

Annual Report 2013–2014



About the report

The 2013-14 Public Service Commission (PSC) Annual Report presents performance information for the period 1 July 2013 - 30 June 2014.

In line with the Strategic Plan 2013-17, this annual report aligns information according to the PSC's objectives to:

1. Build a high performance, customer focused culture
2. Drive transformational change and renewal of the Queensland public sector
3. Secure and maximise business flexibility in an environment of renewal and reform

4. Create the most productive public sector in the nation
5. Provide independent, strategic advice and expertise to ministers and chief executives

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



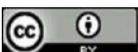
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Readers are invited to comment on this report through the Get involved website www.qld.gov.au/annualreportfeedback

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Compliance letter

Hon Campbell Newman MP
Premier of Queensland
Level 15, Executive Building
100 George Street
Brisbane Qld 4000

Dear Premier

I am pleased to present the Annual Report 2013-14 and financial statements 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.

A checklist outlining the annual reporting requirements can be found at page 76 of this annual report or accessed at www.psc.qld.gov.au

Yours sincerely



Andrew Chesterman
Commission Chief Executive, Public Service Commission

About us

The Public Service Commission (PSC) was created on 1 July 2008 through the *Public Service Act 2008*. It is a central agency that advises the Premier of Queensland and the Minister Assisting the Premier on the administration of the Queensland Public Service and the management and employment of public sector employees.

Our role

The PSC drives workforce strategy for the Queensland Government to deliver better economic and social outcomes for all. It provides strategic advice on:

- workforce strategy
- workforce policy and legislation
- performance and capability development
- executive recruitment and contracts
- industrial relations.

The PSC works side-by-side with other central agencies, the Department of the Premier and Cabinet and Queensland Treasury and Trade, and collaborates with all government agencies. It plays a central role as developer and custodian of the government's employment framework and ensures the government's most valuable resource, its people, are supported by a framework that is modern, flexible and encourages high performance.

Our approach

Central to PSC's strategic approach is having the whole-of-government aspirational values firmly in mind: customers first, ideas into action, unleash potential, be courageous and empower people.

With approximately 80 employees, the PSC brings together a diverse breadth and depth of skills and experience. PSC employees are committed to the government's goal of being the most responsive and respected public service in the nation and their role in delivering this goal is to actively work on the business of the state as a forward thinker, strategic enabler and key advisor.

Our commissioners

The PSC comprises four commissioners with three drawn from within government and one commissioner from the private sector. The commissioners bring additional expertise, fresh perspectives and influence to the government's renewal 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 third annual report as the Chairperson of the Public Service Commission (PSC).

As Chairperson, and a member of the Queensland Government's Public Sector Renewal Board, I have a unique perspective on the Queensland Public Service. This perspective allows me to say with confidence that the renewal of the Queensland public sector has moved well beyond fiscal repair, through the review and development phase into an exciting time of implementation and delivery.

Over the past 12 months the small and dedicated PSC team has completed a significant body of work, collaborating with public and private sector partners, to facilitate a number of positive outcomes.

The majority of the Queensland Commission of Audit (QCOA) recommendations are now well in progress or effected, and are supporting our journey along the path to becoming the most responsive and respected public service in the nation.

Overregulated leaders and managers, held back by red tape and out-of-date practices, are being steadily empowered by more modern employment frameworks and targeted, strategic development opportunities. This includes enabling agencies to have the flexibility and tools to source the expertise and resources they require to deliver more efficient services.

Employees, their managers and leaders are embracing the new public sector values whose development they contributed to so powerfully in 2012-13. Agencies are implementing those values with enthusiasm and fostering an emerging fresh culture of customer focus.

Queensland Government employees are taking up opportunities to innovate and change the way they do their work and provide services to their customers, the people of Queensland.

However, much work is still to be done. The QCOA provided a forward program of medium and long-term reform and the forward agenda for the PSC and the public sector remains full. That agenda includes better workforce strategy and capability, more and better development opportunities for senior leaders, improved conduct and performance management, more flexible employment arrangements and stronger employee engagement in a customer-focused culture.

With the Queensland public sector poised to move forward, I am confident of ongoing progress in these areas.



Doug McTaggart

Commission Chief Executive's report

I am proud to present my first annual report as Commission Chief Executive of the Public Service Commission (PSC).

In 2013-14 our focus moved on from the review and reform of 2012-13 to creating and implementing the new frameworks, systems and tools to support the Queensland Public Service.

High performance, customer focus

We worked closely with agencies and their employees to develop the new public service values and to embed these into their workplaces. These values provide a clear focus for all employees to drive the transformational change and renewal needed to deliver better services to customers.

The PSC led legislative changes that give government employees automatic legal protection from being civilly sued when acting in their official capacity. Under the Queensland Government indemnity guideline, government employees can receive an indemnity and legal assistance if they are involved in work related criminal proceedings, inquiries and investigations. This new arrangement strengthens an environment where employees across the state are empowered to be courageous and make the best decisions and helps convert ideas into action. Customers will ultimately benefit through improved decision making and service outcomes.

We now know the capability strengths and development needs of 400 public service executives. This is data that has not existed before and it's being used to act on areas for development across the sector, both with agencies as a whole and the individuals. Data is also guiding the expansion of the leadership development program, which provided leadership development opportunities to 2149 executives and senior officers in 2013-14.

During the reporting period, all Chief Executive Officers (CEOs) and the majority of executives had performance agreements and assessments in place, and a new online system is making performance management easier and more effective overall.

A new Conduct and Performance Excellence service was established that supports agencies to manage performance and conduct issues more efficiently, achieving better outcomes for customers through significant cost savings.

Our new capability brokerage service has given us innovative ways to source new and better skills. This service includes specialist recruitment, the government-university exchange and flexible employee exchange arrangements.

Progress was made in engaging with our workforce and building their commitment to one government, working together to deliver great service to our customers. Our annual whole-of-government *Working for Queensland Employee Opinion Survey* had a response rate of more than 90,000 employees, a 4 per cent increase from the previous year. This is an encouraging sign of employees having confidence to share their views.

Survey data and its analysis will inform the whole-of-sector, five year workforce strategy that is currently under development and will build on agency organisational strategies.

Modern employment arrangements

Progress was made in modernising and simplifying complex public service employment arrangements, as recommended by the independent Queensland Commission of Audit. The number of pages of directives and instruments identified for review in 2013-14 was reduced by a further 17 per cent, and capability is being built within departments to manage in this less constrained environment.

Eight certified agreements were negotiated with government organisations, all within the government's wages policy, and keeping wages outcomes in the public service to 2.2 per cent per annum.

The PSC played a central role in building a new, simple industrial relations system that supports a flexible, high performing public sector. We are now supporting the Queensland Industrial Relations Commission as it modernises Queensland awards over the next 18 months.

Over 2013-14, the PSC team has been delivering the highest quality workforce tools, expertise and advice to the Queensland public sector. Our focus in 2014-15 will be to develop leadership and management capability, build a connected and engaged workforce, and relentlessly pursue improved performance across the public sector.



Andrew Chesterman



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Our strategic plan 2013-2017

Our vision

To enable and empower public sector agencies to be part of a government for the 21st century, connected and working together to deliver smarter, simpler outcomes that are responsive to the needs of Queenslanders now and for the future. We will create opportunities in partnership that are all about positive outcomes rather than just service delivery and regulation.

Our goal

To be the 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.

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 (PSC) and the Public Sector Renewal Board (PSRB), agency Service Delivery Statements and annual reporting to Parliament.

Our values

The PSC has adopted and drives the following whole-of-government aspirational values: customers first, ideas into action, unleash potential, be courageous and empower people.

Our environment

The challenging environment in which we operate requires us to focus on challenging issues such as:

- assisting agencies to deliver services in a responsible fiscal environment
- implementing performance management and evaluation frameworks that will drive the sector to achieve value for money services
- finding smarter and simpler ways of working within the public sector and implementing these across departments.

Strategic risks

Risks that could adversely affect the achievement of our vision and strategic objectives include not:

- attracting the talent the sector needs
- developing and maintaining key stakeholder support
- engaging the workforce to achieve the government's vision and goals
- developing and retaining a highly capable leadership cohort.

Our accountabilities

The main functions of the PSC are set out in the *Public Service Act 2008*. In particular, the PSC is focused on:

- driving the workforce strategy for the public sector and implementing a contemporary human resources business model
- modernising the Queensland public sector employment framework
- direct engagement of the Queensland public sector
- building more effective leadership capability to drive highperformance and productivity
- embedding the whole-of-government values and driving cultural change.

By achieving these accountabilities the PSC will contribute to the government's five key objectives for the community:

- grow a four pillar economy
- lower the cost of living
- invest in better infrastructure and better planning
- revitalise front-line services
- restore accountability in government.

