under the WA Public Sector Clerical Traineeship Program was retained by Corporate Services. The trainee will complete the Certificate III in Business (Office Administration) within this area.

The Economy

The financial statements include information relating to this goal.

The Environment

Waste Paper Recycling

The Office has a strong commitment to paper recycling and makes proper use of recycling providers and actively encourages staff to recycle paper. Waste paper recycling practices for confidential papers are incorporated in the Office through the use of security shredding bins. In 2003-04 twenty bins of 240-litre capacity were used for recycled paper.

Energy Smart Government Program

In accordance with the Energy Smart Government policy the Office has committed to achieve a 12% reduction in non-transport related energy use by 2006-07 with a 2% reduction targeted for 2003-04. This target was:

| Energy Smart Government program | Baseline Data | 2002/03 Actuals | 2003/04 Actuals | Variation % |
|---|---------------|-----------------|-----------------|-------------|
| Energy Consumption (GJ) | 288 | 265 | 237 | -17.7% |
| Energy Cost (\$) | 12252 | 10350 | 9924 | |
| Greenhouse Gas Emissions (tonnes of CO ₂) | 74 | 68 | 63 | |
| Performance indicators | | | | |
| MJ/sqm | 428 | 425 | 211 | |
| MJ/Occupancy. | 9277 | 8845 | 7643 | |

Completion of the Office fit out during the year involved a transition period between temporary and permanent accommodation, which may have impacted on the final costs, and usage for 2003/04 for the Office. The impact of the colocated agencies with OPSSC in shared accommodation may present a more accurate report in 2004/2005.

The following energy saving initiatives have been undertaken:

- Review of existing lighting in the reception resulted in the installation of addition fluorescent lighting to provide better and more efficient lighting than the down lights initially used.
- Staff are encouraged to switch off lights when they are not required or as they leave the Office.

The Regions

Regional Development Policy

The Office's role encompasses the whole public sector, ranging from the metropolitan through to regional areas. As such, staff are often required to travel to regional areas to deliver climate survey presentations, particularly in the large multi-sited agencies of Health and Education and Training. The state-wide nature of our service delivery often means that we need to be flexible and responsive to the needs of regional areas, and as such, our products are often placed on the website and/or CD ROM, etc. This ensures regional agencies are able to access the same type and quality of information as their metropolitan counterparts.

Governance

Equal Employment Opportunity Outcomes

The OPSSC Equal Opportunity Management Plan takes 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 20% of staff. This exceeds the objectives in the Plan and is close to community representation levels. People with disabilities are not currently well represented in the Office and will be encouraged to apply for vacancies and traineeships to be filled.

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. The Office has continued its policy of providing employment opportunities in the workplace and to develop staff awareness. 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.

Evaluations

There have not been any detailed evaluations of the functions of the OPSSC undertaken during 2003/2004. However, as was the case in 2002/2003, 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. In addition, there have been some continuous improvement activities that required an evaluation as part of the process. These include:

- the development of our *Vision with Values* document required an evaluation of our current cultural climate and ways of working; and
- the development of process maps for our corporate planning process required an evaluation of our planning process.

Information Statement FOI (Act)

The Office has an Information Statement as required under the *Freedom of Information Act 1992*. This statement is updated each year and is available to the public in electronic or hard copy formats upon request.

The Office dealt with four applications under the Freedom of Information Act during the 2003-04 reporting year. The average time for processing the requests was 17 days.

Record Keeping Plans

An Office Record Keeping Plan, as required by the *State Records Act 2000*, was developed and submitted to the State Records Commission. The Plan incorporates the Corporate Records Management Policy and an updated Retention and Disposal Schedule.

Compliance with the Public Sector Standards and Ethical Codes

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 consultant has been appointed to review human resource management policies and will ensure that all current and new policies comply with the Standards and include provisions for monitoring compliance where necessary. 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.
- A monitoring process is in place to ensure there are current performance management processes in place for all employees.

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

Ethical Codes

The Office complies with the Public Sector Code of Ethics and has its own Code of Conduct.

The Code of Conduct addresses issues including conflicts of interest, corruption, discipline, confidentiality, freedom of information, security of records, equal employment opportunities and diversity, disability services and grievance resolution. An internal Ethics Committee monitors compliance and provides an avenue for people to raise concerns.

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 development of the OPSSC *Vision with Values* ethical conduct was a prime consideration for all staff. 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.

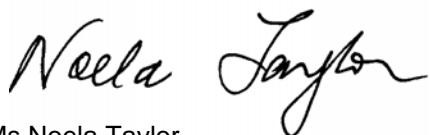
No internal grievances were lodged relating to non-compliance with the ethical codes and no complaints were made to external authorities. Audits have found no areas of non-compliance.

Public Interest Disclosures

The Commissioner has appointed a Public Interest Disclosure Officer to handle public interest disclosures relating to the activities of the OPSSC. Guidelines have been developed based on the guidelines produced by the OPSSC for use by agencies. There have been no internal public interest disclosures made about the OPSSC's activities. (The OPSSC has handled public interest disclosures about other agencies in its role as a "named authority".)

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*.



Ms Noela Taylor

DELEGATE OF
COMMISSIONER FOR PUBLIC SECTOR STANDARDS

30 AUGUST 2004

Report on Operations

Output 1 – Compliance Monitoring and Assistance

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

Total Cost of Service: \$2 193 000

Staff: 17 FTE's

Focus of Activities

The Compliance Monitoring and Assistance Program enables the Commissioner to fulfil her monitoring and assistance roles under the *Public Sector Management Act 1994* (PSM Act) and the *Public Interest Disclosure Act 2003* (PID Act). The Commissioner's main functions are to:

- Establish public sector standards setting out minimum standards of merit, equity and probity and establish ethical codes under the PSM Act and a code and Guidelines under the PID Act.
- Monitor compliance with the public sector standards, codes of ethics, codes of conduct and the general principles of human resource management and official conduct (the principles) under the PSM Act. Monitoring and compliance with the PID Act and the code are also required.
- 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 by public authorities with the PID Act and Code.
- 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.

Contribution to the Government Strategic Planning Framework

Governance - To govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future.

- Whole-of-government approaches to planning decision-making and resource allocation (3).
- Greater community confidence in the processes and actions of government agencies through effective independent oversight and reporting (8).
- Reduced "red tape" and compliance costs (11).
- Reduced incidence of corruption in all its forms (12).

The Economy - To develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth.

- An efficient labour market that utilises a fair but flexible system of employment (3).

Performance in 2003-2004

| Performance Measures | 2003/2004 Target | 2003/2004 Actual |
|--|------------------|------------------|
| Quantity Public authorities assisted and reported on | 267 | 266 |
| Quality Satisfaction with the standards and ethical code and assistance provided by the Office | 70% | 77% |
| Timeliness Breach of Standards claims handled within 4 weeks | 80% | 84% |
| Cost Average cost per public authority | \$6 858 | \$8 244 |

Major Achievements for 2003-2004

- Developed an ethics framework for the public sector which assists agencies to improve implementation of ethical codes in their organisation. Commenced the development of measures that focus on the extent of compliance with the Code of Ethics across the sector.
- Developed systems to report on compliance with the PID Act.
- Produced assistance materials to support the launch of the *Public Interest Disclosure Act 2003*.
- Completed a review of compliance by the Royal Street Divisions of the Department of Health with the Human Resource Management Standards and ethical codes (a report will be tabled in Parliament early in 2004-2005).
- Assistance has been provided to enable public sector bodies to achieve compliance with Human Resource Management Standards and ethics and to revise codes of conduct.
- Completed a review of the Public Sector Management (*Examination and Review Procedures*) Regulations 2001.
- Completed the findings, conclusions and recommendations of a thematic review of the Performance Management Standard across four agencies (a report will be tabled in Parliament early in 2004-2005).

Major Initiatives for 2004-05

- Develop consultancy materials to support agencies in the implementation of the ethics framework.
- Develop systems to monitor compliance with the *Public Interest Disclosure Act 2003*.
- Continue the development of assistance material to raise awareness of the *Public Interest Disclosure Act 2003*.
- Refine the design of the Office's website to enhance agencies' capacity to access electronic support materials.
- Amended regulations prescribing procedures for the administration of Public Sector breach claims will be communicated to the sector. Training sessions to assist agencies to apply the new regulations will be conducted.
- Commence a thematic review of the 'Acting Standard' across the public sector that examines compliance with the Standard.
- Undertake reviews of a selection of individual agencies to examine compliance with the Public Sector Standards in Human Resource Management.

Report on Activities

Establishing New Regulations

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

These 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 have been in place since July 2001. Recently the Regulations were reviewed with the intention of providing more efficient and flexible regulatory options to ensure that individuals can obtain relief when a standard is breached.

Consultation with key public sector stakeholders has been undertaken and new Regulations are currently being developed. The objective of the new Regulations is to provide a more efficient and streamlined approach to deal with breach of Standard claims with the potential for mediation/conciliation to provide a more effective forum for resolving claims. The roll-out of new Regulations, including educational sessions, will be conducted when the Regulations are gazetted.

Public Authority Development

Public Sector Ethics Framework

Promoting ethical behaviour continues to be a key focus of the Office. Over the last twelve months considerable effort has gone into developing a draft ethics framework for the public sector. The framework provides an opportunity to revitalise interest in, and compliance with, the Code of Ethics and agency codes of conduct.

A consultation process was designed to assist in the identification of current ethical issues, and develop practical, business focussed strategies to embed ethical behaviour throughout the public sector. A series of nine workshops were facilitated with over one hundred and eighty participants representing thirty-five agencies.

There is now 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. Over the last twelve months the Office has assisted a range of public sector agencies and Government boards and committees to develop or review their codes of conduct.

The Office has established several partnerships with ethics and integrity specialists in other States. More recently the opportunity has arisen to form a positive working relationship with the newly established Corruption and Crime Commission. The aim of this Office is to work collaboratively with the Commission to ensure that consistent messages are sent across the public sector in relation to ethical behaviour and corruption prevention, and also that work undertaken by both offices is complementary, without unnecessary duplication.

Advisory and Consultancy Service

The Office has continued to provide assistance and consultancy services to agencies by telephone, email and face-to-face presentations in the areas of the human resource management (HRM) principles of merit, equity and probity, the HRM Standards and the ethical codes. The Commissioner, the Executive Directors and staff have conducted agency visits and delivered speeches and presentations in a variety of public forums. Representatives from the Office have also provided assistance to the Functional Review Implementation Team.

The approach for developing a customised assistance program, integrating ethics and human resource management initiatives, continues to be refined.

Assistance to Implement the *Public Interest Disclosure Act 2003*

The *Public Interest Disclosure Act 2003* commenced on 1 July 2003. Prior to its commencement, the Office developed a Code of Conduct and Integrity for PID Officers and Guidelines for Internal Procedures. These procedures provide a framework for public authorities to develop and implement their own procedures consistent with the Guidelines. The Guidelines have only been in place for a year. However, the Office will initiate a review to ascertain which parts need to be improved.

