

Public Service Commission

2012–13 Annual Report

About report

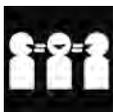
The 2012-13 Public Service Commission (PSC) Annual Report presents performance information for the period 1 July 2012 - 30 June 2013, in a clear reader friendly manner.

In line with the Strategic Plan 2012-16, this Annual Report presents information according to the PSC's objectives:

1. Securing and maximising business flexibility
2. Managing and supporting the workforce
3. Driving a high performance culture
4. Providing independent, strategic advice and expertise
5. Renewing the public sector

Each section provides an overview of key information including results and future priorities.

To find out more about this annual report or to provide feedback, please email communication@psc.qld.gov.au or visit www.psc.qld.gov.au.



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Compliance letter

Campbell Newman
Premier
Level 15, Executive Building
Brisbane Qld 4000

Dear Premier

I am pleased to present the Annual Report 2012-13 for the Public Service Commission.

I certify that this Annual Report complies with:

- the prescribed requirements of *Financial Accountability Act 2009* and *Financial and Performance Management Standard 2009*
- the detailed requirements set out in the Annual Report requirements for Queensland Government agencies.

Yours sincerely

Ian Maynard
Commission Chief Executive

About us

The Public Service Commission (PSC) was created on 1 July 2008 through the *Public Service Act 2008*. It advises the Premier of Queensland, the Minister Assisting the Premier, Glen Elmes MP and government on the administration of the Queensland public sector and the management and employment of public sector employees.

Our role

To deliver the best possible service to the people and communities of Queensland, the PSC works collaboratively with all government departments, agencies and stakeholders to identify areas for improvement and to enable change.

The PSC enables and empowers public sector agencies to deliver on government outcomes. The PSC works closely with agencies across government, including central agencies such as the Department of Premier and Cabinet and Queensland Treasury and Trade, as well as third-party providers. By working collaboratively, the PSC aims to ensure the government's most valuable resource – its people – are effective in supporting government priorities and that agencies are high-performing organisations.

Our approach

- Collaborate with agencies and groups to achieve whole of government outcomes.
- Adopt a project management focus to ensure the benefits envisaged in our projects are realised by government.
- Develop our employees to deliver on the strategic objectives of the PSC.
- Collaborate and share information across jurisdictions and sectors.

Our board

The *Public Service Act 2008* established a Board of Commissioners drawn from the private and public sectors. The Board brings additional expertise, fresh perspectives and influence to the government's reform agenda and modernising the public service.

Our location

The PSC Office is located at 53 Albert Street, Brisbane, Queensland.

Commission Chairperson's report

I am pleased to present my second annual report as the Chair of the Public Service Commission.

Over the past 12 months I have had the great opportunity to chair the PSC through an exciting time of reform and renewal, and a period of great change within the Queensland Government.

The immediate priority for the government was fiscal repair. Government was in an unsustainable position – Queensland was a high cost provider of services, public sector productivity was falling and demand for services was rising. The Queensland Commission of Audit findings and recommendations highlighted this.

Fiscal repair was driven by the Queensland Government 2012-13 Budget, with the Commission supporting work undertaken across government to improve and strengthen our financial standing.

From challenge comes opportunity, and focus then moved on to real reform and renewal across government: innovative, sustainable change. We are now assessing the fundamentals of government's business – what is our role, what are the outcomes we want, and what is the best way to achieve them. This is the real heart of government's renewal agenda, as we look across the board for better ways to deliver better services.

It is a sentiment that was reiterated with the release of A plan: Better services for Queenslanders, government's response to the Commission of Audit final report.

The PSC plays a key role in the renewal of the public sector, by leading reform and renewal across the sector, driving the cultural change required to achieve it, and supporting government agencies through the process. More than that, the PSC plays a crucial role in supporting the public sector to deliver all of government's priorities.

Queensland deserves a strong and financially secure government, one that can provide and manage the core and essential services Queenslanders need now and in the future.

This work will continue through 2013-14 and beyond, as the PSC contributes to the Queensland Government's shared goal of being the best, most modern and efficient public service in Australia, the best in the business.



Doug McTaggart

Commission Chief Executive's report

It is again a privilege to present the annual report as the Commission Chief Executive of the Public Service Commission (PSC).

In a year marked by reform and renewal, the work of the PSC has been focussed on supporting transformational change while delivering on the Queensland Government's goal to be the best, most responsive and respected public service in the nation.

Within the PSC's high tempo, high volume workloads, our efforts this financial year have focussed on several significant areas:

- supporting departments and agencies to undertake fiscal repair and facilitating options and placements for our workforce
- building executive accountability and capability
- reengaging with the workforce and asking for their opinions on the ways we can improve our workplaces
- starting on the path to renewing the public sector.

The PSC has sought to manage change with a real emphasis on communication, engagement and capability building.

The refresh of public sector values and culture saw the PSC consult with thousands of employees over several months. The values will be contemporary and aspirational and will reflect the journey and challenges ahead for government. They will provide a framework that will encourage innovation and support customer service.

New chief executive and senior executive service performance frameworks, backed by executive capability assessment and targeted development programs, will ensure that our public sector executives are equipped to lead and direct their agencies to achieve government priorities.

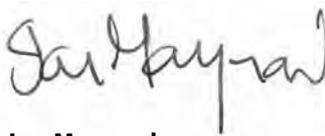
The Public Sector Renewal Program and Public Sector Renewal Board transitioned to the PSC in February 2013. The move consolidated and provided better strategic alignment between the renewal program and the work of the PSC as we look to achieve government's vision of being a government for the 21st century; one government that is connected and working together to deliver smarter, simpler outcomes that are responsive to the needs of Queenslanders, now and for the future. The work

contributes to our shared goal of being the best, most responsive and respected public service in the nation. The Queensland Government will be more effective, deliver value for money and ultimately achieve better outcomes for Queenslanders.

The PSC delivered the Working for Queensland Employee Opinion Survey to 215,000 government employees in 2058 workgroups across the state, and will produce reports for organisational work units, agencies and the public sector as a whole. This is the first time a survey of this scale and complexity has been conducted at one time in an Australian state. The survey measured current workplace climates and results will inform agency and whole-of-government organisational and workforce improvement strategies.

Major work has been undertaken to achieve legislative and policy reform to reduce red tape and remove barriers to performance, efficiency and innovation. This was evidenced by a 32 per cent reduction in HR red tape and negotiation of new certified agreements with simplified language and structure. This work will continue at pace in 2013-14.

I thank my executive management team and all PSC employees for the outstanding achievements that they have had over the past financial year, and look forward to continuing the strong work over the coming year.



Ian Maynard

Our strategic plan 2012-2016

Our vision

A renewed public sector that is efficient and effective, with a culture of strong leadership, high performance and accountability.

Our mission

To enable and empower public sector agencies to achieve government policy objectives through contemporary organisational and workforce frameworks and standards to which decision makers are held to account.

Our values

Our values underpin how we work and form the basis of our collaborative approach to supporting the public sector to deliver government priorities.

- We lead by example
- Client service is our focus
- Our communication is open and honest
- We take responsibility
- We recognise and reward
- We perform and deliver

Our environment

The challenging environment in which PSC operates requires us to focus on demanding issues such as:

- assisting agencies to deliver services in a tight fiscal environment
- finding innovative practice and efficiencies within the public sector and implementing these more broadly
- implementing performance management and evaluation frameworks that will drive the sector to achieve value for money services.

In responding to these challenges we will focus on the 4 Rs.

- Refocus – on the agenda of the Government and the needs of the community
- Reprioritise – services to deliver best value for money
- Realign – direct funding to front-line service delivery
- Review – departmental operations to ensure efficiencies are achieved

Strategic risks

Risks that could adversely affect the achievement of our vision and strategic objectives are:

- our capability to deliver set strategies
- the challenges incorporating strategic policy advice, program initiatives, and legislative compliance regime.

Governance

Our corporate governance framework ensures that we meet our objectives in a timely, effective manner. Key reporting elements of our framework include the Public Service Commission Board,

Agency Service Delivery Statements and annual reporting to Parliament.

Our accountabilities

In August 2012, Strategic Cabinet tasked the PSC with the following accountabilities:

- performance frameworks to ensure alignment of departmental objectives with government priorities
- lead change management with an emphasis on:
 - innovative reform
 - internal communication
 - industrial relations
 - capability building
- refresh public sector values to align with government's customer-focussed agenda.

Our strategic objectives

Over the next four years, the PSC will focus on our strategic objectives to deliver on our accountabilities.

1. To secure and maximise business flexibility in an environment of renewal and reform.
2. To contain employee related costs.
3. To drive a high performance culture with chief executive officer and senior executive service cohorts.
4. To provide independent, strategic advice and expertise to Ministers and Chief Executives.

Looking forward 2013-14

During 2013-14, the PSC will:

- drive renewal of workplace culture, and work with chief and senior executives to embed refreshed values within our behaviours and work practices
- develop a whole-of-government workforce planning framework and support departments in the development of their agency strategic workforce plans
- commence the development of a whole-of-government strategic workforce plan
- continue with the implementation of enhanced performance frameworks for senior executives
- continue to develop executive and manager capability through targeted, high quality development programs and initiatives
- implement relevant recommendations from the Commission of Audit and the Review of the Crime and Misconduct Commission
- continue to lead, coordinate and provide strategic oversight of the Public Sector Renewal Program across all line agencies and whole-of-Government transformational change initiatives
- continue to support agencies in aligning executive management structures to the public service staffing model, reducing layers of management
- develop a new streamlined classification structure across the public sector
- lead the transformation of corporate services.

Performance

- Securing and maximising flexibility*
- Managing and supporting the workforce*
- Driving a high performance culture*
- Providing independent, strategic advice and expertise*
- Renewing the public sector*



Securing and maximising business flexibility

Red tape reduction

The PSC issued directives in mid-2012 to support the government's renewal agenda by removing provisions in agreements and awards that inhibited transformational change. Amendments to the *Industrial Relations Act 1999* gave effect to the intent of the directives, which also protected employees' personal information being released to a third party.

The PSC continued to review and simplify directives, guidelines and whole-of-government policies to reduce red tape and meet the workplace reform objectives of government by making it easier for agencies and managers to manage their employees and workloads. Based on feedback from agencies and employees, key policy changes were made to support high performance being embedded into the core business of agencies instead of being a compliance driven process. As a result of the review, 33 instruments (directives, guidelines and policies) have been or are proposed for repeal and a further 15 instruments streamlined during the 2012-13 financial year, which is a 32 per cent reduction to the number of existing instruments.

Legislative reform agenda

In 2012-13 the PSC worked to remove prescription and red tape and create a legislative reform agenda that creates flexibility through the removal and remodelling of structural impediments.

The PSC led a number of key initiatives to support the government's efforts to renew and reform the public sector, including the introduction and passage of the *Public Service and Other Legislation Amendment Bill* in August 2012. The Bill included a number of administrative changes to enable more efficient administration of appeals and public interest disclosures. The amendments resulted in, as of 1 January 2013, the last step in the complete transfer of the public sector appeals function to the Queensland Industrial Relations Commission (QIRC) and the Queensland Ombudsman taking over administration of the *Public Interest Disclosure Act 2010*.

The Together Union and the Australian Workers Union challenged the constitutional validity of the Public Service and Other Legislation Amendment Act 2012 in the Queensland Court of Appeal. In a unanimous decision released on 14 December 2012, the Court dismissed the appeal and upheld the validity of the legislation. The Australian Workers Union sought leave to appeal the decision to the High Court, and this application was heard on 6 June 2013 and dismissed.

The PSC continues to address the need for greater workforce flexibility and mobility within the public sector by removing restrictive workplace practices, in line with Queensland Government's response to the Commission of Audit final report.

