

2015
2016



Public
Service
Commission

Public Service Commission
Annual Report

Integrity,
Trust, Service
& Accountability



The Hon. Mike Baird MP
Premier of New South Wales
Level 40
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Premier

In accordance with section 12 of the *Annual Reports (Departments) Act 1985*, I have the pleasure of submitting the Public Service Commission Annual Report 2015-16 to you for presentation to the Parliament of New South Wales.

The Public Service Commission Annual Report 2015-16 is an account of the activities and performance of the Public Service Commission for the period 1 July 2015 to 30 June 2016. The report also provides an account of my work and activities, as required by Section 15 of the *Government Sector Employment Act 2013*.

The Public Service Commission Annual Report 2015-16 has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, 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 2015-16 to the Treasurer, the Hon. Gladys Berejiklian MP.

Yours sincerely


31.10.16
Graeme Head
Public Service Commissioner

The Public Service Commission At A Glance

Our vision

Our vision is to develop a highly capable public sector workforce characterised by a culture of integrity, trust, service and accountability

Our Mission

Our mission is to support and work with the NSW public sector 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.

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...public sector workforce **characterised** by
a culture of **integrity, trust, service** and
accountability

Appreciate **difference** and **welcome learning** from others.

Our values

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.

The core values for the NSW public sector and the principles that guide their implementation are:

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.

There is no hierarchy among the core values and each is of equal importance.

A Message From The Commissioner



2015-16 was the first year of the PSC's new Corporate Plan and marked a transition in the key driver of the Commission's work from the rollout of the GSE reforms across the sector to providing support for the sector's ongoing implementation of those reforms, and of the new practices required to make them effective.

This transition requires the Commission to develop and embed a more collaborative way of working with the sector. To drive reform outcomes, a significant initiative, known as Co-Design was launched by the PSC during 2015-16.

The third transition continued in the Commission's 2015-18 Corporate Plan reflects the development of the agency itself from its start-up phase to achieving operational excellence.

During the year I worked with the Secretaries of Health and Transport and with the Commissioner of

Police to develop the cross-sector *Government Sector Employment Legislation Amendment Act 2016* (GSELA ACT), which amends the GSE Act, the *Health Services Act 1997*, the *Police Act 1990*, and the *Transport Administration Act 1988* to align the employment model for executives in the Health Executive Service, the Transport Senior Service, and the Police Executive with the senior executive employment model in the GSE Act applying to Public Service senior executives. The GSELA Act became law in July 2016 and will come into effect in January 2017.

The Commission continued to focus through the year on **Driving Public Sector Diversity**, the Premier's Priority for which the PSC is responsible. This priority and the work related to it arise from data and reports indicating the need to increase the representation of women in leadership roles, increase the representation of Aboriginal people in some agencies in the sector and in leadership roles across the sector, and improve the sector's performance in relation to the employment of people with a disability.

During the year the Aboriginal Career and Development Program continued to grow, with a number of participants having secondment opportunities, opportunities to act in more senior roles, including executive roles and winning education scholarships.

Following its first meeting this year, the PSC worked with the Disability Employment Advisory Committee (DEAC), on improving accessibility of systems and inclusiveness of culture. The committee leverages the expertise of disability organisations, the private sector and academia to learn from leading practice.

The structure of the PSC continues to develop in response to changes in its environment, and the nature of its work. Significant changes in 2015-16 included a further reduction in the size of the PSC Executive, as the Commission reduced the number of Deputy Commissioners from 2 to 1 and the number of other PSSE roles from 10 to 9 as the Reform and Human Resource Practice Branches were merged.

It has been a year of substantial change and significant achievement for the PSC. I would like to acknowledge the support and guidance of the PSC's Advisory Board and its Chairman Prof. Peter Shergold AC and the engagement and support of the Departmental Secretaries with whom I serve on the Secretaries Board. I also express my gratitude to the staff of the PSC for their commitment, integrity and professionalism.

Graeme Head

...the **Aboriginal Career and Development Program** continued and **grew**, with a number of participants **having secondment opportunities...**

A Message From The Chair



I have now served for five years as Chair of the NSW Public Service Commission Advisory Board. I have enjoyed the role and feel pleased, and perhaps a little surprised, by how much has been achieved in that time. Considerable progress has been made in enhancing the capacity and capability of the state's public sector.

The Advisory Board continues to play a vital role. It supports the Public Service Commissioner in the exercise of his functions and, on occasion, advises the Government on matters of importance in public administration, service reform and workforce management.

Over the past year, the Board has continued its involvement in the establishment of the sector's leadership programs through the development of the Leadership Academy. This initiative, announced by the Premier in 2014, for the first time puts in place a rigorously designed and comprehensive program to

develop leadership capability at all levels of public sector management. In doing so, it responds to key aspects of the Commission of Audit conducted by Dr Kerry Schott in 2011-2012. At the time of reporting the pilot phase of each of the four program streams is either complete or well advanced. I have enjoyed the opportunity to work directly with participants.

The Board has also provided significant input both to the Auditor-General's review of the progress of public sector reform implementation and to the Commission's own review of its future strategic direction. The Advisory Board was very pleased with the Auditor-General's positive assessment of progress to date and has monitored the Commission's implementation of recommendations that came out of that performance audit.

The past year was a significant one for the evolution of the Advisory Board, with the departure of three of its founding members and the appointment of three new members. I want to acknowledge the significant contributions of Ms Katie Page, Mr Paul McClintock AO and Ms Maree O'Halloran AM. They all brought energy, expertise and thoughtfulness to supporting the work of the Commission in its formative phase. Each made a significant contribution to the NSW community particularly through their work on: enhancing customer satisfaction; measuring public sector productivity; improving collaboration between the public sector and the private and non-government sectors; developing state of the sector reporting; and developing the strategic direction of workforce reform. I thank them for their efforts. I will miss the insights they provided.

In turn, I also want to acknowledge our new appointed Advisory Board members, Susan Lloyd-Hurwitz, Sandra McPhee AM and Vince Graham who joined the Board in March this year; and Rob Whitfield, Secretary of the Treasury, who joined as an ex officio member on 1 July 2016. The Board has already developed a new program of work for the coming year. Our future focus is to be on workplace flexibility and employee engagement; embedding diversity and inclusion in public sector workforce management; reviewing the Collaboration Blueprint; and driving improved organisational performance.

Finally, I want to acknowledge the efforts of the Public Service Commissioner and the staff of the Commission. Graeme Head and his team have led a quiet but determined improvement in public

administration. When established, almost five years ago, the Commission confronted a sector with poor workforce management processes, under-utilised workforce data, and no comprehensive approach to leadership development. Five years on, NSW is widely acknowledged as leading the country in its approach to public sector reform and management. This is testament to the commitment of the Government, the work of the Commission and the strong stewardship of the Secretaries Board.

I trust that the Advisory Board can continue to add value to their efforts.

Professor Peter Shergold AC

...the **Board** has continued its involvement in the **establishment of the sector's leadership programs** through the development of the **Leadership Academy.**

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Our Organisation

Who we are

The Public Service Commissioner is an independent office holder. The Public Service Commission (PSC) is a public service agency as scheduled in the *Government Sector Employment (GSE) Act 2013* that exists to support the Commissioner in the execution of his function. 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.

The PSC has a role in reporting on major issues that face the NSW public sector workforce. This takes the form of an annual State of the Public Sector Report that the Premier tables in Parliament on behalf of the Commission.

Who we report to

The Public Service Commissioner reports to the NSW Premier on carrying out the Public Service Commissioner's functions under the GSE Act 2013. However, as provided for in the GSE Act, the Public Service Commissioner is not subject to direction in the exercise of these functions.

Role of the PSC

The GSE Act establishes the role of the Public Service Commissioner in order to develop a modern high performing government sector.

The **principal objectives** of the Commissioner are to:

- Promote and maintain the highest levels of integrity, impartiality, accountability and leadership across the government sector.
- Improve the capability of the government sector to provide strategic and innovative policy advice, implement the decisions of the Government and meet public expectations.
- Attract and retain a high calibre professional government sector workforce.
- Ensure that government sector recruitment and selection processes comply with the merit principle and adhere to professional standards.
- Foster a public service culture in which customer service, initiative, individual responsibility and the achievement of results are strongly valued.
- Build public confidence in the government sector.
- Support the Government in achieving positive budget outcomes through strengthening the capability of the government sector workforce.

The Commissioner has the following functions:

- To identify reform opportunities for the government sector workforce and to advise the Government on policy innovations and strategy in those areas of reform.
- To lead the strategic development and management of the government sector workforce in relation to:
 - » workforce planning, including identifying risks and strategies to minimise risks
 - » recruitment, particularly compliance with requirements relating to appointment and promotion on merit performance management and recognition
 - » equity and diversity, including strategies to ensure the government sector reflects the diversity of the wider community
 - » general conduct and compliance with ethical practices
 - » learning and development
 - » succession planning
 - » redeployment, including excess employees
 - » staff mobility
 - » executive staffing arrangements.
- To advise the Government on leadership structure for the government sector.
- To advise the Government on appropriate strategies, policies and practices in relation to the structure of the government sector workforce.
- To advise the Government on appropriate

strategies, policies and practices in relation to such other public sector matters as the Minister may determine from time to time, and to monitor, co-ordinate and assist the implementation of Government strategies, policies and practices in such other areas as the Minister may determine from time to time.

- To develop and advise the Government on service delivery strategies and models for the government sector through collaboration with the private business sector, the not-for-profit sector and the wider community.
- To set standards, subject to any legislative requirements, for the selection of persons for appointment as members of boards or committees of public authorities (including Government business enterprises).
- The Commissioner has and may exercise such other functions as are conferred or imposed on the Commissioner by or under the GSE Act 2013 or any other Act. For example, the Commissioner has the power to conduct inquiries into any matter relating to the administration or management of a government sector agency.

The Commissioner is to exercise functions in accordance with general policies and strategic directions determined by the PSC Advisory Board.

Appreciate **difference** and **welcome learning** from others.

Our Structure

Best practice organisational design

In order to best meet the priorities of the NSW Government, the PSC has adopted a contemporary, flat and flexible organisational structure, with the majority of staff positioned in generic project and analyst roles. This approach is based on arrangements usually found in professional consultancy organisations. Within the PSC, a 'pool' of staff with skills across a number of disciplines including research, analysis, strategy, policy development and program management 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 change. This organisational design facilitates increased opportunity for 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

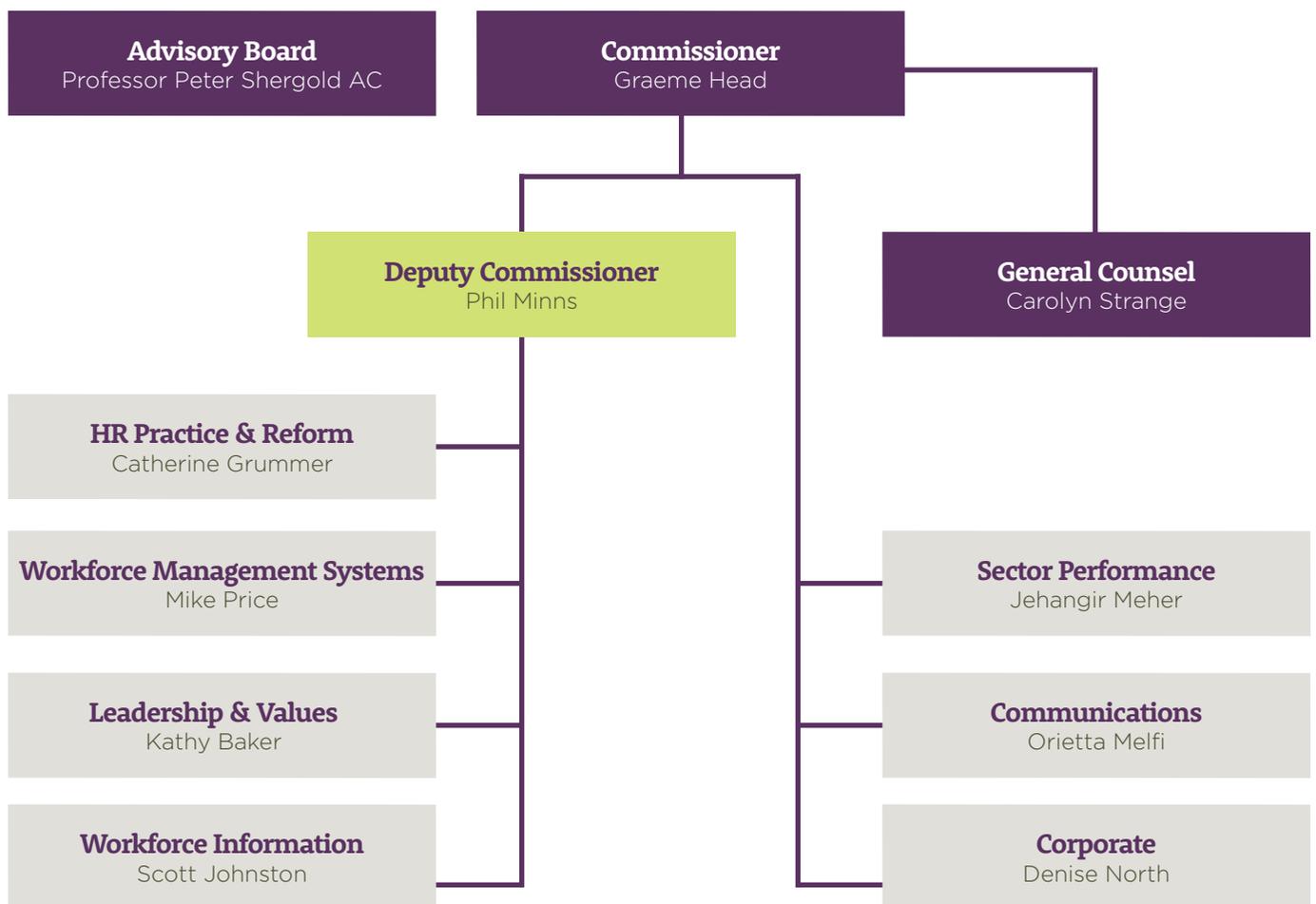
The PSC's organisational structure was reviewed to coincide with the commencement of the Government Sector Employment Act.

Based on the size of the Commission, and its focus, a three-tier executive structure, comparable to an executive agency related to a Department, rather than the four-tier structure available to departments proper, was adopted. The new structure reduced the headcount by 3 to 11 senior executive roles.

By the end of the three years available for GSE implementation in February 2017 the PSC will have a three-tier executive with an expected 9 senior executive positions.

The PSC's GSE compliant organisational structure came into effect in May 2014, and the current structure took effect in February 2016.

...the **PSC** has adopted a **contemporary, flat** and **flexible organisational structure**...



During the reporting year, the PSC continued to refine its organisational structure in accordance with planned changes.

