Integrity
Trust
Service
Accountability
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 the Annual Reports (Departments) Act 1985, I have the pleasure of submitting the inaugural Public Service Commission Annual Report 2011–12 to you for presentation to the Parliament of New South Wales.

The Public Service Commission Annual Report 2011–12 is an account of the establishment, activities and performance of the Public Service Commission for the period 1 November 2011 – 30 June 2012. Also, it provides an account of my work and activities as required under the Public Sector Employment and Management Act 2002.

The Public Service Commission Annual Report 2011–12 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 2011–12 to the Treasurer, the Hon. Mike Baird, MP.

Yours sincerely,

Graeme Head
Commissioner
Integrity

Trust

Service

Accountability
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

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.

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Welcome to the first annual report of the Public Service Commission (PSC). The PSC has existed for only eight months of the financial year covered by this report, but it’s been a very exciting and hectic time as we’ve geared up to deliver the very important job and reform agenda we have been set up to do.

The establishment of the PSC in November 2011 represents a renewed focus on strategic workforce management across the NSW public sector. As the inaugural Public Service Commissioner, I have been given clear legislated objectives, functions and powers that will enable a strong and focused effort in relation to the values, capability and productivity of the sector. This first annual report provides an overview of what has been achieved in the first phase of the PSC’s life.

Some early effort has, of course, been focused on establishing our organisational systems and processes. In essence, the PSC has the following characteristics: the Public Service Commissioner is a statutory office holder in whom broad functions and powers relating to public sector workforce management are vested; the Commissioner is supported by a small department – the Public Service Commission – of around 120 staff in the exercise of those functions; the Commissioner is assisted by an expert Advisory Board, which exists to determine general policies and strategic directions that relate to the Commissioner’s functions, and also to advise the Premier on matters relating to the performance and management of the NSW public sector.

During the 2011-12 financial year a number of important establishment initiatives were undertaken:

- Separation of the PSC’s finances and staff from the NSW Department of Premier and Cabinet
- Adoption of key organisational management policies and procedures
- Establishment of a fully compliant internal audit program
- Establishment of an organisational structure
- Development of an operating model for the Advisory Board
- Completing the initial phase of staffing for the organisation

PSC establishment has happened while simultaneously rolling out some very large and strategically significant pieces of work; foremost among these is the initial *State of the NSW Public Sector Report*. These reports, to be produced every year, will provide an ongoing narrative on the performance of the public sector and progress in workforce reform implementation. The first report is to be tabled by the Premier in the NSW Parliament in November 2012.

Developing the first report in a highly compressed timeframe has been challenging but I am confident that the model adopted by the PSC will see these annual reports become a significant tool for public sector leaders as well as an important accountability mechanism for the NSW Parliament and the broader community. The Advisory Board, under the chairmanship of Professor Peter Shergold AC, has
provided invaluable input into the development of the model for state-of-the-sector reporting, as have a wide range of others. Our goal is to be best-practice in this type of reporting within three reporting cycles.

The Commission of Audit undertaken last year by Dr Kerry Schott, released the first of its two reports in February 2012, dealing with asset management, people management and financial management. The Commission of Audit work has significant implications for the PSC, framing a considerable reform effort across a number of key areas. Of particular note, the Commission of Audit recommended that the PSC examine executive structures in the NSW public sector with a view to a more coherent and integrated approach to executive leadership; a major piece of work is under way to respond to that recommendation. Recommendations also focused on such issues, among others, as: recruitment practices in the public sector; capability development in key areas; and remuneration. The PSC is leading on a number of these key recommendations, which dovetail well with our strategic priorities.

Another highlight this past year has been the commencement of a structured, evidence-based approach to improved capability for public sector senior executives. A major program was launched targeting more than 300 SES officers at levels 4-6. The resulting analysis is ensuring that tailored programs are developed to respond to capability gaps as well as to support individuals who showed high levels of potential.

A major piece of work to improve the NSW Public Sector Workforce Profile was also completed this year. Collected since 1999, the workforce profile gathers information about public sector employees from across NSW. This year we have been able to achieve a faster collection of information, with more accurate results and improved reporting functionality. More improvements will be introduced in the coming year. The workforce profile provides an important information source for state-of-the-sector reporting as well as a valuable management tool for agencies across NSW.

Details of the myriad of other activities in which the PSC are involved follow in this report. It has been a very challenging year for staff who have been engaged in the threefold agenda of building a new organisation, keeping business-as-usual processes ticking over, and contributing to major reform initiatives. I want to thank each and every one of them for their efforts. I also wish to acknowledge the support of the PSC Advisory Board members and my colleagues on the Senior Management Council (Directors General of Principal Departments) for their engagement with the work of the PSC.

Graeme Head
A welcome message from the Chair

I am very pleased to have been appointed by the NSW Government as the inaugural Chair of the Public Service Commission Advisory Board.

The establishment of the Public Service Commission (PSC) represents an important step by the NSW Government in driving a renewed commitment to the standards and traditional values of public administration in the state, and ensuring the ongoing improvement of service delivery to the people of NSW. The legislation setting up the PSC provides the Public Service Commissioner with comprehensive powers and functions to effect change across the public sector; the recommendations of the recent Commission of Audit provide a sharp focus for initial priorities. The Advisory Board will, I anticipate, play a pivotal role in shaping thinking about reform and in providing guidance to both the Commissioner and the NSW Government.

This first part year has seen the PSC get off to a flying start, to which the Advisory Board has made a significant contribution. Notably, we have assisted the PSC in developing a model for State of the Public Sector Reporting, and have contributed extensively to the process to develop the initial report, due to be published in November this year. State of the Sector Reporting presents a very real opportunity to support change across the NSW public sector by critically reflecting on its values, capability and productivity. The Advisory Board and the Public Service Commissioner are determined that the NSW model for undertaking this reporting function should represent best practice; we have agreed a model that will take us from this initial report to best practice within three annual reporting cycles.

The Advisory Board recognises that a great deal of service delivery is now undertaken on behalf of the public sector by not-for-profit and private sector organisations. A theme of our work going forward will be to examine the implication of this for the public sector workforce and to assist the PSC to take proper account of this significant shift in its thinking.

During this first year, the Advisory Board has begun the process of considering matters related to:
- Improving customer service
- Public sector workforce capability
- The promulgation of newly legislated core public sector values
- Measuring productivity in the public sector

I would like to thank my fellow Advisory Board members – Paul McClintock AO, Martin Laverty, Maree O’Halloran AM, Katie Page, Chris Eccles, and Graeme Head – for their engagement and efforts through the year. I feel fortunate to chair such an experienced and committed group of people. I would also like to acknowledge the PSC staff who have managed to complete an array of organisational start up functions while also beginning to produce some of the significant new work for which the new organisation was established.

Professor Peter Shergold AC
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Establishing the Public Service Commission

In 2011, as part of its 100 Day Action Plan, the New South Wales (NSW) Government announced the establishment of a Public Service Commission (PSC) in NSW. The PSC would be headed by an independent Public Service Commissioner who would be supported by an advisory board. The PSC’s primary objectives would be to:

- reinforce NSW public sector values and establish high ethical standards for the NSW public sector workforce
- strengthen NSW public sector workforce capacity, development and performance
- ensure qualified, professional NSW public service employees are appointed on the basis of merit
- promote a NSW public sector culture that is service oriented
- raise public confidence in the NSW public sector

On 14 April 2011, the NSW Premier announced the appointment of Professor Peter Shergold AC as the inaugural Chairperson of the PSC Advisory Board.

Also in April 2011, Brendan O’Reilly AM, former Director General of the NSW Department of Premier and Cabinet (DPC) was appointed to lead a departmental working group with responsibility for advising the NSW Government on the process for establishing a PSC, as well as building the legislative, operational and organisational framework on which the PSC would be established. The working group had a broad range of responsibilities, including:

- providing advice on establishing the PSC Advisory Board
- defining the role, responsibilities and functions of the Public Service Commissioner
- establishing a structure and staffing profile for the PSC
- securing an operating budget for the PSC
- recruiting the first Public Service Commissioner in NSW

It was clear that the PSC would have an unprecedented breadth of responsibilities and functions across the NSW public sector. To ensure effective communication about the new organisation and to assist the implementation of the PSC within the NSW public sector, the working group led a multifaceted stakeholder engagement process, which included consultations with Directors General from NSW public sector organisations, heads of independent NSW public sector integrity organisations, heads of professional public sector associations, union organisations and not-for-profit organisations.

The working group also worked to facilitate the transfer of relevant functions and resources from the DPC to the PSC. A comprehensive change management strategy was developed to guide the transition process for management and employees.

On 13 September 2011, after a rigorous selection process, the NSW Premier announced the appointment of Graeme Head as the inaugural Public Service Commissioner. The Public Service Commissioner is appointed by the Governor of NSW for a period of up to seven years.

On 18 October 2011, the Public Sector Employment and Management Amendment (Ethics and Public Service Commissioner) Bill 2011, which amended the Public Sector Employment and Management Act 2002 (PSEMA) passed the NSW Parliament. This established an independent Public Service Commissioner, a PSC Advisory Board, an ethical framework for the NSW public sector and transferred a number of functions from the DPC to a new independent organisation, the PSC.

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

The PSC commenced on 1 November 2011.
Establishing the Public Service Commission Advisory Board

The amending legislation establishing the PSC also established the PSC 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.

For these reasons, the members (between them) of the PSC Advisory Board are to have specific expertise in human resource management, probity and accountability, strategic planning, budget and performance management, and service delivery in the public, private, tertiary and not-for-profit sectors.

The PSC Advisory Board comprises seven members, five of which are appointed by the NSW Premier, including the Chairperson. Members of the PSC Advisory Board who are appointed by the NSW Premier can be appointed for a period of up to three years at a time. On 14 April 2011, the NSW Premier announced the appointment of Professor Peter Shergold AC as the inaugural Chairperson of the PSC Advisory Board. On 10 November 2011, the NSW Premier announced the appointment of the following four members:

- Mr Paul McClintock AO
- Mr Martin Laverty
- Ms Maree O’Halloran AM
- Ms Katie Page

The Public Service Commissioner and the Director General, NSW Department of Premier and Cabinet are also members (ex officio) of the PSC Advisory Board.

The PSC Advisory Board meets five times per year. To 30 June 2012, the PSC Advisory Board had met on three occasions.
An ethical framework for the NSW public sector

As part of its 100 Day Action Plan, the NSW Government committed to the development of an ethical framework for the NSW public sector. An ethical framework would:

- provide guidance and support for NSW public sector employees and stakeholders about expected standards of professional conduct
- promote individual awareness of underlying organisational values, principles, and ethical issues, and encourage personal responsibility for decisions made
- facilitate dialogue around observed ethical challenges, dilemmas and anomalies, and gaps between desired and actual behaviours
- promote reflection during daily work activity and more ethical behaviour

In 2011, the DPC in consultation with the St James Ethics Centre (SJEC), developed a set of four core values and underlying principles as the cornerstone of an ethical framework for the NSW public sector. The proposed NSW public sector core values were Integrity, Trust, Service and Accountability.

These NSW public sector core values evolved after a systematic review of codes of ethics and conduct in other jurisdictions and a comprehensive consultation process, which included discussions with:

- Directors General of NSW public sector agencies
- the NSW Auditor General
- the Independent Commission Against Corruption
- the NSW Ombudsman
- the NSW Business Chamber
- the Council of Social Service of NSW
- National Disability Services
- the NSW Branch of the Institute of Public Administration Australia
- Unions NSW

Most importantly, users and customers of public services in NSW were also encouraged to have their input via an online public consultation process. Professor Peter Shergold AC, Chairperson of the PSC Advisory Board, also contributed to the development of the NSW public sector ethical framework. Feedback from these processes confirmed the resilience and comprehensiveness of the proposed ethical framework.

The ethical framework for the NSW public sector was legislated by amendment to the PSEMA, along with the establishment of the PSC. For the first time in the history of the NSW public sector, an ethical framework has been enshrined in NSW public service employment legislation. The PSC is wholly responsible for promoting, maintaining and protecting the NSW public sector core values and ethical standards in the NSW public sector.