Our strategic objectives

For the reporting year 2013-14, the PSC developed the following strategic objectives to deliver on these accountabilities:

Objective 1 <i>To build a high performance, customer focused culture</i>	Objective 2 <i>To drive transformational change and renewal of the Queensland public sector</i>	Objective 3 <i>To secure and maximise business flexibility in an environment of renewal and reform</i>	Objective 4 <i>To create the most productive public sector in the nation</i>	Objective 5 <i>To provide independent, strategic advice and expertise to ministers and chief executives</i>
Performance indicators 2013-14				
<ul style="list-style-type: none"> - Percentage of executives with current performance and development agreements and assessments - Response rates to employee opinion and pulse surveys - Agency participation in PSC capability development initiatives 	<ul style="list-style-type: none"> - Board is satisfied agencies are fully engaged and undertaking renewal activities - Complete cycle of renewal reviews - Prioritise an integrated whole-of-government implementation for Commission of Audit and renewal initiatives 	<ul style="list-style-type: none"> - Reduction in the prescription and red tape in instruments, directives and policies - Cabinet approved legislative reform program - Significant reduction in number of investigations referred out of agency 	<ul style="list-style-type: none"> - Contain employee costs within government wages policy - Reduced costs associated with absenteeism and workplace injury 	<ul style="list-style-type: none"> - Ministerial and chief executive engagement with PSC implementation of programs/projects

These objectives and performance indicators were affected by the machinery of government change, with the Public Sector Renewal initiative transitioning to the Department of the Premier and Cabinet in October 2013. This transition led to reviewing and refocusing the PSC strategic objectives (February 2014 to May 2014).

As a result, the PSC's focus moved from five strategic objectives to three strategic objectives, outlined in the 2014-18 Strategic Plan.

These are listed below:

1. Build a high performing, engaged, customer focused workforce
2. Create the most productive public sector in the nation
3. Be the centre of excellence for workforce strategy across the Queensland public sector.

Looking forward 2014-15

During 2014-15, the PSC will:

- embed the public sector values across government and drive a high performance culture across the public sector
- develop leadership and management capability through targeted, high quality development programs, talent management strategies, initiatives, engagement and mobility
- build a connected and engaged workforce through contemporary, relevant approaches to communication and workforce management
- drive the public sector workforce strategy and implement a contemporary human resources business model
- lead the development and management of workforce strategies to support service delivery renewal
- drive effective and efficient organisational designs and broader spans of control
- create a modern and flexible public sector employment framework in line with Queensland Commission of Audit (QCOA) recommendations
- identify, replicate and promote best practice examples of workforce management within and outside the public sector
- position the work performance and conduct principles with executives and managers to drive service delivery excellence
- influence and drive diversity and cultural capability across the public sector in partnership with lead agencies
- streamline legislation, industrial instruments, directives and policies
- support and partner with agencies to deliver QCOA recommendations and service delivery renewal
- position the PSC as a central agency and key partner to the Department of the Premier and Cabinet and Queensland Treasury and Trade
- provide contemporary, strategic advice and expertise to ministers, chief executives and their departments
- consolidate our position as a trusted advisor and strategic business partner, influencing and building credibility
- integrate public sector workforce data and analytics as a strategic resource to drive productivity and highperformance.



Performance for 2013-14

*Building a high performance, customer
focused culture*

*Driving transformational change and renewal
of the Queensland public sector*

*Securing and maximising business flexibility
in an environment of renewal and reform*

*Creating the most productive public sector
in the nation*

*Providing independent, strategic advice and expertise
to ministers and chief executives*



Building a high performance, customer focused culture

Building and strengthening capabilities

Highly skilled and capable employees are essential to a world class public sector that delivers the services Queenslanders need.

The PSC identified innovative ways to ensure the public sector had appropriate capability and capacity to deliver on the Queensland Commission of Audit (QCOA) and Public Sector Renewal Program initiatives.

In particular, a strategic capability brokerage team was established to support agencies in sourcing and developing critical skills and competencies. The capability brokerage service commenced in October 2013, and during the reporting period, 70 resource requests were filled providing essential skills and competencies for agency renewal projects.

The PSC Advisory Service, which provides support to human resource and industrial relations professionals in departments and agencies, handled more than 1600 requests for assistance from across the sector. Enquiries were on a range of matters relating to the interpretation of the *Public Service Act 2008*, the application of PSC policies, directives and other instruments, and information to public sector employees on appeal rights. Human resources capability continues to be built across the sector through this service.

Executive development and performance



400 executive capability profiles in 2013-14

Executive Capability Assessment Development program

To support the sector-wide performance agenda for chief executives and executives, the PSC administers a performance framework that underpins the performance agreements and annual assessments of the sector's executives.

The Executive Capability Assessment and Development (ECAD) initiative provided 400 executives, including chief executives, with an overview of their strengths and development priorities, supporting them as leaders of the public sector renewal agenda. In 2014-15 approximately 200 more executives will have the opportunity to complete ECAD.

For the first time, an induction process was undertaken for all chief executives of public service departments. This included development of an online induction manual to ensure a consistent and high quality on-boarding experience for chief executives.

Leadership development and engagement



2149 executives and senior officers engaged in leadership development in 2013-14

The PSC manages a leadership portfolio that includes a range of quality offerings designed to build a public sector of highly capable, high performing leaders equipped to deliver the government's agenda.

Through these offerings, 2149 executives and senior officers acquired leadership, management and service delivery knowledge and skills at 33 free leadership forums. These forums provided an opportunity to network and strengthen relationships with peers across the sector and were expanded to include senior officers, to support them in the significant role they play in public sector leadership.

Leadership forums included:

- three Chief Executive Officer (CEO) leadership roundtables where 45 leaders explored critical challenges for government leadership and service delivery in the context of renewal
- nine masterclasses and four workshops for 721 leaders, delivered by leading national and international authorities in collaboration

with the Australia and New Zealand School of Government (ANZSOG) and the Queensland University of Technology (QUT)

- 12 thought leaders seminars where 1625 leaders heard from expert speakers addressing contemporary and thought provoking topics aligned to the government's renewal agenda
- five seminars coordinated by the Women in the Senior Executive (WISE) Reference Group, providing development and networking opportunities for 146 executive women.

In 2013-14, 1295 leaders and future leaders participated in extended leadership and management development programs, ranging from three day workshops to two year degree programs. Leadership and management development programs included:

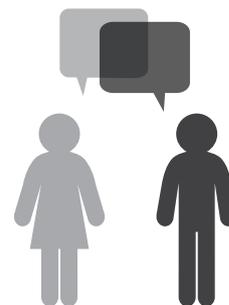
- Executive Fellows Program (EFP), delivered by ANZSOG. Three participants undertook a three week intensive residential program designed to strengthen core skills of senior executives for effective management in challenging times.
- Executive Master of Public Administration (EMPA), delivered by ANZSOG. Five participants commenced the two year program to develop leadership, management and policy skills.
- Emerging Leaders Program (ELP), a blended work based program developing leadership skills and capabilities aligned to the government's renewal agenda. A total of 582 participants completed the 26 modules delivered by QUT.
- Public Sector Management Program (PSMP) delivered by QUT. A total of 128 middle managers and emerging leaders commenced the 18 month leadership and management (graduate certificate) program for Australia's public sector and 67 middle managers and emerging leaders completed this program in 2013-14.
- Practical People Management Matters (PPMM) programs, delivered by AuStrategies Pty Ltd, Australian Institute of Management Qld & NT, and Brisbane North Institute of TAFE. A total of 577 participants gained practical skills to manage and supervise staff.

Workforce planning

Co ordinated strategic workforce planning is a key part of the government's broader public sector renewal agenda. In line with one of the commitments in *A Plan: Better services for Queenslanders*, the government's response to the QCOA, all Queensland public sector agencies are required to develop and publish a five year strategic workforce plan. To assist departments to develop these workforce plans, the PSC developed a whole-of-government workforce planning framework.

The PSC also plays a leadership role in driving diversity and inclusiveness initiatives across the sector to ensure the public sector workforce is representative of the broader Queensland community. The PSC partnered with Department of Aboriginal and Torres Strait Islander and Multicultural Affairs to develop a cultural capability framework and diversity policy.

Measuring the workplace climate



90159 employees gave their views in 2014, an increase of 4% on 2013

Working for Queensland
Employee Opinion Survey

The Queensland Government's renewal goal involves finding new ways of working to drive better government services. To deliver on this goal, it is important to understand the views of the workforce.

More than 90,000 employees in workplaces across the Queensland public sector contributed to this goal by participating in the 2014 *Working for Queensland Employee Opinion Survey* between 5 and 30 May 2014. This survey provides an ongoing measure of workplace climate across the Queensland public sector by exploring factors such as leadership, employee engagement and job satisfaction.

Driving transformational change and renewal of the Queensland public sector



Supporting department workforces through major renewal programs

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

Renewing public sector culture and values

Renewing the public sector culture and values is essential to the success of the government's broader renewal agenda, and directly supports the government's goal to create the most responsive and respected public service in the nation.

A refreshed set of Queensland Public Service values were released in September 2013. Importantly, 20,000 employees of all levels, departments and locations contributed to the development of these values. During the reporting period the PSC continued to raise awareness of the refreshed values across the sector and partnered with agencies to put the new values into action. To help agencies communicate and promote the refreshed whole-of-government values to their employees, a values communication toolkit was developed for agencies to use. In addition, a suite of case studies that highlight the innovative and diverse ways that agencies are approaching change and embracing the new values were developed and are available to Queensland Government employees online at www.renewal.govnet.qld.gov.au

The Commission Chief Executive and Deputy Commissioners have also presented to a range of government employees and executives across Queensland and showcased to our interstate counterparts on renewal-related issues, particularly innovation.

Corporate services renewal

In late 2013, the PSC, in collaboration with agencies and KPMG, developed eight case studies demonstrating how to conduct a preliminary evaluation of a corporate service to see if there are alternative ways to deliver a service. The evaluation improved knowledge and contestability skills among the participating agency staff and produced working examples of the process and tools that can be used to evaluate services and compare the value for money of different delivery models.