In November 2015, taking advantage of the mobility provisions of the GSE Act and Rules, Deputy Commissioner Sonja Stewart moved from the PSC to a Deputy Secretary role in the Department of Premier and Cabinet (DPC), and was replaced as Deputy Commissioner by Phil Minns who moved to the Commission from DPC.

Following the retirement of Deputy Commissioner Jo Grisard in February 2016, one of the two Deputy Commissioner roles was removed. The remaining

Deputy Commissioner role has responsibility for the primarily sector facing branches; HR Practice & Reform, Leadership & Values, Workforce Information and Workforce Management Systems. General Counsel and the Sector Performance, Communications and Corporate branches report to the Commissioner.

In May 2016, the HR Practice and Reform Branches were combined following the passing of the GSE Legislative Amendment Act and the departure of Executive Director Geoff Barnden who has taken another role in the sector. The HR Practice and Reform Branch is headed by Acting Executive Director Catherine Grummer.

The Public Service Commission Advisory Board

The PSC Advisory Board is established under the *NSW Government Sector Employment Act 2013*.

The Board determines general policies and strategic directions in relation to the functions of the NSW Public Service Commissioner; and advises the Premier, either on request or on its own initiative, on any matter relating to the management or performance of the government sector.

Members include a Chair and four others appointed by the Premier; together with the NSW Public Service Commissioner and Secretaries of the Department of Premier and Cabinet and the Treasury (or their respective senior delegates).

The Premier appoints people who together have expertise in human resources management, probity and accountability, strategic planning, budget and performance management and service delivery in the public, private, tertiary and not-for-profit sectors.

The members of the Advisory Board throughout the year were:

- Professor Peter Shergold AC (Chair)
- Martin Laverty - *to 31 October 2015; reappointed 7 March 2016*
- Vince Graham - *from 7 March 2016*
- Susan Lloyd-Hurwitz - *from 7 March 2016*
- Sandra McPhee AM - *from 7 March 2016*
- Blair Comley (Secretary, Department of Premier & Cabinet)
- Graeme Head (Public Service Commissioner)

Biographies for the members appointed by the Premier:

Peter Shergold AC (Chair) is Chancellor of the University of Western Sydney and Macquarie Group Foundation Professor at the Centre for Social Impact. For two decades he was a senior public servant in the Australian Public Service, serving from 2003-2008 as Secretary of the Department of the Prime Minister and Cabinet. He is a Director on the Boards of AMP and Corrs Chambers Westgarth, the National Centre of Indigenous Excellence, the Sydney Writers' Festival and the National Centre for Vocational Education Research.

Martin Laverty is the CEO of the Royal Flying Doctor Service of Australia, and was previously CEO of Catholic Health Australia. He is Chair of the NSW Heart Foundation, and a member of the National Heart Foundation Board. He is 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.

Vince Graham is a Director of the Australian Rail Track Corporation Board. He retired as Chief Executive Officer of Ausgrid, Endeavour Energy and Essential Energy in December 2015 having led the NSW Government's electricity network reform programme since July 2012. Vince was first appointed to a Chief Executive role in September 1986 as Managing Director of the Grain Handling Authority. He spent ten years as Managing Director of the National Rail Corporation, five years as Chief Executive of RailCorp and four years as CEO of Endeavour Energy. His leadership career has been in State and Commonwealth owned corporations where his role was to lead strategic reform to improve the safety, customer service and efficiency of capital and operating programmes.

Susan Lloyd-Hurwitz is the CEO and Managing Director of Mirvac. Prior to this appointment she was Managing Director at LaSalle Investment Management and has held senior executive positions at MGPA, Macquarie Group and Lend Lease Corporation, working in Australia, the US and Europe. Susan is also President of INSEAD Australasian Council and a Director of the Green Building Council of Australia.

Sandra McPhee AM is a Director on the Boards of AGL Energy Ltd, Fairfax Media Ltd and Kathmandu Holding Ltd. She is a member of the Advisory Council of J.P Morgan and Chairman of St Vincent's and Mater Health Advisory Council. She is also a member of Chief Executive Women and Women Corporate Directors and a Fellow of the Australian Institute of Company Directors. She has extensive international executive leadership experience in consumer roles with major international brands, most recently at Qantas Airways. In 2013, Sandra was awarded a Member of the Order

of Australia for significant service to business and to the community through leadership and advisory roles. In 2003, Sandra was awarded the Centenary Medal for her contribution to the community through business leadership. Sandra is also the author of *Unlocking Potential*, a contestability review of Australian Public Service workforce management published in May 2016.

Strategic Directions 2016–2018

The PSC’s 2015-18 Corporate Plan outlines four key Strategic Directions that describe how the Commission will enable the sector to transform its workforce so that the sector:

- Delivers **high performance**
- Demonstrates a **values-driven culture**
- Attracts, develops and retains the **right talent**; and
- Uses the **best tools**.

These key directions are underpinned by the PSC’s commitment to:

- Completing its journey to **organisational excellence** and maturity; and
- **Working collaboratively** with the sector to drive reform outcomes.

The Corporate Plan sets out what the PSC will do in pursuit of these key strategic directions.

So that public sector agencies deliver High Performance we will:	So that public sector agencies have a Values-driven Culture we will:	So that public sector agencies have the Right Talent we will:	So that public sector agencies have the Best Tools we will:
<ul style="list-style-type: none"> • Link workforce management to business outcomes • Improve performance management • Undertake agency capability reviews 	<ul style="list-style-type: none"> • Bring public sector values and the ethical framework to life • Promote healthy workplace cultures 	<ul style="list-style-type: none"> • Develop leaders • Develop, acquire and promote capacity for managing talent across all levels • Promote mobility and flexibility • Lift expectations around performance 	<ul style="list-style-type: none"> • Drive sector-wide take up of technology to manage human capital • Enhance and integrate workforce information • Share best practice in workforce management • Implement legislation

Our approach to our charter

The PSC’s approach to working with NSW Departments and agencies varies 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 is appropriate to be directive, while in other instances a more collaborative approach is used.

At all times the PSC works to:

- take an evidence-based approach
- identify and draw on existing expertise within the sector
- treat as a priority the need to understand the Department context
- base its directions and policies on that understanding.

The PSC determines the direction of change and standards of practice for workforce management across the sector. It works with NSW Departments and government sector agencies to develop policy and deliver programs consistent with the change of direction. In doing its work, the PSC takes account of the burden of implementation on NSW Departments and government sector agencies. In many instances the PSC's approach is principles-based rather than prescriptive: the PSC specifies the broad characteristics of a required system, and supports agencies to determine how best to give effect to those principles and characteristics in their own context.

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

Our planning context

The NSW Premier is committed to delivering 12 priorities, outlined in the Government's reform agenda *Making it Happen*, released in September 2015.

The Premier's priorities are:

- **Creating Jobs** (150,000 new jobs by 2019)
- **Building infrastructure** (key infrastructure projects to be delivered on time and on budget across the state)
- **Reducing domestic violence** (reduce the proportion of domestic violence perpetrators re-offending within 12 month by 5 per cent)
- **Improving service levels in hospitals** (81 per cent of patients through emergency departments within four hours)

- **Tackling childhood obesity** (Reduce overweight and obesity rates of children by 5 per cent over 10 years)
- **Improving education results** (increase the proportion of NSW students in the top two NAPLAN bands by 8 per cent)
- **Protecting our kids** (decrease the percentage of children and young people re-reported at risk of significant harm by 15 per cent)
- **Reducing youth homelessness** (increase the proportion of young people who successfully move from Specialist Homelessness Services to long-term accommodation by 10 per cent)
- **Driving public sector diversity** (assigned to PSC) (Double the number of Aboriginal and Torres Strait Islander people in senior leadership roles and increase the proportion of women in senior leadership roles to 50 per cent in the government sector in the next 10 years.)
- **Keeping our environment clean** (reduce the volume of litter by 40 per cent by 2020)
- **Faster housing approvals** (90 per cent of housing development applications determined within 40 days)
- **Improving government services** (improve customer satisfaction with key government services every year, this term of government).

Responsibility for leading the implementation of one of these priorities, **Driving Public Sector Diversity**, has been assigned to the PSC.

The targets set by the Premier are to “double the number of Aboriginal and Torres Strait Islander peoples in senior leadership roles, and increase the proportion of women in senior leadership roles to 50 percent in the government sector in the next 10 years.”

A diverse public service is agile and resilient, driving creativity and innovation and better reflecting the diversity of the community it serves.

The PSC is well advanced in the implementation planning for the achievement of the target.

Aboriginal employment levels in the NSW public sector are the highest they’ve ever been at three per cent. There are 63 Aboriginal people in senior leadership roles an increase of 15% on the previous year. While many Aboriginal staff choose to work in specialist roles serving local communities, there is potential to expand opportunities across the sector.

To develop a pipeline of talent, the PSC has partnered with the Australian Graduate School of Management to deliver an Aboriginal Career and Leadership Development Program which has graduated around 100 alumni.

The PSC is also establishing an additional entry point for Aboriginal recruits The NSW Government Aboriginal Employment and Development Program. The program will include working towards a formal qualification and guaranteed ongoing employment in a NSW government agency. The first recruits will commence work in early 2017.

Women hold 65 per cent of NSW government sector jobs but only 36.1 per cent of senior leadership roles.

While this represents a 7% increase from 2015, more work needs to be done to develop and harness the talent of female leaders.

Work is underway to facilitate flexible work options and addressing other barriers to female participation in senior leadership roles. The NSW Public Service Leadership Academy has designated a minimum 50% of places for women and to date, Academy participants are exceeding that target.

Flexible working is a key enabler for driving greater diversity in the workforce, including for people with disability. Other key enablers for workforce participation for people with disability are accessible systems and inclusive culture.

The PSC is in the process of implementing the findings of an accessibility audit of the NSW Government job application system to improve access for people with disability. A model workplace adjustment procedure is being developed with the Australian Network on Disability to share more broadly across the sector. The PSC is also developing guidance on how to establish and maintain networks of employees with disability to support agencies in building inclusive environments.

Work is underway to partner with a disability consultancy to use the 2016 Public Service Talent Pools as action based research to identify opportunities to improve the accessibility and inclusion of recruitment processes and share the findings more broadly across the sector.

Our Performance

Highlights

Along with finalising delivery of a number of strategic priorities from its first three year plan, the year's performance highlights reflect the Commission's transition to its role in providing support to the sector as it implements and normalises the GSE reforms.

Highlights include:

- Growth of the Aboriginal Career and Development Program
- Successful on-track roll out of employment reform implementation
- Launch of the NSW Government Graduate Program
- Launch of the Leadership Academy
- Implementation of Human Capital Management (HCM) Systems
- Growth in take up of the Government Employee Number (GEN)
- Launch of the Workforce Dashboard
- Development of the HR Professionals Capability Set

Aboriginal Career and Development Program

The Aboriginal Career and Leadership Development Program, delivered under the NSW Leadership Academy, is sponsored by the PSC and is delivered collaboratively by the PSC and Australian Graduate School of Management (AGSM) Executive Education.

The Program has been specifically designed to develop management and leadership capabilities for Aboriginal NSW public sector employees (pre-executive through to Band 1 executive roles) who aspire to leadership positions.

The Program aims to create a pipeline of Aboriginal talent for future senior leadership roles. Although it has only been in place for a short time, the Program is seeing results with a total of 64 Aboriginal employees graduating since 2014 including 20 during 2015-2016.

In addition during the year:

- Three participants had secondment opportunities
- Two participants had opportunities to act in more senior roles, including one executive role
- Two participants have won education scholarships.

As an important initiative of the NSW Public Sector Aboriginal Employment Strategy, this Program will contribute towards achieving the Premier's Priority to double the number of Aboriginal and Torres Strait Islander peoples in senior leadership roles in the government sector in the next ten years.

GSE Reform rollout

The GSE Act provides the foundation for a single and more mobile executive structure for the NSW Public Service, and provides a common employment and development framework for Public Service senior executives.

At 30 June 2016, 22 Public Service departments and agencies had completed senior executive transition in compliance with GSE requirements. This includes ten executive Public Service agencies, and 11 separate Public Service agencies.

In the large Departments, senior executive transition has typically been implemented division by division, resulting in a staged process managed systematically over the three year period of transition. At 30 June 2016, a number of Departments had made significant

progress toward full implementation of the senior executive changes.

In August 2015 the Commission received the *State of Workforce Reform* review which it commissioned to find out how the public service was faring with the workforce report agenda, based on the principles and settings of the GSE Act. The review was done to take a sounding of agencies' and individuals' experience to date; understand the extent to which the reform intent is realised in practice, identify any GSE settings needing adjustment; and develop an approach for the broader sector to complete a successful transformation.

The review found that there is almost universal support for the concepts promoted by the GSE Act, and that people recognise the need for reform. There is real interest in the opportunities that the mobility provisions present, and support for the Capability and Ethical Frameworks.

Further it found that clear progress was being made in implementation and that the further along the reform path agencies or teams were, the more positive they typically felt about the change. It also found that where funds had been dedicated to GSE reform and where changes have been led and supported by a strong HR team, results are promising.

The review also found that agencies are struggling to understand how the elements of the reform package combine to form an integrated whole. In particular, there is little understanding of the relationship between workforce management reforms on the one hand, and delivering improved outcomes for both business and citizens on the other.

These findings will drive the PSC's priorities and ways of working with the sector in 2016-17 and beyond.

In January 2016, the Acting Auditor General published his *Public Sector Management Reforms* performance audit report. The Audit showed that the PSC was making good progress in implementing public sector management reforms, providing agencies with adequate support and guidance to help them implement reforms, developing a performance measurement framework that will enable it to better monitor and report on the impact of reform and developing a robust case for action in response to the Commission of Audit Interim Report.

The Performance Audit also made recommendations for improvement and these too will be acted on during 2016-17.

NSW Government Graduate Program

A new whole of NSW government graduate program was launched in August 2015. The program showcases the government sector's employee value proposition as the largest employer in Australia with a wide variety of roles and opportunities.

The first intake commenced in February 2016 with 25 graduates employed in 9 agencies. Over 1,200 applications were received and successful graduates have a diverse set of qualifications including Law, Arts, Commerce, Science and Criminology.

The program provides structured challenges to develop core capabilities, including exposure to diverse experiences in central and line agencies, supported by

a network of mentors, Executive sponsors and agency coordinators. A Diploma of Government course and series of networking events assist graduates to build relationships across the sector and transition smoothly from university to work in NSW government.

The program has been successful in its first year and its profile has grown significantly within the sector. As a result, 13 agencies representing all 10 clusters will participate in the 2017 intake and the number of graduate roles will grow from 25 in the first year to over 100 in the second. There will also be a new ICT (information communications technology) stream in the 2017 intake.

Launch of Leadership Academy

The NSW Leadership Academy (the Academy) was established to drive the development of leadership capability across the sector. The Academy aims to develop whole-of-sector leaders through using best of breed leadership development practices from across the private and public sectors.