Building capability

The PSC is focused on building the leadership capability of the sector to meet the challenges of the future. The PSC offers a range of leadership and development initiatives which include a focus on developing executives and emerging leaders, and in 2013 established the Executive Capability Assessment and Development (ECAD) initiative. Data from the ECAD initiative will support executives to identify their strengths and development priorities, and enable the PSC to design tailored development strategies.

The PSC Advisory Service changed its operations in April 2013 to help build employee capability in agencies. Inquiries about workplace issues from employees are being referred to agency human resources units or unions rather than PSC employees handling them. PSC employees advise agency human resources and industrial relations practitioners to help build skills and knowledge within agencies. The advisory service will continue to support agencies with complex enquiries.

Performance management

A revised discipline guideline issued in March 2013 sets out a more streamlined way for managers to deal with performance and discipline issues, cutting red tape and encouraging managers to act early. In support, the PSC delivered a series of workshops to build managers' and supervisors' skills in dealing with poor performance or conduct. This is in line with government's response to Queensland Commission of Audit recommendation 139, where the PSC is already working to better support chief executive officers in discharging their accountabilities.

Decentralisation

Queensland Government entities from Brisbane and existing local government employees will be moving into leased space in the new Icon Ipswich building from October 2013. The PSC worked with the Department of Housing and Public Works in 2012-13 to identify suitable government tenants from Brisbane to fulfil the previous government's commitment to leasing space.

Crime and Misconduct Commission

The Crime and Misconduct Commission (CMC) was the subject of two independent reports released in early 2013: the report by the Honourable Ian Callinan AC and Professor Nicholas Aroney on their review of the *Crime and Misconduct Act 2001*, and the report by the Parliamentary Crime and Misconduct Committee of their inquiry into the CMC's release and destruction of Fitzgerald Inquiry documents. The PSC is working with the Department of Justice and Attorney-General, the Department of the Premier and Cabinet and the CMC to develop government responses to these reports that address the agreed recommendations and present a plan for the future of the CMC. This work will continue in 2013-14 with the outcomes to inform any further implementation of Queensland Commission of Audit recommendation 141, which states that the public service agencies and managers should be responsible and accountable for management of minor misconduct matters, with the PSC providing oversight and review.

Managing and supporting the workforce

Strategic workforce management

The PSC has a critical role in leading and guiding the sector's approach to strategic workforce management.

Plans are in place to develop a whole-of-government strategic workforce plan as part of the broader agenda to improve the quality and effectiveness of the public sector, which aligns with the Queensland Commission of Audit recommendations 126 and 127.

The PSC will also work closely with departments to provide support for the development of agency five year strategic workforce plans, in line with Queensland Commission of Audit recommendation 125.

In 2012-13, the PSC implemented an Establishment Management Program to ensure that all public sector recruitment focused on filling critical service delivery roles, and that staffing levels are managed within stated budgets. At the same time, to assist agencies undertaking programs of workplace change and renewal, the PSC put in place a program to match surplus employees to appropriate vacancies. In 2012-13, more than 70 per cent of those employees seeking alternative placement were found appropriate positions. To support all employees affected by workplace change, government has funded and enhanced the PSC-managed employee assistance program to assist employees re-entering the job market with professional career advice and re-training.

To ensure that better and more accurate workforce data is captured, a revised data system was introduced in late 2012 to more accurately capture employee occupational data through Australian and New Zealand Standard Classification of Occupations coding. The new system will enable better workforce planning, monitoring and reporting.

Industrial relations

PSC's industrial relations team worked with agencies, public sector entities and government owned corporations to negotiate 19 new enterprise bargaining agreements in 2012-13. All agreements comply with the applicable government wages policy.

State public sector agreements successfully negotiated and the outcomes

Building and Asset Services	2.20%
CITEC	2.20%
Commission for Children and Young People and Child Guardian	2.20%
GoPrint	2.35%
Maritime Safety Queensland	2.35%
Medical Officers	2.50%
Office of the Information Commissioner	2.20%
Q-Comp	2.20%
QFleet	2.35%
Queensland Corrective Services	2.20%
Queensland Ombudsman	2.20%
Queensland Police	2.20%
Sales and Distribution	2.35%
Stadiums Queensland	2.20%
State Government Security Service	2.20%
State School Teachers'	2.70%
TAFE Educational Employees	2.20%

Government owned corporation agreements successfully negotiated and the outcomes

Gladstone Ports Corporation	3.50%
SunWater Limited	3.00%

In 2012-13, government proposed a new State Government Departments Certified Agreement (the Core) which covers approximately 50,000 employees. The proposal offered wage increases of 2.35 per cent per annum for three years among a range of other conditions. Government was unable to reach an agreement with the relevant public sector unions. The proposal was not supported by the majority of employees and was subsequently referred to arbitration by the Queensland Industrial Relations Commission (QIRC). The unions made an application to the QIRC for an interim increase to be paid while the matter was being considered. The application by the union was unsuccessful and is subject to further appeal. Hearing dates for the arbitration are yet to be set down.

A pilot review of workforce and industrial relations practice was undertaken in 2012-13. The PSC worked with the Department of Community Safety on the pilot review which found public sector workforce management can improve by:

- developing the capability of human resource, industrial relations and workplace health and safety employees
- using more up-to-date technology
- aligning HR services with strategic plans
- giving senior executives human resources performance benchmarks to achieve.

The findings will inform the PSC's renewal program in 2013-14 and assist other agencies to ensure human resources and industrial relations practice is supporting service delivery as effectively and cost-efficiently as possible.

The PSC continues to work with agencies to reduce friction/dispute costs associated with WorkCover claims, absenteeism, overtime, employee complaints, appeals and investigations.

The PSC is now reporting absenteeism rates and trends on an annual basis, examining how the Queensland public service compares with other jurisdictions and sectors, and working to ensure agencies proactively manage absenteeism.

Cultural capability

Work has begun with the Department of Aboriginal and Torres Strait Islander and Multicultural Affairs to build a more culturally capable public sector workforce and develop strategies to employ more Aboriginal people and Torres Strait Islander people in the Queensland public sector. A network of cultural agency leaders was established in May to influence and drive change across the sector, and provide strong leadership to deliver this important priority.

Graduate portal

Departments hire graduates as a key workforce planning strategy to ensure current and future workforce requirements are met. The PSC provides a single online entry-point for graduate applications to create whole-of-government efficiencies and cost savings.

The Graduate Portal accepts applications from March to October each year. In the reporting period, applications totalled 1840.

Graduate Portal applications

- 1114 applications from Queensland university students (70%)
- 533 applicants with post-graduate qualifications (33%)
- 828 applicants were female (52%)
- 748 applicants were male (47%)
- 1051 applicants were aged 24 years or under (66%)
- 414 applicants were aged 25-35 years (26%)

Driving a high performance culture

Management structures

Agencies across government have implemented or are working towards implementing flatter, more streamlined executive management structures in line with staffing models developed by the PSC. The revised structures support the delivery of core business, while ensuring employee-related costs are contained. This work aligns with government's response to Queensland Commission of Audit recommendation 136 to encourage more streamlined and effective decision-making processes to reduce regulatory and administrative delays.

Performance frameworks

In July 2012 new Chief Executive and Senior Executive Performance Frameworks were introduced to deliver a consistent approach across the sector, ensure greater accountability, and assist in building a performance culture. Performance agreements for all executives are based on the balanced scorecard perspectives: financial; stakeholder and outcome; internal business; and learning and growth. Performance was assessed against nine objectives that support the delivery of the government's renewal agenda as well as departmental priorities. PSC analysed development agreements from 286 senior executives in November 2012 to identify areas of strength and development requirements to tailor future professional development opportunities. Success has been evident by the improvement in chief executive and senior executive focus on planning, in assessing their own performance, and senior executives' participation in PSC development opportunities.

Executive development and engagement

During 2012-13, 1107 senior executives enhanced their leadership skills through a range of offerings. Programs included five executive breakfasts (one in conjunction with the Queensland University of Technology), three executive workshops delivered with the Australia and New Zealand School of Government (ANZSOG), six Women in Senior Executive (WISE) networking events, and two executive seminars.

The PSC extended offerings to include 289 senior officers for the first time in 2012-13 by providing two senior officer seminars, recognising that they play a significant role in public sector leadership.

Nine executives and senior officers were sponsored by PSC to attend ANZSOG's Executive Fellows Program and Executive Master of Public Administration during 2012-13, and 118 emerging leaders completed modules in Queensland University of Technology's Emerging Leaders Program, which now offers additional modules directly relevant to the government's public service renewal agenda.

PSC continued to develop 180 future leaders in 2012-13 through the Public Sector Management and Practical People Management Matters programs.

Providing independent, strategic advice and expertise

Measure the workplace climate

The Working for Queensland Employee Opinion Survey was conducted in June 2013 to invite the views of 215,000 Queensland public service employees across the state on workplace climate. The survey explored factors such as leadership, employee engagement and satisfaction. The whole-of-government survey is expected to reduce costs from duplication of effort.

Over four weeks, more than 80,000 employees from 51 agencies completed the survey. The results will be used to develop workforce improvement strategies at the whole-of-government, agency and work unit levels, and can also be used to compare performance over time and against other jurisdictions. Agencies will receive a summary of their survey findings in September 2013. Results will be published in November 2013 in the Public Service Commission's State of the Service Report 2013.

Leadership and partnerships

The PSC has built credibility and become a trusted advisor by building capacity with the Department of the Premier and Cabinet and Queensland Treasury and Trade as a lead agency, and by developing partnerships with the Public Sector Renewal Board and Commission of Audit.

Renewing the public sector

Public Sector Renewal Program

The Queensland Government is renewing the public sector to make it the best in the nation. A Public Sector Renewal Board (*see page 25*) provides advice to government on innovative transformational change across the sector, with a focus on finding better ways to deliver better services.

The Renewal Program moved to the Public Service Commission in February 2013 in a machinery-of-government change.

In 2012-13, the PSC supported six agencies to undertake in-house renewal reviews, to identify and implement opportunities to improve the way they work and the services they provide to Queenslanders. All government departments will complete the in-house renewal reviews by the end of calendar year 2013, and continue work to implement renewal initiatives into 2013-14 and beyond.

The PSC is engaged in a number of whole-of-government initiatives to improve the efficiency and effectiveness of government services and deliver better outcomes for Queenslanders.

In December 2012 a review of the government's \$10.9 billion annual goods and services spend recommended taking an innovative, one-government approach to deliver better value for money. Commission chief executive Ian Maynard is co-sponsor of this procurement transformation project. In 2012-13, work began on the first wave of reform. This aims to deliver \$60-120 million in benefits in the second quarter of the 2013-14 financial year as well as a way forward for ongoing procurement reform.

The PSC supported a high-level diagnostic review of corporate services delivery across 20 government departments in late 2012. The review found that a number of improvements could be made to ensure effective and sustainable service delivery within current resourcing. To implement the review's recommendations, PSC resourced a taskforce to work with departments to simplify and reform corporate processes, reduce red tape, build corporate capability and investigate alternative delivery models, to ensure that corporate areas deliver quality, cost-effective services to

departments. This work aligns with the Commission of Audit recommendations 144 – 146 for corporate services, and will continue until early 2014.

Queensland Commission of Audit

Following the release of the Queensland Commission of Audit final report and government response, *A Plan: Better services for Queenslanders* on 30 April 2013, the PSC progressed work to develop a whole-of-government implementation plan for agreed Commission of Audit recommendations and other renewal initiatives. This work will continue in 2013-14.

Renewing public sector culture and values

The PSC undertook a state-wide engagement with employees and senior executives to refresh the Queensland Public Service values and develop a whole-of-Government transformation roadmap and implementation strategy, for delivery in 2013-14. This included conducting interviews with 22 chief executives, an online pulse survey with 16,957 responses, 30 forums with 830 executives, and 128 forums with 3888 employees. Renewing the public service culture and values is key to the success of the government's broader renewal agenda, is fundamental to delivering on the vision and goal, and directly supports the government's response to Queensland Commission of Audit Recommendation 124 that the goal of the public sector is to be the best in the nation.