The PSC also developed a partnering toolkit and extranet page hosted on www.renewal.govnet.qld.gov.au to assist agencies to establish or improve existing shared corporate services, within and across the public sector. During 2013-14 the extranet page was viewed almost 5000 times.

Driving workforce change

The PSC supported and assisted a number of agencies to develop organisational and workforce management strategies to support their service delivery renewal and contestability initiatives, including significant assistance given to the:

- Department of Communities, Child Safety and Disability Services
- Department of Science, Information Technology, Innovation and the Arts
- Department of Housing and Public Works
- Queensland Health
- Department of Education, Training and Employment
- Department of Transport and Main Roads
- Transition of the Health Quality Complaints Commission to the Health Ombudsman
- Transition of the Commission of Children, Young People and Child Guardian to the Queensland Family and Child Commission and partner agencies
- Implementation of the Police and Community Safety Review recommendations including the Queensland Fire and Rescue Service merging with Emergency Management Queensland
- Creation of a new portfolio business agency, the Public Safety Business Agency.

To support the merger of the Queensland Fire and Rescue Service with Emergency Management Queensland, the PSC developed a communication and engagement strategy, and provided advice and support to the agencies as they implemented the legislative amendments that now underpin Queensland's disaster management systems.

Conduct and performance excellence

The PSC established a Conduct and Performance Excellence (CaPE) service to provide the support, systems and access to skills that agencies need to better manage conduct and performance. This service commenced operation on 1 July 2014 and was established in response to recommendations made in a number of key reports and enquiries. The theme of these reviews and recommendations was to return the management of minor misconduct matters to agencies to deal with promptly. The PSC has a role in monitoring and auditing agency responses.

In establishing this new service, a case categorisation framework was developed, comprising three categories of conduct/performance, each with their own benchmarks for management. This assists agencies in the timely, proportionate and relevant management of unsatisfactory employee conduct or work performance.

Under the new framework, public service managers are responsible for ensuring the employees they supervise are aware of the conduct and work performance principles in the *Public Service Act 2008*; proactively manage work performance and personal conduct of employees; and take prompt action to address unacceptable work performance or personal conduct *Public Service Act 2008* (s.26(2)). This will reduce red tape, resolve conduct and performance issues faster and in proportion with the issue, and see public resources used more efficiently with the goal of refocusing these resources on better services to customers.

Securing and maximising business flexibility in an environment of renewal and reform

Red tape reduction

Reduced red tape by **17.3%** in 2013-14

on CCE and ministerial directives identified for review



The task of reducing red tape to make human resource management simpler by reviewing and simplifying directives and other instruments continued. The PSC removed duplication with legislative instruments, considered changes to policy settings and assisted agency interpretation and implementation.

Managers were empowered to make appropriate agency level decisions, and seven directives were revised, resulting in a 17.3% reduction in the page count of those directives identified for review.

More than 50 public sector human resource professionals were able to increase their awareness of the policy and practice changes about the recruitment and selection directive and supporting materials by attending PSC workshops.

Initial work was undertaken to identify potential enhancements to the *Public Service Act 2008* in line with the QCOA recommendations and government priorities to make workforce management less complex. This work will continue in 2014-15.

Industrial relations legislative changes

The PSC's industrial relations team worked with agencies to develop legislation that ensures the government has an employment framework that is modern, flexible and relevant to Queensland public sector employees. The new provisions came into effect in December 2013 and information and training sessions were provided to agency industrial relations professionals to support them in using the new arrangements to drive service improvements.

Creating the most productive public sector in the nation

Organisational design

More streamlined and effective decision making across government is an important focus of *A Plan: Better Services for Queenslanders*.

As a result, all agencies are required to adopt a flatter organisational structure. To support this commitment, the PSC developed whole-of-government organisational design tools including:

- an organisational design map outlining the four key stages of organisational design – consider, strategy, design and results
- an organisational design workforce perspective model illustrating the benefits of reshaping public sector organisations.

Attraction and incentives

Finding innovative ways to attract and retain critical knowledge, skills and abilities in the Queensland public sector has been an area of focus for the PSC. As a result, a new directive was issued to enable agencies to offer temporary incentives to attract or retain individuals or groups of individuals to critical roles which have proved difficult to fill as a result of occupational or skills shortages, strong labour market competition, or location.



New ways to attract and access talent

QUEENSLAND
GOVERNMENT/EXCHANGE

Graduate Portal

Departments hire graduates as a key workforce planning strategy to ensure current and future workforce requirements are met. The PSC's Graduate Portal provides a single online entry point for graduate applications, creating whole-of-government efficiencies and cost savings. The Graduate Portal accepts applications from March to October each year. In the reporting period applications totalled 6775. This is more than three times as many applications as received in 2012-13 without any additional public expense. Of those applications, 44 per cent of applications received through the Graduate Portal were from Queensland university students.

The PSC was involved in establishing a new partnership with Eidos Institute, focused on making knowledge flexible and readily accessible between the Australian academic sector and the Queensland Government. The Exchange is an online marketplace that brings together Queensland Government agencies and the Australian academic sector to exchange richly diverse expertise and knowledge to support agency renewal initiatives. The PSC is working in partnership with Eidos to deliver this ongoing program across the Queensland public sector in 2014-15.

Industrial relations

Simplified the employment framework and negotiated **8** agreements



The PSC's industrial relations team worked in partnership with agencies, public sector entities and government-owned corporations to successfully negotiate eight agreements and determinations. All agreements comply with the applicable government wages policy ceiling of 2.5 per cent for state public sector agencies, with any increase above 2.2 per cent to be funded internally by agencies through real, cashable offsets, and 3 per cent for government-owned corporations.

Further agreements were due to be negotiated for QFleet, the Australian Agricultural College Corporation, Queensland Health's allied health professionals, South Bank Corporation and QBuild staff but were continued into 2014-15 while the Queensland Industrial Relations Commission (QIRC) is modernising their underpinning awards.

Core agreement

In 2012-13, the Queensland Government proposed a new State Government Departments Certified Agreement (the Core) which covers about 50,000 employees. The proposal offered annual wage increases of 2.35 per cent for three years and 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 QIRC.

In December 2013, the PSC developed a ministerial directive that provided employees covered by the agreement with a 2.2 per cent annual pay rise for three years. The first pay rise was from 1 December 2013, with ongoing annual 2.2 per cent pay rises in 2014 and 2015. The increased salary, including backpay to 1 December 2013 and leave loading backpay, was paid in February 2014. This 2.2 per cent annual pay increase is the same increase the QIRC awarded after arbitration to Queensland Fire and Emergency Services and Queensland Ambulance Service employees. The QIRC is now arbitrating the new agreement. A decision is not likely to be made until 2015.

Modernising awards

The QIRC is leading the modernisation of Queensland's 83 industrial awards, which apply to Queensland government and local government employees. This process will see industrial awards progressively become a safety net of fair terms and conditions to supplement the legislated minimum standards, the Queensland Employment Standards.

The PSC assisted the QIRC to modernise awards by leading development of multi-agency awards, providing workforce data, identifying and co ordinating cross-agency issues, facilitating QIRC communication with agencies, and informing Queensland Government employees.

The PSC is also ensuring employees are not disadvantaged by the removal of references to directives in simplified awards. Many awards refer to directives to give employees entitlements, such as higher duties and travel allowance. The QIRC plans to remove references to directives from awards as part of making them simpler. Through changes to minor legislation and a special directive, the PSC will ensure that those arrangements continue to apply.

Legal protection for Queensland Government employees

Amendments to legislation were made to give government employees greater protection. Under legislative amendments which took effect on 31 March 2014, all Queensland Government employees gained automatic legal protection from being sued when acting in their official capacity. Previously, legal protection existed in more than 300 different pieces of legislation – many with different criteria. The protections support the public service values of empowering government employees to be innovative and proactive in delivering services and putting their customers first.

Under the Queensland Government indemnity guideline, government employees can receive an indemnity and legal assistance if they are involved in work-related criminal proceedings, inquiries and investigations. However, employees will still be accountable for their actions and the government can recover funds from employees where they have not acted in good faith and have been negligent.

Voluntary Medical Retirement pilot

A voluntary medical retirement scheme was piloted within the Department of Communities, Child Safety and Disability Services. This scheme is a compassionate, employee-driven option for people who are too unwell to stay in their job. It allows a person to voluntarily retire if they cannot work due to illness or injury. This scheme is cost effective for the public sector as time, effort and cost of managing absenteeism and poor performance caused by illness or injury is eliminated. The PSC will extend the pilot program to more agencies and release a revised directive in the first half of 2014-15.

Providing independent, strategic advice and expertise to ministers and chief executives

Set strategic direction

The PSC has continued to consolidate its position as a trusted advisor by building capacity alongside the Department of the Premier and Cabinet and Queensland Treasury and Trade. In addition, the PSC enabled CEOs and agencies to make effective decisions about their employees by providing them with support, guidance and capability development. This is one of the commitments in *A Plan: Better services for Queenslanders*.

Strategic advice and expertise was provided on a range of areas including:

- ethical standards and legal issues, as general counsel to the PSC and public service executives
- executive recruitment, remuneration, contract management, appointment and induction, and machinery of government arrangements
- whole-of-government workforce matters.

A regular fortnightly e-Communiqué was introduced that is issued to all government CEOs and addresses important workforce strategy matters.

