

ANNUAL REPORT 2016-17



Public
Service
Commission

LETTER OF TRANSMITTAL



Public
Service
Commission

Ref: A3783724

The Hon. Gladys Berejiklian MP
Premier of New South Wales
GPO Box 5341
SYDNEY NSW 2001

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 2016-17 to you for presentation to the Parliament of New South Wales.

The Public Service Commission Annual Report 2016-17 is an account of the activities and performance of the Public Service Commission for the period 1 July 2016 to 30 June 2017. 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 2016-17 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 2016-17 to the Treasurer, the Hon. Dominic Perrottet MP.

Yours sincerely,

A handwritten signature in blue ink that reads 'Graeme Head'. Below the signature is the date '31.10.2017' written in blue ink.

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 create the world's best public sector, with the Public Service Commission (PSC) leading sector-wide workforce reform.

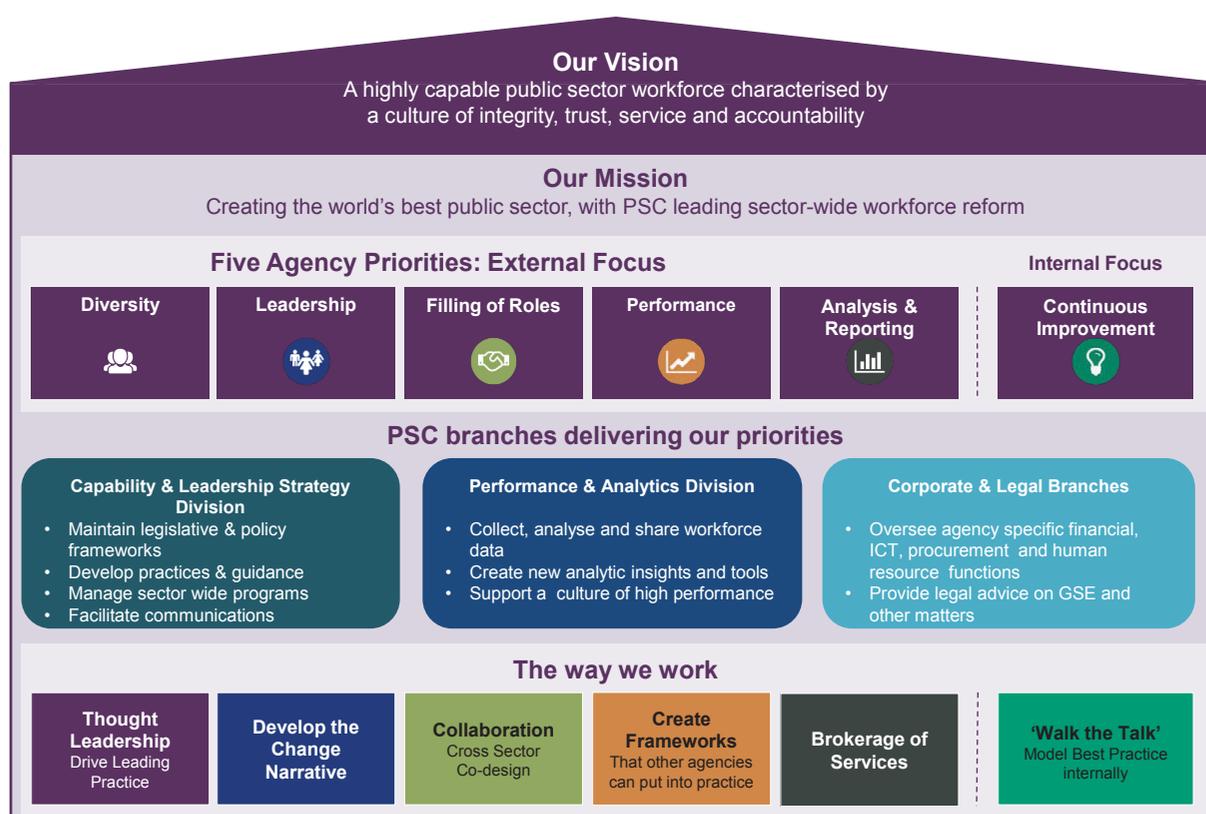
Agency Priorities

The PSC has five clear sector-wide priorities:

1. **Diversity:** Develop and implement strategies to ensure that the government sector represents the diversity of the wider community.
2. **Leadership:** Advise the NSW Government on the sector's leadership structure and develop sector-wide capability.

3. **Filling of Roles:** Ensure that the NSW Government recruits on merit, using professional standards, as well as attracting and retaining a high-calibre public sector workforce.
4. **Performance:** Drive the capability of the government sector to provide strategic policy advice and meet public expectations.
5. **Analysis and Reporting:** Use a data driven approach to support workforce management and planning.

As well as these external priorities, the PSC has adopted an internal priority of continuous improvement that seeks to attain best practice standards in all aspects of back-office corporate support and workforce management. We believe it is important to 'Walk the Talk'.



The PSC Operating Model

The PSC delivers our priorities via the following broadly defined activities:

1. Thought Leadership: Research, policy development and driving leading practice
2. Change Narrative: Developing change management narrative for agencies embarking on workforce reform.
3. Collaboration: Cross sector input and co-design reference groups.
4. Framework creation: Developing standard procedures and templates that other agencies can put into practice.
5. Brokerage of Services: Where appropriate, centrally procuring and administering services on behalf of the sector.

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

A MESSAGE FROM THE COMMISSIONER

As I reflect upon the past year, it has been one of significant activity and achievement for the Public Service Commission (PSC) across a number of our key areas of work.

Notably, February 2017 saw the completion of the three-year transition to the *Government Sector Employment Act 2013* (GSE Act) arrangements for senior executives in the public service. This key aspect of the legislation saw a streamlining of executive levels, the introduction of work-level standards for senior executive roles, an improvement in spans of control for executives and a significant reduction in the total number of executive roles in the Public Service.

The senior executive reforms were a key recommendation of the 2012 Commission of Audit, Interim Report on Public Sector Management conducted by Dr Kerry Schott AO. Dr Schott also recommended that, where appropriate, other parts of the public sector should be included in the executive reforms. The approach taken by the Government on the advice of my office was to create an alignment to the design principles that apply to Public Service senior executives for executives employed in the Health Service, the Transport Service and a subset of executive roles in the NSW Police Force. The *Government Sector Employment Legislation Amendment Act 2016* amended the *Health Services Act 1997*, *Transport Administration Act 1988* and *Police Act 1990* to give effect to these changes; the new arrangements for Health Service executives came into force on 1 January 2017 and for Transport Service executives on 1 July 2017. The new arrangements for the NSW Police Force will commence on 31 October 2017.

Taken together, these reforms create the first whole-of-government-sector approach to executive structure and role design. They allow for the recruitment and development



of executives against a common capability framework for all core capabilities required of executives. They allow for greater mobility within the sector and provide one of the foundations for attracting and retaining senior staff in the sector and for targeting leadership development initiatives.

The drive for increased diversity in the sector has also been a key part of the work of the past year. The Premier has a priority to increase diversity in the public sector by doubling the number of Aboriginal senior executives by 2025

(compared with a 2014 baseline) and to achieve gender equity in the senior executive ranks by the same year. There has been solid performance towards these targets over the year, with the 2017 workforce profile showing that there are now 71 Aboriginal senior executives (up from 57 in 2014) and women now represent 37.4% of senior executives (up from 33.4% in 2014).

Across the broader public sector workforce, Aboriginal representation continues to grow each year and is now at 3.2%. Women now comprise 64.1% of the total public sector workforce in NSW and people whose first language spoken was not English comprise 18.2%.

Participation of people with disability remains an issue in the public sector and work jointly led by the Department of Family and Community Services (FACS) and my office is seeking to turn this situation around.

The Disability Employment Advisory Committee (DEAC) comprises representatives of FACS and the PSC with stakeholders from the disability sector and other key experts, including representatives from the Australian Network on Disability, National Disability Services, NSW Mental Health Commissioner, University of Sydney, NSW Disability Council, and Lendlease. Over the past year, the DEAC has supported work in the following areas:

- Guidelines and resources on how to establish and maintain networks of employees with disability to support agencies in building inclusive environments.
- In partnership with the University of Sydney, research to trial a new set of questions for agencies relating to disability and accessibility in the workplace that are more inclusive and provide data that is comparable to the NSW population.

- Partnering with a disability consultancy in action-based research using the 2016 Public Service Recruitment Pools to identify opportunities to improve the accessibility and inclusion of recruitment practices.
- Developing an e-learning module, which is nearing completion to help managers and employees know what they need to do to create disability confident workplaces.

2017 saw significant expansion of our Graduate Employment Program, with approximately 120 policy and ICT graduates joining the Public Service through this initiative. The program is steadily increasing the numbers of graduates employed each year and is attracting high-calibre candidates. The NSW public sector jumped 20 places this year on the 'Australian Financial Review' list of employers of choice for graduates. We also continued to climb the rankings in the Randstad international survey of employers of choice, and are now in the top 20 Australian employers for the second year in a row.

The PSC has continued to strengthen some of our core activities. The People Matter Employee Survey (PMES) is now conducted annually. The 2017 survey was released in late June and saw a significant response rate of over 42%. This survey is helping us take action across the sector on a range of issues affecting our staff in their workplaces. For example, the number of employees who say they have been bullied has dropped significantly since we began the survey in 2012 – the number of employees across the sector who say they experienced bullying in the previous 12 months is now at 18%, down from 29% in 2012 when the PMES was first conducted. The 2017 survey findings have underpinned four years of solid work in bullying prevention initiatives, including our recently launched Respect. Reflect. Reset campaign.

Significant efforts have also been made throughout the year to continue the development of the Leadership Academy's programs and the improvement of recruitment and performance management practice across the sector. The PSC is also doing cutting edge work in workforce analytics to assist agencies.

Our corporate functions have been integrated over the last 12 months, with a new leadership structure in the team and strongly improved business processes.

I would like to thank the staff of the PSC for their enthusiasm, professionalism and hard work. It's a great team for me to lead. We deliver value for the sector and, ultimately, for the NSW community.

I would also like to acknowledge the support and guidance of the PSC Advisory Board under the leadership of its Chair, Professor Peter Shergold AC. The Advisory Board energetically contributes to the public policy and public administration conversations in NSW and has been an important part of the PSC's success since its establishment.

Graeme Head

Public Service Commissioner

“Across the broader workforce, Aboriginal representation continues to grow each year and is now at 3.2%.”

A MESSAGE FROM THE CHAIR

Over the last year the Public Service Commission (PSC) Advisory Board has continued to drive work of significance for the NSW public sector, the Government and the people of New South Wales.

Since the establishment of the PSC and its Advisory Board in 2011, the Board members have contributed to the Commissioner's development of:

- the GSE reform agenda
- the framework for reporting on the State of the Public Sector
- the approach for the People Matter Employee Survey
- the sector performance management framework
- the "Behaving Ethically" resources.

In addition to supporting the Commissioner in his statutory functions, the Advisory Board has also undertaken its own original work.

Leading up to 2017, the Advisory Board led three significant pieces of work – first, addressing the measurement of public sector productivity improvement; second, designing the survey instrument that forms the basis for the customer satisfaction measurement work that is undertaken by Service NSW; and, third, a research report examining collaboration in the public sector and ways to improve it.

This last piece of work was built upon by the Advisory Board during the past year. It culminated in the recent release of a report on the state of cross-sectoral collaboration, focussing on four case studies in the human services sector. This new work was undertaken, because employee surveys have indicated concerns about the public sector's commitment to collaboration with not-for-profit organisations and in its willingness to embrace the opportunities presented for genuine partnerships, not only in the co-design of policy, but in the co-production of service delivery.



It is the Advisory Board's fervent hope that the latest review on collaboration will be used by NSW government agencies – and by organisations that partner with them – to examine how they can work in the creation of public value.

The Advisory Board has three other pieces of work under way. The first of these is embedding diversity and inclusion in the public sector. There is a significant body of research that shows that a workforce with greater gender and cultural diversity is more innovative, productive and better able to understand its customer base. Much of this research is focused on private sector organisations. Through an extensive literature review and consultation throughout the sector, the project aims to produce more public sector evidence to support agencies to embrace diversity and inclusion.

The Commissioner has been asked by the Government to lead work to give effect to the Government's commitment to an 'if not, why not' approach to adaptive work practices. The Advisory Board, in supporting the Commissioner, is interested in the issue of flexibility and its relationship to employee engagement. It is focusing its efforts on developing practical tools and case studies that will assist agencies to implement the new government strategy when it is released in the near future.

The final Advisory Board research project is on driving improved organisational performance. This piece of work is intended to support small to medium agencies to develop their organisational performance strategy and to link how they manage performance to the use of strategic mapping. The project will articulate capabilities needed for improving leadership, risk management and customer focus. It will build on the existing resources to produce tailored tools and guidance that can support agencies to develop capability in leadership, customer-centricity and strategic risk management.

Each of the external members of the Advisory Board has led or is leading one of these pieces of work: Martin Laverty (Collaboration), Susan Lloyd-Hurwitz (Diversity), Sandra MacPhee (Flexibility) and Vince Graham (Performance). I want to thank each of them for their insights and leadership of this important work. I also extend my thanks to the staff who have undertaken the work, under my colleagues' oversight.

The PSC is now moving out of a period of reform design and implementation and into a period in which it will need to support the sector in extracting maximum value from all the new workforce management tools and frameworks it has introduced. This will be a challenging transition that will place significant pressure on the PSC. I look forward to the continued partnership between the Advisory Board and

the Commissioner in the ongoing transformation of Australia's largest employer. I want to thank my fellow Board members, for their collegiate commitment to improving public sector performance. I am grateful for the collaborative contribution of Blair Comley PSM, Secretary of Department of Premier and Cabinet, and Rob Whitfield, former Secretary of the Treasury who was part of the Advisory Board for most of the year covered by this report.

Finally, I wish to acknowledge, on behalf of the Advisory Board, the dedicated and thoughtful leadership provided to the NSW public sector by the Commissioner, Graeme Head. We enjoy working with him.

Peter Shergold AC

Chairman

“The Board, in supporting the Commissioner, is interested in the issue of flexibility and its relationship to employee engagement.”

TABLE OF CONTENTS

Letter of Transmittal	2
The Public Service Commission At A Glance.....	3
A Message from the Commissioner.....	5
A Message from the Chair	8
Our Organisation.....	12
Our Structure.....	14
Strategic Directions 2016-2018.....	19
Key Accomplishments.....	23
High Performance.....	32
Values-Driven Culture.....	34
Right Talent.....	36
Best Tools	41
Operational Excellence.....	44
Ways of Working.....	50
Appendix A: Our Audited Financial Statements	53
Appendix B: Our People.....	79
Appendix C: Workforce Diversity.....	88
Appendix D: Legislative Framework.....	90
Appendix E: Public Information And Access.....	91
Appendix F: Risk Management And Insurance Activities	101
Appendix G: Payment Of Accounts.....	104

Appendix H: Consultants.....	106
Appendix I: Research and Development.....	107
Appendix J: Digital Information Security Annual Attestation Statement.....	108
Appendix K: Major Works in Progress	109
Appendix L: Statutory Reporting Compliance Checklist	110
Glossary Of Terms And Abbreviations Used In Annual Report	112
List Of Tables In This Annual Report.....	115
Index	116
About This Annual Report.....	120

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 Act 2013* (GSE Act), that exists to support the Commissioner in the execution of his statutory functions. The PSC has the lead role in designing and implementing workforce management strategies and reform to ensure the capability of the New South Wales (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. It also exercises inquiry functions into matters relating to the management of public sector agencies. This includes 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, but 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 government 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 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.

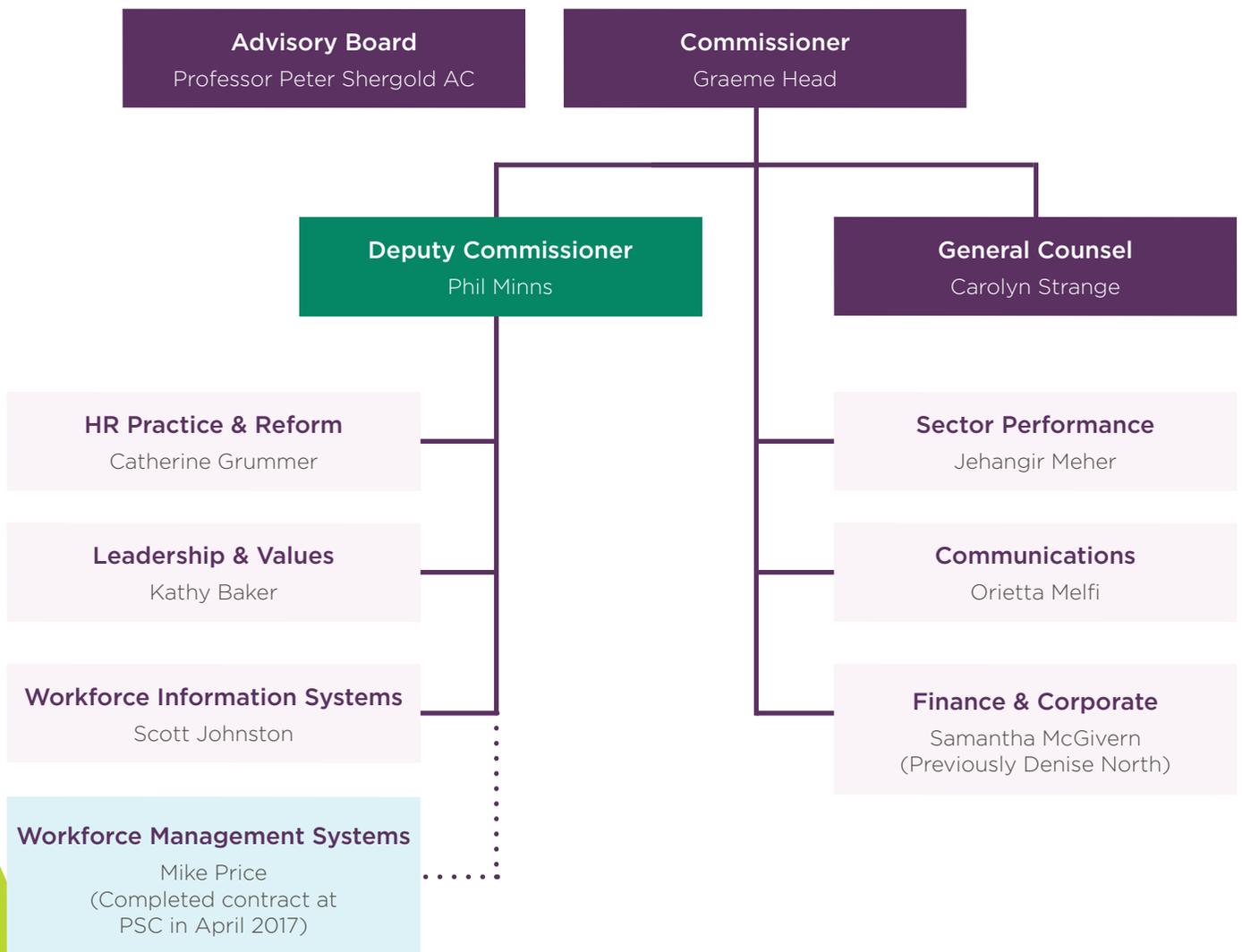
**‘A high-performing
Government sector
should be striving to
create a great place for
great people to do great
work.’**

OUR STRUCTURE

The Public Service Commission organisational structure

As at 30 June 2017, the Public Service Commission's (PSC) organisational structure included seven operational branches; Human Resources Practice and Reform; Leadership and Values, Workforce Information and Management Systems, Sector Performance, Communications, Finance and Corporate. In addition, the General Counsel and the Deputy Commissioner reported directly to the Commissioner.

