



Public
Service
Commission

Public Service Commission

Annual Report

2012 – 13

Integrity

Trust

Service

Accountability



**Public
Service
Commission**

A1710415

The Hon. Barry O'Farrell, MP
Premier of New South Wales
Minister for Western Sydney
Level 40
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Premier

In accordance with section 12 of the *Annual Reports (Departments) Act 1985*, I have the pleasure of submitting the Public Service Commission Annual Report 2012-13 to you for presentation to the Parliament of New South Wales.

The Public Service Commission Annual Report 2012-13 is an account of the activities and performance of the Public Service Commission for the period 1 July 2012 to 30 June 2013. The report also provides an account of my work and activities, as required by section 3H of the *Public Sector Employment and Management Act 2002*.

The Public Service Commission Annual Report 2012-13 has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, the *Annual Reports (Departments) Act 1985* and the *Annual Reports (Departments) Regulation 2010*.

As required by the *Annual Reports (Departments) Act 1985*, I have also provided a copy of the Public Service Commission Annual Report 2012-13 to the Treasurer, the Hon. Mike Baird, MP.

Yours sincerely



30/10/13

Graeme Head
Public Service Commissioner

Integrity

Trust

Service

Accountability

The Public Service Commission at a glance

Our vision

A highly capable NSW public sector workforce characterised by a culture of integrity, trust, service and accountability.

Our mission

The Public Service Commission will support and work with the NSW public sector in achieving the goals set out in *NSW 2021: A Plan to make NSW number one (NSW 2021)* through:

- developing and driving the implementation of standards and policies
- delivering key enabling programs
- collecting, analysing and providing information covering all aspects of workforce management in the public sector environment

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Our values*

Integrity

- Consider people equally without prejudice or favour.
- Act professionally with honesty, consistency and impartiality.
- Take responsibility for situations, showing leadership and courage.
- Place the public interest over personal interest.

Trust

- Appreciate difference and welcome learning from others.
- Build relationships based on mutual respect.
- Uphold the law, institutions of government and democratic principles.
- Communicate intentions clearly and invite teamwork and collaboration.
- Provide apolitical and non-partisan advice.

Service

- Provide services fairly with a focus on customer needs.
- Be flexible, innovative and reliable in service delivery.
- Engage with the not-for-profit and business sectors to develop and implement service solutions.
- Focus on quality while maximising service delivery.

Accountability

- Recruit and promote staff on merit.
- Take responsibility for decisions and actions.
- Provide transparency to enable public scrutiny.
- Observe standards for safety.
- Be fiscally responsible and focus on efficient, effective and prudent use of resources.

*NSW public sector core values, section 3B, *Public Sector Employment and Management Act 2002*

A message from the Commissioner



Welcome to the first full financial year annual report of the Public Service Commission (PSC).

Established on 1 November 2011, 2012-13 was the first full year of operation for the new agency. This annual report details both the work to complete the establishment of the PSC as well as progress in the development and rollout of a program of comprehensive workforce reform and overhaul of workforce management systems and processes.

The past year has seen a number of very significant milestones in the work of the Public Service Commission:

- the first ever whole-of-sector employee survey – the People Matter survey – examining the perspectives of public sector employees on their work and workplaces;
- the first State of the Public Sector Report;
- the issuing of the first Commissioner's direction to public sector agency heads – to assist in further understanding the sector's response to the challenges of workplace bullying;

- the development of wide ranging reform proposals to respond to the recommendations of the Commission of Audit;
- the development of legislation to give effect to the Government's response to reform proposals – the Government Sector Employment Act 2013 was assented to in June this year;
- the development and rollout of a new Performance Development Framework for the sector;
- the development of a new Capability Framework for the sector;
- continued refinement of the Workforce Profile, a comprehensive time-series data set detailing NSW public sector workforce demographics;
- development of a number of tools to assist in the promotion of Public Sector Values, as set out in legislation; and
- development of a number of initiatives aimed at increasing innovation in the sector.

PSC staff – 98 full time equivalent positions at the end of the financial year – have achieved this output while at the same time bedding down a new organisational structure and operating model. They have also successfully operated a range of business-as-usual processes while developing and implementing new systems and approaches for the sector. In short, it has been a highly productive year delivering an ambitious reform agenda.

I would like to thank all of the staff of the Public Service Commission for their enthusiasm and hard work. My thanks also to the Public Service Commission's Advisory Board, chaired by Professor Peter Shergold, for its advice and guidance, and to the Directors General who make up the Senior Management Council for their highly collaborative approach in driving the implementation of key reforms.

Graeme Head

A message from the Chair



This annual report focusses on the public sector workforce reform program being driven by the Public Service Commission. The Commission's Advisory Board has played an active role in advising both the Public Service Commissioner and the NSW Government on key aspects of that change process.

Over the past year, the Advisory Board has been engaged in both the design of a new statutory framework for public sector workforce arrangements and the development of new tools to support the implementation of that framework. It has had a particular interest in work undertaken by the Commissioner on performance management and capability.

The Advisory Board has played a significant role in shaping the development of State of the Public Sector Reports. The first report, released in November 2012, represented a significant milestone in the management of the public sector workforce. Over time, I anticipate that these reports will assist in driving better outcomes both for those who receive services from public sector agencies and those who work in them.

The Advisory Board has met its statutory obligations in terms of its meetings for the past year. It has supported and guided the Commissioner in the development of the current reforms. Most importantly, it has also taken steps to develop a broader strategic agenda.

To this end, the Advisory Board has this year initiated three major projects that will form the basis of advice to the Government on important matters for future directions of the public sector. Each of these three projects, on public sector productivity, cross-sectoral collaboration and customer service, has been guided by a reference group chaired by an individual board member. I pay tribute to Paul McClintock, Martin Lavery and Katie Page for leading these projects, with the strong involvement of Maree O'Halloran.

Public sector productivity improvement is key to meeting demand for more and better services. The Advisory Board has commissioned work to examine both the issues involved in measuring public sector productivity and also the key drivers of improved performance. The approach taken by the Advisory Board has involved experts from other jurisdictions and sectors. I think it will make a significant contribution to this important discussion.

Collaboration between the public sector and both the private and not-for-profit sectors is critical in ensuring the development and delivery of the best service models for the community. Whether it is the construction and funding of public infrastructure or the delivery of human services, the NSW Government now relies on support from businesses and community organisations outside the public service. The Advisory Board is examining how public sector agencies can develop effective partnership arrangements and the extent to which their approaches fully realise the potential of good collaboration. The work aims to describe good practice, assess current practices against that benchmark and to develop practical tools to drive improvements. It will require public servants increasingly to take the role of facilitators, commissioning the best way to deliver public value.

Customer service, a cornerstone of the NSW Government reform process has been the final element of the Board's strategic agenda. It has commissioned work to examine how best to measure customer satisfaction with government services, and how to ensure that the knowledge gained can help inform service improvement. Metrics is a crucial part of improving public sector effectiveness.

Each of the three projects outlined above is, at the time of writing, nearing completion. The work will form the basis of advice to government later in the year.

I wish to acknowledge the highly committed contribution of my fellow Board members. On our collective behalf I also want to thank the Commissioner and staff of the Public Service Commission for their efforts and dedication throughout the year. All of us believe that we are doing something that is worthwhile.

Professor Peter Shergold AC

Table of contents

Government sector employment reform	8
Our organisation	13
Our structure	14
Strategic Directions 2012-15	18
Our performance	23
Promoting NSW government sector values	25
Developing NSW public sector capability	27
Leading the NSW public sector in best practice workforce management	29
Focusing on customers	32
Providing evidence about NSW public sector performance	33
Building the Public Service Commission	36
Appendices	37
Appendix A: Our financial statements	39
Appendix B: Our people	65
Appendix C: Equal Employment Opportunity	72
Appendix D: Legislative framework	73
Appendix E: Public information and access	73
Appendix F: Risk management and insurance activities	78
Appendix G: Payment of accounts	81
Appendix H: Consultants	82
Appendix I: Research and development	83
Appendix J: Sustainability	84
Appendix K: Major works in progress	85
Appendix L: Statutory reporting compliance checklist	86
Glossary of terms and abbreviations used in this annual report	87
List of tables and figures in this annual report	89
Index	90
About this annual report	93

Government sector employment reform

In late 2011, the NSW Government established the Office of the Public Service Commissioner, the Public Service Commission Advisory Board and an ethical framework for the public sector, as important steps in its commitment to strengthen public sector workforce integrity, capability, development and performance. Further workforce management reform came in early 2012, when the NSW Government made it compulsory for Departments and agencies to have performance management systems based on core requirements set by the Public Service Commissioner.

In January 2012, the NSW Commission of Audit Interim Report on Public Sector Management issued recommendations for wide spread reform of NSW public sector workforce employment and management practices. The NSW Commission of Audit identified areas for reform in just about all aspects of government employment, with many recommendations to address organisation design and structures, executive employment and performance, and leadership development. Of particular note, the Commission of Audit recommended a review of executive structures in the NSW public sector with a view to establishing a more coherent and integrated approach to executive leadership.

Other recommendations included recruitment reform, a best practice performance development framework, the urgent need to implement a capability framework and cross sector capability development, greater flexibility in staff engagement and deployment, and a modern legislative framework which supports a high performing public sector workforce and excellent service delivery.

As the independent leader of the NSW Government's reforms to enhance the integrity, performance, capability and accountability of the public sector workforce, the Public Service Commissioner agreed to lead the implementation of the workforce related recommendations of the NSW Commission of Audit.

Establishing the legislative foundation for government sector employment reform

In 2012, one of the early priorities of the Public Service Commissioner was to examine how NSW public sector executive structures and management arrangements were working. Aside from addressing the findings of the NSW Commission of Audit, other drivers for the review of NSW public sector executive structures included: recent administrative consolidation of the structure of the NSW public sector into clusters; growth of the number of Senior Officers positions in the NSW public sector; and remuneration developments in other jurisdictions. Furthermore, the form and function of the Senior Executive Services (SES) in the NSW public sector had not been comprehensively reviewed since its establishment in 1988.

Throughout 2012, the Public Service Commissioner also reviewed workforce design, recruitment and selection practices, capability development and performance management systems more broadly across the NSW public sector, and found that there is great opportunity for improvement. In line with findings of the NSW Commission of Audit, the Public Service Commissioner observed little mobility across agencies, a narrow and siloed approach to employee management and development within and between agencies, inefficient and ineffective recruitment and selection practices, and inconsistencies in performance management and capability development across the sector.

Guided by an Expert Advisory Panel of eminent former public sector leaders and the Public Service Commission Advisory Board, the Public Service Commissioner developed a comprehensive reform package for NSW public sector executive employment that took account of: recommendations of the NSW Commission of Audit; contemporary practice; best practice and experience in other jurisdictions; input from clusters and agencies; and consultant research and recommendations on executive design and model options.

On 27 February 2013, based on the Public Service Commissioner's independent recommendations, the NSW Government announced significant reform to the structure of the NSW public sector executive workforce, as well as employment arrangements and management practices more broadly. This would mean significant legislative change, and the NSW Government announced that it would rewrite the *Public Sector Employment and Management Act 2002* (*PSEM Act*).

The Government Sector Employment Act 2013

Beginning in February 2013, the Public Service Commissioner led a significant work program to develop the *Government Sector Employment Act 2013* (*GSE Act*). The *GSE Act* received assent on 25 June 2013, and is expected to commence early in 2014. When it commences, the *GSE Act* will replace the *PSEM Act*.

Under the *GSE Act*, there are two key areas of reform to government sector employment: changes to the executive structure of the Public Service, and changes to employment arrangements and management practices which apply more generally to non-executive employees of the Public Service.

The new executive structure arrangements provided for in the *GSE Act* will:

- Consolidate employment arrangements for SES and Senior Officers into a new single executive structure.
- Reduce the number of executive management layers and increase average span of control.
- Promote flatter structures to streamline decision making, leading to clearer lines of accountability and aiding work flow.
- Employ executives within a band (as opposed to appointment to a specific position) to allow for reassignment to other roles over time.

The broader legislative reforms will:

- Improve arrangements for attracting, retaining and managing the performance of employees

using the best available employment management tools and practices.

- Replace the concept of an officer appointed to and holding a position with that of a person being employed in a classification and assigned to a role.
- Provide for employees to move more easily from role to role within their classification to address service delivery and capability development needs.
- Redefine and strengthen the method of merit assessment for both executive and non-executive roles, using capabilities-based selection tools.
- Reinforce requirements for performance management and separate the management of misconduct from the management of poor performance.
- Provide the Public Service Commissioner with the power to develop mandatory rules, known as the Government Sector Employment Rules (*GSE Rules*), which will deal with essential requirements in employment matters, and ensure fair and consistent application of employment practice across the government sector.

The *GSE Act* provides a clear framework for an efficient and effective government sector in NSW, with a simplified and common approach to workforce planning, management, performance and development.

Key workforce management reforms

Contemporary executive structures

The *GSE Act* provides the foundation for a single, leaner, flatter, and more mobile executive structure for the Public Service. Contemporary executive employment arrangements will also support a high performing executive group, known as the Public Service senior executive, which is capable of leading the delivery of NSW Government services efficiently and effectively.

The current Chief Executive Service, Senior Executive Service and award based senior executives (Senior Officers and equivalent) will be combined into a single executive structure. Directors General will be known as Department Secretaries and the streamlined structure for government sector senior executives will comprise a top band for Department Secretaries and three bands for Public Service senior executives as shown.

Band for Secretaries of Departments and the NSW Police Commissioner

Senior Executive Band 3

Deputy Secretaries and Agency Heads

Senior Executive Band 2

Executive Directors and Agency Heads

Senior Executive Band 1

Directors

It is expected that the above roles and role titles will be used to improve consistency and create a clearer understanding of the nature of roles found in each senior executive band. Work level standards for each senior executive band will be developed to help Public Service Departments and agencies to determine appropriate bands for senior executive roles.

Ethical Framework for the government sector

Under the *GSE Act*, the ethical framework for the government sector establishes the high standards of performance and behaviour expected of all government sector employees. The ethical framework identifies the objectives of the government sector (such as to act in the public interest, add professional value and implement the decisions of the government of the day), four core values (Integrity, Trust, Service and Accountability) and 18 principles that guide the implementation of these core values.

The Public Service Commissioner continues to have the function of promoting and maintaining the government sector core values. In addition, the *GSE Act* establishes that Department Secretaries and heads of agencies will be responsible for the ethical conduct and management of the functions and activities of their organisations in accordance with the government sector core values.

In 2013-14, the PSC will support Department Secretaries and heads of agencies to implement the ethical framework in their organisations, including the release of resources and guidance.

Merit

The *GSE Act* will enhance government sector recruitment and selection processes, by refocussing efforts on the right outcome: that roles are filled with the right people on the basis of merit and qualifications.

The *GSE Act* specifically provides for an ethical framework which supports a merit based, apolitical and professional government sector. The recruitment and promotion of employees on merit underpins the government sector core value of 'Accountability'.

One of the Public Service Commissioner's principal objectives is to ensure that government sector recruitment and selection processes comply with the merit principle and adhere to professional standards. The *GSE Act* provides for the Public Service Commissioner to make GSE Rules on the recruitment of employees, including the application of the principle of employment based on merit.

In 2013-14, the PSC will release principles of best practice in recruitment based on a major review of existing recruitment processes in the government sector, including capability-based workforce planning and market analysis to inform recruitment strategy; simplified applications processes; a selection process based on at least three different tools, with a strong emphasis on capability assessment; and the development and use of internal and external talent pools for common roles.

Capability

Under the *GSE Act*, the PSC is charged with improving the capability of the government sector to provide strategic and innovative policy advice and deliver efficient and effective services to the people of NSW.

To perform the wide range of functions and roles, and to effectively deliver on the NSW Government's priorities, employees need the rights skills and capabilities. Some skills gaps were identified by the NSW Commission of Audit, such as financial management, human resource management and contract management. These gaps were confirmed by the results of the PSC's inaugural Executive Development Program in 2011-12 which tested the capabilities of most executives in the range of SES 4 to SES 6.

In response to these findings, and to enhance workforce capability, in 2013-14, the PSC will launch a single, streamlined, user friendly NSW Public Sector Capability Framework for the government sector which reflects the core capabilities required of all employees in NSW, both executive and non-executive. The framework will provide a common foundation tool for the full range of workforce management and development activities, and a strong basis for ongoing development of workforce capability across the sector.

Performance development in the government sector

To achieve the best qualified, capable and professional government sector workforce, good performance needs to be consistently recognised and poor performance managed effectively and fairly. Under both the *PSEM Act* and the *GSE Act*, Departments and agencies must develop and implement a performance management system for their employees, which meets core requirements set by the Public Service Commissioner.

The *GSE Act* also simplifies provisions for managing conduct and performance, and clearly separates the management of unsatisfactory performance from the management of misconduct.

Under the *GSE Act*, the term 'disciplinary action' is no longer used.

On 1 July 2013, the PSC released the Performance Development Framework containing the core requirements for performance management systems, along with a suite of tools for managers, employees and human resources practitioners to support agencies to implement the framework.

Executive development

Senior executives will have a central role in leading the rollout of these significant employment and workforce management reforms. One of the ways the PSC will support the new executive structures and employment frameworks is with greater investment in executive development to start the shift towards the vision of a sector-wide executive leadership group.

The PSC's Executive Development Strategy will be expanded to target the capability areas required for leading and supporting the government sector, based on the new NSW Public Sector Capability Framework. Over 2013-14, the PSC will implement executive leadership development programs targeting the capability areas identified as being in the greatest need, including strategic financial management, strategic human resource leadership, high level information and communications technology management and high level contract management.

Workplace diversity in the government sector

Equal opportunity and diversity in workforce management is essential for a government sector workforce that reflects the community it serves. The Public Service Commissioner leads the strategic development and management of the government sector workforce in relation to equity and diversity, including strategies to ensure the government sector reflects the diversity of the wider community.

The *GSE Act* provides for modern management approaches to improving the diversity of the government sector workforce. Under the *GSE Act*, strategies for workforce diversity are to be integrated in mainstream workforce planning across all government sector agencies.

Mobility

A modern, responsive and adaptive government sector is one where workforce resources can be deployed to where they are most needed, and employees are supported to develop their skills and capabilities through opportunities to gain broader experience.

By moving to employment in bands or classifications, and assignment to roles, rather than appointment to narrowly defined positions, the *GSE Act* will facilitate a workforce that is mobile and engaged, allowing employers to have the ability to move resources expeditiously to priority areas, whilst providing employees with opportunities for development and rewarding career opportunities.

Commence implementation in 2013-14

The *GSE Act* is expected to commence early in 2014.

In 2013-14, the PSC will focus on two major streams of work to enable these legislative and workforce management reforms to commence: drafting the Government Sector Employment Regulation and GSE Rules to support the *GSE Act*, and supporting Departments and agencies to manage the transition and implementation.

The PSC will work closely with Departments and agencies in a cross sector communications and planning process. The PSC will develop policies and guidelines on key aspects of the reform, and resources to support agencies to design and implement the changes to their executive structures and the non-executive related reforms.

The GSE Act provides a clear framework for an efficient and effective government sector in NSW, with a simplified and common approach to workforce planning, management, performance and development.