The PSC recognises the volume of emails and other information received by CEOs and this communication is strategic, concise and above all, useful to keep CEOs informed. Eleven regular and six special editions of the e-Communiqué were issued.

To support this commitment further, the Commission Chief Executive, Andrew Chesterman is a regular attendee of the Cabinet Budget Review Committee which considers matters with financial or budgetary implications for the government, and is a member of the Chief Executive Leadership Team providing advice to executives on strategic workforce issues and future direction in workforce management.



Ethical standards

Integrity and accountability



Integrity and accountability

The PSC has a dual role under the *Public Sector Ethics Act 2008*, as the custodian of the *Public Sector Ethics Act 2008* and also having responsibilities as a public service agency.

The PSC is responsible for:

- conducting reviews of the *Code of Conduct* for the Queensland Public Service
- considering requests for approval of agency standards of practice
- providing ethics advice and support to agencies.

The *Code of Conduct* for the Queensland Public Service

The *Code of Conduct* applies to a significant number of agencies, their employees and other persons working for Queensland Public Service agencies, providing a consistent set of expectations on appropriate conduct. The PSC completed a statutory review of the *Code of Conduct* and as a result the existing code was maintained.

The PSC continued to apply the *Code of Conduct* during 2013-14, ensuring the Code of Conduct and information about its application is readily available to all employees. The PSC incorporates education about conduct expectations, including the *Code of Conduct*, as part of our ongoing cycle of staff performance and development.

The *Code of Conduct* is a relevant consideration, along with the whole-of-government public service values, in the development and/or application of PSC procedures and practices, including strategic and workforce planning.

Standards of practice

The *Public Sector Ethics Act 2008* provides for public service agencies to develop standards of practice to apply additional standards for conduct and behaviour to the public officials working for that agency. The Commission Chief Executive is responsible for considering and determining requests to approve standards of conduct. Currently only two agencies have approved standards of practice – the Department of Education, Training and Employment and the Queensland Police Service.

During 2013-14 the PSC provided advice to two entities on the potential issue of a standard of practice; however no new standards were issued.

Ethics advice

Ethics advice was provided to agencies through the PSC's Advisory Service. Over 180 ethics enquiries were received, including about the *Code of Conduct*, complaints, gifts and benefits and conflicts of interest.



Capacity

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 2013-14 financial year there were a number of changes to the PSC including:

- the introduction of a new structure in February 2014 that saw the PSC align to three functional portfolios - Workforce Strategy and Performance, Workforce Renewal and Operations, and Workforce Policy and Legal
- the creation of a dedicated Office of the Commission Chief Executive
- the Public Sector Renewal Program moved from the PSC to the Department of the Premier and Cabinet in a machinery of government change in October 2013.

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 2014, there were 87 full-time equivalent (FTE) employees within PSC. The employee separation rate was 4.5%. Factors that influenced the FTE staffing in the PSC this year included the cessation of the Corporate Services Renewal Taskforce, and the transition of the Public Sector Renewal initiative to the Department of the Premier and Cabinet.

PSC workforce planning

The PSC led a whole-of-government project on the creation of strategic workforce plans for each agency. The PSC developed its own strategic workforce plan concurrently that involved analysis of our current workforce profile to develop an exciting vision for the future. The PSC strategic workforce plan includes targets of:

- 50 per cent of executive roles held by women
- 50 per cent of identified emerging leaders are women
- establishing strategic alliances and partnerships with universities, industry and professional groups

- interchanges with industry and other government sectors
- increased levels of mobility, including lateral moves and promotions
- enhanced focus on succession planning and management
- promote good worker health and working habits, and maintain a clear sense of culture, purpose and vision.

Information technology, systems and recordkeeping

The PSC continued to leverage information technology (IT) efficiencies by hosting PSC's IT requirements on the Department of the Premier and Cabinet's network. In the reporting period a wireless network was introduced, and planning commenced to replace all PSC desktop computers with mobile devices/tablets.

TRIM, an electronic document and records management system, continued to be used and all new staff were provided training to ensure ongoing compliance in the management of public records.

Public records of the PSC are adequately scheduled for retention and/or destruction via our retention and disposal schedule (QDAN 662). Records are periodically transferred to offsite storage, either with State Archives or a third party provider, for storage prior to either permanent retention or destruction.

Preparation has commenced for the relocation of the PSC to 1 William Street, Brisbane, which is expected to occur in 2015-16. The transition from a paper to digital environment has commenced, with the adoption of a 'paper lite' strategy. Part of this strategy encourages less printing through increased use of mobile technology, as well as raising staff awareness of the amount of printing they undertake.

Employee achievements

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

Several PSC teams were awarded winners or received special commendations:

- Customer Focus – highly commended – the Industrial Relations Team for their work on legislation for innovative industrial relations reforms (with the Office of the Queensland Parliamentary Counsel).
- Integrity and Accountability – award winner – the Legislation and Policy Team for their work on legal support and liability protection for employees (with Policy Division, Department of the Premier and Cabinet and Office of the Queensland Parliamentary Counsel).
- Integrity and Accountability – highly commended – Performance and Capability Development for their work on the *2013 Working for Queensland Employee Opinion Survey*.
- Excellence in Leadership – award winner – the Workforce Strategy Team for their work on whole-of-government culture and values renewal.
- Excellence in Leadership – highly commended – Performance and Capability Development for their work on the Executive Capability and Assessment Development.

Voluntary redundancy program

No redundancy packages were paid during this period.

Significant arrivals

Andrew Chesterman joined the PSC in September 2013 as the new Commission Chief Executive, following the departure of Ian Maynard to the role of Director-General, Department of Health. Prior to the PSC, Andrew was the Director-General of the Department of Environment and Heritage Protection. Andrew has an extensive background in strategic leadership and public administration, and has held various senior positions across both private and public sectors.

Corporate governance

Governance for performance

Our corporate governance framework ensures that 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

Measure	Description	Outcome
Public Service Commission	Independent advisory board to the Queensland Government on strategic matters concerning public sector management, development and reform	Accountability, transparency, high performance and compliance with statutory requirements
External audit conducted by the Queensland Audit Office	Ensures compliance with financial management requirements	
Right to information / information privacy legislation	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 reporting process	Reports on all significant activities undertaken each financial year	
Open data initiative	Making Queensland Government data accessible through a single, searchable portal	

Commissioners

The PSC is guided by commissioners that provide the vision and strategic guidance to deliver innovative solutions to public service workforce and performance issues. The commissioners are:

- Dr Doug McTaggart – Chairperson
- Jon Grayson – Director-General, Department of the Premier and Cabinet
- Mark Gray – Under Treasurer
- Andrew Chesterman – Commission Chief Executive, Public Service Commission.

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:

- monthly meetings (in association with the Public Sector Renewal Board)
- regular Commission Chief Executive and Chairperson meetings
- Commission Chief Executive and Chairperson meetings with ministers to discuss issues of strategic importance concerning the sector and its performance.

External audit

The PSC met timeframes for the preparation of the financial reports for 2013-14. 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.

Three Right to Information applications and one Information Privacy application were received. A total of \$83.80 in application fees and \$64.50 in processing fees was collected.

Annual report

The *2012-13 Annual Report* was tabled in Parliament in September 2013 and is one of the key vehicles used to report on our activities as part of our governance framework.

Open data initiative

Making Queensland Government data accessible through a single, searchable portal, allows for the development of innovative new products or solutions, increasing the openness and transparency of government and its processes, promoting public debate.

