



ANNUAL REPORT 2008



Contacts

Office location: 12th Floor
St Martin's Tower
44 St Georges Terrace
Perth WA 6000

Postal address: GPO Box 2581
Perth WA 6001

Telephone: (08) 9260 6600

Facsimile: (08) 9260 6611

Toll free: 1800 676 607

Internet: www.opssc.wa.gov.au

www.oeeo.wa.gov.au

Email: pssc@opssc.wa.gov.au

Availability in other formats

This publication is available in alternative formats such as computer disk, audiotape or Braille, on request from a person with a disability.

People who have a hearing or speech impairment may call the ACE National Relay Service on 133677 and quote telephone number (08) 9260 6600.

The report is available in PDF format at www.opssc.wa.gov.au

ISSN 1832-9411

Published by the Office of the Public Sector Standards Commissioner

Contents

Statement of compliance	4
Commissioner's foreword	5
OPSSC - The year at a glance	7
Executive summary	11
Operational structure	13
Performance management framework	20
Reform priorities	23
Agency performance – Report on operations	30
Service 1 – Development and monitoring of human resource standards, ethical codes and public interest disclosure guidelines	31
Service 2 – Advice and evaluation of equity and diversity in public employment	37
Service 3 – Independent CEO selection and reappointment advice	42
Significant issues and trends	47
Economic and social trends	47
Likely developments in agency operations	47
Disclosures and legal compliance	48
Financial statements	48
Detailed key performance indicators information	77
Key effectiveness indicators	79
Key efficiency indicators	80
Ministerial directives relating to outcomes	82
Other financial disclosures	82
Governance disclosures	84
Other legal requirements	85
Government policy requirements	89
Appendix 1: Publications of OPSSC	93
Appendix 2: Outcomes and key effectiveness indicators 2008-09	96
Appendix 3: Abbreviations	98

Statement of compliance



HON COLIN BARNETT MLA

MINISTER FOR PUBLIC SECTOR MANAGEMENT

**Annual Report of the Office of the Public Sector Standards
Commissioner for the year ended 30 June 2008**

In accordance with section 61 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the report of the Office of the Public Sector Standards Commissioner for the financial year ended 30 June 2008.

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

A handwritten signature in black ink, reading 'Ruth Shean'.

Dr Ruth Shean
Commissioner
PUBLIC SECTOR STANDARDS

23 September 2008

Commissioner's foreword

Last year in the *Office of the Public Sector Standards Commissioner (OPSSC) Annual Report*, I wrote about four key directions which OPSSC would be pursuing. This foreword gives me an opportunity to give a brief update on progress in these four areas.

The first was the development of a quality framework for the public sector – a business improvement approach that helps public sector agencies to enhance the relevance, capacity and reputation of the public sector and the people who work in it. We have been working with public sector chief executive officers (CEOs) on developing this framework.

Our first major task has been to streamline reporting requirements. This year, for the first time, we have issued a single annual survey to collect compliance data. While seeking comprehensive data from agencies, the single approach for information will reduce the burden of reporting. At the same time, it will assist agencies to develop and report on good practice. Where agencies feel that they fall short in any particular area, there is scope for OPSSC to assist. Importantly, we have joined with the Office of Equal Employment Opportunity (OEEO) in this exercise, to consolidate demands on agencies and simplify reporting requirements.

Compliance reporting also has a new focus. We have introduced the *Parliamentary Series* reports to provide timely compliance reporting to Parliament. These reports supplement our *Annual Compliance Report* and give guidelines for good practice in areas identified as requiring focus.

Our second key strategic direction is to assist with leadership and dialogue within the public sector. This financial year, we have developed a new *Code of Ethics*, and supplemented this with a *Conduct Guide*. Both of these, once again developed in conjunction with CEOs, will assist to raise awareness about good official conduct and what it requires of employees. We have also provided targeted assistance through e-bulletins, broadcast emails, satellite and video broadcasts – a good way to remain in touch with the public sector across a state as vast as Western Australia.

One of our most important functions in terms of leadership in the public sector is assisting with the appointment of CEOs. In 2007-08, we assisted with 25 such processes, as compared with 11 from the previous financial year – an increase demonstrating both the retirement of baby boomers as well as the increased opportunity for senior employment as a result of the resources boom.

Our third strategic goal requires us to deliver robust and relevant client service. Our work with CEOs ensures that our products are relevant and helpful. Many products, such as our new brochure *Knowing Your Responsibilities in a Breach Claim*, have been developed in response to customer feedback. Our website is under constant redevelopment to respond to the requests of web users. We offer a responsive quick and confidential service to CEOs seeking advice and support with complex matters.

Being a government watchdog means that the conduct of our agency must be

impeccable. To this end, our fourth strategic goal – internal coherence and accountability – means that we have had a busy year establishing internal accountability mechanisms. We have introduced comprehensive systems for internal audit and risk management. Office-wide operational planning ensures that our strategic goals are pursued and met. A new output-based management structure for OPSSC has sharpened our focus in meeting our obligations under the *Public Sector Management Act 1994* and *Public Interest Disclosure Act 2003*. We have realigned our internal office functions to best deliver on this approach.

Thus, our progress with our four key strategic goals is significant, as can be seen from the small sample of achievements shown above. This introduction gives a very short summary of the directions of OPSSC in 2007-08. Greater detail can be found in the report itself.

One of the major roles of OPSSC is the establishment of Public Sector Standards and compliance with those standards. For this reason, this annual report should be read in conjunction with the first *OPSSC State of the Service Report* which will be released later this year, and in which annual compliance data from public sector agencies will appear.

The year ahead will see us continue with our reforms. Our review of public sector standards aims to reduce “rules” while strengthening principles. This new approach will give greater discretion to agencies. Our intention to introduce audit as a compliance tool will assess broad compliance, unlike the data from the current breach of standards process which focuses on a small range of complaints initiated by individuals.

In summary, our broad approach to assisting with good practice, along with a new and comprehensive approach to assessing and reporting on compliance, will provide evidence of the presence of accountability and good ethical conduct within the public sector. Where there are shortfalls, these will be clearly identified. OPSSC will report on deficits and we will provide support for agencies to move along the continuum towards best practice.



Dr Ruth Shean
Commissioner
PUBLIC SECTOR STANDARDS

OPSSC - The year at a glance

Parliament, Members of Parliament, Parliamentary Committees, Premier, Ministers and Cabinet

- Tabled a Parliamentary report into five public interest matters.
- Made recommendations regarding conflict and management of interest and the need for transparent business cases in the first report in the new *Parliamentary Series* reports.
- Tabled the *2006/07 Compliance Report* for OPSSC, which summarises assistance provided by the Office, breach claim activity, matters of referral activity, agency self reporting and results of employee perception surveys.
- Tabled the *2006/07 Public Interest Disclosure Compliance Report* which summarises obligations under the *Public Interest Disclosure Act 2003* (PID Act) and compliance with the PID Act and Public Interest Disclosure Code (PID Code).
- Nominated 21 CEO positions to the Minister for Public Sector Management for Cabinet consideration.
- Controlled 25 CEO selection processes.
- Gave written information to Members of Parliament and offered further briefings on:
 - changes to OPSSC reporting to Parliament;
 - matters of public interest;
 - public sector surveys;
 - the new *Conduct Guide*;
 - the new *Code of Ethics*; and
 - the new *OPSSC Strategic Plan 2007-09*.
- Offered briefings on the first report of the *Parliamentary Series* reports to six Ministers as relevant and four Parliamentary party leaders.
- Met with 45 Members of Parliament for briefings, including 22 meetings with Ministers of the Crown.
- Appeared before the Public Administration Committee on two occasions.
- Made representation to the Public Accounts Committee.
- Produced draft guidelines on matters of public interest.

Director generals, public sector CEOs and chief employees, and public sector agency corporate executives

- Provided strategic advice to 51 CEOs by phone or through meetings.
- Met personally with CEOs on 68 occasions.
- Gave written information to CEOs and offered further briefings on:

- changes to OPSSC reporting to Parliament;
- OPSSC quality framework;
- matters of public interest;
- public sector surveys;
- the new *Conduct Guide*;
- the new *Code of Ethics*;
- management of interests;
- compliance with the Public Sector Standard on acting and secondment; and
- the new *OPSSC Strategic Plan 2007-09*.
- Provided opportunity for relevant CEOs to have input to the first report of the *Parliamentary Series* reports.
- Provided briefings to CEOs on 19 occasions when a breach of standard claim was upheld or an issue was raised in the *Parliamentary Series* report.
- Convened a CEO Reference Group with active input from 20 CEOs which met on five occasions.
- Developed a single annual survey for agencies in conjunction with CEOs in lieu of the three separate surveys previously used.
- Compiled and released *How Does Your Agency Compare?* reports.
- Compiled and released the *Second Progress Report on Equity and Diversity for the Public Sector Workforce*.
- Made 37 presentations to corporate executives.

132,000 public sector employees

- Gazetted the *New Code of Ethics* on 18 January 2008.
- Developed the *Conduct Guide* in conjunction with 20 CEOs for implementation across the public sector, and in line with the requirements of a new *Premier's Circular* requiring all agencies to establish codes of conduct.
- Presented at the metropolitan Integrity Coordinating Group (ICG) Forum in conjunction with the Corruption and Crime Commissioner, the WA Ombudsman and Auditor General.
- Provided agencies with new resources which included:
 - *Knowing Your Responsibilities in a Breach Claim*;
 - *Taking Action on Integrity Issues*;
 - *Showing the Way* series of publications; and
 - an information brochure on the role and functions of OPSSC.
- Managed 143 breach of standards.
- Managed 130 matters of referral.
- Reviewed 79 Equal Employment Opportunity (EEO) Management Plans.
- Responded to 1,776 telephone calls and emails for assistance.

- Collated and analysed equity and diversity data for 269 public sector agencies and authorities.
- Women in Management Secondment Program piloted, implemented and evaluated.
- Distributed 20,375 employee perceptions surveys across 13 public sector agencies (received 6,655 completed surveys back).
- Undertook 43 separate presentations to over 1,500 people.
- Coordinated and presented PID training and awareness on 24 occasions to over 900 PID officers and public sector staff, local government authorities, universities and Government boards and committees.
- Presented three workshops in regional WA (Geraldton, Kalgoorlie and Broome) on Public Sector Standards and public interest disclosures.
- Transmitted four satellite broadcasts to the sector.
- Presented two targeted regional video conferences.
- Coordinated a regional ICG Forum in conjunction with the Corruption and Crime Commissioner, the WA Ombudsman and Auditor General.
- Conducted the Women in Leadership Conference.
- Conducted two Diversity Forums.
- Exhibited at the Public Sector Expo.

Human resources practitioners

- Undertook 23 agency visits to discuss specific issues of concern.
- Undertook 28 separate meetings with agencies and individuals to discuss ethics, human resource management and PID issues.
- Briefed 14 Conciliation and Review Officers on consistency and key directions for reviews under the *Public Sector Management Act 1994*.
- Wrote and distributed 12 issues of *Diversity Bizz* to 869 subscribers.
- Wrote and distributed four issues of *The Key* to 869 subscribers.
- Wrote and distributed four issues of *SEE Bulletin* to 3,208 subscribers.

WA community

- Exhibited at WA on Show.
- Responded to seven media queries.

National

- Hosted the National Appeals Conference in Perth.
- Attended and presented at two Commissioner's Conferences.
- Attended the Steering Committee meetings on the national *Whistling While They Work Project* on protected disclosures.

Internal agency

- Developed the new *OPSSC Strategic Plan 2007-09*.
- Developed a new outcome-based management framework.
- Implemented a restructure of OPSSC.
- Managed the transition to the Office of Shared Services.
- Managed six internal audits of OPSSC.
- Achieved independent accreditation of internal audit and risk management processes.
- Developed key corporate documents including Accountability Framework, Risk Management Framework, Injury Management Plan, Disaster Recovery Plan, Human Resources Plan, Records Management Plan, Business Continuity Plan, Disability Access and Inclusion Plan and Induction Manual.

Executive summary

OPSSC Strategic Plan 2007-2009

A greater focus on integrity in governance has resulted in an increased relevance for OPSSC. At a time when official conduct has never been under such great public scrutiny, the new *OPSSC Strategic Plan 2007-2009* attempts to translate the legislative obligations of OPSSC into a quality framework which, when implemented throughout public sector agencies, will enhance the reputation of the Western Australian public sector and those who work within it.

The strategic plan reflects four key directions which OPSSC is pursuing. They include:

1. the development of a quality framework for the public sector that promotes continuous improvement;
2. renewed leadership and dialogue with the public sector;
3. more robust and relevant customer service; and
4. greater emphasis on internal coherence and accountability.

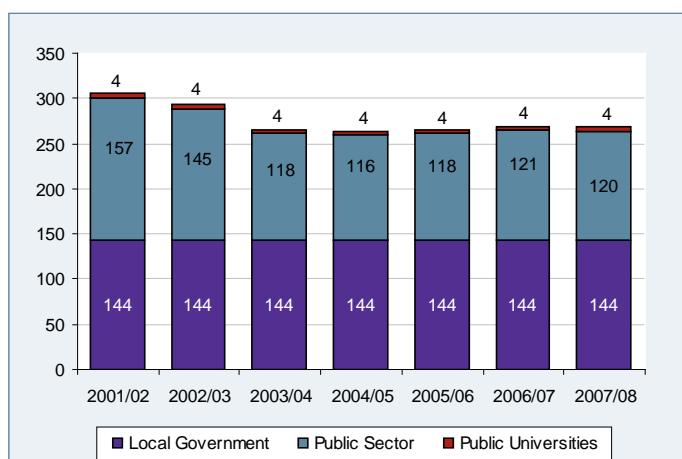
OPSSC's progress thus far on the four key strategic goals is significant, as can be seen from some of the achievements listed under *OPSSC - The year at a glance*.

Current economic and social issues and trends impacting on the agency's operations are discussed later in this report.

Public authorities assisted and reported upon

The number of public authorities assisted and reported upon by OPSSC has fluctuated in recent years due to amalgamations arising from machinery of government changes.

Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Number of public authorities	305	293	266	264	266	269	268



Summary of performance

Key effectiveness indicators

Key effectiveness indicator	2006-07 Actual	2007-08 Target	2007-08 Actual
Percentage of public authorities that have provided all reports as required by legislation ^(a)	95%	100%	100%
Percentage of employees who agree that there is compliance in their agency with the human resource management standards ^(b)	76%	80%	77%
Percentage of employees who agree that there is compliance in their agency with the ethical codes ^(b)	83%	85%	82%
Improvement in the public sector composite equity index for women, people with disabilities, Indigenous Australians and people from culturally diverse backgrounds ^(c)	82	85	84
Corporate Executive's satisfaction with agency climate surveys ^(d)	n/a	98%	97%
Percentage of Commissioner's nominations for CEO positions accepted by Minister	87%	100%	100%

See page 79 for notes (a), (b), (c) and (d).

Key efficiency indicators

Cost of services	Average cost per public authority 2006-07	Average cost per public authority 2007-08
Service 1: Development and monitoring of human resource standards, ethical codes and public interest disclosure guidelines	\$10,390	\$8,937
Service 2: Equity and diversity in public employment	\$3,859	\$3,310
Service 3: Independent CEO selection and reappointment advice	\$54,663	\$60,571

Note: Average cost per authority represents the total appropriation received by OPSSC to deliver these services, divided by the number of authorities to which the service was provided.

Operational structure

Agency

OPSSC, in conjunction with the OEEO, collaborates with public sector agencies to enhance the reputation of the Western Australian public sector, and build strength and diversity through elements of the:

- *Public Sector Management Act 1994* (PSM Act);
- *Public Interest Disclosure Act 2003* (PID Act); and
- *Equal Opportunity Act 1984* (EO Act).

In particular, OPSSC and OEEO:

- lead and establish standards and codes through the relevant legislation;
- assist agencies to comply with those standards and codes, through policy and practice; and
- monitor and report compliant and non-compliant agency conduct.

OPSSC also assists with the appointment of public sector CEOs.

This work is a quality assurance to the Western Australian community, the Parliament of Western Australia and the Minister for Public Sector Management that the public sector operates within a clearly defined set of principles and standards that apply to every employee in the sector.

OPSSC hosts the Director of Equal Opportunity in Public Employment (DEOPE). Both agencies work closely together. The Commissioner is the CEO of OPSSC and employing authority for all staff, and is the authority accountable for the organisation as an entity.

Authority establishing agency

OPSSC was created under the PSM Act, and the Commissioner's functions are prescribed in sections 21-25, 45, 48 and 97. The Commissioner also has a number of functions under the PID Act. Within OPSSC, the DEOPE is responsible under Part IX of the EO Act for ensuring compliance by all public authorities under sections 145 and 146.

Ministerial responsibility

The Commissioner for Public Sector Standards is an independent authority established under Part 2 (Division 3) of the PSM Act. Under section 21 (g) and (h) of the PSM Act, the Commissioner may report from time to time to the Minister of the Crown responsible for a public sector body, or to each House of Parliament, on the compliance or non-compliance of the public sector body and its or their employees, with principles set out in 8(1)(a), (b) and (c) and 9 with the Public Sector Standards, codes of ethics and codes of conduct established or developed, as the case requires, under this subsection. The Commissioner may also report from time to time to each House of Parliament any other matter arising in

connection with the functions of OPSSC. Under section 21 (i) the Commissioner is required to report annually to each House of Parliament on the compliance or non-compliance of public sector bodies and employees, and does so in OPSSC's *Annual Compliance Report*.

The DEOPE reports to the Minister for Public Sector Management. Under section 144 of the EO Act, the DEOPE is required to present the Minister a report on the agency's work and activities and administration of the Director's functions.

Organisation structure and summary of activities

OPSSC is conscious of its parliamentary role and monitoring function and seeks, where possible, to act in partnership with clients and stakeholders. OPSSC recognises that successful achievement of strategic objectives is dependent upon building and maintaining strong partnerships with other public sector agencies.