The NSW Leadership Academy delivers a suite of differentiated and context appropriate leadership programs to support talented individuals at key transition points. This is delivered through:

- Experience Support for individuals to develop and actively manage their career plans through practice and on the job experiences (e.g. secondments)
- Exposure Networking events, conferences, coaching, mentoring and other forums designed to expose current and emerging leaders to new ideas and practices
- Education Executive courses targeted at particular

development areas

During the year, the Academy launched four pilot programs to the sector; *Leading the Sector, Leading an Agency, Leading Executives and Leading Managers*. These programs are designed incorporating best practice from public and private sectors around the world. Each program targets the specific capabilities required to succeed at the next level of sector leadership, while providing bespoke support to maximise an individual's professional development.

Human Capital Management (HCM) Systems

The PSC continued to promote the acquisition of human capital management (HCM) systems by government agencies to help develop a modern and dynamic workforce and build on the opportunities that come with the GSE Act. HCM systems support integrated, capability-based workforce management as the basis for recruitment, performance management, development and workforce deployment.

The PSC provides advice and support to agencies to assist with their procurement and implementation of HCMs, and offers a range of collateral including a business case toolkit and template, fact sheets and a video to promote HCM to agency leaders, managers and employees. The PSC provided seed funding to several agencies to help kick start their HCM projects and participated by invitation on a number of HCM project steering committees.

Through this approach we built HCM momentum significantly during 2015-16. Currently all ten clusters

intend to implement HCMs, with four already live on either performance management, learning and development or both for a total of around 20,000 employees. Four have projects in progress and the remaining two are developing their project plans.

Government Employee Number

The Government Employee Number (GEN) is a unique number assigned to all employees, which is retained throughout their employment with the NSW public sector, even after breaks.

The GEN is designed to improve the management, measurement and analysis of employee mobility and career paths across the sector, and is also a single key for employees to connect to computer applications through the NSW Identity Hub, a whole of government identity and access management system, which the PSC delivered in collaboration with the Department of Finance Services and Innovation (DFSI). By the end of 2015-16, GENs had been allocated to nearly 400,000 NSW government employees. The PSC collaborated with DFSI to leverage the GEN database within the Identity Hub to deliver cross-sector people search and email broadcast functions.

Workforce Dashboard

In April 2016 the PSC released to agencies the Workforce Dashboard. This is an online tool that combines the Workforce Profile, the People Matter Employee Survey, the Agency Survey and the "I Work for NSW" recruitment data into a single analytical platform. The dashboard was launched through a series of demonstrations across government to secretaries, heads of HR and to workforce analysts across the

sector. The dashboard is now being used across every cluster of the sector and utilisation is continually growing.

HR Professionals Capability Set

During the year the PSC worked with the NSW public sector through an extensive consultation process to articulate the knowledge, skills and abilities required of human resources professionals across the sector, and developed the Human Resources Professionals Capability Set (HRPCS).

The HRPCS was published on 26 August 2016, and is designed to be used in conjunction with the Capability Framework. Together, they provide a foundation to support the full range of workforce management and development activities for human resources professionals, including capability building and individual career planning.

The HRPCS focuses on the role of the human resources professional as an advisor and partner, as they guide and collaborate with leaders, managers and employees to realise the achievement of business outcomes enabled by contemporary, evidence-based workforce management practices.

Delivering High Performance

So that the public sector agencies deliver High Performance, we will:

- Link workforce management to business outcomes
- Improve performance management
- Undertake agency capability reviews

Link Workforce Management to Business Outcomes

Following the reports by Deloitte and the Audit Office (AO), the PSC has undertaken greater co-design work with the sector to provide this close connection. This has led to a focus on capability development, talent management and mobility, culture, leadership and data and analytics.

The major data collections from the sector have also changed to reflect this linkage between outcomes and workforce management. In 2015-16 the PSC delivered the third People Matter Employee Survey (PMES). The survey seeks to gauge the employee climate in the sector.

PMES 3 increased its focus on questions related to employee engagement with their work and high performance, including capability, efficiency and effectiveness, continuous improvement, innovation, collaboration and outcomes. Results will be reported in October 2016.

During the year, the Agency Survey for 2016 was designed utilising the work from Deloitte and the AO in 2015. The third version of the survey seeks to examine the progress and impacts of the Sector's workforce reforms, understand the level of organisational

capability needed to enable the achievement of strategic directions and government priorities, and consider the impact of reform and organisational capability on agency performance outcomes.

The Agency Survey provides an organisational counterpoint to the employee focus of the PMES, and is used in State of the Sector reporting required under the Act. In early 2016, the PSC released the data from the 2015 Agency Survey in the form of a sector-wide report and specific cluster and agency reporting.

Improve Performance Management

In early 2015, the PSC asked all government sector agencies to complete a self-assessment survey on their performance management systems one year on from the initial baseline assessment, and to update the Public Service Commissioner on planned actions to address identified gaps. Three general observations can be made based on the responses to this survey:

1. Overall, progress with embedding the core requirements of performance management systems has been slower than expected.
2. Most responding organisations have a performance management system in place; however, few agencies currently apply the system consistently across the organisation.
3. Agencies are optimistic about how quickly they will be able to embed their performance management system to fully meet the essential elements in the NSW Public Sector Performance Management Framework.

The PSC continues to work with agencies to address these challenges, achieve a common vision and approach for best practice performance management and develop resources to support for change management. The initiatives to be focused on during the next two years include:

- refining the Performance Development Framework to further reflect the shift from rules-based to principles-based systems
- identifying areas of common need across the sector and develop new resources and programs to support improved performance management practices
- refining questions in the PMES and Agency Survey structures and generating insights in order to assess progress
- providing recommended solution blueprint documents for agency HCM conformations.

such a concept and the value it can add to agencies. Further work is being undertaken to roll this out over the next few years as a concept and tool that can assist agencies to deliver their performance objectives.

Undertake Agency Capability Reviews

Following a joint DPC/PSC capability review in 2015, the PSC undertook a second agency capability review pilot for an agency of around 2000 FTE personnel.

Capability Reviews are undertaken as a mechanism to help an agency understand the current and future organisational capabilities it will require to support future directions, government and Premier's priorities and the needs of the community. Because of this future focus, it is less a report card and more of a supporting tool for Executives to plan for the mid and long term. The pilot was useful in proving the use of

Values-Driven Culture

Demonstrating a Values-driven Culture

So that the public sector agencies demonstrate a Values-driven Culture, we will:

- Bring public sector values and the ethical framework to life
- Promote healthy workplace cultures

Bring public sector values and the ethical framework to life

The Ethical Framework under the GSE Act outlines the core values of Integrity, Trust, Service and Accountability. It also establishes the standard of conduct expected of employees and agencies to behave ethically and act in the public interest.

In 2015, the *State of Workforce Reform* review found that there is unanimous agreement and commitment to the ethical framework and core values. It also found there was a common understanding that having a strong sense of values and ethics is implicit in working for the public sector.

The PSC's values-based support for the sector included assistance with the implementation of the Code of Ethics and Conduct for NSW government sector employees and the development of *Promote the values and ethos of public service*, a diploma unit for participants in the sector's new Graduate Program.

The Commission's values and ethics work reached a wider audience when, on 6 August 2015 and 23

September 2015, the ABC's Radio National broadcast sessions from the Ethics and Leadership in the Public Sector conference hosted by the PSC earlier in 2015.

The PSC has also developed an overarching Employee Value Proposition (EVP) for NSW Government in consultation with NSW Public Sector employees. The EVP, entitled 'I work for NSW' aims to challenge traditional perspectives of working in government and reposition NSW Government as an employer of choice in Australia - supporting our endeavour to attract and retain the best and the brightest people to the NSW public sector.

'I work for NSW' is a simple statement, which encompasses two key messages about value and choice:

- Value, relating to the way in which our work contributes and brings value to the public, coupled with our pride in serving the people of NSW.
- Choice, which conveys the opportunities available to develop capabilities and careers through the scope and scale of the variety of roles and diversity of our people.

I work for NSW was soft-launched by the Premier at the Premier's Awards for Public Service in November 2015. Other milestones include: the rebranding of Jobs NSW website to a refreshed site, now called I work for NSW and the launch of the I work for NSW LinkedIn company and career page, enabling us to reach and engage with a larger audience than ever before.

The EVP project has been bolstered with NSW Government named as one of the best places to work in Australia in the 2016 Randstad Awards, the world's largest survey on employer branding. We remain steadfast and focused in this area with a digital public-facing campaign set to launch in August 2016.

Promote healthy workplace cultures

In 2014, the Public Service Commissioner established a Roundtable on Bullying comprising key public sector leaders and unions, to work collaboratively to tackle bullying in NSW public sector workplaces. The Roundtable helped identify priorities for a program of whole of sector initiatives aimed at improving prevention and management of workplace bullying.

One of these initiatives was to develop a *Guide for Positive and Productive Workplaces*, published in April 2016. The guide sets out some important characteristics of positive and productive workplaces. It focuses on preventing bullying and early intervention as opposed to measures after bullying has occurred.

Another initiative was developing the *Understand Bullying* app included in the Workforce Dashboard. This was released in April-May 2016. The Understand Bullying app is a holistic tool that uses the People Matter Employee Survey data to help managers and workforce analysts look at the reported incidence of bullying in their agency compared to the sector, its potential impacts on the workforce and mitigating psychosocial factors that research has shown can help reduce bullying.

The third initiative is to develop tools and resources for agencies to implement the principles contained in the Guide for Positive and Productive Workplaces. This initiative is currently in progress.

Right Talent

Having the Right Talent

So that public sector agencies have the Right Talent, we will:

- Develop Leaders
- Develop, acquire and promote capacity for managing talent across all levels
- Promote mobility and flexibility
- Lift expectations around performance

Develop Leaders

The NSW Leadership Academy (the Academy) was established to drive the development of leadership capability across the sector. The Academy aims to develop whole-of-sector leaders through using best of breed leadership development practices from across the private and public sectors.

The Academy delivers a suite of differentiated and context appropriate leadership programs to support talented individuals at key transition points. This is delivered through:

- Experience support for individuals to develop and actively manage their career plans through practice and on the job experiences (e.g. secondments)
- Exposure networking events, conferences, coaching, mentoring and other forums designed to expose current and emerging leaders to new ideas and practices
- Education executive courses targeted at particular development areas.

During September 2015 and March 2016 the Academy

launched four pilot programs to the sector; *Leading the Sector*, *Leading an Agency*, *Leading Executives* and *Leading Managers*. These programs have been designed incorporating best practice from public and private sectors around the world. Each program targets the specific capabilities required to succeed at the next level of sector leadership, while providing bespoke support to maximise an individual's professional development.

The programs

Leading the Sector (Program A)

This program is designed for current secretaries to refine and strengthen leadership skills as measured against the Secretary/CEO Leader Success Profile. After initially assessing the participant's skills and capabilities, this program took a highly bespoke approach with a personalised mix of coaching, further education and targeted expert training. The program was launched in September 2015 and saw the first group of 4 secretaries completing the six month program.

Leading an Agency (Program B)

This 12-month program is designed for deputy secretaries (and equivalent Band 3 executives) to make a successful transition to leading an agency or cluster in the next three years. In 2015-16 a total of 23 participants across two groups commenced the program.

Leading Executives (Program C)

This program is designed for directors and executive directors who are ready to take on further leadership experience in the next three years. In 2015-16 54 directors from around the sector participated across 3 groups in the 12 month program.

Leading Managers (Program D)

This 6 month program for managers (Clerk Grade 11/12 and equivalent) called for participants ready to make a successful transition from leading a team to leading managers. An overall 90 participants took on this challenge and successfully completed the program in 5 groups throughout 2015-16. The program worked with all participants in attaining the leadership characteristics needed at the next level, incorporating face-to-face workshops and group work focused on solving real business problems.

Table 1: NSW Leadership Academy Participant numbers by diversity breakdown

Program	Number of groups	TOTAL participants	Women participants	Aboriginal participants
Leading the Sector	1	4	1	0
Leading an Agency	2	23	13	2
Leading Executives	3	54	32	3
Leading Managers	5	90	59	2

In addition to the four Leadership Academy programs, the PSC implements a range of strategies across the public sector to leverage its leadership strengths, grow the leadership capability of executives from good to great and close identified capability gaps.

Executive Leadership Essentials is an induction program for senior executives, delivered sector wide on a quarterly schedule, which focuses on the role of

leaders as stewards of the NSW public sector.

Delivering Business Results is a development program customised for NSW public sector senior executives (Band 2 and Band 3 and high performing Band 1), targeting the four capability areas of finance, technology, procurement and contract management to optimise business outcomes in the sector.

The **Cranlana Colloquium** covers values-based decision making in leadership practice.

Executive Connections events provide opportunities for sector wide networking and give senior executives the chance to hear from leading practitioners on a range of contemporary leadership topics.

The PSC continues to sponsor study in external courses such as the Executive Master of Public Administration, and co-ordinate participation in the Public Sector Management Program and Executive Fellows Program.

BCA Senior Executive Secondment Program

In late 2015, a total of 15 high potential public sector Senior Executive Band 1 and 2 were selected by their respective departments to participate in the pilot program of secondments from the public to private sector. Since then, due to resignation, promotions within the sector or change within their agencies, six participants have withdrawn from the program.

To date, three matches have been confirmed, and two placements commenced in June 2016. Four further opportunities have been offered by Business Council of Australia (BCA) member companies, and the BCA and PSC are working together to identify the best fit between NSW public sector participants and companies. The PSC is working with the BCA to extend the MOU beyond the current end date of 31 December 2016.

The second stage of the pilot program in the new

financial year involves seconding up to six senior executives from BCA member companies into the government sector for a three to twelve month period. To-date there have been 20 secondment opportunities identified across the NSW public sector, which will be put to the Secretaries Board for consideration.

Secondments are expected to be no shorter than 3 months and no longer than 12 months in duration.

Communications and Marketing

The building of the Academy's website has commenced. The online platform includes both public-facing and members-only areas. The latter will build on existing functionality in the Human Capital Management System used by the PSC and the Department of Finance, Services and Innovation.

Develop, acquire and promote capacity for managing talent across all levels

Recruitment Review

The recruitment reforms in the NSW Public Service have resulted in significant changes to the recruitment methods and practices of agencies in a reasonably short time frame. As part of its commitment to ensuring that the new settings and enablers are helping to deliver on the vision of a highly capable public sector workforce, the PSC has conducted a review of the recruitment reforms.

The review was undertaken over a 6-week period, involving desktop-based analyses of existing data and documentation, stakeholder interviews and a workshop. The data and documentation reviewed includes Taleo reports, the results of a survey of Assessment Services Panel Contract providers, recruitment-related GSE current state assessment feedback and enquiries from agencies and job candidates.

Consultations were conducted with hiring managers and HR/recruitment managers across 11 departments, and interviews were conducted with 5 assessment service providers and the Disability Council NSW.

The review found that overall, there is strong support for the recruitment reforms and agencies are seeking to extract greater value out of the settings. However, there are clear opportunities to build on what is working well and overcome some challenges.

