

Public Service Commission

ANNUAL REPORT

2017/2018



Public
Service
Commission

The PSC proudly acknowledges Australia's Aboriginal and Torres Strait Islander community and their rich culture and pays respect to their Elders past and present. We acknowledge the ongoing connection that Aboriginal people have to this land and recognise Aboriginal people as the original custodians of these lands on which we serve.

LETTER OF TRANSMITTAL

Ref: A4129280

The Hon. Gladys Berejiklian MP
Premier of NSW
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 2017-18 to you for presentation to the Parliament of New South Wales.

The Public Service Commission Annual Report 2017-18 is an account of the activities and performance of the Public Service Commission for the period 1 July 2017 to 30 June 2018. 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 2017-18 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 2015*.

As required by the *Annual Reports (Departments) Act 1985*, I have also provided a copy of the Public Service Commission Annual Report 2017-18 to the Treasurer, the Hon. Dominic Perrottet MP.

Yours sincerely



Emma Hogan
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 underpinned by the core public sector values 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.



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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A MESSAGE FROM THE COMMISSIONER



As the incoming NSW Public Service Commissioner, I am delighted to write the opening remarks for the 2017-18 Annual Report, reflecting on the changes made across the year and our goals for the future.

This has been a unique year in the history of the Public Service Commission (PSC) with the inaugural Commissioner, Mr Graeme Head, departing in February to take on the new role of the National Disability Insurance Scheme Quality and Safeguards Commissioner. Graeme leaves a considerable legacy from his tenure at the PSC, most notably for the implementation over three years of the *Government Sector Employment Act 2013* (GSE Act) and the subsequent *Government Sector Employment Legislation Amendment Act 2016*, which was completed in October 2017.

Graeme also led the creation of the Capability Framework, which has truly acted as an enabler for modern workforce practices, as well as other senior workforce initiatives such as the Leadership Academy and the NSW Graduate Program. Graeme also took on the Premier's Priority of driving public sector diversity, working towards gender equality and doubling the number of Aboriginal people in senior leader roles by 2025.

Change was definitely the theme for the 2017-2018 period. Ms Catherine Grummer was Acting Commissioner from January through to my appointment on 7 May, ensuring the PSC continued to thrive during this period of transition. We were all thrilled to see that our engagement results had increased by 2 percentage points this year and I think it is a credit to the way Graeme, Catherine and the Leadership Team managed the transition.

The Commission finished off the financial year with a major office relocation. The change management of this was handled really well, and I thank the team driving this project and the staff for their cooperation in this process. It has been great to see the positive reception of our new home by the wider staff.

From a delivery perspective, some highlights of 2017-2018 include the doubling of nominations for the Leadership Academy, which delivers development opportunities across the public service. Equally impressive was the significant increase in graduate places across the sector, which totalled 168 in 2018, up from 25 in 2016 when the program started. The success of the program is also being externally recognised with the program winning the *Fusion Most Popular Government and Defence Employer Award* and ranking 12th in the *Australian Financial Review's Top 100 Graduate Employer* listing. Further to this, for the third year in a row, the NSW Government was ranked in the top 20 *2018 Randstad most attractive employers in Australia*.

In this period we also invited Lynelle Briggs AO, former Australian Public Service Commissioner, to conduct a review of recruitment maturity across the sector, to determine the level to which the flexibilities afforded by the GSE reforms are being realised. This report will inform future programs of work across the PSC and the broader sector.

The team continued their efforts towards improved diversity and inclusion, in particular focussing on the Premier's Priority of driving public sector diversity. The tangible results here meant last year there was a 1.3 percentage point lift for women in senior leadership and an increase of 16 Aboriginal senior leaders to a total of 87, making progress towards our target of 114 Aboriginal leaders by 2025. We worked with Inside Policy to review the effectiveness of our inaugural *Aboriginal Employment Strategy* and help us set the scene for the next iteration. We have commenced a major program of work within the Diversity and Inclusion space regarding flexible working conditions, marching towards the goal of all roles flexible on an 'if not, why not' basis by 2019.

The PSC is working in partnership with the Department of Family and Community Services to lead and drive implementation of the *Jobs for people with disability: A plan for the NSW Public Sector* (the plan). The plan will be implemented over the next three years in collaboration with the sector. This piece of work is fundamental to making real and positive change on the ground and to accelerate the employment and retention of people with a disability in the public sector; and driving toward a goal of 5.6 per cent disability participation by 2027.

I would like to acknowledge the achievements of the team and thank them for their efforts during a busy, productive and transitional year. I would also like to acknowledge the support and guidance of the PSC's Advisory Board, and personally thank our Chair, Professor Peter Shergold AC for his support as I have transitioned to the role of the Commissioner. The Board led four important projects spanning cross-sector collaboration, inclusive behaviour, flexible working and organisational performance. This research and associated resources will further guide best practice in the sector. Lastly, I'd like to thank my colleagues on the Secretaries Board, for making me feel so welcome and for their support, encouragement and partnership on key initiatives.

Graeme leaves the Commission in great shape, and it is my pleasure and privilege to take over this role from him. I look forward to reporting on our progress again next year, when I shall be able to report on a full cycle as Commissioner.

Emma Hogan

Public Service Commissioner

A MESSAGE FROM THE CHAIR



Since the establishment of the Public Service Commission Advisory Board in 2011, its members have provided advice to the Commissioner on the development and implementation of key initiatives driving workforce reform across the government sector. However, this has been a key year in the history of the Board, with the conclusion of the inaugural Commissioner's term in January 2018, and the commencement of the new Commissioner in May 2018. A significant transition is underway.

Graeme Head did an outstanding job as NSW's first Public Service Commissioner. It was my pleasure to work with him as Chair of the Board, and to lend my support to him when it was necessary. Under his stewardship, the State's public service underwent significant and wide-reaching workforce reforms which will continue to have benefits for NSW for many years to come. He leaves a great team and a strong legacy for the new Commissioner to work with and build upon. I wish Graeme well in his important new role.

Emma Hogan commenced as Public Service Commissioner in May 2018. I was fortunate to lead the selection process. Emma brings innovation, enthusiasm, and a strong customer focus to the Commission as the organisation enters its next phase.

The membership of the Advisory Board has also changed significantly over the course of the year. Michael Pratt has replaced Rob Whitfield as Secretary of The Treasury and Tim Reardon has replaced Blair Comley as Secretary of the Department of Premier and Cabinet. I would like to thank Rob and Blair for the valuable contributions they made during their time on the Board, and welcome Mike and Tim.

I also thank the other external board members, Vince Graham, Martin Laverty, Susan Lloyd-Hurwitz and Sandra McPhee. I appreciate their continued interest in supporting NSW to develop a first-rate public administration. In addition to supporting the Commissioner, they initiate their own work projects on key issues facing the NSW government sector. This year saw the completion of several of those projects.

In October 2017, a report on cross-sector collaboration was made public. Four case studies, focusing on the human services sector, were formally launched at Executive Connections (the Commission's networking series to support executive capability development). The report is the second piece of work on collaboration led by Martin Laverty during his time on the Advisory Board. Improving partnerships, within the government sector and between sectors, presents significant opportunity for the NSW public sector to enhance performance. The report will be a guiding resource to assist this progress.

Susan Lloyd-Hurwitz led the second piece of work, a research report that showcased the benefits of inclusive behaviour in the public sector. It was accompanied by case studies from Service NSW, and a video that agencies could use to promote the inclusion message. The paper added to the evidence base in support of diversity and inclusion by adding a public sector lens to the business case. The report and video were launched to coincide with International Women's Day in March 2018.

The Public Service Commission is also coordinating the implementation of the Government's policy commitment that all roles in the government sector be flexible on an 'if not, why not' basis by 2019. Sandra McPhee sponsored the development of a suite of tools developed to assist agencies to overcome beliefs and behaviours around flexible working that may prove cultural barriers to this implementation, and to raise awareness of employees' ability to ask for alternative working arrangements. Six case studies were provided of organisations that have successfully introduced flexible working arrangements. These tools represent part of a larger program of work to assist agencies to meet their policy commitment by 2019.

The fourth Advisory Board research project, led by Vince Graham, focusses on driving improved organisational performance. This practical piece of work is intended to support senior leaders in small to medium agencies to develop their capability. The Strategy Mapping guide was launched in March 2018 and deployed in three one-hour Masterclass sessions for those undertaking the Leading Executives course. Additional components on environmental scanning and strategic risk management are envisaged for the future.

It is hoped that executives across the sector will derive benefit from the Board sponsored projects as they address priority areas within their own agencies. Each of these projects is very different, yet all of them touch on areas of opportunity for the public sector. In September 2018, the People Matter Employee Survey results were distributed to Secretaries with links to resources available to support them improve in specific areas. The work led by the Board is intended to help achieve that goal.

I would like to thank sincerely my fellow Board members for their enthusiasm, insight and interest in leading these pieces of work. I also extend my thanks to the Commission staff who worked on these projects with such dedication.

My colleagues and I look forward to continuing our close working relationship with the new Commissioner as she leads the Commission into its exciting next phase.

Peter Shergold AC
Chairman

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OUR ORGANISATION

Who we are

The Public Service Commissioner is an independent office holder. The Public Service Commission (PSC) is a Public Service agency as scheduled in the *Government Sector Employment Act 2013* (GSE Act) that exists to support the Commissioner in the execution of their statutory functions. The PSC has the lead role in designing and implementing workforce management strategies and reform to ensure the capability of the NSW public sector workforce to deliver high quality public services to the people of NSW.

The PSC has the lead role in designing and implementing workforce management strategies.

What we do

The PSC builds best practice models for workforce management and drives the implementation of these in the NSW public sector, cluster and agency levels. 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 NSW 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 NSW 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 NSW 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 NSW Government on leadership structure for the government sector.
 - To advise the NSW Government on appropriate strategies, policies and practices in relation to the structure of the government sector workforce.
 - To advise the NSW Government on appropriate strategies, policies and practices in relation to other government sector matters as the Premier may determine from time to time. As well as monitoring, co-ordinating and assisting the implementation of NSW Government strategies, policies and practices in other areas as the Premier may determine from time to time.
 - To develop and advise the NSW Government on service delivery strategies and models for the government sector through collaboration with the private 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.

OUR STRUCTURE

The Public Service Commission's organisational structure

On 1 August 2017, then Commissioner Graeme Head, implemented an organisational restructure aimed at preparing the PSC for the completion of his tenure, and the transition to an incoming Commissioner. These changes aimed to build a stronger, smaller, and more focussed Executive Leadership Team that was well equipped to lead the Commission through a phase of transition; and to ensure continued excellence in the delivery of ongoing programs, and to support an incoming Commissioner.

Key to the design of the new structure was the consolidation of the Executive Leadership Team to four key participants, comprising three leaders reporting to the Commissioner – Catherine Grummer as Assistant Commissioner responsible for the Capability and Leadership Strategy Division; Scott Johnston as Assistant Commissioner responsible for the Performance and Analytics Division; and Samantha McGivern as Director Corporate and CFO. In addition, Carolyn Strange maintained her direct reporting line to the Commissioner in her role as General Counsel. The Executive Leadership Team are represented within a dotted outline on the organisational chart accompanying this section of the report and listed in [Appendix B: Our people](#).

To build a stronger, smaller, and more focussed Executive Leadership team that was well equipped to lead the Commission.

As a result of the August 2017 restructuring, the Public Service senior executive (PSSE) headcount for the PSC was a total of seven executives.

In December 2017, PSC Commissioner Graeme Head announced that he would be completing his tenure at the PSC in January 2018, in order to commence a new role as the inaugural National Disability Insurance Scheme (NDIS) Quality and Safeguards Commissioner (a new Commonwealth statutory office and agency).

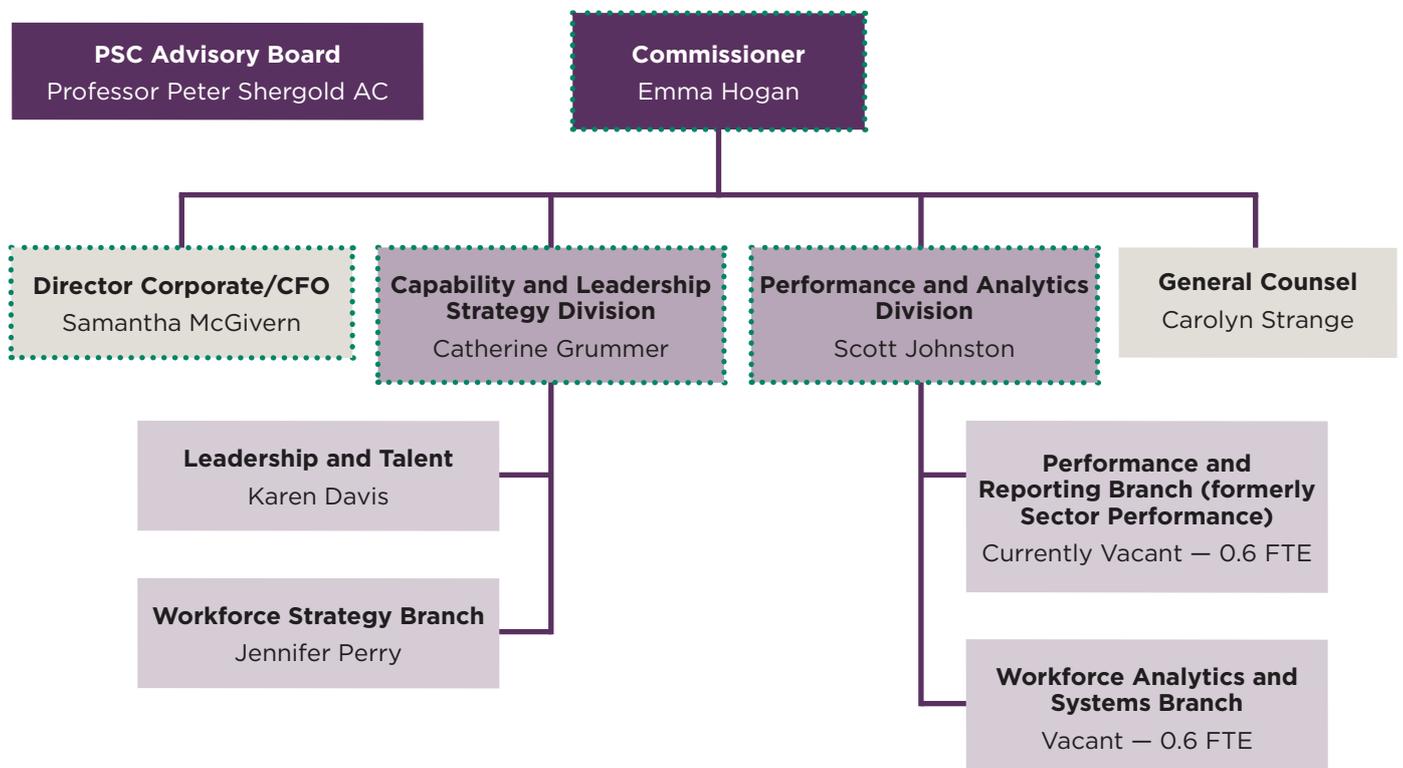
The Premier, Gladys Berijiklian, appointed Catherine Grummer to act as Commissioner effective from 29 January 2018 until the commencement of the new Commissioner, Emma Hogan, who commenced on 7 May 2018. Emma's experience included almost two decades of leading people and customer divisions in high-profile Australian corporations, including Foxtel, Qantas and Woolworths.