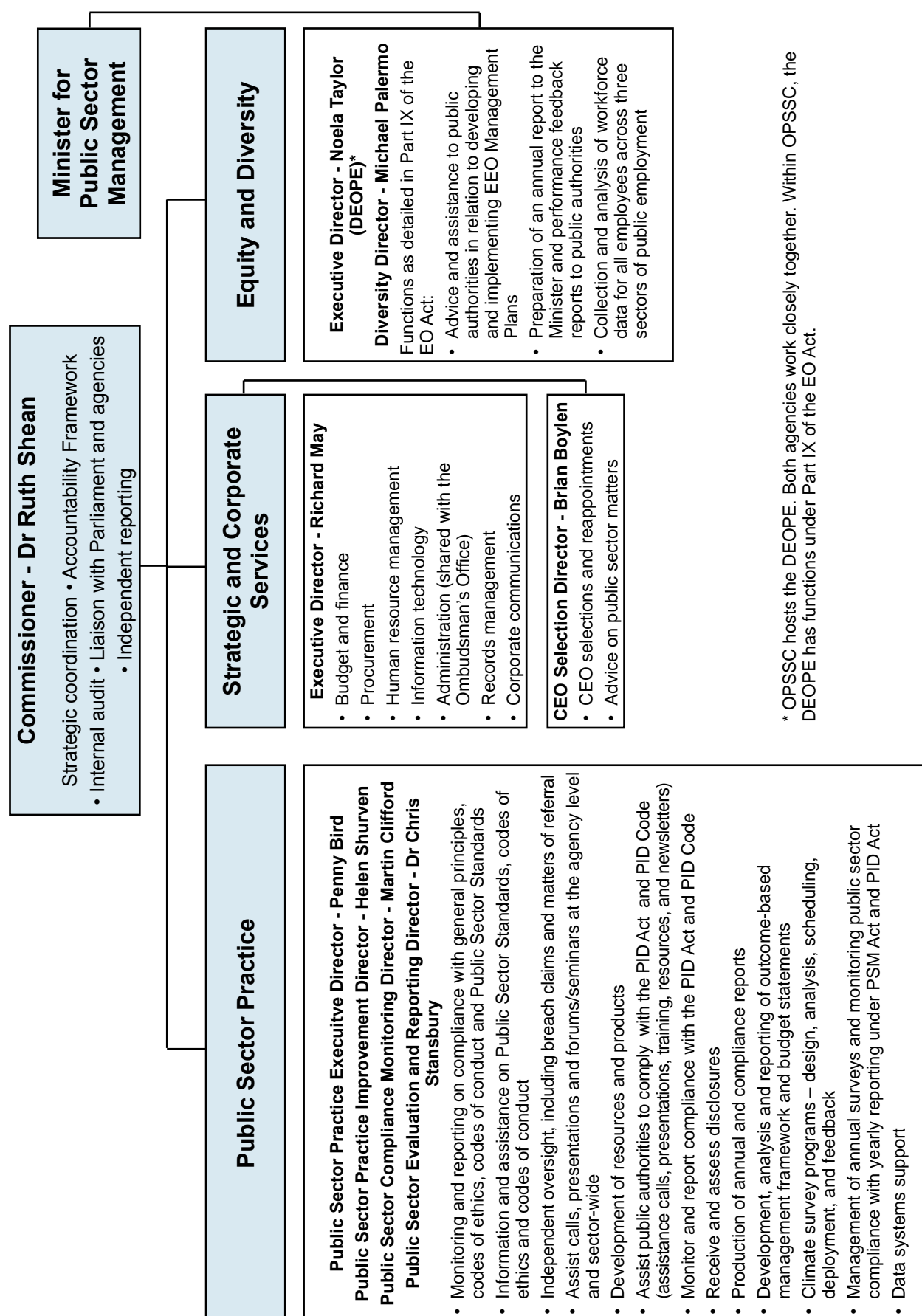
Our internal resources are focussed on extensive consultation with agencies to provide assistance with and monitoring of compliance with standards, ethical codes and public interest disclosures and the development and evaluation of effective EEO Management Plans. To achieve this and our outputs, OPSSC operates under four main functional groupings, as shown in the organisational chart (see page 15).

Our values

The vision and values described below guide all of OPSSC's operations and relationships.

Vision	Public authorities valued as leaders with integrity
Values	<p>In all of our operations and relationships we value:</p> <ul style="list-style-type: none"> • integrity and impartiality; • quality service to internal and external customers; • the work of public authorities, and work in collaborative partnerships with them; • supportive work environments that recognise diversity and flexible work practices; • mutual respect and trust; and • sustainable individual and agency achievements.

Organisational chart



* OPSSC hosts the DEOPE. Both agencies work closely together. Within OPSSC, the DEOPE has functions under Part IX of the EO Act.

Our people

Staff profile

As at 30 June 2008, OPSSC had 33 employees. The majority were full-time permanent employees, with three employed on a permanent part-time basis. Contract staff are employed when needed to backfill unexpected vacancies or staff on extended leave, to provide short-term expertise or to assist in peak workload periods. To provide opportunities for personal and professional development, and to ensure OPSSC has a keen appreciation of the business of line agencies, a number of staff have been granted approval to participate in secondments to other agencies.

Senior officers

Senior officers serving OPSSC at 30 June 2008 were as follows:

- Dr Ruth Shean (Commissioner Public Sector Standards);
- Noela Taylor (DEOPE, Executive Director Equity and Diversity);
- Penny Bird (Executive Director Public Sector Practice); and
- Richard May (Executive Director Strategic and Corporate Services).

Our workplace culture

The achievement of the objectives outlined in the OPSSC strategic plan is underpinned by the values OPSSC holds to be important. In this context it is important for OPSSC to have an internal culture that reflects *‘a team working to support the reform priorities, vision, mission and values of OPSSC through consultation and active involvement of all staff’*.

Internal culture initiatives are aimed at developing and sustaining a culture consistent with the vision and values of OPSSC, and ensure that OPSSC remains active and committed to continuous improvement in this area. Outcomes of the initiatives are fed back to all staff through bi-monthly morning teas, email bulletins and newsletters.

In 2007-08, OPSSC's internal culture initiatives included.

- Workshops conducted for staff on the development of a new *Code of Conduct*
- Developmental work on a *Service Charter*
- A climate survey conducted in June 2008 as part of internal culture enhancement. The same climate survey is deployed across public sector agencies, and asks employees a range of questions on their perceptions relating to human resource management, ethics, public interest disclosure and aspects of equal opportunity compliance
- Implementation of a *Healthy Active Workplace* policy in recognition that good health is essential to a productive and fulfilling life. Staff attended seminars on healthy eating and work life balance, and have shared their own strategies for leading healthy lives
- The inaugural *OPSSC Pedometer Challenge* was a major contribution to workplace culture during the year. Staff were divided into teams and given pedometers for weekly stints over a one month period. The challenge created a sense of teamwork

and healthy competition among staff, and showed just how easy it was to fit in that extra few steps to reach recommended daily exercise levels

- A lunch held in celebration of Harmony Week, for which staff brought a dish celebrating their cultural heritage
- Regular morning teas to provide staff with an opportunity to catch up with other staff in different work areas, and to share information on new initiatives in an informal setting
- The fortnightly internal newsletter *Pulse*, which kept staff informed and all staff were provided with the opportunity to contribute material

OPSSC is committed to providing a workforce characterised by best practice in leadership, diversity management, ethics and integrity. These factors form the basis of OPSSC's values and *Code of Conduct*. OPSSC is also committed to continuous improvement of systems and innovation. These two key internal goals and associated strategies reflect OPSSC's dedication to best practice.

Goals and strategies

Workforce

- Develop effective teams.
- Undertake bi-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.
- Develop staff commitment to delivering robust and relevant customer service.
- Encourage staff commitment to internal coherence and accountability.

Systems

- 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 records and other information systems are reliable and accessible.
- Develop networks to enable efficient and effective information sharing.

OPSSC has a range of policies and practices that reflect commitment to providing a model for the public sector in terms of values, diversity, performance management, flexible work practices, grievance resolution, public interest disclosure and employee health and wellbeing. Further information on our staffing and development policies can be found later in this report in the *Disclosures and legal compliance* section under *Employment and industrial relations*.

Legislation administered

OPSSC does not administer legislation but it does have functions prescribed in the following three Acts of Parliament:

- *Public Sector Management Act 1994* (PSM Act);
- *Public Interest Disclosure Act 2003* (PID Act); and
- *Part IX of the Equal Opportunity Act 1984* (EO Act).

The Commissioner's functions are prescribed in sections 21-25, 45, 48 and 97 of the PSM Act. The Commissioner also has a number of functions under the PID Act. Within OPSSC, the DEOPE is responsible under Part IX of the EO Act for ensuring compliance by all public authorities under sections 145 and 146.

Other legislation affecting activities

The following legislation directly affects the operations and activities of OPSSC:

- *Corruption and Crime Commission Act 2003*;
- *Disability Services Act 1993*;
- *Financial Management Act 2006*;
- *Freedom of Information Act 1992*;
- *Industrial Relations Act 1979*;
- *Library Board of Western Australia Act 1951*;
- *Occupational Safety and Health Act 1984*;
- *Public and Bank Holidays Act 1972*;
- *Salaries and Allowances Act 1975*;
- *State Records Act 2000*;
- *State Superannuation Act 2000*;
- *State Supply Commission Act 1991*; and
- *Workers' Compensation and Injury Management Act 1981*.

Subsidiaries, related and government affiliated bodies

OPSSC does not have any subsidiary or affiliated bodies.

Shared responsibilities with other agencies

Cross-agency initiatives

Co-location

OPSSC is co-located with the Parliamentary Commissioner for Administrative Investigations (Ombudsman Western Australia), the Office of Health Review and the Freedom of Information Commissioner. In 2007-08 finance services previously shared with the Ombudsman's office were split so that a dedicated finance and procurement officer existed in each agency. A similar arrangement will take effect in early 2008-09 for human resource services. Reception and information technology services will continue to be shared between OPSSC and the Ombudsman. Reception and associated services are also provided to the Office of Health Review, the Commonwealth Ombudsman and the Information Commissioner under a Memorandum of Understanding.

The strategic and practical issues associated with this co-location are managed by a strategic management and administrative management group that meet on a regular basis.

Corporate Services Bureau Support (Department of the Premier and Cabinet)

The following Corporate Services Bureau Support is provided by the Department of the Premier and Cabinet (DPC):

- financial management – account payments, financial reporting and asset management; and
- human resource management – salary payments, leave processing, classification determination and recruitment services.

On 7 December 2007 OPSSC transferred to the Office of Shared Services for financial management support specified in a Service Level Agreement.

The Integrity Coordinating Group

The Integrity Coordinating Group (ICG) comprises the Commissioner for Public Sector Standards (Chair in 2005-2006), the Auditor General (Chair in 2007-2008), the Corruption and Crime Commissioner (Chair in 2008-2009) and the WA Ombudsman (Chair in 2006-2007). The ICG was formed in January 2005 and launched publicly in July 2005.

The purpose of the ICG is to foster greater policy coherence and operational coordination between the core integrity bodies with the aim of strengthening integrity across the sector. The ICG will continue to work strategically and collaboratively to promote integrity in public authority bodies.

CEO Reference Group

During 2007-08 a group of approximately 20 director generals and CEOs was set up to provide a key reference group for consultations on developments and issues being managed by OPSSC that impact the public sector.

Performance management framework

Outcome-based management framework

Our regulatory framework and business model

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

Government values and OPSSC

In 2006-07, the Government listed values in *Better Planning: Better Futures* that should underpin how the public sector achieves its vision of creating the best opportunities for current and future generations. The work of OPSSC (in conjunction with the OEEC) directly contributes to upholding and strengthening six of these eight values across the public sector:

- **Respect:** people from diverse cultural traditions and histories mutually respect and support each other;
- **Equity:** equality of opportunity for all Western Australians to achieve their full potential;
- **Reconciliation:** a just and positive relationship between Indigenous and non-Indigenous Western Australians;
- **Inclusiveness:** consistent, just and balanced decision-making;
- **Accountability:** honest, transparent and accountable government; and
- **Fair employment practices:** making the Western Australian public sector an employer of choice.

Internally, OPSSC also practices **Fiscal Responsibility** and **Sustainability** by demonstrating sound financial management and environmental, social and economic decision-making that reflects concern for the future.

Government strategy and OPSSC

In creating the strategic planning framework *Better Planning: Better Futures*, the Government has made clear its intentions to manage the State and public sector in a way that provides the best opportunities for both current and future generations. The alignment of OPSSC's vision, mission, values and objectives with these strategic whole-of-Government goals reflects OPSSC's commitment to these ends.

OPSSC contributes directly and indirectly to each of the Government's five goals, and is a key contributor to the strategy of governance and public sector improvement – upheld through provision of independent oversight, assistance in public authority development, and the development of codes, standards and objectives for the Western Australian public sector. OPSSC supports upholding merit, equity, probity and integrity in the public sector, recognising these values impact upon Government service delivery. Agency-level desired outcomes for OPSSC link the agency to the five key goal areas of the Government's strategic plan.

Government strategy and intent	Government strategic outcomes to which OPSSC contributes most directly
Goal 1: Better services Enhancing the quality of life and wellbeing of all people throughout WA by providing high quality, accessible services.	<ul style="list-style-type: none"> • A strong and vibrant community. • A reliable and sustainable supply of essential services.
Goal 2: Jobs and economic development Creating conditions that foster a strong economy delivering more jobs, opportunities and greater wealth for all Western Australians.	<ul style="list-style-type: none"> • A fair and flexible labour market. • A regulatory and decision-making framework that promotes free and fair trade and industry.
Goals 3: Lifestyle and the environment Protecting and enhancing the unique WA lifestyle and ensuring sustainable management of the environment.	<ul style="list-style-type: none"> • Impacts on the environment are responsibly and sustainably managed (internally).
Goal 4: Regional development Ensuring that regional WA is strong and vibrant.	<ul style="list-style-type: none"> • Regional communities that are educated, healthy, safe and supportive. • Government decision-making that takes account of regional issues.
Goal 5: Governance and public sector improvement Developing and maintaining a skilled, diverse and ethical public sector serving the Government with consideration of the public interest.	<ul style="list-style-type: none"> • A skilled and capable public sector workforce • A whole-of-government approach to planning and decision-making. • A public sector that is responsive to the evolving needs of the community. • Independent oversight that contributes to a more accountable public sector.

Agency-level desired outcomes

The strategic plan presented opposite details the changes to the way OPSSC will work with agencies, as well as with respect to our internal accountability. It builds on the existing work and strengths of OPSSC at a time when official conduct has never been under such great public scrutiny. It attempts to translate the legislative obligations of OPSSC into a quality framework which, when implemented throughout public sector agencies, will enhance the reputation of the Western Australian public sector and those who work within it. It will further our vision and mission, and will reinvigorate the values of OPSSC and all that it does. The plan takes OPSSC from the current strategic plan (developed in 2005) through to 2009, following which a new strategic plan will be developed.

Achieving desired outcomes: Our services

In achieving our goals, the services provided by OPSSC are aligned with the agency-level desired outcomes (and in turn, the Government's strategic goals). Goals and strategies were identified to enable the statutory functions to be undertaken and support public authorities to enable them to meet their obligations.

OPSSC vision	Government vision
Public authorities valued as leaders with integrity.	The best opportunities for current and future generations.



Agency-level desired outcomes
The principles of merit, equity, probity and integrity underpin official conduct and human resource management of public authorities in Western Australia.



Goals to achieve desired outcomes (Reform Priorities)	Achievement of government goal
<ol style="list-style-type: none"> 1. A quality framework - develop and achieve a quality assurance framework for the public sector that promotes continuous improvement in official conduct, HR standards and PIDs. 2. Leadership and dialogue within the public sector - provide and foster leadership, reputation and dialogue within the public sector on conduct and integrity. 3. Customer service - deliver customer service that is robust and relevant. 4. Internal coherence and accountability - ensure internal coherence and accountability, in planning, decision making, operations, evaluation and reporting. 	<p>Governance and public sector improvement</p> <p>Developing and maintaining a skilled, diverse and ethical public sector serving the Government with consideration of the public interest.</p>



Achieving agency-level outcomes: Our services (outputs)		
<p>Development and monitoring of human resource standards, ethical codes and PID guidelines</p> <p>Developing standards and codes, assisting public authorities to comply and provide independent oversight to monitor and report on compliance to Parliament and Ministers with PSM and PID Acts.</p>	<p>Advice and evaluation of equity and diversity in public employment</p> <p>Advise and assist public authorities to achieve their equal employment opportunity and diversity objectives and evaluate and report on progress in meeting their responsibilities under Part IX of the EO Act.</p>	<p>Independent CEO selection and recruitment advice</p> <p>Provision of independent advice to the Minister about reappointment and persons suitable to be considered for vacant CEO positions by using objective, fair and comprehensive processes.</p>

Reform priorities

	Goals to achieve desired outcomes	Strategies to achieve OPSSC goals
Reform Priority 1 A quality framework	To develop and achieve a quality assurance framework for the public sector that promotes continuous improvement in official conduct, human resource standards and public interest disclosures and which enhances the relevance, capacity and reputation of the public sector and the people who work in it.	<ul style="list-style-type: none"> • Develop and implement a quality assurance framework for the public sector in consultation with agencies using a business improvement approach to achieving integrity. • Review, refine, develop and promote products and services that support agency implementation of the framework and enable internal and external monitoring of quality practices. • Work with agencies to implement the quality framework.
Reform Priority 2 Leadership and dialogue within the public sector	To provide and foster leadership, reputation and dialogue within the public sector on conduct and integrity in the performance of official duties.	<ul style="list-style-type: none"> • Educate public sector employees about appropriate codes, standards and practices. • Develop and implement a broad communications plan which engages the sector in dialogue, and takes account of a range of customer needs. • Identify and foster strategic partnerships with other sector bodies.
Reform Priority 3 Customer service	To deliver customer service that is robust and relevant.	<ul style="list-style-type: none"> • Specify standards of customer service for OPSSC. • Monitor and evaluate application of these standards.