Recommendations being progressed by the PSC include:

- A suite of guides on effective assessment and selection practices and use of talent pools
- Amendments to the GSE rules relating to merit selection
- An online flowchart based on the new workforce management model to help hiring managers decide the best strategy to fill a role
- Talent acquisition metrics
- An online clearing house or knowledge base for agencies to share templates
- Streamlined application form in Taleo
- Mobility pools for at-level transfers and secondments.

HR Professionals Capability Set

The PSC recognises that to realise the future vision for workforce management and to fully leverage the workforce reforms, the sector needs to strengthen the capabilities of job families that are common in the sector, and where functional capability building has been identified as a critical need.

During the year, the PSC worked with the NSW public sector through an extensive consultation process to articulate the knowledge, skills and abilities required of human resources professionals across the sector, and developed the Human Resources Professionals Capability Set (HRPCS).

The HRPCS was published on 26 August 2016, and is designed to be used in conjunction with the Capability Framework. Together, they provide a foundation to support the full range of workforce management and development activities for human resources professionals, including capability building and individual career planning.

The HRPCS focuses on the role of the human resources professional as an advisor and partner, as they guide and collaborate with leaders, managers and employees to realise the achievement of business outcomes enabled by contemporary, evidence-based workforce management practices.

Promote Mobility and Flexibility

Public service talent pool pilot

The PSC has piloted a new way of recruiting to provide a faster, more cost effective model for filling roles that are commonly needed in the sector. A talent pool is a group of suitable candidates, both internal and external, who have been assessed against capabilities at certain levels.

Roles included in the pilot are an Administration Clerk 3/4 or equivalent, and a Policy Clerk 7/8 or equivalent. High quality candidates who have been rigorously assessed for these roles are available to public service agencies until December 2016.

Uptake of the two pilot recruitment pools has been lower than expected. The key issues affecting uptake include lack of awareness of the pools as a valid way to fill roles and hiring manager preferences to hire known individuals, those with direct experience in the particular agency or agency context, or from locally run selection processes.

The PSC is pursuing a number of actions to address issues relating to awareness, the operating model and cultural practices. The PSC also plans to proceed with a new round in early 2017, working with a new Talent and Mobility reference group, building on lessons from the pilot.

NSW Government Graduate Program

The PSC has introduced a new whole-of-government graduate program. The program showcases the government sector's employee value proposition as the largest employer in Australia with a wide variety of roles and opportunities.

In February 2016, the first intake commenced with 25 graduates employed in 9 agencies. Over 1,200 applications were received and successful graduates have a diverse set of qualifications including Law, Arts, Commerce, Science and Criminology.

The program provides structured challenges to develop core capabilities, including exposure to diverse experiences in central and line agencies, supported by a network of mentors, Executive sponsors and agency coordinators. A Diploma of Government course and series of networking events assist graduates to build relationships across the sector and transition smoothly from university to work in NSW government.

The program has been successful in its first year and its profile has grown significantly within the sector. In May 2016, the Secretaries Board endorsed expanding the program to incorporate all graduate policy roles and by increasing the number of participating agencies. The Secretaries Board also agreed to incorporate other common role types into the program in the future. As a result, 13 agencies representing all 10 clusters will participate in the 2017 intake and the number of graduate roles will grow from 25 in the first year to over 100 in the second. There will also be a new ICT

(information communications technology) stream in the 2017 intake.

Lift expectations around performance

Workforce KPIs

In May 2016 the NSW Secretaries Board endorsed five Workforce Key Performance Indicators for the sector:

- Engagement
- Leadership Index
- Performance Management Index
- Leadership Diversity and
- Unscheduled Absence.

These have now been included in the Workforce Dashboard and will be updated over time and presented to Secretaries so they can collectively monitor progress of the sector.

Supporting Performance Management

The PSC continued to promote the acquisition of human capital management (HCM) systems by government agencies to help develop a modern and dynamic workforce and build on the opportunities that come with the GSE Act. HCM systems support integrated, capability-based workforce management as the basis for recruitment, performance management, development and workforce deployment.

The PSC provides advice and support to agencies to assist with their procurement and implementation

of HCMs, and offers a range of collateral including a business case toolkit and template, fact sheets and a video to promote HCM to agency leaders, managers and employees. The PSC provided seed funding to several agencies to help kick start their HCM projects and participated by invitation on a number of HCM project steering committees.

Through this approach we built HCM momentum significantly during 2015-16. Currently all ten clusters intend to implement HCMs, with four already live on either performance management, learning and development or both for a total of around 20,000 employees. Four have projects in progress and the remaining two are developing their project plans.

Best Tools

Having the Best Tools

So that the public sector agencies have the Best Tools, we will:

- Drive sector-wide uptake of technology to manage human capital
- Enhance and integrate workforce information
- Share best practice in workforce information
- Implement legislation

Drive sector-wide uptake of technology to manage human capital

Human Capital Management (HCM) Systems

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video to promote HCM to agency leaders, managers and employees. The PSC provided seed funding to several agencies to help kick start their HCM projects and participated by invitation on a number of HCM project steering committees.

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The PSC continued to provide online e-recruitment for all government agencies apart from Health, and launched a new integrated jobs board iworkfor.nsw.gov.au as a gateway into both the PSC and Health's e-recruitment services, linked to our employee value proposition (EVP), which has greatly improved the job applicant experience and reduced 'drop-out' rates.

Government Employee Number

The Government Employee Number (GEN) is a unique number assigned to all employees, which is retained throughout their employment with the NSW public sector, even after breaks.

The GEN is designed to improve the management, measurement and analysis of employee mobility and career paths across the sector, and is also a single key for employees to connect to computer applications through the NSW Identity Hub, a whole of government

identity and access management system, which the PSC delivered in collaboration with the Department of Finance Services and Innovation (DFSI). By the end of 2015-16, GENs had been allocated to nearly 400,000 NSW government employees. The PSC collaborated with DFSI to leverage the GEN database within the Identity Hub to deliver cross-sector people search and email broadcast functions.

GEN information is now updated at least fortnightly by agencies and the PSC also commissioned software to automate the update of GEN information from SAP to the Identity Hub, piloted it successfully with Fire & Rescue NSW, and is working with other SAP agencies to enable them to adopt the same solution. The PSC began to gather statistics from the GEN data collection to provide a near real time supplement to the Workforce Profile.

Enhance and Integrate Workforce Information

Workforce Dashboard

In April 2016 the PSC released to agencies the Workforce Dashboard. This is an online tool that combines the Workforce Profile, the People Matter Employee Survey, the Agency Survey and the "I Work for NSW" recruitment data into a single analytical platform. The dashboard was launched through a series of demonstrations across government to secretaries, heads of HR and to workforce analysts across the sector. The dashboard is now being used across every cluster of the sector and utilisation is continually

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Share best practice in workforce information

The PSC continues to support and promote NSW public sector communities of practice in delivering learning opportunities to specific occupational groups across the sector. Interest in establishing new communities of practice continues to grow. This year, communities focused on areas including Aboriginal workforce development, data and analytics and customer experience have joined the long-established HR, ICT, finance and change professionals' communities of practice.

Membership to the communities is open to all NSW public sector employees who work in the relevant occupational areas. Each community of practice group hosts events to connect members from across the sector, facilitate discussion of contemporary practices,

and enable the sharing of experiences and outcomes with colleagues in the profession.

The PSC has supported the Community of HR Professionals (CoHRP) in its role as lead agency since its launch in 2013. This year, under the stewardship of two new chairs, the CoHRP Advisory Board has grown community membership to over 800 HR professionals and steered two successful community events. These events explored themes including connecting business priorities with workforce strategies, and leveraging data to drive insights and strategies. The events each drew over 160 attendees who had the opportunity to hear about best practice initiatives from those leading reform programs in the sector.

Implement Legislation

Commencing on 24 February 2014, the GSE Act fundamentally overhauled and modernised the government sector employment and management framework in NSW. The passage of that Act was a significant achievement, creating the structural foundations for a strategic, responsive and effective workforce able to meet the expectations of the taxpayers of NSW.

The Act introduced a range of reforms to the structure and management of the NSW government sector both for executive and non-executive employees, by enhancing merit, mobility, capability development, workforce diversity and performance management. In particular, the Act provided the foundation for a single, leaner, flatter and more mobile executive structure for

the public service senior executive group.

The *Government Sector Employment Legislation Amendment Act 2016* (GSELA Act) amends the GSE Act, the *Health Services Act 1997*, the *Police Act 1990*, and the *Transport Administration Act 1988* to align the employment model for executives in the Health Executive Service, the Transport Senior Service, and the Police Executive with the senior executive employment model in the GSE Act applying to Public Service senior executives.

This alignment enables those services to share the benefits of the GSE Act reforms designed to create a more agile, mobile executive, with enhanced career opportunities, able to deliver more and better front line services to people of NSW.

The Public Service Commissioner and the Secretaries of Health and Transport and the Commissioner of Police collaborated to develop this cross-sector legislation. The GSELA Act became law in July 2016 and will come into effect 1 January 2017.

Operational Excellence

From start up to operational excellence

Our people

The PSC completed some key steps in its pursuit of excellence in people management during the year, and launched a number of new initiatives.

Implementing HCM

The PSC, in partnership with the Department of Finance Services and Innovation (DFSI) has successfully rolled out the first modules of their shared instance Human Capital Management (HCM) System, *myCareer*. Two modules covering Performance Management, *myPerformance* and Learning and Development, *myLearning* have been fully implemented, although e-learning content will continue to be added to the library of options. All staff objectives are aligned to the strategic priorities of the PSC and this provides a high level view of the focus assigned to each priority. *myCareer* will also be used for Talent Management and Workforce Planning and these modules are scheduled for implementation over the 2017 financial year.

Reward and recognition system

A number of human resource policies and procedures were developed and implemented during the year including recognising long serving staff, peer to peer recognition and a staff suggestion scheme. Recognising the length and quality of service to an organisation

is one of the most common forms of organisational recognition. During the year the PSC held its first service recognition event – an afternoon tea where staff with 5 years to over 40 year's public service were recognised, with each person receiving a memento.

This is one of several steps the Commission is taking in response to feedback from the last People Matter Employee Survey (held in 2014). After the survey, the Commission set up a staff working group to improve the way it recognises staff achievement, innovation and service. The Working Group made a number of recommendations that were approved by the Executive in September 2015.

Another important initiative the Commission has introduced is peer to peer recognition. Using the *myCareer* system, any staff member can provide another with timely feedback. Staff can also award a special recognition 'badge' to a co-worker, their manager or any other Commission staff member where the staff member has gone above and beyond or contributed to a good work outcome.

A staff suggestions scheme, Bright Ideas, was launched to encourage staff suggestions, innovations and/or process improvements that will help to improve services and internal processes at the PSC.

Cultural awareness and inclusion

The PSC continues to maintain a clear focus on developing cultural awareness and inclusion and remains committed to establishing and continually developing a workforce that draws on the diversity of

the people of NSW. The Commission recognises that a diverse workforce facilitates responsive strategy development and contributes to building the capability of the workforce to better deliver essential services to the community.

During the year, the PSC took a number of steps to attract, develop and retain a diverse workforce, including the advertising of roles across some specialist recruitment sites, in addition to *iworkfor.nsw.gov.au*, and the implementation of our Talent Management System, *myCareer* with targeted development to enhance the capability of the workforce. Targeted recruitment assessor training was held during the year to promote a consistent awareness and understanding of diversity, unconscious bias and cultural awareness in the selection process.

The PSC also supported and promoted a number of staff events including: International Day of People with a Disability, International Women's Day, Harmony Day, National Reconciliation Week and NAIDOC Week celebrations.

PSC-wide resource management approach

The PSC operates a flexible staffing model to remain agile and meet changing priorities as well as facilitate development opportunities for staff across the Commission. Mobility within the organisation continues to be well utilised with 48% of PSC vacancies during the year being filled through re-assignment of PSC staff. These reassignments included at-level opportunities as well as temporary above-level and

ongoing promotions. Re-assignment options will continue to be identified with a more formal approach as the Talent Management module of the HCM system *myCareer* is implemented.

The PSC commenced work on the development of its workforce management strategy during 2015-16 and expects to complete it by 1 January 2017.

Capability development

Capability development of staff has remained a focus during the year with staff being required to reflect on the relevant capabilities to deliver on their objectives. Where assignments to different roles have been undertaken, targeted development has been identified to support the transition through development plans within the *myPerformance* process.

Performance conversations

The PSC has had mid-year and annual performance review processes in place since its commencement and these processes have been enhanced by the implementation of the Performance Management module of *myCareer* in July 2015. The performance review activities supported by this module are a key component of best practice performance management and emphasise setting and clarifying expectations, providing feedback on performance and identifying relevant development opportunities to support staff in their current role or with future career aspirations.

Our finances and tools

Implement better systems to support business processes

Procurement has been the focus of the initial stages of this initiative. A procurement decision tree was developed and training has been disseminated across the PSC.

Enhance budgeting and forecasting tools and approaches

The Chief Financial Officer in consultation with the executive, developed an executive finance report which includes a PSC-purpose built operating statement that joins the operational project-based view with the Treasury-imposed budgetary control limits. This allows the executive an appreciation of their own contribution to the PSC's financial story.

Provide the PSC with robust finance processes

The PSC's reliance on procured goods and services through request for proposals from prequalification schemes, necessitated an efficient and robust process for handling responses from the request for proposal process. A new process was described to improve governance and reduce the cost of resources consumed.

Automated reporting linking finance, people and projects

The PSC has started work on an automated dashboard reporting tool which will link finance, people and projects together into one easy to understand report. The 'Integrated Reporting Project' is concerned with the provision of an integrated enterprise reporting framework, with a focus on gathering and presenting the information required by PSC managers and executives to effectively manage their business units.

Our ways of working

Fit for Purpose Ways of Managing Projects

The Project Management Office has implemented a new Project Management system and developed a Framework to manage and report on projects in accordance with feedback from the PSC. The refined fit for purpose regime features:

- a more flexible and agile approach
- improved collaboration and information sharing
- improved project planning
- a more proactive approach – detailed planning and reporting for upcoming milestones
- less documentation, whilst still ensuring compliance with the Audit and Risk Committee, the Audit Office and the PSC's agreed risk requirements

Policy and procedure simplification

Following the development and adoption of a wide range of policies during its early years, in 2015-16 the PSC launched a project aimed at consolidating and simplifying its policy and procedure framework and documentation across the PSC. A policy register has been established and a list of prioritised policies has been identified for review. A project team was established to streamline and provide a simplified approach to our policies and procedures.

Standards on decision-making and briefing

PSC in partnership with DPC has successfully implemented CaseFlow, an electronic approval management system at the Commission. CaseFlow has made the approval process more transparent and has delivered efficiency savings and improvements.

The successful delivery of the project has resulted in a reduction in the average number of approvers from 3.5 to 2.4, a reduction in the average number of days from brief creation to approval from 8.6 to 4.6 and a significant reduction in the number of documents requiring printing.