The NSW public sector ethical framework will create and nurture a culture of integrity and independence in the sector. It recognises the unique role of the NSW public sector in preserving the public interest, defending public value and adding quality and value to the commitments of the government of the day. It is a framework for a merit-based, apolitical and professional NSW public sector that implements the decisions of the government of the day, and will translate to a capable and ethical NSW public sector committed to continuous improvement.
Our organisation

Who we are

The PSC is an independent statutory body in the NSW public sector which has been established under the PSEMA. The PSC has the lead role in designing and implementing workforce management strategies and reform to ensure 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 carrying out the Public Service Commissioner’s functions under the PSEMA. 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.
Best practice organisation design

Upon the establishment of the PSC on 1 November 2011, about 70 positions from the Public Sector Workforce Branch of the DPC transferred to the new independent agency, the PSC. The remainder of the staffing complement would be filled through a combination of recruitment for permanent positions and temporary appointments.

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 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. In addition, 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 (Commission of Audit) (please refer to page 18). Key current projects include 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, further development of the capability frameworks – executive and non-executive, and the workforce planning analysis and framework.

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

The Performance Group works to build and sustain the performance of the NSW public sector workforce, which is one of the largest workforces in the country. The Performance Group develops high level NSW public sector strategy and supports the delivery of people-focused systems and initiatives designed to improve and sustain high performance in the NSW public sector. The Performance Group also measures and reports on whole-of-sector performance using methods such as the People Matter 2012 NSW Public Sector Employee Survey and the analysis of key data sources. Key to this work will be the delivery of the State of the NSW Public Sector Report 2012 focusing on the NSW public sector’s performance and the challenges facing the NSW public sector workforce. Additionally, the recognition and reward of NSW public sector employees will be achieved through the NSW Premier’s Awards for Public Service as well as promoting ways to better reward and encourage high performance.

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 the NSW public sector ethical framework including accountability for all projects and services required to promote an ethical, values-based NSW public service culture. The Public Sector Values Group also advises on and maintains frameworks for ensuring the NSW public sector is a model employer of a diverse workforce and shapes the development of a positive NSW public sector image. By positioning the NSW public sector as an employer of choice, it helps agencies to attract and retain the best employees. The Public Sector Values Group also oversees the interpretation of legislation and the provision of legal advice to the Public Service Commissioner and the PSC Executive Team.

Innovation, People and Information Group
The Innovation, People and Information Group is led by Mark Webb, Executive Director.
The Innovation, People and Information 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 (please refer to page 19). The Innovation, People and Information Group is also responsible for managing the internal human resource functions of the PSC, with particular emphasis on industrial relations advice, project governance and supporting the flexible resourcing model that underpins the organisation. The Innovation, People and Information 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.

Public Service Commission Establishment Group

The Public Service Commission Establishment Group is led by Samara Dobbins, Executive Director.

The Public Service Commission Establishment Group provides essential support functions to the PSC to enable the provision of NSW public sector workforce policy, strategy and reform. Its key focus is establishing the governance and internal structures for the new organisation including financial management, information and communications management and administrative support. The Public Service Commission Establishment Group also provides support for the PSC Advisory Board and the Audit and Risk Committee as well as coordinating all parliamentary and ministerial liaison. The goals of the Public Service Commission Establishment Group are to be strategic and to continuously improve the processes and practices that support the Public Service Commissioner, the PSC Executive Team and the PSC.

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 Laverty
- 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 and Macquarie Group Foundation Professor at the Centre for Social Impact. 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. He is a Director on the Boards of AMP and Corrs Chambers Westgarth and, in the not-for-profit sector, of the National Centre of Indigenous Excellence, the Sydney Writers’ Festival and the National Centre for Vocational Education Research.

Paul McClintock AO is Chairman of Medibank Private Limited, Thales Australia, the Council of Australian Governments Reform Council, and the Institute of Virology. Mr McClintock is also a Director of Perpetual 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 Laverty is the Chief Executive Officer of Catholic Health Australia. Mr Laverty is Chair of the NSW Heart Foundation, and a member of the National Heart Foundation Board. Mr Laverty is also Chair of Sunshine, a large not-for-profit NSW Disability organisation, and is a member of Canteen’s Adolescent Youth Cancer Fund. He is a former Non-Executive Director of the NSW Muscular Dystrophy Association, and former Chair of the disability service provider Challenge Southern Highlands. His first book, Determining
the future: A fair go and better health for all, was published in 2011.

Maree O’Halloran AM is the Director (Chief Executive Officer) of the Welfare Rights Centre. Ms O’Halloran was previously President of the NSW Teachers Federation, and serves on the Boards of the Teachers Credit Union and the Health and Community Services 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 Managing Director of Harvey Norman. Ms Page is also on the Board of Pertama in Singapore and became the first woman to sit on a sporting board in Australia, when she was appointed as a Director of the National Rugby League. Ms Page has recently joined the Board of the Museum of Contemporary Art in Sydney and is Chairperson of the Australian National Retail Association.

Graeme Head is the inaugural Public Service Commissioner in NSW. Please see Appendix B for Graeme’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.
The establishment of the PSC in NSW recognises 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 been given a unique role in leading this endeavour, through cultural transformation.

Strategic Directions 2012–15 will be used to guide the PSC during a period where it is establishing itself and rolling out the work that is critical to NSW public sector reform. It sets out the PSC’s priorities and key deliverables over a three year period.

Strategic Directions 2012–15 was developed jointly by the Public Service Commissioner and the PSC Advisory Board. The findings of the Commission of Audit (please refer to page 18), the legislative requirements under the PSEMA and NSW 2021 (please refer to page 19) form the foundation for this statement. The strategic priorities and key areas of focus underpin the PSC’s annual business planning and will flow through to individual performance agreements. In 2011–12, the PSC will 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 Public Service Commission

As the PSC was established on 1 November 2011, there are no prior performance indicators or target values against which to compare results. The services delivered by the former Public Sector Workforce Branch of the DPC are not comparable with the services provided by the PSC. Accordingly, prior period data is not available to be reported in this annual report.

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.
Highlights

Amendments to the Public Sector Employment and Management Act 2002

Amendments to the PSEMA were passed by the NSW Parliament on 3 April 2012. These amendments removed barriers to the NSW Government’s Managing Excess Employees Policy operating as intended, and introduced a requirement for NSW public sector agency heads to implement performance management systems for their staff.

The NSW Premier’s Public Sector Awards 2011

Part of the PSC’s strategy for building performance is to recognise and reward achievement in the NSW public sector. With a theme focusing on innovation, the NSW Premier’s Public Sector Awards recognised 48 high performing people, projects and initiatives throughout the NSW public sector at a gala event on 7 November 2011.

The NSW Senior Executive Service Development Program

Commencing in May 2012, the PSC facilitated the first whole-of-sector NSW Senior Executive Service (SES) Executive Development Program for all employees at SES grades four to six; 337 SES employees participated in the program. Insights from this program will be important in focusing leadership development initiatives and addressing the capability issues identified in the Commission of Audit (please refer to page 18).

The Workforce Information Warehouse goes live

In June 2012, the PSC deployed a new workforce information collection and reporting system centred on a data warehouse. This innovative system enables efficient whole-of-sector reporting from the warehouse, as well as providing self-service and interactive visual data queries for NSW public sector agencies to build their ability to effectively and accurately report on their workforce. This work supports the Commission of Audit recommendation to upgrade the workforce profile (please refer to page 18).

Laying the foundations for state of the NSW public sector reporting

Under the PSEMA, the Public Service Commissioner must present an annual report on the NSW public sector to the NSW Premier. In 2011-12, the PSC developed an integrated reporting framework, including assessing whole-of-sector performance, notable achievements, challenges and priorities and an analysis of NSW public sector workforce data. The State of the NSW Public Sector Report 2012 will be released in November 2012 and will be the first report of its kind in the NSW public sector.

Reviewing executive structures

In response to a recommendation from the Commission of Audit (please refer to page 18), the PSC has agreed to present reform proposals to the NSW Government regarding the executive structure of the NSW public service. In 2011-12, the PSC has completed research on leading practice in other jurisdictions, has convened and met with an expert advisory panel, and is on track to make recommendations to the NSW Government by the end of 2012.

Workforce profile reporting

Workforce profile reporting is one of the activities the PSC has adopted from the DPC. On 12 June 2012, the PSC delivered the NSW Public Sector Workforce: a 2010-11 Snapshot report which provides important information about the characteristics of the NSW public sector workforce.

Voluntary redundancy program guidelines

In 2011, the NSW Government announced its intention to offer 5000 voluntary redundancies over the four year period to 2015. These reductions were aimed at decreasing head office and back office positions in non-service delivery areas across the NSW public sector. The PSC developed and published guidelines to support Directors General to implement appropriate voluntary redundancy programs to meet this target. The PSC also put in place systems to monitor and report on progress towards the NSW Government’s target.
Challenges

Operating in a complex and changing environment

With broad projects that span the whole-of-government administration, operating within the complexity of the NSW public sector, especially in an environment of organisational change for many agencies, is a key challenge for the PSC.

Identifying and understanding our clients

The PSC manages projects designed to inform and engage the NSW public sector workforce as a whole. This depth of scope requires a detailed understanding of a broad range of clients. This includes informing parliamentarians, assessing the culture of the NSW public sector and measuring the engagement of individual employees.

Delivering new initiatives to the NSW public sector

The PSC is responsible for delivering projects and programs of work that are groundbreaking for the NSW public sector, such as the first whole-of-sector employee survey. As a result, a key challenge for the PSC is researching best practice models and learning from other similar jurisdictions to provide a solid evidence base to inform decisions and deliver quality outcomes.

Creating a new organisation while delivering results

Establishing a new independent organisation while providing services to support a comprehensive work program for the PSC has been a key challenge. This has involved creating the PSC’s structure, designing and evaluating positions, recruiting and inducting staff to the new organisation while in a constant growth phase.

Significant issues impacting the Public Service Commission

Following are some of the current and emerging issues which are impacting on the work of the PSC.

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 DPC, 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 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 such, the PSC is directly responsible for the implementation of the following 11 recommendations:

- The PSC 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.
The PSC 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.

The PSC and the DPC should review policies on excess employees in agencies not currently covered by the new Managing Excess Employees Policy, that is, those not under the PSEMA, with a view to extending the Policy’s coverage if necessary.

The PSC should present reform proposals to the NSW Government regarding the executive structure of the NSW public service (Senior Executive Service, Senior Officer and other executives) to:
- establish a separate structure for cluster Directors General
- create a new executive structure combining the Senior Executive Service and the Senior Officer classification and, as appropriate, other executive groupings.

The PSC should continue the upgrade of the Workforce Profile and investigate other mechanisms to enable efficient whole-of-sector reporting.

The PSC should coordinate regular organisational climate surveys to provide information on employee perceptions of their work environment, at both sector-wide and cluster-specific levels.

The PSC should formulate and implement a strategy to develop the capacity of Human Resource leaders and units across the sector.

The PSC 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.

The PSC 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.

The PSC 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.

The PSC 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.

In addition to leading these reforms, the PSC is a partner in the implementation of a further 15 recommendations. Implementing the recommendations from the Commission of Audit will be a complex and lengthy body of work for the PSC, and will 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 10-year strategic business plan. It directs the activities of the NSW public sector, sets priorities for action, and guides resource allocation. 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 public sector environment.
Promoting and maintaining the NSW public sector ethical framework

The amending legislation creating the PSC also established an ethical framework for a merit-based, apolitical and professional NSW public sector. The NSW public sector ethical framework comprises four core values – Integrity, Trust, Service and Accountability – which are supported by 18 principles. The PSC is responsible for promoting and maintaining the NSW public sector core values.

The NSW public sector ethical framework is a new approach to setting expectations about the behaviour of NSW public sector employees. The NSW public sector ethical framework aims to guide employees to act ethically, in accordance with broad legislated core values and principles. The framework provides a context for NSW public sector agencies’ codes of conduct; it does not replace them.

Helping NSW public sector agencies to embed the NSW public sector core values and principles in their corporate cultures, business processes, and in the design and delivery of services, is a high priority for the PSC. To inform this work, the St James Ethics Centre (SJEC) was engaged to conduct an ‘Ethics Stocktake’ of ethics issues, policies and control systems, across the NSW public sector (please refer to page 79).