Reform Priority 4 Internal coherence and accountability	To ensure internal coherence and accountability, in planning, decision making, operations, evaluation and reporting.	<ul style="list-style-type: none"> • Develop an accountability framework that defines roles/responsibilities, clarifies relationships and articulates decision making mechanisms. • Strategic and operational plans are transparent, show the connections between areas, are relevant and include organisational development strategies. • Develop an audit/risk management framework that identifies and responds to strategic and operational risks.
--	--	---

Evaluation of outcomes

OPSSC's key performance and effectiveness indicators are intended to reflect and evaluate the agency's desired outcomes and services.

During 2007–08, 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 performance indicators (see *Disclosures and legal compliance* section for detailed key performance indicator information), and are highlighted in the budget estimates for the 2007–08 financial year.

Audits completed

Audits relating to the following areas were completed in 2007-08:

- network security;
- expenditure and revenue;
- security;
- corporate credit cards;
- website; and
- conversion to Office of Shared Services.

New outcome-based management framework for 2008-09

Background

The new outcome-based management (OBM) framework for 2008-09 was prepared in response to the *OPSSC Strategic Plan 2007-2009*, which was developed in the second half of 2007 following extensive consultation with the public sector.

The strategic plan has four key reform priorities with supporting objectives and strategies. They include:

1. the development of a quality framework for the public sector that promotes continuous improvement;
2. renewed leadership and dialogue with the public sector;
3. more robust and relevant customer service; and
4. greater emphasis on internal coherence and accountability.

The outcome-based management framework 2008-09

In order to effectively measure OPSSC's progress in achieving the new priorities and objectives, the OBM framework has been reviewed and updated. This work was carried out at the end of 2007, with the intention of it being reviewed by the Outcome Structure Review Group early in 2008 in readiness for implementation in the 2008-09 financial year. The process was completed and the new framework was endorsed by the Outcome Structure Review Group on 6 March 2008. The differences between the old and new OBM frameworks are highlighted in the table presented on pages 26-29.

The new OBM framework, as it appears in the budget estimates for 2008-09 is available in Appendix 2. Where possible it includes estimates for key performance indicators (KPIs) for 2008-09, however, due to the development work that is currently being undertaken, most of the new KPIs cannot be calculated retrospectively. Information is provided in the footnotes to the budget estimates for each KPI explaining this.

Changes to the OPSSC outcome-based management framework

	Old	New	Reason(s) for proposed change
Government goal	Developing and maintaining a skilled, diverse and ethical public sector serving the Government with consideration of the public interest.	Unchanged.	Not applicable.
Agency-level Government desired outcome(s)	<p>In public authorities there is accountability for and achievement of:</p> <ul style="list-style-type: none"> • merit, equity and probity in human resource management (public sector only); • work force diversity at all levels of employment; and • conduct and integrity in the performance of official duties. 	The principles of merit, equity, probity and integrity underpin official conduct and human resource management of public authorities in WA.	The new desired outcome statement has been condensed to ensure that it is more clear and direct.

Key effectiveness indicator(s)	Old	New	Reason(s) for proposed change
	<p>1. Percent of public authorities that have provided all reports as required by legislation.</p> <p>2. Percent of employees expressing a view who agree that there is compliance with the human resource management standards.</p> <p>3. Percent of employees expressing a view who agree that there is compliance with the ethical codes.</p> <p>4. Improvement in the public sector composite equity index for women, people with disabilities, Indigenous Australians and people from culturally diverse backgrounds.</p> <p>5. Percent of Commissioner's nominations for CEO positions accepted by Minister.</p>	<p>1. Percent of public authorities who have provided all reports as required by legislation and met the minimum requirements ^(e).</p> <p>2. Percent of public authorities provided with assistance on the principles of merit, equity, probity and integrity in official conduct and human resource management during the year ^(e).</p> <p>3. Percent of public authorities who agree that feedback through OPSSC survey process has increased their understanding of the principles of merit, equity, probity and integrity in official conduct and human resource management ^(e).</p> <p>4. Percent of breach of standard claims and matters referred to OPSSC that are handled within specified timeframes ^(e).</p> <p>5. Percent of CEO appointment recommendations where the Minister for Public Sector management has indicated he/she is satisfied with the process.</p>	<p>To reflect the Reform Priorities outlined in the <i>OPSSC Strategic Plan 2007-2009</i>, as well as the new desired outcome statement, a number of the existing key effectiveness indicators have been changed.</p> <p>Existing indicator 1 remains but has been improved by adding an assessment of whether public authorities have met minimum requirements in ensuring and monitoring the principles of merit, equity, probity and integrity in official conduct and human resource management within their agency.</p> <p>Existing indicators 2 and 3 are based on a sample of public sector employee's responses to survey questions administered by OPSSC.</p> <p>A more direct measure of the effectiveness of OPSSC in achieving the desired outcome is through quantifying the actual level of assistance provided under the three service areas (proposed indicator 2). This includes assessing the quality of service provided through measuring the level of satisfaction with assistance and consultancy services (proposed indicator 3).</p> <p>Existing indicator 4 has been removed as it is no longer reflected in the proposed new desired outcome statement. Advice and assistance on the principle of equity in official conduct and human resource management will be measured using proposed indicators 2 and 3.</p> <p>Existing indicator 4, the composite equity index, will continue to be published in the annual report.</p> <p>Existing indicator 5 - The Commissioner has no control over whether CEO nominations are accepted by the Minister. The new indicator 5 allows the Commissioner to have control with respect to the quality of the selection process, and this is assessed through a direct survey of the Minister on whether he/she is satisfied with the process.</p>

Service(s) ^(a)	Old	New	Reason(s) for proposed change
	<ol style="list-style-type: none"> 1. Development and monitoring of human resource standards, ethical codes and PID guidelines. 2. Advice and evaluation of equity and diversity in public employment. 3. Independent CEO selection and recruitment advice. 	Unchanged.	Not applicable.
Key efficiency indicator(s)	<ol style="list-style-type: none"> 1. Cost of assistance and monitoring per public sector agency for the PSM Act. 2. Cost of assistance and monitoring per public sector agency for the PID Act. 3. Cost of assistance and monitoring per public sector agency and authority for Part IX of the EO Act. 4. Cost per CEO selection. 	<ol style="list-style-type: none"> 1. Cost of assistance and monitoring per public sector agency for the PSM Act and for the PID Act. 2. Cost of assistance and monitoring per public sector agency and authority for Part IX of the EO Act. 3. Cost per CEO selection. 	<p>Efficiency indicators 1 and 2 have been amalgamated to better reflect the more integrated approach to service delivery in the new structure. Consequently the average cost of delivering the combined service will be approximately \$10,000 per agency or authority. This is because the number of agencies receiving the combined service is 266. Compared to the old structure – there were approximately 100 agencies covered by the PSM Act and 266 agencies or authorities under the PID Act. Weighted average costs for these services per agency or authority were approximately \$23,000 and \$1,200, respectively.</p> <p>The cost of assistance and monitoring per public sector agency and authority for Part IX of the EO Act remains separate due to the independent reporting line to the Minister for Public Sector Management.</p> <p>OPSSC acknowledges that the efficiency indicators are all cost based. Due to OPSSC being in the early stages of a new medium-term performance plan, any changes to the efficiency indicators will be addressed once the plan has been implemented. OPSSC are open to the possibility of adding alternative efficiency indicators in the future.</p>

See page 29 for notes (a), (b), (c), (d) and (e).

Explanatory notes for proposed key effectiveness indicators

- (a) The descriptions of service areas may be used in the annual report.

Consistent with the Commissioner's functions under the PSM Act and the PID Act; lead and establish, advise and assist, monitor and report on human resource standards, ethical codes and PID guidelines

Consistent with the DEOPE's functions under the EO Act; lead and influence, advise and assist, monitor and report on equity and diversity in public employment

Provide independent CEO selection and recruitment advice and report on the outcome

- (b) This indicator refers to mandatory reporting to OPSSC by public sector agencies and authorities under s.31 of the PSM Act; the PID Act; and Part IX, s.146 of the EO Act. Reports are also assessed to determine the proportion of agencies and authorities who have met minimum requirements of ensuring and monitoring that the principles of merit, equity, probity and integrity in official conduct and human resource management have been met. Reported as percentage of agencies who have submitted a report as well as the percentage of reports that meet the minimum requirements.
- (c) This indicator measures how well OPSSC has penetrated public authorities through direct awareness raising activities focussing on the principles of merit, equity, probity and integrity in official conduct and human resource management, as specified in the PSM Act; the PID Act and Part IX, s.146 of the EO Act. It refers to direct assistance (including newsletters and email updates) and consultancy services, customised agency presentations and general public sector presentations.
- (d) This indicator refers to increased understanding of issues related to compliance with s.31 of the PSM Act; the PID Act; and Part IX, s.146 of the EO Act, measured using client satisfaction surveys. This includes surveys of CEOs and director generals as well as public sector employees.
- (e) This indicator measures OPSSC effectiveness in assessing breach claims. This was chosen in preference to the proportion of breach claims upheld, as the latter figure could be significantly influenced by how well OPSSC penetrates the sector (refer to indicator 2). For example, increased assistance and education activities by OPSSC may increase the number of claims lodged. Alternatively, low breach claim activity could also indicate that the sector is meeting the principles of merit, equity, probity and integrity in official conduct and human resource management, or it may simply reflect a lack of awareness of the principles and/or the claim process. Data on the number of breach claims lodged and the proportion upheld is included within the annual report.

Agency performance – Report on operations

As outlined in the OBM structure, OPSSC delivers its services through three output areas.

Service 1

Development and monitoring of Public Sector Standards, ethical codes and Public Interest Disclosure Guidelines.

Service 2

Advice and evaluation of equity and diversity in public employment.

Service 3

Independent CEO selection and recruitment advice.

These output areas are aligned to achieve strategic government objectives, as outlined in the *Performance Management Framework* section of this report.

The following summary outlines the focus of activities for each of these output areas, major achievements for 2007–08 and major initiatives planned for 2008–09. The report on activities for each of these service output areas describes how OPSSC performed in 2007–08.

Service 1 – Development and monitoring of human resource standards, ethical codes and public interest disclosure guidelines

This service develops standards and codes, assists public authorities to comply with standards and codes, and provides independent oversight to monitor and report on compliance to Parliament and Ministers for the *Public Sector Management Act 1994* and the *Public Interest Disclosure Act 2003*.

Total cost of service: \$2,395,000

Staff: 20.9 FTEs

Agency-level desired outcomes and services

This service area enables the Commissioner to fulfil her monitoring and assistance roles under the PSM Act and the PID Act.

The Commissioner's main functions under this service area are to:

- establish Public Sector Standards which set 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, code 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 PID 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 PID Code; and
- assist public authorities to develop their capacity to operate in accordance with agency specific codes of conduct consistent with the public sector codes of ethics, principles of official conduct, the ethical codes, and HR standards and in the handling of public interest disclosures.

The role of the Commissioner under the PID Act is to:

- establish a code setting out the minimum standards of conduct and integrity to be complied with by proper authorities;
- prepare guidelines on internal procedures relating to the functions of a proper authority under the PID Act;
- ensure that all public authorities have copies of the PID Guidelines;
- monitor compliance with the PID Act, and the PID Code of Conduct; and
- assist public authorities and public officers to comply with the PID Act and PID Code.

The Commissioner is also the proper authority for receiving disclosures of public interest that relate to a public officer (other than a Member of Parliament, a

Minister of the Crown, a judicial officer, or an officer referred to in Schedule 1 to the *Parliamentary Commissioner Act 1971*).

Contribution to Government goals

The outcomes of this service area contribute directly to the Government's strategic objectives, particularly the following goals.

Governance and public sector improvement:

- a skilled and capable public sector workforce;
- a whole-of-Government approach to planning and decision-making;
- a public sector that is responsive to the evolving needs of the community; and
- independent oversight that contributes to a more accountable public sector.

Jobs and economic development:

- a fair and flexible labour market; and
- a regulatory environment that promotes free and fair trade and industry.

Regional development:

- Government decision-making that takes account of regional issues.

Major achievements for 2007-08

- Designed and implemented an online *Grievance Toolkit* for use by agencies, which drew on the observations and recommendations of a thematic review.
- Developed and gazetted the *WA Code of Ethics and Conduct Guide*, and a number of assistance tools in relation to human resource standards (for example, *Schedule 1 Agency Guide*, *Exemptions Guide*).
- Conducted a review of exemptions from the whole or any part of the human resource standards granted by the Commissioner, and compiled a data base of all previous exemptions granted to allow monitoring and reporting, and to ensure full transparency of all such processes. Guidelines have been developed to assist agencies with the exemption process.
- Provided targeted assistance through e-bulletins, broadcast emails, satellite and video broadcasts to regional WA.
- Developed new products and resources in conjunction with CEOs and human resource practitioners for public sector agencies, including the *Code of Ethics*, the *Conduct Guide*, an updated version of *Taking Action on Integrity Issues*, referee template, and a brochure to provide advice to breach of standards claims (BOSCs) complainants titled, *Knowing Your Responsibilities in a Breach Claim*.
- Introduced new approaches to monitoring which included a principle centred assessment process for BOSCs and matters of referral (MORs), a different definition of reporting for MORs which deems all issues within scope to be either compliant or non-compliant with the principles of PSM Act section 8(1) (a) (b) and (c) and 9, development of a document checklist to facilitate

lodgement of BOSCs with OPSSC, and updated website information to provide greater clarity regarding BOSCs process for claimants.

- Introduced the *Parliamentary Series* reports, a new reporting process to address PSM Act section 21 (1)(h).
- Convened the National Inter-jurisdictional Forum on Appeals Process.
- Developed a single annual agency survey to collect compliance data. While seeking comprehensive data from agencies, the single approach for information will reduce the burden of reporting. At the same time, it will assist agencies to develop and report on good practice. The survey also prompts for best practice, and where agencies feel that they fall short in any particular area, there is scope for OPSSC to assist.
- Distributed 20,375 employee perceptions surveys across the public sector (with an average response rate of 33%) to assess levels of awareness and general perceptions about their agency's promotion of and compliance with codes of conduct, human resource standards, PID Guidelines and Equal Employment Opportunity (EEO) legislation. The survey program also included the development and implementation of a customised online survey targeting bullying and harassment in the workplace.
- Conducted an extensive external/internal environmental scan including input from Members of Parliament and CEOs regarding future directions for OPSSC, culminating in a new strategic direction with a focus on quality frameworks, leadership across the sector, customer service and internal agency processes.

Major initiatives for 2008-09

- Develop a quality framework for the public sector that promotes continuous improvement in official conduct, human resource standards and public interest disclosures, which enhances the relevance, capacity and reputation of the public sector and the people who work in it, including a review of the content and administration of the climate survey.
- Undertake a review of the Public Sector Standards to streamline recruitment processes to enable more efficient and effective recruitment.
- Raise awareness of the new *Code of Ethics* and *Conduct Guide*, and following the 12 month pilot for the *Conduct Guide*, produce the final guide and assistance materials. Ensure that all such work is consistent with across government initiatives in this regard, especially integrity training being developed by DPC.
- Develop guidelines to assist CEOs determine what otherwise confidential or restricted information should be released in the public interest.
- Expand the newly developed parliamentary reporting series to include matters beyond compliance reporting and consistent with PSM Act section 21 (1)(h).
- Develop further the existing assistance tools of OPSSC, including PID products, a question and answer brochure on the human resource standards and guidelines on management of exceptional circumstances relating to human resource standards (as referred in *Parliamentary Series Report One* of 2008).
- Review and further develop training provided by OPSSC, including the

development of a new approach to PID awareness to better meet customer needs in response to feedback from trainees in 2007-08.

- Develop and implement a revised survey program as part of the development of a quality framework for the work of OPSSC within the public sector. The revised survey program will be about agency policies and processes in relation to the PSM Act, PID Act, and the EO Act, and directed at executive management within public sector agencies and authorities. The revised survey program will also assess employee perceptions regarding how these policies, practices and processes were managed within their agencies or authorities, and allow a comparison between the two.

Summary assessment – Financial targets

In the financial year ending 30 June 2008, the average cost per public authority of compliance monitoring and assistance around the human resource standards, ethical codes and public interest disclosure was \$8,937. This amount decreased from \$10,390 per public authority in 2006-07. Public authorities (those covered by the PSM Act and PID Act) totalled 268 in 2007-08 (please note that PSM Act and PID service areas were combined for 2007-08 annual reporting, however in previous years these areas were assessed separately financially).

Detailed efficiency indicators are described later in this report.

Summary assessment – Key performance indicators (KPIs)

Two KPIs relate to service area one. The percentage of employees in the public sector who agree there is compliance with the human resource management standards (as assessed by OPSSC's climate survey) remained relatively stable from 76 percent in 2006-07 to 77 percent in 2007-08. Similarly, the percentage of employees who agreed there is compliance with ethical codes remained stable at 83 percent in 2006-07 and 82 percent in 2007-08.

Detailed KPI statements are described later in this report.

Public authority development

Human Resource Managers Forum

Since 2004, OPSSC has run forums on issues relating to ethics and public sector standards three to four times per year. These were mainly for senior human resource managers. Over time, feedback we have received from the sector has indicated that such forums are also of interest to line managers and managers in general, so we have broadened the topics to include this audience.

A Grievance Forum was held on 12 June 2008 with guest speakers from OPSSC, OEEO, Worksafe (Department of Consumer and Employment Protection), Freedom of Information, DPC, and Equal Opportunity Commission. Speakers discussed various elements of grievance in the WA public sector to improve agencies understanding and ability to comply with good grievance resolution practice. This Forum proved to be so popular it will be run again early in the new financial year. It was also broadcast to regional and remote WA sector agencies

via satellite on 24 June, with viewers as far away as Christmas Island tuning in.