Ethical standards

Supporting integrity and accountability

The Code of Conduct

Working together for greater integrity and accountability



Supporting integrity and accountability

As lead agency for implementing integrity and accountability under the *Public Sector Ethics Act 1994*, the PSC:

- manages and reviews the *Code of Conduct for the Queensland Public Service*
- approves standards of practice for agencies
- provides ethics advice and resources to agencies.

The Code of Conduct

The code applies to a significant number of agencies and their employees under one set of conduct standards.

In 2012 the PSC improved and streamlined the operation of the *Public Sector Ethics Act 1994* by changing the requirement for employees to undertake annual ethics training as part of induction programs and regularly throughout employment.

The PSC also approved the Department of Education, Training and Employment and Queensland Police Service revised *Standard of Practice*, which clarifies the additional ethical obligations for the department's employees.

Working together for greater integrity and accountability

The PSC provides information and advice on integrity and accountability through:

- the Queensland Public Sector Ethics Network
- the PSC Advisory Service which responded to 252 ethics-related enquiries, most about complaints processes.

Capacity

Building capacity to meet business needs

Focusing on our people

Corporate governance

Focusing on our people

PSC employees come from diverse backgrounds and bring with them a wide range of skills, knowledge and experience.

During the 2012-13 financial year, there have been a number of changes to the PSC.

- The Public Sector Renewal Program moved to the PSC from the Department of the Premier and Cabinet (DPC) in a machinery-of-government change in February 2013.
- Changes to administrative arrangements saw public interest disclosures transition to the Queensland Ombudsman.
- Public service appeals registry function for receiving and handling appeals transitioned to Queensland Industrial Relations Commission from 1 January 2013.
- DPC and the PSC realigned corporate services resources and processes to achieve efficiencies for both agencies.

These changes bring better alignment and strategic direction to the PSC's operations as it works with agencies to achieve the government's vision for public sector renewal. The PSC remains dedicated to its employees and provides a fair and productive work environment that contributes to a positive work-life balance.

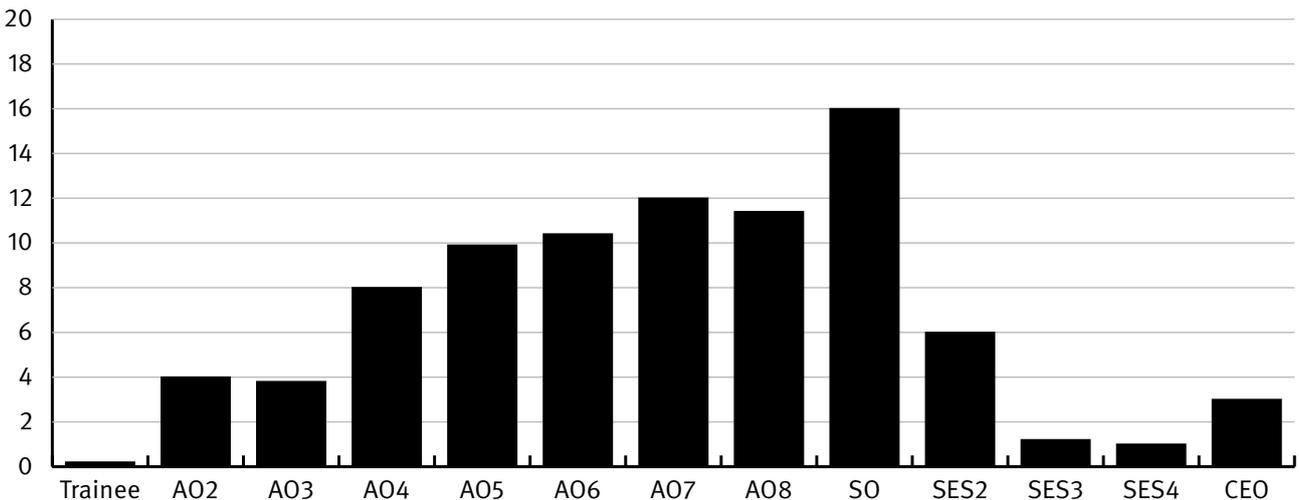
Profile of our workforce

As at 30 June 2013, there were 89.7 full-time equivalent (FTE) employees within PSC, representing an increase of approximately 13% on last year's total of 79. The FTE figure does not include 11 additional FTEs who were working on PSC projects but remained on their host agency payroll.

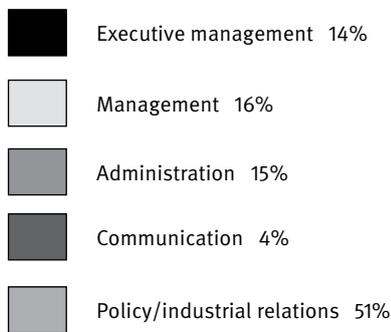
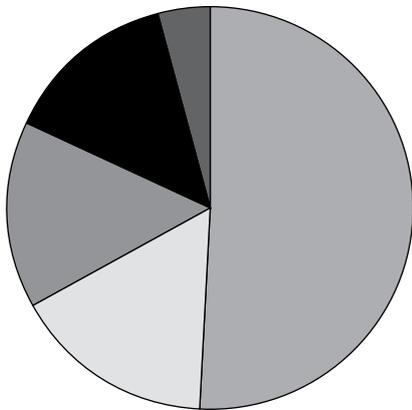
Factors impacting on the full-time equivalent staffing of the PSC this year include:

- addition of 17 FTEs for the Office of Public Sector Renewal, which transferred from the DPC
- addition of 10 temporary FTEs for the Corporate Services Renewal Taskforce to implement the findings of the whole-of-government review of corporate services finalised late in 2012
- addition of four temporary FTEs for recent initiatives, such as the whole-of-government culture and values renewal program
- transfer out of two FTEs to the Queensland Ombudsman for the Public Interest Disclosure function
- transfer out of three corporate service FTEs to the DPC.

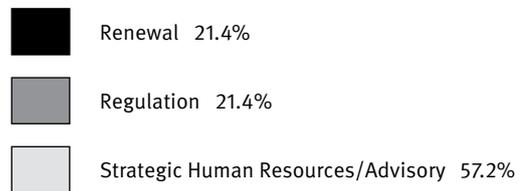
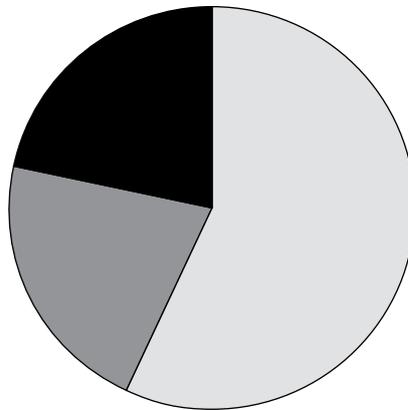
Classification levels



Staff sectors



Staff functions



Information Technology

The PSC continued to leverage information technology (IT) efficiencies by hosting PSC’s IT requirements on DPC’s network. PSC consolidated the fleet of desktop computers to meet the growth in employee numbers, as well as utilising more mobile devices to allow employees to remain connected with the office, regardless of their location. This financial year the PSC started planning the installation of an office wireless network, to be installed in 2013-14.

Employee achievements

The Department of the Premier and Cabinet Achievement Awards recognise outstanding achievements by employees from all agencies in the Premier’s portfolio, including PSC, Arts Queensland and the Office of the Queensland Parliamentary Counsel.

This year, four teams – Chief and Senior Executive Services, Industrial Relations, Performance and Review, and Workforce Strategy – and Kurt Marsden, Executive Director, Workforce Strategy, received awards.

Trainees

PSC is committed to providing employment and training opportunities for young people. Mikhalyn Locke is approaching completion of her school-based traineeship, as she works to complete her Grade 12 studies. The PSC continued to sponsor Larissa Ferguson in the Queensland Government’s Education 2 Employment scheme. Under this scheme, agencies financially sponsor Indigenous students to encourage them to complete their high school education.

Voluntary redundancy program

A program of redundancies was implemented during 2012-13. During the period, 11 employees received redundancy packages at a cost of \$1.145 million. Employees who did not accept an offer of a redundancy were offered case management for a set period of time, where reasonable attempts were made to find alternative employment placements. One employee was transferred into another role within the Queensland public service, and one employee sought a permanent role in other agencies through the Employees Requiring Placement program.

Significant arrivals

Philip Reed started in the role of Chief Executive Officer, Capability Development with the PSC in April 2013. With an extensive 30-year career as a public servant, Philip is well placed to lead the PSC's work to build capability in the Queensland public sector to foster fresh thinking, introduce new ideas and generate knowledge transfer.

Peter McKay joined the PSC in April 2013 as Deputy Commissioner, Workforce Reform. Peter has a strong background in public sector industrial relations and held senior leadership roles in corporate services, policy and service delivery – most recently as Deputy Director-General, Corporate in the Department of Agriculture, Fisheries and Forestry. Peter leads the corporate services renewal and the industrial relations reform programs, and delivery of chief and senior executive services.

Corporate governance

Governance for performance

Our corporate governance framework ensures we:

- meet our statutory responsibilities under the *Public Service Act 2008* and other legislation
- improve service delivery through an ongoing quality improvement program
- integrate risk management into organisational activity
- effectively and efficiently manage and report on performance.

By employing a range of internal and external accountability measures, we ensure the PSC conducts business with integrity and transparency.

External accountability measures

These external bodies and measures ensure the PSC's accountability:

- Estimates Committee
- external audit conducted by the Queensland Audit Office
- Right to information / information privacy legislation
- *Public Service Act 2008*
- annual reporting process.

External accountability measures

Measure	Description	Outcome
Public Service Commission	Independent advisory board to the Queensland Government on strategic matters concerning public sector management, development and reform	
Estimates Committee	Scrutinises recent and future financial and non-financial performance	Accountability, transparency, high performance and compliance with statutory requirements
External audit	Ensures compliance with financial management requirements	
Right to information / information privacy	Ensures proper processes are in place for providing the public with access to documents and for safeguarding the privacy of personal information	
<i>Public Service Act 2008</i>	Ensures the public sector's human resource management and capability is enhanced	
Annual report	Reports on all significant activities undertaken each financial year	

Commissioners

The Chairperson of the Commission plays an independent advisory role to the Queensland Government on strategic matters concerning public sector management, renewal and reform.

The following arrangements are in place to assist the Chair to monitor, review and provide strategic input into the management of the public sector:

- quarterly meetings
- the Commission Chief Executive and Chairperson meet as regularly as required; and
- the Commission Chief Executive and Chairperson meet with the Premier to discuss issues of strategic importance concerning the sector.

The commissioners are:

- Doug McTaggart – Chairperson
- Jon Grayson – Director-General, Department of the Premier and Cabinet
- Helen Gluer – Under Treasurer
- Ian Maynard – Commission Chief Executive, Public Service Commission.

Public Sector Renewal Board

The Premier established the Public Sector Renewal Board in June 2012 to oversee, and provide advice to Cabinet on, public sector renewal.

The members of the board are:

- Director-General, Department of the Premier and Cabinet, Jon Grayson (Chair)
- Under-Treasurer, Helen Gluer
- Chairperson of the Public Service Commission, Dr Doug McTaggart
- Chancellor of University of Western Sydney, Professor Peter Shergold AC
- New South Wales Premier's ANZSOG Chair of Public Service Delivery, Professor Gary Sturgess AM.