PSC officers are able to access and approve documents remotely and there is a substantial increase in the transparency of the creation, progress and approval of briefs. The project was delivered on time and within 10% budget variance.

The project was undertaken as a collaboration between the PSC and the Department of Premier and Cabinet and has established a replicable precedent for inter-agency ICT projects.

PSC-wide Innovation and problem-solving

The People and Process internal co-design reference group was launched in May 2016 to encourage PSC wide innovation and problem solving. A workshop was held and five key priorities were raised by staff including improved procurement, improved technology and facility tools, improved policies and processes and improved internal PSC communications. These priorities have resulted in the establishment of a number of projects which report into the group.

Our risk

A Strategic Risk Profile workshop was held on 7 April 2016, resulting in the update of the Corporate Risk Register. The risk register has implemented robust auditing processes along with systems to proactively manage identified risks.

The PSC's enterprise risk management maturity was assessed twice at the end of the 2015-16 financial year, once by the NSW Audit Office and also as part of the Commission's Internal Audit program. The Audit Office assessment was part of a program of risk maturity assessment applied to a number of agencies and followed their 2014-15 requirement for agencies to self-assess their risk maturity against the Office's risk maturity model.

Both assessments showed an improvement in risk maturity over the year from the outcomes of the previous self-assessment, and indicated that the PSC had in most areas reached a risk maturity level appropriate for an agency of the PSC's size and role. Recommendations to further enhance risk management processes will be acted on in the 2017 financial year.

Ways Of Working

How we work with the sector to drive change

Identify Reform Opportunities

The Commission partnered with the sector to identify the progress achieved mid-way through the GSE reform process and produced the State of Workforce Reform report. During 2015-16, the PSC established a consultative forum from all principal Departments and smaller separate agencies to develop a suite of “co-designed” reform priorities, based on the Workforce Reform report, and the recommendations arising from the January 2016 NSW Audit Office report, to be implemented in 2016-17.

These priorities are organised around six major reform themes:

- supporting leaders to increase their focus on workforce management
- building capability within the sector among leaders and managers as well as Human Resources professionals
- refining the mechanisms to promote the identification and management of talent in the sector including through the strategic use of mobility among government sector senior executives
- using data and analysis to demonstrate the challenges associated with workforce management and the benefits accruing from reform and better practices
- working on understanding and improving organisation cultures across the sector

- supporting the sector to achieve the Premier's diversity priorities related to women and Aboriginal and Torres Strait islander people in senior executive roles.

In addition to identifying these themes, the co-design process also developed a clear sense of the five major roles that the commission could play working with the sector to drive improvements in workforce management and performance.

The Commission engaged on a regular basis with the Secretaries Board and its own Advisory Board to identify significant trends and new initiatives to drive improved performance outcomes.

Lead strategic development

The Commission utilised the consultative mechanisms across the sector to research and present best practice and best fit strategies to support workforce development. The Commission also encouraged departments and agencies within the sector to share successful initiatives and lessons learnt through vehicles such as the Human Resources Community of Practice.

The development and successful roll out of the Workforce Data Dashboard placed the growing body of strategic information about workforce issues in the hands of department and agency executives and HR leaders to enable them to identify challenges and potential solutions within their own organisation's context.

Advise the Government

The Commissioner provided advice to the Government on the State of Workforce Reform begun under the Government Sector Employment Act as well as the preparation of the *Government Sector Employment Legislation Amendment Act 2016* which extends the reform commenced in the Public Service senior executives within the Police, Health and Transport senior services. The Commissioner provided advice to the Government and the sector on a wide array of matters concerned with the GSE ACT, Regulation and Rules.

Review and Report

A key aspect of the Commission's role relates to generating evidence-based insights about workforce management issues. The Workforce Data Dashboard initiative was developed as a single repository of all related workforce information that can be added to over time to create the capacity for analysis and predictive forecasting on risks, challenges and opportunities for achieving better workforce outcomes and therefore organisation outcomes.

The Commission worked with the sector to generate increased accuracy in the Workforce profile report that chronicles information about all employees in the Government sector. Similarly, the Commission partnered with the sector on the enhancement of the People Matter Employee Survey (administered from May 2016) and this year's Agency Survey report.

Direct and Inquire

The Commissioner holds important direction and inquiry powers under the Government Sector Employment Act.

The Public Service Commissioner may, for the purposes of exercising his or her functions or ensuring compliance with the GSE Act or its associated Regulation or Rules, give a direction in writing to the head of a government sector agency on a specific matter in relation to the employees of that agency.

In November 2015, the Commissioner issued a direction requiring Public Service agency heads comply with the NSW Government Sector Executive Relocation Expenses Framework. The Framework outlines the circumstances, thresholds and ceilings related to the payment of relocation expenses where an executive is required to relocate to undertake a role in the NSW government sector.

The Framework introduces more consistent and transparent practice in this area of policy to ensure the capacity of the departments and agencies to attract the most capable talent to the sector.

Compliance with the direction is mandatory for the Public Service. Other government sector agencies are strongly encouraged to implement the Framework. During the year the Commissioner conducted an inquiry into the administration of the Information and Privacy Commission.

Appendix A - Our Audited Financial Statements



Ref: A3419997

Statement by the Public Service Commissioner

Pursuant to section 45F of the Public Finance and Audit Act 1989, I state to the best of my knowledge and belief that:

- a) The financial statements exhibit a true and fair view of the financial position of the Public Service Commission as at June 2016, and financial performance for the period 1 July 2015 to 30 June 2016.
- b) The accompanying financial statements have been prepared in accordance with:
 - the provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for NSW General Government Sector Entities, the applicable clauses of the *Public Finance and Audit Regulation 2015* 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.

 20.9.16

Phil Minns
Acting Public Service Commissioner



INDEPENDENT AUDITOR'S REPORT

Public Service Commission

To Members of the New South Wales Parliament

Opinion

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 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Commission as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Commission in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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.

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

The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for preparing 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner must assess the Commission's ability to continue as a going concern unless the Commission's operations will cease as a result of an administrative restructure. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

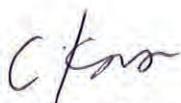
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Commission carried out its activities effectively, efficiently and economically
- 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.



Caroline Karakatsanis
Director, Financial Audit Services

21 September 2016
SYDNEY

Public Service Commission
Statement of comprehensive income
for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Expenses excluding losses				
Operating expenses				
Employee related expenses	2(a)	16,587	16,997	15,365
Other operating expenses	2(b)	18,903	15,039	16,160
Depreciation and amortisation	2(c)	1,534	1,577	1,348
Grants and subsidies	2(d)	900	-	993
Total expenses excluding losses		<u>37,924</u>	<u>33,613</u>	<u>33,866</u>
Revenue				
Recurrent appropriation	3(a)	19,422	26,495	31,891
Capital appropriation	3(a)	425	425	801
Contributions	3(f)	6,685	-	766
Sale of goods and services	3(b)	2,064	-	751
Investment revenue	3(c)	-	-	191
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	859	427	836
Other revenue	3(e)	207	1,788	308
Total revenue		<u>29,662</u>	<u>29,135</u>	<u>35,544</u>
Gain / (loss) on disposal	4	<u>(47)</u>	<u>-</u>	<u>-</u>
Net result		<u>(8,309)</u>	<u>(4,478)</u>	<u>1,678</u>
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>(8,309)</u>	<u>(4,478)</u>	<u>1,678</u>

**Public Service Commission
Statement of financial position
as at 30 June 2016**

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	6	1,518	983	7,659
Receivables	7	<u>1,059</u>	<u>1,250</u>	<u>5,339</u>
Total current assets		<u>2,577</u>	<u>2,233</u>	<u>12,998</u>
Non-current assets				
Property, plant and equipment	8			
Plant and equipment		60	-	92
Leasehold improvements		<u>658</u>	<u>834</u>	<u>966</u>
Total property, plant and equipment		<u>718</u>	<u>834</u>	<u>1,058</u>
Intangible assets	9	<u>1,467</u>	<u>1,285</u>	<u>2,283</u>
Total non-current assets		<u>2,185</u>	<u>2,119</u>	<u>3,341</u>
Total assets		<u>4,762</u>	<u>4,352</u>	<u>16,339</u>
LIABILITIES				
Current liabilities				
Payables	10	3,103	895	6,486
Provisions	11	<u>1,783</u>	<u>1,649</u>	<u>1,660</u>
Total current liabilities		<u>4,886</u>	<u>2,544</u>	<u>8,146</u>
Non-current liabilities				
Provisions	11	<u>220</u>	<u>209</u>	<u>228</u>
Total non-current liabilities		<u>220</u>	<u>209</u>	<u>228</u>
Total liabilities		<u>5,106</u>	<u>2,753</u>	<u>8,374</u>
Net assets		<u>(344)</u>	<u>1,599</u>	<u>7,965</u>
EQUITY				
Accumulated funds		<u>(344)</u>	<u>1,599</u>	<u>7,965</u>
Total equity		<u>(344)</u>	<u>1,599</u>	<u>7,965</u>

**Public Service Commission
Statement of changes in equity
for the year ended 30 June 2016**

	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2015	7,965	7,965
Total comprehensive income for the year	<u>(8,309)</u>	<u>(8,309)</u>
Balance at 30 June 2016	<u>(344)</u>	<u>(344)</u>
	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2014	6,287	6,287
Total comprehensive income for the year	<u>1,678</u>	<u>1,678</u>
Balance at 30 June 2015	<u>7,965</u>	<u>7,965</u>

**Public Service Commission
Statement of cash flows
for the year ended 30 June 2016**

	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Notes			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related	(16,893)	(16,923)	(15,064)
Grants and subsidies	(990)	-	(1,092)
Other	(18,524)	(16,668)	(16,581)
Total payments	(36,407)	(33,591)	(32,737)
Receipts			
Recurrent appropriation	19,422	26,495	31,891
Capital appropriation	425	425	801
Reimbursements from the Crown Entity	703	-	504
Sale of goods and services	1,498	-	805
Interest received	100	-	194
Contributions	7,354	-	843
Other	1,189	3,417	1,746
Total receipts	30,691	30,337	36,784
NET CASH FLOWS FROM OPERATING ACTIVITIES	(5,716)	(3,254)	4,047
15			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant, equipment and intangibles	(425)	(425)	(801)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(425)	(425)	(801)
NET (DECREASE) / INCREASE IN CASH			
Opening cash and cash equivalents	(6,141)	(3,679)	3,246
	7,659	4,662	4,413
CLOSING CASH AND CASH EQUIVALENTS	1,518	983	7,659
6			

Public Service Commission
Summary of compliance with financial directives
for the year ended 30 June 2016

	2016			2015			
	Recurrent appropriation \$'000	Expenditure / net claim on Consolidated Fund \$'000	Capital appropriation \$'000	Expenditure / net claim on Consolidated Fund \$'000	Recurrent appropriation \$'000	Expenditure / net claim on Consolidated Fund \$'000	Capital appropriation \$'000
Original budget appropriation							
• Appropriation Act	26,495	19,422	425	32,871	31,891	830	801
Other appropriations / expenditure							
• Additional appropriations	-	-	-	-	-	-	-
• Section 21A PFAA – special appropriation	-	-	-	-	-	-	-
• Treasurer's advance	-	-	-	-	-	-	-
• Section 22 – expenditure for certain works and services	-	-	-	-	-	-	-
• Section 24 PFAA – transfers of functions between entities	-	-	-	-	-	-	-
• Section 26 PFAA – Commonwealth specific purpose payments	-	-	-	-	-	-	-
• Transfers to / from another entity (per section 32 of the Appropriation Act)	-	-	-	-	-	-	-
• Other adjustments	-	-	-	(980)	-	-	-
Total appropriations / expenditure / net claim on Consolidated Fund	26,495	19,422	425	31,891	31,891	830	801
Amount drawn down against appropriation		19,422			31,891		801
Liability to Consolidated Fund*							

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.

Summary of significant accounting policies (continued)

1 Summary of significant accounting policies

(a) Reporting entity

The Public Service Commission (the Commission) is a NSW government entity. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

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 the Public Service Commissioner in the execution of his function. The Commission builds best practice models for workforce management and drives the implementation of these in the NSW public sector, leading the NSW public sector in the transformation of culture.

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

These financial statements for the year ended 30 June 2016 have been reviewed by the Commission's Audit and Risk Committee and recommended for issue by the Public Service Commissioner on 20 September 2016.

(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 *Public Finance and Audit Regulation 2010* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

The Commission's financial statements have been prepared on a going concern basis, which contemplates the continuity of normal operating activity and the realisation of assets and the settlement of liabilities in the normal course of operations. The Commission held cash on hand and at bank as at 30 June 2016 of \$1,518,000. As at 30 June 2016 the Commission had a net working capital deficit of \$2,309,000. The Commission receives an appropriation from the Treasury that is sufficient to fund its ongoing operations.

Plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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 entities. The expense (premium) is determined by the Fund Manager based on past claim expense.

Summary of significant accounting policies (continued)

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

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

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

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

(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 circumstance when 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.

(ii) Sale of goods

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

(iii) Rendering of services

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

(iv) Investment revenue

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

(g) Assets

(i) Acquisitions of assets

Assets acquired are initially recognised at cost. 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.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Summary of significant accounting policies (continued)

(g) Assets (continued)

(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 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The Commission has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

(iv) Impairment of property, plant and equipment

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

(v) Depreciation of property, plant and equipment

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

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

The following depreciation rates have been adopted:

Depreciation rates	2016 % rate	2015 % rate
Office furniture and fittings	14	14
Computer equipment	25 - 33	25
General plant and equipment	25	25
Leasehold improvements - over the period of the lease		

(vi) Make good costs

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

(vii) Maintenance

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

(viii) Leased assets

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

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

Summary of significant accounting policies (continued)

(g) Assets (continued)

(ix) Intangible assets

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

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

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 and impairment loss.

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

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(x) Receivables

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

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

(xi) Impairment of financial assets

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

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

Any reversals of impairment losses are reversed through the net result for the year. 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.

Summary of significant accounting policies (continued)

(h) Liabilities (continued)

(ii) Employee benefits

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

Salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are expected to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus annual leave on the nominal liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Commission has assessed the actuarial advice based on the entity's circumstances and has determined that all annual leave is taken within 12 months so discounting is not applicable.

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.

(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 15/09) 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) Consequential on-costs

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

(iii) 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 an entity has a detailed formal plan and the entity 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

Accumulated funds

The category accumulated funds includes all current and prior period retained funds.

Summary of significant accounting policies (continued)

(j) Fair value hierarchy

AASB 13 fair value hierarchy disclosure is not required as the Commission's non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value.

(k) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in note 14.

(l) Comparative information

Where necessary, the comparatives are re-classified and re-positioned to be consistent with current year disclosures except when an Australian Accounting Standard permits or requires otherwise.