Responding to emerging needs within the sector, the Deputy Commissioner was seconded to the Department of Justice using mobility arrangements contained in the *Government Sector Employment Act 2013* (GSE Act). The Deputy Commissioner role has remained unoccupied since April 2017.



A number of resourcing changes at the senior executive level and the conclusion of several programs of work provided an opportunity to review the top line structure and some key enabling roles:

- The Director Corporate and Chief Financial Officer roles merged into one role - Director Corporate/Chief Financial Officer in April 2017.
- The merging of the Workforce Management Systems and Workforce Information branches occurred in May 2017.

As at June 2017, the Commission's organisational structure had a Public Sector senior executive (PSSE) headcount of seven (7) roles.

On 1 August 2017, a series of structural adjustments and reporting line changes across the PSC came into effect. These changes reflect the PSC's transition from the initial set up and implementation phase, to a 'business as usual' stage.

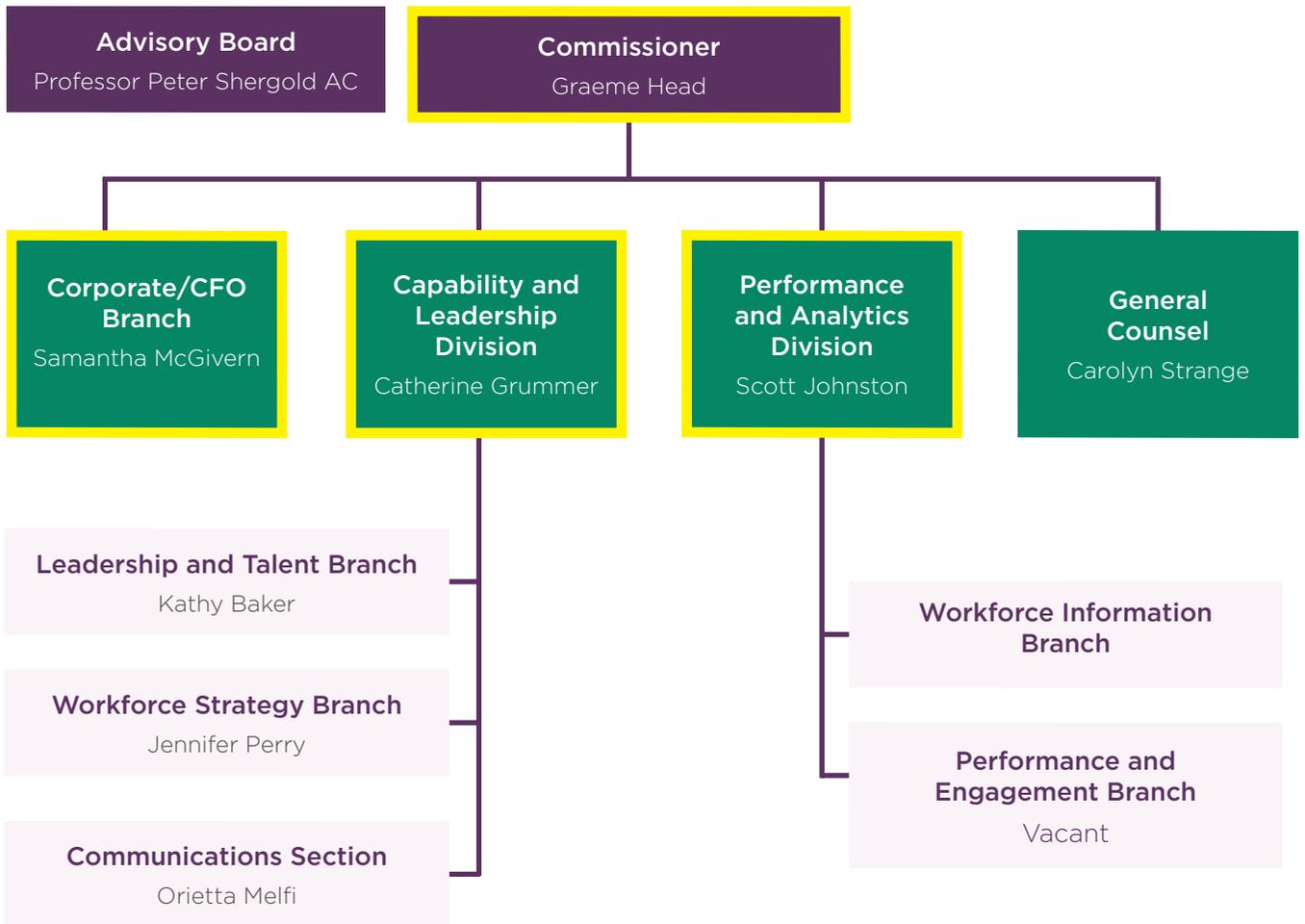
A two Division structure led by Assistant Commissioners (PSSE Band 2), was instigated, allowing for further consolidation of operational areas within the PSC where there are commonalities and alignment across work type and function.

The organisational adjustments have also enabled consolidation of the PSC's Executive Committee decision making structure down to four key participants, as highlighted on the next page in the organisational chart by yellow borders.

In September 2017, Deputy Commissioner Phil Minns moved laterally through the mobility provisions to a new role within the Health Department. The Commissioner has taken the decision not to replace this role.

Also in September 2017, Jehangir Meher resigned from the Director Sector Performance role. This role is currently under recruitment.

The revised structural changes result in the PSSE headcount at seven (7) roles, as at August 2017.



The Public Service Commission Advisory Board

The PSC Advisory Board is established by the *Government Sector Employment Act 2013* (GSE Act).

The Advisory Board determines general policies and strategic directions in relation to the functions of the 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 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 Advisory Board members during the year were:

- Professor Peter Shergold AC (Chair)
- Martin Laverty
- Sandra McPhee AM
- Vince Graham
- Susan Lloyd-Hurwitz
- Blair Comley PSM (Secretary, Department of Premier and Cabinet)
- Graeme Head (Public Service Commissioner)
- Michael Pratt (Secretary, The Treasury)

Biographies of the external member of the Advisory Board are as follows:

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 AMP and Corrs Chambers Westgarth and, in the NFP sector, of 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.

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.

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. In June 2017, Mr Graham was honoured with a Member of the Order of Australia, for his significant contribution to the rail and electricity sectors.

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.

STRATEGIC DIRECTIONS 2016-2018

The Public Service Commission's (PSC) 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 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 outlines the actions the PSC will undertake in the pursuit of these key strategic directions.

In late May 2017, the PSC Executive Committee undertook further strategic planning and as a result identified five strategic priorities which closely align to the agency's current areas of focus.

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

The PSC's approach to working with NSW Departments and other agencies varies according to the priority area in which the PSC is seeking to deliver, or the issue that 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
- prioritise the need to understand context
- base its directions and policies on that understanding

With most priorities and actions, the PSC works directly at a cluster or Departmental level, but there are times where the PSC works directly with other NSW government sector agencies. The PSC endeavours to be clear about which approach it adopts to deliver each priority.

The PSC determines the direction of change and standards of practice for workforce management across the sector. It works with Departments and other 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 Departments and other 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, the Hon. Gladys Berejiklian MP, is committed to delivering 12 priorities for the people of NSW, as published on the Premiers Priorities webpage at www.nsw.gov.au.

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 for this priority 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 sector is agile and resilient; driving creativity and innovation and better reflecting the diversity of the community it serves.

The PSC has put in place the foundations to advance progress towards achieving these targets. This includes building the pipeline of Aboriginal and female talent. The PSC has delivered five intakes of the Aboriginal Career and Leadership Development Program, with over 100 graduates. The PSC also delivered the pilot of the Aboriginal Employment and Development Program with the first recruits commencing work in early 2017. Of the number of people accepted into the NSW Leadership Academy programs, 62% are women and nine Aboriginal employees accepted places. The NSW Leadership Academy is run by the PSC and governed by the Secretaries Board. Its programs are designed to create strength for the sector at each key level of leadership targeting high-potential leaders who are ready to transition to senior roles. The PSC also partnered with the Queensland University of Technology to offer a number of paid scholarships for the Public Sector Management Program in 2017 for NSW public sector employees who are Aboriginal and Torres Strait Islander, live in rural and remote locations, or have a disability.

Disability employment

The PSC is committed to increasing workforce participation rates for people with disability. Although disability employment is not specifically identified as a Premier’s Priority through a designated target the PSC continues to make significant progress on this matter.

To continue to grow inclusive workplaces and to become a more attractive employer for people with disability, work is under way to develop disability awareness training for NSW public sector employees and managers. The training will comprise interactive e-learning modules to build disability confidence. The content is being developed with the Australian Network on Disability and in consultation with agencies and with employees with disability from across the sector.

The PSC works closely with Department of Family and Community Services (FACS) to improve the representation and experience of people with disability in the NSW public sector. This work is informed by advice from the Disability Employment Advisory Committee (DEAC) that comprises of representatives from key disability-related organisations, and consultation with NSW public sector employees with disability, to confirm the way forward.

The PSC also works with a network of employees with disability from across the NSW public sector to provide advice on strategies to improve the outcomes for people with disability in the sector. The group has grown in 2016-17 and comprises 25 members.

Flexible Working

As part of the Premier’s commitment, the PSC is leading initiatives to support mainstreaming flexible work across the NSW government sector. Flexible working focusses on rethinking the needs of individuals, the team and the organisation to come to an agreement on when, where and how to work. Rather than a flexible work managed on an exception basis, it needs to be a case of “if not, why not”, where feasible.

The PSC is leading the development of a strategy to support the implementation of delivery of flexible work across the sector. This includes identifying areas where there is utility in designing a common approach and where agencies need to develop agency specific initiatives based on their operating contexts. The Premier's commitment is dependent on all government sector agencies implementing the "if not, why not" approach in their workforce.

KEY ACCOMPLISHMENTS

Highlights

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

Highlights include:

- Launch of the *I work for NSW* Employee Value Proposition campaign
- Moving up three places in the 2017 Australian Randstad Employer of Choice Awards
- Expansion of the NSW Government Graduate Program, after completion of Pilot Stage
- Completion of the *Government Sector Employment Act 2013* (GSE Act) senior executive transition
- Commencement of the *Government Sector Employment Legislation Amendment Act 2016* (GSELA) reforms creating alignment between the executive arrangements in the Public Service, Health Service, Transport Service and, from 31 October 2017, a subset of NSW Police Force.
- Expansion of Human Capital Management (HCM) systems – development commenced across all clusters
- Launch of the Capability Discovery Tool
- Development of the Human Resources Professionals Capability Set
- Development of the Legal Professionals Capability Set
- Hosting the Women in Leadership Symposium
- Supporting the Aboriginal Employment Strategy
- Improving Public Sector representation and experience for people with disability
- Improving Culture – Respect. Reflect. Reset. campaign for prevention of Workplace Bullying
- Launch of the Information Communication and Technology Career Pathway Framework

- Improving recruitment across the Public Service
- Implementation of Government Employee Number
- Expansion of capabilities of the Workforce Dashboard, an online tool giving agencies access to a range of workforce data
- People Matters Employee Survey transitioned to annual reporting

Launch of the *I work for NSW* Employee Value Proposition campaign

The NSW Government overarching Employee Value Proposition *I work for NSW*, had a soft digital launch in February 2016. A digital marketing campaign was activated between 1 August 2016 and 31 March 2017. The campaign featured a rotation of six videos and content that was produced using a selection of winners from the 2015 Premier's Awards. Through personal stories and video these NSW Government employees exemplified the six reasons to work for NSW that were the focus of the campaign. The aim of the content was to challenge the traditional external perspectives about working in the Public Sector and raise the status of working for the NSW Government. The campaign delivered on all planned/benchmarked metrics.

Moving up 3 places in the 2017 Randstad Employer of Choice Awards

This year, the NSW Government moved up three places from number 19 to number 16 in the 2017 Randstad Employer of Choice Awards. This list is made up of organisations selected from Australia's largest 150 employers based on employee size. Within the national Government Sector, the NSW Government ranked second. The key factors in this year's selection relate to career progression opportunities and providing good work-life balance options. This recognition was further enhanced by initiating an external facing marketing campaign.

Expansion of the NSW Government Graduate Program

The NSW Government Graduate Program is a whole-of-government program that is now in its third year. This program has been successful in the first two years of operation and its profile has grown significantly climbing to 40th in the Australian Financial Review's Top 100 Graduate Employer listing after a ranking of 60th in 2016. In 2016/2017, 2077 graduates applied to participate in the Program with 107 being offered roles in the 2017 program. It is anticipated that the Program will expand to up to 200 graduates in 2018 and future Programs will incorporate new streams for other common role types across the NSW Public Sector.

Completion of the GSE Act executive transition

During the year all Public Service agencies completed senior executive transition in compliance with GSE Act requirements. The completion date for the transition was the third anniversary of commencement of the GSE Act (24 February 2017) for all but three agencies, one of which had a deadline of 30 April 2017 with the remaining two having a deadline of 23 August 2017. In the large Departments, senior executive transition was typically implemented division by division, resulting in a staged process managed systematically over the transition period.

Completion of the executive arrangements sets the foundation for increased mobility with the Public Service, across executive role design based on common work level standards, capabilities and spans of control. As an outcome of the executive transition process the number of senior executives in the Public Service has decreased.

Commencement of GSELA reforms

Significant progress was made during the year in aligning the employment arrangements for Public Service executives and those for executives in other parts of the government sector.

During 2016/17, the PSC partnered with the NSW Health, Transport and Police Force to ensure a smooth transition to the new executive employment arrangements for those services as a result of the GSELA Act. When the Act has fully commenced, it will have aligned the employment model for executives in the Health Executive Service, the Transport Senior Service, and the Police Force Senior Executive Service with the senior executive employment model in the *Government Sector Employment Act 2013* - the model that now applies to Public Service senior executives.

To facilitate the operational transition to the new arrangements, the PSC has worked with each service to develop a tailored set of Government Sector Employment Rules and some service-specific regulatory amendments to the *Government Sector Employment Regulation 2014* relating to senior executive employment. The PSC also worked with the three services to identify appropriate commencement dates for the GSELA Act provisions. As a result, schedule 2 of the GSELA Act commenced for the Health Service on 1 January 2017, schedule 4 commenced for the Transport Service on 1 July 2017 and Schedule 3 will commence for the NSW Police Force on 31 October 2017.

The alignment the GSELA Act achieves means that the executives in the three services will share the benefits of the GSE Act reforms designed to create a more agile, mobile executive with enhanced career opportunities and will be able to deliver better front-line services to the people of New South Wales. In addition, when the GSELA Act commences for the NSW Police Force, it will separately align the employment arrangements of the non-executive administrative employees of the Police Force with those contained in the GSE Act.

Together the Public Service senior executive transition and the alignment of Public Service executive employment arrangements with Health, Transport and Police executives create a strong basis for mobility of senior executives across the government sector.

Expansion of Human Capital Management (HCM) Systems

The PSC continued to support Departments and other agencies in their procurement and implementation of Human Capital Management (HCM) systems, a key step to enabling leading practice capability-based workforce management across the Public Sector.

The PSC built up a range of collateral including a business case toolkit, templates and fact sheets, and has facilitated strong collaboration between Department and agency representatives through regular HCM working group meetings and hands-on support. The working group meets every two months and provides a forum for sharing information, resources and lessons learned.

The balance of seed funding to kick start projects was distributed to four agencies / clusters, totalling \$2M allocated to the sector over the last three financial years. The PSC was represented on a number of HCM project steering committees by invitation.

Through these combined approaches, HCM momentum has continued to build and all ten clusters are implementing human capital management systems. Seven of the ten clusters are live on either performance management functionality, learning and development functionality, or both; with close to 40,000 Public Sector employees having access to an HCM system. The remaining three clusters have developed project plans and are anticipating pilot or implementation in 2017/18.

Launch of the Capability Discovery Tool

The PSC continued its work to enable agencies to better integrate and optimise the benefits of the Capability Framework across the sector through the development and launch of the Capability Discovery Tool (CDT) in November 2016.