In July, November and December 2007, OPSSC conducted satellite broadcasts to remote and regional WA on topics related to Public Sector Standards, ethics and public interest disclosure legislation.

In September and October 2007, OPSSC ran video-conferences to two large public sector agencies to interact with senior regional staff on issues related to Public Sector Standards.

In September 2007, OPSSC also ran a forum specifically on recruitment, selection and appointment, with guest speakers from DPC, OPSSC, and OEEO.

Feedback from our presentations consistently indicates over 90% of respondents agree or strongly agree that attending has increased their understanding of the topic and of the operations of the OPSSC.

Standards, Ethics and Equity Bulletin

This bulletin continued to prove popular within the sector for its concise and informative articles on issues ranging from how to assess applicants based on a resume only, to how to speed up the recruitment process in a tight labour market. The bulletin continues to be published quarterly (August, November, February and May), offering a regular update from the Public Sector Standards Commissioner, as well as tips on good practice around ethics and human resources.

Advisory and consultancy services

OPSSC provides a customised assistance program by telephone, email, agency visits, and face to face presentations, which integrates ethics and human resource management initiatives. Presentations can be provided to small groups such as senior managers working on a complex recruitment campaign, to groups as large as 200 for broader, information giving sessions. These are held both in metropolitan locations, and are also broadcast to regional public sector employees via videoconferencing (usually for smaller, agency specific audiences) and satellite broadcasts (for larger, cross sector audiences).

In 2007-08, OPSSC staff undertook 43 presentations to over 1,500 people. Of the number of calls and emails received in 2007-08, OPSSC recorded a total of 1,776 within jurisdiction from public authorities and members of the public. These contacts related to issues such as attraction and retention issues, grievances, and public interest disclosures.

Training course for public interest disclosure (PID) officers

PID training courses were delivered on 24 occasions to over 900 PID officers and other public sector staff charged with duties associated with public interest disclosures. Training courses were held in metropolitan and regional locations.

Using an intensive format, the facilitators present case studies, an overview of the PID Act and the roles and responsibilities of PID officers and how to deal with disclosures.

Product development

OPSSC worked to develop tools and products to assist public sector agencies comply with the *WA Code of Ethics*, agency codes of conduct, and the Public Sector Standards in Human Resource Management. These included:

- a *Conduct Guide* (to be reviewed in December 2008 following sector feedback);
- simplifying the *WA Code of Ethics*;
- updating the *Public Interest Disclosure Guidelines*;
- clarifying the definition of 'proper assessment' for the *Recruitment, Selection and Appointment Standard*;
- developing an *Exemptions Policy* for OPSSC staff and an agency guide for use by agencies to raise awareness of the exemptions process and to facilitate agencies applications for exemptions;
- updating sample/template documents for the online recruitment tool, *The Right Path to the Right People*;
- developing pool guidelines to assist agencies comply with Public Sector Standards and the breach claim regulations;
- a *Grievance Toolkit and Checklist*, which may be downloaded from the OPSSC website; and
- updating the *Taking Action on Integrity Issues* brochure.

Conference

In October 2007, OPSSC hosted the National Inter-jurisdictional Forum on Appeals (Public Sector Appeals Conference). This is an annual conference of representatives from agencies around Australia who conduct reviews/appeals of administrative nature.

Full data will be published in the *OPSSC Annual Compliance Report* which will be released later this year.

Service 2 – Advice and evaluation of equity and diversity in public employment

This service encapsulates the functions and responsibilities of the Director of Equal Opportunity in Public Employment (DEOPE) as they are described under Part IX of the *Equal Opportunity Act 1984*. Functions in this service are carried out by the Office of Equal Employment Opportunity (OEEO). They include advising and assisting public authorities to achieve equal employment opportunity outcomes and Government policy objectives in the area of equity and diversity. This is done through Equal Employment Opportunity Management Plans and activities associated with monitoring, evaluating and reporting on the progress of public authorities towards these outcomes and policy objectives.

Total cost of service: \$887,000

Staff: 6.8 FTEs

Agency-level desired outcomes and services

The vision statement for this service area 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:

- provide a consultancy service to assist public authorities to develop business focussed EEO Management Plans consistent with:
 - compliance requirements under Part IX of the EO Act;
 - government policy objectives (where applicable) such as the *Equity and Diversity Plan for the Public Sector Workforce 2006–2009* (EDP2); and
 - best practice in human resource management systems through creation of inclusive and flexible workplace environments that mirror the diversity of the community and facilitate the effective and efficient delivery of services.
- coordinate the development and implementation of sector-wide strategies and initiatives such as the EDP2;
- develop and initiate targeted strategies and programs that support the achievement of both compliance imperatives and Government objectives by public authorities; and
- operate an evaluation and reporting program to enable Government and public authorities to monitor and improve progress in equal employment opportunity and diversity.

Contribution to Government goals

The operations of the OEEC under service area two contribute directly to Government goals in *Better Planning: Better Futures*.

Key outcomes closely aligned with the work of the Office are shown below.

Governance and public sector improvement

- A skilled and capable public sector workforce
The ongoing ability of the Western Australian public sector to provide the high quality services that Government and the community expect is dependant on attracting, retaining and developing a capable workforce. Public sector workplaces will be fair, safe and productive and will strive to meet equity and diversity targets in order to reflect the diversity of the Western Australian population. The public sector will implement Government policies and reforms and be committed to the importance of service to the community. Public sector agencies will be highly desirable places of employment with development opportunities for staff and flexible work arrangements that allow work to be combined with other responsibilities.
- A public sector that is responsive to the evolving needs of the community
Management of the public sector, and the people delivering its services, must respond to the changing needs of Government, the community and industry. It must make the best use of available resources, including information, communication and technology. It will operate in a culture conducive to continuous improvement, community engagement and delivery of integrated, cost-effective and high quality services accessible to those who need them.

Major achievements for 2007-08

- Worked with local governments to promote the effective use of EEO Management Plans across the local government sector as strategic tools that can enhance workforce capability and business effectiveness.
- Evaluated existing strategies designed to improve the representation of women in senior management and liaised with stakeholder groups about the most appropriate ways to enhance assistance provided to the public sector in this area.
- Reviewed current programs and identified targeted strategies to address areas where there is under achievement against Government objectives in the EDP2. This led to the production of the *Showing the Way* series of publications.
- Prepared a joint response with DPC and the Department of Indigenous Affairs on the Education and Health Standing Committee's report *An Examination of Indigenous Employment by the State*. This led to arranging a Diversity Forum about Indigenous employment strategies. The Forum focussed on raising awareness of what public sector agencies are doing to improve employment outcomes for Indigenous Australians.
- Worked with agencies involved in the transition of sector-wide human resource and workforce information systems from the existing state-based Minimum Obligatory Information Requirements (MOIR) system to the national Workforce Analysis Comparison Application (WACA) system. This was done to ensure

that appropriate equity and diversity information and data for public authorities in WA can be collected, maintained and reported on.

Major initiatives for 2008-09

- Implement and promote an EEO management planning tool to optimise local government compliance with the requirements under the EO Act.
- Evaluate existing strategies designed to improve the representation of people with disabilities, and liaise with stakeholder groups as to the most appropriate ways to enhance assistance provided to the public sector in this area.
- Review current programs, monitor progress and identify targeted strategies to address areas where there is under achievement against Government objectives in the EDP2.
- Continue to work with agencies involved in the transition of sector-wide human resource and workforce information systems from the existing state-based MOIR system to the national WACA system.

Summary assessment – Financial targets

In the financial year ending 30 June 2008, the average cost per public authority for providing EEO compliance and assistance was \$3,310. This amount decreased from \$3,859 per public authority in 2006-07.

Detailed efficiency indicators are contained later in this report.

Summary assessment – Key performance indicators (KPIs)

One performance indicator relates directly to service area two. The Composite Equity Index (CEI) measures the distribution of four diversity groups (women, people with disabilities, people from culturally diverse backgrounds and Indigenous Australians) through salary ranges. A CEI of 100 represents even distribution of the diversity groups, from the lowest to highest salary bands. The CEI has increased slightly from 82 in 2006-07 to 84 in 2007-08.

Detailed KPI statements are contained later in this report.

Public authority development

Advice and assistance with EEO Management Plans

Consultancy advice and guidance was provided to State Government agencies, local governments and public universities to ensure they met their requirements under the EO Act.

Particular emphasis was placed on assisting public sector agencies to update or develop EEO Management Plans which complied with the outcome standards framework. The framework provides a structure for planning and ensuring accountability for EEO and diversity programs. The three high level outcomes are elements in achieving a skilled and diverse workforce.

Group specific strategies and initiatives

In addition to the advise and assist function which supports the development and implementation of EEO Management Plans by public authorities, the OEEEO identifies and facilitates support for specific programs with potential for a positive sector-wide impact. Initiatives in 2007-08 included the following.

- Piloted, conducted and evaluated the Women in Management Secondment Program. The objectives of the program were to provide opportunity for women aspiring to senior positions in the public sector. The program aimed to expand their management experience and skills, develop participant knowledge, technical and broad management skills and competencies consistent with a sector-wide Leadership Capability Framework and their own career aspirations.
- Finalised production of the Supported Work Teams DVD. This is a short documentary which showcases the benefits of employing people with disabilities through a supported work team arrangement, from both the employer and employee perspectives. The DVD will also provide agencies with tips on how to implement a supported work team employment program. Advanced screenings received a very positive response. The completed documentary is due for official release in September 2008.
- Reviewed the Legislative Assembly's *Education and Health Standing Committee's Report: An Examination of Indigenous Employment by the State Report No. 10 in the 37th Parliament*. This report made a series of recommendations on improving Indigenous employment rates, which lead to the OEEEO conducting the Diversity Forum about Indigenous employment strategies. The Forum focussed on raising awareness of what public sector agencies are doing to improve employment outcomes for Indigenous Australians.

Practitioner forums and workshops

Two diversity practitioner forums were conducted throughout 2007-08. Between 50 and 100 people attended each event. The forums promoted attraction and retention strategies and best-practice sharing from other agencies on how to improve equity and diversity employment outcomes as follows.

- *Indigenous Employment Strategies* – March 2008: Focussed on relevant programs and initiatives implemented by public sector agencies to increase Indigenous employee representation.
- *Showing the Way* – June 2008: Showcased the OEEEO's new *Showing the Way* publications: *Women in Management*, *Indigenous Australians*, *People with Disabilities*, *People from Culturally Diverse Backgrounds* and *Youth*, and outlined useful attraction and retention strategies for these five diversity groups.

In addition, the OEEEO participated in a joint presentation with staff from the OPSSC to promote useful strategies for managing and resolving workplace grievances.

OEEEO e-bulletins

The OEEEO promoted information and best practice sharing for clients and key stakeholders through the production of two online bulletins, *The Key* and *Diversity Bizz*. Both publications showcase different content yet share a common focus – to

promote good workforce diversity practice. Information about sector-wide policy and the significant achievements of public authorities were promoted quarterly in *The Key*. Reports and stories from Australia and world-wide relevant to the promotion of equity and diversity in the sector were circulated fortnightly via *Diversity Bizz*. Readership for both has continued to increase through broader promotion and the inclusion of an online user feedback tool.

Cross government initiatives

The DEOPE contributed to a range of whole-of-government initiatives and reform matters. Key areas of activity throughout 2007-08 were:

- the OEEEO continued to be a program partner for the Substantive Equality Program and contributed to the development of policies, guidelines and support resources;
- the DEOPE is a reference group member for the Women in Leadership Strategy of the Department of Education and Training;
- the DEOPE is a member of the Ministerial committee initiative for the promotion of opportunities and outcomes for women in senior local government roles; and
- the DEOPE participates in a cross-agency taskforce coordinated by DPC which highlights the collaborative effort in the public sector toward improving the representation of women in senior management positions.

Service 3 – Independent CEO selection and reappointment advice

This service involves the provision of independent advice to the Minister about reappointment and persons suitable for vacant CEO positions by using fair and comprehensive processes as outlined in sections 45 and 48 of the *Public Sector Management Act 1994*.

Total cost of service: \$1,272,000

Staff: 3.1 FTEs

Agency-level desired outcomes and services

Through the CEO Selection Program, the Commissioner provides independent advice to the Minister for Public Sector Management about the suitability of persons for appointment following a merit-based selection process. The current process managed by OPSSC 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;
- establishment of 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; and
- provision of independent reports by the Commissioner to the Minister for Public Sector Management about persons most suitable for vacant CEO positions based on the outcome of merit assessments of applicants.

The Commissioner also provides independent advice to the Minister for Public Sector Management about the appropriateness or otherwise of proposals to not reappoint existing CEOs. In providing this advice, the Commissioner takes into account information on the performance of a CEO and other matters that may be relevant to that particular case.

Contribution to Government goals

Governance and public sector improvement:

- a skilled and capable public sector workforce;
- a public sector that is responsive to the evolving needs of the community; and
- independent oversight that contributes to a more accountable public sector.

Jobs and economic development:

- a fair and flexible labour market.

Major achievements 2007-08

- Revised guidelines for panel composition to enhance quality of decision making during the selection process.
- Implemented changes to the process for setting times for short listing and interviews in order to achieve more timely progress for positions.
- The processing of all positions from the time the advertisements are placed, to the date that the Minister for Public Sector Management announces an appointment are published on OPSSC website.
- Managed the selection process for 25 CEO positions.
- Provided nominations for 21 CEO positions to the Minister for Public Sector Management.

Major initiatives for 2008-09

- Examine the information provided to applicants to present it in a more user friendly manner.
- Continue development of alternative methods to attract broader range of applicants.
- Develop a step by step coordinating tool which integrates the many elements of the CEO selection and recruitment to streamline a complex process and specify all timelines and processes at the outset of each process so all stakeholders are clear about what will follow.

Summary assessment – Financial targets

In the financial year ending 30 June 2008, the average cost per public authority for providing independent CEO selection advice to Ministers was \$60,571. This figure increased from \$54,663 in 2006-07. In 2006-07 this cost was averaged across 11 public authorities and for 2007-08 across 21 public authorities.

Detailed efficiency indicators are contained later in this report.

Summary assessment – Key performance indicators (KPIs)

One performance indicator relates directly to service area three. The percentage of the Commissioner's nominations for CEO positions accepted by the Minister for Public Sector Management in 2007-08 was 100 percent (17 out of 17 nominations), increasing from 87 percent in 2006-07.

Detailed KPI statements are contained later in this report.

Report against agency goals under the *Public Sector Management Act 1994*

CEO selection and reappointment

The Commissioner undertook the selection process for 25 positions during 2007-08, over double the level of activity of the previous year. A summary of actions for the year is outlined in the following table.

CEO processes undertaken during 2007-08				
Position and agency	Date nomination(s) sent to Minister	Date of decision	Outcome	Commissioner's nomination accepted
General Manager, Perth Theatre Trust	09/05/2008	17/06/2008	Mr Alan Ferris appointed	Yes
Director General, Department of Industry and Resources	07/04/2008	4/06/2008	Ms Anne Nolan appointed	Yes
Director General, Department for Communities	08/05/2008	4/06/2008	Ms Susan Barrera appointed	Yes
Managing Director, C Y O'Connor TAFE	31/01/2008	22/04/2008	Mr John Scott appointed	Yes
Director General, Department of Culture and the Arts	29/02/2008	6/05/2008	Ms Allanah Lucas appointed	Yes
Director General, Department of Water	19/02/2008	26/03/2008	Mr Kim Taylor appointed	Yes
Managing Director, South West Regional College of TAFE	23/01/2008	11/03/2008	Ms Wendy Burns re-appointed	Yes
Director General, Department of Local Government and Regional Development	30/11/2007	12/02/2008	Ms Jennifer Mathews appointed	Yes
Managing Director, Kimberley TAFE	26/11/2007	18/12/2007	Mr Ciaran Murphy appointed	Yes
Director General, Department for Communities	08/08/2007	14/11/2007	No appointment made	Yes
Director General, Disability Services Commission	20/09/2007	06/11/2007	Dr Ron Chalmers appointed	Yes
Director, Pilbara Development Commission	15/08/2007	19/10/2007	Mr Stephen Webster appointed	Yes

Position and agency	Date nomination(s) sent to Minister	Date of decision	Outcome	Commissioner's nomination accepted
Coordinator of Energy, Office of Energy	12/07/2007	26/09/2007	Mr Jason Banks appointed	Yes
Director General, Department of Child Protection	07/08/2007	14/09/2007	Mr Terry Murphy appointed	Yes
Director General, Department for Planning and Infrastructure	25/07/2007	29/08/2007	Mr Eric Lumsden appointed	Yes
Managing Director, Pilbara TAFE	12/07/2007	3/09/2007	Dr Barry McKnight appointed	Yes
Director General, Department of the Attorney General	27/06/2007	3/07/2007	Ms Cheryl Gwilliam appointed	Yes
Managing Director, Challenger TAFE	10/06/2008	No appointment as at 30/06/2008		
Director General, Department of Indigenous Affairs	9/04/2008**	No appointment as at 30/06/2008		
Executive Director, Drug and Alcohol Office	8/05/2008***	No appointment as at 30/06/2008		
Chief Executive Officer, Department of Fisheries	22/02/2008	No appointment as at 30/06/2008		
Director, Art Gallery of WA	4/04/2008	No appointment as at 30/06/2008		

** An appointment was announced on 30/07/2008.

*** An appointment was announced on 1/07/2008.

For the position highlighted in red, the nomination by the Commissioner was made in 2006-07 and the appointment was announced in the current financial year.

Director General, Department of Health	Recruitment action commenced in May 2008*
Director General, Housing and Works	Recruitment action commenced in April 2008*
Director, Western Australian Museum	Recruitment action commenced in March 2008*
Chief Executive Officer, Chemistry Centre (WA)	Recruitment action commenced in November 2007*

* For these positions, nominations had not been sent to the Minister for Public Sector Management as at 30 June 2008.