Over the past year, the Office has dealt with numerous enquiries about the operation of the legislation. The majority of enquiries have come from public authorities covered by the PID Act ranging from the implementation of the internal procedures to the interpretation of sections in the PID Act. The Office has also handled enquiries from persons wishing to make disclosures either to this Office or to another proper authority under the PID Act.

A Coordination Committee has met on several occasions to discuss and resolve issues relating to the implementation of the PID Act. This Committee is chaired by the Office of the Public Sector Standards Commissioner and includes representatives from the "proper authorities" named in the PID Act, and local government representatives.

Market research is being conducted on current perceptions and knowledge of the PID Act. This will assist in the development of a communications strategy based on this research to raise awareness of the PID Act. Assistance material for public authorities and for persons wishing to make disclosures will continue to be developed.

Independent Oversight

The OPSSC undertakes a systemic appraisal of key issues across the sector using thematic reviews and sector wide measures to draw conclusions that will benefit the entire sector. Under the *Public Sector Management Act 1994*, the Commissioner's only complaint taking role for individuals is 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.

Monitoring Compliance with the PID Act

Initial systems were developed to report on compliance by public authorities with the *Public Interest Disclosure Act 2003* (the PID Act). A PID Register was developed to enable PID Officers within public authorities to report to the Commissioner on the number of public interest disclosures received, the results of investigations conducted as a result of the disclosures, and the action taken, if any, as a result of each investigation. Public authorities are also required to report on whether they have internal procedures in place relating to their obligations under the PID Act. The Commissioner will report on the extent of compliance by public authorities in her annual compliance report. Further development of these systems will occur taking into account the analysis and report based on the initial set of information received from public authorities.

Monitoring Compliance under the PSM Act

The Office has continued to refine its monitoring processes and uses a database to analyse information collected from members of the public, employees, reports from agencies and surveys of employees to establish the extent of compliance and issues and trends. These are used to decide on priority items for future monitoring activities.

Information from public sector employees and members of the public about alleged non-compliance are received via telephone, email and in writing. This information is valuable as it offers an insight into workplace issues and trends across the public sector. Where appropriate, allegations or information that do not fall within the jurisdiction of the Commissioner is referred to other relevant public sector bodies.

Under the *Public Sector Management Act 1994*, the Commissioner does not have the power to direct agencies to resolve an individual's concerns in a specific way. Individual complaints made to the Commissioner's Office are used as a source of information to determine the priority and nature of the monitoring activities undertaken.

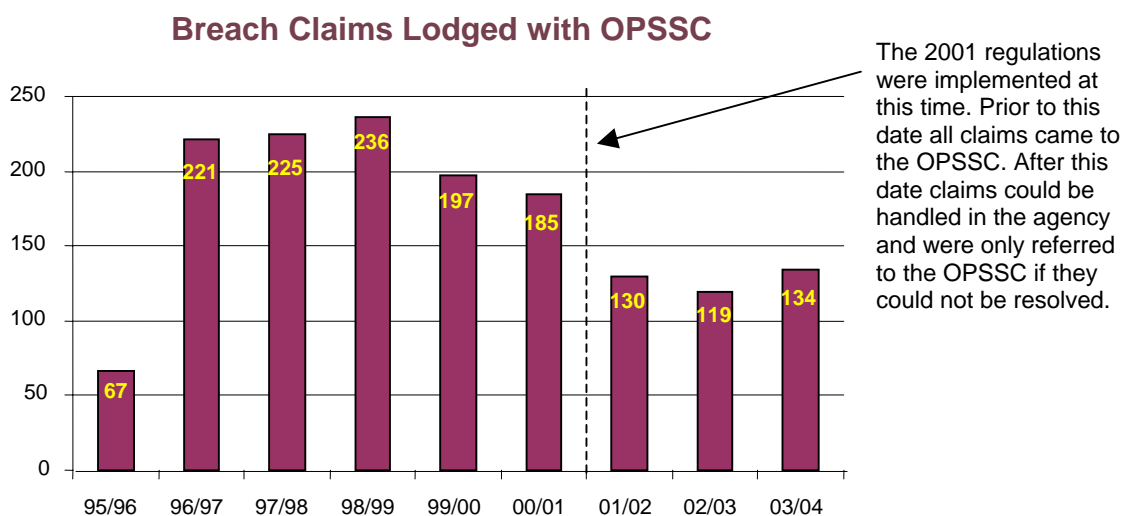
During the year, 35 matters were referred to the Office which was one more than received in the previous year. In total, 39 compliance reviews into these allegations were finalised (this includes 12 allegations carried over from 2002/2003). These reviews were conducted to assess the extent of compliance by public sector bodies and their employees with the principles in the Act, ethical codes and public sector standards.

The Commissioner deals with a claim that an agency has breached a Public Sector Standard if such a claim is lodged in accordance with the Public Sector Management (*Examination and Review Procedures*) Regulations 2001. Under these Regulations, if the process used to deal with an issue is not consistent with the relevant Public Sector Standard, the Commissioner may determine that the particular Standard has been breached. The agency is then required to advise the Commissioner whether any action is to be taken and how this action, if any, will remedy the breach.

Full details of progress can be found in the Commissioner's Annual Compliance report for 2004 to be tabled in Parliament in November 2004 and available after that on the website (<http://www.wa.gov.au/opssc/>).

Breach of Standards Reviews

During 2003-2004, there were 134 breach of standard claims referred to OPSSC for examination. This is an increase of 12% from 2002-03 where there were 119 claims handled.



The majority of breach claims lodged with the Office (93%) related to the Recruitment, Selection and Appointment Standard. This trend is consistent with previous years. The remaining claims were evenly spread over the Acting, Grievance, Performance Management, Secondment and Transfer Standards. The application of selection processes and the quality of information available to support selection decisions and the provision of feedback to applicants are still areas of concern where agencies can improve their level of compliance. The existence of long-term acting arrangements, structural changes and unnecessary administrative oversights continue to impact on the numbers of claims lodged.

Of the claims referred to OPSSC 119 were finalised. A total of 71% of these were dismissed as having no substance, 24% were referred to a full review of the facts and circumstances and 5% were either withdrawn or lodged outside of the prescribed timeframe. There were 5 breaches of the Recruitment, Selection and Appointment Standard determined. A finding of a breach of the Transfer Standard was also determined for a claim carried over from 2002/2003.

Agency Climate Surveys and Presentations

Five 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; and
- Provide the Commissioner with a database that enables monitoring of the extent of compliance across the sector as a whole and identifies changes over time.

The program aims to conduct reviews in 15 to 20 public sector agencies per year.

Thematic Review - Performance Management Standard

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

The objectives of the review were:

- 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; and
- To assess the appropriateness and relevance of the Performance Management Standard.

The report from the review will be tabled in Parliament in 2004/2005.

Major Review - (Department of Health - Royal Street Divisions)

During the year, the Office completed a major review of the extent of compliance with public sector Standards and ethical codes by the Royal Street Divisions of the Department of Health (Royal Street) and particularly the Office of Aboriginal Health. The terms of reference for the review were to examine and report on:

- The extent of compliance by Royal Street with the Public Sector Standards in human resource management.
- The extent of compliance by Royal Street with the Western Australian Public Sector Code of Ethics and the Department of Health Code of Conduct.
- Where relevant section 8(1) (a)-(c) 'general principles of human resource management' of the Act.
- Where relevant section 9 of the Act, 'Principles of Official Conduct'.

The report from the review will be tabled in Parliament in 2004/2005.

Development of Ethics Measures

The Ethics Measurement project commenced in 2004 under the auspices of the CEO Measuring Compliance Sub-Group. The project's aim is to develop HR, Ethics and Equity Measurement and Survey Instruments which build upon existing monitoring strategies currently used by the Office.

In doing so, it will provide the Office and all public sector agencies with an additional set of compliance monitoring and diagnostic tools to ensure that human resource management standards and ethical principles and codes are complied with, thereby making them an integral and valued part of their businesses.

Output 2 – EEO Advice, Assistance and Evaluation

This output involves the 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.

Total Cost of Service: \$858 000

Staff: 9 FTE's

Focus of Activities

Staff in the Office of Equal Employment Opportunity support the Director in assisting public authorities to achieve improved equity and diversity in their employment outcomes. The Vision Statement for this output 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 within 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.
- Develop resources to support agency diversity and EEO management planning and promote the use of such resources in public employment.
- Operate an evaluation and reporting program to enable government and public authorities to monitor and improve progress in EEO and diversity.

Contribution to the Government Strategic Planning Framework

People and Communities - To enhance the quality of life and wellbeing of all people throughout Western Australia.

- A positive difference to the lives of people with disabilities, their families and carers (10).
- A society where Indigenous Australians have greater economic and social opportunities and the capacity to determine their own lives (13).
- A society free from racism which facilitates the empowerment of members of all communities as full and equal members of the Australian community, enjoying the rights and duties of a shared citizenship (14).
- A society that recognises the varying contribution of its diverse population and is able to respond effectively to the needs of its diverse population (15).

Governance - To govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future.

- Whole-of-government approaches to planning decision-making and resource allocation (3).
- Greater community confidence in the processes and actions of government agencies through effective independent oversight and reporting (8).

The Economy - To develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth.

- An efficient labour market that utilises a fair but flexible system of employment (3).
- Plentiful and diversified employment opportunities for Indigenous peoples to support Indigenous economic growth (4).
- A workforce which reflects the State's diverse population (5).

Performance in 2003-2004

| Performance Measures | 2003/2004 Target | 2003/2004 Actual |
|---|------------------|------------------|
| Quantity Public authorities assisted and reported on | 267 | 266 |
| Quality Satisfaction of agency corporate executives with feedback provided in effectiveness review (evaluation) | 75% | 96% |
| Satisfaction of training participants | 75% | 93% |
| Timeliness Timeframes between request for assistance and response | 3 working days | 0.5 working days |
| Timeframes between receipt of annual reports and distribution of analysis | 10 weeks | 10 weeks |
| Cost Average cost per public authority | \$4 363 | \$3 226 |

Major Achievements for 2003-2004

- Provided progress reports to the Minister and public sector agencies on the achievement of the *Equity and Diversity Plan* objectives and sought further aspirational objectives from agencies for women in management, Indigenous Australians, people with disabilities and people from culturally diverse backgrounds.
- Finalised and distributed revised indicators of cultural diversity and disability status of employees in public authorities to enable the development of targeted strategies.
- Developed a strategy to assist public authorities to increase the representation of people with disabilities employed in the public sector to achieve objectives in the Government's Equity and Diversity Plan.
- Provided a strong focus during consultancy services on the importance of equitable classification levels that recognise skill levels for identified Indigenous positions.
- Contributed to the development of a strategy for improved representation of women in management positions in local government through participation on the Ministerial Advisory Committee.
- Developed and launched an interactive CD ROM as a learning tool to help public sector agencies build an environment that affirms and respects Indigenous cultural values in the workplace and provide tips and strategies for both managers and Indigenous employees.
- Developed a web-based package for public sector agencies to forward data for their annual reports and to provide calculations and charts to give immediate feedback on key measures and trends for their agency.