Estimates Committee

The PSC attends the annual examination of the Parliamentary Estimates, specifically the Finance and Administration Committee hearing as part of the Premier's portfolio. The estimates process aids the Parliament in its scrutiny of the government's proposed expenditure. The Premier, supported by senior departmental employees such as the Commission Chief Executive, appears before a committee of parliamentarians to answer questions about information contained in the Service Delivery Statement. The committee's report is debated by the Parliament as part of the budget process.

External audit

The PSC met timeframes for the preparation of the financial reports for 2012-13.

The audit report and certificate are in the *Financial Statements* of this report. The Auditor-General's delegate has certified without qualification that we have complied with financial management requirements and that our financial statements are accurate and fair.

Right to information / information privacy

The PSC is bound by the *Right to Information Act 2009* and the *Information Privacy Act 2009*.

The *Right to Information Act 2009* provides access to information held by the government, unless it is contrary to the public interest.

The *Information Privacy Act 2009* has two objectives:

1. the fair collection and handling of personal information in the public sector environment
2. a right of access to, and amendment of, personal information in the government's possession or under the government's control, unless it is contrary to the public interest.

In 2012-13 PSC received 15 right to information applications and no information privacy applications. A full summary of applications received and processed, including their nature and outcomes, can be found in *Appendix 1*.

A total of \$567 in application fees and \$380.55 in processing fees were collected in 2012-13.

Annual Report

The 2011-12 Annual Report was tabled in Parliament in September 2012 and is one of the key vehicles used to report on our activities as part of our governance framework.

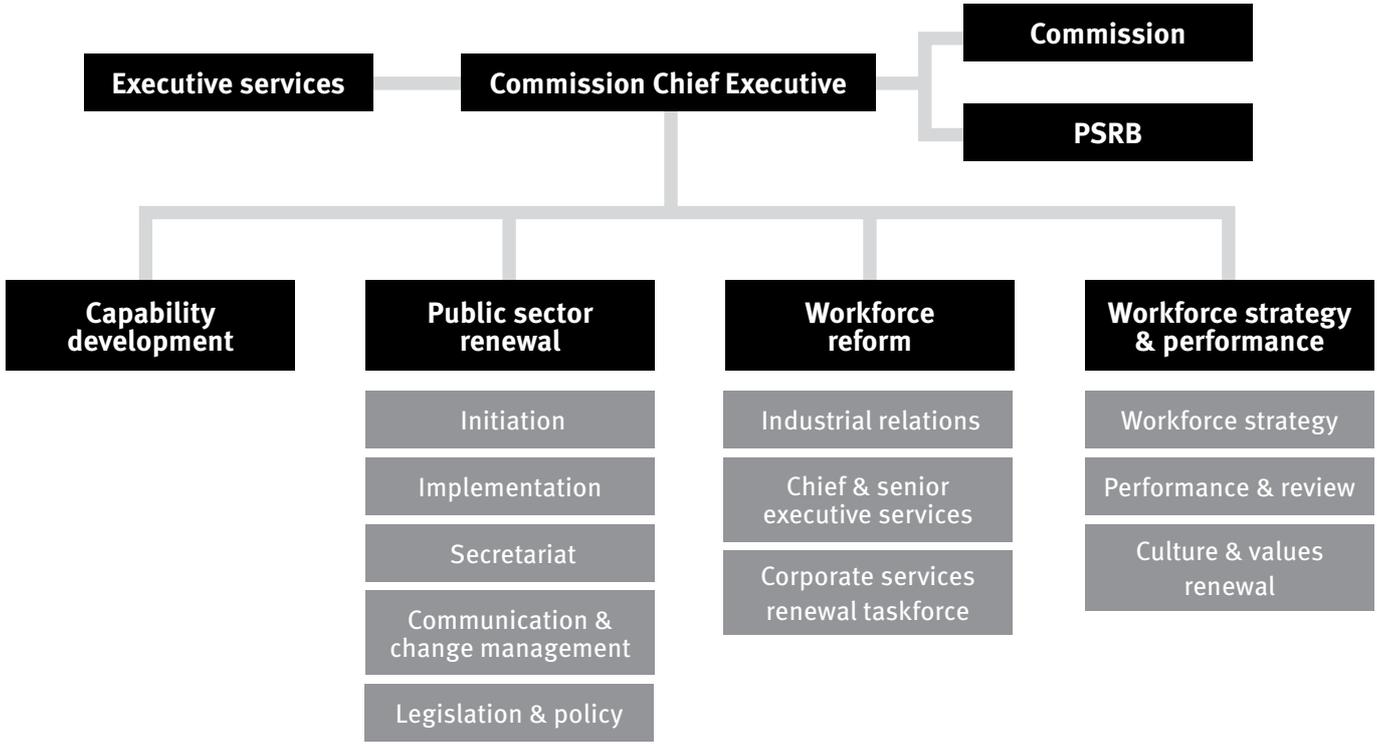
Internal accountability measures

The PSC attains its accountability objectives through internal measures including:

- Executive Management Team
- Audit and Risk Management Committee
- Internal Audit.

Queensland Premier

The Public Service Commission and the Public Sector Renewal Board (PSRB) are independent advisory boards to the Queensland Government on strategic matters covering public sector management, development and renewal



- Core functions**
- ▶ Enhance human resource management and capability
 - ▶ Oversight renewal of the Queensland public sector
 - ▶ Provide industrial and employee relations strategy and policy advice
 - ▶ Review and improve the overall effectiveness and efficiency of the public sector

Stakeholders

Collaborative partnerships through policy and programs

Public sector
 Supporting a high-performing, innovative and efficient public sector

Capacity

Executive Management Team

As the primary decision-making body for the PSC, the Executive Management Team guides strategic priorities, facilitates engagement with the commission and the Public Sector Renewal Board, and ensures PSC's performance satisfies strategic and statutory responsibilities. Members meet weekly to discuss operational and strategic issues.

The Executive Management Team comprises:

- Commission Chief Executive
- Deputy Commissioner, Workforce Strategy and Performance
- Deputy Commissioner, Workforce Reform
- Deputy Commissioner, Renewal
- Chief Executive Officer, Capability Development.

Remuneration of the Executive Management Team is listed on pages 59-60 of the *Financial Statements* in this report.

Senior Leadership Team

The Senior Leadership Team supports the Executive Management Team to implement plans and share information to ensure the PSC operates efficiently and effectively.

The Senior Leadership Team meets fortnightly and comprises:

- Deputy Commissioner, Workforce Strategy and Performance
- Deputy Commissioner, Renewal
- Deputy Commissioner, Workforce Reform
- Chief Executive Officer, Capability Development
- Executive Director, Renewal
- Executive Director, Chief & Senior Executive Services
- Executive Director, Industrial Relations
- Executive Director, Legislation and Policy
- Executive Director, Workforce Strategy
- Executive Director, Performance and Review
- Executive Director, Corporate Services Renewal Taskforce
- Director, Executive Support Services
- Director, Culture and Values
- Manager, Communication and Media.

Measure	Description	Outcome
Executive Management Team	Develops corporate plans and ensures performance satisfies PSC strategic priorities and statutory responsibilities	
Audit and Risk Management Committee	Provides independent assurance and advice to the Commission Chief Executive on: <ul style="list-style-type: none"> • risk, control and compliance frameworks • external accountability responsibilities as prescribed in the <i>Financial Accountability Act 2009</i> and the <i>Financial Accountability Regulation 2009</i> 	Accountability, transparency, high performance and compliance with statutory requirements
Internal Audit	Conducts independent reviews and evaluations of PSC financial management functions and reports findings and recommendations to the Commission Chief Executive	

Audit and Risk Management Committee

As part of their corporate services realignment, the PSC and the Department of the Premier and Cabinet (DPC) formed a joint Audit and Risk Management Committee.

The Audit and Risk Management Committee provides independent assurance and assistance to the PSC and DPC on:

- risk, control and compliance frameworks
- external accountability responsibilities as prescribed in the *Financial Accountability Act 2009* and the *Financial Accountability Regulation 2009*.

The committee provides prompt and constructive advice to the PSC, particularly when issues are identified that could present a material risk or threat.

The Audit and Risk Management Committee comprises:

- Graham Carpenter – Chair
- Pat Vidgen – Deputy Director-General, Governance, Department of the Premier and Cabinet
- Peter McKay – Deputy Commissioner, Workforce Reform, Public Service Commission
- Judy Dudurovic – Head of Internal Audit, Department of the Premier and Cabinet
- Dee Mundell – Chief Financial Officer, Department of the Premier and Cabinet
- Michael Keane – Director, Queensland Audit Office.

Both chief executive officers of DPC and PSC, while not official members of the Audit and Risk Management Committee, have an open invitation to attend meetings when they are available. The committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management team members, or the reporting lines and responsibilities of either internal or external audit functions.

Internal audit

Deloitte Australia conducts the PSC's internal audit under a service level agreement. Deloitte meets with the Audit and Risk Management Committee to establish a schedule of activities for examination. The PSC provides the schedule to the Queensland Audit Office to use for its annual external audit of the PSC.

Shared service provision

The PSC has a service level agreement with the Department of the Premier and Cabinet for human resources, finance and information technology (IT) services via Queensland Shared Services and Ventyx. The Commission Chief Executive, Director, Executive Support Services, Deputy Director-General, Corporate Governance and the Head of Internal Audit and the Chief Financial Officer, Department of the Premier and Cabinet meet regularly throughout the year.

Overseas travel

No employees of the PSC travelled overseas on official business in 2012-13.

Consultancies and contractors

Total expenditure on consultancies was \$1,380,254 as presented in the table below.

Consultancies	Amount
Deloitte	\$585,000
Ernst & Young	\$484,721
KPMG	\$11,207
Mercer	\$145,276
Merit Solutions	\$26,999
Peach Consulting	\$32,400
Rowlands	\$51,651
Talent 2	\$43,000
Total	\$1,380,254

Total expenditure on contractors was \$1,025,641 as presented in the table below.

Contractors	Amount
AEC	\$60,491
Allied Pickfords	\$2,340
Aust Election Company	\$6,025
CBC Staff Selection	\$10,406
Corporate Games	\$98,264
Corptech	\$17,149
Deaf Services Qld	\$1,064
Deloitte	\$19,974
Delta Management	\$26,600
Dick Gantly	\$4,700
Doug Ly	\$2,121
DPC (ICT)	\$54,696
Eden Ritchie Recruitment	\$32,300
Hays	\$69,919
I Heart My Peeps	\$6,407
J&B Personnel	\$5,479
Korn Ferry International	\$1,100
Lee Hecht Harrison	\$9,250
McArthur Management Services	\$84,740
Merit Solutions	\$4,608
Mesa Paradigm	\$720
ORC International	\$135,267
Precruitment	\$4,800
Prof. Gary Sturgess	\$2,800
Qld Shared Services	\$119
Randstad	\$207,056
Russo Recruitment	\$70,385
Salmat Business Force PT Ltd	\$25,707
Six String Design	\$290
Sputnik Campaigns	\$3,955
Taylor Nelson Sofres Australia	\$46,000
Top Office Personnel	\$10,909
TOTAL	\$1,025,641

Purchasing and tendering

The PSC complies with the State Purchasing Policy and consistently applies a transparent methodology to:

- advance our priorities
- obtain value for money
- purchase with probity and accountability.

Financial Summary



Financial Summary 2012-13

The financial summary provides an overview of the Public Sector Commission's (PSC) financial performance for the 2012-13 financial year. A detailed report of the PSC's financial performance is attached in the financial statements included in this annual report.

The Commission Chief Executive has nominated Ms Dee Mundell CPA to assume the responsibilities of Chief Finance Officer for the PSC. During 2012-13, Ms Mundell fulfilled the responsibilities required by section 77 of the *Financial Accountability Act 2009*. The Commission Chief Executive has been provided with a statement by the Chief Finance Officer for the 2012-13 financial year. The statement confirms the PSC's financial internal controls are operating efficiently, effectively and economically.