Our organisation

Who we are

The PSC is an independent statutory body in the NSW public sector which was established under the *PSEM Act*. The PSC has the lead role in designing and implementing workforce management strategies and reform to strengthen the capability of the NSW public sector workforce to deliver high quality public services to the people of NSW.

What we do

The PSC builds best practice models for workforce management and drives the implementation of these at the NSW public sector, cluster and agency level. Through whole-of-sector reporting, the PSC provides a regular and clear assessment of how the NSW public sector is progressing in its uptake of these models. The PSC is committed to working through an appropriately devolved model that delivers better practice, not more red tape.

The PSC is charged with leading the NSW public sector in the transformation of culture. Assisting NSW public sector agencies to properly reflect the NSW public sector core values in their processes and work is a priority for the PSC. The PSC is committed to exemplifying the NSW public sector core values in its own work.

Who we report to

The Public Service Commissioner reports to the NSW Premier on implementation of the Public Service Commissioner's functions under the *PSEM Act*. However, as an independent statutory office holder in the NSW public sector, the Public Service Commissioner is not directed by the NSW Premier in how these functions are performed.

The PSC builds best practice models for workforce management and drives the implementation of these at the NSW public sector, cluster and agency level.

Our structure

Best practice organisation design

In order to best meet the priorities of the NSW Government, the PSC has adopted a contemporary, flat and flexible organisational structure, with the majority of staff positioned in generic project and analyst roles. This approach is based on arrangements usually found in professional consultancy organisations. Within the PSC, a 'pool' of staff with skills across a number of disciplines including research, analysis, strategy and policy development may be allocated to key projects depending on the needs of the project and available skills and experience.

This approach allows the PSC to flexibly deploy its staffing resources to projects as priorities are identified, projects come to completion or project scope changes. In addition, this organisational design facilitates both mobility across projects and skills development across a range of areas. Further, it promotes innovation by facilitating the sharing of experiences and outcomes from previous projects, enabling the lessons learned to be applied to future projects in order to enhance results.

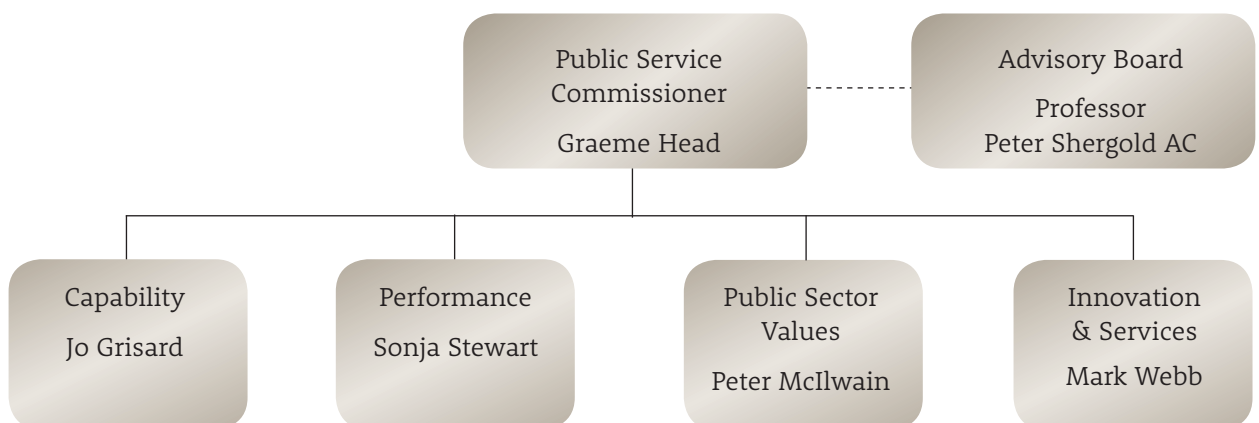
The Public Service Commission organisational structure

Capability Group

The Capability Group is led by Jo Grisard, Deputy Commissioner.

The Capability Group is responsible for significant workforce development and reform projects, some of which specifically address recommendations from the NSW Commission of Audit Interim Report: Public Sector Management. Key current projects include legislative reform, including development of the *GSE Act* and related instruments; sector-wide executive leadership development; review of the NSW public sector executive structures; review of all components of the NSW public sector's recruitment processes; renewing the NSW public sector Aboriginal workforce management and development strategy; and development of a new NSW public sector capability framework applying to all roles: and workforce planning analysis and framework. The Capability Group also manages and provides advice on a range of whole-of-sector policies and functions in areas such as recruitment, management of excess employees, sector wide education and training programs, entry level employment programs and some aspects of organisational change including executive establishment.

Public Service Commission



Performance Group

The Performance Group is led by Sonja Stewart, Deputy Commissioner.

The Performance Group is responsible for working with the sector to build a high performing public sector workforce to meet the economic and social challenges confronting the state and to deliver high quality services needed by Government, business and the community. It does this by collaborating with the sector to develop and implement policies, strategies and programs designed to optimise public sector performance. The Group establishes benchmarks for performance management in the sector. The NSW Public Sector Performance Development Framework sets the core requirements for agency performance management systems and approaches for managing all aspects of performance in the sector; measures and reports on workforce performance using sector-wide employee surveys, agency surveys and analysis of key data sources. A key deliverable of the group is the annual State of the NSW Public Sector report, which provides an assessment of the performance of the public sector, including notable achievements, challenges and priorities. It also manages the Premier's Awards for Public Service, an annual program which recognises and promotes excellence in public service delivery.

Public Sector Values Group

The Public Sector Values Group is led by Peter McIlwain, Executive Director.

The Public Sector Values Group takes end-to-end responsibility for promoting and maintaining the Ethical Framework for the government sector in Part 2 of the *GSE Act*. This includes developing strategies and resources to assist agencies to build ethical workplace cultures, systems and practices; developing and promoting ethical standards of conduct expected of all government sector employees; and measuring the ethics performance of the sector and reporting publically on progress. In addition, the group advises on and maintains frameworks for the classification and remuneration of government Boards and Committees; develops policies to improve the diversity of the government sector workforce; and provides legal advice to the Public Service Commissioner and the PSC Executive Team.

Innovation and Services Group

The Innovation and Services Group is led by Mark Webb, Executive Director.

The Innovation and Services Group has responsibility for developing a more innovative NSW public sector workforce, a goal under NSW 2021, the NSW Government's 10-year strategic business plan. The Innovations and Services



Public Service Commission Executive Team from left to right: Peter McIlwain, Sonja Stewart, Graeme Head, Jo Grisard and Mark Webb

Group is also responsible for managing the corporate functions of the PSC, with particular emphasis on industrial relations advice, project governance, finance, ICT, facilities and supporting the flexible resourcing model that underpins the organisation. The Innovation and Services Group maintains the core Workforce Information Warehouse and provides data analysis capacity across the PSC to support the PSC's commitment to evidence-based policy development.

The Public Service Commission Advisory Board

The PSC Advisory Board provides the Public Service Commissioner and the NSW Premier with strategic, independent and expert advice concerning the management and performance of the public sector workforce in NSW. The following members comprise the inaugural PSC Advisory Board:

- Professor Peter Shergold AC (Chairperson)
- Mr Paul McClintock AO
- Mr Martin Lavery
- Ms Maree O'Halloran AM
- Ms Katie Page
- Mr Graeme Head (Public Service Commissioner)
- Mr Chris Eccles (Director General, NSW Department of Premier and Cabinet)

Peter Shergold AC (Chairperson) is Chancellor of the University of Western Sydney. For two decades Professor Shergold was a senior public servant in the Australian Public Service, serving from 2003-08 as Secretary of the Department of the Prime Minister and Cabinet. Professor Shergold is a Director on the Boards of AMP and Corrs Chambers Westgarth, the Chair of the National Centre for Vocational Education Research and the Deputy Chair of the Sydney Writers' Festival. At the Commonwealth level he chairs the Aged Care Reform Implementation

Council; in Queensland he serves on the Public Sector Renewal Board; in Western Australia he was chair of the Partnership Forum; and in 2013 he was the independent project leader for a review of Victorian service sector reform.

Paul McClintock AO is Chairman of Myer Holdings Limited, NSW Ports, Thales Australia and I-MED Network. Mr McClintock is also a Director of St Vincent's Health Australia Limited. From 2000-03 he served as Secretary to Cabinet and Head of the Cabinet Policy Unit in the Australian Government, reporting directly to the Prime Minister as Chairman of Cabinet with responsibility for supervising Cabinet processes.

Martin Lavery is the Chief Executive of Catholic Health Australia. He is the Board Chair of the NSW Heart Foundation, a member of the National Heart Foundation Board and a member of the DisabilityCare Australia Board overseeing the establishment of the National Disability Insurance Scheme. Martin is also the Inaugural Chairperson of the Social Determinants of Health Alliance. Mr Lavery previously held roles at the NSW Parliament, the NSW Muscular Dystrophy Association and The Smith Family. He is a former Board director of the NSW Muscular Dystrophy Association, and former Board Chair of the disability service providers Challenge Southern Highlands and Sunshine. Mr Lavery holds a Master of Comparative Constitutional Laws, and has contributed to two books: *What If?* and *Determining the Future: A Fair Go & Health for All*.

Maree O'Halloran AM is the Director (CEO) of the Welfare Rights Centre where she also practises as a solicitor. She was awarded a Master of Laws (UNSW) in 2012 having been on the Dean's list for academic excellence in 2011. Ms O'Halloran is a former President of the NSW Teachers Federation, and currently serves on the Boards of Teachers Mutual Bank and HESTA Industry Superannuation Fund. Ms O'Halloran was awarded the Member of the Order of Australia (AM) in the 2011 Australia Day Honours list in recognition of her service to industrial relations and the education sectors.

Katie Page is the Chief Executive Officer and a Director of Harvey Norman Holdings Limited, an Australian public company listed on the Australian Stock Exchange. Ms Page is also the Chairman for Space Furniture, a Director of Pertama Holdings Limited in Singapore, and the co-Chairman of Magic Millions. In the 2012 financial year, Ms Page joined the Board of Directors of the Museum of Contemporary Art in Sydney and became the Chairman of the Australian National Retail Association. Recently, Ms Page was appointed as a Trustee of the Sydney Cricket & Sports Ground Trust and to the Board of Trustees for the UWS Foundation Council.

Graeme Head is the inaugural Public Service Commissioner in NSW. Please see Appendix B for Mr Head’s biography.

Chris Eccles is the Director General, NSW Department of Premier and Cabinet. Mr Eccles joined the DPC from the Department of Premier and Cabinet in South Australia where he was Chief Executive from 2009-11. In 2007, Mr Eccles was appointed Deputy Secretary for the Department of Premier and Cabinet in Victoria.

Prior to this, Mr Eccles has worked in a variety of government and private sector senior management positions, including with the Australian Capital Territory Chief Minister’s Department and with the Australian National Training Authority. As an Associate Director with KPMG, Mr Eccles headed the national education consulting practice. He subsequently became a foundation Director of the consulting firm, Phillips KPA, which works across all education and training sectors.

Public Service Commission Advisory Board Meetings

Five Board Meetings held during 2012-13

<i>Meetings attended:</i>	
Professor Shergold	5
Paul McClintock	4
Martin Laverty	5
Maree O’Halloran	5
Katie Page	5
Graeme Head	5
Chris Eccles	3



Public Service Commission Advisory Board from left to right: Paul McClintock AO, Chris Eccles, Maree O’Halloran AM, Peter Shergold AC (seated), Graeme Head, Katie Page, and Martin Laverty.

Strategic Directions 2012–15

The establishment of the PSC in 2011 recognised that delivering improved services to the public can only be achieved through having a capable, ethical, service-oriented and accountable NSW public sector workforce. The PSC has a unique role in leading this endeavour, through cultural and structural transformation.

Strategic Directions 2012–15 sets out the PSC's priorities and key deliverables over a three year period. It was developed jointly by the Public Service Commissioner and the Public Service Commission Advisory Board. The findings of the Commission of Audit, the legislative requirements under the *PSEM Act* and *NSW 2021* form the foundation for this statement.

The strategic priorities and key areas of focus underpin the PSC's annual business planning and flow through to individual performance agreements. In 2012–13, the PSC measure its overall performance against these strategic priorities.

Over 2012–15, the strategic priorities for the PSC are:

- Promoting NSW public sector values
- Developing NSW public sector capability
- Leading the NSW public sector in best practice workforce management
- Focusing on customers
- Providing evidence about NSW public sector performance
- Building the PSC.

Our approach to our charter

The PSC's approach to working with NSW public sector clusters and agencies will vary according to the priority area the PSC is seeking to deliver, or the issue the PSC is looking to advance or resolve. At times it will be appropriate to

be directive, while in other instances a more collaborative approach will be used.

At all times the PSC will work to:

- identify and draw on existing expertise within the sector
- treat as a priority the need for it to understand the cluster context
- base its directives and policies on that understanding

With most priorities and actions, the PSC will work with Principal Departments however there will be times where the PSC will work directly with NSW public sector agencies. The PSC will endeavour to be clear with agencies about which approach it will be adopting to deliver each priority.

The PSC will determine the direction of change and standards of practice for workforce management across the NSW public sector. It will work with NSW public sector agencies to develop policy and deliver programs consistent with the change direction. In doing its work, the PSC will take account of the burden of implementation on NSW public sector agencies. In many instances the PSC will take a principles-based approach, where it specifies the characteristics of a required system, and agencies determine how best to give effect to those principles and characteristics in their own systems and practices.

The PSC undertakes to avoid creating unnecessary red tape. Where a new or changed requirement is determined by the PSC, such changes will be made for sound reasons and will be implemented through the most streamlined approach possible.

Our planning context

NSW Commission of Audit Interim Report: Public Sector Management

The *NSW Commission of Audit Interim Report: Public Sector Management (Commission of Audit)* was released in February 2012. The Commission of Audit was tasked by the NSW Government to:

- explain the current situation with regard to financial, people and asset management across the NSW public sector
- describe what excellence in these fields might look like
- provide recommendations on how to move the NSW Government and the NSW public sector to a stronger position to manage these issues.

There are 52 recommendations from the *Commission of Audit* suggesting action for either the NSW Government, NSW public sector central agencies (i.e. the Department of Premier and Cabinet, the NSW Department of Finance and Services or the NSW Treasury) or the PSC. As an independent statutory office holder, the Public Service Commissioner was consulted during the development of the *Commission of Audit* report and the framing of its recommendations.

These recommendations have significant and long-term effects for the NSW Government and the NSW public sector. The Public Service Commissioner has agreed with all of the actions suggested for the PSC to undertake.

As at 30 June 2013 the PSC is the lead agency for the implementation of 14 active recommendations:

Number	Recommendation
8	The Government should agree to the development of mechanisms to decouple positions from a narrow classification and appoint employees where appropriate to a substantive remuneration band level, to provide greater flexibility in staff deployment within an agency or cluster. (Page 82)
33	The Director General of each cluster should set up a leadership group including Chief Financial Officer, Chief Human Resource Manager, the Group General Counsel and operational cluster CEOs as appropriate. (Page 19)
35	Cluster Directors General should determine the workforce composition of their cluster, including the appropriate number of front line staff, support staff and SES officers, and does not support the use of centrally-imposed executive caps or employee freezes. (Page 77)
36	The Director General of each cluster should review the grading profile in their cluster, with a view to, as appropriate, increasing spans of control, reducing middle management layers and formally delegating responsibilities to lower management levels. (Page 85)
37	Cluster Directors General should invest in improved systems for providing them with the basic and strategic workforce metrics required to manage their organisations. (Page 89)
42	The Public Service Commission should develop specific cross-sector workforce strategies to strengthen the sector's capabilities in strategic financial management, with particular focus on the role of Chief Financial Officers. (Page 50)
43	The Public Service Commission should undertake a remuneration comparison for NSW public sector classifications and executives, similar to that undertaken by the Australian Public Service Commission's Broader Market Comparison. (Page 73)
44	The Public Service Commission and the Department of Premier and Cabinet should review policies on excess employees in agencies not currently covered by the new Managing Excess Employees Policy (that is, those not under the <i>Public Sector Employment and Management Act 2002</i>), with a view to extending the Policy's coverage if necessary. (Page 79)
46	The Public Service Commission should continue the upgrade of the Workforce Profile and investigate other mechanisms to enable efficient whole of sector reporting. (Page 89)

Number	Recommendation
48	The Public Service Commission should formulate and implement a strategy to develop the capacity of Human Resource leaders and units across the sector. (Page 90)
49	The Public Service Commission should provide further guidance and assistance to agencies in rolling out the Capability Framework; and that particular focus is given to using it to develop Plain English position descriptions. (Page 91)
50	The Public Service Commission should: ■ develop a program to promote the importance of performance management, set minimum standards and encourage each supervisor to understand that performance management, especially conducting appraisals, is an integral part of their job ■ develop clear and effective mechanisms and guidance to managers to address poor performance ■ investigate mechanisms to provide remuneration and/or other incentives to high performers, including greater use of broad banded positions and the introduction of a small component of 'at risk' pay for executives. (Page 96)
51	The Public Service Commission should review clusters' recruitment processes, with a view to assisting them to maximise efficiencies through use of the e-Recruitment system and addressing any policy, legislative and cultural barriers to ensuring that the best person gets the job. (Page 97)
52	The Public Service Commission should develop specific cross-sector workforce strategies to strengthen the sector's capabilities in strategic financial management, project management and management of third party delivery contracts. (Page 99)

During the course of 2012-13 the PSC completed action on recommendations 45 and 47:

Number	Recommendation
45	The Public Service Commission should present reform proposals to the Government regarding the executive structure of the NSW public service (SES, SO and other executives) to: ■ establish a separate structure for cluster Directors General ■ create a new executive structure combining the SES and the Senior Officer classification and, as appropriate, other executive groupings. (Page 87)
47	The Public Service Commission should coordinate regular organisational climate surveys to provide information on employee perceptions of their work environment, at both sector-wide and cluster-specific levels. (Page 89)

In addition to leading these reforms, the PSC is a partner in the implementation of a number of other recommendations.

Implementing these recommendations is a complex and lengthy body of work for the PSC, and will continue to drive much of the PSC's activities in the coming years.

NSW 2021: A plan to make NSW number one

NSW 2021: A plan to make NSW number one (NSW 2021) is the NSW Government's ten year strategic business plan. It directs the activities of the NSW public sector, sets priorities for action, and guides resource allocation. In 2012-13, the PSC commenced working towards achieving its two NSW 2021 targets and measures that it has carriage for:

- Integrity & Accountability (30.1.0.1)
- Innovation (30.3.0.1).

30.1.0.1 Integrity & Accountability

Target	30.1 Promote integrity and accountability in the public sector
Measure	NSW public sector employee perceptions of integrity and accountability as applied in their workplace.
Baseline	The results of the 2012 People Matter Survey provide the baseline. Based on survey responses a numerical index for Integrity of 71.4%, and for Accountability of 64.5%, has been derived.

Context: 2012 is the first year for the survey and represents the baseline from which results can be measured in 2014.

2012-13 Progress summary:

- Developed and drafted new legislation, the *GSE Act*, assented to on 25 June 2013. The new Act replaces the *PSEM Act* and is expected to commence in the first half of 2014, when the associated Regulation and rules have been finalised.
- Conducted the first People Matter Employee Survey of NSW public sector employees.
- Published *How It Is*, the first State of the NSW Public Sector Report, focusing on values and ethics, capability and productivity.