Major Initiatives for 2004-05

- Complete development work on, and comprehensively test, a single Equity Index for use in Public Sector reporting on the representation and distribution of equity groups in the public sector workforce.
- Identify diversity improvement strategies consistent with the Equity and Diversity Planning framework for the employment of people from culturally diverse backgrounds and integrate this with the whole of government anti-racism strategy.
- Initiate the development of forward planning objectives for the Equity and Diversity Plan beyond 2005 and revise the agency consultancy model to support agency achievement of targets through implementation of existing strategies for women in management, Indigenous employment and the improved representation of people with disabilities.
- Develop and provide targeted support strategies for local government authorities to improve the representation and distribution of women in the local government workforce.
- Undertake website development to provide for enhanced integration of data entry and benchmarking for public authorities as well as providing interactive elements to support public authority planning and monitoring.

Report on Activities

Operating Context

This output parallels the statutory role and functions of the Director of Equal Opportunity in Public Employment which are covered in Part IX (Division 2) of the *Equal Opportunity Act 1984* (the Act). The Director of Equal Opportunity in Public Employment advises and assists Western Australian public authorities in meeting their obligations under the Act.

The Office assists the Director in reporting to the Minister for Public Sector Management on the progress of public authorities in meeting these obligations.

Beyond the statutory responsibilities described under the Equal Opportunity Act, The Director is also the Executive Director, Equity and Evaluation within the structure of the Office of the Public Sector Standards Commissioner and works in partnership with the Commissioner and Corporate Executive to ensure strong alignment in areas of strategic human resource advice across the sector and in the promotion of equity considerations relevant to the development and promotion of standards of human resource management, Public Interest Disclosure matters, CEO recruitment and ethical codes.

Sector Plans and Strategies

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

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; and
- Increased representation of youth.

In 2003-2004 the Director and Office focused on the development of two key strategy support resources addressing areas in the Equity and Diversity Plan where progress has been below expectations:

- *Insights: Strategies for Success* – A CD-ROM providing strategies and approaches to improve Indigenous employment outcomes; and
- *Accessing Abilities* – Addressing three key focus areas associated with attracting, recruiting and retaining employees with a disability.

Public Authority Development

Advice and Assistance with EEO Management Plans

Equal Employment Opportunity Management Plans, required under Part IX of the *Equal Opportunity Act 1984*, 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.

Independent Oversight

Evaluation of Effectiveness

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.

The Director received EEO Yearly Reports on demographic data from all public sector authorities:

- 118 public sector agencies in August 2004 (as at 30 June 2004);
- 144 local governments in December 2003 (as at 30 June 2004); and
- 4 public universities in June 2004 (as at 31 March 2004).

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 2003-04 of the Director of Equal Opportunity in Public Employment to be forwarded to the Minister on 30 September 2004 for tabling in Parliament and available after that on the website (www.oeeo.wa.gov.au).

Progress Report on the Equity and Diversity Plan

The results of the Second Progress Report on the Equity and Diversity Plan (EDP) were circulated to Public Sector CEOs under Premier's Circular in March 2004 (2004/02). The progress summary for this report is shown below:

| | Priority Area | Progress |
|---------------------|---|----------|
| Women | Women in Management Tier 1 | ✓✓✓✓✓ |
| | Women in Management Tier 2 | ✓ |
| | Women in Management Tier 3 | ✓ |
| | Women in the Senior Executive Service | ✓ |
| | Women – Equity Index | ✓✓✓ |
| Workforce Diversity | Indigenous Australians % | ✓✓✓✓ |
| | Indigenous Australians – Equity Index | ✓ |
| | Culturally Diverse Backgrounds % | ✓✓✓ |
| | Culturally Diverse Backgrounds – Equity Index | ✓✓✓✓✓ |
| | People with Disabilities % | ✓ |
| | People with Disabilities – Equity Index | ✓✓✓✓ |
| | Youth % | ✓✓ |

Legend

| | |
|-------|---------------------------|
| ✓✓✓✓✓ | Objective met or exceeded |
| ✓✓✓✓ | Considerable progress |
| ✓✓✓ | Steady progress |
| ✓✓ | Minimal progress |
| ✓ | Work needed |

Climate Surveys and Presentations

A climate survey covering human resource management, ethics and aspects of equal opportunity compliance is deployed in larger agencies on average once every five years. The 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 surveyed.

Fifteen climate surveys were conducted in 2003/2004 including South West and Challenger TAFE, Women and Children's Health, Treasury and Finance, Forest Products Commission, Housing and Works and Culture and the Arts. Feedback from participants at presentations showed 96% were satisfied with the reviews, demonstrating the usefulness of this strategy.

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 2003-2004 the Director was not involved in any matters relating to Tribunal findings.

Output 3 – Chief Executive Officer Selection

This output involves the provision of independent advice to the Minister about reappointment and persons suitable for vacant Chief Executive Officer positions by using objective, fair and comprehensive processes.

Total Cost of Service: \$616 000

Staff: 1 FTE

Focus of Activities

The Chief Executive Officer Selection program 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 an executive recruitment consultant to conduct executive searches, assist in the examination of applicants and provide administrative support and advice to applicants and selection panel members.
- Establishing independent selection panels of three to 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 reappoint existing chief executive officers. In providing this advice, the Commissioner takes into account information on the performance of a chief executive officer and other matters that may be relevant to that particular case.

Contribution to the Government Strategic Planning Framework

Governance - To govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future.

- Greater community confidence in the processes and actions of government agencies through effective independent oversight and reporting (8).

Performance in 2003-2004

| Performance Measures | 2003/2004 Target | 2003/2004 Actual |
|---|---------------------|---------------------|
| Quantity Positions for which advice was provided to Minister | 8 | 12 |
| Quality Commissioner's acceptance that the processes conducted by the Office meet all the requirements of a merit process | 100% | 100% |
| Timeliness Average time to complete Commissioner's responsibilities | 10 weeks | 16 weeks |
| Cost Average cost per chief executive officer selection | \$41 625 | \$51 333 |

Major Achievements for 2003-2004

- The Commissioner's nominations were accepted for all positions for which the Minister for Public Sector Management announced appointments.
- A new contract was entered into, following a public tender process, to engage five executive recruitment firms to assist with executive search and selection processing.

Major Initiatives for 2004-2005

- An examination will be completed of possible techniques that may be used to enhance the type of information collected about applicants during selection processes.

Report on Activities

Process Improvements

A new contract was entered into in December 2003, following a public tender process, to engage five executive recruitment firms to assist with executive search and selection processing. This has enabled the process to be handled more consistently and efficiently as the panellists have been briefed on the Commissioner's requirements and can be appointed as soon as the position is forwarded. Next year an examination will be completed of possible techniques that may be used to enhance the type of information collected about applicants during selection processes.

Chief Executive Officer Selection and Reappointment

The Commissioner provided nominations of suitable persons for 12 chief executive officer positions during 2003-04. Decisions were made by the Minister for nine (9) positions during the year including three where nominations had been made the previous year. In two cases the Minister decided not to proceed to fill the position at that time. In the other seven the Commissioner's nominations were accepted in all cases. Of the seven appointments announced, three (43%) were women. The Minister was also provided with advice on the reappointment of one chief executive officer during the year. This advice was based on the performance agreements for the officer and other relevant matters.

The average time taken, per position, to provide the Commissioner's nomination was sixteen weeks. The higher than estimated time for processing arose because there were delays due to lack of panel member availability for six positions that were handled over the Christmas/ New Year period.

Corporate Services

Corporate Services Bureau Support

The Department of the Premier and Cabinet continued to provide corporate service functions efficiently and effectively. The bureau services provided include:

- Human Resource Management – salary payments, policy development, leave processing, classification determination and recruitment services.
- Financial Management – account payments, financial reporting, chart maintenance, asset management, purchasing and supply, and fleet management.
- Information Technology - permanent connection to the Internet.

Accommodation

OPSSC staff moved into permanent offices in St Martin's Tower in August 2003 when the first phase was completed with the corporate services sections of this Office and the State Ombudsman's Office moving into shared accommodation on the 12th floor. The shared arrangements of corporate services also provide reception and other services for the Office of Health Review, the Commonwealth Ombudsman and the Information Commissioner under a memorandum of understanding currently being developed.

The Executive and other divisions moved to the 17th floor in September 2003, sharing occupancy and facilities of the floor with the Office of Health Review.

Information Management and Technology

The Information Technology Section continued to provide support to the Office's information technology environment, upgrading essential network servers to improve system performance and service internal clients. The planning for the Network Integration project commenced this year aiming to allow the sharing of information, emails and resources between this Office and the State Ombudsman's office.

The Office also commissioned the installation of a fibre optic connection, which has increased the speed of Internet connectivity and is expected to decrease ongoing expense in this area.

Supply Function

An annual review of the Supply Business Management Plan and the Supply Procedures Plan was completed. The collocation of the State Ombudsman and this Office has prompted consideration of joint contracts to manage the supply functions for both Offices.

Risk Management

The Risk Management Manual providing a comprehensive and systematic methodology for managing risks was completed and submitted to RiskCover. Workshops in risk management at strategic, operational and project levels will be conducted by RiskCover.

Internal Audit

An internal audit review was undertaken by an independent auditor on the Office's activities for 2002-03 in this financial year. With the shared services initiative and activities being implemented, the Office will examine the establishment of an internal audit and compliance committee to plan and co-ordinate internal audits on an ongoing basis for the shared corporate services' agencies to provide cost efficiencies and improved coverage.

Human Resource Policies

The Office has engaged a human resource consultant to develop a number of HR policies and a new performance management process to incorporate the Office *Vision with Values*. It is anticipated that the policies will be completed and implemented by September 2004.

Occupational Health, Safety, and Welfare

The Commissioner continues to provide a safe and secure working environment for employees. There was one (1) ongoing compensation claim processed during the year however this did not result in time lost from work. Two employee assistance program providers were contracted to enable a choice of access to confidential counselling services to staff and their immediate family if required.

The Office regularly updated emergency contact information posters with information from other collocation government agencies and implemented regular training in emergency procedures, including building evacuation and first aid training. Security and safety features including policy and procedures have been included in areas of public access and in interview rooms in the new shared reception areas. A collocation OHS&W Committee is proposed to be operating in the next financial year.