Comparison between Budget and Actual Results for 2012-13.

	Actual 2012-13 \$'000	Original Budget 2012-13^ \$'000	Variance \$'000
Income from Continuing Operations			
Service Revenue	19,515	18,022	1,493
User charges	268	569	(301)
Grants and other contributions	157	301	(144)
Other revenue	80	150	(70)
Gain on Sale	-	-	-
Total Income from Continuing Operations	20,020	19,042	978
Expenses from Continuing Operations			
Employee expenses	12,103	11,916	187
Supplies and services	7,713	6,755	958
Grants and subsidies	-	95	(95)
Depreciation and amortisation	187	236	(49)
Impairment Loss	-	-	-
Revaluation decrement	-	-	-
Finance/borrowing costs	-	-	-
Other expenses	32	40	(8)
Total Expenses from Continuing Operations	20,034	19,042	992
Operating Result from Continuing Operations	(14)	-	(14)

^ The original budget refers to budget papers as published in the 2012-13 Service Delivery Statements.

Income

Total Income was \$20.020 million for the full year. This represents an increase of 5 per cent from the original budget.

The majority of revenue is appropriation funding from Queensland Treasury and Trade. The variance from the original budget is due to:

- machinery-of-government changes for the Office of Public Sector Renewal transferring to the PSC from the Department of Premier and Cabinet, PSC Corporate Services transferring from the PSC to the Department of Premier and Cabinet, and the transfer of the Public Interest Disclosure function to the Queensland Ombudsman
- additional funding provided during the year for voluntary redundancy payments
- reallocation and deferral of project funding for completion in 2013-14.

User charges and grants and contributions have decreased due to the cessation of Workplace Consulting Services provided and a decrease in contributions for programs co-ordinated by the PSC.

Other revenue reflects contract management fees derived from learning and development programs co-ordinated by the PSC, with a decrease in this revenue due to a lower demand for these programs.

Expenditure

The PSC's total expenditure for the year was \$20.034 million, and represents an increase of 5 per cent from the original budget.

Employee expenses increased for voluntary redundancy payments. Supplies and services increased due to costs associated with implementing the Enhanced Employee Assistance Program and costs with undertaking a number of whole of government renewal projects.

Operating Result

The PSC recorded a deficit of \$0.014 million due to scholarship places allocated from residual funds held on account of the Public Sector Management Program (PSMP).

The PSMP is a joint undertaking between federal, state and territory governments, and is a leadership and management education program for the public sector senior and middle managers and emerging leaders.

In late 2011 a tender process was completed for the provision of future offerings to be undertaken by an external provider. The contract was awarded to Queensland University of Technology (QUT) for three years until 2014. With the successful awarding of the contract, the PSC is no longer financially responsible for the provision of this program.

Balance Sheet

	Actual 2012-13	Original Budget	Variance
	\$'000	2012-13	\$'000
		\$'000	\$'000
Current Assets			
Cash and cash equivalents	2,130	926	1,204
Receivables	699	421	278
inventories	-	-	-
Other current assets	29	200	(171)
Total Current assets	2,858	1,547	1,311
Non-current Assets			
Receivables	-	-	-
Intangible assets	-	-	-
Property, plant and equipment	1,737	1,782	(45)
Total Non-current assets	1,737	1,782	(45)
Total Assets	4,595	3,329	1,266
Current Liabilities			
Payables	2,161	975	1,186
Other financial liabilities	118	118	-
Accrued employee benefits	327	232	95
Total Current liabilities	2,606	1,325	1,281
Non-current Liabilities			
Other financial liabilities	1,026	1,027	(1)
Total Non-current liabilities	1,026	1,027	(1)
Total Assets	3,632	2,352	1,280
Net Assets	963	977	(14)
Equity			
Contributed equity	934	934	-
Accumulated surplus	29	43	(14)
Total Equity	963	977	(14)

The PSC has maintained a sound asset position throughout the year. The variance for cash and payables is due to the timing differences in the payment of creditors.

Comparison between Actual Results for 2012-13 and 2011-12

	Actual 2012-13 \$'000	Actual 2011-12 \$'000	Variance \$'000
Income from Continuing Operations			
Service Revenue	19,515	14,545	4,970
User charges	268	744	(476)
Grants and other contributions	157	1,137	(980)
Other revenue	80	61	19
Gain on Sale	-	-	-
Total Income from Continuing Operations	20,020	16,487	3,533
Expenses from Continuing Operations			
Employee expenses	12,103	11,487	616
Supplies and services	7,713	5,137	2,576
Grants and subsidies	-	40	(40)
Depreciation and amortisation	187	197	(10)
Impairment Loss	-	-	-
Revaluation decrement	-	-	-
Finance/borrowing costs	-	-	-
Other expenses	32	48	(16)
Total Expenses from Continuing Operations	20,034	16,909	3,125
Operating Result from Continuing Operations	(14)	(422)	408

Income

Service revenue increased by 34 per cent due to additional appropriation funding provided for voluntary redundancy payments, changes to funding model for sector wide development programs co-ordinated by the PSC, completion of the Enhanced Employee Assistance Program, and for machinery of government transfers completed during the year.

User charges and grants have reduced by 77 per cent due to the changing of the funding model of sector wide development programs co-ordinated by the PSC and the cessation of Workplace Consulting activities.

Expenditure

Employee expenses increased for voluntary redundancy payments and the net effect of machinery-of-government changes throughout the year. Supplies and services increased due to costs associated with implementing the Enhanced Employee Assistance Program, and costs with undertaking a number of whole-of-government renewal projects.

Operating Result

With the outsourcing of the PSMP, the deficit position reduced significantly due to the completion of the PSC's financial responsibility of the PSMP.

Balance Sheet

	Actual 2012-13 \$'000	Actual 2011-12 \$'000	Variance \$'000
Current Assets			
Cash and cash equivalents	2,130	909	1,221
Receivables	699	651	48
Inventories	-	-	-
Other current assets	29	200	(171)
Total Current assets	2,858	1,760	1,098
Non-current Assets			
Receivables	-	-	-
Intangible assets	-	-	-
Property, plant and equipment	1,737	1,916	(179)
Total Non-current assets	1,737	1,916	(179)
Total Assets	4,595	3,676	919
Current Liabilities			
Payables	2,161	1,206	955
Other financial liabilities	118	118	-
Accrued employee benefits	327	230	97
Total Current liabilities	2,606	1,554	1,052
Non-current Liabilities			
Other financial liabilities	1,026	1,145	(119)
Total Non-current liabilities	1,026	1,145	(119)
Total Assets	3,632	2,699	933
Net Assets	963	977	(14)
Equity			
Contributed equity	934	934	-
Accumulated surplus	29	43	(14)
Total Equity	963	977	(14)

Financial Statements

for the year ended 30 June 2013



Financial Statements 2012-13

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Statement of Changes in Equity.....	41
Statement of Cash Flows	42
Notes to and Forming Part of the Financial Statements.....	43
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These financial statements cover the Public Service Commission.

The Public Service Commission was established under the Public Service Act 2008.

The Commission is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the Commission is:

Level 13
53 Albert Street
BRISBANE QLD 4000

A description of the nature of the Commission's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Commission's financial statements please call 3003 2800, email commission.psc@psc.qld.gov.au or visit the Commission's internet site www.psc.qld.gov.au.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Statement of Comprehensive Income

for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Income from Continuing Operations			
Departmental services revenue	3	19,515	14,545
User charges	4	268	744
Grants and other contributions	5	166	1,137
Other revenue	6	71	61
Total Income from Continuing Operations		20,020	16,487
Expenses from Continuing Operations			
Employee expenses	7	12,103	11,487
Supplies and services	9	7,713	5,137
Grants and subsidies	10	-	40
Depreciation	11	187	197
Other expenses	12	31	48
Total Expenses from Continuing Operations		20,034	16,909
Operating Result for the Year		(14)	(422)
Other Comprehensive Income		-	-
Total Comprehensive Income		(14)	(422)

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Current Assets			
Cash and cash equivalents	13	2,130	909
Receivables	14	699	651
Other current assets	15	29	200
Total Current Assets		2,858	1,760
Non Current Assets			
Plant and equipment	16	1,737	1,916
Total Non Current Assets		1,737	1,916
Total Assets		4,595	3,676
Current Liabilities			
Payables	17	2,161	1,206
Accrued employee benefits	18	327	230
Other current liabilities	19	118	118
Total Current Liabilities		2,606	1,554
Non Current Liabilities			
Other non current liabilities	19	1,026	1,145
Total Non Current Liabilities		1,026	1,145
Total Liabilities		3,632	2,699
Net Assets		963	977
Equity			
Contributed equity		934	934
Accumulated surplus		29	43
Total Equity		963	977

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2013

	Contributed Equity \$'000	Accumulated Surplus \$'000	TOTAL \$'000
Balance as at 1 July 2011	930	465	1,395
Operating Result from Continuing Operations	-	(422)	(422)
<i>Transactions with Owners as Owners:</i>			
- Net assets transferred via machinery-of-Government change - PSIER	4	-	4
<i>Net Transactions with Owners as Owners</i>	4	-	4
Balance as at 30 June 2012	934	43	977
Balance as at 1 July 2012	934	43	977
Operating Result from Continuing Operations	-	(14)	(14)
Balance as at 30 June 2013	934	29	963

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Departmental Services Revenue		19,489	14,492
User charges		284	794
Grants and other contributions		192	1,174
GST input tax credits from ATO		498	387
GST collected from customers		123	184
Other		71	61
<i>Outflows:</i>			
Employee expenses		(11,696)	(11,430)
Supplies and services		(7,065)	(5,151)
Grants and subsidies		-	(40)
GST paid to suppliers		(508)	(410)
GST remitted to ATO		(123)	(187)
Other		(36)	(36)
Net cash provided by (used in) operating activities	20	1,229	(162)
Cash flows from investing activities			
<i>Outflows:</i>			
Payments for plant and equipment		(8)	(80)
Net cash provided by (used in) investing activities		(8)	(80)
Net increase/(decrease) in cash and cash equivalents		1,221	(242)
Cash and cash equivalents at beginning of financial year		909	1,151
Cash and cash equivalents at end of financial year	13	2,130	909

The accompanying notes form part of these statements.

Notes to and forming part of the financial statements 2012-13

Objectives and Principal Activities of the Commission

- Note 1: Summary of Significant Accounting Policies
- Note 2: Commission's Service
- Note 3: Reconciliation of Payments from Consolidated Fund to Departmental Services Revenue Recognised in Statement of Comprehensive Income
- Note 4: User Charges
- Note 5: Grants and Other Contributions
- Note 6: Other Revenue
- Note 7: Employee Expenses
- Note 8: Key Management Personnel and Remuneration
- Note 9: Supplies and Services
- Note 10: Grants and Subsidies
- Note 11: Depreciation
- Note 12: Other Expenses
- Note 13: Cash and Cash Equivalents
- Note 14: Receivables
- Note 15: Other Current Assets
- Note 16: Plant and Equipment
- Note 17: Payables
- Note 18: Accrued Employee Benefits
- Note 19: Other Liabilities
- Note 20: Reconciliation of Operating Surplus to Net Cash from Operating Activities
- Note 21: Non-Cash Financing and Investing Activities
- Note 22: Commitments for Expenditure
- Note 23: Contingencies
- Note 24: Events Occurring after Balance Date
- Note 25: Machinery-of-Government Transfers
- Note 26: Financial Instruments

Notes to and forming part of the financial statements 2012-13

Objectives and Principal Activities of the Commission

The strategic objectives of the Public Service Commission (the Commission) are to address today's public service environment of complexity, fiscal restraint, reform and increasing community expectations. The Commission's vision is to support a renewed public sector that is efficient and effective, with a culture of strong leadership, high performance and accountability.