Other movements within the year included:

- The secondment of Marshall Craddock from Transport for NSW to the role of Assistant Commissioner, Capability and Leadership Strategy from 5 February 2018 to 13 April 2018, whilst Catherine Grummer acted in the role of Commissioner.
- The resignation of Kathy Baker from her role of Director, Leadership and Talent in order to take up a new role at Transport for NSW.
- The appointment of Karen Davis from Department of Premier and Cabinet (DPC) to the role of Director, Leadership and Talent replacing Kathy Baker, in April 2018.
- The internal promotion of Jennifer Perry to the role of Director, Workforce Strategy, in September 2017.

As at 30 June 2018, the PSC had a PSSE headcount of seven staff, and 8.2 roles. Two part-time PSSE roles are currently vacant within the Performance and Analytics Division, and while these were placed on hold during the interim leadership period, these are now under recruitment.

Organisational structure and PSSE staff as at 30 June 2018



The Public Service Commission Advisory Board

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

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 DPC 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 across the public, private, tertiary and not-for-profit sectors.

The Advisory Board Members during the 2017-2018 period were:

- Professor Peter Shergold AC (Chair)
- Mr Martin Laverty
- Ms Sandra McPhee AM
- Mr Vince Graham AM
- Ms Susan Lloyd-Hurwitz
- Mr Blair Comley PSM (former Secretary, DPC — retired from the Board in November 2017)
- Mr Tim Reardon (Secretary, DPC — joined the Board in November 2017)
- Mr Graeme Head (former Public Service Commissioner — retired from the Board in January 2018)
- Ms Emma Hogan (Public Service Commissioner — joined the Board in May 2018)
- Mr Rob Whitfield (former Secretary, NSW Treasury — retired from the Board July 2017)
- Mr Michael Pratt (Secretary, NSW Treasury — joined the Board on 1 August 2017).

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

Mr Peter Shergold AC (Chair) is Chancellor of the University of Western Sydney and the NSW Coordinator General for Refugee Resettlement. 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 the Chair of the Forum on Western Sydney Airport, the National Centre for Vocational Education Research, the Centre for Social Impact, the AMP Foundation, Opal Aged Care, and Joblife.

Mr Martin Laverty is the CEO of the Royal Flying Doctor Service of Australia and Chair of the General Aviation Advisory Board. He is a Board Director for the National Disability Insurance Agency, the Social Determinants of Health Alliance, and HealthDirect; and an Advisory Board Member for the Australian Charities and Not-for-Profit Commission. He is a former Non-Executive Director of the NSW Muscular Dystrophy Association, and former Chair of the disability service provider Challenge Southern Highlands. Mr Laverty will complete his term on the Board in October 2018.

The Advisory Board determines general policies and strategic directions in relation to the functions of the Public Service Commissioner.

Ms Sandra McPhee AM has extensive experience as a non-executive director and senior executive in a range of major public, Commonwealth and State governments, and not-for-profit organisations including utilities, retail, tourism and aviation. Sandra is a Non-Executive Director of Kathmandu Holdings and Chair of St Vincent's Advisory Council, as well as a member of the Advisory Councils to JP Morgan and St Vincent's Health NSW. She is also a member of Chief Executive Women and Women Corporate Directors, and a Fellow of the Australian Institute of Company Directors. 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.

Mr Vince Graham AM is a Director of the Australian Rail Track Corporation Board and the Western Sydney Airport Corporation. 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 program 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 10 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 programs. 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.

Ms 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 USA and Europe. Susan is also President of INSEAD Australasian Council and a Director of the Green Building Council of Australia.

STRATEGIC DIRECTIONS 2015-2018

The PSC's 2017/18 Corporate Plan outlined five externally focused priorities and one internally focused priority as listed below.

- 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.
- 6. Continuous Improvement:** Supporting the continual growth and development of the PSC team to deliver its externally focused priorities.

Diversity

The PSC progresses diversity in the sector by linking diversity to organisational performance, reporting on rates of people identifying in various diversity groups, and developing tools to support the sector grow its diversity.

Leadership

Leadership outcomes focused on three broad initiative areas:

- developing programs to improve the capability of sector leaders
- developing a pipeline of future leaders
- improving the leadership brand across NSW.

Filling of roles

Success with filling of roles includes improving recruitment and increasing mobility across the sector. These efforts are intended to broaden the approach from recruitment as the first option considered in filling a role, to a broader conversation encompassing mobility and workforce planning.

Performance

The performance priority includes improving individual performance and organisational performance. Work under the performance heading intends to develop and refine performance frameworks used across the sector, measure uptake (such as the strategy mapping guides, the capability framework and performance development framework), and grow the usage of individual performance plans.

Analysis and reporting

The analysis and reporting strategy was grouped into four key workstreams:

- Increased roll-out of the workforce dashboard and increased usage of Taleo for recruitment
- Improvements to Workforce Profile quality
- Improving the quality of GEN data in the Identify Hub
- Expanded adoption of Human Capital Management systems across the sector.

Continuous improvement

The PSC is committed to continually improving its internal processes to provide even greater interaction with our customers. This includes a focus on improving our financial capability, technology, project management, culture and engagement with our customers.

The performance priority includes improving individual performance and organisational performance.

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.

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.

The PSC is committed to continually improving its internal processes to provide even greater interaction with our customers.

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 12 Premier's Priorities are:

- 1. Creating jobs** — 150,000 new jobs by 2019
- 2. Delivering infrastructure** — Key infrastructure projects to be delivered on time and on budget across the state
- 3. Reducing domestic violence** — Reduce the proportion of domestic violence perpetrators re-offending by 25 per cent by 2021 (based on the 2019 cohort of perpetrators)
- 4. Improving service levels in hospitals** — 81 per cent of patients through emergency departments within four hours, by 2019
- 5. Tackling childhood obesity** — Reduce overweight and obesity rates of children by 5 per cent by 2025
- 6. Improving education results** — Increase the proportion of NSW students in the top two NAPLAN bands by 8 per cent by 2019
- 7. Protecting our kids** — Decrease the percentage of children and young people re-reported at risk of significant harm by 15 per cent, by 2020 (based on the 2019 cohort of children)
- 8. Reducing youth homelessness** — Increase the proportion of young people who successfully move from specialist homelessness services to long-term accommodation to more than 34 per cent, by 2019
- 9. Driving public sector diversity (led by the 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, by 2025
- 10. Keeping our environment clean** — Reduce the volume of litter by 40 per cent, by 2020
- 11. Making housing more affordable** — Deliver 61,000 housing completions on average per year to 2021
- 12. Improving government services** — Improve customer satisfaction with key government services every year, this term of government to 2019.

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

Premier's Priority 9: Driving public sector diversity

The PSC is coordinating agency efforts to meet the Premier's Priority of driving public sector diversity.

This priority sets a target of transforming the profile of public sector leadership by 2025, by doubling the number of Aboriginal and Torres Strait Islander people to 114, and raising the percentage of women to 50 per cent.

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 been leading efforts across the sector to increase the number of women and Aboriginal and Torres Strait Islander people in senior leadership.

Leadership and pipeline development

The PSC is supporting agency initiatives to meet these leadership targets by directly contributing to developing the pipeline of Aboriginal and Torres Strait Islander and female talent. The NSW Leadership Academy, run by the PSC and governed by the Secretaries Board, has programs at each level of sector leadership for nominated high-potential leaders.

In 2017/18, 62.74 per cent of high potential program participants were women and 4.6 per cent were Aboriginal. Aboriginal senior leaders potentially in scope for these programs currently represent only 0.1 per cent of the sector's senior leadership cohort; however this number is growing as the Leadership Academy encourages more Aboriginal senior leaders to apply for its future programs.

Flexible working

Flexible working is also a cornerstone of the PSC's strategy to support the sector to achieve its goals in increasing leadership diversity. It allows us to rethink how leadership roles can be performed and where they can be located. Evidence shows that flexible working is a key enabler for female participation in senior leadership roles, with research showing that flexible work arrangements were the most important prerequisite for fostering gender diversity (Boston Consulting Group, *What's Working to Drive Gender Diversity in Leadership*, May 2017, pp10). Further, most Aboriginal and Torres Strait Islander employees are based in regional areas (63.2 per cent in 2018). Through rethinking where, when and how work can be done, flexible working allows for more roles to be designed so they can be done in remote locations, including at leadership levels.

Collaborative approach

Sustainable success against the leadership targets will come from cross-sector collaboration and innovation. In early 2018, the PSC commenced leading a monthly discussion at the Secretaries Board on progress across the sector; providing a regular forum for Secretaries to discuss the strategies their clusters have trialled and to learn from other agencies' experience. Secretaries have also agreed to a set of actions to progress both targets, which are:

- ensure at least one woman is on all executive recruitment shortlists
- include target-focused KPIs in senior executive performance plans
- ensure all roles can be flexible on an 'if not, why not' basis

PERFORMANCE HIGHLIGHTS

This year's performance highlights reflect the PSC's ongoing commitment to supporting the sector in building a highly capable public sector workforce; as well as greater focus on the Premier's commitment to public sector workforce diversity and inclusion.

In May 2018, the PSC received the status of Disability Confident Recruiter (DCR) by the Australian Network on Disability. The DCR Program identifies and removes unintended barriers to inclusive recruitment. This achievement will assist the PSC in attracting and supporting candidates with a disability, including those candidates applying for the NSW Government Graduate Program and the Public Service Recruitment Pools.

Another noteworthy achievement for the PSC in 2018 was an engagement score increase from 67 per cent in 2017 to 69 per cent, particularly during a period of significant change and transition in light of the completion of the inaugural Commissioner's term.

Progress against the Premier's Priority of driving public sector diversity through:

- Enhancing accountability and visibility of progress against targets
- Launch of *Make Flexibility Count*, the strategic framework to guide agencies in their implementation of 'if not, why not?'
- Increasing numbers of women applying for senior roles.

Completing implementation of the *NSW Public Sector Aboriginal Employment Strategy 2014-2017*, and post implementation evaluation

The delivery of a number of initiatives over the term of the strategy has contributed to progress towards achieving the Premier's priority including:

- the delivery of the Aboriginal Career and Leadership Development Program which now has 152 alumni
- the launch of the Aboriginal Employment and Development program for entry level employees
- a range of regional networking events encouraging peer support, cultural solidarity and contributes to the achievement of attraction, retention and development goals for our Aboriginal workforce.

In 2018 the PSC engagement score increased from 67 per cent in 2017 to 69 per cent.

Completion of *Government Sector Employment Legislation Amendment Act 2016 (GSELA)* reforms

The GSELA Act has now fully commenced and the supporting rules and regulations are in place for each service — Schedule 2 to 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 commenced for the NSW Police Force on 31 October 2017.

During the 2017/18 period, the PSC worked with the NSW Police Force to prepare and implement rules and regulations to support the GSELA Act provisions.

This alignment under the GSELA Act means that government sector executives can now share the benefits of the reforms designed to create a more agile and mobile executive, with enhanced career opportunities to be able to deliver better frontline services to the people of NSW. In addition, in the case of the NSW Police Force, the GSELA reforms more closely align the employee arrangements of the non-executive administrative employees of the Force with those contained in the GSE Act.

An increase in the NSW Graduate Program ranking to 12th in the *Australian Financial Review Top 100 Graduate Employers* and 1st in the Fusion's Most Popular Government and Defence Employer Award

The NSW Government Graduate Program continues to expand, raising the profile of NSW Government as an employer of choice for graduates. Only in its third year, the Program is ranked in 12th place in the *Australian Financial Review's* Top 100 Graduate Employer listing (from 40th in 2017). NSW Government also received Fusion's Most Popular Government and Defence Employer Award, a first for NSW Government

Improving culture — Respect. Reflect. Reset.

The Respect. Reflect. Reset. campaign was developed in collaboration with NSW public sector agencies to promote positive, respectful and productive workplace cultures. The campaign was launched in September 2017, following the release of the 2017 People Matter Employee Survey (PMES) results. Agencies have been provided communication collateral and supporting information to tailor their own communications campaign around the key message of Respect. Reflect. Reset. These are:

- Respect your role, each other, and your 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.

More than 170,000 respondents to 2018 People Matter Employee Survey

An additional 30,000 employees responded to the PMES in 2018 than in 2017. This reflects an impressive response rate increase from 41 per cent to 51 per cent. The results were provided to agencies within four weeks of the completion of the survey, enabling prompt communication and analysis of the results across the sector. This prompt dissemination of results is a way to maintain momentum and aid early action on the results across the sector.