Industrial Relations

No industrial disputes were recorded during the year.

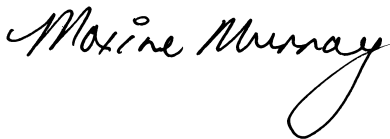
Financial Statements

Certification of Financial Statements

For the Year Ended 30 June 2004

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 2004 and the financial position as at 30 June 2004.

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

14 August 2004

Statement of Financial Performance

| | Notes | 2003/2004 \$ | 2002/2003 \$ |
|--|-------|------------------|------------------|
| COST OF SERVICES | | | |
| Expenses from ordinary activities | | | |
| Employee expenses | 4 | 2,044,413 | 1,927,155 |
| Superannuation | | 194,385 | 157,437 |
| Other staffing costs | | 75,178 | 89,559 |
| Costs of disposal of non-current assets | 5 | 318 | 15,430 |
| Travelling expenses | | 6,849 | 2,342 |
| Administration expenses | 6 | 987,256 | 743,777 |
| Accommodation expenses | | 199,163 | 246,715 |
| Depreciation expense | 7 | 109,034 | 85,104 |
| Capital user charge | 8 | 50,080 | 32,290 |
| Total cost of services | | <u>3,666,676</u> | <u>3,299,809</u> |
| Revenues from ordinary activities | | | |
| User charges and fees | 9 | 238,811 | 280,010 |
| Proceeds from disposal of non-current assets | 5 | 4,163 | 0 |
| Total revenues from ordinary activities | | <u>242,974</u> | <u>280,010</u> |
| NET COST OF SERVICES | | <u>3,423,702</u> | <u>3,019,799</u> |
| REVENUES FROM STATE GOVERNMENT | | | |
| Output appropriations | 10 | 3,327,000 | 3,104,000 |
| Resources received free of charge | 10 | 90,472 | 123,264 |
| Liabilities assumed by the Treasurer | 10 | 2,360 | 1,518 |
| Total revenues from State Government | | <u>3,419,832</u> | <u>3,228,782</u> |
| Change in net assets | | (3,870) | 208,983 |
| Total changes in equity other than those resulting from transactions with WA State Government as owners | | <u>(3,870)</u> | <u>208,983</u> |

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

Statement of Financial Position

| | Notes | 2003/2004 \$ | 2002/2003 \$ |
|--------------------------------------|-------|-------------------------|-------------------------|
| Current Assets | | | |
| Cash assets | 11 | 291,281 | 832,799 |
| Restricted cash assets | 11 | 172,470 | 197,385 |
| Prepayments | 12 | 25,218 | 1,075 |
| Receivables | 13 | 138,526 | 93,916 |
| Amounts receivable for outputs | 14 | 110,000 | 93,000 |
| Total Current Assets | | <u>737,495</u> | <u>1,218,175</u> |
| Non-Current Assets | | | |
| Restricted cash assets | 11 | 0 | 62,000 |
| Amounts receivable for outputs | 14 | 427,000 | 266,000 |
| Furniture and fittings | 15 | 1,280 | 2,184 |
| Computer equipment | 15 | 116,273 | 100,030 |
| Office equipment | 15 | 124,302 | 87,353 |
| Office establishment | 15 | 351,324 | 56,524 |
| Total Non-Current Assets | | <u>1,020,179</u> | <u>574,091</u> |
| TOTAL ASSETS | | <u><u>1,757,674</u></u> | <u><u>1,792,266</u></u> |
| Current Liabilities | | | |
| Payables | 16 | 55,561 | 99,345 |
| Other liabilities | 17 | 64,010 | 47,309 |
| Provisions | 18 | 288,475 | 351,000 |
| Amounts due to the Treasurer | 19 | 300,000 | 300,000 |
| Total Current Liabilities | | <u>708,046</u> | <u>797,654</u> |
| Non-Current Liabilities | | | |
| Provisions | 18 | 231,690 | 172,804 |
| Total Non-Current Liabilities | | <u>231,690</u> | <u>172,804</u> |
| Total Liabilities | | <u>939,736</u> | <u>970,458</u> |
| Equity | 20 | | |
| Contributed equity | | 531,000 | 531,000 |
| Accumulated surplus | | 286,938 | 290,808 |
| Total Equity | | <u>817,938</u> | <u>821,808</u> |
| TOTAL LIABILITIES AND EQUITY | | <u><u>1,757,674</u></u> | <u><u>1,792,266</u></u> |

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

Statement of Cash Flows

| | Notes | 2003/2004 \$ | 2002/2003 \$ |
|---|-------|--------------------|--------------------|
| CASH FLOWS FROM STATE GOVERNMENT | | | |
| Output appropriations | | | |
| Recurrent appropriations | | 2,809,000 | 2,513,000 |
| Special Acts | | 232,000 | 232,000 |
| Capital contributions | | 0 | 461,000 |
| Holding account drawdowns | | 108,000 | 85,000 |
| Net cash provided by State Government | | <u>3,149,000</u> | <u>3,291,000</u> |
| Utilised as follows: | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Salaries | | (2,030,834) | (1,767,421) |
| Other staffing costs | | (75,393) | (71,520) |
| Superannuation | | (194,933) | (153,011) |
| Travelling expenses | | (6,849) | (2,342) |
| Administration expenses | | (881,796) | (607,206) |
| Accommodation expenses | | (226,957) | (219,134) |
| Capital user charge | | (50,080) | (32,290) |
| GST payments on purchases | | (168,347) | (104,987) |
| Receipts | | | |
| User charges and fees | | 161,670 | 286,522 |
| GST receipts on sales | | 15,970 | 27,745 |
| GST receipts from taxation authority | 21 | 153,998 | 67,958 |
| Net cash used in operating activities | 22 | <u>(3,303,551)</u> | <u>(2,575,686)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of non-current physical assets | | (478,045) | (128,495) |
| Proceeds from sale of non-current physical assets | | 4,163 | 0 |
| Net cash used in investing activities | | <u>(473,882)</u> | <u>(128,495)</u> |
| Net (decrease) / increase in cash held | | (628,433) | 586,819 |
| Cash assets at the beginning of the financial year | | 1,092,184 | 505,365 |
| CASH ASSETS AT THE END OF THE FINANCIAL YEAR | 11 | <u>463,751</u> | <u>1,092,184</u> |

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

Summary of Consolidated Fund Appropriations

| | 2003/2004 Estimate \$ | 2003/2004 Actual \$ | Variance \$ | 2003/2004 Actual \$ | 2002/2003 Actual \$ | Variance \$ |
|---|-----------------------------|---------------------------|------------------|---------------------------|---------------------------|------------------|
| DELIVERY OF OUTPUTS | | | | | | |
| Item 10 Net amount appropriated to deliver outputs | 2,837,000 | 3,095,000 | (258,000) | 3,095,000 | 2,872,000 | 223,000 |
| 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 | 232,000 | 0 |
| Total appropriations provided to deliver outputs | 3,069,000 | 3,327,000 | (258,000) | 3,327,000 | 3,104,000 | 223,000 |
| CAPITAL | | | | | | |
| Capital Contribution | 0 | 0 | 0 | 0 | 461,000 | (461,000) |
| GRAND TOTAL OF APPROPRIATIONS | 3,069,000 | 3,327,000 | (258,000) | 3,327,000 | 3,565,000 | (238,000) |
| Details Of Expenses by Outputs | | | | | | |
| Compliance, Monitoring and Assistance | 1,831,000 | 2,193,404 | (362,404) | 2,193,404 | 1,742,875 | 450,529 |
| Equal Employment Opportunity | 1,165,000 | 857,766 | 307,234 | 857,766 | 968,932 | (111,166) |
| Chief Executive Officer Selection | 333,000 | 615,506 | (282,506) | 615,506 | 588,002 | 27,504 |
| Total cost of output | 3,329,000 | 3,666,676 | (337,676) | 3,666,676 | 3,299,809 | 366,867 |
| Less: | | | | | | |
| Total revenues from ordinary activities | (96,000) | (242,974) | 146,974 | (242,974) | (280,010) | 37,036 |
| Net cost of outputs | 3,233,000 | 3,423,702 | (190,702) | 3,423,702 | 3,019,799 | 403,903 |
| Adjustment (i) | (164,000) | (96,702) | (67,298) | (96,702) | 84,201 | (180,903) |
| Total appropriations provided to deliver outputs | 3,069,000 | 3,327,000 | (258,000) | 3,327,000 | 3,104,000 | 223,000 |
| Capital Expenditure | | | | | | |
| Purchase of non current physical assets | 93,000 | 456,439 | (363,439) | 456,439 | 173,107 | 283,332 |
| Adjustments for other funding sources | (93,000) | (456,439) | 363,439 | (456,439) | 287,893 | (744,332) |
| Capital Contribution (appropriation) | 0 | 0 | 0 | 0 | 461,000 | (461,000) |

(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

| | Compliance, Monitoring and Assistance | Compliance, Monitoring and Assistance | Equal Employment Opportunity | Equal Employment Opportunity | Chief Executive Officer Selection | Chief Executive Officer Selection | Total |
|--|---|---|------------------------------------|------------------------------------|--------------------------------------|--------------------------------------|------------------|
| | 2003/2004 \$ | 2002/2003 \$ | 2003/2004 \$ | 2002/2003 \$ | 2003/2004 \$ | 2002/2003 \$ | 2003/2004 \$ |
| COST OF SERVICES | | | | | | | |
| Expenses from ordinary activities | | | | | | | |
| Employee expenses | 1,367,443 | 1,130,116 | 446,235 | 596,777 | 230,735 | 200,262 | 2,044,413 |
| Superannuation | 103,782 | 84,786 | 66,682 | 41,952 | 23,921 | 30,699 | 194,385 |
| Other staffing costs | 48,436 | 55,314 | 22,545 | 27,740 | 4,197 | 6,505 | 75,178 |
| Costs of disposal of non-current assets | 0 | 9,515 | 0 | 4,053 | 318 | 1,862 | 318 |
| Travelling expenses | 5,954 | 2,005 | 189 | 255 | 706 | 82 | 6,849 |
| Administration expenses | 451,625 | 244,734 | 207,864 | 186,408 | 327,767 | 312,635 | 987,256 |
| Accommodation expenses | 117,506 | 146,423 | 65,724 | 80,723 | 15,933 | 19,569 | 199,163 |
| Depreciation expenses | 69,111 | 50,931 | 32,001 | 20,368 | 7,922 | 13,805 | 109,034 |
| Capital user charge | 29,547 | 19,051 | 16,526 | 10,656 | 4,007 | 2,583 | 50,080 |
| Total cost of services | 2,193,404 | 1,742,875 | 857,766 | 968,932 | 615,506 | 588,002 | 3,666,676 |
| Revenues from ordinary activities | | | | | | | |
| User charges and fees | 4,051 | 2,555 | 15,619 | 15,700 | 219,141 | 261,755 | 238,811 |
| Proceeds from disposal of non-current assets | 4,163 | 0 | 0 | 0 | 0 | 0 | 4,163 |
| Total revenues from ordinary activities | 8,214 | 2,555 | 15,619 | 15,700 | 219,141 | 261,755 | 242,974 |
| NET COST OF SERVICES | 2,185,190 | 1,740,320 | 842,147 | 953,232 | 396,365 | 326,247 | 3,423,702 |
| REVENUES FROM STATE GOVERNMENT | | | | | | | |
| Output appropriations | 2,222,417 | 1,822,196 | 927,087 | 980,169 | 177,496 | 301,635 | 3,327,000 |
| Resources received free of charge | 53,378 | 72,726 | 29,856 | 40,677 | 7,238 | 9,861 | 90,472 |
| Liabilities assumed by the Treasurer | 1,392 | 896 | 779 | 501 | 189 | 121 | 2,360 |
| Total Revenues from State Government | 2,277,187 | 1,895,818 | 957,722 | 1,021,347 | 184,923 | 311,617 | 3,419,832 |
| CHANGE IN NET ASSETS | 91,997 | 155,498 | 115,575 | 68,115 | -211,442 | -14,630 | -3,870 |

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

Notes to Financial Statements

1. Office Mission and Funding

The mission for 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 2003-2004 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.