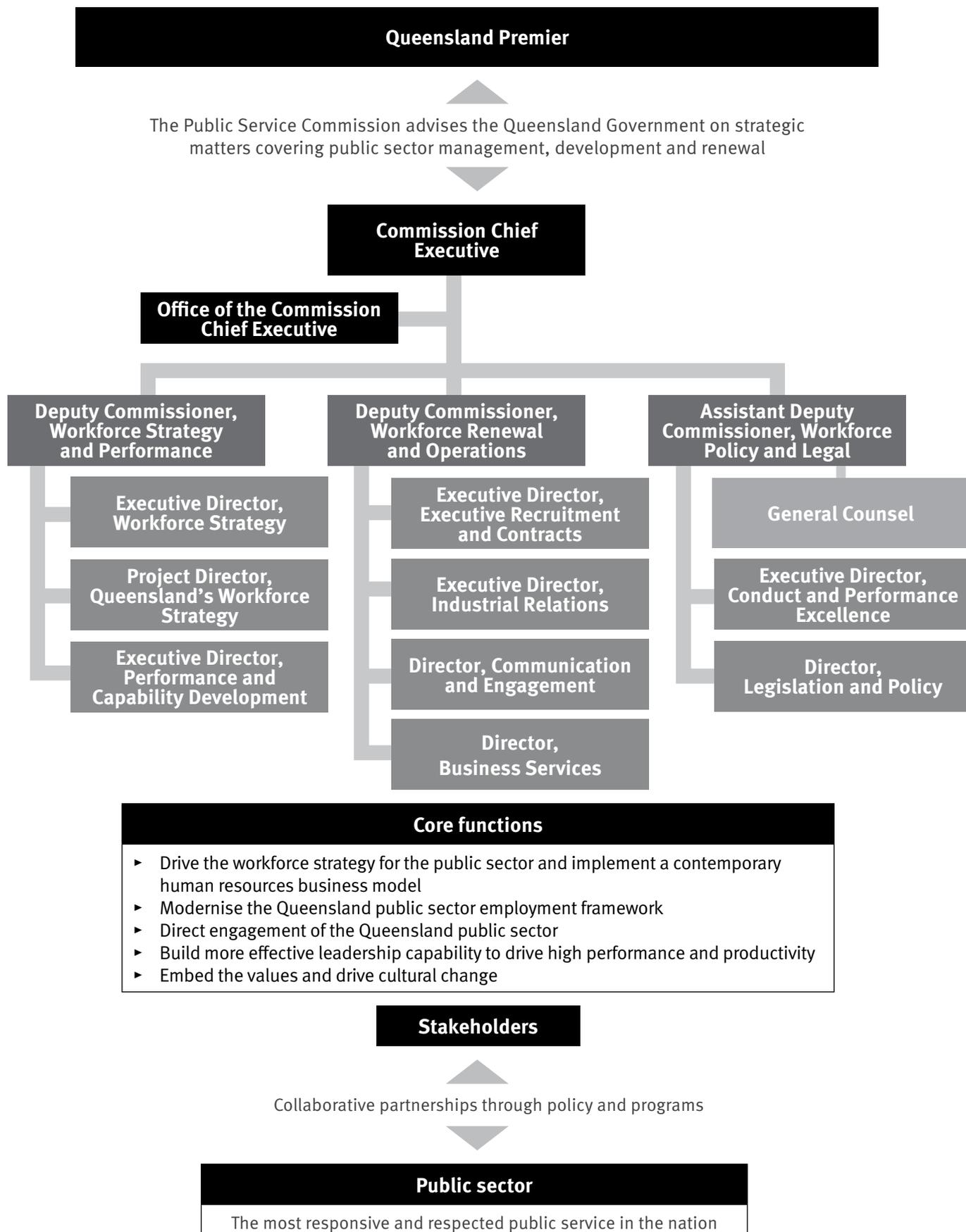
The PSC has contributed the following data sets to the Open data initiative:

- Queensland Public Service quarterly workforce profile data and annual workforce characteristics data
- *2013 Working for Queensland Employee Opinion Survey* results
- list of certified agreements and their expiry dates
- Queensland Public Service executive profile data
- equal employment opportunity data.

Data sets can be accessed at www.data.qld.gov.au

Internal accountability measures

Measure	Description	Outcome
Executive Management Team	Develops corporate plans and ensures performance satisfies PSC strategic priorities and statutory responsibilities	Accountability, transparency, high performance and compliance with statutory requirements
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> 	
Internal audit	Conducts independent reviews and evaluations of PSC financial management functions and reports the findings and recommendations to the Commission Chief Executive	



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 Renewal and Operations
- Assistant Deputy Commissioner, Workforce Policy and Legal.

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, Workforce Renewal and Operations
- Assistant Deputy Commissioner, Workforce Policy and Legal
- Executive Director, Industrial Relations
- Executive Director, Performance and Capability Development
- Executive Director, Workforce Strategy
- Executive Director, Executive Recruitment and Contracts
- Executive Director, Conduct and Performance Excellence service
- Director, Business Services
- Director, Communication and Engagement
- Director, Legislation and Policy
- Director, Queensland's Workforce Strategy
- Executive Officer 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 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, and external accountability responsibilities as prescribed in the *Financial Accountability Act 2009* and the *Financial Accountability Regulation 2009*.

The Audit and Risk Management Committee comprises:

- Jenny Parker – Chairperson
- Neil Jackson – Independent Member
- Peter McKay – Deputy Commissioner, Workforce Renewal and Operations, Public Service Commission
- Ross Musgrove – Chief Operating Officer and Deputy Director-General, Public Sector Renewal, Department of the Premier and Cabinet.

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.

Agency service standards

The PSC has one agency service area – *provision of services for a high performing public service*. We measure this service area against the following standards:

Service standards	2013-14 Target/est	2013-14 Est. actual	2014-15 Target/est
Enterprise arrangements where employee costs are contained within the government wages policy	90%	100%	90%
Participant satisfaction with development programs brokered by PSC	80%	91.8%	80%
Percentage of agencies that have implemented the Queensland Public Sector executive staffing structure within the approved time period	95%	90%	95%

The results achieved by our service standards are of a high level and include the following:

- All enterprise agreements negotiated with PSC involvement have been contained within the government wages policy.
- Participants in development programs brokered by the PSC have achieved high satisfaction levels.
- The majority of departments have complied with the Queensland Public Sector executive staffing structure. The variation of 5% (between the target and the actual result), is explained by machinery of government changes affecting some agencies. At the time of publication, all agencies either align to the executive staffing structure, or have a transition plan in place to achieve alignment in an agreed timeframe.

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 services via Queensland Shared Services and Ventyx. The Deputy Commissioner, Workforce Renewal and Operations and the Director, Business Services, meet with the Senior Executive Director, Corporate Governance, Department of the Premier and Cabinet on a monthly basis to discuss shared corporate service issues and initiatives.

Open data

Information about consultancies and contractors, overseas travel, and the Queensland Cultural Diversity Policy can be found online at the Queensland Government Open Data website (www.qld.gov.au/data).

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, and purchase with probity and accountability.



Financial summary

2013-14



Financial summary 2013-14

The financial summary provides an overview of the Public Service Commission's (PSC) financial performance for 2013-14. A detailed report of the PSC's financial performance is included in the financial statements in this annual report.

The PSC Chief Executive has nominated Ms Dee Mundell CPA to assume the responsibilities of Chief Finance Officer for the PSC. During 2013-14 Ms Mundell fulfilled the responsibilities required by section 77 of the *Financial Accountability Act 2009*. The PSC Chief Executive has been provided with a statement by the Chief Finance Officer for the 2013-14 financial year. The statement confirms the PSC's financial internal controls are operating efficiently, effectively and economically.

Comparison between budget and actual for 2013-14

	Actual 2013-14	Original budget 2013-14 [^]	Variance
	\$'000	\$'000	\$'000
Income from continuing operations			
Service revenue	22,636	26,667	(4,031)
User charges	162	279	(117)
Grants and other contributions	236	939	(703)
Other revenue	184	150	34
Gain on sale	-	-	-
Total income from continuing operations	23,218	28,035	(4,817)
Expenses from continuing operations			
Employee expenses	12,948	16,573	(3,625)
Supplies and services	10,018	11,219	(1,201)
Grants and subsidies	-	-	-
Depreciation and amortisation	185	203	(18)
Impairment loss	-	-	-
Revaluation decrement	-	-	-
Finance/borrowing costs	-	-	-
Other expenses	94	40	54
Total expenses from continuing operations	23,245	28,035	(4,790)
Operating result from continuing operations	- 27	-	- 27

[^] The original budget refers to budget papers as published in the 2013-14 Service Delivery Statements.

Income

Total Income was \$23.218 million for the full year. This represents a decrease of 17 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 Department of Premier and Cabinet from the PSC
- provision of one-off temporary funding for the Queensland Health Renewal Taskforce.

User charges and grants and contributions have decreased due to the replacement of interdepartmental billing arrangements with service revenue for programs coordinated by the PSC.

Other revenue reflects contract management fees derived from learning and development programs coordinated by the PSC.

Expenditure

The PSC's total expenditure for the year was \$23.245 million, and represents a decrease of 17 per cent from the original budget.

Employee expenses and supplies and services decreased due to the machinery of government changes for the Office of Public Sector Renewal.

Operating result

The PSC recorded a deficit of \$0.027 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.

The contract awarded to Queensland University of Technology (QUT) in 2011, will expire in December 2014. The PSC is no longer financially responsible for the provision of this program.

Financial summary

Balance sheet

	Actual 2013-14	Original budget 2013-14	Variance
	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents	1,062	892	170
Receivables	812	521	391
Inventories	-	-	-
Other current assets	54	200	(146)
Total current assets	1,928	1,513	415
Non-current assets			
Receivables	-	-	-
Intangible assets	-	-	-
Property, plant and equipment	1,552	1,697	(145)
Total non-current assets	1,552	1,697	(145)
Total assets	3,480	3,210	270
Current liabilities			
Payables	1,094	976	118
Other financial liabilities	118	118	-
Accrued employee benefits	424	230	194
Total current liabilities	1,636	1,324	312
Non-current liabilities			
Other financial liabilities	908	909	(1)
Total non-current liabilities	908	909	(1)
Total assets	2,544	2,233	311
Net assets	936	977	(41)
Equity			
Contributed equity	934	934	-
Accumulated surplus	2	43	(41)
Total equity	963	977	(41)

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

The variance for plant, property and equipment is due to the deferral of an upgrade in IT equipment to 2014-15.

Comparison between actual results for 2013-14 and 2012-13

	Actual 2013-14 \$'000	Actual 2012-13 \$'000	Variance \$'000
Income from continuing operations			
Service revenue	22,636	19,515	3,121
User charges	162	268	(106)
Grants and other contributions	236	157	(79)
Other revenue	184	80	104
Gain on sale	-	-	-
Total income from continuing operations	23,218	20,020	3,198
Expenses from continuing operations			
Employee expenses	12,948	12,103	845
Supplies and services	10,018	7,713	2,305
Grants and subsidies	-	-	-
Depreciation and amortisation	185	187	(2)
Impairment loss	-	-	-
Revaluation decrement	-	-	-
Finance/borrowing costs	-	-	-
Other expenses	94	32	63
Total expenses from continuing operations	23,245	20,034	3,211
Operating result from continuing operations	- 27	- 14	- 13

Income

Service revenue increased by 16 per cent due to additional appropriation funding provided, primarily due to deferral of project funding from 2012-13 to 2013-14.