The Commission was established on 1 July 2008 under the *Public Service Act 2008*. The Commission's main purpose is to assist in the development and implementation of the Government's efficiency agenda to:

- secure and maximise business flexibility in an environment of renewal and reform
- contain employee related costs
- drive a high performance culture with Chief Executive Officer and Senior Executive Officer cohorts
- provide independent and strategic advice and expertise to Ministers and Chief Executives

The mission of the Commission is to lead the public sector reform agenda in conjunction with the Department of the Premier and Cabinet and Queensland Treasury and Trade.

The Commission provides sound advice on public administration and organisational management and ensures that the Government's most valuable resource – its people – line up in support of government priorities.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Commission has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2013, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Commission has applied those requirements applicable to not-for-profit entities, as the Commission is a not-for-profit agency. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Commission including the Public Sector Management Program (PSMP).

The PSMP, a joint undertaking between federal, state and territory governments, is a leadership and management education program for the public sector senior and middle managers and emerging leaders.

In Queensland, the PSMP was initially hosted by the Commission. Some residual funds are still held for the PSMP and are to be allocated to scholarship places across the Queensland Public Sector in 2014.

In late 2011 a tender process was completed for the provision of future offerings to be undertaken by an external provider. The process was conducted in accordance with the procurement guidelines as outlined by the Queensland Government Chief Procurement Office. The contract was awarded to Queensland University of Technology (QUT) for 3 years until 2014. With the successful awarding of the contract, the Public Service Commission is no longer financially responsible for the provision of this program.

Notes to and forming part of the financial statements 2012-13

(c) Departmental Services Revenue

Appropriations provided under the *Appropriation Act 2012* are recognised as revenue when received. The appropriation receivable reflected in the financial statements as at 30 June 2013 has been approved by Queensland Treasury and Trade and recognised as service revenue.

(d) User Charges and Fees

User charges and fees controlled by the Commission are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related services and/or the recognition of accrued revenue. User charges and fees are controlled by the Commission where they can be deployed for the achievement of the Commission's objectives.

(e) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Commission obtains control over them. Where grants are received that are reciprocal in nature, revenue is progressively recognised over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(f) Special Payments

Special payments include ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009*, the Commission maintains a register setting out details of all special payments greater than \$5,000. There were no special payments made in 2012-13 by the Commission (Note 12).

(g) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with Queensland Treasury Corporation.

(h) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price/program fees. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically for impairment. All known bad debts were written-off as at 30 June 2013.

Notes to and forming part of the financial statements 2012-13

(i) Acquisitions of Assets

Cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland government entity (whether as a result of a machinery-of-Government change or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(j) Plant and Equipment

Items of plant and equipment including leasehold improvements with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition, with those of a lesser value being expensed.

(k) Revaluations of Non-Current Physical Assets

Plant and equipment is measured at cost in accordance with Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

(l) Depreciation of Plant and Equipment

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost of each asset, less its estimated residual value, progressively over its estimated useful life to the Commission.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with property, plant and equipment.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Commission.

The depreciable amount of improvements to leasehold building is allocated over the estimated useful life of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of the lease includes any option period where the exercise of the option is probable.

For each class of depreciable asset the following depreciation rates are used:

Class	Rate %
Plant and equipment:	
Computers	20 - 33
Office equipment	20
Leasehold improvement	8

Notes to and forming part of the financial statements 2012-13

(m) Impairment of Non-Current Assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Commission determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell, and depreciated replacement cost.

An impairment loss is expensed immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Operating lease payments are representative of the pattern of benefit derived from the leased assets and are expensed in the periods in which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities. Amortisation of lease liabilities are allocated between rental expense and reduction of the liability.

The lease incentive has been recognised in the financial statements as a liability consistent with the treatment mandated by AASB Interpretation 115 *Operating Leases* and AASB117 *Leases*. The lease incentive liability is amortised on a straight-line basis over the lease term inclusive of options to extend the lease term and reduce the rent expense by the corresponding amount. Management has estimated that the lease term is shorter than the useful life of the improvement to the Commission.

(o) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30-day terms.

Notes to and forming part of the financial statements 2012-13

(p) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Commission becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

The Commission does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the Commission holds no financial assets classified at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Commission are included in Note 26.

(q) Employee Benefits

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries and Sick Leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

Prior history indicates that on average, sick leave taken in each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual Leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments (as defined in the *Financial Accountability Act 2009*), commercialised business units and shared service providers. Under this scheme, a levy is made on the Commission to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts accrued for annual leave are paid to the scheme quarterly in arrears. Similarly, amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

Notes to and forming part of the financial statements 2012-13

(q) Employee Benefits (cont'd)

From 1 July 2008, no provision for annual leave will be recognised in the Commission's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Long Service Leave

Under the Queensland Government's long service leave scheme, a levy is made on the Commission to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts accrued for long service leave levy are paid to the scheme quarterly in arrears. Similarly, amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the Commission's financial statements, the liability being held on a whole-of-government basis and reported in those financial statements prepared pursuant to AASB1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Commission's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in the Commission's financial statements, the liability being held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Agencies issued by Queensland Treasury and Trade. Refer to Note 8 for the disclosures on key management personnel and remuneration.

(r) Insurance

The Commission's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Commission pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(s) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

(t) Contributed Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 Contributions by *Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

Notes to and forming part of the financial statements 2012-13

(u) Taxation

The Commission is a state body as defined under the Income *Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Commission. As such, GST credits receivable from/payable to the Australian Taxation Office are recognised. Further disclosures are provided in Note 14.

(v) Issuance of Financial Statements

The financial statements are authorised for issue by the Commission Chief Executive and Chief Finance Officer at the date of signing the Management Certificate.

(w) Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in Note 16 Plant and Equipment and Note 23 Contingencies.

The Australian government passed its *Clean Energy Act* in November 2011 which resulted in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

Under the legislation as it presently operates, the flexible market-based price phase of the carbon pricing mechanism will commence on 1 July 2015. It is preceded by a three-year period during which the price of permits will be fixed at \$23 per tonne of carbon dioxide equivalent in year one, \$24.15 in year two and \$25.40 in year three. However, the Commonwealth Government has recently announced a plan to bring forward the start of Australia's emissions trading scheme to 1 July 2014, ending the fixed price period one year early. The *Clean Energy Act 2011* and related legislation must be amended to implement the Government's decision to move to emissions trading on 1 July 2014.

Section 4.3.4 of Queensland Treasury and Trade's report on 'Carbon Price Impacts for Queensland' dated August 2011 indicates that, for non-residential construction activities, costs may increase by between 0.7 per cent and 0.8 per cent over the period 2012-13 to 2015-16.

On this basis and other information available, the introduction of the carbon pricing mechanism is not expected to have a significant impact on the Commission's critical accounting estimates, assumptions and management judgements.

(x) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(y) New and Revised Accounting Standards

The Commission did not voluntarily change any of its accounting policies during 2012-13. Australian Accounting Standard changes applicable for the first time for 2012-13 have had minimal effect on the Commission's financial statements, as explained below.

Notes to and forming part of the financial statements 2012-13

(y) New and Revised Accounting Standards (cont'd)

AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] became effective from reporting periods beginning on or after 1 July 2012. The only impact for the Commission is that, in the Statement of Comprehensive Income, items within the 'Other Comprehensive Income' section are now presented in different subsections, according to whether or not they are subsequently classifiable to the operating result. Whether subsequent reclassification is possible depends on the requirements or criteria in the accounting standard/interpretation that relates to the item concerned.

The Commission is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, the Commission has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The Commission applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

AASB 13 *Fair Value Measurement* applies from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. As the Commission does not carry any assets and liabilities at fair value the potential impact of this standard is minimal.

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively. Given the Commission's circumstances, the only implications for the Commission are that the revised standard clarifies the concept of 'termination benefits', and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe criterion for 'short-term employee benefits', they will be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for 'other long-term employee benefits'. Under the revised standard, the recognition and measurement of employer obligations for 'other long-term employee benefits' will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. However, as the Commission is a member of the Queensland Government central schemes for annual leave and long service leave, this change in criteria has no impact on the Commission's financial statements as the employer liability is held by the central scheme. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The Commission makes employer superannuation contributions only to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the Commission.

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements – Australian Accounting Standards (commonly referred to as 'Tier 1'), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as 'Tier 2'). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Notes to and forming part of the financial statements 2012-13

(y) New and Revised Accounting Standards (cont'd)

Details of which disclosures in standards and interpretations are not required under Tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6, AASB 2011-11, AASB 2012-1, AASB 2012-7 and AASB 2012-11 (which also apply from reporting periods beginning on or after 1 July 2013). However, Queensland Treasury and Trade's Financial Reporting Requirements effectively do not allow application of AASB 2011-6 in respect of controlled entities, associates or interests in jointly controlled entities.

Pursuant to AASB 1053, public sector entities like the Commission may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of the Commission, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government Commissions (including the Commission) and statutory bodies that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the Commission.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014 –

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 12 *Disclosure of Interests in Other Entities*;
- AASB 127 (revised) *Separate Financial Statements*;
- AASB 128 (revised) *Investments in Associates and Joint Ventures*; and
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Subject to any not-for-profit amendments to be made to AASB 11, the Commission will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. If a joint arrangement does exist, the Commission will need to follow the relevant accounting treatment specified in either AASB 11 or the revised AASB 128, depending on the nature of the joint arrangement.

AASB 1055 Budgetary Reporting applies from reporting periods beginning on or after 1 July 2014. From that date, based on what is currently published in the Queensland Government's Budgetary Service Delivery Statements, this means the Commission will need to include in these financial statements the original budgeted statements for the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Statement of Cash Flows. These budgeted statements will need to be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding budgeted financial statement.

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]* become effective from reporting periods beginning on or after 1 January 2015. The main impacts of these standards on the Commission are that they will change the requirements for the classification, measurement and disclosures associated with the Commission's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to and forming part of the financial statements 2012-13

(y) New and Revised Accounting Standards (cont'd)

The Commission has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Commission's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Commission enters into, it is not expected that any of the Commission's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2015-16 financial statements, all of the Commission's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Notes 1(p) and 26).

The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Commission's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Commission's activities, or have no material impact on the Commission.

2. Commission's Service

The Commission develops and implements public service-wide workforce and organisational management strategies. This encompasses a renewal program to transform the public sector that is responsive and delivers smarter and simpler outcomes.

The Commission supports the continuous improvement and high performance across all public service offices by:

- conducting targeted reviews to improve public service efficiency and effectiveness;
- providing agencies with resources, research and advisory services;
- leading service delivery and business practice reforms; and
- undertaking applied research to inform innovation and business improvement.

The Office of Public Sector Renewal (OPSR) undertakes reviews of the roles and functions of agencies, including government owned corporations, to ensure that expenditure is focused on delivering better services through a renewed, refocused and more efficient public service. A Public Sector Renewal Board was established to oversee the delivery of the Program. The function was transferred to the Commission from 1 February 2013 as part of the *Public Service Departmental Arrangements Notice (No 2) 2013* announced on 4 February 2013 (Note 25).

The Integrity Commissioner is an independent statutory office holder appointed by the Governor in Council under the *Public Sector Ethics Act 1994*. The Integrity Commission provides advice to Queensland Government public officials to avoid conflicts of interest so as to encourage confidence in public institutions. For reasons of economy and efficiency, funding for the Office of the Integrity Commissioner is included within the appropriation for the Commission.

As the Commission has one service, the provision of services for a high performing public service, no Statements of Comprehensive Income by Major Commission Services, CBUs and SSPs and of Assets and Liabilities by Major Commission Services, CBUs and SSPs have been prepared. This service is delivered through the Commission in accordance with the *Public Service Act 2008*.