Leadership Academy

The Leadership Academy is now in its 4th year and has produced 305 graduates. Applications for the 'Leading Executives' program almost doubled from 63 in 2017 to 119 in 2018; and applications for 'Leading Managers' increased 45 per cent from 126 in 2017 to 183 in 2018.

Major improvements to the Leadership Academy nomination process were implemented during the year, resulting in a greater spread of applicants across the sector, streamlined communications with nominees and a significant increase in the number of applications for programs.

The NSW Government Graduate Program continues to expand, raising the profile of NSW Government as an employer of choice for graduates.

DIVERSITY

2018 progress against Premier's Priority 9: Driving public sector diversity

The Premier's Priority 9: Driving public sector diversity was announced in 2015 and sets targets around the representation of women and Aboriginal and Torres Strait Islander people in the sector. By 2025, 50 per cent of all senior executive roles are to be held by women and 114 are to be held by Aboriginal and Torres Strait Islander people.

Since 2015, progress has been made on increasing the number of women in senior leadership roles (33.4 per cent in 2014 to 38.7 per cent in 2017) and Aboriginal and Torres Strait Islander people in senior leadership roles (57 in 2014 to 87 in 2018).

Enhancing accountability and visibility of progress against targets

Over the last three years, the PSC has worked with the sector to improve the evidence base on progress towards the Premier's Priority targets.

In 2017 and 2018, clusters developed forecast plans that identify cluster-projected performance on the Premier's Priority targets and provide a mechanism to identify good practice in the sector to drive collaboration and cross-sector improvements. These cluster forecast plans are a useful tool to validate the sector's capacity to meet the targets and to drive the implementation of strategic interventions needed to improve performance.

Launch of the *Make Flexibility Count: Strategic Framework*

The PSC released *Make Flexibility Count: Strategic Framework* for the NSW Government Sector in December 2017. The framework was developed following the Premier's commitment in 2016 to all roles being flexible on the basis of 'if not, why not' by 2019, and it aligns with Premier's Priority 9: Driving public sector diversity.

The framework advocates a principles-based approach to flexible working, acknowledging that there is no one-size-fits-all approach across such a diverse workforce. It supports the sector to rethink where, when and how work can be designed and delivered to achieve the best outcomes for employees, agencies and the NSW public.

Flexible working currently exists widely within our workforce, with the majority (65 per cent) of the NSW government workforce indicating that they used flexible working during 2017/18.

Fifty nine percent of employees report that they are satisfied with their access to flexible working, steady with the 58 per cent reporting this in 2016 (source: People Matter Employee Survey data 2018).

To support the framework's implementation and improve these figures from baseline, a program of work has been funded by the sector and is being delivered over three financial years. This program was developed after extensive consultation with sector representatives to determine which initiatives would have the most impact and utility to reach the goal of 'if not, why not' by December 2019. The program of work also acknowledges that many agencies are at different stages in embedding flexible working across their workforce, and have different needs according to their size, location and the nature of their work.

A full governance and measurement framework has also been established to track agency progress against this important initiative. The program of work is in three stages, building towards embedding flexible working across the sector:

Phase	Date	Action
1	January - June 2018	Engage and support the sector to raise awareness
2	July 2018 - June 2019	Assess progress and build tools to support the sector
3	July 2019 - December 2019	Embed flexible working to build sustainability

In 2018, the PSC delivered the first phase of this program of work, including: a whole of sector communications strategy for agencies to raise awareness of the policy commitment; a best practice policy framework so agencies can revise or update any policies in place; templates for proposals and checklists of what to include and what to consider in a proposal; and an investigation of the ecosystem required to better support more job share in the government sector. Personas, case studies of organisational best practice, an analysis of the current state of employee data and the misgivings of many in the sector and how to resolve these have also been developed, sponsored by the PSC Board Member Sandra McPhee, to support agency efforts to shift current beliefs and behaviours that may inhibit uptake and improvements in employee satisfaction with access.

Increasing numbers of women applying for senior roles

DPC's Behavioural Insights Unit (BIU) and the PSC are partnering with selected departments to conduct targeted trials, using behavioural science principles, to increase the representation of women in senior leadership roles in the NSW government sector. The focus of the behavioural insights (BI) project is to increase the proportion of women applying for pipeline and senior leader roles.

The research and understand phase of the project was completed in 2017 and provides a thorough and robust analysis of the barriers and enablers to women applying to NSW public service, drawing on multiple and complex data sets. This evidence base has been used to build trial options and BI interventions. The findings from the research phase will be available upon completion of the project in 2019.

Completing implementation of the *NSW Public Sector Aboriginal Employment Strategy 2014-2017* and end of term evaluation

The *NSW Public Sector Aboriginal Employment Strategy 2014-2017* (the strategy) came to term in December 2017. The delivery of a number of initiatives over the term of the strategy has contributed to progress towards the Premier's Priority 9.

The aim of the strategy was to ensure that the NSW public sector has a capable Aboriginal workforce, represented at all levels and in all agencies, that contributes to the development and delivery of effective services to the people of NSW.

The strategy had five priority areas:

1. Attract Aboriginal staff
2. Retain Aboriginal staff
3. Support career development and progression
4. Improve Aboriginal cultural capability in the workplace
5. Know our Aboriginal workforce and plan for results.

The strategy included a number of programs and initiatives to support the aspirational target of 1.8 per cent Aboriginal representation across all NSW government sector salary bands. This target is on track to be completed by 2022 by setting complex targets that specifically address Aboriginal staff representation at all levels, particularly in leadership and positions of influence.

The aim of the strategy was to ensure that the NSW public sector has a capable Aboriginal workforce, represented at all levels and in all agencies, that contributes to the development and delivery of effective services to the people of NSW.

Key initiatives within the strategy include:

- **The Aboriginal Career and Leadership Development Program** — this is considered to be a leading practice approach to Aboriginal leadership and career development. With an alumni of 152 members, the new strategy will include a greater focus on talent management to increase professional development opportunities with a view of the alumni gaining more senior roles in the leadership pipeline.
- **The Aboriginal Employment and Development Program** — reflects a culturally appropriate approach to recruiting Aboriginal people and aims to increase the number of capable Aboriginal people entering into the NSW public sector. Following the success of the program to date, and having received support from our sector partners, the PSC will continue to deliver the program in future strategies.
- **Regional Networking Events** — the PSC has facilitated four Aboriginal staff networks across NSW to encourage peer support, cultural solidarity, provide development opportunities and contribute to the achievement of attraction, retention and development goals for our Aboriginal workforce. In addition, the PSC has also delivered two Aboriginal senior leader events to provide a development forum for the sector's current senior Aboriginal employees.

The independent report on the end of term evaluation of the strategy was received in July 2018. The strategy evaluators advise that we are well progressed in our approach to employment and career development of Aboriginal staff in the NSW public sector, and the strategy is seen as an example of leading practice for the following reasons:

- setting complex targets that specifically target Aboriginal staff representation at all levels, particularly in leadership and positions of influence;
- developing purpose-built Aboriginal employment initiatives backed by independent research; and
- emphasising the importance of data collection, monitoring and evaluation as key drivers of performance.

Responses to People Matter Employee Survey increased to more than 170,000

An additional 30,000 employees responded to the PMES in 2018 than in 2017. This reflects an impressive response rate increase from 41 per cent to 51 per cent. The employee engagement score for the sector remained steady at 65 per cent. The results were provided to agencies within four weeks of the completion of the survey. This prompt dissemination of results is a way to maintain momentum and aid early action on the results across the sector.

Jobs for people with disability

The proportion of employees reporting a disability in the NSW public sector continues to decline, as it did across most public sector jurisdictions in 2016/17. Based on the 2017 Workforce Profile Report, an estimated 2.7 per cent of NSW public sector employees identified as having disability.

The Disability Employment Advisory Committee (DEAC) was established in 2015 as a joint initiative between the PSC and the Department of Family and Community Services (FACS) – it guides work to improve the representation and inclusion of people with disability in the NSW public sector.

Until its finalisation in December 2017, the DEAC contributed to numerous consultations, research initiatives and has overseen a number of important projects, including:

- the development of Disability Awareness E-learning Modules for employees and managers to provide foundational knowledge, best practice language and behaviours, to build an inclusive culture across the sector.
- a disability data project led by the PSC in partnership with the University of Sydney and FACS to develop a comprehensive strategy to improve the representation and experience of people with disability in the NSW public sector.
- consultation on a new approach to arrest the decline in disability representation. The new approach, which includes measuring progress against a target for levels of representation, will bring a new focus and a data-driven effort to improve sector performance.

The NSW public sector has a target to increase the number of people reporting disability in the public sector to 5.6 per cent by 2027.

The *Jobs for people with disability: A plan for the NSW public sector* (the Plan) includes a target to increase the number of people with disability employed across the NSW government sector, and the PSC has worked with the wider sector on a draft implementation plan.

Implementation will focus on four priority areas for action:

- improving attracting and recruiting people with disability
- creating more inclusive and accessible workplaces to improve retention and reduce exit rates of employee with disability from the public sector
- support career development and progression for employees with disability
- better understand the sector's performance and the needs of employees with disability.

The PSC and FACS will continue to work in partnership to lead and drive implementation over the next three years in collaboration with the wider sector. This work is being overseen by a cross-agency Implementation Committee to monitor and drive progress.

The ill-effects of bullying on individuals and organisations mean it is vital to take new steps to promote positive and productive workplaces.

While the DEAC has come to a close with the announcement of the Plan, it is their thoughtful deliberations that has set us up for success. We now have the enablers and a program of work in place to improve the representation and inclusion of employees with disability across the NSW public sector.

Raising awareness of inclusion

Sector employee data reveals a different experience of inclusion for employees with disability, with employees sharing their disability status also reporting significantly lower engagement scores, higher rates of bullying and a marked difference in perceptions of scores across the board depending on whether that same employee perceives an workplace adjustment requested is successful or not.

In order to upskill the general workforce and managers on the role they can play in building inclusive workplaces and proactively consider accessibility, the PSC has led the development of two e-learning modules aimed at raising disability awareness.

Working with agencies and employees with lived experience of disability, the modules provide insight into what employees and managers need to know, say and do to make their workplace more inclusive and accessible, whether it is the physical environment or the language used.

The work provides foundational knowledge that will support the larger plan to raise disability representation in the NSW government workforce over the next 10 years.

Diversity in the public sector research

The PSC Advisory Board commissioned research on what diversity and inclusion means for the NSW public sector and why it is important. *Diversity and Inclusion in the NSW Public Sector: A conversation* presents the findings of this research, which involved a literature review, consultation with approximately 150 NSW public sector employees, case studies of leading practice organisations and an analysis of our data.

The paper and accompanying video released in March 2018, put forward the benefits of diversity and inclusion to our workforce and to the communities of NSW. The shared narrative and the key messages to emerge from this work are based on what employees in the sector shared and will be used to both inform and promote the collective efforts to drive diversity and inclusion across the NSW public sector workforce.

Partnering to produce research on middle manager gender equity

The PSC partnered with researchers from a consortium of universities in an Australia and New Zealand School of Government (ANZSOG) funded project, examining the role and capability of middle managers in implementing gender equity in NSW, Queensland, South Australia, and Tasmania.

The views of managers and senior executives on the gender equity aspects of recruitment, career development and flexible working were captured in focus groups and interviews in all four jurisdictions. The findings were outlined in a cross-jurisdictional report, developed into a leading practice guide for managers and workshopped at a NSW sector-wide event.

Workplace Adjustment Workshop for the sector

Based on the 2016 and 2017 People Matter Employee Survey results, the implementation of successful workplace adjustments was identified as a gap within the NSW public sector. In May 2018 the PSC organised a workplace adjustment workshop to build the awareness, knowledge, and capability of participants to develop effective workplace adjustments for employees. Seventeen representatives from 14 NSW public sector agencies attended the workshop. Feedback from participants indicated that the workshop would assist them to implement workplace adjustments in their agencies.

Positive and Productive Workplaces

The ill-effects of bullying on individuals and organisations mean it is vital to take new steps to promote positive and productive workplaces. Eighteen per cent of respondents in the 2018 People Matter Employee Survey said they had experienced at least one incidence of bullying in the past 12 months – bullying continues to be a serious concern to all workplaces.

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 that was updated in 2017. The guide moved the focus on bullying from reporting to prevention.

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 and asks people to:

- 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 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.

The Respect. Reflect. Reset. campaign offers agencies tools for preventing bullying and reducing unreasonable behaviour.

PERFORMANCE

Strategy Mapping Guide

To support senior leaders to articulate organisational strategy and communicate objectives to employees, stakeholders and customers, the PSC developed the *Strategy Mapping for the NSW Public Sector Guide* (the guide). The guide utilises *Kaplan and Norton's Strategy Map and Balanced Scorecard* methodology to formulate organisational strategy and cascade accountability to group level and individual performance management systems. To ensure relevance to the diverse NSW government sector, the guide was informed by senior leaders (from small to medium sized agencies) with policy, regulatory and service delivery responsibilities.

In 2017/18, the guide formed part of the NSW Leadership Academy's Leading Executives Strategy Masterclass, where participants were presented with the methodology and excerpts from the guide to coincide with upcoming strategic planning cycles. The PSC executive team also piloted the guide (prior to its launch) to support business planning initiatives.

The guide has been published online in an accessible format in September 2018. The guide will be supported by additional resources to support senior leaders to test and refine organisational strategy, including a sector-wide environmental scan.

Undertaking agency capability reviews

Organisational capability reviews assess the current and future organisational capabilities required to deliver on strategy and recommend how to close any capability gaps in a prioritised manner. Organisational capability is the processes, practices, structures, governance, culture and behaviour, technology, systems and people (including their skills, knowledge and ability) that an organisation requires in order to achieve its strategic objectives.