User charges and grants have reduced by 40 per cent due to the changing of the funding model of sector wide development programs coordinated by the PSC.

Expenditure

Supplies and services increased due to costs associated with undertaking several renewal projects coordinated by the PSC being deferred from 2012-13 to 2013-14.

Operating result

The deficit recorded for the current year was due to the final distribution of scholarship placements across the sector to absorb residual funds held by the PSMP. This has ceased the PSC's financial responsibility for the PSMP.

Balance sheet

	Actual 2013-14 \$'000	Actual 2012-13 \$'000	Variance \$'000
Current assets			
Cash and cash equivalents	1,062	2,130	(1,068)
Receivables	812	699	113
Inventories	-	-	-
Other current assets	54	29	25
Total current assets	1,928	2,858	(930)
Non-current assets			
Receivables	-	-	-
Intangible assets	-	-	-
Property, plant and equipment	1,552	1,737	(185)
Total non-current assets	1,552	1,737	185
Total assets	3,480	4,595	(1,115)
Current liabilities			
Payables	1,094	2,161	(1,067)
Other financial liabilities	118	118	-
Accrued employee benefits	424	327	97
Total current liabilities	1,636	2,606	(970)
Non-current liabilities			
Other financial liabilities	908	1,026	(118)
Total non-current liabilities	908	1,026	(118)
Total assets	2,544	3,632	(1,088)
Net assets	936	963	(27)
Equity			
Contributed equity	934	934	-
Accumulated surplus	2	29	(27)
Total equity	936	963	- 27

The variance for cash and payables is primarily due to the timing differences in the payment of creditors.



Financial statements

for the year ended 30 June 2014

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Statement of Changes in Equity.....	41
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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.

Financial statements

Public Service Commission Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Income from Continuing Operations			
Departmental services revenue	3	22,636	19,515
User charges	4	162	268
Grants and other contributions	5	236	166
Other revenue	6	184	71
Total Income from Continuing Operations		23,218	20,020
Expenses from Continuing Operations			
Employee expenses	7	12,948	12,103
Supplies and services	9	10,018	7,713
Depreciation	10	185	187
Other expenses	11	94	31
Total Expenses from Continuing Operations		23,245	20,034
Operating Result for the Year		(27)	(14)
Other Comprehensive Income		-	-
Total Comprehensive Income		(27)	(14)

The accompanying notes form part of these statements.

Financial statements

Public Service Commission
Statement of Financial Position
as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Current Assets			
Cash and cash equivalents	12	1,062	2,130
Receivables	13	812	699
Other current assets	14	54	29
Total Current Assets		1,928	2,858
Non Current Assets			
Plant and equipment	15	1,552	1,737
Total Non Current Assets		1,552	1,737
Total Assets		3,480	4,595
Current Liabilities			
Payables	16	1,094	2,161
Accrued employee benefits	17	424	327
Other current liabilities	18	118	118
Total Current Liabilities		1,636	2,606
Non Current Liabilities			
Other non current liabilities	18	908	1,026
Total Non Current Liabilities		908	1,026
Total Liabilities		2,544	3,632
Net Assets		936	963
Equity			
Contributed equity		934	934
Accumulated surplus		2	29
Total Equity		936	963

The accompanying notes form part of these statements.

Public Service Commission
Statement of Changes in Equity
for the year ended 30 June 2014

	Accumulated Surplus/Deficit \$'000	Contributed Equity \$'000	Total \$'000
Balance at 1 July 2012	43	934	977
Total Comprehensive Income for the Year	(14)	-	(14)
Balance at 30 June 2013	29	934	963
Balance at 1 July 2013	29	934	963
Total Comprehensive Income for the Year	(27)	-	(27)
Balance at 30 June 2014	2	934	936

The accompanying notes form part of these statements.

Financial statements

Public Service Commission
Statement of Cash Flows
for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Service appropriation receipts		22,796	19,489
User charges		171	284
Grants and other contributions		190	192
GST input tax credits from ATO		1,123	498
GST collected from customers		32	123
Other		131	71
<i>Outflows:</i>			
Employee expenses		(13,337)	(11,696)
Supplies and services		(10,928)	(7,065)
GST paid to suppliers		(1,093)	(508)
GST remitted to ATO		(54)	(123)
Other		(99)	(36)
Net cash provided by (used in) operating activities	19	(1,068)	1,229
Cash flows from investing activities			
<i>Outflows:</i>			
Payments for plant and equipment		-	(8)
Net cash provided by (used in) investing activities		-	(8)
Net increase/(decrease) in cash and cash equivalents		(1,068)	1,221
Cash and cash equivalents at beginning of financial year		2,130	909
Cash and cash equivalents at end of financial year	12	1,062	2,130

The accompanying notes form part of these statements.

Public Service Commission

Notes to and forming part of the financial statements 2013-14

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: Depreciation
- Note 11: Other Expenses
- Note 12: Cash and Cash Equivalents
- Note 13: Receivables
- Note 14: Other Current Assets
- Note 15: Plant and Equipment
- Note 16: Payables
- Note 17: Accrued Employee Benefits
- Note 18: Other Liabilities
- Note 19: Reconciliation of Operating Surplus to Net Cash from Operating Activities
- Note 20: Non-Cash Financing and Investing Activities
- Note 21: Commitments for Expenditure
- Note 22: Contingencies
- Note 23: Events Occurring after Balance Date
- Note 24: Machinery-of-Government Transfers
- Note 25: Financial Instruments

Public Service Commission Notes to and forming part of the financial statements 2013-2014

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, renewal 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
- 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

Our mission, in conjunction with the Department of the Premier and Cabinet and Queensland Treasury and Trade, is to be the best, most responsive public service in the nation.

The Commission provides sound advice on public administration and organisational management and ensures that the Government's most valuable resource – its people – are aligned with 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 2014, 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.

Residual funds held by the PSMP have been exhausted in 2013-14 with the placement of scholarships across the sector, and subsequently the program ceased operating in the 2013-14 financial year.

The program is currently delivered by QUT and is due to expire in December 2014. Future delivery of the program is being co-ordinated by the Australian Public Service Commission.

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

(c) Departmental Services Revenue

Appropriations provided under the *Appropriation Act 2013* are recognised as revenue when received. The appropriation receivable reflected in the financial statements as at 30 June 2014 has been approved by Queensland Treasury and Trade and recognised as 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 recognised as various performance obligations under the funding agreement are fulfilled.

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 2013-14.

(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 and as well as deposits at call with financial institutions. It also includes investments with short periods to maturity (less than 90 days) that are readily convertible to cash at the Commissioner option and that are subject to a low risk of changes in value.

(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. Settlement of these amounts is required within 30 days from the invoice date.

The collectability of receivables is assessed periodically for impairment. All known bad debts were written-off as at 30 June 2014.

Other receivables generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. No interest is charged and no security is obtained.

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

(i) Acquisitions of Assets

Cost is used for the initial recording of all non-current physical 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, (that is not classified as major plant and equipment), is measured at cost in accordance with the Non-Current Asset Policies. The carrying amounts for such 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. Management believes this depreciation method best represents the pattern of consumption for these assets.

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

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

(m) Impairment of Non-Current Assets

All non-current physical and intangible 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.

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

(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 25.

(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, 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 paid to employees for annual leave are claimed from the scheme quarterly in arrears.

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

(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 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 and Minister for Trade 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 (QGIF), premiums being paid on a risk assessment basis including public liability. In addition, the Commission pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. This is recognised as an employee related expense.

(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.

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

(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.

(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) Accounting Estimates and Judgement

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 15 Plant and Equipment and note 22 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.

The Australian Government has abolished the carbon tax effective 1 July 2014. The withdrawal 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 2013-14. The only Australian Accounting Standard changes applicable for the first time as from 2013-14 are those arising from AASB 13 *Fair Value Measurement*, as explained below.

AASB 13 *Fair Value Measurement* became effective 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. The new requirements apply to all of the Commission assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

A revised version of AASB 119 *Employee Benefits* became effective for reporting periods beginning on or after 1 January 2013. Given the Commission circumstances, the only implications for the Commission were the revised concept of 'termination benefits' and the revised recognition criteria for termination benefit liabilities.

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

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

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 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 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* became effective for 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.

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 departments (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 has had no impact on the Commission.

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 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. The Commission will need to include in its 2014-15 financial statements the original budgeted figures from the Income Statement, Balance Sheet, Statement of Changes in Equity, and Cash Flow Statement as published in the 2014-15 Queensland Government's Service Delivery Statements. The budgeted figures 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 original budgeted figures.

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

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

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*;
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]; and • AASB 2013-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities*.

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.

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 2017-18 financial statements, all of the Commission financial assets are expected to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Notes 1 and 25).

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.

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

2. Commission's Service

The Commission is a central agency that drives workforce strategy for the Queensland Government to deliver better economic and social outcomes for all. The Commission provides strategic advice to the sector on:

- Executive recruitment and contracts
- Industrial relations
- Workforce policy and legal
- Performance and capability development
- Workforce strategy

The Commission plays a central role as developer and custodian of the government's employment framework. The Commission's work here ensures the government's most valuable resource - its people - are supported by a framework that is modern, flexible and encourages high-performance.