SJEC conducted interviews and facilitated focus groups with NSW public sector senior executives, middle managers and frontline staff, including with regionally-based employees. SJEC also analysed the ethics policies, codes of conduct and related documents available on NSW public sector agencies’ websites. This qualitative analysis, when coupled with quantitative data from the People Matter 2012 NSW Public Sector Employee Survey (please refer to page 30) will provide a strong evidence base for the PSC’s work in this area.

Looking forward

Embed the NSW public sector core values in workplace business

In 2012–13, the PSC will develop strategies to assist Principal Departments, agencies and employees to implement the NSW public sector ethical framework in their workplace. Specific strategies to embed the NSW public sector core values in NSW public sector agency business operations and service delivery will address corporate culture, executive leadership, human resource management and systems, service redesign, and ethics measurement. The PSC will use the SJEC research findings as a basis to develop a plan to implement the ethical framework throughout the NSW public sector.

Promote the public sector as an employer of choice

In 2012–13, a comprehensive research and communications strategy will be developed to implement and promote a compelling and authentic Employee Value Proposition for the NSW public sector. The PSC recognises that attracting and retaining employees of talent and ambition is essential for high quality policy advice and the design and delivery of appropriate services to the public.
Developing senior executive capability

Research in 2010 identified gaps in development options for NSW public sector senior executives at sector-wide and agency levels. In 2011-12, in response to this research and in consultation with NSW public sector agencies, the NSW Senior Executive Service (SES) Executive Development Program commenced for employees at SES grades four to six, with 78% (337 people) of the SES cohort assessed against leadership capabilities using a range of sophisticated tools.

The NSW SES Executive Development Program is an initial component of a broader strategy for executive development in the NSW public sector. The insights, at individual and organisational levels, are important in focusing leadership development initiatives on building strengths and, importantly, addressing the capability issues identified in the Commission of Audit.

Managing development programs and university partnerships

While workforce development is primarily a NSW public sector agency responsibility, the PSC manages the provision of five NSW public sector-wide programs in areas of strategic importance, including management and leadership:

- the Executive Fellows Program and Executive Master of Public Administration, delivered by the Australia and New Zealand School of Government
- the Graduate Diploma in Public Administration, delivered by the Graduate School of Government, University of Sydney
- the NSW Executive Development Program, delivered by Bendelta
- the Public Sector Management Program, administered by the Institute of Public Administration Australia and delivered by multiple trainers

In 2011-12, 135 NSW public sector employees commenced in one or another of these programs.

Looking forward

Develop a senior executive leadership strategy

In 2012-13, the PSC will design a strategy to holistically develop executive leadership capability across the NSW public sector for all SES and equivalent positions. The strategy will be guided by the general findings of the NSW SES Executive Development Program in 2011-12. The PSC will propose centrally coordinated initiatives where a whole-of-sector need exists, and will support clusters and agencies to address issues specific to their own executive groups.
Revise the *NSW Public Sector Capability Framework*

In 2008, the DPC implemented the *NSW Public Sector Capability Framework*. In 2012-13, the PSC will revise the *NSW Public Sector Capability Framework* to support the strategic priorities identified in *NSW 2021* and the *Commission of Audit* to provide a coherent, readily applicable tool that enables the NSW public sector to attract, recruit, develop and retain a workforce that is responsive, innovative and adept. The revision will encompass all levels in the NSW public sector and will consider core capabilities along with specialist skill groups including information and communications technology, human resource management, finance, procurement, and work health and safety.

Develop cross-sector strategies to strengthen key capabilities

The *Commission of Audit* recommended that the PSC develop specific cross-sector workforce strategies to strengthen the NSW public sector’s capabilities in key areas. In 2012-13, the PSC will focus on strategies that support and develop the capabilities in three specialist skill areas of human resource management, information and communications technology and finance.
Leading the NSW public sector in best practice workforce management

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<tr>
<th>Strategic priority</th>
<th>Key areas of focus 2012 – 15</th>
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<tr>
<td>Public sector clusters’/agencies’ workforce management practices are underpinned</td>
<td>• Reform of the SES and executive – equivalent levels</td>
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<td>by, and reflect best practice models of, all aspects of workforce management.</td>
<td>• Workforce information</td>
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<td>• Recruitment processes and practices</td>
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<td>• Workforce planning</td>
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<td>• Performance management systems, processes and practice</td>
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<td>• Approaches to staff development</td>
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<td>• Employment arrangements</td>
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**e-Recruitment optimisation**

In 2006, the Council on the Cost and Quality of Government reviewed recruitment in the NSW public sector and recommended the implementation of a whole of NSW Government e-Recruitment system.

In October 2009, the DPC launched a new ‘jobs.nsw.gov.au’ website. This website provides a central point to advertise all NSW Government jobs and accept applications online. Also in October 2009, the e-Recruitment system was implemented in four pilot NSW public sector agencies. These agencies went beyond simply advertising jobs and used the new system to manage all aspects of the recruitment process, from creating the job through to appointing the successful candidate. Throughout 2010-11, implementation continued with over 73 NSW public sector agencies now having full system functionality.

The management of the e-Recruitment system has been transferred from the DPC to the PSC. The project is now in its final stages, where the PSC is targeting NSW public sector agencies of a size and complexity that require system implementation over a number of phases. Over the course of 2011-12, the PSC assessed the unique needs of these agencies and addressed those needs by modifying the configuration of the e-Recruitment system while maintaining its whole-of-government functionality. A more customised system was released to BusinessLink Pty. Ltd., RailCorp and the NSW Police Force.

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

**Reviewing executive structures**

The Commission of Audit found that the structure of executive employment in the NSW public service required fundamental overhaul. The PSC has agreed to present reform proposals to the NSW Government in response to the Commission of Audit’s recommendations, which included; establishing a separate structure for cluster Directors General, and creating a new executive structure combining the SES and Senior Officer classifications and, as appropriate, other executive groupings.

In April 2012, the PSC initiated a project to develop the aforementioned reform proposals. The project will provide recommendations for a NSW public service executive structure and remuneration framework that will facilitate a high performing, mobile and adaptable executive level cadre; capable of delivering the NSW Government’s priorities. To assist in advising this project, the Public Service Commissioner established an expert advisory panel consisting of three former Departmental Secretaries and/or Directors General, one each from the Australian Public Service, Victorian and NSW public sectors as follows:
Mr Graeme Head (Public Service Commissioner and Chairperson)
Ms Lynelle Briggs
Dr Neil Shepherd
Ms Fran Thorn

By 30 June 2012, the PSC had completed research on leading practice in other jurisdictions, had met with the expert advisory panel to develop and define key project parameters, and was on track to make recommendations to the NSW Government by the end of 2012.

Producing an evidence base for managing performance

On 11 April 2012, the NSW Government amended the PSEMA to require the heads of NSW public sector agencies to develop and implement a performance management system with respect to the staff in their agency; and for the Public Service Commissioner to issue guidelines to NSW public sector agencies on the essential elements of such a performance management system.

Since then, the PSC has examined the essential elements of best practice performance development systems and models internationally and in other Australian jurisdictions. This review has provided a solid evidence base on which to make decisions and deliver quality outcomes. In order to support the development of performance management systems, a comprehensive literature review on the subject was completed. The literature review involved researching performance management theories, best practice examples and performance management systems both within and outside of the NSW public sector.

Reforming remuneration for NSW Government boards and committees

The PSEMA gives the Public Service Commissioner power to develop standards relating to the appointment of members to NSW Government boards and committees. At the NSW Government's request, the PSC commenced a review of the remuneration arrangements of NSW Government boards and committees to inform the development of a remuneration classification framework. The framework will increase accountability, transparency and consistency in the administration of NSW Government boards and committees. It will specifically address the inconsistencies and inequities in remuneration arrangements across approximately 450 NSW Government boards and committees.

‘Disabling the Barriers’ research

The PSC is working with the NSW Department of Family and Community Services to identify barriers faced by people with a disability in NSW public sector employment. This research, known as ‘Disabling the Barriers’, will contribute to the development of an integrated NSW public sector workforce diversity framework.

Managing excess employees

NSW Premier’s Memorandum 2011-11 Changes to the Management of Excess Employees came into effect on 1 August 2011. The policy enabled NSW public sector agencies to manage their workforces more effectively, address changing priorities and deliver high quality, cost-effective services to the people of NSW.

In December 2011, Industrial Court orders gave rise to some uncertainty about the implementation of the policy. In response to this, the NSW Government amended the PSEMA to make clear the circumstances under which a department head can dispense with the services of employees. The amendments came into effect on 11 April 2012; they provide a key mechanism to assist Directors General to restructure and resize the NSW public sector workforce so as to deliver services efficiently and effectively.
Looking forward

Finalising the e-Recruitment roll-out

In 2012-13, work will continue with the NSW Police Force (sworn officers) with e-Recruitment ‘system ready’ on 4 September 2012 and applications being accepted from 14 September 2012. The NSW Department of Education and Communities (Schools) will have the e-Recruitment system fully tested and prepared by 28 September 2012 in anticipation of ‘go live’ in January 2013. A feasibility study will also be conducted into e-Recruitment system configuration requirements across the Health cluster.

Executive structure reform

In response to the Commission of Audit, the PSC will make recommendations to the NSW Government on a new executive structure for the NSW public service in 2012-13.

Establish a performance development framework for the NSW public sector

In 2012-13, the PSC will develop and oversee the implementation of a sector-wide, holistic performance development framework. This will include the development and implementation of a supporting suite of best practice tools and approaches designed to align individual effort with organisational objectives. It will promote a culture of high performance and consistency in performance management and measurement across the NSW public sector.

In order to support ongoing continuous improvement, a gap analysis methodology will also be developed to determine how existing performance management systems align with the overarching NSW public sector framework. In 2012-13 a range of development activities for
human resource professionals and managers to support implementation of the framework will be designed and rolled out across the NSW public sector.

**Develop a remuneration classification framework for NSW Government boards and committees**

In 2012-13, the PSC will submit recommendations to the NSW Government on a remuneration classification framework for NSW Government boards and committees.

**Develop a NSW public sector workforce diversity strategy**

During 2012, the PSC will finalise the ‘Disabling the Barriers’ research. This research will be combined with other information sources to provide the evidence-based foundation for an integrated NSW public sector workforce diversity strategy. The PSC aims to have developed a public exposure draft of this new diversity strategy during 2012-13. The objective of the NSW public sector diversity framework will be to improve employment representation of all diversity groups across the NSW public sector.

**Review of NSW public sector recruitment policy and practice**

In 2012-13, the PSC will develop an innovative and effective recruitment model for the NSW public sector, supported by an integrated e-Recruitment system and policy framework. The e-Recruitment system implementation, in conjunction with the review of recruitment policy, will provide the basis for a holistic NSW public sector recruitment framework and uncover a range of opportunities to make significant improvements in recruitment across the sector, to improve process efficiency, flexibility and mobility.

**Review of NSW public sector agency organisation design and structures**

In 2012-13, in response to the Commission of Audit, and with a view to providing greater flexibility in staff deployment within a NSW public sector agency or cluster, the PSC will put proposals to NSW Government on the development of mechanisms to appoint employees, where appropriate, to a grade rather than to a narrowly defined position.

**Review the Aboriginal Employment Action Plan**

In 2009, the DPC launched *Making It Our Business: The NSW Aboriginal Employment Action Plan 2009 – 2012 (MIOB)*. *MIOB* set out the NSW Government’s strategic intent on strengthening Aboriginal employment and career development in the NSW public sector, and provided sector wide direction on; removing barriers to Aboriginal people in the recruitment process, valuing and retaining Aboriginal employees, and helping Aboriginal employees build careers in the NSW public sector.

In 2012-13, *MIOB* will expire and the PSC will develop a renewed strategy for Aboriginal employment in the NSW public sector. It will focus on supporting and preparing Aboriginal employees for leadership roles, and improving Aboriginal representation in management and executive positions. Another important focus will be to work towards increasing Aboriginal employees in those clusters and Principal Departments where representation is relatively low.
Communicating effectively across the NSW public sector is a significant challenge for a new organisation like the PSC. In 2011-12, the first issue of a regular Public Service Commissioner’s e-newsletter, *WorkWise*, aimed at NSW public sector employees and other interested readers, was developed. *WorkWise* is the first e-newsletter of its kind in the NSW public sector, and is a key communications strategy for the PSC.