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

(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.

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: 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.

| | 2003/2004 \$ | 2002/2003 \$ |
|---|------------------|------------------|
| 4 Employee expenses | | |
| Salaries and wages | 2,046,320 | 1,776,920 |
| Annual and long service leave expense | (1,907) | 150,235 |
| | <u>2,044,413</u> | <u>1,927,155</u> |
| 5 Costs of disposal of non-current assets | | |
| Costs of disposal of non-current assets | 318 | 15,430 |
| Proceeds from disposal of non-current assets | 4,163 | 0 |
| Net gain/(loss) on disposal of non-current assets | | |
| Loss on disposal of | | |
| office equipment | 0 | (935) |
| computer hardware | 0 | (1,923) |
| office establishment | 0 | (12,572) |
| furniture and fittings | (318) | 0 |
| | <u>(318)</u> | <u>(15,430)</u> |
| Gain on disposal of | | |
| computer hardware | 4,163 | 0 |
| Net gain/(loss) | <u>3,845</u> | <u>(15,430)</u> |
| 6 Administration expenses | | |
| Communication | 54,798 | 48,249 |
| Services and contract | 771,185 | 600,992 |
| Consumables | 161,273 | 94,536 |
| | <u>987,256</u> | <u>743,777</u> |
| 7 Depreciation expense | | |
| Computer equipment | 61,225 | 50,025 |
| Furniture and fittings | 586 | 470 |
| Office equipment | 36,714 | 30,063 |
| Office establishment | 10,509 | 4,546 |
| | <u>109,034</u> | <u>85,104</u> |
| 8 Capital user charge | 50,080 | 32,290 |
| 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 | 5,959 | 4,955 |
| Revenue from other services | 15,661 | 15,174 |
| Recoup from CEO selection costs | 217,191 | 259,881 |
| | <u>238,811</u> | <u>280,010</u> |
| 10 Revenues from State Government | | |
| a Appropriation revenue received during the year | | |
| Output appropriations (i) | | |
| Recurrent appropriations | 3,095,000 | 2,872,000 |
| Special Act appropriations | 232,000 | 232,000 |
| | <u>3,327,000</u> | <u>3,104,000</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.

2003/2004
\$

2002/2003
\$

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 (i) | 0 | 15,000 |
| Department of Housing and Works | | |
| Property management | 2,226 | 1,338 |
| Department of Justice -State Solicitors Office | | |
| Legal services | 5,861 | 10,209 |
| Department of Treasury and Finance | | |
| Procurement | 6,500 | 0 |
| Department of the Premier and Cabinet | | |
| Human resources and payroll services | 19,600 | 28,374 |
| Financial management services including library services | 54,500 | 66,558 |
| Transport services | 1,785 | 1,785 |
| | <u>90,472</u> | <u>123,264</u> |

- (i) Commencing with the 2003-04 audit, the Office of the Auditor General will be charging a fee for auditing the accounts, financial statements and performance indicators. The fee for the 2003-04 audit (\$18,150) will be due and payable in the 2004-05 financial year.

c Liabilities assumed by the Treasurer

| | | |
|--------------------|-------|-------|
| Superannuation (i) | 2,360 | 1,518 |
|--------------------|-------|-------|

- (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 | | |
| Accrued salaries suspense account | 78,500 | 0 |
| Operating bank account - CEO selection | <u>93,970</u> | <u>197,385</u> |
| | 172,470 | 197,385 |
| Non-Current | | |
| Accrued salaries suspense account | <u>0</u> | <u>62,000</u> |
| | 172,470 | 259,385 |

| | 2003/2004 \$ | 2002/2003 \$ |
|---|-----------------|------------------|
| Cash assets | | |
| Operating bank account at Treasury - controlled | 291,281 | 832,799 |
| | <u>463,751</u> | <u>1,092,184</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

Amounts prepaid in respect of goods and services as at:-

| | | |
|--------------|--------|-------|
| 30 June 2003 | 0 | 1,075 |
| 30 June 2004 | 25,218 | 0 |

13 Receivables

Represents

| | | |
|--------------------|----------------|---------------|
| Net GST receivable | | |
| GST receivable | 26,640 | 29,333 |
| GST payable | (9,075) | 940 |
| | <u>17,565</u> | <u>30,273</u> |
| CEO debtors | 114,917 | 60,415 |
| EEO debtors | 6,044 | 3,228 |
| | <u>138,526</u> | <u>93,916</u> |

14 Amounts receivable for outputs

| | | |
|-------------|----------------|----------------|
| Current | 110,000 | 93,000 |
| Non-current | 427,000 | 266,000 |
| | <u>537,000</u> | <u>359,000</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 | 12,303 | 16,356 |
| Accumulated depreciation | (11,023) | (14,172) |
| | <u>1,280</u> | <u>2,184</u> |

Office equipment

| | | |
|--------------------------|----------------|---------------|
| At cost | 263,131 | 189,468 |
| Accumulated depreciation | (138,829) | (102,115) |
| | <u>124,302</u> | <u>87,353</u> |

Computer equipment

| | | |
|--------------------------|----------------|----------------|
| At cost | 311,407 | 269,843 |
| Accumulated depreciation | (195,134) | (169,813) |
| | <u>116,273</u> | <u>100,030</u> |

Office establishment

| | | |
|--------------------------|----------------|---------------|
| At cost | 368,146 | 62,837 |
| Accumulated depreciation | (16,822) | (6,313) |
| | <u>351,324</u> | <u>56,524</u> |

Total

| | | |
|--------------------------|----------------|----------------|
| At cost | 954,987 | 538,504 |
| Accumulated depreciation | (361,808) | (292,413) |
| | <u>593,179</u> | <u>246,091</u> |

Reconciliation of non-current assets 2003/2004

| | Furniture and fittings | Computer equipment | Office equipment | Office establishment | Total |
|--|------------------------|--------------------|------------------|----------------------|-----------|
| | \$ | \$ | \$ | \$ | \$ |
| Carrying amount at the start of the year | 2,184 | 100,030 | 87,353 | 56,524 | 246,091 |
| Additions | 0 | 77,468 | 73,663 | 305,309 | 456,440 |
| Disposals | | | | | |
| cost | -4,053 | -35,904 | 0 | 0 | (39,957) |
| accumulated depreciation | 3,735 | 35,904 | 0 | 0 | 39,639 |
| Revaluation increments | 0 | 0 | 0 | 0 | 0 |
| Depreciation | -586 | -61,225 | -36,714 | -10,509 | (109,034) |
| Carrying amount at the end of the year | 1,280 | 116,273 | 124,302 | 351,324 | 593,179 |

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 | 2,184 | 100,030 | 87,353 | 56,524 | 246,091 |

16 Payables

Amounts payable for goods and services received as at:-

| | | |
|--------------|--------|--------|
| 30 June 2003 | 0 | 99,345 |
| 30 June 2004 | 55,561 | 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 2003 | 0 | 47,309 |
| 30 June 2004 | 64,010 | 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

| | 2003/2004 | 2002/2003 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| Annual leave | 107,861 | 120,931 |
| Long service leave | 142,780 | 192,241 |
| Purchased salary arrangements | 7,955 | 1,330 |
| Other (i) | 29,879 | 36,498 |
| | <u>288,475</u> | <u>351,000</u> |

Non-current liabilities

| | | |
|--------------------|----------------|----------------|
| Long service leave | 208,855 | 156,072 |
| Other (i) | 22,835 | 16,732 |
| | <u>231,690</u> | <u>172,804</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:

| | 2003/2004 \$ | 2002/2003 \$ |
|-------------|-----------------|-----------------|
| Current | 288,475 | 351,000 |
| Non-current | 231,690 | 172,804 |
| | <u>520,165</u> | <u>523,804</u> |

19 Amounts due to the Treasurer

| | | |
|---------------------|---------|---------|
| Treasurer's advance | 300,000 | 300,000 |
|---------------------|---------|---------|

20 Equity

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 | 531,000 | 70,000 |
| Capital contributions (i) | 0 | 461,000 |
| Closing balance | <u>531,000</u> | <u>531,000</u> |

- (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 | 290,808 | 81,825 |
| Change in net assets | (3,870) | 208,983 |
| Closing balance | <u>286,938</u> | <u>290,808</u> |

21 GST receipts from taxation authority

Represents net proceeds from the Australian taxation authority

| | | |
|-----------------------|----------------|---------------|
| GST receipts from ATO | 167,249 | 102,469 |
| GST paid to ATO | (13,251) | (34,511) |
| | <u>153,998</u> | <u>67,958</u> |

22a 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 | (3,423,702) | (3,019,799) |
| Non cash items | | |
| Depreciation expenses | 109,034 | 85,104 |
| Superannuation expenses | 2,360 | 1,518 |
| Resources received free of charge | 90,472 | 123,264 |
| (Profit)/Loss on sale of property, plant and equipment | (3,845) | 15,430 |
| (Increase) / Decrease in assets | | |
| Prepayments | (24,143) | 20,904 |
| Receivables | (57,318) | 18,028 |

| | 2003/2004 | 2002/2003 |
|---|-------------|-------------|
| | \$ | \$ |
| Increase / (Decrease) in liabilities | | |
| Payables | (22,179) | 17,107 |
| Accrued salaries | 16,701 | 9,709 |
| Provisions | (3,639) | 169,755 |
| Net GST receipts / (payments) | 0 | 0 |
| Change in GST in receivables / payables | 12,708 | (16,706) |
| Net cash used in operating activities | (3,303,551) | (2,575,686) |

22b Non-cash investing activities

During the reporting period, the Office of the Public Sector Standards Commissioner acquired non-current physical assets with an aggregate fair value of \$23,007 (2002/2003: \$44,613) which at year-end, had not been paid for.