The CDT supports Public Sector employees to reflect on their capabilities and development needs. Results are not an objective measure of capability, but support linkages to other areas of workforce management including development and career planning.

After using the CDT, employees are encouraged to discuss their development needs with their manager and to create development plans consistent with the agency's strategic objectives and their career aspirations. By encouraging a stronger emphasis on regular discussions between employees and managers around performance and career development, the CDT supports NSW Government in its efforts to build a more engaged and innovative Public Sector.

Since the CDT's launch, the PSC has monitored user feedback on the usage, usability and usefulness of the CDT and will evaluate sector appetite for modifications and enhancements to the CDT design and content 12 months post-launch.

Development of the Human Resources 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 NSW Core 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.

Development of the Legal Professionals Capability Set

During the year, the PSC partnered with professionals from across NSW Government to finalise the Legal Professionals Capability Set (LPCS).

The LPCS articulates the knowledge, skills and abilities of legal professionals across the NSW Public Sector, and reflects the independent, expert contribution that the legal profession makes to the strategic and operational areas of public service delivery.

The LPCS is scheduled for publication in late 2017 and is intended to be used in conjunction with the NSW Public Sector Capability Framework that comprises the core, transferable capabilities required in all NSW Public Sector roles.

The LPCS is designed to support the full range of workforce management and development activities and is a key step towards establishing consistent standards for legal professionals, providing a basis for ongoing work to strengthen capability in legal teams across the sector.

Increase the proportion of women in senior leadership roles to 50%

While the proportion of women in senior leadership roles has increased from a baseline of 33.4% to 37.4%, data modelling has revealed that the pace of change needs to be accelerated to meet the target by 2025.

The data shows that while fewer women than men are applying for senior roles, they are more likely to be successful when measured by gender as a percentage of total applications. The PSC has partnered with the Department of Premier and Cabinet's Behavioural Insights Unit to research, develop and test interventions to increase the proportion of women who apply for senior roles.

Flexible working is a key enabler for female participation in senior leadership roles. The PSC conducted research into the sector that found the most significant barriers to flexible working are culture and mindsets, followed by manager skills and experience. The PSC is working with clusters to put in place targeted initiatives to address these barriers. As a result of this sector consultation, a Flexible Working Strategy paper and recommendations were provided to the Premier, and subsequently approved in October 2017 for implementation during the financial year 2017/18.

Hosting the Women in Leadership Symposium

On 21 October 2016 the PSC, on request from the Hon Mike Baird MP (NSW Premier at that time), hosted the Women in Leadership Symposium.

The target audience for the event was female executives. These female executives were also offered the opportunity to invite a direct report, whom they had identified as a high potential female employee.

Demand for the event was strong, with registrations filling within four working days, and a waiting list of more than 60 women.

The highly successful event saw the venue at maximum capacity with a thoroughly engaged audience of 218 in attendance. The event featured a keynote address by Hon Jillian Skinner MP, live polling with the audience on key questions related to women in leadership, and a panel discussion with Helen Silver AO, Renee Leon PSM and Blair Comley PSM, punctuated with insight and humour from Annabel Crabb as the event's Master of Ceremony.

The event has provided the foundation for asking how we can all drive the change needed to ensure there are more women in leadership roles, how the sector can support women on their senior leadership journey; and for women to consider how they can support each other to maximise their potential.

The event's success underscores the opportunity to build on the conversation. Discussion at the event can be used to shape further exploration back in the workplace on the topics, helping to develop focus areas and potentially policy details, such as flexible work. A survey of participants following the event showed 92% were very satisfied or satisfied with the event. Attendees were overwhelmingly (94%) in favour of an annual event on the topic of women in leadership.

The success of the event has created a compelling case for an annual event, which will commence in the week of International Women's Day 2018.

Supporting the Aboriginal Employment Strategy

While we have achieved good results to date by moving from a baseline of 57 Aboriginal senior leaders in 2014 to 71 Aboriginal senior leaders in 2017, more work needs to be done to reach the target of 114 Aboriginal senior leaders in 2025.

The PSC continue the implementation of the NSW Public Sector Aboriginal Employment Strategy, with the delivery of a number of initiatives during 2016-2017.

Aboriginal Career and Leadership Development Program

The Aboriginal Career and Leadership Development Program (ACLDP) is a specifically designed development program to facilitate career and leadership development for Aboriginal and Torres Strait Islander NSW Public Sector employees who aspire to leadership roles. The program is an important initiative under the NSW Public Sector Aboriginal Employment Strategy and is a major contributor to the development of a talent pipeline to achieve the premier's priority of double the number of Aboriginal senior leaders in the sector by 2025.

The Program is a short course of six days over approximately four months. Three modules are delivered by the Australian Graduate School of Management (AGSM) in collaboration with the NSW Public Service Commission and OPRA Consulting. One hundred aspiring Aboriginal senior leaders have now graduated from the program.

Aboriginal Employment and Development Program

Delivered under the auspice of the NSW Public Sector Aboriginal Employment Strategy 2014-2017, the Aboriginal Employment and Development Program (AEDP) provides an additional entry point into the NSW government sector at grade 3/4 (equivalent) level.

As part of the AEDP program, participants complete a diploma-level qualification while working in a temporary capacity within one agency. At the completion of the qualification, and subject to satisfactory performance, the participants will be transitioned from temporary employment into an ongoing, at-level role.

Nine new-to-the-sector Aboriginal employees commenced under the 2017 pilot Aboriginal Employment and Development Program.

Retention of Aboriginal staff

An initiative under the NSW Public Sector Aboriginal Employment Strategy, facilitating Aboriginal staff networks encourages peer support, cultural solidarity and contributes to the achievement of attraction, retention and

development goals for our Aboriginal workforce. The activities delivered under this initiative allow for networking, the exchange of ideas and strategies, policy discussions; and reports on activities across the sector promote the retention of Aboriginal staff in the sector.

During the year, the PSC delivered regional networking events in Gosford, Lismore, Penrith, Taree and Wagga Wagga as well as Aboriginal senior leader events in Sydney.

These networking and engagement opportunities support our efforts to attract and retain the best talent, promote leadership and development across the sector, build internal support for our Aboriginal workforce, and encourage diversity and inclusion among employees at all levels. Leveraging affinity groups in this way will help develop a highly successful, inclusive and innovative sector in the long term.

Aboriginal Workforce Development Community of Practice

The Aboriginal Workforce Development Community of Practice provides a forum for Sector consultation on the operationalisation of the NSW Public Sector Aboriginal Employment Strategy 2014-2017. It does this by sharing best practice methods across the sector to improve employment and career development outcomes for Aboriginal people in the NSW Public Sector.

Meeting four times this year, membership of this group is limited to NSW Public Sector HR professionals, Aboriginal employment specialists and other managers, where relevant to their role in the NSW Public Sector.

Aboriginal Employment Advisory Committee

The Aboriginal Employment Advisory Committee is a consultative group comprised of Aboriginal employees who provide an Aboriginal perspective to the PSC on key strategic initiatives, as well as assisting in finding solutions for implementation challenges and issues.

The Committee comprises up to 15 Aboriginal Public Sector staff from across the NSW Government.

Representatives are in roles that are involved in Aboriginal employment, recruitment, career development and/or strategic policy. Members are drawn from each Department and represent the views or position of their Department/agency. Meeting on three occasions this year, the Committee is chaired by a member of the PSC's Aboriginal Workforce Development team.

Improving Public Sector representation and experience for people with disability

The PSC has partnered with the University of Sydney and the Department of Family and Community Services (FACS), to develop and validate a new set of data collection questions relating to disability in the NSW Public Sector workforce. The overarching aim of this project was to collect data that provides a more accurate picture of diversity in the workforce through:

- Addressing anecdotal feedback that the representation of employees with disability is under-reported
- Improving the data quality and response rate to the disability related questions
- Being able to compare NSW Public Sector workforce data with NSW population data to build a workforce that reflects the diversity of the community

The research included a number of stages: a mapping exercise to identify key terms common to other data collection instruments; focus groups with 55 NSW Public Sector employees to test the key terms identified in the mapping exercise; and an online survey with 513 respondents from the NSW Public Sector to further refine the questions. Overall, the findings showed that people were comfortable answering the new questions, found them easy to understand and more inclusive.

This innovative project has identified a set of succinct questions that correspond with key disability terms and will allow for the collection of data that can be compared to data about the broader NSW population. The research found

that a shift towards more functional wording rather than relying on employees to self-identify produces richer data. Self-identification can be impacted by a range of issues, such as identity and personal circumstances, whether the disability is a barrier to performance in a particular employment context, and non-recognition that a condition is classified as disability. As an important initiative of the Disability Employment Advisory Committee (DEAC),

This project will contribute towards a better understanding of the diversity of the NSW Public Sector workforce to inform interventions to improve the representation and experience of people with disability.

Improving Culture – Respect. Reflect. Reset.

The Respect. Reflect. Reset. campaign was developed in collaboration between the PSC and NSW Public Sector agencies to promote positive, respectful and productive workplace cultures. The campaign builds on earlier work done through the Public Service Commissioner’s Roundtable on Bullying established in 2014 and the Positive and productive workplaces guideline which was updated in 2017. The guide moved the focus of bullying from reporting to prevention.

Agencies received the resources in July 2017 for local release in September 2017 when the latest People Matter Employee Survey results are to be published. They support agencies’ work in creating positive and productive workplaces and reducing unreasonable behaviour and bullying.

The Respect. Reflect. Reset. campaign offers agencies tools for preventing bullying and reducing unreasonable behaviour, including: At-a-glance guides, editable posters, themed animations, scenarios and web graphic tools.

Agencies are able to tailor their own communications campaign around the key message of Respect. Reflect. Reset.:

- Respect your role, each other, and our organisation’s values and code of conduct
- Reflect on how your behaviour contributes to an inclusive, positive and productive workplace
- Reset your mindset and step into a positive frame.

The aim of the campaign is to prompt everyone to reflect on their own behaviour and take ownership for the role they play in creating a positive workplace.

Launch of the ICT Career Pathway Framework

The PSC collaborated with senior leaders in Information Communication and Technology (ICT) across the NSW Public Sector to develop the ICT Career Pathway Framework (The Framework). The Framework has been developed in the context of trends impacting the ICT industry over the next 3-5 years, such as service devolution and service digitisation to ensure it remains relevant and sustainable.

The Framework shows lateral, vertical and diagonal career paths between 55 ICT sector role descriptions, as well as seven emerging ICT roles. It is intended to be a tool for employees in ICT to navigate their career options, as well as plan and grow their careers.

This will:

- Improve talent mobility through less conventional horizontal and diagonal pathways
- Enable us to tap into capability within the workforce to meet business goals
- Increase employee engagement
- Yield greater returns on learning investment
- Improve talent retention.

Increasing Participation - Refugees and Veterans Employment

To support the NSW Government's commitment to employing 100 refugees across the NSW Public Sector, a new whole-of-government Refugee Talent pool was formed in November 2016. The pool was formed in collaboration with the Department of Premier and Cabinet (DPC) and has resulted in 221 candidates in the pool and 10 hires as at 30 June 2017.

To support the commitment to employing 200 veterans by 2018, the *I Work for NSW* application process was changed to enable the identification of applicants who are veterans. This data can now be used by DPC to report on the number of veterans hired by the sector and measure success against the target.

Continued focus on piloting cross sector recruitment pools

In 2016, the PSC continued to pilot cross sector recruitment pools and launched a recruitment pool for a Clerk Grade 9/10 Senior Policy Officer role. This pool was used as action-based research to put in place new measures and test their effectiveness to improve the accessibility and inclusion of the NSW Public Service recruitment processes.

To help inform what can be done to improve the application and success rates for people with disability applying for roles in the NSW public service, the PSC partnered with a disability-focused organisation to undertake action based research using the 2016 recruitment pool on accessible recruitment practices in order to:

- Better understand the accessibility barriers in recruitment processes
- Better understand the issues and make improvements through trialling and assessing new interventions

- Identify lessons learned based on NSW Public Service processes and share more broadly with agencies

There was an increase in the proportion of people with disability who applied for the role compared to the 2015 Recruitment Pool. This process has identified interventions to support best practice accessible recruitment practices and the lessons learnt have been used to inform the design of the 2017-18 Recruitment Pool process.

Implementation of Government Employee Number

The Government Employee Number (GEN), a unique identifier for all employees, has been implemented successfully across all NSW government sector agencies.

The PSC and the Department of Finance, Services and Innovation (DFSIS) continue to work in partnership to embed the GEN and GEN related processes, which will enable better and quicker sector reporting, as well as allow for single-sign on to applications integrated with the Identity Hub (a whole of government identity and access management system). A range of enhancements have been implemented to assist with reporting and there has been significant effort in working with the sector to improve the accuracy and timelines of the data provided to the Identity Hub, making the GEN an integral part of sector workforce reporting, including reporting on employee mobility to assist with workforce management strategies.

Thirty-nine applications are now integrated with the Identity Hub. This allows for secure, seamless single sign-on to any application which an employee needs to access as part of their role. It is intended that more cross agency applications will be integrated with the Identity Hub over the coming 12 months.

Expansion of Workforce Dashboard capabilities

The Workforce Dashboard 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. During 2016/17, the PSC continued to promote the use of the workforce dashboard, providing demonstrations and advice on use to agencies, and continued to expand the dashboard's analytic capabilities, functionality and data sources.

The PSC worked with the Treasury to develop and pilot a suite of data visualisations and analytic tools for monthly or quarterly workforce reporting, and built the capability for monthly upload of workforce profile data to a data warehouse called the Workforce Information Warehouse, that the PSC maintains. Once implemented in 2017/18, this facility will become available to dashboard users from Departments and agencies.

Within the dashboard environment, the PSC worked with the Customer Service Commissioner and DFSI to develop a dashboard for the Customer Satisfaction Measurement Survey data, to enable better trend analysis of the data for sector representatives. The survey measures consumer and business satisfaction with government services on an annual basis, so better visibility of the data and trends supports delivery of the Premier's Priority for improving customer satisfaction with government services.

People Matters Employee Survey transitioned to annual reporting

The fourth People Matter Employee Survey was held in June 2017 with a response rate of 42% or 140,063 Public Sector employees. This is the highest response since the survey was first held in 2012.

It transitioned from a biennial to annual survey from 2017 with a reduced length following an comprehensive review of the contents.

HIGH PERFORMANCE

Highlights

Work to support high performance in the sector is focussed in three key areas:

- Strengthening the Performance Development Framework
- Undertaking agency capability reviews
- Creating resources and better practice toolkits to support agencies in driving organisational performance and productivity

Strengthening the Performance Development Framework

Standalone reporting on agency progress in implementing performance management systems was replaced with inclusion of performance-related questions in the 2016 Agency Survey. Moving away from a compliance focus, agencies were asked to report on different aspects relating to performance management practices including: maturity against the core requirements of performance management systems; key challenges encountered; efforts to build manager capability; and use of performance data to inform other areas of workforce management.

For 2016, 'embedding effective performance management practices' emerged as the top-rated organisational capability gap for agencies. A significant number of agencies reported investment in building manager capability to align work goals to organisational goals, identify capability development needs, and provide quality feedback to employees. The insights derived from the revised reporting approach have highlighted areas that need further support and have informed current and future work with the sector. Therefore, the PSC collaborated with the sector to revise the NSW Public Sector Performance Development Framework (The Framework).

Revisions to the NSW Public Sector Performance Development Framework commenced in early 2017 to reflect the progression of performance management practices and systems in the NSW government sector since the current Framework's publication in 2013. The second edition of the Framework are expected to be published early 2018. These will reflect modified core requirements of performance management systems and the corresponding essential elements which establish baseline principles for agency performance development.

Key themes reflected in the revised Framework will include:

- an emphasis on open, constructive performance conversations
- a focus on principles over process to enhance applicability of the Framework across different workforce segments
- expectations articulated at the employee, people manager and organisational level in recognition that there is shared responsibility for driving high performance
- a requirement for organisations to evaluate and strengthen their practices and systems over time.

The Framework will continue to assist agencies in implementing performance management systems, and support ongoing efforts to engage and develop employees and drive performance across the sector.

Creating resources and better practice toolkits to support agencies in driving organisational performance

Organisational strategy that enables agencies to keep pace with and anticipate demands of the community, customers, and other stakeholders is critical to developing a high performing public sector. Equally critical is the need to align group and individual goals to agency goals. This connection between an agency's overarching strategy and individual performance goals ensures employees understand how their work contributes to broader business outcomes, helping to drive performance at individual and organisational levels.

The 2016 State of the Public Sector Report identifies execution of agency strategy while delivering business as a key challenge. According to the report, 53% of employees responding to the 2016 People Matters Employee Survey (PMES) are neutral or disagree that their senior manager provides clear direction for the organization's future.

Partly to address this challenge, during the year the PSC Advisory Board commissioned work to support capability development in strategy formulation and communication. The PSC's Strategy Mapping for the NSW Public Sector: Practical Resources and Better Practices toolkit will support executives to articulate strategy and cascade accountability from agency level to individual performance management systems. This includes guidance for executing strategy, and measuring progress towards achieving goals. The toolkit is supported by an effective leadership module to assist executives with concrete, practical actions to turn strategy into reality. Further modules will be included as priorities emerge.

The toolkit was informed by several rounds of consultation with small and medium sized agencies in the sector. The toolkit will be rolled out for use by executives across the whole sector by the end of 2017.

Undertaking agency capability reviews

Agency capability reviews assist an agency to understand and address the current and future organisational capabilities it will require to support its strategic direction over the medium and long term. An agency capability review can help an agency to assess how best it can meet its future business outcomes, which are shaped by changing community, customer and other stakeholder demands. Because of its future focus the results of a review are less of a report card and more of a supporting tool for executives to plan ahead in a structured way.