- Developed standards for the appointment of chairs and members to NSW Government boards and committees.
- Commissioned a stock take of ethics issues, policies and control systems in NSW public sector agencies.

2013-14 Planned Key Initiatives

The PSC will deliver the following key initiatives including:

- Work with NSW public sector agencies to implement new workforce arrangements, including a new executive structure, capability framework and performance management framework.
- Publish the 2013 *State of the NSW Public Sector Report*, including an analysis of organisational responses to bullying in NSW public sector agencies.
- Launch an ethics resource kit to assist agencies to embed the legislated public sector core values in the design and delivery of services, and in internal business processes.

30.3.0.1. Innovation

Target	30.3 Improve innovation within the public sector
Measure	NSW public sector employee perceptions of innovation within the sector.
Baseline	The results of the 2012 People Matter Survey provide the baseline. Based on survey responses a numerical index for Innovation of 60.9% has been derived.

Context: 2012 is the first year for the survey and represents the baseline from which results can be measured in 2014.

2012-13 Progress summary:

- Engaged with other jurisdictions, not for profit and private sectors, and academia to identify preconditions for public innovation.
- Created an Innovation Index to establish baseline innovation levels across the sector.

- Created an Innovation discussion document to use in further consultation with the public sector, the private sector, the not for profit sector and academia.
- Created an Innovation Leadership program, designed to help senior executives influence the culture within their agencies.

2013-14 Planned Key Initiatives

- Continue to assist agencies to understand the conditions under which innovation thrives in organisations and how to overcome the barriers to achieving those conditions.
- Identify opportunities for improvement in public innovation through the PSC's reform program (e.g. Executive Structure Reform).
- Investigate options for sharing innovation case studies across the sector.

- Establish a NSW public sector innovation network in conjunction with DPC designed to operate as a forum and hear from NSW public servants who are proven innovators. It will include information sharing, consultation and collaboration.
- Expand on-going Executive Development Program.

The PSC will continue to support and work with NSW public sector agencies in achieving the goals set out in *NSW 2021* through: developing and driving the implementation of standards and policies, delivering key enabling programs, and collecting, analysing and providing information covering all aspects of workforce management in the NSW government sector.

Our Performance

Highlights

Establishing the foundation for government sector reform

In February 2013, based on the Public Service Commissioner's recommendations, the NSW Government announced sweeping reforms to the structure and operation of the NSW public sector executive workforce, and to other aspects of employment and management practice in the public sector.

These reforms establish the platform for an agile and customer focused government sector, where innovation, accountability and high performance are rewarded.

To give effect to these reforms, the Public Service Commissioner has led the development of the *GSE Act*, to replace the *PSEM Act*. Throughout this process, the PSC managed a comprehensive communications and stakeholder engagement strategy, including consultation with key stakeholders, staff briefings in metropolitan and regional locations, and providing information and updates via the PSC's website.

Promoting ethical leadership

The *GSE Act* clarifies that Departmental Secretaries and heads of agencies have the leadership role of ensuring the conduct and management of their organisations is in accordance with the values of the Ethical Framework for the government sector.

NSW Public Sector Performance Development Framework

The development of the Performance Development Framework commenced in July 2012 and involved 12 months of collaborative effort by departmental and agency representatives and the PSC. This achievement represents an important shift aimed at raising the bar on performance management; driving continuous improvement to achieve best practice; and building a performance culture in the sector.

State of the NSW Public Sector Report 2012

The Public Service Commissioner's inaugural *State of the NSW Public Sector Report* was published in November 2012. This represented a significant milestone as it was the first in what will be annual independent assessments of the public sector workforce's capabilities, values and ethics, and productivity.

People Matter Employee Survey 2012

The results of the inaugural *People Matter Employee Survey* were published in November 2012. This was the first whole-of-sector survey of employees' perceptions about the extent to which the sector's core values are reflected in their workplaces and in the services they provide.

Development of a draft revised Capability Framework

Central to workforce performance are the capabilities (the knowledge, skills and abilities) that public sector employees must demonstrate to perform their roles effectively. Throughout 2012-13 the PSC developed a new NSW Public Sector Capability Framework which replaces the 2008 Capability Framework and the draft Executive Capability Framework that was developed in 2011. The revised framework is a key deliverable against the PSC's Strategic Priority to develop NSW public sector capability.

The framework describes the core capabilities and associated behaviours that are expected of all NSW public sector employees, at every level and in every organisation. It provides a common foundation tool that will enable the NSW public sector to attract, recruit, develop and retain a responsive, capable workforce.

The framework is the result of significant consultation with key representatives from across the sector to ensure the framework is robust, fit for purpose and has applicability across a diverse public sector.

Boards and Committees reform

On 13 December 2012 the new Classification and Remuneration Framework for NSW Government Boards and Committees was issued under Premier's Memorandum 2012-18 and became effective immediately. The framework guides decisions about remuneration arrangements for 450 NSW government boards and committees.

The framework ensures a consistent, equitable and fiscally responsible approach to determining fees for part time board chairs and members. The classification of existing boards according to the framework is currently being finalised, in consultation with portfolio Ministers. Integration of classification and remuneration data into the Department of Premier and Cabinet's Government Entities Database is also nearing completion.

The Remuneration Framework is part of a series of governance reforms being implemented across the sector. These include the Public Service Commissioner's *Appointment Standards: Boards and Committees in the NSW Public Sector*.

Human Capital Management software program

NSW Treasury has approved funding, under the ICT Re-investment Pool initiative, to develop an information systems capability to support workforce management reform across the NSW public sector. This PSC initiative responds directly to the Commission of Audit's Interim Report on Public Sector Management recommendations which encourage an integrated approach to workforce planning, performance management and learning and development otherwise known as Human Capital Management. Funding for the four year program was approved in April 2013 and it will commence in 2013-14.

Promoting the NSW government sector values

Strategic priority	■ Public sector clusters/agencies reflect core public sector values in their business processes, services and approaches to workforce management.
Key areas of focus 2012 – 15	■ Tools for assessing organisational culture ■ Embedding values in cluster/agency systems and practices ■ Codes of conduct ■ Public sector as employer of choice

Ethics research

In-depth research into the ethics issues facing NSW government sector employees was carried out by the St James Ethics Centre on behalf of the PSC. The Ethics Stocktake report was based on data from 23 focus groups involving 160 people, and telephone interviews with 63 senior public servants from 32 agencies. Six of the focus group discussions took place in regional centres. The research identified the need for stronger ethics leadership, a new speak-up workplace culture, and a clearer understanding of the conventions and obligations of the Westminster system of government.

Ethics leadership

Departmental Secretaries and heads of agencies play a crucial role in promoting and maintaining workplace cultures, systems, practices and services that are consistent with the *Ethical Framework for the government sector*. For the first time, this responsibility has been recognised in the *GSE Act* which establishes that Departmental Secretaries and agency heads are responsible for the general conduct and management of their agencies in accordance with the *Ethical Framework*.

Ethics resource kit

A major new direction for the government sector is to ensure that workplace cultures, governance arrangements, people management systems, and standards of employee conduct are consistent with the *Ethical Framework for the government sector*.

The PSC is developing a resource kit to help agencies guide their employees in ethical conduct and decision making. The kit will include a new Code of Ethics and Conduct for the government sector, an ethics knowledge test, guidelines on employee obligations under the Westminster system of government, and guidelines on changing workplace culture, measuring ethics performance and using ethics criteria to make difficult decisions. The kit will be released in early 2014, following consultation with departments and agencies.

Ethics performance benchmarks

The Public Sector Values Group, in collaboration with the Performance Group, developed benchmarks to measure the ethics performance of the sector. The benchmarks are based on the findings of the Ethics Stocktake and data from the 60,000-plus respondents to the 2012 *People Matter Employee Survey*. Results on how well the *Ethical Framework* values were being implemented by agencies were published in the 2012 *State of the Public Sector* report. Progress against the benchmarks will be assessed in the 2014 *People Matter Employee Survey*.

Promoting the NSW public sector values

Bullying

Almost half (48%) of all respondents to the 2012 People Matter Employee Survey indicated that they had witnessed what they perceived to be bullying at work. Bullying has a highly destructive impact on individuals, their families and the workplace, and can be a very significant cost to public sector agencies.

The Public Service Commissioner directed agency heads to advise him of organisation-specific approaches that were being taken to better understand and respond to bullying. This information is being analysed and additional actions to address this issue, if necessary, will be considered in 2013-14.

Looking forward

Implement the ethics resource kit

The ethics kit will provide agencies, workplaces and employees with resources to implement the *Ethical Framework*. The kit will be released in 2014, following consultation with departments and agencies. It will then be progressively expanded to incorporate relevant Public Service Commissioner Directions, new research, contemporary examples of public sector good practice, situational case studies, and ethics performance trends.

Measure ethics progress

In 2014 the second People Matter Employee Survey of all NSW government sector employees will be conducted by the PSC. Employee responses will be compared with the results of the 2012 survey to help measure progress in the implementation of the *Ethical Framework for the government sector*. The survey information may also be used by the PSC to identify examples of ethics performance improvement that can assist agencies and employees to meet their obligations under the *Ethical Framework*.

A major new direction for the government sector is to ensure that workplace cultures, governance arrangements, people management systems, and standards of employee conduct are consistent with the Ethical Framework for the government sector.

Developing NSW public sector capability

Strategic priority	Public sector clusters/agencies recruit, manage and develop staff according to clearly specified capabilities, assessing relative merit through the best selection methods.
Key areas of focus 2012 – 15	■ Capability in respect of policy development/reform and service design ■ Capability in respect of human resource, financial and resource/asset management ■ Cluster/agency capacity for working within devolved model ■ Public Service Commission sector-wide executive development

Executive Development Strategy

This strategy is aimed at developing executive leadership capability across the sector, facilitating cross sector thinking and leveraging existing strengths to achieve Government outcomes.

The Executive Development Program was continued from 2011-12 with 100 new SES 4-6 participants. The information gathered was added to the existing baseline of data gathered through the 2012 program, which provides a valuable basis for assessing the leadership group's strengths and areas for further development.

The Executive Connections series was launched, providing forums for NSW public sector executives to gain exposure to best practice thinking and leading experts, with three events held in 2012-13. The Innovation Strategy group was formed from the top performers in the Innovation capability, to further develop their own strength in this area, and champion innovation across the sector. The Executive Coaching Panel and Peer 2 Peer Coaching programs were also launched during this year.

Establishing Communities of Practice

The PSC supported the establishment of a number of Communities of Practice for occupational groups across the sector, in particular those related to core capability areas.

The Community of Human Resources Professionals was formed in October 2012 with support from the PSC as the lead central agency.

The PSC also provided support to other agencies to establish an ICT Community of Practice and a Change Community of Practice. A Community of Finance Professionals has been successfully running for four years and has informed work in this area.

Membership of the communities is open to all NSW public sector employees who work in the relevant occupational area. Each Communities of Practice group holds a number of events throughout the year, focusing on key topics of interest with guest speakers from across the public and private sector.

A sector wide website called *Comprac*, at www.comprac.nsw.gov.au, has been developed by the PSC to link to all established communities. Comprac provides one single access point to all NSW public sector Communities of Practice. It gives employees easy access to information for their occupational area, and will facilitate communication and knowledge sharing across the sector.

New Public Sector Capability Framework

The current NSW Public Sector Capability Framework and draft Executive Capability Framework were replaced by a single, streamlined, plain English and user friendly framework which reflects the capabilities required of all public sector employees in NSW. The goal is to provide the sector with a solid foundation for the full range of workforce management and development activities, and to facilitate the ongoing development of workforce capability across the sector.

The PSC also focussed on strategies that support and develop the capabilities in specialist skill areas, beginning with ICT. In partnership with the Department of Finance and Services, the PSC developed the skills and capability strategy which is part of the NSW Government ICT Strategy. As an early step, an ICT Capability Framework for the ICT workforce was identified to help ensure the sector has the right mix of capabilities to support delivery of the objectives outlined in the NSW Government ICT Strategy.

Existing ICT capability frameworks, both in Australia and internationally, were researched and the Skills Framework for the Information Age (SFIA) was selected. The SFIA is a world recognised framework that is used in over 100 countries. The NSW Public Sector Capability Framework and the SFIA will be used together to develop the tools necessary to strengthen the capabilities of the sector's ICT workforce and provide a common language for IT professionals across the sector.

Looking forward

Executive Development Strategy

In 2013-14, the PSC will implement leadership development offerings targeting the capability areas identified as being in the greatest need – Strategic Financial Management, Strategic Human Resource Leadership, High Level ICT Management and High Level Contract

Management. In addition, specific development will be delivered to address any critical capability gaps identified by human resources leaders, due to their central role in supporting the rollout of significant workforce management reforms. This year will also see the PSC develop and implement a sector-wide SES Induction Program, and extend development opportunities to the whole executive cohort.

Launch of the revised Capability Framework for the NSW public sector

The revised Capability Framework will be launched to the sector in early August 2013. The PSC will be working with the sector to develop a range of tools and resources to support implementation in the full range of workforce management activities needed to ensure they are fit for purpose and meet the needs of the sector.

Development of occupation specific capability sets

The PSC will consult with the sector to develop occupation specific capability sets for human resources, finance and procurement, to work in conjunction with the 2013 NSW Public Sector Capability Framework. The PSC will also offer support to agencies wanting to develop an approach to using the sector wide core Capability Framework in combination with a local occupation or profession specific framework.

Finally, the PSC will work with a number of key clusters to develop a range of workforce management strategies including ICT sector-wide role descriptions and ICT capability assessment tools for use in implementing consistent workforce management activities for the ICT workforce.

Leading the NSW public sector in best practice workforce management

Strategic priority	Public sector clusters'/agencies' workforce management practices are underpinned by, and reflect best practice models of, all aspects of workforce management.
Key areas of focus 2012 – 15	■ Reform of the SES and executive – equivalent levels ■ Workforce information ■ Recruitment processes and practices ■ Workforce planning ■ Performance management systems, processes and practice ■ Approaches to staff development ■ Employment arrangements

Review of NSW public sector agency organisational design and executive structures

In 2012, based on an extensive review of organisation design, spans of control and grading profiles across the NSW public sector, the Public Service Commissioner advised the NSW Government that the size, form and function of the public service executive required fundamental overhaul.

In February 2013, the Public Service Commissioner made recommendations to the NSW Government on a new executive structure for the NSW public service. The proposed model reflected recommendations from an Expert Panel comprising eminent former Commonwealth and State public sector senior leaders, and was guided by the Public Service Commission Advisory Board.

The NSW Government accepted the Public Service Commissioner's recommendations, and on 27 February 2013, announced sweeping reforms to the structure and operation of the NSW public sector executive, which were subsequently incorporated in the new *GSE Act*.

Establishing the legislative framework for government sector reform

In February 2013, after a comprehensive review, the Public Service Commissioner recommended that the NSW Government reform a range of employment arrangements and management practices of the NSW public sector workforce.

This built on a number of recommendations from the 2012 *NSW Commission of Audit Interim Report: Public Sector Management*.

Giving effect to these reforms would require comprehensive legislative changes, and on 27 February 2013, the NSW Government announced that it would rewrite the *PSEM Act*.

Commencing in February 2013, the Public Service Commissioner led a process to establish the *GSE Act*, which was assented to on 25 June 2013. The Act will commence in early 2014 and will replace the *PSEM Act*.

Finalising the e-Recruitment roll out

The NSW Police Force (sworn officers) went live with the e-Recruitment system in September 2012. The 'go live' for the Department of Education and Communities Schools division was delayed from January 2013 to 1 July 2013, to allow for the introduction of functionality enhancements.

Following a feasibility study to examine the cost benefit of NSW Health's implementation of the current whole-of-government e-Recruitment, the Cabinet Standing Committee on Expenditure Review approved the recommendation that NSW Health defer joining the whole-of-government solution until the market is retested commencing in the second half of 2013.

The e-Recruitment account management team continue to work with the NSW public sector agencies to support their users to enhance their levels of system use.

Reform of recruitment policy and practice

The PSC Recruitment Review was initiated in response to Recommendation 51 of the NSW Commission of Audit Interim Report. Between June 2012 and March 2013, the PSC conducted a comprehensive research and literature review into recruitment practices, launched a questionnaire to gather information from across the broader public service and consulted executive and practitioner stakeholders.

This work led to the development of best practice guidance on merit-based recruitment and selection methodologies due to be released in the second half of 2013. Proposed new approaches focus on the use of capability-based workforce planning and market analysis to inform recruitment strategy; simplified application processes; capability-based assessment methods; and the development and use of internal and external talent pools.

Aboriginal employment

At the end of 2012, *Making It Our Business: The NSW Aboriginal Employment Action Plan 2009-2012* came to term and the PSC commissioned a formal evaluation to assess its impact and inform future directions. The evaluation involved in-depth research into current arrangements for Aboriginal employment across the sector, including a survey and interviews with key agency staff. The evaluation findings will provide a solid evidence base to inform the next whole of sector Aboriginal employment strategy.

Disabling the Barriers research

The PSC and the Department of Family and Community Services, Ageing Disability and Home Care engaged ARTD Consultants to undertake the *Disabling the Barriers* research to better understand the employment situation of people with disability in the NSW public sector.

The qualitative research component involved interviews with 178 employees with disability, and managers and human resources practitioners in six agencies. The findings and conclusions will be presented to the sector in the latter part of 2013, to inform future workforce strategy.

Boards and committees remuneration

A new Classification and Remuneration Framework for NSW Government Boards and Committees was launched in late 2012. The framework ensures there is a consistent, equitable and fiscally responsible approach to determining the fees for part time board chairs and members. The classification of 450 boards and committees, according to the framework, is currently being confirmed with portfolio ministers.

Looking forward

Commence transformation of the government sector

The *GSE Act* will commence in early 2014, and departments and agencies will design and implement new executive structures within three years. In 2013-14, the Public Service Commissioner will consult with the heads of departments to develop a whole of sector plan for staged implementation of the new executive arrangements.

The PSC will produce policies and guidelines to assist and support departments and agencies as they transition to new executive structures. This work will be supported by a significant sector wide communications and engagement strategy.

Developing supporting regulatory and other statutory instruments

In 2013-14, after the passage of the *GSE Act*, the PSC will prepare related legislative instruments, such as the regulations and GSE Rules, both of which underpin the commencement and operation of the *GSE Act*.

Aligning executive structures with the NSW Police Force, Transport for NSW and the Ministry of Health

In 2013-14, the Public Service Commissioner will work with the Commissioner of Police, the Director General of Transport for NSW, and the Director General of the NSW Ministry of Health on a second phase of legislative reform to align the executive structures of the NSW Police Force, the Transport Service and the Health Service with the requirements of the *GSE Act*.

The PSC will make recommendations to the NSW Government about these arrangements in July 2013, in order to meet the Government's commitment to introduce legislation in Parliament in the second half of 2013.

Workforce Diversity Framework

A principles-based Workforce Diversity Framework is being developed to facilitate an integrated approach to workforce planning. A better understanding of the advantages of a diverse workforce will promote organisational capability building and enhance business outcomes.