(m) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except for the following standards adopted for the first time in 2015-16.

- AASB 2014-4 regarding acceptable methods of depreciation and amortisation (operative 1 Jan 2016)
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives (operative 1 Jan 2016)
- AASB 2015-3 regarding materiality (operative 1 July 2015)

The impact of these standards in the period of initial application is not material.

(ii) Issued but not yet effective

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

The following new Australian Accounting Standards have not been applied and are not yet effective (NSW TC 16/02).

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 14 and AASB 2014-1(Part D) regarding Regulatory Deferral Accounts
- AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers
- AASB 1056 Superannuation Entities
- AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 and AASB 2015-10 regarding sale or contribution of assets between an investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception
- AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities

Management have assessed the impact of these new standards and interpretations and determined they will not have a material impact on the Commission's financial statements.

Public Service Commission
Notes to the financial statements
for the year ended 30 June 2016

	2016 \$'000	2015 \$'000
2 Expenses excluding losses		
(a) Employee related expenses		
Salaries and wages (including annual leave)	13,862	12,449
Superannuation - defined benefit plans	93	159
Superannuation - defined contribution plans	1,011	937
Long service leave	704	708
Workers' compensation insurance	66	64
Payroll tax and fringe benefit tax	844	798
Redundancy payments	7	250
	16,587	15,365
(b) Other operating expenses include the following:		
Auditor's remuneration		
- audit of the financial statements	64	21
Consultants	53	1,402
Corporate services	1,352	1,428
Other contractors	1,615	1,497
Fees - ICT	2,647	2,011
Insurance	16	12
Operating lease rental expense		
- minimum lease expense	1,363	1,404
Other expenses	3,449	1,573
Computer expenses	1,956	1,523
Boards and committees	283	299
Fees - management	6,105	4,972
Maintenance	-	18
	18,903	16,160
(c) Depreciation and amortisation expense		
Depreciation		
Leasehold improvements	337	315
Plant and equipment	32	33
Total depreciation	369	348
Amortisation		
Intangible assets	1,165	1,000
Total depreciation and amortisation	1,534	1,348
(d) Grants and subsidies – NSW Government		
Human Capital Management system	701	500
Other	199	493
	900	993

**Public Service Commission
Notes to the financial statements
for the year ended 30 June 2016**

	2016 \$'000	2015 \$'000
3 Revenue		
(a) Appropriations		
Recurrent appropriation		
Total recurrent draw-downs from NSW Treasury (per summary of compliance)	<u>19,422</u>	31,891
Comprising:		
Recurrent appropriation (per statement of comprehensive income)	<u>19,422</u>	31,891
Capital appropriations		
Total capital draw-downs from NSW Treasury (per summary of compliance)	<u>425</u>	801
Comprising:		
Capital appropriations - (per statement of comprehensive income)	<u>425</u>	801
(b) Sale of goods and services		
Online recruitment services	1,222	-
Executive recruitment services	555	251
Training	-	235
Other services	<u>287</u>	<u>265</u>
	<u>2,064</u>	751
(c) Investment revenue		
Interest revenue from financial assets not at fair value through profit or loss	<u>-</u>	191
(d) Acceptance by the Crown Entity of employee benefits		
Superannuation - defined benefit	93	159
Long service leave	761	669
Payroll tax on superannuation	<u>5</u>	<u>8</u>
	<u>859</u>	836
(e) Other revenue		
Payroll recoveries	<u>207</u>	308
(f) Contributions		
NSW Leadership Academy	<u>6,685</u>	766
4 Gain / (loss) on disposal		
Proceeds from disposal	-	-
Written down value of assets disposed	<u>47</u>	-
Net gain/ (loss) on disposal of intangible assets	<u>(47)</u>	-

5 Service group of the Commission

The Commission has only one Service Group and no Service Group Statement is prepared.

Services and capabilities improvement

Purpose:

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

6 Current assets - cash and cash equivalents

	2016 \$'000	2015 \$'000
Cash at bank	<u>1,518</u>	<u>7,659</u>
	<u>1,518</u>	<u>7,659</u>

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

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

Cash and cash equivalents (per statement of financial position)	<u>1,518</u>	7,659
Closing cash and cash equivalents (per statement of cash flows)	<u>1,518</u>	<u>7,659</u>

Refer note 16 for details regarding credit risk, liquidity risk, and market risk arising from financial instruments.

7 Current assets - receivables

Sale of goods and services	436	5,203
Goods and services tax recoverable from ATO	240	-
Accrued income	383	135
Other receivables	-	1
	<u>1,059</u>	<u>5,339</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in note 16.

**Public Service Commission
Notes to the financial statements
for the year ended 30 June 2016**

8 Non-current assets - property, plant and equipment

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
At 1 July 2015 – fair value			
Gross carrying amount	158	1,662	1,820
Accumulated depreciation and impairment	(66)	(696)	(762)
Net carrying amount	<u>92</u>	<u>966</u>	<u>1,058</u>
At 30 June 2016 – fair value			
Gross carrying amount	158	1,691	1,849
Accumulated depreciation and impairment	(98)	(1,033)	(1,131)
Net carrying amount	<u>60</u>	<u>658</u>	<u>718</u>

Reconciliation

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

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Year ended 30 June 2016			
Net carrying amount at start of year	92	966	1,058
Additions	-	29	29
Depreciation expense	(32)	(337)	(369)
Net carrying amount at end of year	<u>60</u>	<u>658</u>	<u>718</u>

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
At 1 July 2014 – fair value			
Gross carrying amount	136	1,615	1,751
Accumulated depreciation and impairment	(35)	(380)	(415)
Net carrying amount	<u>101</u>	<u>1,235</u>	<u>1,336</u>
At 30 June 2015 – fair value			
Gross carrying amount	158	1,662	1,820
Accumulated depreciation and impairment	(66)	(696)	(762)
Net carrying amount	<u>92</u>	<u>966</u>	<u>1,058</u>

Reconciliation

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

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Year ended 30 June 2015			
Net carrying amount at start of year	101	1,235	1,336
Additions	24	46	70
Depreciation expense	(33)	(315)	(348)
Net carrying amount at end of year	<u>92</u>	<u>966</u>	<u>1,058</u>

9 Intangible assets

	Software \$'000
At 1 July 2015	
Cost (gross carrying amount)	4,674
Accumulated amortisation and impairment	<u>(2,391)</u>
Net carrying amount	<u>2,283</u>
At 30 June 2016	
Cost (gross carrying amount)	5,023
Accumulated amortisation and impairment	<u>(3,556)</u>
Net carrying amount	<u>1,467</u>
Year ended 30 June 2016	
Net carrying amount at start of year	2,283
Additions (from internal development)	396
Disposals	(47)
Amortisation (recognised in depreciation and amortisation)	<u>(1,165)</u>
Net carrying amount at end of year	<u>1,467</u>
At 1 July 2014	
Cost (gross carrying amount)	3,944
Accumulated amortisation and impairment	<u>(1,391)</u>
Net carrying amount	<u>2,553</u>
At 30 June 2015	
Cost (gross carrying amount)	4,674
Accumulated amortisation and impairment	<u>(2,391)</u>
Net carrying amount	<u>2,283</u>
Year ended 30 June 2015	
Net carrying amount at start of year	2,553
Additions (acquired separately)	730
Amortisation (recognised in depreciation and amortisation)	<u>(1,000)</u>
Net carrying amount at end of year	<u>2,283</u>

10 Current liabilities - payables

	2016 \$'000	2015 \$'000
Payables		
Accrued salaries, wages and on-costs	76	564
Creditors	2,490	780
Accruals	530	271
Unearned revenue	-	4,702
Goods and services tax	-	161
Other payables	<u>7</u>	<u>8</u>
	<u>3,103</u>	<u>6,486</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in note 16.

11 Current / non-current liabilities - provisions

	2016 \$'000	2015 \$'000
Current		
Employee benefits and related on-costs		
Annual leave	1,422	1,214
Long service leave	<u>361</u>	<u>446</u>
Total current provision	<u>1,783</u>	<u>1,660</u>
Non-current		
Employee benefits and related on-costs		
Long service leave	31	39
Other provisions		
Make good provision	<u>189</u>	<u>189</u>
Total non-current provisions	<u>220</u>	<u>228</u>
Aggregate employee benefits and related on-costs		
Provisions - current	1,783	1,660
Provisions - non-current	31	39
Accrued salaries, wages and on-costs (note 10)	<u>76</u>	<u>564</u>
	<u>1,890</u>	<u>2,263</u>

In accordance with the NSW TC 15/09 Accounting for Long Service Leave and Annual Leave and AASB 101: *Presentation of Financial Statements*, all annual leave and unconditional long service leave is presented as a current liability in the statement of financial position. All annual leave classified as a current liability is expected to be settled within 12 months of balance sheet date.

Movements in provisions (other than employee benefits)

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

	Make good \$'000	Total \$'000
2016		
Carrying amount at the beginning of the financial year	189	189
Additional provisions recognised	-	-
Amounts used	-	-
Unused amounts reversed	-	-
Unwinding / change in the discount rate	-	-
Carrying amount at the end of the financial year	<u>189</u>	<u>189</u>

12 Commitments for expenditure

	2016	2015
	\$'000	\$'000

(a) Capital commitments

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

Not later than one year	-	237
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	-	237

The expenditure above includes input tax credits of \$nil that are expected to be recoverable from the Australian Taxation Office (\$22k in 2015).

(b) Operating lease commitments

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

Not later than one year	1,447	1,457
Later than one year and not later than five years	1,447	2,914
Later than five years	-	-
Total (including GST)	2,894	4,371

The operating lease commitments relate to leasing of office space and motor vehicles. The expenditure above includes input tax credits of \$263k that are expected to be recoverable from the ATO (\$397k in 2015).

(c) Funding contribution commitments

Further non-cancellable funding contribution commitments not provided for and payable:

Not later than one year	2,640	2,640
Later than one year and not later than five years	2,640	5,280
Later than five years	-	-
Total (including GST)	5,280	7,920

13 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.

14 Budget review

Net result

The net result is a deficit of \$8.309m, \$3.831m greater than budgeted deficit of \$4.478m. This is primarily due to the public sector cash reform process and the principle that the Commission should only hold enough cash to cover immediate operational requirements and can only receive recurrent appropriation revenue when the funds are actually required.

The Commission received recurrent appropriation revenue of \$19.422m, \$7.073m less than the budgeted recurrent appropriation revenue allocation of \$26.495m. This is primarily due to the utilisation of opening cash reserves and the Commission receiving only the necessary recurrent appropriation revenue to cover immediate operational requirements.

Expenditure of \$37.924m is over budgeted expenditure of \$33.613m by \$4.311m partially due to the budget papers preceding the establishment of the NSW Leadership Academy and not reflecting additional expenditure relating to the NSW Leadership Academy of \$3.747m, funded by a Memorandum of Understanding.

Assets and liabilities

Total assets of \$4.762m are \$0.410m higher than budgeted total assets of \$4.352m mainly due to the higher closing cash balance.

Closing cash and cash equivalents is \$1.518m, \$0.535m higher than the budget balance of \$0.983m.

Total liabilities of \$5.106m are \$2.353m higher than budgeted total liabilities of \$2.753m. The higher closing cash balance and higher payables is as a result of late procurement activity in the year, the payment for which is due after 30 June 2016.

Cash flows

Net cash outflows from operating activities are \$5.716m against the budgeted net cash outflows of \$3.254m, a total of \$2.462m over budget. This is mainly due to \$1.923m higher than budgeted cash payments, and \$0.539m under budget cash receipts.

15 Reconciliation of cash flows from operating activities to net result

	2016 \$'000	2015 \$'000
Net cash used on operating activities	(5,716)	4,047
Depreciation and amortisation	(1,534)	(1,348)
(Increase)/decrease in provisions	(115)	97
(Decrease)/increase in receivables	(4,280)	4,215
Decrease / (increase) in payables	3,383	(5,333)
Net (loss) on disposal of intangible assets	(47)	-
Net result	<u>(8,309)</u>	<u>1,678</u>

16 Financial instruments

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

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

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

(a) Financial instrument categories

Financial assets	Note	Category	Carrying amount 2016 \$'000	Carrying amount 2015 \$'000
Class:				
Cash and cash equivalents	6	N/A	1,518	7,659
Receivables ¹	7	Loans and receivables (at amortised cost)	819	5,239
Financial liabilities				
Financial liabilities	Note	Category	Carrying amount 2016 \$'000	Carrying amount 2015 \$'000
Class:				
Payables ²	10	Financial liabilities measured at amortised cost	3,079	1,615

Notes

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

(b) Credit risk

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

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

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

Cash

Cash comprises bank balances within the NSW Treasury Banking system. Interest is earned by Treasury as per the NSW Treasury Circular 15/01, effective 1 April 2015.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability 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.

16 Financial instruments (continued)

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.

	Total ^{1,2}	\$'000 Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
2016			
< 3 months overdue	436	436	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2015			
< 3 months overdue	5,196	5,196	-
3 months – 6 months overdue	7	7	-
> 6 months overdue	-	-	-

Notes

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

(c) Liquidity risk

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

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.

16 Financial Instruments (continued)

Maturity analysis and interest rate exposure of financial liabilities

	Nominal amount	Interest rate exposure			Maturity dates		
		Fixed interest rate	Variable interest rate	Non-interest bearing	1-5 yrs	> 5 yrs	
2016							
Payables:							
Accrued salaries, wages and on-costs	76	-	-	76	-	-	-
Creditors	3,020	-	-	3,020	-	-	-
Total	3,096	-	-	3,096	-	-	-
2015							
Payables:							
Accrued salaries, wages and on-costs	564	-	-	564	-	-	-
Creditors	1,051	-	-	1,051	-	-	-
Total	1,615	-	-	1,615	-	-	-

16 Financial instruments (continued)

(d) Market risk

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

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

(e) Interest rate risk

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

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

	Carrying amount \$'000	-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2016					
<i>Financial assets</i>					
Cash and cash equivalents	1,518	(15)	(15)	15	15
Total	1,518	(15)	(15)	15	15
2015					
<i>Financial assets</i>					
Cash and cash equivalents	7,659	(77)	(77)	77	77
Total	7,659	(77)	(77)	77	77

(f) Fair value measurement

Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value because of the short term nature of the financial instruments.

17 Events after the reporting period

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

End of audited financial statements

Appendix B - Our People

The Public Service Commission Executive Team



Graeme Head

Public Service Commissioner

The Public Service Commissioner is an independent office holder.

Graeme was appointed as the inaugural NSW Public Service Commissioner in October 2011. Prior to his appointment, Graeme had most recently served as Deputy Secretary with the Commonwealth Department of Health and Ageing and as Chief Executive of the Health Reform Transition Office in 2010-11.

Prior to joining the Commonwealth Government, Graeme had around 30 years' experience in a variety of public sector roles in New South Wales, with more than 18 years in executive roles.