In 2017, following pilot reviews in 2015 and 2016 to develop and refine the methodology, the PSC conducted two agency capability reviews:

- The first was a thematic review that looked at collaboration between government and other sectors in the human services sector. The review recommendations comprise practical initiatives to build collaboration capability and instil a culture of collaboration across the sector.
- The second was a review of a major Division in the natural resources area that was about to implement a legislative reform package that would impact its future work. The review recommendations were centred on a detailed strategy to strengthen the Division's ability to meet their changed responsibilities.

Future PSC work will focus on developing a more structured approach to commissioning reviews from across the sector.

VALUES-DRIVEN CULTURE

Bringing public sector values and the ethical framework to life

The Ethical Framework under the *Government Sector Employment Act 2013* (GSE Act) outlines the government sector 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.

To further embed the core values, on 20 April 2015, the Public Service Commissioner (the Commissioner) directed relevant Secretaries and agency heads to implement the first NSW sector wide Code of Ethics and Conduct for NSW government sector employees (the Code). A key component of the Code is the requirement for senior executives to make declarations of their private interests.

A recent review into the progress under that Direction found that the vast majority of agencies had completed implementation and declarations of private interests were reported as having been provided by all senior executives.

While the effectiveness of individual agency codes of ethics and conduct was not assessed, agencies appear to have revisited the agency specific requirements of the Code as part of the implementation process. Agencies reported actions undertaken to bring the Code to life including measures to manage conflicts of interest and to counsel employees in relation to their compliance with the Code. Refresher courses and surveys of employees on their understanding of the Code were also reported as planned by many agencies.

The Public Service Commission (PSC) continues to provide values-based support for the sector including through ethics related chapters that are being developed for the Senior Executive

Fundamentals (a sector-wide induction resource for senior executives in the NSW government) and through targeted content in Leadership Academy programs. These build upon the Behaving Ethically resources available on the PSC website.

Positive and Productive Workplaces

Our Performance - Highlights section provides detail regarding our campaign to creating positive and productive workplaces and reducing unreasonable behaviour and bullying, known as The Respect. Reflect. Reset. campaign.

Bullying rates across the Public Sector have continued to decline, both in terms of people directly experiencing bullying and those observing it, as measured by the People Matter Employee Survey.

Working on our culture co-design

In July 2016 the Commission established the Working on our Culture co-design reference group, with participation from representatives across the sector. This reference group is a forum for consultation on initiatives related to workplace culture. Members of this group collaborate and consult on:

- defining aspects of workplace culture we want to achieve across the sector; and
- sharing resources to help improve workplace culture.

The co-design group has been focussing on the potential for developing a toolkit aimed at improving aspects of organisational culture that may require attention. This co-design reference group has provided an avenue for agencies to share resources developed at an agency level.

People Matter Employee Survey

The People Matter Employee Survey (PMES) continues to be an important event and milestone on the PSC's annual calendar of activities.

In response to the 2016 PMES, individual branches of the PSC met and identified specific actions that would make the PSC a better place to work. Through these discussions, themes which targeted innovation, leadership communications, greater collaboration, recognition, development and mobility were recognised as key drivers of a better workplace for employees across the PSC.

Some of the initiatives which directly linked to the 2016 PMES findings and themes included the implementation of the Bright Ideas Committee, Principal Advisor strategy meetings, establishment of the People and Process Reference Group, increased access to employee development, individual coaching and talent review sessions.

The 2017 PMES launched in April 2017, and by 30 June 2017, 99.2% of PSC employees had completed the survey.

RIGHT TALENT

NSW Leadership Academy

The NSW Leadership Academy (the Academy) that the Public Service Commission (PSC) runs for the NSW Public Sector entered its second phase in 2016-17 with continued focus on developing whole-of-sector leaders through leadership development programs incorporating best practice from public and private sectors around the world.

The Academy programs are designed to create a pipeline of future leaders for the sector at each key level of leadership, delivered through on the job experiences (e.g. secondments), exposure (e.g. networking events, coaching) and education (e.g. executive courses targeted at particular development areas).

There is a suite of four programs: Leading the Sector, Leading an Agency, Leading Executives and Leading Managers. Each program targets the specific capabilities a participant requires to succeed at the next level of sector leadership, while providing bespoke support to maximise each individual participant's professional development.

In March 2017, the Leadership Academy Pilot Program Evaluation report was provided to the Secretaries Board. The evaluation report detailed the outcomes of the pilot program which ran from September 2015 to December 2016. The evaluation was conducted in line with the methodology in the Leadership Academy Evaluation Framework and Measurement Plan and in accordance with the NSW Government Program Evaluation Guidelines.

The pilot of the Leadership Academy programs included 52 high potential participants across the four programs of the Academy: Leading the Sector (4 Secretaries), Leading an Agency (12 Band 3 senior executives), Leading Executives (18 Band 1 and 2 senior executives) and Leading Managers (18 Grade 11/12s). Across the programs there were four to six participants from each cluster, with 49 participants completing their program.

The pilot delivered a shift in leader behaviour and a highly positive participant experience. These two elements were measured through a range of evaluation material and data, including group level assessment reports, program evaluation data, participant feedback and engagement and custom designed sector feedback surveys.

The following table is participant's feedback from the first cohort of Leadership Academy pilot programs:

Leader behaviour and participant experience	Metric
Mobility	41% of participants have secured ongoing or temporary higher level roles
Commitment to development goals	96% of participants were rated by their executive coach as being highly receptive to coaching techniques
Perception of improved job performance	93% of participants believe their leadership capabilities have improved since participating in the Academy
Stewardship	92% of participants have indicated they are willing to mentor others and 40% have commenced doing so
Expansion of network	87% of participants feel more connected to a network of senior leaders as a consequence of the Academy.
Satisfaction with overall program	100% of participants would recommend the program to their peers
Satisfaction with coaching	92% of participants believed coaching was valuable in helping them address identified development areas
Satisfaction with education	93% of participants were satisfied with the education experience
Satisfaction with assessment experience	94% of Leading Executives participants were satisfied with the assessment centre experience
Prestigious brand	100% of agencies believed that Leadership Academy programs are aligned to sector leadership needs

Executive Connections Event series

The Executive Connections events held by the PSC are intended to provide executive levels of the NSW public sector with exposure to topical issues, an opportunity to access expert speakers and their ideas and sector-wide networking opportunities.

Background in relation to the two Executive Connections events held during 2016/17 is included below.

Women in Leadership Symposium

On 21 October 2016, the NSW Public Service Commission, on request from the Hon Mike Baird MP, then NSW Premier, hosted the NSW Public Sector Women in Leadership Symposium, in support of the Premier's Priority of Driving Public Sector Diversity (refer also Our Performance - Highlights section). The lunchtime event was held at NSW Parliament House.

Invitations for the event were sent to female executives, they were offered the opportunity to invite a plus one non-executive, high potential female direct report. The highly successful event saw a thoroughly engaged audience of 218 in attendance on the day.

Innovation Event

The Innovation event held on 30 March 2017 was a highly engaging and memorable event which also attracted an audience of well over 200. The event presented thought provoking idea-generation techniques and conversations around innovation. Martin Hoffman, Secretary of the Department of Finance, Services and Innovation (DFSI) was Master of Ceremonies and Damon Rees, NSW Government Chief Information and Digital Officer, gave an insightful keynote address and shared his own experiences on innovation. The event also featured an idea-generation and innovation workshop practitioner.

BCA Senior Executive Secondment Program

The Senior Executive Secondment Program is a joint partnership between the NSW Government and Business Council of Australia (BCA) which provides high performing, high potential senior executives from both sectors with the opportunity to develop and expand their skills through a cross sector secondment opportunity. The program aims to support and promote the exchange of talent and expertise between the sectors for the benefit of the entire community. Executives from both sectors will be able to develop and expand their skills and knowledge to become greater contributors to our organisations and communities.

In December 2016, BCA member companies were offered seven new outbound secondment opportunities for the 2017 round although two offers have since been withdrawn. BCA and PSC are working together to identify the best fit between NSW public sector participants and companies.

The second stage of the pilot program involves seconding up to six senior executives from BCA member companies into the government sector for a three to twelve month period. Five secondment opportunities have been shortlisted across the NSW public sector and put to the BCA for consideration.

NSW Government Graduate Program

As mentioned in the Our Performance - Highlights section, the NSW Government Graduate Program (the Program) is a whole-of-government program that is now in its third year. The 18-month program gives graduates the opportunity to develop solid foundational skills and knowledge through rotations across different government agencies and the completion of a Diploma of Government qualification. Each graduate is supported by a mentor and executive sponsor that offers unique exposure to the workings of government and opportunities to develop high-level professional networks. Graduates are offered an ongoing role upon successful completion of the Program.

The Program has been successful in the first two years of operation and its profile has grown significantly climbing to 40th in the Australian Financial Review's Top 100 Graduate Employer listing after a ranking of 60th in 2016. As a result of the increasing interest in the Program, the number of graduate roles increased from 25 in 2016 to over 100 in 2017. The Program has also been expanded to include a new Information, Communication, Technology and Digital (ICTD) Stream in 2017 to grow the pipeline of ICT skills and capabilities that are in high demand across the NSW public sector.

The qualifications of graduates applying for the program ranged from law to environmental science, with many graduates offered an opportunity to work in the agency of their choice during one of their rotations. The first graduate cohort completed their final rotation on 11 August 2017 with 23 of the 25 taking up an ongoing employment within the NSW public sector.

It is anticipated that the Program will expand to up to 200 graduates in 2018 and future Programs will incorporate new streams for other common role types across the NSW public sector.

Public Service Recruitment Pools

The PSC continues to pilot Public Service Recruitment Pools, in order to provide a faster, more cost effective model for filling roles that are commonly needed in the Public Service (refer also Our Performance - Highlights section).

Building on lessons learnt from previous years, the PSC continues to work with the Sector to increase uptake of these pools. In early 2017, The PSC launched a recruitment pool for Senior Policy Officers Clerk Grade 9/10 or equivalent and the uptake has been high. One of the key reasons for the higher uptake this year is an increased awareness of the pools as a cost and time effective way to fill a role driven by a robust communications strategy. The average time to offer from the recruitment pools is 7 days.

As part of a wider centralised talent acquisition program, the PSC intends to broaden the rollout of recruitment pools in 2018 to position them as mainstream recruitment practice for commonly needed roles across the NSW Public Service.

NSW Government Employee Value Proposition

As mentioned in the Our Performance - Highlights section, *I work for NSW*, the NSW Government overarching Employee Value Proposition, had a soft digital launch in February 2016, with the aim of challenging traditional external perspectives about working in the public sector, and raising the status of working for NSW Government.

The digital campaign was supported by internal work to grow the *I work for NSW* social media presence. The results to June 2017 show 7,867 Facebook followers and 11,174 LinkedIn followers. Work is continuing to increase the reach of the *I work for NSW* employee brand through an internal digital strategy focussed on growing online communities. Specific focus is being given to attracting women and Aboriginal people in line with the Premier's Priority on Diversity.

Employer of Choice

This year, the NSW Government moved up three places from number 19 to number 16 in the 2017 Randstad Australian Employer of Choice Awards (refer Our Performance - Highlights section). Of the government sector on the list, the NSW Government ranked second. The key factors in this selection are in the offering of career progression opportunities and in providing good work-life balance options.

This follows on from the previous year, when in May 2016 Randstad Australian Employer of Choice Awards ranked the NSW Government for the first time in their Top 20 list, at number 19. This list is made up of organisations selected from Australia's largest 150 employers based

on employee size. This recognition was further enhanced by initiating an external facing marketing campaign. Work was done to embed the Employee Value Proposition into workforce management practices and included a tool to evaluate how well Departments and other agencies currently live up to the six reasons to work for NSW that are the focus of the campaign. Collaboration with Human Resources, Communication and e-Recruitment contacts across the sector helped define how to use the brand and link the narrative in their attraction and retention channels, and the application of the *I work for NSW* branding on all online and printed job advertisements was encouraged.

BEST TOOLS

ICT Career Pathway Framework

The Public Service Commission (PSC) collaborated with senior leaders in ICT across the NSW public sector to develop the ICT Career Pathway Framework. The Framework has been developed in the context of trends impacting ICT over the next 3-5 years, such as service devolution and service digitisation to ensure it remains relevant and sustainable.

The framework shows lateral, vertical and diagonal career paths between 55 sector ICT role descriptions, as well as 7 emerging ICT roles. It aims to improve talent mobility through less conventional horizontal and diagonal pathways based on evidence, and enable the sector to tap into existing capability to meet business goals.

ICT Capability Assessment Strategy

As part of the NSW Government ICT Strategy, Digital + 2016, the PSC developed an ICT Capability Assessment Strategy (The Strategy) to enable a skilled and capable ICT workforce that meets business outcomes.

The Strategy includes general assessment principles, two case studies and accompanying explanatory notes. The focus of the ICT Capability Assessment Strategy is on what to assess, giving examples using capabilities from the Capability Framework and ICT occupation specific (SFIA) skills and, where necessary for the role, technical knowledge, essential requirements and other attributes. The Strategy and notes include guidance on what could be assessed, who should perform the assessment and how to achieve valid and consistent assessments for ICT roles.

The Strategy works together with the ICT Career Pathway Framework, and provides a good reference point for ICT managers and business leaders when considering how to develop the capability of their teams and fill current and future roles, and for ICT professionals when preparing their career and development plans.

ICT Workforce plan

In 2015 the PSC developed a workforce planning methodology for ICT in the NSW public sector. The method, in simple terms, was about making sure that the ICT workforce is ready and able to deliver on agreed goals. To be confident that this is - or will be - the case, agencies were asked to determine:

- what they're trying to achieve;
- what work needs to be done, and how it's best configured;
- what capability and capacity is needed to do the work;
- where the workforce gaps are, and how they'll address them; and
- how they'll create the conditions and culture necessary to produce good business outcomes.

During 2016/17 ICT workforce management plans were developed that capture the ICT function's readiness to meet business outcomes. The results of the workforce management plans culminated in a whole of sector report identifying critical workforce risks and a set of recommendations to equip the sector to manage, structure, recruit and develop a skilled and capable workforce that meets business outcomes.

Legal Professionals Capability Set

During the year, the PSC partnered with the General Counsel Group (GCG) and sector subject matter experts to develop the Legal Professionals Capability Set (LPCS).

The LPCS will complement the NSW Public Sector Capability Framework to describe the specialist knowledge, skills and abilities required of legal professionals across the sector.

The LPCS is scheduled for publication in Q3 2017 and will support the full range of workforce management practices, including targeted professional skills development as part of mandatory Continuing Professional Development legal certification requirements.

Human Resources (HR) capability diagnostic

The PSC, in partnership with sector stakeholders, has established an assessment approach (the HR Capability Diagnostic) to better understand:

- the capability of the HR function,
- how well the function executes a range of HR practices,
- the range of culture and conditions that influence the ability to achieve better HR practice, and
- the view of the customer of HR on how well HR products, services and capability meet Department/agency goals.

Insights gleaned from the suite of diagnostic tools will inform development of a capability development strategy for HR focusing on closing capability gaps that are a common need in the sector. Early insights to the assessment outcomes from the sector are anticipated in November 2017 with a full report expected by the end of March 2018.

Capability Discovery Tool

In November 2016, the PSC launched the Capability Discovery Tool (CDT), a development tool that supports individuals to reflect on their capabilities and development needs.

After using the CDT, individuals are encouraged to discuss their development needs with others to create capability development plans consistent with their organisation's strategic objectives and their career aspirations.

By encouraging a stronger emphasis on regular discussions between employees and managers around performance and career development, the CDT supports NSW Government in its efforts to build a more engaged and innovative public sector.

Evaluation of the usage, usability and usefulness of the CDT will continue to identify how the CDT may be refined and enhanced to best meet stakeholder needs and deliver capability building outcomes.

Capability Framework Stocktake

The Capability Framework was published in 2013 to help enable agencies to attract, develop and retain the people best suited to the requirements of their roles and to support better mobility across the broader sector workforce.

A stocktake of the Capability Framework has commenced, as part of the PSC's commitment to evaluate sector reform settings and enablers.

The stocktake aims to gather sector feedback through a series of workshops with HR professionals and business managers. The stocktake is also seeking input from various areas of subject matter expertise, such as digital government, to ensure that the Framework is able to support changes in public sector work and service delivery models.

The stocktake will focus on the following objectives:

- developing observations on any risks and barriers to fully embedding the Capability Framework in all workforce management activities in agencies, based on current policies and guidelines;
- identifying recommendations for adjusting the Capability Framework policies and guidelines, in keeping with the legal framework for capability-based workforce planning and intent of the workforce reforms, to best meet the needs of the sector;
- identifying opportunities for possible "adjustments" to behavioural indicators in the Capability Framework, to better reflect the needs of the sector;
- exploring additional tools and resources required by the sector in order to embed the Capability Framework across all workforce management practices.

A draft report of stocktake recommendations addressing these objectives will be prepared in December 2017, for presentation to sector HR Directors for consideration in 2018.

Senior Executive Induction toolkit

The PSC has been working on the development of a sector-wide induction resource for senior executives in the NSW Government. The resource, which will be known as Senior Executive Fundamentals (SEF), has two purposes:

1. Induction Resource
An easily accessible and user-friendly resource providing foundation knowledge and key information for new senior executives to “succeed and thrive” in their first 12 to 18 months in the NSW Government sector.
2. Enduring Resource
An enduring ‘just-in-time’ reference guide

for senior executives throughout their career within the NSW government sector, particularly when they change roles.

The SEF will be a web based resource located on the PSC’s website. Rather than a one-stop shop, the SEF will be a directory of information, providing an overview on a particular topic which then provides links to further information and relevant websites. The SEF has been designed to complement agencies’ own internal senior executive induction processes.

Information for the content of the SEF has been sourced from across the sector and the PSC expects to launch the resource in early 2018.

OPERATIONAL EXCELLENCE

Our people

The Public Service Commission (PSC) has adopted an internal policy of continuous improvement that seeks to attain best practice standards in all aspects of back-office corporate support and workforce management. The PSC completed some key steps in its pursuit of excellence in people management during the year, and launched a number of new initiatives.