In line with leading international practice, the framework will consider the advantages of defining diversity to encompass a wider spectrum of an individual's characteristics. This approach emphasises diversity as a precondition for high performing teams. The focus on established diversity groups – women, Aboriginal people, people with disability, and people from cultural and linguistically diverse backgrounds – will be maintained.

Human Capital Management Software Program

The Human Capital Management (HCM) Software Program four year program commences in 2013-14.

As almost half of the NSW Government's current expenditure is employee-related, more efficient management of the workforce is a key means to improve productivity and secure delivery. Evidence-based, comprehensive and well-targeted workforce management strategies have the potential to generate measurable improvements in productivity, efficient resource usage, performance management and staff engagement. The provision of modern HCM information systems, including workforce analytics, is a valuable tool for delivering those improvements. The PSC will drive the introduction of HCM information systems and associated HCM practice improvements across the NSW public sector. It will encourage take-up by providing seed funding to selected clusters/agencies.

The PSC will conduct a procurement exercise to establish a catalogue of HCM e-recruitment system providers, to be accessed by clusters and agencies. This PSC initiative responds directly to the Commission of Audit's Interim Report recommendations which encourage an

integrated approach to workforce planning, performance management, and learning and development.

Aboriginal employment

The findings and recommendations from the *Making It Our Business* evaluation will be finalised in August 2013 and will be used to inform the development of a new whole of sector approach to Aboriginal employment, to be introduced from 2014. The new approach will involve working collaboratively with clusters and agencies to ensure there is a holistic and sustainable plan for Aboriginal employment sector-wide.

Improving Aboriginal representation in management and executive roles will be a priority during 2013-14, together with supporting agencies with few or no Aboriginal staff to develop tailored attraction/retention strategies. Data collection will also be a focus, with the aim of improving voluntary reporting rates across the sector.

Development of strategic human resources capabilities

Human resources (HR) leaders across the sector will play a central role in supporting their clusters to deliver the workforce management reforms, beginning with the rollout of major reforms affecting executive structures. To strengthen the HR leadership cohort for the rollout of significant workforce management reforms, the PSC has commenced an initiative to define the capabilities required of future NSW public sector HR leaders. This will be followed by a pilot Development Centre to be attended by all key HR leaders in the second half of 2013.

Boards and Committees Reform

The process to consult on and classify 450 boards and committees, according to the new Classification and Remuneration Framework, will be completed early in 2013-14. Consistent with the Government's decision, any changes to remuneration for boards and committee resulting from this process will take effect on 1 July 2014.

Focusing on customers

Strategic priority	Public sector clusters'/agencies' practices and processes reflect high degrees of understanding of customer needs and a capacity to innovate in response to those needs.
Key areas of focus 2012 – 15	■ Customer research ■ Models for citizen engagement, co-design, partnerships ■ Emerging technologies ■ Enabling decisions at the front line

Customer satisfaction research

A strategic priority of the Public Service Commission Advisory Board is development of a framework for measuring customer satisfaction with NSW public sector services. The Board established a Customer Satisfaction Reference Group to oversee and contribute to the development of a whole-of-government customer satisfaction measurement instrument. The PSC provides secretariat and other support to the Group, which is chaired by Board member, Ms Katie Page, and has a membership that includes Board member Ms Maree O'Halloran, the Public Service Commissioner and the Customer Service Commissioner. Its work is the initial component of a broader NSW Government customer satisfaction strategy.

Innovation discussion paper

In 2012-13, the PSC embarked on the Innovation Implementation project in response to Goal 30 of *NSW 2021* to improve innovation in the NSW public sector. The project has issued an innovation discussion paper, detailing the consultation conducted in 2012, along with the work currently being undertaken by

the PSC to help improve the conditions that enable innovation within NSW public sector agencies. It also lists specific actions and consultation to be taken during 2013-14. Improving innovation in the NSW public sector is important to shape a modern, forward thinking public sector that embraces new ideas to improve service delivery and efficiency. The PSC consulted with NSW public sector agencies and sought input from other jurisdictions, academia, and the not-for-profit and private sectors, to build our understanding of the factors influencing innovation in the public sector.

Looking forward

Improve innovation in the public sector

In 2013-14, the PSC will consult with NSW public sector agencies and seek input from other jurisdictions, academia, and the not-for-profit and private sectors, to drive the implementation of the actions contained in the innovation discussion paper. To assist reporting and measurement under *NSW 2021*, the PSC will develop additional quantitative measures to evaluate innovation across the NSW public sector.

Providing evidence about NSW public sector performance

Strategic priority	Public sector clusters'/agencies' performance in relation to all aspects of culture and workforce management is reported transparently to the sector, the Parliament and the community.
Key areas of focus 2012 – 15	■ State of the sector reporting ■ Agency approaches to staff surveys ■ Benchmarking ■ Linking workforce management initiatives to organisational and service outcomes ■ Advanced data capture, reporting and predictive analysis

Performance Development Framework

Agencies have long been required to implement performance management systems, but many have struggled to maintain these systems after initial implementation. In 2012, the NSW Government enacted legislation requiring all agencies to have performance management systems which conform with guidelines on essential elements issued by the Public Service Commissioner.

The PSC worked in close collaboration with senior human resource specialists to develop the NSW Public Sector Performance Development Framework, which establishes a holistic approach for performance management. The six components of the framework focus on developing and aligning individual and team capabilities, efforts and performance with organisational objectives. Each of the six components has essential elements that define the mandatory benchmarks for agency performance management systems.

Over the next 12 months, agencies will be assessing their current performance management systems against the requirements of the framework, implementing improvement plans and embedding performance management practices in their organisations with support from the PSC. In addition to agency self-assessment, the PSC will collect data from the biennial People Matter Employee Survey and use the workforce information data collection to gain a complete view of how well performance management is taking place in the sector.

The framework establishes a common baseline for performance management and ongoing review and refinement of the framework will drive continuous improvement over time to achieve best practice across the NSW public sector.

State of the NSW Public Sector Report 2012

In November 2012 the Public Service Commissioner presented the Premier with *How it is: State of the NSW Public Sector Report 2012*. The report was the first of its kind in NSW and an important milestone for the PSC and public sector reform. Annual reporting on the performance of the NSW public sector is a key responsibility of the Public Service Commissioner under the *PSEM Act*.

As required by the Act, the 2012 report included an analysis of public sector workforce data as well as what the Public Service Commissioner considered to be notable achievements of the sector, challenges that it faces and priorities for future action. The 2012 report assessed the sector's performance in terms of key drivers of performance: the sector's values and ethics, its capability and its productivity and drew on a range of original research including the first whole-of-sector People Matter Employee Survey, an ethics stocktake of the NSW public sector and an assessment of the executive capability in the NSW public sector which were published as companion reports.

The report flagged subjects that would be the focus of action by the PSC in coming months and on which the Public Service Commissioner intends to report in future 'state of the sector' reports. These include measurement of the sector's productivity and the satisfaction of its customers with public services.

People Matter Employee Survey 2012

The inaugural People Matter Employee Survey was successfully delivered in line with a key recommendation of the Interim Report of the NSW Commission of Audit. The survey provided the first opportunity for all employees across the NSW public sector to give their views on their workplaces and their experiences in them.

The PSC engaged an independent survey provider, Australian Survey Research, to conduct the survey. It was open to all NSW public sector employees over a four-week period (16 July and 10 August 2012) and could be completed online or on paper. More than 60,000 employees (around 16% of the workforce) participated. Over 60% of participants were frontline staff.

The survey results were reported at the level of each individual agency as well as at the agency cluster and whole-of-sector levels. Reports at the agency and cluster levels were provided to agency heads in November 2012. The sector level report was published as a companion report to the *2012 State of the NSW Public Sector Report* and was an important data source for that report.

Over sixty of the survey questions were the same as, or very close to, questions in an equivalent survey of Victorian public sector employees by the Victorian State Services Authority. This enables benchmarking of the NSW survey results against the Victorian survey results. The Commission has also measured the engagement of the NSW public sector workforce through an employee engagement index which was used to benchmark against workforce engagement in the United Kingdom's Civil Service. The Commission will continue to explore further opportunities for benchmarking with other jurisdictions.

Premier's Awards for Public Service

The NSW Government's annual awards celebrate and showcase the achievement and outstanding delivery of public services by government and non-government individuals, teams and organisations.

The 2012 Premier's Awards for Public Service, which focused on 'service', attracted over 250 nominations. Following a rigorous judging process, the NSW Premier announced the award winners at a formal ceremony on 7 November 2012.

Extended Workforce Information Warehouse

In 2012-13, the PSC has built on the Workforce Information Warehouse and associated data collection and reporting tools to include additional data sources and new tools. This supports the Commission of Audit recommendation to extend the system capacity for whole of NSW public sector reporting and build greater access to reliable information to inform strategic decisions about the NSW public sector workforce.

Workforce Profile 2012 report

The Workforce Profile 2012 report was issued as a compendium to the State of the Public Sector 2012 report, providing important information about the characteristics of the NSW public sector workforce. It includes demographic information, such as age, gender, Equal Employment Opportunity group membership and locations, as well as employment information such as hours worked, leave patterns, remuneration and mobility within the NSW public sector.

Interactive Workforce Profile

The PSC produced an interactive workforce profile report, providing an interactive data analysis capability.

The information provided enhances the capacity to undertake benchmarking, workforce planning and employment policy development work from an informed basis at both agency and sector-wide level. It provides a reliable means to assess the effect of any social or economic trends on the composition of the sector's workforce, the need for employment policies, procedures or systems, and the impact of any that are introduced.

Increase NSW public sector workforce profile reporting

One of the most important sets of NSW public sector workforce data collected by the PSC is the NSW public sector Workforce Profile. All agencies within the NSW public sector participate in the data collection (including State Owned Corporations and Government Trading Enterprises). Collections have been undertaken annually since 1999 and demographic and employment information about the NSW public sector workforce is published each year.

In 2012-13 the PSC introduced two 'year-to-date' collections of the Workforce Profile data into the Workforce Information Warehouse providing additional insight into NSW public sector workforce data and supporting NSW public sector agencies in using data to support workforce management and planning.

In 2012-13 the PSC also provided over 200 additional reports to the NSW public sector, the Parliament and the community in relation to workforce data.

Measuring the ethics performance of the sector

The enactment of the *GSE Act* established that Departmental Secretaries and agency heads are responsible for the conduct and management of their organisations in accordance with the values of the *Ethical Framework for the government sector*. The findings of the St James Ethics Centre research into the ethics culture and performance of agencies and the inaugural People Matter Employee Survey have been used to develop ethics performance benchmarks. These benchmarks will be used to measure agencies' progress in implementing the *Ethical Framework*, and to identify examples of ethics good practice that can be applied by in a variety of workplaces.

Looking forward

State of the NSW public sector report 2013

The Public Service Commissioner's 2013 report on the State of the NSW public sector report must be provided to the Premier as soon as practicable after 30 June 2013. It will, as required by law, include the Public Service Commissioner's assessment of the sector's performance and an analysis of public sector workforce profile data. It is anticipated that the report will draw on the results of several substantial pieces of work that were flagged in the 2012 report.

People Matter Employee Survey 2014

The PSC plans to conduct a whole-of-sector employee survey every two years. The next survey will be run in 2014. The 2014 survey is likely to include some refinements based on experiences with the 2012 survey. It is likely however to repeat at least a core set of questions from the 2012 survey for comparative and trend data purposes.

Agency Survey 2014

The first report on the state of the NSW public sector was delivered to the Premier in November 2012, within the first 12 months of the PSC's existence. The Public Service Commissioner aims to

progressively achieve best practice in state of the sector reporting. Among other things, this entails increasing the PSC's knowledge and understanding of the systems, policies and processes that agencies have in place to support the recruitment, management and performance of their employees. This will complement the information that the PSC obtains from the employees through employee surveys (such as the 2012 People Matter Employee Survey).

The PSC proposes to obtain this information from agencies on a regular basis, starting in 2014. Potential methods for obtaining the information include a survey with results in some areas being followed up in targeted research projects. Whatever method is adopted, the PSC's intention is to build a suite of data over time to track progress and trends.

Extend the NSW public sector Workforce Information Warehouse

The PSC will build on the Workforce Information Warehouse and associated data collection and reporting tools, to support the new executive structures. The project will develop a mechanism and process for unique employee identifiers for the sector and then incorporate it into the warehouse and reporting systems. This will support the Commission of Audit recommendation to extend the system to enable efficient whole of NSW public sector reporting and build access to reliable information to inform strategic decisions about the NSW public sector workforce.

Workforce Profile Report 2013

As a compendium to the State of the Public Sector 2013 Report, the PSC will deliver the Workforce Profile 2013 Report which will provide important information about the characteristics of the NSW public sector workforce. As in 2012, the PSC will provide an interactive workforce profile, providing an interactive data analysis capability.

Measuring the ethics performance of the sector

Data from the second People Matter Employee Survey, to be conducted in 2014, will be used to assess agencies' performance against the standards set in the *Ethical Framework for the government sector*. The assessment will compare ethics performance results from 2014 with the ethics benchmarks based on the 2012 People Matter Employee Survey.

Building the Public Service Commission

Strategic priority	The Public Service Commission has a capable, motivated workforce working on agreed priorities in a well governed organisation. The Public Service Commission is an acknowledged centre of excellence in public sector governance and workforce management.
Key areas of focus 2012 – 15	■ Public Service Commission business processes and systems ■ Public Service Commission governance ■ Public Service Commission workforce design and capability ■ Public Service Commission performance ■ Creating a centre of excellence in public administration/workforce management

Maintain and enhance an effective and efficient workforce

In 2012-13 the formation and implementation of the PSC's organisational design and structures was completed. The PSC organisation design is now firmly in place and fully resourced, with its core business policies and procedures implemented ensuring compliance with legislative and governance requirements.

Introduction of performance management to the PSC

The PSC is committed to maintaining an effective performance management process that enhances both individual and organisational performance. The PSC's 'My Performance' process was introduced in October 2012 and is designed to help managers and staff work together to identify and meet organisational goals and individual work and career development needs. It is a key part of the PSC's Performance Management Framework which details all aspects of how performance is planned, measured and reported at the corporate, team and individual staff member level.

All PSC staff had completed their first formal Performance Agreement by 30 November 2012. Training was provided in giving and receiving feedback techniques in February 2013, with further training in completing an annual review provided in May and June 2013. The first annual review for each staff member is due for completion by 31 July 2013.

Embed project management tools

Project management tools have been designed and fully implemented to support the project management framework. The intranet provides:

- an information portal on the status of projects
- a one-stop-shop where all project leaders have access to information and support regarding the endorsed project management methodology
- access to process improvements and historical information on similar projects and lessons learned
- a learning and development framework for project leaders in project management, including management of risks.

Looking forward

Maintain and enhance corporate services, systems and governance arrangements

Establishing the new independent agency is ongoing. 2013-14 will provide the PSC with the opportunity to build on the significant achievements it has made throughout 2012-13. The PSC will have reached its full complement after a new intake of staff planned for July-August 2013. The PSC will look to enhance existing internal processes to ensure the PSC has the capability to meet existing and evolving challenges within the PSC and the wider NSW public sector.

The PSC will also continue the development and implementation of a range of best practice plans, policies and procedures to facilitate continuous organisational performance improvement and to consolidate its position as an employer of choice.

Appendices

Appendices

In this section

Appendix A:	Our financial statements	39
Appendix B:	Our people	65
Appendix C:	Equal Employment Opportunity	72
Appendix D:	Legislative framework	73
Appendix E:	Public information and access	73
Appendix F:	Risk management and insurance activities	78
Appendix G:	Payment of accounts	81
Appendix H:	Consultants	82
Appendix I:	Research and development	83
Appendix J:	Sustainability	84
Appendix K:	Major works in progress	85
Appendix L:	Statutory reporting compliance checklist	86
	Glossary of abbreviations used in this annual report	87
	List of tables and figures in this annual report	89
	Index	90
	About this annual report	93

Appendix A: Our financial statements



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Statement by the Commissioner of the Public Service Commission

Pursuant to section 45F of the Public Finance and Audit Act 1983, I state to the best of my knowledge and belief that:

- a) The financial statements and thereto exhibit a true and fair view of the financial position of the Public Service Commission as at 30 June 2013, and financial performance for the period 1 July 2012 to 30 June 2013.
- b) The accompanying financial statements and notes have been prepared in accordance with:
 - the provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for NSW General Government Sector Entities, the applicable clauses of the Public Finance and Audit Regulation 2010 and the Treasurer's Directions; and
 - the applicable Australian Accounting Standards, which include Australian Accounting Interpretations and other mandatory professional reporting requirements.
- c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'Jo Grisard'.

Jo Grisard
A/Public Service Commissioner

19.9.13



INDEPENDENT AUDITOR'S REPORT

Public Service Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Public Service Commission (the Commission), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, statement of cash flows and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Commissioner determines is necessary to enable the preparation of the financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Commission
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Caroline Karakatsanis
Director, Financial Audit Services

20 September 2013
SYDNEY

Public Service Commission Financial Statements for the year ended 30 June 2013

PUBLIC SERVICE COMMISSION Statement of comprehensive income for the year ended 30 June 2013

		Actual 1 November 2011 to 30 June 2012 \$'000	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
	Notes				
Expenses excluding losses					
Operating expenses					
Employee related expenses	2(a)		14,286	11,410	7,803
Other operating expenses	2(b)		14,858	19,366	10,852
Depreciation and amortisation	2(c)		661	714	191
TOTAL EXPENSES EXCLUDING LOSSES			29,805	31,490	18,846
Revenue					
Recurrent appropriation	3(a)		27,880	29,954	16,725
Capital appropriation	3(a)		2,200	1,750	1,582
Grants and contributions	3(f)		225	-	-
Sale of goods and services	3(b)		1,272	822	984
Investment revenue	3(c)		232	-	200
Acceptance by the Crown Entity of employee benefits	3(d)		884	304	826
Other revenue	3(e)		59	-	155
Total Revenue			32,752	32,830	20,472
Gain / (loss) on disposal	4		(23)	-	-
Net result			2,924	1,340	1,626
Other comprehensive income					
Other net increases in equity			-	-	-
Total other comprehensive income			-	-	-
TOTAL COMPREHENSIVE INCOME			2,924	1,340	1,626

The accompanying notes form part of these financial statements.

PUBLIC SERVICE COMMISSION
Statement of financial position
as at 30 June 2013

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	6	3,454	2,224	6,446
Receivables	7	1,254	590	1,514
Total Current Assets		4,708	2,814	7,960
Non-Current Assets				
Property plant and equipment				
Plant and equipment	8	32	-	31
Leasehold improvements	8	1,591	3,572	325
Intangible assets	9	2,415	-	2,160
Total Non-Current Assets		4,038	3,572	2,516
Total Assets		8,746	6,386	10,476
LIABILITIES				
Current Liabilities				
Payables	10	1,333	2,045	1,942
Provisions	11	1,637	675	1,353
Other	12	-	-	4,336
Total Current Liabilities		2,970	2,720	7,631
Non-Current Liabilities				
Provisions	11	308	-	301
Total Non-Current Liabilities		308	-	301
Total Liabilities		3,278	2,720	7,932
Net Assets		5,468	3,666	2,544
EQUITY				
Accumulated funds		5,468	3,666	2,544
Total Equity		5,468	3,666	2,544

The accompanying notes form part of these financial statements.