He was Director General of the former Department of Services, Technology & Administration (now the Department of Finance and Services) and Deputy Director General with the NSW Department of Premier and Cabinet (DPC). Before that he had spent 17 years in a range of senior roles in the environment portfolio and 11 years in the health system.



Phil Minns

Deputy Commissioner (from November 2015)

Phil Minns commenced as Deputy Commissioner of the PSC in November 2015. His role is to integrate the reform and improvement initiatives across the PSC and the NSW public sector to "take performance to the next level".

Prior to this, Phil was Deputy Secretary, Corporate and Regional Coordination, NSW Department of Premier and Cabinet

where he had been since February 2012. At DPC he was responsible for the department's corporate governance and whole-of-government support functions including strategic communications and advertising, encompassing HR, IT and budget support to the department and ministerial offices. The Group was also responsible for the delivery of some of NSW's largest events (Australia Day, NYE etc), the NSW Government Protocol function and DPC's network of Regional Coordinators across the State.

Phil joined DPC from the Department of Defence where he was the inaugural Deputy Secretary, People Strategies and Policy and a member of the Defence Committee from 2008 - 2012. Phil developed with the Defence Committee "Pathways to Change" a whole of organisation People Strategy and led the department's and services' response to cultural issues in the ADF.

Phil's career has blended time in senior corporate roles within the manufacturing sector (ACI Packaging Group) and within Government (Brisbane City Council) as well as consulting to private and public sector organisations on organisational strategy, cultural change and organisational transformation, talent management, strategic Industrial Relations and Reward and Remuneration strategies.



Carolyn Strange

General Counsel

Carolyn became the PSC's General Counsel in November 2013. She came to the PSC with a long career in legal positions in the NSW and Commonwealth public sectors after working as a commercial litigation solicitor in a major law firm.

Carolyn's public sector legal experience has included positions in the Office of General Counsel in the Commonwealth

Attorney General's Department, the NSW Environment Protection Authority, the NSW Parliamentary Counsel's Office and the Office of the NSW Solicitor General.

In addition, Carolyn has held senior management roles in non-legal positions with a regulatory dimension, including as the Director of Contaminated Sites at the EPA and as Director of Quality Assessment and Regulation in the Early Childhood Education and Care Directorate of the Department of Education and Communities.



Sue Atkinson

Manager People

Sue Atkinson leads the HR function for the PSC as the Manager People (HR). Sue joined the PSC in April 2014 after a variety of roles in both the UK and Australia. Sue is a long standing HR practitioner, with post graduate qualifications in HR Management and Development and strategic and operational human resource management experience across the commercial and government sectors.

Prior to her relocation to Australia, Sue held a senior role in the Ministry of Justice in the UK where she successfully led large scale organisational change. She developed and facilitated collaborative working within and across organisations to optimise expertise and quality outcomes. Sue played a key role in developing the professional qualification framework for Probation Officers to support career progression for current practitioners, and in Australia led the implementation of a program to support mental health in the workplace at the Australian Electoral Commission.



Kathy Baker

Director, Leadership and Values

Kathy is an experienced organisational leader who has worked across a range of industries. She has led major initiatives on leadership development; led the development of talent and diversity strategies and initiatives; and driven large scale change management programs.

Most recently, Kathy worked with the Leighton Group, where she led the Talent & Diversity function. Prior to this she was with the Coles Group as People Development Manager, establishing the people frameworks for a start-up Distribution Centre at Eastern Creek. She also has prior experience in the professional services industry, working at both Andersen and Ernst & Young.



Jonathan Chapman

Chief Financial Officer

Jonathan is a Chartered Accountant and graduate of the Australian Institute of Company Directors. Jonathan has extensive experience in improving profitability and performance in some of Australia's largest and most complex organisations. Appointed in May 2015, Jonathan provides expert accounting, financial management and reporting

services to comply with statutory accounting standards, through the establishment and maintenance of agency-wide frameworks, processes and controls relating to current and future activities.

Jonathan also serves as the PSC's Chief Procurement Officer, providing advice on proposed procurement, and leads the Finance and Administration team.



Catherine Grummer

A/g Executive Director HR Practice and Reform

Catherine has extensive experience with large scale transformation initiatives within the private sector. She began her career with global consulting firms, where her work focused on partnering with clients to design workforce programs in order to achieve business outcomes and improve the effectiveness of their HR functions in order to deliver innovative HR services. Catherine also previously held senior HR leadership roles at a global manufacturer and a North American food distributor, where she led programs across a variety of HR disciplines.

Catherine was appointed as the Director, HR Practice in November 2014. In this role Catherine leads the HR Practice branch, which focuses on developing a broad range of sector wide workforce management strategies, policies and frameworks, including recruitment, performance management and workforce planning. These programs will build workforce capability in order to enhance the effectiveness of the NSW public sector workforce and delivery of services.

Catherine was appointed Acting Executive Director HR Practice and Reform on 30th May 2016, following an amalgamation of the HR Practice and Reform Branches.



Scott Johnston

Director Workforce Information

Scott Johnston is the Director of the Workforce Information Branch. Scott Joined the PSC in June 2014 after a long career in official statistics for both the Australian Bureau of Statistics and the Office for National Statistics (UK) where his focus was primarily economic statistics including prices and national accounts. Scott has a Bachelor of

Commerce degree and post graduate qualifications in statistics and finance and investment.

The Workforce Information Branch compiles the annual Workforce Profile and manages the various data assets that are contained within the PSC. An important role of the branch is to provide workforce analytical support and leadership to the PSC and the Sector.



Jehangir Meher

Director Sector Performance

Jehangir is a long standing senior executive with 20 years of experience and has worked across Australia, Asia-Pacific, NZ and Europe where he has undertaken performance improvement and transformation roles in government, finance, telecoms and energy industries.

Jehangir leads the development and delivery of research, analysis and reporting initiatives to provide stakeholders and agencies with relevant information and insights about

current issues, performance and future policy options in a range of workforce management areas. This includes reporting on the State of the Public Sector, the People Matters Employee survey, reporting on agency views on their maturity in key workforce management practices and other research and analysis on critical issues.

The Performance Team also runs the NSW Premier's Awards for Public Service where the outstanding achievements and contributions of public sector employees, their peers and partners in the private and not-for-profit sectors are recognised.



Denise North

Director Corporate

Denise is an experienced senior executive and non-executive director in business, government and community organisations. She commenced her professional career in the Australian Public Service and worked in consulting, professional services, telecommunications, regulatory and education sectors prior to joining the PSC in March 2015.

As Director Corporate she is responsible

for delivery of the Finance, People, ICT, PMO, Facilities and Administration functions of the PSC and for driving the agency wide development and adoption of best practice, fit for purpose governance and performance frameworks and behaviours. Denise is the Commission's Chief Risk Officer.

Denise is responsible for leading the PSC's strategic priority of achieving operational excellence as the agency continues to mature.



Mike Price

Director Workforce Management Systems

Mike has spent most of his career leading information technology projects and programs, mainly in the private sector. He started his career in the UK, also serving as an elected city councillor in his spare time for eight years, before migrating to Australia in 2000. Mike joined the Department of Premier & Cabinet in March 2011 as a project manager to lead development of the Workforce Information Warehouse (WIW) and was transferred to the PSC on its inception.

Mike has led the PSC's Human Capital Management (HCM) program from the outset, starting with the business case in 2012. He was appointed to the new PSC executive team in September 2014 as Director Workforce Management Systems. In this role Mike is responsible for driving the procurement, promotion and deployment of systems to support workforce management across the sector, in line with the Government's reform agenda. The systems include HCM, WIW and the Government Employee Number (GEN). Mike also represents the PSC on various cross-sector bodies including the ICT Leadership Group and Accelerating Digital Government Taskforce.

Workforce profile

As of 30 June 2015, there were 128 employees working for the PSC on either a full time or part time basis, excluding 4 staff on parental or unpaid leave. The PSC workforce is a diverse mix of working experience and comes from a range of backgrounds; such as health, education, human resource management, leadership development, legal practice, policy development and implementation, community and social work, planning and analytics. PSC employees are highly skilled and dedicated to supporting and contributing to the development of the NSW government sector.

The senior executive remuneration details are listed below. In addition, the head of the Agency is a Statutory Office Holder remunerated at \$ \$490,450 as determined by the Statutory and Office Holders Remuneration Tribunal.

Table 2: The average remuneration level of senior executives in each band at the end of the reporting year

	2016	2016	2015	2015
Remuneration Level	Range	Average Remuneration	Range	Average Remuneration
Band 3 (Deputy Commissioner)	\$313,051 - \$441,200	\$456,433	\$305,401 - \$430,450	\$377,282
Band 2 (Executive Director)	\$248,851 - \$313,050	\$272,984	\$242,801 - \$305,400	\$243,463
Band 1 (Director)	\$174,500 - \$248,850	\$224,994	\$170,250 - \$242,800	\$199,173

Table 3: The percentage of total employee-related expenditure relating to senior executives

	2015-16	2014-15
The percentage of total employee-related expenditure relating to senior executives	20.11%	19.80%*

*The 2014-15 Annual Report reported the percentage for 2014-15 as 18.66%. This was calculated on the basis of gross earnings rather than total employee related costs as defined in the Financial Statements and has been corrected.

Table 4: The number of senior executives employed at the end of the reporting year, broken down by band and then gender within each band

Remuneration Level	2016		2015	
	Male	Female	Male	Female
Band 3 (Deputy Commissioner)	1	-	-	2
Band 2 (Executive Director)	-	1	1	-
Band 1 (Director)	4	3	4	4

The total number (male and female combined) of senior executives employed in:

- 2016 is 9
- 2015 is 11

Table 5: Number of non-Executive employees* by category – classification level

	2016	2016	2016	2015	2015	2015	2014	2014	2014	2013	2013	2013
Grade	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
General Scale	1	-	1	1	-	1	2	-	2	1	-	1
Grade 1 - 2	-	-	-	-	-	-	-	-	-	-	-	-
Grade 3 - 5	27	7	20	9	2	7	7	3	4	6	2	4
Grade 6 - 9	44	15	29	43	20	23	39	15	24	33	18	15
Grade 10 - 12	50	10	40	46	10	36	49	13	36	47	14	33
Senior Officer	-	-	-	2	1	1	8	5	3	10	5	5
Total	122	32	90	101	33	68	105	36	69	97	39	58

*Includes employees on Parental Leave, Secondment or Unpaid leave

Human resource management policy and practice

During 2015-16 the PSC continued to implement its Human Capital Management (HCM) System *myCareer*, in partnership with the Department of Finance Services and Innovation (DFSI). Performance Management and Learning and Development modules have now been fully implemented. The HCM will also be used for Capability Assessment, Talent Management and Workforce Planning and these modules will be developed during the year.

The agency's outsourced transactional HR activity has been transitioned from ServiceFirst to GovConnect during the year. This has been a complex project and the PSC continues to work with GovConnect to ensure the delivery of quality services.

During the year the agency responded to the results of the People Matter Employee Survey and to a number of suggestions made by staff at our biannual all staff meetings. A number of human resource policies and procedures were developed and implemented during the year including:

- Reward and Recognition Scheme
- Revised Delegations and Authorisations Policy
- Performance Management procedures

Industrial relations policy and practice

The employment practices of the PSC are compliant with industrial relations policies and practices contained

in government sector legislation and policy documents, namely the Government Sector Employment Act 2013, Crown Employees (Public Service Conditions of Employment) Award 2009, the Employment Portal and PSC and adopted Department of Premier and Cabinet policies listed on the PSC intranet.

Consultation mechanisms

Regular meetings of the Joint Consultative Committee (JCC) continued during 2015-16. The impacts of any structural changes were discussed and all policies developed during the year were shared for consultation.

The implementation of each module of *myCareer*, our Talent Management System, has been discussed with the JCC during the year, and system demonstrations provided as required.

Work Health and Safety policy and practice

Quarterly meetings of the Work Health & Safety Committee continued during the year. Specific activity undertaken relating to health, safety and wellbeing initiatives included:

- Six monthly workplace inspections where identified hazards have been eliminated or managed
- The provision of a seasonal flu vaccination program
- Access to an Employee Assistance Program (EAP) for staff and their immediate family members
- Ergonomic Assessments for staff and the provision of specialist equipment
- WH&S Training in First Aid, CPR and Emergency Wardens

- The development of WH&S e-learning to support on-boarding for new staff
- The introduction of emergency SMS notifications for staff
- The implementation of improved physical security measures.

Incident Reporting

There were two minor near miss Work Health & Safety incidents reported during 2015-16 where subsequent action was taken to minimise future risks.

Workers compensation claims

There were no workers compensation claims during the period.

Overseas visits

In October 2015, as guests of the Dubai Government, the Commissioner and then Deputy Commissioner, Ms Sonja Stewart, participated in the international jury process for the Smart Government Awards in Dubai in the United Arab Emirates.

Appendix C: Workforce Diversity

Workforce Diversity Outcomes

A clear focus continues to be maintained on established diversity groups – Aboriginal people, women, people with a disability, and people from culturally and linguistically diverse backgrounds. The PSC remains committed to establishing and continually developing a workforce that draws on the diversity of the people of NSW and recognises that a diverse workforce facilitates responsive strategy development and contributes to building the capability of the workforce to better deliver essential services to the community.

The representation and distribution of workforce diversity groups in the PSC workforce as at 30 June 2016 are provided in the tables below.

During the year, the PSC took a number of steps to attract, develop and retain a diverse workforce, including the advertising of roles across some specialist sites, in addition to iworkfor.nsw.gov.au, and the implementation of our Talent Management System, *myCareer* with targeted development to enhance the capability of the workforce. Additionally targeted assessor training was held during the year to promote a consistent understanding of diversity, unconscious bias and cultural awareness in the selection process.

The PSC also supported and promoted a number of staff events including: International Day of People with a Disability, International Women's Day, Harmony Day, National Reconciliation Week and NAIDOC Week celebrations.

The embedding of the Code of Ethics and Conduct with mandatory briefing sessions for new staff has continued during the year, supported by the launch of e-learning through *myCareer*.

Although there was an increase in the PSC workforce of the representation of women, people whose first language spoken as a child was not English, and people with a disability, there was a decrease in the number of Aboriginal and Torres Strait Islander peoples within the PSC. This decrease was a small and represented one employee transfer to another agency in the sector.

Parliamentary Annual Report Tables

Table 6: Trends in the Representation of Workforce Diversity Groups

Workforce Diversity Group	Benchmark/Target	2016	2015	2014
Women	50%	71.2%	66.4%	66.1%
Aboriginal People and Torres Strait Islanders	2.6%	3.7%	5.1%	3.4%
People whose First Language Spoken as a Child was not English	19.0%	17.8%	16.2%	17.4%
People with a Disability	N/A	4.2%	3.8%	7.6%
People with a Disability Requiring Work-Related Adjustment	1.5%	0.8%	0.9%	0.9%

Table 7: Trends in the Distribution of Workforce Diversity Groups

Workforce Diversity Group	Benchmark/Target	2016	2015	2014
Women	100	98	101	99
Aboriginal People and Torres Strait Islanders	100	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	94	N/A	N/A
People with a Disability	100	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A	N/A

Note 1: A Distribution Index of 100 indicates that the centre of the distribution of the Workforce Diversity group across salary levels is equivalent to that of other staff. Values less than 100 mean that the Workforce Diversity 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 Workforce Diversity group is less concentrated at lower salary levels.