Human Capital Management

The PSC, in partnership with the Department of Finance Services and Innovation (DFSi) entered its second year for the provision of myCareer, the PSC's Human Capital Management (HCM) system. Over the past two years the PSC has worked closely with DFSi to develop and roll out enhancements and additional modules for the HCM.

In 2016/17, the program primarily focussed on the roll out of the PSC's probation module, the introduction of individual capability reviews into the performance management module and the introduction of more than 250 online e-learning programs. Further work is currently being undertaken on online on-boarding and enhanced reporting information for supervisors, managers and team leaders.

Reward and recognition system

The PSC continues to facilitate informal and formal recognition processes which recognise dedication and long service, collaboration and good performance and which encourage innovation and creativity. These programs are supported by relevant policies, procedures, systems and forums which support peer to peer recognition and bright ideas.

The PSC continued to deliver recognition of length of service for employees who have dedicated service periods beyond two years and incrementally every five years. These celebrations are held twice a year with an afternoon tea where employees with five years to over 40 years' public service are recognised, with each person receiving a memento.

The PSC worked closely with employees to facilitate innovative approaches to our work and foster new ideas with a Bright Ideas Committee. The working group generated a number of ideas which have been implemented throughout the year and provided an open platform for employees to contribute ideas, encourage service improvements and assist the enhancement to internal PSC processes.

Using the myCareer system, PSC employees can provide each other with timely feedback and recognition. Special recognition badges are available to be credited to an employee's peers or their manager or to any other PSC employees where the employee has gone above and beyond or contributed to a good work outcome.

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 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 HCM, 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 PSC. Mobility within the organisation continues to be well utilised with 15.7% of PSC vacancies during the year being filled through re-assignment of PSC staff. These re-assignments included at-level opportunities as well as temporary above-level and ongoing promotions.

Capability development

Capability development of staff has remained a focus during the year with employees being required to reflect on the relevant capabilities to deliver on their objectives. Where re-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. 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.

As part of the annual review process all employees completed a capability review. The purpose of this review was for employees to identify capabilities in their current role that are either a strength, meeting expectations or requiring development. The review process provided a platform on which the managers and employees could have a structured conversation about the employees' future career opportunities and provide the PSC with an insight into the capability levels across the workforce.

The process undertaken by the employee was one of self-assessment and provision of evidence of their perception of their level of capability. Following self-assessment the employee and manager discussed and then both parties agreed on the assessment level.

Strong improvements have been made in the linkage of individual performance plans to the agency business planning process, via a heavily communicated process and cascading of agency and branch business plans.

Aligning Strategic Priorities to Individual Performance Objectives



Our finances and tools

Continuous improvement initiatives during the financial year have included:

- Restructure of the corporate function
- Enterprise Resource Planning (ERP) system remapping to support new Organisational structure and management reporting project
- Transition to PRIME – Treasury’s new system for reporting by agencies
- Participation in DFSI’s GovConnect Restart program – a program focussed on improving GovConnect’s operational performance

Restructure of the corporate function

A number of opportunities existed to improve corporate functional performance and immediate gains were realised through changes to team reporting lines, structures and key personnel. The existing Chief Financial Officer (CFO) and Director Corporate roles were merged into a new Director Corporate/CFO role. Samantha McGivern commenced in this new role in April 2017.

Transition to PRIME Treasury reporting

The PSC has transitioned to PRIME, the Treasury reporting system during the financial year ending 30 June 2017. This has required submissions on the prior system TOES, in parallel to the new system, as Treasury worked through their own change processes to ensure a smooth cut-over.

Participation in the GovConnect Restart program (DFSI) via the Client Council and the Finance Functional Committee

The PSC has been actively involved in the GovConnect Restart program, which was initiated by DFSI as a result of a number of recommendations made in relation to operational finance improvements by the Hackett group (known as the Hackett report, released in May 2017). These initiatives will be rolling out during the upcoming financial year ended 30 June 2018, and include consideration of the following business improvements:

- reduction/elimination of cheques and moving to Electronic Funds Transfer (EFT)
- elimination of paper request forms (for key HR and financial processes) and transition to e-forms
- alignment of supplier payments terms (standard 30 day payment terms from invoice acceptance date are proposed)
- implementation of standardised balance sheet reconciliation templates (Project ‘Blackline’); and
- automated accounts payable and credit card (P-card) software incorporating management processes with built in workflows.

Our ways of working

Policy and procedure control framework

The PSC control framework was approved on 21 February 2017, and was published to all PSC staff via the intranet. The control framework demonstrates the linkage between risk and other aspects of the control framework.

Policies and Procedures

During the financial year, the Corporate Branch undertook a project to ensure that several of the PSC's policies were updated. The Corporate Branch reviewed 66 documents listed on the PSC's policy register, most of which were overdue for review and many of which were no longer relevant to the PSC's needs. The overall number of policies was consolidated to 27 in total. These policies have been updated in close consultation with their owners to reflect the current needs of the PSC and have been stripped of unnecessary procedural detail to prolong their relevance. The review process involved:

- reviewing each of the PSC's policies in conjunction with its policy owner and determining which remained relevant to the Commission and should be retained
- assisting the policy owners in making changes to these policies in order to make them more succinct, flexible and aligned with our current structure and requirements
- removing the procedural details from the policies and incorporating them into new documents that will eliminate the need for Executive Committee approval in order to do minor updates
- converting all of the policies—including, for the first time, those inherited from the DPC—to a common structure and format
- submitting each policy to two members of the Executive Committee for peer review
- finalising each policy in conjunction with both peer-reviewers and the policy owner; and
- submitting the finalised policy to the full Executive Committee for endorsement.

The Corporate Branch also worked with the Communications team to create a dedicated reference page on the PSC's intranet for new policies and procedures, making it easier for the PSC's staff to find this information for themselves.

Risk management

Risk management framework

The risk management policy was reviewed and updated during the year, with the new version approved by the Executive Committee on 20 April 2017. In addition, the risk register was regularly reviewed by the Executive Committee.

Between June and August 2017, a series of risk workshops were held, with a separate workshop for each of the following areas:

- Legislative and compliance risks
- Human resources and personnel risks
- ICT risks
- Operational risks
- Procurement and Contract risks

A separate workshop was held in August 2017 with members of the Executive Committee to identify and evaluate the PSC's strategic risks.

Additionally, during the year, a new standing Audit and Risk Committee (ARC) agenda item was added, to provide the ARC with visibility of control risks and management plans for GovConnect outsourced services. In particular this assists the ARC in considering advice to the agency head regarding operational risks associated with the organisation's financial controls.

As part of the PSC's 2015/16 Internal Audit plan, BDO Australia (BDO) conducted a review of the PSC's risk maturity levels. The PSC's risk maturity was assessed against both BDO's internally developed risk maturity model and the Audit Office of NSW's risk maturity assessment model. The review assessed the PSC as having an overall rating of 4 - Managed on the BDO's 5 point scale. On the Audit Office of NSW's scale a rating of 4 - Consistent - Implemented was assessed against 4 of the 5 criteria and Consistent - Designed against the remaining criterion.

The Risk Maturity Review performed by BDO was approved by the PSC's Executive Committee in September 2016

The implementation of recommendations resulting from the Risk Maturity Review is either complete or well progressed. To date, we have implemented the following:

1. Completed better articulation of risks and their management plans
2. Completed full assessment and development of management plans for risks identified in the 2016 risk workshop
3. Included articulation of expected (target) residual risk ratings after planned mitigations are implemented
4. Risk management training "Managing Project Risk" is now available to project managers on the PSC's HCM system myCareer and is available for integration into project manager's development plans
5. Risk management KPIs are included in Executive KPIs
6. There is a formal risk escalation process in place

Internal Audit Program

The internal audit program since January 2016 has included reviews of risk management controls, fraud and corruption controls, and procurement and contract management controls. Risks and agreed actions identified through this process are monitored through to their remediation.

During financial year 2016/17, there has been an increased awareness and support of risk management practices by the PSC Executive. Executives are now promoting the formal assessment and management of risk for projects and operational functions.

Fraud and corruption controls - processes and systems

During the 2016/17 year the PSC commissioned an internal fraud and corruption risk assessment. The report was finalised on 27 March 2017.

Key findings included:

1. The PSC's fraud and corruption control policy and strategy is generally complete and requires no amendment.
2. The overall risk of fraud and corruption at the PSC is considered to be low.

Also during the 2017/17 year a procurement and contract management internal audit was completed.

Fraud and corruption risks are assessed as part of the PSC's risk assessment processes, including the recent fraud and corruption risk assessment internal audit that identified three significant risks, and three moderate risks.

The procurement and contract management audit also identified two high risk and two moderate risk items that may impact the PSC's fraud and corruption risk profile.

Plans are in place to mitigate the identified risks through a number of key actions:

1. Delivery of training to PSC staff on procurement and delegations
2. Revision of procurement policies and processes
3. Updating of the contracts database to give better visibility of contract variations
4. Recruitment of a Senior Advisor, Procurement
5. Remediation of staff termination processes
6. Review of flex policies and processes

Recruitment activity to support the engagement of a Senior Advisor, Procurement was undertaken in October 2017. The responsibilities of this role

will include ensuring procurement and contract management processes are robust. This will provide for review, identification and investigation of any opportunities for fraud. This new position will significantly improve the PSC's capability and capacity to effectively mitigate risk of fraud and corruption.

Business continuity planning

During 2016/17 the PSC conducted business impact analysis for the key PSC services/business functions in consultation with all branches. As part of the business impact analysis, each branch identified its key services and provided

information regarding the criticality of those services in case of an incident or disaster.

Corporate Branch conducted successful business continuity tests for its two critical services, payroll and accounts payable, on 15 February 2017. The tests were based on a scenario in which we have no access to the PSC's premises in Bligh Street. Nominated staff (HR, Finance and ICT) relocated to DFSI at the McKell Building to test business continuity for payroll and accounts payable functions. Participants tested remote access to the systems, tools and processes required to run payroll and accounts payable services using DFSI's network and via Citrix remote access.

WAYS OF WORKING

How we work with the sector to drive change

Thought Leadership – Drive Leading Practice

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

In addition, the PSC Advisory Board plays a critical Thought Leadership role via the research work that it commissions (refer Message from the Chair section).

Develop the Change Narrative

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

The Public Service Commissioner provided advice to the Government on the state of workforce reform begun under the *Government Sector Employment Act 2013* (GSE Act) as well as the preparation of tailored regulatory amendments to support the staged commencement of the *Government Sector Employment Legislation Amendment Act 2016* (GSELA Act) with respect to the Health Service (commenced 1 January 2017), Transport Service (a 1 July 2017 commencement) and NSW Police Force (a 31 October 2017 commencement). The GSELA Act extends the reform of employment arrangements for Public Service senior executives to the Police

Force, Health and Transport senior services to create a more agile and mobile senior executive. The Public Service Commissioner provided advice to the Government and the sector on a wide array of matters concerned with the GSELA Act, GSE Act and associated Regulation and Rules.

The Public Service Commissioner developed a sector-wide response to the commitment to make all roles in the NSW government sector flexible in some form on the basis of "if not, why not", for consideration by Government. This was informed by a current state assessment of flexible working in the NSW government sector and feedback received by NSW government sector agencies, unions and other key stakeholders on a discussion paper that was released.

Collaboration – cross-sector co-design

Following the 2016 State of Workforce Reform report and the subsequent sector wide co-design effort tasked with identifying the PSC reform priorities, a program of ongoing consultation was developed to progress the various aspects of reform in a collaborative way across the sector. This involved the establishment of the Deputy Secretaries forum chaired by the Public Service Commissioner and a quarterly HR Forum where heads of HR from across the sector meet to discuss progress on key issues and updates on policy and work program from the PSC. Co-design groups focussing on the various priorities were also established at an operational level to progress the shared objectives of the sector.

To facilitate collaboration for the co-design groups; an online portal, People and Culture Connect, was developed internally by the PSC. The purpose of the portal is to give co-design group members an online space to find out information on planned deliverables as well as share documents, related resources and engage via an online discussion board. People and Culture Connect will be reviewed as part of

the Employment Portal revamp project. Efforts working on broadening the approach to building leadership capability beyond the Leadership Academy and working on a culture toolkit for agencies to employ are two examples of the collaborative effort that this group supports.

The PSC also leverages the Secretaries Board on key workforce issues and strategic workforce investment, such as the Leadership Academy; and also the PSC Advisory Board to validate the work program and progress issues of importance to the sector as a whole such as the work undertaken on developing a collaboration strategy.

The priorities articulated from this process were further refined in December to provide a focus for the PSC over the coming eighteen months. The governance arrangements in place will continue to be adjusted but there remains a strong sense of working together to achieve the PSC priorities in such a way that they build the maximum value for the various parts of the sector.

Create Frameworks – That other agencies can put into practice

A key goal of the PSC is to create standard procedures or templates on specific areas of insight or practice that can be applied across the Public Service.

Examples of frameworks include:

- NSW Public Sector Performance Development Framework
- Workforce Dashboard
- Workforce Profile Report
- People Matters Employee Survey (PMES)
- Capability Framework
- ICT Career Pathway Framework

Revisions to the NSW Public Sector Performance Development Framework (the Framework) commenced in early 2017 to reflect the progression of performance management practices and systems in the sector since the current Framework's publication in 2013. The second edition of the Framework – expected to be published early 2018 will reflect modified core requirements of performance management systems and the corresponding essential elements which establish baseline principles for agency performance development.

A key aspect of the PSC's role relates to generating evidence-based insights about workforce management issues. The Workforce Dashboard (the Dashboard) initiative has been deployed across the sector and is being utilised across all clusters with around 160 licensed users. The Dashboard was developed as a single repository for a range workforce data from various sources, and 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 better organisational outcomes. It includes the sector Key Performance Indicators (KPIs), enabling secretaries to monitor their performance in these five high-leverage workforce metrics. The Dashboard provides a deeper analysis on the data underlying the KPIs, and is updated annually from the Workforce Profile and People Matter Employee Survey.

The PSC worked with the sector to improve accuracy in the Workforce Profile Report which chronicles information about all employees in the Government sector. Similarly, the PSC partnered with the sector on the refinement of the now annual PMES. The 2017 PMES was a shorter survey which had a number of system enhancements that helped support over 140,000 responses. The survey results were provided to agency heads within a month of the survey close, enabling immediate analysis and action planning to commence across the sector, much earlier than in any previous iteration of the PMES.

Brokerage of Services

Where appropriate, the PSC provides brokerage of services for whole-of-government benefit. This includes central procurement and administration of services. The benefits are a consistency in approach, economies of scale in the Procurement process, and the application of PSC expertise which may not reside in all agencies.

Examples of brokerage of services by the PSC include:

- E-Recruitment via on-line platforms
- Leadership Academy
- NSW Government Graduate Program
- People Matter Employee Survey
- Workforce Dashboard
- Executive Masters of Public Administration (EMPA)
- Recruitment Pools
- Assessment Services Panel contract.

Walk the Talk – Model Best Practice Internally

As mentioned in The Public Service Commission – At a Glance and in Operational Excellence, the PSC has adopted an internal priority of continuous improvement that seeks to attain best practice standards in all aspects of back-office corporate support and workforce management.

APPENDIX A: OUR AUDITED FINANCIAL STATEMENTS

Public Service Commission Certification of the Financial Statements for the year ended 30 June 2017

I state, pursuant to section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Public Service Commission for the year ended 30 June 2017 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Public Service Commission; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Graeme Head
Public Service Commission
15 September 2017



INDEPENDENT AUDITOR'S REPORT

Public Service Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Public Service Commission (the Commission), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, statement of cash flows, 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 2017, 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 the standards are 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 requirements of the:

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

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing 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 the preparation and fair presentation of the financial statements 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 and fair presentation of the financial statements that 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 except where the Commission's operations will cease as a result of an administrative restructure. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of 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 description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. 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
- about any other information which may have been hyperlinked to/from the financial statements.



Caroline Karakatsanis
Director, Financial Audit Services

21 September 2017
SYDNEY

Public Service Commission
Statement of Comprehensive Income for the year ended 30 June 2017

		Actual	Budget	Actual
		2017	2017	2016
	Notes	\$000	\$000	\$000
Continuing operations				
Expenses excluding losses				
Employee related expenses	2(a)	17,650	17,117	16,587
Operating expenses	2(b)	18,931	19,348	18,903
Depreciation and amortisation	2(c)	1,015	1,458	1,534
Grants and subsidies	2(d)	950	-----	900
Total expenses excluding losses		38,546	37,923	37,924
Revenue				
Appropriations	3(a)	29,648	30,290	19,847
Contributions	3(b)	3,278	2,791	6,685
Sale of goods and services	3(c)	4,031	-----	2,064
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	410	411	859
Other revenue	3(e)	351	3,085	207
Total revenue		37,718	36,577	29,662
Loss on disposal	4	-----	-----	(47)
Net result		(828)	(1,346)	(8,309)
Total comprehensive income		(828)	(1,346)	(8,309)

The accompanying notes form part of these financial statements.

Public Service Commission
Statement of Financial Position as at 30 June 2017

		Actual	Budget	Actual
		2017	2017	2016
	Notes	\$000	\$000	\$000
Assets				
Current assets				
Cash and cash equivalents	6	1,247	879	1,518
Receivables	7	1,268	637	1,059
Total current assets		2,515	1,516	2,577
Non-current assets				
Property, plant and equipment	8	513	608	718
Non-current assets - intangible assets	9	880	419	1,467
Total non-current assets		1,393	1,027	2,185
Total assets		3,908	2,543	4,762
Liabilities				
Current liabilities				
Payables	10	3,030	1,444	3,103
Provisions	11	2,017	1,689	1,783
Total current liabilities		5,047	3,133	4,886
Non-current liabilities				
Provisions	11	33	228	220
Total non-current liabilities		33	228	220
Total liabilities		5,080	3,361	5,106
Net liabilities		(1,172)	(818)	(344)
Equity				
Accumulated funds		(1,172)	(818)	(344)
Total equity		(1,172)	(818)	(344)

The accompanying notes form part of these financial statements.