Nominations of suitable people for 21 positions were provided to the Minister for Public Sector Management during 2007–08. Work was continuing on another four positions at the end of the reporting period.

The Minister for Public Sector Management announced his decisions for 17 positions during 2007–08 (one position was not filled and subsequently a new process started later in the year that resulted in an appointment) and accepted all the Commissioner's nominations.

In 2002–03, 45 percent of new CEO appointments were women, and a similar figure (43 percent) were new appointments in 2003–04. In 2004–05, this dropped to 25 percent, and in 2005–06, there were no women appointed to CEO positions, although women were nominated as suitable in three of the four available positions in that period. In 2006–07, 13 percent of new CEO appointments were women, and in 2007–08, this figure increased to 38 percent of new appointments. Six of the 16 vacant CEO positions finalised during 2007–08 were female appointees. It is positive to note that the downward trend for the appointment of female CEOs appears to have been arrested.

The average time taken per position to provide the Commissioner's nomination was 12 weeks, the same time as the previous year.

Significant issues and trends

Economic and social trends

- Pressures on public sector bodies to meet community demands on services, while ensuring they are operating within appropriate ethical and regulatory parameters, means there is an increasing need to build sector-wide capacity to meet accountability requirements, while at the same time providing practical and flexible support and assistance strategies.
- Difficulties which continue to be experienced by agencies in attracting and retaining staff in a competitive employment environment provide an opportunity to improve workforce diversity through targeted attraction strategies, by addressing structural and process barriers and by using innovative recruitment methods.
- Maintaining confidence in the integrity of the recruitment and selection process for public sector CEOs needs to take into account the increased demand on such appointees in all areas, and the importance of attracting quality candidates into public sector CEO positions.
- A new output-based management structure for OPSSC will sharpen the focus of the Office in meeting obligations and responsibilities under the PSM Act.
- A greater focus on integrity in governance has resulted in an increased relevance for OPSSC.

Likely developments in agency operations

As discussed in the foreword to this report, OPSSC has implemented development of a new strategic plan for 2007-2009. The new plan identifies reform priorities, strategies and measures for OPSSC which will shape agency operations into the future.

Disclosures and legal compliance

Financial statements

Certification of financial statements

OFFICE OF THE PUBLIC SECTOR STANDARDS COMMISSIONER
FOR THE YEAR ENDED 30 JUNE 2008

The accompanying financial statements of the Office of the Public Sector Standards Commissioner have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2008 and the financial position as at 30 June 2008.

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.



Richard May
Chief Finance Officer
11 September 2008



Dr Ruth Shean
Accountable Authority
11 September 2008

Income statement

	Note	2008 \$	2007 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	7	2,824,359	3,114,314
Supplies and services	8	1,193,905	824,052
Depreciation and amortisation expense	9	72,463	133,400
Accommodation expenses	10	419,408	263,333
Grants and subsidies	11	1,995	3,637
Capital user charge	12	-	59,160
Loss on disposal of non-current assets	15	-	17,213
Other expenses	13	41,364	19,226
Total cost of services		<u>4,553,494</u>	<u>4,434,335</u>
Income			
Revenue			
User charges and fees	14	795,851	264,454
Total revenue		<u>795,851</u>	<u>264,454</u>
Total income other than income from State Government		795,851	264,454
NET COST OF SERVICES		<u>3,757,643</u>	<u>4,169,881</u>
INCOME FROM STATE GOVERNMENT			
Service appropriation	16	4,323,000	4,247,000
Liabilities assumed by the Treasurer		(101)	1,074
Assets assumed / (transferred)		8,137	-
Resources received free of charge		63,675	18,563
Total income from State Government		<u>4,394,711</u>	<u>4,266,637</u>
SURPLUS/DEFICIT FOR THE PERIOD		<u>637,068</u>	<u>96,756</u>

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

Balance sheet

	Note	2008 \$	2007 \$
ASSETS			
Current assets			
Cash and cash equivalents	26	273,415	328,766
Restricted cash and cash equivalents	17	-	361,321
Receivables	18	1,425,044	221,374
Amounts receivable for services	19	111,000	120,000
Total current assets		1,809,459	1,031,461
Non-current assets			
Restricted cash and cash equivalents	17	29,149	19,386
Amounts receivable for services	19	1,102,000	899,000
Property, plant and equipment	20	285,215	404,544
Total non-current assets		1,416,364	1,322,930
TOTAL ASSETS		3,225,823	2,354,391
LIABILITIES			
Current liabilities			
Payables	22	378,915	93,287
Amounts due to the Treasurer	23	500,000	500,000
Provisions	24	492,136	465,068
Total current liabilities		1,371,051	1,058,355
Non-current liabilities			
Provisions	24	212,702	211,511
Total non-current liabilities		212,702	211,511
TOTAL LIABILITIES		1,583,753	1,269,866
NET ASSETS		1,642,070	1,084,525
EQUITY			
Contributed equity	25	615,000	615,000
Accumulated surplus/(deficiency)		1,027,070	469,525
TOTAL EQUITY		1,642,070	1,084,525
TOTAL LIABILITIES AND EQUITY		3,225,823	2,354,391

The balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Note	2008 \$	2007 \$
Balance of equity at start of period		1,084,525	987,769
CONTRIBUTED EQUITY	25		
Balance at start of period		615,000	615,000
Capital contribution		-	-
Balance at end of period		615,000	615,000
Transfer to accumulated surplus/(deficit)		-	-
Restated balance at end of period		615,000	615,000
ACCUMULATED SURPLUS (RETAINED EARNINGS)	25		
Balance at start of period		469,525	372,769
Change in accounting policy or correction of prior period errors		(79,523)	-
Restated balance at start of period		390,002	372,769
Surplus/(deficit) or profit/(loss) for the period ^(a)		637,068	96,756
Gain/(losses) recognised directly in equity		-	-
Balance at end of period		1,027,070	469,525
Balance of equity at end of period		1,642,070	1,084,525
Total income and expenses for the period		637,068	96,756

^(a) The aggregate net amount attributable to each category of equity is: surplus \$637,068 (2007: surplus \$96,756) and loss of (\$79,523) on de-recognition of assets following change in asset capitalisation threshold.

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Cash flow statement

	Note	2008 \$	2007 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		4,009,000	3,939,000
Holding account drawdowns		120,000	102,000
Net cash provided by State Government		<u>4,129,000</u>	<u>4,041,000</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(3,415,466)	(3,105,947)
Supplies and services		(1,146,753)	(644,716)
Capital user charge		-	(59,160)
Accommodation		(424,645)	(269,529)
Grants and subsidies		(1,995)	(3,637)
GST payments on purchases		(100,505)	(99,593)
GST payments to taxation authority		(10,340)	(28,363)
Other payments		(64,922)	(160,476)
Receipts			
User charges and fees		599,162	279,822
GST receipts on sales		(8,335)	25,654
GST receipts from taxation authority		71,231	119,852
Other receipts			
Net cash provided by/(used in) operating activities	26	<u>(4,502,568)</u>	<u>(3,946,093)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(33,341)	(58,561)
Net cash provided by/(used in) investing activities		<u>(33,341)</u>	<u>(58,561)</u>
Net increase/(decrease) in cash and cash equivalents		(406,909)	36,346
Cash and cash equivalents at the beginning of period		709,473	673,127
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	26	<u>302,564</u>	<u>709,473</u>

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

Schedule of income and expenses by service

COST OF SERVICES (\$)	Development and monitoring of human resource standards, ethical codes and PID guidelines		Advice and evaluation of equity and diversity in public employment		Independent CEO selection and reappointment advice		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Expenses								
Employee benefits expense	1,638,128	2,042,475	621,359	777,163	564,872	294,676	2,824,359	3,114,314
Supplies and services	446,710	424,053	147,646	137,161	599,549	262,838	1,193,905	824,052
Depreciation and amortisation expense	42,028	86,668	15,942	35,458	14,493	11,274	72,463	133,400
Accommodation expenses	243,266	174,897	92,265	64,750	83,877	23,686	419,408	263,333
Grants and subsidies	1,157	3,637	439	-	399	-	1,995	3,637
Capital user charge	-	39,292	-	14,547	-	5,321	0	59,160
Other expenses	23,906	12,782	9,156	4,560	8,302	1,884	41,364	19,226
Loss on disposal of non-current assets	-	10,636	-	5,136	-	1,441	0	17,213
Total cost of services	2,395,195	2,794,440	886,807	1,038,775	1,271,492	601,120	4,553,494	4,434,335
Income								
User charges and fees	88,945	26,895	85,163	21,068	621,743	216,491	795,851	264,454
Total income other than income from State Government	88,945	26,895	85,163	21,068	621,743	216,491	795,851	264,454
NET COST OF SERVICES	2,306,250	2,767,545	801,644	1,017,707	649,749	384,629	3,757,643	4,169,881
INCOME FROM STATE GOVERNMENT								
Service appropriation	2,507,340	2,904,200	951,060	1,041,000	864,600	301,800	4,323,000	4,247,000
Resources received free of charge	36,932	12,326	14,008	4,566	12,735	1,671	63,675	18,563
Liabilities assumed by the Treasurer	(59)	713	(22)	264	(20)	97	(101)	1,074
Assets assumed / (transferred)	4,720	-	1,790	-	1,627	-	8,137	0
Total income from State Government	2,548,933	2,917,239	966,836	1,045,830	878,942	303,568	4,394,711	4,266,637
Surplus/deficit for the period	242,683	148,981	165,192	28,123	229,193	(81,061)	637,068	96,756

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

Summary of consolidation account appropriations and income estimates

	2008		2008		2008		2007	
	ESTIMATE	ACTUAL	VARIANCE	ACTUAL	VARIANCE	ACTUAL	ACTUAL	VARIANCE
	\$	\$	\$	\$	\$	\$	\$	\$000
DELIVERY OF SERVICES								
Item 7 net amount appropriated to deliver services	3,988,000	3,988,000	-	3,988,000	-	3,841,000	3,841,000	147,000
Section 25 transfer of service appropriation	-	-	-	-	-	-	-	-
Amount authorised by other statutes - <i>Salaries and Allowances Act 1975</i>	335,000	335,000	-	335,000	-	406,000	406,000	(71,000)
Total appropriations provided to deliver services	4,323,000	4,323,000	-	4,323,000	-	4,247,000	4,247,000	76,000
CAPITAL								
Capital Contribution	-	-	-	-	-	-	-	-
GRAND TOTAL	4,323,000	4,323,000	-	4,323,000	-	4,247,000	4,247,000	76,000
Details of expenses by service								
Development and monitoring of human resource standards, ethical codes and PID guidelines	2,976,000	2,395,195	(580,805)	2,395,195	(580,805)	2,794,440	2,794,440	(399,245)
Advice and evaluation of equity and diversity in public employment	1,123,000	886,807	(236,193)	886,807	(236,193)	1,038,775	1,038,775	(151,968)
Independent CEO selection and reappointment advice	802,000	1,271,492	469,492	1,271,492	469,492	601,120	601,120	670,372
Total cost of services	4,901,000	4,553,494	(347,506)	4,553,494	(347,506)	4,434,335	4,434,335	119,159
Less total income	(485,000)	(795,851)	(421,546)	(906,546)	(421,546)	(264,454)	(264,454)	(642,092)
Net cost of services	4,416,000	3,757,643	(769,052)	3,646,948	(769,052)	4,169,881	4,169,881	(522,933)
Adjustments	(93,000)	565,357	769,052	676,052	769,052	77,119	77,119	598,933
Total appropriations provided to deliver services	4,323,000	4,323,000	0	4,323,000	0	4,247,000	4,247,000	76,000
Capital expenditure								
Purchase of non-current physical assets	121,000	33,341	(87,659)	33,341	(87,659)	58,561	58,561	(25,220)
Repayment of borrowings	-	-	-	-	-	-	-	-
Corporate services and procurement implementation	-	-	-	-	-	-	-	-
Adjustment for other funding sources	(121,000)	(33,341)	87,659	(33,341)	87,659	(58,561)	(58,561)	25,220
Capital contribution (appropriation)	-	-	-	-	-	-	-	-
DETAILS OF INCOME ESTIMATES								
Income disclosed as Administered Income	-	-	-	-	-	-	-	-

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

Note 30 *Explanatory statement* provides details of any significant variations between estimates and actual results for 2008 and between the actual results for 2007 and 2008.

Notes to the financial statements

1. Office mission and funding

The Office of the Public Sector Standards Commissioner's (the Office) mission is to achieve better practice within public authorities in people management, workforce diversity and ethical behaviour through education, capacity building and independent oversight.

The Office is mainly funded by Parliamentary appropriations. The financial statements encompass all funds through which the Office controls resources to carry on its functions.

2. Australian equivalents to International Financial Reporting Standards

General

The Office's financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Office has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Office cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Office for the annual reporting period ended 30 June 2008.

3. Summary of significant accounting policies

(a) General statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the *Treasurer's Instructions* to vary application, disclosure, format and wording.

The *Financial Management Act* and the *Treasurer's Instructions* are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

(b) Basis of preparation

The financial statements have been prepared in accordance with Accounting Standard AAS 29 *Financial Reporting by Government Departments* on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value.

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

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

The judgements that have been made in the process of applying the Office's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 4 *Judgements made by management in applying accounting policies*.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 5 *Key sources of estimation uncertainty*.

(c) Reporting entity

The reporting entity comprises the Office.

d) Contributed equity

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

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 25 *Equity*.

(e) Income

Revenue recognition

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

Rendering of services

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

Service appropriations

Service Appropriations are recognised as revenues 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 Treasury. See note 16 *Income from State Government* for further detail.

Net appropriation determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Office. In accordance with the determination specified in the 2007-2008 Budget Statements, the Office retained \$637,068 in 2008 (\$264,454 in 2007) from the following:

- proceeds from fees and charges; and
- other office revenue.

Grants, donations, gifts and other non-reciprocal contributions

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Property, plant and equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost

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

Subsequent measurement

At this time, the Office does not hold land, buildings or infrastructure assets. As such, items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

Depreciation

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

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

Furniture and fittings	5 years
Office equipment	5 years
Computer hardware	3 years
Communications	5 years
Plant and machinery	10 years
Office establishment	10 years

(g) Intangible assets*Capitalisation/expensing of assets*

Acquisitions of intangible assets costing **\$5,000** or more and internally generated intangible assets costing **\$50,000** or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

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

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Office have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software ^(a)	3 Years
-------------------------	---------

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

Computer software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Web site costs

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

(h) Impairment of assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Office is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

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

(i) Leases

The Office holds operating leases for its office building and motor vehicles where the lessor effectively retains all of the risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(j) Financial instruments

In addition to cash and bank overdraft, the Office has two categories of financial instrument:

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

These have been disaggregated into the following classes:

Financial assets

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

Financial liabilities

- payables; and
- amounts due to the Treasurer.

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

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

(k) Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These are comprised of cash on hand.

(l) Accrued salaries

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

Accrued salaries (refer note 22 *Payables*) represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(m) Amounts receivable for services (holding account)

The Office receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also note 16 *Income from State Government* and note 19 *Amounts receivable for services*.

(n) Receivables

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

See note 3(j) *Financial instruments* and note 18 *Receivables*.

(o) Payables

Payables are recognised when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 3(j) *Financial instruments* and note 22 *Payables*.

(p) Amounts due to the Treasurer

The amount due to the Treasurer is in respect of a Treasurer's Advance. Initial recognition and measurement, and subsequent measurement is at the amount repayable. Although there is no interest charged the amount repayable is equivalent to fair value as the period of the borrowing is for less than 12 months with the effect of discounting not being material. See note 23 *Amounts due to the Treasurer*.

(q) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 24 *Provisions*.

(i) Provisions - Employee benefits***Annual leave and long service leave***

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the balance sheet date on national Government bonds with terms to maturity that match, as closely as

possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. The Office has no liabilities for superannuation charges under the Pension or the GSS Schemes as the liability has been assumed by Treasurer.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Office makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

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

See also note 3(r) *Superannuation expense*.

(ii) Provisions - Other

Employment on-costs

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

See note 13 *Other expenses* and note 24 *Provisions*.

(r) Superannuation expense

The following elements are included in calculating the superannuation expense in the Income Statement:

(a) Defined benefit plans - Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer 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 (GSS); and

(b) Defined contribution plans - Employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

Defined benefit plans - in order to reflect the true cost of services, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS Scheme transfer benefits are recognised as expenses directly in the Income Statement. As these liabilities are assumed by the Treasurer (refer note 3(q)(i)), a revenue titled *Liabilities assumed by the Treasurer* equivalent to the expense is recognised under Income from State Government in the Income Statement. See note 16 *Income from State Government*.

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

Defined contribution plans - in order to reflect the Office's true cost of services, the Office is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits). These contributions were paid to the GESB during the year and placed in a

trust account administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these employer contributions in respect of the GSS Scheme to the Consolidated Account.

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

(s) Resources received free of charge or for nominal cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

(t) Comparative figures

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

4. Judgements made by management in applying accounting policies

The judgements that have been used in the process of applying accounting policies have had no material effect on amounts recognised in the financial statements.

5. Key sources of estimation uncertainty

There were no estimates or assumptions made concerning the future, or other key sources of estimation uncertainty at the balance sheet date that is likely to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. Disclosure of accounting policy and estimates

Initial application of an Australian Accounting Standard

The Office has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007 that impacted on the Office:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Office's exposure to risks, including enhanced disclosure regarding components of the Office's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

Voluntary changes in accounting policy

At the end of November 2007, the Office rolled into the Department of Treasury and Finances Shared Services environment. Prior to the roll in, the Office maintained an asset capitalisation threshold of \$1,000. Following the roll in and in accordance with Treasurer's Instruction 1101, the asset capitalisation policy for the Office was increased to \$5,000.