**Establishing an online presence**

The PSC inherited a substantial amount of website content from the DPC, as well as several satellite NSW Government websites related to NSW public sector employment. In order to form a technically advanced foundation for a new internet, intranet, extranet and communications platform for the PSC, new web Content Management Software and web service providers have been selected. In the meantime, to ensure continuity and availability of important information about NSW public sector workforce policy and employment, temporary internet and intranet websites were developed and deployed.

**Researching innovation**

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. In 2011-12, the PSC embarked on a comprehensive research program to identify enablers and barriers to innovation through preliminary research of international and Australian Government initiatives, best practice innovation and initial consultation with appropriate individuals, groups, forums and committees.

**Managing NSW public sector workforce policy content**

The NSW public sector workforce management policy directory was transferred from the DPC to the PSC in November 2011. The PSC continues to update and support the directory as a central source of information for NSW public sector employees and other interested users. Whilst the directory is currently hosted on the DPC website, it is also accessible through the PSC’s website. In 2011-12, a plan to securely migrate the directory from the DPC’s website to the PSC’s website was developed.

**Looking forward**

***Improve communication with the NSW public sector***

In July 2012, the inaugural issue of *WorkWise* was sent to a subscriber list of approximately 11,000 people across the NSW public sector. In September 2012, the second edition of *WorkWise* was published. In 2012-13 the PSC aims to publish five issues of *WorkWise* to over 20,000 NSW public sector employees. *WorkWise* is a key cross-sector
communication medium for the PSC, and it will focus on NSW public sector workforce management initiatives and related reforms.

**Build a world class website**

In 2012-13, the PSC will develop its website as the single meaningful and valuable source of NSW public sector workforce and employment information. This will include migrating and refreshing a substantial amount of NSW public sector employment-related content from the DPC website and other websites. This content will be integrated and new templates, tools and e-learning resources for NSW public sector managers will be developed. The PSC will also investigate options for developing a secure forum for empowering NSW public sector managers to share, communicate and connect.

**Develop an innovation action plan for the NSW public sector**

In 2012-13, the PSC will consult with NSW public sector agencies and seek input from other jurisdictions, the not-for-profit and private sectors, to drive the development and implementation of a sector-wide Innovation Action Plan. To assist reporting and measurement under NSW 2021, the PSC will develop quantitative measures to evaluate innovation across the NSW public sector.

**Improve NSW public sector workforce policy content management**

During 2012-13 the NSW public sector workforce management policy directory will be relocated from the DPC’s website to the PSC’s website. The search functionality of the directory will be improved to provide users with increased filtering options and a more intuitive user interface. The PSC will work to improve the quality and relevance of the information contained in the directory.

**Facilitate a customer service citizen survey**

In 2012-13, as a result of recommendations from the Commission of Audit, the PSC will pilot a customer service citizen survey designed to measure the extent to which the NSW public sector core values shape the design and delivery of public services in NSW.
Developing a framework for the state of the NSW public sector reporting

Under the PSEMA, the Public Service Commissioner must present an annual report on the state of the NSW public sector to the NSW Premier. In 2011-12, the PSC developed a solid reporting framework, including assessing the performance of the whole of the NSW public sector, notable achievements, challenges and priorities; and an analysis of NSW public sector workforce data.

The State of the NSW Public Sector Report 2012 will be the first report of its kind in the NSW public sector. It is an independent report on the NSW public sector workforce articulating whether the required enablers to deliver the NSW Government’s agenda are evident. This is set against the reporting and accountability requirements of NSW public sector clusters and agencies as well as the specific role of the DPC in reporting on the implementation of NSW 2021 and the recommendations of the Commission of Audit.

Launching the new NSW public sector Workforce Information Warehouse

The PSC has a strong commitment to evidence based policy development, as well as promoting quantitative and qualitative workforce planning in the NSW public sector. With this in mind, the PSC has invested in upgrading to a new, efficient and robust data collection and business intelligence reporting system centred on a data warehouse containing workforce information.

The new Workforce Information Warehouse provides NSW public sector agencies with online facilities for self-service workforce reports and interactive analytical tools. This work supports the Commission of Audit recommendation to upgrade the workforce profile system, and supports NSW public sector agencies in effectively and accurately reporting on their workforce.

Developing a framework for the NSW public sector employee survey

The PSC, as recommended by the Commission of Audit, will develop and conduct a NSW public sector ‘climate survey’ on a regular basis. This project began with a review of best practice in comparable jurisdictions and private sector organisations. The preferred option involved working closely with the State Services Authority (SSA) in Victoria to adapt their ‘People Matter’ survey for the NSW public sector context. The resulting survey instrument has a strong focus on measuring the NSW public sector core values with additional questions related to employee engagement.
One of the most important sets of NSW public sector workforce data collected by the PSC and stored in the Workforce Information Warehouse 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. The 2012 Workforce Profile data will be a significant input to the *State of the NSW Public Sector Report 2012*.

**Looking forward**

**Deliver the State of the NSW Public Sector Report 2012**

In November 2012, the PSC will deliver the *State of the NSW Public Sector Report 2012*. This report will cover the performance of the NSW public sector in terms of values and ethics, capability, and productivity. This report will also include an analysis of NSW public sector workforce data, the *People Matter 2012 NSW Public Sector Employee Survey* and other relevant data to provide a snapshot of the NSW public sector workforce and its culture.

**Administer People Matter 2012 NSW Public Sector Employee Survey**

The *People Matter 2012 NSW Public Sector Employee Survey* will be conducted from 16 July 2012 until 10 August 2012 using a census approach to reach nearly 380,000 NSW public sector employees. The survey will be available online and paper format made available to those without internet or e-mail access. Survey responses will be anonymous and the survey will be conducted by an independent research organisation. The survey results will be reported in a NSW public sector-wide report and in cluster and agency specific reports. Minimum thresholds for sample sizes will be used to ensure statistical representativeness and protect the confidentiality of respondents.

**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 include additional data sources and add new tools such as predictive analysis and geospatial reporting. 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.

**Increase NSW public sector workforce profile reporting**

In 2012-13 the PSC will introduce two ‘year-to-date’ collections of the Workforce Profile data into the Workforce Information Warehouse to promote flexibility in NSW public sector workforce reporting.

**Review of NSW public sector remuneration**

The *Commission of Audit* recommended that the PSC 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. The outcomes of the review in 2012-13 will inform decision-making on NSW public sector remuneration policy.
Transition, strategic planning and organisation design

On 1 November 2011, the Public Sector Workforce Branch of the DPC was transferred to form the foundation of the PSC, a new independent organisation in the NSW public sector. Initial transition stages were a period of change characterised by ambiguity, new ways of working and ongoing discussions with internal and external stakeholders. Early in November 2011, as part of establishment planning, the Public Service Commissioner convened a strategic planning workshop to take stock of current skills, knowledge gaps, challenges and opportunities. A broad strategic framework and a plan for the transition from the DPC resulted from this workshop.

In 2011-12 several organisation ‘start up’ activities were completed, including:

- undertaking an organisational design exercise and implementing a structure that sets up the PSC with a strong project orientation and a highly flexible workforce
- assigning executive responsibilities, and formally assigning roles in the new structure to all staff who moved into the PSC from the DPC
- establishing internal controls in line with obligations under the Public Finance and Audit Act 1983 and related NSW Treasury policies
- establishing an Audit and Risk Committee and holding two formal meetings
- appointing KPMG as Internal Auditors, and putting in place an internal audit program
- completing a strategic risk assessment
- reconciliation of the budget with the DPC

Establishing an effective and efficient workforce

The PSC established a contemporary, flat and flexible organisational structure to facilitate a diverse and responsive workforce capable of meeting the PSC’s extensive and unique range of challenges and initiatives. A range of strategies were implemented to attract people with the requisite skills, knowledge and experience to carry out the work detailed in the reform agenda.

To build the capacity of the PSC, a comprehensive recruitment strategy was implemented based on best practice recruitment and selection methodologies which resulted in the appointment of high quality applicants internal and external to the NSW public sector.

The PSC’s organisational structure is modelled on a professional services firm comprising a pool of generic resources with extensive and varied skills across a number of disciplines including; research, analysis, strategy and policy development. The generic pool is complemented by a small number of discrete units providing essential corporate functions including; human resource management, finance, legal services, information and communications technology, and executive support.

At 30 June 2012, recruitment action for a number of key positions was being finalised.
Establishing the Project Management Office

The PSC adopted an organisational structure that promotes project management as the primary mechanism for organising and tracking its program of work. A Project Management Office (PMO) was established to implement a project management and reporting framework. In 2011-12, the PMO worked to embed project management disciplines and behaviours into the organisation to build the capacity of the PSC to deliver on agreed priorities.

Establishing corporate communications and brand

The establishment of effective corporate communication capacity was a key priority for the PSC in 2011-12. Corporate brand guidelines were developed to ensure a consistent identity for the PSC.

Looking forward

Embed corporate services, systems and governance arrangements

Establishing the new independent agency is ongoing. The formation and full implementation of the PSC's organisational design and structures will be complete by the end of 2012. By then, the new organisation will have the ability to fully respond to NSW Government priorities and will have its organisation design firmly in place and fully resourced, with its core business processes mapped and clarified.

Maintain and enhance an effective and efficient workforce

2012-13 will provide the opportunity for the PSC to build on the significant achievements it has made in the attraction and retention of a diverse, highly skilled and motivated workforce. Strategies will be implemented to ensure the PSC has capability to meet existing and evolving challenges within the PSC and the wider NSW public sector.

The PSC will look to enhance existing processes in the effective and strategic allocation of staffing resources. Additionally, the PSC is developing strategies to increase staff capabilities including a range of targeted learning and development initiatives aligned to the NSW public sector core values and capabilities.

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.

Embed project management tools

An accessible intranet is being developed for the PSC that supports the project management reporting framework. The intranet will provide:

- an information portal on the status of projects
- a one-stop-shop where all project leaders will 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

Develop an integrated information and communications technology framework

Many of the PSC's initiatives require a sophisticated understanding and use of information and communications technology, in particular, knowledge and information management. In 2012-13, the PSC will develop a holistic strategy for all aspects of information and communications technology. The PSC will adopt appropriate, fit-for-purpose technology solutions in support of its policy agenda.
Under legislation, the PSC is required to provide information in our annual report on a range of activities and specific issues, such as our workforce profile, Equal Employment Opportunity and credit card use. For ease of reporting, we have grouped this information in the following appendices, along with our financial statements. Details of our annual reporting compliance requirements can be found at Appendix L.

As the PSC was established on 1 November 2011, there are no prior performance indicators or target values against which to compare actual results or data. The profile and performance of the former Public Sector Workforce Branch of the DPC is not comparable with that of the PSC. Accordingly, prior period data is not available to be reported in this annual report.

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Appendix A: Our financial statements

Statement by the Public Service Commissioner

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 2012, and financial performance for the period 1 November 2011 to 30 June 2012.

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 Budget Dependent General Government Sector Agencies, 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.

Graeme Head
Public Service Commissioner
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 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows, service group statements and a summary of compliance with financial directives for the period 1 November 2011 to 30 June 2012, 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 2012, and of its financial performance and its cash flows for the period 1 November 2011 to 30 June 2012 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.