Central to the Commission's strategic approach is having the whole-of-Government aspirational values firmly in mind:

- Customers first
- Ideas into action
- Unleash potential
- Be courageous
- Empower people

These values enable us to consistently place our customers at the centre of everything we do.

The Integrity Commissioner is an independent statutory office holder appointed by the Governor in Council under the *Public Sector Ethics Act 1994*. The Integrity Commissioner 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 Public Service 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*.

Public Service Commission
Notes to and forming part of the financial statements 2013-2014

	2014 \$'000	2013 \$'000
3. Reconciliation of Payments from Consolidated Fund to Departmental Services Revenue Recognised in Statement of Comprehensive Income		
Budgeted departmental services appropriation	26,667	18,252
Transfers from other departments - Redistribution of public business	(5,570)	4,074
Lapsed departmental services appropriation	-	(2,837)
Unforeseen expenditure	1,699	-
Total departmental services receipts	22,796	19,489
Less: Opening balance of departmental services appropriation receivable	(256)	(230)
Plus: Closing balance of departmental services appropriation receivable	96	256
Departmental services revenue recognised in Statement of Comprehensive Income	22,636	19,515
4. User Charges		
Registration fees	6	2
Professional fees	156	266
Total	162	268
5. Grants and Other Contributions		
Grants from Government departments	120	120
Contributions from Industry	5	-
Contributions from Government departments	11	5
Contributions from Local Government	50	32
Services received at below fair value	50	9
Total	236	166
6. Other Revenue		
Contract management fee*	177	63
Interest received	-	1
Other	7	7
Total	184	71

* Contract management fees are paid by providers for the delivery of development programs.

Financial statements

Public Service Commission Notes to and forming part of the financial statements 2013-2014

	2014 \$'000	2013 \$'000
7. Employee Expenses		
Employee Benefits		
Wages and salaries **	9,268	7,919
Employer superannuation contributions *	1,140	1,074
Long service leave levy *	188	179
Annual leave levy *	946	900
Fringe benefits tax	99	89
Voluntary Redundancy Program	-	1,255
Termination Payment ***	474	-
Other	250	150
Employee Related Expenses		
Workers' compensation premium	73	48
Payroll Tax	510	489
Total	12,948	12,102

* Refer to note 1(q).

** Wages and salaries increases related to temporary renewal projects such as Queensland Health Renewal Taskforce, Corporate Service Renewal Taskforce and Capability Development Unit.

*** In 2013-14 the Commission terminated one employee with the termination payout funded by Queensland Treasury.

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:	89	87
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Public Service Commission

Notes to and forming part of the financial statements 2013-14

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 2013-14. 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.	CEO2, <i>Public Service Act 2008</i>	Appointed 23 September 2013
Deputy Commissioner, Workforce Strategy and 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 Renewal and Operations	The Deputy Commissioner is responsible for leading industrial relations reform programs, executive recruitment and contracts and the operations of the Public Service Commission.	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.	CEO5, <i>Public Service Act 2008</i>	Ceased 1 October 2013 when the role was transferred to the Department of the Premier and Cabinet
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>	Appointed 15 April 2013 Ceased 20 September 2013
Assistant Deputy Commissioner, Workforce Policy and Legal	The Assistant Deputy Commissioner is responsible for providing advice on policies and guidelines which support workforce management to the sector.	SES2, <i>Public Service Act 2008</i>	This new position commenced memberships of the Executive Management Team effective 17 February 2014

Public Service Commission

Notes to and forming part of the financial statements 2013-14

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

(b) Remuneration

Remuneration policy for the Commission's key management personnel is set by the 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 may provide for other benefits including a motor vehicle allowance and, for chief executive officers (CEO's), may provide for the provision of At Risk Component payments.

For the 2013-14 year, remuneration of key management personnel increased by 2.2% in accordance with government policy.

The following disclosures focus on the expenses incurred by the department during the respective reporting periods that is attributable to key management positions. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Remuneration packages for key management personnel comprise the following components:

- Short term employee expenses which include:
 - o salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position
 - o performance payments recognised as an expense during the year
 - o non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned
- Post-employment benefits include amounts expensed in respect of employer superannuation obligations
- Termination benefits 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

Public Service Commission

Notes to and forming part of the financial statements 2013-14

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

1 July 2013 - 30 June 2014

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Expenses	Total Expenses
	Monetary Expenses	Non-Monetary Expenses				
	\$'000	\$'000	\$'000	\$'000		\$'000
Commission Chief Executive (1 July 2013 to 20 September 2013)	198	5	2	6	0	211
Commission Chief Executive (23 September 2013 to 30 June 2014)	332	2	7	39	0	380
Deputy Commissioner, Workforce Strategy & Performance	234	0	4	26	0	264
Deputy Commissioner, Workforce Renewal & Operations	230	1	5	22	0	258
Deputy Commissioner, Renewal (1 July 2013 to 01 October 2013)	86	0	2	9	0	97
Chief Executive Officer, Capability Development Unit (1 July 2013 - 20 September 2013)	93	6	2	10	474	585
Assistant Deputy Commissioner, Workforce Policy & Legal (17 February 2014 - 30 June 2014)	70	0	1	8	0	79
Total Remuneration	1,243	14	23	120	474	1,874

Public Service Commission
Notes to and forming part of the financial statements 2013-14

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

Public Service Commission

Notes to and forming part of the financial statements 2013-14

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

(c) Performance Payments

The remuneration package for the Commission Chief Executive includes a potential performance payment up to a maximum of \$77,336. Eligibility for such a performance payment is conditional on the achievement of objectives that are documented in that position's performance agreement.

Public service CEOs have part of their total remuneration package placed "at risk" and paid only if they meet or exceed the agreed performance standards.

The chief executive performance evaluation process comprises:

- reporting on end of year achievement and self-assessment by each chief executive against their performance agreement/intended outcomes;
- analysis by the Commission Chief Executive, Public Service Commission, the Under Treasurer, Queensland Treasury and Trade and the Director-General, Department of the Premier and Cabinet of relevant performance data;
- a rigorous, independent and objective assessment of CEOs performance at the end of each financial year using, amongst other things, information provided from above two steps. This performance assessment is undertaken by a Chief Executive Performance Evaluation Committee (CEPEC);
- recommendations from the CEPEC to the Premier; and
- the Premier's ultimate discretion regarding whether the CEO will be paid an At Risk Component payment and, if so, how much.

Note: The Commission Chief Executive, the Director-General, Department of the Premier and Cabinet and the Under Treasurer, Queensland Treasury and Trade are excluded from the assessment process in respect of their own position.

As at the date of management certification of these financial statements, the eligibility to a performance payment for the Commission Chief Executive in respect of the 2013-14 financial year had not yet been confirmed. With respect to the process to determine eligibility, for chief executive officers, recommendations are yet to be made by the Chief Executive Performance Evaluation Committee to the Premier. Therefore, any performance payment approved will be reported as an expense within the 2014-15 financial year.

The basis for performance payments expensed in the 2013-14 financial year is set out below:

Position	Date Paid	Basis for Payment
Commission Chief Executive	06/11/2013	This payment relates to the achievement of performance criteria during 2012-13. In accordance with the terms of the performance agreement for this position, it was determined that a payment of \$74,402 be awarded.

The aggregate performance payments expensed in respect of all key management personnel are as follows:

	2014	2013
Key Management Personnel	1	0

Public Service Commission
Notes to and forming part of the financial statements 2013-2014

	2014 \$'000	2013 \$'000
9. Supplies and Services		
Advertising and communications	69	44
Building services *	1,920	1,278
Computer software expensed	20	3
Conference, workshop, training costs	680	375
Consultancies and contractors **	4,852	2,406
Corporate services	758	1,409
Course expenses	60	85
External computer charges	55	194
Minor plant and equipment	14	28
Motor vehicle costs	180	206
Professional services	1,016	1,028
Publications, books and statutes	135	199
Telecommunications	106	109
Travel	78	154
Other	76	196
Total	10,018	7,714

* Increase reflects the full year occupancy costs of level 15, 53 Albert Street.

** Increase due to the various project works carried out during 2013-14 financial year such as Executive Capability Assessment and Development, Working for Queensland Survey, Corporate Service Renewal and Qld Health Renewal Taskforce.

10. Depreciation

Depreciation was incurred in respect of:

Plant and equipment	185	187
Total	185	187

11. Other Expenses

External audit fees *	31	25
Insurance premium - QGIF	8	6
Goods/Services provided below fair value	55	-
Total	94	31

* Total audit fees paid to the Queensland Audit Office relating to the 2013-14 financial year are estimated to be \$31,200 (2013: \$25,472). There are no non-audit services included in this amount.