Notes to and forming part of the financial statements 2012-13

	2013 \$'000	2012 \$'000
3. Reconciliation of Payments from Consolidated Fund to Departmental Services Revenue Recognised in Statement of Comprehensive Income		
Budgeted departmental services appropriation	18,252	13,881
Transfers from other departments - Redistribution of public business	4,074	111
Lapsed departmental services appropriation	(2,837)	-
Unforeseen expenditure	-	500
Total departmental services receipts	19,489	14,492
Less: Opening balance of departmental services appropriation receivable	(230)	(177)
Plus: Closing balance of departmental services appropriation receivable	256	230
Departmental services revenue recognised in Statement of Comprehensive Income	19,515	14,545

4. User Charges

Registration fees	2	248
Professional fees	266	493
Other	-	3
Total	268	744

5. Grants and Other Contributions

Grants from Government departments	120	-
Contributions from Government departments*	5	1,092
Contributions from Local Government	32	46
Services received at below fair values	9	-
Total	166	1,137

* Decrease relates to change of the funding model for the Commission sponsored professional development programs.

6. Other Revenue

Contract management fee	63	48
Interest received	1	12
Other	7	1
Total	71	61

* Contract management fees paid by QUT as the successful contractor to undertake the delivery of the management education program previously provided by the PSMP. Refer to Note 1(b).

Notes to and forming part of the financial statements 2012-13

	2013 \$'000	2012 \$'000
7. Employee Expenses		
Employee Benefits		
Wages and salaries	7,919	7,143
Employer superannuation contributions *	1,074	900
Long service leave levy *	179	150
Annual leave levy *	900	737
Fringe benefits tax	89	61
Voluntary Early Retirement **	1,255	-
Voluntary Separation Program ***	-	1,771
Other	150	193
Employee Related Expenses		
Workers' compensation premium *	48	48
Payroll Tax *	489	485
Total	12,103	11,487

* Refer to Note 1(q).

** In 2012-13 the Commission participated in the Queensland Government's Voluntary Early Retirement (VER) program. The majority of the obligation was settled in 2012-13 with the full amount reimbursed by Queensland Treasury and Trade through the Consolidated Fund for permanent employees. While for temporary employees the Commission has incurred the full cost.

*** In 2011-12 the Commission participated in the Queensland Government's Voluntary Separation Program (VSP). The obligation was settled in 2011-12 with payouts to employees totalling \$1.771M. The full amount was reimbursed by Queensland Treasury and Trade through the Consolidated Fund. The ongoing savings generated by the VSP are shared equally between the Commission and the Consolidated Fund.

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resources Information (MOHRI)) is:

Number of Employees as at 30 June 2013:	87	78
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The increase in employee numbers is due to the net effect of machinery-of-Government changes and additional staff engaged in temporary renewal projects such as the Corporate Services Renewal Taskforce and Cultural Values Renewal Program.

Notes to and forming part of the financial statements 2012-13

8. Key Management Personnel and Remuneration**(a) Key Management Personnel**

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Commission during 2012-13. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
* Commission Chief Executive	The Commission Chief Executive is responsible for the efficient, effective and economic administration of the Public Service Commission.	CE02, <i>Public Service Act 2008</i>	Appointed 13 August 2012
** Deputy Commissioner, Workforce Strategy & Performance	The Deputy Commissioner is responsible for the development of workforce management policy and performance strategy for the sector.	SES4, <i>Public Service Act 2008</i>	Appointed 2 April 2012
*** Deputy Commissioner, Workforce Reform	The Deputy Commissioner is responsible for leading the public sector reform agenda in conjunction with the Department of Premier and Cabinet and Queensland Treasury and Trade.	SES4, <i>Public Service Act 2008</i>	Appointed 8 April 2013
Deputy Commissioner, Renewal	The Deputy Commissioner is responsible for leading the public sector renewal agenda in conjunction with the Department of the Premier and Cabinet and Queensland Treasury and Trade.	CE05, <i>Public Service Act 2008</i>	This new position commenced membership of the Executive Management Team effective 8 April 2013
Executive Director, Office of Public Sector Renewal	The Executive Director is responsible for focussing on renewal and reform activities that lead to efficiencies being achieved in the public sector.	SES4, <i>Public Service Act 2008</i>	Appointed 1 February 2013; This position ceased membership of the Executive Management Team effective 12 April 2013

Notes to and forming part of the financial statements 2012-13

8. Key Management Personnel and Remuneration (cont'd)**(a) Key Management Personnel (cont'd)**

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Chief Executive Officer, Capability Development Unit	The Chief Executive Officer is responsible for developing new ideas and innovative strategies in attracting talent and building capability in the sector.	CEO3, <i>Public Service Act 2008</i>	This new position commenced membership of the Executive Management Team effective 15 April 2013
Executive Director, Public Sector Employee Industrial Relations	The Executive Director is responsible provides industrial and employee relations strategy and policy advice to the public sector agencies, statutory bodies, public service offices and Government Owned Corporations (GOCs).	SES2, <i>Public Service Act 2008</i>	Appointed 13 December 2007; This position ceased membership of the Executive Management Team effective 10 August 2012

* This role was reclassified from CEO3 effective 13 August 2012

** This role was reclassified effective 20 February 2013 from Senior Executive Director, Workforce Policy and Strategy Services, SES3

*** This role was reclassified effective 20 February 2013 from Senior Executive Director, Public Sector Reform, SES3

Note that the Director, Executive Services role ceased membership of the Executive Management Team effective 1 July 2012

Notes to and forming part of the financial statements 2012-13

8. Key Management Personnel and Remuneration (cont'd)

(b) Remuneration

Remuneration policy for the Commission's key management personnel is set by the Queensland Public Service Commission as provided for under the Public Service Act 2008. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts provide for the provision of benefits such as superannuation contributions and motor vehicles.

For the 2012-13 year, remuneration of key management personnel increased by 2.2% in accordance with government policy.

Remuneration packages for key management personnel comprise the following components:

- Short-term employee benefits which include:
 - Base – consisting of base salary, allowances and leave entitlements expensed for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long-term employee benefits include long service leave accrued.
- Post-employment benefits include amounts expensed in respect of employer superannuation obligations.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- A performance payment is provided for under the contract in place for the Commission Chief Executive.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long-term employee benefits and post-employment benefits.

Notes to and forming part of the financial statements 2012-13

8. Key Management Personnel and Remuneration (cont'd)

1 July 2012 - 30 June 2013

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000		\$'000
Commission Chief Executive (13 August 2012 to 30 June 2013)	433	0	8	22	0	463
Commission Chief Executive (1 July 2012 to 10 August 2012)	41	0	1	5	0	47
* Deputy Commissioner, Workforce Strategy & Performance	220	1	5	22	0	248
** Deputy Commissioner, Workforce Reform (8 April 2013 - 30 June 2013)	44	4	0	6	0	54
Deputy Commissioner, Renewal	287	3	5	32	0	327
Executive Director, Office of Public Sector Renewal (1 February 2013 - 12 April 2013)	46	0	1	4	120	171
Chief Executive Officer, Capability Development Unit (15 April 2013 - 30 June 2013)	75	6	1	10	0	92
Executive Director, Public Sector Employee Industrial Relations (1 July 2012 to 10 August 2012)	19	3	0	2	0	24
Total Remuneration	1,165	17	21	103	120	1,426

* This role was reclassified effective 20 February 2013 from Senior Executive Director, Workforce Policy and Strategy Services

** This role was reclassified effective 20 February 2013 from Senior Executive Director, Public Sector Reform

Notes to and forming part of the financial statements 2012-13

8. Key management personnel and remuneration (cont'd)

1 July 2011 - 30 June 2012

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000
Commission Chief Executive (28 March 2012 to 30 June 2012)	90	1	-	11	102
Commission Chief Executive (1 July 2011 to 27 March 2012)	261	14	6	34	315
Senior Executive Director, Workforce Policy & Strategy Services (2 April 2012 to 30 June 2012; relieving from 27 March 2012)	51	-	-	6	57
Senior Executive Director, Workforce Policy & Strategy Services (1 July 2011 to 27 March 2012)	156	-	4	17	177
*** Senior Executive Director, Public Sector Reform (28 March 2012 to 30 June 2012)	55	4	1	6	66
** Executive Director, Workforce Strategy (1 July 2011 to 1 April 2012)	114	4	3	12	133
* Executive Director, Leadership & Development Services (1 July 2011 to 12 April 2012)	127	-	3	14	144
* Executive Director, Public Sector Reform (1 July 2011 to 12 April 2012)	140	-	3	14	157
**** Executive Director, Public Sector Employee Industrial Relations (1 May 2012 to 30 June 2012)	29	4	-	4	37
* Executive Director, Chief & Senior Executive Services (1 July 2011 to 12 April 2012)	113	15	3	14	145
* Executive Director, Appeal Services (1 July 2011 to 12 April 2012)	144	-	3	15	162
*** Director, Executive Services	116	-	3	15	134
Total Remuneration	1,396	42	29	162	1,629

* Position does not form part of EMT effective from 12 April 2012

** Position does not form part of EMT effective from 1 April 2012

*** Position does not form part of EMT effective 1 July 2012

**** New Position

Notes to and forming part of the financial statements 2012-13

8. Key Management Personnel and Remuneration (cont'd)

(c) Performance Payments

The remuneration package for the Commission Chief Executive, Public Service Commission includes a potential performance payment up to a maximum of 15% of that position's total fixed remuneration, which equates to approximately \$74,402. Eligibility for such a performance payment is conditional on the achievement of objectives that are documented in the Commission Chief Executive's 2012-13 Performance Agreement. As at the date of management certification of these financial statements, the eligibility to a performance payment had not yet been confirmed.

Notes to and forming part of the financial statements 2012-13

	2013 \$'000	2012 \$'000
9. Supplies and Services		
Advertising and communications	44	252
Building services	1,278	1,056
Computer software expensed	3	6
Conference, workshop, training costs	375	674
Consultancy and contractors*	2,406	831
Corporate services	1,409	1,242
Course expenses	85	131
External computer charges	194	177
Minor plant and equipment	28	25
Motor vehicle costs	206	161
Professional services**	1,028	86
Publications, books and statutes	199	189
Telecommunications	109	114
Travel	154	81
Other	196	112
Total	7,713	5,137
* Increase due to the expanded role of the Commission in undertaking a number of Renewal projects in workplace reform and organisational management strategies.		
**Increased due to legal costs incurred in negotiating several enterprise bargaining agreements across the sector.		
10. Grants and Subsidies		
Sponsorship	-	40
Total	-	40
11. Depreciation		
Depreciation was incurred in respect of:		
Plant and equipment	187	197
Total	187	197

Notes to and forming part of the financial statements 2012-13

	2013 \$'000	2012 \$'000
12. Other Expenses		
External audit fees *	25	38
Insurance premium - QGIF	6	4
Loss on disposal of property, plant and equipment	-	6
Total	31	48

* Total audit fees paid to the Queensland Audit Office relating to the 2012-13 financial year are estimated to be \$31,200 (2012: \$31,200). There are no non-audit services included in this amount.

13. Cash and Cash Equivalents		
Imprest account	1	1
Cash at bank	2,105	886
24-hour call deposits	24	22
Total	2,130	909

24-hour call deposits with Queensland Treasury Corporation earned interest at rates between 3.60% and 4.68% in 2012-13 (2011-12: 4.12% and 5.66%). The Treasurer and Minister for Trade's approval has been obtained for these investments.