These are capabilities that extend beyond a focus on the capabilities of individual employees and include financial, digital, service re-design, collaboration and commissioning capabilities. Because of its future focus, the results of a review are not a report card but more of an enabling tool the PSC uses to advise executives on how they can meet the future needs of their customers.

In 2017/18, the PSC finalised 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 ability to meet changed responsibilities.

Legal Professionals Capability Set

During the year, the PSC partnered with the NSW General Counsel Group to develop the Legal Professionals Capability Set (LPCS).

Published in December 2017, LPCS describes the specialist knowledge, skills and abilities required of legal professionals across the NSW public sector. The LPCS complements the NSW Public Sector Capability Framework and provides a foundation to support the full range of workforce management and development activities for legal professionals, including targeted professional skills development as part of mandatory Continuing Professional Development legal certification requirements.

The capabilities reflect the independent, expert contribution that the legal profession makes to the strategic and operational areas of public service delivery.

Communities of Practice

The PSC continues to support and promote NSW public sector communities of practice in delivering learning opportunities to specific occupational groups across the sector. Interest in establishing new communities of practice continues to grow. This year, a directory of supplementary special interest groups was created to facilitate improved collaboration and networking for professionals working in specific domains. A ShareFile of common resources has also been developed for use by administrators and Advisory Boards of all communities of practice.

Since the launch of the Community of HR Professionals (CoHRP) in 2013, the PSC has continued in its role as secretariat. This year, the CoHRP Advisory Board has offered its first Western Sydney event and its first webinar events. These events included presentations and case studies on conversational intelligence, inclusion and unconscious bias, and developing flexible workplaces. Event attendees had the opportunity to connect with peers from across the sector, facilitate discussion of contemporary practices, and hear about best practice initiatives from those leading reform programs in the sector.

A LinkedIn group for workforce planners was piloted in June 2018 and, subject to appetite, similar LinkedIn groups for other sub-functional areas of HR will be introduced to grow the community and improve networking and collaboration throughout the sector.

Premier's Awards for Public Service 2017

The PSC administers the Premier's Awards for Public Service on behalf of the Premier of NSW. The Awards publicly acknowledge the work of high performing employees that are contributing to the government's most important priorities.

The 2017 Awards, held on 1 November at the Sydney Town Hall, showcased achievements and progress towards meeting the NSW Premier's Priorities, with the award categories mirroring these priorities.

The Anthea Kerr Award is awarded in honour of Anthea Kerr, who passed away suddenly at 38 years of age. At the time of Anthea's death, she was an Assistant Director General at the Department of Finance and Services, a role which was the culmination of an outstanding career of over 16 years in the NSW public sector.

This award recognises future public sector leaders who exhibit a deep commitment to public sector values in their work and are identified as strong leadership potential — attributes that Anthea exemplified throughout her working life.

This award is sponsored by the PSC with a bespoke leadership development program provided to the recipient of the award. In 2017, the Anthea Kerr Award was won by Dr Andrea Issler-Fisher from Concord Hospital, Sydney Local Health District.

The Awards publicly acknowledge the work of high performing employees that are contributing to the government's most important priorities.

FILLING OF ROLES

Recruitment Review

The PSC conducted a cross-sector review of the introduction of the *Government Sector Employment Act 2013* reforms in Public Service agencies, and the overall maturity of recruitment and mobility practices in these agencies. The PSC appointed Ms Lynelle Briggs AO to lead the review.

Ms Briggs, together with a review team from PSC, conducted interviews with all Secretaries, HR professionals, and hiring managers from the sector as well as union representatives. In addition, 45 (out of a possible 50) Public Service agencies responded to an in-depth survey on recruitment and mobility.

In her report to the PSC, Ms Briggs emphasised the value of the reforms while providing a number of recommendations to ensure that the sector fully realises the intended benefits. The PSC will work with the sector to prioritise and implement the recommendations over the coming financial year.

NSW Government Graduate Program

The NSW Government Graduate Program is a structured employment and development program designed to attract and retain talented graduates, build public sector capability and develop a cohort of future leaders.

The program offers graduates a rewarding 18-month experience across different NSW Government agencies; and includes a mentor, executive sponsor, study towards a Diploma of Government and a series of networking events. Graduates are also offered an ongoing role following successful completion of the program.

The initiative continues its success in attracting and retaining high calibre talent to NSW Government. The 2017 graduate cohort completed their final rotation on 10 August 2018 with a 94 per cent retention rate within NSW Government. The profile of NSW Government as an employer of choice for graduates saw applications increase from 2,077 in 2017 to 2,810 for the 2018 program. The number of graduate roles has also increased from 107 in 2017 to 168 in 2018.

To build on the NSW Government's regional presence, the 2018 program is also piloting a total of 16 roles in the Hunter and Central West regions. It is planned to increase these numbers and expand graduate opportunities to other regional locations in the future.

Public Service Recruitment Pools

As part of an overall strategy to position bulk recruitment programs as mainstream recruitment practice for high volume common roles, the PSC continues to develop Public Service Recruitment Pools. These pools provide a fast and more cost effective way to find talent for short or long term vacancies across the public sector.

In 2017, the PSC changed its assessment approach thereby streamlining recruitment to produce two different groups of pre-assessed talent (Recruitment Pools) through the one assessment process. This approach increased the useability of bulk recruitment, as the one assessment process has identified talent at the 3/4 and 5/6 levels. A total of 267 high quality candidates were placed in the recruitment pool and following a robust promotional strategy, uptake across the public sector has been high. From 3 February to 30 June 2018 there were 36 hires from these recruitment pools.

The PSC plans to broaden the rollout of Public Service Recruitment Pools across different job families and will launch a recruitment pool for Policy Officers, at all levels, in the second half of 2018.

Supporting mobility through talent reviews

In early 2018 the Secretaries Board undertook a talent review of the Senior Executive Band 3 and equivalent leadership community to identify cross-sector mobility opportunities that met the capability needs of agencies, as well as facilitating targeted development for individuals.

The PSC worked directly with clusters to inform discussion at the Secretaries Board meeting and to focus the review on individuals who were identified as being ready for increased role complexity or where a lateral move to a new role would build depth of experience. The Band 3 talent review continues to build sector-wide support for a more developed mobility approach.

Sector leaders have reported that they are conducting or considering talent reviews at other levels where mature processes have been developed. To continue to build talent management maturity in the sector, the PSC commenced work in 2018 to establish a framework for undertaking talent reviews that supports:

- improved consistency in talent management practice across agencies to support identification of comparable talent
- alignment with business planning and talent management cycles
- review practices that are sufficiently comprehensive to build confidence in talent identification and increase mobility.

The framework will have applicability to roles in the Public Service senior executive and the aligned services, with potential to be further leveraged for roles at non-executive levels.

NSW Government Employee Value Proposition and Employer of Choice

I work for NSW, the NSW Government overarching Employee Value Proposition (EVP), was launched 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 promotion of *I work for NSW* has been undertaken internally, working directly with LinkedIn and Facebook social media platforms. This has seen the growth of social media presence to 12,049 Facebook followers at June 2018 (up from 7,867 Facebook followers in June 2017) and 24,618 LinkedIn followers at June 2018 (up from 11,174 LinkedIn followers in June 2017).

Work continues to drive an increase in the reach of the *I work for NSW* employee brand through an internal digital strategy focussed on small specific campaigns. These are aimed at growing online communities, and creating visuals and narratives about what it is like to work in the NSW government sector. Specific focus is being given to attracting women and Aboriginal people, in line with the Premier's Priority on diversity.

This year, the NSW Government ranked 18th in the 2018 Randstad Australian Employer of Choice Awards, down two places from its ranking in 2017. The awards assessed 150 of Australia's largest employers, based on the perceptions of over 10,000 members of the general public.

In the government section of the list, NSW Government ranked third. The key factors in this ranking are the offering of job security, career progression, and interesting job content; we were especially commended for having a good reputation and work-life balance. Our ongoing EVP campaign continues to highlight the six key reasons to work for the NSW Government and reinforce our reputation as an employer of choice.

Procurement Sector Role Descriptions evaluation

In 2016, the PSC collaborated with representatives of NSW Procurement and sector subject matter experts nominated by the Procurement Leadership Group to create a suite of 17 fit-for-purpose and future-focused procurement sector role descriptions.

Published in August 2016, the procurement sector role descriptions define expectations of procurement professionals in the NSW public sector, and are a practical resource that will save agencies much of the work involved in developing consistent role descriptions that clarify work expectations.

During 2017/18, the PSC undertook a formal evaluation to:

- investigate the usage, usability and usefulness of the procurement sector role descriptions
- prepare recommendations to refine existing sector role descriptions and, where appropriate, to develop additional procurement sector role descriptions.

The evaluation revealed that overall, procurement sector role descriptions are being well used throughout the sector and those using the procurement sector role descriptions find them easy to use and useful for their work.

In July 2018, the recommendations from the evaluation were unanimously endorsed by the Procurement Leadership Group. Work will continue in 2018/19 to implement the recommendations.

NSW Government ranked third in the government section of the 2018 Randstad Australian Employer of Choice Awards.

LEADERSHIP

NSW Leadership Academy

The NSW Leadership Academy continued to adapt and evolve its service in 2017/18 to help the NSW public sector build its talent pipeline. The suite of leadership programs targets high potential current and future leaders; strengthening the capability of leaders for their current role and accelerate readiness for the next level of leadership.

This year a key focus for the academy was to improve the user experience for nominators, nominees and department or agency human resources personnel. The Academy gathered feedback from key stakeholders and used an agile, user-centred design approach to create a new online nomination process.

The 2018 nomination and application process for the Leadership Academy's Leading Executives (Senior Executive Band 1 and Band 2 or equivalents) and the Leading Managers (non-executive Grade 11/12 or equivalent) programs were undertaken entirely through a new web-based portal.

Tracking of applications within the portal gave departments and agencies greater control of their own internal timelines. All nominees were endorsed by Secretaries and Heads of Separate Agencies through their cluster or separate agency internal talent identification process.

The easier online process resulted in an increase in Leading Executives Band 1 and Band 2 applications of almost double, from 63 in 2017 to 119 in 2018. The number of applications for the Leading Managers programs also increased by 45 per cent from 126 in 2017 to 183 in 2018.

The Leadership Academy will continue to work with the sector to improve the nomination process.

The NSW Leadership Academy is committed to the continual improvement of its programs content and delivery. A program evaluation is scheduled to take place during the first half of 2018/19 with the aim of assessing the current state and identifying opportunities for improvement.

This year a key focus for the academy was to improve the user experience for nominators, nominees and cluster or agency human resources personnel.

Executive Connections event series

International Women's Day

On 7 March 2018, the Executive Connections International Women's Day event was held at the NSW Parliament House. The event, hosted by the ABC's Chief Economics Correspondent, Emma Alberici, was attended by over 200 female executives and up and coming leaders from across the sector.

The event focused on how women could lead the conversation on gender equity in the sector, and new and exciting ways to progress the Premier's priority on diversity, of 50 per cent senior leaders in the government sector being female by 2025.

The event included a question and answer session attended by the NSW Premier, the Hon. Gladys Berejiklian MP, who spoke to themes of gender equity, transforming the workforce and building inclusive leadership capabilities across the sector. A panel, comprising Carmel McGregor, PSM, FAHRI, FIPAA, Elizabeth Koff and Suzanne Colbert AM, spoke candidly about their experiences and challenges as female leaders in their particular fields. The women provided insights and advice on how to break through traditional thinking and how to progress issues relating to gendered barriers to success.

Audience members were given an opportunity to communicate a personal message related to the International Women's Day theme for 2018, "Press for Progress", and these were published on the PSC's social media channels.

Open Government

On 19 June 2018, the Executive Connections Open Government event was held at Sydney Town Hall. This was attended by approximately 250 senior executives from across the sector and provided an opportunity to discuss the move from industrial to innovative digital government in the 21st Century. This highly participatory event enabled attendees to exchange ideas on why openness, transparency and citizen participation are critical pathways to enhance the delivery of public value to NSW citizens.

The keynote address by Pia Andrews, Open Government expert and "data ninja", provided a platform for participants to quickly grasp the importance of the theme.

Additionally, four think tank stations (Open Data, Privacy, The Citizen and Evolving Democracy, and Breaking Government Silos) actively pursued free thinking in this space, creating content for a final debate on 'Would you be willing to sacrifice some of your privacy to make public services more effective?'. The debate provided a great opportunity for participants to understand the pros and cons of open data versus privacy, represented by Karen Smith, Samantha Gavel, Martin Hoffman and Elizabeth Tydd.

Coaching offered to Aboriginal Career and Leadership Development Program Alumni

The Aboriginal Career and Leadership Development program continued to flourish as two further program cohorts graduated this year bringing the total number of alumni to 152.

For the first time this year, all Aboriginal Career and Leadership Development Program alumni were offered a coaching program. This proved to be a great mechanism for participants to benefit from the perspective of a neutral advisor, empowering them to implement new strategies to manage themselves and complex issues they may encounter in the workplace.

Senior Executive Fundamentals

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

- **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.
- **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 September 2018 .

The PSC has been working on the development of a sector-wide induction resource for senior executives in the NSW government sector.

ANALYSIS AND REPORTING

People Matter Employee Survey (PMES)

The PMES continues to be an important event and milestone on the PSC's annual calendar of activities.

This sector-wide collaboration seeks the views of employees across the NSW public sector about their experience of working in government organisations. The results provide a substantial evidence base which identifies areas of strength and key improvement opportunities in individual organisations.

Results are transparent with more than 100 department and agency reports published on the PSC web site annually. Key issues are included in the Public Service Commissioner's annual State of the NSW Public Sector Report to the NSW Parliament.

The value of the survey is shown in its ever increasing response rate from 16 per cent in 2012, 19 per cent in 2014, 36 per cent in 2016, 42 per cent in 2017 and an exceptional 51 per cent, or 170,832 employees, in 2018.