PUBLIC SERVICE COMMISSION
Statement of changes in equity
for the year ended 30 June 2013

Accumulated

Funds Total
\$'000 \$'000

Balance at 1 July 2012	2,544	2,544
Net result for the year	2,924	2,924
Total comprehensive income for the year	2,924	2,924
Balance at 30 June 2013	5,468	5,468

Accumulated

Funds Total
 \$'000 \$'000

Balance at 1 November 2011	-	-
Net result for the period	1,626	1,626
Total comprehensive income for the period	1,626	1,626
Increase / (decrease) in net assets from equity transfers	918	918
Balance at 30 June 2012	2,544	2,544

PUBLIC SERVICE COMMISSION
Statement of cash flows
for the year ended 30 June 2013

			Actual 1 November 2011 to 30 June 2012 \$'000
	Actual 2013 \$'000	Budget 2013 \$'000	
Notes			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related	(13,426)	(11,106)	(5,926)
Other	(16,760)	(19,366)	(11,909)
Cash transfers to the Consolidated Fund	(4,336)	-	-
Total Payments	(34,522)	(30,472)	(17,835)
Receipts			
Recurrent appropriation	27,880	29,954	20,967
Capital appropriation	2,200	1,750	1,676
Reimbursements from the Crown Entity	314	-	75
Sale of goods and services	828	-	847
Interest received	304	-	26
Grants and contributions	225	-	-
Other	1,983	822	915
Total Receipts	33,734	32,526	24,506
NET CASH FLOWS FROM OPERATING ACTIVITIES	(788)	2,054	6,671
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant, equipment and intangibles	(2,204)	(1,750)	(1,582)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(2,204)	(1,750)	(1,582)
NET INCREASE (DECREASE) IN CASH	(2,992)	304	5,089
Opening cash and cash equivalents	6,446	1,920	-
Cash transferred in as a result of administrative restructuring	-	-	1,357
CLOSING CASH AND CASH EQUIVALENTS	3,454	2,224	6,446

The accompanying notes form part of these financial statements.

PUBLIC SERVICE COMMISSION
Summary of compliance with financial directives

	2013				2012			
	Recurrent Appropriation \$'000	Expenditure / Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure / Net Claim on Consolidated Fund \$'000	Recurrent Appropriation \$'000	Expenditure / Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure / Net Claim on Consolidated Fund \$'000
ORIGINAL BUDGET APPROPRIATION / EXPENDITURE								
	29,954	27,880	1,750	1,750	27,407	16,725	3,306	1,582
	29,954	27,880	1,750	1,750	27,407	16,725	3,306	1,582
OTHER APPROPRIATIONS / EXPENDITURE								
	-	-	475	450	-	-	-	-
	-	-	-	-	(5,545)	-	(408)	-
	-	-	-	-	(1,435)	-	(750)	-
Treasurer's approved adjustment	-	-	475	450	(6,980)	-	(1,158)	-
Total Appropriations / Expenditure / Net Claim on Consolidated Fund	29,954	27,880	2,225	2,200	20,427	16,725	2,148	1,582
Amount draw down against Appropriation		27,880		2,200		20,967		1,676
Liability to Consolidated Fund*		-		-		(4,242)		(94)

The Summary of Compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

* The Liability to Consolidated Fund represents the difference between the "Amount drawn against appropriation" and the "Total Expenditure / Net Claim on Consolidated Fund" for the year.

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

1 Summary of Significant Accounting Policies

(a) *Reporting entity*

The Public Service Commission (the Commission) commenced on 1 November 2011 and was established by the Public Sector Employment and Management Amendment (Ethics and Public Service Commissioner) Act 2011. The role of the Commission is to support and work with the sector in achieving the goals set out in NSW 2021 through developing and driving the implementation of standards and policies; delivering key enabling programs; and, analysing and providing information covering all aspects of workforce management in the public sector environment.

The vision of the Commission is a highly capable public sector workforce characterised by a culture of integrity, trust, service and accountability.

The Commission is a NSW government department. The Commission is a not-for-profit entity (as profit is not its principal objective). The reporting entity is consolidated as part of the NSW Total State Sector Accounts. These financial statements for the year ended 30 June 2013 have been authorised for issue by the Acting Commissioner on 19 September 2013.

(b) *Basis of preparation*

The Commission's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Agencies or issued by the Treasurer.

The financial statement items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations that management has made are disclosed in the relevant notes to the financial statements.

Comparative information is for the period 1 November 2011, the date the Commission commenced, to 30 June 2012, and therefore comparative amounts are not comparable to the current financial year amounts.

During 2013 the Commission reviewed the chart of accounts. Where necessary, comparatives have been reclassified to be consistent with current year disclosures.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) *Statement of compliance*

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) *Insurance*

The Commission's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

(e) *Accounting for the Goods and Services Tax (GST)*

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Commission as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

1 Summary of Significant Accounting Policies (cont'd)

(f) *Income recognition*

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) *Parliamentary appropriations and contributions*

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the Commission obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

Appropriations are not recognised as revenue in the following circumstance:

Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

The liability is disclosed in Note 12 as part of 'Current liabilities - Other'. The amount will be repaid and the liability will be extinguished next financial year.

(ii) *Sale of goods*

Revenue from the sale of goods is recognised as revenue when the Commission transfers the significant risks and rewards of ownership of the assets.

(iii) *Rendering of services*

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) *Investment revenue*

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(g) *Assets*

(i) *Acquisitions of assets*

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Commission. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer - Note 1(j)).

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

(ii) *Capitalisation thresholds*

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iii) *Revaluation of property, plant and equipment*

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1) (as amended by NSWTC 12/05 and NSWTC 10/07). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

1 Summary of Significant Accounting Policies (cont'd)

(g) *Assets (cont'd)*

- (iii) Revaluation of property, plant and equipment (cont'd)
Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

- (iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the Commission are regarded as immaterial.

- (v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Commission.

All material identifiable components of assets are depreciated separately over their shorter useful lives.

The following depreciation rates have been adopted:

Depreciation Rates	30 June 2013	30 June 2012
	% Rate	% Rate
Plant and equipment		
Office furniture and fittings	14	14
Computer equipment	25	25
General plant and equipment	25	25
Leasehold improvements - over the period of the lease	-	-

- (vi) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

- (vii) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or a component of an asset, in which case the costs are capitalised and depreciated.

- (viii) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

- (ix) Intangible assets

The Commission recognises intangible assets only if it is probable that future economic benefits will flow to the Commission and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

1 Summary of Significant Accounting Policies (cont'd)

(g) *Assets (cont'd)*

(ix) *Intangible assets (cont'd)*

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Commission's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Commission's intangible assets are amortised using the straight line method over a period of 4 years.

(x) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(xi) *Impairment of financial assets*

All financial assets are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Commission will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(h) *Liabilities*

(i) *Payables*

These amounts represent liabilities for goods and services provided to the Commission and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) *Employee benefits and other provisions*

(a) *Salaries and wages, annual leave, sick leave and on-costs*

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

1 Summary of Significant Accounting Policies (cont'd)

(h) *Liabilities (cont'd)*

(ii) Employee benefits and other provisions (cont'd)

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(b) Long service leave and superannuation

The Commission's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Commission accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(c) Other provisions

Other provisions exist when the Commission has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when the Commission has a detailed formal plan and the Commission has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(i) *Equity and reserves*

(i) Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

(j) *Equity transfers*

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector agencies and 'equity appropriations' (refer Note 1(f)(i)) are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government departments are recognised at the amount at which the assets and liabilities were recognised by the transferor government department immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the Commission recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Commission does not recognise that asset.

1 Summary of Significant Accounting Policies (cont'd)

(k) *Budgeted amounts*

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(l) *New Australian Accounting Standards issued but not effective*

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective. The Treasury Circular TC 13/02 mandates not to early adopt of the new Accounting Standards and Interpretations. The Commission anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements.

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans-Tasman Convergence – RDR
- AASB 2011-4 removing individual KMP disclosure requirements
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-12 regarding Interpretation 20
- AASB 2012-1 regarding fair value measurement – RDR requirements
- AASB 2012-2 regarding disclosures – offsetting financial assets and financial liabilities
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2012-4 regarding government loans – first time adoption
- AASB 2012-5 regarding annual improvements 2009-2-11 cycle
- AASB 2012-7 regarding RDR
- AASB 2012-9 regarding withdrawal of Interpretation 1039
- AASB 2012-10 regarding transition guidance and other amendments
- AASB 2012-11 regarding RDR requirements and other amendments

(m) *Comparative information*

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

During 2013 the Commission revised the chart of accounts. Where necessary, comparatives have been reclassified to be consistent with current year disclosures.

(n) *Administrative restructure*

On 1 November 2011, Public Service Commission was created and Public Sector Workforce Branch of the Department of Premier and Cabinet was transferred to the Commission as a result of the *Public Sector Employment and Management (Public Service Commission and Other Matters) Order 2011 No 556*.

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

2 Expenses Excluding Losses

	2013 \$'000	Eight months to 30 June 2012 \$'000
(a) Employee related expenses		
Salaries and wages (including recreation leave)	11,457	5,884
Superannuation - defined benefit plans	196	133
Superannuation - defined contribution plans	826	327
Long service leave	708	893
Workers' compensation insurance	92	41
Payroll tax and fringe benefit tax	777	525
Redundancy payments	230	-
	14,286	7,803

(b) Other operating expenses include the following:

Advertising	61	74
Auditor's remuneration - audit or review of the financial reports	43	38
Audit Fees- Other Audits	80	4
Consultancy costs	1,405	599
Corporate services	943	721
Other contractors	1,332	4,127
Fees - ICT	631	-
Insurance	11	6
Rental expense relating to operating leases	1,244	772
Other expenses	2,138	742
Computer expenses	2,100	1,057
Fees- management	4,781	2,567
Maintenance	89	145
	14,858	10,852

* Reconciliation - Total maintenance

Maintenance expense - contracted labour and other (non-employee related), as above

	89	145
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Total maintenance expenses included in Note 2(a) + 2(b)

(c) Depreciation and amortisation expense

Depreciation		
Plant and equipment	9	5
Total depreciation	9	5
Amortisation		
Leasehold improvements	83	140
Intangible assets	569	46
Total depreciation and amortisation	661	191

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

3 Revenue

	30 June 2013 \$'000	Eight months to 30 June 2012 \$'000
(a) Appropriations		
Recurrent appropriation		
Total recurrent drawdowns from NSW Treasury (per Summary of compliance)	27,880	20,967
Less: Liability to Consolidated Fund (per Summary of compliance)	-	4,242
	<u>27,880</u>	<u>16,725</u>
Comprising:		
Recurrent appropriation (per Statement of comprehensive income)	<u>27,880</u>	<u>16,725</u>
	<u>27,880</u>	<u>16,725</u>
Capital appropriations		
Total capital drawdowns from NSW Treasury (per Summary of compliance)	2,200	1,676
Less: Liability to Consolidated Fund (per Summary of compliance)	-	94
	<u>2,200</u>	<u>1,582</u>
Comprising:		
Capital appropriations (per Statement of comprehensive income)	<u>2,200</u>	<u>1,582</u>
	<u>2,200</u>	<u>1,582</u>
(b) Sale of goods and services		
Rendering of services		
Training	962	663
Other services	310	321
	<u>1,272</u>	<u>984</u>
(c) Investment revenue		
Interest revenue from financial assets not at fair value through profit or loss	<u>232</u>	<u>200</u>
	<u>232</u>	<u>200</u>
(d) Acceptance by the Crown Entity of employee benefits		
Superannuation - defined benefits	196	133
Long service leave	678	687
Payroll tax on superannuation	10	6
	<u>884</u>	<u>826</u>

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

3 Revenue (cont'd)

	2013 \$'000	Eight months to 30 June 2012 \$'000
e) Other revenue		
Payroll recoveries	<u>59</u>	<u>155</u>
	59	155
(f) Grants and contributions		
Voluntary Redundancy Funding	<u>225</u>	<u>-</u>
	225	-

4 Gain / (Loss) on Disposal

Proceeds from disposal	-	-
Written down value of assets disposed	<u>(23)</u>	<u>-</u>
Net gain / (loss) on disposal of plant and equipment	(23)	-

5 Service Group of the Commission

(a) Services and Capabilities Improvement

Purpose:

This service group covers the promotion and maintenance of the highest levels of integrity, impartiality, accountability, capability and leadership across the public sector through innovative workforce management policies and programs.

6 Current Assets - Cash and Cash Equivalents

	2013 \$'000	2012 \$'000
Cash at bank	<u>3,454</u>	<u>6,446</u>

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, short term deposits and bank overdraft.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	<u>3,454</u>	<u>6,446</u>
Closing cash and cash equivalents (per statement of cash flows)	3,454	6,446

Refer Note 17 for details regarding credit risk, liquidity risk, and market risk arising from financial instruments.

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

7 Current Assets - Receivables

	2013 \$'000	2012 \$'000
Sale of goods and services	210	340
Goods and Services Tax recoverable from ATO	324	389
Prepayments	606	564
Accrued income	103	208
Other receivables	11	13
	<u>1,254</u>	<u>1,514</u>

8 Non-Current Assets - Property, Plant and Equipment

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
At 1 July 2012 - fair value			
Gross carrying amount	36	465	501
Accumulated depreciation and impairment	(5)	(140)	(145)
Net carrying amount	<u>31</u>	<u>325</u>	<u>356</u>
At 30 June 2013 - fair value			
Gross carrying amount	45	1,755	1,800
Accumulated depreciation and impairment	(13)	(164)	(177)
Net carrying amount	<u>32</u>	<u>1,591</u>	<u>1,623</u>

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Year ended 30 June 2013			
Net carrying amount at start of year	31	325	356
Additions	11	1,371	1,382
Disposals	(1)	(22)	(23)
Depreciation expense	(9)	(83)	(92)
Net carrying amount at end of year	<u>32</u>	<u>1,591</u>	<u>1,623</u>
	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
At 30 June 2012 - fair value			
Gross carrying amount	36	465	501
Accumulated depreciation and impairment	(5)	(140)	(145)
Net carrying amount	<u>31</u>	<u>325</u>	<u>356</u>

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

8 Non-Current Assets - Property, Plant and Equipment (cont'd)

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below.

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Period ended 30 June 2012			
Net carrying amount at start of period	-	-	-
Additions	25	100	125
Acquisitions through administrative restructures	11	81	92
Depreciation expense	(5)	(140)	(145)
Other movements - free of cost	-	284	284
Net carrying amount at end of year	31	325	356

9 Intangible Assets

	Software \$'000	Total \$'000
At 1 July 2012		
Cost (gross carrying amount)	2,206	2,206
Accumulated amortisation and impairment	(46)	(46)
Net carrying amount	2,160	2,160
At 30 June 2013		
Cost (gross carrying amount)	3,030	3,030
Accumulated amortisation and impairment	(615)	(615)
Net carrying amount	2,415	2,415
Year ended 30 June 2013		
Net carrying amount at start of year	2,160	2,160
Additions	824	824
Amortisation (recognised in "depreciation and amortisation")	(569)	(569)
Net carrying amount at end of year	2,415	2,415

At 30 June 2012

Cost (gross carrying amount)	2,206	2,206
Accumulated amortisation and impairment	(46)	(46)
Net carrying amount	2,160	2,160

Period ended 30 June 2012

Net carrying amount at start of period	-	-
Additions	1,457	1,457
Amortisation (recognised in "depreciation and amortisation")	(46)	(46)
Acquisition through administrative restructure	749	749
Net carrying amount at end of year	2,160	2,160

10 Current Liabilities - Payables

	2013 \$'000	2012 \$'000
Accrued salaries, wages and on-costs	282	281
Creditors	106	6
Accruals	399	648
Unearned revenue	492	894
Other payables	54	113
	1,333	1,942

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 17.

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

11 Current / Non-Current Liabilities - Provisions

	2013 \$'000	2012 \$'000
Current		
Employee benefits and related on-costs		
Recreation leave	1,248	1,024
Long service leave	378	329
Fringe benefits tax	11	-
Total current provisions	1,637	1,353
Non-current		
Employee benefits and related on-costs		
Long service leave	20	17
	20	17
Other provisions		
Restoration costs	288	284
	288	284
Total non-current provisions	308	301
Aggregate employee benefits and related on-costs		
Provisions - current	1,637	1,353
Provisions - non-current	20	17
Accrued salaries, wages and on-costs (Note 10)	226	217
	1,883	1,587

Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits are set out below:

	Make good provision \$'000	Total \$'000
2013		
Carrying amount at the beginning of financial year	284	284
Additional provisions recognised	3	3
Rounding adjustment	1	1
Carrying amount at end of financial year	288	288

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

12 Other Liabilities

	2013 \$'000	2012 \$'000
Other liabilities		
Liability to consolidated fund	-	4,336
	<u>-</u>	<u>4,336</u>

13 Commitments for Expenditure

(a) Capital Commitments

Aggregate capital expenditure contracted for at balance date and not provided for:

Not later than one year	-	149
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	<u>-</u>	<u>149</u>

The expenditure above includes input tax credits of \$Nil that are expected to be recoverable from the ATO (\$14k in 2012).

(b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable

Not later than one year	1,197	1,020
Later than one year and not later than five years	4,644	44
Later than five years	-	-
Total (including GST)	<u>5,841</u>	<u>1,064</u>

** The operating lease commitments relate to leasing of office space and motor vehicles. The expenditure above includes input tax credits of \$531k that are expected to be recoverable from the ATO (\$97k in 2012).

14 Contingent Liabilities and Contingent Assets

Contingent liabilities

The Commission is not aware of any contingent liabilities associated with its operations.

Contingent assets

The Commission is not aware of any contingent assets associated with its operations.

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

15 Budget Review

Net result

In total, the net result is higher than original budget by \$1.5M due to under spending of total expenses \$1.6M and \$78k under budget in revenue.

Revenue is less than budgeted by \$78k. This is mainly due to Treasury approval to reduce the drawdown on recurrent appropriation by \$2.074M. This is mostly offset by the approved supplementation of \$475k in capital, unbudgeted interest received (\$232k), redundancy grants (\$225k), sale of goods and services over budget (\$450k), and Crown acceptance of employee benefits over budget (\$580k).

Expenditure is under budget by \$1.6M due to employee costs over budget (\$2.9M) and under spending in other operating (\$4.4M). Treasury approved an increase in the labour cap to reflect the incorrect allocation of the original budget between employee and other operating costs.

Total operating expenses are under budget by \$4.4M, mainly due to the movement between employee costs and operating expenses (\$3M), and Treasury's approval to underspend \$2.1M due to Expenditure Review Committee's decision to defer NSW Health joining the whole-of-government solution for e-Recruitment (\$1M) and the alignment of executive development with major sector reform causing a delay in spending this year to next year (\$1.1M). This was partially offset by spending against projects of the additional income received (\$0.7M).

Assets and liabilities

Cash is over budget by \$1.2M.

Total assets are over budget by \$2.3M mainly due to over budget in cash (\$1.2M); over budget of \$466k in non-current assets in association with \$475k approved capital funding brought forward from financial year 2011-12; and increase of \$639k in receivables.

Total liabilities are over budget by \$560k. This is mainly due to under budgeted payables of \$760k, and over budgeted provision of \$1.3M.