These acquisitions are not reflected in the Statement of Cashflows.

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:-

| | | 2003/2004 | 2002/2003 |
|---------|--------|-----------|-----------|
| 10001- | 20000 | 1 | 0 |
| 20001- | 30000 | 1 | 1 |
| 30001- | 40000 | 1 | 2 |
| 40001- | 50000 | 1 | 0 |
| 50001- | 60000 | 0 | 1 |
| 60001- | 70000 | 0 | 1 |
| 70001- | 80000 | 1 | 0 |
| 80001- | 90000 | 2 | 2 |
| 90001- | 100000 | 0 | 2 |
| 100001- | 110000 | 1 | 1 |
| 110001- | 120000 | 0 | 0 |
| 120001- | 130000 | 2 | 0 |
| 140001- | 150000 | 1 | 0 |
| 150001- | 160000 | 0 | 0 |
| 240001- | 250000 | 1 | 1 |
| 340001- | 350000 | 0 | 0 |

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

The total remuneration of senior officers is:

| 2003/2004 | 2002/2003 |
|-----------|-----------|
| \$ | \$ |
| 1,126,632 | 917,688 |

No senior officers are members of the Pension Scheme.

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 deliver outputs

| | 2003/2004 Estimate \$ | 2003/2004 Actual \$ | Variance \$ |
|--|-----------------------------|---------------------------|----------------|
| Amount of appropriation provided to deliver outputs for the year | 2,837,000 | 3,095,000 | -258,000 |
| Amount authorised by other Statutes | | | |
| -Salaries and Allowances Act 1975 | 232,000 | 232,000 | 0 |
| | 3,069,000 | 3,327,000 | (258,000) |

2003/2004
\$

2002/2003
\$

The (\$258,000) variation is explained by:

- *Supplementary funding bid for a Severance \$107,000.
- *Supplementary funding for a Departmental Investigation \$62,000.
- *Supplementary funding for the introduction of the *Public Interest Disclosure Legislation* \$60,000.
- *Decrease in funding for RAMS of (\$4000).
- *Increase in Depreciation of \$7,000.
- *Increase in Employee Entitlements \$26,000.

Output Expenditure

| | 2003/2004 \$ | 2002/2003 \$ | Variance \$ |
|--|-----------------|-----------------|----------------|
| Compliance monitoring and assistance | 1,831,000 | 2,193,404 | (362,404) |
| Equal Employment Opportunity (EEO) Advice, Assistance and Evaluation | 1,165,000 | 857,766 | 307,234 |
| Independent Chief Executive Officer Selection and Reappointment Advice | 333,000 | 615,506 | (282,506) |
| | 3,329,000 | 3,666,676 | -337,676 |

- (\$362,404) - This variation relates to:
- \$107,000 for Severance payment.
 - \$62,000 for a external Departmental Investigation into Public Sector Standards.
 - \$60,000 for the Introduction of the *Public Interest Disclosure Legislation*.
- The balance reflects changes in the internal operations within the Office of the Public Sector Standards Commissioner and the Directorate of Equal Employment Opportunity with the the creation of two new sub-output areas providing services to both outputs. The costs were apportioned to the main output areas on a percentage basis established at the beginning of the reporting period. The Office is still refining these percentages to accurately reflect the work undertaken in each Output area and using the history of the past full year, the percentages will be adjusted in the next financial year.

\$307,234 - This variation relates to changes in the internal operations within the Office of the Public Sector Standards Commissioner and the Directorate of Equal Employment Opportunity with the creation of two new sub-output areas providing services to both outputs. The costs were apportioned to the main output areas on a percentage basis established at the beginning of the reporting period. The Office is still refining these percentages to accurately reflect the work undertaken in each Output area and using the history of the past full year, the percentages will be adjusted in the next financial year.

(\$282,506) - This variation relates to a greater number of Chief Executive Officer Selection processes being commenced during 2003/04 than originally expected. 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.

| | 2003/2004 | 2002/2003 | Variance |
|---|-----------|-----------|-----------|
| | \$ | \$ | \$ |
| Total revenues from ordinary activities | 96,000 | 242,974 | (146,974) |

\$(146,974) - The increase in revenue results from a greater number of Chief Executive Officer Selection processes being completed during 2003/04 allowing monies to be recouped back from agencies into the Treasurer's Advance.

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

| | 2003/2004 | 2002/2003 | Variance |
|--|-----------|-----------|----------|
| | \$ | \$ | \$ |
| Amount of appropriation provided to deliver outputs for the year | 3,095,000 | 2,872,000 | 223,000 |

The \$223,000 variation is explained by:

- *Supplementary funding bid for a Severance \$107,000
- *Supplementary funding for an external Departmental Investigation into Public Sector Standards \$62,000
- *Supplementary funding for the introduction of the *Public Interest Disclosure Legislation* \$60,000.
- *Decrease in funding for RAMS of (\$4,000)

| | 2003/2004 | 2002/2003 | Variance |
|--|-----------|-----------|----------|
| | \$ | \$ | \$ |
| Amount authorised by other Statutes <i>Salaries and Allowances Act 1975</i> | 232,000 | 232,000 | 0 |
| Total revenues from ordinary activities | 242,974 | 280,010 | (37,036) |

The (\$37,036) variation relates to the number of Chief Executive Officer positions being completed and recouped within the 2003/04 period.

| | 2003/2004 | 2002/2003 | Variance |
|---|-----------|-----------|-----------|
| | \$ | \$ | \$ |
| Output Expenditure | | | |
| Compliance monitoring and assistance | 2,193,404 | 1,742,875 | 450,529 |
| Equal Employment Opportunity (EEO) Advice, Assistance and Evaluation | 857,766 | 968,932 | (111,166) |
| Independent Chief Executive Officer Selection and Reappointment Advice | 615,506 | 588,002 | 27,504 |
| | 3,666,676 | 3,299,809 | 366,867 |

- \$450,529 - This variation relates to:
 \$107,000 for Severance payment.
 \$62,000 for a external Departmental Investigation into Public Sector Standards.
 \$60,000 for the Introduction of the *Public Interest Disclosure Legislation*.
 \$35,000 relates to carry-over from 2002/2003 for projects that were not able to be finalised in that year.
 \$186,000 relates to changes in the internal operations within the Office of the Public Sector Standards Commissioner and the Directorate of Equal Employment Opportunity with the the creation of two new sub-output areas providing services to both outputs. The costs were apportioned to the main output areas on a percentage basis established at the beginning of the reporting period. The Office is still refining these percentages to accurately reflect the work undertaken in each Output area and using the history of the past full year, the percentages will be adjusted in the next financial year.
- \$(111,166) - This variation relates to changes in the internal operations within the Office of the Public Sector Standards Commissioner and the Directorate of Equal Employment Opportunity with the the creation of two new sub-output areas providing services to both outputs. The costs were apportioned to the main output areas on a percentage basis established at the beginning of the reporting period. The Office is still refining these percentages to accurately reflect the work undertaken in each Output area and using the history of the past full year, the percentages will be adjusted in the next financial year.
- \$27,504 - Not a significant variation.

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

| | 2003/2004 | 2002/2003 | Variance |
|----------------------|-----------|-----------|-----------|
| | \$ | \$ | \$ |
| Capital contribution | 0 | 461,000 | (461,000) |

The \$461,000 provided in 2002/03 related to the relocation of the Office and the associated fit-out costs. This project has now been completed and no further funds were required in 2003/04.

| | 2003/2004 | 2002/2003 | Variance |
|---------------------|-----------|-----------|----------|
| | \$ | \$ | \$ |
| Capital expenditure | 456,439 | 173,107 | 283,332 |

As previously noted, this expenditure related mainly to the relocation of the Office and the associated fit-out costs which is outside the normal capital expenditure program for the Office.

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:

| 2003/2004 | 2002/2003 |
|-----------|-----------|
| \$ | \$ |
| 30,903 | 34,219 |

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:

| | |
|---------|---------|
| 199,163 | 246,715 |
|---------|---------|

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 | 142,715 | 94,058 |
| Later than 1 year and not later than 5 years | 245,504 | 231,845 |
| Later than 5 years | 0 | 0 |
| | <u>388,219</u> | <u>325,903</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:-

| | 2003/2004 | | 2002/2003 | |
|--------------------------------|----------------------|------------------|----------------------|------------------|
| | Non-interest bearing | Total | Non-interest bearing | Total |
| Assets | | | | |
| Cash assets | 291,281 | 291,281 | 832,799 | 832,799 |
| Restricted cash assets | 172,470 | 172,470 | 259,385 | 259,385 |
| Receivable | 138,526 | 138,526 | 93,916 | 93,916 |
| Amounts receivable for outputs | 537,000 | 537,000 | 359,000 | 359,000 |
| Total financial assets | <u>1,139,277</u> | <u>1,139,277</u> | <u>1,545,100</u> | <u>1,545,100</u> |
| Liabilities | | | | |
| Payables | 55,561 | 55,561 | 99,345 | 99,345 |
| Other liabilities | 64,010 | 64,010 | 47,309 | 47,309 |
| Amounts due to Treasurer | 300,000 | 300,000 | 300,000 | 300,000 |
| Total financial liabilities | <u>419,571</u> | <u>419,571</u> | <u>446,654</u> | <u>446,654</u> |

28 The impact of adopting International Accounting Standards

The Office is adopting international accounting standards in compliance with AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS).

AASB 1 requires an opening balance sheet as at 01 July 2004 and the restatement of the financial statements for the reporting period to 30 June 2005 on an IFRS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an IFRS basis for the period ending 30 June 2006.

AASB 1047 "Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards" requires financial reports for periods ending on or after 30 June 2004 to disclose as follows:

(i) How the transition to Australian equivalents to IFRS is being managed:

The Office will implement any necessary changes to accounting policy due to the adoption of Australian equivalents to IFRS, as recommended by its accounting service provider, the Department of the Premier and Cabinet.

In this regard, the Department has established the International Financial Reporting Standards (IFRS) working group to review all Australian equivalents to the IFRS with a view to assessing the impact on reporting requirements under the *Financial Administration and Audit Act 1985*.

(ii) Key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRS.

Currently, there are no key differences in the accounting policies that are expected to arise from adopting Australian equivalents to IFRS.

29 Events occurring after reporting date

On 28 July 2004 the Western Australian Industrial Relations Commission determined that public service officers would be granted a 3.8% pay increase from the first pay on or after the 26 February 2004 pursuant to the Public Service General Agreement 2004.

Due to the timing of the determination, appropriate financial adjustments have not been recognised.