Expanding the ability of the Government Employee Number

The successful implementation of the Government Employee Number (GEN), a unique identifier for all NSW public sector employees, enables responsive reporting to help drive whole-of-government initiatives as well as being able to quickly and seamlessly communicate with all public sector employees, or a select group, for example, senior executives across the public sector.

During 2017/18, the PSC continued to work with all agencies to embed the GEN as a 'business-as-usual' process. As a result, the PSC has been able to extract de-identified data to help scope the development of initiatives to drive the increase of women in leadership roles by 2025, the Premier's Priority of driving public sector diversity.

The PSC is now able to leverage the GEN to enable facilitation of early identification of workforce trends and to support the development of evidence based workforce priorities and initiatives. The PSC is able to report on employee mobility across the sector to help inform future recruitment drives and HR policy planning and development.

Having a GEN enables agency employees to access key, secure information to help them undertake their roles. As an example, key representatives from across agencies are able to access the Workforce Dashboard and Customer Experience Dashboard, to provide them with workforce trends and assist with future policy development.

With the GEN now allocated to almost all public sector employees, the PSC has been able to communicate seamlessly and quickly with employees. As an example, the PSC has communicated with senior executives across the public sector about targeted initiatives and events to help with their ongoing development.

The future focus of the GEN is to further integrate with agency workforce data systems in order to achieve its full potential.

Stocktake of the Capability Framework

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.

As part of the PSC's commitment to evaluate sector reform settings and enablers, a stocktake of the Capability Framework was undertaken throughout 2017.

The stocktake gathered sector feedback through a series of workshops with HR professionals and business managers. The stocktake also obtained 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 has focused on the following objectives:

- identifying opportunities for possible adjustments to behavioural indicators in the Capability Framework, to better reflect the needs of the sector.
- developing observations on any 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.
- exploring additional tools and resources required by the sector in order to embed the Capability Framework across all workforce management practices.

A draft stocktake report, including recommendations, was prepared in late 2017. The stocktake project has links with a number of other projects in the PSC, including the Recruitment Review. In light of this, and to ensure that any findings from those projects regarding capabilities are captured in the stocktake findings, it is anticipated that the stocktake report will be finalised in October 2018, for presentation to sector HR Directors for consideration.

Expanding workforce analytic capabilities, functionality and data sources via the Workforce Dashboard

The Workforce Dashboard is an online tool developed by the PSC that combines the Workforce Profile, the PMES and the *I Work for NSW* recruitment data into a single analytical platform.

During 2017/18, the PSC continued to expand the dashboard's analytic capabilities, functionality and data sources, while building agencies' awareness and understanding of the capability of the dashboard by conducting knowledge-sharing sessions and providing support and advice.

In November 2017, the PSC introduced a suite of new visualisations of the PMES data, displaying trends over time in a range of workforce metrics and providing benchmarking across agencies. The PSC also continued collaboration with the Treasury to successfully implement a suite of data visualisations and analytic tools within the workforce dashboard for monthly or quarterly workforce reporting, and supported the Treasury in the successful rollout of the dashboard to their relevant managers.

During 2017/18 the PSC led the development and implementation of an interjurisdictional dashboard to provide participating jurisdictions with a consolidated view of their key workforce metrics. This was developed in close collaboration with representatives from the PSC's equivalent agencies in Victoria, Queensland, South Australia, Tasmania, Northern Territory and Western Australia and the Australian Public Service Commission, to facilitate early identification of cross-jurisdiction workforce trends and support collaboration on workforce policy.

A governance committee was formed with representatives from all participating jurisdictions to inform the development of the dashboard and governance of use and release of data. The dashboard was presented at the Commissioners' Conference held in Darwin in May 2018 and received strong support for continued collaboration and development.

The PSC worked with the Office of the Customer Service Commissioner to develop a Customer Experience Dashboard to monitor progress in the Premier's Priority for improving customer satisfaction with government services. The dashboard was successfully rolled out to cluster representatives across the sector and endorsed by the Secretary of the Department of Premier and Cabinet. The PSC provides ongoing support and data loads on a fee-for-service basis.

The *Workforce Profile Report* is a companion report to the *State of the NSW Public Sector report* that provides detailed data and analysis on the size and composition of the NSW public sector. The report has been produced since the workforce profile collection commenced in 1999 and the PSC produced the first digital version of the report in 2017. This enabled the inclusion of interactive charts and better display of individual data values.

OPERATIONAL EXCELLENCE

Our people

The PSC has adopted several strategies and procedures which contribute to a culture of continuous improvement, learning and excellence in the provision of services to the NSW public sector as a whole.

In 2017/18 the PSC Executive Leadership Team were successful in delivering on several key improvement initiatives, including in the areas of engagement, change management (which was applied during the relocation), recruitment, capability reviews and performance management.

Cultural awareness and inclusion

The PSC continues to maintain a clear focus on developing cultural awareness and inclusion and remains committed to a workforce that draws on the diversity of the people of NSW. In 2017/18 the PSC received the Disability Confident Recruiter accreditation, being only one of two NSW government agencies to have achieved this.

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. We also implemented our Human Capital Management (HCM) system, myCareer, with targeted development to enhance the capability of the workforce.

Targeted recruitment assessor training was held during the year to promote a consistent awareness and understanding of diversity, unconscious bias and cultural awareness in the selection process.

Several in-house cultural awareness events were held throughout the year to ensure inclusion is active within the agency. This included acknowledging the 25th anniversary of the observance of the International Day Against Homophobia, Transphobia and Biphobia in Australia, the International Day of People with Disability, and NAIDOC week.

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 24 separate 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.

PSC has filled vacancies through a variety of methods including: accessing candidates quickly from the sector wide recruitment pools; running role-specific recruitment; and utilising internal and cross-agency mobility provisions.

The Commission continues to position itself as an exporter of talent to the sector with 55 per cent of exiting employees taking roles within other NSW public sector agencies, and 42 per cent of these employees moving to higher graded roles within the public sector. The PSC is committed to attracting and exporting the best talent within the sector, and developing capable and competent practitioners to assist in shaping the sector of the future.

Capability development

There is a clear strategic approach to the provision of capability development opportunities within the organisation, by aligning training and development to the broader strategic direction. This was presented in a consolidated and costed capability development calendar for 2017/18, which provided multi-modal learning and a combination of complementary and costed learning to maximise the investment in the professionals of the PSC.

During 2017/18, a greater emphasis was placed on the use of internal subject matter experts to provide capability development and support to their peers, which was received well by the agency, and will be an emphasis moving forward in order to leverage existing knowledge and talent within the agency.

Training was held during the year to promote understanding of diversity, unconscious bias and cultural awareness in selection processes.

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 (a human capital management system).

Strong improvements have been made to link individual performance objectives to agency strategic directions.

Annual performance conversations included discussion of the capability requirements of roles employees aspire to, and opportunities to develop these capabilities.

Strong improvements have been made to link individual performance objectives to agency strategic directions.

Our finances and tools

During 2017/18, the PSC finance team worked closely with the Executive, Branch Managers, Treasury, DPC Finance and DFSI Finance to deliver a highly collaborative finance function that is engaged with the sector and works as an active partner to the agency.

Design of sector co-contribution scheme for PSC implemented programs

A number of PSC designed and managed programs came to maturity with funding ceasing June 2018. To renew program funding beyond June 2018, PSC submitted proposals to the Secretaries Board for a co-funding approach to future program costs for a number of established programs, which were fully supported and agreed in December 2017.

PSC expenditure profile

Reform Agenda

- Projects in incubation, research, diagnostic work and concept development
- Develop talent management model, career pathing guide and HR capability diagnostic

Government and Premier's Priorities

- Whole-of-government approach to tackling important issues for NSW
- Diversity and inclusion, Aboriginal employment strategies, disability e-learning and flexible working

Sector Programs

- Successful programs that are now established in the sector
- Recruitment (external spend), Executive Masters of Public Administration, SOPSR, Workforce Dashboard, PMES

Agency Run

- Generic overhead costs required to run agency
- Rent, GovConnect, Insite — the PSC intranet and event collateral

Core Activities

- The function critical to support the Commission
- Premier Awards, Capability Framework, Capability Framework stocktake review, employment related medical services and Employee Value Proposition — I work for NSW

Implementation of new management reporting

Management reporting has improved from reporting at a 'whole of agency' level, to reporting at a branch and program level. This has allowed for greater accuracy and insight with regard to reporting, variance analysis, budgeting and forecasting.

The implementation of new management reporting has provided a solid foundation for financial management at the PSC. There has been an immediate improvement in branch manager accountability, upskilling in financial management by non-finance staff, and improved ability to re-deploy funds from realised underspends, to emerging projects and opportunities throughout the year.

Implementation of new budgeting and reforecasting process

The previous budgeting process at the PSC was highly centralised, with reporting that didn't easily allow the Executive to understand the broad components of year on year spend, and how well expenditure supported the strategic objectives of the PSC.

The new budgeting and reforecasting process was rolled out progressively during 2017/18. Budget has been categorised at agency level into the five key categories (shown in the PSC expenditure profile diagram) to ensure that the PSC has transparency regarding spend tracking at a category level over time, and to ensure that there is a good mix of investment in established programs as well as in blue sky thinking and thought leadership.

Participation in the GovConnect Restart program (Department of Finance, Services and Innovation) via the Client Council and the Finance Functional Committee

The PSC continued to be actively involved in the GovConnect Restart program over the 2017/18 year. The program is focused on corporate business improvements across the sector. The initiatives that were successfully rolled out during the 2017/18 financial year were:

- transition to e-forms for key financial processes
- standardisation of payment terms for non-small business vendors (standard 30 day payment terms from invoice acceptance date)
- implementation of standardised balance sheet reconciliation templates (Project Blackline).

Internal control strengthening

Internal initiatives have enabled the finance team to strengthen internal controls. Key outcomes include timely and quality variance analysis, improved forecasting and regular review of balance sheet sub-ledgers.

Apart from the improved budgeting and forecasting processes, the CFO initiated three key internal projects supporting improved internal controls; including redesigned monthly financial reporting at branch, division and whole of agency level; a new PCard process; and new internal briefing note checklists ensuring consistent review of finance and procurement specific criteria in internal business cases.

Risk management

Policy and procedure control framework

The PSC Control Framework was reviewed in February 2018 and endorsed by the Executive in March 2018.

The purpose of the framework is to provide effective governance, policy and assurance processes so that the agency can meet legislative and regulatory obligations, while remaining focused on strategic direction and business plans.

Policies and procedures

The PSC has an ongoing corporate responsibility to ensure that all policies and procedures are regularly reviewed and maintained. Under the PSC Control Framework, all policies are reviewed every two years (at a minimum) to ensure their continued relevance. Our policy review in the last 12 months has included PSC Control Framework, Public Interest Disclosures Policy, Related Party Disclosures Policy and Procurement Policy.

Risk management framework

The PSC operates a risk management framework that is consistent with AS/NZS ISO31000:2009. The PSC has instituted a number of specific responsibilities to support the risk management framework. The responsibilities are assigned to PSC personnel under the auspices of a range of policies. These responsibilities contribute to the effective implementation of the policies in question and the maintenance of a risk management culture.

During 2017/18, the PSC managed project risks as well as mitigation of risks identified in the following internal audit reports:

- Fraud and Corruption Controls
- Procurement and Contracts Management
- Leave Management.

Internal audit program

During 2017/18, BDO (internal auditors) led a corporate risk register review with the PSC Senior Leadership Team as well as an internal audit of leave management processes. The main objective of the internal audit was to determine whether leave management practices implemented in the PSC are compliant with relevant legislative obligations, and consistent with PSC's policies and procedures.

During the financial year, the Audit and Risk Committee monitored progress against internal audit report actions and the implementation of internal audit recommendations. The PSC continued to progress actions from the 2016/17 Procurement and Contract Management audit, whereby eight items were closed, with eight remaining. Eight out of 10 items from the 2016/17 Fraud and Corruption Control audit report were also completed.

Key improvements taken in relation to Procurement and Contract Management, and Fraud and Corruption, include:

- Recruitment of a dedicated Senior Advisor Procurement in September 2017. The responsibilities of the role include ensuring that the procurement and contract management processes are in place and practiced (compliant with NSW Procurement guidelines).
- Development and endorsement of a new Procurement Policy by the Executive in April 2018.
- Implementation of a new Contracts Database was implemented and which tracks all PSC contracts including contracts disclosure status (>\$150K) and approvals.
- Development of reporting to inform senior management regarding PSC contracts recently renewed or coming up for renewal.

The remaining items from both audits will be addressed by detailed new procurement procedures and subsequent training of these procedures. The procedures development is well advanced, has undergone business consultation and feedback, and was finalised post year-end.

Fraud and corruption controls — processes and systems

In April 2018, the Treasury released a Circular TC18-02 related to NSW Fraud and Corruption Control Policy. To ensure compliance with the Treasury circular, and address risks identified in the Fraud and Corruption Controls audit report, the PSC legal and corporate branches have revised the PSC Fraud and Corruption Policy, which has subsequently been endorsed by the Executive Committee.

The PSC outsources its financial and Enterprise Risk Management business processes through GovConnect to Infosys. Infosys has controls in place that minimise the risk of fraud and corruption in the services they provide. These controls are self-assessed as effective, and the DFSI vendor management office (VMO) engages Deloitte to undertake a quarterly assurance review of the external auditors. Deloitte provided an unqualified opinion as to the effectiveness of Infosys controls.

During 2017/18 the PSC conducted a review of the existing Business Continuity Plan and disaster recovery processes to ensure operational stability during unforeseen events.

Business continuity planning

During 2017/18 the PSC conducted a review of the existing Business Continuity Plan and disaster recovery processes to ensure operational stability during unforeseen events. The opportunity was taken by the Corporate Branch to redevelop a new business continuity plan to incorporate the new PSC office space at 255 George Street, with a focus on preventative measures and improved staff mobility through technology.

The core business units require non-interrupted and secure internet, telecommunications and corporate network connectivity in order to operate effectively. Network failover scenarios were conducted by the PSC in partnership with our network consultants Dimension Data, which was successful in ensuring that the PSC has an operational backup internet link.