Cash flows

Net cash outflows from operating activities is \$788k against budgeted net cash inflows of \$2M, a total of \$2.8M under budget. This is mainly due to payment of last year's Liability to Consolidated fund of \$4.3M, partially offset by unbudgeted revenue.

Net cash outflows from investing activities is over budget by \$456k. This is in association with the approved brought forward of \$475k capital funding from 2011-12 financial year.

16 Reconciliation of Cash Flows from Operating Activities to Net Result

	2013	Eight months to 30 June 2012
	\$'000	\$'000
Net cash used on operating activities	(788)	6,671
Depreciation	(661)	(191)
Decrease / (increase) in provisions	(290)	(747)
Increase / (decrease) in prepayments and other assets	(258)	1,423
Decrease / (increase) in creditors	4,944	(5,530)
Net (loss) on disposal of plant and equipment	(23)	-
Net result	2,924	1,626

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

17 Financial Instruments

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Commission's main risks arising from financial instruments are outlined below, together with the Commission's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Commission, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
Class:				
Cash and cash equivalents	6	N/A	3,454	6,446
Receivables ¹	7	Loans and receivables (at amortised cost)	210	325
Financial Liabilities				
Class:				
			2013 \$'000	2012 \$'000
Payables ²	10	Financial liabilities measured at amortised cost	742	914

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

(b) Credit Risk

Credit risk arises when there is the possibility of the Commission's debtors defaulting on their contractual obligations, resulting in a financial loss to the Commission. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Commission, including cash, receivables and authority deposits. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

Credit risk associated with the Commission's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises bank balances within the NSW Treasury Banking system.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

17 Financial Instruments (cont'd)

The only financial assets that are past due or impaired are "sales of goods and services" in the "receivables" category of the statement of financial position.

	Total^{1,2}	Past due but not impaired^{1,2}	\$'000 Considered impaired^{1,2}
2013			
< 3 months overdue	15	15	-
3 months – 6 months overdue	9	9	-
2012			
< 3 months overdue	136	136	-
> 6 months overdue	49	49	-

Notes

1. Each column in the table reports "gross receivables".
2. The aging analysis excludes statutory receivables and receivables that are not past due and not impaired. Therefore the "total" will not reconcile to the receivables total recognised in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its payment obligations when they fall due. The Commission continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The Commission's disclosure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Commissioner may automatically pay the supplier simple interest. There is no interest paid during the year.

The table below summarises the maturity profile of the Commission's financial liabilities, together with the interest rate exposure.

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

17 Financial Instruments (cont'd)

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	\$'000 Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2013							
<i>Payables:</i>							
Accrued salaries, wages and on-costs	226	-	-	226	226	-	-
Creditors	516	-	-	516	516	-	-
Total	742	-	-	742	742	-	-

	Nominal Amount ¹	\$'000 Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2012							
<i>Payables:</i>							
Accrued salaries, wages and on-costs	217	-	-	217	217	-	-
Creditors	697	-	-	697	697	-	-
Total	914	-	-	914	914	-	-

Note:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Commission has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Commission operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis assumes that all other variables remain constant.

PUBLIC SERVICE COMMISSION
Notes to the financial statements
for the year ended 30 June 2013

17 Financial Instruments (cont'd)

Interest rate risk

The Commission does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Commission's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
2013					
<i>Financial assets</i>					
Cash and cash equivalents	3,454	(35)	(35)	35	35
Receivables	210	-	-	-	-
Total	3,664	(35)	(35)	35	35
<i>Financial liabilities</i>					
Payables	742	-	-	-	-
Total	4,406	(35)	(35)	35	35
2012					
<i>Financial assets</i>					
Cash and cash equivalents	6,446	(64)	(64)	64	64
Receivables	325	-	-	-	-
Total	6,771	(64)	(64)	64	64
<i>Financial liabilities</i>					
Payables	914	-	-	-	-
Total	7,685	(64)	(64)	64	64

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost.

18 Events after the Reporting Period

No events have occurred subsequent to balance date which will materially affect the financial statements.

End of audited financial statements

Appendix B: Our people

The Public Service Commission Executive Team

Graeme Head, Public Service Commissioner

Following a distinguished career in senior roles with the Australian and NSW public service, Graeme was appointed the inaugural Public Service Commissioner in NSW in November 2011.

Graeme most recently served as Deputy Secretary with the Department of Health and Ageing and as Chief Executive of the Health Reform Transition Office in 2010–11.

Prior to joining the Australian Government, Graeme had around 30 years experience in a variety of public sector roles in NSW, with more than 18 years in executive roles. Most recently he was Director General of the former NSW Department of Services, Technology and Administration (now the NSW Department of Finance and Services) and Deputy Director General with the DPC.

Graeme held senior roles in the environment portfolio from 1990–07. He was Assistant Director General at the Environment Protection Authority and Chief Executive of the Sydney Catchment Authority. He has extensive experience in policy development, regulatory reform, and infrastructure development.

Graeme began his professional life as a registered nurse and was among the first HIV-AIDS health educators when the epidemic emerged in the early 1980s. Graeme worked in roles dealing with HIV-AIDS and drug policy between 1985–90.

Jo Grisard PSM, Deputy Commissioner, Capability Group

Master of Arts, University of New England, 2008
Bachelor of Social Science, University of New England, 1986

Bachelor of Arts (Hons), University of Sydney, 1975

Jo has a long and distinguished public sector career, mainly specialising in workforce management issues. Jo held senior roles in the Australian Public Service then joined the NSW Senior Executive Service in 1992, holding senior positions in the Environment Protection Authority, the Department of Premier and Cabinet, the former NSW Department of Community Services (now the NSW Department of Family and Community Services), and the former NSW Department of Communities (now the NSW Department of Education and Communities), prior to her appointment to the PSC in January 2012.

Sonja Stewart, Deputy Commissioner, Performance Group

Graduate Diploma in Legal Practice, University of Technology, Sydney, 1994

Bachelor of Laws/Bachelor of Commerce (Accounting), University of New South Wales, 1992

Prior to joining the PSC, Sonja was the Divisional Director of the Communities and Early Years Division, NSW Department of Family and Community Services with responsibility for delivering a range of whole-of-government policies and programs aimed at improving outcomes for children, families and communities. The Division also licensed and regulated around 3,500 early childhood education and care services in NSW.

In 2002, Sonja joined the NSW Government as a Director of Strategic Projects in the former NSW Premier's Department (now the DPC). Previous to this, Sonja was with the former Aboriginal and Torres Strait Islander Commission, where she was the NSW State Policy Manager.

Peter McIlwain, Executive Director, Public Sector Values Group

Bachelor of Arts (Hons), Griffith University, 1981

Peter joined the NSW government sector in 2009, after working as a Senior Executive in Australian Government agencies in Melbourne and Sydney. He was appointed to the PSC in November 2011.

Peter's expertise is in helping both public and private sector employers to redesign their employment frameworks to respond to changing priorities and business conditions.

Mark Webb, Executive Director, Innovation and Services Group

Master of Business Administration, La Trobe University, 2006

Bachelor of Electrical Engineering (Hons) (Information Systems), University of Sydney, 1995

Bachelor of Science (Computing), University of Sydney, 1993

Prior to joining the PSC, Mark was employed at the DPC, initially as Director e-Recruitment before undertaking the role of Director Workforce Systems.

From 2003-08 Mark held senior executive positions in the Australian Public Service in the Department of Education, Employment and Workforce Relations. He was responsible for managing large teams responsible for the delivery of a program of information technology projects and implementing Australian Government employment policy.

Mark is a member of a number of associations including the University of Sydney Information Technology Alumni Association of which he is currently the President.

Workforce profile

As of 30 June 2013, there were 102 people working for the PSC on either a full time or part time basis. The workforce is a diverse mix of working experience and come from a range of backgrounds; such as health care, education, human resource management, legal practice and law enforcement, policy development and implementation, community and social work, planning and analysis. PSC employees are highly skilled and dedicated to supporting and improving the NSW public sector.

Table 1: Actual number* of employees by remuneration** level

Remuneration level	2013			2012		
	Total	Male	Female	Total	Male	Female
\$0 – \$41,679	-	-	-	-	-	-
\$41,679 – \$54,742	1	-	1	1	-	1
\$54,742 – \$61,198	-	-	-	-	-	-
\$61,198 – \$77,441	6	2	4	6	2	4
\$77,441 – \$100,145	33	18	15	34	18	16
\$100,145 – \$125,181	47	14	33	40	13	27
\$125,181 >(Non-SES)	10	5	5	8	4	4
\$125,181 >(SES)	5	2	3	4	1	3
Total	102	41	61	93	38	55

Source: Workforce Profile Data EEO Report 2013 and 2012

* These figures represent the actual number of staff (headcount), not full time equivalent.

** 2013 remuneration levels

Human resource management policy and practice

Recruitment policy

In addition to standard NSW public sector recruitment and selection processes, the PSC uses a combination of selection methods to ensure that prospective applicants meet the requirements of the role and the standards of the PSC. These include:

- online tests to measure applicant characteristics such as cognitive ability, behavioural styles and emotional intelligence
- work sample tests to ensure candidates are skilled in tasks relevant to their employment at the PSC
- behavioural based questions both at application and interview stage

- a two stage interview process including initial multi mini-interviews.

These selection methods were used during the PSC's bulk recruitment activity in May/June 2013, and have delivered positive results for the organisation.

Induction program

All new staff participated in a comprehensive induction program, including an induction package and specific systems training to support their transition to the organisation.

The Commission has continued to review the program to ensure it meets organisational requirements and where necessary has enhanced the components.

In addition, the Public Service Commissioner conducted briefings for all staff addressing the PSC's immediate priorities, the organisational structure and his expectations for the future.

Human resource management policies

Initially, the PSC adopted the DPC's human resource management policies, while policies for the PSC were being established. A number of policies specific to the PSC were finalised during the year with a project plan established to complete the remainder during 2013–14 year.

All finalised PSC policies and procedures are accessible at the PSC Intranet and Internet websites.

Industrial relations policy and practice

Consultation mechanisms

The PSC established a Joint Consultative Committee with the Public Service Association of NSW in accordance with DPC Circular 2012–13 Consultative Arrangements: Policy and Guidelines (2012). In 2012–13, four meetings were held.

During 2012–13 the PSC did not appear before any industrial tribunal in its capacity as an employer.

Conditions of employment

The PSC's employment practices are in accordance with industrial relations policies and practices contained in public sector legislation and policy documents, namely the *Crown Employees (Public Service Conditions of Employment) Award 2009* and the *Personnel Handbook*.

Work Health and Safety policy and practice

Effective Work Health and Safety systems are essential for promoting a safe and healthy work environment for all PSC staff. Key initiatives completed in 2012–13 include:

- establishing a health & safety committee to facilitate ongoing consultation with workers on a broad range of work health & safety matters

- providing targeted ergonomic work station assessments to pro-actively address potential work environment issues
- providing group based office ergonomic training to staff
- carrying out an all staff emergency evacuation drill.

Promoting well being

The PSC provided a range of initiatives to promote positive and sustainable health and lifestyle practices for employees. In 2012–13 these include:

- offering a seasonal influenza vaccination program in May 2013
- providing access to an Employee Assistance Program (EAP) to all staff and their immediate family members. The EAP service provides professional and confidential services to assist with a broad range of personal and work-related issues.

Reported injuries

During the reporting period, the PSC had a total of three reported incident and injury notifications.

Workers compensation claim status

The PSC had three existing claims at the commencement of the reporting period with no additional claims established during the period. All three claims were finalised during 2012–13.

Overseas visits

Overseas travel by staff of the PSC:

Name Paul Finlay, Manager

Destination Wellington, New Zealand

Purpose To attend a course as part of the ANZSOG Executive Master of Public Administration

Dates 28–30 November, 2012

Executive officer profile, performance and remuneration

Table 2: Executive officers by level and gender

Level	2013			2012		
	Total	Male	Female	Total	Male	Female
Statutory Office Holder	1	1	-	1	1	-
SES Level 8	-	-	-	-	-	-
SES Level 7	-	-	-	-	-	-
SES Level 6	2	-	2	2	-	2
SES Level 5	-	-	-	-	-	-
SES Level 4	2	1	1	1	-	1
SES Level 3	1	1	-	1	1	-
SES Level 2	-	-	-	-	-	-
SES Level 1	-	-	-	-	-	-
Total	6	3	3	5	2	3

Graeme Head

Position Public Service Commissioner
Appointed 1 November 2011

Total remuneration package \$502,599
Value of remuneration paid as a performance incentive payment Nil

The Public Service Commissioner is an independent statutory office holder in the NSW public sector. The Public Service Commissioner reports to the NSW Premier in connection with the exercise of the Commissioner's functions, but is not subject to the control and direction of the Premier in the exercise of those functions. As such, the Public Service Commissioner does not have a performance agreement with, or an annual review by, the Premier.

Jo Grisard

Position Deputy Commissioner, Capability Group
Appointed 23 January 2012
Level SES Level 6

Total remuneration package \$328,650
Value of remuneration paid as a performance incentive payment Nil

Specific achievements in 2012–2013 include:

- In February 2013, the Government approved the Premier's proposals to replace the *Public Sector Employment and Management Act 2002*, with a contemporary statutory instrument for managing the NSW government sector. A Bill was drafted in a short timeframe with only a small team and the new *Government Sector Employment Act 2013* was passed (without amendment) in June 2013.

This was a highly significant project, involving complex and sensitive advice to government through briefings and cabinet minutes. Extensive consultation and liaison with the sector, internal PSC and other central agency stakeholders was undertaken to ensure inclusion of relevant elements and alignment with other reform directions; and support for the parliamentary deliberation process. The drafting of new legislation was done in collaboration with Parliamentary Counsel. Work on related regulations, rules and policies; stage 2 legislation; implementation guides, etc. is currently underway.

- A wholly new Capability Framework was developed in 2012–13, for release early in August 2013, after extensive consultations with agencies and occupational groups. The NSW Public Sector Capability Framework establishes the core capabilities that apply to all roles across the sector, providing a strong common foundation for human resource planning and management, including role definition; recruitment; managing for performance; learning and development; career development and workforce planning.
- A successful submission of a business case was made under the ICT Reinvestment Pool initiative for funding for the Human Capital Management (HCM) Systems initiative, designed to support the PSC's workforce planning activities and its key reform programs in the area of capability, performance management and learning and development.
- A comprehensive review of existing recruitment practice was conducted between June 2012 and March 2013 resulting in a proposal for a new approach to merit-based recruitment. The proposed new approach focuses on the use of capability-based workforce planning and market analysis to inform recruitment strategy; simplified application processes; capability-based assessment methods and the development and use of internal and external talent pools.
- A collaborative project with the Department of Finance and Services (DFS) led to the development of a NSW public sector ICT workforce plan which was incorporated in the NSW Public Sector ICT Strategy, followed by significant work to select an ICT capability framework (the Skills Framework for the Information Age) and collaborate with three pilot clusters to develop generic role descriptions for typical ICT positions, based on the new NSW Public Sector Capability Framework and the SFIA framework.
- A major project was conducted to review and develop proposals for executive structures in the NSW public service. This involved the establishment and operation of an expert panel; extensive research and data analysis; commissioning of research, data analysis and options work from consultancy firms; preparation of proposals for endorsement by Cabinet; and major communications with the sector, particularly those affected by the changes. This work led to the decision to pursue wholly new legislation to encompass the executive reforms as well as reforms affecting the broader sector.
- The rollout of the whole of sector e-recruitment system (Taleo) was finalised during 2012–13, with roll out to NSW Police; preparation for rollout to the Schools section of the Department of Education and Communities (go live on 1 July 2013) and Cabinet endorsement of a recommendation that NSW Health be excluded in view of its special nursing and medical recruitment needs. Work continued on optimising use of the system and realising planned benefits across the remainder of the sector.

The Public Service Commissioner has expressed satisfaction with Ms Grisard's performance throughout the 2012–13 financial year.

Sonja Stewart

<i>Position</i>	Deputy Commissioner, Performance Group
<i>Appointed</i>	30 January 2012
<i>Level</i>	SES Level 6
<i>Total remuneration package</i>	\$328,650
<i>Value of remuneration paid as a performance incentive payment</i>	Nil

Specific achievements in 2012–13 include:

- Delivered the inaugural NSW State of the Public Sector Report. The report received a positive response from a wide range of key stakeholders and provides a high level baseline for the Public Service Commissioner to provide future assessments of the NSW public sector's performance. The annual assessment is an important tool in improving public sector workforce management and capability, and ultimately outcomes for NSW.
- In response to a Commission of Audit recommendation, the first NSW public sector workforce employee survey was delivered which provided a comprehensive measure of employee perceptions and their engagement with their work. There were around 60,000 responses to the survey; over 150 separate reports prepared on the survey results and 22,000 visitors viewed the People Matter Survey online. Importantly the survey, to be run biannually, will enable assessment of improvements over time in relation to employee perceptions on aspects of workforce management such as performance development and the application of the core public sector values.
- Delivered a number of awards on behalf of the NSW Premier to recognise excellence and achievement in the delivery of services to the public across NSW. The successful awards ceremony in November 2012 included for the first time a category which enabled members of the public to nominate NSW public sector employees providing excellent services

as well as a category which recognised the delivery of exceptional services to the public by other sectors, including the non-government sector.

- Led the delivery of a new Performance Development Framework which provides a basis to address many of the systemic gaps in performance management across the sector which were identified in the NSW Commission of Audit Interim Report 2012. The Framework, based on evidence of good practice both in Australia and overseas, also meets the new legislative requirements of the Public Sector Employment and Management Act 2002 as amended in 2011 which require all agencies to have performance management systems which follow guidelines on essential elements issued by the Public Service Commissioner.
- Working with the NSW Public Service Commission Advisory Board to conduct research into three key areas of strategic importance:
 - measures and drivers of public sector productivity;
 - measuring customer satisfaction with public services; and
 - collaboration within the public sector and between it and other sectors to improve customer outcomes.

The findings of these research projects will assist in the provision of advice to Government as well as forming the basis of future initiatives for the Board.

The Public Service Commissioner has expressed satisfaction with Ms Stewart's performance throughout the 2012–13 financial year.

Appendix C: Equal Employment Opportunity

Equal employment profile and outcomes

The PSC is committed to establishing and developing a workforce that draws on the diversity of the people of NSW. The PSC recognises that a diverse workforce facilitates responsive strategy development and assists in building the capability of the workforce to better deliver essential services to the community.

The representation and distribution of Equal Employment Opportunity (EEO) groups in the PSC Workforce as at 30 June 2013 are provided in Table 3 and 4 below.

The PSC adheres to the principles of merit selection in public sector recruitment by ensuring that all members of the NSW community have equal opportunity to gain employment at the PSC. Recruiting managers are trained in best-practice selection methods to ensure selection is based on a person's ability to perform the job. This is supported through the use of best-practice selection methods such as cognitive ability testing and work sample tests.

Equity and diversity management plans

The *GSE Act*, assented to in June 2013, establishes a new approach to workforce diversity in the NSW government sector. Consequently, the development of an EEO plan for the PSC, designed to meet the requirements of the previous legislation, was discontinued in anticipation of the commencement of the *GSE Act*.