[Signature]

Steven Martin
Director, Financial Audit Services

28 September 2012
SYDNEY
### Statement of comprehensive income
for the period 1 November 2011 to 30 June 2012

<table>
<thead>
<tr>
<th>Expenses excluding losses</th>
<th>Actual Period</th>
<th>Budget Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 November 2011 to 30 June 2012</td>
<td>1 November 2011 to 30 June 2012</td>
</tr>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td><strong>Notes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses excluding losses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related expenses</td>
<td>2(a)</td>
<td>7,803</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>2(b)</td>
<td>10,852</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>2(c)</td>
<td>191</td>
</tr>
<tr>
<td><strong>Total expenses excluding losses</strong></td>
<td></td>
<td>18,846</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent appropriation</td>
<td>3(a)</td>
<td>16,725</td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>3(a)</td>
<td>1,582</td>
</tr>
<tr>
<td>Sale of goods and services</td>
<td>3(b)</td>
<td>984</td>
</tr>
<tr>
<td>Investment revenue</td>
<td>3(c)</td>
<td>200</td>
</tr>
<tr>
<td>Acceptance by the Crown Entity of employee benefits</td>
<td>3(d)</td>
<td>826</td>
</tr>
<tr>
<td>Other revenue</td>
<td>3(e)</td>
<td>155</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td>20,472</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td></td>
<td>1,626</td>
</tr>
</tbody>
</table>

**Other comprehensive income**

**Other comprehensive income for the period**

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

<table>
<thead>
<tr>
<th>Actual Period</th>
<th>Budget Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,626</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
Public Service Commission

Statement of financial position
as at 30 June 2012

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual Period 1 November 2011 to 30 June 2012 $'000</th>
<th>Budget Period 1 November 2011 to 30 June 2012 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5</td>
<td>6,446</td>
</tr>
<tr>
<td>Receivables</td>
<td>6</td>
<td>1,514</td>
</tr>
<tr>
<td>Total current assets</td>
<td></td>
<td>7,960</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property plant and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>7</td>
<td>31</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>7</td>
<td>325</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>8</td>
<td>2,160</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td></td>
<td>2,516</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>10,476</td>
</tr>
</tbody>
</table>

LIABILITIES

| Current liabilities |                                                  |                                                  |
| Payables | 9 | 1,878 | - |
| Provisions | 10 | 1,417 | - |
| Other liabilities | 11 | 4,336 | - |
| Total current liabilities | | 7,631 | - |

| Non-current liabilities |                                                  |                                                  |
| Provisions | 10 | 301 | - |
| Total non-current liabilities | | 301 | - |
| Total liabilities | | 7,932 | - |
| Net assets | | 2,544 | 3,286 |

EQUITY

| Accumulated funds | 2,544 | 3,286 |
| Total Equity | | 2,544 | 3,286 |

The accompanying notes form part of these financial statements.
## Statement of changes in equity
for the period 1 November 2011 to 30 June 2012

<table>
<thead>
<tr>
<th>Notes</th>
<th>Accumulated Funds</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Net result for the period</td>
<td>1,626</td>
<td>1,626</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>1,626</td>
<td>1,626</td>
</tr>
<tr>
<td>Transaction with owners in their capacity as owners</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in net assets from equity transfers</td>
<td>918</td>
<td>918</td>
</tr>
<tr>
<td>Balance at 30 June 2012</td>
<td>2,544</td>
<td>2,544</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
Public Service Commission

Statement of cash flows
for the period 1 November 2011 to 30 June 2012

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual Period 1 November 2011 to 30 June 2012 $’000</th>
<th>Budget Period 1 November 2011 to 30 June 2012 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>(5,851)</td>
<td>(10,249)</td>
</tr>
<tr>
<td>Other</td>
<td>(11,909)</td>
<td>(17,958)</td>
</tr>
<tr>
<td>Total Payments</td>
<td>(17,760)</td>
<td>(28,207)</td>
</tr>
<tr>
<td>Receipts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent appropriation</td>
<td>20,967</td>
<td>27,407</td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>1,676</td>
<td>3,306</td>
</tr>
<tr>
<td>Sale of goods and services</td>
<td>1,608</td>
<td>800</td>
</tr>
<tr>
<td>Interest received</td>
<td>26</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>154</td>
<td>-</td>
</tr>
<tr>
<td>Total Receipts</td>
<td>24,431</td>
<td>31,513</td>
</tr>
<tr>
<td>NET CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td>16</td>
<td>6,671</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,306</td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of plant, equipment and intangibles</td>
<td>(1,582)</td>
<td>(3,306)</td>
</tr>
<tr>
<td>NET CASH FLOWS FROM INVESTING ACTIVITIES</td>
<td>(1,582)</td>
<td>(3,306)</td>
</tr>
<tr>
<td>NET INCREASE (DECREASE) IN CASH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening cash and cash equivalents</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transferred in as a result of administrative restructuring</td>
<td>13</td>
<td>-</td>
</tr>
<tr>
<td>CLOSING CASH AND CASH EQUIVALENTS</td>
<td>5</td>
<td>6,446</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
## Summary of compliance with financial directives

for the period 1 November 2011 to 30 June 2012

<table>
<thead>
<tr>
<th></th>
<th>Recurrent Appropriation $'000</th>
<th>Expenditure / Net Claim on Consolidated Fund $'000</th>
<th>Capital Appropriation $'000</th>
<th>Expenditure / Net Claim on Consolidated Fund $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ORIGINAL BUDGET</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation Act</td>
<td>27,407</td>
<td>16,725</td>
<td>3,306</td>
<td>1,582</td>
</tr>
<tr>
<td>s 33 Appropriation Act 2011—variation of authorised payments from Consolidated Fund</td>
<td>(5,545)</td>
<td>-</td>
<td>(408)</td>
<td>-</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>(1,435)</td>
<td>-</td>
<td>(750)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)</strong></td>
<td>20,427</td>
<td>16,725</td>
<td>2,148</td>
<td>1,582</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Expenditure / Net Claim on Consolidated Fund $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount draw down against Appropriation</td>
<td>- 20,967</td>
</tr>
<tr>
<td>Liability to Consolidated Fund*</td>
<td>- (4,242)</td>
</tr>
</tbody>
</table>

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.

The accompanying notes form part of these financial statements.
Public Service Commission

Notes to the financial statements
for the period 1 November 2011 to 30 June 2012

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 2012 have been authorised for issue by the Commissioner on 28 September 2012.

(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

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at ‘fair value through profit or loss’ and available for sale are measured at fair value.

Other 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.

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

(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 11 as part of ‘Current liabilities – Other’. The amount will be repaid and the liability will be extinguished next financial year. Any liability in respect of transfer payments is disclosed in Note “Administered assets and liabilities”.

(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.

(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). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset’s fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation surplus in respect of that asset is transferred to accumulated funds.

(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.
Depreciation of property, plant and equipment

Except for certain heritage assets, 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 separately identifiable components of assets are depreciated over their shorter useful lives.

The following depreciation rates have been adopted:

<table>
<thead>
<tr>
<th>Depreciation Rates</th>
<th>30 June 2012 % Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office furniture and fittings</td>
<td>14</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>25</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>25</td>
</tr>
<tr>
<td>General plant and equipment</td>
<td>25</td>
</tr>
<tr>
<td>Leasehold improvements – over the period of the lease</td>
<td>25</td>
</tr>
</tbody>
</table>

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.

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.

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.

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.

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) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The Commission determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(xii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, 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, except reversals of impairment losses on an investment in an equity instrument classified as “available for sale” must be made through the revaluation surplus.

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.

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)(ii)) 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.

(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

The following Accounting Standards have not been applied and are not yet effective [NSW TC 12/04]. 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 and AASB 2010-7 regarding financial instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 and AASB 2011-8 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 2010-8 regarding deferred tax
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-3 regarding orderly adoption of changes to the ABS GFS Manual
- 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 2011-9 regarding presentation of items of other comprehensive income
- AASB 2011-12 regarding Interpretation 20
- AASB 2011-13 regarding AASB 1049 and GAAP/GFS harmonisation

(m) 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.

Note 4 includes comparative statements of comprehensive income for the Public Sector Workforce Branch and transferred functions and Note 12 discloses the assets and liabilities transferred.

Comparative information is not provided, other than as specified above, given that this is the first financial year of the Commission.

This is an administrative restructure, which is treated as a contribution by owners and recognised as an adjustment to Accumulated Funds. The transfers are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure, which approximates fair value.
## Notes to the financial statements
for the period 1 November 2011 to 30 June 2012

### 2 EXPENSES EXCLUDING LOSSES

<table>
<thead>
<tr>
<th>Period</th>
<th>$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 November 2011 to 30 June 2012</td>
<td></td>
</tr>
</tbody>
</table>

#### (a) Employee related expenses

- Salaries and wages (including recreation leave) 5,884
- Superannuation – defined benefit plans 133
- Superannuation – defined contribution plans 327
- Long service leave 893
- Workers’ compensation insurance 41
- Payroll tax and fringe benefit tax 525

**Total:** 7,803

#### (b) Other operating expenses include the following:

- Advertising 74
- Auditor’s remuneration – audit or review of the financial reports 38
- Consultancy costs 431
- Corporate services 721
- Contractor – projects 4,263
- Insurance 6
- Rental expense relating to operating leases 772
- Training (staff development) 172
- Other expenses 353
- Computer expenses 1,272
- Fees – management 2,567
- Maintenance 183

**Total:** 10,852

* Reconciliation – Total maintenance
  - Maintenance expense – contracted labour and other (non-employee related), as above 183
  - Total maintenance expenses included in Note 2(a) + 2(b) 183

#### (c) Depreciation and amortisation expense

- Depreciation
  - Plant and equipment 5
  - Total depreciation 5

- Amortisation
  - Leasehold improvements 140
  - Intangible assets 46
  - Total depreciation and amortisation 191
### Notes to the financial statements
for the period 1 November 2011 to 30 June 2012

#### 3 REVENUE

<table>
<thead>
<tr>
<th>Period</th>
<th>1 November 2011 to 30 June 2012</th>
<th>$'000</th>
</tr>
</thead>
</table>

##### (a) Appropriations

**Recurrent appropriation**
- Total recurrent drawdowns from NSW Treasury (per Summary of compliance) 20,967
- Less: Liability to Consolidated Fund (per Summary of compliance) 4,242
- **Comprising:**
  - Recurrent appropriation (per Statement of comprehensive income) 16,725

**Capital appropriations**
- Total capital drawdowns from NSW Treasury (per Summary of compliance) 1,676
- Less: Liability to Consolidated Fund (per Summary of compliance) 94
- **Comprising:**
  - Capital appropriations (per Statement of comprehensive income) 1,582

##### (b) Sale of goods and services

- Rendering of services 663
- Training 321
- Other services 984

##### (c) Investment revenue

- Interest revenue from financial assets not at fair value through profit or loss 200

##### (d) Acceptance by the Crown Entity of employee benefits

- Superannuation – defined benefits 133
- Long service leave 687
- Payroll tax on superannuation 6
- **Total** 826

##### (e) Other revenue

- Payroll recoveries 155
Public Service Commission

Notes to the financial statements
for the period 1 November 2011 to 30 June 2012

4 SERVICE GROUP OF THE COMMISSION

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.

Public Sector Workforce branch was transferred from the Department of Premier and Cabinet (DPC) to the Commission as a consequence of a restructuring of administrative arrangements with effect from 1 November 2011. The following summarises the expenses and revenues, recognised by DPC up to date 31 October 2011 and the Commission from 1 November 2011 to 30 June 2012 for the reporting period. Refer Note 12 for details regarding transferred assets and liabilities.