Public Service Commission
Statement of Changes in Equity for the year ended 30 June 2017

	Notes	Accumulated funds \$000	Total \$000
Balance at 1 July 2016		(344)	(344)
Net result for the year		(828)	(828)
Total other comprehensive income		-----	-----
Total comprehensive income for the year		(828)	(828)
Balance at 30 June 2017		(1,172)	(1,172)
Balance at 1 July 2015		7,965	7,965
Net result for the year		(8,309)	(8,309)
Total other comprehensive income		-----	-----
Total comprehensive income for the year		(8,309)	(8,309)
Balance at 30 June 2016		(344)	(344)

The accompanying notes form part of these financial statements.

Public Service Commission
Statement of Cash Flows for the year ended 30 June 2017

		Actual	Budget	Actual
		2017	2017	2016
	Notes	\$000	\$000	\$000
Cash flows from operating activities				
Payments				
Employee related		(17,290)	(16,664)	(16,893)
Grants and subsidies		(1,035)	----	(990)
Other		(19,914)	(20,977)	(18,524)
Total payments		(38,239)	(37,641)	(36,407)
Receipts				
Appropriations		29,648	30,290	19,847
Reimbursements from the Crown Entity		159	----	703
Sale of goods and services		4,434	----	1,498
Interest received		----	----	100
Contributions		3,563	2,791	7,354
Other		387	4,714	1,189
Total receipts		38,191	37,795	30,691
Net cash flows from operating activities	15	(48)	154	(5,716)
Cash flows from investing activities				
Purchases of plant and equipment		(165)	(100)	----
Purchases of intangible assets		(58)	(155)	(425)
Net cash flow from investing activities		(223)	(255)	(425)
Net decrease in cash		(271)	(101)	(6,141)
Opening cash and cash equivalents		1,518	980	7,659
Closing cash and cash equivalents	6	1,247	879	1,518

The accompanying notes form part of these financial statements.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Public Service Commission (the Commission) is a NSW government agency. 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 2017 have been authorised for issue by the Public Service Commission on 15 September 2017.

(b) Basis of preparation

The Commission's financial statements are general purpose financial statements which have been prepared on an accrual basis and 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 2015*, and
- the Financial Reporting Directions mandated 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 2017 of \$1,247,443 (2016: \$1,518,091). As at 30 June 2017 the Commission had a net working capital deficit of \$2,532,000 (2016: \$2,309,000). The Commission receives an appropriation from the Treasury that is sufficient to fund its ongoing operations.

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

Judgements, key assumptions and estimations 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 claims experience.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1 Summary of Significant Accounting Policies

(e) Accounting for the goods and services tax (GST)

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

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

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which 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 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 amount of revenue, stage of completion and transaction costs can be reliably measured.

(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.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted over the period of credit.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1 Summary of Significant Accounting Policies

(g) Assets (Cont'd)

(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*, AASB 116 *Property, Plant and Equipment*.

The commission's assets comprise of plant and equipment with short useful lives. These are measured at depreciated historical cost which approximates fair value.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not for profit entities given that AASB 136 modifies the recoverable amount test for non cash generating assets of not for profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

The Commission assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Commission estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not for profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus of the class of asset.

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

Depreciation Rates

Category of Assets	Depreciation Rates
<i>Plant and equipment</i>	
Office furniture and fittings	14%
Computer equipment	25 - 33%
General plant and equipment	25%
Leasehold improvements (over the period of the lease)	

The above rates have not changed and are consistent with the rates that were applied in 2016.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1 Summary of Significant Accounting Policies

(g) Assets (Cont'd)

(vi) Restoration costs

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

(vii) Maintenance

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

(viii) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards. No finance leases have been entered into.

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

(ix) Intangible assets

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

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

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

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

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

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

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.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1 Summary of Significant Accounting Policies

(h) Liabilities

(i) Payables

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

(ii) Employee benefits

a. Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non monetary benefits) and paid sick leave that are expected to be settled wholly 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 the annual leave on annual leave liability (using 7.9% (2016:7.9%) 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 Commission's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1 Summary of Significant Accounting Policies

(h) Liabilities (Cont'd)

(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) 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.

(j) 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 (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 14.

(k) Comparative information

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

The Commission reclassified or combined comparative information relating to Other operating expenses in note 2(b) and Property plant and equipment in the Statement of Financial Position to align with current year's presentation.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1 Summary of Significant Accounting Policies

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

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in twelve months to 30 June 2017:

- AASB 124 *Related Party Disclosures*

Refer to Note 17 for related party disclosures.

(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, in accordance with the NSW Treasury mandate (TC 17-04):

- AASB 9 *Financial Instruments*
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 1058 *Income for Not-for-profit Entities*
- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*
- AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts*
- AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfer of investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle and Other Amendments*
- Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

The Commission anticipates that the adoption of these Standards in the period of initial application will have no material impact on the financial statements.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

2 Expenses excluding losses

	2017	2016
	\$000	\$000
(a) Employee related expenses		
Salaries and wages (including annual leave)	14,891	13,862
Superannuation - defined benefit plans	121	93
Superannuation - defined contribution plans	1,134	1,011
Long service leave	296	704
Workers' compensation insurance	36	66
Payroll tax and fringe benefits tax	901	844
Redundancy payments	271	7
	17,650	16,587
(b) Other operating expenses include the following:		
Auditor's remuneration		
- audit of the financial statements	51	64
Consultants	451	54
Corporate services	1,210	1,352
Other contractors	1,429	1,615
Fees - ITC	1,929	2,508
Insurance	14	16
Operating lease rental expense - minimum lease payments		
- minimum lease expense	1,429	1,364
Other expenses	3,354	3,526
Computer expenses	1,168	1,956
Boards and committees	331	283
Fees - management	2,681	3,715
Leadership Academy program delivery	4,884	2,450
	18,931	18,903
(c) Depreciation and amortisation expense		
Depreciation		
Leasehold improvements	344	337
Plant and equipment	26	32
Amortisation		
Intangible assets	645	1,165
	1,015	1,534
(d) Grants and subsidies		
Human Capital Management system	844	701
Other	106	199
	950	900

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

3 Revenue

(a) Appropriations

Summary of compliance	2017		2016	
	\$000		\$000	
	Appropriation	Expenditure	Appropriation	Expenditure
Original budget per Appropriation Act	30,290	29,648	26,920	19,847
Other appropriations / expenditure	----	----	----	----
Additional appropriations	----	----	----	----
Treasurer's advance	----	----	----	----
Section 22 - expenditure for certain works and services	----	----	----	----
Section 24 PFAA - transfer of functions between entities	----	----	----	----
Section 26 PFAA - Commonwealth specific purpose payments	----	----	----	----
Transfers to / from another entity (per Section 27 of the Appropriation Act)	----	----	----	----
Total appropriations / expenditure / net claim on Consolidated Fund	30,290	29,648	26,920	19,847
Appropriation drawn down*		29,651		19,847
Liability to Consolidated Fund		3		----
*Comprising				
Appropriations (per Statement of Comprehensive Income)**		29,648		19,847
Liability to Consolidated Fund		3		----
		29,651		19,847
** Appropriations:				
Recurrent		29,425		19,422
Capital		223		425
		29,648		19,847

Notes:

- The summary of compliance is based on the assumption that the Consolidated Fund monies are spent first except for where otherwise identified or prescribed)
- If there is a 'Liability to Consolidated Fund', the entity must state that this represents the difference between the 'Amount drawn down against Appropriation' and the 'Expenditure / net claim on Consolidated Fund'.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

	2017 \$000	2016 \$000
3 Revenue (Cont'd)		
(b) Contributions		
NSW Leadership Academy	2,847	6,685
Other	431	----
	3,278	6,685
(c) Sales of goods and services		
Online recruitment services	3,581	1,222
Executive recruitment services	303	555
Other services	147	287
	4,031	2,064
(d) Acceptance by the Crown Entity of employee benefits and other liabilities		
The following liabilities and / or expenses have been assumed by the Crown Entity.		
Superannuation - defined benefit	119	93
Long service leave	285	761
Payroll tax on superannuation	6	5
	410	859
(e) Other revenue		
Payroll recoveries	351	207
	351	207
4 Loss on disposal		
Net (loss)/gain on disposal of intangible assets	----	(47)
	----	(47)

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.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

	2017	2016
	\$000	\$000
6 Current assets - cash and cash equivalents		
Cash at bank and on hand	1,247	1,518
	1,247	1,518
For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, and cash on hand.		
Cash and cash equivalents 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)	1,247	1,518
Closing cash and cash equivalents (per statement of cash flows)	1,247	1,518
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	883	436
Goods and services tax recoverable from Australian Tax Office	165	240
Accrued income	219	383
Other receivables	1	----
	1,268	1,059

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 and forming part of the Financial Statements
for the year ended 30 June 2017

8 Non-current assets - property, plant and equipment

	Plant and equipment \$000	Leasehold improvements \$000	Total \$000
At 1 July 2016 - fair value			
Gross carrying amount	158	1,691	1,849
Accumulated depreciation and impairment	(98)	(1,033)	(1,131)
Net carrying amount	60	658	718
At 30 June 2017 - fair value			
Gross carrying amount	323	1,691	2,014
Accumulated depreciation and impairment	(124)	(1,377)	(1,501)
Net carrying amount	199	314	513
Reconciliation			
A reconciliation of the carrying amount of each class of property, plant & equipment at the beginning & end of the reporting period is set out below.			
Year ended 30 June 2017			
Net carrying amount at start of year	60	658	718
Additions	165	----	165
Depreciation expense (recognised in "depreciation and amortisation")	(26)	(344)	(370)
Net carrying amount at end of year	199	314	513
At 1 July 2015 - fair value			
Gross carrying amount	158	1,662	1,820
Accumulated depreciation and impairment	(66)	(696)	(762)
Net carrying amount	92	966	1,058
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	60	658	718
Reconciliation			
A reconciliation of the carrying amount of each class of property, plant & equipment at the beginning & end of the reporting period is set out below.			
Year ended 30 June 2016			
Net carrying amount at start of year	92	966	1,058
Additions	----	29	29
Depreciation expense (recognised in "depreciation and amortisation")	(32)	(337)	(369)
Net carrying amount at end of year	60	658	718

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

9 Non-current assets - intangible assets

	Software	Total
	\$000	\$000
At 1 July 2016		
Cost (gross carrying amount)	5,023	5,023
Accumulated amortisation and impairment	(3,556)	(3,556)
Net carrying amount	1,467	1,467
At 30 June 2017		
Cost (gross carrying amount)	5,081	5,081
Accumulated amortisation and impairment	(4,201)	(4,201)
Net carrying amount	880	880
Year ended 30 June 2017		
Net carrying amount at start of year	1,467	1,467
Additions	58	58
Reclassification	----	----
Amortisation (recognised in "depreciation and amortisation")	(645)	(645)
Net carrying amount at end of year	880	880
At 1 July 2015 - fair value		
Cost (gross carrying amount)	4,674	4,674
Accumulated amortisation and impairment	(2,391)	(2,391)
Net carrying amount	2,283	2,283
At 30 June 2016 - fair value		
Cost (gross carrying amount)	5,023	5,023
Accumulated amortisation and impairment	(3,556)	(3,556)
Net carrying amount	1,467	1,467
Year ended 30 June 2016		
Net carrying amount at start of year	2,283	2,283
Additions	396	396
Disposals	(47)	(47)
Amortisation (recognised in "depreciation and amortisation")	(1,165)	(1,165)
Net carrying amount at end of year	1,467	1,467

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

	2017 \$000	2016 \$000
10 Current liabilities - payables		
Accrued salaries, wages and on-costs	122	76
Creditors	1,363	2,490
Accruals	1,543	530
Other payables	2	7
	3,030	3,103
Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed at Note 16.		
11 Current / non-current Liabilities - provisions		
Current provisions		
Annual leave including on-costs	1,451	1,422
Long service leave on-costs	377	361
Current employee benefits and related on-cost provisions	1,828	1,783
Restoration costs	189	----
Total current provisions	2,017	1,783
Non-current provisions		
Long service leave on-costs	33	31
Other provisions	33	31
Restoration costs	----	189
Total non-current provisions	33	220
Employee benefits and related on-costs	1,861	1,814
Make good provision	189	189
Total provisions	2,050	2,003
Aggregate employee benefits and related on-costs		
Provisions - current	1,828	1,783
Provisions - non-current	33	31
Accrued salaries, wages and on-costs (note 10).	122	76
	1,983	1,890
In accordance with the NSW TC 15-09 Accounting for Long Service Leave and Annual Leave and AASB 101: Presentation of Financial Statements, all the 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 dates.		
The Commission's liability for long service leave is assumed by the Crown Entity. However the Commission has an obligation to meet the long service related on-cost.		
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:		
Provision for restoration costs		
Carrying amount at the beginning of financial year	189	189
Additional provisions recognised	----	----
Amounts used	----	----
Unused amount reserved	----	----
Unwinding /change in discount rate	----	----
Carrying amount at the end of financial year	189	189

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

12 Commitments for expenditure

	2017 \$000	2016 \$000
Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable		
Not later than one year	1,444	1,447
Later than one year and not later than five years	----	1,447
Later than five years	----	----
Total (including GST)	1,444	2,894

The operating lease commitments relate to leasing of office space. The expenditure above includes input tax credits of \$131k (2016: \$263k) that are expected to be recoverable from the Australian Tax Office.

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 actual net result of (\$828,000) was \$518,000 favourable to budget net result of (\$1,346,000). The major variations to the budgets are:

Total expenses of \$38,546,000 were \$623,000 unfavourable to budget amount of \$37,923,000, primarily due to increased online recruitment services provided to the Sector.

Total revenue of \$37,718,000 was \$1,141,000 favourable to budget amount of \$36,577,000 mainly from sale of goods and services and other revenue. The increase in revenue is due to the higher recoupment of costs for the abovementioned online recruitment services provided to the Sector, and salaries for seconded staff to other agencies.

Assets and liabilities

Net liabilities, the actual negative equity of \$1,172,000 was \$354,000 unfavourable to budget amount of \$818,000. The major variances arising on the Statement of Financial Position are noted below:

Total assets of \$3,908,000 were \$1,365,000 favourable to budget amount of \$2,543,000 mainly due to increased receivables and a higher cash balance.

Total liabilities of \$5,080,000 were \$1,719,000 higher than budget amount of \$3,361,000 mainly due to a timing difference resulting from a number of vendor payments being accrued to be paid next financial year.

Cash flows

The net decrease in cash of \$271,000 was \$170,000 unfavourable to budget amount of \$101,000. This is mainly due to increased receivables

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

15 Reconciliation of cash flows from operating activities to net result

	2017	2016
	\$000	\$000
Net cash used on operating activities	(48)	(5,716)
Depreciation and amortisation	(1,015)	(1,534)
(Increase)/decrease in provisions	(47)	(115)
Increase/(decrease) in receivables	209	(4,280)
Decrease/(increase) in creditors	73	3,383
Loss on disposal	----	(47)
Net result	(828)	(8,309)

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	Carrying Amount
Class:			2017	2016
			\$000	\$000
Cash and cash equivalents	6	N/A	1,247	1,518
Receivables ¹	7	Loans and receivables (at amortised cost)	1,102	819
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2017	2016
			\$000	\$000
Payables ²	10	Financial liabilities measured at amortised cost	2,949	3,020

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)

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

16 Financial instruments (Cont'd)

(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.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System.

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.

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.

	\$000		
	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
2017			
< 3 months overdue	804	291	----
3 months - 6 months overdue	15	15	----
> 6 months overdue	64	64	----
2016			
< 3 months overdue	436	436	----
3 months - 6 months overdue	----	----	----
> 6 months overdue	----	----	----

Notes

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

(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 objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances. The Commission's exposure 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 Minister may automatically pay the supplier simple interest. There was no interest for late payments applied during the period (2016: Nil).

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

16 Financial instruments (Cont'd)

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

Maturity Analysis and interest rate exposure of financial liabilities

	\$'000				Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
	Nominal Amount	Fixed Interest Rate	Variable Interest Rate					
2017								
Payables:								
Accrued salaries, wages and on-costs	122	----	----	122	122	----	----	
Creditors	2,949	----	----	2,949	2,949	----	----	
Total	3,071	----	----	3,071	3,071	----	----	
2016								
Payables:								
Accrued salaries, wages and on-costs	76	----	----	76	76	----	----	
Creditors	3,020	----	----	3,020	3,020	----	----	
Total	3,096	----	----	3,096	3,096	----	----	

(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

Exposure to interest rate risk arises primarily through the Commission's interest bearing liabilities. 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.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

16 Financial instruments (Cont'd)

(e) Interest rate risk (Cont'd)

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

	Carrying Amount	Profit \$'000	-1% Equity \$'000	Profit \$'000	1% Equity \$'000
2017					
<i>Financial assets</i>					
Cash and cash equivalents	1,247	(12)	(12)	12	12
Total	1,247	(12)	12	(12)	(12)
2016					
<i>Financial assets</i>					
Cash and cash equivalents	1,518	(15)	(15)	15	15
Total	1,518	(15)	15	(15)	(15)

(f) Fair value measurement

- (i) Fair value compared to carrying amount

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value because of the short term nature of all of the financial instruments. There are no financial instruments where the fair value differs from the carrying amount.

17 Related party disclosures

The Commission's key management personnel compensation are as follows:

	2017 \$'000
Short-term employee benefits:	
Salaries	1,357
Other monetary allowances	-----
Non-monetary benefits	-----
Other long-term employee benefits	-----
Post-employment benefits	48
Termination benefits	149
Total remuneration	1,554

During the year, the Commission did not enter into any transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Commission entered into transactions with NSW Government related entities that are controlled, jointly controlled or significantly influenced by NSW Government. These are all at arm's length transactions in the ordinary course of the business of the Commission.