Under the *GSE Act*, workplace diversity strategies must be integrated with an agency's mainstream workforce planning. A clear focus will be maintained on established diversity groups (Aboriginal people, women, people with a disability, and people from culturally and linguistically diverse backgrounds), but the legislation now provides the flexibility to encompass new diversity groups, if required.

The PSC has established a program to address its diversity obligations under the *GSE Act*, during 2013–14.

Table 3: Representation of EEO groups

EEO Group	Target	2012	2013
Women	50.0%	59.1%*	59.8%*
Aboriginal people and Torres Strait Islanders	2.6%	1.8%*	1.6%*
People whose first language spoken as a child was not English	19.0%	19.7%*	20.1%*
People with a disability	Not applicable	11.0%*	8.6%*
People with a disability requiring work-related adjustment	1.5%	2.5%*	1.0%*

* Weighted estimation methods are used to compensate for non-response to EEO data collection. The estimated representation of each EEO group in each category is used to estimate the actual number of members of that EEO group in that category. Estimated figures are calculated on the basis of the number of employees that have responded positively to the EEO category as a proportion of the total number of employees who have responded to the EEO survey, multiplied by the total amount of employees at the remuneration level. This has the effect of re-weighting the data to ensure that the overall estimate includes the correct proportions of staff from each employment category.

Table 4: Distribution of EEO groups

EEO Group	Target	2012	2013
Women	100*	101	101
Aboriginal people and Torres Strait Islanders	100*	Not applicable**	Not applicable**
People whose first language spoken as a child was not English	100*	Not applicable**	104
People with a disability	100*	Not applicable**	Not applicable**
People with a disability requiring work-related adjustment	100*	Not applicable**	Not applicable**

*A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels.

**The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Appendix D: Legislative framework

On 30 June 2013, the following Acts allocated to the NSW Premier were administered by the PSC:

- *Anti-Discrimination Act 1977 No 48, Part 9A* (remainder, the Attorney General)
- *Public Sector Employment and Management Act 2002 No 43* (except Chapter 7, the Minister for Finance and Services).

Government Sector Employment Act 2013

The GSE Act was passed by the NSW Parliament on 20 June 2013.

This Act received assent on 25 June 2013. It is likely to commence in early 2014.

Appendix E: Public information and access

Public access to NSW Government information

The PSC is developing a new website. The PSC is developing its program for the proactive release of NSW Government information. In this program, the PSC will identify the types of NSW Government information now held by the PSC that should, in the public interest, be made publicly available. This information will be made publicly available as long as its release does not impose unreasonable additional costs on the PSC.

Statistical information about access applications

As of 30 June 2013, the PSC received eight valid access applications under the *Government Information (Public Access) Act 2009 (GIPAA)*. Of the eight valid applications received, access was granted in full for three applications, and access was granted in part for four applications. One application was transferred to another public sector agency.

The following tables show details of the formal access requests received by the PSC, and are set out in accordance with the provisions of the *GIPAA* and the *Government Information (Public Access) Regulation 2009*.

Table 5: Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	1	-	-	1	-	-	-	-
Members of Parliament	-	1	-	-	-	-	-	-
Private sector business	-	-	-	-	-	-	-	-
Not-for-profit organisations or community groups	-	-	-	-	-	-	-	-
Members of the public (application by legal representative)	-	-	-	-	-	-	-	-
Members of the public (other)	2	3	-	-	-	-	-	-

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table 6 below.

Table 6: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	1	-	-	-	-	-	-	-
Access applications (other than personal information applications)	2	3	-	-	-	-	-	-
Access applications that are partly personal information applications and partly other	-	1	-	1	-	-	-	-

* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the GIPAA) about the applicant (the applicant being an individual).

Table 7: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the <i>GIPAA</i>)	-
Application is for excluded information of the agency (section 43 of the <i>GIPAA</i>)	-
Application contravenes restraint order (section 110 of the <i>GIPAA</i>)	-
Total number of invalid applications received	-
Invalid applications that subsequently became valid applications	-

Table 8: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to the *GIPAA*

	Number of times consideration used*
Overriding secrecy laws	-
Cabinet information	-
Executive Council information	-
Contempt	-
Legal professional privilege	-
Excluded information	-
Documents affecting law enforcement and public safety	-
Transport safety	-
Adoption	-
Care and protection of children	-
Ministerial code of conduct	-
Aboriginal and environmental heritage	-

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table 9 below.

Table 9: Other public interest considerations against disclosure: matters listed in table to section 14 of the *GIPAA*

	Number of occasions when application not successful
Responsible and effective government	-
Law enforcement and security	-
Individual rights, judicial processes and natural justice	4
Business interests of agencies and other persons	-
Environment, culture, economy and general matters	-
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-

Table 10: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	6
Decided after 35 days (by agreement with applicant)	1
Not decided within time (deemed refusal)	-
Total	7*

*The eighth GIPAA application was transferred to another agency.

Table 11: Number of applications reviewed under Part 5 of the GIPAA (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	-	-	-
Review by Information Commissioner*	-	-	-
Internal review following recommendation under section 93 of the GIPAA	-	-	-
Review by Administrative Decisions Tribunal	-	-	-
Total	-	-	-

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data, where applicable, indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table 12: Applications for review under Part 5 of the GIPAA (by type of applicant)

	Number of applications for review
Applications by access applicants	-
Applications by persons to whom information the subject of access application relates (see section 54 of the GIPAA)	-

Public Interest Disclosure

Under the *Public Interest Disclosures Act 1994 (PIDA)*, the PSC is required to report information about disclosures made between 1 July 2012 and 30 June 2013, internal reporting policies in place, and the Public Service Commissioner's staff awareness obligations.

Between 1 July 2012 and 30 June 2013, no public official made a Public Interest Disclosure to the PSC. Between 1 July 2012 and 30 June 2013, the PSC received one Public Interest Disclosure.

Table 13: Statistical information on Public Interest Disclosures

	1 July 2012 – 30 June 2013
Number of public officials who made a PID	0
Number of PIDs received	1
<i>Of PIDs received, number primarily about:</i>	
Corrupt conduct	1
Maladministration	Not applicable
Serious and substantial waste	Not applicable
Government information contravention	Not applicable
Local Government pecuniary interest contravention	Not applicable
Number of PIDs finalised	1

The PSC has two internal Public Interest Disclosures policies in place; the *Public Interest Disclosures – Policy and Procedures* which details the procedures for making and handling disclosures under the *PIDA*, and *Managing Public Interest Disclosures* which provides guidance to those responsible for receiving, managing and investigating PIDs.

The Public Service Commissioner has provided these policies to all PSC employees, contractors and temporary staff, along with a statement of commitment by e-mail. A copy of the Public Service Commissioner's e-mail, the policies and the Public Service Commissioner's statement of commitment are provided to new employees as part of their induction at the PSC. These policies are also accessible on the PSC intranet and internet websites. Furthermore, all PSC employees, contractors and temporary staff have been required to complete the e-learning module on Public Interest Disclosures, *Raising Awareness about Public Interest Disclosures*, released by the NSW Ombudsman. This e-learning module is accessible on the PSC intranet and internet websites. New employees are required to complete this e-learning module as part of their induction at the PSC.

Privacy and personal information

The *Annual Reports (Departments) Regulation 2010* requires a statement of action taken by the PSC in complying with the requirements of the *Privacy and Personal Information Protection Act 1998 (PPIPA)* and details of any reviews conducted by or on behalf of the PSC under Part 5 of the *PPIPA*.

Privacy Management Plan

Upon its creation, the PSC adopted the privacy management practices used at the DPC. In 2013-14, the PSC will undertake a series of privacy impact assessments on particular initiatives, culminating in a new *Privacy Management Plan* and *Privacy Code of Practice*.

Internal reviews

As of 30 June 2013, there were no reviews conducted by or on behalf of the PSC under Part 5 of the *PPIPA*.

Appendix F: Risk management and insurance activities

Internal audit, risk management and insurance

The focus of the Audit and Risk Committee in its first full year of operation has been to establish a program of work which meets all the Committee's obligations under its charter. The Committee has expressed its satisfaction with the standard of audit and risk related work undertaken by the Commission, including the production of governance frameworks, policies, and procedures to enhance the Commission's risk controls.

In 2012–13, consistent with the requirements of its charter, and NSW Treasury policy TPP 09-05, the Committee reviewed the Commission's management approach to maintaining an effective internal control framework, policies and procedures including:

- Fraud control
- Budgeting and reporting
- Performance management
- Corporate policy and procedures
- Adequacy of the control environment
- Adequacy of insurance arrangements
- Business continuity planning
- Legislative compliance
- Adequacy of internal control processes
- Delegations
- Business ethics and culture.

The Committee also reviewed the Internal Audit Charter and the Audit & Risk Committee Charter.

The Committee has advised that, in its view, there are no identified weaknesses in the Commission's internal controls and all significant risks identified in the risk management process are being managed effectively.

Committee Membership

The Committee is comprised of Ms Joan Wilcox, independent Chair; Ms Lyn Baker, independent Member; and Deputy Commissioner Sonja Stewart, Member.

The Committee meeting dates and attendance for 2012–13 were:

- 21 September 2012 (Lyn Baker, Joan Wilcox; Sonja Stewart)
- 14 December 2012 (Lyn Baker, Joan Wilcox; Sonja Stewart)
- 26 March 2013 (Lyn Baker, Joan Wilcox; Sonja Stewart)
- 28 May 2013 (Lyn Baker, Joan Wilcox; Sonja Stewart)

Internal audit program

The Commission's first risk weighted annual Internal Audit Plan was generated in June 2012. At each meeting in 2012–13, the Audit and Risk Committee considered progress against that plan, internal audit reports and recommendations, and management responses. The Committee also tracked the implementation of internal audit recommendations.

As part of its internal audit program, the Commission undertook a comprehensive review of its risk profile in an executive workshop, facilitated by internal auditors KPMG in April 2013. Subsequently, a risk weighted Internal Audit Plan for 2013–14, together with a strategic plan out to 2016, was developed and approved by the Commission and endorsed by the Audit and Risk Committee in May–June 2012.

During the course of 2012–13 the Committee received audit reports and management responses for three operational audits:

- Project Management Office (PMO) Health Check Phase 1
- Key Financial Controls Health Check
- Human Resources.

A fourth audit activity—PMO Health Check Phase Two—was deferred to 2013–14, owing to the need to review completed projects against the PSC's new project methodology.

External Audit

The Audit and Risk Committee noted the Public Service Commissioner's attestation and the NSW Audit Office's opinion that the 2011–12 financial statements were a true and fair view of the Commission's financial position.

The Committee has worked again with Commission management and the NSW Audit Office to advance the planning and timetable for the 2012–13 financial statements.

Insurance

The PSC's insurance requirements are managed as part of the Treasury Managed Fund portfolio. The PSC has been allocated to GIO for all PSC business insurance and to Employers Mutual for Workers Compensation insurance requirements.

Credit Card and certification

In accordance with Treasurer's Direction 205.01 it is certified that credit card use at the PSC is in accordance with the appropriate government policy, Premier's Memorandum and Treasurer's Direction.

In 2012–13 the Public Service Commission had the following insurance policies:

Type	Coverage
Liability	For professional, product, directors and officers liability
Property	Provides coverage for owned assets. Includes consequential loss
Motor Vehicle	Comprehensive
Miscellaneous	Covers risks mainly due to employee dishonesty and agency specific travel overseas, but not for personal effects
Workers compensation	Workplace injury

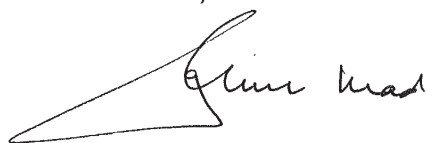
The Public Service Commissioner's internal audit and risk management policy attestation

Internal Audit and Risk Management Statement for the 2012-2013 Financial Year for the Public Service Commission

I, Graeme Head, am of the opinion that the Public Service Commission has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Graeme Head, am of the opinion that the Audit and Risk Committee for the Public Service Commission is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Joan Wilcox: Independent Chair (appointed 1 February 2012 to 31 January 2016);
- Lyn Baker: Independent Member (appointed 1 February 2012 to 31 January 2016); and
- Sonja Stewart: Non-independent Member (appointed 1 February 2012 to 31 January 2016).



Graeme Head
Public Service Commissioner

Appendix G: Payment of accounts

The PSC complies with the NSW Treasury Circular 2011–12 Payment of Accounts which requires all NSW Government agencies to pay small business suppliers within 30 days for goods and services or else pay interest on outstanding amounts.

The purchasing agreement between the PSC and ServiceFirst, the corporate and shared service provider includes an undertaking that all valid tax invoices from a registered small business were to be paid within 30 days of receipt of the invoice. Where invoices were not paid within 30 days the supplier was entitled to interest payments.

Table 14: Aged analysis at the end of each quarter

Quarter	Current (within due date)	<30 days overdue	30 – 60 days overdue	61 – 90 days overdue	91+ days overdue
<i>All suppliers</i>					
September	(471,051)	-	(1,351)	-	1,461
December	14,687	-	(4,160)	(498)	55
March	(189,562)	-	(97,900)	-	731
June	(79,056)	-	(3,155)	(3,409)	(17,515)
<i>Small business suppliers</i>					
September	-	-	-	-	-
December	-	-	-	-	-
March	-	-	-	-	-
June	-	-	-	-	-

Table 15: Accounts due or paid within each quarter

Measure	Sept	Dec	Mar	Jun
<i>All suppliers</i>				
Number of accounts due for payment	509	434	317	294
Number of accounts paid on time	506	427	314	291
Actual percentage of accounts paid on time (based on number of accounts)	99.4%	98.4%	99.1%	99.0%
Dollar amount of accounts due for payment	5,069,124	4,803,876	2,196,965	2,504,111
Dollar amount of accounts paid on time	5,064,631	4,799,588	2,095,678	2,456,855
Actual percentage of accounts paid on time (based on \$)	99.9%	99.9%	95.4%	98.1%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-
<i>Small business suppliers</i>				
Number of accounts due for payment	-	-	-	-
Number of accounts paid on time	-	-	-	-
Actual percentage of accounts paid on time (based on number of accounts)	-	-	-	-
Dollar amount of accounts due for payment	-	-	-	-
Dollar amount of accounts paid on time	-	-	-	-
Actual percentage of accounts paid on time (based on \$)	-	-	-	-
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

Appendix H: Consultants

Table 16: Consultancies of value equal to or more than \$50,000

Name of consultant	The title/nature of the consultancy	Cost
<i>Legal</i>		
Rhonda J Andrieux	Legal advice relating to the Government Sector Employment Bill 2013	\$160,160
<i>Organisational review</i>		
Boston Consulting Group	Support in relation to the Public Service Commission organisation build and analysis	\$246,750
<i>Management services</i>		
Mercer Consulting (Aust) Pty Ltd	Review of CES/SES retention structure	\$147,400
Egan and Associates	Development of remuneration classification framework for NSW government boards and committees	\$135,975
Workplace Research Associates	Development of the Capability Framework	\$90,100
KPMG	Engagement for assessment of the NSW Health e-Recruitment Feasibility Study for the Public Service Commission	\$81,750
The Nous Group Pty Ltd	Report on public sector recruitment	\$72,700
Deloitte Access Economics	Benefits case and future funding options for the e-Recruitment system	\$65,000
The St James Ethics Centre	Stocktake of ethics issues, policies and controls in NSW public sector agencies	\$58,923
Deloitte	HR Leadership Capability Framework project	\$54,545
The Nous Group Pty Ltd	Research collaboration between sectors to improve customer service	\$50,700
TOTAL number of individual consultancies with a value equal to or more than \$50,000 is:		11 \$ 1,164,003

Table 17: Consultancies of value less than \$50,000

Consultancy category	Cost
<i>Legal (2)</i>	\$16,985
<i>Organisational review (1)</i>	\$16,135
<i>Management services (12)</i>	\$207,783
TOTAL number of individual consultancies with a value less than \$50,000 is:	15 \$240,903

Appendix I: Research and development

The Ethics Stocktake

The St James Ethics Centre completed its stocktake of ethics issues in NSW government agencies in 2012–13. The findings were based on 63 in-depth interviews and 23 focus groups with government sector employees in metropolitan and regional locations. The final report was published on the PSC website. The stocktake identified examples of ethics good practice as well as opportunities for development. These will be addressed in the PSC's suite of ethics resources currently being developed to assist agencies and employees.

Disabling the Barriers

The purpose of the *Disabling the Barriers* research project is to identify systemic barriers in NSW public sector employment, faced by employees with a disability. During 2012–13 the PSC and Department of Family and Community Services, Ageing Disability and Home Care engaged ARTD Consultants to conduct interviews with employees, managers and HR practitioners in six agencies.

Advice to Government

In 2013 the Public Service Commission Advisory Board identified three key areas of strategic importance that they would be providing advice to Government on – measures and drivers of public sector labour productivity, measuring customer satisfaction with public services, and collaboration within the public sector and with other sectors to improve customer service. The PSC has commissioned research in these three areas to assist the Board in forming its advice to Government.

Productivity Research

The ultimate aim of this research project is to enable the Board to provide advice to Government about the potential measures and drivers of productivity in the NSW public sector. The project is being overseen by a reference

group established by the Board. Deloitte Access Economics has been engaged to undertake the research. It will be consulting with various industries, academia and government jurisdictions in Australia and overseas. The findings of this research will help in determining the next steps in measuring the productivity of the public sector and ultimately improving the sector's ability to deliver economic and social benefits to NSW efficiently and effectively.

Collaboration Research

Collaboration and competition among government, for profit and not for profit sectors have been emergent trends over the years as governments seek the most effective ways to deliver services. Collaboration is often seen as a positive and can include evidence based policy informed by multiple parties; more integrated service delivery with reduced duplication; increased innovation and sharing of best practice; and increased effectiveness, efficiency and accountability on shared outcomes.

The cross sector collaboration trend is likely to accelerate over the next decade. However, there are behavioural, governance and structural barriers to achieving the most effective and efficient collaboration.

The Nous Group was engaged in June 2013 to provide a report encompassing research and analysis of existing models of collaboration in Australia and overseas and providing advice about successful models that could be applied across the NSW public sector to deliver improved customer service outcomes. The project includes consultation with government, for profit and not for profit stakeholders and academia and is being overseen by a reference group established by the Public Service Commission Advisory Board.

The report will be used by the Board to formulate advice to Government towards the end of 2013 on future directions relating to labour productivity, collaboration between sectors and customer satisfaction.

Customer Satisfaction Research

A central objective of *NSW 2021: A Plan to Make NSW Number One* is the restoration of trust in government by transforming the way government interacts with customers. Improving customer satisfaction with public services is critical to achieving this objective, which is a priority of the NSW Government. This is demonstrated by, among other things, the Public Service Commissioner's legislated responsibilities and the appointment of the NSW Customer Service Commissioner.

The PSC has been working with the Customer Service Commissioner to define the scope of research to be commissioned that would include development of an instrument to provide a whole-of-government measurement of customer satisfaction. The Public Service Commission Advisory Board intends to use the research outcomes to formulate advice to government. The project may be the initial component of a broader NSW government customer satisfaction strategy. It is being overseen by a reference group established by the Board.

Appendix J: Sustainability

The PSC adheres to the NSW Government *Waste Reduction and Purchasing Policy* in order to reduce waste and increase the purchase of recycled content materials for paper products and office consumables.