In accordance with the requirements of AASB 108, the Office has accounted for this change in accounting policy by retrospectively adjusting the opening balance of the accumulated surplus/(deficiency) account for the earliest prior period possible and by adjusting the relevant financial statement comparative amounts disclosed for the prior period presented, as if the new accounting policy had always been applied.

It was assessed that the earliest practical period that this change in accounting policy could be applied was at 1 July 2007. Hence this new capitalisation policy has been applied to the Office's assets as at that date. The net effect of the change in the capitalisation policy was a net decrease in the Office's asset base of \$79,523 which is reflected in an adjustment to the accumulated surplus/(deficiency) account for this amount (See Changes in Equity account for disclosure).

The relevant asset categories adjusted with their balances as at June 30 2007 pre the change in the capitalisation policy and post the change in the policy are as follows:

Property, plant and equipment

	June 30 2007 balances prior to change in capitalisation policy	1 July 2007 balances after change in capitalisation policy
Furniture and fittings		
At cost	24,833	15,780
Accumulated depreciation	(9,281)	(921)
Accumulated impairment loss	-	-
	15,552	14,859
Office equipment		
At cost	263,424	186,681
Accumulated depreciation	(199,760)	(149,268)
Accumulated impairment loss	-	-
	63,664	37,413
Computer hardware		
At cost	350,425	138,029
Accumulated depreciation	(282,278)	(121,767)
Accumulated impairment loss	-	-
	68,147	16,262
Office establishment		
At cost	395,092	394,009
Accumulated depreciation	(137,911)	(137,523)
Accumulated impairment loss	-	-
	257,181	256,487
	404,544	325,021

Future impact of Australian Accounting Standards not yet operative

The Office cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Office has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Office but are not yet effective. Where applicable, the Office plans to apply these standards and interpretations from their application date:

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Office does not expect any financial impact when the Standard is first applied	1 January 2009
Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:	
AASB 1004 'Contributions' (December 2007)	1 July 2008
AASB 1050 'Administered Items' (December 2007)	1 July 2008
AASB 1052 'Disaggregated Disclosures' (December 2007)	1 July 2008

AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137] (December 2007). 1 July 2008

Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities (December 2007). 1 July 2008

The existing requirements in AAS27, AAS 29 and AAS 31 have been transferred to the above new and existing topic-based Standards and Interpretation. These requirements remain substantively unchanged. The new and revised Standards make some modifications to disclosures, otherwise there will be no financial impact.

7. Employee benefits expense

	2008	2007
Wages and salaries ^(a)	2,443,258	2,734,196
Superannuation - defined contribution plans ^(b)	275,996	243,893
Superannuation - defined benefit plans ^{(c)(d)}	(101)	1,074
Long service leave ^(e)	(25,799)	27,435
Annual leave ^(e)	50,810	53,161
Other employee benefit expenses	80,195	54,555
	<u>2,824,359</u>	<u>3,114,314</u>

(a) Includes the fringe benefits tax component.

(b) Defined contribution plans include West State and Gold State (contributions paid).

(c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).

(d) An equivalent notional income is also recognised (see note 16 *Income from State Government*).

(e) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 13 *Other expenses*. The employment on-costs liability is included at note 24 *Provisions*.

8. Supplies and services

	2008	2007
Professional services	754,180	396,654
Travel	27,420	25,597
Communications	51,411	60,003
Consumables	212,441	102,498
Lease, rent and hire expenses	69,600	38,826
General administration costs	78,853	200,474
	<u>1,193,905</u>	<u>824,052</u>

9. Depreciation expense

Depreciation

	2008	2007
Communications	5,272	-
Furniture and fittings	39,146	1,036
Office equipment	6,802	33,593
Computer hardware	19,433	56,932
Office establishment	-	41,839
Plant and machinery	1,810	-
Total depreciation	<u>72,463</u>	<u>133,400</u>

10. Accommodation expense

	2008	2007
Lease rentals and outgoings	419,408	263,333
	<u>419,408</u>	<u>263,333</u>

11. Grants and subsidies

	2008	2007
<u>Recurrent</u>		
External grants	1,995	3,637
	<u>1,995</u>	<u>3,637</u>

12. Capital user charge

	2008	2007
	-	59,160
	<u>-</u>	<u>59,160</u>

The charge was a levy applied by Government for the use of its capital. The final charge was levied in 2006/07.

13. Other expenses

	2008	2007
Employment on-costs ^(a)	131	426
Audit Fee ^(b)	18,800	18,800
Other Miscellaneous Expenses	22,433	-
	<u>41,364</u>	<u>19,226</u>

^(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 24 *Provisions*. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

^(b) Audit fee, see also note 33 *Remuneration of auditor*.

14. User charges and fees

	2008	2007
Contributions by senior officers to the Government Vehicle Scheme	8,646	6,704
Recoup from CEO selections	777,992	213,132
Other revenue	9,213	44,618
	<u>795,851</u>	<u>264,454</u>

15. Net gain/(loss) on disposal of non-current assets

	2008	2007
<u>Cost of Disposal on Non-Current Assets</u>		
Computer hardware	-	1,003
Furniture and fittings	-	-
Plant and equipment	-	16,210
Office establishment	-	-
	<u>-</u>	<u>17,213</u>
 <u>Proceeds from Disposal of Non-Current Assets</u>		
Computer hardware	-	-
Furniture and fittings	-	-
Plant and equipment	-	-
Office establishment	-	-
	<u>-</u>	<u>-</u>
 Net gain/(loss)	<u>-</u>	<u>(17,213)</u>

16. Income from State Government

	2008	2007
Appropriation received during the year:		
Service appropriations ^(a)	4,323,000	4,247,000
The following liabilities have been assumed by the Treasurer during the financial year:		
- Superannuation ^(b)	(101)	1,074
Total liabilities assumed by the Treasurer	4,322,899	4,248,074
The following assets have been assumed from other State Government agencies during the financial year:		
- Inventories	8,137	-
Total assets assumed/(transferred)	8,137	-
Resources received free of charge ^(c)		
Determined on the basis of the following estimates provided by agencies:		
Department of Premier and Cabinet	55,783	-
Department of Housing and Works - lease administration services	-	2,988
State Solicitors Office	7,892	15,575
	63,675	18,563
	4,394,711	4,266,637

^(a) Service appropriations are accrual amounts reflecting the full cost of services 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.

^(b) The assumption of the superannuation liability by the Treasurer is a notional income to match 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 Superannuation Scheme. (The notional superannuation expense is disclosed at note 7 *Employee benefits expense*).

^(c) Where assets or services have been received free of charge or for nominal consideration, the Office recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Office shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

^(d) Where assets or services have been received free of charge or for nominal cost, the Office recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable. The exception occurs where the contribution of assets or services are in the nature of contribution by owners, in which case the Office makes the adjustment direct to equity.

17. Restricted cash and cash equivalent assets

	2008	2007
<u>Current</u>		
Operating trust account at Treasury		
CEO selection ^(a)	-	361,321
	-	361,321
<u>Non-current</u>		
Accrued salaries suspense account ^(b)	29,149	19,386
	29,149	380,707

^(a) Cash held in these accounts is to be used only for the purposes of CEO selection.

^(b) 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.

18. Receivables

	2008	2007
Current		
Receivables	808,916	75,900
GST receivable	33,545	3,930
CEO debtors	580,473	141,544
	<u>1,422,934</u>	<u>221,374</u>
Prepayments	2,110	-
Total current	<u>1,425,044</u>	<u>221,374</u>

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of the year	-	-
Doubtful debts expense recognised in the income statement	-	-
Amount written off during the year	-	-
Amount recovered during the year	-	-
Balance at end of the year	<u>-</u>	<u>-</u>

Credit risk

Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:

Not more than 3 months	808,916	217,444
More than 3 months but less than 6 months	-	-
More than 6 months but less than 1 year	-	-
More than 1 year	-	-
	<u>808,916</u>	<u>217,444</u>

Receivable individually determined as impaired at the balance sheet date:

Carrying amount, before deducting any impairment loss	-	-
Impairment loss	-	-
	<u>-</u>	<u>-</u>

The Office does not hold any collateral as security or other credit enhancements relating to receivables.

See also note 3(n) *Receivables* and note 31 *Financial instruments*.

19. Amounts receivable for services

	2008	2007
Current	111,000	120,000
Non-current	1,102,000	899,000
	<u>1,213,000</u>	<u>1,019,000</u>

Represents the non-cash component of service appropriations. See note 3(m) *Amounts receivable for services (Holding Account)*. It is restricted in that it can only be used for asset replacement or payment of leave liability.

20. Property, plant and equipment

	2008	2007
<u>Furniture and fittings</u>		
At cost	395,084	24,833
Accumulated depreciation	(170,010)	(9,281)
	<u>225,074</u>	<u>15,552</u>
<u>Office equipment</u>		
At cost	122,716	263,424
Accumulated depreciation	(95,125)	(199,760)
	<u>27,591</u>	<u>63,664</u>
<u>Computer hardware</u>		
At cost	157,966	350,425
Accumulated depreciation	(142,474)	(282,278)
	<u>15,492</u>	<u>68,147</u>
<u>Office establishment</u>		
At cost	-	392,092
Accumulated depreciation	-	(137,911)
	<u>-</u>	<u>257,181</u>
<u>Communications</u>		
At cost	68,338	-
Accumulated depreciation	(64,734)	-
	<u>3,604</u>	<u>-</u>
<u>Plant and machinery</u>		
At cost	22,843	-
Accumulated depreciation	(9,389)	-
	<u>13,454</u>	<u>-</u>
Total	<u>285,215</u>	<u>404,544</u>

20. Property, plant and equipment (con't)

Reconciliations
Reconciliations of the carrying amounts of plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below:

2008	Furniture and fittings	Office equipment	Computer hardware	Communications	Plant and machinery	Office establishment	Total
Carrying amount at start of year	15,552	63,664	68,147	-	-	257,181	404,544
Derecognition of assets following change in accounting policy	(692)	(26,251)	(51,885)	-	-	(695)	(79,523)
Additions	8,136	13,323	11,474	-	-	-	32,933
Transfers	241,224	(16,067)	7,189	8,876	15,264	(256,486)	0
Other assets derecognised	-	(276)	-	-	-	-	(276)
Depreciation	(39,146)	(6,802)	(19,433)	(5,272)	(1,810)	-	(72,463)
Carrying amount at end of year	225,074	27,591	15,492	3,604	13,454	0	285,215
2007							
Carrying amount at start of year	809	105,504	101,235	-	-	299,020	506,568
Additions	15,779	7,963	24,847	-	-	-	48,589
Transfers	-	-	-	-	-	-	-
Disposals	-	(16,210)	(1,003)	-	-	-	(17,213)
Depreciation	(1,036)	(33,593)	(56,932)	-	-	(41,839)	(133,400)
Carrying amount at end of year	15,552	63,664	68,147	-	-	257,181	404,544

21. Impairment of assets

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2008.

The Office held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2008 have either been classified as assets held for sale or written-off.

22. Payables

	2008	2007
<u>Current</u>		
Trade payables	103,259	5,626
Accrued expenses	252,327	-
Accrued salaries	25,710	9,886
Other payables	(2,381)	77,775
Total current	<u>378,915</u>	<u>93,287</u>

See also note 3(o) *Payables* and note 31 *Financial instruments*.

23. Amounts due to the Treasurer

	2008	2007
<u>Current</u>		
Amount due to the Treasurer	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

See also note 31 *Financial instruments*.

24. Provisions

	2008	2007
<u>Current</u>		
Employee benefits provision		
Annual leave ^(a)	251,111	192,903
Long service leave ^(b)	238,760	267,466
Deferred salary scheme	-	2,556
	<u>489,871</u>	<u>462,925</u>
Other provisions		
Employment on-costs ^(c)	2,265	2,143
	<u>2,265</u>	<u>2,143</u>
	<u>492,136</u>	<u>465,068</u>
<u>Non-current</u>		
Employee benefits provisions		
Long service leave ^(b)	211,707	210,524
Deferred salary scheme	-	-
	<u>211,707</u>	<u>210,524</u>
Other provisions		
Employment on-costs ^(c)	995	987
	<u>995</u>	<u>987</u>
	<u>212,702</u>	<u>211,511</u>

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

	2008	2007
Within 12 months of reporting date	146,324	195,459
More than 12 months after reporting date	104,787	-
	<u>251,111</u>	<u>195,459</u>

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

Within 12 months of reporting date	169,509	267,466
More than 12 months after reporting date	280,958	210,524
	<u>450,467</u>	<u>477,990</u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included in note 13 *Other expenses*.

Movement in other provisions

Employment on-cost provision

Carrying amount at start of year	987	644
Additional provisions recognised	8	343
Carrying amount at end of year	<u>995</u>	<u>987</u>

25. Equity

Equity represents the residual interest in the net assets of the Office. The Government holds the equity interest in the Office on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.

	2008	2007
Contributed equity		
Balance at the start of the year	615,000	615,000
Contributions by owners:		
Capital contributions ^(a)	-	-
Transfer of net assets from other agencies ^(a)	-	-
Total contributions by owners	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>615,000</u>	<u>615,000</u>

(a) Capital contributions (appropriations) and non-discretionary (non-reciprocal) transfers of net assets from other State government agencies have been designated as contributions by owners in Treasurer's Instruction TI 955 *Contribution by Owners Made to Wholly-Owned Public Sector Entities* and are credited directly to equity.

	2008	2007
Accumulated surplus/(deficit) (retained earnings)		
Balance at the start of the year	469,525	372,769
Recognition of change in accounting policy	(79,523)	-
Restated opening balance	390,002	372,769
Result for the period	637,068	96,756
Transfer from contributed equity	-	-
Transfer from asset revaluation reserve	-	-
Income and expense recognised directly to equity	-	-
Balance at the end of the year	<u>1,027,070</u>	<u>469,525</u>

26. Notes to the cash flow statement

Reconciliation of cash

Cash at the end of the financial year is shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2008	2007
Cash and cash equivalents	273,415	328,766
Restricted cash and cash equivalents (refer to note 17)	29,149	380,707
	<u>302,564</u>	<u>709,473</u>

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	2008	2007
Net cost of services	(3,757,643)	(4,169,881)
Non-cash items:		
Depreciation and amortisation expense	72,463	133,400
Superannuation expense	(101)	1,074
Resources received free of charge	63,675	18,563
Net (gain)/loss on sale of plant and equipment	-	17,213
<u>(Increase)/decrease in assets:</u>		
Current receivables ^(c)	(1,174,055)	6,141
<u>Increase/(decrease) in liabilities:</u>		
Current payables ^(c)	285,628	(73,354)
Current provisions	27,068	20,044
Other current liabilities	-	532
Non current provisions	1,191	73,398
Net GST receipts/(payments) ^(a)	(47,949)	17,551
Change in GST in receivables/payables ^(b)	27,054	9,226
Net cash provided by/(used in) operating activities	<u>(4,502,568)</u>	<u>(3,946,093)</u>

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

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

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

27. Commitments

Non-cancellable operating lease commitments:

Commitment for minimum payments are payable as follows:

	2008	2007
Within 1 year	339,578	36,840
Later than 1 year and not later than 5 years	944,890	19,530
Later than 5 years	-	-
	<u>1,284,468</u>	<u>56,370</u>

The non cancellable operating leases represent the Office's property lease and leases on its motor vehicles. The property lease is non-cancellable lease with a four year term, with rent payable monthly. Contingent rent provisions within the lease agreement allow for the minimum lease payments to be reviewed and increased in line with movements in market rents. An option exists to renew the lease at the end of the lease term.

The motor vehicle lease is a non-cancellable lease with a two year term, with lease payments monthly. New vehicle leases are negotiated at the end of this period, the number of vehicle leases being subject to the Office's operational needs.

Other expenditure commitments represent general expenses contracted for at the balance sheet date but not recognised as liabilities, are payable as follows:

Within 1 year	6,953	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>6,953</u>	<u>-</u>

These commitments are all inclusive of GST.

28. Contingent liabilities and contingent assets

Contingent liabilities

The Office has no contingent liabilities.

Contingent assets

The Office has no contingent assets.

29. Events occurring after the balance sheet date

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

30. Explanatory statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled *Summary of Consolidated Fund Appropriations and Income Estimates* are shown below. Significant variations are considered to be those greater than 10% or \$432,300.

(i) Significant variances between estimate and actual for 2008 - Total appropriation provided to deliver services:

Although there was no significant variance in the total appropriation, there were significant offsetting variances in the following service expenditure

	2008 Estimate \$	2008 Actual \$	Variance \$
Service 1: Development and monitoring of human resource standards, ethical codes and public interest disclosure guidelines	2,976,000	2,395,195	(580,805)

The decrease in expenses arose due to the Office going through a restructure in the 2007-2008 financial year. Filling of vacant positions were timed to fit the new structure, and led to some positions not being filled for part of the year.

	2008 Estimate \$	2008 Actual \$	Variance \$
Service 3: Independent CEO selection and reappointment advice	802,000	1,271,492	469,492

The increase in expenses is due to the number of CEO positions increasing to 25 for 2007-2008. This compared to 11 in 2006-2007. Further, a significant number of positions were finalised only later in the financial year, for which reimbursement letters were sent after the close of the financial year.

(ii) Significant variances between actuals for 2007 and 2008 - Total appropriation to deliver services:

	2008 Actual \$000	2007 Actual \$000	Variance \$000
Total appropriation provided to deliver services for the year	4,323,000	4,247,000	76,000
Total income	(795,851)	(264,454)	(531,397)

Total revenue

The increase in revenue is due to timing of receivables for the CEO selection and leave transfers and secondments being later in the financial year.

Service expenditure

	2008 Actual \$000	2007 Actual \$000	Variance \$000
Independent CEO selection and reappointment advice	1,271,492	601,120	(670,372)

The increase in expenses is due to the number of CEO positions increasing to 25 for 2007-2008. This compared to 11 in 2006-2007. Further, a significant number of positions were finalised only later in the financial year, for which reimbursement letters were sent after the close of the financial year.