14. Receivables		
Trade debtors	60	120
Long service leave reimbursements	40	18
Annual leave reimbursements	170	102
Appropriation receivable	256	230
GST receivable	89	40
Other	84	141
Total	699	651

Notes to and forming part of the financial statements 2012-13

	2013 \$'000	2012 \$'000
15. Other Current Assets		
Prepayments	29	200
Total	29	200
Decrease due to the reduction in the number of invoices prepaid for 2013-14.		
16. Plant and Equipment		
Plant and equipment:		
At cost	2,522	2,486
Less: Accumulated depreciation	(785)	(598)
	1,737	1,888
Capital works in progress		
Fitout	-	28
	-	28
Total	1,737	1,916
Plant and Equipment Reconciliation		
Plant and Equipment		
Carrying amount at 1 July	1,888	2,040
Acquisitions	8	31
Disposals	-	(6)
Transfers between classes	28	20
Depreciation	(187)	(197)
	1,737	1,888
Capital works in progress		
Carrying amount at 1 July	28	-
Acquisitions	-	48
Transfers between classes	(28)	(20)
	-	28
Total carrying amount at 30 June 2013	1,737	1,916

The Commission has plant and equipment with an original cost of \$74,592 and a written down value of zero still being used in the provision of services. Regular assessment by management is conducted and a number of items are currently assessed for replacement over the next twelve months.

Notes to and forming part of the financial statements 2012-13

	2013 \$'000	2012 \$'000
17. Payables		
Trade creditors	2,161	1,206
Total	2,161	1,206
18. Accrued Employee Benefits		
Annual leave levy payable	280	196
Long service leave levy payable	47	34
Total	327	230
19. Other Liabilities		
Current		
Leasehold incentive	118	118
Total	118	118
Non Current		
Leasehold incentive	1,026	1,145
Total	1,026	1,145

Notes to and forming part of the financial statements 2012-13

	2013 \$'000	2012 \$'000
20. Reconciliation of Operating Surplus to Net Cash from Operating Activities		
Operating surplus	(14)	(422)
Depreciation expense	187	197
Amortisation of lease incentive liability	(118)	(118)
Loss on disposal of property, plant and equipment	-	6
Changes in assets and liabilities:		
(Increase)/decrease in output revenue receivable	(26)	(53)
(Increase)/decrease in long service leave reimbursement	(21)	(4)
(Increase)/decrease in annual leave reimbursement	(68)	56
(Increase)/decrease in trade receivables	59	225
(Increase)/decrease in GST input tax credits receivable	(49)	(12)
(Increase)/decrease in prepayments	170	(140)
(Increase)/decrease in other receivables	56	(100)
Increase/(decrease) in accounts payable	955	189
Increase/(decrease) in accrued employee benefits	97	14
Net cash (used in) provided by operating activities	1,229	(162)

21. Non-Cash Financing and Investing Activities

Assets and liabilities received or transferred by the Commission as a result of machinery-of-Government changes are set out in Note 25.

Notes to and forming part of the financial statements 2012-13

	2013 \$'000	2012 \$'000
22. Commitments for Expenditure		
(a) Non-cancellable operating lease		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
· Not later than one year *	2,038	1,202
· Later than one year and not later than five years *	7,083	5,377
· Later than five years	-	903
Total	9,121	7,482
* In 2012-13, an additional lease was acquired for Level 15, 53 Albert Street with expiration date of 5 February 2017.		
(b) Capital Expenditure Commitments		
Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:		
· Not later than one year	7	-
Total	7	-
(c) Other expenditure commitments		
Material expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:		
· Not later than one year	1,761	394
· Later than one year and not later than five years	382	600
· Later than five years	-	64
Total	2,143	1,058

23. Contingencies

As at 30 June 2013, no legal action has been brought against the Commission.

Effective 1 July 2008, the Commission joined the Queensland Government Insurance Fund (QGIF). Under the QGIF, the Commission would be able to claim back, less \$10,000 deductible, the amounts paid to successful litigants. This includes any cases that existed as at 1 July 2008 and cases that have arisen since that date.

Notes to and forming part of the financial statements 2012-13

24. Events Occurring after Balance Date

As at the date of management certification of these financial statements, the eligibility to a performance payment for the Commission Chief Executive, had not yet been confirmed. Any performance payment will be reported as an expense in the 2013-14 financial year. Refer Note 8(c).

25. Machinery-of-Government Transfers

(a) Transfer of the Office of Public Sector Renewal

As a result of the *Public Service Departmental Arrangements Notice (No.2) 2013*, dated 4 February 2013 with financial effect from 1 February 2013, the responsibility for the Office of the Public Sector Renewal (OPSR) was transferred in from the Department of the Premier and Cabinet.

Assets transferred were minimal and would not materially affect the reported financial position and operating result of the Commission. No liabilities were transferred.

(b) Transfer of the Commission's Financial Services and Human Resources functions

As a result of the *Public Service Departmental Arrangements Notice (No.3) 2013*, dated 2 April 2013 with financial effect from 1 April 2013, the Financial Services and Human Resource functions of the Commission were transferred to the Department of the Premier and Cabinet.

No assets or liabilities were transferred.

	2013	2012
	\$'000	\$'000

26. Financial Instruments

(a) Categorisation of Financial Instruments

The Commission has the following categories of financial assets and financial liabilities.

Category	Note		
Financial Assets			
Cash and cash equivalents	13	2,130	909
Receivables	14	699	651
Total		2,829	1,560
Financial Liabilities			
Financial liabilities measured at amortised costs:			
Payables	17	2,161	1,206
Total		2,161	1,206

Notes to and forming part of the financial statements 2012-13

26. Financial Instruments (cont'd)

(b) Financial Risk Management

The Commission's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and the Commission's policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Commission.

All financial risk is managed by the Department of the Premier and Cabinet Financial Services under policies adopted by the Commission. The Commission provides written principles for overall risk management, as well as policies covering specific areas.

The Commission measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

There is no exposure to credit risks based on contractual amounts net of any allowances as at 30 June 2013 for the Commission.

Financial Assets

The carrying amount of receivables represents the maximum exposure to credit risk. As such, receivables are not included in the above disclosure.

No collateral is held as security and no credit enhancements relate to financial assets held by the Commission.

The Commission manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Commission invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Notes to and forming part of the financial statements 2012-13

26. Financial Instruments (cont'd)

(c) Credit Risk Exposure (cont'd)

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2013 Financial Assets Past Due But Not Impaired

	Overdue				
	Less than 30 Days	30 - 60 Days	61 - 90 Days	More than 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	-	2	-	-	2
Total	-	2	-	-	2

2012 Financial Assets Past Due But Not Impaired

	Overdue				
	Less than 30 Days	30 - 60 Days	61 - 90 Days	More than 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables	3	-	-	18	21
Total	3	-	-	18	21

There are no individually impaired financial assets as at 30 June 2013 for the Commission (2012: Nil).

(d) Liquidity Risk

Liquidity risk refers to the situation where the Commission may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Commission manages liquidity through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Commission has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Commission. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

Due to the short term maturity of these payables, the undiscounted cash flows equate to the amounts disclosed in the Statement of Financial Position.

Notes to and forming part of the financial statements 2012-13

26. Financial Instruments (cont'd)

(d) Liquidity Risk (cont'd)

		2013 Payable in			
Note	< 1 year	1-5 years	> 5 years	Total	
	\$'000	\$'000	\$'000	\$'000	
Financial Liabilities					
Payables	17	2,161	-	-	2,161
Total		2,161	-	-	2,161

		2012 Payable in			
Note	< 1 year	1-5 years	> 5 years	Total	
	\$'000	\$'000	\$'000	\$'000	
Financial Liabilities					
Payables	17	1,206	-	-	1,206
Total		1,206	-	-	1,206

(e) Market Risk

The Commission does not trade in foreign currency and is not materially exposed to commodity price changes. The Commission is exposed to interest rate risk through cash deposited in interest bearing accounts. The Commission does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy articulated in the Department of the Premier and Cabinet's Financial Management Practice Manual which has been adopted by the Commission.

(f) Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome on net income if interest rates would change by +/- 1% from the year-end rates applicable to the Commission's financial assets and liabilities. With all other variables held constant, the Commission would have a surplus and equity increase/(decrease) of \$240 (2012: \$220).

Financial Instruments	Carrying Amount	2013 Interest rate risk			
		-1 %		+ 1 %	
	(\$'000)	Profit (\$'000)	Equity (\$'000)	Profit (\$'000)	Equity (\$'000)
Cash	24	(0.24)	(0.24)	0.24	0.24
Potential Impact		(0.24)	(0.24)	0.24	0.24

Notes to and forming part of the financial statements 2012-13

26. Financial Instruments (cont'd)

(f) Interest Rate Sensitivity Analysis (cont'd)

Financial Instruments	Carrying Amount	2012 Interest rate risk			
		-1 %		+ 1 %	
		Profit (\$'000)	Equity (\$'000)	Profit (\$'000)	Equity (\$'000)
Cash	22	(0.22)	(0.22)	0.22	0.22
Potential Impact		(0.22)	(0.22)	0.22	0.22

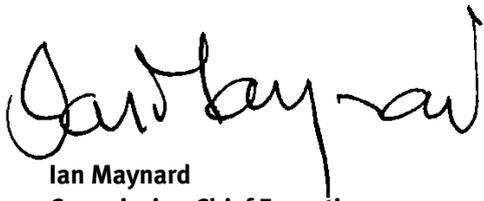
(g) Fair Value

The Commission does not recognise any financial assets or financial liabilities at fair value other than cash and cash equivalents. The fair value of receivables and payables is assumed to approximate the value of the original transaction, less any provision for impairment.

Certificate of the Public Service Commission

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Public Service Commission for the financial year ended 30 June 2013 and of the financial position of the Commission at the end of that year.



Ian Maynard
Commission Chief Executive

19 August 2013



Dee Mundell CPA
Chief Finance Officer

19 August 2013

Independant auditor's report

To the Accountable Officer of the Public Service Commission

Report on the Financial Report

I have audited the accompanying financial report of the Public Service Commission, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Commission Chief Executive and the Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Accountable Officer's responsibility also includes such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

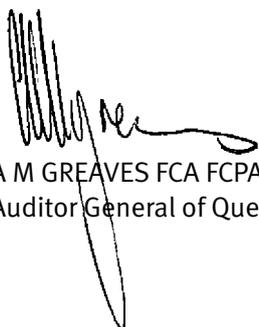
Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

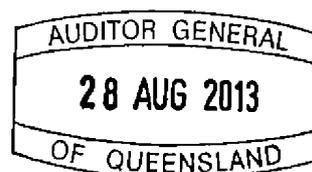
- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Public Service Commission for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters – Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



A M GREAVES FCA FCPA
Auditor General of Queensland



Queensland Audit Office
Brisbane

Appendix and glossary

Appendix

Glossary



Appendix 1

In 2012-13 PSC received 15 right to information applications and no information privacy applications. A total of \$567 in application fees and \$380.55 in processing fees were collected in 2012-13.

Applications received and processed during 2012-2013.

	Right to information	Information privacy
Applications carried over from last year	0	0
Number of Applications received	15	0
• Applications withdrawn or deemed withdrawn	13	-
• Number of applications requiring a decision	13	-
Applications on hand – carry over to next year	3	0

Outcomes of applications finalised during 2012-2013

Application type	Number of applications	Number of documents considered	Access in full	Access in part	Access refused	% of documents released in full or part
Right to information	10	334	45	0	89	73%
Information privacy	0	-	-	-	-	-

Exemptions invoked	Number of times used
Cabinet information brought into existence on or after commencement	2
Executive Council information	1
Information disclosure of which would be contempt of court or Parliament	1
Information subject to legal professional privilege	1
Disclosure of the information could reasonably be expected to prejudice the management function of an agency or the conduct of industrial relations by an agency	2

Glossary

ANZSOG	Australia and New Zealand School of Government
CMC	Crime and Misconduct Commission
DPC	Department of the Premier and Cabinet
FTE	Full-time equivalent
IT	Information technology
MP	Member of Parliament
PSC	Public Service Commission
PSRB	Public Sector Renewal Board
QIRC	Queensland Industrial Relations Commission
WISE	Women in Senior Executive