As part of the PSC disaster recovery testing, further scenarios were reviewed by nominated staff from the HR, Finance and ICT team to work remotely using secure VPN access and Citrix to test core business applications such as SAP and finance systems, which also proved successful.

APPENDIX A: OUR AUDITED FINANCIAL STATEMENTS

**Public Service Commission
Certification of the Financial Statements
for the year ended 30 June 2018**

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 2018 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.



24/9/18

Emma Hogan

Public Service Commissioner

25 September 2018



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 Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement 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 Department as at 30 June 2018, 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.

Other Information

Other information comprises the information included in the Commission's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Commissioner is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Commissioner pursuant to section 45F of the PF&A Act.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Commissioner's Responsibilities 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 is responsible for assessing the Commission's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Commission's operations will cease as a result of an administrative restructure.

Auditor's Responsibilities 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

26 September 2018
SYDNEY

Financial Statements
of
Public Service Commission
for the year ended 30 June 2018

Public Service Commission
Statement of Comprehensive Income for the year ended 30 June 2018

		Actual	Budget	Actual
		2018	2018	2017
	Notes	\$000	\$000	\$000
Continuing operations				
Expenses excluding losses				
Employee related expenses	2(a)	16,425	17,143	17,650
Other operating expenses	2(b)	19,819	20,651	18,931
Depreciation and amortisation	2(c)	889	991	1,015
Grants and subsidies	2(d)	165	----	950
Total expenses excluding losses		37,298	38,785	38,546
Revenue				
Appropriations	3(a)	33,167	35,666	29,648
Contributions	3(b)	3,131	3,131	3,278
Sale of goods and services	3(c)	4,099	2,551	4,031
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	218	----	410
Other revenue	3(e)	23	----	351
Total revenue		40,638	41,348	37,718
Net result		3,340	2,563	(828)
Total comprehensive income		3,340	2,563	(828)

The accompanying notes form part of these financial statements.

Public Service Commission
Statement of Financial Position as at 30 June 2018

		Actual	Budget	Actual
		2018	2018	2017
	Notes	\$000	\$000	\$000
Assets				
Current assets				
Cash and cash equivalents	6	4,862	950	1,247
Receivables	7	1,693	510	1,268
Total current assets		6,555	1,460	2,515
Non-current assets				
Property, plant and equipment	8	3,750	3,169	513
Intangible assets	9	478	301	880
Total non-current assets		4,228	3,470	1,393
Total assets		10,783	4,930	3,908
Liabilities				
Current liabilities				
Payables	10	5,920	2,082	3,030
Provisions	11	1,995	1,785	2,017
Total current liabilities		7,915	3,867	5,047
Non-current liabilities				
Provisions	11	701	31	33
Total non-current liabilities		701	31	33
Total liabilities		8,616	3,898	5,080
Net assets/(liabilities)		2,168	1,032	(1,172)
Equity				
Accumulated funds		2,168	1,032	(1,172)
Total equity		2,168	1,032	(1,172)

The accompanying notes form part of these financial statements.

Public Service Commission
Statement of Changes in Equity for the year ended 30 June 2018

	Accumulated funds \$000	Total \$000
Balance at 1 July 2017	(1,172)	(1,172)
Net result for the year	3,340	3,340
Total other comprehensive income	----	----
Total comprehensive income for the year	3,340	3,340
Balance at 30 June 2018	2,168	2,168
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)

The accompanying notes form part of these financial statements.

Public Service Commission
Statement of Cash Flows for the year ended 30 June 2018

		Actual	Budget	Actual
		2018	2018	2017
	Notes	\$000	\$000	\$000
Cash flows from operating activities				
Payments				
Employee related		(16,714)	(16,641)	(17,290)
Grants and subsidies		(165)	----	(1,035)
Other		(18,523)	(22,928)	(19,914)
Total payments		(35,402)	(39,569)	(38,239)
Receipts				
Appropriations		33,167	35,666	29,648
Reimbursements from the Crown Entity		395	----	159
Sale of goods and services		3,833	3,852	4,434
Contributions		3,131	2,554	3,563
Other		2,214	484	387
Total receipts		42,740	42,556	38,191
Net cash flows from operating activities	15	7,338	2,987	(48)
Cash flows from investing activities				
Purchase of plant and equipment		(3,611)	(3,044)	165
Purchase of intangible assets		(112)	----	58
Net cash flow from investing activities		(3,723)	(3,044)	223
Net increase/(decrease) in cash		3,615	(57)	(271)
Opening cash and cash equivalents		1,247	1,007	1,518
Closing cash and cash equivalents	6	4,862	950	1,247

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 2018

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 her 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 2018 have been authorised for issue by the Public Service Commissioner on 25 September 2018.

(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 2018 of \$ 4,862,000 (2017: \$1,247,000). As at 30 June 2018 the Commission had a net working capital deficit of \$1,360,000 (2017: \$2,532,000). 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 which is the Commission's presentation and functional 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 2018

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.

The liability is disclosed in Note 10 under Current liabilities - Payables. The amount will be repaid and the liability will be extinguished in the next financial year.

(ii) Sale of goods

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

(iii) Rendering of services

Revenue is recognised when the 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 2018

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 the financial year ended 30 June 2017.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

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. The restoration costs are discounted.

(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) Leases

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 by the Commission.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred. An operating lease is a lease other than a finance lease.

(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 2018

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% (2017:7.9%) 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 18-13) 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 2018

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.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

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 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. No new or revised Australian Accounting Standards have been applied for the first time in the twelve months to 30 June 2018.

(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 18-01):

- 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 2016-6 *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 17 *Insurance Contracts*
- AASB 2017-3 *Amendments to Australian Accounting Standards - Clarifications to AASB 4*
- AASB 2017-6 *Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation*
- Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

The Commission anticipates that the adoption of Standard AASB16 Leases will have a material impact on the financial statements in the financial year ended 30 June 2020. Effective 1 July 2019, the new lease accounting standard, AASB 16 Leases removes the distinction between operating leases (off-balance sheet) and finance leases (on-balance sheet) for lessee accounting. Instead, a right-of-use asset and a corresponding lease liability are recognised for all leases by lessees. ie. PSC will bring the lease on-balance sheet. Whilst impact of AASB 16 has not been fully quantified, the Commission currently has estimated \$5,304 worth of operating lease which we anticipate will be brought onto the statement of financial position through the recognition of a right-to-use asset and associated lease liability.

In addition, the Commission is reviewing the AASB15 Revenue from Contracts with Customers and will disclose any impacts using the full retrospective approach, whereby AASB15 will be applied in the financial year ended 30 June 2020.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

2 Expenses excluding losses

	2018	2017
	\$000	\$000
(a) Employee related expenses		
Salaries and wages (including annual leave)	14,319	14,891
Superannuation - defined benefit plans	131	121
Superannuation - defined contribution plans	979	1,134
Long service leave	81	296
Workers' compensation insurance	50	36
Payroll tax and fringe benefits tax	765	901
Redundancy payments	100	271
	16,425	17,650
(b) Other operating expenses include the following:		
Auditor's remuneration		
- audit of the financial statements	48	51
Consultants	1,088	451
Corporate services	1,229	1,210
Other contractors	937	1,429
Fees - ITC	1,593	1,929
Insurance	14	14
Operating lease rental expense - minimum lease payments		
- minimum lease expense	1,411	1,429
Other expenses	3,013	3,354
Computer expenses	1,619	1,168
Boards and committees	321	331
Fees - management	2,409	2,681
Leadership Academy program delivery	6,137	4,884
	19,819	18,931
(c) Depreciation and amortisation expense		
Depreciation		
Leasehold improvements	320	344
Plant and equipment	54	26
Amortisation		
Intangible assets	515	645
	889	1,015
(d) Grants and subsidies		
Human Capital Management system	-----	844
Other	165	106
	165	950

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

3 Revenue

(a) Appropriations

Summary of compliance	2018		2017	
	\$000		\$000	
	Appropriation	Expenditure	Appropriation	Expenditure
Original budget per Appropriation Act	35,666	33,167	30,290	29,648
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	35,666	33,167	30,290	29,648
Appropriation drawn down*		34,394		29,651
Liability to Consolidated Fund		1,227		3
*Comprising				
Appropriations (per Statement of Comprehensive Income)**		33,167		29,648
Liability to Consolidated Fund		1,227		3
		34,394		29,651
** Appropriations:				
Recurrent		29,444		29,425
Capital		3,723		223
		33,167		29,648

Notes:

1. The summary of compliance is based on the assumption that the Consolidated Fund monies are spent first except for where otherwise identified or prescribed.

2. 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 2018

	2018 \$000	2017 \$000
3 Revenue (Cont'd)		
(b) Contributions		
NSW Leadership Academy	2,663	2,847
Other	468	431
	3,131	3,278
(c) Sales of goods and services		
Online recruitment services	3,704	3,581
Executive recruitment services	287	303
Other services	108	147
	4,099	4,031
(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	127	119
Long service leave	85	285
Payroll tax on superannuation	6	6
	218	410
(e) Other revenue		
Payroll recoveries	23	351
	23	351
4 Loss on disposal		
Net (loss)/gain on disposal of intangible assets	-----	-----
	-----	-----

5 Services and capabilities improvement

The Commission has only one Service Group and no service group statement is prepared.

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 2018

	2018	2017
	\$000	\$000
6 Current assets - cash and cash equivalents		
Cash at bank and on hand	4,862	1,247
	4,862	1,247

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)	4,862	1,247
Closing cash and cash equivalents (per statement of cash flows)	4,862	1,247

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	904	883
Goods and services tax recoverable from Australian Tax Office	326	165
Accrued income	463	219
Other receivables	----	1
	1,693	1,268

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 2018

8 Non-current assets - property, plant and equipment

	Plant and equipment \$000	Leasehold improvements \$000	Total \$000
At 1 July 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
At 30 June 2018 - fair value			
Gross carrying amount	748	4,871	5,619
Accumulated depreciation and impairment	(172)	(1,697)	(1,869)
Net carrying amount	576	3,174	3,750
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 2018			
Net carrying amount at start of year	199	314	513
Additions	431	3,180	3,611
Depreciation expense (recognised in "depreciation and amortisation")	(54)	(320)	(374)
Net carrying amount at end of year	576	3,174	3,750
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

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

9 Intangible assets

	Software	Total
	\$000	\$000
At 1 July 2017		
Cost (gross carrying amount)	5,081	5,081
Accumulated amortisation and impairment	(4,201)	(4,201)
Net carrying amount	880	880
At 30 June 2018		
Cost (gross carrying amount)	5,194	5,194
Accumulated amortisation and impairment	(4,716)	(4,716)
Net carrying amount	478	478
Year ended 30 June 2018		
Net carrying amount at start of year	880	880
Additions	113	113
Reclassification	----	----
Amortisation (recognised in "depreciation and amortisation")	(515)	(515)
Net carrying amount at end of year	478	478
At 1 July 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
At 30 June 2017 - fair value		
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
Disposals	----	----
Amortisation (recognised in "depreciation and amortisation")	(645)	(645)
Net carrying amount at end of year	880	880

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

	2018 \$000	2017 \$000
10 Current liabilities - payables		
Accrued salaries, wages and on-costs	125	122
Creditors	3,253	1,363
Other accruals	1,315	1,543
Other payables - Liability to Consolidated Fund	1,227	2
	5,920	3,030
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	1,356	1,451
Long service leave on-costs	358	377
Current employee benefits and related on-cost provisions	1,714	1,828
Make good provision	189	189
Lease incentive provision	92	----
Total current provisions	1,995	2,017
Non-current provisions		
Long service leave on-costs	31	33
Other provisions	31	33
Make good provision	302	----
Lease incentive provision	368	----
Total non-current provisions	701	33
Employee benefits and related on-costs	1,745	1,861
Make good provision	491	189
Total provisions	2,236	2,050
Aggregate employee benefits and related on-costs		
Provisions - current	1,714	1,828
Provisions - non-current	31	33
Accrued salaries, wages and on-costs (note 10).	125	122
	1,870	1,983
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	302	----
Amounts used	----	----
Unused amount reserved	----	----
Unwinding /change in discount rate	----	----
Carrying amount at the end of Period	491	189

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

12 Commitments for expenditure

	2018 \$000	2017 \$000
Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable		
Not later than one year	1,420	1,444
Later than one year and not later than five years	5,965	-----
Later than five years	-----	-----
Total (including GST)	7,385	1,444

The operating lease commitments relate to leasing of office space. In June 2018, PSC has entered into a new lease for new premise and rent payable from 1 July 2018. From 1 July 2019, the lease commitment will be recognised as right-of-use asset and corresponding lease liability.