18 Events after the reporting period

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

End of audited financial statements

APPENDIX B: OUR PEOPLE

The Public Service Commission (PSC) – Executive Team (as at 30 June 2017)



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 (currently seconded to Department of Justice)

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.



Catherine Grummer - Executive Director, HR Practice & 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 Human Resources (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.

In September 2017, Catherine was appointed to the role of Assistant Commissioner Capability and Leadership Strategy, reporting to the Commissioner, Graeme Head.



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.

Prior to joining the Commission, 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.



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.

In September 2017, Scott was appointed to the role of Assistant Commissioner Performance and Analytics Division, reporting to the Commissioner, Graeme Head.



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.



Samantha McGivern - Director Corporate/ Chief Financial Officer

Samantha joined the PSC in April 2017, in order to take up the recently merged new role of Director Corporate/Chief Financial Officer.

Samantha leads the financial and corporate functions, which include Human Resources (HR), Information, Communication and Technology, facilities, project management, procurement and governance.

Samantha has an extensive background in senior management with hands on financial, operational and strategic roles in large corporates as well as privately owned businesses.

Prior to joining the PSC, Samantha held the role of Chief Operating Officer at Guardian Early Learning, where she was responsible for a multi-site operations team of 1,200 staff, as well as marketing, facilities management, HR, compliance and strategy functions. Samantha was also General Manager/CFO at Sambag, where she held responsibility for the financial, sales, e-Commerce, ICT, and HR functions, as well as leading a major business restructure and website development.

Samantha also worked for Qantas Airways for several years, where she held senior roles in the finance, commercial and customer experience divisions.

Workforce profile

As of 30 June 2017, there were 128 employees working for the PSC on either a full time or part time basis, excluding 10 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 1: The average remuneration level of senior executives in each band at the end of the reporting year

	2017	2017	2016	2016
Remuneration level	Range	Average Remuneration	Range	Average Remuneration
Band 3 - Deputy Commissioner	\$320,901 - \$452,250	\$467,843	\$313,051 - \$441,200	\$456,433
Band 2 - Executive Director	\$255,051 - \$320,900	\$285,000	\$248,851 - \$313,050	\$272,984
Band 1 - Director	\$178,850 - \$255,050	\$240,631	\$174,500 - \$248,850	\$224,994

Table 2: The percentage of total employee-related expenditure relating to senior executives

	2016-17	2015-16
The percentage of total employee-related expenditure relating to senior executives	15.16%	20.11%

Table 3: The number of senior executives employed at the end of the reporting year, broken down by band and then gender within each band

	2017	2017	2016	2016
Remuneration level	Male	Female	Male	Female
Band 3 - Deputy Commissioner	1	0	1	0
Band 2 - Executive Director	0	1	0	1
Band 1 - Director	2	3	4	3

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

- 2017 is 7
- 2016 is 9

Table 4: Number of non-Executive employees* by category - classification level

	2017	2017	2017	2016	2016	2016	2015	2015	2015	2014	2014	2014
Grade	Total	Male	Female									
General scale	1	0	1	1	0	1	1	0	1	2	0	2
1-2	0	0	0	0	0	0	0	0	0	0	0	0
3-5	28	9	19	27	7	20	9	2	7	7	3	4
6-9	43	14	29	44	15	29	43	20	23	39	15	24
10-12	53	12	41	50	10	40	46	10	36	49	13	36
Senior Officer	0	0	0	0	0	0	2	1	1	8	5	3
Total	125	35	90	122	32	90	101	33	68	105	36	69

*Includes employees on Parental Leave, Secondment or Unpaid leave

Human resource management

Policy and practice

In March, a service delivery and structural review of the HR unit was undertaken. The review highlighted the need to balance resourcing between operational and strategic HR functionality and bring more focus to HR reporting and analytics. The below table outlines the areas of focus across HR business functions:

HR Strategy and Reporting	HR Operations and Development	Govconnect (Outsourced)
<ul style="list-style-type: none"> • HR Strategy • Organisation Culture • HR Policy and program management • Workforce Planning • HR Reporting and Analytics • Human Capital Management • Talent management • Succession Planning • Mobility management • HR Business Partner • Joint Consultative Committee support • PSC PMES support 	<ul style="list-style-type: none"> • PSC Recruitment • Govconnect contract management and liaison • Employee conditions advice and support • HR Correspondence • Employee Development • Internal Training • PSC Orientation and on boarding • E-Learning • HR Business Partner • Health and Wellbeing 	<ul style="list-style-type: none"> • Contact centre support • Transactional payroll production • Off-cycle payroll • On boarding • Payroll estimates • Defined reporting • Exits • SAP Organisation management changes, restructures, allocations • Employee data management • Personnel file management • Workers' compensation administration

In August 2016, the Public Service Commission (PSC) comprehensively refreshed its internal policies and procedures. This body of work included a review and restructure of the PSC's internal people based policies and procedures with new policies and procedures available to employees and managers by May 2017.

Dedicated resourcing and project management for the implementation of the Human Capital Management System, myCareer concluded in June 2017. The successful implementation of myCareer has been in partnership with Department of Finance Services and Innovation (DFSI) and has included the launch of the following online modules available for PSC employees and managers:

- Probation
- Employee Recognition
- Performance Management – plan, mid and end year review
- Capability Development/Assessment

The agency's outsourced transactional payroll and Organisation Management activity continues to be supported by GovConnect. PSC representatives work closely with the Vendor Management Office (VMO) and GovConnect management to monitor performance and service delivery. The PSC has been involved in a range of deep dive reviews conducted by the VMO throughout the year.

The agency participated in the People Matter Employee Survey and in September 2016, the whole PSC met to review the results. Following an all staff meeting, branch leaders developed line area action plans based on recommendations from employees designed to make the Commission a better place to work. A range of initiatives were implemented which focussed on innovation, recognition, collaboration, learning and staff development and mobility.

The HR unit developed an enhanced dashboard reporting on workforce metrics and measures. The accompanying data and analytics assisted to shape operational and strategic workforce related conversations and resulted in driving areas of focus for managers and the HR unit.

The PSC engaged Anson Consulting to deliver a number of individual and team building workshops which included targeted individual coaching support available for senior and mid-level managers.

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 2016-17. The impacts of any structural changes were discussed and all policies developed during the year were shared for consultation.

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 and one reportable incident reported during 2016-17 where subsequent action was taken to minimise future risks.

Workers compensation claims

There were no workers compensation claims during the period.

Overseas visits

The Public Service Commissioner undertook two overseas visits in 2016-17, both as part of OECD processes relating to public service capability and employment. The first visit was to Israel in January 2017 to participate in Capacities and Competencies for a World Class Senior Civil Service: Reform leadership for a more responsive civil service; the second was to attend the OECD Public Governance Committee meeting in Paris in April, and to give the keynote address to this meeting as well as attending Public Employment Management Working Group sessions.

APPENDIX C: WORKFORCE DIVERSITY

Workforce Diversity - Outcomes

The Public Service Commission (PSC) is committed to building a diverse workforce and a culture that values differences. Over the last twelve months the PSC has continued its focus on established diversity groups – Aboriginal people, women, people with a disability, and people from culturally and linguistically diverse backgrounds. The PSC remains committed to developing a workforce that draws on the diversity of the people of NSW and recognises that a diverse workforce facilitates a strategic advantage and contributes to building the capability of the workforce to better deliver essential services to the community.

The PSC seeks diversity related data from employees upon commencement of their employment. Provision of diversity related data is voluntary. At the end of the reporting period 81% of all employees had provided diversity data. In addition, diversity related data was sought from applicants for all vacant positions and work experience as part of the online recruitment process.

The representation and distribution of workforce diversity groups in the PSC workforce as at 30 June 2017 are provided in the tables below. The PSC experienced a slight decrease across diversity representation within the workforce. Despite minor decreases across the diversity range, it was pleasing to note that a number of identified Aboriginal employees have been successful in securing secondments to other NSW Government agencies via sector wide mobility arrangements.

During the year, the PSC took a number of steps to attract, develop and retain a diverse workforce.

In early 2017 the PSC launched a set of Accessibility and Workplace Adjustment procedures. The purpose of the procedures is to guide managers and employees with information to ensure that workplace adjustments that are needed are made as soon as is practicable and are monitored and reviewed. The development of the procedures was done in collaboration with the Australian Network on Disability (AND) and was circulated to the sector as an example of a policy to be used by small agencies.

In late June 2017, the PSC commenced arrangements to attain accreditation as a Disability Confident Recruiter (DCR) agency through the Australian Network on Disability. The DCR accreditation underpins the PSC's commitment to making internal recruitment and selection process accessible to people with disability so as to attract talented and skilled people from the entire labour market.

Throughout the year the PSC participated in the NSW government's Refugee Employment Program and in early 2017 successfully placed a candidate from the program. The program supports the commitment made by the Secretaries Board to employ at least 100 refugees across the Public Sector.

The PSC supported and promoted a number of internal staff events including:

- International Day of People with a Disability;
- International Women's Day;
- Harmony Day;
- National Reconciliation Week;
- Refugee Week; and
- NAIDOC Week celebrations.

Parliamentary Annual Report Tables

Table 5: Diversity Profile

	Benchmark	2017	2016	2015
Women	50%	68.9%	71.2%	66.4%
Aboriginal People and Torres Strait Islander	2.6%	3.0%	3.7%	5.1%
People whose First Language Spoken as a Child was not English	19.0%	13.6%	17.8%	16.2%
People with a Disability	N/A	2.3%	4.2%	3.8%
People with a Disability Requiring Work-Related Adjustment	1.5%	0.8%	0.8%	0.9%

Table 6: Trends in the Distribution of Workforce Diversity Groups

Workforce Diversity Group	Benchmark	2017	2016	2015
Women	100	101	98	101
Aboriginal People and Torres Strait Islander	100	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	94	94	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

APPENDIX D: LEGISLATIVE FRAMEWORK

Government sector employment legislation

As at 30 June 2017, 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, the Government Sector Employment (General) Rules 2014 and the Government Sector Employment (Health Service Senior Executives) Rules 2016, which are made under the Government Sector Employment Act 2013.

During the reporting year the *Government Sector Employment Act 2013* was amended by:

- *Education and Teaching Legislation Amendment Act 2016*
- *Government Sector Employment Amendment (Health Service Senior Executives) Regulation 2016*
- *Government Sector Employment Amendment (Transitional Internal Audit Senior Executives) Regulation 2017*
- *Transport Administration Amendment (Independent Transport Safety Regulator) Act 2017*
- *Administrative Arrangements (Administrative Changes—Law Enforcement Conduct Commission) Order 2017*
- *Administrative Arrangements (Administrative Changes—Public Service Agencies) Order 2017*
- *Government Sector Employment Amendment (Transfer of Staff of Sydney Cricket and Sports Ground Trust) Regulation 2017*

During the reporting year the *Government Sector Employment Regulation 2014* was amended by:

- *Government Sector Employment Legislation Amendment Act 2016*
- *Government Sector Employment Amendment (Consequential Amendments) Regulation 2016*
- *Government Sector Employment Amendment (Health Service Senior Executives) Regulation 2016*

During the reporting year the *Government Sector Employment (General) Rules 2014* were amended by:

- *Government Sector Employment Rules (Amendment No 6—Consequential Amendments) 2016*
- *Government Sector Employment Rules (Amendment No 7—Miscellaneous) 2016*
- *Government Sector Employment Rules (Amendment No 8—Agency Heads) 2017*

APPENDIX E: PUBLIC INFORMATION AND ACCESS

Public access to NSW Government Information

The Public Service Commission's (PSC) 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, and *Government Advertising Act 2011* advertising compliance certificates on our website. In the 2017 financial year the PSC also released the State of the Sector 2016 Report and the Workforce Profile Report 2016. 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 2016 to 30 June 2017, the PSC received four valid access applications under the *Government Information (Public Access) Act 2009* (GIPA Act). Access was granted in full to two of those applications. The other two applications were transferred to another agency.

The following nine tables show details of the application received and decision made by PSC during the 2016-17 year in accordance with the provisions of the GIPA Act and the *Government Information (Public Access) Regulation 2009*.

1.1 Tables

Table 7: Number of applications by type of applicant and outcome*

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

* 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 B.

Table 8: 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*	-	-	-	-	-	-	-	-
Access applications (other than personal information applications)	2	-	-	-	-	-	-	-
Access applications that are partly personal information applications and partly other	-	-	-	2	-	-	-	-

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

Table 9: Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	-
Application contravenes restraint order (section 110 of the Act)	-
Total number of invalid applications received	1
Invalid applications that subsequently became valid applications	-

Table 10: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

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

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

Table 11: 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	-
Law enforcement and security	-
Individual rights, judicial processes and natural justice	-
Business interests of agencies and other persons	-
Environment, culture, economy and general matters	-
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-

Table 12: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	4
Decided after 35 days (by agreement with applicant)	-
Not decided within time (deemed refusal)	-
Total	4

Table 13: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	-	-	-
Review by Information Commissioner*	-	-	-
Internal review following recommendation under section 93 of Act	-	-	-
Review by NCAT	-	-	-
Total	-	-	-

* 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 14: Applications for review under Part 5 of the Act (by type of applicant)

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

Table 15: 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	2
Applicant-initiated transfers	-

Public Interest Disclosure

Under the *Public Interest Disclosures Act 1994* (PIDA), the PSC is required to report information about disclosures made between 1 July 2016 and 30 June 2017, internal reporting policies in place, and the Public Service Commissioner's staff awareness obligations. Between 1 July 2016 and 30 June 2017, no public official made a Public Interest Disclosure to the PSC. Between 1 July 2016 and 30 June 2017, the PSC received one Public Interest Disclosure.

**Table 16: Statistical information on Public Interest Disclosures
1 July 2016 – 30 June 2017**

		Category 1 PIDs made in performance of day to day functions	Category 2 PIDs made under a statutory of other legal obligation	Category 3 All other PIDs
Number of public officials who made a PID		-	-	-
Number of PIDs received	1	-	-	1

Of PIDs received, number primarily about:		Category 1 PIDs made in performance of day to day functions	Category 2 PIDs made under a statutory of other legal obligation	Category 3 All other PIDs
Corrupt conduct		-	-	-
Maladministration	1	-	-	1
Serious and substantial waste	-	-	-	-
Government information contravention	-	-	-	-
Local Government pecuniary interest contravention	-	-	-	-
Number of PIDs finalised	1	-	-	-

As part of their induction at the PSC, new employees are required to read the PSC's *Guidance for Managing Public Interest Disclosures*, the PSC's public interest disclosures policy and procedures, which is accessible on the PSC intranet website. They are also required to complete the following NSW Ombudsman e-learning modules:

- PID Awareness e-learning module
- PID Reporting e-learning module.

These e-learning modules are accessible on the PSC intranet website.

Privacy and personal information

The *Annual Reports (Departments) Regulation 2015* 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 approved by the Attorney General and published in 2012.

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 2016-17 no reviews were conducted by or on behalf of the PSC under Part 5 of the PPIPA.

APPENDIX F: RISK MANAGEMENT AND INSURANCE ACTIVITIES

Internal audit, risk management and insurance

The focus of the Audit and Risk Committee in 2016-17 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 2016-17, consistent with the requirements of its charter and NSW Treasury policy TPP 15-03, the Committee reviewed the Public Service Commission's (PSC) approach to maintaining an effective risk management approach, adequacy of internal control processes, legislative compliance and financial management aspects. The Committee also reviewed the 2016-17 financial statements in September 2017 and recommended their signing by the Commissioner.

The Committee - found no identified weaknesses in internal controls and was satisfied that 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 Gerry Brus, independent chair, Ms Joan Wilcox, independent member, and Mr Ian Neale, independent member.

The terms of the Committee members are listed below:

- Joan Wilcox: Independent Member (appointed as chair 1 February 2012 to 31 January 2017, extended in December 2016 as an independent member to 1 February 2020);
- 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), and appointed Chair from 1 February 2017.

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. In December 2016, Ms Wilcox's term was further extended to 1 February 2020 as an independent member.

The Chair of the Audit and Risk committee, Ms Gerry Brus was appointed as an independent member on 18 March 2016, and was appointed as chair from 1 February 2017.

The Committee meeting dates and attendance in 2016-17 were:

- July 2016 (Joan Wilcox; Ian Neale; Gerry Brus)
- September 2016 (Joan Wilcox; Ian Neale; Gerry Brus)
- December 2016 (Joan Wilcox; Ian Neale; Gerry Brus)
- March 2017 (Gerry Brus; Joan Wilcox; Ian Neale)
- April 2017 (Gerry Brus; Joan Wilcox; Ian Neale)
- June 2017 ((Gerry Brus; Joan Wilcox; Ian Neale)

Internal audit program

The PSC's updated risk weighted annual Internal Audit Plan for 2016-17 was endorsed in May 2015 by the Audit and Risk Committee. At each meeting in 2016-17, the Audit and Risk Committee monitored 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 a series of internally facilitated workshops for operational risks, and facilitated by internal auditors BDO Australia for strategic risks.

During the course of 2016-17, the Committee received audit reports and management responses for the following internal audits:

- Risk Maturity Assessment
- Fraud and Corruption Risk Management
- Procurement and Contract Management

External audit

The Audit and Risk Committee noted the Commissioner's attestation and the NSW Audit Office's opinion that the 2016-17 financial statements were a true and fair view of the PSC's financial position.

Insurance

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

Insurance policies

In 2016-17 the PSC held the following insurance policies:

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

The Purchasing Card Policy was last reviewed and updated in March 2017 and is considered current. The policy and controls applied to the use of credit cards are applicable and applied to the use of purchasing cards. The rules are consistent with government policy as outlined in Treasurer's Directions and NSW Treasury Circulars. For the 2016-17 financial year, credit/purchasing card use by officers of the PSC has been in line with government requirements.