The payment of the increase would have resulted in:

- Increased salaries of approximately \$27,000;
- Increased employee entitlements of approximately \$20,000; and
- Increased superannuation of approximately \$2,500.

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, 2004

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, 2004 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.

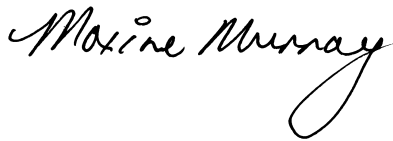
D D R PEARSON
AUDITOR GENERAL
September 7, 2004

Performance Indicators 2003-2004

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 2004.



Maxine Murray
COMMISSIONER FOR
PUBLIC SECTOR STANDARDS

13 August 2004

Performance Indicators 2003/2004

Introduction

Section 21 of the *Public Sector Management Act 1994* charges the Commissioner for Public Sector Standards with the responsibility to develop minimum standards in human resource management and the Western Australian Code of Ethics. Successfully achieving this responsibility requires the Commissioner to provide assistance and guidance wherever necessary in order to ensure compliance. Where non-compliance occurs, the Commissioner employs various strategies to guide and assist agencies to understand and recognise their responsibilities to uphold the principles of merit, equity, probity and integrity. These principles form the cornerstones of the Standards.

During 2003–04, the Commissioner has continued to employ outcome-based measures to indicate the existence of merit, equity, probity and integrity in the public sector. These outcome-based measures are reflected in this year's new performance indicators, and are highlighted in the budget papers for the 2004-05 financial year.

Outcome for 2003-2004

The public sector is accountable for achieving established standards of:

- Merit, equity and probity in human resource management; and
- Conduct and integrity

Effectiveness Indicator 1

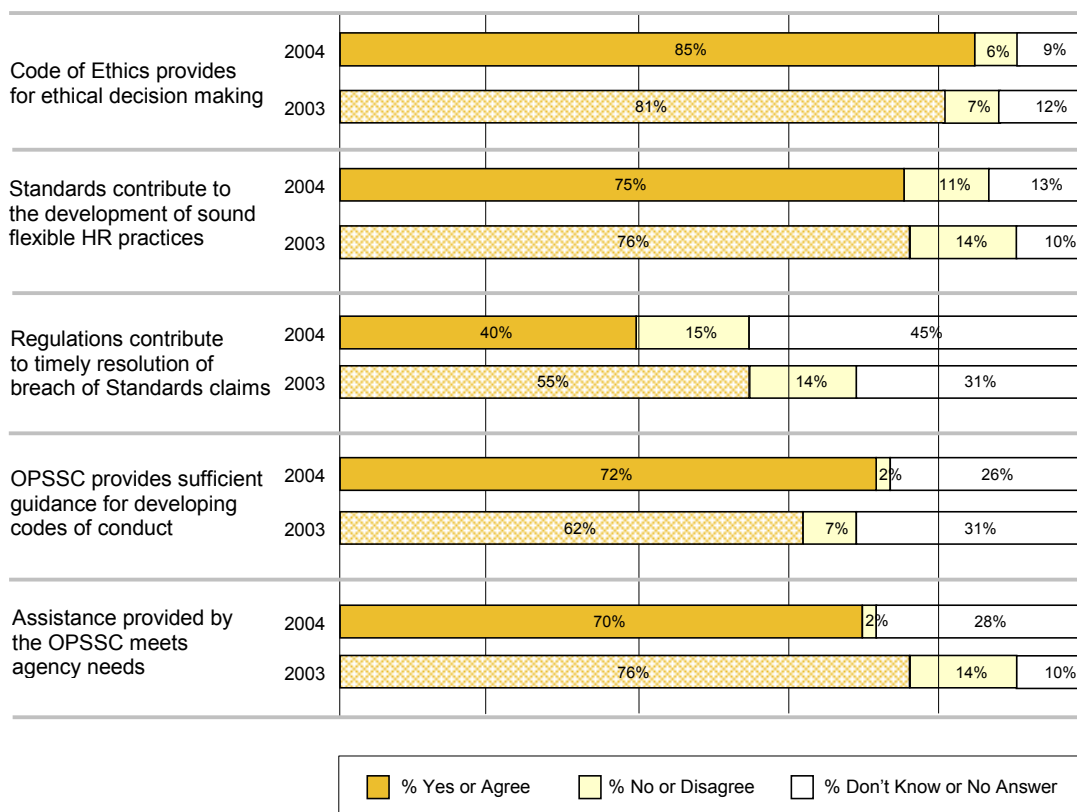
This measure indicates the effectiveness of the Standards, Regulations and Code of Ethics in assisting public sector bodies to comply with the principles of merit, equity, probity and integrity.

A survey was sent to all human resource managers in public sector agencies covered by the *Public Sector Management Act 1994* in June 2004. The purpose was to obtain information of 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; and
- Office of the Public Sector Standards Commissioner meets organisation's needs for assistance.

Responses were sought from human resource managers for all 102 public sector agencies covered by the *Public Sector Management Act 1984*. 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 only sent one survey form. In June 2004 an emailed survey form was sent to all 92 of the human resource managers on the list. Two could not be contacted at the email address provided resulting in 90 surveys being sent. Several reminders were sent to maximise the response rate resulting in 53 returns, a response rate of 59%, an improvement on the 46% response rate for 2002-2003.

HR and Ethics Survey of HR Managers June 2004 and June 2003



Code of Ethics: Respondents who agreed that the Code of Ethics provides adequate guidance for ethical decisions increased slightly in 2004 (from 81% to 85%). This is a positive result. Comments from respondents who both agreed and disagreed with the statement indicated that while the code provides a good framework, more guidance in making ethical decisions such as examples and training are also required in order to ensure sound ethical decision making.

Standards: Respondents who agreed that the Standards contribute to the development of sound flexible human resource practices in 2004 were similar to the previous year (75% in 2004 compared to 76% in 2003). Comments from respondents who disagreed indicated that, while the standards were sound, they lacked flexibility and were not efficient because they could lead to unnecessary delays.

Regulations: In 2004 there was a decrease in respondents who agreed that the Regulations contributed to timely resolution of breach claims (from 55% to 40%). Comments from respondents who disagreed indicated that they considered the process was protracted, unwieldy, costly and bureaucratic. New regulations scheduled for next year will be designed to address these concerns.

Codes of Conduct: Respondents who agreed that the Office provided sufficient guidance in the development of Codes of Conduct rose in 2004 (from 62% to 72%). Generally comments indicated that people found the assistance provided by staff in the OPSSC was helpful.

Assistance provided by the OPSSC: Respondents who agreed that the assistance provided by the OPSSC meets agency needs decreased in 2004 (from 76% to 70%). This decline was mainly due to an increase in the number who did not know or did not respond. The respondents who disagreed also declined. Comments indicated that people found the staff helpful but wanted more practical hands-on solutions. A number of respondents commented that staff were helpful and that information could be relied on, but the level of assistance could be improved through the provision of more guidance material and practical direction and pragmatic solutions.

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 2003 on these three diversity groups are based on a sample of 80% of the public sector workforce, 73% of local government, 34% of public university academics and 48% 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 as at 30 June 2003 | | Variation from Baseline | |
|---|-----------------------|--------------------|------------------------------|------------------------|-------------------------|-------------------|
| | Workforce % | Equity Index | Workforce % | Equity Index | Workforce % | Equity Index |
| Women (WA Community 52%) | | | | | | |
| Pub Sector | 58.4% (1998) | 50 (2000) | 62.8% | 58 | +4.4% | +8 |
| Local Govt Indoor | Total 45.1% (1998) | Total 75 (2000) | Indoor 62.4% | Indoor 57 | +2.0% | +14 See Note 5 |
| Local Govt Outdoor | | | Outdoor 12.7% Total 47.1% | Outdoor 85 Total 89 | | |
| Uni: Acad | 45.0% (1999) | 51 (2000) | 46.5% | 56 | +1.5% | +5 |
| Uni: Gen | 61.1% (1999) | 66 (2000) | 63.2% | 74 | +2.1% | +8 |
| Indigenous Australians (WA Community 3%) | | | | | | |
| Pub Sector | 1.8% (2000) | 28 (2000) | 2.4% | 30 | +0.6% | +2 |
| Local Govt Indoor | Total 2.2% (1998) | Total 46 (2000) | Indoor 0.9% | Indoor 54 | +0.2% | -25 See Note 5 |
| Local Govt Outdoor | | | Outdoor 5.1% Total 2.4% | Outdoor 87 Total 21 | | |
| Uni: Acad | 3.2% (2000) | 39 (2000) | 2.6% | 39 | -0.6% | 0 |
| Uni: Gen | 1.9% (2000) | 34 (2000) | 2.1% | 49 | +0.2% | +15 |
| People from Culturally Diverse Backgrounds (WA Community 17%) | | | | | | |
| Pub Sector | 4.3% (2000) | 117 (2000) | 6.0% | 132 | +1.7% | +15 |
| Local Govt Indoor | Total 3.4% (1998) | Total 67 (2000) | Indoor 7.2% | Indoor 81 | +4.6% | -2 See Note 5 |
| Local Govt Outdoor | | | Outdoor 9.4% Total 8.0% | Outdoor 93 Total 65 | | |
| Uni: Acad | 14.3% (2000) | 100 (2000) | 25.40% | 98 | +11.1% | -2 |
| Uni: Gen | 8.1% (2000) | 101 (2000) | 17.70% | 94 | +9.6% | -7 |
| People with Disabilities (Australian community for moderate core activity restriction aged 16-64 = 4%) | | | | | | |
| Pub Sector | 1.1% (2000) | 94 (2000) | 1.4% | 81 | +0.3% | -13 |
| Local Govt Indoor | Total 0.7% (1998) | Total 60 (2000) | Indoor 1.1% | Indoor 89 | +0.6% | +5 See Note 5 |
| Local Govt Outdoor | | | Outdoor 1.7% Total 1.3% | Outdoor 87 Total 65 | | |
| Uni: Acad | 2.8% (2000) | 141 (2000) | 4.0% | 95 | +1.2% | -46 |
| Uni: Gen | 2.8% (2000) | 75 (2000) | 3.9% | 69 | +1.1% | -6 |

Notes:

1. Pub Sector = Public Sector, Uni = University, Acad = Academics, Gen = General Staff.
2. People with disabilities include people with a moderate core activity restriction aged 15 – 64 years.
3. These measures aim to provide a 5 year comparison with the current year. However, at this stage, the 5 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.
4. For percentages, the variation from baseline figures is the difference in percentage between 2003 and the baseline year. It is not a percentage increase in the number in the group.
5. In 2003-04 separate figures were obtained for Indoor and Outdoor workers because they have differing career paths. Indoor workers are primarily administrative and professional workers, whilst outdoor workers are those who work in external locations. Because they have different classification levels it is not possible to make a direct comparison for the Equity Index with previous years. The figure shown is the best approximation by combining outdoor levels with indoor levels based on equivalent pay rates.