31. Financial instruments**(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Office are cash and cash equivalents, restricted cash and cash equivalents, finance lease, Treasurer's advances and receivables and payables. All of the Offices' cash is held in the public bank account (non interest bearing) apart from restricted cash in a special purpose account. The Office has limited exposure to financial risks. The Offices' overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is a possibility of the Offices' receivables defaulting on their contractual obligations resulting in financial loss to the Office. The Office measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown at the table at Note 31(c).

Credit risk associated with the Offices' financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than Government, the Office trades only with recognised, creditworthy third parties. The Office has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Offices' exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 18 *Receivables*.

Liquidity risk

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

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

Market risk

The Office does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity price changes). Other than as detailed in the interest rate sensitivity analysis table at Note 31(c), the office is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing, and have no borrowings other than the Treasurer's advance (non-interest bearing) and finance leases (fixed interest rate).

(b) Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows.

Financial assets

	2008	2007
Cash and cash equivalents	\$ 273,415	\$ 328,766
Restricted cash and cash equivalents	\$ 29,149	\$ 380,707
Loans and receivables ^(a)	\$ 2,021,916	\$ 1,236,444

Financial liabilities

Financial liabilities measured at amortised cost	\$ 878,915	\$ 593,287
--	------------	------------

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

(c) Financial Instrument disclosures*Credit risk, liquidity risk and interest rate risk exposures*

The following table details the exposure to liquidity risk and interest rate risk at the balance sheet date. The Offices' maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the Office. The contract maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material.

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

The Office does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

	Weighted average effective interest	Variable interest rate	Non interest bearing	Contractual maturity dates						Adjustment for discounting	Carrying amount
				Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years		
<u>30 June 2008</u>											
Financial assets											
Cash and cash equivalents	-		273,415	-	-	-	-	-	-	-	273,415
Restricted cash and cash equivalents			29,149	-	-	-	-	-	-	-	29,149
Receivables ^(a)	-		808,916	-	-	-	-	-	-	-	919,611
Amounts receivable for services	-		1,213,000	-	-	-	-	-	-	-	1,213,000
	-		2,324,480	-	-	-	-	-	-	-	2,435,175
Financial liabilities											
Payables	-		378,915	-	-	-	-	-	-	-	378,915
Amounts due to the Treasurer	-		500,000	-	-	-	-	-	-	-	500,000
	-		878,915	-	-	-	-	-	-	-	878,915
<u>30 June 2007</u>											
Financial assets											
Cash and cash equivalents	-		328,766	-	-	-	-	-	-	-	328,766
Restricted cash and cash equivalents			380,707	-	-	-	-	-	-	-	380,707
Receivables ^(a)	-		217,444	-	-	-	-	-	-	-	217,444
Amounts receivable for services	-		1,019,000	-	-	-	-	-	-	-	1,019,000
	-		1,945,917	-	-	-	-	-	-	-	1,945,917
Financial liabilities											
Payables	-		93,287	-	-	-	-	-	-	-	93,287
Amounts due to the Treasurer	-		500,000	-	-	-	-	-	-	-	500,000
	-		593,287	-	-	-	-	-	-	-	593,287

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

Interest rate sensitivity analysis

None of the Office's financial assets and liabilities at the balance sheet date are sensitive to movements in interest rates, hence movements in interest rates have no bottom line impact on the Office's surplus or equity.

Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

32. Remuneration of senior officers

Remuneration

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

\$	2008	2007
0 - 10,000		
10,001 - 20,000		
20,001 - 30,000		1
30,001 - 40,000		
40,001 - 50,000		
50,001 - 60,000		1
60,001 - 70,000		
70,001 - 80,000	2	
80,001 - 90,000		1
90,001 - 100,000		2
100,001 - 110,000		1
110,001 - 120,000		3
120,001 - 130,000		
140,001 - 150,000		
150,001 - 160,000	1	1
160,001 - 170,000		1
280,001 - 290,000		
290,001 - 300,000	1	

The total remuneration of senior officers is: 603,627 1,572,557

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

No senior officers are members of the Pension Scheme.

33. Remuneration of auditor

Remuneration payable to the Auditor General for the financial year is as follows:

	2008	2007
Auditing the accounts, financial statements and performance indicators	<u>18,800</u>	<u>18,800</u>

34. Related bodies

The Office had no related bodies during the financial year.

35. Affiliated bodies

The Office has no affiliated bodies.

36. Supplementary financial information

Write-offs

There were no write-offs during the financial year.

Losses through theft, defaults and other causes

There were no losses of public money and public and other property during the financial year.

Gifts of public property

There were no gifts of public property provided by the Office during the financial year.

Detailed key performance indicators information

Certification of key performance indicators

OFFICE OF THE PUBLIC SECTOR STANDARDS COMMISSIONER
FOR THE YEAR ENDED 30 JUNE 2008

I hereby certify that the following Performance Indicators are:

- based on proper records
- relevant and appropriate for assisting users to assess performance
- accurately represent the performance of the Office of the Public Sector Standards Commissioner for the year ended 30 June 2008.



Dr Ruth Shean
Commissioner
PUBLIC SECTOR STANDARDS

11 September 2008

Statement of Purpose

OPSSC and OEEO collaborate with public sector agencies to enhance the reputation of the WA public sector, and build strength and diversity through elements of the:

- *Public Sector Management Act 1994;*
- *Public Interest Disclosure Act 2003; and*
- *Equal Opportunity Act 1984.*

In particular, OPSSC and OEEO:

- lead and establish standards and codes through the relevant legislation;
- assist agencies to comply with those standards and codes, through policy and practice; and
- monitor and report compliant and non-compliant agency conduct.

OPSSC also recommends to the Minister for Public Sector Management people suitable for appointment as public sector CEOs.

This work is a quality assurance to the Western Australian community, the Parliament of Western Australia and the Minister for Public Sector Management that the public sector operates within a clearly defined set of principles and standards that apply to every employee in the sector.

Outcomes for 2007-08

Outcomes for public authorities in 2007–08 include accountability for and achievement of:

- merit, equity and probity in human resource management (public sector only);
- workforce diversity at all levels of employment; and
- conduct and integrity in the performance of official duties.

Key effectiveness indicators

Outcome-based management framework for 2007-08

Key effectiveness indicator	2006-07 Actual	2007-08 Target	2007-08 Actual
Percentage of public authorities that have provided all reports as required by legislation ^(a)	95%	100%	100%
Percentage of employees who agree that there is compliance in their agency with the human resource management standards ^(b)	76%	80%	77%
Percentage of employees who agree that there is compliance in their agency with the ethical codes ^(b)	83%	85%	82%
Improvement in the public sector composite equity index for women, people with disabilities, Indigenous Australians and people from culturally diverse backgrounds ^(c)	82	85	84
Corporate Executive's satisfaction with agency climate surveys ^(d)	n/a	98%	97%
Percentage of Commissioner's nominations for CEO positions accepted by Minister	87%	100%	100%

- (a) Each year public authorities are required by legislation to provide the Office and the DEOPE with a number of compliance related reports. This percentage refers to the percentage of agencies that complete and submit these reports.
- (b) These percentages are measured by aggregated responses to selected climate survey questions conducted in a sample of agencies across the sector. The percentage is obtained by dividing the number of respondents who agree by the total number who express an opinion. People who neither agree nor disagree or who do not answer the question are excluded from the calculation. Total staff responding to the climate survey in 2007-08 was 6,655 (Sampling error rate = (+/-) 1.16, where $n = 6,655$, $N = 100,000$, $z = 1.96$ and $p = 0.05$).
- (c) The composite equity index is a single measure that combines key measures of equity in public employment for women, Indigenous Australians, people from culturally diverse backgrounds and people with disabilities. The key measures of equity for each group are the variation between the workforce percentage and the community percentage and the variation between the equity index (a measure of the distribution of the group across all levels of the workforce). The ideal composite equity index is 100.
- (d) This performance indicator measures the satisfaction of corporate executives with the presentation of whole-of-agency climate survey results and outcomes of agency reviews on ethics and human resources PSM Act, PID Act, and equity and diversity (EEO Legislation).

Key efficiency indicators

Service 1: Development and monitoring of human resource standards, ethical codes and public interest disclosure guidelines

Efficiency indicator one: Average cost per public authority for compliance monitoring and assistance

This indicator illustrates the average cost per public authority for monitoring and assisting compliance with the principles, standards and ethical codes under the PSM Act and provisions of the PID Act.

Year	Costs (\$000)	Number of public authorities	Average cost per public authority
PSM Act and PID Act			
2007-08	\$2,395	268	\$8,937
2006-07	\$2,795	269	\$10,390
2005-06	\$2,664	266	\$10,015
2004-05	\$2,068	264	\$7,833

Notes

The PSM Act and PID Act service areas were combined in 2007-08 and were reported on jointly. In previous years these areas were assessed separately financially.

For 2006-07 and earlier, the total cost of services for the PID Act and the PSM Act was reported separately, based on calculating the percentage of the cash component and applying that percentage to the accrual figures for the total output.

The total costs for the financial year for delivering this output are divided by the total number of public authorities covered by the PSM Act (268 for 2007-08). Public authorities in 2007-08 consist of 120 public sector agencies, 144 local government authorities and four public universities (total = 268).

The number of public authorities is based on the most recent available data for the public sector as at 30 June 2008, local government as at 30 December 2007 and universities as at 31 March 2008.

From 2005-06 the increase in costs under the PID Act is due to an approved increase in funding to raise awareness and handle cases. The increase in costs for the PSM Act is due to approved increase in funding for monitoring compliance and assisting agencies.

Service 2: EEO advice and evaluation of equity and diversity in public employment

Efficiency indicator two: Average cost per public authority for EEO

This indicator shows the average cost per public authority for reporting on compliance with Part IX of the EO Act and helping public authorities achieve a more diverse workforce.

Year	Costs (\$000)	Number of public authorities	Average cost per public authority
2007-08	\$887	268	\$3,310
2006-07	\$1,038	269	\$3,859
2005-06	\$1,084	266	\$4,074
2004-05	\$1,122	264	\$4,250

Notes

The total costs for the financial year for delivering this output are divided by the total number of public authorities covered by Part IX of the EO Act.

Public authorities in 2007-08 consist of 120 public sector agencies, 144 local government authorities and four public universities (total = 268).

The number of public authorities is based on the most recent available data for the public sector as at 30 June 2008, local government as at 30 December 2007 and universities as at 31 March 2008.

Service 3: Independent CEO selection and reappointment advice

Efficiency indicator three – Average cost per CEO selection

This indicator shows the average cost per selection for providing independent CEO selection advice to Ministers under section 45 and 48 of the PSM Act. Because vacancy numbers vary from year to year, costs may not vary in a consistent manner.

Year	Costs (\$000)	Number of public authorities	Average cost per public authority
2007-08	\$1,272	21	\$60,571
2006-07	\$601	11	\$54,663
2005-06	\$539	10	\$53,864
2004-05	\$485	10	\$48,532

Notes

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.

Ministerial directives relating to outcomes

Other financial disclosures

Pricing policies of services provided

OPSSC currently receives revenue for the following functions.

- Costs for CEO selection processes are recouped from the relevant agency following the announcement of the Minister for Public Sector Management's decision. These include direct costs such as advertising, recruitment consultants and travel, but do not include the costs of OPSSC staff managing the process. Accounts are paid from a Treasurer's Advance and the actual costs are recouped.
- OPSSC undertakes climate surveys to measure perceptions about human resource management, ethics, diversity and public interest disclosures in agencies across the public sector. This survey is free of charge for agencies surveyed.

Capital works

There were no major capital works undertaken during 2007-08.

Employment and industrial relations

As at 30 June 2008, 33 employees, including 30 full-time permanent employees and three employed on a permanent part-time basis. Contract staff are employed when needed to backfill unexpected vacancies or staff on extended leave, to provide short-term expertise or to assist in peak workload periods. All employees are public servants operating in consultancy and clerical roles as shown in the table below.

Employee category	Number of staff as at 30 June	
	2006-07	2007-08
Full-time permanent	25	25
Full-time contract	4	5
Part-time permanent (measured on a FTE basis)	6 (3.4 FTEs)	1
Part-time contract (measured on a FTE basis)	4 (2.2 FTEs)	2
TOTAL	39 (34.6 FTEs)	33
Employees seconded out (not included in FTEs above)	5	7
Employees seconded in (included in FTEs above)	8 (6.3 FTEs)	4

Note

The number of staff reported above is a snapshot as at 30 June 2008.

Staffing policies

OPSSC has policies to cover a full range of human resource management practices. These policies are part of a formal policy system which includes an annual review process, posting of policies to the intranet and transparent communication of policies to all staff.

Policies of note are:

- Acting and deployment;
- Anti-bullying;
- Discipline;
- Grievance resolution;
- Guidelines for classification review and establishment matters;
- Human resources plan;
- Induction program;
- Injury management system;
- Leave management;
- Occupational safety and health;
- Outside employment;
- Performance development system;
- Purchased leave;
- Recruitment, selection and appointment;
- Recruitment toolkit;
- Redeployment;
- Secondment;
- Staff as referees;
- Termination; and
- Transfer.

Industrial relations

OPSSC staff are employed under the *Public Service General Agreement 2006* and the *Public Service Award 1992*. No industrial disputes were recorded during the year.

Occupational safety and health

OPSSC is committed to providing and maintaining a safe and healthy work environment for all employees and other persons providing services at or visiting our premises. This includes management acknowledging its duty to provide and maintain a working environment in which employees and other persons are not exposed to hazards. The principles, procedures and guidelines underpinning this commitment are contained in OPSSC's Occupational Safety and Health Policy.

The Executive Director Strategic and Corporate Services and OSH Coordinator are responsible for coordinating all consultations on OSH issues. In the past 12 months this has included consultations on specific building management issues and the following policies and initiatives:

- Occupational Safety and Health Policy – endorsed 17 August 2007;
- Injury Management Plan – endorsed 7 March 2008;
- Audit of first aid training undertaken during April 2008;
- First Aid Policy – endorsed 11 April 2008;
- Healthy Active Workplace Program – endorsed 28 April 2008;
- Security Policy – endorsed 28 April 2008;
- Ergonomic assessment of all workstations undertaken during April and May 2008; and
- Health and lifestyle seminars delivered on 16 May and 13 June 2008.

Number of fatalities	0
Lost time injury/disease incidence rate	0
Lost time injury severity rate	0
Workers compensation claims	2

Of the two workers compensation claims, one has been finalised and the other is being progressed.

Governance disclosures

Shares in statutory authority

OPSSC is not a statutory authority.

Shares in subsidiary bodies

OPSSC does not have any subsidiary bodies.

Interests in contracts by senior officers

OPSSC's *Code of Conduct* specifically addresses conflict of interest and employees are required to place their public duties before private interests. Conflict of interest covers both the employee and when family members or friends stand to benefit from a decision/action of which they are a part.

Policies relevant to the management of interest by senior officers include:

- OPSSC's *Code of Conduct* – currently being reviewed;
- *Public Sector Code of Ethics and Conduct Guide* – revised code introduced in February 2008 and communicated to all staff;
- Outside Employment Policy – endorsed 14 June 2007; and
- Acceptance of Gifts Policy – endorsed 15 November 2007 and updated 11 April 2008.

In addition, senior staff are aware of the *Conflict of Interest Guidelines* developed by the ICG, of which OPSSC is a member.

At the date of reporting, no senior officers, firms of which senior officers are members, or entities in which senior officers have substantial interests had any interest in existing or proposed contracts with the Department and senior officers.

Benefits to senior officers through contracts with OPSSC

This is not applicable as no senior officers have received any benefits in the 2007-08 financial year.

Insurance premiums to indemnify directors

This is not applicable as OPSSC does not have any directors as defined in Part 3 of the *Statutory Corporations (Liability of Directors) Act 1996*.

Other legal requirements

OPSSC'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, OPSSC recognises that external agencies expect it to be an exemplar of good corporate governance. By living up to those expectations, agencies will view OPSSC with increased levels of integrity and confidence.

OPSSC reflects at all levels a high level of compliance with statutory requirements and government policy. In doing so, OPSSC contributes to each of the strategic outcomes in the Government's *Better Planning: Better Futures* framework.

Advertising and sponsorship expenditure (*Electoral Act 1907*)

OPSSC has not engaged any advertising, market research, polling, direct mail or media advertising companies or organisations that require disclosure under s.175(Z)(E) of the *Electoral Act 1907*.

Disability Access and Inclusion Plan outcomes

A copy of OPSSC's *Disability Access and Inclusion Plan* (DAIP) is posted to the website. Quarterly progress reports are submitted to Corporate Executive for consideration, and once endorsed they are posted to the website.

The following is an overview of specific actions taken by OPSSC with respect to the six outcome areas of the DAIP.

Outcome One

- Inclusion of access links and information on the intranet to assist staff with planning accessible events.

Outcome Two

- Redesign of reception area to improve accessibility – work to be carried out in 2008/09.
- Audit of accessible toilet facilities in the building.

Outcome Three

- Review of style guide to ensure consistency with the *Premiers Circular 2003/08 State Government Access Guidelines for information, services and facilities*.
- Development of a *Plain English Guide*.
- Inclusion of a clause on publications that they may be made available in another format if required.

Outcome Four

- Specific disability awareness raising sessions with staff.
- Streamlining recruitment processes for OPSSC positions.

Outcome Five

- Posting of the DAIP to the website.
- A message from the Commissioner on the website advising people that feedback is welcome and will be addressed.

Outcome Six

- Information posted to the website inviting feedback.
- Consultation processes are inclusive, and include more than one means by which to provide feedback.

Equal Employment Opportunity outcomes

OPSSC's *Equal Opportunity Management Plan* for years 2007-2010 is reviewed annually and a progress report provided to corporate executive on the status of actions and initiatives in the plan.