Internal Audit and Risk Management Attestation Statement for the 2016-2017 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:

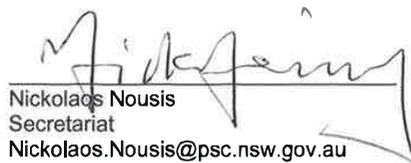
Core Requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency 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:

- Gerry Brus: Independent Chair (appointed 1 February 2017 to 31 January 2021);
- Joan Wilcox: Independent Member (appointed 1 February 2017 to 31 January 2020);
- Ian Neale: Independent Member (appointed 1 February 2015 to 31 January 2019 – resigned effective 13 September 2017); and
- Carolyn Walsh Independent Member (Appointed effective 29 November 2017 to 1 December 2020).


 Graeme Head
 Public Service Commissioner


 Nickolaos Nousis
 Secretariat
 Nickolaos.Nousis@psc.nsw.gov.au

APPENDIX G: PAYMENT OF ACCOUNTS

Table 17: Aged analysis at the end of the 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	-	-	\$3	\$1	\$3
December	\$271	-	\$43	\$59	\$31
March	\$226	-	\$35	\$6	\$2
June	\$484	-	-	-	\$10

Table 18: Accounts due or paid within each quarter

Measure	September	December	March	June
All suppliers				
Number of accounts due for payment	496	538	427	475
Number of accounts paid on time	365	356	321	352
Actual percentage of accounts paid on time (based on number of accounts)	74%	66%	75%	74%
Dollar amount of accounts due for payment (\$'000)	\$5,698	\$6,346	\$6,079	\$4,816
Dollar amount of accounts paid on time (\$'000)	\$4,014	\$3,730	\$4,070	\$3,448
Actual percentage of accounts paid on time (based on \$)	70%	59%	67%	72%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

Measure	September	December	March	June
Small suppliers				
Number of accounts due for payment	-	-	1	-
Number of accounts paid on time	-	-	1	-
Actual percentage of accounts paid on time (based on number of accounts)	-	-	100%	-
Dollar amount of accounts due for payment (\$'000)	-	-	\$2	-
Dollar amount of accounts paid on time (\$'000)	-	-	\$2	-
Actual percentage of accounts paid on time (based on \$)	-	-	100%	-
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

Commentary

Our percentage of accounts paid on time has reduced compared to last year. We are currently working on an improvement process to bring this percentage back into line with last year.

Interest on late payments

We had no instances of penalty interest for delayed payments to a supplier for the year

APPENDIX H: CONSULTANTS

A consultant in the Public Service Commission is referred to as a person or an organisation that provides expert advice professionally to assist decision-making. The Public Service Commission consultancy expenses for 2016-17 were \$451,156. The consultancy services were provided for information technology services, management services and organisational review.

Consultant	Nature of service	Amount \$
Contracts \$50,000 or more		
Nous Group	Management Services – Strategic advice	71,745
Peter Berry Consultancy Pty Ltd	Management Services - 2016 Public service recruitment pool	93,517
Synthetism Pty Ltd	Management Services - Development of work level standards	102,369
Total	Total	267,631
Contracts \$30,000 to \$50,000		
Access HQ	Information Technology - Website review	48,450
Ken Matthews	Organisational Review - Capability planning and review	30,875
Working Knowledge	Management Services - Develop legal professional capabilities set	38,500
Total	(3 contracts)	117,825
Contracts less than \$30,000 (total)	(7 contracts)	65,700
Total expenditure for 2016-17		451,156

APPENDIX I: RESEARCH AND DEVELOPMENT

There were no Research and Development projects or activities undertaken by the PSC in 2016-17.

APPENDIX J: DIGITAL INFORMATION SECURITY ANNUAL ATTESTATION STATEMENT



Ref: A3721054

Digital Information Security Annual Attestation Statement for the 2016-2017 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 2016-2017 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.

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 Information Security Policy.

A handwritten signature in blue ink that reads 'Graeme Head' and the date '9.10.17' written below it.

Graeme Head
Public Service Commissioner

APPENDIX K: MAJOR WORKS IN PROGRESS

There were no Major Works in Progress projects or activities undertaken by the PSC in 2016-17.

APPENDIX L: STATUTORY REPORTING COMPLIANCE CHECKLIST

Compliance requirement	Page
Access Details	4
Additional matters for inclusion in annual reports	99
Agreements with Multicultural NSW	N/A
Aims and objectives	19
Application for extension of time	N/A
Budgets	N/A
Charter	20
Consultants	106
Consumer Response	N/A
Credit card certification	102
Digital information security policy attestation	108
Disability Inclusion Action Plans	88
Disclosure of Subsidiaries	N/A
Economic or other factors	N/A
Exemptions	N/A
Financial Statements	53
Funds granted to non- government community organizations	N/A
Government Information (Public Access) Act 2009	91
Human resources	85
Identification of audited financial statements	53
Implementation of Price Determination	N/A
Inclusion of unaudited financial statements	N/A
Internal audit and risk management policy attestation	103

Compliance requirement	Page
Investment performance	N/A
Land Disposal	N/A
Legal Change	90
Letter of Submission	2
Liability management performance	N/A
Management and activities	14
Management and structure	14
Multicultural Policies and Services Program	88
Numbers and remuneration of senior executives	83
Payment of Accounts	104
Promotion	87
Public Interest Disclosures (PID)	98
Requirements arising from employment arrangements	N/A
Research and development	107
Risk management and insurance activities	101
Summary review of operations	23
Time for Payment of Accounts	N/A
Work Health and Safety (WHS)	86
Workforce Diversity	88

GLOSSARY OF TERMS AND ABBREVIATIONS USED IN ANNUAL REPORT

Terms/ abbreviations	Meanings
AC.	Companion of the Order of Australia
ADF	Australian Defence Force
AEDP	Aboriginal Employment and Development Program
AGSM	Australian Graduate School of Management
AM.	Member of the Order of Australia
AND	<i>Australian Network on Disability</i>
AO.	Officer of the Order of Australia
ARC	Audit and Risk Committee
BCA	Business Council of Australia
CDT	Capability Discovery Tool
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPR	<i>cardiopulmonary resuscitation</i>
DCR	<i>Disability Confident Recruiter</i>
DEAC	<i>Disability Employment Advisory Committee</i>
DFSI	Department of Finance Services and Innovation
DPC	Department of Premier and Cabinet
EAP	Employee Assistance Program
EEO	Equal Employment Opportunity
EFT	Electronic Funds Transfer
EMPA	<i>Executive Masters of Public Administration</i>
EPA	<i>Environment Protection Authority</i>
ERP	Enterprise resource planning
FACS	the Department of Family and Community Services

Terms/ abbreviations	Meanings
GCG	<i>General Counsel Group</i>
GEN	Government Employee Number
GIPA	Government Information (Public Access) Act 2009
GSE Act	Government Sector Employment Act 2013
GSELA ACT	Government Sector Employment Legislation Amendment Act 2016
HCM	Human capital management
HQ	Head Quarter
HR	Human Resources
HRPCS	Human Resources Professionals Capability Set
ICT	Information and communications technology
ICTD	Information, Communication, Technology and Digital
IWorkforNSW	The jobs site for NSW Government
JCC	Joint Consultative Committee
KPIs	Key Performance Indicators
LPCS	Legal Professionals Capability Set
MC	Master of Ceremonies
MP	Member of Parliament
NAIDOC	National Aboriginal and Islander Day Observance Committee
NAPLAN	National Assessment Program Literacy and numeracy
NCAT	NSW Civil and Administrative Tribunal
NFP	Non for Profit
NSW	New South Wales
OECD	Organization for Economic Cooperation and Development
PID	Public Interest Disclosure
PIDA	Public Interest Disclosures Act 1994
PMES	People Matter Employee Survey
PPIPA	Privacy and Personal Information Protection Act 1998

Terms/ abbreviations	Meanings
PSC	NSW Public Service Commission
PSM	Public Service Medal
PSSE	Public Sector senior executive
SEF	Senior Executive Fundamentals
SFIA	Skills Framework for the Information Age
SMS	Short Message Service
SOPSR	State of Public Sector Reporting
The Academy	NSW Leadership Academy
the Code	Code of Ethics and Conduct for NSW government sector employees
the Dashboard	The Workforce Dashboard
the Framework	ICT Career Pathway Framework
the Program	NSW Government Graduate Program
the Strategy	NSW Government ICT Strategy, Digital + 2016
TOES	Treasury On-Line Entry System
VMO	Vendor Management Office
WH&S	Workplace Health & Safety
WIW	Workforce Information Warehouse

LIST OF TABLES IN THIS ANNUAL REPORT

Table	Page
Table 1: The average remuneration level of senior executives in each band at the end of the reporting year	83
Table 2: The percentage of total employee-related expenditure relating to senior executives	83
Table 3: The number of senior executives employed at the end of the reporting year, broken down by band and then gender within each band	84
Table 4: Number of non-Executive employees* by category – classification level	84
Table 5: Diversity Profile	89
Table 6: Trends in the Distribution of Workforce Diversity Groups	89
Table 7: Number of applications by type of applicant and outcome*	92
Table 8: Number of applications by type of application and outcome	93
Table 9: Invalid applications	94
Table 10: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act	95
Table 11: Other public interest considerations against disclosure: matters listed in table to section 14 of Act	96
Table 12: Timeliness	96
Table 13: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)	97
Table 14: Applications for review under Part 5 of the Act (by type of applicant)	97
Table 15: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)	98
Table 16: Statistical information on Public Interest Disclosures 1 July 2016 – 30 June 2017	98
Table 17: Aged analysis at the end of the quarter	104
Table 18: Accounts due or paid within each quarter	104

INDEX

#

2017 Randstad Employer of Choice Awards 23

A

Aboriginal Career and Leadership Development Program 21, 27
 Aboriginal Employment Advisory Committee 28
 Aboriginal Employment and Development Program 27, 112
 Aboriginal Workforce Development Community of Practice 28
 ACLDP. **See** Aboriginal Career and Leadership Development Program
 Advisory Board. **See** Shergold AC, Peter
 AEDP. **See** Aboriginal Employment and Development Program
 AGSM. **See** Australian Graduate School of Management (AGSM)
 Aligning Strategic Priorities to Individual Performance Objectives 45
 Australian Graduate School of Management (AGSM) 27

B

Baker, Kathy
 Biography 81
 BCA Senior Executive Secondment Program 38
 Best Tools 41
 Bligh House 4, 120
 Branch business plans 45
 Branch Leaders KPIs 45
 Bringing public sector values and the ethical framework to life 34
 Brokerage of Services 52
 Bullying. **See** Workplace bullying
 Business continuity planning 49
 Business hours 4

C

Capability development 45
 Capability Discovery Tool 23, 25, 42, 112
 Capability Framework Stocktake 42
 Chairman. **See** Shergold AC, Peter
 CoHRP. **See** Community of HR Professionals (CoHRP)
 Collaboration – cross-sector co-design 50
 Commencement of GSELA reforms 24
 Commentary 105

Committee membership 101
 Completion of the GSE Act executive transition 24
 Consultants 106
 Consultation mechanisms 86
 Contact Details 120
 Continued focus on piloting cross sector recruitment pools 30
 Corporate Plan 19
 Create Frameworks 51
 Creating resources and better practice toolkits to support agencies in driving organisational performance 33
 Credit card 102
 Credit card certification 102
 Cultural awareness and inclusion 44

D

Department of Finance, Services and Innovation 30, 38, 100
 Department of Premier and Cabinet 9, 17, 26, 30, 79, 86, 112
 Deputy Commissioner. **See** Minns, Phil
 Development of the Human Resources Professionals Capability Set 25
 Development of the Legal Professionals Capability Set 26
 Develop the Change Narrative 50
 Digital Information Security Annual Attestation Statement 108
 Diploma of Government 38
 Director Corporate/ Chief Financial Officer.
See McGivern, Samantha
 Disability 6, 17, 21, 29, 44, 88, 89, 112
 Disability employment 21
 Disability Employment Advisory Committee 6, 21, 29, 112
 Diversity 3, 9, 21, 38, 39, 81, 88, 89, 115

E

Email 4
 Employer of Choice 40
 Ethical Framework 34
 EVP. **See** Employee value proposition
 Executive Connections 38
 Executive Connections Event series 38
 Executive Team 79
 Expansion of Human Capital Management (HCM) Systems 25

Expansion of the NSW Government Graduate Program 24
 Expansion of Workforce Dashboard capabilities 37
 External audit 102

F

Flexibility 9
 Flexible Working 27
 Fraud and corruption controls - processes and systems 48

G

General Counsel. **See** Strange, Carolyn
 Glossary 112
 Glossary Of Terms And Abbreviations 112
 Government Employee Number (GEN) 30
 Government Information (Public Access) Act 2009 91, 113
 Government Information (Public Access) Regulation 97
 Government Sector Employment Act 2013 5, 12, 14, 17, 23, 24, 34, 50, 86, 90, 113
 Government sector employment legislation 90
 Government Sector Employment Regulation 2014 24, 90
 Grummer, Catherine
 Biography 80
 GSE Act. **See** Government Sector Employment Act 2013
 GSELA ACT. **See** Government Sector Employment Legislation Amendment Act 2016 (GSELA ACT)

H

Head, Graeme 79
 Health Services Act 1997 5
 High Performance 32
 Hosting the Women in Leadership Symposium 23, 26
 How we work with the sector to drive change 50
 Human Capital Management 23, 25, 44, 85, 86
 Human Capital Management (HCM) Systems 25
 Human resource management - Policy and practice 85
 Human Resources (HR) capability diagnostic 42

I

ICT Capability Assessment Strategy 41
 ICT Career Pathway Framework 29, 41, 51, 114
 ICT Workforce plan 47
 Identity Hub 30, 100

Implementation of Government Employee Number 30
 Improving Culture. **See** Respect. Reflect. Reset.
 Improving Public Sector representation and experience for people with disability 28
 Increase the proportion of women in senior leadership roles 26
 Increasing Participation - Refugees and Veterans Employment 30
 Individual Performance Objectives 45
 Industrial relations - Policy and practice 86
 Innovation Event 38
 Insurance 102
 Interest on late payments 105
 Internal audit 101, 102
 Internal audit program 102
 Internal Audit Program 48
 Internal audit, risk management and insurance 101
 Internal reviews 100
 I work for NSW 23, 39, 40
 I work for NSW Employee Value Proposition campaign 23
 iworkfor.nsw.gov.au 44

J

Johnston, Scott
 Biography 87

K

Key Accomplishments 23

L

Launch of the Capability Discovery Tool 25
 Launch of the ICT Career Pathway Framework 29
 Leadership Academy 7, 21, 34, 36, 37, 51, 52, 114
 Legal Professionals Capability Set 41
 Legislation 5, 23, 50, 90, 113
 List Of Tables In This Annual Report 115

M

McGivern, Samantha
 Biography 82
 Meher, Jehangir
 Biography 87
 Melfi, Orietta 14, 16
 Minns, Phil
 Biography 79

N

- NSW Government Employee Value Proposition 39
- NSW Government Graduate Program 23, 24, 38, 52, 114
- NSW Leadership Academy 36
- NSW Premier 12, 20, 26, 38, 82, 90
- NSW Public Sector Aboriginal Employment Strategy 27, 28
- NSW Public Sector Capability Framework 26, 41

O

- Operating Model 4
- organisational structure. **See** Public Service Commission organisational structure
- Our approach 20
- Our finances and tools 46
- Our Mission 3
- Our Organisation 12
- Our people 44
- Our planning context 20
- Our Structure 14
- Our Vision 3
- Our ways of working 47
- Overseas visits 87

P

- Parliamentary Annual Report Tables 89
- People Matter Employee Survey 6, 8, 29, 31, 34, 35, 51, 52, 86, 113
- People Matters Employee Survey transitioned to annual reporting 31
- Performance conversations 45
- Police Act 1990 5
- Policy and practice 86
- Positive and Productive Workplaces 34
- Premier's Priority 21, 31, 38, 39
- Price, Mike 14
- Privacy and personal information 99
- Privacy and Personal Information Protection Act 1998 (PPIPA) 99
- Privacy Management Plan 100
- PSC Operating Model 4
- PSC-wide resource management approach 45
- Public access to NSW Government Information 91
- Public Interest Disclosure 98
- Public Interest Disclosures 98, 99, 113, 115
- Public Interest Disclosures Act 1994 (PIDA) 98
- Public Service Commission

Advisory Board 17

- Public Service Commissioner. **See** Head, Graeme
- Public Service Commission organisational structure 14
- Public Service Recruitment Pools 6, 39

R

- Regulations. **See also** Legislation
- Respect. Reflect. Reset. 23, 29, 34
- Retention of Aboriginal staff 27
- Reward and recognition 44
- Reward and recognition system 44
- Right Talent 36
- Risk management 47, 48
- Risk management framework 47
- Role of the PSC 12

S

- Secretaries Board 21, 36, 51, 88
- Senior Executive Induction toolkit 43
- Shergold AC, Peter 9
- State of Workforce Reform 50
- Statistical information about access applications 91
- Strange, Carolyn
 - Biography 80
- Strategic Directions 2016-2018 19
- Strategic PSC business plan 45
- Strengthening the Performance Development Framework 32
- Survey. **See** People Matter Employee Survey

T

- Thought Leadership – Drive Leading Practice 50
- Transport Administration Act 1988 5
- Treasury 9, 17, 31, 46, 101, 102, 114

U

- Undertaking agency capability reviews 33

V

- Values-Driven Culture 34

W

- Walk the Talk 3, 52
- Website address 4

What we do 12
Who we are 12
Who we report to 12
Women in Leadership Symposium 38
Workers compensation 87, 102
Workforce Dashboard 23, 31, 51, 52, 114
Workforce Diversity - Outcomes 88
Workforce Information Warehouse 31, 100, 114
Workforce Management Systems. **See** Price, Mike
Workforce profile 83
Work Health and Safety 86
Working collaboratively 19
Working on our culture co-design 34

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