<table>
<thead>
<tr>
<th></th>
<th>DPC 1 July to 31 October 2011</th>
<th>PSW 1 November 2011 to 30 June 2012</th>
<th>2012 Service Group</th>
<th>DPC 30 June 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Expenses excluding losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>2,776</td>
<td>7,803</td>
<td>10,579</td>
<td>8,091</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>2,481</td>
<td>10,852</td>
<td>13,333</td>
<td>8,329</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>-</td>
<td>191</td>
<td>191</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses excluding losses</td>
<td>5,257</td>
<td>18,846</td>
<td>24,103</td>
<td>16,420</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of goods and services</td>
<td>191</td>
<td>984</td>
<td>1,175</td>
<td>1,067</td>
</tr>
<tr>
<td>Investment revenue</td>
<td>-</td>
<td>200</td>
<td>200</td>
<td>-</td>
</tr>
<tr>
<td>Recurrent appropriation</td>
<td>-</td>
<td>16,725</td>
<td>16,725</td>
<td>-</td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>-</td>
<td>1,582</td>
<td>1,582</td>
<td>-</td>
</tr>
<tr>
<td>Acceptance by the Crown Entity of employee benefits and other liabilities</td>
<td>227</td>
<td>826</td>
<td>1,053</td>
<td>510</td>
</tr>
<tr>
<td>Other revenue</td>
<td>63</td>
<td>155</td>
<td>218</td>
<td>155</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>481</td>
<td>20,472</td>
<td>20,953</td>
<td>1,732</td>
</tr>
<tr>
<td>Gain / (loss) on disposal</td>
<td>(2)</td>
<td>-</td>
<td>(2)</td>
<td>-</td>
</tr>
<tr>
<td>Net result</td>
<td>(4,778)</td>
<td>1,626</td>
<td>(3,152)</td>
<td>(14,688)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</td>
<td>(4,778)</td>
<td>1,626</td>
<td>(3,152)</td>
<td>(14,688)</td>
</tr>
</tbody>
</table>
5 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include all of the following:

<table>
<thead>
<tr>
<th>1 November 2011 to 30 June 2012 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank 6,446</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>1 November 2011 to 30 June 2012 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (per statement of financial position) 6,446</td>
</tr>
<tr>
<td>Closing cash and cash equivalents (per statement of cash flows) 6,446</td>
</tr>
</tbody>
</table>

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

6 CURRENT ASSETS – RECEIVABLES

<table>
<thead>
<tr>
<th>1 November 2011 to 30 June 2012 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Receivables 1,514</td>
</tr>
</tbody>
</table>

Current Receivables
Sale of goods and services 340
Goods and Services Tax recoverable from ATO 389
Prepayments 564
Accrued income 208
Other receivables 13

7 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th>Plant and equipment $'000</th>
<th>Leasehold improvements $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 30 June 2012 – fair value</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Gross carrying amount 36 465 501
Accumulated depreciation and impairment (5) (140) (145)
Net carrying amount 31 325 356
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.

<table>
<thead>
<tr>
<th></th>
<th>Plant and equipment $’000</th>
<th>Leasehold improvements $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year ended 30 June 2012</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net carrying amount at start of year</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additions</td>
<td>25</td>
<td>100</td>
<td>125</td>
</tr>
<tr>
<td>Acquisitions through administrative restructures</td>
<td>11</td>
<td>81</td>
<td>92</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(5)</td>
<td>(140)</td>
<td>(145)</td>
</tr>
<tr>
<td>Other movements-make good provision</td>
<td>-</td>
<td>284</td>
<td>284</td>
</tr>
<tr>
<td>Net carrying amount at end of year</td>
<td>31</td>
<td>325</td>
<td>356</td>
</tr>
</tbody>
</table>

8 INTANGIBLE ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Software $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 30 June 2012</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangibles (at fair value)</td>
<td>2,206</td>
<td>2,206</td>
</tr>
<tr>
<td>Accumulated amortisation and impairment</td>
<td>(46)</td>
<td>(46)</td>
</tr>
<tr>
<td>Net carrying amount</td>
<td>2,160</td>
<td>2,160</td>
</tr>
</tbody>
</table>

|                                         |                |             |
| **Year ended 30 June 2012**             |                |             |
| Net carrying amount at start of year    | -              | -           |
| Additions                               | 1,457          | 1,457       |
| Acquisitions through administrative restructures | 749           | 749         |
| Amortisation (recognised in “depreciation and amortisation”) | (46)          | (46)        |
| Net carrying amount at end of year      | 2,160          | 2,160       |

9 CURRENT LIABILITIES – PAYABLES

<table>
<thead>
<tr>
<th>Payables</th>
<th>$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued salaries, wages and on-costs</td>
<td>217</td>
</tr>
<tr>
<td>Creditors</td>
<td>6</td>
</tr>
<tr>
<td>Accruals</td>
<td>648</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>894</td>
</tr>
<tr>
<td>Other payables</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td>1,878</td>
</tr>
</tbody>
</table>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 17.
### 10 CURRENT / NON-CURRENT LIABILITIES – PROVISIONS

#### 1 November 2011 to 30 June 2012

<table>
<thead>
<tr>
<th></th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Provisions</strong></td>
<td></td>
</tr>
<tr>
<td>Recreation leave</td>
<td>1,024</td>
</tr>
<tr>
<td>Long service leave</td>
<td>329</td>
</tr>
<tr>
<td>Payroll tax</td>
<td>64</td>
</tr>
<tr>
<td><strong>Total current provisions</strong></td>
<td><strong>1,417</strong></td>
</tr>
<tr>
<td><strong>Non-current Provisions</strong></td>
<td></td>
</tr>
<tr>
<td>Long service leave</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total non-current provisions</strong></td>
<td><strong>301</strong></td>
</tr>
<tr>
<td><strong>Total provisions</strong></td>
<td><strong>1,718</strong></td>
</tr>
</tbody>
</table>

#### Aggregate employee benefits and related on-costs

- **Provisions – current**: $1,417
- **Provisions – non-current**: $17
- **Accrued salaries, wages and on-costs (Note 9)**: $217
- **Total**: $1,651

#### Movements in provisions (other than employee benefits)

<table>
<thead>
<tr>
<th>Make good provision</th>
<th>$'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at the beginning of financial year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additional provisions recognised</td>
<td>284</td>
<td>284</td>
</tr>
<tr>
<td>Carrying amount at end of financial year</td>
<td>284</td>
<td>284</td>
</tr>
</tbody>
</table>

Notes to the financial statements for the period 1 November 2011 to 30 June 2012
Public Service Commission

Notes to the financial statements
for the period 1 November 2011 to 30 June 2012

11 OTHER LIABILITIES

1 November 2011 to 30 June 2012 $’000

Other liabilities
Liability to consolidated fund 4,336

12 INCREASE / DECREASE IN NET ASSETS FROM EQUITY TRANSFERS

Assets and Liabilities transferred from Department of Premier and Cabinet at 31 October 2011 are included below:

31 October 2011 $’000

ASSETS
Current assets
Cash and cash equivalents 1,357
Receivables 91
Total current assets 1,448
Non-current assets
Property, plant and equipment
– Plant and equipment 92
Total property, plant and equipment 92
Intangible assets 749
Total non-current assets 841
Total assets 2,289

LIABILITIES
Current liabilities
Payables 748
Provision 623
Total current liabilities 1,371
Total liabilities 1,371
Net assets 918

13 COMMITMENTS FOR EXPENDITURE

30 June 2012 $’000

(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) 149

The expenditure above includes input tax credits of $14k that are expected to be recoverable from the ATO.
Public Service Commission

Notes to the financial statements
for the period 1 November 2011 to 30 June 2012

30 June 2012

(b) Operating Lease Commitments

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>1,020</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>44</td>
</tr>
<tr>
<td>Later than five years</td>
<td>-</td>
</tr>
<tr>
<td>Total (including GST)</td>
<td>1,064</td>
</tr>
</tbody>
</table>

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

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.

15 BUDGET REVIEW

Net result

The under budget in net result, expenditure and revenue is primarily due to transfer of appropriation to other agencies by section 33 Appropriation Act 2011, and the approved carrying forward of 2012 allocation to the 2012-13 financial year.

The $11M revenue variance is primarily due to section 33 Appropriation Act 2011 transfer of appropriation to other agencies ($5.545M), the recurrent liability to con fund ( $4.242M), and the carrying forward to the 2012-13 financial year ($1.5M).

Expenditure was under budget by $9.4M comprising Employee Related Expenses $2.4M and Other Operating $7.1M as the Commission was in the start up phase of its operations.

Assets and liabilities

Cash is over budget by $6.4M which is comprised of Liability to the Consolidated Fund of $4.4M, an admin cash transfer of $1.4M related to Machinery of Government transactions (DPC), and over budget in cash receipts for services by approximately $1M.

Total assets are over budget by above $7.9M mainly due to over budget in cash ($6.4M), over budget in receivables ($1.5M).

Total liabilities are over budget by $7.9M mainly due to a Liability to Consolidated Fund $4.3M, $1.8M payables, and $1.4M provisions.
Cash flows

Net cash inflows from operating activities is larger than budgeted by $3.3M. This is mainly due to $10M under-budgeted cash payments and under-budgeted cash receipts by $7M. Under-budgeted cash payments and cash receipts are primarily due to section 33 transfer of appropriation ($5.545M), and the approved carrying forward of 2012 allocation to the 2012-13 financial year ($1.5M).

Net cash outflows from investing activities is under budget by $1.7M. This is mainly due to section 33 transfer of appropriations ($408k) and the carrying forward of $750k related to the Workforce Information System project to 2012-13 financial year.

16 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

<table>
<thead>
<tr>
<th>30 June 2012</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash used on operating activities</td>
<td>6,671</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(191)</td>
</tr>
<tr>
<td>Decrease / (increase) in provisions</td>
<td>(811)</td>
</tr>
<tr>
<td>Increase / (decrease) in prepayments and other assets</td>
<td>1,423</td>
</tr>
<tr>
<td>Decrease / (increase) in creditors</td>
<td>(5,466)</td>
</tr>
<tr>
<td>Net result</td>
<td>1,626</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>Note</th>
<th>Category</th>
<th>Carrying Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class:</td>
<td></td>
<td></td>
<td>2012 $'000</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5</td>
<td>N/A</td>
<td>6,446</td>
</tr>
<tr>
<td>Receivables¹</td>
<td>6</td>
<td>Loans and receivables</td>
<td>325</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(at amortised cost)</td>
<td></td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td>Note</td>
<td>Category</td>
<td>Carrying Amount</td>
</tr>
<tr>
<td>Class:</td>
<td></td>
<td></td>
<td>2012 $'000</td>
</tr>
<tr>
<td>Payables²</td>
<td>9</td>
<td>Financial liabilities measured</td>
<td>914</td>
</tr>
<tr>
<td></td>
<td></td>
<td>at amortised cost</td>
<td></td>
</tr>
</tbody>
</table>

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 cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

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. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

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.

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>$’000</th>
<th>Considered</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>impaired</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 3 months overdue</td>
<td>136</td>
<td>136</td>
<td>-</td>
</tr>
<tr>
<td>3 months – 6 months overdue</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>&gt; 6 months overdue</td>
<td>49</td>
<td>49</td>
<td>-</td>
</tr>
</tbody>
</table>

Notes

1. Each column in the table reports “gross receivables”.
2. The aging analysis excludes 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.
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 objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

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.

### Maturity Analysis and interest rate exposure of financial liabilities

<table>
<thead>
<tr>
<th></th>
<th>$’000</th>
<th>Maturity Dates</th>
<th>Weighted Average Effective Int. Rate</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nominal Amount</td>
<td>Fixed Interest Rate</td>
<td>Variable Interest Rate</td>
<td>Non-interest bearing</td>
<td>&lt; 1 yr</td>
<td>1-5 yrs</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued salaries,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>wages and on-costs</td>
<td>217</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>217</td>
<td>-</td>
</tr>
<tr>
<td>Creditors</td>
<td>697</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>697</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>914</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>914</td>
<td>-</td>
</tr>
</tbody>
</table>

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. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

### 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’s exposures to market risk are primarily through interest rate risk on the Commission’s borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The Commission has no exposure to foreign currency risk and does not enter into commodity contracts.
Notes to the financial statements
for the period 1 November 2011 to 30 June 2012

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.

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.

<table>
<thead>
<tr>
<th></th>
<th>Impact of 1% Increase</th>
<th>Impact of 1% Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying Amount</td>
<td>Profit $'000</td>
</tr>
<tr>
<td>Consolidated 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>6,446</td>
<td>-</td>
</tr>
<tr>
<td>Receivables</td>
<td>325</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>6,771</td>
<td>-</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>914</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>7,685</td>
<td>-</td>
</tr>
</tbody>
</table>

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass
facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments
is based on the Commission’s share of the value of the underlying assets of the facility, based on the
market value. All of the Hour-Glass facilities are valued using ‘redemption’ pricing.

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
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 has held senior roles in the Australian Public Service and has been in the NSW Senior Executive Service for 20 years, holding senior positions in the Environment Protection Authority, the DPC, 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).

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

Prior to joining the PSC, Peter joined the DPC in 2009, after working as a senior executive in Australian Government agencies in Melbourne and Sydney. From 2004-07, he was Chief Executive of the Office of the Employment Advocate with statutory responsibility for individual workplace agreements.

Peter’s expertise is in helping employers redesign their employment frameworks to respond to new priorities and changing business conditions. His current brief is to implement the newly legislated ethical framework for the NSW public sector.