OPSSC's current representation is shown below.

	Percentage actual representation 2007-08	Actual equity index 2007-08
Women	69	88
Women in management tiers 2 and 3	40	N/A*
People from culturally diverse backgrounds	21.1	N/A*
Indigenous Australians	0	-
People with disabilities	9.1	N/A*
Youth	0	-

* Meaningful equity index cannot be calculated for a diversity group with less than 10 individuals.

Key EEO initiatives in 2007-08

The following is an overview of key EEO initiatives for OPSSC in 2007-08.

- Development of a new strategic plan for OPSSC which includes as one of its values '*supportive work environments that recognise diversity and flexible work practices*'.
- Redevelopment of the job information package for applicants and advertisements posted to the jobs board, both of which confirm the OPSSC's commitment to equity and diversity.
- Continued promotion of flexible work practices through policy, practice and management support.
- EEO Management Plan is reviewed annually, with a formal mechanism in place for reporting progress on recommended actions to management.
- An anti-bullying and grievance resolution policy which forms part of the overall policy system for OPSSC and is reviewed annually.
- An annual equity and diversity survey of all staff.
- Formal recognition, promotion and implementation of strategies for Harmony Week.
- A formal induction policy and process which includes a requirement that line managers advise all new staff of the OPSSC's EEO Management Plan, grievance and anti-bullying policies, flexible work practices and the employee assistance program.
- Development of an 'internal culture' initiative for OPSSC which recognises and celebrates the diversity of our staff.
- Development of a fortnightly newsletter for all staff that advises on policy, practice, office initiatives and future directions.

Future EEO initiatives

OPSSC has built into its forward planning for 2008-09 the following EEO initiatives.

- Ongoing review of current policies and procedures.
- Train/retrain staff involved in selection processes.
- Review of the induction policy to ensure currency and usefulness.
- Explore opportunities for an internship program.
- Continue to support the recognition, promotion and implementation of strategies for Harmony week.
- Continue to develop and implement the 'internal culture' initiative in OPSSC.

Compliance with Public Sector Standards and ethical codes

OPSSC is committed to achieving high standards in monitoring and ensuring compliance with the Public Sector Standards, the *WA Code of Ethics* and the *OPSSC Code of Conduct*. The following is an overview of the OPSSC's activities with respect to compliance with public sector standards and ethical codes.

- Development and/or review of a comprehensive range of human resource policies.
- Presentation to all staff on the new *WA Code of Ethics* and the *Code of Conduct Guide* developed by OPSSC for the sector. This was supported by the posting of this information to the intranet and communication of its availability and content through the internal newsletter.
- Workshops for internal staff on the development of a new *Code of Conduct* for OPSSC.
- Developmental work on a stakeholder/customer complaint policy for OPSSC.
- Attendance by senior management to a presentation of accountability and ethical training for the public sector.
- Consideration and discussion of the *WA Code of Ethics* and *Conduct Guide* at Corporate Executive and Corporate Leadership Group meetings.
- Development of an accountability framework for OPSSC.

During 2007-08, OPSSC received one breach of standard claim which was referred to an independent consultant for review. The claim was received in June 2008 and is currently under review.

Record keeping plans

During 2007-08, OPSSC's record keeping processes continued to undergo review and significant improvement to demonstrate further compliance and commitment to efficient recordkeeping practices.

The following is an overview of significant actions taken in 2007-08.

- Review and enhancement of the *Records Management Policy*.
- Development of a *Records Management Disaster Recovery Plan*.
- Presentation by the State Records Office on record keeping requirements.
- Information and advice to all staff on classification and storage of emails.
- Formal training and resources on records management provided to all new staff as part of the induction process.
- Continued review of the retention and disposal schedule.
- A disposal program targeting directorate specific records is undertaken periodically to ensure ongoing on-site storage capacity.
- OPSSC continues to scan all significant incoming correspondence to complement the saving of electronic mail (email) and facsimiles directly into the TRIM electronic document records management system (EDRMS).
- Development of a correspondence tracking system for all correspondence addressed to the Commissioner.

Government policy requirements

Corruption prevention

OPSSC is committed to operating with a high level of integrity, consistent with its role in promoting external public authorities as leaders of integrity and equity.

OPSSC monitors and assists agencies with compliance with the Public Sector Standards and ethical codes across the sector. We also administer the PID Act, investigate disclosures made and undertake awareness programs throughout the public sector. The high profile of these issues in OPSSC and regular discussion ensure staff are aware of:

- the integrity framework for OPSSC, including our values, *Code of Conduct* and policies relating to integrity;
- activities which constitute misconduct and corruption;
- internal notification procedures for dealing with complaints relating to misconduct and corruption in OPSSC, including the ability to raise matters with the Ethics Committee, the use of the public interest disclosure process and the reporting of such matters to the CCC; and
- the requirement to refer misconduct and corruption to external bodies, including the CCC.

Prevention of misconduct and corruption is supported by:

- a strong focus on integrity and conflict of interest issues in the *Code of Conduct* and OPSSC policies;
- internal checks and balances including quality checks and authorised sign-off of major decisions such as recruitment and major purchases;
- the development of the new strategic plan which includes as one of its values '*integrity and impartiality*';
- development of a gifts policy that requires all gifts are declared and a regular report submitted to Corporate Executive for review; and
- requirements to declare and address conflicts of interest.

As it forms an integral part of the functions of OPSSC, staff are well aware of the *WA Code of Ethics* and its recent review. We adopt a continuous improvement approach to our *Code of Conduct* and *Conflict of Interest Policy*. Both documents are incorporated into the induction manual for new staff and are available on the OPSSC's intranet. Ethical awareness is reinforced through staff attendance at guest speaker presentations, relevant seminars and workshops.

Substantive equality

OPSSC is not a member of the Strategic Management Council and does not currently have obligations under the *Substantive Equality Framework*. OPSSC is committed to the objectives of the policy to eliminate systemic racial discrimination in the delivery of public services and promote sensitivity to the different needs of client groups. OPSSC's EEO Management Plan has a number of initiatives that

will contribute to the elimination of systemic racial discrimination in the delivery of services as well as promoting equal employment opportunity. Cultural diversity in the workforce contributes to increased sensitivity by all staff to the different needs of client groups and the following planned initiatives will address both employment opportunity and improved services to customers.

Sustainability

Under the *Sustainability Code of Practice for Government Agencies*, departments of State and SES organisations are required to develop a *Sustainability Action Plan*. While it is not intended that the code apply to accountability agencies such as OPSSC, the Office is committed to sustainability, ensuring agency operations support sustainability and encouraging and empowering staff to support it. The table below highlights OPSSC processes that reflect commitment to sustainability.

- Development of a new strategic plan which includes as one of its values *sustainable individual and agency achievements*.
- Procurement complies with the sustainability approach as outlined in the State Supply Commission's policies.
- Service delivery is integrated with other accountability agencies through co-location arrangements and shared business services.
- OPSSC maximises paper recycling through use of large recycle bins placed in central locations and individual recycle bins for each workstation.
- Distribution of information and implementation of specific strategies to reduce energy consumption, including a link to the Sustainability Energy Development Office on OPSSC intranet site.
- Development of a *Water Efficiency Management Plan*.
- Ranked 11th out of 61 agencies who achieved the 12 percent energy reduction target for 2006/07 (source: *Energy Smart Government Report* tabled in Parliament on 15 May 2008).
- Increased use of videoconferencing facilities to minimise travel and reach wider rural audiences.

Opinion of the Auditor General - Financial statements and performance indicators



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

OFFICE OF THE PUBLIC SECTOR STANDARDS COMMISSIONER FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2008

I have audited the accounts, financial statements, controls and key performance indicators of the Office of the Public Sector Standards Commissioner.

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Public Sector Standards Commissioner's Responsibility for the Financial Statements and Key Performance Indicators

The Public Sector Standards Commissioner is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators 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 and key performance indicators.

**Office of the Public Sector Standards Commissioner
Financial Statements and Key Performance Indicators for the year ended 30 June 2008**

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Office of the Public Sector Standards Commissioner at 30 June 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Office provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Office are relevant and appropriate to help users assess the Office's performance and fairly represent the indicated performance for the year ended 30 June 2008.



COLIN MURPHY
AUDITOR GENERAL
18 September 2008

Appendix 1: OPSSC publications

The following publications and reports have been produced by OPSSC and are available for download from the websites www.opssc.wa.gov.au and www.oeeo.wa.gov.au.

Office of the Public Sector Standards Commissioner

- *Accountability Officers of the WA Parliament: Accountability and Independence Principles*
- *Appointment Pool Guidelines*
- *Breach Claims: A Guide for Conciliation and Review*
- *Breach Claims: An Agency Guide*
- *Building and Sustaining Integrity: Integrating Ethics into Everyday Business*
- *Code of Ethics*
- *Compliance Report Public Interest Disclosures 2006 - 2007*
- *Employee Performance Management in the Public Sector*
- *Ethics Framework*
- *Ethics Framework: How to Use*
- *Knowing Your Responsibilities in a Breach Claim*
- *Office of the Public Sector Standards Commissioner Annual Reports 1997 - 2007*
- *Office of the Public Sector Standards Commissioner Compliance Report 2000 - 2007*
- *Parliamentary Report Series One*
- *Political Impartiality Guidelines – FAQs and Information Sheets*
- *Public Interest Disclosure – Promotional Material*
- *Public Interest Disclosure – Code of Conduct and Integrity*
- *Public Interest Disclosure Act 2003 – Guidelines for Developing Code of Conduct*
- *Public Interest Disclosure Act 2003: Implementing the Public Interest Disclosure Legislation (CD ROM)*
- *Public Interest Disclosure Information Brochure, Pamphlet, Poster and Information Sheets*
- *Public Sector Standards Commission Annual Report 1995 - 1996*
- *Public Sector Standards in Human Resource Management*
- *Putting Ethics to Work (Training Manual)*
- *Questions and Answers: Ethics*
- *Questions and Answers: HR Principles in Human Resource Management*
- *Recruiting for the Western Australian Public Sector*

- *Revitalising Your Code of Conduct*
- *Standards Review – Grievance Resolution and Temporary Deployment*
- *Template Code of Conduct for Government Boards and Committees*
- *Ten-Year Review One – The Commissioner’s Role in Action: A Ten-Year Reflection*
- *Ten-Year Review Two – Principles of Public Sector Recruitment and Selection*
- *Ten-Year Review Three – CEO Recruitment and Selection in the WA Public Sector*
- *Ten-Year Review Four – The Principle of Integrity in Official Conduct*
- *Ten-Year Review Five – The Western Australian Public Sector: A System Out of Balance*
- *Ten-Year Review Discussion Paper – A Separate Code for Ministerial Staff?*
- *OPSSC Answers Your Questions: The Western Australian Public Sector Code of Ethics*
- *The Right Path to the Right People (Online Tool)*
- *Western Australian Public Sector Code of Ethics*
- *Western Australian Public Sector Code of Ethics Interview (Video and CD ROM)*

Office of Equal Employment Opportunity

- *Accent on Ability*
- *Accessing Abilities: Recruiting and Retaining People with Disabilities in the Western Australian Public Sector*
- *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*
- *Director of Equal Opportunity in Public Employment Annual Reports 1998/99 - 2004/05*
- *Diversity Survey Questionnaire and Information*
- *EEO and Diversity Management Planning – Checklist of Planning Considerations*
- *EEO and Diversity Management Planning: A Guide for Equity Planners and Practitioners*
- *EEO and Diversity Management Plans – Template for agencies with less than 50 staff*
- *EEO and Diversity Management Plans – Template for agencies with more than 50 staff*
- *Equity and Diversity Plan for the Public Sector Workforce 2001-2005 (includes Progress Reports)*

- *Equity and Diversity Plan for the Public Sector Workforce 2006-2009 (includes Progress Reports)*
- *Equity and Diversity Planning – Making the Most of Your Demographic Data*
- *Executive and Management Recruitment – Encouraging Women Applicants*
- *Implementing Flexible Working Arrangements: A Resource Kit*
- *Innovative Recruitment*
- *Insights – Strategies for Success: A Support Strategy for Recruitment and Retention of Indigenous Australians*
- *Monitoring: A Strategy for Achieving Equity and Diversity*
- *Overcoming Workplace Barriers for Aboriginal People: Equity Resource Kit*
- *Recruiting for the Western Australian Public Sector – A Quick Guide for Recruitment Consultants*
- *Searching for Public Sector Executives – Equity Principles*
- *Showing the Way: Employees from Culturally Diverse Backgrounds*
- *Showing the Way: Employing People with Disabilities*
- *Showing the Way: Employing Youth*
- *Showing the Way: Recruitment and Retention of Indigenous Australians*
- *Showing the Way: Women in Management*
- *Tapping into Talent: New Insights into Workplace Diversity*
- *The Key*
- *Understanding Equal Employment Opportunity in WA*
- *Valuing the Difference*
- *Voices of Diversity – Benefits of Cultural Diversity in the Public Sector*
- *Women in Management – Good Ideas for Improving Diversity*

Appendix 2: Outcomes and key effectiveness indicators 2008-09

Outcome

The principles of merit, equity, probity and integrity underpin official conduct and human resource management of public authorities in Western Australia.

Key effectiveness indicators	2007-08 Actual	2008-09 Target	Reason for significant variation between 2007-08 estimated and 2008-09 target
Percentage of public authorities			ii) The target for 2008-09 has been reduced as the criteria set by the Office for meeting the minimum reporting requirements will be more stringent.
i) who have provided all reports as required by legislation	100%	100%	
ii) who have met minimum requirements ^(a)	-	95%	
Percentage of public authorities provided with assistance on the principles of merit, equity, probity and integrity in official conduct and human resource management during the year. ^(b)	-	90%	
Percentage of public authorities who agree that feedback through OPSSC survey process has increased their understanding of the principles of merit, equity, probity and integrity in official conduct and human resource management. ^(c)	-	95%	
Percentage of breach of standard claims and matters referred to OPSSC that are handled within specified timeframes. ^(d)	-	90%	
Percentage of CEO appointment recommendations where the Minister for Public Sector management has indicated he/she is satisfied with the process. ^(e)	-	100%	

See page 97 for notes (a), (b), (c), (d) and (e).

- (a) This indicator refers to mandatory reporting to OPSSC by public sector agencies and authorities under s.31 of the PSM Act; the PID Act; and Part IX, s.146 of the EO Act. Reports received are also assessed to determine the proportion of agencies and authorities who have met minimum requirements of ensuring and monitoring that the principles of merit, equity, probity and integrity in official conduct and human resource management have been met. Reported as percentage of agencies who have submitted a report as well as the percentage of reports submitted that meet the minimum requirements.
- (b) This indicator measures how much OPSSC has penetrated public authorities through direct awareness raising activities focussing on the principles of merit, equity, probity and integrity in official conduct and human resource management, as specified in the PSM Act; the PID Act and Part IX, s.146 of the EO Act. It refers to direct assistance (including newsletters and email updates) and consultancy services, customised agency presentations and general public sector presentations. A number of new initiatives will be implemented in 2008-09; therefore this indicator cannot be calculated retrospectively.
- (c) This indicator refers to increased understanding of issues related to compliance with s.31 of the PSM Act; the PID Act; and Part IX, s.146 of the EO Act, measured using client satisfaction surveys. This includes surveys of CEOs/DGs as well as public sector employees. A range of new survey tools are currently being prepared for implementation in 2008-09, therefore this indicator cannot be calculated retrospectively.
- (d) This indicator measures OPSSC effectiveness in assessing breach claims. This was chosen in preference to the proportion of breach claims upheld, as the latter figure could be significantly influenced by how much OPSSC penetrates the sector (refer to indicator 2). For example, increased assistance and education activities by the office may increase the number of claims lodged. Alternatively, low breach claim activity could also indicate that the sector is meeting the principles of merit, equity, probity and integrity in official conduct and human resource management, when in reality it may simply reflect a lack of awareness of the principles and/or the claim process. Data on the number of breach claims lodged and the proportion upheld is included within the Annual Report. Under the new Strategic Plan for OPSSC the number of Human Resource Management standards will be reviewed. This may result in a change in how breach claims are categorised and managed. It is therefore not appropriate to calculate this performance indicator retrospectively.
- (e) This indicator is measured from a direct survey of the Minister for Public Sector Management. This new survey tool is currently being piloted in readiness for implementation in 2008-09. This indicator can not be calculated retrospectively.

Appendix 3: Abbreviations

Listed below are abbreviations and acronyms that are used in this report.

BOSC	breach of standards claim
CCC	Corruption and Crime Commission
CEI	Composite Equity Index
CEO	chief executive officer
DAIP	Disability Access and Inclusion Plan
DEOPE	Director of Equal Opportunity in Public Employment
DPC	the Department of the Premier and Cabinet
EDP2	<i>Equity and Diversity Plan for the Public Sector Workforce 2006-2009</i>
EEO	equal employment opportunity
EO Act	<i>Equal Opportunity Act 1984</i>
FTE	full-time equivalent
HR	human resources
ICG	Integrity Coordinating Group
KPI	key performance indicator
MOIR	Minimum Obligatory Information Requirements system
MOR	matter of referral
OBM	outcome-based management
OEEO	the Office of Equal Employment Opportunity
OPSSC	the Office of the Public Sector Standards Commissioner
PID	public interest disclosure
PID Act	<i>Public Interest Disclosure Act 2003</i>
PSM Act	<i>Public Sector Management Act 1994</i>
WA	Western Australia
WACA	Workforce Analysis and Comparison Application

OPSSC

Office of the Public Sector Standards Commissioner
12th Floor St Martins Tower, 44 St Georges Terrace Perth WA 6000
Tel 08 9260 6600 Freecall 1800 676 607 Fax 08 260 6611
Email opssc@opssc.wa.gov.au Website www.opssc.wa.gov.au