Financial statements

Public Service Commission Notes to and forming part of the financial statements 2013-2014

	2014	2013
	\$'000	\$'000
12. Cash and Cash Equivalents		
Imprest account	1	1
Cash at bank	1,061	2,105
24-hour call deposits	-	24
Total	1,062	2,130
<p>24-hour call deposits with Queensland Treasury Corporation earned interest at rates between 3.60% and 4.68% in 2013-14 (2012-13: 3.60% and 4.68%). The Treasurer and Minister for Trade's approval has been obtained for these investments. Nil deposits were held as at 30 June as the account was closed with the ceasing of the program during 2013-14.</p>		
13. Receivables		
Trade debtors	379	60
Long service leave reimbursements	4	40
Annual leave reimbursements	179	170
Appropriation receivable	96	256
GST receivable	52	89
Other	102	84
Total	812	699
14. Other Current Assets		
Prepayments	54	29
Total	54	29

Financial statements

Public Service Commission Notes to and forming part of the financial statements 2013-2014

	2014 \$'000	2013 \$'000
15. Plant and Equipment		
Plant and equipment:		
At cost	2,510	2,522
Less: Accumulated depreciation	(958)	(785)
	1,552	1,737
Total	1,552	1,737
Plant and Equipment Reconciliation		
Plant and Equipment		
Carrying amount at 1 July	1,737	1,888
Acquisitions	-	8
Disposals	-	-
Transfers between classes	-	28
Depreciation	(185)	(187)
	1,552	1,737
Capital works in progress		
Carrying amount at 1 July	-	28
Transfers between classes		(28)
	-	-
Total carrying amount at 30 June 2014	1,552	1,737
The Commission has plant and equipment with an original cost of \$62,392 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.		
16. Payables		
Trade creditors	1,094	2,161
Total	1,094	2,161

Financial statements

Public Service Commission
Notes to and forming part of the financial statements 2013-2014

	2014	2013
	\$'000	\$'000
17. Accrued Employee Benefits		
Annual leave levy payable	245	280
Long service leave levy payable	46	47
Accrued salaries and wages	133	-
Total	424	327
18. Other Liabilities		
Current		
Leasehold incentive	118	118
Total	118	118
Non Current		
Leasehold incentive	908	1,026
Total	908	1,026

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

	2014 \$'000	2013 \$'000
19. Reconciliation of Operating Surplus to Net Cash from Operating Activities		
Operating surplus/(deficit)	(27)	(14)
Depreciation expense	185	187
Amortisation of lease incentive liability	(118)	(118)
Changes in assets and liabilities:		
(Increase)/decrease in output revenue receivable	160	(26)
(Increase)/decrease in long service leave reimbursement	35	(21)
(Increase)/decrease in annual leave reimbursement	(9)	(68)
(Increase)/decrease in trade receivables	(319)	59
(Increase)/decrease in GST input tax credits receivable	37	(49)
(Increase)/decrease in prepayments	(25)	170
(Increase)/decrease in other receivables	(18)	56
Increase/(decrease) in accounts payable	(1,067)	955
Increase/(decrease) in accrued employee benefits	97	97
Net cash (used in) provided by operating activities	(1,068)	1,228

20. 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 24.

Public Service Commission
Notes to and forming part of the financial statements 2013-2014

	2014 \$'000	2013 \$'000
21. 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 *	2,005	2,038
· Later than one year and not later than five years *	5,232	7,083
Total	7,237	9,121
(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	1,212	1,761
· Later than one year and not later than five years	430	382
Total	1,642	2,143

22. Contingencies

As at 30 June 2014, no legal action is outstanding or 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.

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

23. 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 for the 2013-14 financial year had not yet been confirmed. Any performance payment will be reported as an expense in the 2014-15 financial year. Refer note 8(c).

24. Machinery-of-Government Transfers

Transfer of the Office of Public Sector Renewal

As a result of the *Public Service Departmental Arrangements Notice (No.7) 2013*, dated 1 November 2013 with financial effect from 1 October 2013, the responsibility for the Office of the Public Sector Renewal (OPSR) transferred to the Department of 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.

	2014	2013
	\$'000	\$'000

25. 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	12	1,062	2,130
Receivables	13	812	699
Total		1,874	2,829
Financial Liabilities			
Financial liabilities measured at amortised costs:			
Payables	16	1,094	2,161
Total		1,094	2,161

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

25. 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 2014 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.

Public Service Commission
Notes to and forming part of the financial statements 2013-2014

25. 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:

2014 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	-	46	-	-	46
Total	-	46	-	-	46

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
Financial Assets					
Receivables	-	2	-	-	2
Total	-	2	-	-	2

There are no individually impaired financial assets as at 30 June 2014 for the Commission (2013: 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 in the bank account 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.

Public Service Commission
Notes to and forming part of the financial statements 2013-2014

25. Financial Instruments (cont'd)

(d) Liquidity Risk (cont'd)

		2014 Payable in			
	Note	< 1 year \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000
Financial Liabilities					
Payables	17	1,094	-	-	1,094
Total		1,094	-	-	1,094
		2013 Payable in			
	Note	< 1 year \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000
Financial Liabilities					
Payables	17	2,161	-	-	2,161
Total		2,161	-	-	2,161

(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.

Public Service Commission

Notes to and forming part of the financial statements 2013-2014

25. Financial Instruments (cont'd)

(f) Interest Rate Sensitivity Analysis

As at 30 June 2014 the Commission did not have any interest bearing deposits and hence was not exposed to interest rate sensitivity.

Interest Rate Sensitivity as at 30/06/2013 was as follows:

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

(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;
- 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 2014 and of the financial position of the Commission at the end of that year; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Andrew Chesterman
Commission Chief Executive

21 August 2014



Dee Mundell CPA
Chief Finance Officer

21 August 2014

Independent 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 2014, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Commission Chief Executive and 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.

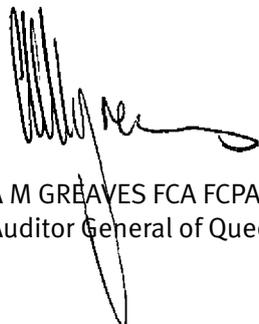
Opinion

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 2013 to 30 June 2014 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 1: compliance checklist

Glossary

Appendix 1: compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> • A letter of compliance from the accountable officer or statutory body to the relevant Minister 	ARRs – section 8	Page 3
Accessibility	<ul style="list-style-type: none"> • Table of contents • Glossary 	ARRs – section 10.1	Page 8, page 78
	<ul style="list-style-type: none"> • Public availability 	ARRs – section 10.2	Page 2
	<ul style="list-style-type: none"> • Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	Page 2
	<ul style="list-style-type: none"> • Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 10.4	Page 2
	<ul style="list-style-type: none"> • Information Licensing 	QGEA – Information Licensing ARRs – section 10.5	Page 2
General information	<ul style="list-style-type: none"> • Introductory Information 	ARRs – section 11.1	Page 4
	<ul style="list-style-type: none"> • Agency role and main functions 	ARRs – section 11.2	Page 4
	<ul style="list-style-type: none"> • Operating environment 	ARRs – section 11.3	Pages 9-10
	<ul style="list-style-type: none"> • Machinery of government changes 	ARRs – section 11.4	Page 24
Non-financial performance	<ul style="list-style-type: none"> • Government's objectives for the community 	ARRs – section 12.1	Page 9
	<ul style="list-style-type: none"> • Other whole-of-government plans / specific initiatives 	ARRs – section 12.2	Throughout
	<ul style="list-style-type: none"> • Agency objectives and performance indicators 	ARRs – section 12.3	Page 10
	<ul style="list-style-type: none"> • Agency service areas, and service standards 	ARRs – section 12.4	Pages 12-20
Financial performance	<ul style="list-style-type: none"> • Summary of financial performance 	ARRs – section 13.1	Pages 32-37
Governance – management and structure	<ul style="list-style-type: none"> • Organisational structure 	ARRs – section 14.1	Pages 26-29
	<ul style="list-style-type: none"> • Executive management 	ARRs – section 14.2	Pages 26-29
	<ul style="list-style-type: none"> • Related entities 	ARRs – section 14.3	N/A
	<ul style="list-style-type: none"> • Government bodies 	ARRs – section 14.4	N/A
	<ul style="list-style-type: none"> • <i>Public Sector Ethics Act 1994</i> 	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5	Page 22

Appendix and glossary

Summary of requirement		Basis for requirement	Annual report reference
Governance – risk management and accountability	• Risk management	ARRs – section 15.1	Pages 26-29
	• External scrutiny	ARRs – section 15.2	Pages 26-27
	• Audit committee	ARRs – section 15.3	Pages 26-29
	• Internal audit	ARRs – section 15.4	Pages 26-27
	• Public Sector Renewal	ARRs – section 15.5	Pages 26-30
	• Information systems and recordkeeping	ARRs – section 15.6	Page 24
Governance – human resources	• Workforce planning, attraction and retention, and performance	ARRs – section 16.1	Pages 24-25
	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	Page 25
	• Open Data	ARRs – section 17	Page 27, page 30
Open Data	• Open Data	ARRs – section 17	Page 27, page 30
Financial statements	• Certification of financial statements	FAA – section 62	Page 72
		FPMS – sections 42, 43 and 50	
		ARRs – section 18.1	
	• Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Pages 73-74
	• Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	Pages 56-60

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

Glossary

ANZSOG	Australia and New Zealand School of Government
CaPE	Conduct and Performance Excellence
CEO	Chief Executive Officer
ECAD	Executive Capability Assessment and Development
EFP	Executive Fellows Program
EMPA	Executive Master of Public Administration
FTE	Full-time equivalent
IT	Information technology
MP	Member of Parliament
PPMM	Practical People Management Matters
PSC	Public Service Commission
PSEA	<i>Public Sector Ethics Act 2008</i>
PSMP	Public Sector Management Program
PSRB	Public Sector Renewal Board
QCOA	Queensland Commission of Audit
QIRC	Queensland Industrial Relations Commission
QUT	Queensland University of Technology
WISE	Women in Senior Executive