Mark Webb, Executive Director, Innovation, People and Information 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.

Samara Dobbins, Executive Director, Public Service Commission Establishment Group

Graduate Diploma in Management, University of South Australia, 2003
Bachelor of Arts (Industrial Relations and Human Resource Management), University of Sydney, 1995

Prior to joining the PSC, Samara led the team responsible for the establishment of the new PSC organisation, including determining the role, scope, functions and organisational structure, culminating in formal establishment of the PSC on 1 November 2011. Before joining the NSW public sector in 2010, Samara held senior roles in the Australian Public Service with the Fair Work Ombudsman and the Workplace Authority.

Samara has extensive experience providing strategic advice and developing creative and innovative solutions to policy and operational issues.

Workforce profile

As of 30 June 2012, there were 93 people working for the PSC on either a full time or part time basis. Our workforce is a diverse mix of working experience and our people 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. Our people are highly skilled and dedicated to supporting and improving the NSW public sector.
Table 1: Actual number* of employees by remuneration level

<table>
<thead>
<tr>
<th>Remuneration level</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
<th>Aboriginal or Torres Strait Islander</th>
<th>Racial, ethnic, or religious minority group</th>
<th>Language first spoken as a child not English</th>
<th>Disability requiring work-related adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 – $40,662</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$40,662 – $53,407</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>$53,407 – $59,705</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$59,705 – $75,552</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>$75,552 – $97,702</td>
<td>34</td>
<td>18</td>
<td>16</td>
<td>-</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>$97,702 – $122,128</td>
<td>40</td>
<td>13</td>
<td>27</td>
<td>-</td>
<td>5</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>&gt; $122,128 (Non-SES)</td>
<td>8</td>
<td>4</td>
<td>4</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>&gt; $122,128 (SES)</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>93</strong></td>
<td><strong>38</strong></td>
<td><strong>55</strong></td>
<td><strong>1</strong></td>
<td><strong>14</strong></td>
<td><strong>14</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>


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

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 and work reliability
- work sample tests to ensure candidates are skilled in tasks relevant to their employment at the PSC

These selection methods were used during the PSC’s bulk recruitment activity in March 2012, and have delivered positive results for the organisation.

Induction program

The PSC developed a comprehensive induction program for all staff, including an induction package and specific systems training to support their transition to the organisation. In addition, the Public Service Commissioner
conducted two briefings for all staff addressing the PSC’s immediate priorities, the organisational structure and his expectations for the future. This induction program is being broadened to include orientation in the structure and practice of government and project specific information to ensure that PSC employees are able to come up to speed rapidly and effectively.

Human resource management policies
Initially, the PSC adopted the DPC’s human resource management policies, while policies for the PSC were being established. Several policies specific to the PSC have now been finalised and implemented. It is anticipated that the remaining policies will be implemented during 2012-13. All PSC policies and procedures are accessible at the PSC intranet and internet websites.

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 2011-12 include:
- development of the PSC’s Work Health and Safety Policy and First Aid Policy
- appointment of First Aid Officers
- purchase of first aid equipment, including a defibrillator
- development of the Emergency Evacuation procedures and appointment of Emergency Wardens

Promoting well being
The PSC implemented a range of initiatives to promote positive and sustainable health and lifestyle practices for employees. In 2011-12 these include:
- offering a seasonal influenza vaccination program in May 2012
- 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 six reported incident and injury notifications. Two of these resulted in a workers compensation claim. These claims were predominately as a result of injuries sustained on journeys to and from the workplace.

Workers compensation claim status
The PSC had one existing claim at the commencement of the reporting period with an additional two established during the period. It is anticipated that all three claims will be finalised during 2012-13.
Executive officer profile, performance and remuneration

Table 2: Executive officers by level and gender

<table>
<thead>
<tr>
<th>Level</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory Office Holder</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>SES Level 8</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SES Level 7</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SES Level 6</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>SES Level 5</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SES Level 4</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>SES Level 3</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>SES Level 2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SES Level 1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

**Graeme Head**

*Position*  
Public Service Commissioner

*Appointed*  
1 November 2011

*Salary*  
$448,825

*Value of remuneration paid as a performance incentive payment*  
Nil

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

**Jo Grisard**

*Position*  
Deputy Commissioner, Capability Group

*Appointed*  
23 January 2012

*Level*  
SES Level 6

*Total remuneration package*  
$320,650

*Value of remuneration paid as a performance incentive payment*  
Nil

Specific achievements in 2011-12 include:

- Developing and delivering the first stage of the NSW SES Executive Development Program. The program achieved a 78% participation rate and was very well received. Its results will provide the basis for NSW public sector executive development initiatives to be delivered from 2012-13.
- Reviewing the *NSW Public Sector Capability Framework* (non-executive and executive), beginning with a comprehensive review of models implemented in other jurisdictions.
A recommended model and proposed implementation approach will be finalised in the first half of 2012-13. The aim is to produce a single, streamlined and user-friendly core capability framework, complemented by specific capability sets for particular functions such as finance, information and communications technology, human resource management, and procurement.

- Collaborating with the NSW Department of Finance and Services on a workforce management strategy to underpin and form part of the NSW Government ICT Strategy 2012 launched on 4 May 2012. Key elements include an information and communications technology specific capability set, mapping the mix of capabilities needed to deliver the NSW Government ICT Strategy 2012, examining the optimum mix of employment arrangements, developing tailored recruitment methods, and considering options for accreditation and staff development systems.

- Progressing the rollout of the e-Recruitment system, with substantial progress towards implementation at the NSW Police Force and the NSW Department of Education and Communities. At the same time, commencing a project to review all aspects of recruitment in the NSW public sector, with particular focus on the interpretation of merit selection, the relative predictive validity of various assessment methods, and mechanisms to improve cross cluster and cross sector mobility. Particular attention will be given to executive and Aboriginal recruitment. Recommendations are due to be finalised by the end of 2012.

- Began a review of NSW public service executive structures, including the Chief Executive Service, SES and Senior Officer classifications. Recommendations on options for future executive arrangements will be put to the NSW Government in November 2012.

The Public Service Commissioner has expressed satisfaction with Jo’s performance since her appointment to the PSC.

Sonja Stewart

Position: Deputy Commissioner, Performance Group

Appointed: 30 January 2012

Level: SES Level 6

Total remuneration package: $320,650

Value of remuneration paid as a performance incentive payment: Nil

Specific achievements in 2011-12 include:

- Establishing a framework for best practice NSW public sector performance reporting. Designed to provide a benchmark for state of the sector reporting in 2012 and beyond, this significant achievement created a platform upon which to plan the PSC’s statutory reporting requirements under the PSEMA.

- Consulting and working with the State Services Authority in Victoria to develop the inaugural People Matter 2012 NSW Public Sector Employee Survey. Survey results will directly feed into the Public Service Commissioner’s State of the NSW Public Sector Report 2012 due to be presented to the NSW Premier in November 2012.

- Reviewing the NSW Premier’s Awards for Public Service. These awards form part of the PSC’s strategy for building performance by recognising excellence and rewarding achievement in the NSW public sector. This review has resulted in a more open nomination process, improved categories and a more streamlined awards process overall.

- Conducting a comprehensive literature review on performance management and development in support of legislative requirements and Commission of Audit recommendations. Providing valuable information on best practice in performance development systems from a worldwide perspective, this study will be fed into a framework to be implemented across the NSW public sector from 2012-13.

The Public Service Commissioner has expressed satisfaction with Sonja’s performance since her appointment to the PSC.
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 2012 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 PSC commenced establishing a range of important employment related strategies including an EEO Management Plan, an Aboriginal Employment and Development Plan, a Disability Action Plan and a Multicultural Policies and Services Program. It is anticipated that these plans will be implemented in 2012-13.

Appendix C: Equal Employment Opportunity

Table 3: Representation of EEO groups

<table>
<thead>
<tr>
<th>EEO Group</th>
<th>Target</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>50.0%</td>
<td>59.1%*</td>
</tr>
<tr>
<td>Aboriginal people and Torres Strait Islanders</td>
<td>2.6%</td>
<td>1.8%*</td>
</tr>
<tr>
<td>People whose first language spoken as a child was not English</td>
<td>19.0%</td>
<td>19.7%*</td>
</tr>
<tr>
<td>People with a disability</td>
<td>Not applicable</td>
<td>11.0%*</td>
</tr>
<tr>
<td>People with a disability requiring work-related adjustment</td>
<td>1.5%</td>
<td>2.5%*</td>
</tr>
</tbody>
</table>

* 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

<table>
<thead>
<tr>
<th>EEO Group</th>
<th>Target</th>
<th>Distribution Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>100*</td>
<td>101</td>
</tr>
<tr>
<td>Aboriginal people and Torres Strait Islanders</td>
<td>100*</td>
<td>Not applicable**</td>
</tr>
<tr>
<td>People whose first language spoken as a child was not English</td>
<td>100*</td>
<td>Not applicable**</td>
</tr>
<tr>
<td>People with a disability</td>
<td>100*</td>
<td>Not applicable**</td>
</tr>
<tr>
<td>People with a disability requiring work-related adjustment</td>
<td>100*</td>
<td>Not applicable**</td>
</tr>
</tbody>
</table>

*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 2012, the following Acts allocated to the NSW Premier are 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)

**Amendment to the Public Sector Employment and Management Act 2002 (PSEMA)**

Amendments to the PSEMA were passed by the NSW Parliament on 3 April 2012. The amendments removed barriers to the NSW Government’s Managing Excess Employees Policy operating as intended (section 56, section 57, and section 103A). They also introduced requirements for NSW public sector agency heads to implement performance management systems for their staff, and for the Public Service Commissioner to issue guidelines on the essential elements of such performance management systems (section 101A).

Appendix E: Public information and access

**Public access to NSW Government information**

The PSC is developing a new website. As a new entity, 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 2012, the PSC received five valid access applications under the Government Information (Public Access) Act 2009 (GIPAA). Of the five valid applications received, access was granted in full for four applications, and access was granted in part to one application.

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*

<table>
<thead>
<tr>
<th>Access granted in full</th>
<th>Access granted in part</th>
<th>Access refused in full</th>
<th>Information not held</th>
<th>Information already available</th>
<th>Refuse to deal with application</th>
<th>Refuse to confirm/deny whether information is held</th>
<th>Application withdrawn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Members of Parliament</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Private sector business</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Not-for-profit organisations or community groups</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Members of the public (application by legal representative)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Members of the public (other)</td>
<td>4</td>
<td>1</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* 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

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

* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the GIPA) about the applicant (the applicant being an individual).
Table 7: Invalid applications

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

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

<table>
<thead>
<tr>
<th>Number of times consideration used*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overriding secrecy laws</td>
</tr>
<tr>
<td>Cabinet information</td>
</tr>
<tr>
<td>Executive Council information</td>
</tr>
<tr>
<td>Contempt</td>
</tr>
<tr>
<td>Legal professional privilege</td>
</tr>
<tr>
<td>Excluded information</td>
</tr>
<tr>
<td>Documents affecting law enforcement and public safety</td>
</tr>
<tr>
<td>Transport safety</td>
</tr>
<tr>
<td>Adoption</td>
</tr>
<tr>
<td>Care and protection of children</td>
</tr>
<tr>
<td>Ministerial code of conduct</td>
</tr>
<tr>
<td>Aboriginal and environmental heritage</td>
</tr>
</tbody>
</table>

* 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

<table>
<thead>
<tr>
<th>Number of occasions when application not successful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible and effective government</td>
</tr>
<tr>
<td>Law enforcement and security</td>
</tr>
<tr>
<td>Individual rights, judicial processes and natural justice</td>
</tr>
<tr>
<td>Business interests of agencies and other persons</td>
</tr>
<tr>
<td>Environment, culture, economy and general matters</td>
</tr>
<tr>
<td>Secrecy provisions</td>
</tr>
<tr>
<td>Exempt documents under interstate Freedom of Information legislation</td>
</tr>
</tbody>
</table>
Table 10: Timeliness

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decided within the statutory timeframe (20 days plus any extensions)</td>
<td>1</td>
</tr>
<tr>
<td>Decided after 35 days (by agreement with applicant)</td>
<td>3</td>
</tr>
<tr>
<td>Not decided within time (deemed refusal)</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Review Type</th>
<th>Decision varied</th>
<th>Decision upheld</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal review</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Review by Information Commissioner*</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Internal review following recommendation under section 93 of the GIPAA</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Review by Administrative Decisions Tribunal</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

* 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)

<table>
<thead>
<tr>
<th>Application Type</th>
<th>Number of applications for review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applications by access applicants</td>
<td>-</td>
</tr>
<tr>
<td>Applications by persons to whom information the subject of access application relates (see section 54 of the GIPAA)</td>
<td>-</td>
</tr>
</tbody>
</table>

Public Interest Disclosure

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

Between 1 January 2012 and 30 June 2012, one public official made a Public Interest Disclosure (PID) to the PSC, and this disclosure was forwarded to the investigative authorities. Between 1 January 2012 and 30 June 2012, the PSC did not receive (i.e. deal with) or investigate any PIDs.
Table 13: Statistical information on Public Interest Disclosures

<table>
<thead>
<tr>
<th>1 January 2012 – 30 June 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of public officials who made a PID*</td>
</tr>
<tr>
<td>Number of PIDs received</td>
</tr>
</tbody>
</table>

Of PIDs received, number primarily about:

<table>
<thead>
<tr>
<th></th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrupt conduct</td>
<td></td>
</tr>
<tr>
<td>Maladministration</td>
<td></td>
</tr>
<tr>
<td>Serious and substantial waste</td>
<td></td>
</tr>
<tr>
<td>Government information contravention</td>
<td></td>
</tr>
<tr>
<td>Local Government pecuniary interest contravention</td>
<td></td>
</tr>
<tr>
<td>Number of PIDs finalised**</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

* One public official made a PID to the PSC, and this disclosure was forwarded to the investigative authorities.