Note 2: The Distribution Index is not calculated where Workforce Diversity group or non-Workforce Diversity group numbers are less than 20.

...**PSC** took a number of steps to **attract, develop and retain** a **diverse workforce**...

Appendix D: Legislative Framework

Government sector employment legislation

As at 30 June 2016 the following Act allocated to the NSW Premier was administered by the PSC:

Government Sector Employment Act 2013

The PSC also administered the Government Sector Employment Regulation 2014 and the Government Sector Employment Rules 2014, which are made under the *Government Sector Employment Act 2013*.

Appendix E: Public Information And Access

Public access to NSW Government Information

The PSC's website includes comprehensive information about the agency, its responsibilities and its policies and programs.

The PSC publishes policy documents, documents concerning the PSC tabled in Parliament, a disclosure log of access applications we have received, our register of government contracts valued at over \$150,000, and Government Advertising Act 2011 advertising compliance certificates on our website. In the 2016 financial year the PSC also released the State of the Sector 2015 Report, the Workforce Profile Report 2015 and the State of Workforce Reform Report. The PSC will continue to proactively release government information as long as its release does not impose unreasonable additional costs on the PSC.

Statistical information about access applications

During the period from 1 July 2015 to 30 June 2016, the PSC received one valid access application under the *Government Information (Public Access) Act 2009* (GIPA Act). Access was granted in full to that application.

The following nine tables show details of the application received and decision made by PSC during the 2015-16 year in accordance with the provisions of the GIPA Act and the *Government Information (Public Access) Regulation 2009*.

Table 8: Number of applications by type of applicant and outcome*

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

* 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 8.

Table 9: Number of applications by type of application and outcome

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

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

Table 10: Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	N/A
Application is for excluded information of the agency (section 43 of the Act)	N/A
Application contravenes restraint order (section 110 of the Act)	N/A
Total number of invalid applications received	N/A
Invalid applications that subsequently became valid applications	N/A

Table 11: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

	Number of times consideration used*
Overriding secrecy laws	N/A
Application is for excluded information of the agency (section 43 of the Act)	N/A
Cabinet information	N/A
Executive Council information	N/A
Contempt	N/A
Legal professional privilege	N/A
Excluded information	N/A
Documents affecting law enforcement and public safety	N/A
Transport safety	N/A
Adoption	N/A
Care and protection of children	N/A
Ministerial code of conduct	N/A
Aboriginal and environmental heritage	N/A

* 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 11.

Table 12: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of occasions when application not successful
Responsible and effective government	N/A
Law enforcement and security	N/A
Individual rights, judicial processes and natural justice	N/A
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	N/A
Secrecy provisions	N/A
Exempt documents under interstate Freedom of Information legislation	N/A

Table 13: Timeliness

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

Table 14: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	N/A	N/A	N/A
Review by Information Commissioner*	N/A	N/A	N/A
Individual rights, judicial processes and natural justice	N/A	N/A	N/A
Internal review following recommendation under section 93 of Act	N/A	N/A	N/A
Review by ADT	N/A	N/A	N/A
Total	N/A	N/A	N/A

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

Table 15: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	N/A
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	N/A

Table 16: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

	Number of applications transferred
Agency-initiated transfers	N/A
Applicant-initiated transfers	N/A

Public Interest Disclosure

Under the *Public Interest Disclosures Act 1994 (PIDA)*, the PSC is required to report information about disclosures made between 1 July 2015 and 30 June 2016, internal reporting policies in place, and the Public Service Commissioner's staff awareness obligations.

Between 1 July 2015 and 30 June 2016, no public official made a Public Interest Disclosure to the PSC. Between 1 July 2015 and 30 June 2016, the PSC received no Public Interest Disclosures.

Table 17: Statistical information on Public Interest Disclosures

1 July 2015 – 30 June 2016				
		Category 1 PIDs made in performance of day to day functions	Category 2 PIDs made under a statutory or other legal obligation	Category 3 All other PIDs
Number of public officials who made a PID		-	-	-
Number of PIDs received		-	-	-
Of PIDs received, number primarily about:		-	-	-
Corrupt conduct		-	-	-
Maladministration	Not applicable	-	-	-
Serious and substantial waste	Not applicable	-	-	-
Government information contravention	Not applicable	-	-	-
Local Government pecuniary interest contravention	Not applicable	-	-	-
Number of PIDs finalised		-	-	-

The PSC's *Public Interest Disclosures Policy and Procedures* detail the procedures for making and handling disclosures under the PIDA and provides guidance to those responsible for receiving, managing and investigating PIDs.

A copy of the PSC's policy and the Public Service Commissioner's statement of commitment are provided to new employees as part of their induction at the PSC. This policy is also accessible on the PSC intranet website.

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 website. New employees are required to complete this e-learning module as part of their induction at the PSC. A number of PSC staff members have completed the e-learning module successfully as part of their induction.

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. The PSC is currently developing a new Privacy Management Plan set for completion in 2016-17.

The Privacy Code of Practice for the NSW Workforce Profile was published in 2012 and has been approved by the Attorney General.

The PSC maintains a data warehouse called the Workforce Information Warehouse (WIW), containing de-identified data updated through routine collections from the sector, such as the Workforce Profile Collection. The PSC manages the data collected through the workforce profile in accordance with the Privacy Code of Practice for the NSW Workforce Profile published in 2012. The Code of Practice is approved by the NSW Attorney General.

The Workforce Profile includes demographic information, such as age, gender, EEO (Equal Employment Opportunity) group membership, as well as employment information such as hours worked, leave patterns, remuneration and mobility within the sector.

The PSC's *Privacy Code of Practice & Management Arrangements for the GEN* was published in the Government Gazette in March 2015. The Code, developed in consultation with the NSW Privacy Commissioner, was authorised by the Attorney

General. The GEN (or Government Employee Number) is a unique identifier for all NSW government sector employees. GENs are stored and used in the NSW Identity Hub, a whole of public sector system managed by the Department of Finance, Services and Innovation that verifies employees' identity to authorise access to computer applications. Creating an employee's GEN involves collecting some information about the employee. The Code is designed to ensure the privacy and security of that information.

Internal reviews

In 2015-16 no reviews were conducted by or on behalf of the PSC under Part 5 of the PPIPA.

GEN involves collecting some information about the employee.

Appendix F: Risk Management And Insurance Activities

Internal audit, risk management and insurance

The focus of the Audit and Risk Committee in 2015-16 has been to establish good reporting practices that align with the requirements under NSW Treasury policy TPP 15-03 and the Committee's charter.

In 2015-16, consistent with the requirements of its charter, and NSW Treasury policy TPP 15-03, the Committee reviewed the management's approach to maintaining an effective risk management approach, adequacy of internal control processes, legislative compliance and financial management aspects. The Committee also reviewed the 2015-16 financial statements in September 2015 and recommended their signing by the Commissioner.

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

Committee membership

The current Chair and Members of the Audit and Risk Committee are Ms. Joan Wilcox, independent chair, Mr. Ian Neale, independent member and Ms Gerry Brus, independent member. Ms. Sonja Stewart was the departmental member prior to her resignation from the PSC and the introduction of the requirement for three independent members, as mandated by TPP 15-03.

The terms of the Committee members are listed below:

- Joan Wilcox: Independent Chair (appointed 1 February 2012 to 31 January 2017);
- Ian Neale: Independent Member (appointed 1 February 2015 to 31 January 2019); and
- Gerry Brus: Independent Member (appointed 18 March 2016 to 17 March 2020).

The Chair of the ARC, Ms Joan Wilcox was appointed as Chair of the Committee in February 2012 and her term was until January 2016. In December 2015, Ms Wilcox's term was extended by the Public Service Commissioner until January 2017, consistent with TPP 15-03.

The Committee meeting dates and attendance in 2015-16 were:

- July 2015 (Ian Neale; Sonja Stewart)
- September 2015 (Joan Wilcox; Ian Neale; Sonja Stewart)
- December 2015 (Joan Wilcox; Ian Neale)
- March 2016 (Joan Wilcox; Ian Neale)
- May 2016 (Joan Wilcox; Gerry Brus; Ian Neale)

Internal audit program

The PSC's updated risk weighted annual Internal Audit Plan for 2015-16 was endorsed in May 2015 by the Audit and Risk Committee. At each meeting in 2015-16, the ARC considered progress against the internal audit plan; internal audit reports and the implementation of internal audit recommendations.

The Committee also tracked the implementation of internal audit recommendations. As in the prior year,

and as part of its internal audit program, the PSC undertook a comprehensive review of its risk profile in an executive workshop, facilitated by internal auditors BDO in April 2016.

During the course of 2015-16, the Committee received audit reports and management responses for the following internal audits:

- Evidence Base
- Executive Services Model
- GSE Act Implementation

External audit

The Audit and Risk Committee noted the Commissioner’s attestation and the NSW Audit Office’s opinion that the 2015-16 financial statements were a true and fair view of the PSC’s financial position. The Committee has worked with PSC management and the NSW Audit Office to advance the planning and timetable for the 2016-17 financial statements.

Insurance

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

Insurance policies

In 2015-16 the Commission held the following insurance policies:

Table 18: Insurance policies held

Type	Coverage
Liability	For professional, product, directors & officers liability
Property	Provides coverage for owned assets. Includes consequential loss
Motor Vehicle	Comprehensive
Miscellaneous	Covers risks mainly due to employee dishonesty and agency specific travel overseas, including personal effects
Workers compensation	Workplace injury

Credit card certification

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

Internal Audit and Risk Management Attestation Statement for the 2015-2016 Financial Year for NSW Public Service Commission

I, Graeme Head am of the opinion that the NSW Public Service Commission has Internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The chair and members of the Audit and Risk Committee are:

- Joan Wilcox: Independent Chair (appointed 1 February 2012 to 31 January 2017);
- Ian Neale: Independent Member (appointed 1 February 2015 to 31 January 2019); and
- Gerry Brus: Independent Member (appointed 18 March 2016 to 17 March 2020).



[agency head] or in accordance with a resolution of the Governing Board of the Statutory Body
(Sign and Date) 24/10/16



Agency Contact Officer
(Role and contact details)
CHIEF AUDIT EXEC
02 9272 6140

Appendix G: Payment Of Accounts

Table 19: Aged analysis at the end of each quarter

Quarter	Current (i.e. within due date) \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 60 and 90 days overdue \$'000	More than 90 days overdue \$'000
September	225	-	169	21	8
December	1049	-	93	7	59
March	136	-	6	8	3
June	434	-	2	-	2

Table 20: Accounts due or paid within each quarter

Measure	September	December	March	June
All suppliers				
Number of accounts due for payment	536	613	422	577
Number of accounts paid on time	447	441	292	444
Actual percentage of accounts paid on time (based on number of accounts)	83%	72%	69%	77%
Dollar amount of accounts due for payment (\$'000)	3,854	5,532	5,334	6,017
Dollar amount of accounts paid on time (\$'000)	3,267	3,897	2,974	4,953
Actual percentage of accounts paid on time (based on \$)	85%	70%	56%	82%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-
Small suppliers				
Number of accounts due for payment	1	-	-	-
Number of accounts paid on time	-	-	-	-
Actual percentage of accounts paid on time (based on number of accounts)	-	-	-	-
Dollar amount of accounts due for payment (\$'000)	5	-	-	-
Dollar amount of accounts paid on time (\$'000)	-	-	-	-
Actual percentage of accounts paid on time (based on \$)	-	-	-	-
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

Commentary

The change in outsourced service providers in December 2015 from ServiceFirst to GovConnect affected our payment performance in the March quarter. The Commission continues to work with GovConnect and has seen improvement in payment performance.

Interest on late payments

One payment to a small supplier was made late, and an interest payment of \$57 was made to the supplier in October 2016.

The **Commission** continues to **work with GovConnect** and has seen **improvement in payment performance.**

Appendix H: Consultants

A consultant in the PSC is referred to as a person or an organisation that provides expert advice professionally to assist decision-making. The PSC consultancy expenses for 2015-16 were \$53,035, provided by 2 organisations. The consultancy services provided were for management services.

Appendix I: Research And Development

There were no Research and Development projects or activities undertaken by the PSC in 2015-16.

Appendix J: Digital Information Security Annual Attestation Statement



Ref: A3397572

Digital Information Security Annual Attestation Statement for the 2015-2016 Financial Year, for the New South Wales Public Service Commission.

I, Graeme Head, am of the opinion that the New South Wales Public Service Commission (PSC) had an Information Security Management System (ISMS) in place during the 2015-2016 financial year that is consistent with the Core Requirements set out in the NSW Government Digital Information Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of the PSC are adequate.

During the year, ICT services provided to the PSC were transitioned from ServiceFirst to a new shared services provider GovConnect. Independent risk assessments performed during the year, as part of this transition, identified some areas requiring remediation. I am advised actions to address these areas were completed by 30 September 2016.

Risks to the digital information and digital information systems of the PSC have been assessed with an independent ISMS developed in accordance with the NSW Government Digital Information Security Policy.

A handwritten signature in blue ink that reads 'Graeme Head' and the date '26.10.16' written below it.

Graeme Head
Public Service Commissioner

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Glossary Of Terms And Abbreviations Used In Annual Report

Terms/abbreviations	Meanings
Agency	A general reference to an organisation within the NSW government sector
AGSM	Australian Graduate School of Management
AO	Audit Office
BCA	Business Council of Australia
CoHRP	Community of HR Professionals
Commission of Audit	<i>NSW Commission of Audit Interim Report: Public Sector Management</i>
DEAC	Disability Employment Advisory Committee
DFSI	Department of Finance Services and Innovation
DPC	Department of Premier and Cabinet
EAP	Employee Assistance Program
EEO	Equal Employment Opportunity
GEN	Government Employee Number
GIPAA	<i>Government Information (Public Access) Act 2009</i>
GSELA ACT	<i>Government Sector Employment Legislation Amendment Act 2016</i>
GSE Act	<i>Government Sector Employment Act 2013</i>
HCM	Human capital management
HRPCS	Human Resources Professionals Capability Set
HR	Human Resources
ICT	Information and communications technology
JCC	Joint Consultative Committee
PIDA	<i>Public Interest Disclosures Act 1994</i>
PPIPA	<i>Privacy and Personal Information Protection Act 1998</i>
PMES	People Matter Employee Survey
PSC	NSW Public Service Commission
PSEMA	<i>Public Sector Employment and Management Act 2002</i>
The Academy	NSW Leadership Academy
WIW	Workforce Information Warehouse

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About This Annual Report

The external cost of producing this annual report is \$0.

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