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.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

14 Budget review

Net result

Category	Actual \$000	Budget \$000	Variance	Explanation
Labour expenses	16,425	17,143	718	Labour expense savings
Other expenses	20,873	21,642	769	Project underspend
Total Expenses	37,298	38,785	1,487	
Appropriations	33,167	35,666	(2,499)	Leadership Academy carry forward of \$1,275,000; Repayment of recurrent Appropriation of \$1,227,000 net of \$3,000 carried from 2016/17
Other revenue	7,471	5,682	1,789	Approved Sector funding of \$1,301,000; Recoupment of Executive recruitment costs of \$287,000; Recoupment of Crown recoveries of \$218,000
Total Revenue	40,638	41,348	(710)	
Net Results	3,340	2,563	777	

Assets and liabilities

Category	Actual \$000	Budget \$000	Variance	Explanation
Current assets	6,555	1,460	5,095	Increased Cash balance of \$3,615,000 and increased Receivables of \$425,000
Non-current assets	4,228	3,470	758	Relocation project required additional funding
Total assets	10,783	4,930	5,853	
Current liabilities	7,915	3,867	(4,048)	Increase in Payables of \$3,837,000 compared to budget due to unusually high levels of agency activity and expenditure during May and June; current lease incentive provision of \$92,000
Non-current liabilities	701	31	(670)	Make good provision for new premises of \$302,000 and non-current lease incentive provision of \$368,000
Total liabilities	8,616	3,898	(4,718)	
Net assets	2,168	1,032	1,136	

Cash flows

Category	Actual \$000	Budget \$000	Variance	Explanation
Net Increase in cash	3,615	(57)	3,672	Increased payables, and high levels of agency activity referred to above. In addition, lower than expected employee related costs resulted in the raising of a liability to the Consolidated Fund of \$1,227,000

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

15 Reconciliation of cash flows from operating activities to net result

	2018	2017
	\$000	\$000
Net cash flows from operating activities	7,338	(48)
Depreciation and amortisation	(888)	(1,015)
(Increase)/decrease in provisions	(647)	(47)
Increase/(decrease) in receivables	425	209
Decrease/(increase) in creditors	(2,889)	73
Loss on disposal	----	----
Net result	3,339	(828)

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:			2018	2017
			\$000	\$000
Cash and cash equivalents	6	N/A	4,862	1,247
Receivables ¹	7	Loans and receivables (at amortised cost)	1,366	1,102

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2018	2017
			\$000	\$000
Payables ²	10	Financial liabilities measured at amortised cost	5,795	2,949

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 2018

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}
31 June 2018			
< 3 months overdue	538	276	----
3 months - 6 months overdue	224	224	----
> 6 months overdue	142	142	----
30 June 2017			
< 3 months overdue	804	291	----
3 months - 6 months overdue	15	15	----
> 6 months overdue	64	64	----

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 (2017: Nil). The Commission had a credit card facility for \$250,000 (2017: \$250,000) with Westpac Bank with the balance cleared monthly.

Public Service Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

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						
	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2018							
Payables:							
Accrued salaries, wages and on-costs	125	----	----	125	125	----	----
Creditors	5,795	----	----	5,795	5,795	----	----
Total	5,920	----	----	5,920	5,920	----	----
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	----	----

(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 2018

16 Financial instruments (Cont'd)

(e) Interest rate risk (Cont'd)

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

		-1%	Equity	1%	Equity
	Carrying Amount	Profit \$'000	\$'000	Profit \$'000	\$'000
2018					
<i>Financial assets</i>					
Cash and cash equivalents	4,862	(49)	(49)	49	49
Total	4,862	(49)	49	(49)	(49)
2017					
<i>Financial assets</i>					
Cash and cash equivalents	1,247	(12)	(12)	12	12
Total	1,247	(12)	12	(12)	(12)

(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:

	2018 \$'000
Short-term employee benefits:	
Salaries	1,453
Other monetary allowances	----
Non-monetary benefits	----
Other long-term employee benefits	----
Post-employment benefits	----
Termination benefits	95
Total remuneration	1,548

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 2018)

Emma Hogan **Public Service Commissioner**



The Public Service Commissioner is an independent office holder.

Emma Hogan was appointed the NSW Public Service Commissioner in May 2018. Emma joins the NSW Government after an extensive c-suite career in the private sector, working with iconic Australian brands across hospitality, retail, aviation and media and entertainment.

Emma's career spans executive leadership roles in people (HR), culture, communications, change, customer experience, digital and transformation; environments that have included start-up, growth, acquisition, disruption, maturation and divestment. Emma has led teams of up to 5,000 people both in Australia and off-shore.

Emma holds post graduate qualifications in HR and Business Management and is a graduate of the Stanford University Executive Program. She is an active board member at the Australian Indigenous Mentoring Experience Corporation (AIME).

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 (EPA), 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
Assistant Commissioner, Capability and Leadership Strategy



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, which delivered 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 joined the PSC as the Director, HR Practice in November 2014. In September 2017, Catherine was appointed to the role of Assistant Commissioner Capability and Leadership Strategy, reporting to the Commissioner.

In this role Catherine leads the team responsible for developing and implementing a broad range of contemporary sector-wide workforce strategies. These span recruitment, performance management, capability development, talent management to strategic workforce planning and optimum legislative system architecture and related frameworks. This role is also responsible for the delivery of sector wide workforce programs, including the NSW Leadership Academy, initiatives to increase the diversity of the NSW workforce and the NSW Graduate programs.

Scott Johnston
Assistant Commissioner, Performance and Analytics Division



Scott 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.

Samantha McGivern
Director, Corporate/Chief Financial Officer



Samantha joined the PSC in April 2017, in the role of Director Corporate/Chief Financial Officer (CFO). 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 c-suite roles 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 leading fashion retailer Sambag, where she held responsibility for the financial, sales, e-Commerce, ICT and HR functions. This also included leading a major business restructure and website development.

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

Samantha is a chartered accountant who holds a Masters of Commerce and is a graduate of the Australian Institute of Directors.

Karen Davis
Director, Leadership and Talent



As Director of the Leadership and Talent Branch, Karen brings more than 15 years' of government and consulting experience to the Public Service Commission. Before joining the PSC in April 2018, Karen led, reformed, and implemented strategies for government departments and large organisations in the areas of: mobility; people and culture; operations; human resources; training; organisational development; and leadership (both locally and internationally).

In the past, Karen has held leadership roles with the NSW Department of Premier and Cabinet, NSW Department of Infrastructure, Planning and Natural Resources, the former NSW Department of Community Services, and managed her own consultancy firm whose clients included the NSW Department of Health, NSW Office of Water, NSW Food Authority, and Roads and Maritime Services.

In her role with the PSC, Karen is responsible for leading strategies in the areas of diversity and inclusion, leadership development, graduate recruitment, Aboriginal Employment, talent management and driving these aspects of workforce reform across the NSW public sector.

Jennifer Perry
Director, Workforce Strategy



Appointed in September 2017, Jennifer Perry is Director of the Workforce Strategy Branch. Jennifer has over 15 years' experience in human resources and industrial relations, including roles with the NSW Department of Premier and Cabinet, the former Attorney General's Department and NSW Legal Aid. Jennifer brings an in-depth knowledge of NSW public sector employment frameworks and extensive experience in working to deliver strategic workforce reform initiatives across government to the role.

The Workforce Strategy Branch develops and implements customer-focused workforce strategies for the NSW public sector that will enhance the quality and efficiency of services to the people of NSW. The Branch also ensures the legislative system architecture contained in the *Government Sector Employment Act 2013* (GSE Act) is fit for purpose and provides regulatory and workforce policy advice to the sector.

Workforce profile

As of 30 June 2018, there were 147 employees working for the PSC on either a full-time or part-time basis, excluding 15 staff on parental or unpaid leave. The PSC workforce has a diverse mix of working experience and comes from a range of career 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 in 2017/18 at \$515,280 as determined by the Statutory and Other Office Holders Remuneration Tribunal.

Table 1: The average remuneration level of senior executives in each band at the end of the reporting year

	2018	2018	2017	2017
Remuneration level	Range	Average Remuneration	Range	Average Remuneration
Band 2 – Assistant Commissioner	\$261,451 - \$328,900	\$296,853	\$255,051 - \$320,900	\$285,000
Band 1 – Director	\$183,300 - \$261,450	\$238,344	\$178,850 - \$255,050	\$240,631

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

	2017 18	2016-17
The percentage of total employee-related expenditure relating to senior executives	12.40%	15.16%

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

	2018	2018	2017	2017
Remuneration level	Male	Female	Male	Female
Band 2 – Executive Director	1	1	0	1
Band 1 – Director	0	4	2	3

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

- 2018 is 7
- 2017 is 7

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

*Includes employees on Parental Leave, Secondment or Unpaid leave

	2018	2018	2018	2017	2017	2017	2016	2016	2016
Grade	Total	Male	Female	Total	Male	Female	Total	Male	Female
G/S	1	0	1	1	0	1	1	0	1
1-2	0	0	0	0	0	0	0	0	0
3-5	14	6	8	28	9	19	27	7	20
6-9	46	16	30	43	14	29	44	15	29
10-12	71	20	51	53	12	41	50	10	40
Senior Officer	0	0	0	0	0	0	0	0	0
Total	132	42	90	125	35	90	122	32	90

Human resource (HR) management

Policy and practice

The below table outlines the areas of focus across HR business functions during FY17/18:

HR strategy and reporting

- HR strategy
- Organisational 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
- People Matter Employee Survey (PMES) support

HR operations and development

- 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

GovConnect (outsourced)

- Contact centre support
- Transactional payroll production
- Off-cycle payroll
- On boarding
- Payroll estimates
- Defined reporting
- Exits
- SAP organisational management changes, restructures, allocations
- Employee data management
- Personnel file management
- Workers' compensation administration

Between January and June 2018, the 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. New policies and procedures were made available to employees and managers throughout this period.

The successful implementation of the Human Capital Management (HCM) system, *myCareer*, has been in partnership with Department of Finance Services and Innovation (DFSI) and has included the availability 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

- improve the feedback provided to unsuccessful applicants
- establish Diversity and Inclusion Councils.

The agency's outsourced transactional payroll and organisation management activity continues to be supported by GovConnect. PSC representatives work closely with the Service Management Office (SMO) and GovConnect management to monitor performance and service delivery. The PSC has been involved in the development of a new business case led by the SMO during the year, which will result in the roll-out of additional *myCareer* modules in FY18-19.

The agency participated in the People Matter Employee Survey (PMES) and as a result of findings from the survey, a range of initiatives were implemented which focussed on change management, senior management communications, learning and development and recruitment processes.

The People and Engagement team continued to utilise and enhance dashboard reporting on workforce metrics and measures for the monthly Executive report. 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 People and Engagement team.

The PSC engaged the Nous group to deliver a number of targeted workshops to gauge opinion and attitudes towards recruitment and capability development within the agency. These were well attended and feedback was utilised to assist in shaping the direction of new initiatives.

Surveys were conducted on flexible working and capability development to gain further insights into the way in which these areas could be utilised or improved within the PSC, from which valuable insights were derived and will be applied moving into the new financial year.

The PSC also hosted several workshops led by consulting firm 'Benny Button', which focused on mindfulness, stress resilience, movement and keeping active at work, and ways to improve collaboration between business units.

Industrial relations

Policy and practice

The employment practices of the PSC are compliant with industrial relations requirements, including those contained in the *Government Sector Employment Act 2013 (GSE Act)* and the *Crown Employees (Public Service Conditions of Employment) Award 2009*. They are also compliant with the policies and practices published on the PSC's Employment Portal and internal policies (some adapted from the Department of Premier and Cabinet) listed on the PSC intranet.

Consultation mechanisms

Regular meetings of the Joint Consultative Committee (JCC) continued during 2017-18. The impacts of any structural changes were discussed and all policies developed during the year were shared for consultation.

Work health & safety (WH&S)

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 all staff and the provision of specialist equipment during the week following the agency relocation to 255 George Street;
- 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 measure via the office relocation;
- promotion of special deals for staff at gyms and fitness facilities close to the agency; and
- underwriting of PSC 'City to Surf' team.

Incident reporting

There were no reportable incidents or near misses in 2017/18.

Workers compensation claims

There were no workers compensation claims during this period.

Overseas visits

The Assistant Commissioner undertook one overseas visit in 2017/18, as part of Australia and New Zealand School of Government (ANZSOG) Executive Masters of Public Administration. The meetings were from 27 November 2017 to 29 November 2017 and were located in Wellington, New Zealand.

APPENDIX C: WORKFORCE DIVERSITY

Workforce diversity – outcomes

The PSC is committed to building a diverse workforce and a culture that values differences. Over the last 12 months the PSC has continued its focus on established diversity groups – Aboriginal and Torres Strait Islander 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. It 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 65 per cent 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 2018 are provided in the tables 5 and 6. The data reveals that the PSC continues to lead in the way in terms of participation of women in our workforce, as well as a significant portion of the executive leadership team within the PSC being women. There has been a decrease in the number of employees who disclose as being Aboriginal or Torres Strait Islander, and as an agency we will seek to improve upon this in the future. There has also been a decrease within employees identifying as speaking a language other than English, which through our participation within the NSW Government Refugee Employment Program, we will seek to provide more opportunities for attracting ESL employees to the PSC.

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

In 2018, the PSC updated and amended the Reasonable Workplace Adjustment policy and procedures; making them more in line with the expectations of the sector and people who identify as requiring reasonable adjustment within the workplace. 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 practical and are monitored and reviewed. The development of the procedures was done in collaboration with the Australian Network on Disability and was circulated to the sector as an example of a policy to be used by small agencies.

In April 2018, the PSC successfully attained 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 continues to retain and attract talent from linguistically diverse backgrounds. 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	2018	2017	2016
Women	50.0%	66.0%	68.9%	71.2%
Aboriginal People and Torres Strait Islander	2.6%	1.0%	3.0%	3.7%
People whose first language spoken as a child was not english	19.0%	10.0%	13.6%	17.8%
People with a disability	N/A	3.0%	2.3%	4.2%
People with a disability requiring work-related adjustment	1.5%	0.8%	0.8%	0.8%

Table 6: Trends in the distribution of workforce diversity groups

Workforce Diversity Group	Benchmark	2018	2017	2016
Women	100	102	101	98
Aboriginal People and Torres Strait Islanders	100	N/A	N/A	N/A
People whose first language spoken as a child was not english	100	96	94	94
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 2018 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*, *Government Sector Employment (Transport Service Senior Executives) Rules 2017*, and the *Government Sector Employment (NSW Police Force) Rules 2017* which are made under the *Government Sector Employment Act 2013*.

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

- *Administrative Arrangements (Administrative Changes – Inspector of Law Enforcement Conduct Commission) Order 2017*
- *Coal Mine Subsidence Compensation Act 2017*
- *Local Land Services Amendment Act 2017*
- *Health Legislation Amendment Act 2018*

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

- *Government Sector Employment Amendment (Transfers to Non-Government Sector) Regulation 2017*
- *Government Sector Employment Amendment (NSW Police Force Senior Executives) Regulation 2017*
- *Government Sector Employment Amendment (UrbanGrowth Transferred Staff) Regulation 2017*

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

- *Government Sector Employment (NSW Police Force) Rules 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 2017/2018 financial year the PSC also released the *State of the Sector Report 2017* and the *Workforce Profile Report 2017*. 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 2017 to 30 June 2018, the PSC received three valid access applications under the *Government Information (Public Access) Act 2009* (GIPA Act). Access was granted in full to one of those applications. Another application was transferred to another agency. The third application was not finalised by 30 June 2018.