** The number of PIDs finalised only refers to PIDs that have been received since 1 January 2012.

The PSC has two internal PID 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 2012-13, 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 2012, there were no reviews conducted by or on behalf of the PSC under Part 5 of the PPIPA.
Internal audit, risk management and insurance

The PSC established its first Audit and Risk Committee and a comprehensive Risk Management Policy and Framework during 2011-12, as required under the NSW Treasury Policy Paper 09-05 *Internal Audit and Risk Management Policy for the NSW Public Sector*. The PSC met all core requirements of the policy including:

- establishing an operationally independent internal audit function
- appointing a Chief Audit Executive
- establishing an Audit and Risk Committee with an independent chair and a majority of independent members
- developing a Charter for the Audit and Risk Committee

The PSC’s Audit and Risk Committee held two meetings in 2012, during which it established a work plan, endorsed the program to achieve attestation and endorsed a range of policies relating to internal audit in the PSC.

As part of its internal audit program, the PSC undertook a comprehensive assessment of its strategic risks during an executive workshop in May 2012. Subsequently, an Internal Audit Plan for 2012-13 was developed and approved by the Public Service Commissioner and the Audit and Risk Committee in June 2012.

The PSC’s insurance requirements are managed as part of the Treasury Management Fund portfolio. The PSC has been allocated to GIO for all PSC business insurance and to Employers Mutual for Workers Compensation insurance requirements. The portfolio of business insurance cover with GIO includes categories such as buildings, office contents, consequential loss, board members, fidelity and personal accident.

Credit card use and certification

The PSC has adopted the credit card policy implemented by the DPC which is in accordance with NSW Government policy as outlined in relevant NSW Treasury Circulars and NSW Treasurer’s Directions. This policy outlines the conditions for the eligibility, usage and management of corporate credit cards.

The Public Service Commissioner certifies that credit card use at the PSC is in accordance with NSW Government requirements.
The Public Service Commissioner’s internal audit and risk management policy attestation

Internal Audit and Risk Management Statement for the 2011-2012 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. These processes provide a level of assurance that enables the senior management of the Commission to understand, manage and satisfactorily control risk exposures. The Commission uses an out-sourced service delivery model.

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
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.

Through ServiceFirst, the corporate and shared service provider, the following actions were undertaken in 2011-12:

- All suppliers were informed of NSW Treasury Circular 2011/12 Payment of Accounts via a letter during the second quarter of 2012, and provided with the opportunity to register as a small business through the ServiceFirst website.
- Purchasing agreement between the PSC and ServiceFirst adjusted to include an undertaking that all valid tax invoices from a registered small business 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.

During the establishment of the PSC and the transition phases from the DPC, there were very minor delays in the payment of accounts. Although all existing vendors were notified of changes required to invoices, many invoices were addressed to the DPC, instead of the PSC. This resulted in these invoices being paid after the due date.

Table 14: Aged analysis at the end of each quarter

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Current (within due date)</th>
<th>&lt;30 days overdue</th>
<th>30 – 60 days overdue</th>
<th>61 – 90 days overdue</th>
<th>91+ days overdue</th>
</tr>
</thead>
<tbody>
<tr>
<td>All suppliers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>December</td>
<td>(10,649)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>March</td>
<td>(331,987)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>June</td>
<td>(5,495)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Small business suppliers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>December</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>March</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>June</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
### Table 15: Accounts due or paid within each quarter

<table>
<thead>
<tr>
<th>Measure</th>
<th>Sept</th>
<th>Dec</th>
<th>Mar</th>
<th>Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All suppliers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of accounts due for payment</td>
<td>-</td>
<td>59</td>
<td>385</td>
<td>505</td>
</tr>
<tr>
<td>Number of accounts paid on time</td>
<td>-</td>
<td>59</td>
<td>384</td>
<td>504</td>
</tr>
<tr>
<td>Actual percentage of accounts paid on time (based on number of accounts)</td>
<td>-</td>
<td>100%</td>
<td>99.74%</td>
<td>99.80%</td>
</tr>
<tr>
<td>Dollar amount of accounts due for payment</td>
<td>-</td>
<td>(1,109,251)</td>
<td>(6,046,728)</td>
<td>(7,842,707)</td>
</tr>
<tr>
<td>Dollar amount of accounts paid on time</td>
<td>-</td>
<td>(1,109,251)</td>
<td>(6,047,104)</td>
<td>(7,836,631)</td>
</tr>
<tr>
<td>Actual percentage of accounts paid on time (based on $)</td>
<td>-</td>
<td>100%</td>
<td>100%</td>
<td>99.92%</td>
</tr>
<tr>
<td>Number of payments for interest on overdue accounts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest paid on overdue accounts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Small business suppliers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of accounts due for payment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of accounts paid on time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actual percentage of accounts paid on time (based on number of accounts)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dollar amount of accounts due for payment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dollar amount of accounts paid on time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actual percentage of accounts paid on time (based on $)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of payments for interest on overdue accounts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest paid on overdue accounts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
## Table 16: Consultancies of value equal to or more than $50,000

<table>
<thead>
<tr>
<th>Name of consultant</th>
<th>The title/nature of the consultancy</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organisational review</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PwC</td>
<td>Consulting services supporting the design of the PSC organisation structure</td>
<td>$168,122</td>
</tr>
<tr>
<td><strong>Management services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ARTD</td>
<td>Provide expert advice on the structure and content of the State of the NSW Public Sector Report 2012</td>
<td>$139,500</td>
</tr>
<tr>
<td>The St James Ethics Centre</td>
<td>Undertook qualitative research and high level advice on the ethics issues and ethics policy instruments in the NSW public sector</td>
<td>$82,581</td>
</tr>
<tr>
<td><strong>TOTAL number of individual consultancies with a value equal to or more than $50,000 is:</strong></td>
<td>3</td>
<td>$ 390,203</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Consultancy category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal</strong></td>
<td></td>
</tr>
<tr>
<td>O’Connor Marsden and Associates</td>
<td>$1,925</td>
</tr>
<tr>
<td><strong>Information technology</strong></td>
<td></td>
</tr>
<tr>
<td>SMS Consulting Group Ltd</td>
<td>$ 9,996</td>
</tr>
<tr>
<td><strong>Management services</strong></td>
<td></td>
</tr>
<tr>
<td>Lynelle Briggs</td>
<td>$ 3,842</td>
</tr>
<tr>
<td>Tempo Strategies</td>
<td>$2,627</td>
</tr>
<tr>
<td>4Cast Consulting</td>
<td>$22,876</td>
</tr>
<tr>
<td><strong>TOTAL number of individual consultancies with a value less than $50,000 is:</strong></td>
<td>5</td>
</tr>
</tbody>
</table>
Conducting an ‘Ethics Stocktake’

In 2011-12 the PSC engaged with the St James Ethics Centre (SJEC) to research ethical issues, ethics policies and control systems in the NSW public sector. The SJEC conducted 63 in-depth interviews and 23 focus groups involving NSW public sector executives, middle managers and frontline staff in metropolitan and regional locations. SJEC also analysed the ethics policies, codes of conduct and related documents available on NSW public sector agencies’ websites. Qualitative data has been collected about the links between more than 75 ethical issues affecting agencies and employees. Research findings will be finalised in 2012-13.

In the short-term, the Ethics Stocktake will inform the design of an ethical leadership program for senior executive level employees across the NSW public sector. In the medium-term, the Ethics Stocktake will assist the PSC to develop strategies to facilitate cultural change and support NSW public sector agencies to embed the NSW public sector core values in business operations and service delivery. Overall, the Ethics Stocktake outcomes, along with the findings from the People Matter 2012 NSW Public Sector Employee Survey, will provide a baseline to measure change over time in NSW public agency culture, leadership, systems practices and employee conduct.

‘Disabling the Barriers’ research

The purpose of the ‘Disabling the Barriers’ research project is to identify systemic barriers faced by employees with a disability to develop:

- a better understanding of the information about people with a disability in the NSW public sector
- a better understanding of major adjustments required
- evidence for a persuasive business case for NSW public sector managers on the benefits of employing people with a disability into their team
- actionable recommendations for the next stage of the NSW public sector disability employment strategy and policy

During 2011-12, the PSC has conducted an analysis of relevant workforce profile information and also a review of literature, current research and a search for international best practice. The PSC has also commenced the next phase of research which includes interviews of approximately 180 staff across six NSW public sector agencies.

Investing in capturing workforce data

To support an evidence-based approach to strategy and policy development, and in support of the Commission of Audit recommendation to upgrade the workforce profile, the PSC has invested in a new workforce information collection and reporting system centred on a data warehouse. This innovative system will support the work of the PSC by providing ready access to critical workforce data to inform the development of sector-wide workforce management reforms. The system also contributes to building research capability of NSW public sector agencies by providing self-service and interactive visual data queries about their workforce to support the implementation of NSW public sector agency workforce strategy and programs.
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 2011-12 equated to 1,358 reams, of which 93% was recycled.

Appendix J: Sustainability

Appendix K: Major works in progress

Refurbishment of Public Service Commission premises at Bligh House, Sydney

The relatively flat organisational structure of the PSC and its focus on sector-wide collaborative projects requires a flexible workspace design. The ageing layout of the existing workspace (levels 14 – 17 at Bligh House in Sydney) does not suit the PSC’s requirements. Furthermore, the present workspace configuration does not accommodate the PSC’s full staffing complement. Project teams of varying numbers and duration need to be accommodated in a manner that maximises business affinities and collaboration opportunities.

A Facilities Plan was approved the State Property Authority, and permission given for the PSC to remain in its CBD location within Bligh House.

A modest and flexible design was approved, characterised by few offices, good staff amenity and break-out areas, large and small meeting rooms, and small quiet rooms to use the available space in the best possible way for the PSC.

Due to limited temporary accommodation, the refurbishment will be a two staged process, whereby two floors will be refurbished at a time. In the early planning and design stages, there were several delays caused by changes to design and scope, securing budget, and meeting the requirements of the NSW Department of Finance and Services. The tender was let on 20 August 2012 and the contractor occupied the stage one floors on Monday 27 August 2012.

Expected completion date for stage one is 29 October 2012, and for stage two is 19 December 2012. The total estimated cost of this major refurbishment works is $1,470,000. To 30 June 2012, the total expenditure was approximately $100,000.
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<td>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.</td>
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<td>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.</td>
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The estimated external cost of producing this annual report is $6,375.

Enquiries about this annual report can be directed to:
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Telephone: +61 2 9272 6000
e-mail: contact-psc@psc.nsw.gov.au

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