Waste reduction

The PSC continues to implement existing DPC waste reduction policies, including encouraging staff to deposit rubbish in recyclable and non-recyclable bins as appropriate, and encouraging staff to minimise printing, including setting

double-sided printing as a default set up. The introduction of an electronic correspondence management system has also resulted in a reduction in the use of paper, photocopying and printing.

Recycling

The PSC encourages the use of recycled paper. The total copy paper purchased in 2012–13 equated to 1,250 reams, of which 99.2% was recycled.

Appendix K: Major works in progress

Refurbishment of Public Service Commission premises at Bligh House, Sydney

The major refurbishment works at Bligh House to replace ageing layout and provide a flexible workspace design, was completed as planned during 2012-13 at a total cost of \$1.4 million. This was below the approved budget for the work given to the Commission at the time of its establishment. The refurbished space is now fully occupied and is being utilised as planned.

Workforce Information Warehouse

The project to scope, design and build a new data warehouse for workforce information, originally started in 2011 by the Department of Premier and Cabinet and transferred to the PSC on its establishment, was completed during 2012-13 at a cost of \$0.8million capital expenditure. The Workforce Information Warehouse completely replaces the previous system and includes a new data submission mechanism to collect the Workforce Profile and other related data. Collections from new data sources such as e-recruitment and contingent labour have been added and self-service reporting provided, including a public interactive workforce profile on the PSC's website.

Appendix L: Statutory reporting compliance checklist

Compliance requirement	Page
Aboriginal people and Torres Strait Islanders	72
Access details	3, 93
After balance date events	64
Agreements with the Community Relations Commission	72
Aims and objectives	3
Application for extension of time	Not applicable
Audit opinion	40–41
Audited financial statements distinguished by note	42–64
Availability of this annual report	93
Budgets	46
Charter	8, 13
Consumer response	Not applicable
Consultants	82
Contact details and website address	3, 93
Credit card certification	79
Disability plan	72
Disclosure of controlled entities	Not applicable
Disclosure of subsidiaries	Not applicable
Economic or other factors affecting performance and achievement	Not applicable
Equal Employment Opportunity	72
Exceptional movements in wages, salaries and allowances	Not applicable
Exemptions	Not applicable
External cost incurred in the production of this annual report	93
Female senior executive officers	69–71
Financial statements	42–64
Funds granted to non-Government community organisations	Not applicable
Glossary	87–88
<i>Government Information (Public Access) Act 2009</i>	73–76
Human resource management policies	67–68
Implementation of price determination	Not applicable
Inclusion of unaudited financial statements	Not applicable
Index	90–92
Industrial relations policies	68
Internal audit and risk management policy attestation	78–80
Investment performance	Not applicable
Land disposal	Not applicable
Legislative framework and legislative change	73
Letter of submission to the NSW Premier	1
Liability management performance	Not applicable
List of tables and figures	89
Management and activities	25–36
Management and structure	14–17, 69–71
Multicultural Policies and Services Program	72
Organisation structure chart (Group level)	14
Overseas visits	68
Payment of accounts	81
Privacy and personal information	77
Public Interest Disclosures	76–77
Research and development	83–84
Requirements arising from employment arrangements	Not applicable
Risk management and insurance activities	78–79
Senior executive remuneration, performance and numbers	14–7, 69–71
Summary review of operations	23–24
Table of contents	7
Time for payment of accounts	81
Waste Reduction and Purchasing Policy	84
Work Health and Safety	68
Workforce profile	65–71

Glossary of terms and abbreviations used in this annual report

AASB	Australian Accounting Standards Board
Agency or agencies	A general reference to an organisation or group of organisations in the NSW public sector
ATO	Australian Taxation Office
Cluster	In the NSW public sector, the various entities and organisations are grouped according to nine major units, known as clusters. This cluster arrangement allows similar NSW Government services to be coordinated within the broad policy area of a particular cluster. Clusters are grouped around service delivery areas such as education, health, human services, transport and justice. Each cluster is led by a Principal Department, which has the same name as the cluster.
<i>Commission of Audit</i>	The NSW Commission of Audit Interim Report: Public Sector Management; released February 2012
DPC	NSW Department of Premier and Cabinet
EAP	Employee Assistance Program
EEO	Equal Employment Opportunity
GIPAA	<i>Government Information (Public Access) Act 2009</i>
<i>GSE Act</i>	<i>Government Sector Employment Act 2013</i>
GST	Goods and Services Tax
<i>GSE Regulation</i>	<i>Government Sector Employment Regulation</i>
GSE Rules	Government Sector Employment Rules
HR	Human resources
ICT	Information and communications technology
KMP	Key management personnel
NSW	New South Wales
<i>NSW 2021</i>	<i>NSW 2021: A plan to make NSW number one</i> , released on 6 September 2011
<i>NSW Public Sector Workforce: A 2010-11 Snapshot</i>	The NSW Public Sector Workforce: A 2010-11 Snapshot, released on 12 June 2012
<i>Personnel Handbook</i>	The <i>Personnel Handbook</i> is a single reference source compiled from legislation, awards, agreements, determinations and policy guidelines relating to conditions of employment in the NSW Public Service. The PSC has adopted the management of the content of the Personnel Handbook from the DPC. The Personnel Handbook is accessible online at the PSC website.

<i>PFAA</i>	<i>Public Finance and Audit Act 1983</i>
PID	Public Interest Disclosure
<i>PIDA</i>	<i>Public Interest Disclosures Act 1994</i>
PMO	Project Management Office
<i>PPIPA</i>	<i>Privacy and Personal Information Protection Act 1998</i>
Principal Department	A Principal Department is a legal entity which has a key coordination role across other subsidiary entities in a cluster in the NSW public sector. A Principal Department has the same name as their cluster.
PSC	Public Service Commission in New South Wales
<i>PSEM Act</i>	<i>Public Sector Employment and Management Act 2002</i>
RDR	Reduced Disclosure Requirements
SES	Senior Executive Service
SOPSR	State of Public Sector Report
SSA	State Services Authority in Victoria
<i>Strategic Directions 2012-15</i>	The Public Service Commission Strategic Directions 2012-15; released 8 May 2012
TC	NSW Treasury Circular
TCorp	NSW Treasury Corporation
TPP	NSW Treasury Policy Papers

List of tables and figures in this annual report

Table	Page
Table 1: Actual number of employees by remuneration level	67
Table 2: Executive Officers by level and gender	69
Table 3: Representation of EEO groups	72
Table 4: Distribution of EEO groups	72
Table 5: Number of applications by type of applicant and outcome – <i>GIPAA</i>	74
Table 6: Number of applications by type of application and outcome – <i>GIPAA</i>	74
Table 7: Invalid applications – <i>GIPAA</i>	75
Table 8: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to the <i>GIPAA</i>	75
Table 9: Other public interest considerations against disclosure: matters listed in table to section 14 of the – <i>GIPAA</i>	75
Table 10: Timeliness – <i>GIPAA</i>	76
Table 11: Number of applications reviewed under Part 5 of the – <i>GIPAA</i> (by type of review and outcome)	76
Table 12: Applications for review under Part 5 of the <i>GIPAA</i> (by type of applicant)	76
Table 13: Statistical information on Public Interest Disclosures	77
Table 14: Aged analysis at the end of each quarter – Payments	81
Table 15: Accounts due or paid within each quarter	81
Table 16: Consultancies of value equal to or more than \$50,000	82
Table 17: Consultancies of value less than \$50,000	82

Index

- Abbreviations (*see* Glossary)
- Aboriginal Employment Action Plan, 30
 - Making It Our Business: The NSW Aboriginal Employment Action Plan 2009–2012 (MIOB)*, 30, 31
- Aboriginal people and Torres Strait Islanders, 31, 72, 75
- Accounts, payment of, 81
- Advisory Board
 - (*see* Public Service Commission Advisory Board)
- Annual report
 - About, 93
 - Access, 3, 93
 - Cost, 93
- Annual Reports (Departments) Act 1985*, 1
- Annual Reports (Departments) Regulation 2010*, 1, 77
- Anti-Discrimination Act 1977*, 73
- Appropriation Act 2011*, 46
- Audit, external, 79
- Audit, internal, 53, 78
- Audit and Risk Committee, 61, 62
- Audit and Risk Management Statement, 80
- Auditor, Independent (Report of), 40–41 (*see also* Financial statements)
- Bligh House, 3, 93
 - Refurbishment of, 85
- Boards and Committees (NSW Government)
 - Reform of remuneration, 15, 21, 24, 30, 31, 82
- Buildings and facilities
 - Refurbishment of, 85
- Capability, 11, 23, 28, 30, 72
- Capability Framework (*see* NSW Public Sector Capability Framework)
- Capability Group, 14
- Chairperson
 - (*see* Public Service Commission Chairperson)
- Clients (*see* Customers)
- Commissioner
 - (*see* Public Service Commissioner)
- Communication
 - Engagement strategy, 30
- Compliance, Statutory (checklist), 86
- Consultants
 - Use of, 82
 - Payment of, 82
- Credit Card
 - Use of, 79
- Crown Employees (Public Service Conditions of Employment) Award 2009*, 68
- Customer Service Commissioner (NSW), 32, 84
- Customers
 - Focus on, 32
 - Satisfaction research, 33, 84
- Departmental Secretaries, 23, 25, 35
- Development programs (executive), 11
- Disability, 72
- Disabling the Barriers, 30, 83
- Diversity
 - Workforce strategy, 11, 14, 15, 30, 31
 - Management Plan, 72
- e-Recruitment, 20, 29, 31, 60, 66, 70, 82, 85
- Eccles, Chris**, 16, 17
 - Biography, 17
- Excess employees
 - Management of (changes to), 14, 19
- Employment
 - Aboriginal Employment Action Plan, 30, 31
- Employee, climate survey (public sector), 20
- Equal Employment Opportunity, 72
 - profile and outcomes, 72
- Ethical framework (*Ethical Framework for the Government Sector*), 8, 10, 15, 18, 23, 25, 26, 35
- Ethics Stocktake, 25, 33, 83
- Executive Leadership
 - Capability, 27
 - Development, 11, 14
 - Strategy, 27
- Executive officers, 65–66
 - Performance, 69–71
 - Profile, 69–71
 - Remuneration, 69–71
- Executive structures
 - Reform, 8–10
 - Review of, 19, 29, 70, 82
- Finance
 - Audit opinion of financial statements, 40–41
 - Financial statements, 42–64
- Glossary, 87
- Government Information (Public Access) Act 2009 (GIPAA)*, 73–76, 87
- Government Information (Public Access) Regulation 2009*, 73
- Government Sector Employment Act 2013* (*see* Legislation list)
- Government sector employment reform, 8–12
- Grisard, Jo**, 14, 15, 65, 69–70
 - Biography, 65
- Groups
 - Capability, 14
 - Innovation and Services, 15–16
 - Public Sector Values, 15
 - Performance, 15
- Head, Graeme**, 4, 14, 15, 16, 17, 65, 69
 - Biography, 65
 - Message, 4
- Human Resources
 - Management policies, 67–68
- Industrial Relations
 - Policy and practice, 68
- Information
 - NSW Government Information (*see also* Public Information), 73

- Workforce Information Warehouse, 16, 34, 35, 85
- Workforce data capture, 33
- Information and Communications Technology (ICT), 11, 87
- Innovation, 21–22, 27, 32
- Innovation and Services Group, 15–16
- Insurance, 47, 53, 78, 79
- Integrity, values and ethics, 8, 23
- Laverty, Martin**, 16, 17
 - Biography, 16
- Legislation
 - Framework, 73
 - Annual Reports (Departments) Act 1985*, 1
 - Annual Reports (Departments) Regulation 2010*, 1, 77
 - Anti-Discrimination Act 1977*, 73
 - Appropriation Act 2011*, 46
 - Government Information (Public Access) Act 2009 (GIPAA)*, 73–76, 87
 - Government Information (Public Access) Regulation 2009*, 73
 - Government Sector Employment Act 2013*, 9–12, 14, 15, 21, 23, 25, 29, 30, 35, 69, 72, 73
 - Privacy and Personal Information Protection Act 1998 (PPIPA)*, 77, 88
 - Public Finance and Audit Act 1983*, 1, 47
 - Public Finance and Audit Regulation 2010*, 1, 47
 - Public Interest Disclosures Act 1994 (PIDA)*, 76, 77
 - Public Sector Employment and Management Act 2002 (PSEMA)*, 1, 9, 11, 13, 18, 19, 21, 23, 29, 33, 69, 71, 73
- Letter of submission, 1
- McClintock, Paul AO**, 16, 17
 - Biography, 16
- McIlwain, Peter**, 14, 15, 66
 - Biography, 66
- Making It Our Business: The NSW Aboriginal Employment Action Plan 2009 - 2012 (MIOB)*, 30, 31
- Managing Excess Employees Policy*, 19
- Merit Selection, 9, 10, 30, 70, 72
- Mobility, 8, 12, 14, 34
- NSW 2021: A plan to make NSW number one (NSW 2021)*, 3, 18, 21, 22, 32, 47, 84, 87
- NSW Commission of Audit Interim Report, Public Sector Management (Commission of Audit)*, 14, 18, 19–20, 24, 29, 30, 31, 34, 35, 71
 - Recommendations of, 19–26
- NSW Department of
 - Education and Communities, 29, 70
 - Family and Community Services, 30, 83
 - Finance and Services, 19, 28
 - Health, 29, 30, 60, 70
 - Premier and Cabinet, 16, 17, 19, 24, 52, 85, 87
 - Treasury, 19, 24, 52, 54, 60, 61, 78, 81
- NSW Government information (see Public Information)
- NSW Police Force, 29, 30, 70
- NSW Premier, 1, 13, 16, 34, 65, 69, 71, 73
- NSW Public Sector Capability Framework*, 8, 11, 14, 20, 21, 23, 28, 70, 82
- NSW public sector core values (see also public sector, core values), 10, 13, 21, 23
- O'Halloran, Maree AM**, 16, 17, 32
 - Biography, 16
- Ombudsman (NSW), 77
- Organisation
 - Purpose, 13
 - Structure, 14
- Page, Katie**, 16, 17, 32
 - Biography, 17
- People Matter Employee Survey*, 21, 23, 25, 26, 33, 34, 35, 71
- Performance, 15, 23
- Performance Group, 15
- Performance development, framework for, 8, 11, 15, 23, 33, 71
- Performance management framework, 21, 36
- Planning and management, 3, 8, 9, 11, 13, 14, 18, 19, 20, 22, 28, 29, 31, 33, 35, 36, 55, 65, 70, 71, 72
- Premier's Awards for Public Service, 15, 34, 71
- Privacy and personal information
 - Management Plan, 77
 - Code of Practice, 77
- Privacy and Personal Information Protection Act 1998 (PPIPA)*, 77, 88
- Project management, 20
 - Office of, 78, 88
 - Tools, 36
- Public Finance and Audit Act 1983*, 1, 47
- Public Finance and Audit Regulation 2010*, 1, 47
- Public Information
 - Access to, 73
 - Access applications, 73–76
- Public Interest Disclosures Act 1994 (PIDA)*, 76, 77
- Public Interest Disclosure, 76–77
- Public Sector (NSW)
 - Capability (see *NSW Public Sector Capability Framework*)
 - Core values, 10, 13, 21, 23
 - Ethical framework, 8, 10, 15, 18, 23, 25, 26, 35
 - Promotion of (employer of choice), 25, 36
- Public Sector Employment and Management Act 2002 (PSEMA)*, 9, 11, 13, 18, 19, 21, 23, 29, 33, 69, 71, 73
- Public Sector Employment and Management (Public Service Commission and Other Matters) Order 2011 No. 556*, 52
- Public Sector Values Group, 15
- Public Sector Workforce Branch, 38, 52
- Public Service Commission
 - Access details, 3, 93
 - Building the Public Service Commission*, 18, 36
 - Business hours, 3
 - Charter, 18

- Contact details, 3, 93
- Developing NSW public sector capability*, 18, 27–28
- Executive Team, 14–16, 65–66, 69–71
- Focusing on customers*, 18, 32
- Leading the NSW public sector in best practice workforce management*, 18, 29–31
- Organisation, 13
- Performance, 23–35
- Promoting NSW public sector values*, 18, 25
- Providing evidence about NSW public sector performance*, 18, 33–35
- Strategic Directions, 18
- Structure, 14
- Vision, Mission, Values, 3
- Website address, 3, 93
- Public Service Commission Advisory Board, 8, 14, **16–18**, 83–84
 - Chairperson (see Peter Shergold AC), **5**, 14, **16**, 17
 - Composition, 16
 - Establishment, 8
 - Meetings, 17
 - Membership of, 16–17
 - Role of, 16
- Public Service Commission Chairperson, (see also Peter Shergold AC)
 - Message, 5–6
- Public Service Commissioner, (see also Graeme Head)
 - Statement by (Financial reporting), 39
 - Message, 4
- Recruitment
 - e-Recruitment, 20, 29, 31, 60, 66, 70, 82, 85
 - Policy, 30, 67
- Recycling, 84
- Reform, 9, 12, 21, 23, 24, 28
- Regulations, (see also Legislation)
 - Annual Reports (Departments) Regulation 2010*, 1, 77
 - Government Information (Public Access) Regulation 2009*, 73
 - Government Sector Employment Regulation*, 12, 21, 30
 - Public Finance and Audit Regulation 2010*, 1, 47
- Remuneration
 - Classification, 34, 82
 - Employees by remuneration (table of), 67
 - Reform of (Boards and Committees), 15, 24, 30, 31, 82
 - Review, 19, 20
- Research and Development
 - Advice to Government, 83
 - Disabling the Barriers, 30, 83
 - Ethics Stocktake, 25, 33, 83
- Risk Management
 - Compliance, 78–80
 - Policy, 78
- Senior Executive Service (SES)
 - Capability (development of), 11, 22
 - Review, 8–10
 - PSC, 65–66, 69–71
- ServiceFirst, 81
- Shergold, Peter AC**, **5**, 14, **16**, 17
 - Biography, 16
 - Message, 5–6
- St James Ethics Centre, 25, 35, 82, 83, 88
- State of the NSW Public Sector Report 2012*, 15, 21, 23, 33, 34
- State of the NSW Public Sector Report 2013*, 35
- Stewart, Sonja**, 14, **15**, 16, 65, 71, 78
 - Biography, 65
- Strategic Directions, 18
- Survey
 - Customer service survey, 84
 - Employee (public sector), (see *People Matter Employee Survey*)
- Sustainability, 84
- Transport for NSW, 30
- Treasury, 19, 24, 52, 54, 60, 61, 78, 81
- Values, 3, 10, 13, 21, 23, 33, 35
- Victorian State Services Authority (SAA)
 - People Matter, 34
- Waste reduction, 84
- Webb, Mark**, 14, **15–16**, 66
 - Biography, 66
- Website, 68, 73, 77
 - Address, 3, 93
 - Compac, 27
- Work health and safety
 - Policy and practice, 68
- Workers Compensation, 51, 53, 68, 79
- Workforce
 - Data, 7, 19, 33, 34, 35, 47
 - Diversity strategy, 11, 14, 15, 30, 31, 72
 - Reporting, 34, 35
- Workforce Information Warehouse, 16, 34, 35, 85

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