The following nine tables show details of the application received and decision made by PSC during the 2017/18 financial year in accordance with the provisions of the GIPA Act and the *Government Information (Public Access) Regulation 2009*.

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	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table 8.

Table 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)	1	-	1	-	-	-	-	-
Access applications that are partly personal information applications and partly other	-	-	-	-	-	-	-	-

* 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)	-
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	-
Invalid applications that subsequently became valid applications	-

Table 10: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to the 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 11.

Table 11: Other public interest considerations against disclosure: matters listed in table to section 14 of the 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: Timelines

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

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 the Act	-	-	-
Review by NSW Civil and Administrative Tribunal (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	1
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 2017 and 30 June 2018, internal reporting policies in place, and the Public Service Commissioner's staff awareness obligations. Between 1 July 2017 and 30 June 2018, two public officials made a Public Interest Disclosure (PID) to the PSC.

Table 16: Statistical information on Public Interest Disclosures

1 July 2017-30 June 2018

		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	2	-	-	2*
Number of PIDs received	2	-	-	2
Of PIDs received, number primarily about:				
Corrupt conduct	1	-	-	1
Maladministration	1	-	-	1
Serious and substantial waste	-	-	-	-
Government information contravention	-	-	-	-
Local Government pecuniary interest contravention	-	-	-	-
Number of PIDs finalised	2	-	-	-

*Note: One of the PIDs received by the PSC was made anonymously and it is not possible to determine if it may have been made by more than one person.

As part of their induction at the PSC, new employees are required to read the *PSC's Guidance for Managing Public Interest Disclosures*, and the PSC's public interest disclosures policy and procedures, which are accessible on the PSC intranet. 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). It also 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 finalising a new Privacy Management Plan set for completion in November 2018.

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.

The PSC has recently been working with the Information and Privacy Commission to consolidate its two existing codes, and to extend the coverage of the codes to all public sector workforce data collected by the PSC. There will be two codes, one for personal information and one for the small amount of health information collected by the PSC (i.e. disability status and sick leave hours). The two new codes are expected to commence, if approved, during the 2018-2019 year.

Internal reviews

In 2017/18 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 and Risk Management Attestation Statement for the 2017-2018 Financial Year for
NSW Public Service Commission

Internal Audit and Risk Management Attestation Statement for the 2017-2018 Financial Year for NSW Public Service Commission

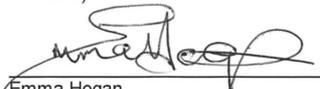
I, Emma Hogan am of the opinion that the NSW Public Service Commission has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the *Internal Audit and Risk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

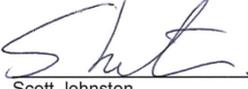
Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency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


Emma Hogan
Public Service Commissioner


Scott Johnston
Chief Audit Executive

Internal audit, risk management and insurance

The focus of the Audit and Risk Committee in 2017/18 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 2017/18, 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 2017-18 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 Ms Carolyn Walsh, 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);
- Carolyn Walsh: Independent Member (appointed 1 December 2017 to 31 November 2020);
- Gerry Brus: Independent Member (appointed 18 March 2016 to 17 March 2020), and appointed Chair from 1 February 2017.

Mr Ian Neale was appointed as an independent member on 1 February 2015 for a period of four years. Mr Neale's term ended on 31 November 2017.

The Committee meeting dates and attendance in 2017-18 were:

- July 2017 (Joan Wilcox, Ian Neale and Gerry Brus)
- September 2017 (Joan Wilcox, Ian Neale and Gerry Brus)
- December 2017 (Joan Wilcox, Carolyn Walsh and Gerry Brus)
- March 2018 (Gerry Brus, Joan Wilcox and Carolyn Walsh)
- April 2018 (Gerry Brus, Joan Wilcox and Carolyn Walsh)
- June 2018 (Gerry Brus, Joan Wilcox and Carolyn Walsh).

Internal audit program

In 2017/18, Binder Dijker Otte (BDO) was requested to undertake an internal audit of leave management processes, as per PSC's Approved Annual Internal Audit Plan for the year ending 30 June 2018. The main objective of this internal audit was to determine whether leave management practices implemented in the PSC were compliant with the relevant legislative obligations, PSC's policies and procedures, and have integrity. During the financial year, the Audit and Risk Committee monitored progress against the internal audit plan, internal audit reports, and the implementation of internal audit recommendations.

External audit

The NSW Audit Office conducted both an early close and final review of the PSC's financial statements. The Audit and Risk Committee noted the Commissioner's attestation and the NSW Audit Office's opinion that the 2017/18 financial statements were a true and fair view of the PSC's financial position.

Insurance

Insurance activities are conducted through iCare NSW. The expense (premium) is determined by the Fund Manager based on past claim experience.

Insurance policies

In 2017/18 the PSC held the following insurance policies:

Type	Coverage
Liability	For professional, product, directors and officers liability
Property	Provides coverage for owned assets. Includes consequential loss
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 (PCard 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 2017/18 financial year, credit/purchasing card use by officers of the PSC has been in line with government requirements.

The PSC is currently finalising an updated version of the PCard Policy after completing a comprehensive review of the current policy and procedures during 2017/18, in order to accommodate an improved approvals process and new Expense8 system was implemented on September-October 2018 timeframes.

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		\$110	\$88	(\$9)	(\$18)
December		\$353	\$31	(\$186)	(\$207)
March		\$184	\$14	\$13	\$34
June		\$1,431	(\$41)	\$7	(\$47)

Table 18: Accounts due or paid within each quarter

Measure	September	December	March	June
All suppliers				
Number of accounts due for payment	487	403	346	490
Number of accounts paid on time	144	171	83	240
Actual percentage of accounts paid on time (based on number of accounts)	29.6%	42.4%	24.0%	49.0%
Dollar amount of accounts due for payment (\$'000)	\$5,323	\$5,424	\$4,620	\$7,966
Dollar amount of accounts paid on time (\$'000)	\$2,242	\$1,730	\$846	\$2,030
Actual percentage of accounts paid on time (based on \$)	42.1%	31.9%	18.3%	25.4%
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	-	-	-	-
Number of accounts paid on time	-	-	-	-
Actual percentage of accounts paid on time (based on number of accounts)	-	-	-	-
Dollar amount of accounts due for payment (\$'000)	-	-	-	-
Dollar amount of accounts due for payment (\$'000)	-	-	-	-
Dollar amount of accounts paid on time (\$'000)	-	-	-	-
Actual percentage of accounts paid on time (based on \$)	-	-	-	-
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

Commentary

Our percentage of accounts paid on time has improved throughout the year. We are currently working on the process to improve the percentage for FY18-19.

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 (PSC) is referred to as a person or an organisation that provides expert advice professionally to assist decision-making. The PSC consultancy expenses for 2017-18 were \$1,088,336. The consultancy services were provided for information technology services, management services and organisational review.

Consultant	Nature of service	Amount \$
Contracts \$50,000 or more		
Synthetism Pty Ltd	Management Services – Review and development of work level standards	253,364
Unisys Australia Pty Ltd	Information Technology – Identity Hub review and integration	116,889
The Corporate Executive Board Company (CEB)	Organisational Review – HR capability diagnostic	92,170
Lynelle Briggs	Organisational Review – Capability planning and review	83,952
Deloitte Consulting Pty Ltd	Management Services – Strategic review of project management	79,200
Deloitte Consulting Pty Ltd	Management Services – Review and design strategic level performance reporting (Phase 2)	73,600
Benny Button	Organisational Review – Strategies for wellbeing	63,300
Deloitte Touche Tohmatsu	Management Services – Review and design strategic level performance reporting (Phase 1)	60,180
Deloitte Consulting Pty Ltd	Information Technology – ICT architecture and business continuity review	59,800

Consultant	Nature of service	Amount \$
Total	(9 Contracts)	882,455
Contracts \$30,000 to \$50,000		
Deloitte Consulting Pty Ltd	Management Services – Executive leadership strategy	35,350
Ken Matthews	Organisational Review – Capability planning and review	30,094
QHR Consulting Pty Ltd	Management Services – Strategic workforce management framework	30,000
Total	(3 Contracts)	95,444
Contracts less than \$30,000 (total)	(9 Contracts)	110,436
Total expenditure for 2017-18		1,088,336

APPENDIX I: RESEARCH AND DEVELOPMENT

There were no Research and Development projects or activities undertaken by the Public Service Commission (PSC) in 2017/18.

APPENDIX J: DIGITAL INFORMATION SECURITY ANNUAL ATTESTATION STATEMENT

Ref: A4059341

Date: 4/10/18

Digital Information Security Annual Attestation Statement for the 2017-2018 Financial Year for the New South Wales Public Service Commission.

I, Emma Hogan, am of the opinion that the New South Wales Public Service Commission (PSC) had an Information Security Management System in place during the 2017-2018 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 Public Service Commission are adequate, subject to the deficiencies in identified controls & procedures of the ICT Shared Services provider, Unisys. Actions to remediate the control environment have largely been completed, with any remaining issues to be closed out in consultation between Unisys and the GovConnect ICT customers.

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



Public Service Commissioner

APPENDIX K: MAJOR WORKS IN PROGRESS

Office relocation

The NSW Public Service Commission (PSC) lease at Bligh House (Level 14-17) was due to expire at the end of June 2018. The landlord advised the PSC and Property NSW that a lease extension was only available for two years due to redevelopment plans for the site. As a result the PSC and Property NSW conducted a thorough property selection process for the PSC to relocate prior to lease expiry.

The PSC received approval from Property NSW and Treasury NSW to relocate to Level 4, 255 George Street, Sydney. The scope of the relocation project consisted of construction and fit-out for an integrated and technology enabled open plan office with the capacity for 146 staff over a single floor of 1,300sqm.

Colliers International Project Management (CIPM) were engaged to be the project managers responsible for overseeing the design, construction and fit-out of the PSC new premises. CIPM was instructed by the PSC to appoint a Head Construction Contract for the building and fit-out works under a GC21 Government Construction Contract. Renascent Australia were successfully appointed as Head Construction Contract based on the highest tender assessment score of 96 per cent out of three submissions.

The new PSC offices were designed by IA Group, the interior designers and architects for the project. The design principle's focussed on a modern work environment introducing collaborative and technology enabled spaces. Key features of the new office included a modern and sophisticated reception, lunch breakout space and state of the art meeting rooms with video conferencing and wireless presentation capabilities.

The relocation project was completed on time and within budget, resulting in a successful relocation of PSC staff on the 29 June 2018.

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APPENDIX M: GLOSSARY OF TERMS AND ABBREVIATIONS

Terms/Abbreviations	Meanings
AASB	Australian Accounting Standards Board
AC.	Companion of the Order of Australia
AEDP	Aboriginal Employment and Development Program
AES	NSW Public Sector Aboriginal Employment Strategy 2014-2017
AIME	Australian Indigenous Mentoring Experience Corporation
AM.	Member of the Order of Australia
AND	Australian Network on Disability
ANZSOG	Australian and New Zealand School of Government
AO.	Officer of the Order of Australia
APES	Accounting Professional and Ethical Standards
ARC	Audit and Risk Committee
AS/NSZ	Australian / New Zealand Standards
BI	Behavioural Insights
BCA	Business Council of Australia
CDT	Capability Discovery Tool
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPM	Colliers International Project Management
COHRP	The Community of HR Professionals
CPR	Cardiopulmonary Resuscitation
DCR	Disability Confident Recruiter

Terms/Abbreviations	Meanings
DEAC	Disability Employment Advisory Committee
DFSI	Department of Finance Services and Innovation
DPC	Department of Premier and Cabinet
EAP	Employee Assistance Program
EEO	Equal Employment Opportunity
ESL	English as a second language
EFT	Electronic Funds Transfer
EMPA	Executive Masters of Public Administration
EPA	Environment Protection Authority
ERM	Enterprise Risk Management
EVP	Employee Value Proposition
FACS	Department of Family and Community Services
FAHRI	Fellow of the Australian Human Resources Institute
FIPAA	Fellow of the Institute of Public Administration Australian
FTE	Full Time Equivalent
GCG	General Counsel Group
GEN	Government Employee Number
GIPA	<i>Government Information (Public Access) Act 2009</i>
GSE Act	<i>Government Sector Employment Act 2013</i>
GSELA ACT	Government Sector Employment Legislation Amendment Act 2016
GST	Goods and Services Tax
HCM	Human Capital Management
HR	Human Resources
ICT	Information and communications technology

Terms/Abbreviations	Meanings
ITC	Input tax credits
ISMS	Information Security Management System
<i>IWorkforNSW</i>	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
NDIS	National Disability Insurance Scheme
NSW	New South Wales
NSWTC	NSW Treasury Circular
PF&A Act	Public Finance and Audit Act 1983
PID	Public Interest Disclosure
PIDA	<i>Public Interest Disclosures Act 1994</i>
PLG	Procurement Leadership Group
PMES	People Matter Employee Survey
PPIPA	<i>Privacy and Personal Information Protection Act 1998</i>
PSC	NSW Public Service Commission
PSM	Public Service Medal
PSSE	Public Sector senior executive
SEF	Senior Executive Fundamentals

Terms/Abbreviations	Meanings
SFIA	Skills Framework for the Information Age
SMS	Short Message Service
SMO	Service Management Office
SOPSR	State of Public Sector Reporting
TC	Treasury Circular
TCorp	NSW Treasury Corporation
TOES	Treasury On-Line Entry System
VPN	Virtual Private Network
VMO	Vendor Management Office
WH&S	Work Health & Safety
WIW	Workforce Information Warehouse

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