Effectiveness Indicator 3

This measure indicates the degree of acceptance by the Minister of the Commissioner's nominations for Chief Executive Officer positions. The indicator is shown compared to the actuals in 2000 to 2003.

| | 2000/2001 | 2001/2002 | 2002/2003 | 2003/2004 |
|--|-----------|-----------|-----------|-----------|
| Percentage of Commissioner's nominations accepted by Minister for Public Sector Management | 96% | 86% | 100% | 100% |

Output 1: Compliance Monitoring and Assistance

Efficiency Indicator 1 :

Average Cost per Public Authority for Compliance Monitoring and Assistance

This indicator illustrates the average cost per public authority for monitoring and assisting their compliance with the principles, standards and ethical codes under the *Public Sector Management Act* and the provisions of the *Public Interest Disclosure Act*.

| Year | Costs (\$000) | Number of Public Authorities | Average Cost Per Public Authority |
|-----------|---------------|------------------------------|-----------------------------------|
| 2003/2004 | \$2 193 | 266 | \$8 244 |
| 2002/2003 | \$1 743 | 133 | \$13 104 |
| 2001/2002 | \$1 650 | 145 | \$11 379 |
| 2000/2001 | \$1 575 | 140 | \$11 250 |

Notes:

1. In 2002-2003 and 2003-2004, the total costs for each output were higher than usual, partly because of the extra costs associated with the relocation of the Office to its new premises.
2. The significant increase in public authorities from 2002-03 to 2003-04 is due to the commencement of work associated with the *Public Interest Disclosure Act 2003* which covers local government authorities and public universities as well as public sector agencies covered by the *Public Sector Management Act* (PSM Act). Numbers for 2002-2003 and earlier are lower because in those years only the PSM Act applied and they include only public sector agencies covered by that Act.
3. The total costs for the financial year for delivering this output are divided by the total number of public authorities covered by the Public Sector Management Act and the Public Interest Disclosure Act 2003.
4. The number of public authorities is based on the most recent available data for the Public Sector as at 30 June 2003.

Output 2 : EEO 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* and assisting them to achieve a more diverse workforce.

| Year | Costs (\$000) | Number of Public Authorities | Average Cost Per Public Authority |
|-----------|---------------|------------------------------|-----------------------------------|
| 2003/2004 | \$858 | 266 | \$3 226 |
| 2002/2003 | \$969 | 293 | \$3 307 |
| 2001/2002 | \$892 | 305 | \$2 924 |
| 2000/2001 | \$895 | 300 | \$2 983 |

Notes:

1. In 2002-2003 and 2003-2004, the total costs for each output were higher than usual, partly because of the extra costs associated with the relocation of the Office to its new premises.
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 2003, universities as at 31 March 2003 and local government as at 30 June 2003.

Output 3 : Independent CEO 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. Because vacancy numbers vary from year to year, costs may not vary in a consistent manner.

| Year | Costs (\$000) | Number of Positions | Average Cost Per CEO selection |
|-----------|---------------|---------------------|--------------------------------|
| 2003/2004 | 616 | 12 | \$51 333 |
| 2002/2003 | 588 | 14 | \$42 000 |
| 2001/2002 | 433 | 7 | \$61 857 |
| 2000/2001 | 454 | 14 | \$32 429 |

Notes:

1. In 2002-2003 and 2003-2004, the total costs for each output were higher than usual, partly because of the extra costs associated with the relocation of the Office to its new premises.
2. The total costs of 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.

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, 2004

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, 2004.

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 effectiveness and efficiency.

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 7, 2004

Attachments

Attachment 1 – Legislation Affecting Activities

Enabling Legislation

The following three pieces of legislation relate to the functions of the OPSSC:

- *Public Sector Management Act 1994*. The Office was established under this Act and the Commissioner's functions are prescribed 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 under Sections 145 and 146;
- *The Public Interest Disclosure Act 2003*. The Commissioner has a number functions under the Act which came into operation on 1 July 2003.

Other legislation

The following legislation is used and complied with by the Commissioner in order to fulfil her functions as Chief Executive Officer:

- *Corruption and Crime Commission Act 2003*
- *Australian Disability Services Act 1993*
- *Financial Administration and Audit Act 1985*
- *Freedom of Information Act 1992*
- *Government Employee Superannuation Act 1987*
- *Industrial Relations Act 1979*
- *Library Board of Western Australia Act 1951*
- *Occupational Health, Safety and Welfare Act 1987*
- *Public and Bank Holidays Act 1972*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*
- *State Supply Commissioner Act 1991*
- *Worker's 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 at no cost. For people with disabilities, this document and other publications can be made available in alternative formats on request. The following publications are available to the public and some may be downloaded from our web site:

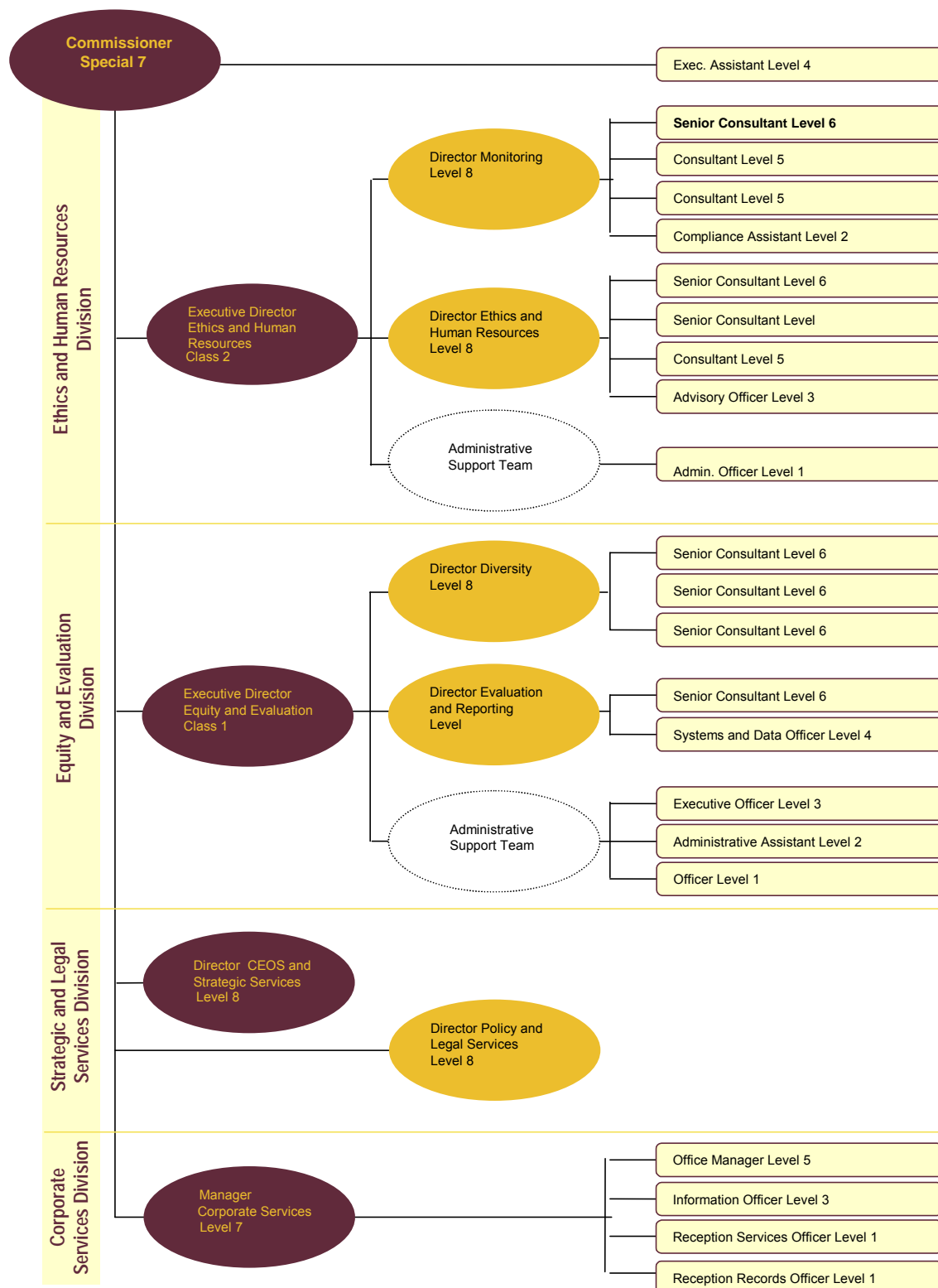
Office of the Public Sector Standards Commissioner

- Building a Better Public Sector;
- Public Sector Standards Commission Annual Report 1995 & 1996;
- Office of the Public Sector Standards Commissioner Annual Reports 1997- 2003;
- Office of the Public Sector Standards Commissioner Compliance Report 2003;
- Public Sector Management (*Examination and Review Procedures*) Regulations 2001;
- 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;
- Public Interest Disclosure Act 2003 – Guidelines; and
- Public Interest Disclosure Act 2003: Implementing the Public Interest Disclosure Legislation – CD ROM.

Office of Equal Employment Opportunity

- Director of Equal Opportunity in Public Employment Annual Reports 1998/99 to 2002/03;
- 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 & Diversity Plan – 1st progress report; and
 - Equity & Diversity Plan – 2nd progress report.
- Equity and Diversity Planning – Making Use of Your Demographic Data;
- Implementing Flexible Working Arrangements: A Resource Kit;
- Innovative Recruitment;
- Insights: Strategies for Success. Indigenous and Non-Indigenous People on Work (book and CD ROM);
- 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;
- Understanding EEO in WA;
- Voices of Diversity ;
- Women In Management: Good Ideas for Improving Diversity; and
- Executive and Management Recruitment – Encouraging Women Applicants.

Attachment 3 – Position Profile as at 30 June 2003



Attachment 4 – Glossary of Terms

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| Breach of standard | A determination by the Commissioner that one or more of the requirements of a Public Sector Standard has not been met. |
| CEO | Chief Executive Officer |
| Climate Survey | A questionnaire measuring employee perceptions of equity, diversity and ethical issues 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 Public Sector Management Act to develop a code of conduct consistent with the Public Sector Code of Ethics. |
| 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 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 Standards |
| SES | Senior Executive Service |
| Standards | <p>The Public Sector Standards in Human Resource Management. The nine Standards are listed as follows:</p> <ul style="list-style-type: none"> • Recruitment, Selection and Appointment • Transfer • Secondment • Performance Management • Redeployment • Termination • Discipline • Temporary Deployment (Acting) • Grievance Resolution. |
| Thematic review | A review of an agency focussing on a particular subject or theme. |
| Youth | People aged less than 25 years. |

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